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China Property

"The worse, the better" - tactical opportunity is on the rise

We think the risk-reward for the sector is getting more interesting. However, instead of arguing the property market is rebounding, we actually observe more signs of weakening. If data turns worse from here, we think this may trigger stronger responses from government to support the downside. **Historically, a policy narrative change on the housing market usually led to a strong rally** (average 45%/22% absolute/relative return) ([Table 3](#)), **and quite often this came abruptly, especially when people were bearish**. We'd thus like to early flag this potential tactical opportunity over the next few months. If we benchmark to the last peak in October 2024, there is 33% potential upside. The next potential timing is the Politburo in end-April (though quite often market speculation may come in even earlier). Even if sales/home price data is stabilizing instead of worsening, the sector would at least be mostly trading in line with the index, in our view. Fundamentally, our top picks are **CR Land & CR Mixc**. However, tactically we see more upside in turnaround stories among non-distressed POEs and small-cap SOEs, including **Longfor** (upgraded to OW – [full discussion](#)), **COPH** (upgraded to OW – [full discussion](#)), & **Jinmao**. We also upgrade **Seazen-H/A** to Neutral ([full discussion](#)). In this note, we also summarize our review on [FY24 results](#).

- **Signs of market moderation ([more](#)):** (1) [top 100 developers' primary sales](#) worsened in March (-11% Y/Y in March after 4 months of flattish Y/Y); (2) [tier-1 cities' asking prices](#) have been on a continual downtrend and now hit a 6-month low; (3) [100-city secondary home price index](#) in March dropped for the first time since 2Q24. Although the secondary market has remained solid from a volume perspective, if the home price correction worsens, this may still hurt confidence of homebuyers and consumers.
- **Government has shown much stronger determination since 2024 ([more](#)):** To revive the housing market, there is no quick fix (for now, we think both primary volume & home price may not stabilize until at least 2026, except in tier-1 cities). However, government has been more proactive to support the downside of the housing market. Recently, we think authorities have also come to realize that policy easing itself may not be very effective. Rather, it is more about boosting confidence/sentiment. As such, we see (1) more lands sold at a high premium to create a sense of "home price may grow" ([Fig. 9](#)); (2) more crackdown on untrue information on social media ([Fig. 10](#)); (3) state-owned media (e.g. China Real Estate Business) proactively reporting on good sales.
- **"The worse, the better" – a recap of the previous rallies ([more](#)):** Since the industry crisis started in 3Q21, we have seen 6 major rallies which were mostly triggered by a change in policy tone for the housing market. On average, the absolute/relative return was 45%/22% at the index level ([Table 3](#)). This usually happened when data turned worse (and thus government needed to react). Since government called for "halting the decline" in late September 2024, sales data has stabilized. However, the impact of policy easing is likely fading, and thus we think data may worsen again in 2Q25. Against this backdrop, we won't be surprised if there might be another tone change or stronger policy that might excite the market. **That said, admittedly, when data shows further deterioration, the share prices may first moderate, but our suggestion here is to "buy on dips"**. Also, it is also important to note that, **historically after**

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announcement of an actual policy, investors have tended to take profit already. Thus, to capture the tactical upside (Fig. 2), we recommend investors visit this earlier.

- **What to buy?** Historically, the average return in a rally was +48% for SOEs / +72% for POEs / +96% for distressed names. For very short-term trades, admittedly buying distressed names may generate a strong return (but we believe distressed names are still likely trending worse in the long term due to their inability to raise new debt). Adjusted for risks, buying SOEs with good fundamentals (e.g. **CR Land, COLI & CR Mixc**) is the safest, in our view, but for investors who are willing to take a higher risk, we suggest exploring opportunities among non-distressed POEs. Out of them, **Longfor is likely best positioned given its good balance sheet and turnaround story**. If we benchmark to the trough year-to-date (Table 5), Longfor is now just 7% above, but if we benchmark to the peak in October 2024, there could be 87% potential upside. For investors who prefer SOEs, historically **Jinmao** gave the best average return of 73%. For historical rally performance by company, please refer to Table 4.
- **What might government do?** If sales/price data worsens, we think the policy direction/tone may be further adjusted. For example, instead of “*halting the decline & stabilizing*” (止跌回穩), the tone might be changed to something like “*halting the decline & turning better*” (止跌向好) or “*home price needs to stop falling*” (要房价止跌), a more specific KPI (as currently government does not specify whether they want to halt the decline in volume or price). This gives a lot of room for imagination. If other economic indicators are also turning worse, we also won’t be surprised if government may even call for “rebound” (止跌回升) in the sector (**which would be a major policy pivot**), though for now this is not yet in our base case. At the local level, we have already observed some cities (e.g. Shenzhen/Chongqing) calling for a rebound in real estate activities (Fig. 11). For actual policy, we think easing of home purchase restrictions (HPRs) in tier-1 cities may no longer excite the market, as most investors already have this expectation. To truly achieve market impact, we believe we need to see: (1) a national property stabilization fund to buy unsold inventories; (2) a large-scale cash compensation program in urban village renovation. However, any measure, in our view, should aim to stabilize the housing market, but not necessarily to revive individual developers.
- **Investors’ expectations are not high:** Despite multiple headlines about “market stabilization” year-to-date, this mostly refers to the volume of secondary market in top-tier cities. Among investors we spoke to, most still expect a 5-15% Y/Y drop in the primary housing market with further home price correction (onshore investors are relatively bearish; for more of our fundamental views, please see our previous note). This explains the 6% underperformance of HK-listed Chinese property companies year-to-date (Fig. 1). A-share developers have even dropped 6% (CSI300: -2%) year-to-date. Thus, expectations are low to start with. In the event that the primary sales value for FY25 ends up only dropping, say, 5%, that would even be considered an upside surprise.
- **Long-term share price drivers are still contracted sales:** While policy expectation/tone change typically drive short-term excitement, over the long term we believe share prices are still mostly correlated to contracted sales (Fig. 3). But at this juncture, we see increasingly attractive risk-reward because (1) **if sales turn bad, government may come up with a new policy tone (thus a short-term rally)**; (2) **if sales turn better, there will likely be a gradual (but slower) rerating**. The downside risk, however, is that sales data turns worse but government refuses to step in. Against the current economic backdrop, we think the likelihood is not high though.

FY24 results review

- **Developers** – **Margin may not bottom until FY25E ([more](#))**: On average, developers' core net profit dropped 31% Y/Y, mostly due to margin squeeze. Among SOEs, DP margin dropped from 16.4% in FY23 to 14.2% in FY24, and we think DP margin will continue to worsen in FY25E (down to 13.0%), but it may stabilize starting in FY26E ([Table 10](#)). With a more cautious stance towards land-banking last year, SOE developers' net gearing managed to improve from 62% in 1H24 to 55% in 2H24. However, POEs (except Longfor) saw a deteriorating balance sheet ([Table 12](#)).
- **Property managers** – **Payout increase has become a norm ([more](#))**: SOEs saw an average 12% Y/Y growth in core net profit, while POEs saw an 18% Y/Y decline. Going forward, we think the growth rate of SOEs will indeed slow down to 8-11% in FY25-27E. However, this is likely well expected by investors already. Encouragingly, SOEs' property management margin mildly improved from 14.1% in FY23 to 14.6% thanks to more proactive cost control ([Table 19](#)). That said, we believe this margin will stabilize at 14-15% in the next 3 years. The biggest surprise from the results is a general payout increase. Thus, DPS on average jumped 76% Y/Y among SOEs, with an average payout ratio of 65% (up from 60%) ([Table 22](#)).

Equity Ratings and Price Targets

Company	Ticker	Mkt Cap (\$ mn)	Price CCY	Price	Rating		Price Target			
					Cur	Prev	Cur	End Date	Prev	End Date
China Overseas Land & Investment (0688)	688 HK	18,681	HKD	13.28	OW	n/c	16.50	Dec-25	n/c	n/c
Longfor Group (0960)	960 HK	8,703	HKD	9.83	OW	N	14.00	Dec-25	10.50	n/c
Seazen Group	1030 HK	1,762	HKD	1.94	N	UW	1.95	Dec-25	0.80	n/c
Seazen Holdings - A	601155 CH	3,857	CNY	12.41	N	UW	12.50	Dec-25	7.00	n/c
China Vanke - H	2202 HK	1,565	HKD	5.52	UW	n/c	3.30	Dec-25	n/c	n/c
China Vanke - A	000002 CH	9,527	CNY	7.11	UW	n/c	5.50	Dec-25	n/c	n/c
China Merchants Shekou Industrial Zone Holdings - A	001979 CH	11,674	CNY	9.35	OW	n/c	10.50	Dec-25	n/c	n/c
Country Garden Holdings (2007)	2007 HK	1,691	HKD	0.47	UW	n/c	0.40	Dec-25	n/c	n/c
SUNAC China	1918 HK	1,640	HKD	1.52	UW	n/c	0.50	Dec-25	n/c	n/c
Shimao Group Holdings (0813)	813 HK	415	HKD	0.85	UW	n/c	0.25	Dec-25	n/c	n/c
China Overseas Property Holdings	2669 HK	2,245	HKD	5.32	OW	N	7.00	Dec-25	5.00	n/c
Poly Property Services	6049 HK	2,190	HKD	31.95	OW	n/c	40.00	Dec-25	n/c	n/c
Country Garden Services	6098 HK	2,973	HKD	6.92	UW	n/c	5.00	Dec-25	3.45	n/c
Sunac Services	1516 HK	668	HKD	1.70	UW	n/c	1.20	Dec-25	n/c	n/c
A-Living Smart City Services	3319 HK	478	HKD	2.62	UW	n/c	2.20	Dec-25	n/c	n/c

Source: Company data, Bloomberg Finance L.P., J.P. Morgan estimates. n/c = no change. All prices as of 01 Apr 25.

Price target summary

Table 1: China Property Developers - Price Target Summary

									Potential upside/ downside
		Market cap (US\$ bn)	3M avg trading value (US\$ mn)	JPM Rating New	Target or implied	Price	Last close (HK\$)		
Company	Ticker				25E P/B (x)	target New			
SOEs									
China Resources Land	华润置地	1109.HK	23.7	60.8	OW	0.7x	30.00	25.90	16%
China Overseas Land	中国海外发展	0688.HK	18.7	49.7	OW	0.4x	16.50	13.28	24%
China Jinmao	中国金茂	0817.HK	2.2	6.3	OW	0.5x	1.55	1.25	24%
Non-distressed Quasi-SOEs / POEs									
China Vanke - H	万科 - H	2202.HK	11.1	49.6	UW	0.2x	3.30	5.52	-40%
Longfor	龙湖集团	0960.HK	8.7	32.5	OW	0.6x	14.00	9.83	42%
Seazen Group	新城发展	1030.HK	1.8	6.1	N	0.3x	1.95	1.94	1%
Distressed POEs									
Country Garden	碧桂园	2007.HK	1.7	8.4	UW	-	0.40	0.47	-14%
Sunac China	融创中国	1918.HK	1.9	85.1	UW	0.2x	0.50	1.52	-67%
Shimao	世茂集团	0813.HK	0.4	2.6	UW	-	0.25	0.85	-71%
A-shares							(Rmb)	(Rmb)	
Poly Developments - A	保利发展 - A	600048.CH	13.6	137.6	OW	0.6x	10.00	8.24	21%
China Merchants Shekou - A	招商蛇口 - A	001979.CH	11.7	87.7	OW	0.9x	10.50	9.35	12%
China Vanke - A	万科 - A	000002.CH	11.1	181.3	UW	0.4x	5.50	7.11	-23%
Seazen Holdings - A	新城控股 - A	601155.CH	3.9	25.8	N	0.5x	12.50	12.41	1%

Source: Bloomberg Finance L.P. as of 1 April 2025, J.P. Morgan estimates.

Table 2: China Property Management - Price Target Summary

			Market cap	3M avg trading value	JPM rating	Target P/E		Last close	Price target	Last close	Potential upside / downside
Company	Ticker	(US\$ bn)	(US\$ mn)			25E	26E	(HK\$)	(HK\$)	(HK\$)	
Backed by SOEs											
China Resources Mixc	华润万象生活	1209 HK	10.1	16.7	OW	20x	18x	45.0	38.50	34.40	12%
China Overseas PH	中海物业	2669 HK	2.2	6.0	OW	13x	12x	10.0	7.00	5.32	32%
Poly Prop Services	保利物业	6049 HK	2.3	4.3	OW	13x	12x	60.0	40.00	31.95	25%
Greentown Service	绿城服务	2869 HK	1.7	2.4	OW	14x	12x	7.7	4.80	4.25	13%
Backed by POEs											
Country Garden Services	碧桂园服务	6098 HK	3.0	21.3	UW	5x	5x	15.5	5.00	6.92	-28%
Sunac Services	融创服务	1516 HK	0.7	2.9	UW	5x	5x	1.3	1.20	1.70	-29%
A-Living	雅生活服务	3319 HK	0.5	2.1	UW	3x	3x	6.4	2.20	2.62	-16%

Source: Bloomberg Finance L.P. as of 1 April 2025, J.P. Morgan estimates.

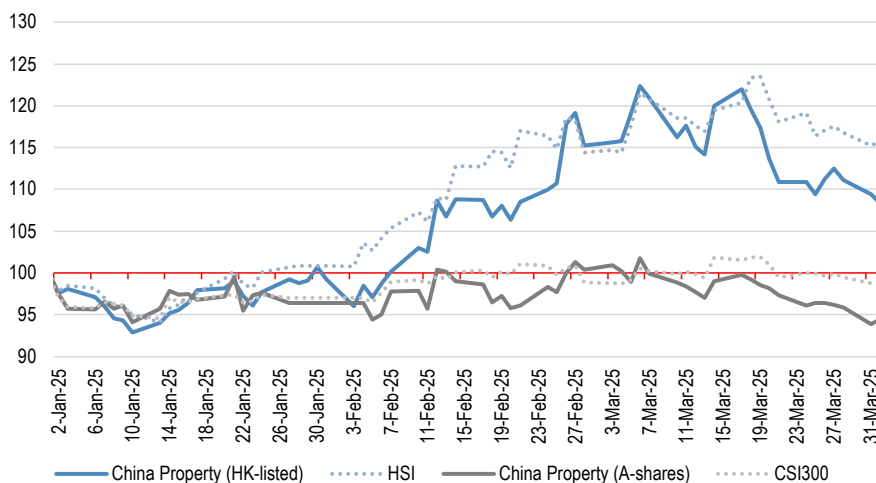
Share price review

Sector has remained an underperformer year-to-date

Year to date, HK-listed China property stocks have risen 8%, but we think this is mostly due to market beta. In fact, **the sector has still underperformed the HSI By 6%. Among A-shares, year-to-date, property stocks have dropped 6%, underperforming CSI300 by 4%.** This shows investors' confidence remains low, despite the multiple headlines on "market stabilization" (which, in our view, only refers to secondary sales volume, but not the primary market or home price). The underperformance can also be explained by the lack of new policy narrative on the housing market.

Figure 1: China property share price performance (HK-listed vs. A-shares) – 2025 year-to-date

Jan 2025 = 100



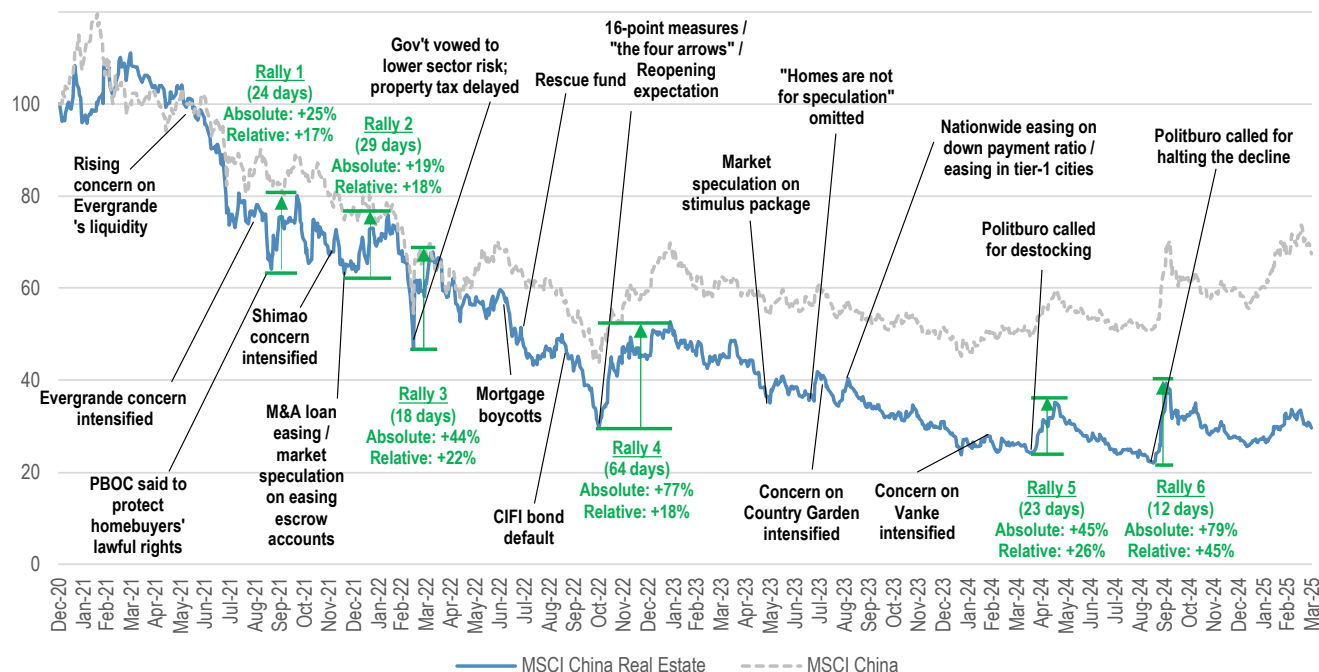
Source: Bloomberg Finance L.P. as of 1 April 2025

Sector rallies

Despite an overall downtrend, there have been multiple policy-driven rallies

- Since the industry turmoil began in 3Q2021, although the sector index has been on a general downtrend, China Property has seen six major rallies (and 7 “mini rallies”), typically driven by a new policy narrative on the housing market.
- Subsequent actual policy announcements (following the change in policy narrative) usually marked the peak of a rally as investors took profit on facts. This was obvious in 2Q24 (sector rallied on “destocking” approach in March, and took profit on 17th May after the announcement on inventory purchase) and 4Q24 (sector rallied in mid-September on the tone change to “halting the decline”, then the sector turned weak after a series of easing announcements; even when MOHURD proposed cash compensation in urban village renovation on 17 Oct [more](#), the sector still turned weak).
- In short, **to capture the potential upside, we need to act before the tone change, which usually happens when industry data turns worse.**

Figure 2: MSCI China Real Estate – 6 rallies since 2021



Source: Bloomberg Finance L.P., as of 1 April 2025, J.P. Morgan.

Table 3: China Property - Summary of rallies since 3Q21 & reasons

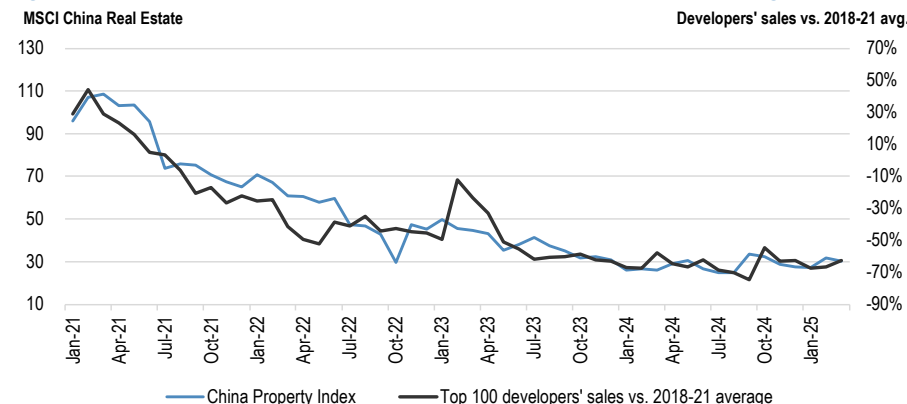
	Absolute Performance	Relative Performance (vs. MSCI China)	Duration	Rally Drivers
Rally				
Sep 2021	25%	17%	24	PBOC said to protect homebuyers' lawful rights
Jan 2022	19%	18%	29	M&A loan easing / market speculation on easing escrow accounts
Mar 2022	44%	22%	18	Authorities vowed to manage risks in real estate; property tax pilot program suspended
Nov 2022	77%	18%	64	16-point measures / "the four arrows" / Reopening expectation
Apr 2024	45%	26%	23	Politburo's call to digest inventory
Sep 2024	79%	45%	12	Politburo's call to "stop falling" / Nationwide easing
Average	45%	22%	29	
Mini Rally				
Jun 2022	12%	7%	13	Short-term sales rebound
Sep 2022	15%	17%	26	Rescue fund
Jun 2023	16%	6%	9	Market speculation on stimulus package
Jul 2023	18%	10%	4	"Homes are not for speculation" omitted in politburo
Aug 2023	17%	11%	8	Nationwide easing on down payment ratio / easing in tier-1 cities
Nov 2023	11%	8%	8	Market speculation on Rmb1 trillion stimulus for urban village renovation
Jan 2024	17%	5%	24	Market speculation on a whitelist
Average	15%	9%	13	

Source: Bloomberg Finance L.P., J.P. Morgan, Sina Finance; For rally, (1) Sep 2021 = 20 Sep - 22 Oct 2021; (2) Jan 2022 = 3 Jan - 11 Feb 2022; (3) Mar 2022 = 15 Mar - 8 Apr 2022; (4) Nov 2022 = 31 Oct 2022 - 27 Jan 2023; (5) Apr 2024 = 16 Apr - 17 May 2024; (6) Sep 2024 = 16 Sep 2024 - 2 Oct 2024. For mini rally: (1) Jun 2022 = 13 Jun - 30 Jun 2022; (2) Sep 2022 = 10 Aug - 15 Sep 2022; (3) Jun 2023 = 31 May - 15 Jun 2023; (4) Jul 2023 = 24 Jul - 28 Jul 2023; (5) Aug 2023 = 23 Aug - 4 Sep 2023; (6) Nov 2023 = 13 Nov - 23 Nov 2023; (7) Jan 2024 = 22 Jan - 23 Feb 2024

Sales trend is the primary long-term share price driver

Admittedly, policy moves only drive short-term share price excitement. Over the long term, the dominant share price driver is still sales momentum.

Figure 3: MSCI China Real Estate vs. Top 100 developers' sales vs. 2018-21 average



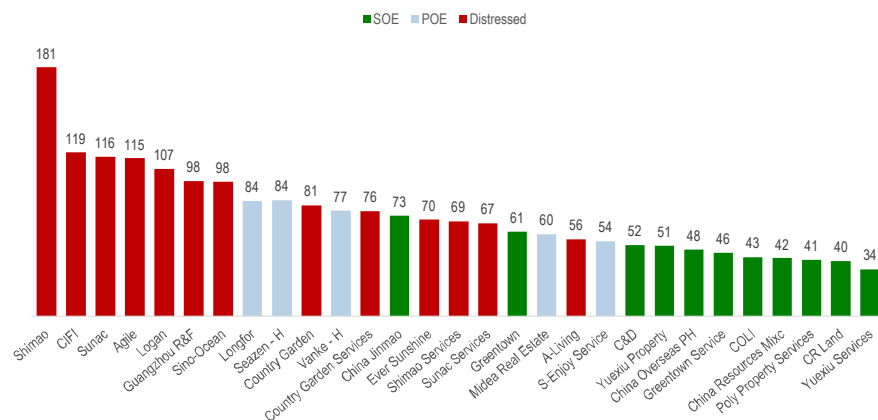
Source: Bloomberg Finance L.P., CRIC, as of 1 April 2025

What to buy in a rally

- In a sector rally, distressed names typically saw the strongest return (96% on average). However, the excitement usually was very short-term, and except Sunac, most have low liquidity.

- To factor in risks, non-distressed POEs (average 72% return) might be a better choice. With fundamentals considered, **Longfor** is the best candidate, in our view, as it saw an average 84% return historically, while the company has a low default risk and a fundamental turnaround story as the company transitions itself from a developer to a landlord.
- For investors who prefer to stick to SOEs (average return: +48%), while the key big names like **COLI & CR Land** still generated an average >40% return, historically **China Jinmao** saw the strongest return of 73%.

Figure 4: China Property – Average return (%) by company in previous rallies



Source: Bloomberg Finance L.P., J.P. Morgan. Based on average of past 6 rallies: (1) Sep 2021 = 20 Sep - 22 Oct 2021; (2) Jan 2022 = 3 Jan - 11 Feb 2022; (3) Mar 2022 = 15 Mar - 8 Apr 2022; (4) Nov 2022 = 31 Oct 2022 - 27 Jan 2023; (5) Apr 2024 = 16 Apr - 17 May 2024; (6) Sep 2024 = 16 Sep 2024 = 2 Oct 2024.

Table 4: China Property – Average return (%) of company types in previous rallies

Company	Category	Rallies						Max	Avg
		Sep 21	Jan 22	Mar 22	Nov 22	Apr 24	Sep 24		
Shimao	Distressed	14	41	24	-	326	498	498	181
CIFI	Distressed	23	30	80	146	133	302	302	119
Sunac	Distressed	52	3	25	-	93	405	405	116
Agile	Distressed	18	17	40	79	114	420	420	115
Logan	Distressed	31	(17)	120	356	57	95	356	107
Guangzhou R&F	Distressed	38	42	25	110	68	306	306	98
Sino-Ocean	Distressed	35	8	27	138	142	235	235	98
Longfor	POE	28	31	52	187	66	140	187	84
Seazen - H	POE	25	14	97	166	87	116	166	84
Country Garden	Distressed	25	1	76	221	-	-	221	81
Country Garden Services	Distressed	46	26	57	232	55	97	232	78
Vanke - H	POE	19	21	61	71	77	213	213	77
China Jinmao	SOE	19	33	64	87	76	158	158	73
Ever Sunshine	Distressed	34	36	68	181	71	73	181	71
Sunac Services	Distressed	31	33	58	217	42	89	217	69
Shimao Services	Distressed	18	33	41	156	68	143	156	69
Greentown	SOE	28	9	86	77	78	89	89	61
Midea Real Estate	POE	13	8	58	153	54	72	153	60
S-Enjoy Service	POE	21	63	51	157	51	42	157	57
A-Living	Distressed	17	28	49	140	51	92	140	56
C&D	SOE	18	(6)	64	106	43	84	106	52
Yuexiu Property	SOE	8	22	28	74	79	96	96	51
China Overseas PH	SOE	26	12	59	121	49	57	121	48
Greentown Service	SOE	22	25	60	87	51	50	87	46
COLI	SOE	18	35	38	53	44	71	71	43
China Resources Mixc	SOE	22	30	41	102	29	58	102	43
Poly Property Services	SOE	22	(1)	38	107	45	60	107	41
CR Land	SOE	22	25	27	61	42	65	65	40
Yuexiu Services	SOE	20	28	27	101	27	23	101	34
Average (unweighted)		25	22	53	137	76	148	195	74
SOE (unweighted)		20	19	48	89	51	74	100	48
POE (unweighted)		21	27	64	147	67	117	175	72
Distressed (unweighted)		29	22	53	180	102	230	282	97

Source: Bloomberg Finance L.P., J.P. Morgan. (1) Sep 2021 = 20 Sep - 22 Oct 2021; (2) Jan 2022 = 3 Jan - 11 Feb 2022; (3) Mar 2022 = 15 Mar - 8 Apr 2022; (4) Nov 2022 = 31 Oct 2022 - 27 Jan 2023; (5) Apr 2024 = 16 Apr - 17 May 2024; (6) Sep 2024 = 16 Sep 2024 = 2 Oct 2024.

Table 5: China Property – Current share price vs. 1-year high, year-to-date low & 1-year low

Company	Ticker	Last Price (HK\$)	1-year high (HK\$)	vs. 1-year high	YTD low (HK\$)	vs. YTD low	1-year low (HK\$)	vs. 1-year low
Agile	3383.HK	0.50	1.95	290%	0.50	0%	0.35	-31%
CIFI	884.HK	0.25	0.88	258%	0.25	0%	0.20	-17%
Shimao	813.HK	0.86	2.81	227%	0.81	-6%	0.30	-66%
Sino-Ocean	3377.HK	0.21	0.63	204%	0.20	-3%	0.17	-20%
Sunac	1918.HK	1.54	4.60	199%	1.30	-16%	0.91	-41%
Guangzhou R&F	2777.HK	1.08	2.80	159%	1.04	-4%	0.65	-40%
Vanke - H	2202.HK	5.51	12.00	118%	4.70	-15%	3.69	-33%
Midea Real Estate	3990.HK	3.90	7.74	98%	2.81	-28%	2.46	-37%
Shimao Services	873.HK	0.83	1.63	96%	0.81	-2%	0.66	-20%
Longfor	960.HK	9.80	18.32	87%	9.08	-7%	7.49	-24%
A-Living	3319.HK	2.62	4.59	75%	2.61	0%	2.15	-18%
Seazen - H	1030.HK	1.89	3.19	69%	1.67	-12%	0.92	-51%
Sunac Services	1516.HK	1.70	2.85	68%	1.51	-11%	1.51	-11%
Logan	3380.HK	0.92	1.50	63%	0.93	1%	0.49	-47%
Yuxiu Property	123.HK	4.87	7.81	60%	4.66	-4%	3.37	-31%
Ever Sunshine	1995.HK	1.92	3.00	56%	1.80	-6%	1.14	-40%
S-Enjoy Service	1755.HK	2.80	4.25	52%	2.78	-1%	2.16	-23%
COLI	688.HK	13.30	18.32	38%	11.94	-10%	10.67	-20%
China Overseas PH	2669.HK	5.32	7.12	34%	4.70	-12%	3.92	-26%
Yuxiu Services	6626.HK	2.98	3.90	31%	2.87	-4%	2.48	-17%
China Jinmao	817.HK	1.27	1.65	30%	0.86	-32%	0.46	-64%
Greentown Service	2869.HK	4.25	5.52	30%	3.52	-17%	2.77	-35%
Poly Property Services	6049.HK	31.95	39.85	25%	27.10	-15%	24.75	-23%
Country Garden	2007.HK	0.47	0.57	23%	0.39	-17%	0.39	-17%
CR Land	1109.HK	25.85	31.65	22%	21.55	-17%	19.12	-26%
Greentown	3900.HK	11.12	13.42	21%	8.24	-26%	4.71	-58%
Country Garden Services	6098.HK	6.92	8.03	16%	4.96	-28%	4.06	-41%
C&D	1908.HK	16.46	18.96	15%	11.78	-28%	10.24	-38%
China Resources Mixc	1209.HK	34.40	38.68	12%	27.30	-21%	20.58	-40%

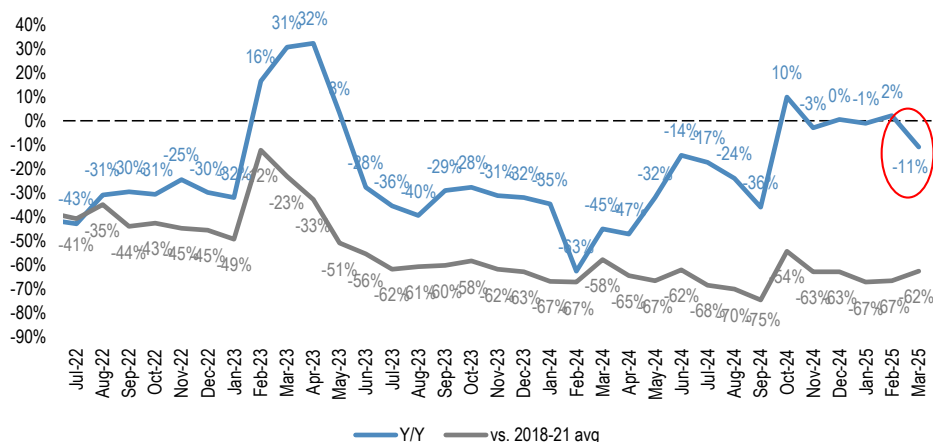
Source: Bloomberg Finance L.P., as of 1 April 2025.

“The worse, the better” – Data is softening

Developers’ sales are moderating

Among top 100 developers’ sales, data has stabilized for a few months after the policy easing in September 2024. However, the Y/Y decline dropped to 11% in March, showing early signs of moderation.

Figure 5: Top 100 developers’ aggregate sales Y/Y growth

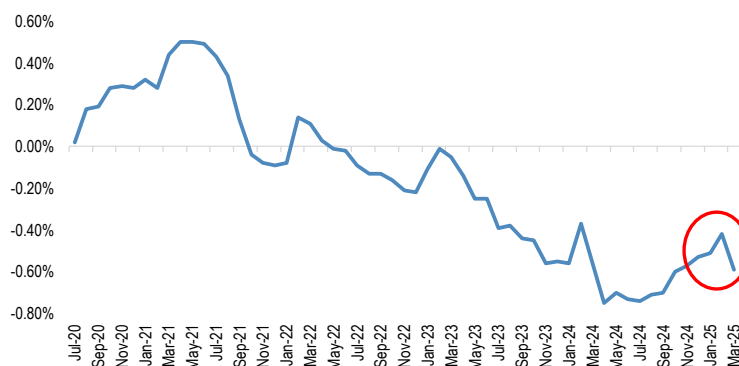


Source: CRIC, as of 31 March 2025

Top 100 cities’ secondary home prices weakened again

After months of narrowing M/M decline, March saw the first drop since 2Q24.

Figure 6: CREIS top 100-city secondary home price index (M/M change)

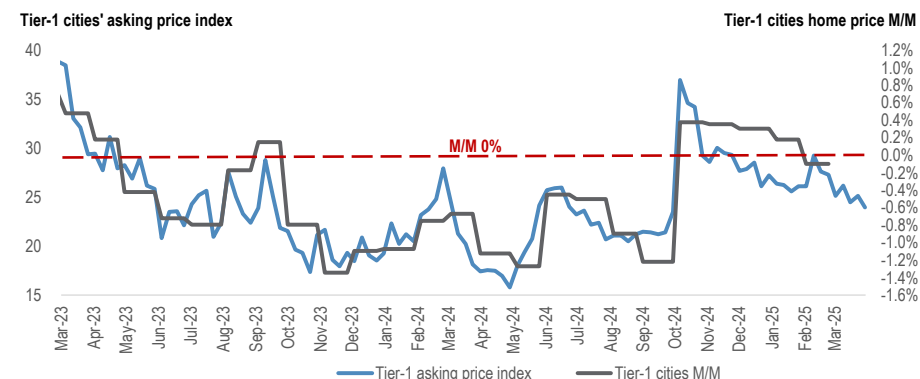


Source: CREIS, as of 31 March 2025

Tier 1 cities’ secondary asking price hit a 6-month low

While tier-1 cities’ home prices have been holding up relatively better, based on asking prices (a leading indicator), we also see signs of moderation, and thus the M/M decline (published by NBS) may further weaken.

