

China Property

Signs of an inflection point; upgrade regional developers to Buy

Equities

China
Real Estate

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Early signs of stabilisation

After four years of property downturns, there are growing signs of market stabilisation in tier-1 and core tier-2 cities. These include a recovery in existing property transactions in 2M25 with no policy easing (Figure 3), inventory months falling to below-average levels in tier-1 cities, rising land auction premiums and stabilising secondary listings. These are similar to the signs seen at the 2014-15 cycle's inflection point. After the relaxation of price cap measures in mid-2024, we think developers are more motivated to improve product quality, increasing their differentiation with neighbouring secondary properties. We raise 2025E-26E new home sales by 7-16% and existing home sales by 7-10%, and now expect national price stabilisation by early 2026 (previously mid-2026). We upgrade [Greentown China](#), [Yuexiu Property](#) and [C&D International](#) to Buy on their higher exposure to tier-1/core tier-2 cities. We also like Kerry Properties and Swire Properties on their higher exposure to Shanghai's luxury residential market.

Low inventory + high land premium + removal of price cap = market recovery

After four years of supply side correction, land sales and national new starts in 2024 across 300 cities declined by 67% from the peak in 2020. Inventory turnover months in tier-1 cities have returned to 14 months, back to the 15-year average (Figure 6). Considering the removal of price cap measures, we think developers are more willing to improve product quality for a price premium and turn more active in land banking. Rising land premiums could positively influence nearby homeowners' price expectations, helping secondary listings. Price cap measures on new homes previously posed challenges for owners looking to sell, which resulted in secondary prices continuing to fall until the price differential narrowed to the point now where it is almost zero. We believe the removal of the price cap should help alleviate secondary listing pressure. As such, 50 cities (including tier-1) secondary listing YoY growth slowed in 2024 (Figure 20), along with falling secondary property prices (ie, a narrower price differential).

Stock implication: Polarisation among cities and developers

We expect developer polarisation as only tier-1 and core tier-2 cities are stabilising. We prefer regional over national SOE developers as the former's land banks are more exposed to those cities, newer (ie, less expensive), and more flexible in terms of land bank reshuffling (changing their mix). After analysing the land bank of seven developers within our coverage universe, we upgrade C&D International, Greentown China and Yuexiu Property from Neutral to Buy and raise their 2025E-26E EPS by 4-28%.

Valuation

MSCI China Real Estate is trading at 0.64x P/BV, versus its historical average of 0.87x.

Figure 1: Changes to our ratings and price targets

Company	Shr pr (LCY/shr)	Mkt cap (USD bn)	Rating			Price target (LCY/share)				Earnings estimate New vs Old		P/BV		PE	
			Unchange	Old	Chg	New	Old	Chg	% upside	2025E	2026E	2025E	2026E	2025E	2026E
C&D International	15.4	4.0	Buy	Neutral	▲	19.00	12.80	48%	24%	4%	13%	1.06	0.97	6.6	6.1
Greentown China	11.8	3.8	Buy	Neutral	▲	19.00	10.00	90%	61%	5%	28%	0.72	0.68	12.4	10.8
Yuexiu Property	5.4	2.8	Buy	Neutral	▲	6.50	5.00	30%	21%	5%	20%	0.35	0.34	9.1	7.1
Simple Average								56%	35%	12%	17%	0.71	0.66	9.4	8.0

Source: Company data, UBS estimates. Note: Priced as of 11 March 2025

UBS Research THESIS MAP

MOST FAVORED

LEAST FAVORED

C&D International, Yuexiu Property,
Greentown China

Vanke-A+H

PIVOTAL QUESTIONS

Q: Are we at an inflection point?

Likely. We see incremental evidence that property markets are stabilising. Signs include a recovery in existing home transactions in 2M25 with no policy easing, inventories falling to below-average levels in tier-1 cities, rising premiums in land auctions and stabilising secondary listings. These are similar to the signs seen at the 2014-15 cycle's inflection point. We lift the sector's 2025E-26E primary sales value by 7-16% and existing home sales by 7-10%, and now expect national price stabilisation by early 2026 (mid-2026 previously).

Q: Could secondary housing constitute less competition for primary housing?

Yes. According to our analysis, secondary housing offer different product matrix, which we think constitute less competition for new homes. In addition, the number of secondary listings in tier-1 cities have stabilised, and secondary prices in core cities have also stopped declining since September.

Q: Are regional developers likely to outperform large-cap developers?

Yes. Regional developers have an edge over large-cap names because of their land bank, due to: 1) a smaller average base of 17m sqm (sector average: 30m sqm); 2) on average, 54% of their land bank was acquired before 2022 (sector average: 66%). We believe they can more flexibly change their land bank mix towards core cities.

UBS VIEW

After four years of supply correction, there are growing signs of market stabilisation in tier-1 and core tier-2 cities. Three out of four indicators are similar to those seen at the 2014-15 cycle's inflection point. We raise 2025E-26E new home sales by 7-16% and existing home sales by 7-10%, and now expect national price stabilisation by early 2026 (previously mid-2026). We upgrade Greentown China, Yuexiu Property and C&D International to Buy on their higher exposure to tier-1/core tier-2 cities.

