

Another year of softer land prices

- **Average residential land price in 300 cities declined 7% in 2018 with softening trend likely to continue**
- **Average weekly GFA sold in 26 cities we track declined by 7.3% y-o-y in 2018**
- **CG (2007 HK) and Agile (3383 HK) recorded the highest average short-selling interests**
- **Prefer lowly geared large cap names and dividend plays with good payment records**

Cooling residential land market. According to data compiled by CREIS, average land prices of auctioned residential land (incl mixed-used sites with residential portion) transacted in 300 cities softened by 7% to Rmb3,806psm in 2018. Concurrently, the average residential land auction premiums over the starting bid price for these cities moderated from 34% in 2017 to 15%. This is a sign that China's land market is cooling. Refinancing pressure is expected to escalate in 2019 and coupled with a slowing property market, we expect developers to maintain their conservative land replenishment strategies adopted since 2H18. We expect the residential land market to see another year of softness in 2019.

Average weekly GFA sold in 26 cities fell 7.3% in 2018. Last week (31 Dec – 6 Jan), gross floor area (GFA) sold in 26 cities we track fell 52% w-o-w. In 2018, average weekly GFA sold in these cities declined 7.3% y-o-y. Inventory level stood at 43 weeks. Average sell-through rate of key cities last week declined to 58% dragged by weakness in Tier 1 cities.

CG and Agile saw the highest short-selling interests. The average percentage of southbound shareholding in the China Property sector was stable at 5.28%, with Country Garden (CG) and Shimao (813 HK) having the highest percentage of southbound outflows. Average short-selling interest in the sector stood at 15%, with CG and Agile recording the highest figures.

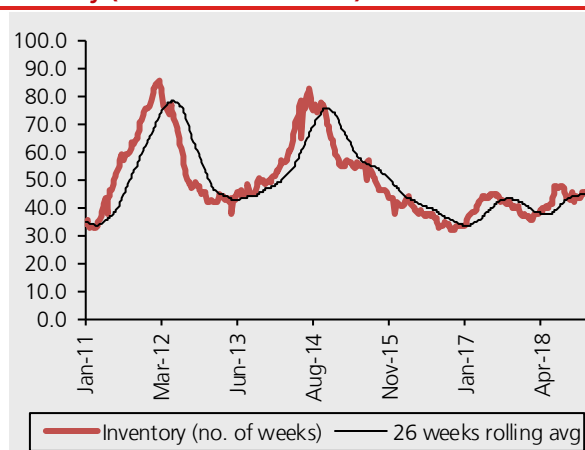
Recommend low-geared large cap names and dividend plays with good payment records. Trading at 4.3x FY19F PE, the sector is now at the bottom of its near-term trading range of 4.0x to 5.5x, which is expected to be maintained before the introduction of any meaningful sector stimulations. We recommend to accumulate large-cap names with strong balance sheets for market share expansion in 2019, such as COLI (688 HK) and Vanke (2202 HK). We also like Yuzhou (1628 HK), Aoyuan (3883 HK), and Times (1233 HK) for their high final dividend yields, good dividend payment records and low refinancing pressure.

HSI: 25,875

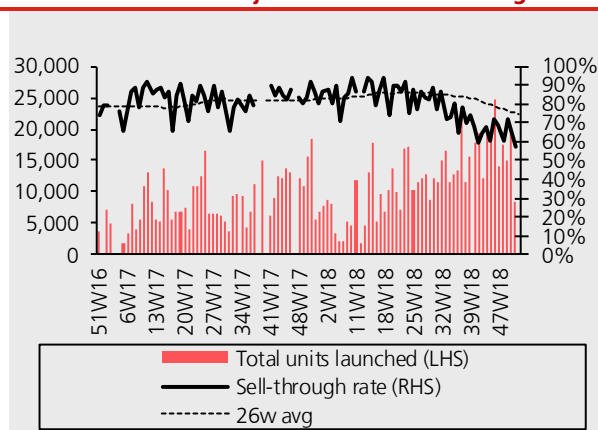
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Inventory (no. of weeks of sales) of 16 cities*



New launches in 10 major cities and sell-through rate



* Rolling 26 weeks inventory

Weekly sales performance (Dec 31 – Jan 6)

| | w-o-w | YTD vs 2018 | YTD vs 2017 |
|--------------------------|---------|-------------|-------------|
| Avg weekly GFA sold | ↓ 51.7% | ↓ 25.4% | ↓ 3.7% |
| Inventory (no. of weeks) | ↑ 0.0 | ↑ 3.8 | ↑ 5.3 |

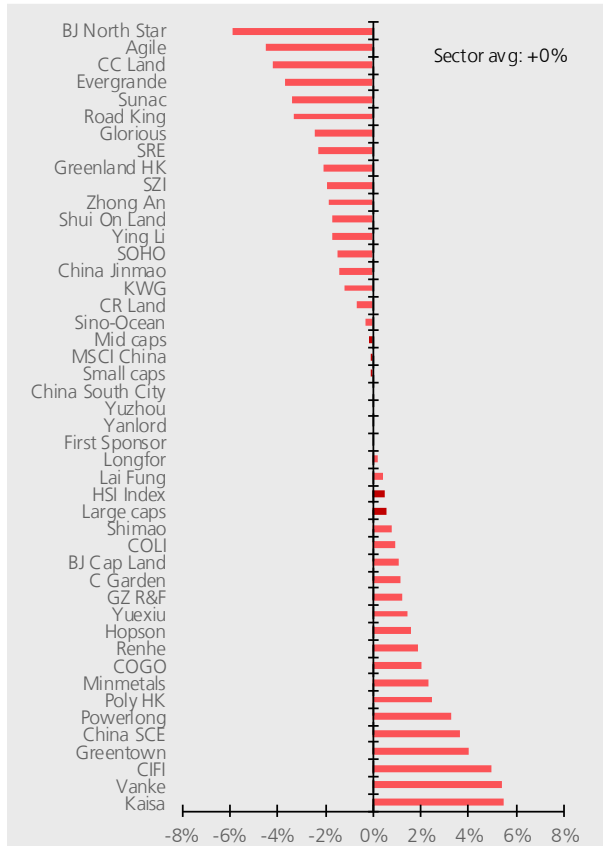
| | vs same period 2018 | vs same period 2017 |
|--------------|---------------------|---------------------|
| YTD GFA sold | ↓ 28.2% | ↓ 26.3% |

Source: CREIS, Fang.com, DBS Bank (Hong Kong) Limited ("DBS HK")