Figure 7: Centaline tier-1 cities' asking price index (weekly) & NBS tier-1 secondary home price M/M change (monthly)

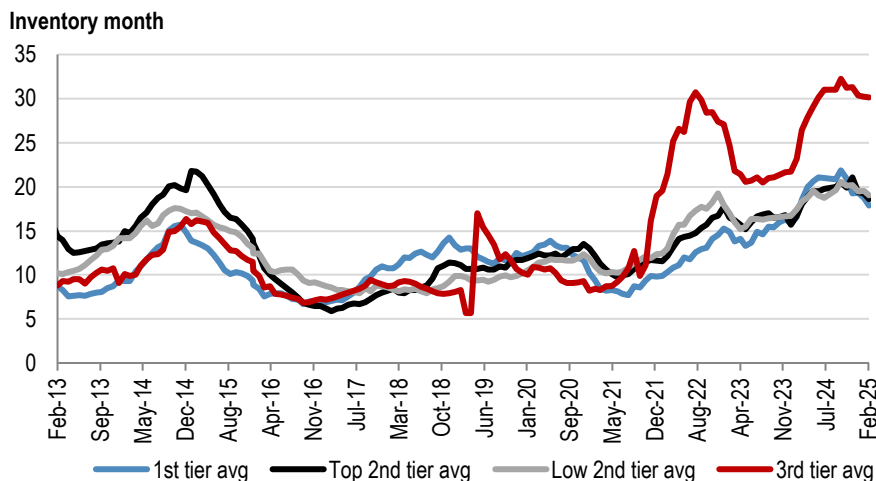


Source: Centaline, NBS, as of 31 March 2025

Inventory is improving, but takes time to be lowered to an optimal level

Inventory month across different city tiers has seen improvement. However, compared to the historical level, inventory month (based on 12-month rolling sales) remains high. It may take at least another 12 months to reduce the inventory to a more comfortable level.

Figure 8: Inventory month



Source: CREIS, as of 28 Feb 2025

Boosting sentiment & confidence

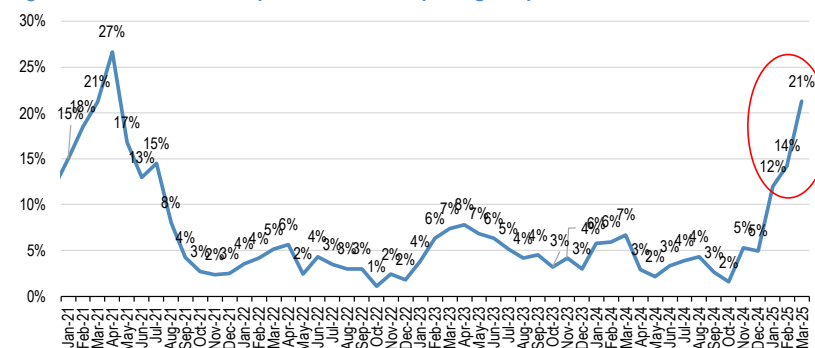
The policy easing measures government has introduced so far have been well discussed. They turned out mostly to be effective only for a short-term boost. We have long argued that homebuyers' confidence is key. While income confidence takes time to fix, confidence on home price stabilization/recovery might indeed be boosted by various ways. While there is no one quick fix which can boost homebuyers' confidence in one go, at least we see signs that government is working

on this. In some way, we think boosting sentiment is even more effective than removing certain housing policies.

Higher land premium

Year-to-date, the average land premium has jumped to a 3-year high (back to the level before the industry turmoil) of 12-21%. While this may signal developers' stronger eagerness to buy land (often viewed as a positive sign), we have a different interpretation. We think the higher premium is partially because of the mix (more high-quality lands are sold), and also partially due to a lower opening bid price (which is set by government). Recently, we have heard many cases where developers bought lands at >50% premium. Given developers' increasing conservativeness (they likely may only use current ASP in the margin assumption), a >50% increase in land price would unlikely offer any profit. Therefore, the only reasonable explanation is that the opening bid price is set to be lower, so that the reported land premium % numbers can be higher, which may often help boost homebuyers' confidence.

Figure 9: China land sales premium % and opening bid price



Source: CREIS, as of 31 March 2025

Cracking down on wrong information in social media

In recent months, we observe local governments have been more proactive in cracking down on false/misleading information being circulated in social media. This is one way to uphold homebuyers' confidence.

Figure 10: Summary on local governments' crackdown on untrue information about property market

Date	City	Event
19-Nov-24	Changsha	Conducted an interview with five non-mainstream media operators and said to further strengthen regulatory efforts and resolutely crack down on platforms and non-mainstream media that seriously disrupt the real estate market.
25-Mar-25	Shanghai	Banned 98 non-mainstream media accounts which published false information regarding home prices in Shanghai, and removed >900 headlines with false information (e.g. market speculations and sensational headlines.)
31-Mar-25	Changsha	Held a meeting for the rectification of non-mainstream media publishing false information about the property sector

Source: Sina, The Paper, Red Net

Some cities already called for the property market to rebound

At the national level, the policy tone on the housing market remains “stabilization”. However, at city level, we see Shenzhen & Chongqing already calling for “rebound” in real estate activities. Calling for a “rebound” at the national level would be considered a policy pivot (not yet our base case), but at the very least we see the tone is getting more affirmative in supporting the downside.

Figure 11: City level summary which calls for property market to recover

Date	City	Narrative
5-Feb-25	Chongqing	Promote stabilization and turnaround of the real estate and construction industries 全力推动房地产和建筑业企稳回升
6-Feb-25	Shenzhen	Real estate investment to revive growth 房地产投资尽快恢复增长

Source: Chongqing & Shenzhen Government Websites.

Rating upgrades

Longfor Group (960.HK): The last man standing; upgrade to Overweight

We upgrade Longfor from Neutral to Overweight. Among key non-SOE Chinese developers, we believe by now Longfor has almost been confirmed to be “the last man standing” after the industry turmoil. While other peers like Vanke & Gemdale still have not officially defaulted on public bonds, Longfor is the only one which still has positive earnings (others already see a net loss), showing its resiliency. After its FY24 results, we believe the market has probably digested another likely earnings slump in FY25E, dragged mainly by DP. However, if we focus on Longfor’s recurring income, it is staying the course and has already become Longfor’s dominant earnings stream. Due to the industry turmoil, Longfor has been forced to undergo a long-planned repositioning from a developer to a landlord sooner than expected. With default risk mitigating, we are willing to look beyond FY25E and start to think about the turnaround story of Longfor as the property market bottoms out potentially in 2026. Over the next 1-2 quarters, with property sales/price data showing some moderation, we also expect government to use a stronger policy tone, which may drive a rally in the sector, and we think Longfor is best positioned to capture the beta given its non-SOE status yet relatively strong balance sheet. Risk-reward is attractive to us. Our Dec-25 price target of HK\$14 is based on a 0.55x target P/B (slight discount to SOEs), which implies a target P/E of 10x for recurring income only (assuming no value from DP). A key near-term downside risk is, however, share placement.

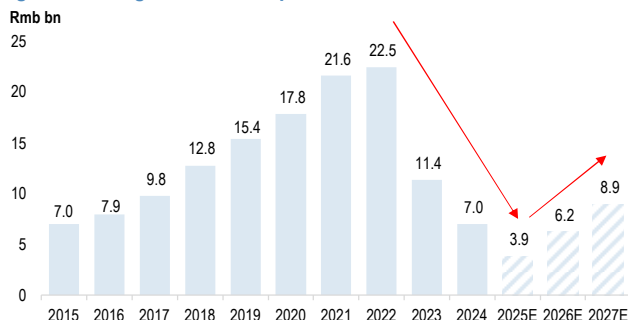
Look beyond the likely earnings slump in FY25E

Admittedly, Longfor’s earnings slump is not over in FY24. In order to ensure survival likelihood, we believe Longfor has prioritized cash flows over margin in the past few years. However, the consequence is earnings drag from DP, which we believe will not end until FY25E (the year of bottoming out). FY24 core net profit of Rmb7 billion is 69% below the peak in FY22, and we expect earnings will be down by another 44% Y/Y to Rmb3.9 billion due to further margin squeeze in DP (likely down from 6% in FY24 to 1% in FY25E). However, if we just look at net profit from recurring businesses, FY24 saw a 10-15% Y/Y growth to Rmb8 billion, and we expect this will grow another 10-15% Y/Y in FY25E. The drag from DP will likely further cease in FY26E onwards, and now we forecast a 55% earnings CAGR from FY25E to FY27E.

Would the earnings slump drag down the share price?

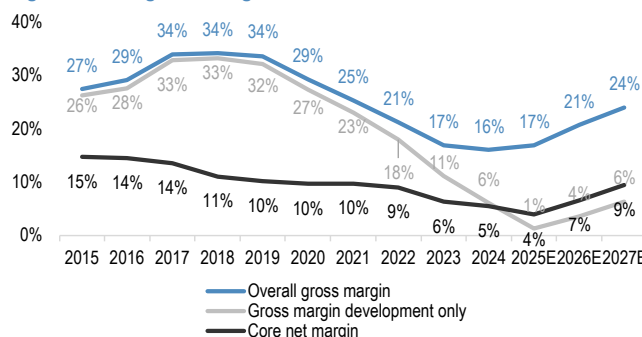
After the FY24 results announcement on 28th March, the share price has indeed corrected 5% (HSI: -1%), mostly due to management’s bearish guidance on margin. Accordingly, we see multiple earnings downgrades by brokers to ~Rmb4-5 billion in FY25E. However, despite this likely big drop in earnings, it seems the market reaction (a 4% underperformance) so far has not been drastic. After all, we think most investors have already expected this earnings slump, and thus this is no longer a huge surprise.

Figure 12: Longfor – Core net profit



Source: Longfor Annual Reports (FY15-FY24); J.P. Morgan estimates.

Figure 13: Longfor – margin trend

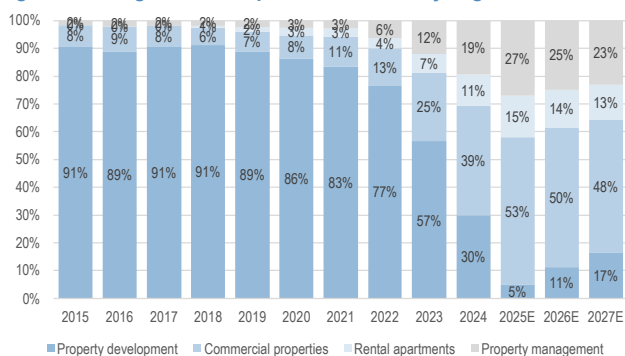


Source: Longfor Annual Reports (FY15-FY24); J.P. Morgan estimates.

Earlier efforts pay off; repositioning to happen earlier

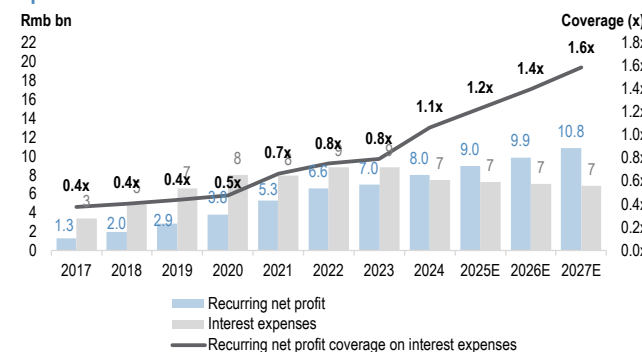
Longfor is one of the few Chinese developers who had early-adopted the strategy of proactively building recurring income, and their efforts in the past decade are now paying off, as now Longfor has been able to raise commercial property loans (pledge by investment properties) to repay public bonds. The strong recurring income has also allowed Longfor to still record a positive net profit despite a net loss in development properties. The current net income from recurring profit can also already comfortably cover interest expenses (1.1x). Theoretically, a profit structure more geared towards recurring income can drive a P/E rerating too. In FY24, gross profit from property development accounted for 30%, but we think this will further lower to 5-11% in FY25E/FY26E mostly due to margin squeeze. However, even when property development margin recovers again, we expect the % of profit contribution from property development will still stay at <30%.

Figure 14: Longfor – Gross profit breakdown by segment



Source: Longfor Annual Reports (FY15-FY24); J.P. Morgan estimates.

Figure 15: Longfor – Recurring net profit coverage on interest expenses



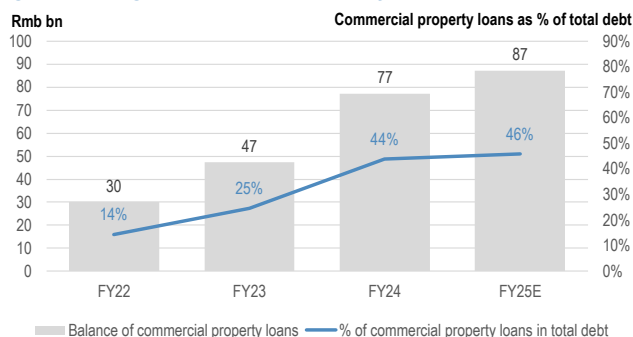
Source: Longfor Annual Reports (FY17-FY24); J.P. Morgan estimates.

A resilient balance sheet & default risk is likely low

Despite the liquidity crisis, Longfor has managed to maintain a stable net gearing level of ~50% in the past few years. With the increasing issuance of commercial property loans (where duration is typically 10 years or above), Longfor has also successfully lengthened the average debt duration from 6-7 years previously to >10 years as of FY24. As a result, Longfor has also optimized the debt breakdown. As of FY24, bank loans (including commercial property/rental apartment loans) account for 73%, while offshore debt has been reduced to just 15%. Longfor's offshore bonds still have an outstanding balance of Rmb9.5 billion, but the next one due is already in

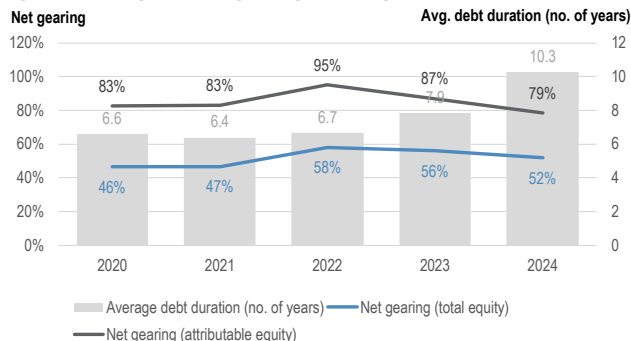
2027, and with an incremental Rmb10 billion commercial property loans expected for FY25, theoretically speaking this can cover the outstanding offshore bond maturities. In short, we think Longfor's default risk has largely come down.

Figure 16: Longfor – Commercial property loans as % of total debt



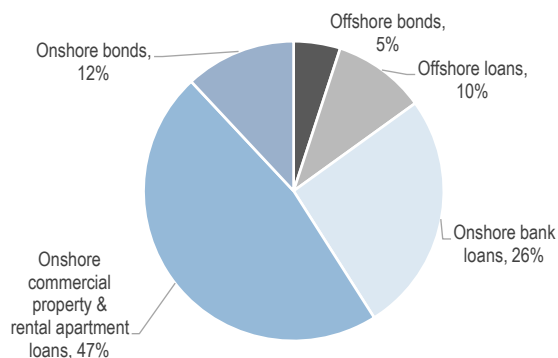
Source: Longfor Annual Report (FY22-24); J.P. Morgan estimates.

Figure 17: Longfor – Net gearing & average debt duration



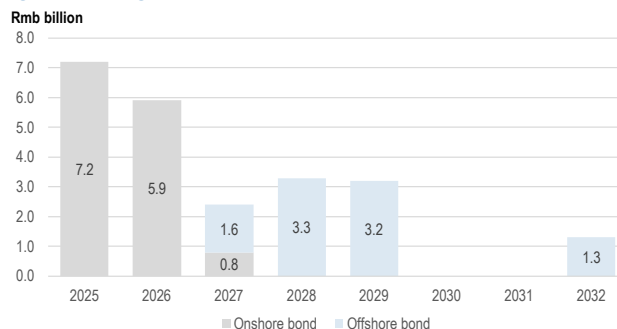
Source: Longfor Annual Reports (FY20-FY24)

Figure 18: Longfor – Debt breakdown (FY24)



Source: Longfor FY24 Results Presentation

Figure 19: Longfor – Public bond maturities



Source: Longfor FY24 Results Presentation

Cash flow looks comfortable to weather the storm

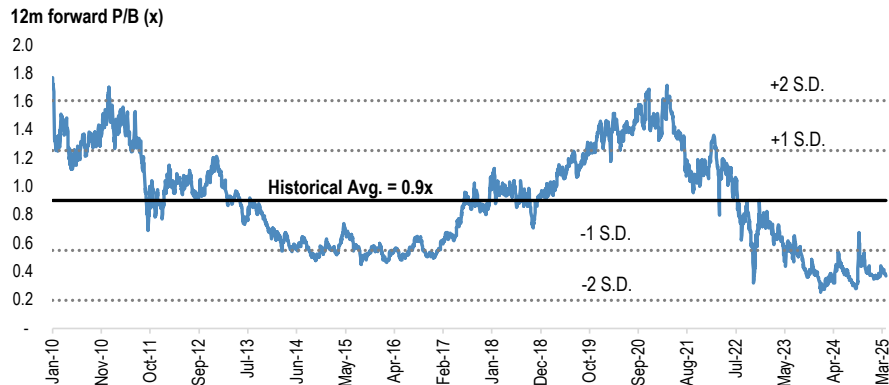
Management guided that Longfor may achieve a net operating cash inflow of Rmb20 billion, but this might be based on the assumption of Rmb100 billion contracted sales. In our base case (a stress test scenario), we assume sales will drop to Rmb82 billion with a 93% cash collection ratio. In this scenario, as long as Longfor is not aggressive in land-banking, in theory net operating cash inflow might still be Rmb12 billion. We estimate Longfor's operating cash outflows for FY25E to be Rmb78 billion. Considering a Rmb14-15 billion net cash inflow from recurring income, this implies average minimum monthly sales need to be >Rmb5.7 billion (or 32% Y/Y).

The P/E looks extremely high? Let's also look at P/B and normalized P/E

Longfor is trading at a 16x FY25E P/E, which looks unreasonable high at the first glance. However, if we look at some other A-share SOE developers (e.g. Poly/China Merchants), some are also trading at a >20x P/E due to an exceptionally low earnings base. As mentioned above, we think the earnings drag from DP is likely transitional. If we ignore DP and only consider the net income from recurring businesses (i.e.

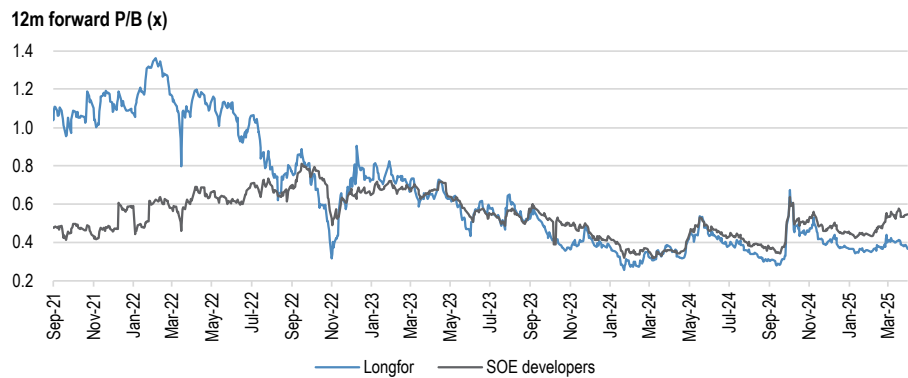
ignore the temporary drag from DP), Longfor is trading at a <7x FY25E P/E, which is undemanding. Alternatively, on a P/B basis, Longfor is trading at a <0.4x P/B, which is also undemanding (SOE peers: 0.6x). Before the liquidity crisis, Longfor used to trade at 1.4-1.6x P/B, and even during the liquidity crisis in FY22-25, Longfor's average P/B is 0.5x (peak at 0.6x).

Figure 20: Longfor - 12m forward P/B time series



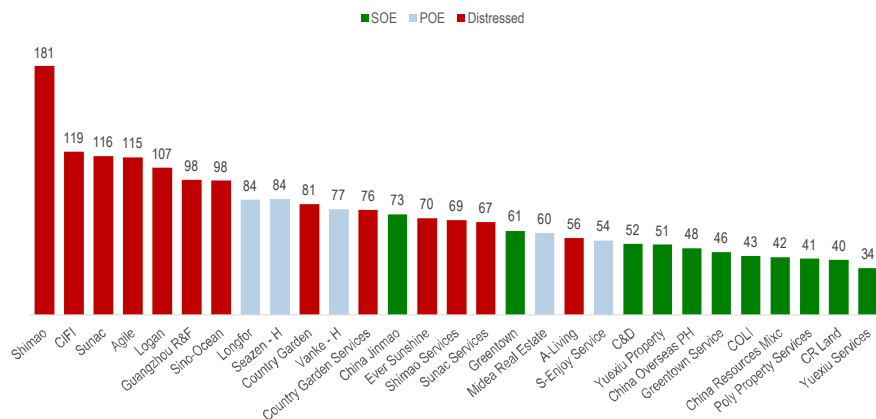
Source: Bloomberg Finance L.P., as of 1 April 2025

Figure 21: Longfor - 12m forward P/B vs. SOE developers



Source: Bloomberg Finance L.P., as of 1 April 2025

Figure 22: China Property – Average return (%) by company in previous sector rallies



Source: Bloomberg Finance L.P., based on average of past 6 rallies: (1) Sep 2021 = 20 Sep - 22 Oct 2021; (2) Jan 2022 = 3 Jan - 11 Feb 2022; (3) Mar 2022 = 15 Mar - 8 Apr 2022; (4) Nov 2022 = 31 Oct 2022 – 27 Jan 2023; (5) Apr 2024 = 16 Apr – 17 May 2024; (6) Sep 2024 = 16 Sep 2024 = 2 Oct 2024, J.P. Morgan

China Overseas Property Holdings (2669.HK) – Hard work deserves a second chance; upgrade to Overweight

We upgrade CPH from Neutral to Overweight. We were previously cautious on the name due to concerns on corporate governance. However, over the past year, we see signs that company management has been more diligent in addressing investors' concerns: (1) proactive cost control which results in margin expansion; (2) payout increase which responds to investors' requests; (3) delivery of stable earnings growth. With more proof of this, we believe CPH deserves a second chance. Currently trading at a 9.5x 12-month forward P/E which is at a discount to SOE peers (12-13x), we see upside in CPH's valuations. Our Dec-25 price target of HK\$7 is based on a 13x target P/E, on par with other SOE property managers.

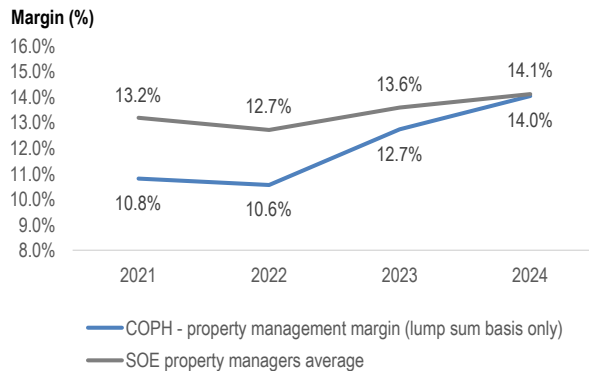
Why we were cautious before?

Over the past two years, there were two circumstances where the share price dropped ~25% in 1-2 days: (1) **questionable connected party acquisition**: Back in October 2023, CPH announced the acquisition of a project supervision business (from a sister company) at 19x P/E (higher than CPH's own P/E), which raised investors' concern on corporate governance. The share price dropped 25% in 2 days. The deal was subsequently terminated in December 2023; (2) **miss in growth guidance**: in March 2024, CPH announced FY23 results which posted a 23% Y/Y earnings growth, which was below previous management guidance of 30% Y/Y. The share price dropped 24% after one day.

Management is working hard to improve

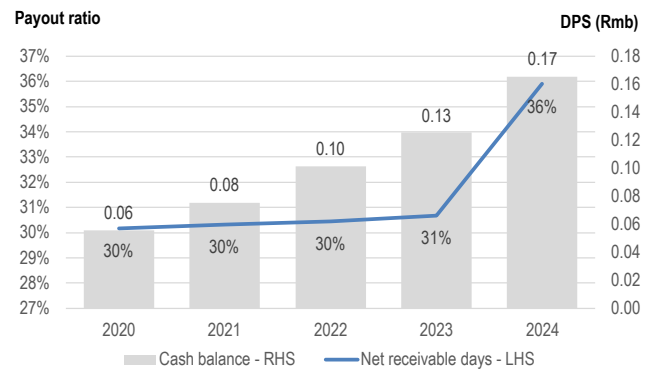
Over the past year, we see increasing evidence that CPH's management is working hard to regain investors' confidence: (1) **proactive cost control**: the low margin of CPH was previously the major investors' concern. However, in the past few years, we see CPH has been more diligent in cost control, which has resulted in margin expansion. For property management (lump sum basis), margin rose from 10.6% in 2022 to 14.0% in 2024 (which is now on par with SOE peers' average); (2) **payout increase with further upside**: in response to investors' rising requests, CPH (finally) started to increase dividend payout ratio in FY24 (up from 30-31% to 36%). That said, its payout ratio is still lower than most peers' average, but this suggests further upside (i.e., payout may be up to 40-50% in the future). Since CPH is not active in M&A, we believe the company may deploy the cash by paying out more dividend; (3) **control in receivables days**: despite an industry trend (rising receivables), CPH has worked on this issue, and in FY24, the number of receivables days has stabilized; (4) **delivery of stable earnings growth**: In FY24, CPH delivered a 12% Y/Y earnings growth, which is stable (though not as strong as peers like CR Mixc, at least this is not a huge miss to investors' expectations). Going forward, we expect a steady 10% earnings CAGR from FY24-27E. Admittedly, growth rate will turn slower due to a higher base and a lack of M&A (which is a good thing), but investors have likely expected a slower growth trajectory already. The importance here is managing expectations.

Figure 23: CPH – property management margin (lump sum basis) vs. SOE peers



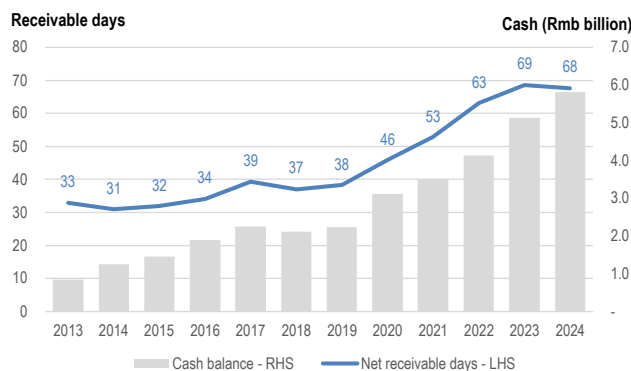
Source: Annual Reports FY21-24 from CPH, China Resources Mixc, Poly Property Services & Greentown Service.

Figure 24: CPH – Dividend payout ratio



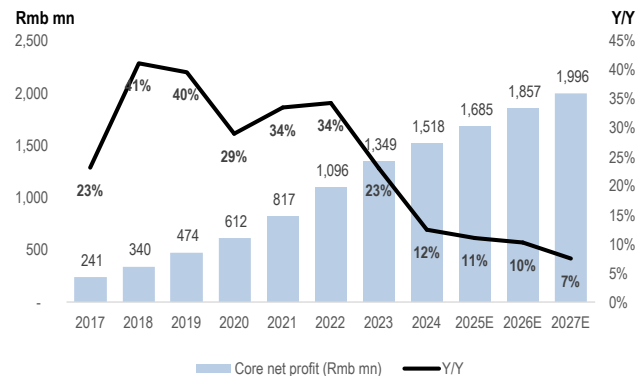
Source: Annual Reports FY20-24 from CPH.

Figure 25: CPH – Receivables days



Source: Annual Reports FY13 to FY24.

Figure 26: CPH – Core net profit



Source: Annual Reports FY17-24, J.P. Morgan estimates.

Trading at a discount to SOE peers, but this may narrow

CPH is now trading at a 9.5x 12-month forward P/E, which is lower than SOE peers (12-13x). The prior discount is understandable given the previous track record. However, as we believe management has demonstrated that they are working hard to rebuild confidence, we believe CPH deserves a second chance. While we think CPH should still trade at a discount to peers due to the previous subpar track record, we believe the gap should narrow.

Figure 27: CPH - 12m forward P/E time series



Source: Bloomberg Finance L.P., as of 1 April 2025

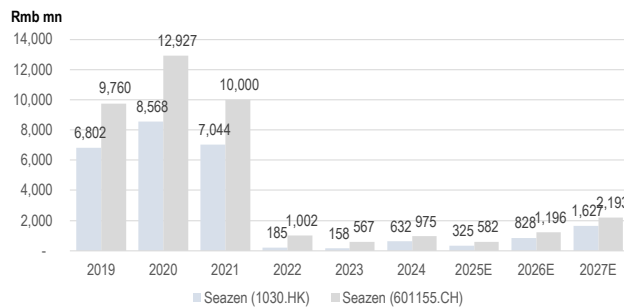
Seazen Group (1030.HK) & Seazen Holdings (601155.CH) – Signs of stabilization (but not yet out of the woods); upgrade to Neutral

We close our Underweight position & upgrade Seazen-H (1030.HK) & Seazen-A (601155.CH) from Underweight to Neutral. On the earnings side, we see stabilization as the build-up of recurring income should help offset the DP drag (with margin which is not as bad as feared). The key question on Seazen is still default risk. Interestingly, bond prices have already priced in a low risk of default. That said, we see deterioration in the balance sheet, and we believe the concern on liquidity risk is not yet completely over. Thus, we only upgrade to Neutral but not Overweight to factor in the potential risks. Our price target for Seazen-H (1030.HK) of HK\$1.95 is based on a target 1-year forward P/B of 0.3x (which is the mid-point between SOEs and distressed developers), and our price target for Seazen-A (601155.CH) of HK\$12.5 is based on a target 1-year forward P/B of 0.5x (typically A trades at 0.2x premium to H).

Signs of earnings stabilization

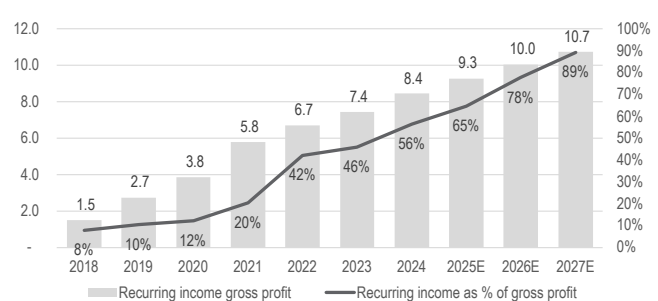
Similar to most peers, Seazen has seen a big slump in earnings. However, thanks to the build-up of recurring income (now 56% of gross profit), Seazen has managed to maintain a mildly positive core net profit (instead of a net loss). In FY24, core net profit of Rmb632 million (from 1030.HK's perspective) is even an improvement from FY23 (Rmb158 million). This is mostly due to a not-as-bad DP margin of 12% in FY24 (though it is down from 35% in FY18, this margin is still better than many POE peers like Longfor of 6% and Vanke of 7%). Impairment is also coming down. That said, DP will continue to be a drag to earnings, but as Seazen has not been acquiring new land, the company is essentially depleting its residential land bank, and will transform into a landlord in the future. If margin does not deteriorate much further, there is a chance that core net profit will remain positive in FY25-27E. That said, the biggest downside risk is indeed the margin trend of DP.

Figure 28: Seazen – Core net profit



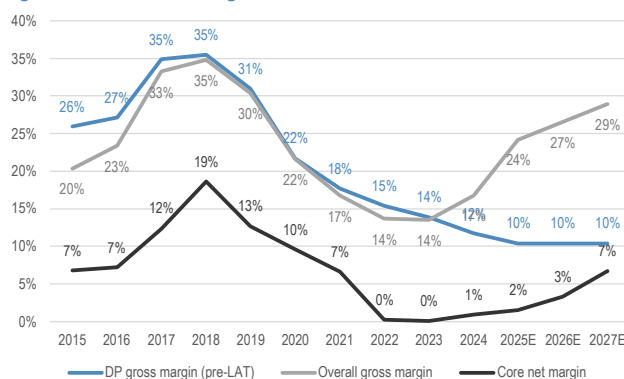
Source: Annual Reports FY19-24, J.P. Morgan estimates.

Figure 29: Seazen – Recurring income gross profit



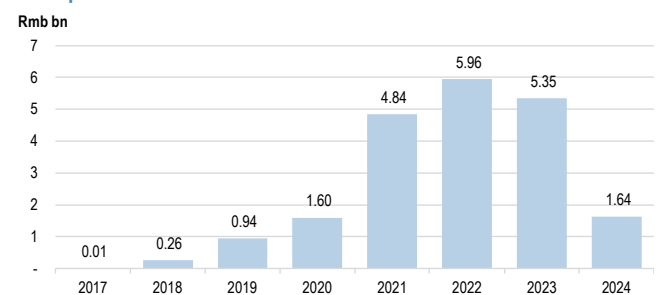
Source: Annual Reports FY18-24, J.P. Morgan estimates.

Figure 30: Seazen – Margin trend



Source: Annual Reports FY15-24, J.P. Morgan estimates.

Figure 31: Seazen – Provision for impairment of properties under development for sale



Source: Annual Reports FY17-24

Default risk seems to have abated

Interestingly, Seazen's USD bond prices have already recovered to >90cents on the dollar, suggesting the market is pricing in a low possibility of default. Recently, some investors we spoke to even raised the possibility of Seazen re-tapping the USD bond issuance market, after Greentown China successfully raised USD bond recently. If this is true, this would be good from a symbolic perspective (the first non-SOE developer to regain access to USD bond market). However, practically speaking, as Greentown's USD bond is priced at 8-9%, for Seazen, we think the cost might be >10% (vs. current average financing cost of 5.88%). This may also make investors wonder whether Seazen has already exhausted all possible onshore financing channels (which have lower costs).

Figure 32: Seazen - Offshore bond price movements

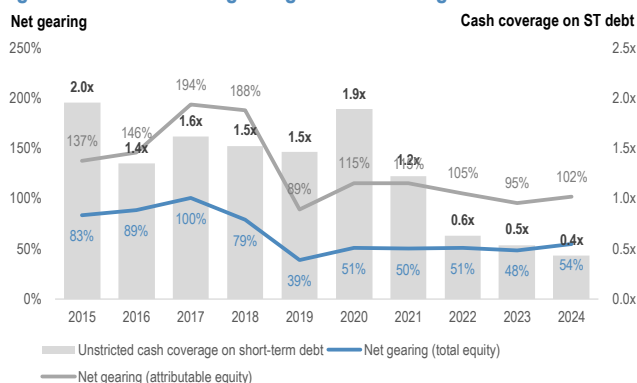


Source: Bloomberg Finance L.P., as of 1 April 2025

However, the balance sheet still suggests some risk

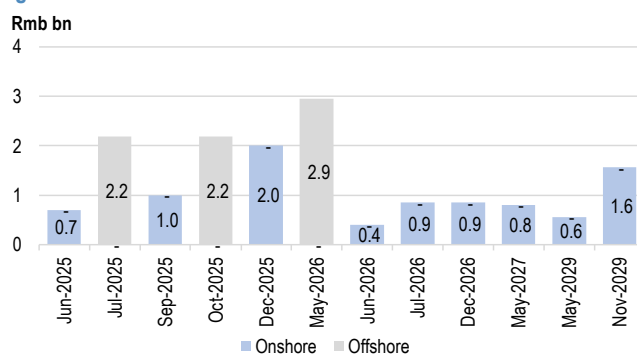
The one thing that prevents us from turning Overweight on Seazen is the balance sheet, which shows signs of deterioration. Although net gearing (on total equity) is 54%, which is not an alarming level, the cash coverage on short-term debt is just 0.4x as of FY24, further softening from 0.5x in FY23. Moreover, Seazen has been able to achieve refinancing & bond payments mostly due to the ability to pledge its investment properties for commercial property loans. However, as of end-2024, out of the Rmb121 billion book value of IP, Rmb102 billion has already been pledged. This, theoretically speaking, implies Seazen may raise another Rmb9.5 billion from the unpledged IP (assuming 50% LTV out of Rmb19 billion), vs. outstanding USD bonds of >Rmb7 billion.