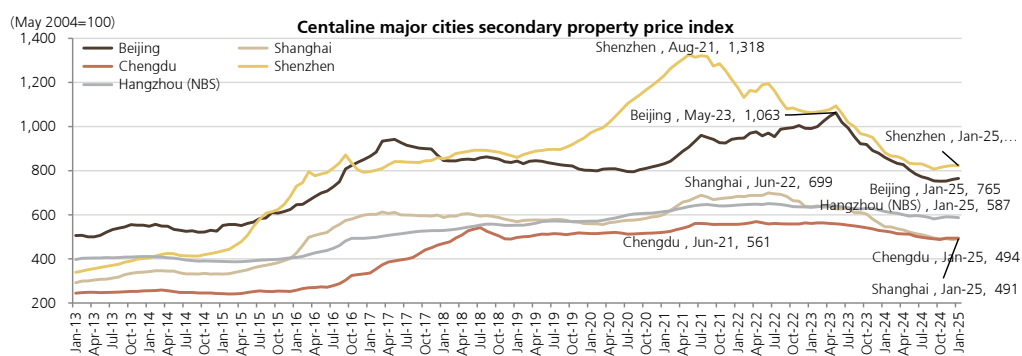
EVIDENCE

- 1) In 2M25, CRIC's top-100 developers' contract sales stabilised at -3% YoY.
- 2) For the first four weeks after Chinese New Year (CNY) 2025, secondary listings in tier-1 cities are up 3.3% YoY, narrowing from 4.3% YoY in the same CNY period in 2024.
- 3) Declining secondary prices in Beijing, Shanghai, Shenzhen, Hangzhou and Chengdu have been moderating since September 2024.
- 4) As of end-H124, 54% of regional developers' land bank was acquired in/before 2021 (sector average: 66%) suggesting a smaller historical burden of expensive land acquired in/before 2021.

WHAT'S PRICED IN?

MSCI China Real Estate is trading at 9.5x 12-month forward PE/0.64x 12-month forward P/BV, versus historical averages of 6.7x/0.87x. We think the higher-than-average PE is mainly due to deteriorating earnings; the lower-than-average P/BV shows investors' concerns on asset quality and impairment. We think the market has not fully priced in potential margin improvement from sales stabilisation in tier-1/core tier-2 cities.

Figure 2: Secondary prices' stabilisation trend since September 2024



Source: Centaline, NBS, UBS. Note: NBS price index as a proxy for Hangzhou

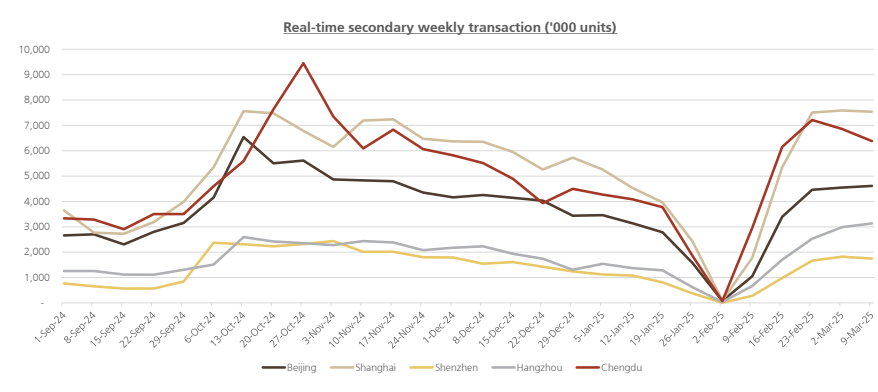
PIVOTAL QUESTIONS

Q: Are we at an inflection point?**Sales stabilisation but polarisation among cities**

Sales stabilisation: CRIC's top-100 developers' contract sales for 2M25 were -3% YoY (December 2024: -1%), indicating stabilisation as there has been no further policy easing since December. Particularly, we see property sales recovering in core cities such as Beijing, Shanghai, Shenzhen, Hangzhou and Chengdu, where weekly transaction volumes reached their average levels in December 2024, while Shanghai already surpassed October 2024's peak levels. As sales trends diverge, and sales in core cities have recovered to December 2024's levels while the top-100 developers' total sales have halved sequentially from then, we expect developers to increasingly focus on core cities.

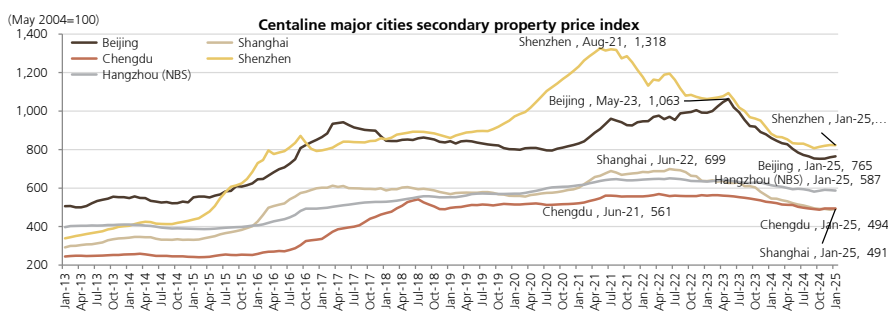
Narrowing price decline: Secondary price trends are similar. Centaline's secondary price index indicates prices in Beijing, Shanghai, Shenzhen and Chengdu stopped declining in October 2024; Guangzhou's and Tianjin's are still bottoming (Figure 4).

Figure 3: Shanghai's prices have surpassed their peak in October 2024



Source: Bingshan index, UBS

Figure 4: Secondary prices have stabilised since October 2024



Source: Centaline, UBS. Note: Hangzhou is using NBS index as a proxy

Is the stabilisation sustainable?

Revisiting the 2014-15 cycle's inflection point is a good approach to gauge the sustainability of the current sales recovery. We have found several similar signs in February 2025 to those in 2014-15, including low inventory levels, high land premiums and strong secondary sales.