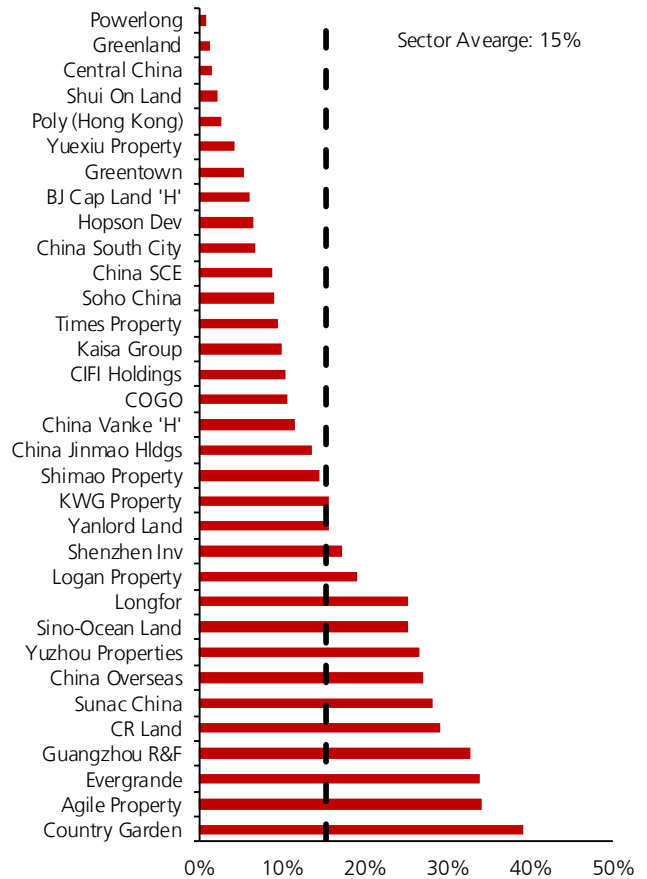


Share price performance

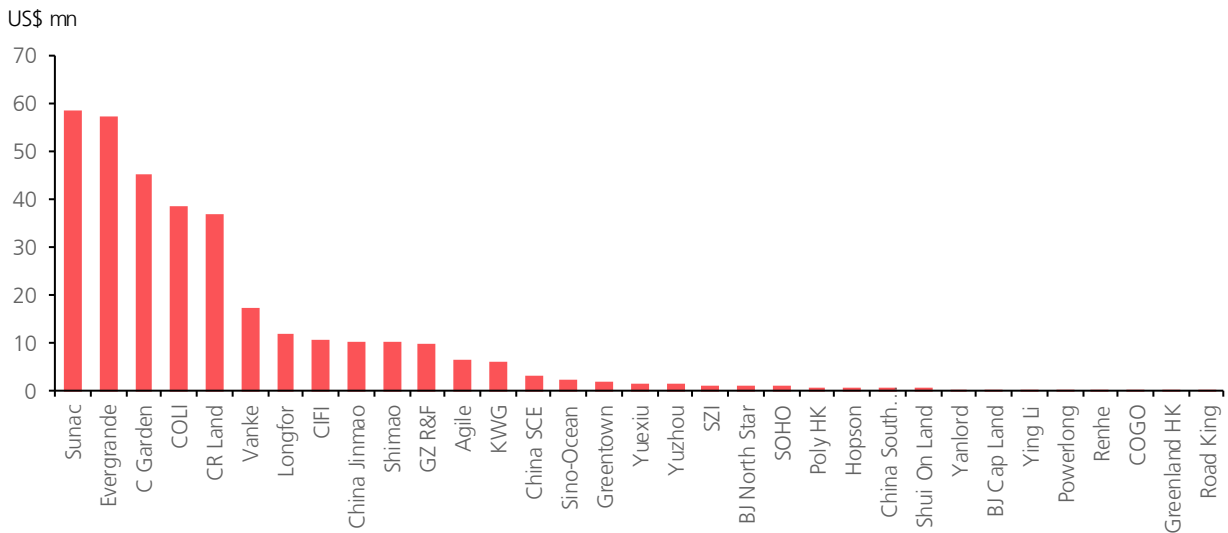
YTD Share price performance



Average short selling interest as percentage of trading volume (Dec 31– Jan 4)

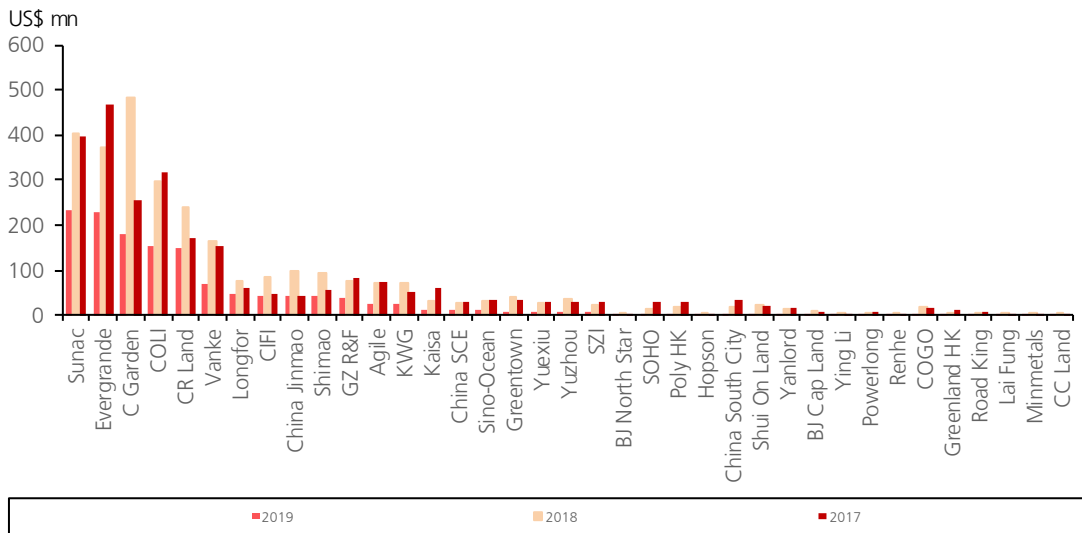


Daily trading volume (Dec 31– Jan 4)



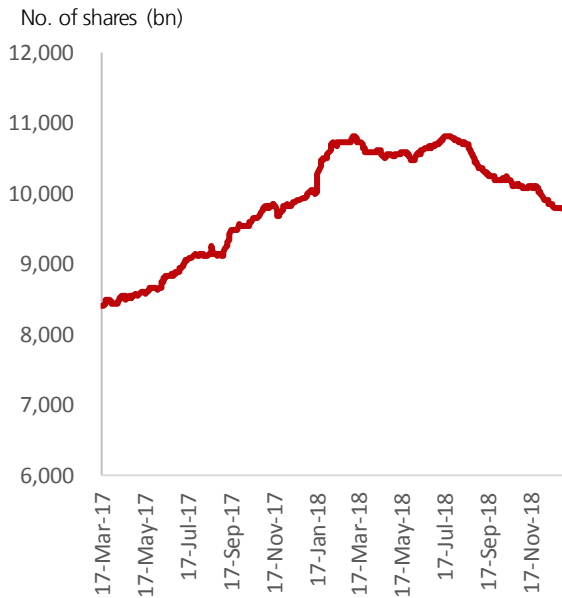
Source: Bloomberg Finance L.P, HKEx, DBS HK

Average weekly trading volume

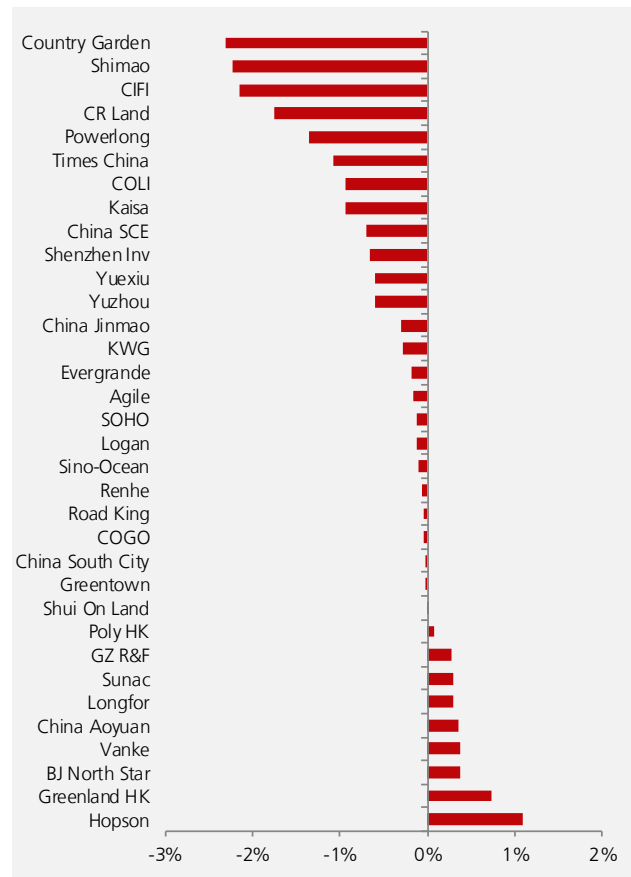


Source: Bloomberg Finance L.P, DBS HK

Overall southbound shareholding in CCASS



w-o-w % changes of shareholding by southbound trading



Source: Bloomberg Finance L.P

Weekly sales performance of major cities

Tier I cities

Tier I cities: Weekly GFA sales of key cities

| City | Last week (000 sm) | w-o-w | y-o-y | Avg of previous 4 weeks | Avg 2018 | Avg 2017 | Avg 2016 | Avg 2015 | Avg 2014 |
|---------------------|-----------------------|-------------|------------|-------------------------------|-------------|-------------|-------------|-------------|-------------|
| | | | | | | | | | |
| Beijing | 21 | -89% | -58% | -89% | -79% | -80% | -89% | -90% | -89% |
| Shanghai | 230 | -10% | 40% | -9% | -8% | -13% | -46% | -47% | -27% |
| Shenzhen | 57 | -10% | -13% | -28% | 2% | -15% | -30% | -55% | -26% |
| Guangzhou | 116 | -77% | 21% | -70% | -37% | -49% | -57% | -44% | -27% |
| Tier I total | 424 | -59% | 13% | -49% | -31% | -39% | -55% | -59% | -42% |

