

China / Hong Kong Industry Focus

China Property Sector

Refer to important disclosures at the end of this report

DBS Group Research . Equity

30 January 2015

Look for alphas amid uncertainty

- We identified three themes to dominate the sector's share price performance in 2015: property sales growth, anti-corruption, and RMB depreciation
- Our analysis shows that China is not entering into a structural downturn, despite potentially slower growth. Some developers will see decent EPS growth through significant market share gain or margin recovery
- Despite corruption concerns, developers with SOE background, professional managers or a clear succession plan still carry good investment values
- A- and H-share listed developers will benefit from RMB depreciation trend due to their access to the domestic capital market
- Vanke, Sino Ocean, Shenzhen Investment and Beijing Capital Land are winners of the above themes while Agile and Sunac are losers

Sino Ocean, Shenzhen Investment and Greenland HK are set to see margin recovery while Shenzhen Investment, BJ Capital Land and Greenland HK will see strong presales growth. Our analysis shows that China will be able to generate an average annual demand of 1.2bn sm for commodity houses till 2020 (vs. 1.15bn sm sold in 2013). Despite a slower growth ahead, listed developers are able to achieve 10% presales growth this year. **Shenzhen Investment, Greenland HK, BJ Capital Land** could outperform with over 30% growth. **Sino Ocean, Yuexiu, Shenzhen Investment, and Greenland HK** may see margin expansion through lowering costs.

Anti-corruption will continue, but shall not be a concern for SOEs and POEs with a good system in place. Based on our screening analysis, these POEs include those with professional managers such as **Vanke, Country Garden**; and those with a clear succession plan such as **Shimao and Country Garden**.

SOEs or developers with A/H-share status will see better access to domestic loan and capital market. In our analysis, RMB depreciation will have small earnings impact on listed developers in the near term: a 3% USD appreciation will result in a 1.3% reduction in 2015 earnings. Yet, if USD appreciation trend materialized and there is no window to issue new overseas debt in 2015, **Shui On and Agile** may incur higher repayment. If RMB depreciation trend forms, developers will turn to look for domestic funding sources. This, coupled with China's financial reform, should benefit developers with A/H-share listing status, such as **Vanke, Poly Real Estate, R&F, BBMG and Beijing Capital Land**, as it is easier from them to issue corporate or mid-term notes.

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Recommendation & valuations

Company	Price HK\$	Target Price HK\$	Rec	Mkt Cap HK\$bn	FY15F PE x
Sino-Ocean Land (3377 HK)	4.89	5.55	Buy	37	7.1
China Vanke 'H'* (2202 HK)	16.92	n.a.	NR	186	7.4
Shenzhen Inv* (604 HK)	2.28	n.a.	NR	15	6.4
BJ Cap Land* (2868 HK)	3.51	n.a.	NR	7	2.9
Country Garden (2007 HK)	3.06	4.76	Buy	62	4.2

* Consensus

Source: Thomson Reuters, DBS Vickers

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Investment summary

Many studies have concluded that China's property market has peaked and will enter a structural downturn. The arguments are mainly supported by (1) urban population in the age group of 20 to 50 are falling, and (2) per capita living space of 30 sm has reached an optimal level with limited growth potential.

Yet, such studies fail to take into account that commodity houses account for < 1/3 of the total housing stocks. Based on China's once-every-ten-years census, in 2010, only 14% of population live in commodity houses built by developers while 62% of the population still lived in self-built houses, many of which are not up to standard. The same census also found that 22% of the population live in houses built before 1990, which are of much lower quality than commodity houses, and 24% of them live in homes without their own toilets or kitchens. While this may have improved from 2011 to 2014, we believe self-built houses still account for a big portion of total houses. This should pave the way for strong upgrade demand.

We estimate an annual demand of 1.2bn sm for commodity houses is sustainable till 2020 in urban areas. Assuming 24% of the houses without their own toilets or kitchens have to be torn down and 2% depreciation for the rest of the houses, along with additional demand from population growth and urbanization, we estimate that China needs to build an additional living space of c.1.2bn sm per year till 2020 (vs. 1.15bn/1.05bn sm sold in 2013/2014). While this has pointed to a much slower growth ahead, it is certainly not a downtrend.

Despite slower growth ahead, the potentially lower supply could also lead to a much better supply-and-demand balance. Land supply in value terms declined by 26% y-o-y in 2014, for the first time since 2000. We believe this likely lead to a decline in construction new starts in 2015. GFA new starts in 2014 also dropped by 14% y-o-y to 1.2bn sm, which is lower than 2010's level. In our view, the land supply decline in 2014 will limit GFA new start in 2015. This should help to lower inventory risk.

Companies with higher exposure to cities with biggest decline in new construction will likely outperform in 2015. Shenzhen Investment, CC Land, Country Garden, Shui On Land, Longfor and Sino-Ocean have higher exposures to cities with a larger decline in GFA new starts in 2014 and may see lower new supply pressure in 2015. With stable demand ahead, these firms may see stronger pricing power.

Presales growth will see a CAGR growth of 7% from 2015 to 2020 on average for listed developers. Despite a potential slowdown in demand growth, listed developers may be able to continue with their growth. The 27 developers we tracked achieved 16% growth in contracted sales in 2014 and their combined market shares expanded from 17% in 2013 to 22%. These developers on average gained a market share of 2.4% per year since 2011. Thus, a CAGR growth of 7% (10% for 2015) in contracted sales for these developers is achievable, assuming 2.4% annual market share gain.

Some developers may see stronger contracted sales growth or margin recovery. In 2015, Shenzhen Investment, Greenland HK, and Shui On Land are likely to target contracted sales growth of over 40%. BJ Capital, Yanlord, CIFI, Yuexiu, and Central China may target over 15% to 30% growth, likely to be higher than the sector's average growth. Greenland HK, Yuexiu, Shenzhen Investment and Sino Ocean are set to see margin expansion through lower financing costs, offloading non-performing assets, efficiency improvements, etc.

Buying opportunity emerges as Kaisa becomes an M&A target. Kaisa's case has been a drag on the sector's performance lately due to corruption concerns. As a result, many investors view Guangdong plays as being particularly risky. We have done a detailed analysis to look at China's corruption crackdown pattern over the past two years and conclude that the efforts are cross China and cross sector. However, this doesn't mean the entire China property space is not investible. In addition, if Kaisa's case can be solved properly, sentiment towards the sector will improve significantly.

Our detailed analysis shows that some POEs face lower risk than others in the event of corruption. In our view, besides SOE, private companies managed by professionals such as Vanke and Country Garden will also see lesser impact, as the Chairman's absence is to see lower impact on their business and daily operations. In addition, family-owned businesses with a clear succession plan, such as Country Garden, Shimao, Agile, Powerlong and CIFI, will face lower default risks, as they have a clear backup management team in place. However, private companies run by key persons will likely be affected by the loss of these key persons. Such companies include Yanlord, Sunac and C C Land.

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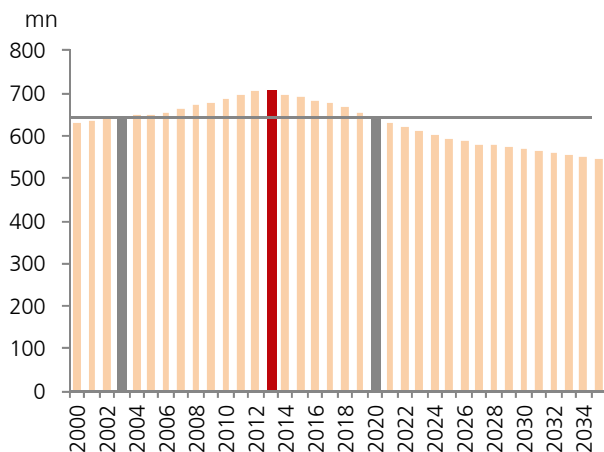
RMB depreciation trend will benefit developers with A/H listed status. While Developers on average had 44% of their debt exposed to USD/HKD as at mid-2014, our analysis shows that the impact to earnings and net debt ratio is lower than expected. If the USD appreciates by 3%, interest expenses and core earnings would see 1.1% increase and 1.3% decline, on average, assuming interest expenses are not capitalised. **Shui On Land** will see a higher impact on earnings due to their low earnings base. Net debt ratio of developers on average would inch up by 1.3ppts with **Greenland HK, Central China, and Yuzhou** likely to post increases of > 3ppts. On the other hand, RMB depreciation and potential lower interest rate trend would force Chinese developers to reduce their offshore lending to manage their funding cost. They will shift to borrow onshore. Such a trend will benefit developers (such as Vanke, R&F and Beijing Capital Land) who have better access to domestic mid-term and corporate loan markets.

No structural downturn

Data seems to tell us China's housing demand is on downtrend

Decline of population aged between 20 and 50 may support the structural downturn theory if demand for this group has been well serviced. Based on census data, population aged between 20 and 50 peaked in 2013. During the period 2000 to 2013, the population of those aged between 20 and 50 grew by 0.9% CAGR, and is estimated to drop by 1.3% CAGR during the period from 2013 to 2030. By 2020, this number will decline to a level similar to 2003. As demand for property mainly comes from this population group, the drop in the numbers and the rate of decline could support the structural downturn theory.

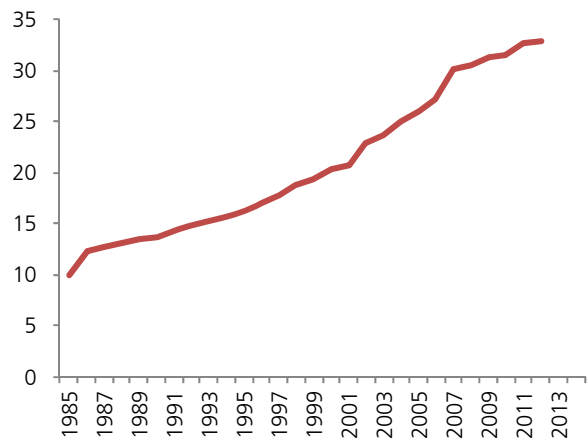
Population aged between 20 and 50 peaked in 2013



Source: National Statistical Bureau

Not about insufficient living space per capita in China. China's official data shows living space per capita reached 32.9 sm by 2012. Assuming 100 sm/unit, this translates to 3.3 people per unit. Compared with other countries/regions (US: 2.4, UK: 2.3, Japan: 2.1, Taiwan: 2.8 and Thailand: 2.8), China seems to have enough living space and the need for more living space does not seem to be high. However, we need to consider the following factors: (1) completion of commodity residential housing only accounted for 57% of the total additional living space during the period from 2000 to 2010; (2) housing data is from surveys which tend to cover the population with permanent addresses. These may mean living space per capita in China might be overstated.

Per capital residential GFA reached over 30 sm



Source: National Statistical Bureau

Population per unit vs. other countries



Source: DBS Vickers

Yet, there is more to consider

Only one third people live in commodity housing. Based on China's once-every-ten-years census, in 2010, 62% of the population are still living in self built houses despite the fast development of the commodity housing market, compared with 72% in 2000. Narrowing this to data from cities and towns, over 30% are living in self built houses and 26% in

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commodity housing in 2010, compared with 36% and 9%, respectively, in 2000.

Self built housing may be only a temporary solution for many families. According to our ground checks, due to the decent relocation compensation, some families have built houses themselves and are waiting for relocation to take place. When the occupied area is included as part of urban planning and occupants have to be relocated, they will be compensated with

either apartments or cash, thus enhancing their affordability for commodity housing. Corporate-built apartments for their employees as their welfare are also considered as self-built housing. However, less and less corporate will do so in future.

Living conditions have to improve. Based on China's once-every-ten-years census in 2010, 22% of the population live in houses built before 1990 and 24% of people live in homes without their own toilets or kitchens.

Commodity housing serves only a small portion of the demand – China overall

China	Commodity house	Bought public house	Bought employer provided house	Rent	Self built house	Others
2000	4%	3%	9%	9%	72%	4%
2010	14%	2%	7%	12%	62%	3%

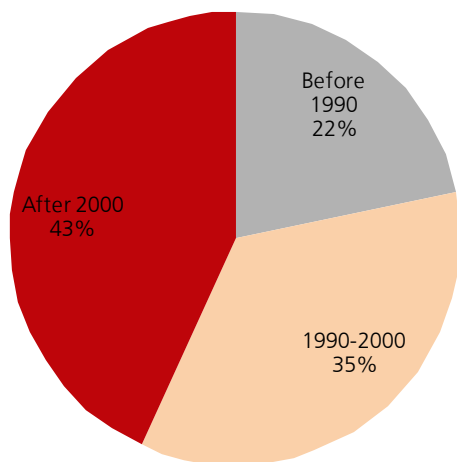
Source: National Statistical Bureau

Commodity housing serves only a small portion of the demand – cities and towns

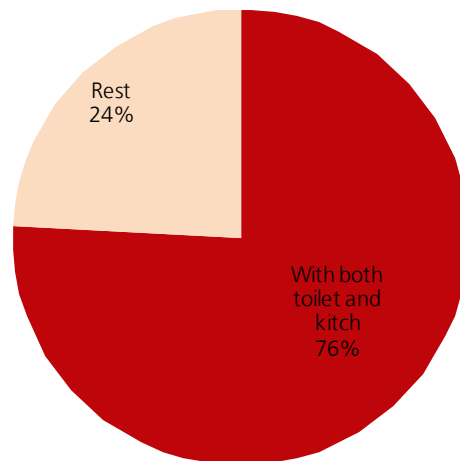
City and town	Commodity house	Bought public house	Bought employer provided house	Rent	Self built house	Others
2000	9%	6%	24%	21%	36%	5%
2010	26%	4%	13%	21%	31%	4%

Source: National Statistical Bureau

22% of people living in buildings built before 1990 - cities and towns 24% of people living in units without their own toilets or kitchens – cities and towns



Source: National Statistical Bureau



Source: National Statistical Bureau

Upgrading demand to play a major role

First home buyer demand is there but not growing as fast as before. Given the declining population aged 20-50 years and living space per head, we believe first home buyer demand that usually comes from singles and new couples has peaked.

Upgrading demand will play a major role. Upgrading demand will include (1) people living in aged buildings wanting to move into new buildings with better facilities; (2) people living in self-built houses moving to commodity houses; and (3) people living in low standard houses moving to better quality homes.

Growth is to slow down but not on downtrend yet

1.2bn sm demand per annum in the coming five years is sustainable in city/town areas. Assuming (1) 24% of low-standard families' living space has to be torn down, (2) China's population to grow at similar pace per year as during 2009~2013 and urbanization rate to reach c. 60% as targeted; (3) up-to-standard living space to reach 30sm/person by 2020, and (3) 85% of the additional living space to be met by commodity housing and the rest by public housing and other formats, we estimate that a total additional up-to-standard living space of c.0.9m sm should be built annually in the coming five years. Assuming 2% depreciation for the 76% up-to-standard housing, replacement need will be 0.3m sm per year. These two will translate into sustainable annual demand for additional living space of 1.2bn sm per year in the coming five years.

Timing of entering the housing market depends on price expectations and availability of funding. Despite living standards being not that high, this group of people have no urgency to move. Buying will depend on price expectations and availability of funding. As 2015 is a year where credit policies are likely to be loosened further, this group may be encouraged to enter the market.

Existing up-to-standard residential stock by end-2014

2010 urban population	669,780,000
GFA per head based on census data (sm)	30.3
Total stock by end 2010 (sm)	20,314,022,683
% of units with kitch and toilet	76%
Up-to-standard stock by end 2010 (sm)	15,388,832,545
Up-to-standard stock per head by end 2010 (sm)	23.0
Commodity housing completed during 2011-2014 (sm)	3,129,708,727
Estimated other housing completed during 2011-2014 (sm)*	563,347,571
Total stock by end 2014 (sm)	19,081,888,843
Urban population by end 2014E (sm)	748,293,860
Up-to-standard stock per head by end 2014 (sm)	25.5
Pop per units by end-2014	3.9

* Commodity housing accounts for 18% of the total completion in urban area

Source: DBS Vickers

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New housing demand per year till 2020

Targeted urban population by 2020*	854,545,274
Targeted urban population living space per head (sm)	30
Targeted urban population per units by end 2020	3.3
Total housing needed (sm)	25,636,358,235
Additional housing needed (sm)	6,554,469,392
Assuming 85% served by commodity housing (sm)	5,571,298,983
Estimated additional per year during 2015-2020 (sm)	928,549,831
Replacement for depreciation per year @ 2% (sm)	307,776,651
Total demand per year (sm)	1,236,326,481

* Assuming 0.48% population growth and 60.7% urbanization rate by 2020

Source: DBS Vickers

Inventory risk is overstated?

Overall, China land supply declined for first time since 2000.

Land supply in value terms declined by 26% y-o-y in 2014, which is the first time since 2000. In 2009 and 2012, despite a decline in land supply in area terms, land supply in value terms still increased in both years. In 2014, land supply declined more in value terms (26%) than in area (14%). We believe this is likely to lead to decline in construction new starts in 2015.

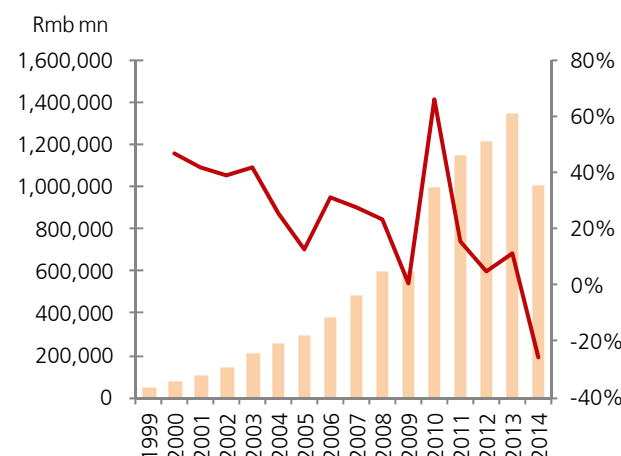
Developers' land acquisition patterns also changed in 2014. In 2011 to 2013, developers on average bought 52% to 134% more GFA than sold, while in 2014, they sold 15% more than the GFA acquired. Developers will face less pressure in starting construction.

China's GFA new starts also dropped in 2014 to a level closer to 2010. In 2014, GFA new starts in China dropped by 14% y-o-y to 1.2bn sm, which is lower than 2010's level. We note that construction new starts also dropped by 11% y-o-y in 2012, while land supply did not fall in 2012. In our view, the land supply decline in 2014 will limit construction new start in 2015.

GFA new starts per city in tier 2 cities reached similar level as in tier 1 cities, which could lead to challenging market conditions for tier 2 cities. New starts in tier 1/2/3 cities all declined by around 15% y-o-y respectively in 2014. However, GFA new starts per city in tier 2 cities and tier 1 cities were both around 11m sm in 2014. Given the lower population in tier 2 cities and potential new supply, tier 2 markets may take more time to adjust potential supply.

Companies with more exposure to cities with larger decline new construction in 2014 will outperform in 2015. We look at which developers have higher exposure to those cities which recorded higher new start GFA yoy decline in 2014. We find that Shenzhen Investment, CC Land, Country Garden, Shui On Land, Longfor, and Sino-Ocean have higher exposure to cities with a larger decline in GFA new starts in 2014 and may have less new supply pressure in 2015. This may improve their pricing power.