Figure 5: Several signs suggesting an inflection point

	Signal of inflection point	2014-15	Feb-25
1 Inventory	Did we see low inventory months below historical average level?	Yes	Yes
2 Land premium	Did we see record-breaking land premium?	Yes	Yes
3 Secondary sales	Did we see strong secondary sales increase?	Yes	Yes
4 Rental	Did we see rental on the upward trend?	Yes	No

Source: UBS

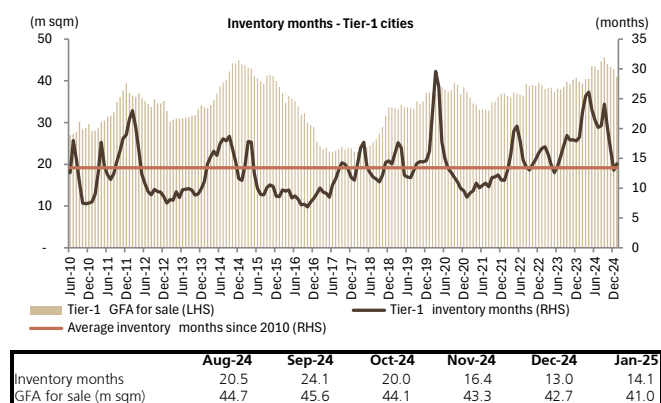
Low primary inventory levels: We first analysed primary inventory levels; in January 2025, tier-1 city inventory levels decrease to 14 months, close to their 15-year average and end-2014 levels. Shanghai, Shenzhen and Hangzhou inventories have fallen below their 15-year average-inventory-month levels, and Beijing and Chengdu inventories have softened to around their historical levels (Figure 6-Figure 11).

Record-breaking land premiums: We note increasing land acquisitions with record-high premiums; in particular, land premiums in 2M25 as a percentage above base prices have increased substantially to 15% in tier-1/2 cities (Figure 13-Figure 15), compared to 6% in 2024. In our view, this suggests strong developer confidence in the market.

Strong secondary sales: Secondary sales YTD across 12 cities are up 25% YoY, on a lunar calendar basis (Figure 12). This is similar to 2014-15, with secondary sales' strong post CNY performance and full-year secondary sales almost doubling over 2014-15.

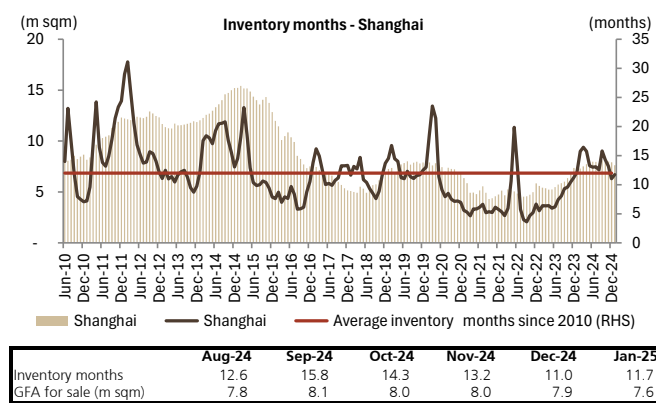
Rentals still decreasing: One missing point is increasing rental rates (Figure 16), which we think takes longer to be reflected in an economic recovery. As of January 2025, the rental price index was still declining, while in 2014-15 there was an upward trend.

Figure 6: Tier-1 inventory levels down to historical average



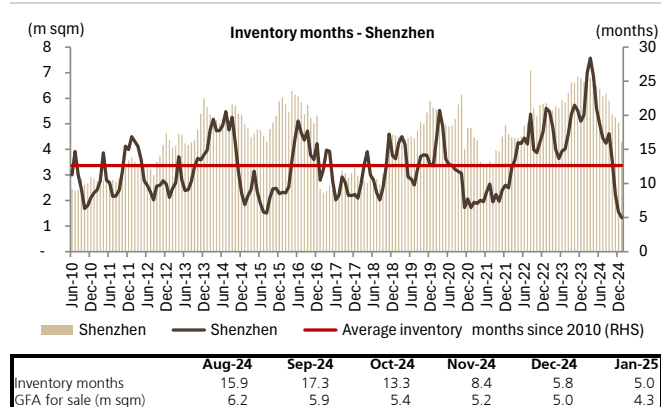
Source: China Real Estate Information (CRIC) , UBS