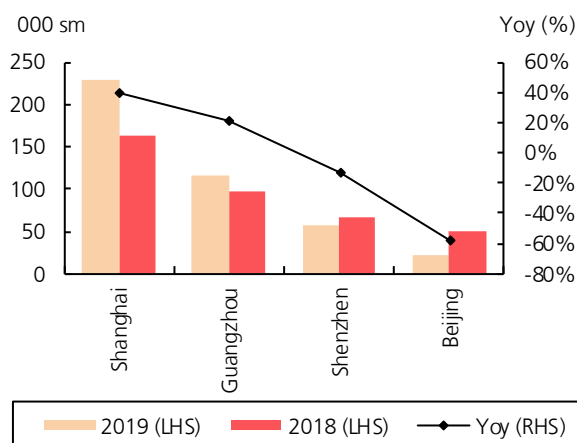
Source: CREIS, DBS HK

Tier I cities: Weekly ASP of key cities

| City | ASP Last week (Rmb/sm) | w-o-w | y-o-y | % change as compared to Avg of previous 4 weeks | Avg 2018 | Avg 2017 | Avg 2016 | Avg 2015 | Avg 2014 |
|---------------------|------------------------------|------------|------------|--|------------|------------|------------|------------|-------------|
| | | | | | | | | | |
| Beijing | 61,123 | 9% | 54% | 12% | 48% | 40% | 70% | 127% | 140% |
| Shanghai | 44,368 | 31% | 81% | 41% | 50% | 68% | 67% | 92% | 135% |
| Shenzhen | 54,246 | 1% | 0% | 0% | 2% | 0% | 0% | 64% | 130% |
| Guangzhou | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| Tier I total | 53,246 | 14% | 45% | 18% | 33% | 36% | 45% | 94% | 135% |

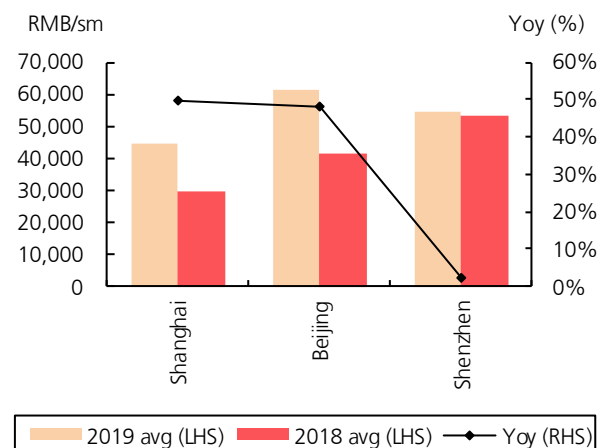
Source: CREIS, DBS HK

Tier I cities: YTD GFA sales of key cities



Source: Thomson Reuters, DBS HK

Tier I cities: Avg ASP of key cities



Source: Thomson Reuters, DBS HK

Tier II cities

Tier II cities: Weekly GFA sales of key cities

| City | GFA Last week (000 sm) | % change as compared to Avg of previous | | | | | | | |
|----------------------|------------------------------|---|-------------|-------------|-------------|-------------|-------------|-------------|-----------|
| | | w-o-w | y-o-y | 4 weeks | Avg 2018 | Avg 2017 | Avg 2016 | Avg 2015 | Avg 2014 |
| Hangzhou | 29 | -75% | -71% | -76% | -65% | -77% | -82% | -75% | -65% |
| Suzhou | 83 | -34% | 6% | -57% | -29% | -27% | -52% | -64% | -48% |
| Changsha | 266 | -49% | -7% | -15% | 26% | 30% | -47% | -11% | -3% |
| Ningbo | 179 | -48% | 78% | -9% | -3% | 26% | 30% | 76% | 116% |
| Wuhan | 184 | -79% | -58% | -68% | -56% | -52% | -72% | -63% | -55% |
| Chengdu | 164 | -68% | -41% | -72% | -54% | -26% | -14% | -4% | -8% |
| Chongqing | 245 | -68% | -82% | -58% | -64% | -61% | -47% | -40% | -42% |
| Qingdao | 174 | -48% | -45% | -39% | -42% | -46% | -56% | -32% | -2% |
| Xi'an | 131 | -46% | -78% | -68% | -57% | -56% | -63% | -52% | -43% |
| Nanjing | 131 | -41% | -55% | -28% | -1% | -13% | -54% | -44% | -15% |
| Dalian | 25 | -49% | -60% | -48% | -52% | -65% | -60% | -55% | -42% |
| Fuzhou | 58 | -17% | 115% | -19% | 58% | 42% | 8% | 11% | 37% |
| Shenyang | 140 | -44% | -17% | -48% | -48% | -55% | -52% | -46% | -43% |
| Nanchang | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| Changchun | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| Nanning | 409 | 5% | 281% | 26% | 161% | 145% | 102% | 157% | 272% |
| Wenzhou | 94 | -62% | -27% | -41% | -34% | -23% | -13% | 30% | 51% |
| Tier II total | 2,309 | -50% | -49% | -41% | -17% | -17% | -31% | -14% | 7% |

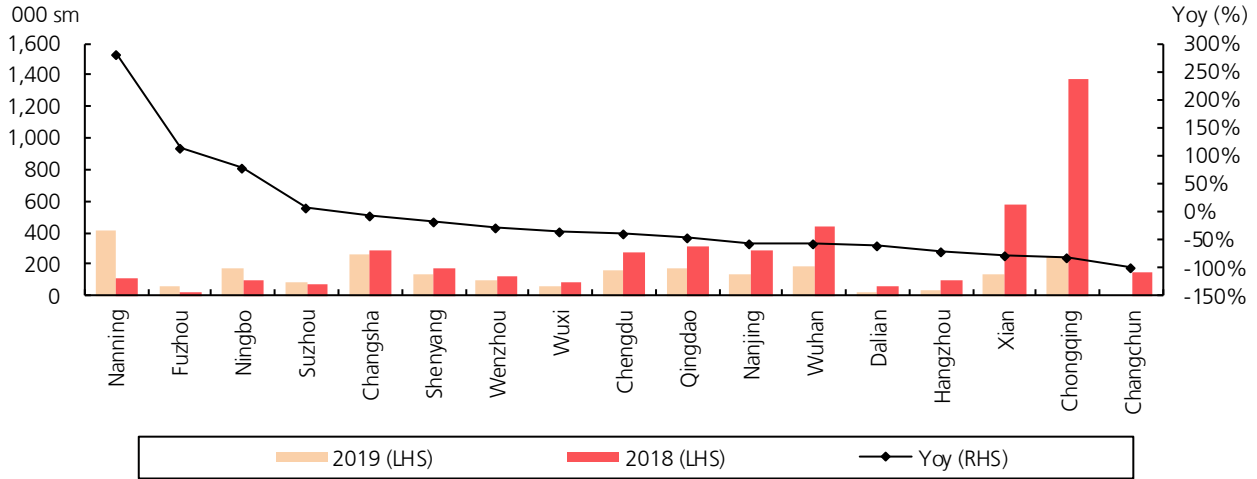
Source: CREIS, DBS HK

Tier II cities: Weekly ASP of key cities

| City | ASP Last week (Rmb/sm) | % change as compared to Avg of previous | | | | | | | |
|----------------------|------------------------------|---|------------|-----------|-----------|------------|------------|------------|------------|
| | | w-o-w | y-o-y | 4 weeks | Avg 2018 | Avg 2017 | Avg 2016 | Avg 2015 | Avg 2014 |
| Changsha | 10,479 | 5% | 8% | 1% | 2% | 17% | 57% | 69% | n.a. |
| Chongqing | 12,674 | 2% | 28% | 4% | 15% | 37% | 72% | 72% | 69% |
| Xi'an | 11,525 | 8% | 17% | -4% | 8% | 37% | 64% | 63% | 49% |
| Changchun | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| Shenyang | 9,382 | 2% | 11% | 2% | 6% | 20% | 37% | 48% | 37% |
| Tier II total | 11,015 | 4% | 16% | 1% | 8% | 28% | 58% | 63% | 51% |