Land supply dropped in 2014



Source: National Statistical Bureau

Developers' land acquisitions vs GFA sold

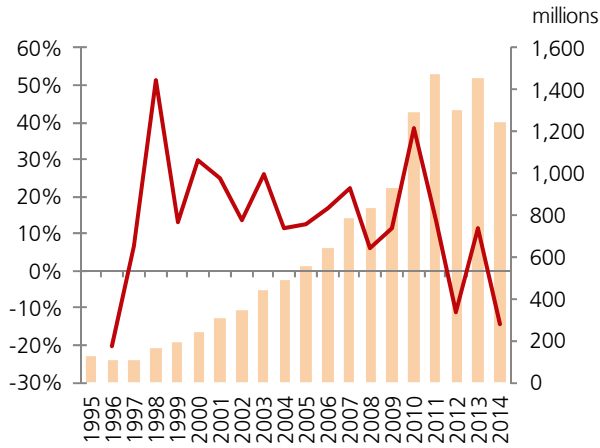
	2011	2012	2013	2014
Greenland HK	4.20	(1.00)	11.00	1.92
Central China	1.38	1.28	1.82	1.79
Sino-Ocean	1.25	(0.49)	(0.71)	1.10
COGO	3.03	4.01	1.78	0.46
BJ Capital Land	1.08	0.82	0.37	0.42
KWG	(0.02)	0.17	1.14	0.40
CR Land	2.02	0.04	0.32	0.26
Fantasia	(0.95)	(0.38)	0.24	0.25
Shimao	2.18	(0.68)	0.79	0.04
Country Garden	0.28	1.04	(0.37)	(0.01)
COLI	0.51	(0.09)	0.31	(0.04)
Sunac	1.95	3.05	3.07	(0.11)
Greentown	2.98	(0.18)	0.09	(0.15)
Yuzhou	1.54	1.13	1.55	(0.16)
CIFI	0.61	0.46	1.72	(0.25)
Longfor	0.47	1.13	0.08	(0.35)
R&F	(0.16)	(0.47)	1.79	(0.44)
Agile	(0.80)	0.89	(0.02)	(0.50)
Vanke	0.74	0.44	1.25	(0.50)
Yuxiu Property	2.70	2.69	1.39	(0.55)
Shenzhen Investment	0.24	0.38	0.74	(0.59)
Evergrande	2.35	0.69	0.80	(0.62)
Yanlord	2.80	(1.00)	(0.33)	(0.67)
Powerlong	1.73	(0.71)	1.05	(0.80)
C C Land	4.08	1.11	1.88	(1.00)
Average	1.34	0.52	0.67	(0.15)

Source: National Statistical Bureau

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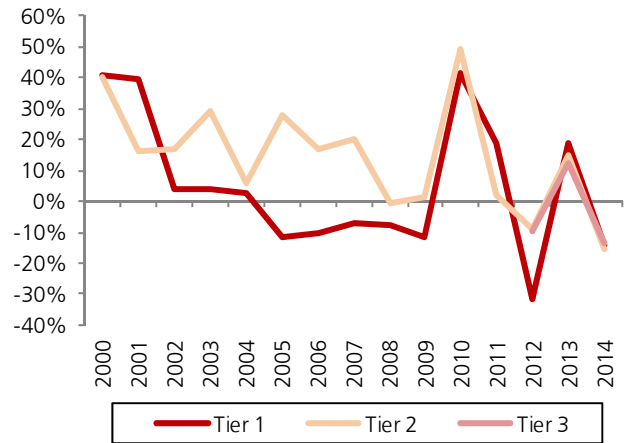
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GFA new starts dropped in 2014



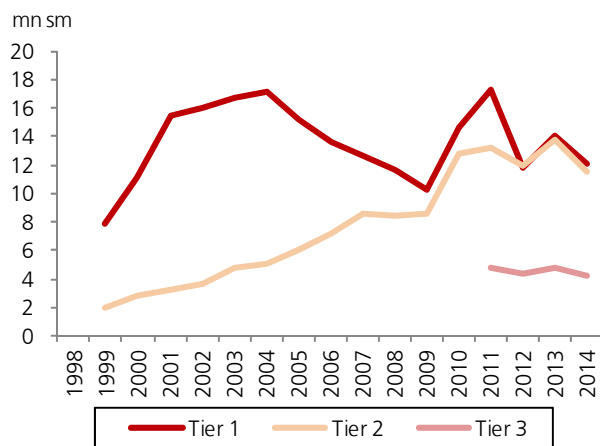
Source: National Statistical Bureau

New start y-o-y change by city tier



Source: National Statistical Bureau

New start GFA per city by city tier



Source: National Statistical Bureau

Which developers have higher exposure to those cities recorded higher yoy decline in new construction in 2014?

	Exposure index*
Shenzhen Inv	-27%
CC Land	-24%
CG	-22%
Shui On Land	-22%
Longfor	-20%
Sino-Ocean	-20%
Poly HK	-20%
Kaisa	-20%
Mingfa	-19%
Shimao	-17%
Agile	-14%
CR Land	-14%
Central China	-14%
COGO	-14%
COLI	-14%
R&F	-13%
Franshion	-13%
BCL	-12%
Evergrande	-11%
Yuzhou	-10%
Fantasia	-9%
Glorious	-8%
Greentown	-8%
Sunac	-7%
Yanlord	-5%
Yuexiu	-4%
Grenland HK	2%
KWG	3%

*Exposure index of Company x = % landbank in city 1 * yoy growth in new start in city 1 + ... + % land in city n * yoy growth in new start in city n

**126 cities are included in this index

Source: National Statistical Bureau; DBS Vickers

Future earnings drivers

Earnings growth to be dictated by fast market share gains or margin recovery

A 7% CAGR in contracted sales during 2015~2020 is achievable if top 27 developers keep growing their market shares. Despite potential slowdown in demand growth, listed developers may be able to continue with their growth. The 27 developers we tracked achieved 16% growth in contracted sales in 2014 and their combined market shares expanded from 18.0% in 2013 to 22.4% in 2014. These developers on average gained market share of 2.4% per year since 2011. As large developers are likely to expand their market shares at a faster pace during market consolidation, we believe a similar pace of market share gains in the coming five years is a realistic assumption. Thus, a 7% CAGR in contracted sales is achievable, assuming 2.4% annual market share gain for the 27 developers we tracked. Price fluctuation is likely to be a swing factor.

Yet, meaningful earnings growth will be driven by either strong contracted sales growth or margin recovery. Factoring in overall potential margin compression, 7% presales growth doesn't seem to be sufficient enough to drive a strong earnings growth. Developers either need to grow market share faster or work to uplift their margins (through lowering financing or other cost rather than ASP expansion).

Shenzhen Investment, Greenland HK, BJ Capital Land and Shui On are to see high presales growth this year. In 2015, Shenzhen Investment, Greenland HK, and Shui On Land are likely to target over 40% contracted sales growth. BJ Capital Land, Yanlord, CIFI, Yuexiu, and Central China may target over 15% growth, likely to be higher than average sector growth.

Sino Ocean, Greenland HK, Yuexiu, Shenzhen Investment to see margin recovery. These companies may see improvements in margins through lower financing cost, offloading non-performing assets, efficiency improvements, etc.

Market share gains during the past four years

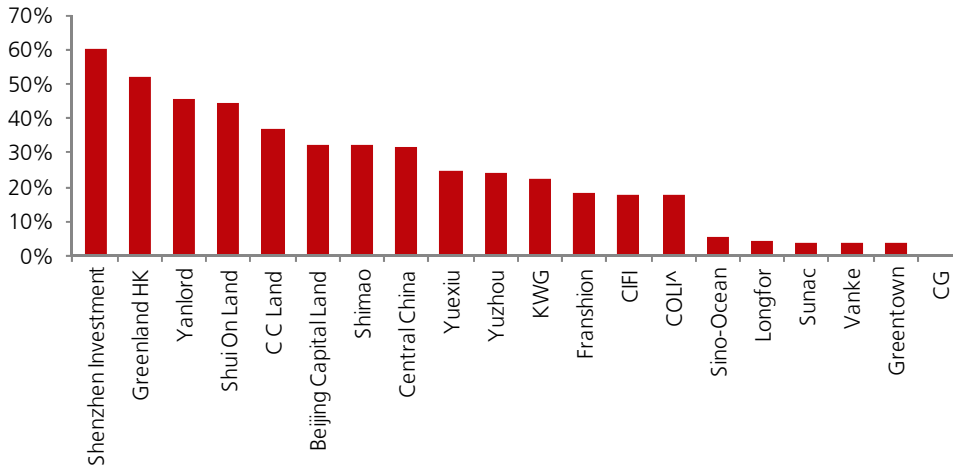
	2011	2012	2013	2014	Expansion (Since 2011)
Vanke	2.50%	2.72%	2.53%	3.45%	0.94%
Evergrande	1.65%	1.73%	1.48%	2.11%	0.45%
COLI	1.56%	1.57%	1.63%	1.74%	0.18%
Country Garden	0.89%	0.89%	1.57%	2.06%	1.18%
CR Land	0.74%	0.98%	0.98%	1.11%	0.37%
Greentown	0.68%	0.95%	0.92%	1.27%	0.59%
Shimao	0.63%	0.86%	0.99%	1.13%	0.49%
Longfor	0.79%	0.75%	0.71%	0.79%	0.00%
Sunac	0.36%	0.59%	0.75%	1.06%	0.69%
Agile	0.65%	0.62%	0.60%	0.71%	0.06%
R&F	0.62%	0.60%	0.62%	0.87%	0.25%
Sino Ocean	0.56%	0.58%	0.53%	0.64%	0.09%
Poly CN	1.51%	1.90%	1.85%	2.19%	0.68%
Poly (HK)	0.32%	0.44%	0.39%	0.39%	0.06%
COGO	0.13%	0.21%	0.20%	0.22%	0.09%
Yuexiu	0.19%	0.23%	0.22%	0.35%	0.17%
Franshion	0.20%	0.20%	0.22%	0.30%	0.09%
Yanlord	0.15%	0.23%	0.22%	0.21%	0.06%
Central China	0.17%	0.19%	0.21%	0.25%	0.08%
Shui On Land	0.21%	0.11%	0.25%	0.16%	-0.05%
C C Land	0.13%	0.15%	0.14%	0.09%	-0.04%
SPG Land	0.07%	0.06%	0.05%	0.21%	0.14%
Yuzhou	0.09%	0.12%	0.16%	0.19%	0.10%
Fantasia	0.14%	0.15%	0.15%	0.16%	0.02%
CIFI	0.11%	0.18%	0.23%	0.34%	0.23%
KWG	0.24%	0.23%	0.24%	0.33%	0.09%
Shenzhen Investment	0.09%	0.11%	0.13%	0.12%	0.02%
	15.38%	17.33%	17.96%	22.43%	7.05%

Source: DBS Vickers

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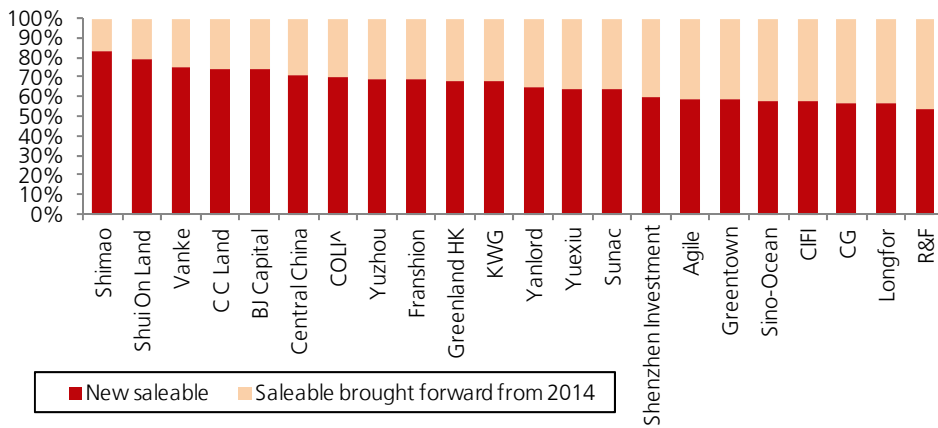
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Saleable resources growth projections in 2015



Source: DBS Vickers

New saleable resources as % of total estimated saleable in 2015



Source: DBS Vickers

Margin trend of developers

		Gross profit margin (%)				Core net profit margin (%)			
		FY13A	FY14F	FY15F	FY16F	FY13A	FY14F	FY15F	FY16F
DBS Vickers Estimates									
3333 HK	Evergrande	29.5	28.9	28.7	28.6	10.3	7.1	7.3	7.8
688 HK	COLI	32.5	34.6	34.3	34.5	22.9	20.1	18.1	18.4
2007 HK	Country Garden	30.3	29.1	27.8	25.2	12.9	11.8	12.2	11.1
1109 HK	CR Land	28.2	28.1	28.4	31.4	12.3	10.9	10.0	11.9
813 HK	Shimao	35.3	33.5	33.0	33.0	16.2	13.6	13.5	13.6
3383 HK	Agile	35.6	30.2	25.9	23.6	11.6	8.5	7.5	7.0
3377 HK	Sino Ocean	24.3	22.1	22.5	22.9	8.1	8.1	8.8	10.2
81 HK	COGO	33.0	29.1	27.7	29.7	17.4	13.9	13.6	15.0
123 HK	Yuexiu	28.9	30.2	29.6	27.9	9.6	9.7	10.0	10.2
817 HK	Franshion	44.4	42.4	41.4	37.3	14.0	12.0	11.7	11.8
YLLG SP	Yanlord	35.5	32.0	32.3	33.6	15.3	12.2	12.1	13.0
832 HK	Central China	34.1	31.7	31.6	32.0	14.8	8.1	7.8	8.8
272 HK	Shui On Land	32.1	32.4	32.4	31.7	1.1	5.0	-3.8	1.3
1224 HK	C C Land	31.0	32.1	30.2	30.0	3.7	7.4	8.1	7.7
337 HK	Greenland HK	26.6	25.6	24.4	30.1	0.6	2.5	5.6	9.2
Street consensus from Reuters						Net profit margin (%)			
2202 HK	Vanke	25.1	26.4	25.6	25.3	11.8	11.5	11.4	11.5
1628 HK	Yuzhou	31.0	38.3	35.4	33.7	14.6	16.1	16.2	15.1
1777 HK	Fantasia	38.4	34.6	35.7	38.7	15.3	12.8	13.3	14.9
884 HK	CIFI	25.8	26.6	26.5	27.4	12.8	12.4	12.2	12.8
1813 HK	KWG	36.2	35.1	34.5	34.4	24.7	22.8	23.1	22.7
604 HK	Shenzhen Inv	36.8	35.0	35.2	34.6	14.8	15.9	16.1	16.7
3900 HK	Greentown	30.3	25.8	25.4	24.1	15.3	11.1	11.6	12.1
960 HK	Longfor	27.8	28.9	29.1	29.3	15.0	14.1	14.3	14.3
1918 HK	Sunac	23.3	23.8	24.6	24.0	11.4	11.1	11.9	11.4
2777 HK	R&F	39.2	34.7	33.9	32.1	15.7	13.2	12.8	12.1
119 HK	Poly (HK)	23.4	24.0	23.9	23.5	5.7	6.9	6.7	6.7
2868 HK	BJ Cap Land	26.3	26.9	28.0	29.0	10.2	11.2	11.5	11.9

Source: Thomson Reuters, DBS Vickers

Corruption concern also an opportunity

Anti-corruption is across China

4 rounds of inspection tours completed, and have covered all provinces. The Central government has finished four rounds of inspection tours since 2013, covering all provinces nationwide. According to Central Discipline Inspection Commission (or "CDIC"), a total of 198 local officials (including 46 at the provincial level and 152 at the municipal level) have been investigated.

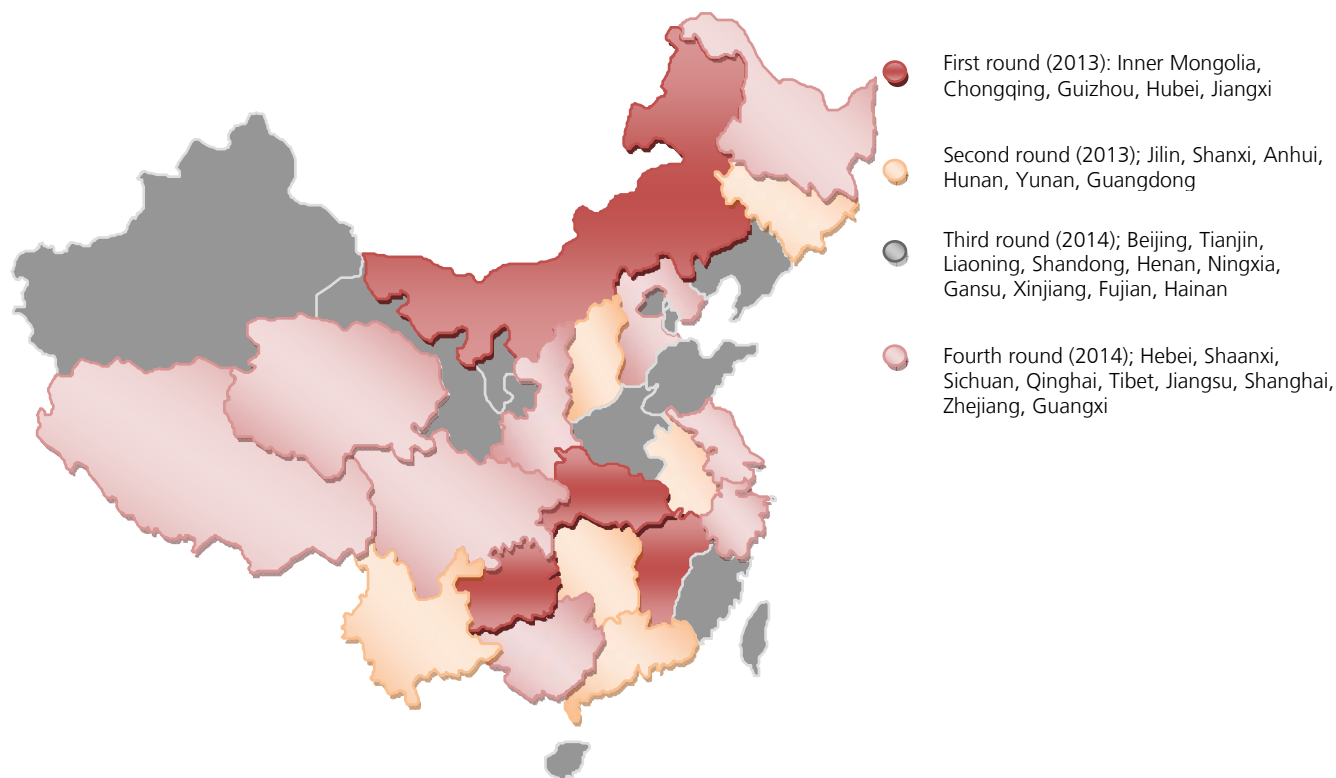
Eight provinces have seen more than 10 local officials investigated. Guangdong topped the list with 19 local officials under investigation, followed by Shanxi, Hubei, Sichuan, Jiangsu, Henan, Hebei, and Jiangxi. We noticed that most of these provinces were covered by the first and second round of inspections. On the other hand, Beijing, Shanghai and Tibet have yet to uncover any problematic officials. In fact, these three areas were covered by the third and fourth round of inspections.

Guangzhou and Jiangsu investigations may require more attention as more developers have projects in these two provinces. We have summarised the developers who have higher exposure (more than 10% of landbank) to the eight provinces with the highest number of officials under investigation. As many developers have high exposure to Guangdong and Jiangsu, investigation of these two provinces concerns investors' more.

Companies with SOE backgrounds, managed by professionals or have clear backup management teams are likely to handle the crisis better, if any. We think SOE-backed developers will be less affected by the absence of a Chairman as they can be replaced by someone appointed either from the company through internal promotion or from the parent company. Private companies managed by professionals such as Vanke and Country Garden will also see a lesser impact as companies' operation and decision making is based on established system rather relying on a certain person. In addition, family-owned businesses with a clear successor plan, such as Shimao, Agile, Powerlong and CIFI, will be able to handle crisis well too, as other family member is highly committed to the daily business and they seem to have willingness to deal with crisis rather than run away. However, private companies which may feel difficulties to find an alternative person to play their chairman/CEO's role during crisis include Yanlord, C C Land, and Sunac.

Companies with loan covenants that require no change of chairman may be riskier. We have summarised on the following page the usual terms included in the loan and debt agreements of selective developers. Generally, SOE-backed developers have no term in their loan covenants requiring that a certain person to be a company's chairman or the largest shareholder. In contrast, loan covenants of private developers such as KWG, Powerlong, Central China, China SCE and Yuzhou consider change in chairman as a default event. If their chairman is absent/arrested, companies have to negotiate and revise their loan covenants or banks have the right to require immediate repayment.