Figure 7: Shanghai inventory levels down to 12 months



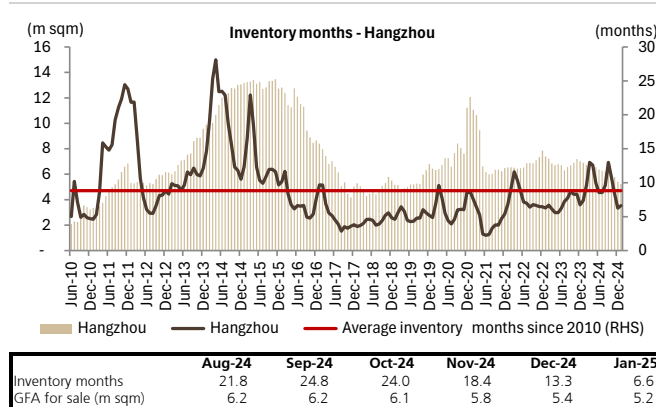
Source: CRIC, UBS

Figure 8: Shenzhen inventory levels down to five months



Source: CRIC, UBS

Figure 9: Hangzhou inventory levels down to seven months



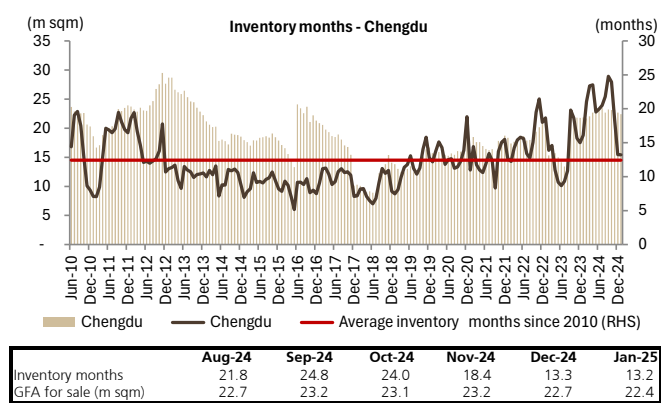
Source: CRIC, UBS

Figure 10: Beijing inventories close to historical level



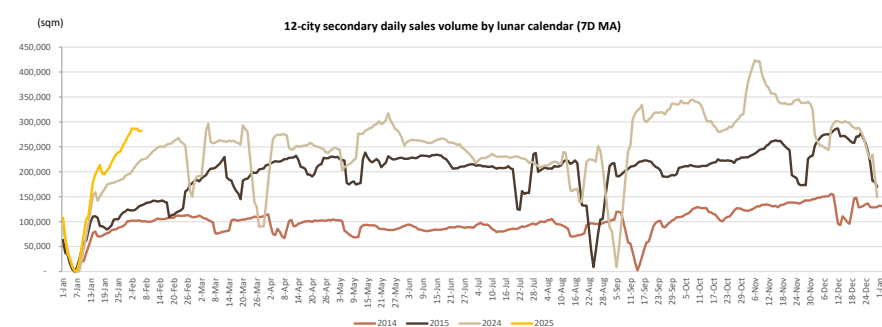
Source: CRIC, UBS

Figure 11: Chengdu inventories close to historical level



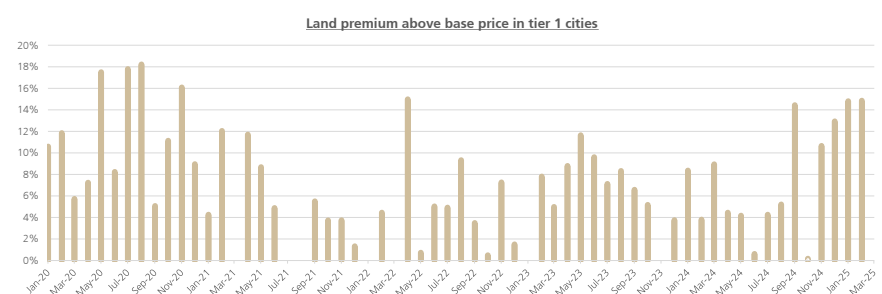
Source: CRIC, UBS

Figure 12: Strong YoY secondary sales growth in 2015 and 2025



Source: Wind, UBS

Figure 13: Land premium in tier-1 cities has increased to 2020-21 levels



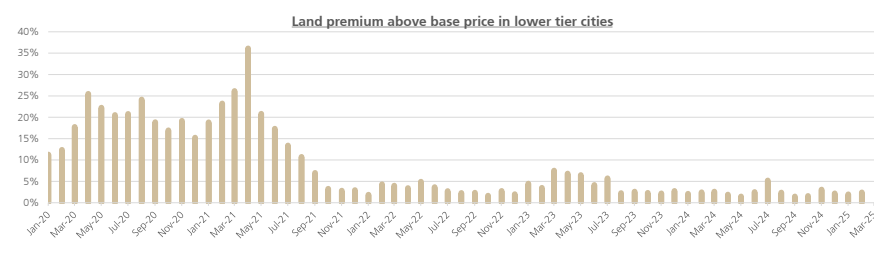
Source: China Real Estate Index System (CREIS), UBS

Figure 14: Land premium in tier-2 cities has increased sharply since January 2025



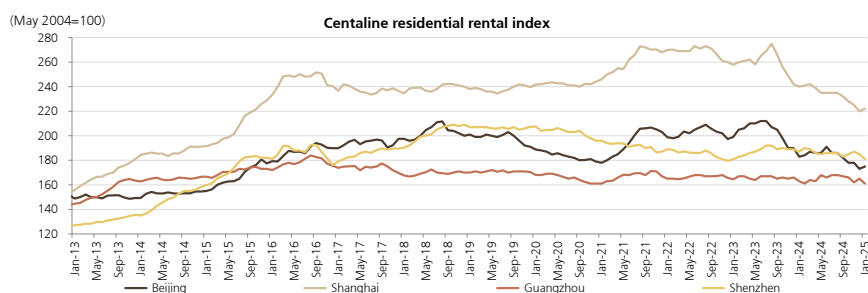
Source: CREIS, UBS

Figure 15: Land premium in tier-3 cities remains at a low level



Source: CREIS, UBS

Figure 16: Rental index in tier-1 cities on a downward trend

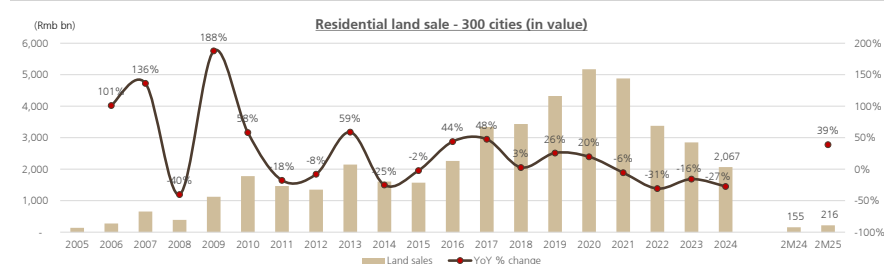


Source: Centaline, UBS

Yes, but only core cities matter

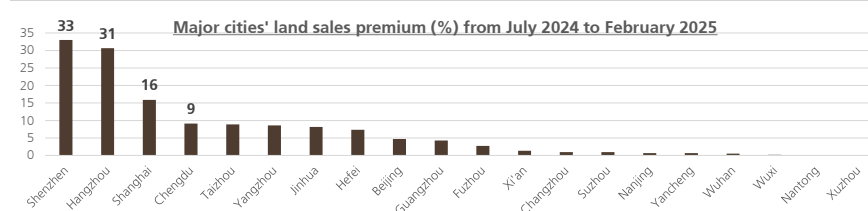
After four years of declining land sales, we note the value of land sales in 2M25 across 300 cities is up 39% YoY after a 67% decline between 2020's peak and 2024's bottom. However, land premiums suggest developers' investment decisions have focused on core cities. From July 2024 to February 2025, among the top-20 cities (ranked by land sales value), Shenzhen, Hangzhou, Shanghai and Chengdu were the top four, with a land premium of 19% versus the average of 9% (Figure 18). Tier-1/2 city land premiums have sharply increased back to 2020-21 levels, while those in lower-tier cities remain muted (Figure 13-Figure 15). In our view, near-term land premiums could support property price expectations as secondary home owners might have the incentive to raise their listing prices, or have more bargaining power, if they see that new projects nearby are being bought at a higher premium than previously.