Figure 33: Seazen – Net gearing & cash coverage on short-term debt



Source: Annual Reports FY15-24

Figure 34: Seazen – Public bond maturities



Source: Bloomberg Finance L.P., as of 1 April 2025

Another risk is the connected party transaction

On 31 March, S-Enjoy (1755.HK; not covered), the associated property manager which is owned by the same family, published an announcement, noting that FY24 results publication would be delayed, as the company discovered fund transactions with related parties which require further investigation and are subject to additional audit process of by the auditor. As of the time of writing, we are not sure what exactly happened and whether this is even related to Seazen. However, by “related

parties”, we think there is a possibility that this might be related to Seazen. Accordingly, due to the uncertainty, the share price reacted negatively.

Share price performance post-results

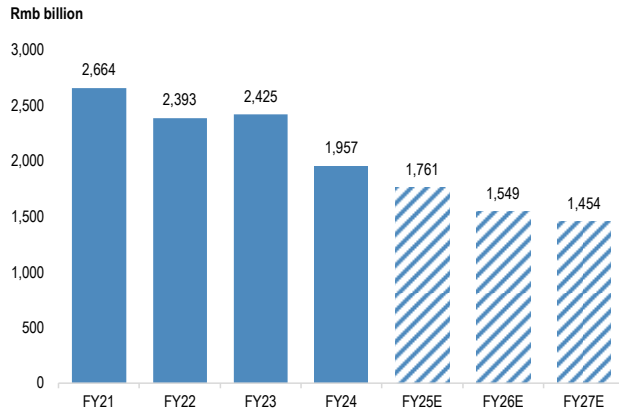
Table 6: Share price performance post upside/downside surprises in FY24 results

				Absolute		Relative	
Company	Date	Results	Details	1-day	1-week	1-day	1-week
CR Land	26-Mar-25	Beat	Better-than-feared margin	2%	2%	1%	3%
CR Mixc	26-Mar-25	Beat	Dividend payout raise	11%	10%	10%	12%
China Overseas PH	27-Mar-25	Beat	Dividend payout beat	3%	1%	3%	2%
Greentown Service	21-Mar-25	Beat	Earnings & dividend beat	-3%	4%	-4%	5%
Poly Prop Services	31-Mar-25	Beat	Earnings & dividend beat	-3%	-3%	-1%	-1%
Upside surprise				2%	3%	2%	4%
China Merchants Shekou	17-Mar-25	In line		-1%	-3%	-3%	-2%
China Vanke - H	31-Mar-25	In line		0%	0%	0%	0%
China Vanke - A	31-Mar-25	In line		1%	1%	1%	1%
In line				0%	-1%	-1%	0%
COLI	31-Mar-25	Miss	Mild miss in earnings	-6%	-6%	-4%	-4%
Longfor	28-Mar-25	Miss	Worse than expected margin guidance	1%	-4%	1%	-2%
Downside surprise				-3%	-5%	-2%	-3%

Source: Bloomberg Finance L.P. as of the dates above.

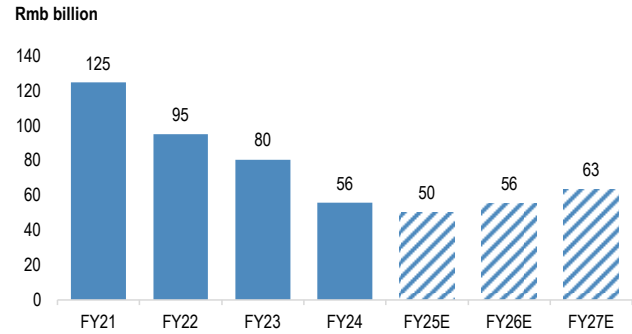
Developers – results review

Figure 35: Developers' aggregate revenue



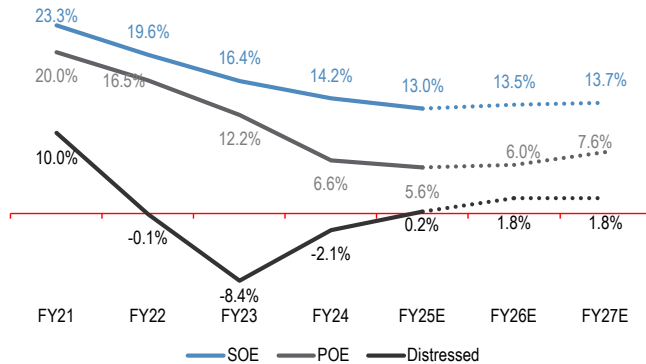
Source: Company announcements FY19-FY24, J.P. Morgan estimates.
Note: Based on China developers under JPM coverage only.

Figure 36: Developers' aggregate core net profit



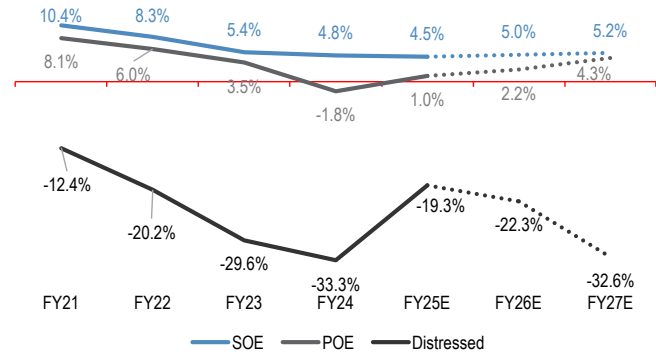
Source: Company announcements FY19-FY24, J.P. Morgan estimates.
Note: Based on China developers under JPM coverage only, excluding net loss.

Figure 37: Developers' gross development margin by type



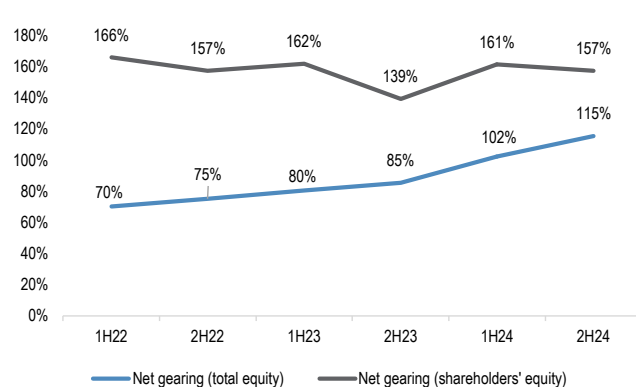
Source: Company announcements FY19-FY24, J.P. Morgan estimates

Figure 38: Developers' core net margin by type



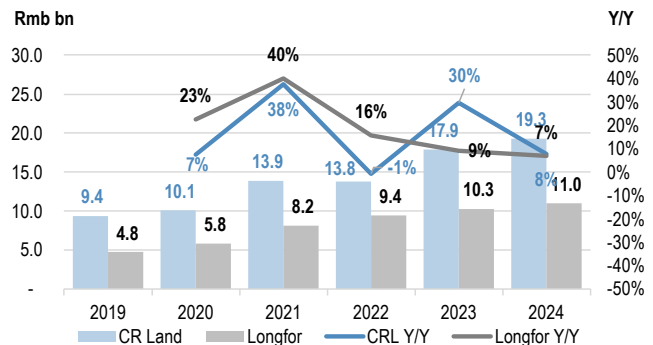
Source: Company announcements FY19-FY24, J.P. Morgan estimates

Figure 39: Developers' net gearing



Source: Company interim and annual results announcements, 1H22 – 2024.

Figure 40: Developers' rental income



Source: Company annual results announcements, FY2019 – 2024.

Profit & loss

Table 7: Major developers' revenue

	Revenue (Rmb billion)							YoY						
	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
China Resources Land	212	207	251	279	293	289	293	18%	-2%	21%	11%	5%	-1%	2%
China Overseas Land	242	180	203	185	188	182	192	30%	-26%	12%	-9%	1%	-3%	6%
Poly Developments - A*	285	281	347	313	302	291	278	17%	-1%	23%	-10%	-4%	-4%	-5%
China Merchants Shekou - A	161	183	175	179	166	154	163	24%	14%	-4%	2%	-7%	-7%	6%
China Jinmao	89	80	69	55	53	55	58	46%	-10%	-14%	-21%	-4%	5%	5%
Yuexiu Property	57	72	78	83	-	-	-	25%	26%	9%	7%	-	-	-
Greentown China	100	127	131	159	-	-	-	52%	27%	3%	21%	-	-	-
C&D International	55	100	134	143	-	-	-	28%	83%	35%	6%	-	-	-
SOE Average								24%	-6%	12%	-3%	-1%	-3%	1%
China Vanke	453	504	466	343	250	207	180	8%	11%	-8%	-26%	-27%	-17%	-13%
Longfor	223	251	181	127	99	95	94	21%	12%	-28%	-29%	-22%	-5%	0%
Seazen	170	117	119	89	86	71	61	16%	-31%	3%	-25%	-4%	-16%	-15%
POE Average								13%	3%	-12%	-27%	-22%	-14%	-10%
Country Garden	523	430	401	253	152	94	63	13%	-18%	-7%	-37%	-40%	-38%	-33%
Sunac China	198	97	154	74	120	64	29	-14%	-51%	59%	-52%	62%	-46%	-54%
Shimao Group	108	63	59	60	53	47	42	-20%	-42%	-6%	1%	-11%	-11%	-12%
Distressed Average								0%	-29%	4%	-37%	-16%	-37%	-35%
Overall	2,664	2,393	2,425	1,957	1,761	1,549	1,454	12%	-10%	1%	-19%	-10%	-12%	-6%

Source: Company annual reports, FY2021 – 2024; J.P. Morgan estimates (as of 1 April 2025).

Note: *Poly Developments has not yet announced FY24 results. The FY24 numbers are J.P. Morgan estimates.

Table 8: Major developers' core net profit

	Core Net Profit (Rmb billion)							YoY						
	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
China Resources Land	26.6	27.0	27.8	25.4	24.4	25.4	27.2	10%	2%	3%	-8%	-4%	4%	7%
China Overseas Land	33.9	24.4	23.6	15.7	15.0	16.7	18.2	-3%	-28%	-3%	-34%	-4%	11%	9%
Poly Developments - A*	26.8	17.9	11.8	4.5	3.7	3.5	3.4	-5%	-33%	-34%	-62%	-17%	-6%	-3%
China Merchants Shekou - A	8.9	3.4	5.7	2.4	2.6	3.0	3.4	-2%	-62%	69%	-57%	5%	17%	12%
China Jinmao	5.1	0.4	-7.0	0.8	1.1	1.3	1.6	-21%	-92%	-	-	41%	21%	19%
Yuexiu Property	4.2	4.2	3.5	1.6	-	-	-	3%	2%	-18%	-54%	-	-	-
Greentown China	5.8	6.4	6.4	7.0	-	-	-	44%	11%	0%	9%	-	-	-
C&D International	3.5	4.9	5.0	4.3	-	-	-	52%	40%	2%	-15%	-	-	-
SOE Average								-1%	-28%	-15%	-21%	-4%	7%	8%
China Vanke	22.4	19.8	9.8	-45.4	-15.6	-14.4	-12.7	-47%	-11%	-51%	-	-	-	-
Longfor	21.6	22.5	11.4	7.0	3.9	5.9	9.4	21%	4%	-50%	-39%	-44%	53%	58%
Seazen	7.0	0.2	0.2	0.6	0.6	1.0	1.7	-18%	-97%	-15%	301%	-1%	57%	70%
POE Average								-26%	-17%	-50%	-	-	-33%	-77%
Country Garden	26.9	2.6	-175.4	-30.3	-25.5	-20.4	-16.7	-17%	-90%	-	-	-	-	-
Sunac China	-32.2	-20.8	-0.2	-19.3	-20.5	-13.4	-12.9	-	-	-	-	-	-	-
Shimao Group	-28.9	-12.1	-14.8	-31.6	-8.2	-7.1	-6.2	-	-	-	-	-	-	-
Distressed Average								-	-	-	-	-	-	-
Overall (excl. net loss)	124.9	95.4	80.5	55.7	50.2	55.5	63.2	2%	-24%	-16%	-31%	-10%	11%	14%

Source: Company annual reports, FY2021 – 2024; J.P. Morgan estimates (as of 1 April 2025).

Note: *Poly Developments has not yet announced FY24 results. The FY24 numbers are J.P. Morgan estimates.

Table 9: Developers' impairment losses (FY24)

	Impairment provision (Rmb bn)	As % of COGS	As % of property under development
China Resources Land	0.8	0.3%	0.2%
China Overseas Land	1.6	1.0%	0.4%
China Merchants Shekou - A	3.6	2.3%	1.1%
China Jinmao	1.3	2.5%	1.5%
Yuexiu	2.3	3.1%	1.0%
Greentown	4.0	2.9%	1.6%
C&D	3.7	3.0%	1.5%
SOE		2.2%	1.0%
China Vanke	8.1	2.6%	1.6%
Longfor	1.0	0.9%	0.4%
Seazen	1.6	2.2%	1.7%
POE		1.9%	1.2%
Country Garden	4.3	1.7%	0.7%
Shimao	11.4	17.4%	5.1%
Sunac	4.7	6.6%	0.9%
Distressed		8.6%	2.3%
Average		3.6%	1.4%

Source: Company annual results announcements FY24

Margin

Table 10: Developers – pre-LAT gross development margin

	Development margin (Pre-LAT)						
	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
China Resources Land	23.7%	23.0%	20.7%	16.8%	13.7%	13.8%	14.0%
China Overseas Land	23.2%	20.5%	19.4%	16.5%	13.5%	15.2%	15.4%
Poly Developments*	27.1%	21.8%	16.3%	12.1%	11.4%	10.9%	10.9%
China Merchants Shekou	27.0%	21.1%	17.1%	15.6%	15.6%	16.4%	16.8%
China Jinmao	15.5%	11.8%	8.5%	10.3%	10.7%	11.1%	11.5%
Yuexiu Property	23.3%	21.5%	14.6%	9.2%	-	-	-
Greentown China	17.5%	16.3%	11.3%	11.7%	-	-	-
C&D International	26.8%	13.8%	10.1%	12.6%	-	-	-
SOE Average	23.3%	19.6%	16.4%	14.2%	13.0%	13.5%	13.7%
China Vanke	21.0%	19.7%	14.6%	7.2%	7.1%	6.9%	6.7%
Longfor	23.0%	17.9%	11.1%	6.1%	1.2%	3.5%	9.3%
Seazen	16.0%	11.9%	11.0%	6.5%	8.6%	7.7%	6.7%
POE Average	20.0%	16.5%	12.2%	6.6%	5.6%	6.0%	7.6%
Country Garden	17.2%	6.9%	-23.5%	-1.2%	-1.1%	-1.1%	-1.1%
Shimao	15.7%	-4.7%	1.2%	-5.8%	3.0%	3.0%	3.0%
SUNAC	-3.0%	-2.5%	-2.7%	0.7%	-1.4%	3.6%	3.6%
Distressed Average	10.0%	-0.1%	-8.4%	-2.1%	0.2%	1.8%	1.8%
Average	18.8%	13.4%	8.5%	7.7%	7.5%	8.3%	8.8%

Source: Company announcements FY21-FY24, J.P. Morgan estimates. Note: peers average excluded distressed companies. *Poly Developments has not yet announced FY24 results. The FY24 numbers are J.P. Morgan estimates.

Table 11: Developers – core net margin

	Core net margin (before MI)						
	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
China Resources Land	12.9%	13.1%	12.5%	11.9%	10.5%	10.9%	11.4%
China Overseas Land	13.7%	13.0%	11.6%	9.3%	8.5%	9.8%	10.1%
Poly Developments*	10.7%	8.1%	4.5%	1.4%	0.9%	0.6%	0.6%
China Merchants Shekou	7.5%	3.7%	3.9%	0.5%	1.2%	1.5%	1.8%
China Jinmao	7.3%	3.8%	-5.6%	1.0%	1.5%	1.9%	2.3%
Yuexiu Property	7.8%	8.8%	6.0%	1.9%	-	-	-
Greentown China	7.5%	8.5%	5.9%	6.4%	-	-	-
C&D International	5.9%	3.5%	4.1%	3.7%	-	-	-
SOE Average	10.4%	8.3%	5.4%	4.8%	4.5%	5.0%	5.2%
China Vanke	7.3%	7.1%	3.9%	-12.1%	-4.7%	-5.2%	-5.1%
Longfor	11.9%	11.8%	7.8%	6.2%	5.9%	8.6%	12.5%
Seazen	5.1%	-0.7%	-1.2%	0.6%	1.9%	3.1%	5.6%
POE Average	8.1%	6.0%	3.5%	-1.8%	1.0%	2.2%	4.3%
Country Garden	6.9%	0.5%	-49.4%	-13.6%	-18.4%	-23.3%	-28.2%
Shimao	-25.3%	-34.4%	-35.7%	-60.2%	-19.4%	-19.4%	-20.0%
SUNAC	-18.8%	-26.6%	-3.5%	-26.2%	-20.1%	-24.2%	-49.7%
Distressed Average	-12.4%	-20.2%	-29.6%	-33.3%	-19.3%	-22.3%	-32.6%
Average (excl. distressed)	9.5%	7.5%	4.7%	2.3%	3.2%	3.9%	4.9%

Source: Company announcements FY21-FY24, J.P. Morgan estimates. Note: peers average excluded distressed companies. *Poly Developments has not yet announced FY24 results. The FY24 numbers are J.P. Morgan estimates.

Balance Sheet

Table 12: China developers – Three red lines (FY24)

	Liabilities-to-assets ratio (Threshold: <70%)	Net gearing (Threshold: <100%)	Cash on ST debt (Threshold: >1x)	No. of violations
CR Land	57%	32%	1.5x	0
COLI	48%	29%	3.5x	0
China Merchants Shekou	62%	56%	1.6x	0
Poly Development	66%	66%	1.2x	0
Jinmao	68%	94%	1.4x	0
Yuxiu	68%	52%	2.1x	0
C&D	59%	32%	4.7x	0
Greentown	69%	57%	1.4x	0
SOE avg.	62%	52%	2.2x	
Vanke	69%	81%	0.2x	1
Longfor	57%	52%	1.0x	0
Seazen	66%	54%	0.4x	1
Non-distressed avg.	64%	62%	0.6x	
Country Garden	74%	436%	0.0x	3
SUNAC	92%	435%	0.0x	3
Shimao	99%	7062%	0.0x	3
Distressed avg.	96%	3749%	0.0x	

Source: Company annual results announcements, FY2024; J.P. Morgan estimates (as of 1 April 2025).

Note: Net gearing in this table does not consider perpetual capital securities as debt. *Poly Developments has not yet announced FY24 results. The FY24 numbers are J.P. Morgan estimates.

Table 13: China developers – Net gearing on total equity (considering perpetual capital securities as debt)

Company	Net gearing based on total equity (as of)					
	1H22	2H22	1H23	2H23	1H24	2H24
China Resources Land	35%	35%	26%	31%	32%	32%
China Overseas Land	39%	43%	36%	39%	39%	29%
Poly Developments - A*	64%	64%	63%	61%	66%	58%
China Merchants Shekou - A	49%	48%	47%	55%	59%	50%
China Jinmao	76%	81%	79%	84%	124%	126%
Yuexiu	60%	63%	53%	57%	60%	54%
Greentown	67%	60%	69%	64%	67%	57%
C&D	112%	87%	57%	54%	66%	49%
SOE Average	63%	60%	54%	55%	64%	57%
China Vanke	36%	44%	49%	55%	62%	81%
Longfor	55%	58%	57%	56%	57%	52%
Seazen	48%	51%	48%	48%	51%	54%
POE Average	46%	51%	52%	53%	57%	62%
Country Garden	48%	40%	50%	210%	277%	436%
Sunac China	233%	302%	413%	302%	380%	435%
Shimao	225%	311%	384%	491%	969%	7062%
Distressed Average	169%	218%	282%	334%	542%	2645%
Overall	71%	75%	81%	86%	103%	116%

Source: Company interim and annual results announcements, 1H22 – 2024.

Note: Net gearing in this table considers perpetual capital securities as debt. Peers average excluded Shimao. *Poly Developments has not yet announced 2H24 results and the numbers are J.P. Morgan estimates

Table 14: China developers – Net gearing on shareholders' equity (considering perpetual capital securities as debt)

Company	Net gearing based on shareholders equity (as of)					
	1H22	2H22	1H23	2H23	1H24	2H24
China Resources Land	47%	49%	37%	45%	47%	46%
China Overseas Land	41%	45%	38%	41%	41%	31%
Poly Developments - A*	126%	114%	108%	110%	117%	100%
China Merchants Shekou - A	145%	138%	128%	125%	141%	127%
China Jinmao	166%	192%	195%	238%	306%	305%
Yuexiu	98%	112%	92%	105%	112%	102%
Greentown	202%	186%	201%	201%	199%	177%
C&D	554%	328%	239%	143%	198%	127%
SOE Average	172%	146%	129%	126%	145%	127%
China Vanke	59%	73%	80%	88%	99%	136%
Longfor	101%	95%	92%	87%	87%	79%
Seazen	105%	105%	97%	95%	97%	102%
POE Average	89%	91%	90%	90%	95%	105%
Country Garden	74%	61%	82%	716%	1476%	-ve equity
Sunac China	368%	446%	647%	406%	525%	592%
Shimao	434%	662%	1014%	1659%	-ve equity	-ve equity
Distressed Average	221%	253%	365%	561%	1001%	592%
Overall	168%	157%	163%	140%	164%	160%

Source: Company interim and annual results announcements, 1H22 – 2024.

Note: Net gearing in this table considers perpetual capital securities as debt. Peers average excluded Country Garden and Shimao. *Poly Developments has not yet announced 2H24 results and the numbers are J.P. Morgan estimates

Dividend

Table 15: Developers – full year dividend

Company	Ticker	Full-year DPS (HK\$)		FY24 Y/Y	Full-year Payout ratio (on core net profit)	
		2023	2024		2023	2024
China Resources Land	1109.HK	1.56	1.42	-9%	37%	37%
China Overseas Land	0688.HK	0.80	0.60	-25%	32%	38%
China Merchants Shekou - A (Rmb)	001979.CH	0.32	0.19	-40%	51%	71%
China Jinmao	0817.HK	0.02	0.03	100%	-	39%
Yuexiu	0123.HK	0.38	0.19	-50%	44%	44%
Greentown*	3900.HK	0.49	0.34	-30%	35%	48%
C&D*	1908.HK	1.30	1.20	-8%	51%	53%
SOE avg.				-27%	42%	48%
China Vanke - H	2202.HK	0.00	0.00	-	0%	0%
Longfor	0960.HK	0.59	0.34	-42%	32%	31%
Seazen	1030.HK	0.00	0.00	-	0%	0%
Non-distressed Quasi-SOE / POE avg.				-42%	11%	10%
Country Garden	2007.HK	0.00	0.00	-	0%	0%
Shimao	0813.HK	0.00	0.00	-	0%	0%
Sunac	1918.HK	0.00	0.00	-	0%	0%
Distressed avg.				-	0%	0%

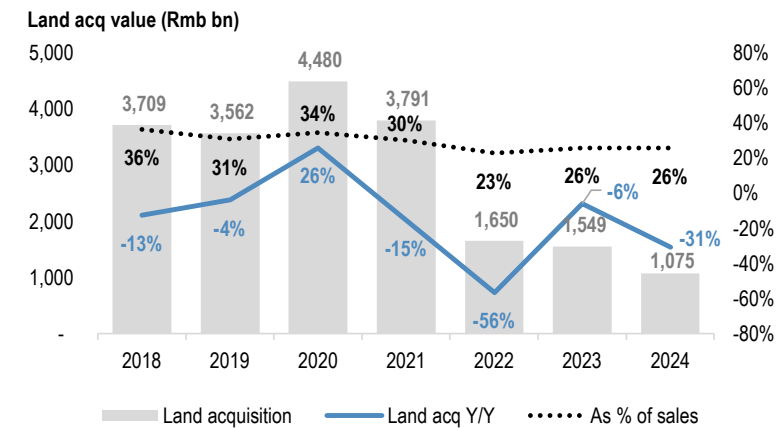
Source: Company results announcements FY24, J.P. Morgan estimates.

Note:

- (1) SOE avg. excludes China Jinmao
- (2) Except China Merchants Shekou where DPS is represented in RMB, all are presented in HKD.
- (3) Payout ratios are calculated in RMB based on companies' own dividend payout policies

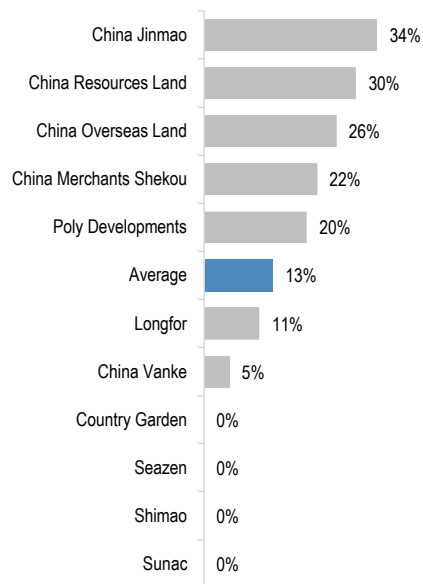
Land acquisitions

Figure 41: Top 100 developers' land acquisitions in 2024 and as % of sales



Source: CRIC 2018-2024.

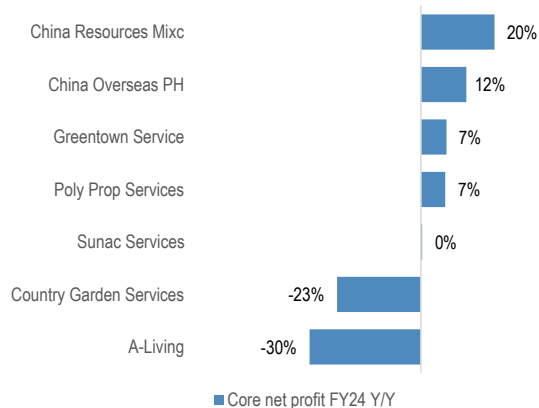
Figure 42: Developers – FY24 land acquisitions vs. sales (by value)



Source: Company announcements as of FY24, CRIC

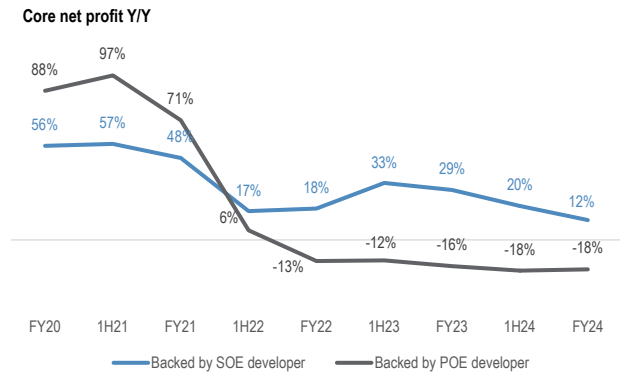
Property management – FY24 results review

Figure 43: Property Management - FY24 core net profit Y/Y



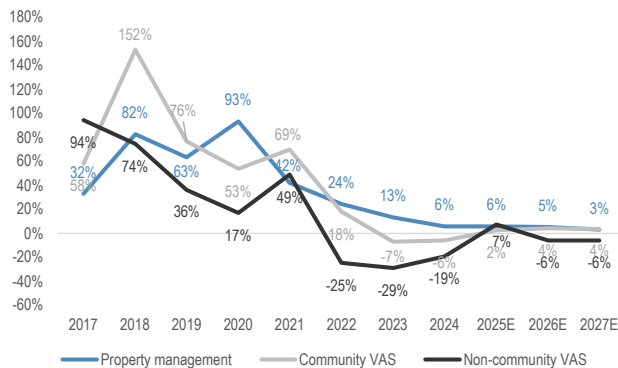
Source: Company announcements FY24, J.P. Morgan estimates.

Figure 44: Property Management - Core net profit Y/Y growth



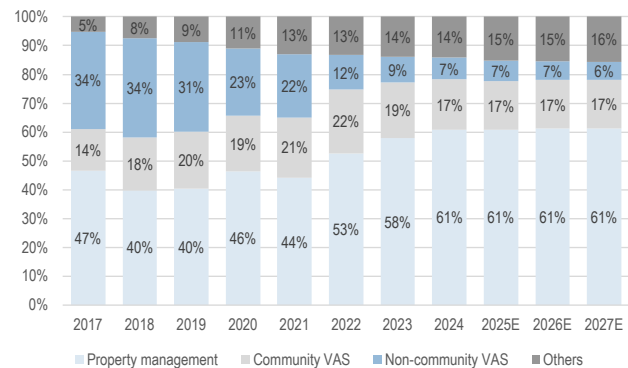
Source: Company announcements FY20-FY24, J.P. Morgan estimates.

Figure 45: Property Management – Gross profit Y/Y growth by business segment



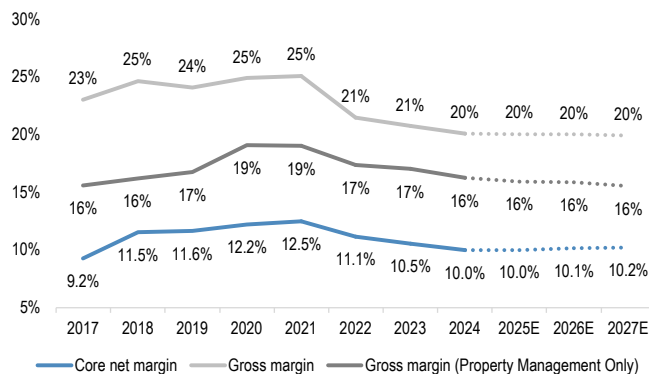
Source: Company annual results announcements, FY2017 – 2024; J.P. Morgan estimates (as of 1 April 2025).

Figure 46: Property Management – Gross profit breakdown by business segment



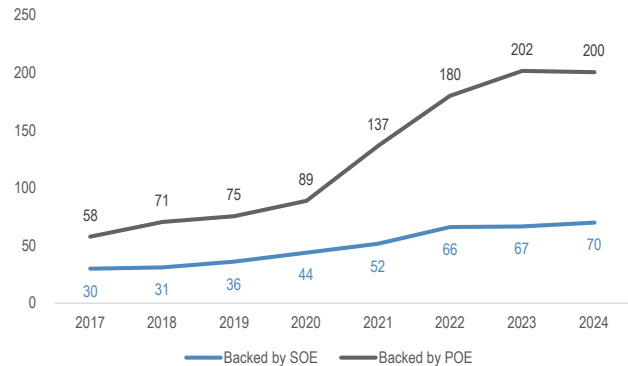
Source: Company annual results announcements, FY2017 – 2024; J.P. Morgan estimates (as of 1 April 2025).

Figure 47: Property Management –margin trend



Source: Company announcements FY17-FY24, J.P. Morgan estimates.

Figure 48: Property Management – Net receivable days



Source: Company annual results announcements, FY2017 – 2024

Profit & loss

Table 16: Property Management – Core net profit

Company	Rmb million							Y/Y						
	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
China Resources Mixc	1,650	2,225	2,920	3,507	4,051	4,524	5,000	105%	35%	31%	20%	16%	12%	11%
China Overseas PH	817	1,096	1,349	1,518	1,683	1,857	2,000	34%	34%	23%	12%	11%	10%	8%
Poly Prop Services	847	1,087	1,377	1,469	1,564	1,663	1,758	31%	28%	27%	7%	6%	6%	6%
Greentown Service	750	572	780	834	1,028	1,179	1,297	24%	-24%	36%	7%	23%	15%	10%
Backed by SOE developer								48%	18%	29%	12%	14%	11%	8%
Country Garden Services	4,461	4,946	3,940	3,038	3,062	3,089	3,041	56%	11%	-20%	-23%	1%	1%	-2%
A-Living	2,311	2,227	1,552	1,080	983	942	932	29%	-4%	-30%	-30%	-9%	-4%	-1%
Sunac Services	1,402	763	793	796	746	743	758	127%	-46%	4%	0%	-6%	-1%	2%
Backed by POE developer								71%	-13%	-16%	-18%	-5%	-1%	0%
Overall								58%	5%	10%	-1%	6%	6%	5%

Source: Company annual results announcements, FY2021 – 2024; J.P. Morgan estimates (as of 1 April 2025).

Table 17: Property Management – Revenue

Company	Rmb million							Y/Y						
	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
China Resources Mixc	8,875	12,016	14,767	17,043	19,079	20,640	22,371	31%	35%	23%	15%	12%	8%	8%
China Overseas PH	7,822	10,900	13,051	14,024	15,472	17,039	18,627	38%	39%	20%	7%	10%	10%	9%
Poly Prop Services	10,783	13,687	15,062	16,342	17,639	18,807	19,983	34%	27%	10%	9%	8%	7%	6%
Greentown Service	12,566	14,856	16,812	17,893	19,485	20,542	21,469	24%	18%	13%	6%	9%	5%	5%
Backed by SOE developer								32%	30%	16%	9%	10%	8%	7%
Country Garden Services	28,843	41,367	42,612	43,993	45,260	46,472	47,805	85%	43%	3%	3%	3%	3%	3%
A-Living	14,080	15,379	15,443	13,867	14,235	14,012	13,895	40%	9%	0%	-10%	3%	-2%	-1%
Sunac Services	7,904	7,126	7,010	6,970	7,252	7,406	7,424	71%	-10%	-2%	-1%	4%	2%	0%
Backed by POE developer								65%	14%	1%	-3%	3%	1%	1%
Overall								46%	23%	10%	4%	7%	5%	4%

Source: Company annual results announcements, FY2021 – 2024; J.P. Morgan estimates (as of 1 April 2025).

Margin

Table 18: Property Management – Overall gross margin

%	2021	2022	2023	2024	2025E	2026E	2027E
China Resources Mixc	31.1%	30.1%	31.8%	32.9%	33.5%	34.2%	34.9%
China Overseas PH	17.4%	15.9%	15.9%	16.6%	17.1%	17.1%	16.8%
Poly Prop Services	18.7%	18.8%	19.6%	18.3%	18.1%	18.1%	18.0%
Greentown Service	18.5%	16.2%	16.4%	16.8%	17.3%	17.8%	18.2%
Backed by SOE developer	21.4%	20.2%	20.9%	21.1%	21.5%	21.8%	22.0%
Country Garden Services	30.7%	24.8%	20.5%	19.1%	19.0%	18.8%	18.0%
A-Living	27.5%	22.0%	17.1%	15.0%	14.3%	14.1%	14.1%
Sunac Services	31.5%	22.5%	23.8%	21.9%	20.9%	19.9%	19.4%
Backed by POE developer	29.9%	23.1%	20.5%	18.7%	18.1%	17.6%	17.2%
Average	25.1%	21.5%	20.7%	20.1%	20.0%	20.0%	19.9%

Source: Company announcements FY2021-FY2024, J.P. Morgan estimates (as of 1 April 2025).