Anti-corruption roadmap: the four rounds of inspection tours starting from 2013 have covered all the provinces



Source: Central Discipline Inspection Commission; DBS Vickers

Developers' exposure to the provinces with higher crackdown

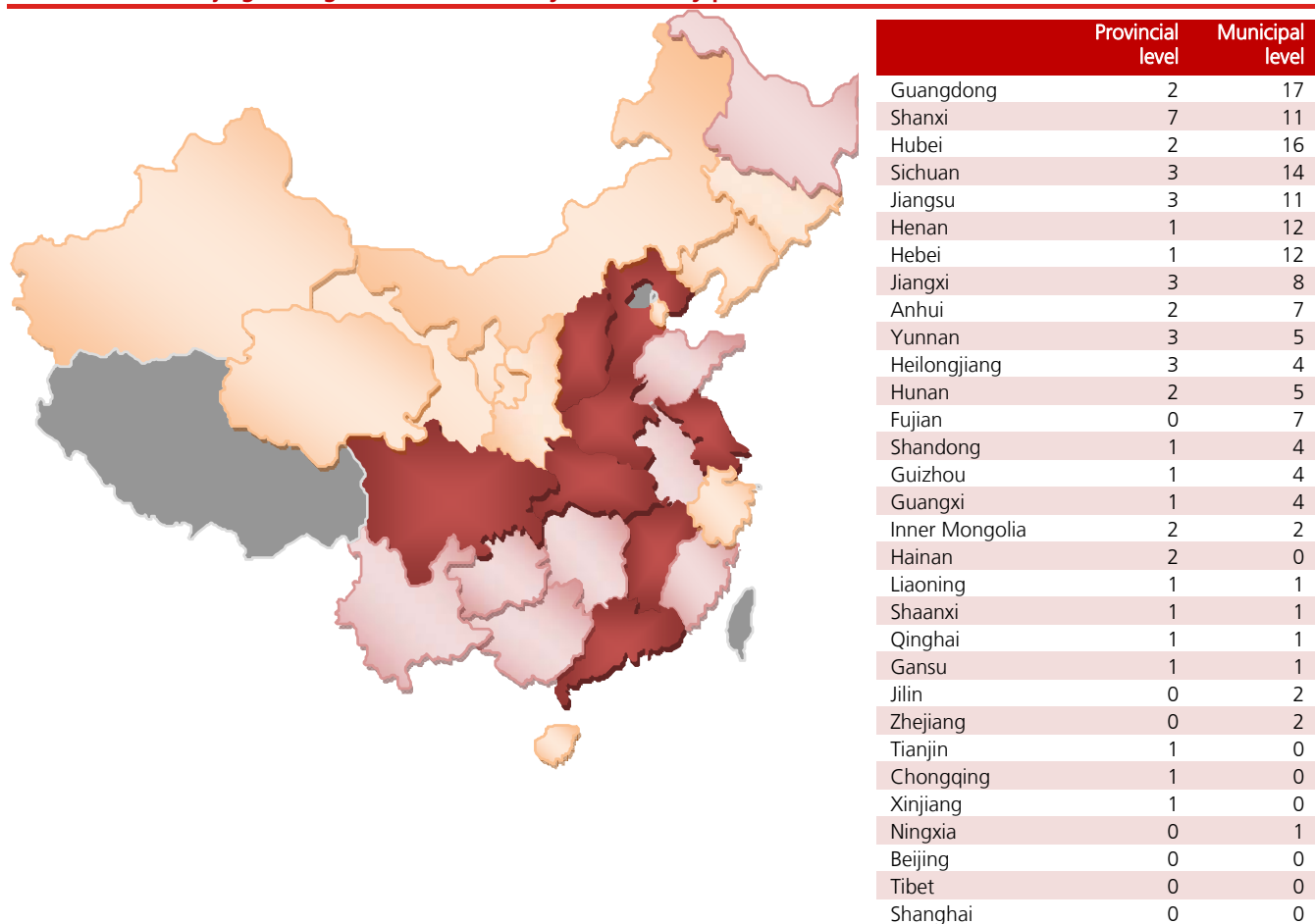
Province	Developers who have 10%+ landbank exposure in the province
Guangdong	COLI, Sino-Ocean, Vanke, KWG, Shui On, CR Land, Yanlord, Yuexiu, Evergrande, GZ R&F, Fantasia, Kaisa, Poly HK, Country Garden, BJ Cap Land, Shenzhen Inv
Shanxi	GZ R&F
Hubei	Shui On, Yuexiu, Poly HK
Sichuan	KWG, C C Land, Yanlord, Longfor, Fantasia
Jiangsu	COGO, Agile, CR Land, Yanlord, Evergrande, Greenland HK, Longfor, Country Garden, Greentown, Shimao, BJ Cap Land, Glorious
Henan	Central China
Jiangxi	COGO

Source: DBS Vickers

Industry Focus

China Property Sector

The density of corrupted officials: Up to now, more than 10 local officials (both at the provincial level and municipal level) have been investigated in each of Guangdong, Shanxi, Hubei, Sichuan, Jiangsu, Henan, Hebei and Jiangxi. On the other side, Beijing, Shanghai and Tibet have yet to see any problematic officials.



Source: Central Discipline Inspection Commission; DBS Vickers

Who have loan covenant bounding to chairman? KWG, Shui On Land, Powerlong, Central China, China SCE, and Yuzhou

Company	Ticker	Normal terms in the loans and debt agreements	
		Shareholding	Management
Central government-owned SOEs			
CR Land	1109.HK	(i) CRH is the single largest shareholder, and (ii) CRH owns at least 35% stake	CRH has the ability to control appointment of directors
Franshion	817.HK	(i) Sinochem HK remains a controlling shareholder, and (ii) Sinochem Corps owns at least 50% stake in Sinochem HK	Nil
COGO	81.HK	COLI owns at least 30% stake	COLI has a controlling position in the Board
Sino-Ocean	3377.HK	(i) China Life and Nan Fung collectively owns at least 30% stake and (ii) China Life is the single largest shareholder	China Life has one nominee director
Jinmao Inv	6139.HK	Franshion owns at least 51% stake	Nil
Local government-owned SOEs			
Yuexiu Property	123.HK	(i) Yue Xiu owns at least 35% stake, and (ii) Guangzhou Municipal government owns at least 51% stake in Yue Xiu	Nil
Yuexiu REIT	405.HK	Yuexiu Property owns at least 30% stake	Nil
Shenzhen Inv	604.HK	(i) Shum Yip owns at least 35% stake, (ii) Shum Yip is the single largest shareholder, and (iii) Shenzhen Municipal government owns at least 51% stake in Shum Yip	Shum Yip has management control
Private developers			
GZ R&F	2777.HK	Mr. Li Sze Lim owns at least 30% stake	Nil
C C Land	1224.HK	Mr. Cheung owns at least 35% stake	Nil
Longfor	960.HK	The Wu family trust, the Cai family trust, Charm Talent and Junson Dev collectively own at least 51% stake	Nil
Yanlord	YLLG.SP	Mr. Zhong Sheng Jian owns at least 40% stake	Nil
Shimao	813.HK	Mr. Hui and his family collectively own at least 51% stake	(i) Mr. Hui Wing Mar is the Chairman, or (ii) he is replaced by Mr. Hui Sai Tan, Jason
Agile	3383.HK	Mr. Chen Zhuo Lin, Mr. Chan Cheuk Yin, Ms. Luk Sin Fong, Fion, Mr. Chan Cheuk Hung, Mr. Chan Cheuk Hei and Mr. Chan Cheuk Nam collectively own at least 50% stake	(i) Mr. Chen Zhuo Lin is the Chairman, or (ii) he is replaced by either Ms. Luk Sin Fong, Fion or Mr. Chan Cheuk Yin or co-chairpersons
CIFI	884.HK	The controlling shareholders collectively maintain at least 51% stake	Either of Mr. Lin Zhong, Mr. Lin Wei and Mr. Lin Feng remain as Chairman
SOHO China	410.HK	Mr. Pan and Mrs. Pan own at least 51% stake	(i) Mr. Pan Shiyi or Mrs. Pan remain as Chairman, or (ii) Mr. Pan or Mrs. Pan remains as the CEO, unless the Chairman or the CEO is replaced by a person approved by the majority lenders with 30 days
Greentown	3900.HK	Mr. Song Weiping, Mr. Shou Bainian, Mr. Luo Zhaoming and the Wharf collectively own at least 40% stake	Mr. Song, Mr Shou and Mr. Luo collectively have the power to direct the mgmt and policies
Country Garden	2007.HK	The Yang family (i) is the largest shareholder, and (ii) owns at least 40% stake	The Yang family retain control
Shui On	272.HK	Mr. Lo and his family together owns at least 35% stake	Mr. Lo (i) acts as the Chairman or (ii) maintains control over the company
KWG	1813.HK	Mr. Kong Jian Min (i) owns at least 35% stake, and (ii) is the single largest shareholder	Mr. Kong Jian Min is the Chairman
Powerlong	1238.HK	The Hoi family (i) remains the single largest shareholder, and (ii) maintains at least 50% stake	Mr. Hoi Kin Hong is the Chairman
Central China	832.HK	Mr. Wu (i) owns at least 40% stake, and (ii) is the single largest shareholder	Mr. Wu is the Chairman
China SCE	1966.HK	Mr. Wong Chiu Yeung (i) is the single largest shareholder, and (ii) owns at least 40% stake	Mr. Wong Chiu Yeung continues to control the company
Yuzhou	1628.HK	Mr. Lam Lung On and Ms. Kwok Ying Lan collectively own at least a 65% stake	Mr. Lam Lung On is the Chairman

Source: Company, DBS Vickers

Industry Focus

China Property Sector

Whose corporate structure is not vulnerable to Chairman's absence? SOE-backed developers or private developers either managed by professionals or have clear backup management teams.

Company	Ticker	Key shareholders	%	Whether the company is managed by professionals or SOEs	Any replacement for existing chairman or CEO
CR Land	1109.HK	China Resources (Holdings)	71.38	Central SOE	Yes, either from internal promotion or from parentco
COLI	688.HK	China Overseas Holdings	53.18	Central SOE	Yes, either from internal promotion or from parentco
		JPMorgan Chase & Co	6.89		
Franshion	817.HK	Sinochem Corporation	62.87	Central SOE	Yes, either from internal promotion or from parentco
		Warburg Pincus & Co.	8.01		
Jinmao Inv	6139.HK	Franshion Properties	66.53	Central SOE	Yes, either from internal promotion or from parentco
		Tong JinQuan	9.26		
Sino-Ocean	3377.HK	China Life Insurance	29.00	Quasi SOE	Yes, either from internal promotion or from parentco
		Nan Fung	21.00		
COGO	81.HK	COLI	37.98	Quasi SOE	Yes, either from internal promotion or from COLI
		Yung Kwok Kee Billy	18.26		
		Wang Taoguang	9.90		
Yuexiu Property	123.HK	Guangzhou Yue Xiu Hold. Ltd	49.67	Local SOE	Yes, either from internal promotion or from parentco
Yuexiu REIT	405.HK	Guangzhou Yue Xiu Hold. Ltd	62.97	Local SOE	Yes, either from internal promotion or from parentco
Shenzhen Inv	604.HK	Shum Yip Holdings Co. Ltd.	67.31	Local SOE	Yes, either from internal promotion or from parentco
Greentown	3900.HK	CCCCG*	24.29	Mixed	Could be from CCCC or Wharf
		The Wharf (Holdings) Limited	24.29		
		Mr. Song	10.46		
		Bainian Shou	8.08		
Vanke	2202.HK	China Resources	15.00		Run by professionals
		Ying An Asset Mgmt	4.48		
		An Bang Insurance	2.13		
Longfor	960.HK	Wu Yajun	43.07		Run by professionals
		Cai Kui	28.66		
Country Garden	2007.HK	Yang Huiyan	59.48		Run by professionals
		Genesis Capital Global Limited	13.95		
		Yang Erzhu	5.01		
Shimao	813.HK	Hui Wing Mau	64.99	Run by family	Yes, Jason Hui
		Shiyang Finance Limited	8.04		
Agile	3383.HK	Chan Cheuk Yin	63.01	Run by family	Yes, either Ms. Luk Sin Fong, Fion or Mr. Chan Cheuk Yin
CIFI	884.HK	Lin Zhong	54.56	Run by family	Yes, either Lin Wei or Lin Feng
Central China	832.HK	Wu Po Sum	47.19	Run by family	Yes, Vinh Mai
		Capitaland Limited	27.11		
		Management	0.70		
Powerlong	1238.HK	Hoi Kin Hong	46.02	Run by family	Yes, Hoi Wa Fong
		Sky Infinity Holdings Limited	14.14		
		Wason Holdings Limited	5.05		
GZ R&F	2777.HK	Li Sze Lim	33.36	Run by family	Li and Zhang may be able to back up each other
		Zhang Li	32.02		
SOHO China	410.HK	Pan Zhang Xin Marita	64.36	Run by family	Pan and Zhang may be able to back up each other
KWG	1813.HK	Kong Jianmin	58.17	Run by family	Kong's brothers
		AllianceBernstein L.P.	6.00		
Yuzhou	1628.HK	Kwok Ying Lan	75.00	Run by family	Kwok's wife
China South City	1668.HK	Cheng Chung Hing	30.52	Run by family	Cheng's brothers
		Chen Family Assets Management	12.94		
		Tencent Holdings	11.55		
Evergrande	3333.HK	Hui Ka Yan	70.10	Run by Chairman	Chairman's son
		Ding Yu Mei	5.46		
Shui On	272.HK	Lo Hong Sui, Vincent	57.30	Run by chairman	Chairman's daughter or brothers

* Share sale to CCCC to be completed.

Source: Bloomberg Finance L.P., DBS Vickers

Whose corporate structure is vulnerable to Chairman's absence? Private developers that are not managed by professionals nor have clear backup management teams.

Company	Ticker	Key shareholders	%	Who plays the critical role?	Any replacement for existing chairman or CEO
Yanlord	YLLG.SP	Sheng Jian ZHONG	65.60	Sheng Jian ZHONG	Unclear
		Aberdeen Asset Management	8.98		
		EE-Chao Wee	7.00		
C C Land	1224.HK	Cheung Chung Kiu	51.44	Cheung Chung Kiu; Peter Lam	Unclear
		Regulator Holdings Ltd.	10.06		
Sunac	1918.HK	Sun Hongbin	48.00	Sun Hongbin	Unclear
		Bain Capital Investors, LLC	10.01		

Source: Bloomberg Finance L.P., DBS Vickers

Industry Focus

China Property Sector

A summary of companies hit by anticorruption scandals/rumours

Date	Event	Company	Stock Code	People involved	Details	Resolution	Current status	Share price performance		
								+1 Day	+1 Mth	Current
16-Jan-15	Rumours have surfaced that one of its projects in Shenzhen was barred from being transacted, by the authorities	COLI	688 HK	n.a	- According to the website of the Land Authority, blocks 1-4 of its Yue Jing Garden located in Longgang district of Shenzhen have been barred from being transacted.	- Company clarified through HKEx announcement in the afternoon that the related units are affordable housings which had been sold and delivered to buyers. The incident will not have any impact on the group's operations or financial positions		-3%	n.a.	-9%
16-Jan-15	Local news reported that certain units of its Shenzhen project were frozen from being transacted	COFCO Property (000031.SZ)	000031 CH	n.a	- The related project is (中糧鴻雲花園) which is located in BaoAn district of Shenzhen	- Company clarified that the related units were already sold and the blockage was not related to the company's operations.		-2%	n.a.	-8%
16-Jan-15	Local news reported that 2,300 units of its Shenzhen project were locked from transaction	China Merchants Property (000024.SZ)	000024 CH	n.a	- News reported that 2,300 units of its 招商錦繡觀園 were blocked from being sold	- Company clarified that the related units had already been sold.		-1%	n.a.	-3%
15-Jan-15	Rumours that four apartment units of its Shenzhen project were blocked from being sold, by the authorities	Fantasia	1777 HK	n.a		- 15 Jan,2015: Company issued a clarification announcement and held a conference call claiming that the four related units had already been sold and delivered in 2012 and 2013. The blockage had nothing to do with the company and the company's operations are normal		-5%	n.a.	-8%
15-Jan-15	There has been rumours that Chairman had left for the U.S and two development projects in Shanghai are blocked by the local court	Glorious	845 HK	Mr. Zhang Zhirong, Founder and controlling shareholder		- 15 Jan,2015: Company issued a clarification announcement on the same day, saying that the related projects are not owned by the company. - the announcement also denied the rumour that Mr. Zhang had left for the U.S. Instead, Mr. Zhang was in China at the time of the announcement. - Zhang denied any connection to Ling Jihua or his brother who is also under investigation		-23%	n.a.	-16%

Source: Thomson Reuters, DBS Vickers

A summary of companies hit by anticorruption scandals/rumours (continued)

Date	Event	Company	Stock		People involved	Details	Resolution	Current status	Share price performance		
			Code						+1 Day	+1 Mth	Current
15-Jan-15	Rumours from Weixin said that CSC's co-Chairman was included in a list of Shenzhen property developers who may be subject to investigation	China South City	1668 HK		Co-Chairman, Mr. Cheng Chung Hing	- No further details were given in the Weixin message. - We met the co-Chairman during our site visit on the same day.	- Company denied through HKEx announcement on the same day		-9%	n.a.	-10%
10-Nov-14	Chairman Wu resigned due to personal reasons. Market suspects that he had been under investigation by local government	CR Land	1109 HK		Mr. Wu Xiang Dong	- April,2014: Mr. Song Lin, the ex-Chairman of CR Group, was being investigated by China's anti-corruption body on suspicion of a serious violation of discipline. - 10 Nov,2014: Chairman of CR Land, Mr. Wu Xiangdong, resigned and was replaced by ED, Mr. Tang Yong. Market suspects that Mr. Wu's resignation was related to the investigation of Mr. Song Lin.			-4%	11%	12%

Source: Thomson Reuters, DBS Vickers

Industry Focus

China Property Sector

A summary of companies hit by anticorruption scandals/rumours (continued)

Date	Event	Company	Stock Code	People involved	Details	Resolution	Current status	Share price performance		
								+1 Day	+1 Mth	Current
17-Oct-14	Rumours that Chairman Mr. Kwok Ying Shing, was being detained or has become unreachable nor contactable	Kaisa	1638 HK	Mr. Kwok Ying Shing, Chairman	<ul style="list-style-type: none"> - 17 Oct,2014: Company denied the rumour through clarification announcement on the HKEx - 28 Nov, 2014: Some projects in Shenzhen shown with status "Blocked by authority" - 3 Dec,2014: Suspended trading on HKEx - 4 Dec,2014: Resumed trading on HKEx - 4 Dec,2014: Kwok family sold 11.21% of Kaisa's share to Sino Life. Sino Life become second largest shareholder with a 29.96% stake in the company -10 Dec,2014: Mr. Kwok resigned as Chairman and become NED of the company. -16 Dec,2014: Suspended trading on HKEx -22 Dec,2014: Resumed trading on HKEx -28 Dec, 2014: CFO and Vice Chairman resigned -29 Dec,2014: Suspended trading on HKEx - 1 Jan,2015: Resignation of Chairman triggered a mandatory repayment provision of the HK\$400m loan facility by HSBC - 7 Jan,2015: Rumor that the board has reached agreement to go on restructuring. Company later issue announcement to deny having reached such agreement. - 8 Jan,2015: Missed coupon payment for one of its bond due 2020. Will default if company fail to pay after 30 days. -12 Jan,2015: According to People's Daily,19 financial institutes filed a case to the Shenzhen courts sought to seize Kaisa's assets in Shanghai, Zhuhai, Dalian, Huizhou, Suzhou, Shenzhen and Hangzhou 	<ul style="list-style-type: none"> - Chairman, Vice-Chairman and CFO resigned - The aftermath of this incident still ongoing. Whether Kaisa will default depends on its ability to pay the missed coupon before 7 Feb,2015 	-6%	1%	-44%	

Source: Thomson Reuters, DBS Vickers

A summary of companies hit by anticorruption scandals/rumours (continued)

Date	Event	Company	Stock Code	People involved	Details	Resolution	Current status	Share price performance		
								+1 Day	+1 Mth	Current
3-Oct-14	Chairman under "a designated residence" order by the Kunming City prosecutor	Agile	3383 HK	Mr. Chen Zhoulin, CEO and Chairman	<ul style="list-style-type: none"> - 3 Oct,2014: Company suspended trading, no details were provided by the company - 7 Oct,2014 Rumoured that the former Chinese security chief, Zhou Yong Kang, is godfather of the fifth brother of Chan's family. Leveraging on the influence, Agile has illegally taken away a land parcel in Zhongshan from a Hong Kong businessman, Chan Ho Wai. -7 Oct,2014: Company denied any association with Mr. Zhou Yong Kang - 10 Oct,2014: Company issued a announcement that Chen's wife, Luk Sin-fong, told Agile (on 1-Oct) that Mr. Chen has been staying in "a designated residence" since Sept-30 under orders by the Kunming City Prosecutor - 10 Oct,2014: Rights issue (proposed before the event) was called off. 	<ul style="list-style-type: none"> -10 Oct,2014: The company transferred two non-executive directors to help with the daily operations. Chen's wife and his brother Chan Cheuk-yin will serve as co-chair and co-CEO respectively. While Chen remains Chairman and CEO. - 16 Oct,2014: Proposed another rights issuance 	<ul style="list-style-type: none"> - 14 Dec, 2014: Chairman and ED have resumed normal duties after the investigation. Share price was up 11% after the announcement on HKEx. 	0%	-5%	-1%
28-Jul-14	Ordered arrest of state-owned Bright Food Group ex-chairman	Bright Food (Parent Company of Bright Dairy)	600597 CH	Mr. Wang Zongnan, Chairman	<ul style="list-style-type: none"> - 27 Nov,2013- Wang resigned from his position as chairman for health reasons from Shanghai Bright Food. ' -28 July 2014 - Mr. Wang is arrested in suspicion of graft. - 13-Dec-14 - Mr. Wang goes on trial for embezzlement of US\$31m. 	n.a	<ul style="list-style-type: none"> - 27 November, 2013 - Duties were transferred prior to arrest in Bright Food to Lv Yongjie, ex-chairman of Shanghai Maling Aquarius, subsidiary of Bright Food. 	3%	9%	21%