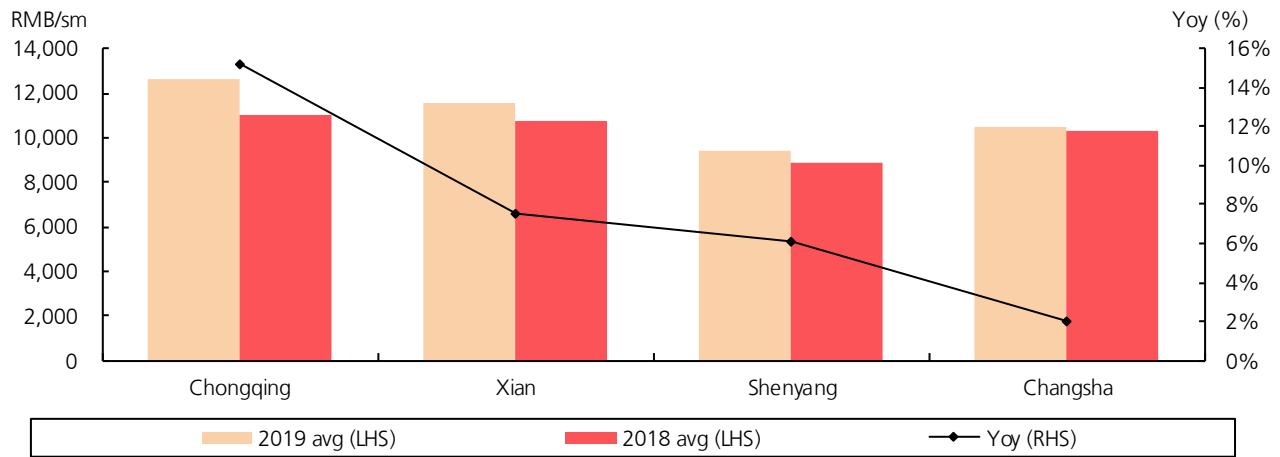
Source: CREIS, DBS HK

Tier II cities: YTD GFA sales of key cities



Source: CREIS, DBS HK

Tier II cities: Avg ASP of key cities



Source: CREIS, DBS HK

Tier III cities

Tier III cities: Weekly GFA sales of key cities

| City | GFA Last week (000 sm) | % change as compared to Avg of previous 4 | | | | | | | |
|-----------------------|------------------------------|---|-------------|-------------|-------------|-------------|-------------|-------------|-----------|
| | | w-o-w | y-o-y | 4 weeks | Avg 2018 | Avg 2017 | Avg 2016 | Avg 2015 | Avg 2014 |
| Dongguan | 43 | -82% | -59% | -77% | -57% | -60% | -75% | -78% | -60% |
| Baotou | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| Xuzhou | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| Yangzhou | 50 | 190% | -49% | -11% | -39% | -34% | -24% | 9% | 25% |
| Huizhou | 40 | -50% | 2% | -41% | -26% | -36% | -60% | -41% | -22% |
| Lianyungang | 89 | -9% | -39% | 13% | -28% | -43% | -28% | -11% | 4% |
| Shantou | 46 | -50% | -47% | -19% | -30% | -60% | -24% | 32% | 151% |
| Jiujiang | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| Shaoguan | 15 | -60% | -51% | -41% | -58% | -57% | -59% | -33% | -22% |
| Zhoushan | 19 | -62% | -29% | -48% | -40% | -50% | -32% | -17% | 14% |
| Dongying | 23 | -35% | -40% | -33% | -45% | -51% | -36% | -36% | -30% |
| Huainan | 79 | -30% | -30% | -27% | -37% | -42% | -57% | -38% | -19% |
| Wuhu | 15 | -66% | -83% | -64% | -74% | -79% | -83% | -68% | -62% |
| Jiaozuo | 5 | -54% | -68% | -62% | -73% | -78% | -75% | -72% | -47% |
| Zhaoqing | 44 | -31% | -28% | -18% | -8% | -31% | -13% | 7% | 61% |
| Tier III total | 467 | -53% | -60% | -36% | -43% | -52% | -47% | -29% | 0% |

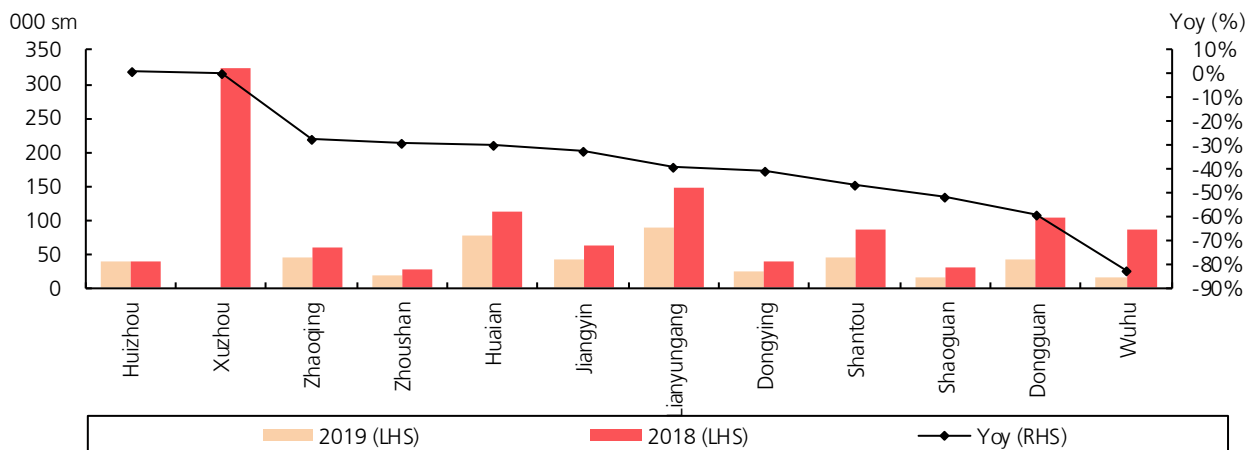
Source: CREIS, DBS HK

Tier III cities: Weekly ASP of key cities

| City | ASP Last week (Rmb/sm) | % change as compared to Avg of previous | | | | | | | |
|-----------------------|------------------------------|---|-------------|------------|------------|-----------|------------|------------|------------|
| | | w-o-w | y-o-y | 4 weeks | Avg 2018 | Avg 2017 | Avg 2016 | Avg 2015 | Avg 2014 |
| Dongguan | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| Baotou | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| Shantou | 8,981 | -10% | -6% | -9% | -8% | -2% | 9% | 11% | 11% |
| Zhaoqing | 7,413 | -14% | -3% | -7% | -12% | 8% | 37% | 42% | 30% |
| Tier III total | 7,650 | -5% | -20% | -5% | -7% | 7% | 31% | 27% | 22% |