Figure 17: Land sales value across 300 cities up 39% YoY in 2M25



Source: CREIS, UBS

Figure 18: High premium in Shenzhen, Hangzhou, Shanghai, Chengdu



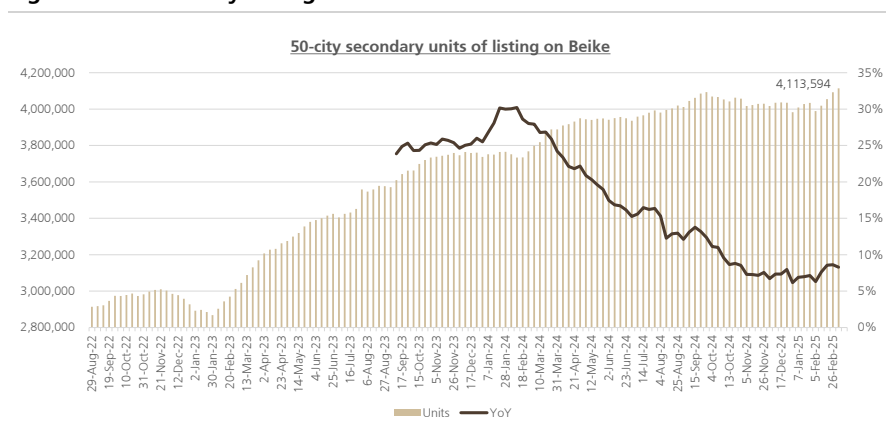
Source: CREIS, UBS

PIVOTAL QUESTIONS

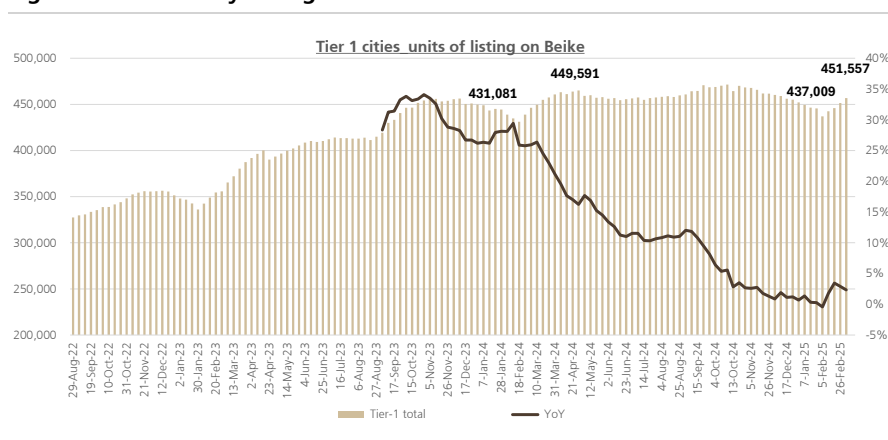
Q: Could secondary housing constitute less competition for primary housing?**Drivers of secondary listings**

Looking at the secondary listing trend over the past three years, we think there are two key drivers for the rising number of secondary listings: price cap measures and expectations of future property prices. We think the price cap measures imposed on new home properties may have led to: 1) buyers attempting to arbitrage price differentials by subscribing to new homes while selling down existing homes in the secondary market to finance the subscription; 2) homebuyers' demand shifting from secondary to new homes; 3) more challenges for home owners selling in the secondary market. These have caused a rise in the number of secondary listings and falling secondary prices until the price gap differential between new and existing home prices narrowed to the point now where it is almost non-existent. This may also explain why secondary listings slowed YoY throughout 2024 along with the falling prices. Looking ahead, since local governments relaxed price cap measures in June 2024 for newly sold land, we expect this factor to no longer drive an increase in secondary listings.

In addition, as predicting future property prices can be difficult due to sudden changes, near-term we think rising land premiums may help stabilise homeowners' property price expectations.

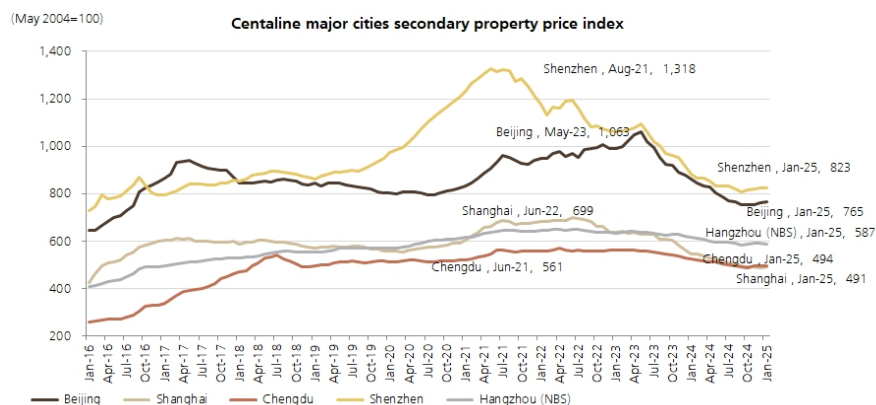
Figure 19: Secondary listings across 50 cities have softened

Source: Beike, UBS, UBS Evidence Lab ([Access Dataset](#))

Figure 20: Secondary listings in tier-1 cities have softened

Source: Beike, UBS, UBS Evidence Lab ([Access Dataset](#))

Figure 21: Secondary prices stabilising since October 2024



Source: Centaline, NBS, UBS. Note: NBS index used as a proxy for Hangzhou

Quality of new homes may improve

We believe price cap measures on new homes since 2017 may have led to developers being less motivated in terms of improving product quality. However, price cap measures were removed in June 2024. Also, in order to attract developers to bid for land, local governments are offering land: 1) in prime locations, 2) with higher usable areas, 3) at a lower density (ie, lower plot ratios). This is in line with "... increasing the supply of high-quality housing ..." [mentioned in local governments' 2025 work reports](#). Better product quality may mean new properties are more competitive than existing homes.