Source: Thomson Reuters, DBS Vickers

Industry Focus

China Property Sector

A summary of companies hit by anticorruption scandals/rumours (continued)

Date	Event	Company	Stock Code	People involved	Details	Resolution	Current status	Share price performance		
								+1 Day	+1 Mth	Current
14-Jul-14	Announced that company has not been able to reach Chairman	Hydoo	1396 HK	Mr. Wong Choihing, Chairman and ED	- 2 July,2014: Company suspended trading - 14 July,2014: Company issued announcement saying that the company has not been able to contact its Chairman and CEO, Mr. Wong Choihing, for over two weeks.	-17 July,2014: The company transferred the duties of the Chairman to its ED, Mr. Huang Dehong. Mr. Wang Dewen, will remain as CEO to supervise the operations of the company. - 18 July,2014: Resumed trading after announcement of transitional arrangements - 21 July,2014: Suspended trading - 24 July,2014: Resumed trading after announcing that Mr. Wong Choihing is currently assisting the authorities in providing certain information.	-25 August,2014: Officially announce that Mr. Wong Choihing ceased to be the Chairman. Mr. Wong's brother, Mr. Wang Jianli, was appointed as new Chairman.	0%	-21%	-33%
22-Apr-14	Wang Hongkun, Vice Chairman and ED, resigned for health reasons.	CR Land	1109 HK	Mr. Wang Hongkun, Vice Chairman and ED	-Market believe that he is involved in government's investigation			-3%	-12%	21%
13-Jul-12	Charges in relation to an alleged offence or offences at common law for conspiracy to commit misconduct in a public office, and/or under the Prevention of Bribery Ordinance	SHKP	16 HK	Thomas Kwok, joint Chairman and Managing Director Raymond Kwok, joint Chairman and Managing Director Thomas Chan, Executive Director	- 19 Dec 2014: Convicted of one charge of conspiracy to commit misconduct in public office - 19 Dec 2014: Acquitted of all the charges that have been laid against him - 19 Dec 2014: Convicted of an offense at common law of conspiracy to commit misconduct in public office and an offence under the Prevention of Bribery Ordinance	- 19 Dec 2014: Will appeal against his conviction - n.a. - 19 Dec 2014: Will appeal against his conviction		0%	10%	34%

Source: Thomson Reuters, DBS Vickers

A summary of companies hit by anticorruption scandals/rumours (continued)

Date	Event	Company	Stock Code	People involved	Details	Resolution	Current status	Share price performance		
								+1 Day	+1 Mth	Current
19-Nov-08	Chairman was arrested	GOME	493 HK	Mr. Wong Kwong Yu, founder & major shareholder (Chairman at that time)	- He was arrested by PRC police, and later charged with illegal operations, insider trading and bribery.	- In Aug 2010, he was sentenced to 14 years in jail, and resigned from Chairman of GOME	- In jail	-6%	-12%	-4%

Source: Thomson Reuters, DBS Vickers

Industry Focus

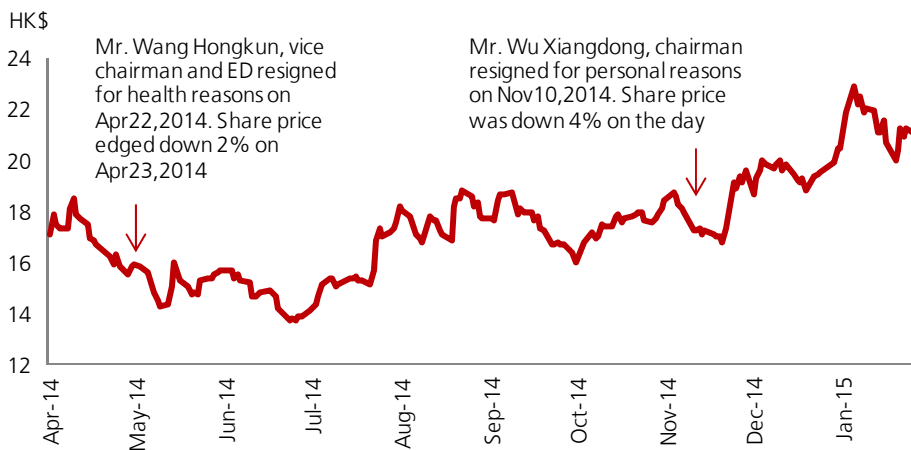
China Property Sector

How worse can it be if a corruption case happens?

Varying market reactions for different companies. CR Land's share price was not affected following the resignations of Chairman and Vice Chairman, although it was rumoured that both had been under investigations. Agile's share price lost

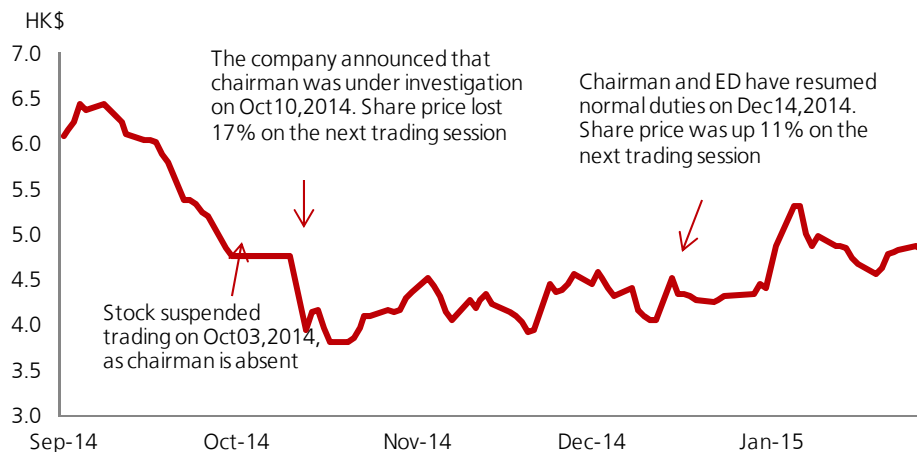
17% on Oct 11, 2014, after the company announced that its Chairman was under investigation on Oct10, 2014. However, Agile's share price gradually recovered as Chairman's wife and brother jointly acted as Chairpersons during the Chairman's absence without any interruption to its operations. Agile's share price rose 11% on Dec 15 after its Chairman resumed normal duties.

CR Land (1109.HK)'s share price was not affected given its SOE background



Source: Bloomberg Finance L.P., DBS Vickers

Agile (3383.HK)'s share price was not significantly affected as it has other family members committing to the business/operations

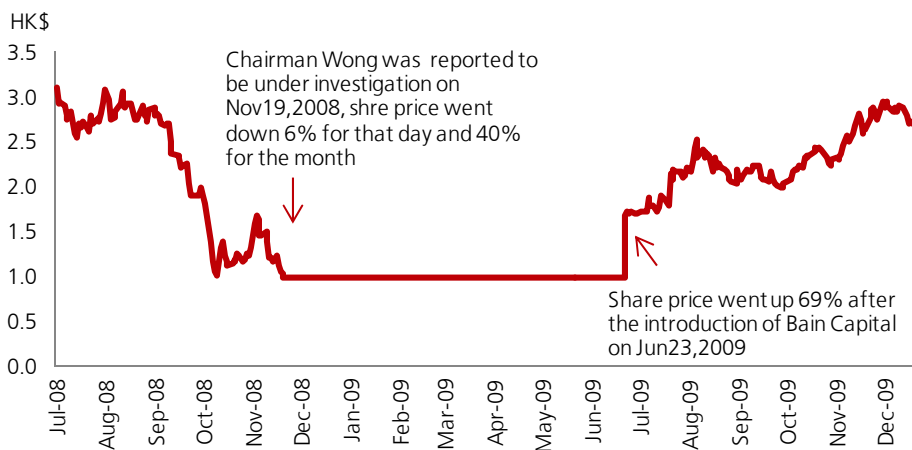


Source: Bloomberg Finance L.P., DBS Vickers

Kaisa was heavily hurt by the crisis and its share price tumbled nearly 50% from its Nov level due to default concerns. In addition, Kaisa does not have any backup management team in

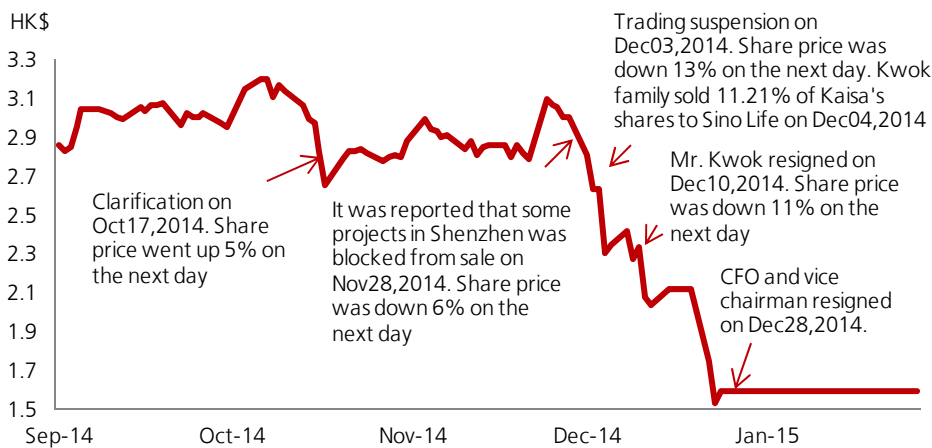
place. However, if this issue is resolved as in Gome's case, Kaisa's share price should recover.

Gome (493.HK)'s share price performance before and after the crisis



Source: Bloomberg Finance L.P., DBS Vickers

Kaisa (1638.HK)'s share price is still under pressure, but may recover if the issue is resolved like what we saw from Gome's case



Source: Bloomberg Finance L.P., DBS Vick

How to turn this challenge into opportunity

Recent correction presents good buying opportunities. Kaisa's case has been a drag on the sector's performance lately. However, if Kaisa's case can be resolved with government's help, investors may be less concerned about such investigations on

the sector and refocus on the fundamentals. In our view, this is likely to happen and current event-driven cross sector correction might be an opportunity to accumulate companies with sound fundamentals but avoid companies with low crisis management capability.

RMB depreciation – A/H players to benefit

Potential interest rate cut and concerns of a slowing economy led to concerns of a Rmb depreciation. Although our economist expects USD/CNY to stay supported in a 6.20-6.25 range into 3Q15, we assume a 3% Rmb depreciation to gauge the impact of adverse currency movements on developers' earnings and balance sheets.

COLI, COGO, and CR Land had the highest portion of their debt in HKD/USD. Developers on average had 44% of their debt in USD/HKD as at mid-14. COLI, COGO, and CR Land have > 70% of their debt in USD/HKD. Yanlord, Vanke and Greentown have a relatively lower percentage of their debt in USD/HKD. Only Longfor has hedged 50% of its USD/HKD debt to Rmb.

Earnings and net debt ratios are not so sensitive to Rmb appreciation. Interest expenses would increase 1.1% on average if the USD appreciates by 3%. Interest expenses for COLI, Yuzhou, COGO, CR Land, CG, and Yuexiu could rise by > 1.3%. Although exchange rate loss may hit reported earnings of companies using RMB as reporting currency, the additional interest expenses are estimated to account for c. 1.3% of FY15F core earnings, even if we assume no interest capitalization. As developers' interest capitalization rates usually range between 80% and 100%, the impact on core earning will be even more immaterial. **Shui On Land** will see a higher impact on core earnings from Rmb depreciation due to their low earnings base.

Net debt ratio of developers on average would inch up by 1.3ppts with **Greenland HK, Central China, and Yuzhou** likely to post increases of c. 3ppts.

Repayment of 2015 USD/HKD may materialize unfavourable exchange rate movement. COLI, CR Land, Shui On Land, Agile, Shimao and Country Garden have relatively larger amounts of USD/HKD debt due in 2015. CR Land, Hopson, R&F, and Renhe have debts due in 2016. If USD appreciation is formed, the repayment will materialize the exchange loss. If no window to issue new debt offshore in 2015 to repay their debts, these companies may need to transfer cash from onshore facilities to offshore which could lower their capital utilisation efficiency and increase their cost.

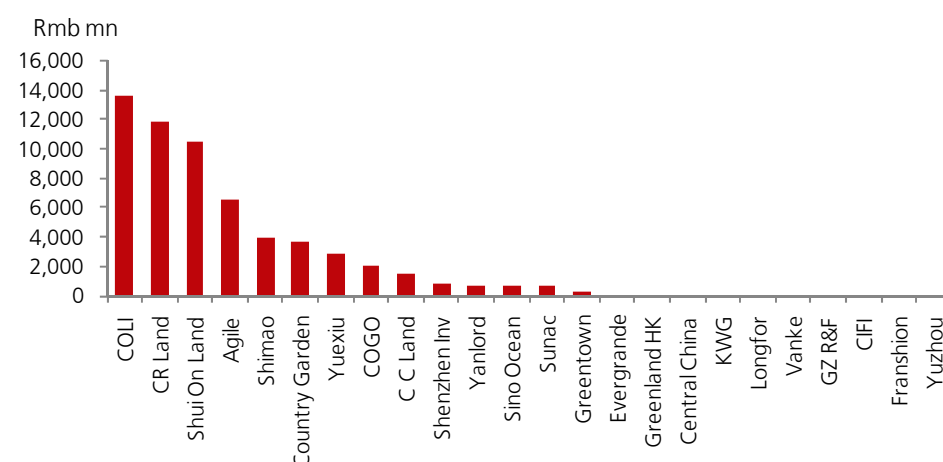
Onshore funding channels may be an advantage for companies like Vanke, Poly RE, and BBMG and potentially R&F, Beijing Capital Land, and Beijing North Star. A sustained Rmb depreciation trend would significantly reduce developers' willingness and accessibility to offshore lending. China reopened the mid-term notes (MTN) funding channel for developers in Sep 2014. Only A-share companies have been able to issue MTN. In our view, H-share listed developers may be able to benefit from access to the domestic capital market too. Vanke, Poly RE and BBMG issued MTN at 4.7% to 5.35% coupon. We believe accessibility to domestic bond market for Vanke, R&F, BJ Capital Land, and Beijing North Star will be an advantage in 2015.

USD/HKD exposure

	Name	Reporting currency	USD/HKD debt as % of total debt	Any USD/HKD hedge?
1	COLI	HKD	83%	No
2	COGO	HKD	74%	No
3	CR Land	HKD	70%	No
4	SOHO China	RMB	67%	No
5	Central China	RMB	66%	No
6	Greenland HK	RMB	58%	No
7	Yuzhou	RMB	57%	No
8	Yuexiu	RMB	55%	No
9	Franshion	HKD	51%	No
10	Country Garden	RMB	50%	No
11	Shui On Land	RMB	49%	No
12	Agile	RMB	46%	No
13	C C Land	HKD	45%	No
14	KWG	RMB	43%	No
15	Yanlord	RMB	42%	No
16	Shimao	RMB	42%	No
17	CIFI	RMB	41%	No
18	Shenzhen Inv	HKD	35%	No
19	Longfor	RMB	31%	Yes, c. 50% hedged
20	Sunac	RMB	26%	No
21	Evergrande	RMB	21%	No
22	Sino Ocean	RMB	18%	No
23	GZ R&F	RMB	18%	No
24	Greentown	RMB	17%	No
25	Vanke	RMB	14%	No
26	BJ Cap Land	RMB	1%	No

Source: Company; DBS Vickers

USD/HKD debt due in 2015



Source: Company; DBS Vickers

Industry Focus

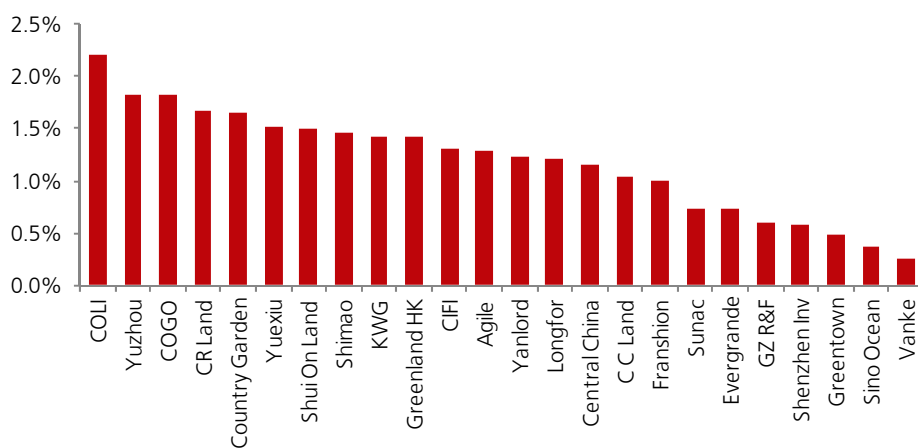
China Property Sector

Senior notes due in 2016

Callable	Bonds	Size (USD'mn)	Coupon	Maturity
CR Land	CRHZCH 4.625 '16	1,000	4.63	19-May-16
Hopson	HPDLF 11.75 '16	300	11.75	21-Jan-16
R&F	GZRFPR 10.875 '16	388	10.88	29-Apr-16
Renhe	RNHEF 13 '16	161	13.00	10-Mar-16

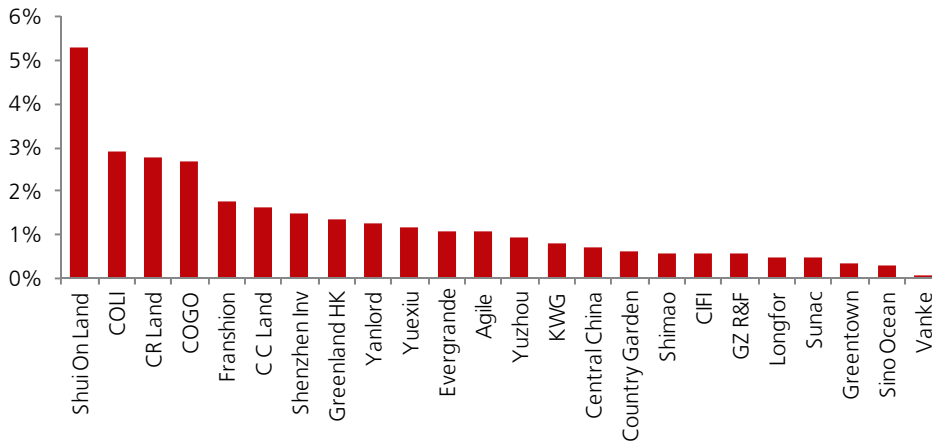
Source: Company; DBS Vickers

Interest expenses would increase by 1.1% if USD appreciates by 3%



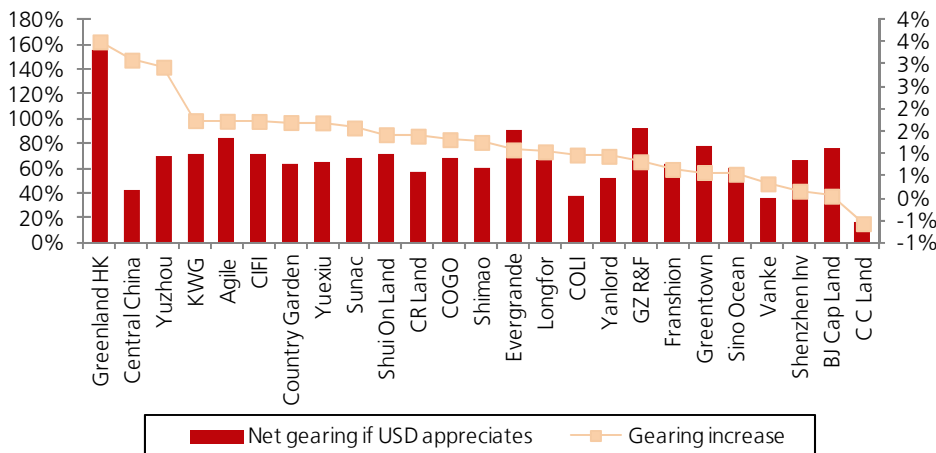
Source: Company; DBS Vickers

Additional interest expenses as % of 2015E earnings if USD appreciates by 3%



Source: Company; DBS Vickers

Net debt ratio sensitivity if USD appreciate 3%



Source: Company; DBS Vickers

Industry Focus

China Property Sector

A list of domestic mid-term notes

Company	Date	Amount	Maturity	Coupon
Issued				
Vanke	Dec-14	Rmb1.8bn	3 years	4.70%
Poly RE	Dec-14	Rmb1bn	5 years	4.80%
BBMG	20-Oct-14	Rmb2.0bn	5 years	5.35%
Proposed				
Financial Street	Proposed on 9/16/2014	<Rmb5.2bn	>= 5 years	
R&F	Proposed in 9/19/2014	Rmb6.5bn	3-5 year	
Rise Sun 榮盛	Proposed on 9/26/2014	<Rmb4.9bn	<= 5 years	
China Merchants Property 招商	Proposed on 9/30/2014	<Rmb5.0bn	>= 3 years	
CFLD 華夏幸福	Proposed on 9/30/2014	<Rmb3.9bn	<= 10 years	
Jinke 金科	Proposed on 10/13/2014	<Rmb3.9bn		
Cofco 中糧	Proposed on 11/28/2014	Rmb2.3	<= 5 years	
Yango 陽光城	Proposed on 12/25/2014	<Rmb1.7bn	<= 5 years	