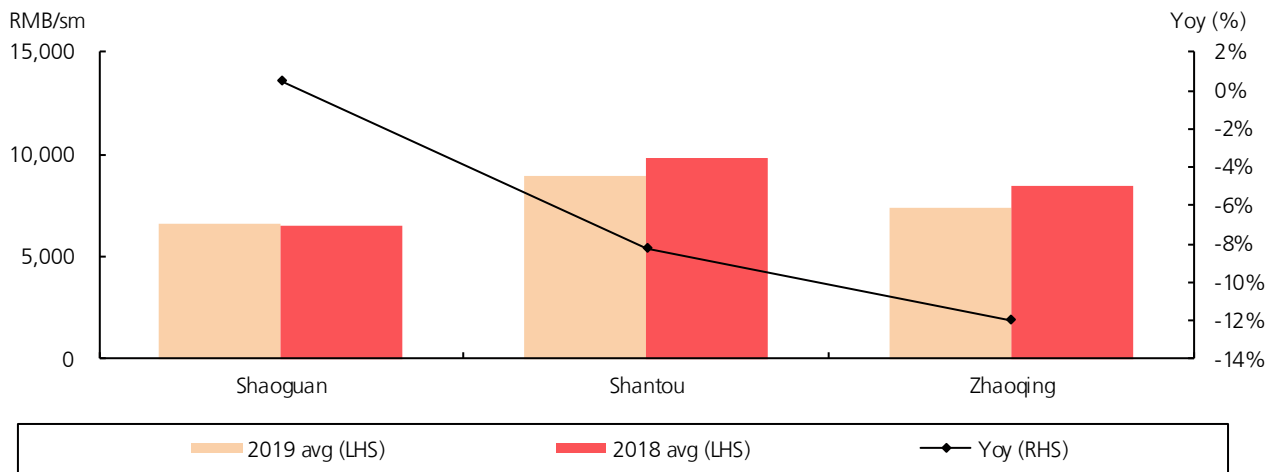
Source: CREIS, DBS HK

Tier III cities: YTD GFA sales of key cities



Source: CREIS, DBS HK

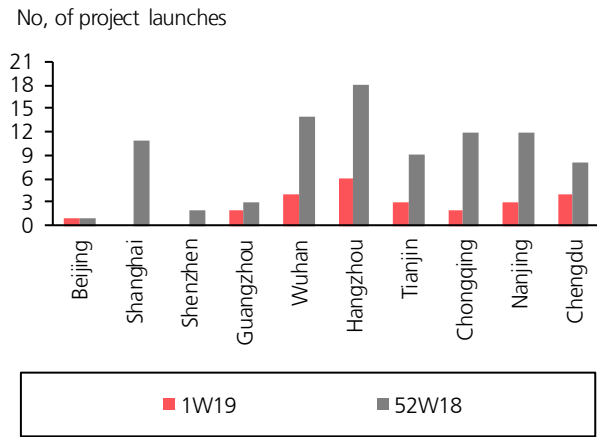
Tier III cities: Avg ASP of key cities



Source: CREIS, DBS HK

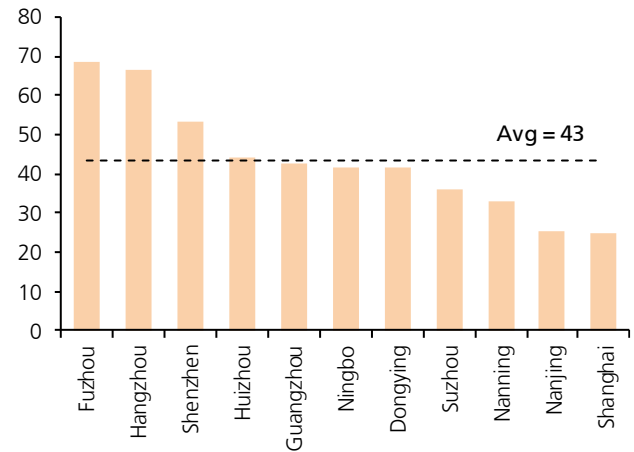
Inventory level

New launches in 10 major cities



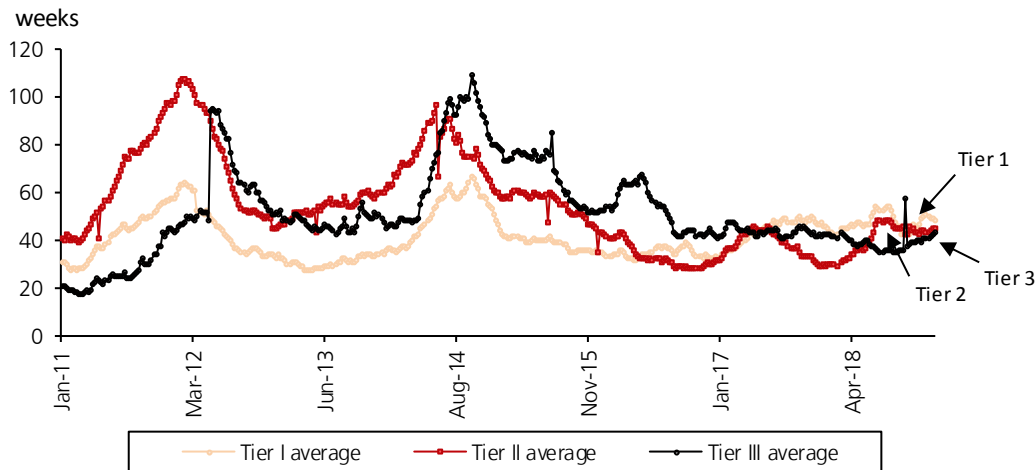
Source: CREIS, DBS HK

No. of weeks to digest inventory



Source: CREIS, DBS HK

Trend: No. of weeks to digest inventory



Source: CREIS, DBS HK

Notes: 1. Based on 26 weeks average sales

2. Tier I cities include: Beijing, Shanghai, Guangzhou, and Shenzhen;

Tier II cities include: Hangzhou, Suzhou, Ningbo, Nanjing, Fuzhou, and Nanning

Tier III cities include: Huizhou, Zhoushan and Dongying

PE valuations, 2009 to 2017 trough (based on earnings forecasts)