During recent NPC meeting in Mar 2025, officials mentioned that the floor height of new homes should be at least three metres, vs 2.8 metres previously. We note a trend where the usable floor area ratio for primary housing is increasing. Some newly launched projects' usable floor area ratios are 100% in Beijing, Guangzhou, Chengdu and Xian compared with an average of 75% for old secondary housing. Primary housing usually provides high-quality services with higher management fees, while the condition of some older secondary housing is comparatively poor. Older housing usually needs more frequent repairs, especially elevators, exterior walls and pipes. The product design of primary housing can meet modern living needs with central air conditioning and underfloor heating, and some primary housing provides clubhouses. Limited car parking areas and a lack of charging piles are also issues affecting older housing. Therefore, we think home owners could be tempted to sell their old secondary housing and purchase primary housing.

Figure 22: Why sell old secondary housing to buy primary housing?

Primary housing		Secondary housing over 20 years
Floor height	>3 metres	Around 2.8 metres
Usable floor area ratio	Increasing trend in Beijing, Guangzhou; some tier-2/low-tier cities	Around 75%
Property management quality	High-quality services with higher management fees	Basic services and property can be in comparatively poor condition
Repair frequency	Low	High, especially for elevators, exterior walls and pipelines
Design	Modern and well-designed, giving a sense of luxury and comfort; well-designed rooms	Relatively old-fashioned and may not meet modern living needs
Central A/C and underfloor heating?	Yes	No
Hard décor	Majority of projects delivered in decorated format	Require renovation
Car parking	Sufficient car parking area and charging piles	Limited area for car parking; hard to install charging piles
Separation of pedestrians and vehicles?	Yes	No
Clubhouse facilities?	Yes, some provide gyms, swimming pool, etc	No

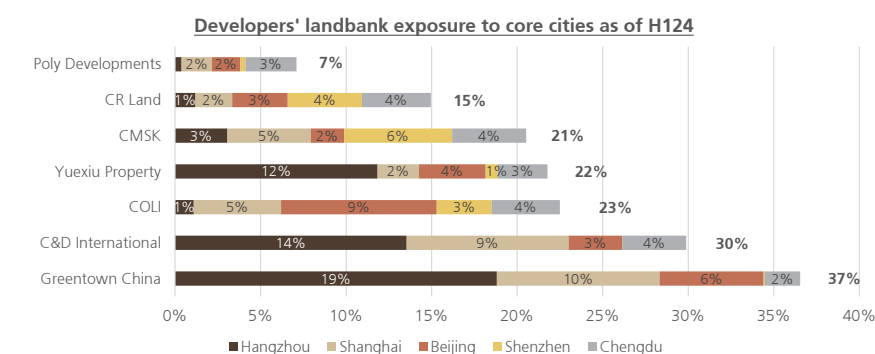
Source: National People's Congress (NPC) , UBS

PIVOTAL QUESTIONS

Q: Are regional SOE developers likely to outperform large-cap developers?**Core-city exposure**

We have analysed the land banks of seven major developers under our coverage (COLI, CMSK, CR Land, Yuexiu Property, Greentown China, C&D International and Poly Developments) on different metrics. First, exposure to five core cities: Beijing, Shanghai, Shenzhen, Hangzhou and Chengdu. As of H124, Greentown China/C&D International/ Yuexiu Property had 37%/30%/22% exposure to these five cities ([Figure 23](#)). Particularly, they had 19%/14%/12% of their land banks in Hangzhou.

Figure 23: Yuexiu Property/Greentown China/C&D International had 12%/19%/14% of their land banks in Hangzhou in H124

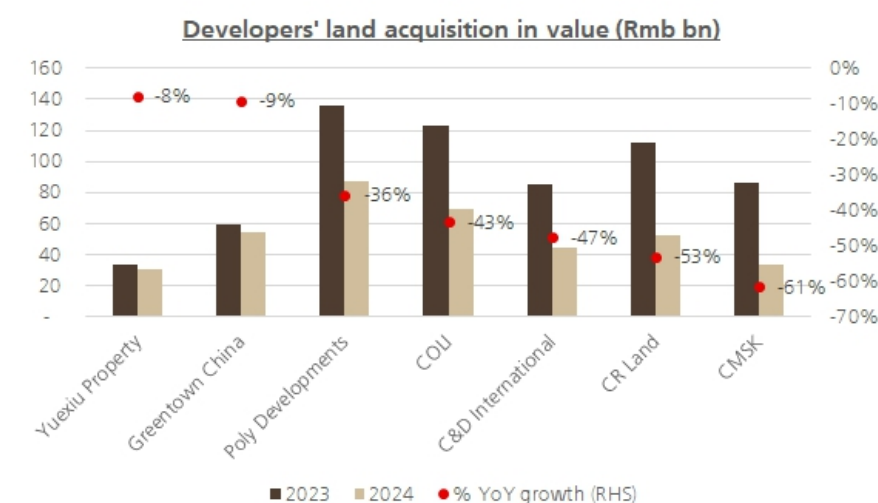


Source: Company data, UBS. Note: Greentown China and C&D International based on gross saleable resources value, others based on gross land bank GFA

Whose land acquisitions decelerated less in 2024?

Developers reduced their land acquisitions in 2024 due to the weak property market, which is logical to preserve their cash flows. On average, these developers' attributable land acquisitions in value terms decreased 37% YoY. However, the investments by Yuexiu Property/Greentown China in 2024 only decreased by 8%/ 9% YoY ([Figure 24](#)).