Source: Company; DBS Vickers

Funding cost onshore and offshore comparison

	USD/HKD debt cost	Funding cost of RMB debt
Evergrande	11%	9%
GZ R&F	9%	8%
CIFI	9%	8%
KWG	9%	8%
Yuzhou	9%	8%
Shimao	8%	6%
Agile	8%	8%
Country Garden	8%	7%
Sunac	8%	9%
Greentown	7%	8%
Shui On Land	7%	7%
Central China	7%	11%
Yanlord	6%	7%
Longfor	6%	7%
Yuexiu	6%	7%
SOHO China	5%	6%
C C Land	5%	8%
Sino Ocean	5%	8%
Franshion	5%	6%
Vanke	5%	8%
Greenland HK	4%	7%
COLI	4%	6%
COGO	3%	6%
CR Land	3%	6%
Shenzhen Inv	3%	7%
BJ Cap Land	2%	7%

Source: Company; DBS Vickers

Industry Focus

China Property Sector

Valuation comparison

Company Name	Code	29-Jan Price HK\$	Mkt Cap HK\$bn	3-mth daily trading value US\$m	Recom	12-m target HK\$	EPS gth		PE 15F x	PE Yield		ROE 15F %	ROE 16F %	Net Gearing		P/Bk 13A x	NAV to NAV HK\$	Disc/ (Prem) %
							15F %	16F %		15F %	16F %			1H14 %	13A %			
Large cap																		
China Overseas*	688 HK	22.9	187.2	74.8	Buy	29.90	19	10	7.2	6.5	2.5	2.8	18.8	17.8	36.6	1.7	24.5	6.4
Country Garden*	2007 HK	3.06	62.3	15.9	Buy	4.76	9	20	4.2	3.5	8.6	10.4	20.9	21.9	61.7	1.0	4.8	35.8
CR Land*	1109 HK	20.2	158.1	35.3	Buy	23.00	(5)	40	13.1	9.3	2.1	2.9	9.9	12.1	55.4	1.4	26.8	24.7
Evergrande*	3333 HK	3.2	46.7	12.6	Hold	3.50	10	24	4.8	3.9	5.2	6.4	12.2	11.7	89.6	0.9	9.4	66.0
Longfor	960 HK	10.12	58.8	4.7	NR	n.a.	12	18	5.8	5.0	3.4	3.9	16.9	17.4	66.2	1.2	n.a.	n.a.
Shimao Property*	813 HK	16.22	56.3	24.0	Buy	21.00	12	10	5.0	4.6	5.8	6.6	17.7	17.3	58.4	1.1	28.5	43.1
China Vanke 'H'	2202 HK	16.92	186.4	28.8	NR	n.a.	17	15	7.4	6.4	4.1	4.6	20.9	21.1	36.4	2.0	n.a.	n.a.
Average							10	20	6.8	5.6	4.5	5.4	16.7	17.0	57.8	1.3		35.2
Mid cap																		
Agile Property*	3383 HK	4.71	18.4	10.9	Hold	4.38	2	14	3.8	3.3	2.7	3.0	9.0	9.5	82.0	0.4	17.5	73.0
China South City^^	1668 HK	2.56	20.5	15.8	NR	n.a.	27	13	4.9	4.3	6.8	7.3	15.8	16.2	78.4	0.9	n.a.	n.a.
COGO*	81 HK	4.16	9.5	2.4	Buy	7.20	14	20	3.4	2.9	2.6	2.6	18.6	18.7	66.7	0.9	10.9	61.9
Franshion*	817 HK	2.26	20.5	3.1	Buy	3.08	20	18	5.4	4.7	5.6	6.6	11.1	11.9	62.4	0.7	5.1	55.9
Greentown	3900 HK	6.85	14.8	8.8	NR	n.a.	12	3	3.0	2.9	7.1	7.1	14.1	12.7	78.1	0.5	18.5	63.0
Guangzhou R&F	2777 HK	8.87	28.6	13.4	NR	n.a.	15	13	3.7	3.3	8.1	9.0	13.9	14.6	92.3	0.7	18.1	51.0
Hopson Dev	754 HK	6.87	15.4	0.7	NR	n.a.	(5)	(23)	10.2	13.3	0.0	0.0	n.a.	n.a.	69.1	0.3	n.a.	n.a.
KWG Property	1813 HK	4.99	14.7	7.0	NR	n.a.	18	17	3.4	2.9	8.7	10.2	16.2	17.2	70.4	0.7	10.8	53.9
Poly (Hong Kong)	119 HK	3.64	13.3	13.0	NR	n.a.	10	9	5.9	5.4	5.1	5.4	7.1	7.7	105.7	0.4	13.1	72.2
Shenzhen Inv	604 HK	2.28	15.2	2.4	NR	n.a.	16	21	6.4	5.3	7.0	n.a.	7.5	9.1	78.4	0.5	n.a.	n.a.
Shui On Land*	272 HK	1.76	14.1	1.7	FV	1.72	(163)	(147)	n.a.	66.9	1.4	3.1	(0.9)	0.4	69.7	0.3	4.9	64.3
Sino-Ocean Land*	3377 HK	4.89	36.6	3.3	Buy	5.55	25	16	7.1	6.1	4.9	5.7	9.8	10.5	60.3	0.7	8.7	43.6
Soho China*	410 HK	5.41	28.1	2.9	Hold	6.47	(48)	(38)	17.3	27.9	5.8	7.0	3.2	2.0	14.9	0.6	10.8	49.8
Sunac China	1918 HK	6.94	23.5	15.2	NR	n.a.	24	25	3.8	3.0	4.3	5.2	26.2	25.4	66.7	1.4	n.a.	n.a.
Yanlord Land*^	YLLG SP	1.01	2.0	0.5	Hold	1.10	18	38	7.8	5.7	1.5	2.0	6.1	7.9	50.9	0.5	2.1	52.8
Yuexiu Property*	123 HK	1.53	19.0	6.0	Hold	1.43	(0)	18	7.4	6.3	5.4	6.4	6.9	7.7	62.7	0.5	3.3	54.3
Average							(1)	1	6.2	4.9#	4.8	5.4	11.0	11.4	69.3	0.6		58.0
Small cap																		
BJ Cap Land 'H'	2868 HK	3.51	7.1	1.6	NR	n.a.	28	28	2.9	2.3	8.0	10.1	17.6	19.4	77.2	0.7	n.a.	n.a.
BJ North Star 'H'	588 HK	2.45	8.2	1.4	NR	n.a.	11	n.a.	6.6	n.a.	3.0	n.a.	6.0	n.a.	64.2	0.4	n.a.	n.a.
C C Land*	1224 HK	1.34	3.5	0.3	Hold	1.94	35	15	3.5	3.0	5.8	6.7	6.6	7.2	17.7	0.2	6.2	78.3
Central China*	832 HK	1.92	4.7	0.3	Buy	2.44	15	27	3.2	2.5	9.4	12.0	16.2	18.3	39.5	0.6	6.4	70.2
China SCE	1966 HK	1.5	5.1	0.5	NR	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	80.0	0.7	n.a.	n.a.
CIFI Holdings	884 HK	1.55	9.3	0.5	NR	n.a.	23	26	2.8	2.2	8.2	9.9	22.1	22.9	70.5	0.9	n.a.	n.a.
First Sponsor*^	FSG SP	1.2	0.7	0.0	Buy	1.43	113	13	13.4	11.8	1.4	1.4	6.0	6.5	n.a.	0.8	1.91	37.2
Glorious Property	845 HK	0.91	7.1	1.4	NR	n.a.	16	15	4.3	3.8	0.0	0.0	6.3	7.1	100.0	0.3	5.9	84.5
Kaisa Group	1638 HK	1.59	8.2	7.3	NR	n.a.	17	17	2.0	1.7	13.2	14.6	17.6	18.1	70.4	0.4	n.a.	n.a.
Lai Fung*	1125 HK	0.151	2.4	0.1	NR	n.a.	(79)	50	10.7	7.1	2.1	2.1	1.8	2.6	10.8	0.2	0.6	74.0
Minmetals Land	230 HK	0.9	3.0	0.3	NR	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	52.7	0.4	n.a.	n.a.
Powerlong	1238 HK	1.09	4.4	0.3	NR	n.a.	7	(13)	3.2	3.7	5.7	3.9	6.0	5.0	69.7	0.2	n.a.	n.a.
Renhe Commercial	1387 HK	0.34	10.8	2.6	NR	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	36.9	0.3	2.7	87.6
Road King	1098 HK	6.58	4.8	0.2	NR	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	78.4	0.4	n.a.	n.a.
Greenland*	337 HK	3.01	3.6	0.8	Buy	5.34	520	195	10.3	3.5	1.7	1.7	10.4	25.8	151.4	0.5	5.6	45.8
SRE Group	1207 HK	0.209	1.2	0.1	NR	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	152.2	0.1	n.a.	n.a.
Ying Li^	YINGLI SP	0.255	0.7	0.3	NR	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	68.3	0.8	0.9	72.3
Yuzhou Properties*	1628 HK	1.85	6.4	1.0	NR	n.a.	31	39	3.1	2.3	9.5	13.1	18.3	21.7	66.6	0.7	5.0	63.0
Zhong An	672 HK	1.02	2.4	0.3	NR	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	85.2	0.3	n.a.	n.a.
Average							61	37	5.1**	4**	5.7	6.8	11.2	14.1	71.8	0.5		70.9**
Average (Overall)							23	17	6**	6.7@	5.0	5.9	12.3	13.5	68.4	0.7		57.6***

^ Denominated in SGD for price and market cap

~ Simple average discount to NAV; Market cap weighted average NAV = 37%

** Exclude Greenland

Exclude Soho China & Shui On Land

@ Exclude Greenland & Soho China

^^ FY15: 16F; FY16: FY17F

Source: Thomson Reuters, *DBS Vickers

PE valuations, 2007 to 2014 (based on earnings forecasts)

Company Name	Code	29-Jan	Mkt	15F	16F	PE													
		Price HK\$	Cap HK\$bn	PE x	PE x	Trough 07-08	Peak 07-08	Trough 2009	Peak 2009	Trough 2010	Peak 2010	Trough 2011	Peak 2011	Trough 2012	Peak 2012	Trough 2013	Peak 2013	Trough 2014	Peak 2014
China Overseas*	HK688	22.90	187.2	7.2	6.5	9.8	37.8	11.2	25.3	12.9	17.2	6.6	12.2	7.2	12.5	7.9	11.4	6.2	8.5
Country Garden*	HK2007	3.06	62.3	4.2	3.5	3.6	50.2	5.2	20.3	10.7	16.7	5.2	11.6	5.8	9.2	6.5	10.0	4.0	6.4
CR Land*	HK1109	20.20	158.1	13.1	9.3	15.9	69.0	13.1	30.4	14.4	21.1	7.2	15.2	10.1	17.6	11.9	16.2	7.1	10.7
Evergrande*	HK3333	3.20	46.7	4.8	3.9	n.a.	n.a.	n.a.	n.a.	3.8	9.1	2.9	8.9	3.3	6.1	4.2	6.4	3.4	4.6
Longfor	HK960	10.12	58.8	5.8	5.0	n.a.	n.a.	17.8	24.4	13.8	21.7	6.3	14.2	5.6	11.9	7.4	10.4	5.3	6.9
Shimao Property*	HK813	16.22	56.3	5.0	4.6	3.7	29.4	4.1	18.0	8.4	13.1	3.5	9.5	3.8	9.3	6.3	8.7	4.2	6.0
China Vanke 'H'	HK2202	16.92	186.4	7.4	6.4	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	6.3	9.0
Average				6.8	5.6	8.2	46.6	10.3	23.7	10.7	16.5	5.3	11.9	6.0	11.1	7.4	10.5	5.2	7.4
Agile Property*	HK3383	4.71	18.4	3.8	3.3	1.6	36.9	4.7	21.0	8.5	13.7	2.7	11.1	3.8	7.1	4.0	7.6	2.4	4.3
China South Cty^^	HK1668	2.56	20.5	4.9	4.3	n.a.	n.a.	17.7	19.6	6.9	20.4	4.3	12.3	5.9	6.6	4.3	6.9	5.1	11.8
COGO*	HK81	4.16	9.5	3.4	2.9	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	3.6	9.8	5.0	9.8	6.3	10.0	3.1	5.1
Franshion*	HK817	2.26	20.5	5.4	4.7	5.5	48.2	6.9	21.8	15.0	19.1	6.1	16.8	6.0	10.3	7.3	9.3	4.8	6.8
Greentown	HK3900	6.85	14.8	3.0	2.9	1.9	15.7	2.3	18.3	6.3	10.2	2.0	6.1	1.5	6.3	3.3	6.6	2.3	4.5
Guangzhou R&F	HK2777	8.87	28.6	3.7	3.3	2.4	41.2	4.8	17.8	6.8	10.5	3.2	8.0	3.2	7.4	4.7	8.1	3.8	4.8
Hopson Dev	HK754	6.87	15.4	10.2	13.3	1.0	21.0	2.2	10.3	4.9	7.5	2.8	6.4	2.8	16.0	5.6	13.7	3.9	16.1
KWG Property	HK1813	4.99	14.7	3.4	2.9	2.1	34.3	2.9	22.1	8.0	14.2	3.1	9.9	2.8	6.6	3.7	6.6	2.9	5.1
Poly (Hong Kong)	HK119	3.64	13.3	5.9	5.4	10.0	30.0	3.8	51.5	14.9	25.2	4.2	16.1	4.9	9.8	5.2	9.9	3.9	6.4
Shenzhen Inv	HK604	2.28	15.2	6.4	5.3	2.1	22.8	4.2	14.9	6.5	9.5	3.8	9.0	4.6	8.6	6.2	11.8	5.3	8.0
Shui On Land*	HK272	1.76	14.1	n.a.	66.9	1.7	25.0	3.4	21.3	9.4	16.6	5.2	16.2	6.5	12.6	9.1	17.6	10.6	14.3
Sino-Ocean Land*	HK3377	4.89	36.6	7.1	6.1	4.7	82.2	9.0	24.8	11.3	15.7	4.1	10.3	5.4	12.1	6.7	11.4	6.0	7.8
Soho China*	HK410	5.41	28.1	17.3	27.9	6.4	23.6	4.5	12.4	5.2	8.8	10.1	19.9	5.0	6.9	7.1	8.6	9.9	13.3
Sunac China	HK1918	6.94	23.5	3.8	3.0	n.a.	n.a.	n.a.	n.a.	4.5	5.8	1.4	3.5	1.4	5.5	3.1	4.9	2.2	5.1
Yanlord Land*^	T:Z25	1.01	2.0	7.8	5.7	4.1	28.7	6.6	19.8	9.3	14.5	5.0	10.5	6.7	15.0	9.3	14.4	7.5	9.8
Yuexiu Property*	HK123	1.53	19.0	7.4	6.3	1.9	31.9	2.9	25.5	8.9	15.7	4.5	11.0	4.5	9.1	5.8	9.5	5.9	7.9
Average				6.2	4.9#	3.5	34.0	5.4	21.5	8.4	13.8	4.1	11.0	4.4	9.4	5.7	9.8	5.0	8.2
BJ Cap Land 'H'	HK2868	3.51	7.1	2.9	2.3	1.6	18.8	3.1	15.9	5.1	9.6	1.9	5.9	2.0	4.7	3.3	5.3	2.6	3.3
BJ North Star 'H'	HK588	2.45	8.2	6.6	n.a.	3.5	49.9	5.0	18.0	7.5	12.7	3.6	10.5	6.5	8.9	4.0	7.0	3.8	8.2
C C Land*	HK1224	1.34	3.5	3.5	3.0	18.7	536.5	n.a.	n.a.	n.a.	n.a.	5.2	17.4	3.9	12.7	6.7	10.9	3.5	6.4
Central China*	HK832	1.92	4.7	3.2	2.5	1.3	10.8	1.5	9.4	3.9	6.6	2.8	5.6	2.8	6.3	3.5	5.2	2.6	3.7
China SCE	HK1966	1.50	5.1	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	4.7	6.9	3.7	5.5	2.9	3.5	2.4	6.6	5.6	5.6
CIFI Holdings	HK884	1.55	9.3	2.8	2.2	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	3.8	5.9	3.2	4.3
Glorious Property	HK845	0.91	7.1	4.3	3.8	n.a.	n.a.	12.9	17.7	6.4	10.8	2.8	7.3	2.8	6.3	4.8	11.0	4.4	9.1
Kaisa Group	HK1638	1.59	8.2	2.0	1.7	n.a.	n.a.	n.a.	n.a.	3.5	8.4	3.7	10.0	2.9	6.9	2.8	5.9	1.9	3.9
Minmetals Land	HK230	0.90	3.0	n.a.	n.a.	0.8	3.4	1.3	13.2	6.9	20.1	3.8	n.a.	2.3	7.1	4.2	6.6	3.6	5.9
Powerlong	HK1238	1.09	4.4	3.2	3.7	n.a.	n.a.	4.7	7.0	5.3	8.2	1.5	6.5	1.6	5.6	3.6	6.7	2.8	3.8
Renhe Commercial	HK1387	0.34	10.8	n.a.	n.a.	10.5	12.5	5.7	10.7	5.4	7.2	3.2	7.0	2.7	9.4	4.7	23.9	7.7	7.7
Road King	HK1098	6.58	4.8	n.a.	n.a.	1.1	11.0	4.4	7.2	5.4	7.3	2.2	7.0	2.4	7.6	6.5	7.3	6.8	6.8
Greenland*	HK337	3.01	3.6	10.3	3.5	0.1	2.8	1.1	11.9	3.6	6.7	1.2	3.2	1.0	7.6	0.6	44.8	12.0	28.2
SRE Group	HK1207	0.21	1.2	n.a.	n.a.	1.0	8.8	1.5	4.6	2.0	3.7	2.3	2.9	0.9	1.4	1.1	1.1	1.1	1.1
Yuzhou Properties*	HK1628	1.85	6.4	3.1	2.3	n.a.	n.a.	9.6	11.7	5.5	9.9	2.7	5.8	3.6	6.5	3.6	6.5	2.5	3.3
Zhong An	HK672	1.02	2.4	n.a.	n.a.	1.7	128.9	2.9	22.3	7.8	13.8	3.0	12.3	9.9	14.9	5.3	10.3	8.3	8.3
Average				5.1**	4**	4.0	78.3	4.5	12.5	5.2	9.4	2.9	7.6	3.2	7.3	3.8	10.3	6.3	8.9
Average				6**	6.7@	4.4	52.3	5.8	18.4	7.5	12.5	3.8	9.9	4.2	8.8	5.2	10.1	5.6	8.4

^ Denominated in SGD for price and market cap

** Exclude Greenland

Exclude Soho China & Shui On Land

@ Exclude Greenland & Soho China

Source: Thomson Reuters, *DBS Vickers

Industry Focus

China Property Sector

PE valuations, 2007 to 2014 (based on reported earnings)