| Company Name | Code | 8-Jan | Mkt | 18F | 19F | | | | | | | | | | |
|---------------------------|---------|-------|--------|------------|------------|-------------|------------|------------|------------|------------|------------|------------|------------|------------|--|
| | | Price | Cap | PE | PE | Trough | Trough | Trough | Trough | Trough | Trough | Trough | Trough | Trough | |
| | | HK\$ | US\$bn | x | x | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | |
| China Overseas* | 688 HK | 26.80 | 37.5 | 8.0 | 6.2 | 11.1 | 12.8 | 6.5 | 7.2 | 7.8 | 6.1 | 6.7 | 5.8 | 5.8 | |
| CR Land* | 1109 HK | 29.45 | 26.1 | 8.4 | 7.1 | 13.1 | 14.3 | 7.2 | 10.1 | 11.9 | 7.1 | 8.2 | 7.1 | 6.2 | |
| China Vanke 'H'* | 2202 HK | 27.75 | 40.1 | 7.9 | 6.4 | n.a. | n.a. | n.a. | n.a. | n.a. | 6.3 | 6.8 | 6.5 | 7.3 | |
| Country Garden* | 2007 HK | 9.01 | 24.9 | 4.6 | 3.7 | 4.9 | 10.1 | 5.0 | 5.5 | 6.2 | 3.8 | 4.0 | 4.7 | 6.3 | |
| Evergrande* | 3333 HK | 21.65 | 36.3 | 5.1 | 4.3 | n.a. | 3.8 | 2.9 | 3.3 | 4.2 | 3.4 | 4.3 | 6.4 | 7.7 | |
| Longfor* | 960 HK | 23.10 | 17.5 | 9.7 | 7.7 | 17.8 | 13.8 | 6.3 | 5.6 | 7.4 | 5.3 | 5.4 | 5.5 | 5.7 | |
| Sunac China | 1918 HK | 23.95 | 13.5 | 6.4 | 4.0 | n.a. | 4.5 | 1.4 | 1.5 | 3.1 | 2.2 | 2.7 | 3.1 | 7.8 | |
| Average | | | | 7.2 | 5.6 | 11.7 | 9.9 | 4.9 | 5.5 | 6.8 | 4.9 | 5.4 | 5.6 | 6.7 | |
| Agile Property * | 3383 HK | 8.43 | 4.2 | 4.2 | 3.7 | 3.2 | 8.5 | 2.7 | 3.8 | 4.0 | 2.4 | 3.0 | 3.3 | 4.6 | |
| BJ Cap Land 'H' | 2868 HK | 2.83 | 0.4 | 2.8 | 2.0 | 3.1 | 5.1 | 1.9 | 2.0 | 3.3 | 2.6 | 3.1 | 3.5 | 4.1 | |
| China Jinmao Hldgs* | 817 HK | 3.53 | 5.2 | 8.9 | 6.5 | 7.0 | 14.8 | 6.0 | 5.9 | 7.3 | 4.8 | 5.1 | 5.1 | 5.7 | |
| QFI Holdings | 884 HK | 4.11 | 4.1 | 4.8 | 3.7 | n.a. | n.a. | n.a. | n.a. | 3.8 | 3.2 | 2.7 | 2.8 | 3.6 | |
| Future Land | 1030 HK | 5.44 | 4.1 | 5.7 | 4.0 | n.a. | n.a. | n.a. | n.a. | 2.7 | 2.1 | 2.1 | 3.5 | 5.4 | |
| Greentown | 3900 HK | 5.83 | 1.6 | 4.5 | 4.1 | 2.3 | 6.3 | 2.0 | 1.5 | 3.3 | 2.3 | 3.1 | 3.4 | 5.5 | |
| Guangzhou R&F | 2777 HK | 12.20 | 1.6 | 3.4 | 2.8 | 4.8 | 6.8 | 3.2 | 3.2 | 4.7 | 3.8 | 3.1 | 3.5 | 3.7 | |
| Kaisa Group | 1638 HK | 2.26 | 1.8 | n.a. | n.a. | n.a. | 3.5 | 3.7 | 3.0 | 2.8 | 1.9 | 1.7 | 1.9 | 2.0 | |
| KWG Property | 1813 HK | 7.08 | 2.9 | 4.2 | 3.4 | 2.9 | 8.0 | 3.1 | 2.8 | 3.7 | 2.9 | 3.2 | 3.1 | 3.4 | |
| Logan Property * | 3380 HK | 10.22 | 7.2 | 7.1 | 5.4 | n.a. | n.a. | n.a. | n.a. | n.a. | 3.5 | 3.6 | 3.8 | 3.8 | |
| Shenzhen Inv | 604 HK | 2.47 | 2.7 | 7.6 | 6.4 | 4.2 | 6.5 | 3.8 | 4.4 | 6.2 | 5.3 | 5.4 | 6.2 | 6.5 | |
| Shimao Property * | 813 HK | 20.35 | 8.6 | 6.5 | 5.1 | 4.2 | 8.6 | 3.6 | 3.9 | 6.4 | 4.3 | 3.3 | 3.2 | 4.6 | |
| Sino-Ocean Land* | 3377 HK | 3.35 | 3.3 | 4.6 | 3.8 | 9.0 | 11.3 | 4.1 | 5.4 | 6.7 | 6.0 | 5.9 | 5.1 | 5.6 | |
| Yanlord Land*^ | YLLG SP | 1.26 | 1.8 | 3.4 | 3.7 | 6.6 | 9.3 | 5.0 | 7.1 | 9.3 | 7.5 | 7.1 | 7.0 | 4.8 | |
| Yuexiu Property * | 123 HK | 1.45 | 2.3 | 6.6 | 5.3 | 3.0 | 9.0 | 4.6 | 4.5 | 5.8 | 5.9 | 6.3 | 5.3 | 7.8 | |
| Average# | | | | 5.3 | 4.3 | 4.6 | 8.1 | 3.7 | 4.0 | 5.0 | 3.9 | 3.9 | 4.0 | 4.7 | |
| China Aoyuan | 3883 HK | 5.17 | 1.8 | 5.1 | 3.6 | 12.7 | 10.2 | 5.1 | 5.1 | 5.1 | 2.2 | 3.2 | 2.8 | 3.6 | |
| Central China* | 832 HK | 2.87 | 1.0 | 7.9 | 4.1 | 1.5 | 3.9 | 2.8 | 2.8 | 3.5 | 2.6 | 2.5 | 2.3 | 2.7 | |
| China Merchants Lanc | 978 HK | 1.10 | 0.7 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | 12.0 | 4.4 | 5.4 | 3.9 | 5.6 | |
| China SCE | 1966 HK | 2.93 | 1.5 | 3.6 | 2.8 | n.a. | 4.7 | 3.7 | 2.9 | 2.4 | 5.6 | 4.5 | 3.7 | 4.7 | |
| China South City**^^ | 1668 HK | 1.12 | 1.2 | 6.8 | 4.0 | 17.7 | 6.9 | 4.3 | 4.5 | 4.3 | 5.1 | 5.7 | 5.8 | 6.9 | |
| COGO* | 81 HK | 2.57 | 1.1 | 5.1 | 3.6 | n.a. | n.a. | 3.7 | 5.0 | 6.3 | 3.1 | 3.1 | 2.7 | 4.2 | |
| Gemdale Props | 535 HK | 0.71 | 1.4 | 3.3 | 2.5 | n.a. | n.a. | n.a. | n.a. | 10.9 | 14.1 | 3.8 | 5.5 | 4.2 | |
| Greenland | 337 HK | 1.88 | 0.7 | 2.9 | 2.0 | 1.2 | 4.2 | 1.4 | 1.2 | 0.8 | 11.7 | 8.0 | 4.8 | 4.0 | |
| Hopson Dev | 754 HK | 6.48 | 1.8 | 7.2 | 7.0 | 2.2 | 4.9 | 2.8 | 2.8 | 5.6 | 3.9 | 10.7 | 12.1 | 11.0 | |
| LV GEM | 95 HK | 2.20 | 1.4 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | 0.0 | 7.5 | 10.3 | |
| Minmetals Land | 230 HK | 1.36 | 0.6 | n.a. | n.a. | 1.3 | 6.9 | 3.8 | 2.3 | 4.2 | 3.6 | 4.5 | 7.5 | 7.5 | |
| Modern Land (China) | 1107 HK | 0.94 | 0.3 | 4.7 | 3.2 | n.a. | n.a. | n.a. | n.a. | n.a. | 2.3 | 2.4 | 2.0 | 2.5 | |
| Poly (Hong Kong) | 119 HK | 2.50 | 1.2 | 3.5 | 3.5 | 3.8 | 14.9 | 4.2 | 4.9 | 5.2 | 3.9 | 5.7 | 13.0 | 17.6 | |
| Powerlong | 1238 HK | 3.16 | 1.6 | 2.9 | 2.3 | 4.7 | 5.2 | 1.5 | 1.6 | 3.6 | 2.8 | 3.2 | 2.7 | 3.1 | |
| Road King | 1098 HK | 13.52 | 1.3 | n.a. | n.a. | 1.6 | 5.4 | 2.2 | 2.4 | 6.5 | 6.8 | 6.8 | 6.8 | 6.8 | |
| Shui On Land* | 272 HK | 1.70 | 1.7 | 15.9 | n.a. | 3.3 | 9.4 | 5.6 | 6.5 | 9.1 | 10.6 | 5.8 | 6.4 | 5.6 | |
| SRE Group | 1207 HK | 0.13 | 0.3 | n.a. | n.a. | 1.6 | 2.0 | 2.3 | 0.9 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 | |
| Sunshine 100 China | 2608 HK | 3.70 | 1.2 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | 5.7 | 5.8 | 5.3 | 7.8 | |
| Times Property | 1233 HK | 8.39 | 2.0 | 4.0 | 3.2 | n.a. | n.a. | n.a. | n.a. | n.a. | 2.5 | 2.2 | 1.9 | 2.6 | |
| Wuzhou Int'l | 1369 HK | 0.04 | 0.0 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | 7.3 | 5.2 | 22.3 | 22.3 | |
| Yuzhou Properties* | 1628 HK | 3.14 | 1.9 | 3.4 | 2.9 | 9.6 | 5.5 | 2.7 | 3.6 | 3.6 | 2.4 | 2.1 | 3.3 | 3.6 | |
| Zhong An | 672 HK | 0.27 | 0.2 | n.a. | n.a. | 3.6 | 7.7 | 4.1 | 9.9 | 5.3 | 8.3 | 8.3 | 8.3 | 8.3 | |
| Average# | | | | 4.8 | 3.3 | 5.0 | 6.5 | 3.3 | 3.8 | 5.3 | 5.2 | 4.5 | 6.0 | 6.6 | |
| Average (Overall)# | | | | 5.6 | 4.3 | 5.8 | 7.8 | 3.7 | 4.2 | 5.4 | 4.7 | 4.5 | 5.3 | 6.0 | |