Figure 24: Yuexiu Property and Greentown China actively acquired land in 2024

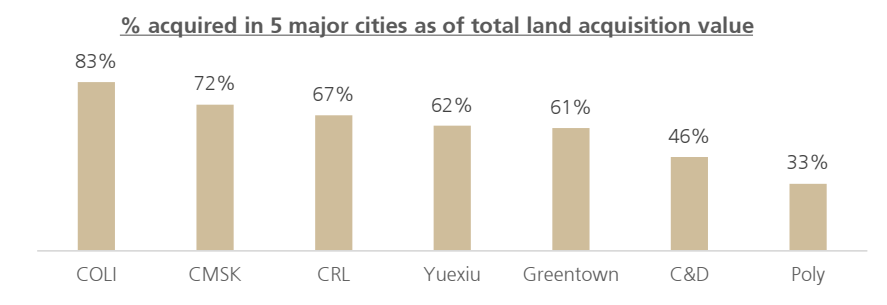


Source: Company data, UBS

Where did they acquire land in 2024?

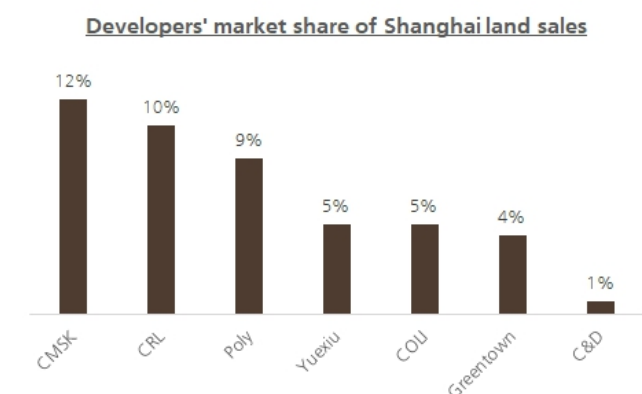
In 2024, 33-83% of the seven developers' total land acquisition was in the five cities mentioned above (Figure 25). Despite a 43% YoY investment decline, COLI took 22%/29% market shares in Beijing/Shenzhen land auctions in 2024 (Figure 27-Figure 30). We expect relatively limited room for large-cap developers to increase their investments in core cities. In our view, it would be more feasible for regional developers to increase their core city exposure due to their small bases.