Table 19: Property Management – Gross margin (property management only)

%	2021	2022	2023	2024	2025E	2026E	2027E
China Resources Mixc	15.0%	14.0%	14.0%	14.4%	14.2%	14.5%	14.3%
China Overseas PH	14.9%	13.4%	15.0%	16.0%	16.7%	16.7%	16.4%
Poly Prop Services	14.3%	14.2%	14.6%	14.3%	14.2%	14.2%	14.2%
Greentown Service	12.5%	12.1%	13.0%	13.7%	13.9%	14.3%	14.6%
Backed by SOE developer	14.2%	13.4%	14.1%	14.6%	14.7%	14.9%	14.9%
Country Garden Services	30.3%	25.5%	22.1%	20.3%	20.0%	19.9%	18.6%
A-Living	20.1%	19.1%	16.4%	14.0%	13.6%	13.4%	13.4%
Sunac Services	25.7%	23.0%	23.8%	20.9%	18.8%	17.7%	17.2%
Backed by POE developer	25.4%	22.6%	20.8%	18.4%	17.4%	17.0%	16.4%
Average	19.0%	17.3%	17.0%	16.2%	15.9%	15.8%	15.5%

Source: Company announcements FY2021-FY2024, J.P. Morgan estimates (as of 1 April 2025).

Table 20: Property Management – Core net margin

%	2021	2022	2023	2024	2025E	2026E	2027E
China Resources Mixc	18.6%	18.5%	19.8%	20.6%	21.2%	21.9%	22.4%
China Overseas PH	10.4%	10.1%	10.3%	10.8%	10.9%	10.9%	10.7%
Poly Prop Services	7.9%	7.9%	9.1%	9.0%	8.9%	8.8%	8.8%
Greentown Service	6.0%	3.9%	4.6%	4.7%	5.3%	5.7%	6.0%
Backed by SOE developer	10.7%	10.1%	11.0%	11.3%	11.6%	11.9%	12.0%
Country Garden Services	15.5%	12.0%	9.2%	6.9%	6.8%	6.6%	6.4%
A-Living	16.4%	14.5%	10.0%	7.8%	6.9%	6.7%	6.7%
Sunac Services	17.7%	10.7%	11.3%	11.4%	10.3%	10.0%	10.2%
Backed by POE developer	16.5%	12.4%	10.2%	8.7%	8.0%	7.8%	7.8%
Average	13.2%	11.1%	10.6%	10.2%	10.0%	10.1%	10.2%

Source: Company announcements FY2021-FY2024, J.P. Morgan estimates (as of 1 April 2025).

Table 21: Property Management – Net receivable days

	2017	2018	2019	2020	2021	2022	2023	2024
China Resources Mixc	22	35	37	44	43	47	49	51
China Overseas PH	39	37	38	46	53	63	69	68
Poly Prop Services	25	17	24	40	48	60	57	63
Greentown Service	32	36	44	46	62	95	93	99
Backed by SOE	30	31	36	44	52	66	67	70
Country Garden Services	43	44	60	99	130	136	140	147
A-Living	62	90	91	82	94	146	157	115
Sunac Services	68	78	76	86	186	259	308	340
Backed by POE	58	71	75	89	137	180	202	200

Source: Company annual results announcements, FY2017 – 2024.

Dividend

Table 22: Property Management – Full year dividend payout

(Rmb)		Full year DPS		Payout ratio		DPS Y/Y	
Company	Ticker	FY23	FY24	FY23	FY24	FY23	FY24
China Resources Mixc	1209 HK	0.70	2.11	100%	100%	-12%	200%
China Overseas PH	2669 HK	0.13	0.17	31%	36%	24%	32%
Poly Prop Services	6049 HK	1.00	1.33	40%	50%	98%	33%
Greentown Service*	2869 HK	0.13	0.18	71%	74%	58%	37%
Backed by SOE developer				60%	65%	42%	76%
Country Garden Services	6098 HK	0.29	0.30	25%	33%	-21%	1%
A-Living	3319 HK	0.09	0.06	8%	8%	-	-29%
Sunac Services	1516 HK	0.38	0.14	146%	55%	176%	-62%
Backed by POE developer				60%	32%	78%	-30%
Average				60%	51%	54%	30%

Source: Company announcements FY23-FY24, J.P. Morgan estimates.

Note: payout ratio based on core EPS. *Greentown Service payout ratio based on reported EPS

Valuation summary

Table 23: China Property – Valuation summary

Company	Stock Code	JPM Rating	JPM Price Target	Last Close (HK\$)	Market Cap US\$M	ADV US\$M	P/E		Dvd Yield		P/B		Share price return			
							1FY (x)	2FY (x)	1FY (%)	2FY (%)	1FY (x)	2FY (x)	5D	1M	YTD	3Y
Mainland China Developers																
China Resources Land	1109.HK	OW	30.00	25.90	23,737	60.8	7.1	6.8	5.2%	5.4%	0.6	0.5	2%	0%	15%	-19%
China Overseas Land	0688.HK	OW	16.50	13.28	18,680	49.7	9.0	8.1	4.4%	4.8%	0.3	0.4	-6%	-8%	7%	-33%
China Jinmao	0817.HK	OW	1.55	1.25	2,170	6.3	14.4	11.8	3.0%	3.6%	0.4	0.4	9%	13%	28%	-40%
C&D International	1908.HK	NC	-	16.42	4,257	5.2	6.5	6.0	7.5%	7.8%	0.9	0.7	4%	6%	26%	16%
Greentown China	3900.HK	NC	-	11.34	3,694	22.1	9.7	10.4	4.7%	6.2%	0.6	0.6	-6%	-1%	22%	-7%
Yuexiu Property	123.HK	NC	-	4.95	2,561	8.8	5.3	8.3	6.8%	5.9%	0.3	0.3	-6%	-6%	-3%	-19%
SOEs						45.6	8.1	7.7	5.0%	5.4%	0.5	0.5	-1%	-2%	13%	-21%
China Vanke - H	2202.HK	UW	3.30	5.52	11,075	49.6	-	-	-	-	0.3	0.4	-2%	-16%	4%	-67%
Longfor	0960.HK	OW	14.00	9.83	8,702	32.5	16.4	10.2	1.9%	3.1%	0.4	0.4	-3%	-8%	1%	-71%
Seazen Group	1030.HK	N	1.95	1.94	1,762	6.1	-	-	-	-	0.3	0.3	-5%	-8%	7%	-55%
POEs						39.1	6.6	4.1	0.8%	1.2%	0.3	0.4	-3%	-12%	3%	-68%
Country Garden	2007.HK	UW	0.40	0.47	1,673	8.4	-	-	-	-	-	-	1%	-7%	-4%	-92%
Sunac China	1918.HK	UW	0.50	1.52	1,925	85.1	-	-	-	-	0.5	1.0	-4%	-33%	-34%	-67%
Shimao	0813.HK	UW	0.25	0.85	415	2.6	-	-	-	-	-	-	-11%	-33%	-17%	-81%
Agile	3383.HK	NC	-	0.50	324	0.8	-	-	-	-	0.1	-	-11%	-26%	-32%	-87%
Logan	3380.HK	NC	-	0.93	680	1.3	-	-	-	-	-	-	-1%	-11%	-13%	-60%
CIFI	884.HK	NC	-	0.25	333	1.2	-	-	-	-	0.2	-	-1%	-10%	-13%	-94%
R&F	2777.HK	NC	-	1.08	521	3.1	-	-	-	-	-	-	2%	-24%	-21%	-62%
Distressed						31.0	-	-	-	-	0.2	0.3	-2%	-21%	-20%	-76%
Poly Developments - A	600048.SS	OW	10.00	8.24	13,567	137.6	26.5	28.1	1.5%	1.4%	0.5	0.5	-3%	-5%	-7%	-49%
China Merchants Shekou - A	001979.SZ	OW	10.50	9.35	11,653	87.7	32.9	28.0	2.1%	2.4%	0.8	0.8	-1%	-5%	-9%	-34%
China Vanke - A	000002.SZ	UW	5.50	7.11	11,075	181.3	-	-	-	-	0.5	0.5	-1%	-8%	-2%	-62%
Seazen Holdings - A	601155.SS	N	12.50	12.41	3,850	25.8	-	-	-	-	0.5	0.4	-5%	-8%	4%	-63%
Binjiang - A	002244.SZ	NC	-	10.07	4,027	45.6	9.4	9.3	2.0%	2.4%	1.0	0.9	-5%	-7%	17%	51%
Gemdale - A	600383.SS	NC	-	4.48	2,599	57.5	-	-	-	-	0.3	0.3	-2%	-6%	2%	-67%
Greenland - A	600606.SS	NC	-	1.82	3,287	21.0	-	-	-	-	-	-	0%	-4%	-13%	-64%
Shenzhen OCT - A	000069.SZ	NC	-	2.51	2,593	14.5	-	-	-	-	-	-	2%	2%	-6%	-67%
A-shares						103.2	22.9	21.8	1.9%	2.1%	0.6	0.6	-2%	-6%	-6%	-61%
Mainland China Developers (Overall HK-Listed)							7.1	6.2	3.6%	3.9%	0.4	0.4	-2%	-6%	8%	-37%
Mainland China Property Management																
China Resources Mixc	1209.HK	OW	38.50	34.40	10,091	16.7	18.1	16.2	4.4%	4.9%	4.0	3.7	10%	7%	19%	-6%
China Overseas PH	2669.HK	OW	7.00	5.32	2,245	6.0	9.7	8.8	3.7%	4.1%	2.6	2.2	3%	5%	4%	-41%
Poly Property Services	6049.HK	OW	40.00	31.95	2,272	4.3	10.6	9.9	4.7%	5.0%	1.6	1.4	4%	2%	5%	-41%
Greentown Service	2869.HK	OW	4.80	4.25	1,728	2.4	13.0	11.2	5.4%	6.3%	1.5	1.4	4%	10%	11%	-42%
Backed by SOE developers						12.0	15.4	13.8	4.5%	5.0%	3.2	3.0	8%	6%	14%	-20%
Country Garden Services	6098.HK	UW	5.00	6.92	2,973	21.3	7.1	7.0	4.6%	4.7%	0.6	0.5	12%	22%	25%	-78%
A-Living	3319.HK	UW	2.20	2.62	478	2.1	3.5	3.7	2.8%	2.7%	0.3	0.3	-2%	-9%	-8%	-76%
Sunac Services	1516.HK	UW	1.20	1.70	668	2.9	6.9	6.9	8.0%	7.9%	0.9	0.8	1%	3%	2%	-60%
Backed by POE developers						16.1	6.6	6.6	4.9%	5.0%	0.6	0.6	8%	15%	18%	-75%
Property Management (Overall)						12.8	13.6	12.3	4.6%	5.0%	2.7	2.5	8%	8%	15%	-31%

Source: Company data, Bloomberg Finance L.P., J.P. Morgan estimates. As of 1 April 2025.

Note: Companies designated "NC" are not under J.P. Morgan coverage; all estimates for those companies are based on consensus estimates from Bloomberg Finance L.P.

Overweight

0688.HK, 688 HK

Price (01 Apr 25): HK\$13.28

Price Target (Dec-25): HK\$16.50

China

China Property

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J.P. Morgan Securities (Asia Pacific) Limited/
J.P. Morgan Broking (Hong Kong) Limited

Key Changes (FYE Dec)

	Prev	Cur
Revenue - 25E (Rmb mn)	194,379	187,713
Revenue - 26E (Rmb mn)	201,293	181,791

Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top)				
		6M	1Y	3Y	5Y	
Value	3	3	3	10	8	
Growth	95	93	85	83	38	
Momentum	71	53	76	16	76	
Quality	80	67	67	51	30	
Low Vol	67	64	70	20	16	
ESGQ	6	23	25	23	13	

Sources for: Style Exposure – J.P. Morgan Quantitative and Derivatives Strategy; all other tables are company data and J.P. Morgan estimates.

China Overseas Land & Investment (0688)

An SOE leader with market share gain

Our Dec-25 price target of HK\$16.5 is based on a target 1-year forward P/B of 0.4x. We update our earnings estimates to consider our latest margin assumptions and delivery.

Investment Thesis, Valuation and Risks

China Overseas Land & Investment Ltd. (Overweight; Price Target: HK\$16.50)

Investment Thesis

COLI is a leading developer with a long track record, a healthy balance sheet and prudent management. In the coming few years, we expect COLI to continue to gain market share and become one of the few developers with positive sales growth. We rate the stock OW.

Valuation

Our Dec-25 price target of HK\$16.50 is based on a target FY25E P/B of 0.4x, in line with SOE peers.

Risks to Rating and Price Target

Downside risks include slower-than-expected sales momentum, slow landbanking and slippages of the completion schedule.

Price Performance



— 0688.HK Price (HK\$) R-CHIP (rebased)

	YTD	1m	3m	12m
Abs	7.1%	-7.8%	7.1%	17.9%
Rel	5.8%	-8.6%	5.7%	8.5%

Company Data

Shares O/S (mn)	10,945
52-week range (HK\$)	18.58-10.54
Market cap (\$ mn)	18,681
Exchange rate	7.78
Free float (%)	43.8%
3M ADV (mn)	28.39
3M ADV (\$ mn)	49.7
Volatility (90 Day)	34
Index	HSCCI
BBG ANR (Buy Hold Sell)	28 4 0

Key Metrics (FYE Dec)

Rmb in millions	FY24A	FY25E	FY26E	FY27E
Financial Estimates				
Revenue	185,154	187,713	181,791	192,298
Adj. EBITDA	25,335	23,633	25,898	28,076
Adj. EBIT	25,316	23,612	25,875	28,051
Adj. net income	15,720	15,028	16,712	18,158
Adj. EPS	1.44	1.37	1.53	1.66
BBG EPS	1.94	1.96	2.04	1.40
Cashflow from operations	38,765	11,519	39,909	(26,744)
FCFF	38,478	8,626	37,004	(29,656)
Margins and Growth				
Revenue Growth Y/Y (%)	(8.6%)	1.4%	(3.2%)	5.8%
EBITDA margin	13.7%	12.6%	14.2%	14.6%
EBITDA Growth Y/Y (%)	(28.8%)	(6.7%)	9.6%	8.4%
EBIT margin	13.7%	12.6%	14.2%	14.6%
Net margin	8.5%	8.0%	9.2%	9.4%
Adj. EPS growth	(33.5%)	(4.4%)	11.2%	8.6%
Ratios				
Adj. tax rate	32.3%	32.1%	31.0%	30.8%
Interest cover	NM	NM	NM	NM
Net debt/Equity	0.1	0.1	0.1	0.1
Net debt/EBITDA	2.1	2.0	1.1	1.8
ROCE	3.1%	2.8%	3.1%	3.3%
ROE	4.2%	3.9%	4.3%	4.5%
Valuation				
FCFF yield	28.4%	6.4%	27.3%	(21.9%)
Dividend yield	4.8%	4.7%	5.2%	5.6%
EV/Revenue	1.0	0.9	1.0	0.9
EV/EBITDA	7.0	7.5	6.8	6.3
Adj. P/E	8.6	9.0	8.1	7.5

Summary Investment Thesis and Valuation

COLI is a leading developer with a long track record, a healthy balance sheet and prudent management. In the coming few years, we expect COLI to continue to gain market share and become one of the few developers with positive sales growth. We rate the stock OW.

Our Dec-25 price target of HK\$16.50 is based on a target FY25E P/B of 0.4x, in line with SOE peers.

Performance Drivers

Market	42%
Region	23%
Macro	8%
Style	11%
Idiosyn.	16%

Factors	6M Corr	1Y Corr
Market: MSCI Asia Pac ex JP	0.65	0.66
Region: China	0.68	0.67
Macro:		
HSI Volatility Index	0.59	0.54
Citi Economic Surprise - EM	0.16	0.25
Generic 1st 'CO' Future	0.44	0.22
Quant Styles:		
Momentum	-0.68	-0.58
Growth	-0.71	-0.56
Size	-0.34	-0.34

China Overseas Land & Investment (0688): Summary of Financials

Income Statement						Cash Flow Statement					
	FY23A	FY24A	FY25E	FY26E	FY27E		FY23A	FY24A	FY25E	FY26E	FY27E
Revenue	202,524	185,154	187,713	181,791	192,298	Cash flow from operating activities	25,400	38,765	11,519	39,909	(26,744)
COGS	(161,371)	(152,389)	(159,551)	(151,383)	(159,729)	o/w Depreciation & amortization	405	19	21	23	25
Gross profit	39,396	42,288	28,163	30,408	32,569	o/w Changes in working capital	2,762	(3,099)	4,129	175,276	28,022
SG&A	(6,876)	(6,813)	(6,908)	(6,690)	(7,076)	Cash flow from investing activities	(4,771)	2,558	(1,742)	(729)	(1,696)
Adj. EBITDA	35,603	25,335	23,633	25,898	28,076	o/w Capital expenditure	(205)	0	(2,600)	(2,600)	(2,600)
D&A	(405)	(19)	(21)	(23)	(25)	as % of sales	0.1%	0.0%	1.4%	1.4%	1.4%
Adj. EBIT	35,198	25,316	23,612	25,875	28,051	Cash flow from financing activities	(25,139)	(20,122)	(1,298)	(1,581)	(2,306)
Net Interest	1,124	423	432	441	450	o/w Dividends paid	(8,729)	(6,946)	(5,907)	(6,076)	(6,675)
Adj. PBT	37,949	26,388	24,973	27,329	29,606	o/w Shares issued/(repurchased)	(52)	0	0	0	0
Tax	(12,862)	(8,516)	(8,014)	(8,468)	(9,115)	o/w Net debt issued/(repaid)	(15,582)	(16,100)	5,750	5,750	5,750
Minority Interest	(1,437)	(2,152)	(1,930)	(2,149)	(2,334)	Net change in cash	(4,510)	21,201	8,479	37,598	(30,747)
Adj. Net Income	23,650	15,720	15,028	16,712	18,158	Adj. Free cash flow to firm	24,452	38,478	8,626	37,004	(29,656)
Reported EPS	2.34	1.43	1.40	1.56	1.69	y/y Growth	(217.0%)	57.4%	(77.6%)	329.0%	(180.1%)
Adj. EPS	2.16	1.44	1.37	1.53	1.66						
DPS	0.80	0.60	0.58	0.64	0.70						
Payout ratio	34.2%	42.0%	41.3%	41.4%	41.4%						
Shares outstanding	10,945	10,945	10,945	10,945	10,945						
Balance Sheet						Ratio Analysis					
	FY23A	FY24A	FY25E	FY26E	FY27E		FY23A	FY24A	FY25E	FY26E	FY27E
Cash and cash equivalents	105,629	124,168	132,658	154,579	134,417	Gross margin	19.5%	22.8%	15.0%	16.7%	16.9%
Accounts receivable	6,987	3,406	3,747	4,121	4,533	EBITDA margin	17.6%	13.7%	12.6%	14.2%	14.6%
Inventories	487,641	454,274	462,786	615,937	690,091	EBIT margin	17.4%	13.7%	12.6%	14.2%	14.6%
Other current assets	54,395	57,335	62,090	67,321	73,074	Net profit margin	11.7%	8.5%	8.0%	9.2%	9.4%
Current assets	654,652	639,184	661,280	841,957	902,116	ROE	6.5%	4.2%	3.9%	4.3%	4.5%
PP&E	6,904	7,301	7,369	7,435	7,499	ROA	2.6%	1.7%	1.6%	1.6%	1.6%
LT investments	-	-	-	-	-	ROCE	4.2%	3.1%	2.8%	3.1%	3.3%
Other non current assets	262,048	262,150	266,391	269,391	280,965	SG&A/Sales	3.4%	3.7%	3.7%	3.7%	3.7%
Total assets	923,604	908,634	935,041	1,118,784	1,190,579	Net debt/Equity	0.2	0.1	0.1	0.1	0.1
Short term borrowings	40,968	28,590	31,090	33,590	36,090	Net debt/EBITDA	2.2	2.1	2.0	1.1	1.8
Payables	85,778	55,718	52,933	50,286	47,772	Sales/Assets (x)	0.2	0.2	0.2	0.2	0.2
Other short term liabilities	158,954	180,923	193,001	376,544	413,199	Assets/Equity (x)	2.5	2.4	2.4	2.6	2.9
Current liabilities	285,701	265,232	277,024	460,420	497,061	Interest cover (x)	NM	NM	NM	NM	NM
Long-term debt	144,140	149,523	149,523	149,523	149,523	Operating leverage	53.6%	327.3%	(487.1%)	(303.8%)	145.5%
Other long term liabilities	100,852	92,049	95,299	98,549	101,799	Tax rate	33.9%	32.3%	32.1%	31.0%	30.8%
Total liabilities	530,692	506,804	521,847	708,493	748,384	Revenue y/y Growth	12.3%	(8.6%)	1.4%	(3.2%)	5.8%
Shareholders' equity	373,018	380,611	390,045	387,143	418,276	EBITDA y/y Growth	5.7%	(28.8%)	(6.7%)	9.6%	8.4%
Minority interests	19,894	21,219	23,149	23,149	23,920	EPS y/y Growth	(3.2%)	(33.5%)	(4.4%)	11.2%	8.6%
Total liabilities & equity	923,604	908,634	935,041	1,118,784	1,190,579						
BVPS	34.08	34.78	35.64	35.37	38.22						
y/y Growth	5.2%	2.0%	2.5%	(0.7%)	8.0%						
RNAV/Share			28.99	-	-						
Net debt/(cash)	79,479	53,945	47,956	28,535	51,197						

Source: Company reports and J.P. Morgan estimates.

Note: Rmb in millions (except per-share data). Fiscal year ends Dec. o/w - out of which

▲ Overweight

Previous: Neutral

0960.HK, 960 HK

Price (01 Apr 25): HK\$9.83

▲ Price Target (Dec-25): HK\$14.00

Prior (Dec-25): HK\$10.50

China

China Property

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Key Changes (FYE Dec)

	Prev	Cur
Revenue - 25E (Rmb mn)	123,381	99,327
Revenue - 26E (Rmb mn)	119,492	94,669

Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top)			
		6M	1Y	3Y	5Y
Value	4	3	2	38	33
Growth	98	97	97	34	18
Momentum	93	85	94	36	27
Quality	74	65	56	11	12
Low Vol	97	97	99	29	24
ESGQ	87	6	2	6	88

Sources for: Style Exposure – J.P. Morgan Quantitative and Derivatives Strategy; all other tables are company data and J.P. Morgan estimates.

Longfor Group (0960)

Upgrade from Neutral to Overweight

We upgrade Longfor from Neutral to Overweight. Among key non-SOE Chinese developers, we believe by now Longfor has almost been confirmed to be “the last man standing” amid the industry turmoil. While other peers still have not officially defaulted on public bonds, Longfor is the only one which still has positive earnings (others already see a net loss), showing its resiliency. After FY24 results, we believe the market has probably digested another likely earnings slump in FY25E, dragged mainly by DP. However, if we focus on Longfor’s recurring income, it is staying the course and has already become Longfor’s dominant earnings stream. Due to the industry turmoil, Longfor has been forced to undergo a long-planned repositioning from a developer to a landlord sooner than expected. With default risk mitigating, we are willing to look beyond FY25E and start to think about the turnaround story of Longfor as the property market bottoms out potentially in 2026. Our Dec-25 price target of HK\$14.0 is based on a 0.55x target P/B, which implies a target P/E of 10x for recurring income only (assuming no value from DP).

Investment Thesis, Valuation and Risks

Longfor Group Holdings Ltd (Overweight; Price Target: HK\$14.00)

Investment Thesis

Among key non-SOE Chinese developers, we believe by now Longfor has almost been confirmed to be “the last man standing” amid the industry turmoil. Longfor is the only one which still has positive earnings (others already see a net loss), showing its resiliency. With default risk mitigating, we are willing to look beyond FY25E and start to think about the turnaround story of Longfor as the property market bottoms out potentially in 2026.

Valuation

Our Dec-25 price target of HK\$14.0 is based on a 0.55x target P/B, which implies a target P/E of 10x for recurring income only (assuming no value from DP).

Risks to Rating and Price Target

Upside risks include: (1) better-than-expected sales; and (2) continual funding access.

Downside risks include: (1) lower-than-expected sales; (2) the interruption of funding access or the unsuccessful rollover of CMBS/syndicated loans; (3) worse-than-expected margins; and (4) more exhibition of multiple stress signals (e.g., suspension of landbanking; management’s stake reduction, etc.).

Price Performance



— 0960.HK Price (HK\$)— HSI (rebased)

	YTD	1m	3m	12m
Abs	-1.7%	-7.8%	-1.7%	-11.1%
Rel	-17.4%	-8.9%	-17.4%	-48.2%

Company Data

Shares O/S (mn)	6,888
52-week range (HK\$)	20.15-7.51
Market cap (\$ mn)	8,703
Exchange rate	7.78
Free float (%)	34.0%
3M ADV (mn)	24.20
3M ADV (\$ mn)	32.5
Volatility (90 Day)	45
Index	HSI
BBG ANR (Buy Hold Sell)	25 6 0

Key Metrics (FYE Dec)

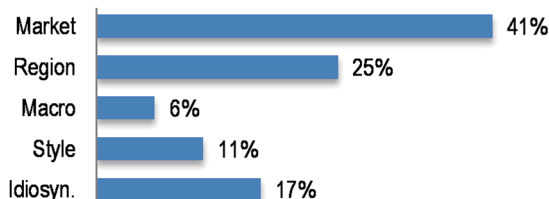
Rmb in millions	FY24A	FY25E	FY26E	FY27E
Financial Estimates				
Revenue	127,475	99,327	94,669	94,484
Adj. EBITDA	12,977	9,554	12,185	15,215
Adj. EBIT	12,793	9,352	11,962	14,970
Adj. net income	6,970	3,867	6,233	8,937
Adj. EPS	1.05	0.56	0.90	1.29
BBG EPS	1.36	1.08	1.22	1.26
Cashflow from operations	(43,047)	3,128	(926)	(4,258)
FCFF	(43,660)	2,558	(1,457)	(4,755)
Margins and Growth				
Revenue Growth Y/Y (%)	(29.5%)	(22.1%)	(4.7%)	(0.2%)
EBITDA margin	10.2%	9.6%	12.9%	16.1%
EBITDA Growth Y/Y (%)	(37.5%)	(26.4%)	27.5%	24.9%
EBIT margin	10.0%	9.4%	12.6%	15.8%
Net margin	5.5%	3.9%	6.6%	9.5%
Adj. EPS growth	(42.1%)	(46.9%)	61.2%	43.4%
Ratios				
Adj. tax rate	19.8%	19.7%	20.0%	20.2%
Interest cover	NM	NM	NM	NM
Net debt/Equity	0.5	0.5	0.4	0.4
Net debt/EBITDA	9.2	12.1	9.4	7.6
ROCE	3.1%	2.2%	2.7%	3.2%
ROE	4.4%	2.4%	3.8%	5.2%
Valuation				
FCFF yield	(72.0%)	4.0%	(2.3%)	(7.5%)
Dividend yield	3.6%	1.9%	3.1%	4.4%
EV/Revenue	1.6	2.1	2.2	2.2
EV/EBITDA	15.8	21.5	16.9	13.5
Adj. P/E	8.7	16.4	10.2	7.1

Summary Investment Thesis and Valuation

Among key non-SOE Chinese developers, we believe by now Longfor has almost been confirmed to be “the last man standing” amid the industry turmoil. Longfor is the only one which still has positive earnings (others already see a net loss), showing its resiliency. With default risk mitigating, we are willing to look beyond FY25E and start to think about the turnaround story of Longfor as the property market bottoms out potentially in 2026.

Our Dec-25 price target of HK\$14.0 is based on a 0.55x target P/B, which implies a target P/E of 10x for recurring income only (assuming no value from DP).

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI Asia Pac ex JP	0.67	0.65
Region: China	0.71	0.68
Macro:		
HSI Volatility Index	0.69	0.58
JPM China A-shares Sentiment	0.32	0.29
Emerging Central Bank Rate	0.25	0.23
Quant Styles:		
Momentum	-0.71	-0.63
Growth	-0.69	-0.58
Size	-0.38	-0.37

Longfor Group (0960): Summary of Financials

Income Statement						Cash Flow Statement					
	FY23A	FY24A	FY25E	FY26E	FY27E		FY23A	FY24A	FY25E	FY26E	FY27E
Revenue	180,737	127,475	99,327	94,669	94,484	Cash flow from operating activities	24,207	(43,047)	3,128	(926)	(4,258)
COGS	(150,153)	(107,064)	(82,572)	(75,061)	(71,812)	o/w Depreciation & amortization	302	184	203	223	245
Gross profit	30,584	20,411	16,756	19,608	22,672	o/w Changes in working capital	53,853	97,322	211,696	96,554	24,164
SG&A	(10,765)	(8,698)	(6,777)	(6,459)	(6,163)	Cash flow from investing activities	(11,612)	(435)	(1,075)	(1,156)	(1,202)
Adj. EBITDA	20,753	12,977	9,554	12,185	15,215	o/w Capital expenditure	(867)	(234)	(234)	(234)	(234)
D&A	(302)	(184)	(203)	(223)	(245)	as % of sales	0.5%	0.2%	0.2%	0.2%	0.2%
Adj. EBIT	20,451	12,793	9,352	11,962	14,970	Cash flow from financing activities	(25,466)	(26,689)	12,162	13,330	14,029
Net Interest	725	472	419	371	328	o/w Dividends paid	(2,337)	(3,005)	(1,494)	(1,691)	(2,495)
Adj. PBT	22,730	14,110	10,429	12,961	15,925	o/w Shares issued/(repurchased)	(311)	27	0	0	0
Tax	(4,471)	(2,791)	(2,056)	(2,595)	(3,219)	o/w Net debt issued/(repaid)	(13,898)	(16,324)	13,656	15,022	16,524
Minority Interest	(4,283)	(1,724)	(2,687)	(2,817)	(2,811)	Net change in cash	(12,871)	(70,170)	14,216	11,248	8,569
Adj. Net Income	11,350	6,970	3,867	6,233	8,937	Adj. Free cash flow to firm	22,758	(43,660)	2,558	(1,457)	(4,755)
Reported EPS	2.06	1.57	0.56	0.90	1.29	y/y Growth	(30644.8%)	(291.8%)	(105.9%)	(157.0%)	226.2%
Adj. EPS	1.82	1.05	0.56	0.90	1.29						
DPS	0.58	0.33	0.17	0.28	0.40						
Payout ratio	28.2%	20.9%	31.0%	31.0%	31.0%						
Shares outstanding	6,234	6,609	6,902	6,902	6,902						
Balance Sheet						Ratio Analysis					
	FY23A	FY24A	FY25E	FY26E	FY27E		FY23A	FY24A	FY25E	FY26E	FY27E
Cash and cash equivalents	59,224	47,952	64,604	81,247	96,622	Gross margin	16.9%	16.0%	16.9%	20.7%	24.0%
Accounts receivable	30,326	25,731	20,585	16,468	13,174	EBITDA margin	11.5%	10.2%	9.6%	12.9%	16.1%
Inventories	62	50	60	72	87	EBIT margin	11.3%	10.0%	9.4%	12.6%	15.8%
Other current assets	352,580	321,274	312,165	306,100	302,431	Net profit margin	6.3%	5.5%	3.9%	6.6%	9.5%
Current assets	442,191	395,007	397,414	403,886	412,314	ROE	7.7%	4.4%	2.4%	3.8%	5.2%
PP&E	208,376	219,447	239,499	259,551	279,601	ROA	1.5%	1.0%	0.6%	0.9%	1.2%
LT investments	49,840	51,188	51,897	52,575	53,252	ROCE	4.8%	3.1%	2.2%	2.7%	3.2%
Other non current assets	49,840	51,188	51,897	52,575	53,252	SG&A/Sales	6.0%	6.8%	6.8%	6.8%	6.5%
Total assets	700,407	665,642	688,810	716,012	745,167	Net debt/Equity	0.5	0.5	0.5	0.4	0.4
Short term borrowings	26,841	30,244	30,244	30,244	30,244	Net debt/EBITDA	5.9	9.2	12.1	9.4	7.6
Payables	240,149	210,633	215,916	219,916	222,492	Sales/Assets (x)	0.2	0.2	0.1	0.1	0.1
Other short term liabilities	0	0	0	0	0	Assets/Equity (x)	5.1	4.4	4.2	4.3	4.3
Current liabilities	266,989	240,877	246,160	250,160	252,736	Interest cover (x)	NM	NM	NM	NM	NM
Long-term debt	154,501	136,561	150,217	165,239	181,763	Operating leverage	178.3%	127.1%	121.8%	(595.1%)	(12874.2%)
Other long term liabilities	42,458	42,726	43,181	43,510	43,750	Tax rate	19.7%	19.8%	19.7%	20.0%	20.2%
Total liabilities	463,949	420,165	439,558	458,910	478,249	Revenue y/y Growth	(27.9%)	(29.5%)	(22.1%)	(4.7%)	(0.2%)
Shareholders' equity	151,967	161,431	162,519	167,553	174,558	EBITDA y/y Growth	(49.5%)	(37.5%)	(26.4%)	27.5%	24.9%
Minority interests	84,492	84,046	86,732	89,549	92,360	EPS y/y Growth	(51.3%)	(42.1%)	(46.9%)	61.2%	43.4%
Total liabilities & equity	700,407	665,642	688,810	716,012	745,167						
BVPS	23.05	23.44	23.59	24.32	25.34	Valuation					
y/y Growth	1.9%	1.7%	0.7%	3.1%	4.2%		FY23A	FY24A	FY25E	FY26E	FY27E
RNAV/Share	-	-	-	-	-	P/E (x)	5.0	8.7	16.4	10.2	7.1
Net debt/(cash)	122,118	118,854	115,858	114,236	115,385	P/BV (x)	0.4	0.4	0.4	0.4	0.4
						EV/EBITDA (x)	9.9	15.8	21.5	16.9	13.5
						Dividend Yield	6.3%	3.6%	1.9%	3.1%	4.4%

Source: Company reports and J.P. Morgan estimates.

Note: Rmb in millions (except per-share data). Fiscal year ends Dec. o/w - out of which

▲ Neutral

Previous: Underweight

1030.HK, 1030 HK

Price (01 Apr 25): HK\$1.94

▲ Price Target (Dec-25): HK\$1.95

Prior (Dec-25): HK\$0.80

China

China Property

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J.P. Morgan Securities (Asia Pacific) Limited/

J.P. Morgan Broking (Hong Kong) Limited

Key Changes (FYE Dec)

	Prev	Cur
Revenue - 25E (Rmb mn)	70,479	59,242
Revenue - 26E (Rmb mn)	59,381	48,638

Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top)			
		6M	1Y	3Y	5Y
Value	4	4	2	2	10
Growth	99	99	92	86	16
Momentum	92	49	88	93	74
Quality	93	92	90	18	9
Low Vol	97	97	99	71	92

Sources for: Style Exposure – J.P. Morgan Quantitative and Derivatives Strategy; all other tables are company data and J.P. Morgan estimates.

Seazen Group

Signs of stabilization, upgrade to Neutral

We close our Underweight position & upgrade Seazen from Underweight to Neutral. On the earnings side, we see stabilization and the build-up of recurring income helping to offset the DP drag (with margin which is not as bad as feared). The key question on Seazen is still default risk. Interestingly, bond prices have already priced in a low risk of default. That said, we see deterioration in the balance sheet, and we believe the concern on liquidity risk is not yet completely over. Thus, we only upgrade to Neutral and not Overweight to factor in the potential risks. We revise up our Dec-25 price target to HK\$1.95 based on a target 1-year forward P/B of 0.3x. We update our earnings estimates to consider our latest margin assumptions and delivery.

Investment Thesis, Valuation and Risks

Seazen Group Ltd. (Neutral; Price Target: HK\$1.95)

Investment Thesis

On the earnings side, we see stabilization and the build-up of recurring income helping to offset the DP drag (with margin which is not as bad as feared). We see deterioration in the balance sheet, and we believe the concern on liquidity risk is not yet completely over. Similar to most peers, Seazen has seen a big slump in earnings. However, thanks to the build-up of recurring income (now 56% of gross profit), Seazen has managed to maintain a mildly positive core net profit in FY24 (instead of a net loss). If DP margin does not deteriorate much further, there is a chance that core net profit will remain positive in FY25-27E.