Company Name	Code	3-mth daily			FY15	FY16	Avg	PE (x)								
		29-Jan	Mkt Cap	trading value				PE	PE	Peak	Trough	Peak	Peak	Peak	Peak	Peak
		Price	Cap	value	x	x	PE (x)	2007	2008	2008	2009	2010	2011	2012	2013	2014
China Overseas*	688 HK	22.9	187.2	74.8	7.2	6.5	10.7	34.3	10.2	26.0	21.2	12.0	9.7	10.4	9.0	9.0
Country Garden*	2007 HK	3.06	62.3	15.9	4.2	3.5	15.2	41.7	11.3	86.8	25.3	10.6	9.0	8.2	9.5	7.0
CR Land*	1109 HK	20.2	158.1	35.3	13.1	9.3	12.6	52.0	13.1	35.6	21.6	14.5	10.2	11.5	9.3	12.1
Evergrande*	3333 HK	3.2	46.7	12.6	4.8	3.9	4.6	n.a.	n.a.	n.a.	52.1	7.0	6.6	6.3	4.5	6.5
Longfor	960 HK	10.12	58.8	4.7	5.8	5.0	6.9	n.a.	n.a.	n.a.	14.8	11.7	9.2	10.2	8.7	7.4
Shimao Property*	813 HK	16.22	56.3	24.0	5.0	4.6	9.6	18.7	11.4	63.7	14.2	9.6	6.7	7.4	7.6	6.5
China Vanke 'H'	2202 HK	16.92	186.4	28.8	7.4	6.4	9.4	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	9.9	9.1
Average					6.8	5.6	9.9	36.7	11.5	53.0	24.9	10.9	8.6	9.0	8.4	8.2
Agile Property*	3383 HK	4.71	18.4	10.9	3.8	3.3	6.3	28.8	1.2	7.9	20.9	6.1	9.6	5.9	7.2	6.8
China South City^^	1668 HK	2.56	20.5	15.8	4.9	4.3	4.4	n.a.	n.a.	n.a.	n.a.	n.a.	5.8	4.3	7.0	11.5
COGO*	81 HK	4.16	9.5	2.4	3.4	2.9	7.3	12.4	32.9	188.9	n.a.	4.9	8.0	8.9	9.2	6.9
Franshion*	817 HK	2.26	20.5	3.1	5.4	4.6	9.4	7.4	8.4	33.1	24.9	17.0	9.6	9.5	6.8	7.9
Greentown	3900 HK	6.85	14.8	8.8	3.0	2.9	8.5	25.5	4.2	30.5	18.9	10.7	5.2	4.3	6.2	5.9
Guangzhou R&F	2777 HK	8.87	28.6	13.4	3.7	3.3	7.6	26.4	3.3	28.6	20.6	10.2	8.3	6.0	5.2	5.7
Hopson Dev	754 HK	6.87	15.4	0.7	10.2	13.3	5.9	12.3	1.1	16.2	4.1	3.9	11.7	7.3	8.2	13.2
KWG Property	1813 HK	4.99	14.7	7.0	3.4	2.9	8.6	9.7	6.4	n.a.	20.4	12.3	7.2	5.1	5.1	5.2
Poly (Hong Kong)	119 HK	3.64	13.3	13.0	5.9	5.4	10.9	44.2	11.4	59.7	40.1	18.6	10.8	8.3	9.1	7.5
Shenzhen Inv	604 HK	2.28	15.2	2.4	6.4	5.3	7.3	13.6	2.2	20.5	13.7	8.9	6.7	5.5	6.6	9.6
Shui On Land*	272 HK	1.76	14.1	1.7	n.a.	66.9	7.9	15.1	1.6	11.7	7.8	6.3	4.7	9.1	10.4	28.6
Sino-Ocean Land*	3377 HK	4.89	36.6	3.3	7.1	6.1	10.2	24.0	4.5	25.5	22.5	16.2	12.8	8.5	8.3	9.3
Soho China*	410 HK	5.41	28.1	2.9	17.3	27.9	9.2	20.5	n.a.	n.a.	6.7	7.9	8.0	2.4	3.8	11.0
Sunac China	1918 HK	6.94	23.5	15.2	3.8	3.0	3.1	n.a.	n.a.	n.a.	n.a.	n.a.	3.2	5.4	6.0	5.3
Yanlord Land*^	YLLG SP	1.01	2.0	0.5	7.8	5.7	11.3	33.4	4.1	27.4	17.6	11.0	11.6	8.0	10.4	11.3
Yuexiu Property*	123 HK	1.53	19.0	6.0	7.4	6.3	7.2	15.9	3.4	20.2	n.a.	12.0	2.5	5.7	6.8	8.6
Average					6.2	4.9#	7.8	20.6	6.5	39.2	18.2	10.4	7.9	6.5	7.3	9.6
BJ Cap Land 'H'	2868 HK	3.51	7.1	1.6	2.9	2.3	7.5	23.6	2.3	21.7	13.2	6.3	5.4	4.7	4.0	3.4
BJ North Star 'H'	588 HK	2.45	8.2	1.4	6.6	n.a.	7.7	46.9	1.6	12.7	6.1	6.9	5.2	5.7	7.7	8.0
C C Land*	1224 HK	1.34	3.5	0.3	3.5	3.0	10.5	36.3	n.a.	n.a.	n.a.	36.8	27.0	13.7	16.1	6.8
Central China*	832 HK	1.92	4.7	0.3	3.2	2.5	4.6	n.a.	1.1	6.7	11.0	7.4	6.6	6.3	6.1	4.9
China SCE	1966 HK	1.5	5.1	0.5	n.a.	n.a.	12.7	n.a.	n.a.	n.a.	n.a.	5.9	6.1	6.3	5.8	n.a.
CIFI Holdings	884 HK	1.55	9.3	0.5	2.8	2.2	3.3	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	2.6	4.6	3.9
Glorious Property	845 HK	0.91	7.1	1.4	4.3	3.8	8.9	n.a.	n.a.	n.a.	8.8	6.3	8.5	10.1	39.2	9.4
Kaisa Group	1638 HK	1.59	8.2	7.3	2.0	1.7	3.4	n.a.	n.a.	n.a.	20.2	3.2	7.0	4.8	3.9	4.7
Lai Fung*	1125 HK	0.151	2.4	0.1	10.7	7.1	5.7	n.a.	2.1	15.2	5.9	7.8	5.4	2.5	5.7	2.9
Minmetals Land	230 HK	0.9	3.0	0.3	n.a.	n.a.	12.4	19.8	2.2	16.4	38.4	12.1	9.5	15.6	11.8	n.a.
Powerlong	1238 HK	1.09	4.4	0.3	3.2	3.7	3.0	n.a.	n.a.	n.a.	3.0	3.7	3.2	3.1	5.4	5.2
Renhe Commercial	1387 HK	0.34	10.8	2.6	n.a.	n.a.	6.8	n.a.	7.8	9.3	9.1	9.4	5.7	17.4	(8.4)	n.a.
Road King	1098 HK	6.58	4.8	0.2	n.a.	n.a.	7.2	14.7	2.1	15.9	6.8	8.8	6.7	6.1	6.0	n.a.
Greenland*	337 HK	3.01	3.6	0.8	10.3	3.5	12.1	13.1	2.4	39.3	7.2	4.9	4.2	(1.8)	364.4	117.4
SRE Group	1207 HK	0.209	1.2	0.1	n.a.	n.a.	6.4	7.9	3.2	20.7	4.7	4.8	6.7	6.8	13.3	n.a.
Ying Li^	YINGLI SP	0.255	0.7	0.3	n.a.	n.a.	35.6	n.a.	1.8	4.8	112.2	33.8	17.6	11.5	26.6	n.a.
Yuzhou Properties*	1628 HK	1.85	6.4	1.0	3.1	2.3	3.6	n.a.	n.a.	n.a.	3.2	4.7	4.6	7.1	4.1	4.4
Zhong An	672 HK	1.02	2.4	0.3	n.a.	n.a.	9.4	21.8	4.2	29.4	15.4	12.4	10.4	7.2	9.1	n.a.
Average					5.1**	4**	9.4	23.0	2.8	17.5	17.7	10.3	8.2	7.2	28.0	17.0
Average					6**	6.7@	9.1	23.8	5.8	32.4	19.2	10.4	8.1	7.2	16.8	12.0
HSI Index								19.2	9.1	23.1	18.2	13.6	11.7	11.0	11.3	12.1

^ Denominated in SGD for price and market cap

** Exclude Greenland

Exclude Soho China & Shui On Land

@ Exclude Greenland & Soho China

Source: Thomson Reuters, *DBS Vickers

Share price performance

		Price Performance													2007	
		1-wk	2-wk	1-mth	2-mth	3-mth	4-mth	5-mth	6-mth	YTD	1-yr	2011	2012	2013	2014	high
		%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
Tier 1 players																
China Overseas	688 HK	(5.2)	(9.3)	3.9	(1.7)	3.2	12.8	5.0	(1.1)	(0.7)	9.0	(9.7)	78.0	(5.6)	5.7	18.5
Country Garden	2007 HK	(2.9)	(4.1)	0.3	(5.6)	1.3	2.7	(9.7)	(20.6)	(1.3)	(27.1)	(2.3)	46.4	15.3	(32.8)	(76.3)
CR Land	1109 HK	(3.6)	(6.3)	4.6	6.5	16.4	27.2	17.7	20.1	2.1	14.2	(12.1)	69.1	(8.9)	6.4	(2.4)
Evergrande	3333 HK	(2.1)	(5.3)	2.9	1.6	7.4	8.5	(1.2)	(6.4)	1.9	4.2	(14.8)	32.0	(30.4)	6.1	n.a.
Longfor Properties	960 HK	(4.2)	(6.3)	3.8	(3.1)	16.5	13.8	2.2	(9.6)	1.3	(6.3)	(18.9)	72.9	(28.6)	(7.8)	n.a.
Shimao Property	813 HK	(5.5)	(8.9)	(5.3)	(12.6)	(0.9)	1.1	(4.9)	(7.5)	(6.5)	(4.6)	(43.5)	120.5	21.9	(2.7)	(44.2)
China Vanke 'H'	2202 HK	(5.3)	(7.9)	0.4	6.5	17.0	23.1	16.5	0.8	(2.2)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Average		(4.1)	(6.9)	1.5	(1.2)	8.7	12.7	3.7	(3.5)	(0.8)	(1.7)	(16.9)	69.8	(6.1)	(4.2)	(26.1)
Tier 2 players																
Agile Property	3383 HK	(1.9)	(0.6)	8.3	3.1	12.9	(2.8)	(22.5)	(29.2)	6.8	(34.2)	(39.2)	56.6	(23.8)	(46.9)	(76.1)
China South City	1668 HK	(5.9)	(1.2)	(26.6)	(35.8)	(26.0)	(31.0)	(33.9)	(35.8)	(27.7)	(33.5)	(32.0)	17.0	88.0	60.9	n.a.
COGO	81 HK	(0.5)	(1.0)	7.5	4.0	2.7	(5.9)	(14.8)	(33.9)	5.6	(34.6)	88.6	105.6	(20.7)	(46.7)	(8.4)
Franshion	817 HK	(1.3)	(3.0)	1.3	3.2	20.9	16.5	7.6	1.8	1.8	(12.0)	(35.9)	85.9	(3.2)	(17.4)	(63.8)
Greentown	3900 HK	(3.2)	(4.7)	(8.2)	(12.5)	(15.6)	(5.0)	(16.1)	(27.2)	(11.0)	(37.8)	(60.8)	321.4	(16.6)	(35.0)	(65.0)
GZ R&F	2777 HK	(2.5)	(6.3)	(5.5)	(7.4)	6.9	12.3	(5.0)	(20.4)	(6.5)	(13.4)	(44.8)	110.1	(12.1)	(16.3)	(79.6)
Hopson Dev	754 HK	(3.1)	(3.4)	(3.8)	(5.9)	1.3	1.3	(12.0)	(21.7)	(3.2)	(7.2)	(51.8)	207.2	(24.6)	(24.0)	(78.0)
KWG	1813 HK	(2.5)	(5.1)	(4.4)	(17.5)	(7.8)	(8.3)	(11.4)	(10.6)	(6.0)	32.5	(55.8)	122.2	(26.1)	33.5	(64.9)
Poly HK	119 HK	(5.5)	(7.8)	19.0	11.7	20.9	20.1	8.0	(5.0)	14.1	(2.2)	(55.7)	79.8	(31.7)	(22.9)	(68.2)
Shenzhen Inv	604 HK	0.4	(2.6)	6.5	(0.9)	4.6	3.2	(7.7)	(14.6)	2.2	(18.9)	(48.7)	125.9	(7.0)	(23.6)	(70.6)
Shui On Land	272 HK	(1.7)	(3.3)	(0.6)	(8.8)	(0.6)	(4.3)	(13.3)	(18.1)	(3.8)	(30.4)	(36.9)	58.9	(31.1)	(23.1)	(82.2)
Sino-Ocean	3377 HK	(2.0)	(0.8)	11.9	5.2	13.5	10.9	11.6	9.2	10.9	14.5	(29.3)	60.8	(12.1)	(13.4)	(67.4)
SOHO China	410 HK	(2.7)	(1.8)	0.9	(7.8)	(3.9)	(7.2)	(14.7)	(17.7)	(1.3)	(12.7)	(10.6)	20.3	7.4	(18.0)	(54.6)
Sunac China	1918 HK	(3.3)	(3.1)	(5.3)	(3.7)	10.9	20.1	15.5	13.6	(12.0)	44.6	(42.1)	272.7	(22.5)	69.7	n.a.
Yanlord Land	YLLG SP	2.0	(2.9)	(3.8)	(10.6)	(6.0)	(7.3)	(14.4)	(15.8)	(2.9)	(11.4)	(43.2)	59.2	(19.4)	(15.1)	(76.1)
Yuexiu Property	123 HK	0.0	(3.8)	4.1	(1.3)	7.0	10.1	(1.7)	(2.3)	2.7	0.7	(46.2)	118.8	(22.0)	(16.8)	(47.0)
Average		(2.1)	(3.2)	0.1	(5.3)	2.6	1.4	(7.8)	(14.2)	(1.9)	(9.7)	(34.0)	113.9	(11.1)	(9.7)	(64.4)
Tier 3 players																
BJ Cap. Land	2868 HK	(0.3)	0.0	22.3	24.5	31.5	31.0	25.4	23.2	19.4	32.0	(41.2)	110.5	(18.0)	11.4	(52.9)
BJ North Star	588 HK	(3.9)	(4.7)	1.2	0.4	8.4	15.0	12.4	14.0	(0.8)	49.4	(45.5)	82.6	(16.7)	41.1	(68.9)
C C Land	1224 HK	(2.2)	(2.2)	0.8	(9.5)	(2.9)	(2.9)	(17.8)	(18.3)	(0.7)	(20.2)	(45.0)	88.9	(28.3)	(30.8)	(92.0)
Central China	832 HK	3.8	4.9	13.6	(1.5)	6.7	5.5	(5.4)	(15.4)	9.7	(16.5)	(31.2)	76.8	(12.8)	(26.8)	n.a.
China SCE Property	1966 HK	(2.6)	(3.2)	(5.7)	3.4	0.0	0.0	2.0	(6.3)	(7.4)	(12.3)	(27.7)	20.2	16.2	(12.4)	n.a.
CIFI Holdings	884 HK	(2.5)	(6.1)	0.0	0.6	8.4	4.7	1.3	(1.3)	0.6	(2.5)	n.a.	n.a.	17.1	(6.1)	n.a.
Glorious Property	845 HK	12.3	9.6	(24.2)	(20.2)	(19.5)	(22.9)	(17.3)	(20.2)	(24.2)	(27.8)	(49.1)	7.4	14.4	(28.1)	n.a.
Kaisa Group	1638 HK	0.0	0.0	0.0	(47.0)	(43.4)	(46.5)	(44.2)	(44.8)	0.0	(30.6)	(42.0)	79.1	4.2	(36.4)	n.a.
Lai Fung	1125 HK	(1.3)	(5.6)	(0.7)	(6.2)	(9.0)	(7.9)	(16.1)	(13.7)	(3.8)	(21.4)	(47.3)	25.5	(5.3)	(19.9)	(67.7)
Minmetals Land	230 HK	(3.2)	(4.3)	2.3	(4.3)	1.1	2.3	(5.3)	(10.0)	1.1	(5.3)	(53.4)	70.7	(19.5)	(13.6)	(75.7)
Powerlong	1238 HK	(0.9)	(3.5)	0.9	(1.8)	1.9	6.9	2.8	(6.8)	0.0	(27.8)	(59.1)	58.7	0.6	(34.3)	n.a.
Renhe Commercial	1387 HK	(1.4)	(4.2)	3.0	(1.2)	18.9	9.7	0.3	(11.0)	0.0	(6.3)	(34.6)	(8.9)	(38.9)	(28.1)	n.a.
Road King	1098 HK	(0.9)	(1.5)	1.4	(4.2)	(2.8)	(1.8)	(5.6)	(9.9)	0.5	(5.9)	(36.9)	52.1	9.6	(11.7)	(61.5)
Greenland	337 HK	(2.9)	(4.7)	9.5	(8.8)	1.3	(0.7)	(19.7)	(21.2)	(2.3)	(28.2)	(66.1)	53.5	90.4	(18.3)	(59.7)
SRE Group	1207 HK	3.0	(1.4)	0.0	(12.2)	(5.0)	(8.3)	(7.5)	(16.4)	(0.5)	(9.9)	(55.7)	24.2	(32.9)	(20.8)	(93.9)
Ying Li	YINGLI SP	2.0	0.0	4.1	(1.9)	(1.9)	(7.3)	0.0	(1.9)	4.1	(30.1)	(41.4)	45.1	6.8	(38.0)	(78.8)
Yuzhou Properties	1628 HK	(3.1)	(5.1)	(2.1)	1.6	3.4	10.1	6.3	3.9	(5.1)	10.1	(18.6)	37.1	2.9	1.0	n.a.
Zhong An	672 HK	(4.7)	(3.8)	(8.9)	(16.4)	10.9	(1.9)	(19.7)	(23.9)	(10.5)	(22.7)	(43.9)	7.5	26.3	(20.8)	(82.3)
Average		(0.4)	(1.8)	0.9	(5.4)	0.5	(0.9)	(6.0)	(10.2)	(1.1)	(9.8)	(43.4)	48.9	0.9	(14.6)	(73.3)
Average (Overall)		(1.7)	(3.2)	0.7	(4.7)	2.6	2.2	(5.1)	(10.6)	(1.3)	(8.6)	(35.5)	78.8	(4.9)	(11.2)	(62.1)
Hang Seng Index		0.3	1.0	3.5	2.5	3.3	5.9	(0.6)	(0.2)	4.2	11.1	(20.0)	22.9	2.9	1.3	(22.3)
MSCI China		0.2	0.4	4.0	5.3	7.8	9.9	4.0	4.1	4.1	16.1	(20.4)	18.7	0.4	4.7	(33.9)

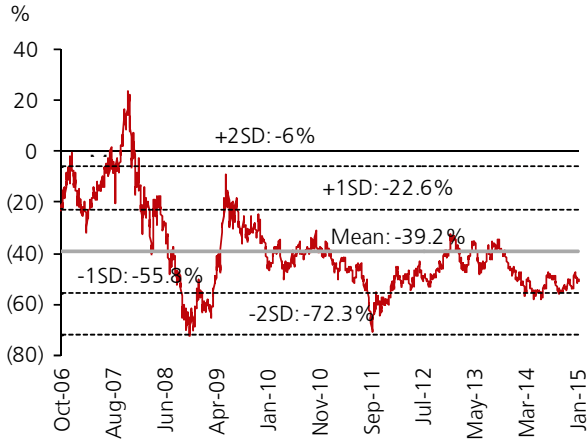
Source: Thomson Reuters

Industry Focus

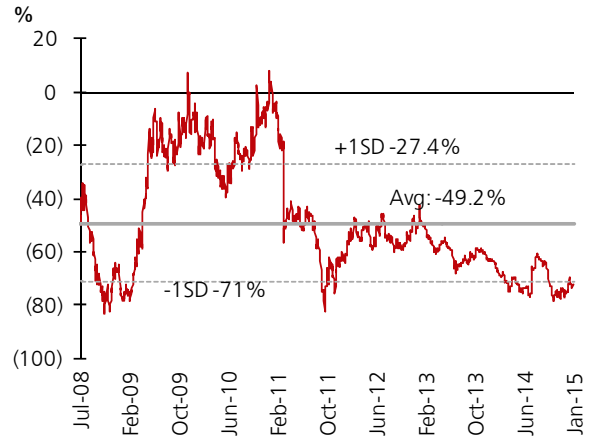
China Property Sector

Discount to NAV

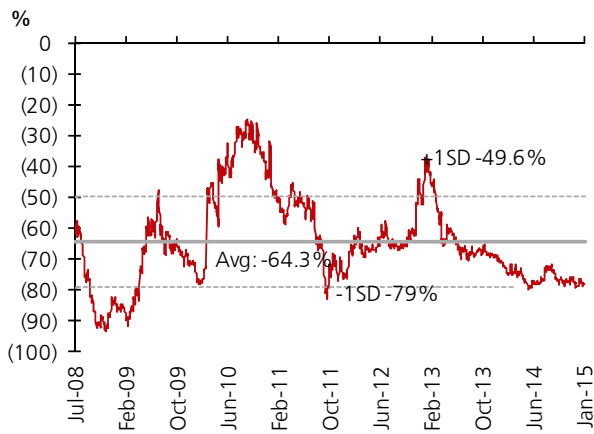
Sector average (DBSV coverage only)