^ Denominated in SGD for price

Exclude outliers

^^ FY16: 17F; FY17: FY18F; FY18: FY19F

Source: Thomson Reuters, *DBS HK

PE valuations, 2009 to 2017 peak (based on earnings forecasts)

| Company Name | Code | 8-Jan | Mkt | 18F | 19F | Peak | Peak | Peak | Peak | Peak | Peak | Peak | Peak | Peak |
|---------------------------|---------|-------|--------|------------|------------|-------------|-------------|-------------|-------------|-------------|------------|-------------|-------------|-------------|
| | | Price | Cap | PE | PE | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| | | HK\$ | US\$bn | x | x | | | | | | | | | |
| China Overseas* | 688 HK | 26.80 | 37.5 | 8.0 | 6.2 | 25.1 | 20.4 | 12.1 | 12.4 | 12.0 | 9.0 | 9.9 | 8.7 | 8.9 |
| CR Land* | 1109 HK | 29.45 | 26.1 | 8.4 | 7.1 | 30.4 | 26.3 | 15.2 | 17.6 | 17.0 | 12.3 | 12.8 | 10.9 | 9.9 |
| China Vanke 'H'* | 2202 HK | 27.75 | 40.1 | 7.9 | 6.4 | n.a. | n.a. | n.a. | n.a. | n.a. | 9.0 | 11.8 | 11.8 | 10.5 |
| Country Garden* | 2007 HK | 9.01 | 24.9 | 4.6 | 3.7 | 19.3 | 15.9 | 11.0 | 8.7 | 9.5 | 7.7 | 6.9 | 8.4 | 15.2 |
| Evergrande* | 3333 HK | 21.65 | 36.3 | 5.1 | 4.3 | n.a. | 74.1 | 8.9 | 6.1 | 6.4 | 4.6 | 14.2 | 13.2 | 16.5 |
| Longfor* | 960 HK | 23.10 | 17.5 | 9.7 | 7.7 | 24.4 | 21.7 | 14.2 | 11.9 | 11.5 | 7.5 | 8.7 | 8.2 | 11.3 |
| Sunac China | 1918 HK | 23.95 | 13.5 | 6.4 | 4.0 | n.a. | 5.8 | 3.5 | 5.5 | 5.5 | 5.1 | 6.3 | 12.4 | 46.7 |
| Average | | | | 7.2 | 5.6 | 24.8 | 18.0 | 10.8 | 10.4 | 10.3 | 7.9 | 10.1 | 10.5 | 12.1 |
| Agile Property * | 3383 HK | 8.43 | 4.2 | 4.2 | 3.7 | 21.0 | 17.8 | 11.1 | 7.1 | 7.6 | 4.8 | 5.7 | 5.8 | 9.4 |
| BJ Cap Land 'H' | 2868 HK | 2.83 | 0.4 | 2.8 | 2.0 | 15.9 | 11.9 | 5.9 | 4.7 | 5.3 | 3.6 | 6.3 | 5.9 | 7.4 |
| China Jinmao Hldgs* | 817 HK | 3.53 | 5.2 | 8.9 | 6.5 | 22.1 | 21.4 | 16.6 | 10.2 | 10.1 | 8.4 | 8.4 | 8.2 | 11.5 |
| CIFI Holdings | 884 HK | 4.11 | 4.1 | 4.8 | 3.7 | n.a. | n.a. | n.a. | n.a. | 5.9 | 4.4 | 5.1 | 5.4 | 8.4 |
| Future Land | 1030 HK | 5.44 | 4.1 | 5.7 | 4.0 | n.a. | n.a. | n.a. | n.a. | 4.8 | 4.4 | 6.5 | 8.8 | 11.5 |
| Greentown | 3900 HK | 5.83 | 1.6 | 4.5 | 4.1 | 18.3 | 15.1 | 6.1 | 6.3 | 6.6 | 4.5 | 6.1 | 7.8 | 10.8 |
| Guangzhou R&F | 2777 HK | 12.20 | 1.6 | 3.4 | 2.8 | 17.8 | 13.7 | 8.0 | 7.4 | 8.1 | 5.2 | 4.8 | 6.0 | 7.2 |
| Kaisa Group | 1638 HK | 2.26 | 1.8 | n.a. | n.a. | n.a. | 8.4 | 10.0 | 6.9 | 6.3 | 4.4 | 2.3 | 8.9 | 37.4 |
| KWG Property | 1813 HK | 7.08 | 2.9 | 4.2 | 3.4 | 22.1 | 19.3 | 9.9 | 6.6 | 6.6 | 5.2 | 6.2 | 4.7 | 7.2 |
| Logan Property * | 3380 HK | 10.22 | 7.2 | 7.1 | 5.4 | n.a. | n.a. | n.a. | n.a. | n.a. | 3.8 | 6.6 | 6.0 | 11.1 |
| Shenzhen Inv | 604 HK | 2.47 | 2.7 | 7.6 | 6.4 | 14.9 | 10.6 | 9.0 | 8.6 | 11.8 | 8.0 | 10.3 | 10.1 | 9.1 |
| Shimao Property * | 813 HK | 20.35 | 8.6 | 6.5 | 5.1 | 18.4 | 15.4 | 9.7 | 9.5 | 9.0 | 7.5 | 6.2 | 5.6 | 7.7 |
| Sino-Ocean Land* | 3377 HK | 3.35 | 3.3 | 4.6 | 3.8 | 24.8 | 19.8 | 10.3 | 12.1 | 11.9 | 9.2 | 9.9 | 8.2 | 9.3 |
| Yanlord Land*^ | YLLG SP | 1.26 | 1.8 | 3.4 | 3.7 | 19.8 | 14.6 | 10.5 | 15.0 | 14.7 | 11.2 | 12.7 | 9.8 | 7.9 |
| Yuexiu Property * | 123 HK | 1.45 | 2.3 | 6.6 | 5.3 | 25.8 | 22.0 | 11.1 | 9.3 | 9.5 | 8.1 | 11.1 | 10.6 | 10.5 |
| Average# | | | | 5.3 | 4.3 | 19.5 | 15.3 | 9.7 | 8.6 | 8.4 | 6.0 | 6.9 | 7.2 | 9.1 |
| China Aoyuan | 3883 HK | 5.17 | 1.8 | 5.1 | 3.6 | 45.4 | 22.5 | 10.0 | 5.1 | 5.1 | 5.1 | 4.6 | 4.3 | 8.0 |
| Central China* | 832 HK | 2.87 | 1.0 | 7.9 | 4.1 | 9.4 | 7.8 | 5.6 | 6.3 | 6.3 | 4.1 | 4.4 | 3.9 | 8.5 |
| China Merchants Lanc | 978 HK | 1.10 | 0.7 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | 13.5 | 13.5 | 15.6 | 11.6 | 5.6 |
| China SCE | 1966 HK | 2.93 | 1.5 | 3.6 | 2.8 | n.a. | 6.9 | 5.5 | 3.8 | 6.6 | 5.6 | 5.6 | 7.6 | 7.4 |
| China South City *^^ | 1668 HK | 1.12 | 1.2 | 6.8 | 4.0 | 19.6 | 20.4 | 12.3 | 6.6 | 6.9 | 11.8 | 9.5 | 10.8 | 17.2 |
| COGO* | 81 HK | 2.57 | 1.1 | 5.1 | 3.6 | n.a. | n.a. | 9.8 | 9.8 | 10.0 | 6.4 | 6.1 | 6.3 | 8.8 |
| Gemdale Props | 535 HK | 0.71 | 1.4 | 3.3 | 2.5 | n.a. | n.a. | n.a. | n.a. | 21.9 | 57.7 | 50.0 | 10.6 | 10.0 |
| Greenland | 337 HK | 1.88 | 0.7 | 2.9 | 2.0 | 14.0 | 10.7 | 3.8 | 8.9 | 52.6 | 28.2 | 21.6 | 12.2 | 7.1 |
| Hopson Dev | 754 HK | 6.48 | 1.8 | 7.2 | 7.0 | 10.3 | 7.5 | 6.4 | 16.0 | 15.7 | 16.1 | 24.6 | 22.4 | 29.8 |
| LVGEM | 95 HK | 2.20 | 1.4 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | 0.0 | 11.5 | 26.6 |
| Minmetals Land | 230 HK | 1.36 | 0.6 | n.a. | n.a. | 13.2 | 20.1 | n.a. | 7.1 | 6.9 | 5.9 | 7.6 | 7.5 | 7.5 |
| Modern Land (China) | 1107 HK | 0.94 | 0.3 | 4.7 | 3.2 | n.a. | n.a. | n.a. | n.a. | n.a. | 2.8 | 5.8 | 5.8 | 3.8 |
| Poly (Hong Kong) | 119 HK | 2.50 | 1.2 | 3.5 | 3.5 | 51.0 | 41.2 | 16.1 | 9.8 | 9.9 | 6.4 | 27.9 | 670.0 | 637.5 |
| Powerlong | 1238 HK | 3.16 | 1.6 | 2.9 | 2.3 | 7.0 | 8.2 | 6.5 | 5.6 | 6.7 | 4.9 | 4.6 | 5.3 | 6.5 |
| Road King | 1098 HK | 13.52 | 1.3 | n.a. | n.a. | 7.2 | 7.3 | 7.0 | 7.6 | 7.6 | 6.8 | 6.8 | 6.8 | 6.8 |
| Shui On Land* | 272 HK | 1.70 | 1.7 | 15.9 | n.a. | 21.3 | 16.6 | 17.6 | 12.6 | 17.6 | 17.4 | 87.1 | 11.7 | 8.6 |
| SRE Group | 1207 HK | 0.13 | 0.3 | n.a. | n.a. | 4.6 | 3.7 | 2.9 | 2.4 | 1.1 | 1.1 | 1.1 | 1.1 | 1.1 |
| Sunshine 100 China | 2608 HK | 3.70 | 1.2 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | 6.7 | 7.4 | 8.0 | 7.8 |
| Times Property | 1233 HK | 8.39 | 2.0 | 4.0 | 3.2 | n.a. | n.a. | n.a. | n.a. | n.a. | 3.5 | 3.2 | 3.6 | 5.7 |
| Wuzhou Int'l | 1369 HK | 0.04 | 0.0 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | 12.4 | 29.6 | 22.3 | 22.3 |
| Yuzhou Properties* | 1628 HK | 3.14 | 1.9 | 3.4 | 2.9 | 11.7 | 9.9 | 5.8 | 6.5 | 6.5 | 4.6 | 5.2 | 5.2 | 6.3 |
| Zhong An | 672 HK | 0.27 | 0.2 | n.a. | n.a. | 26.8 | 19.8 | 12.3 | 14.9 | 10.3 | 8.3 | 8.3 | 8.3 | 8.3 |
| Average# | | | | 4.8 | 3.3 | 13.2 | 12.4 | 8.7 | 8.2 | 9.5 | 8.6 | 10.1 | 8.9 | 10.2 |
| Average (Overall)# | | | | 5.6 | 4.3 | 20.1 | 14.7 | 9.5 | 8.8 | 9.2 | 7.6 | 9.1 | 8.7 | 10.1 |