Valuation

Our Dec-25 price target of HK\$1.95 is based on a target 25E P/B of 0.3x, higher than that of distressed developers.

Risks to Rating and Price Target

Upside risks include: (1) stronger-than-expected sales; (2) better-than-expected margins; (3) higher dividend payouts; (4) NAV-accretive landbanking; and (5) significant improvements in net gearing without comprising growth.

Downside catalysts include: (1) worse-than-expected sales momentum; (2) slower-than-expected landbanking; (3) completion schedule slippages; (4) a tighter credit environment that heightens refinancing risk; and (5) demand shocks in low-tier cities.

Price Performance



— 1030.HK Price (HK\$) — HSCEI (rebased)

	YTD	1m	3m	12m
Abs	6.6%	-8.1%	6.6%	84.8%
Rel	-10.5%	-9.5%	-10.5%	41.5%

Company Data

Shares O/S (mn)	7,066
52-week range (HK\$)	3.48-0.89
Market cap (\$ mn)	1,762
Exchange rate	7.78
Free float (%)	36.3%
3M ADV (mn)	23.29
3M ADV (\$ mn)	6.1
Volatility (90 Day)	49
Index	HSCEI
BBG ANR (Buy Hold Sell)	2 3 2

Key Metrics (FYE Dec)

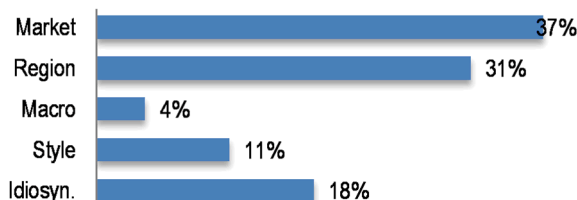
Rmb in millions	FY24A	FY25E	FY26E	FY27E
Financial Estimates				
Revenue	88,132	59,242	48,638	41,627
Adj. EBITDA	6,950	5,996	6,902	8,624
Adj. EBIT	6,691	5,741	6,665	8,403
Adj. net income	632	325	828	1,627
Adj. EPS	0.09	0.05	0.12	0.23
BBG EPS	0.07	0.13	0.20	0.21
Cashflow from operations	(38,375)	10,808	(122,563)	(157,708)
FCFF	(37,862)	11,572	(121,578)	(156,662)
Margins and Growth				
Revenue Growth Y/Y (%)	(25.4%)	(32.8%)	(17.9%)	(14.4%)
EBITDA margin	7.9%	10.1%	14.2%	20.7%
EBITDA Growth Y/Y (%)	(0.3%)	(13.7%)	15.1%	24.9%
EBIT margin	7.6%	9.7%	13.7%	20.2%
Net margin	0.7%	0.5%	1.7%	3.9%
Adj. EPS growth	300.8%	(48.7%)	154.8%	96.4%
Ratios				
Adj. tax rate	80.9%	72.0%	62.0%	55.0%
Interest cover	2.6	2.2	2.7	3.7
Net debt/Equity	0.5	0.1	NM	0.1
Net debt/EBITDA	6.8	2.1	NM	1.3
ROCE	1.2%	1.5%	2.2%	3.4%
ROE	1.4%	0.7%	1.8%	3.4%
Valuation				
FCFF yield	(297.1%)	90.5%	(950.9%)	(1225.3%)
Dividend yield	0.0%	0.0%	0.0%	0.0%
EV/Revenue	1.2	1.1	1.0	1.6
EV/EBITDA	14.6	11.2	6.9	7.9
Adj. P/E	20.2	39.3	15.4	7.9

Summary Investment Thesis and Valuation

On the earnings side, we see stabilization and the build-up of recurring income helping to offset the DP drag (with margin which is not as bad as feared). We see deterioration in the balance sheet, and we believe the concern on liquidity risk is not yet completely over. Similar to most peers, Seazen has seen a big slump in earnings. However, thanks to the build-up of recurring income (now 56% of gross profit), Seazen has managed to maintain a mildly positive core net profit in FY24 (instead of a net loss). If DP margin does not deteriorate much further, there is a chance that core net profit will remain positive in FY25-27E.

Our Dec-25 price target of HK\$1.95 is based on a target 25E P/B of 0.3x, higher than that of distressed developers.

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI Asia Pac ex JP	0.63	0.62
Region: China	0.76	0.72
Macro:		
HSI Volatility Index	0.66	0.56
JPM China A-shares Sentiment	0.28	0.27
Emerging Central Bank Rate	0.30	0.25
Quant Styles:		
Momentum	-0.66	-0.62
Growth	-0.67	-0.56
Size	-0.40	-0.36

Seazen Group: Summary of Financials

Income Statement						Cash Flow Statement					
	FY23A	FY24A	FY25E	FY26E	FY27E		FY23A	FY24A	FY25E	FY26E	FY27E
Revenue	118,190	88,132	59,242	48,638	41,627	Cash flow from operating activities	5,997	(38,375)	10,808	(122,563)	(157,708)
COGS	(102,028)	(73,154)	(44,895)	(35,726)	(29,584)	o/w Depreciation & amortization	638	259	255	238	221
Gross profit	16,162	14,978	14,348	12,913	12,043	o/w Changes in working capital	1,155	(40,698)	9,251	(124,600)	(160,782)
SG&A	(9,359)	(7,226)	(6,302)	(5,671)	(5,104)	Cash flow from investing activities	3,658	(2,119)	(2,119)	(2,119)	(2,119)
Adj. EBITDA	6,973	6,950	5,996	6,902	8,624	o/w Capital expenditure	0	0	0	0	0
D&A	(638)	(259)	(255)	(238)	(221)	as % of sales	0.0%	0.0%	0.0%	0.0%	0.0%
Adj. EBIT	6,334	6,691	5,741	6,665	8,403	Cash flow from financing activities	(18,865)	(11,190)	1,718	1,264	1,096
Net Interest	(2,306)	(2,683)	(2,733)	(2,592)	(2,325)	o/w Dividends paid	(1,602)	0	0	0	0
Adj. PBT	5,538	4,354	3,213	4,223	6,191	o/w Shares issued/(repurchased)	0	(9)	0	0	0
Tax	(5,481)	(3,522)	(2,314)	(2,619)	(3,405)	o/w Net debt issued/(repaid)	(16,526)	(5,436)	(3,690)	(3,425)	(3,182)
Minority Interest	100	(200)	(574)	(777)	(1,159)	Net change in cash	(9,210)	(51,684)	10,406	(123,417)	(158,731)
Adj. Net Income	158	632	325	828	1,627	Adj. Free cash flow to firm	7,424	(37,862)	11,572	(121,578)	(156,662)
Reported EPS	0.12	0.07	0.05	0.12	0.23	y/y Growth	8.7%	(610.0%)	(130.6%)	(1150.6%)	28.9%
Adj. EPS	0.02	0.09	0.05	0.12	0.23						
DPS	0.00	0.00	0.00	0.00	0.00						
Payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%						
Shares outstanding	7,044	7,044	7,066	7,066	7,066						
Balance Sheet						Ratio Analysis					
	FY23A	FY24A	FY25E	FY26E	FY27E		FY23A	FY24A	FY25E	FY26E	FY27E
Cash and cash equivalents	19,500	10,618	56,749	73,790	51,308	Gross margin	13.7%	17.0%	24.2%	26.5%	28.9%
Accounts receivable	41,323	36,630	25,641	17,949	12,564	EBITDA margin	5.9%	7.9%	10.1%	14.2%	20.7%
Inventories	142,531	97,030	51,261	36,695	26,417	EBIT margin	5.4%	7.6%	9.7%	13.7%	20.2%
Other current assets	15,627	9,643	7,065	5,230	3,922	Net profit margin	0.1%	0.7%	0.5%	1.7%	3.9%
Current assets	218,982	153,921	140,716	133,663	94,212	ROE	0.3%	1.4%	0.7%	1.8%	3.4%
PP&E	7,527	6,471	5,246	4,266	3,482	ROA	0.0%	0.2%	0.1%	0.3%	0.6%
LT investments	-	-	-	-	-	ROCE	0.1%	1.2%	1.5%	2.2%	3.4%
Other non current assets	150,580	148,732	150,882	152,995	155,088	SG&A/Sales	7.9%	8.2%	10.6%	11.7%	12.3%
Total assets	377,089	309,125	296,844	290,925	252,782	Net debt/Equity	0.5	0.5	0.1	NM	0.1
Short term borrowings	24,756	16,071	14,464	13,018	11,716	Net debt/EBITDA	6.3	6.8	2.1	NM	1.3
Payables	73,411	66,195	66,195	66,195	52,956	Sales/Assets (x)	0.3	0.3	0.2	0.2	0.2
Other short term liabilities	140,506	89,399	78,269	72,215	45,374	Assets/Equity (x)	9.3	7.4	6.5	6.2	5.6
Current liabilities	238,673	171,665	158,928	151,427	110,045	Interest cover (x)	3.0	2.6	2.2	2.7	3.7
Long-term debt	38,414	41,662	39,579	37,600	35,720	Operating leverage	1758.7%	(22.1%)	43.3%	(89.9%)	(180.9%)
Other long term liabilities	9,492	9,009	10,649	12,604	14,938	Tax rate	99.0%	80.9%	72.0%	62.0%	55.0%
Total liabilities	286,579	222,335	209,155	201,631	160,703	Revenue y/y Growth	2.7%	(25.4%)	(32.8%)	(17.9%)	(14.4%)
Shareholders' equity	45,872	46,354	46,679	47,507	49,134	EBITDA y/y Growth	40.6%	(0.3%)	(13.7%)	15.1%	24.9%
Minority interests	44,637	40,436	41,010	41,786	42,945	EPS y/y Growth	(21.6%)	300.8%	(48.7%)	154.8%	96.4%
Total liabilities & equity	377,089	309,125	296,844	290,925	252,782						
BVPS	6.51	6.58	6.61	6.72	6.95	Valuation					
y/y Growth	(5.6%)	1.1%	0.4%	1.8%	3.4%		FY23A	FY24A	FY25E	FY26E	FY27E
RNAV/Share		11.53	-	-	-	P/E (x)	80.8	20.2	39.3	15.4	7.9
Net debt/(cash)	43,670	47,115	12,294	(8,172)	11,127	P/BV (x)	0.3	0.3	0.3	0.3	0.3
						EV/EBITDA (x)	14.7	14.6	11.2	6.9	7.9
						Dividend Yield	0.0%	0.0%	0.0%	0.0%	0.0%

Source: Company reports and J.P. Morgan estimates.

Note: Rmb in millions (except per-share data). Fiscal year ends Dec. o/w - out of which

▲ Neutral

Previous: Underweight

601155.SS, 601155.CH

Price (01 Apr 25): Rmb12.41

▲ Price Target (Dec-25): Rmb12.50

Prior (Dec-25): Rmb7.00

China

China Property

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J.P. Morgan Securities (Asia Pacific) Limited/

J.P. Morgan Broking (Hong Kong) Limited

Key Changes (FYE Dec)

	Prev	Cur
Revenue - 25E (Rmb mn)	70,085	59,007
Revenue - 26E (Rmb mn)	58,967	48,391

Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top)			
		6M	1Y	3Y	5Y
Value	7	7	4	4	7
Growth	99	97	87	78	30
Momentum	77	93	78	80	22
Quality	87	91	87	18	15
Low Vol	69	74	77	48	74

Sources for: Style Exposure – J.P. Morgan Quantitative and Derivatives Strategy; all other tables are company data and J.P. Morgan estimates.

Seazen Holdings - A

Signs of stabilization, upgrade to Neutral

We close our Underweight position & upgrade Seazen from Underweight to Neutral. On the earnings side, we see stabilization and the build-up of recurring incomes helping to offset the DP drag (with margin which is not as bad as feared). The key question on Seazen is still default risk. Interestingly, bond prices have already priced in a low risk of default. That said, we see deterioration in the balance sheet, and we believe the concern on liquidity risk is not yet completely over. Thus, we only upgrade to Neutral and not Overweight to factor in the potential risks. We revise up our Dec-25 price target to Rmb12.5 based on a target 1-year forward P/B of 0.5x. We update our earnings estimates to consider our latest margin assumptions and delivery.

Investment Thesis, Valuation and Risks

Seazen Holdings Co., Ltd. - A (Neutral; Price Target: Rmb12.50)

Investment Thesis

On the earnings side, we see stabilization and the build-up of recurring income helping to offset the DP drag (with margin which is not as bad as feared). We see deterioration in the balance sheet, and we believe the concern on liquidity risk is not yet completely over. Similar to most peers, Seazen has seen a big slump in earnings. However, thanks to the build-up of recurring income (now 56% of gross profit), Seazen has managed to maintain a mildly positive core net profit in FY24 (instead of a net loss). If DP margin does not deteriorate much further, there is a chance that core net profit will remain positive in FY25-27E.

Valuation

Our Dec-25 price target of Rmb12.5 is based on a target 2025E P/B of 0.5x, higher than distressed developers'.

Risks to Rating and Price Target

Upside risks include: (1) stronger-than-expected sales; (2) better-than-expected margins; (3) higher dividend payouts; (4) NAV-accretive landbanking; and (5) significant improvements in net gearing without comprising growth.

Downside catalysts include: (1) worse-than-expected sales momentum; (2) slower-than-expected landbanking; (3) completion schedule slippages; (4) a tighter credit environment that heightens refinancing risk; and (5) demand shocks in low-tier cities.

Price Performance



	YTD	1m	3m	12m
Abs	3.8%	-7.5%	3.8%	29.3%
Rel	3.9%	-8.3%	3.9%	20.5%

Company Data

Shares O/S (mn)	2,256
52-week range (Rmb)	16.70-7.95
Market cap (\$ mn)	3,857
Exchange rate	7.26
Free float (%)	30.4%
3M ADV (mn)	15.18
3M ADV (\$ mn)	25.9
Volatility (90 Day)	33
Index	SHASHR
BBG ANR (Buy Hold Sell)	13 1 1

Key Metrics (FYE Dec)

Rmb in millions	FY24A	FY25E	FY26E	FY27E
Financial Estimates				
Revenue	87,914	59,007	48,391	41,368
Adj. EBITDA	7,356	6,206	7,115	8,840
Adj. EBIT	7,117	5,984	6,915	8,660
Adj. net income	975	582	1,196	2,193
Adj. EPS	0.43	0.26	0.53	0.97
BBG EPS	0.31	0.40	0.55	0.66
Cashflow from operations	(2,396)	22,166	15,731	(22,974)
FCFF	(3,373)	22,996	16,802	(21,838)
Margins and Growth				
Revenue Growth Y/Y (%)	(25.4%)	(32.9%)	(18.0%)	(14.5%)
EBITDA margin	8.4%	10.5%	14.7%	21.4%
EBITDA Growth Y/Y (%)	3.2%	(15.6%)	14.6%	24.2%
EBIT margin	8.1%	10.1%	14.3%	20.9%
Net margin	1.1%	1.0%	2.5%	5.3%
Adj. EPS growth	71.9%	(40.3%)	105.5%	83.4%
Ratios				
Adj. tax rate	78.3%	72.0%	61.9%	54.9%
Interest cover	2.4	2.1	2.5	3.5
Net debt/Equity	0.7	0.4	0.2	0.5
Net debt/EBITDA	8.0	5.9	2.9	4.9
ROCE	1.2%	1.3%	2.0%	3.0%
ROE	1.6%	1.0%	1.9%	3.4%
Valuation				
FCFF yield	(12.0%)	82.2%	60.0%	(78.0%)
Dividend yield	0.0%	0.0%	0.0%	0.0%
EV/Revenue	1.3	1.5	1.5	2.3
EV/EBITDA	15.1	14.3	10.3	10.9
Adj. P/E	28.7	48.1	23.4	12.8

Summary Investment Thesis and Valuation

On the earnings side, we see stabilization and the build-up of recurring income helping to offset the DP drag (with margin which is not as bad as feared). We see deterioration in the balance sheet, and we believe the concern on liquidity risk is not yet completely over. Similar to most peers, Seazen has seen a big slump in earnings. However, thanks to the build-up of recurring income (now 56% of gross profit), Seazen has managed to maintain a mildly positive core net profit in FY24 (instead of a net loss). If DP margin does not deteriorate much further, there is a chance that core net profit will remain positive in FY25-27E.

Our Dec-25 price target of Rmb12.5 is based on a target 2025E P/B of 0.5x, higher than distressed developers'.

Performance Drivers

Market	26%
Region	21%
Macro	6%
Style	20%
Idiosyn.	28%

Factors	6M Corr	1Y Corr
Market: MSCI Asia Pac ex JP	0.60	0.52
Region: China	0.58	0.55
Macro:		
HSI Volatility Index	0.55	0.41
JPM China A-shares Sentiment	0.35	0.31
JPM EM Currency(EMCI) Fixing	-0.02	0.12
Quant Styles:		
Momentum	-0.62	-0.66
Size	-0.46	-0.52
Growth	-0.48	-0.42

Seazen Holdings - A: Summary of Financials

Income Statement						Cash Flow Statement					
	FY23A	FY24A	FY25E	FY26E	FY27E		FY23A	FY24A	FY25E	FY26E	FY27E
Revenue	117,908	87,914	59,007	48,391	41,368	Cash flow from operating activities	5,003	(2,396)	22,166	15,731	(22,974)
COGS	(102,539)	(74,074)	(47,722)	(37,860)	(31,264)	o/w Depreciation & amortization	279	239	222	200	180
Gross profit	15,369	13,840	11,285	10,531	10,103	o/w Changes in working capital	13,417	(1,859)	21,312	14,130	(25,789)
SG&A	(8,523)	(6,723)	(5,853)	(5,267)	(4,741)	Cash flow from investing activities	1,448	1,421	273	220	183
Adj. EBITDA	7,125	7,356	6,206	7,115	8,840	o/w Capital expenditure	(2,423)	(1,903)	0	0	0
D&A	(279)	(239)	(222)	(200)	(180)	as % of sales	2.1%	2.2%	0.0%	0.0%	0.0%
Adj. EBIT	6,846	7,117	5,984	6,915	8,660	Cash flow from financing activities	(15,203)	(5,251)	(1,000)	(1,000)	(1,000)
Net Interest	(2,586)	(3,120)	(2,961)	(2,809)	(2,521)	o/w Dividends paid	(1,180)		0	0	0
Adj. PBT	5,838	4,339	3,225	4,254	6,251	o/w Shares issued/(repurchased)	0	453	0	0	0
Tax	(5,448)	(3,397)	(2,320)	(2,633)	(3,433)	o/w Net debt issued/(repaid)	(17,622)	(4,627)	(1,000)	(1,000)	(1,000)
Minority Interest	177	32	(322)	(425)	(625)	Net change in cash	(8,753)	(6,226)	21,438	14,951	(23,791)
Adj. Net Income	567	975	582	1,196	2,193	Adj. Free cash flow to firm	3,809	(3,373)	22,996	16,802	(21,838)
Reported EPS	0.33	0.33	0.26	0.53	0.97	y/y Growth	125.0%	(188.5%)	(781.9%)	(26.9%)	(230.0%)
Adj. EPS	0.25	0.43	0.26	0.53	0.97						
DPS	0.00	0.00	0.00	0.00	0.00						
Payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%						
Shares outstanding	2,256	2,256	2,256	2,256	2,256						
Balance Sheet						Ratio Analysis					
	FY23A	FY24A	FY25E	FY26E	FY27E		FY23A	FY24A	FY25E	FY26E	FY27E
Cash and cash equivalents	18,971	10,296	31,734	46,685	22,894	Gross margin	13.0%	15.7%	19.1%	21.8%	24.4%
Accounts receivable	37,378	33,287	26,630	21,304	17,043	EBITDA margin	6.0%	8.4%	10.5%	14.7%	21.4%
Inventories	142,507	97,008	74,104	57,536	45,456	EBIT margin	5.8%	8.1%	10.1%	14.3%	20.9%
Other current assets	18,600	12,087	12,925	14,015	15,431	Net profit margin	0.5%	1.1%	1.0%	2.5%	5.3%
Current assets	217,457	152,678	145,393	139,539	100,824	ROE	0.9%	1.6%	1.0%	1.9%	3.4%
PP&E	10,611	9,872	9,872	9,872	9,872	ROA	0.1%	0.3%	0.2%	0.4%	0.8%
LT investments	-	-	-	-	-	ROCE	0.3%	1.2%	1.3%	2.0%	3.0%
Other non current assets	146,041	144,642	144,420	144,220	144,040	SG&A/Sales	7.2%	7.6%	9.9%	10.9%	11.5%
Total assets	374,109	307,193	299,685	293,631	254,736	Net debt/Equity	0.6	0.7	0.4	0.2	0.5
Short term borrowings	30,745	21,263	20,263	19,263	18,263	Net debt/EBITDA	7.7	8.0	5.9	2.9	4.9
Payables	78,121	74,641	82,267	85,897	76,650	Sales/Assets (x)	0.3	0.3	0.2	0.2	0.2
Other short term liabilities	126,384	71,842	57,303	47,499	16,533	Assets/Equity (x)	7.0	5.6	5.0	4.8	4.3
Current liabilities	235,249	167,745	159,833	152,658	111,446	Interest cover (x)	2.8	2.4	2.1	2.5	3.5
Long-term debt	43,174	48,029	48,029	48,029	48,029	Operating leverage	664.1%	(15.6%)	48.4%	(86.5%)	(173.9%)
Other long term liabilities	9,282	8,745	8,745	8,745	8,745	Tax rate	93.3%	78.3%	72.0%	61.9%	54.9%
Total liabilities	287,705	224,520	216,608	209,433	168,220	Revenue y/y Growth	3.4%	(25.4%)	(32.9%)	(18.0%)	(14.5%)
Shareholders' equity	60,078	60,869	61,450	62,646	64,839	EBITDA y/y Growth	21.6%	3.2%	(15.6%)	14.6%	24.2%
Minority interests	26,326	21,804	22,127	22,552	23,177	EPS y/y Growth	(43.3%)	71.9%	(40.3%)	105.5%	83.4%
Total liabilities & equity	374,109	307,193	300,185	294,631	256,236						
BVPS	26.63	26.99	27.24	27.77	28.75	Valuation					
y/y Growth	1.1%	1.3%	1.0%	1.9%	3.5%		FY23A	FY24A	FY25E	FY26E	FY27E
RNAV/Share		64.09	-	-	-	P/E (x)	49.4	28.7	48.1	23.4	12.8
Net debt/(cash)	54,947	58,996	36,558	20,607	43,398	P/BV (x)	0.5	0.5	0.5	0.4	0.4
						EV/EBITDA (x)	15.6	15.1	14.3	10.3	10.9
						Dividend Yield	0.0%	0.0%	0.0%	0.0%	0.0%

Source: Company reports and J.P. Morgan estimates.

Note: Rmb in millions (except per-share data). Fiscal year ends Dec. o/w - out of which

Underweight

2202.HK, 2202 HK

Price (01 Apr 25): HK\$5.52

Price Target (Dec-25): HK\$3.30

China

China Property

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J.P. Morgan Securities (Asia Pacific) Limited/

J.P. Morgan Broking (Hong Kong) Limited

Key Changes (FYE Dec)

	Prev	Cur
Revenue - 26E (Rmb mn)	228,990	206,924

Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top)			
		6M	1Y	3Y	5Y
Value	23	2	2	11	15
Growth	100	99	98	91	23
Momentum	96	94	86	86	59
Quality	89	87	75	46	10
Low Vol	99	91	79	34	24
ESGQ	23	18	17	17	88

Sources for: Style Exposure – J.P. Morgan Quantitative and Derivatives Strategy; all other tables are company data and J.P. Morgan estimates.

China Vanke - H

Bracing for a challenging time

Our Dec-25 price target of HK\$3.30 is based on a target P/B of 0.2x, slightly below the average for non-distressed developers where a stake by an SOE is <50%. We update our earnings estimates to take into account the latest margin assumptions and the heightened liquidity.

Investment Thesis, Valuation and Risks

China Vanke - H (Underweight; Price Target: HK\$3.30)

Investment Thesis

Although, in our base case, Vanke may avoid a public bond default with the support of banks and Shenzhen authorities, we believe the share price may remain under pressure until there is solid proof of an easing in liquidity stress. Fundamentally, Vanke does not particularly stand out on various metrics, including defensiveness (it is not a pure SOE), growth (underperforming sales), valuation (it is not the cheapest), strategy (minimum commercial) and track record (lumpy dividend payout and earnings). We rate the stock Underweight.

Valuation

Our Dec-25 price target of HK\$3.30 is based on a target FY25E P/B of 0.2x, slightly lower than the average for non-distressed developers that are not >50% owned by an SOE.

Risks to Rating and Price Target

Upside risks include: (1) better-than-expected contracted sales; (2) better-than-expected margins; and (3) stronger-than-expected support from banks and authorities.

Downside catalysts include: (1) worse-than-expected sales; (2) worse-than-expected liquidity stress; and (3) weaker-than-expected support from banks and authorities.

Price Performance



— 2022.HK Price (HK\$) — HSI (rebased)

	YTD	1m	3m	12m
Abs	4.4%	-16.4%	4.4%	1.8%
Rel	-11.3%	-17.5%	-11.3%	-35.2%

Company Data

Shares O/S (mn)	2,207
52-week range (HK\$)	14.08-3.63
Market cap (\$ mn)	1,565
Exchange rate	7.78
Free float (%)	88.6%
3M ADV (mn)	67.08
3M ADV (\$ mn)	49.6
Volatility (90 Day)	56
Index	HSI
BBG ANR (Buy Hold Sell)	6 8 4

Key Metrics (FYE Dec)

Rmb in millions	FY24A	FY25E	FY26E	FY27E
Financial Estimates				
Revenue	343,176	249,934	206,924	179,914
Adj. EBITDA	(14,744)	2,004	43	(777)
Adj. EBIT	(14,744)	2,004	43	(777)
Adj. net income	(45,394)	(15,626)	(14,376)	(12,731)
Adj. EPS	(3.80)	(1.31)	(1.20)	(1.07)
BBG EPS	(2.71)	(0.52)	(0.04)	0.27
Cashflow from operations	(10,712)	(17,164)	(17,682)	(14,729)
FCFF	(1,402)	(5,269)	(10,269)	(9,722)
Margins and Growth				
Revenue Growth Y/Y (%)	(26.3%)	(27.2%)	(17.2%)	(13.1%)
EBITDA margin	(4.3%)	0.8%	0.0%	(0.4%)
EBITDA Growth Y/Y (%)	(134.4%)	(113.6%)	(97.8%)	(1892.6%)
EBIT margin	(4.3%)	0.8%	0.0%	(0.4%)
Net margin	(13.2%)	(6.3%)	(6.9%)	(7.1%)
Adj. EPS growth	(557.7%)	(65.6%)	(8.0%)	(11.4%)
Ratios				
Adj. tax rate	(74.1%)	(165.8%)	(106.1%)	(84.2%)
Interest cover	NM	0.4	0.0	NM
Net debt/Equity	0.8	0.9	1.0	1.0
Net debt/EBITDA	NM	142.0	6,810.9	NM
ROCE	(4.5%)	1.0%	0.0%	(0.3%)
ROE	(20.0%)	(8.0%)	(8.0%)	(7.7%)
Valuation				
FCFF yield	(2.3%)	(8.6%)	(16.7%)	(15.8%)
Dividend yield	0.0%	0.0%	0.0%	0.0%
EV/Revenue	0.0	0.1	0.1	0.1
EV/EBITDA	NM	8.2	379.8	NM
Adj. P/E	NM	NM	NM	NM

Summary Investment Thesis and Valuation

Although, in our base case, Vanke may avoid a public bond default with the support of banks and Shenzhen authorities, we believe the share price may remain under pressure until there is solid proof of an easing in liquidity stress. Fundamentally, Vanke does not particularly stand out on various metrics, including defensiveness (it is not a pure SOE), growth (underperforming sales), valuation (it is not the cheapest), strategy (minimum commercial) and track record (lumpy dividend payout and earnings). We rate the stock Underweight.

Our Dec-25 price target of HK\$3.30 is based on a target FY25E P/B of 0.2x, slightly lower than the average for non-distressed developers that are not >50% owned by an SOE.

Performance Drivers

Market	28%
Region	30%
Macro	7%
Style	8%
Idiosyn.	27%

Factors	6M Corr	1Y Corr
Market: MSCI Asia Pac ex JP	0.54	0.53
Region: China	0.76	0.67
Macro:		
HSI Volatility Index	0.63	0.52
Emerging Central Bank Rate	0.42	0.38
Emerging Economies CPI(YoY)	-0.30	-0.28
Quant Styles:		
Growth	-0.58	-0.53
Momentum	-0.42	-0.43
Size	-0.22	-0.26

Note: Rmb in millions (except per-share data). Fiscal year ends Dec. o/w - out of which

Underweight

000002.SZ,000002 CH

Price (01 Apr 25): Rmb7.11

Price Target (Dec-25): Rmb5.50

China

China Property

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J.P. Morgan Broking (Hong Kong) Limited

Key Changes (FYE Dec)

	Prev	Cur
Revenue - 26E (Rmb mn)	228,990	206,924

Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top)			
		6M	1Y	3Y	5Y
Value	41	9	6	21	17
Growth	100	100	98	87	22
Momentum	100	99	81	82	50
Quality	88	88	73	36	11
Low Vol	60	46	38	23	28
ESGQ	23	18	17	17	88

Sources for: Style Exposure – J.P. Morgan Quantitative and Derivatives Strategy; all other tables are company data and J.P. Morgan estimates.

China Vanke - A

Brace for a challenging time

Our Dec-25 price target of Rmb5.50 is based on a target P/B of 0.4x, slightly below the average for non-distressed developers where a stake by an SOE is <50%. We update our earnings estimates to take into account the latest margin assumptions and the heightened liquidity.

Investment Thesis, Valuation and Risks

China Vanke - A (Underweight; Price Target: Rmb5.50)

Investment Thesis

Although, in our base case, Vanke may avoid a public bond default with the support of banks and Shenzhen authorities, we believe the share price may remain under pressure until there is solid proof of an easing in liquidity stress. Fundamentally, Vanke does not particularly stand out on various metrics, including defensiveness (it is not a pure SOE), growth (underperforming sales), valuation (it is not the cheapest), strategy (minimum commercial) and track record (lumpy dividend payout and earnings). We rate the stock Underweight.

Valuation

Our Dec-25 price target of Rmb5.50 is based on a target FY25E P/B of 0.4x, a 0.2x premium to Vanke-H, based on the historical spread.

Risks to Rating and Price Target

Upside risks include: (1) better-than-expected contracted sales; (2) better-than-expected margins; and (3) stronger-than-expected support from banks and authorities.

Downside catalysts include: (1) worse-than-expected sales; (2) worse-than-expected liquidity stress; and (3) weaker-than-expected support from banks and authorities.

Price Performance



— 000002.SZ Price (Rmb) SSEA (rebased)

	YTD	1m	3m	12m
Abs	-2.1%	-8.3%	-2.1%	-20.8%
Rel	-2.0%	-9.1%	-1.9%	-29.6%

Company Data

Shares O/S (mn)	9,724
52-week range (Rmb)	10.69-6.18
Market cap (\$ mn)	9,527
Exchange rate	7.26
Free float (%)	61.2%
3M ADV (mn)	178.28
3M ADV (\$ mn)	181.6
Volatility (90 Day)	37
Index	SHASHR
BBG ANR (Buy Hold Sell)	17 6 7

Key Metrics (FYE Dec)

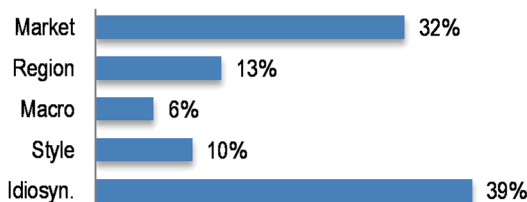
Rmb in millions	FY24A	FY25E	FY26E	FY27E
Financial Estimates				
Revenue	343,176	249,934	206,924	179,914
Adj. EBITDA	(14,744)	2,004	43	(777)
Adj. EBIT	(14,744)	2,004	43	(777)
Adj. net income	(45,394)	(15,626)	(14,376)	(12,731)
Adj. EPS	(3.80)	(1.31)	(1.20)	(1.07)
BBG EPS	(2.13)	(0.66)	(0.04)	-
Cashflow from operations	(10,712)	(17,164)	(17,682)	(14,729)
FCFF	(1,402)	(5,269)	(10,269)	(9,722)
Margins and Growth				
Revenue Growth Y/Y (%)	(26.3%)	(27.2%)	(17.2%)	(13.1%)
EBITDA margin	(4.3%)	0.8%	0.0%	(0.4%)
EBITDA Growth Y/Y (%)	(134.4%)	(113.6%)	(97.8%)	(1892.6%)
EBIT margin	(4.3%)	0.8%	0.0%	(0.4%)
Net margin	(13.2%)	(6.3%)	(6.9%)	(7.1%)
Adj. EPS growth	(557.7%)	(65.6%)	(8.0%)	(11.4%)
Ratios				
Adj. tax rate	(74.1%)	(165.8%)	(106.1%)	(84.2%)
Interest cover	NM	0.4	0.0	NM
Net debt/Equity	0.8	1.2	1.3	1.4
Net debt/EBITDA	NM	192.0	9,122.9	NM
ROCE	(4.5%)	0.9%	0.0%	(0.2%)
ROE	(20.0%)	(8.0%)	(8.0%)	(7.7%)
Valuation				
FCFF yield	(1.7%)	(6.2%)	(12.1%)	(11.5%)
Dividend yield	0.0%	0.0%	0.0%	0.0%
EV/Revenue	1.1	1.9	2.4	2.8
EV/EBITDA	NM	241.4	11,493.7	NM
Adj. P/E	NM	NM	NM	NM

Summary Investment Thesis and Valuation

Although, in our base case, Vanke may avoid a public bond default with the support of banks and Shenzhen authorities, we believe the share price may remain under pressure until there is solid proof of an easing in liquidity stress. Fundamentally, Vanke does not particularly stand out on various metrics, including defensiveness (it is not a pure SOE), growth (underperforming sales), valuation (it is not the cheapest), strategy (minimum commercial) and track record (lumpy dividend payout and earnings). We rate the stock Underweight.

Our Dec-25 price target of Rmb5.50 is based on a target FY25E P/B of 0.4x, a 0.2x premium to Vanke-H, based on the historical spread.