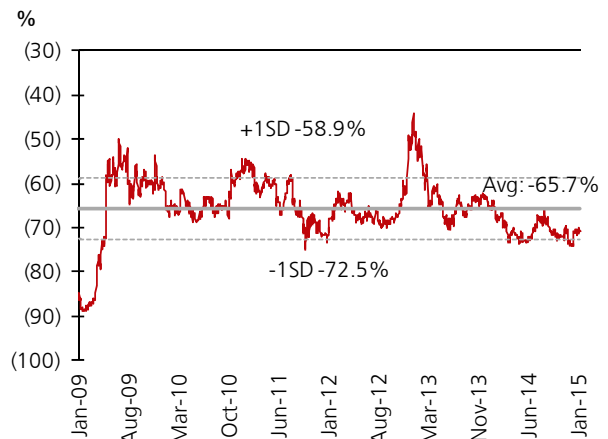
Agile Property (3383 HK)



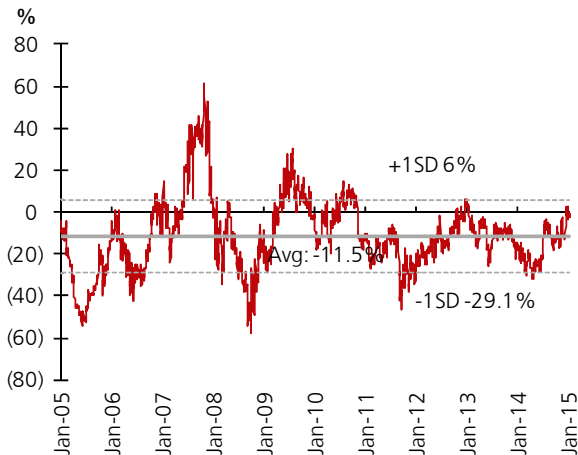
C C Land (1224 HK)



Central China (832 HK)



China Overseas (688 HK)



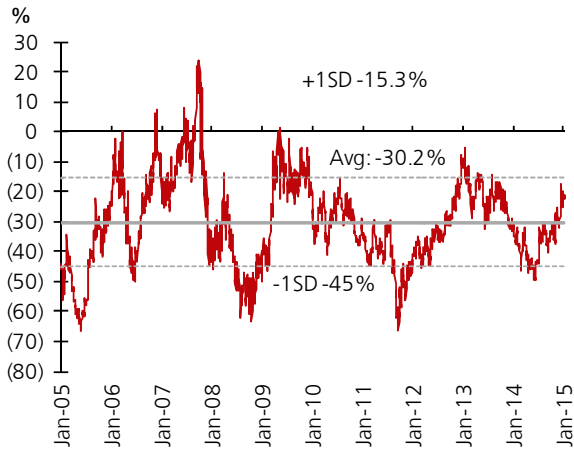
COGO (81 HK)



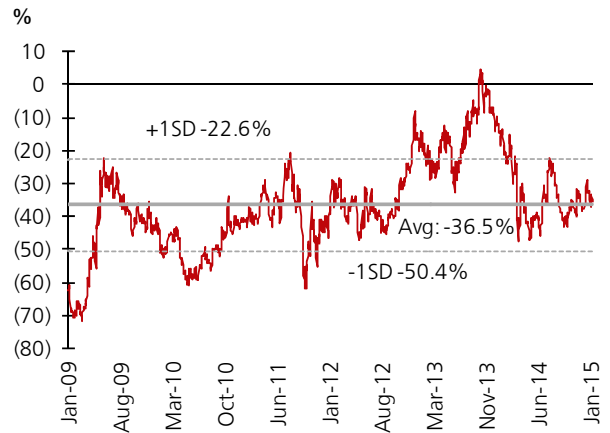
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Discount to NAV (continued)

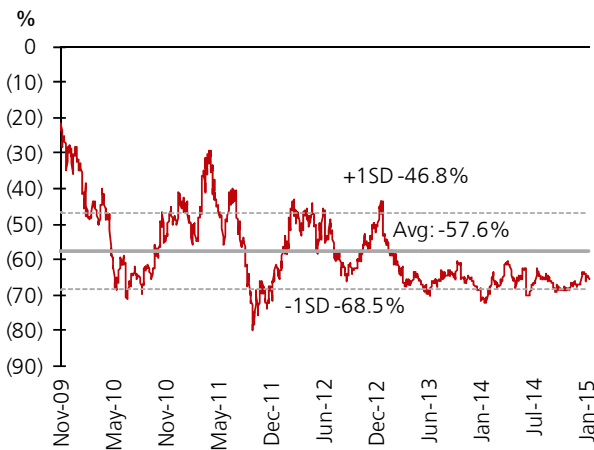
CR Land (1109 HK)



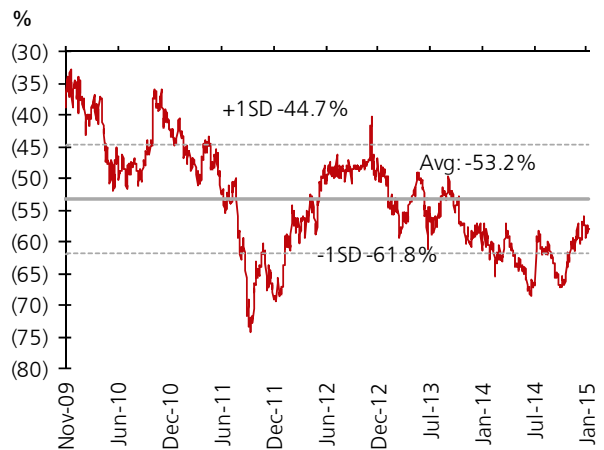
Country Garden (2007 HK)



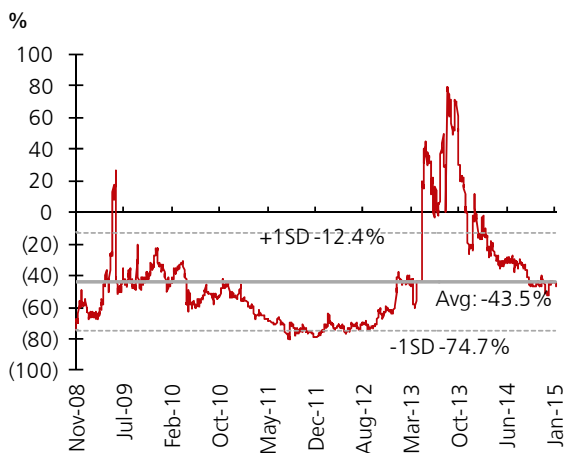
Evergrande (3333 HK)



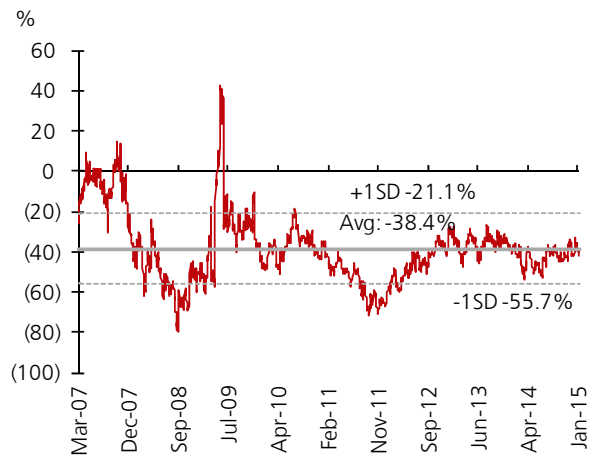
Franshion Property (817 HK)



Greenland (337 HK)



Shimao Property (813 HK)



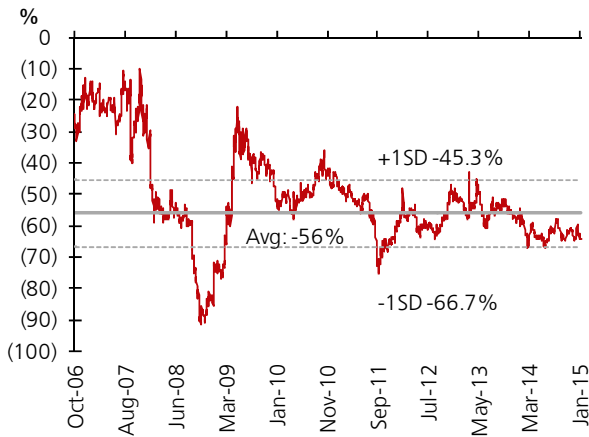
Source: Thomson Reuters, DBS Vickers

Industry Focus

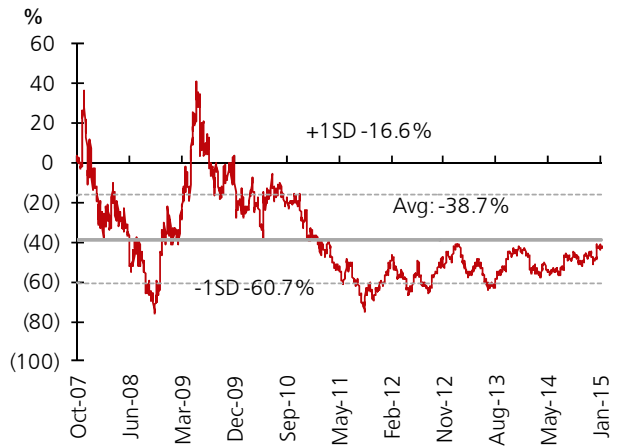
China Property Sector

Discount to NAV (continued)

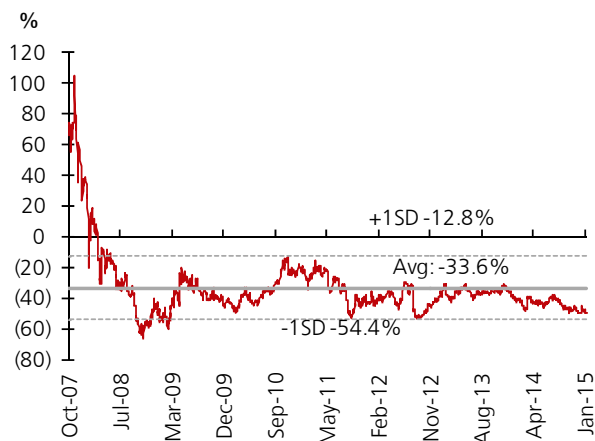
Shui On Land (272 HK)



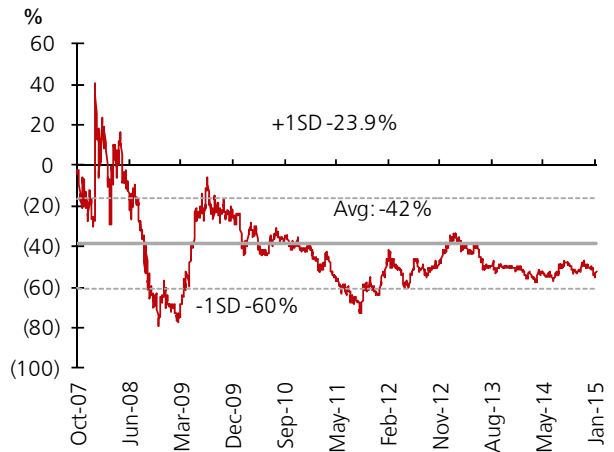
Sino-Ocean Land (3377 HK)



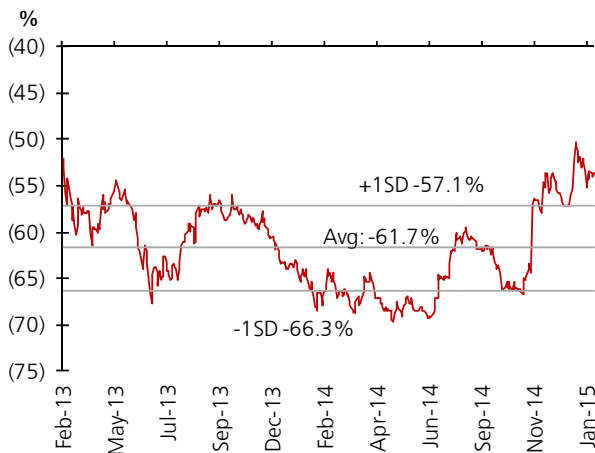
SOHO China (410 HK)



Yanlord Land (YLLG SP)



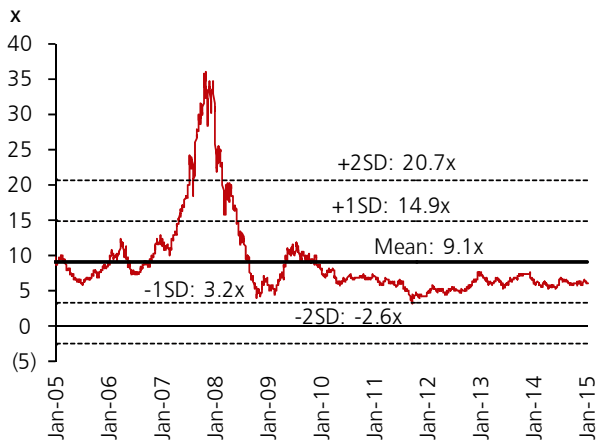
Yuexiu Property (123 HK)



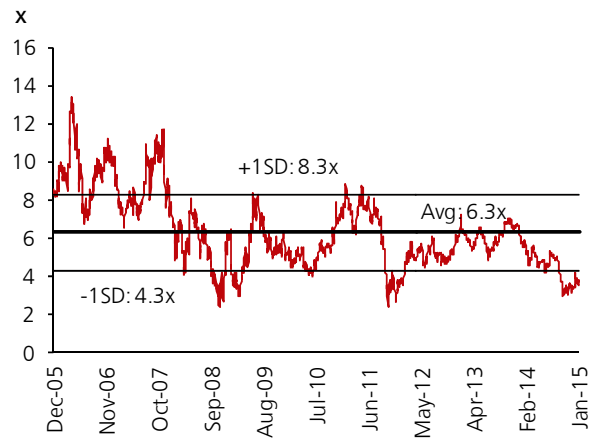
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PE charts

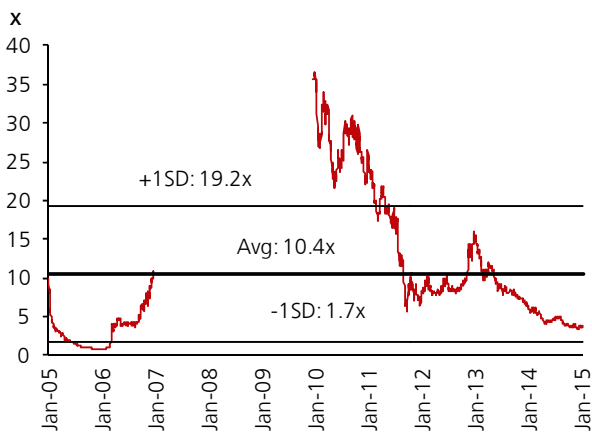
Sector average



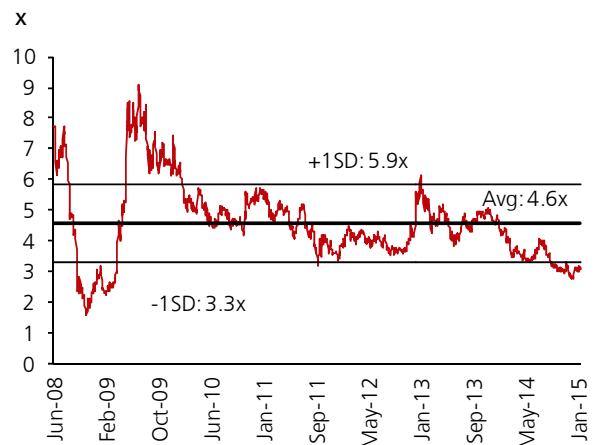
Agile Property (3383 HK)



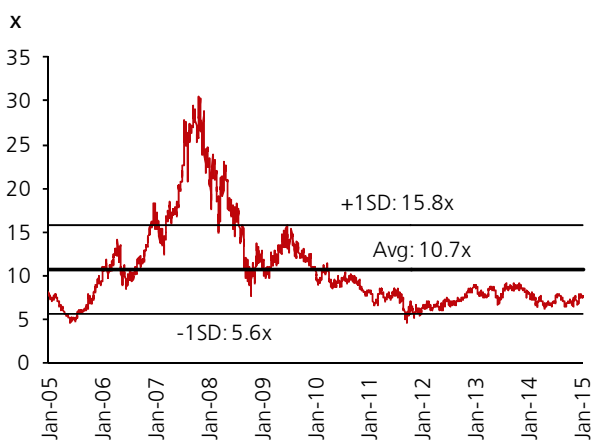
C C Land (1224 HK)



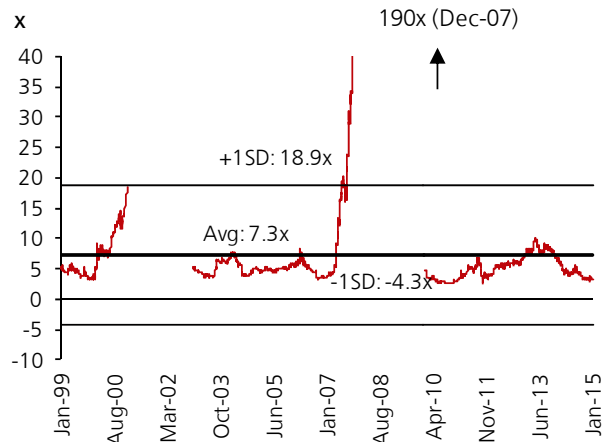
Central China (832 HK)



China Overseas (688 HK)



COGO (81 HK)



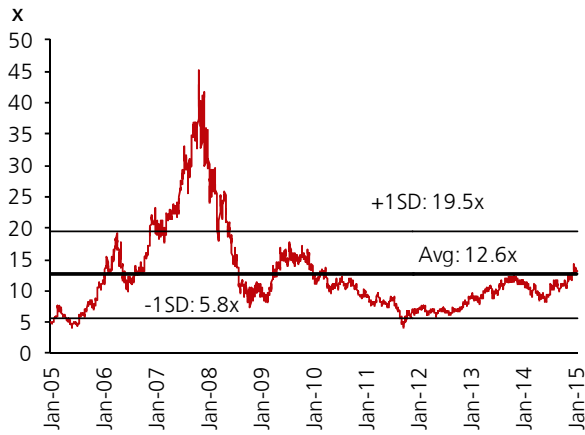
Source: Thomson Reuters, DBS Vickers

Industry Focus

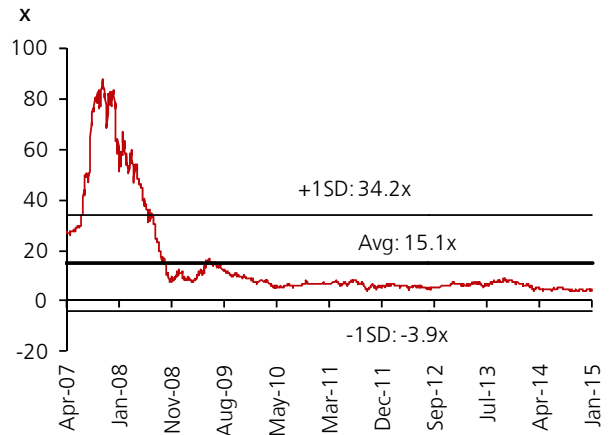
China Property Sector

PE charts (continued)

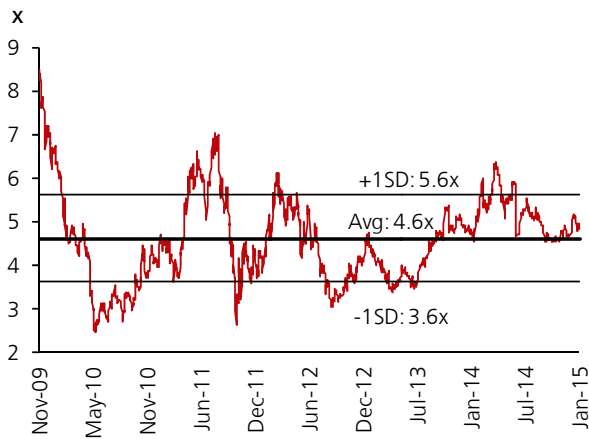
CR Land (1109 HK)