^ Denominated in SGD for price

Exclude outliers

^^ FY16: 17F; FY17: FY18F; FY18: FY19F

Source: Thomson Reuters, *DBS HK

Historical valuations

| Company name | Code | 8-Jan Price HK\$ | NAV discount / (premium) (%) | | | | PE (x) | | | PB (x) | | |
|---------------------------|---------|------------------------|------------------------------|--------------|--------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | | | Current | Hist avg | + 1 s.d. | - 1 s.d. | Hist avg | + 1 s.d. | - 1 s.d. | Hist avg | + 1 s.d. | - 1 s.d. |
| Agile Property | 3383 HK | 8.43 | 55.6 | 51.8 | 30.2 | 73.4 | 6.7 | 9.0 | 4.3 | 1.3 | 2.1 | 0.4 |
| Central China | 832 HK | 2.87 | 44.2 | 64.7 | 53.4 | 76.0 | 5.9 | 7.5 | 4.2 | 0.8 | 1.0 | 0.5 |
| China Overseas | 688 HK | 26.80 | 22.8 | 13.7 | (2.4) | 29.9 | 8.9 | 13.4 | 4.4 | 1.5 | 2.3 | 0.7 |
| China Vanke-H | 2202 HK | 27.75 | 17.8 | 5.3 | (16.6) | 27.2 | 8.6 | 14.0 | 3.2 | 1.6 | 2.4 | 0.9 |
| COGO | 81 HK | 2.57 | 77.9 | 56.0 | 39.0 | 73.1 | 7.9 | 18.8 | (3.0) | 0.9 | 1.4 | 0.3 |
| Country Garden | 2007 HK | 9.01 | 56.2 | 28.6 | 7.4 | 49.8 | 12.5 | 29.8 | (4.9) | 1.8 | 3.4 | 0.2 |
| CR Land | 1109 HK | 29.45 | 13.9 | 27.6 | 13.4 | 41.8 | 12.4 | 22.3 | 2.4 | 1.2 | 1.7 | 0.7 |
| China Evergrande | 3333 HK | 21.65 | 46.1 | 42.2 | 3.0 | 81.5 | 5.1 | 7.3 | 2.9 | 1.3 | 1.9 | 0.7 |
| China Jinmao | 817 HK | 3.53 | 24.0 | 46.5 | 30.7 | 62.4 | 9.4 | 14.2 | 4.5 | 1.0 | 1.4 | 0.6 |
| Longfor | 960 HK | 23.10 | 19.6 | 30.9 | 21.0 | 40.9 | 7.0 | 8.4 | 5.5 | 1.4 | 1.9 | 0.9 |
| Shimao Property | 813 HK | 20.35 | 34.1 | 42.0 | 25.2 | 58.7 | 9.1 | 18.3 | (0.1) | 1.2 | 1.9 | 0.5 |
| Shui On Land | 272 HK | 1.70 | 66.8 | 58.0 | 48.6 | 67.4 | 9.9 | 13.9 | 5.9 | 0.7 | 1.2 | 0.2 |
| Sino-Ocean Land | 3377 HK | 3.35 | 62.4 | 41.5 | 22.2 | 60.7 | 9.8 | 15.1 | 4.5 | 0.8 | 1.2 | 0.4 |
| SOHO China | 410 HK | 2.70 | 62.3 | 46.1 | 29.6 | 62.7 | 17.8 | 46.9 | (11.3) | 0.8 | 1.1 | 0.4 |
| Yanlord Land [^] | YLLG SP | 1.26 | 65.4 | 42.9 | 27.3 | 58.5 | 9.1 | 14.8 | 3.4 | 1.1 | 1.9 | 0.3 |
| Yuexiu Property | 123 HK | 1.45 | 58.2 | 56.7 | 50.6 | 62.8 | 6.5 | 6.6 | 6.3 | 0.7 | 0.9 | 0.4 |
| Sector average | | | 44.9** | 44.4~ | 35.9~ | 52.9~ | 6.9~ | 8.5~ | 5.2~ | 0.8~ | 0.9~ | 0.6~ |

* Share price denominated in RMB

[^] Share price denominated in SGD

** Exclude Soho China

~ 2010-YTD

Source: Thomson Reuters, DBS HK

DBS HK recommendations are based on Absolute Total Return* Rating system, defined as follows:

STRONG BUY (>20% total return over the next 3 months, with identifiable share price catalysts within this time frame)

BUY (>15% total return over the next 12 months for small caps, >10% for large caps)

HOLD (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)

FULLY VALUED (negative total return i.e. > -10% over the next 12 months)

SELL (negative total return of > -20% over the next 3 months, with identifiable catalysts within this time frame)

**Share price appreciation + dividends*

Completed Date: 8 Jan 2019 12:29:38 (HKT)

Dissemination Date: 8 Jan 2019 17:49:10 (HKT)

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