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI Asia Pac ex JP	0.71	0.57
Region: China	0.54	0.45
Macro:		
HSI Volatility Index	0.54	0.36
JPM China A-shares Sentiment	0.33	0.29
JPM EM Currency(EMCI) Fixing	0.19	0.14
Quant Styles:		
Momentum	-0.40	-0.51
Growth	-0.44	-0.38
Size	-0.13	-0.34

China Vanke - A: Summary of Financials

Income Statement						Cash Flow Statement					
	FY23A	FY24A	FY25E	FY26E	FY27E		FY23A	FY24A	FY25E	FY26E	FY27E
Revenue	465,739	343,176	249,934	206,924	179,914	Cash flow from operating activities	(11,246)	(10,712)	(17,164)	(17,682)	(14,729)
COGS	(398,291)	(315,334)	(229,515)	(190,429)	(166,145)	o/w Depreciation & amortization	0	0	0	0	0
Gross profit	67,448	27,842	20,419	16,495	13,770	o/w Changes in working capital	(226,605)	(166,846)	2,059	204	1,407
SG&A	(22,399)	(20,479)	(29,308)	(23,750)	(19,587)	Cash flow from investing activities	(4,616)	10,809	1,894	1,710	1,545
Adj. EBITDA	42,867	(14,744)	2,004	43	(777)	o/w Capital expenditure	0	0	0	0	0
D&A	0	0	0	0	0	as % of sales	0.0%	0.0%	0.0%	0.0%	0.0%
Adj. EBIT	42,867	(14,744)	2,004	43	(777)	Cash flow from financing activities	(21,655)	(13,161)	(17,889)	(16,100)	(14,490)
Net Interest	(2,694)	(5,349)	(4,474)	(3,598)	(2,719)	o/w Dividends paid	(19,115)	(2,657)	0	0	0
Adj. PBT	40,232	(23,289)	(5,666)	(6,750)	(6,691)	o/w Shares issued/(repurchased)	3,464	0	0	0	0
Tax	(24,515)	(17,246)	(9,396)	(7,159)	(5,634)	o/w Net debt issued/(repaid)	3,352	(1,213)	(17,889)	(16,100)	(14,490)
Minority Interest	(8,293)	(774)	(564)	(467)	(406)	Net change in cash	(37,482)	(12,933)	(33,159)	(32,072)	(27,675)
Adj. Net Income	9,794	(45,394)	(15,626)	(14,376)	(12,731)	Adj. Free cash flow to firm	(10,194)	(1,402)	(5,269)	(10,269)	(9,722)
Reported EPS	1.03	(4.15)	(1.31)	(1.20)	(1.07)	y/y Growth	10.8%	(86.2%)	275.8%	94.9%	(5.3%)
Adj. EPS	0.83	(3.80)	(1.31)	(1.20)	(1.07)						
DPS	0.00	0.00	0.00	0.00	0.00						
Payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%						
Shares outstanding	11,781	11,931	11,931	11,931	11,931						
Balance Sheet						Ratio Analysis					
	FY23A	FY24A	FY25E	FY26E	FY27E		FY23A	FY24A	FY25E	FY26E	FY27E
Cash and cash equivalents	99,814	88,163	60,467	33,858	11,646	Gross margin	14.5%	8.1%	8.2%	8.0%	7.7%
Accounts receivable	343,456	306,036	306,036	306,036	306,036	EBITDA margin	9.2%	(4.3%)	0.8%	0.0%	(0.4%)
Inventories	2,711	2,539	2,539	2,539	2,539	EBIT margin	9.2%	(4.3%)	0.8%	0.0%	(0.4%)
Other current assets	704,302	520,774	520,774	520,774	520,774	Net profit margin	2.1%	(13.2%)	(6.3%)	(6.9%)	(7.1%)
Current assets	1,150,282	917,512	889,816	863,207	840,995	ROE	4.0%	(20.0%)	(8.0%)	(8.0%)	(7.7%)
PP&E	48,084	45,311	45,311	45,311	45,311	ROA	0.6%	(3.3%)	(1.2%)	(1.2%)	(1.0%)
LT investments	47,728	51,685	51,685	51,685	51,685	ROCE	3.0%	(4.5%)	0.9%	0.0%	(0.2%)
Other non current assets	258,778	271,752	268,556	265,360	262,164	SG&A/Sales	4.8%	6.0%	11.7%	11.5%	10.9%
Total assets	1,504,872	1,286,260	1,255,368	1,225,563	1,200,156	Net debt/Equity	0.6	0.8	1.2	1.3	1.4
Short term borrowings	64,031	160,131	160,131	160,131	160,131	Net debt/EBITDA	5.2	NM	192.0	9,122.9	NM
Payables	383,118	294,958	297,907	300,887	303,895	Sales/Assets (x)	0.3	0.2	0.2	0.2	0.1
Other short term liabilities	374,636	263,973	263,082	260,308	258,706	Assets/Equity (x)	6.6	6.2	6.5	6.9	7.3
Current liabilities	821,785	719,062	721,121	721,325	722,732	Interest cover (x)	15.9	NM	0.4	0.0	NM
Long-term debt	257,635	202,999	185,111	169,011	154,521	Operating leverage	521.2%	510.7%	418.1%	568.5%	14499.4%
Other long term liabilities	22,518	25,344	25,344	25,344	25,344	Tax rate	60.9%	(74.1%)	(165.8%)	(106.1%)	(84.2%)
Total liabilities	1,101,939	947,405	931,575	915,680	902,597	Revenue y/y Growth	(7.6%)	(26.3%)	(27.2%)	(17.2%)	(13.1%)
Shareholders' equity	250,785	202,666	187,040	172,664	159,934	EBITDA y/y Growth	(39.4%)	(134.4%)	(113.6%)	(97.8%)	(1892.6%)
Minority interests	152,149	136,188	136,752	137,219	137,625	EPS y/y Growth	(51.3%)	(557.7%)	(65.6%)	(8.0%)	(11.4%)
Total liabilities & equity	1,504,872	1,286,260	1,255,368	1,225,563	1,200,156						
BVPS	21.29	16.99	15.68	14.47	13.41						
y/y Growth	1.7%	(20.2%)	(7.7%)	(7.7%)	(7.4%)						
RNAV/Share		19.82	-	-	-						
Net debt/(cash)	221,852	274,967	384,775	395,284	403,006						
Valuation						Valuation					
	FY23A	FY24A	FY25E	FY26E	FY27E		FY23A	FY24A	FY25E	FY26E	FY27E
P/E (x)	8.6	NM	NM	NM	NM	P/E (x)	8.6	NM	NM	NM	NM
P/BV (x)	0.3	0.4	0.5	0.5	0.5	P/BV (x)	0.3	0.4	0.5	0.5	0.5
EV/EBITDA (x)	7.4	NM	241.4	11,493.7	NM	EV/EBITDA (x)	7.4	NM	241.4	11,493.7	NM
Dividend Yield	0.0%	0.0%	0.0%	0.0%	0.0%	Dividend Yield	0.0%	0.0%	0.0%	0.0%	0.0%

Source: Company reports and J.P. Morgan estimates.

Note: Rmb in millions (except per-share data). Fiscal year ends Dec. o/w - out of which

Overweight

001979.SZ,001979 CH

Price (01 Apr 25): Rmb9.35

Price Target (Dec-25): Rmb10.50

China

China Property

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J.P. Morgan Securities (Asia Pacific) Limited/

J.P. Morgan Broking (Hong Kong) Limited

Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top)			
		6M	1Y	3Y	5Y
Value	15	22	17	38	22
Growth	94	94	71	88	28
Momentum	78	71	84	25	86
Quality	82	82	83	72	23
Low Vol	60	64	50	18	21
ESGQ	20	1	1	-	-

Sources for: Style Exposure – J.P. Morgan Quantitative and Derivatives Strategy; all other tables are company data and J.P. Morgan estimates.

China Merchants Shekou Industrial Zone Holdings - A

A leading SOE with market share gain

Our Dec-25 price target of Rmb10.50 is based on a target P/B of 0.9x. We update our earnings estimates based on our latest assumptions on delivery and margins.

Investment Thesis, Valuation and Risks

China Merchants Shekou Industrial Zone Holdings Co. Ltd. - A (Overweight; Price Target: Rmb10.50)

Investment Thesis

We like the company's scarcity value as an SOE among the top 10 developers, with a good quality landbank with a focus on Shenzhen. We think its sales and earnings growth will outperform peers'.

Valuation

Our Dec-25 price target of Rmb10.50 is based on a target P/B of 0.9x, higher than peers' due to its SOE background, Shenzhen-focused landbank and sizeable recurring income.

Risks to Rating and Price Target

Downside risks include: (1) severe policy tightening in Shenzhen; (2) worse-than-expected sales momentum; and (3) worse-than-expected net gearing.

Upside catalysts include: (1) more NAV-accretive asset injections; (2) better-than-expected sales momentum; and (3) lower-than-expected net gearing.

Price Performance



— 001979.SZ Price (Rmb) SSEA (rebased)

	YTD	1m	3m	12m
Abs	-8.7%	-4.8%	-8.7%	-1.4%
Rel	-8.6%	-5.6%	-8.6%	-10.1%

Company Data

Shares O/S (mn)	9,061
52-week range (Rmb)	13.44-7.45
Market cap (\$ mn)	11,674
Exchange rate	7.26
Free float (%)	30.6%
3M ADV (mn)	65.17
3M ADV (\$ mn)	87.8
Volatility (90 Day)	27
Index	SHASHR
BBG ANR (Buy Hold Sell)	20 4 1

Key Metrics (FYE Dec)

Rmb in millions	FY24A	FY25E	FY26E	FY27E
Financial Estimates				
Revenue	177,645	164,364	152,861	161,860
Adj. EBITDA	18,586	16,969	16,645	17,938
Adj. EBIT	14,613	12,996	12,672	13,965
Adj. net income	2,449	2,572	3,019	3,383
Adj. EPS	0.27	0.28	0.33	0.37
BBG EPS	0.63	0.54	0.63	0.62
Cashflow from operations	23,764	(23,466)	(3,113)	(2,179)
FCFF	26,922	(24,288)	(3,949)	(3,028)
Margins and Growth				
Revenue Growth Y/Y (%)	2.2%	(7.5%)	(7.0%)	5.9%
EBITDA margin	10.5%	10.3%	10.9%	11.1%
EBITDA Growth Y/Y (%)	(5.9%)	(8.7%)	(1.9%)	7.8%
EBIT margin	8.2%	7.9%	8.3%	8.6%
Net margin	1.4%	1.6%	2.0%	2.1%
Adj. EPS growth	(57.2%)	5.0%	17.4%	12.1%
Ratios				
Adj. tax rate	71.5%	69.6%	64.6%	63.7%
Interest cover	11.7	10.7	10.5	11.3
Net debt/Equity	0.4	0.5	0.6	0.6
Net debt/EBITDA	6.7	9.1	9.7	9.4
ROCE	1.2%	1.1%	1.3%	1.3%
ROE	2.1%	2.3%	2.6%	2.9%
Valuation				
FCFF yield	31.8%	(28.7%)	(4.7%)	(3.6%)
Dividend yield	2.1%	2.1%	2.4%	2.5%
EV/Revenue	2.2	2.5	2.8	2.7
EV/EBITDA	20.8	24.6	25.5	24.1
Adj. P/E	34.5	32.9	28.0	25.0

Summary Investment Thesis and Valuation

We like the company's scarcity value as an SOE among the top 10 developers, with a good quality landbank with a focus on Shenzhen. We think its sales and earnings growth will outperform peers'.

Our Dec-25 price target of Rmb10.50 is based on a target P/B of 0.9x, higher than peers' due to its SOE background, Shenzhen-focused landbank and sizeable recurring income.

Performance Drivers

Market	14%
Region	14%
Macro	14%
Style	9%
Idiosyn.	49%

Factors	6M Corr	1Y Corr
Market: MSCI Asia Pac ex JP	0.46	0.43
Region: China	0.51	0.41
Macro:		
HSI Volatility Index	0.40	0.22
US 10 Year Yield	-0.23	-0.15
JP Morgan EMBI Global Spread	0.03	-0.13
Quant Styles:		
Growth	-0.50	-0.44
Momentum	-0.43	-0.36
Size	-0.34	-0.24

China Merchants Shekou Industrial Zone Holdings - A: Summary of Financials

Income Statement						Cash Flow Statement					
	FY23A	FY24A	FY25E	FY26E	FY27E		FY23A	FY24A	FY25E	FY26E	FY27E
Revenue	173,810	177,645	164,364	152,861	161,860	Cash flow from operating activities	22,239	23,764	(23,466)	(3,113)	(2,179)
COGS	(147,204)	(152,812)	(140,652)	(128,795)	(134,680)	o/w Depreciation & amortization	1,948	3,973	3,973	3,973	3,973
Gross profit	26,605	24,833	23,712	24,065	27,181	o/w Changes in working capital	(15,175)	34,891	(22,141)	(93)	2,263
SG&A	(6,861)	(6,247)	(6,743)	(7,420)	(9,243)	Cash flow from investing activities	(12,241)	3,158	(822)	(835)	(849)
Adj. EBITDA	19,745	18,586	16,969	16,645	17,938	o/w Capital expenditure	(6,591)	(5,703)	(500)	(500)	(500)
D&A	(1,948)	(3,973)	(3,973)	(3,973)	(3,973)	as % of sales	3.8%	3.2%	0.3%	0.3%	0.3%
Adj. EBIT	17,797	14,613	12,996	12,672	13,965	Cash flow from financing activities	(7,991)	(14,861)	6,308	10,609	12,611
Net Interest	(475)	(1,589)	(1,589)	(1,589)	(1,589)	o/w Dividends paid	(2,360)	(3,375)	(3,109)	(3,399)	(3,785)
Adj. PBT	18,946	14,717	13,439	13,521	14,813	o/w Shares issued/(repurchased)	23,391	1,643	0	0	0
Tax	(9,840)	(10,528)	(9,357)	(8,728)	(9,443)	o/w Net debt issued/(repaid)	8,292	7,492	12,000	14,007	16,396
Minority Interest	(2,787)	(150)	(1,510)	(1,773)	(1,987)	Net change in cash	2,046	12,062	(17,981)	6,660	9,583
Adj. Net Income	5,733	2,449	2,572	3,019	3,383	Adj. Free cash flow to firm	9,998	26,922	(24,288)	(3,949)	(3,028)
Reported EPS	0.63	0.27	0.28	0.33	0.37	y/y Growth	594.1%	169.3%	(190.2%)	(83.7%)	(23.3%)
Adj. EPS	0.63	0.27	0.28	0.33	0.37						
DPS	0.32	0.19	0.20	0.22	0.24						
Payout ratio	50.6%	71.4%	70.1%	66.1%	63.7%						
Shares outstanding	9,061	9,042	9,042	9,042	9,042						
Balance Sheet						Ratio Analysis					
	FY23A	FY24A	FY25E	FY26E	FY27E		FY23A	FY24A	FY25E	FY26E	FY27E
Cash and cash equivalents	88,290	100,351	82,371	89,030	98,613	Gross margin	15.3%	14.0%	14.4%	15.7%	16.8%
Accounts receivable	121,905	111,384	116,953	122,801	128,941	EBITDA margin	11.4%	10.5%	10.3%	10.9%	11.1%
Inventories	36,077	33,982	42,311	51,474	61,553	EBIT margin	10.2%	8.2%	7.9%	8.3%	8.6%
Other current assets	417,689	368,448	372,733	377,241	381,991	Net profit margin	3.3%	1.4%	1.6%	2.0%	2.1%
Current assets	663,960	614,166	614,369	640,546	671,098	ROE	5.2%	2.1%	2.3%	2.6%	2.9%
PP&E	11,618	11,444	9,971	10,498	13,025	ROA	0.6%	0.3%	0.3%	0.3%	0.4%
LT investments	232,930	234,699	239,059	243,839	248,632	ROCE	2.7%	1.2%	1.1%	1.3%	1.3%
Other non current assets	232,930	234,699	239,059	243,839	248,632	SG&A/Sales	3.9%	3.5%	4.1%	4.9%	5.7%
Total assets	908,508	860,309	863,399	894,883	932,754	Net debt/Equity	0.4	0.4	0.5	0.6	0.6
Short term borrowings	40,644	52,406	55,026	57,777	60,666	Net debt/EBITDA	6.2	6.7	9.1	9.7	9.4
Payables	55,188	44,919	49,411	54,352	59,788	Sales/Assets (x)	0.2	0.2	0.2	0.2	0.2
Other short term liabilities	330,191	288,983	275,602	285,155	298,021	Assets/Equity (x)	8.1	7.7	7.7	7.7	7.8
Current liabilities	426,024	386,308	380,040	397,285	418,475	Interest cover (x)	41.5	11.7	10.7	10.5	11.3
Long-term debt	170,098	172,677	182,057	193,313	206,821	Operating leverage	446.5%	(810.8%)	148.0%	35.6%	173.2%
Other long term liabilities	15,697	14,578	11,995	11,995	11,995	Tax rate	51.9%	71.5%	69.6%	64.6%	63.7%
Total liabilities	611,818	573,564	574,092	602,593	637,290	Revenue y/y Growth	(4.4%)	2.2%	(7.5%)	(7.0%)	5.9%
Shareholders' equity	119,723	111,007	113,418	116,223	119,199	EBITDA y/y Growth	(28.4%)	(5.9%)	(8.7%)	(1.9%)	7.8%
Minority interests	176,967	175,738	175,889	176,066	176,265	EPS y/y Growth	14.8%	(57.2%)	5.0%	17.4%	12.1%
Total liabilities & equity	908,508	860,309	863,399	894,883	932,754						
BVPS	10.89	10.95	11.21	11.52	11.85						
y/y Growth	0.9%	0.6%	2.4%	2.8%	2.9%						
RNAV/Share	-	28.10	-	-	-						
Net debt/(cash)	122,452	124,732	154,713	162,060	168,874						
						Valuation					
	FY23A	FY24A	FY25E	FY26E	FY27E		FY23A	FY24A	FY25E	FY26E	FY27E
P/E (x)	14.8	34.5	32.9	28.0	25.0						
P/BV (x)	0.9	0.9	0.8	0.8	0.8						
EV/EBITDA (x)	19.6	20.8	24.6	25.5	24.1						
Dividend Yield	3.4%	2.1%	2.1%	2.4%	2.5%						

Source: Company reports and J.P. Morgan estimates.

Note: Rmb in millions (except per-share data). Fiscal year ends Dec. o/w - out of which

Underweight

2007.HK, 2007 HK

Price (01 Apr 25): HK\$0.47

Price Target (Dec-25): HK\$0.40

China

China Property

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Key Changes (FYE Dec)

	Prev	Cur
Revenue - 25E (Rmb mn)	164,429	151,724
Revenue - 26E (Rmb mn)	107,485	93,958

Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top)			
		6M	1Y	3Y	5Y
Value	98	98	96	5	7
Growth	100	100	100	89	33
Momentum	100	50	80	90	77
Quality	99	99	92	42	13
Low Vol	85	98	100	35	51

Sources for: Style Exposure – J.P. Morgan Quantitative and Derivatives Strategy; all other tables are company data and J.P. Morgan estimates.

Country Garden Holdings (2007)

No turnaround story

Our Dec-25 price target of HK\$0.40 is based on a target P/contracted sales of 0.24x. We revise our earnings estimates based on our latest assumptions on delivery and margins.

Investment Thesis, Valuation and Risks

Country Garden Holdings (Underweight; Price Target: HK\$0.40)

Investment Thesis

We are Underweight on Country Garden Holdings due to its distressed status, and we see no turnaround on the name, as we believe it will likely continue to lose market share to SOE and non-distressed peers.

Valuation

Our Dec-25 price target of HK\$0.40 is based on a P/contracted sales of 0.24x, benchmarking the distressed developers' average.

Risks to Rating and Price Target

Upside risks include better-than-expected sales and an overall improvement in low-tier cities.

Downside catalysts include a significant slowdown in sales in low-tier cities, completion slippages and worse-than-expected financial management.

Price Performance



	YTD	1m	3m	12m
Abs	-4.1%	-7.0%	-4.1%	-4.1%
Rel	-19.8%	-8.2%	-19.8%	-41.2%

Company Data

Shares O/S (mn)	27,989
52-week range (HK\$)	0.63-0.38
Market cap (\$ mn)	1,673
Exchange rate	7.78
Free float (%)	47.6%
3M ADV (mn)	135.14
3M ADV (\$ mn)	8.4
Volatility (90 Day)	72
Index	HSI
BBG ANR (Buy Hold Sell)	0 1 5

Key Metrics (FYE Dec)

Rmb in millions	FY24A	FY25E	FY26E	FY27E
Financial Estimates				
Revenue	252,756	151,724	93,958	63,026
Adj. EBITDA	(15,331)	(11,640)	(7,980)	(5,043)
Adj. EBIT	(16,940)	(14,773)	(11,550)	(9,141)
Adj. net income	(30,316)	(20,692)	(17,550)	(14,945)
Adj. EPS	(1.08)	(0.74)	(0.63)	(0.53)
BBG EPS	(0.69)	(0.41)	(0.31)	(0.25)
Cashflow from operations	(9,503)	4,195	8,676	11,308
FCFF	(1,798)	7,309	11,618	14,030
Margins and Growth				
Revenue Growth Y/Y (%)	(37.0%)	(40.0%)	(38.1%)	(32.9%)
EBITDA margin	(6.1%)	(7.7%)	(8.5%)	(8.0%)
EBITDA Growth Y/Y (%)	(90.3%)	(24.1%)	(31.4%)	(36.8%)
EBIT margin	(6.7%)	(9.7%)	(12.3%)	(14.5%)
Net margin	(12.0%)	(13.6%)	(18.7%)	(23.7%)
Adj. EPS growth	(82.8%)	(31.7%)	(15.2%)	(14.8%)
Ratios				
Adj. tax rate	(64.4%)	(19.7%)	(19.0%)	(18.6%)
Interest cover	NM	NM	NM	NM
Net debt/Equity	4.2	7.5	19.8	NM
Net debt/EBITDA	NM	NM	NM	NM
ROCE	(10.9%)	(7.8%)	(6.7%)	(5.8%)
ROE	(323.2%)	118.0%	47.9%	28.3%
Valuation				
FCFF yield	(14.8%)	60.2%	95.7%	115.6%
Dividend yield	0.0%	0.0%	0.0%	0.0%
EV/Revenue	1.1	1.9	3.0	4.3
EV/EBITDA	NM	NM	NM	NM
Adj. P/E	NM	NM	NM	NM

Summary Investment Thesis and Valuation

We are Underweight on Country Garden Holdings due to its distressed status, and we see no turnaround on the name, as we believe it will likely continue to lose market share to SOE and non-distressed peers.

Our Dec-25 price target of HK\$0.40 is based on a P/contracted sales of 0.24x, benchmarking the distressed developers' average.

Performance Drivers

Market	0%
Region	4%
Macro	20%
Style	7%
Idiosyn.	69%

Factors	6M Corr	1Y Corr
Market: MSCI Asia Pac ex JP	-0.13	-0.01
Region: China	-0.03	0.15
Macro:		
Citi Economic Surprise - EM	-0.44	-0.37
JP Morgan GBI-EM Global Div	-0.54	-0.27
JPM EM Currency(EMCI) Fixing	-0.51	-0.23
Quant Styles:		
Growth	-0.17	-0.30
DivYld	0.29	0.27
Momentum	-0.35	-0.27

Country Garden Holdings (2007): Summary of Financials

Income Statement						Cash Flow Statement					
	FY23A	FY24A	FY25E	FY26E	FY27E		FY23A	FY24A	FY25E	FY26E	FY27E
Revenue	401,015	252,756	151,724	93,958	63,026	Cash flow from operating activities	(100,762)	(9,503)	4,195	8,676	11,308
COGS	(494,624)	(254,443)	(145,706)	(89,747)	(59,587)	o/w Depreciation & amortization	2,376	1,609	3,133	3,570	4,099
Gross profit	(93,609)	(1,687)	(1,918)	(610)	269	o/w Changes in working capital	(166,436)	(157,389)	(86,548)	(31,236)	(9,420)
SG&A	(18,033)	(10,783)	(8,626)	(6,901)	(5,521)	Cash flow from investing activities	1,022	4,896	(1,328)	(1,877)	(2,159)
Adj. EBITDA	(158,231)	(15,331)	(11,640)	(7,980)	(5,043)	o/w Capital expenditure	(2,500)	0	(2,500)	(2,500)	(2,500)
D&A	(2,376)	(1,609)	(3,133)	(3,570)	(4,099)	as % of sales	0.6%	0.0%	1.6%	2.7%	4.0%
Adj. EBIT	(160,607)	(16,940)	(14,773)	(11,550)	(9,141)	Cash flow from financing activities	(21,411)	3,839	(2,669)	(2,402)	(2,162)
Net Interest	(3,845)	(4,688)	(4,690)	(4,574)	(4,405)	o/w Dividends paid	0	0	0	0	0
Adj. PBT	(164,301)	(19,850)	(18,450)	(15,527)	(13,166)	o/w Shares issued/(repurchased)	247	0	0	0	0
Tax	(33,709)	(12,776)	(3,636)	(2,948)	(2,444)	o/w Net debt issued/(repaid)	(22,036)	3,319	(2,669)	(2,402)	(2,162)
Minority Interest	22,562	2,310	1,393	925	665	Net change in cash	(121,151)	(768)	197	4,396	6,987
Adj. Net Income	(175,448)	(30,316)	(20,692)	(17,550)	(14,945)	Adj. Free cash flow to firm	(98,628)	(1,798)	7,309	11,618	14,030
Reported EPS	(6.41)	(1.17)	(0.74)	(0.63)	(0.53)	y/y Growth	(399.3%)	(98.2%)	(506.6%)	59.0%	20.8%
Adj. EPS	(6.31)	(1.08)	(0.74)	(0.63)	(0.53)						
DPS	0.00	0.00	0.00	0.00	0.00						
Payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%						
Shares outstanding	27,813	27,989	27,989	27,989	27,989						
Balance Sheet						Ratio Analysis					
	FY23A	FY24A	FY25E	FY26E	FY27E		FY23A	FY24A	FY25E	FY26E	FY27E
Cash and cash equivalents	63,816	29,897	25,387	29,783	36,770	Gross margin	(23.3%)	(0.7%)	(1.3%)	(0.6%)	0.4%
Accounts receivable	299,294	267,649	240,884	216,796	195,116	EBITDA margin	(39.5%)	(6.1%)	(7.7%)	(8.5%)	(8.0%)
Inventories	7,806	4,996	4,996	4,996	4,996	EBIT margin	(40.1%)	(6.7%)	(9.7%)	(12.3%)	(14.5%)
Other current assets	785,271	614,343	513,058	452,050	413,747	Net profit margin	(43.8%)	(12.0%)	(13.6%)	(18.7%)	(23.7%)
Current assets	1,156,187	916,885	784,325	703,625	650,629	ROE	(152.8%)	(323.2%)	118.0%	47.9%	28.3%
PP&E	22,694	21,077	20,444	19,374	17,776	ROA	(11.6%)	(2.6%)	(2.1%)	(2.0%)	(1.9%)
LT investments	114,111	97,881	98,699	99,908	100,926	ROCE	(52.4%)	(10.9%)	(7.8%)	(6.7%)	(5.8%)
Other non current assets	114,111	97,881	98,699	99,908	100,926	SG&A/Sales	4.5%	4.3%	5.7%	7.3%	8.8%
Total assets	1,292,992	1,035,843	903,468	822,907	769,330	Net debt/Equity	2.0	4.2	7.5	19.8	NM
Short term borrowings	186,202	220,104	220,104	220,104	220,104	Net debt/EBITDA	NM	NM	NM	NM	NM
Payables	444,509	433,775	433,775	433,775	433,775	Sales/Assets (x)	0.3	0.2	0.2	0.1	0.1
Other short term liabilities	495,534	288,871	181,251	121,567	85,763	Assets/Equity (x)	13.2	124.1	NM	NM	NM
Current liabilities	1,126,245	942,750	835,130	775,446	739,642	Interest cover (x)	NM	NM	NM	NM	NM
Long-term debt	57,276	26,693	24,024	21,621	19,459	Operating leverage	29085.6%	242.0%	32.0%	57.3%	63.3%
Other long term liabilities	20,862	15,146	15,146	15,146	15,146	Tax rate	(20.5%)	(64.4%)	(19.7%)	(19.0%)	(18.6%)
Total liabilities	1,204,383	984,589	874,300	812,214	774,247	Revenue y/y Growth	(6.8%)	(37.0%)	(40.0%)	(38.1%)	(32.9%)
Shareholders' equity	25,947	(7,185)	(27,877)	(45,427)	(60,372)	EBITDA y/y Growth	(1566.3%)	(90.3%)	(24.1%)	(31.4%)	(36.8%)
Minority interests	62,662	58,439	57,046	56,120	55,455	EPS y/y Growth	(6237.2%)	(82.8%)	(31.7%)	(15.2%)	(14.8%)
Total liabilities & equity	1,292,992	1,035,843	903,468	822,907	769,330						
BVPS	0.93	(0.26)	(1.00)	(1.62)	(2.16)						
y/y Growth	(87.4%)	(127.7%)	288.0%	63.0%	32.9%						
RNAV/Share	-	-	8.86	-	-						
Net debt/(cash)	179,662	216,900	218,740	211,942	202,793						
Valuation											
	FY23A	FY24A	FY25E	FY26E	FY27E		FY23A	FY24A	FY25E	FY26E	FY27E
P/E (x)	NM	NM	NM	NM	NM						
P/BV (x)	0.5	NM	NM	NM	NM						
EV/EBITDA (x)	NM	NM	NM	NM	NM						
Dividend Yield	0.0%	0.0%	0.0%	0.0%	0.0%						

Source: Company reports and J.P. Morgan estimates.

Note: Rmb in millions (except per-share data). Fiscal year ends Dec. o/w - out of which

Underweight

1918.HK, 1918 HK

Price (01 Apr 25): HK\$1.52

Price Target (Dec-25): HK\$0.50

China

China Property

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J.P. Morgan Securities (Asia Pacific) Limited/

J.P. Morgan Broking (Hong Kong) Limited

Key Changes (FYE Dec)

	Prev	Cur
Adj. EPS - 25E (Rmb)	(0.69)	(1.11)
Adj. EPS - 26E (Rmb)	(0.36)	(0.94)

Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top)			
		6M	1Y	3Y	5Y
Value	35	93	94	1	8
Growth	69	96	92	95	9
Momentum	12	51	36	98	30
Quality	97	96	99	30	16
Low Vol	100	100	100	94	78

Sources for: Style Exposure – J.P. Morgan Quantitative and Derivatives Strategy; all other tables are company data and J.P. Morgan estimates.

SUNAC China

No hope of a turnaround

Our price target of HK\$0.50 is based on a target P/B of 0.16x. We update our earnings estimates to factor in our latest assumptions on delivery and margins.

Investment Thesis, Valuation and Risks

SUNAC China Holdings (Underweight; Price Target: HK\$0.50)

Investment Thesis

We stay Underweight on SUNAC China due to its distressed status, and we see no turnaround for the name, as we believe it will likely continue to lose market share to other SOE and non-distressed peers.

Valuation

Our Dec-25 price target of HK\$0.50 is based on a target P/B of 0.16x, in line with that of developers with liquidity concerns.

Risks to Rating and Price Target

Upside risks include: (1) better-than-expected sales in top-tier cities; (2) higher-than-expected margin; and (3) faster-than-expected deleveraging.

Downside catalysts include: (1) slippages of the completion schedule; (2) worse-than-expected landbanking; and (3) worse-than-expected margin.

Price Performance



— 1918.HK Price (HK\$) - HSCEI (rebased)

	YTD	1m	3m	12m
Abs	-34.5%	-32.7%	-34.5%	35.7%
Rel	-51.6%	-34.2%	-51.6%	-7.5%

Company Data

Shares O/S (mn)	8,396
52-week range (HK\$)	5.51-0.87
Market cap (\$ mn)	1,640
Exchange rate	7.78
Free float (%)	71.4%
3M ADV (mn)	359.54
3M ADV (\$ mn)	85.1
Volatility (90 Day)	97
Index	HSCEI
BBG ANR (Buy Hold Sell)	0 1 3

Key Metrics (FYE Dec)

Rmb in millions	FY24A	FY25E	FY26E	FY27E
Financial Estimates				
Revenue	74,019	66,055	60,566	58,688
Adj. EBITDA	(2,072)	9	917	1,001
Adj. EBIT	(5,054)	(2,972)	(2,065)	(1,980)
Adj. net income	(19,288)	(10,312)	(8,785)	(7,986)
Adj. EPS	(2.25)	(1.11)	(0.94)	(0.86)
BBG EPS	(0.64)	(0.69)	(0.36)	-
Cashflow from operations	(9,350)	9,227	6,681	4,602
FCFF	5,321	19,148	15,429	12,270
Margins and Growth				
Revenue Growth Y/Y (%)	(52.0%)	(10.8%)	(8.3%)	(3.1%)
EBITDA margin	(2.8%)	0.0%	1.5%	1.7%
EBITDA Growth Y/Y (%)	(125.5%)	(100.4%)	9774.4%	9.2%
EBIT margin	(6.8%)	(4.5%)	(3.4%)	(3.4%)
Net margin	(26.1%)	(15.6%)	(14.5%)	(13.6%)
Adj. EPS growth	8215.6%	(50.8%)	(14.8%)	(9.1%)
Ratios				
Adj. tax rate	(17.7%)	(6.8%)	(6.6%)	(6.2%)
Interest cover	NM	0.0	0.1	0.1
Net debt/Equity	4.2	5.4	7.7	14.0
Net debt/EBITDA	NM	23,239.0	224.5	201.2
ROCE	(1.9%)	(1.1%)	(0.8%)	(0.9%)
ROE	(37.5%)	(30.8%)	(43.5%)	(99.4%)
Valuation				
FCFF yield	43.8%	145.1%	116.9%	93.0%
Dividend yield	0.0%	0.0%	0.0%	0.0%
EV/Revenue	3.5	3.7	3.9	3.9
EV/EBITDA	NM	26,498.4	256.6	229.9
Adj. P/E	NM	NM	NM	NM

Summary Investment Thesis and Valuation

We stay Underweight on SUNAC China due to its distressed status, and we see no turnaround for the name, as we believe it will likely continue to lose market share to other SOE and non-distressed peers.

Our Dec-25 price target of HK\$0.50 is based on a target P/B of 0.16x, in line with that of developers with liquidity concerns.