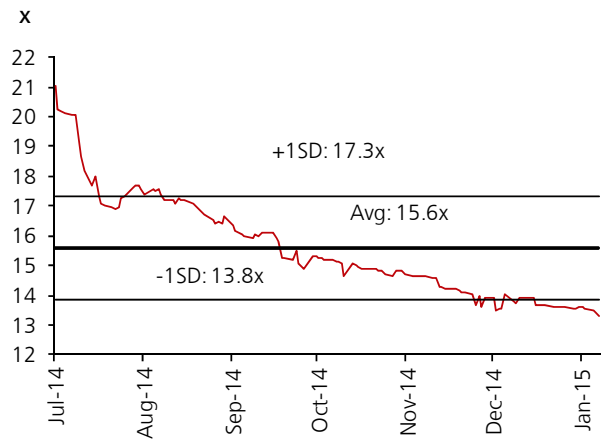
Country Garden (2007 HK)



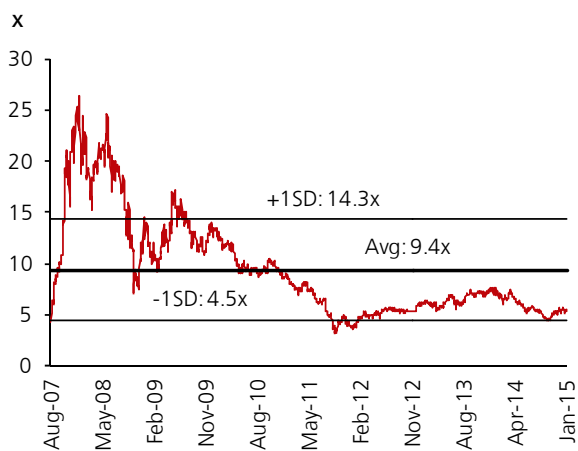
Evergrande (3333 HK)



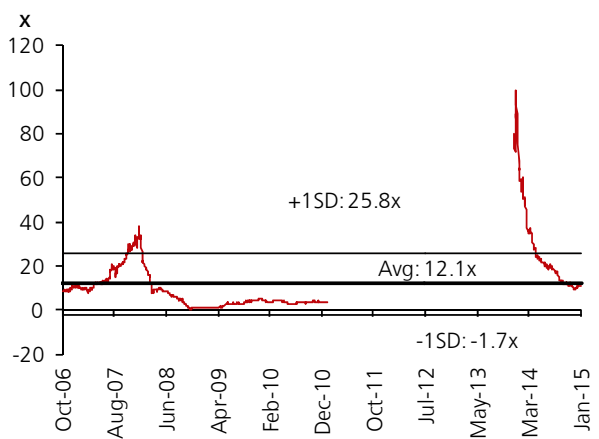
First Sponsor (817 HK)



Franshion Properties (817 HK)



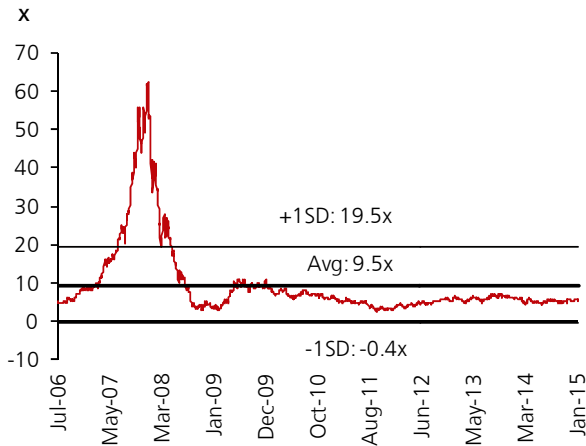
Greenland (337 HK)



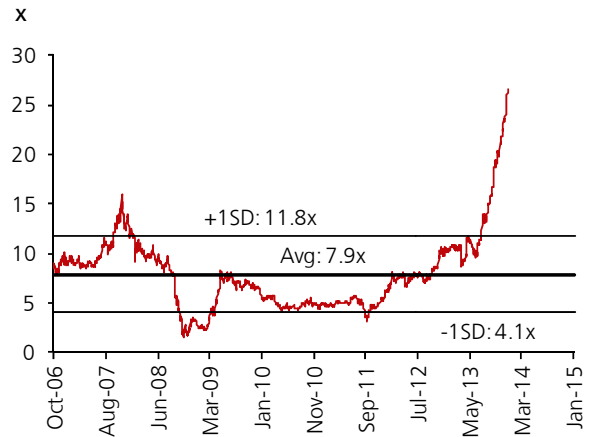
Source: Thomson Reuters, DBS Vickers

PE charts (continued)

Shimao Property (813 HK)



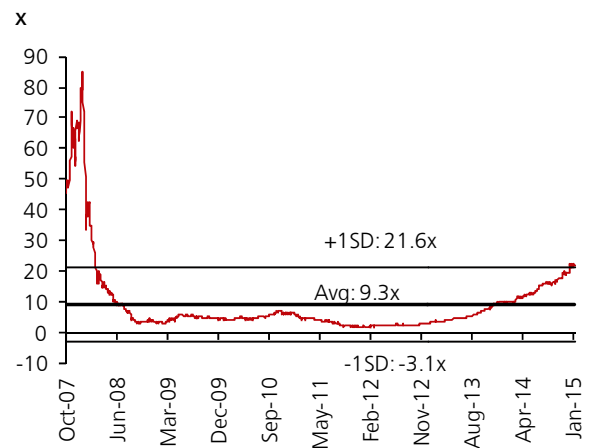
Shui On Land (272 HK)



Sino-Ocean Land (3377 HK)



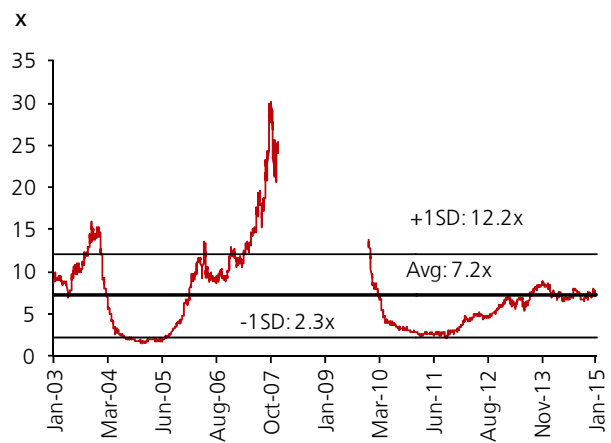
SOHO China (410 HK)



Yanlord (YLLG SP)



Yuexiu Property (123 HK)



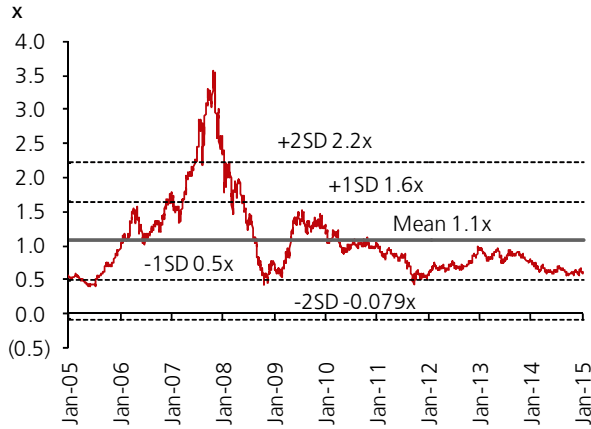
Source: Thomson Reuters, DBS Vickers

Industry Focus

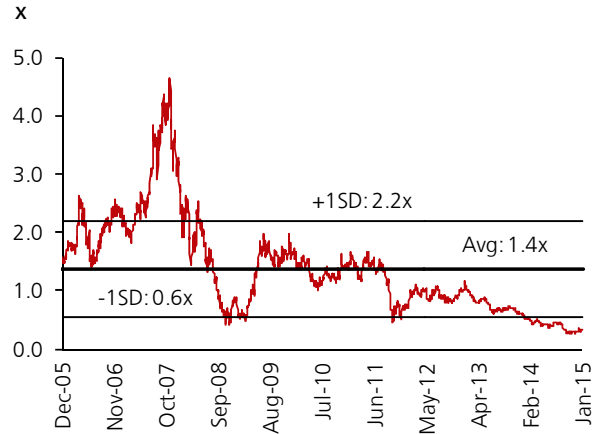
China Property Sector

PB charts

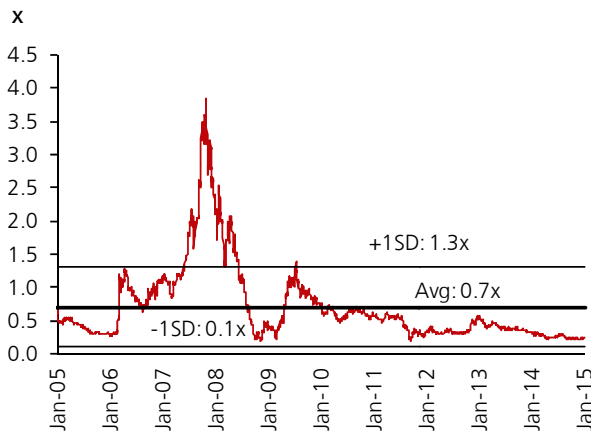
Sector average



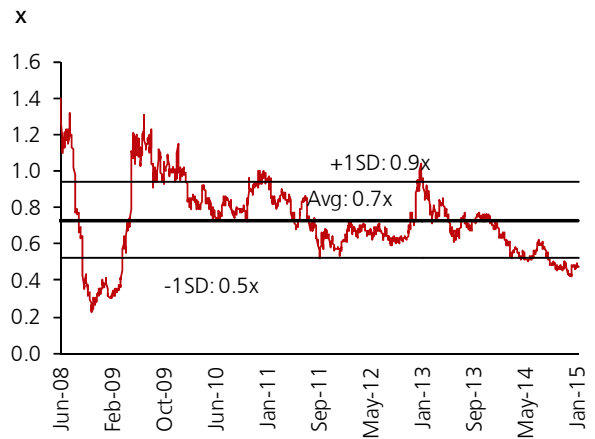
Agile Property (3383 HK)



C C Land (1224 HK)



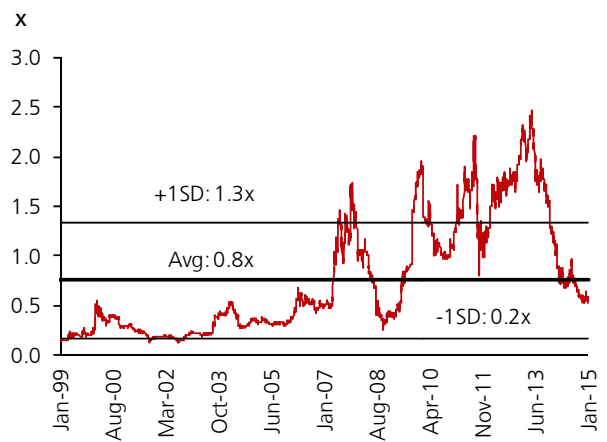
Central China (832 HK)



China Overseas (688 HK)



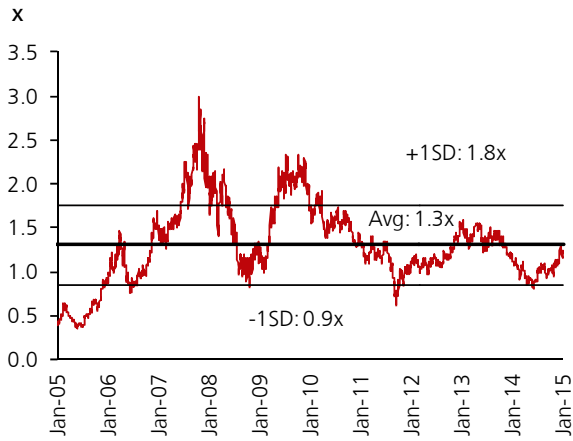
COGO (81 HK)



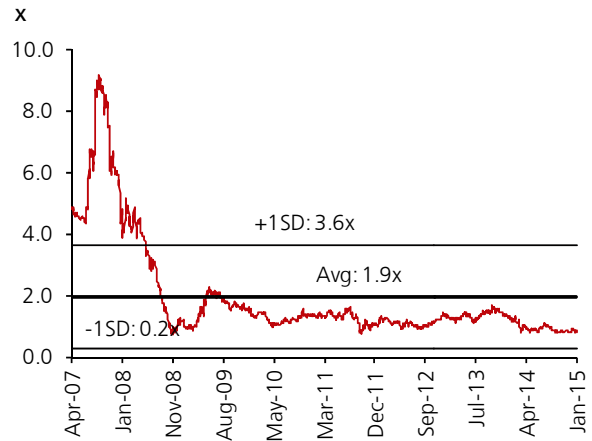
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PB charts (continued)

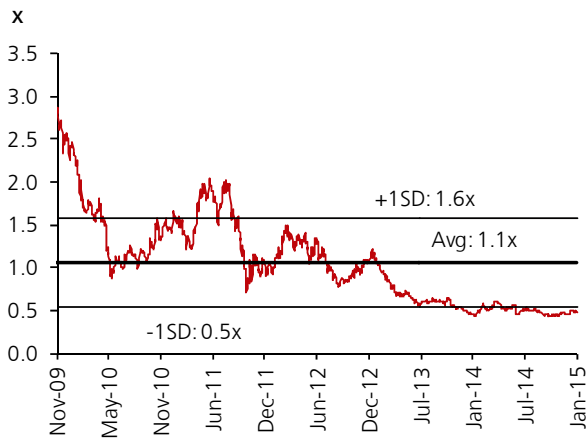
CR Land (1109 HK)



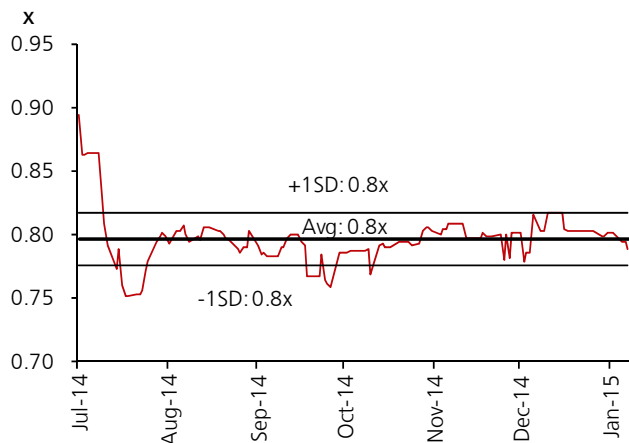
Country Garden (2007 HK)



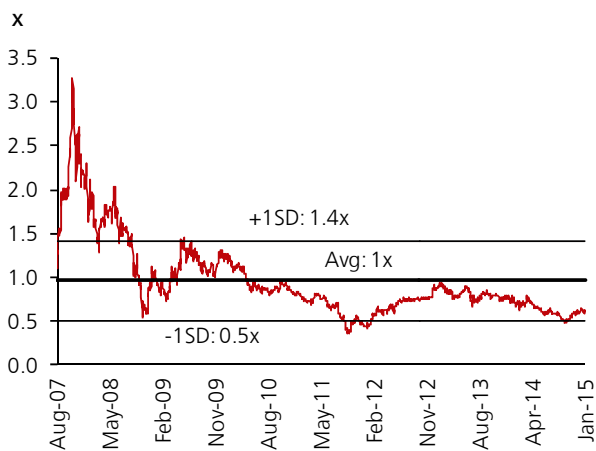
Evergrande (3333 HK)



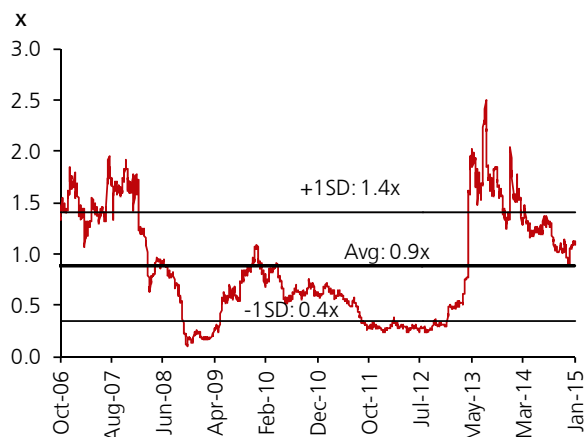
First Sponsor (FSG SP)



Franshion Properties (817 HK)



Greenland (337 HK)



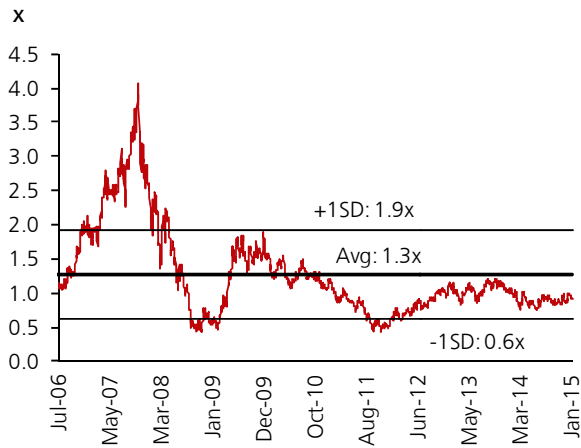
Source: Thomson Reuters, DBS Vickers

Industry Focus

China Property Sector

PB charts (continued)

Shimao Property (813 HK)



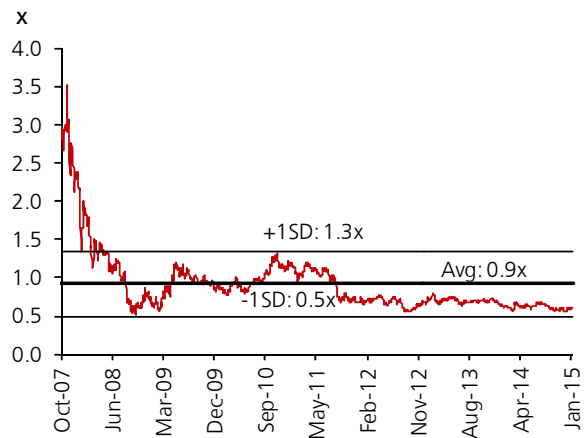
Shui On Land (272 HK)



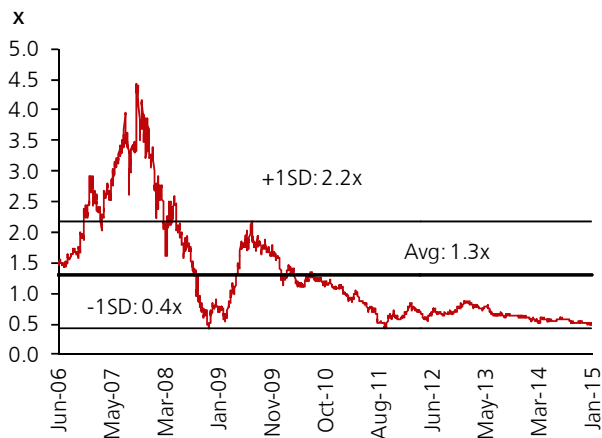
Sino-Ocean Land (3377 HK)



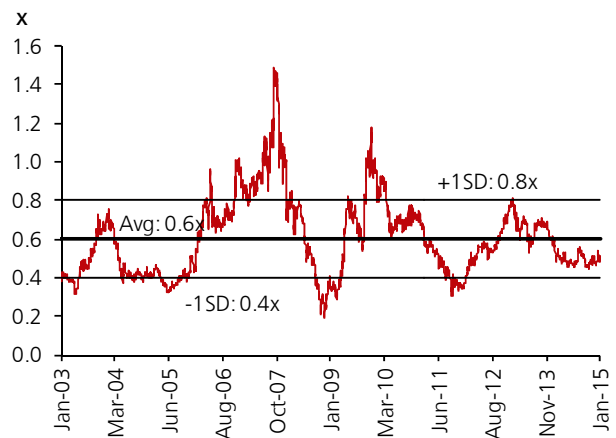
SOHO China (410 HK)



Yanlord (YLLG SP)



Yuexiu Property (123 HK)



Source: Thomson Reuters, DBS Vickers

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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

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Industry Focus


China Property Sector

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