Performance Drivers

Market	16%
Region	46%
Macro	9%
Style	7%
Idiosyn.	22%

Factors	6M Corr	1Y Corr
Market: MSCI Asia Pac ex JP	0.42	0.41
Region: China	0.78	0.76
Macro:		
HSI Volatility Index	0.62	0.58
Emerging Central Bank Rate	0.49	0.47
JPM China A-shares Sentiment	0.41	0.40
Quant Styles:		
Momentum	-0.50	-0.47
Growth	-0.50	-0.45
Size	-0.43	-0.41

SUNAC China: Summary of Financials

Income Statement						Cash Flow Statement					
	FY23A	FY24A	FY25E	FY26E	FY27E		FY23A	FY24A	FY25E	FY26E	FY27E
Revenue	154,231	74,019	66,055	60,566	58,688	Cash flow from operating activities	(21,623)	(9,350)	9,227	6,681	4,602
COGS	(156,734)	(71,127)	(61,408)	(55,938)	(54,718)	o/w Depreciation & amortization	3,584	2,982	2,982	2,982	2,982
Gross profit	(2,503)	2,892	4,648	4,627	3,970	o/w Changes in working capital	(26,913)	15,923	24,303	20,130	17,224
SG&A	(10,366)	(5,798)	(4,638)	(3,711)	(2,968)	Cash flow from investing activities	2,738	31,134	7,966	4,068	438
Adj. EBITDA	8,116	(2,072)	9	917	1,001	o/w Capital expenditure	(860)		(802)	(883)	(971)
D&A	(3,584)	(2,982)	(2,982)	(2,982)	(2,982)	as % of sales	0.6%	-	1.2%	1.5%	1.7%
Adj. EBIT	4,532	(5,054)	(2,972)	(2,065)	(1,980)	Cash flow from financing activities	14,319	(21,083)	(8,346)	(4,341)	(4,200)
Net Interest	(4,709)	(11,157)	(10,041)	(9,037)	(8,133)	o/w Dividends paid	0	0	0	0	0
Adj. PBT	2,684	(17,842)	(12,141)	(10,316)	(9,344)	o/w Shares issued/(repurchased)	0	83	0	0	0
Tax	(5,278)	(3,155)	826	677	581	o/w Net debt issued/(repaid)	16,316	(18,166)	(7,443)	(3,573)	(3,501)
Minority Interest	2,443	1,709	1,002	854	776	Net change in cash	(4,566)	701	8,846	6,408	840
Adj. Net Income	(151)	(19,288)	(10,312)	(8,785)	(7,986)	Adj. Free cash flow to firm	(27,033)	5,321	19,148	15,429	12,270
Reported EPS	(0.03)	(2.25)	(1.11)	(0.94)	(0.86)	y/y Growth	(454.5%)	(119.7%)	259.8%	(19.4%)	(20.5%)
Adj. EPS	(0.03)	(2.25)	(1.11)	(0.94)	(0.86)						
DPS	0.00	0.00	0.00	0.00	0.00						
Payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%						
Shares outstanding	5,575	8,564	9,306	9,306	9,306						
Balance Sheet						Ratio Analysis					
	FY23A	FY24A	FY25E	FY26E	FY27E		FY23A	FY24A	FY25E	FY26E	FY27E
Cash and cash equivalents	24,623	19,745	28,093	34,501	35,341	Gross margin	(1.6%)	3.9%	7.0%	7.6%	6.8%
Accounts receivable	13,058	11,177	8,942	9,389	9,858	EBITDA margin	5.3%	(2.8%)	0.0%	1.5%	1.7%
Inventories	576,581	515,807	428,941	349,997	285,610	EBIT margin	2.9%	(6.8%)	(4.5%)	(3.4%)	(3.4%)
Other current assets	144,242	142,738	123,151	114,011	106,698	Net profit margin	(0.1%)	(26.1%)	(15.6%)	(14.5%)	(13.6%)
Current assets	758,504	689,467	589,127	507,898	437,508	ROE	(0.2%)	(37.5%)	(30.8%)	(43.5%)	(99.4%)
PP&E	138,702	120,499	126,111	133,005	141,491	ROA	(0.0%)	(2.1%)	(1.2%)	(1.2%)	(1.2%)
LT investments	-	-	-	-	-	ROCE	(1.3%)	(1.9%)	(1.1%)	(0.8%)	(0.9%)
Other non current assets	80,649	72,917	60,347	50,291	42,247	SG&A/Sales	6.7%	7.8%	7.0%	6.1%	5.1%
Total assets	977,854	882,883	775,585	691,195	621,245	Net debt/Equity	2.8	4.2	5.4	7.7	14.0
Short term borrowings	181,200	186,086	178,642	175,070	171,568	Net debt/EBITDA	29.2	NM	23,239.0	224.5	201.2
Payables	476,768	421,921	337,537	270,029	216,024	Sales/Assets (x)	0.1	0.1	0.1	0.1	0.1
Other short term liabilities	121,278	134,980	134,980	134,980	134,980	Assets/Equity (x)	17.1	18.1	24.8	36.3	81.6
Current liabilities	779,246	742,987	651,159	580,079	522,572	Interest cover (x)	1.7	NM	0.0	0.1	0.1
Long-term debt	80,671	65,218	65,218	65,218	65,218	Operating leverage	(203.0%)	406.7%	382.8%	367.4%	132.1%
Other long term liabilities	34,151	19,531	19,531	19,531	19,531	Tax rate	196.6%	(17.7%)	(6.8%)	(6.6%)	(6.2%)
Total liabilities	894,068	827,737	735,909	664,829	607,322	Revenue y/y Growth	59.4%	(52.0%)	(10.8%)	(8.3%)	(3.1%)
Shareholders' equity	62,429	40,521	26,452	13,910	2,166	EBITDA y/y Growth	(143.2%)	(125.5%)	(100.4%)	9774.4%	9.2%
Minority interests	21,357	14,625	13,723	12,955	12,256	EPS y/y Growth	(99.3%)	8215.6%	(50.8%)	(14.8%)	(9.1%)
Total liabilities & equity	977,854	882,883	776,084	691,693	621,744						
BVPS	11.20	4.73	2.84	1.49	0.23						
y/y Growth	2.6%	(57.7%)	(39.9%)	(47.4%)	(84.4%)						
RNAV/Share		22.44	-	-	-						
Net debt/(cash)	237,248	231,559	215,768	205,787	201,446						

Source: Company reports and J.P. Morgan estimates.

Note: Rmb in millions (except per-share data). Fiscal year ends Dec. o/w - out of which

Underweight

0813.HK, 813 HK

Price (01 Apr 25): HK\$0.85

Price Target (Dec-25): HK\$0.25

China

China Property

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J.P. Morgan Broking (Hong Kong) Limited

Key Changes (FYE Dec)

	Prev	Cur
Revenue - 25E (Rmb mn)	44,439	53,254
Revenue - 26E (Rmb mn)	39,646	47,179

Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top)			
		6M	1Y	3Y	5Y
Value	97	97	95	1	8
Growth	99	99	99	95	26
Momentum	5	35	84	98	29
Quality	98	98	99	66	33
Low Vol	100	100	100	87	59

Sources for: Style Exposure – J.P. Morgan Quantitative and Derivatives Strategy; all other tables are company data and J.P. Morgan estimates.

Shimao Group Holdings (0813)

No sign of hope

Our Dec-25 price target of HK\$0.25 is based on a target P/contracted sales of 0.04x, referencing distressed developers with a similar negative equity situation. We update our earnings estimates to factor in our latest assumptions on delivery and margins.

Investment Thesis, Valuation and Risks

Shimao Group Holdings Ltd (Underweight; Price Target: HK\$0.25)

Investment Thesis

We are cautious on Shimao because of its distressed status, and we see no turnaround story due to its difficulties in refinancing, weak sales and slow asset disposals.

Valuation

Our Dec-25 price target of HK\$0.25 is based on a target P/S of 0.04x, referencing distressed developers with negative equity and negative earnings.

Risks to Rating and Price Target

Upside risks include better-than-expected contracted sales, a resumption of refinancing and significant asset disposals.

Downside catalysts include lower-than-expected contracted sales and a worse-than-expected outcome in debt restructuring.

Price Performance



— 0813.HK Price (HK\$) — HSCEI (rebased)

	YTD	1m	3m	12m
Abs	-17.5%	-33.1%	-17.5%	80.8%
Rel	-34.6%	-34.5%	-34.6%	37.6%

Company Data

Shares O/S (mn)	3,798
52-week range (HK\$)	3.54-0.29
Market cap (\$ mn)	415
Exchange rate	7.78
Free float (%)	36.0%
3M ADV (mn)	19.75
3M ADV (\$ mn)	2.6
Volatility (90 Day)	92
Index	HSCEI
BBG ANR (Buy Hold Sell)	0 1 2

Key Metrics (FYE Dec)

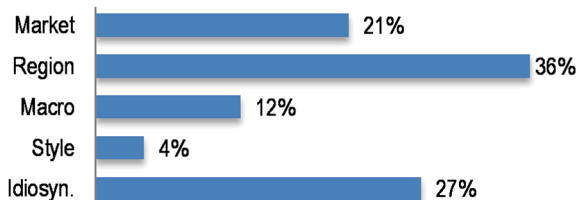
Rmb in millions	FY24A	FY25E	FY26E	FY27E
Financial Estimates				
Revenue	59,665	53,254	47,179	41,524
Adj. EBITDA	(25,482)	1,457	1,766	1,801
Adj. EBIT	(26,515)	423	733	767
Adj. net income	(31,576)	(8,040)	(6,786)	(5,910)
Adj. EPS	(8.34)	(2.12)	(1.79)	(1.56)
BBG EPS	(5.80)	(2.76)	(2.46)	(0.95)
Cashflow from operations	(22,071)	2,995	30,479	23,274
FCFF	(11,589)	12,781	39,137	30,965
Margins and Growth				
Revenue Growth Y/Y (%)	1.4%	(10.7%)	(11.4%)	(12.0%)
EBITDA margin	(42.7%)	2.7%	3.7%	4.3%
EBITDA Growth Y/Y (%)	305.9%	(105.7%)	21.3%	1.9%
EBIT margin	(44.4%)	0.8%	1.6%	1.8%
Net margin	(52.9%)	(15.1%)	(14.4%)	(14.2%)
Adj. EPS growth	113.6%	(74.6%)	(15.6%)	(12.9%)
Ratios				
Adj. tax rate	(6.4%)	(10.2%)	(8.2%)	(6.6%)
Interest cover	NM	0.2	0.2	0.2
Net debt/Equity	71.9	NM	NM	NM
Net debt/EBITDA	NM	164.2	118.4	103.5
ROCE	(11.0%)	0.2%	0.4%	0.4%
ROE	1170.1%	30.1%	18.7%	13.2%
Valuation				
FCFF yield	(385.9%)	424.5%	1299.8%	1028.4%
Dividend yield	0.0%	0.0%	0.0%	0.0%
EV/Revenue	4.2	4.7	4.7	4.7
EV/EBITDA	NM	171.7	124.2	109.0
Adj. P/E	NM	NM	NM	NM

Summary Investment Thesis and Valuation

We are cautious on Shimao because of its distressed status, and we see no turnaround story due to its difficulties in refinancing, weak sales and slow asset disposals.

Our Dec-25 price target of HK\$0.25 is based on a target P/S of 0.04x, referencing distressed developers with negative equity and negative earnings.

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI Asia Pac ex JP	0.47	0.47
Region: China	0.82	0.69
Macro:		
Emerging Central Bank Rate	0.59	0.48
JPM China A-shares Sentiment	0.44	0.46
HSI Volatility Index	0.58	0.44
Quant Styles:		
Momentum	-0.42	-0.38
Size	-0.42	-0.35
Growth	-0.30	-0.33

Shimao Group Holdings (0813): Summary of Financials

Income Statement						Cash Flow Statement					
	FY23A	FY24A	FY25E	FY26E	FY27E		FY23A	FY24A	FY25E	FY26E	FY27E
Revenue	58,836	59,665	53,254	47,179	41,524	Cash flow from operating activities	(5,754)	(22,071)	2,995	30,479	23,274
COGS	(52,988)	(65,534)	(48,472)	(43,212)	(38,336)	o/w Depreciation & amortization	1,094	1,033	1,033	1,033	1,033
Gross profit	5,848	(5,869)	4,782	3,967	3,188	o/w Changes in working capital	(4,660)	20,822	17,862	43,262	34,501
SG&A	(6,123)	(4,823)	(3,376)	(2,363)	(1,654)	Cash flow from investing activities	1,333	923	498	478	462
Adj. EBITDA	(6,278)	(25,482)	1,457	1,766	1,801	o/w Capital expenditure	(438)	0	0	0	0
D&A	(1,094)	(1,033)	(1,033)	(1,033)	(1,033)	as % of sales	0.7%	0.0%	0.0%	0.0%	0.0%
Adj. EBIT	(7,371)	(26,515)	423	733	767	Cash flow from financing activities	(2,436)	17,315	(1,952)	(940)	(972)
Net Interest	(6,132)	(9,856)	(8,883)	(8,004)	(7,212)	o/w Dividends paid	(163)	0	0	0	0
Adj. PBT	(14,526)	(37,005)	(9,008)	(7,742)	(6,842)	o/w Shares issued/(repurchased)	(203)	0	0	0	0
Tax	(2,825)	(2,351)	(916)	(632)	(454)	o/w Net debt issued/(repaid)	(6,801)	(11,912)	0	0	0
Minority Interest	2,569	7,781	1,884	1,588	1,386	Net change in cash	(6,856)	(3,834)	1,540	30,017	22,765
Adj. Net Income	(14,781)	(31,576)	(8,040)	(6,786)	(5,910)	Adj. Free cash flow to firm	1,506	(11,589)	12,781	39,137	30,965
Reported EPS	(5.55)	(9.48)	(2.67)	(2.34)	(2.11)	y/y Growth	(85.1%)	(869.3%)	(210.3%)	206.2%	(20.9%)
Adj. EPS	(3.90)	(8.34)	(2.12)	(1.79)	(1.56)						
DPS	0.00	0.00	0.00	0.00	0.00						
Payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%						
Shares outstanding	3,788	3,788	3,798	3,798	3,798						
Balance Sheet						Ratio Analysis					
	FY23A	FY24A	FY25E	FY26E	FY27E		FY23A	FY24A	FY25E	FY26E	FY27E
Cash and cash equivalents	15,187	11,353	12,893	42,910	65,675	Gross margin	9.9%	(9.8%)	9.0%	8.4%	7.7%
Accounts receivable	40,293	40,839	36,755	33,079	29,771	EBITDA margin	(10.7%)	(42.7%)	2.7%	3.7%	4.3%
Inventories	280,586	222,289	181,565	148,985	122,921	EBIT margin	(12.5%)	(44.4%)	0.8%	1.6%	1.8%
Other current assets	91,667	74,531	61,618	51,462	43,530	Net profit margin	(25.1%)	(52.9%)	(15.1%)	(14.4%)	(14.2%)
Current assets	427,732	349,012	292,830	276,436	261,897	ROE	(54.3%)	1170.1%	30.1%	18.7%	13.2%
PP&E	24,121	18,254	19,173	19,080	19,018	ROA	(2.5%)	(6.4%)	(2.0%)	(1.8%)	(1.7%)
LT investments	9,764	8,880	8,667	8,498	8,362	ROCE	(3.0%)	(11.0%)	0.2%	0.4%	0.4%
Other non current assets	81,632	60,283	57,225	54,245	51,338	SG&A/Sales	10.4%	8.1%	6.3%	5.0%	4.0%
Total assets	543,250	436,429	377,896	358,259	340,615	Net debt/Equity	4.9	71.9	NM	NM	NM
Short term borrowings	199,408	210,216	210,216	210,216	210,216	Net debt/EBITDA	NM	NM	164.2	118.4	103.5
Payables	108,105	104,023	85,220	76,698	69,028	Sales/Assets (x)	0.1	0.1	0.1	0.1	0.1
Other short term liabilities	112,354	69,995	43,000	43,000	43,000	Assets/Equity (x)	21.3	NM	NM	NM	NM
Current liabilities	419,866	384,234	338,436	329,914	322,244	Interest cover (x)	NM	NM	0.2	0.2	0.2
Long-term debt	64,556	41,836	41,836	41,836	41,836	Operating leverage	(5919.7%)	18430.0%	945.5%	(642.1%)	(39.0%)
Other long term liabilities	7,577	7,013	6,312	5,681	5,113	Tax rate	(19.4%)	(6.4%)	(10.2%)	(8.2%)	(6.6%)
Total liabilities	491,999	433,083	386,584	377,431	369,193	Revenue y/y Growth	(5.8%)	1.4%	(10.7%)	(11.4%)	(12.0%)
Shareholders' equity	16,257	(21,654)	(31,804)	(40,700)	(48,719)	EBITDA y/y Growth	1440.8%	305.9%	(105.7%)	21.3%	1.9%
Minority interests	34,994	25,000	23,116	21,528	20,142	EPS y/y Growth	22.2%	113.6%	(74.6%)	(15.6%)	(12.9%)
Total liabilities & equity	543,250	436,429	377,896	358,259	340,615						
BVPS	3.89	(5.72)	(8.37)	(10.72)	(12.83)	Valuation					
y/y Growth	(59.7%)	(247.1%)	46.5%	28.0%	19.7%		FY23A	FY24A	FY25E	FY26E	FY27E
RNAV/Share		(7.35)	-	-	-	P/E (x)	NM	NM	NM	NM	NM
Net debt/(cash)	248,777	240,699	239,159	209,141	186,377	P/BV (x)	0.2	NM	NM	NM	NM
						EV/EBITDA (x)	NM	NM	171.7	124.2	109.0
						Dividend Yield	0.0%	0.0%	0.0%	0.0%	0.0%

Source: Company reports and J.P. Morgan estimates.

Note: Rmb in millions (except per-share data). Fiscal year ends Dec. o/w - out of which

▲ Overweight

Previous: Neutral

2669.HK, 2669 HK

Price (01 Apr 25): HK\$5.32

▲ Price Target (Dec-25): HK\$7.00

Prior (Dec-25): HK\$5.00

Hong Kong

China Property

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J.P. Morgan Securities (Asia Pacific) Limited/

J.P. Morgan Broking (Hong Kong) Limited

Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top)			
		6M	1Y	3Y	5Y
Value	38	38	57	73	95
Growth	26	18	1	5	10
Momentum	46	75	65	5	3
Quality	5	6	3	1	1
Low Vol	89	89	79	91	85

Sources for: Style Exposure – J.P. Morgan Quantitative and Derivatives Strategy; all other tables are company data and J.P. Morgan estimates.

China Overseas Property Holdings

Upgrade to Overweight

We upgrade from Neutral to Overweight and raise our price target to HK\$7.0, based on a target 1-year forward P/E of 13x. We update our earnings estimates to factor in our latest margin assumptions. We were previously cautious on the name due to concerns on corporate governance & subpar management quality. However, in the past year, we observed the company management has been proactive in building a better track record to rebuild investors' confidence. For example, the company: (1) managed to raise margin through cost control; (2) raised the dividend payout for the first time in FY24; and (3) delivered a stable set of results.

Investment Thesis, Valuation and Risks

China Overseas Property Holdings Limited (*Overweight; Price Target: HK\$7.00*)

Investment Thesis

We were previously cautious on the name due to concerns on corporate governance & subpar management quality. However, in the past year, we observed the company management has been proactive in building a better track record to rebuild investors' confidence. For example, the company: (1) managed to raise margin through cost control; (2) raised the dividend payout for the first time in FY24; and (3) delivered a stable set of results.

Valuation

Our Dec-25 price target of HK\$7 is based on a one-year forward target P/E of 13x, in line with SOE peers.

Risks to Rating and Price Target

Downside risks include: (1) value-destructive M&A; (2) lower-than-expected sales growth from COLI; and (3) worse-than-expected margins.

Upside risks include: (1) value-accretive M&A; (2) faster-than-expected sales growth from COLI; (3) better-than-expected growth in VAS; (4) better-than-expected growth in revenue-bearing GFA; and (5) the granting of share options to management.

Price Performance



— 2669.HK Price (HK\$) — HSCEI (rebased)

	YTD	1m	3m	12m
Abs	3.9%	4.7%	3.9%	22.9%
Rel	-13.2%	3.3%	-13.2%	-20.4%

Company Data

Shares O/S (mn)	3,284
52-week range (HK\$)	7.19-3.89
Market cap (\$ mn)	2,245
Exchange rate	7.78
Free float (%)	38.8%
3M ADV (mn)	9.15
3M ADV (\$ mn)	6.0
Volatility (90 Day)	34
Index	HSCEI
BBG ANR (Buy Hold Sell)	21 4 0

Key Metrics (FYE Dec)

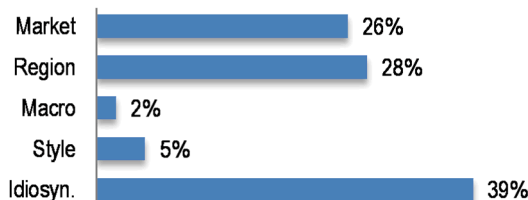
Rmb in millions	FY24A	FY25E	FY26E	FY27E
Financial Estimates				
Revenue	14,024	15,485	17,043	18,577
Adj. EBITDA	2,016	2,247	2,493	2,699
Adj. EBIT	1,913	2,129	2,351	2,529
Adj. net income	1,511	1,685	1,857	1,996
Adj. EPS	0.46	0.51	0.57	0.61
BBG EPS	0.48	0.52	0.58	0.62
Cashflow from operations	1,179	1,043	719	259
FCFF	1,106	939	606	135
Margins and Growth				
Revenue Growth Y/Y (%)	7.5%	10.4%	10.1%	9.0%
EBITDA margin	14.4%	14.5%	14.6%	14.5%
EBITDA Growth Y/Y (%)	11.3%	11.5%	11.0%	8.3%
EBIT margin	13.6%	13.7%	13.8%	13.6%
Net margin	10.8%	10.9%	10.9%	10.7%
Adj. EPS growth	12.6%	11.5%	10.2%	7.5%
Ratios				
Adj. tax rate	24.2%	24.2%	24.2%	24.2%
Interest cover	NM	NM	NM	NM
Net debt/Equity	NM	NM	NM	NM
Net debt/EBITDA	NM	NM	NM	NM
ROCE	31.0%	28.3%	26.0%	23.6%
ROE	32.7%	29.7%	27.1%	24.6%
Valuation				
FCFF yield	6.8%	5.8%	3.7%	0.8%
Dividend yield	3.1%	3.5%	3.8%	4.1%
EV/Revenue	1.0	0.9	0.8	0.8
EV/EBITDA	6.9	6.2	5.6	5.2
Adj. P/E	10.8	9.7	8.8	8.2

Summary Investment Thesis and Valuation

We were previously cautious on the name due to concerns on corporate governance & subpar management quality. However, in the past year, we observed the company management has been proactive in building a better track record to rebuild investors' confidence. For example, the company: (1) managed to raise margin through cost control; (2) raised the dividend payout for the first time in FY24; and (3) delivered a stable set of results.

Our Dec-25 price target of HK\$7 is based on a one-year forward target P/E of 13x, in line with SOE peers.

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI Asia Pac ex JP	0.68	0.51
Region: Hong Kong	0.83	0.62
Macro:		
HSI Volatility Index	0.50	0.32
Emerging Economies CPI(YoY)	-0.35	-0.19
Generic 1st 'CO' Future	0.42	0.18
Quant Styles:		
Momentum	-0.46	-0.46
Growth	-0.58	-0.42
Size	-0.23	-0.38

China Overseas Property Holdings: Summary of Financials

Income Statement						Cash Flow Statement					
	FY23A	FY24A	FY25E	FY26E	FY27E		FY23A	FY24A	FY25E	FY26E	FY27E
Revenue	13,051	14,024	15,485	17,043	18,577	Cash flow from operating activities	1,505	1,179	1,043	719	259
COGS	-	-	-	-	-	o/w Depreciation & amortization	83	0	0	0	0
Gross profit	-	-	-	-	-	o/w Changes in working capital	723	126	(637)	(1,155)	(1,784)
SG&A	(387)	(431)	(549)	(597)	(651)	Cash flow from investing activities	(279)	(76)	(184)	(118)	(143)
Adj. EBITDA	1,811	2,016	2,247	2,493	2,699	o/w Capital expenditure	(143)	(26)	(31)	(37)	(37)
D&A	(83)	(103)	(118)	(142)	(170)	as % of sales	1.1%	-	0.2%	0.2%	0.2%
Adj. EBIT	1,728	1,913	2,129	2,351	2,529	Cash flow from financing activities	(463)	(430)	(496)	(525)	(575)
Net Interest	75	98	103	109	115	o/w Dividends paid	(411)	(479)	(550)	(634)	(690)
Adj. PBT	1,810	2,017	2,239	2,467	2,652	o/w Shares issued/(repurchased)	0	(0)	0	0	0
Tax	(452)	(489)	(542)	(598)	(642)	o/w Net debt issued/(repaid)	0	(6)	(50)	0	0
Minority Interest	(9)	(11)	(12)	(13)	(14)	Net change in cash	774	673	362	76	(459)
Adj. Net Income	1,343	1,511	1,685	1,857	1,996	Adj. Free cash flow to firm	1,305	1,106	939	606	135
Reported EPS	0.41	0.46	0.51	0.57	0.61	y/y Growth	44.4%	(15.2%)	(15.1%)	(35.5%)	(77.7%)
Adj. EPS	0.41	0.46	0.51	0.57	0.61						
DPS	0.11	0.15	0.17	0.19	0.20						
Payout ratio	27.3%	33.0%	33.7%	33.7%	33.7%						
Shares outstanding	3,287	3,285	3,284	3,284	3,284						
Balance Sheet						Ratio Analysis					
	FY23A	FY24A	FY25E	FY26E	FY27E		FY23A	FY24A	FY25E	FY26E	FY27E
Cash and cash equivalents	5,131	5,803	6,166	6,242	5,783	Gross margin	-	-	-	-	-
Accounts receivable	3,452	3,752	4,878	6,341	8,243	EBITDA margin	13.9%	14.4%	14.5%	14.6%	14.5%
Inventories	0	0	0	0	0	EBIT margin	13.2%	13.6%	13.7%	13.8%	13.6%
Other current assets	1,348	1,661	1,923	2,288	2,800	Net profit margin	10.3%	10.8%	10.9%	10.9%	10.7%
Current assets	9,931	11,217	12,966	14,871	16,827	ROE	36.8%	32.7%	29.7%	27.1%	24.6%
PP&E	287	286	312	343	380	ROA	13.8%	13.4%	13.1%	12.6%	11.8%
LT investments	-	-	-	-	-	ROCE	35.0%	31.0%	28.3%	26.0%	23.6%
Other non current assets	393	503	492	587	701	SG&A/Sales	3.0%	3.1%	3.5%	3.5%	3.5%
Total assets	10,611	12,005	13,770	15,801	17,907	Net debt/Equity	NM	NM	NM	NM	NM
Short term borrowings	56	50	0	0	0	Net debt/EBITDA	NM	NM	NM	NM	NM
Payables	4,236	4,355	4,829	5,242	5,615	Sales/Assets (x)	1.3	1.2	1.2	1.2	1.1
Other short term liabilities	2,073	2,335	2,595	2,975	3,386	Assets/Equity (x)	2.7	2.4	2.3	2.2	2.1
Current liabilities	6,365	6,741	7,424	8,217	9,001	Interest cover (x)	NM	NM	NM	NM	NM
Long-term debt	0	0	0	0	0	Operating leverage	124.1%	143.1%	108.4%	103.9%	84.0%
Other long term liabilities	69	91	25	27	30	Tax rate	25.0%	24.2%	24.2%	24.2%	24.2%
Total liabilities	6,434	6,831	7,449	8,244	9,030	Revenue y/y Growth	19.7%	7.5%	10.4%	10.1%	9.0%
Shareholders' equity	4,121	5,110	6,246	7,469	8,775	EBITDA y/y Growth	23.9%	11.3%	11.5%	11.0%	8.3%
Minority interests	56	64	75	88	102	EPS y/y Growth	22.8%	12.6%	11.5%	10.2%	7.5%
Total liabilities & equity	10,611	12,005	13,770	15,801	17,907						
BVPS	1.25	1.56	1.90	2.27	2.67						
y/y Growth	29.7%	24.1%	22.2%	19.6%	17.5%						
Net debt/(cash)	(5,074)	(5,753)	(6,166)	(6,242)	(5,783)						
Valuation							FY23A	FY24A	FY25E	FY26E	FY27E
						P/E (x)	12.1	10.8	9.7	8.8	8.2
						P/BV (x)	4.0	3.2	2.6	2.2	1.9
						EV/EBITDA (x)	7.7	6.9	6.2	5.6	5.2
						Dividend Yield	2.3%	3.1%	3.5%	3.8%	4.1%

Source: Company reports and J.P. Morgan estimates.

Note: Rmb in millions (except per-share data). Fiscal year ends Dec. o/w - out of which

Overweight

6049.HK, 6049 HK

Price (01 Apr 25): HK\$31.95

Price Target (Dec-25): HK\$40.00

China

China Property

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J.P. Morgan Securities (Asia Pacific) Limited/
J.P. Morgan Broking (Hong Kong) Limited

Key Changes (FYE Dec)

	Prev	Cur
Adj. EPS - 26E (Rmb)	2.90	3.01

Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top)			
		6M	1Y	3Y	5Y
Value	12	16	24	97	99
Growth	33	29	20	21	28
Momentum	62	66	71	27	
Quality	14	14	18	19	10
Low Vol	71	78	83	78	86

Sources for: Style Exposure – J.P. Morgan Quantitative and Derivatives Strategy; all other tables are company data and J.P. Morgan estimates.

Poly Property Services

An SOE with stable growth

Our Dec-25 price target of HK\$40 is based on a target one-year forward P/E of 13x. We update our earnings estimates to factor in our latest margin assumptions. We use a higher target P/E to reflect the stabilization trend in property sales.

Investment Thesis, Valuation and Risks

Poly Property Services Co., Ltd. (Overweight; Price Target: HK\$40.00)

Investment Thesis

We like Poly's: (1) strong parental support from a top 5 SOE developer; (2) proven expansion track record; (3) strong efficiency in community VAS; and (4) diversified property types, with a distinctive edge in public facilities (due to its SOE status). We see upside risk if management is more aggressive on M&A after the issuance of the share incentive.

Valuation

Our Dec-25 price target of HK\$40 is based on a target 2025E P/E of 13x, on par with our implied target multiple for SOE peers.

Risks to Rating and Price Target

Downside risks include: (1) a significant increase in labor costs that hurts margins; (2) value-destructive M&A; (3) worse-than-expected growth in revenue-bearing GFA; and (4) a worse-than-expected margin squeeze.

Upside catalysts include: (1) value-accretive M&A; (2) faster-than-expected growth in revenue-bearing GFA; (3) better-than-expected margins; and (4) better-than-expected growth in community VAS.

Price Performance



Company Data

Shares O/S (mn)	533
52-week range (HK\$)	40.65-24.25
Market cap (\$ mn)	2,190
Exchange rate	7.78
Free float (%)	90.6%
3M ADV (mn)	1.11
3M ADV (\$ mn)	4.3
Volatility (90 Day)	31
Index	HSCEI
BBG ANR (Buy Hold Sell)	24 0 0

Key Metrics (FYE Dec)

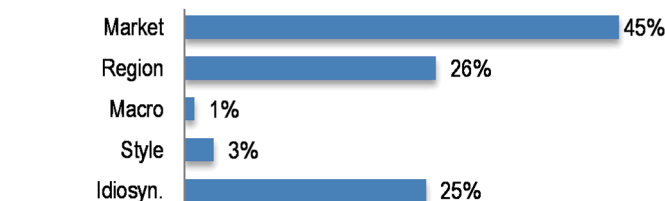
Rmb in millions	FY24A	FY25E	FY26E	FY27E
Financial Estimates				
Revenue	16,342	17,639	18,807	19,983
Adj. EBITDA	2,274	2,388	2,589	2,247
Adj. EBIT	1,887	2,005	2,130	2,247
Adj. net income	1,474	1,564	1,663	1,758
Adj. EPS	2.68	2.83	3.01	3.18
BBG EPS	2.77	3.07	3.33	3.61
Cashflow from operations	1,729	1,712	1,827	1,912
FCFF	(689)	1,187	1,189	1,136
Margins and Growth				
Revenue Growth Y/Y (%)	8.5%	7.9%	6.6%	6.3%
EBITDA margin	13.9%	13.5%	13.8%	11.2%
EBITDA Growth Y/Y (%)	5.2%	5.0%	8.4%	(13.2%)
EBIT margin	11.5%	11.4%	11.3%	11.2%
Net margin	9.0%	8.9%	8.8%	8.8%
Adj. EPS growth	7.5%	5.4%	6.4%	5.7%
Ratios				
Adj. tax rate	24.2%	24.2%	24.2%	24.2%
Interest cover	NM	NM	NM	NM
Net debt/Equity	NM	NM	NM	NM
Net debt/EBITDA	NM	NM	NM	NM
ROCE	15.5%	15.0%	14.7%	14.3%
ROE	16.0%	15.5%	15.2%	14.8%
Valuation				
FCFF yield	(4.2%)	7.2%	7.2%	6.9%
Dividend yield	4.5%	4.7%	5.0%	5.3%
EV/Revenue	0.4	0.3	0.3	0.2
EV/EBITDA	2.7	2.3	2.0	2.1
Adj. P/E	11.1	10.5	9.9	9.4

Summary Investment Thesis and Valuation

We like Poly's: (1) strong parental support from a top 5 SOE developer; (2) proven expansion track record; (3) strong efficiency in community VAS; and (4) diversified property types, with a distinctive edge in public facilities (due to its SOE status). We see upside risk if management is more aggressive on M&A after the issuance of the share incentive.

Our Dec-25 price target of HK\$40 is based on a target 2025E P/E of 13x, on par with our implied target multiple for SOE peers.

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI Asia Pac ex JP	0.71	0.67
Region: China	0.73	0.68
Macro:		
HSI Volatility Index	0.38	0.30
Emerging Central Bank Rate	0.34	0.22
Emerging Economies CPI(YoY)	-0.26	-0.18
Quant Styles:		
Momentum	-0.49	-0.45
Growth	-0.40	-0.37
Size	-0.50	-0.37

Poly Property Services: Summary of Financials

Income Statement						Cash Flow Statement					
	FY23A	FY24A	FY25E	FY26E	FY27E		FY23A	FY24A	FY25E	FY26E	FY27E
Revenue	15,062	16,342	17,639	18,807	19,983	Cash flow from operating activities	2,421	1,729	1,712	1,827	1,912
COGS	-	-	-	-	-	o/w Depreciation & amortization	388	387	383	460	0
Gross profit	-	-	-	-	-	o/w Changes in working capital	653	391	292	323	330
SG&A	(1,244)	(1,134)	(1,224)	(1,305)	(1,387)	Cash flow from investing activities	56	(2,418)	(525)	(638)	(776)
Adj. EBITDA	2,162	2,274	2,388	2,589	2,247	o/w Capital expenditure	(77)	-	(48)	(57)	(69)
D&A	(388)	(387)	(383)	(460)	0	as % of sales	0.5%	-	0.3%	0.3%	0.3%
Adj. EBIT	1,774	1,887	2,005	2,130	2,247	Cash flow from financing activities	(423)	(426)	(661)	(698)	(739)
Net Interest	61	69	76	84	93	o/w Dividends paid	(296)	(737)	(737)	(782)	(832)
Adj. PBT	1,838	1,960	2,086	2,219	2,346	o/w Shares issued/(repurchased)	0	244	0	0	0
Tax	(444)	(475)	(506)	(538)	(569)	o/w Net debt issued/(repaid)	0	0	0	0	0
Minority Interest	(17)	(16)	(17)	(18)	(19)	Net change in cash	2,055	(1,115)	526	491	397
Adj. Net Income	1,380	1,474	1,564	1,663	1,758	Adj. Free cash flow to firm	2,477	(689)	1,187	1,189	1,136
Reported EPS	2.49	2.67	2.83	3.01	3.18	y/y Growth	79.3%	(127.8%)	(272.3%)	0.1%	(4.4%)
Adj. EPS	2.49	2.68	2.83	3.01	3.18						
DPS	1.00	1.33	1.41	1.50	1.59						
Payout ratio	40.1%	49.8%	50.0%	50.0%	50.0%						
Shares outstanding	553	549	553	553	553						
Balance Sheet						Ratio Analysis					
	FY23A	FY24A	FY25E	FY26E	FY27E		FY23A	FY24A	FY25E	FY26E	FY27E
Cash and cash equivalents	11,011	9,891	10,417	10,907	11,305	Gross margin	-	-	-	-	-
Accounts receivable	3,185	3,714	4,021	4,350	4,666	EBITDA margin	14.4%	13.9%	13.5%	13.8%	11.2%
Inventories	31	32	44	62	87	EBIT margin	11.8%	11.5%	11.4%	11.3%	11.2%
Other current assets	0	0	0	0	0	Net profit margin	9.2%	9.0%	8.9%	8.8%	8.8%
Current assets	14,228	13,636	14,482	15,320	16,058	ROE	16.8%	16.0%	15.5%	15.2%	14.8%
PP&E	242	240	287	345	414	ROA	9.9%	9.3%	8.9%	8.7%	8.5%
LT investments	-	-	-	-	-	ROCE	16.4%	15.5%	15.0%	14.7%	14.3%
Other non current assets	407	2,906	3,468	4,143	4,953	SG&A/Sales	8.3%	6.9%	6.9%	6.9%	6.9%
Total assets	14,877	16,781	18,238	19,808	21,424	Net debt/Equity	NM	NM	NM	NM	NM
Short term borrowings	0	0	0	0	0	Net debt/EBITDA	NM	NM	NM	NM	NM
Payables	4,170	4,762	5,157	5,579	5,984	Sales/Assets (x)	1.1	1.0	1.0	1.0	1.0
Other short term liabilities	1,751	2,078	2,296	2,544	2,810	Assets/Equity (x)	1.7	1.7	1.7	1.7	1.7
Current liabilities	5,921	6,841	7,453	8,123	8,793	Interest cover (x)	NM	NM	NM	NM	NM
Long-term debt	0	0	0	0	0	Operating leverage	250.4%	75.1%	79.1%	93.6%	88.2%
Other long term liabilities	79	69	70	71	71	Tax rate	24.2%	24.2%	24.2%	24.2%	24.2%
Total liabilities	6,001	6,910	7,523	8,193	8,865	Revenue y/y Growth	10.0%	8.5%	7.9%	6.6%	6.3%
Shareholders' equity	8,720	9,701	10,528	11,409	12,335	EBITDA y/y Growth	20.2%	5.2%	5.0%	8.4%	(13.2%)
Minority interests	157	170	187	205	224	EPS y/y Growth	24.0%	7.5%	5.4%	6.4%	5.7%
Total liabilities & equity	14,877	16,781	18,238	19,808	21,424						
BVPS	15.76	17.53	19.03	20.62	22.29						
y/y Growth	13.4%	11.3%	8.5%	8.4%	8.1%						
Net debt/(cash)	(11,011)	(9,891)	(10,417)	(10,907)	(11,305)						
Valuation							FY23A	FY24A	FY25E	FY26E	FY27E
						P/E (x)	11.9	11.1	10.5	9.9	9.4
						P/BV (x)	1.9	1.7	1.6	1.4	1.3
						EV/EBITDA (x)	2.3	2.7	2.3	2.0	2.1
						Dividend Yield	3.3%	4.5%	4.7%	5.0%	5.3%

Source: Company reports and J.P. Morgan estimates.

Note: Rmb in millions (except per-share data). Fiscal year ends Dec. o/w - out of which

Underweight

6098.HK, 6098 HK

Price (01 Apr 25): HK\$6.92

▲ **Price Target (Dec-25): HK\$5.00**
Prior (Dec-25): HK\$3.45

China

China Property

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J.P. Morgan Securities (Asia Pacific) Limited/
J.P. Morgan Broking (Hong Kong) Limited

Key Changes (FYE Dec)

	Prev	Cur
EPS (Basic) - 26E (Rmb)	0.88	0.92

Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top)			
		6M	1Y	3Y	5Y
Value	5	4	7	99	98
Growth	97	97	95	18	9
Momentum	66	80	83	80	9
Quality	92	91	86	21	4
Low Vol	93	98	99	86	66

Sources for: Style Exposure – J.P. Morgan Quantitative and Derivatives Strategy; all other tables are company data and J.P. Morgan estimates.

Country Garden Services

Collateral damage

We revise up our Dec-25 price target to HK\$5.0, based on a target 1-year forward P/E of 5x. We update our earnings estimates to factor in our latest margin assumptions. Our upgraded price target uses a higher target P/E to align with peers backed by a distressed developer to reflect its better-than-feared earnings.

Investment Thesis, Valuation and Risks

Country Garden Services Holdings Co. Ltd. (Underweight; Price Target: HK\$5.00)

Investment Thesis

We are Underweight on Country Garden Services, given the collateral damage from the distressed status of Country Garden. The share price correlation has been 97% since the Evergrande crisis. Fundamentally, we expect earnings to be under pressure with further goodwill impairment.

Valuation

Our Dec-25 price target of HK\$5.0 is based on a target 2025E P/E of 5x, benchmarking that of peers backed by a distressed developer.

Risks to Rating and Price Target

Upside risks include: (1) significant improvement in the liquidity of Country Garden Holdings; (2) value-accretive M&A; (3) accelerating sales growth at Country Garden Holdings; and (4) the approval of preferential tax rates.

Downside catalysts include: (1) a significant increase in labor costs that hurts margins; (2) value-destructive M&A; (3) worse-than-expected sales/completions at Country Garden Holdings; and (4) a worse-than-expected liquidity situation at Country Garden Holdings.

Price Performance



	YTD	1m	3m	12m
Abs	25.4%	22.0%	25.4%	38.1%
Rel	8.3%	20.6%	8.3%	-5.1%

Company Data

Shares O/S (mn)	3,343
52-week range (HK\$)	8.39-3.92
Market cap (\$ mn)	2,973
Exchange rate	7.78
Free float (%)	63.1%
3M ADV (mn)	29.08
3M ADV (\$ mn)	21.3
Volatility (90 Day)	46
Index	HSCEI
BBG ANR (Buy Hold Sell)	8 8 6

Key Metrics (FYE Dec)

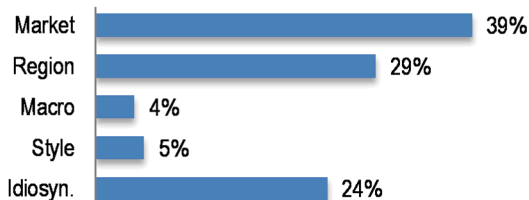
Rmb in millions	FY24A	FY25E	FY26E	FY27E
Financial Estimates				
Revenue	43,993	45,260	46,472	47,805
Adj. EBITDA	5,888	5,931	6,980	8,442
Adj. EBIT	3,900	3,888	3,915	3,845
Adj. net income	3,038	3,062	3,089	3,041
Adj. EPS	0.91	0.92	0.92	0.91
BBG EPS	0.66	0.72	0.74	0.91
Cashflow from operations	2,062	1,489	1,332	1,306
FCFF	6,545	4,041	2,266	507
Margins and Growth				
Revenue Growth Y/Y (%)	3.2%	2.9%	2.7%	2.9%
EBITDA margin	13.4%	13.1%	15.0%	17.7%
EBITDA Growth Y/Y (%)	(11.6%)	0.7%	17.7%	21.0%
EBIT margin	8.9%	8.6%	8.4%	8.0%
Net margin	6.9%	6.8%	6.6%	6.4%
Adj. EPS growth	(22.3%)	0.7%	0.9%	(1.6%)
Ratios				
Adj. tax rate	21.1%	21.1%	21.1%	21.1%
Interest cover	NM	NM	NM	NM
Net debt/Equity	NM	NM	NM	NM
Net debt/EBITDA	NM	NM	NM	NM
ROCE	8.2%	8.0%	7.8%	7.4%
ROE	8.3%	8.2%	8.0%	7.6%
Valuation				
FCFF yield	30.4%	18.7%	10.5%	2.3%
Dividend yield	4.6%	4.6%	4.7%	4.6%
EV/Revenue	0.4	0.4	0.4	0.3
EV/EBITDA	2.8	2.8	2.4	1.9
Adj. P/E	7.1	7.0	7.0	7.1

Summary Investment Thesis and Valuation

We are Underweight on Country Garden Services, given the collateral damage from the distressed status of Country Garden. The share price correlation has been 97% since the Evergrande crisis. Fundamentally, we expect earnings to be under pressure with further goodwill impairment.

Our Dec-25 price target of HK\$5.0 is based on a target 2025E P/E of 5x, benchmarking that of peers backed by a distressed developer.

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI Asia Pac ex JP	0.66	0.63
Region: China	0.78	0.71
Macro:		
HSI Volatility Index	0.65	0.52
JPM China A-shares Sentiment	0.26	0.28
Emerging Central Bank Rate	0.30	0.26
Quant Styles:		
Momentum	-0.59	-0.57
Size	-0.46	-0.43
Growth	-0.47	-0.39

Country Garden Services: Summary of Financials

Income Statement						Cash Flow Statement					
	FY23A	FY24A	FY25E	FY26E	FY27E		FY23A	FY24A	FY25E	FY26E	FY27E
Revenue	42,612	43,993	45,260	46,472	47,805	Cash flow from operating activities	4,615	2,062	1,489	1,332	1,306
COGS	(33,880)	(35,592)	(36,672)	(37,724)	(39,220)	o/w Depreciation & amortization	1,925	1,989	2,043	3,065	4,597
Gross profit	8,732	8,401	8,588	8,748	8,585	o/w Changes in working capital	2,266	224	(560)	(737)	(707)
SG&A	(4,209)	(4,816)	(4,955)	(5,087)	(4,994)	Cash flow from investing activities	(354)	4,483	2,552	934	(799)
Adj. EBITDA	6,665	5,888	5,931	6,980	8,442	o/w Capital expenditure	(941)	(46)	(851)	(1,277)	(1,915)
D&A	(1,925)	(1,989)	(2,043)	(3,065)	(4,597)	as % of sales	2.2%	0.1%	1.9%	2.7%	4.0%
Adj. EBIT	4,740	3,900	3,888	3,915	3,845	Cash flow from financing activities	(2,794)	(2,027)	(1,158)	(1,166)	(1,175)
Net Interest	38	48	92	99	106	o/w Dividends paid	(1,360)	(990)	(989)	(997)	(1,006)
Adj. PBT	4,727	3,936	3,968	4,002	3,940	o/w Shares issued/(repurchased)	(267)	(545)	0	0	0
Tax	(563)	(832)	(839)	(846)	(833)	o/w Net debt issued/(repaid)	826	(323)	0	0	0
Minority Interest	(224)	(66)	(67)	(67)	(66)	Net change in cash	1,466	4,518	2,883	1,100	(668)
Adj. Net Income	3,940	3,038	3,062	3,089	3,041	Adj. Free cash flow to firm	4,261	6,545	4,041	2,266	507
Reported EPS	1.17	0.91	0.92	0.92	0.91	y/y Growth	4.5%	53.6%	(38.3%)	(43.9%)	(77.6%)
Adj. EPS	1.17	0.91	0.92	0.92	0.91						
DPS	0.29	0.30	0.30	0.30	0.30						
Payout ratio	25.2%	32.5%	32.6%	32.6%	32.6%						
Shares outstanding	3,364	3,339	3,343	3,343	3,343						
Balance Sheet						Ratio Analysis					
	FY23A	FY24A	FY25E	FY26E	FY27E		FY23A	FY24A	FY25E	FY26E	FY27E
Cash and cash equivalents	12,939	17,712	21,245	22,479	21,972	Gross margin	20.5%	19.1%	19.0%	18.8%	18.0%
Accounts receivable	21,606	22,680	24,171	25,613	29,001	EBITDA margin	15.6%	13.4%	13.1%	15.0%	17.7%
Inventories	516	957	1,340	1,876	2,627	EBIT margin	11.1%	8.9%	8.6%	8.4%	8.0%
Other current assets	808	879	1,142	1,485	1,930	Net profit margin	9.2%	6.9%	6.8%	6.6%	6.4%
Current assets	35,869	42,228	47,898	51,452	55,529	ROE	10.7%	8.3%	8.2%	8.0%	7.6%
PP&E	1,657	1,702	2,554	3,831	5,746	ROA	5.7%	4.3%	4.2%	4.1%	3.8%
LT investments	-	-	-	-	-	ROCE	10.8%	8.2%	8.0%	7.8%	7.4%
Other non current assets	31,718	27,324	23,906	21,609	20,311	SG&A/Sales	9.9%	10.9%	10.9%	10.9%	10.4%
Total assets	69,244	71,255	74,357	76,892	81,586	Net debt/Equity	NM	NM	NM	NM	NM
Short term borrowings	729	352	352	352	352	Net debt/EBITDA	NM	NM	NM	NM	NM
Payables	17,436	18,824	19,668	20,432	22,681	Sales/Assets (x)	0.6	0.6	0.6	0.6	0.6
Other short term liabilities	8,218	9,157	9,739	10,349	11,693	Assets/Equity (x)	1.9	1.9	1.9	2.0	2.0
Current liabilities	26,384	28,332	29,758	31,134	34,726	Interest cover (x)	NM	NM	NM	NM	NM
Long-term debt	841	518	518	518	518	Operating leverage	(889.4%)	(546.5%)	(10.9%)	26.5%	(62.2%)
Other long term liabilities	3,238	3,325	3,325	3,325	3,325	Tax rate	11.9%	21.1%	21.1%	21.1%	21.1%
Total liabilities	30,462	32,176	33,602	34,977	38,570	Revenue y/y Growth	3.0%	3.2%	2.9%	2.7%	2.9%
Shareholders' equity	36,156	36,617	38,227	39,319	40,354	EBITDA y/y Growth	(20.1%)	(11.6%)	0.7%	17.7%	21.0%
Minority interests	2,626	2,462	2,528	2,596	2,662	EPS y/y Growth	(20.2%)	(22.3%)	0.7%	0.9%	(1.6%)
Total liabilities & equity	69,244	71,255	74,357	76,892	81,586						
BVPS	10.82	10.95	11.43	11.76	12.07						
y/y Growth	(2.6%)	1.3%	4.4%	2.9%	2.6%						
Net debt/(cash)	(11,370)	(16,842)	(20,374)	(21,608)	(21,101)						
Valuation							FY23A	FY24A	FY25E	FY26E	FY27E
						P/E (x)	5.5	7.1	7.0	7.0	7.1
						P/BV (x)	0.6	0.6	0.6	0.5	0.5
						EV/EBITDA (x)	2.5	2.8	2.8	2.4	1.9
						Dividend Yield	4.6%	4.6%	4.6%	4.7%	4.6%

Source: Company reports and J.P. Morgan estimates.

Note: Rmb in millions (except per-share data). Fiscal year ends Dec. o/w - out of which

Underweight

1516.HK, 1516 HK

Price (01 Apr 25): HK\$1.70

Price Target (Dec-25): HK\$1.20

China

China Property

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J.P. Morgan Securities (Asia Pacific) Limited/
J.P. Morgan Broking (Hong Kong) Limited

Key Changes (FYE Dec)

	Prev	Cur
Adj. EPS - 25E (Rmb)	0.25	0.23
Adj. EPS - 26E (Rmb)	0.25	0.23

Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top)			
		6M	1Y	3Y	5Y
Value	10	14	27	93	98
Growth	94	93	79	13	4
Momentum	78	55	61	95	
Quality	93	93	86	60	
Low Vol	96	97	99	98	

Sources for: Style Exposure – J.P. Morgan Quantitative and Derivatives Strategy; all other tables are company data and J.P. Morgan estimates.

Sunac Services

No luck under a distressed developer

Our Dec-25 price target of HK\$1.2 is based on a target P/E of 5x, in line with peers backed by distressed developers. We update our assumptions on the latest margin and earnings.

Investment Thesis, Valuation and Risks

Sunac Services Holdings Limited (*Underweight; Price Target: HK\$1.20*)

Investment Thesis

We are Underweight on Sunac Services, given the distressed status of Sunac China, the parent developer. Against this backdrop, we believe it is possible that Sunac Services, which is consolidated into Sunac China, will significantly reduce M&A activities. Furthermore, a sale of a stake by Sunac China is also possible in the future, in our view, which could be interpreted negatively by the market.

Valuation

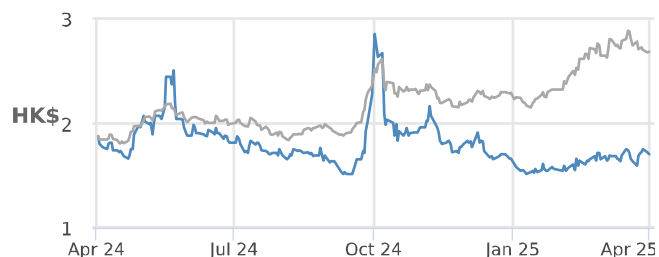
Our Dec-25 price target of HK\$1.20 is based on a target 2025E P/E of 5x, benchmarking that of property managers under our coverage backed by distressed developers.

Risks to Rating and Price Target

Upside risks include: (1) better-than-expected margin expansion; (2) faster-than-expected sales momentum from the parent developer; and (3) better-than-expected third-party bidding and M&A.

Downside catalysts include: (1) unexpected labor cost hikes; (2) slower-than-expected sales momentum from the parent developer; and (3) slower-than-expected third-party bidding and M&A.

Price Performance



	YTD	1m	3m	12m
Abs	2.4%	3.0%	2.4%	-8.6%
Rel	-14.7%	1.6%	-14.7%	-51.8%

Company Data

Shares O/S (mn)	3,057
52-week range (HK\$)	3.18-1.44
Market cap (\$ mn)	668
Exchange rate	7.78
Free float (%)	39.5%
3M ADV (mn)	13.90
3M ADV (\$ mn)	2.9
Volatility (90 Day)	39
Index	HSCEI
BBG ANR (Buy Hold Sell)	3 5 1

Key Metrics (FYE Dec)

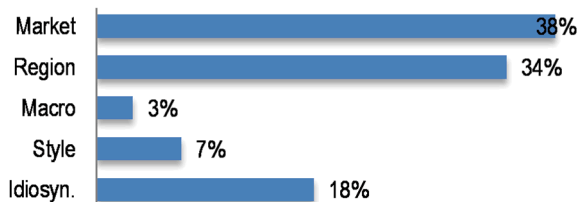
Rmb in millions	FY24A	FY25E	FY26E	FY27E
Financial Estimates				
Revenue	6,970	7,104	7,258	7,276
Adj. EBITDA	798	877	901	728
Adj. EBIT	644	723	717	728
Adj. net income	796	703	701	716
Adj. EPS	0.26	0.23	0.23	0.23
BBG EPS	0.08	0.24	0.24	0.26
Cashflow from operations	559	1,286	1,465	1,698
FCFF	500	1,031	1,155	1,321
Margins and Growth				
Revenue Growth Y/Y (%)	(0.6%)	1.9%	2.2%	0.2%
EBITDA margin	11.5%	12.3%	12.4%	10.0%
EBITDA Growth Y/Y (%)	(19.3%)	9.9%	2.7%	(19.2%)
EBIT margin	9.2%	10.2%	9.9%	10.0%
Net margin	11.4%	9.9%	9.7%	9.8%
Adj. EPS growth	0.4%	(11.6%)	(0.4%)	2.2%
Ratios				
Adj. tax rate	20.4%	5.0%	5.0%	5.0%
Interest cover	NM	NM	NM	NM
Net debt/Equity	NM	NM	NM	NM
Net debt/EBITDA	NM	NM	NM	NM
ROCE	9.1%	13.0%	12.2%	11.7%
ROE	14.2%	13.3%	12.5%	12.1%
Valuation				
FCFF yield	10.3%	21.3%	23.8%	27.3%
Dividend yield	9.0%	8.0%	7.9%	8.1%
EV/EBITDA	1.4	0.5	NM	NM
EV/Revenue	0.2	0.1	NM	NM
Adj. P/E	6.1	6.9	6.9	6.8

Summary Investment Thesis and Valuation

We are Underweight on Sunac Services, given the distressed status of Sunac China, the parent developer. Against this backdrop, we believe it is possible that Sunac Services, which is consolidated into Sunac China, will significantly reduce M&A activities. Furthermore, a sale of a stake by Sunac China is also possible in the future, in our view, which could be interpreted negatively by the market.

Our Dec-25 price target of HK\$1.20 is based on a target 2025E P/E of 5x, benchmarking that of property managers under our coverage backed by distressed developers.

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI Asia Pac ex JP	0.61	0.62
Region: China	0.80	0.75
Macro:		
HSI Volatility Index	0.53	0.47
Emerging Central Bank Rate	0.39	0.35
Emerging Economies CPI(YoY)	-0.26	-0.24
Quant Styles:		
Growth	-0.59	-0.56
Momentum	-0.36	-0.40
Size	-0.23	-0.30

Sunac Services: Summary of Financials

Income Statement						Cash Flow Statement					
	FY23A	FY24A	FY25E	FY26E	FY27E		FY23A	FY24A	FY25E	FY26E	FY27E
Revenue	7,010	6,970	7,104	7,258	7,276	Cash flow from operating activities	862	559	1,286	1,465	1,698
COGS	(5,342)	(5,442)	(5,642)	(5,838)	(5,886)	o/w Depreciation & amortization	173	155	154	184	0
Gross profit	1,668	1,527	1,462	1,420	1,390	o/w Changes in working capital	(188)	861	505	653	826
SG&A	(697)	(626)	(526)	(490)	(449)	Cash flow from investing activities	368	(59)	(255)	(310)	(377)
Adj. EBITDA	989	798	877	901	728	o/w Capital expenditure	(89)		(20)	(24)	(29)
D&A	(173)	(155)	(154)	(184)	0	as % of sales	1.3%	-	0.3%	0.3%	0.4%
Adj. EBIT	816	644	723	717	728	Cash flow from financing activities	(1,130)	(887)	(400)	(345)	(338)
Net Interest	56	33	37	42	46	o/w Dividends paid	(1,099)	(437)	(437)	(386)	(385)
Adj. PBT	876	676	760	757	774	o/w Shares issued/(repurchased)	0	0	0	0	0
Tax	(42)	138	(38)	(38)	(39)	o/w Net debt issued/(repaid)	0	0	0	0	0
Minority Interest	(42)	(18)	(18)	(19)	(19)	Net change in cash	101	(387)	631	810	983
Adj. Net Income	793	796	703	701	716	Adj. Free cash flow to firm	1,231	500	1,031	1,155	1,321
Reported EPS	0.26	0.26	0.23	0.23	0.23	y/y Growth	(234.6%)	(59.4%)	106.2%	12.0%	14.4%
Adj. EPS	0.26	0.26	0.23	0.23	0.23						
DPS	0.38	0.14	0.13	0.13	0.13						
Payout ratio	145.7%	54.9%	54.9%	54.9%	54.9%						
Shares outstanding	3,057	3,057	3,057	3,057	3,057						
Balance Sheet						Ratio Analysis					
	FY23A	FY24A	FY25E	FY26E	FY27E		FY23A	FY24A	FY25E	FY26E	FY27E
Cash and cash equivalents	4,108	4,067	4,706	5,526	6,520	Gross margin	23.8%	21.9%	20.6%	19.6%	19.1%
Accounts receivable	4,575	3,473	3,174	2,623	1,787	EBITDA margin	14.1%	11.5%	12.3%	12.4%	10.0%
Inventories	55	46	64	89	125	EBIT margin	11.6%	9.2%	10.2%	9.9%	10.0%
Other current assets	0	0	0	0	0	Net profit margin	11.3%	11.4%	9.9%	9.7%	9.8%
Current assets	8,738	7,585	7,944	8,238	8,432	ROE	11.6%	14.2%	13.3%	12.5%	12.1%
PP&E	100	100	120	144	172	ROA	6.6%	7.2%	6.4%	6.1%	5.9%
LT investments	-	-	-	-	-	ROCE	11.4%	9.1%	13.0%	12.2%	11.7%
Other non current assets	2,806	2,905	3,183	3,516	3,915	SG&A/Sales	9.9%	9.0%	7.4%	6.8%	6.2%
Total assets	11,645	10,590	11,246	11,897	12,519	Net debt/Equity	NM	NM	NM	NM	NM
Short term borrowings	0	0	0	0	0	Net debt/EBITDA	NM	NM	NM	NM	NM
Payables	3,037	2,841	2,975	3,051	3,065	Sales/Assets (x)	0.6	0.6	0.7	0.6	0.6
Other short term liabilities	2,202	2,290	2,485	2,673	2,860	Assets/Equity (x)	1.8	2.0	2.1	2.1	2.1
Current liabilities	5,239	5,131	5,460	5,724	5,924	Interest cover (x)	NM	NM	NM	NM	NM
Long-term debt	0	0	0	0	0	Operating leverage	(3571.2%)	3693.8%	642.6%	(43.0%)	650.9%
Other long term liabilities	169	140	182	236	307	Tax rate	4.7%	20.4%	5.0%	5.0%	5.0%
Total liabilities	5,407	5,271	5,642	5,960	6,231	Revenue y/y Growth	(1.6%)	(0.6%)	1.9%	2.2%	0.2%
Shareholders' equity	6,035	5,165	5,431	5,746	6,077	EBITDA y/y Growth	42.1%	(19.3%)	9.9%	2.7%	(19.2%)
Minority interests	202	154	173	191	210	EPS y/y Growth	4.7%	0.4%	(11.6%)	(0.4%)	2.2%
Total liabilities & equity	11,645	10,590	11,246	11,897	12,519						
BVPS	NA	NA	1.78	1.88	1.99						
y/y Growth	-	-	-	5.8%	5.8%						
RNAV/Share	-	-	-	-	-						
Net debt/(cash)	(4,108)	(4,067)	(4,706)	(5,526)	(6,520)						

Source: Company reports and J.P. Morgan estimates.

Note: Rmb in millions (except per-share data). Fiscal year ends Dec. o/w - out of which

Underweight

3319.HK, 3319 HK

Price (01 Apr 25): HK\$2.62

Price Target (Dec-25): HK\$2.20

China

China Property

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J.P. Morgan Securities (Asia Pacific) Limited/
J.P. Morgan Broking (Hong Kong) Limited

Key Changes (FYE Dec)

	Prev	Cur
EPS (Basic) - 25E (Rmb)	0.72	0.69

Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top)			
		6M	1Y	3Y	5Y
Value	2	3	4	42	95
Growth	97	97	94	30	5
Momentum	9	91	78	94	4
Quality	87	83	66	17	21
Low Vol	92	93	95	79	83

Sources for: Style Exposure – J.P. Morgan Quantitative and Derivatives Strategy; all other tables are company data and J.P. Morgan estimates.

A-Living Smart City Services

Rerating is unlikely

Our Dec-25 price target of HK\$2.2 is based on a target P/E of 3x, in line with that of peers backed by distressed developers. We updated our earnings estimates to factor in our latest margin assumptions.

Investment Thesis, Valuation and Risks

A-Living Smart City Services Co., Ltd. (Underweight; Price Target: HK\$2.20)

Investment Thesis

We are Underweight on A-Living due to heightened liquidity concern about Agile, the parent developer. Due to the strong share price correlation between a property manager and its distressed developer in general, we expect A-Living's share price to be negatively impacted by Agile. In addition, the market could be incrementally concerned about A-Living's potentially being used as a financing tool by Agile.

Valuation

Our Dec-25 price target of HK\$2.20 is based on a target 2025E P/E of 3x, in line with that of peers backed by distressed developers.

Risks to Rating and Price Target

Upside risks include: (1) value-accretive M&A; (2) accelerating sales growth at backing developers; (3) better-than-expected profitability from CMIG; (4) better-than-expected margin and earnings growth; and (5) a greater-than-expected GFA contribution from Greenland.

Downside catalysts include: (1) a significant increase in labor costs that hurts margins; (2) value-destructive M&A; (3) worse-than-expected profitability/margin from CMIG; and (4) the withdrawal of Greenland as a strategic shareholder.

Price Performance



— 3319.HK Price (HK\$) — HSCEI (rebased)

	YTD	1m	3m	12m
Abs	-8.1%	-9.0%	-8.1%	-14.7%
Rel	-25.2%	-10.5%	-25.2%	-57.9%

Company Data

Shares O/S (mn)	1,420
52-week range (HK\$)	4.64-2.07
Market cap (\$ mn)	478
Exchange rate	7.78
Free float (%)	50.5%
3M ADV (mn)	5.67
3M ADV (\$ mn)	2.1
Volatility (90 Day)	41
Index	HSCEI
BBG ANR (Buy Hold Sell)	3 6 3

Key Metrics (FYE Dec)

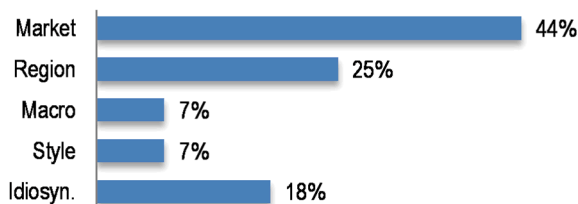
Rmb in millions	FY24A	FY25E	FY26E	FY27E
Financial Estimates				
Revenue	13,867	14,235	14,012	13,895
Adj. EBITDA	943	865	900	676
Adj. EBIT	796	723	688	676
Adj. net income	1,080	983	942	932
Adj. EPS	0.76	0.69	0.66	0.66
BBG EPS	0.72	0.75	0.77	0.68
Cashflow from operations	3,371	3,022	2,659	2,422
FCFF	3,627	2,490	1,925	1,401
Margins and Growth				
Revenue Growth Y/Y (%)	(10.2%)	2.7%	(1.6%)	(0.8%)
EBITDA margin	6.8%	6.1%	6.4%	4.9%
EBITDA Growth Y/Y (%)	(56.3%)	(8.3%)	4.1%	(24.9%)
EBIT margin	5.7%	5.1%	4.9%	4.9%
Net margin	7.8%	6.9%	6.7%	6.7%
Adj. EPS growth	(30.4%)	(9.0%)	(4.1%)	(1.1%)
Ratios				
Adj. tax rate	44.7%	44.6%	44.5%	44.5%
Interest cover	NM	NM	NM	NM
Net debt/Equity	NM	NM	NM	NM
Net debt/EBITDA	NM	NM	NM	NM
ROCE	3.8%	3.9%	3.4%	3.1%
ROE	9.7%	9.9%	8.8%	8.0%
Valuation				
FCFF yield	104.5%	71.8%	55.5%	40.4%
Dividend yield	2.5%	2.8%	2.7%	2.7%
EV/Revenue	0.2	NM	NM	NM
EV/EBITDA	2.3	NM	NM	NM
Adj. P/E	3.2	3.5	3.7	3.7

Summary Investment Thesis and Valuation

We are Underweight on A-Living due to heightened liquidity concern about Agile, the parent developer. Due to the strong share price correlation between a property manager and its distressed developer in general, we expect A-Living's share price to be negatively impacted by Agile. In addition, the market could be incrementally concerned about A-Living's potentially being used as a financing tool by Agile.

Our Dec-25 price target of HK\$2.20 is based on a target 2025E P/E of 3x, in line with that of peers backed by distressed developers.

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI Asia Pac ex JP	0.63	0.67
Region: China	0.74	0.70
Macro:		
HSI Volatility Index	0.62	0.56
Emerging Central Bank Rate	0.45	0.41
Emerging Economies CPI(YoY)	-0.33	-0.31
Quant Styles:		
Momentum	-0.49	-0.55
Growth	-0.51	-0.49
Size	-0.34	-0.41

A-Living Smart City Services: Summary of Financials

Income Statement						Cash Flow Statement					
	FY23A	FY24A	FY25E	FY26E	FY27E		FY23A	FY24A	FY25E	FY26E	FY27E
Revenue	15,443	13,867	14,235	14,012	13,895	Cash flow from operating activities	998	3,371	3,022	2,659	2,422
COGS	(12,798)	(11,783)	(12,206)	(12,035)	(11,940)	o/w Depreciation & amortization	153	0	0	0	0
Gross profit	2,646	2,084	2,029	1,977	1,954	o/w Changes in working capital	(721)	2,278	1,670	1,608	1,385
SG&A	(938)	(834)	(852)	(835)	(825)	Cash flow from investing activities	(353)	256	(532)	(734)	(1,022)
Adj. EBITDA	2,157	943	865	900	676	o/w Capital expenditure	(215)		(305)	(457)	(685)
D&A	(153)	(147)	(142)	(212)	0	as % of sales	1.4%	-	2.1%	3.3%	4.9%
Adj. EBIT	2,004	796	723	688	676	Cash flow from financing activities	(374)	7	(63)	(112)	(104)
Net Interest	91	32	41	47	51	o/w Dividends paid	(195)	(128)	(43)	(98)	(94)
Adj. PBT	2,140	846	782	753	745	o/w Shares issued/(repurchased)	0	0	0	0	0
Tax	(350)	378	348	335	332	o/w Net debt issued/(repaid)	192	165	0	0	0
Minority Interest	(238)	(144)	(148)	(145)	(144)	Net change in cash	270	3,634	2,427	1,812	1,297
Adj. Net Income	1,552	1,080	983	942	932	Adj. Free cash flow to firm	644	3,627	2,490	1,925	1,401
Reported EPS	0.32	(2.30)	0.69	0.66	0.66	y/y Growth	156.4%	463.0%	(31.4%)	(22.7%)	(27.2%)
Adj. EPS	1.09	0.76	0.69	0.66	0.66						
DPS	0.09	0.06	0.07	0.07	0.07						
Payout ratio	26.2%	NM	10.0%	10.0%	10.0%						
Shares outstanding	1,420	1,420	1,420	1,420	1,420						
Balance Sheet						Ratio Analysis					
	FY23A	FY24A	FY25E	FY26E	FY27E		FY23A	FY24A	FY25E	FY26E	FY27E
Cash and cash equivalents	4,243	3,454	5,881	7,693	8,990	Gross margin	17.1%	15.0%	14.3%	14.1%	14.1%
Accounts receivable	10,207	7,381	5,905	4,724	3,779	EBITDA margin	14.0%	6.8%	6.1%	6.4%	4.9%
Inventories	39	34	47	66	92	EBIT margin	13.0%	5.7%	5.1%	4.9%	4.9%
Other current assets	2,000	1,994	1,595	1,595	1,595	Net profit margin	10.0%	7.8%	6.9%	6.7%	6.7%
Current assets	16,488	12,862	13,428	14,078	14,456	ROE	12.3%	9.7%	9.9%	8.8%	8.0%
PP&E	633	609	914	1,370	2,056	ROA	6.6%	4.9%	4.7%	4.3%	3.9%
LT investments	-	-	-	-	-	ROCE	13.1%	3.8%	3.9%	3.4%	3.1%
Other non current assets	6,930	6,776	7,082	7,438	7,853	SG&A/Sales	6.1%	6.0%	6.0%	6.0%	5.9%
Total assets	24,051	20,247	21,423	22,886	24,365	Net debt/Equity	NM	NM	NM	NM	NM
Short term borrowings	181	248	248	248	248	Net debt/EBITDA	NM	NM	NM	NM	NM
Payables	6,683	6,365	6,421	6,638	6,827	Sales/Assets (x)	0.7	0.6	0.7	0.6	0.6
Other short term liabilities	2,180	1,907	2,031	2,261	2,538	Assets/Equity (x)	1.8	2.0	2.1	2.1	2.0
Current liabilities	9,044	8,520	8,701	9,147	9,614	Interest cover (x)	NM	NM	NM	NM	NM
Long-term debt	115	213	213	213	213	Operating leverage	(6117.0%)	590.5%	(345.1%)	310.5%	211.9%
Other long term liabilities	442	363	271	299	329	Tax rate	16.4%	44.7%	44.6%	44.5%	44.5%
Total liabilities	9,601	9,097	9,185	9,659	10,155	Revenue y/y Growth	0.4%	(10.2%)	2.7%	(1.6%)	(0.8%)
Shareholders' equity	12,813	9,408	10,348	11,192	12,030	EBITDA y/y Growth	(22.8%)	(56.3%)	(8.3%)	4.1%	(24.9%)
Minority interests	1,636	1,743	1,890	2,036	2,180	EPS y/y Growth	(30.3%)	(30.4%)	(9.0%)	(4.1%)	(1.1%)
Total liabilities & equity	24,051	20,247	21,423	22,886	24,365						
BVPS	9.02	6.63	7.29	7.88	8.47						
y/y Growth	2.8%	(26.6%)	10.0%	8.2%	7.5%						
Net debt/(cash)	(3,946)	(2,992)	(5,419)	(7,232)	(8,528)						
Valuation							FY23A	FY24A	FY25E	FY26E	FY27E
						P/E (x)	2.2	3.2	3.5	3.7	3.7
						P/BV (x)	0.3	0.4	0.3	0.3	0.3
						EV/EBITDA (x)	0.5	2.3	NM	NM	NM
						Dividend Yield	3.5%	2.5%	2.8%	2.7%	2.7%

Source: Company reports and J.P. Morgan estimates.

Note: Rmb in millions (except per-share data). Fiscal year ends Dec. o/w - out of which

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