Figure 25: On average, 61% of land was acquired in five core cities



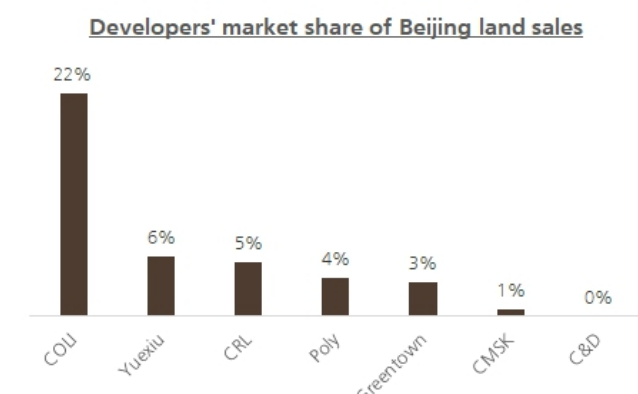
Source: Company data, UBS

Figure 26: CMSK had highest share in Shanghai in 2024



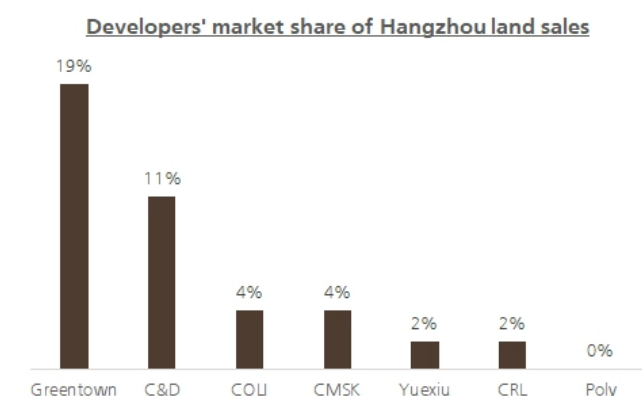
Source: CREIS, company data, UBS

Figure 27: COLI had highest share in Beijing in 2024



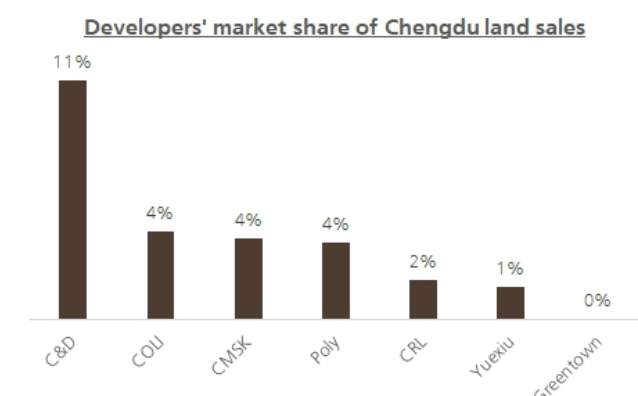
Source: CREIS, company data, UBS

Figure 28: Greentown China had highest share in Hangzhou in 2024



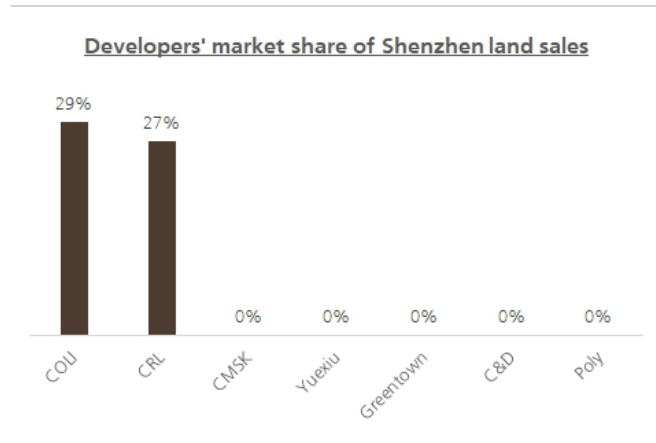
Source: CREIS, company data, UBS

Figure 29: C&D International had highest share in Chengdu in 2024



Source: CREIS, company data, UBS

Figure 30: COLI and CR Land had high shares in Shenzhen in 2024



Source: CREIS, company data, UBS

Land bank vintage

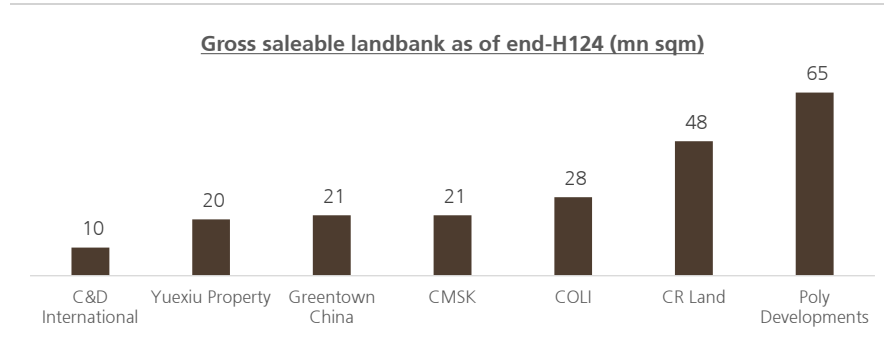
We did a breakdown of developers land bank, by vintage. As of end-H124, C&D International/Greentown China/Yuexiu Property had 10m/21m/20m sqm of gross saleable land bank, less than large-cap developers. Moreover, we estimate regional developers C&D International/Greentown China/Yuexiu Property have 63%/40%/35% of saleable land bank acquired after 2021 versus the sector average of 33%. The higher this ratio the better as land bank acquired in or before 2021 was during the market's peak. We believe regional developers may have more flexibility in terms of changing their land bank mix due to their smaller scales and lighter vintage burdens.

Figure 31: C&D International had the highest % of saleable land bank acquired after 2021

As of end-H124 (mn sqm)	Gross saleable landbank	Saleable landbank breakdown by acquired year				
		On/before 2021	2022	2023	2024	2022-H124
C&D International	10	37%	9%	39%	15%	63%
Greentown China	21	60%		40%		40%
Yuexiu Property	20	65%	15%	13%	8%	35%
COLI	28	70%	11%	14%	4%	30%
CR Land	48	70%	10%	15%	4%	30%
CMSK	21	77%	10%	10%	3%	23%
Poly Developments	65	85%		15%		15%
Average	30					34%

Source: Company data, UBS estimates. Note: Land bank vintage breakdown estimates based on gross saleable GFA exc. Greentown China (based on saleable resources value basis)

Figure 32: C&D International had smallest land bank as of end-H124



Source: Company data, UBS estimates. Note: Land bank estimates based on gross saleable GFA

Our sector forecasts for 2025-26

Lifting 2025E-26E property sales GFA by 7-16%

China's top-100 developers' contract sales decreased by 3% YoY in 2M25, similar to -1% YoY in December 2024, seemingly stabilising as there have been no further policy easing measures since December. We think this is due to sentiment improving after recent rising land prices in tier-1 cities and, per our channel checks with property agents, improved economic expectations due to AI/tech development. In addition, there are two polarisation trends among regions and developers. New home sales in tier-1 and key tier-2 cities have outperformed, as have developers that acquired land bank in these cities. We raise our property sales GFA forecasts for 2025-26 by 7-16%. We lift our new start assumptions for 2025-26 by 6-18% and raise GFA completions by 2% over the same period. We still expect primary property sales, new starts and investment in 2025-26 to continue to decline (see [Figure 34](#)).

Figure 33: We lift 2025E-26E property sales GFA by 7-13% and new starts by 6-12%

	Residential GFA sold (mn sqm)			Residential new starts (mn sqm)			GFA under construction (mn sqm)			GFA completed (mn sqm)			Residential Investments (Rmb bn)			Residential value sold (Rmb bn)		
	Old	New	% chg	Old	New	% chg	Old	New	% chg	Old	New	% chg	Old	New	% chg	Old	New	% chg
2024		815			537			5,132			537			7,604			8,486	
2025E	723	774	7%	454	483	6%	4,619	4,875	6%	422	430	2%	6,969	7,224	4%	7,384	7,892	7%
2026E	665	774	16%	409	483	18%	4,295	4,875	14%	338	344	2%	6,620	7,224	9%	6,646	7,892	19%

Source: National Bureau of Statistics (NBS), UBS estimates

- National property sales and top-100 developers' sales:** Due to persistent destocking, we expect national property sales to fall by another 5%/7% YoY in GFA/value terms in 2025. We expect the top-100 developers' residential property sales to decrease by 15% YoY in 2025.
- Property starts:** Developers started to actively acquire land in late 2024 due to the prime land supplied, relaxation of the primary housing price cap and a recovery of property sales in Q424, in our view. Meanwhile, land acquisition value across 300 cities fell by 27% in 2024. We expect property new starts in 2025 to decrease by another 10% YoY.
- Property completions:** We estimate 40% of delayed projects have been delivered, as of December 2024, due to [debt restructurings at a project level](#). We believe low-hanging fruit may be harvested first and that resuming the completion of remaining projects could become increasingly difficult as time continues. Our 2025/26 GFA completion forecasts of -20%/-20% YoY remain unchanged.
- Property investment:** In 2025 we expect a 5% YoY fall in property investment to reflect our forecast of new start declines and GFA under construction.

Figure 34: We expect property sales GFA/new start GFA in 2025 to decline 5%/10% YoY

	NBS Residential Statistics									Residential Investments					Top 100 developers contract sales				
	Residential GFA sold		Residential new starts		GFA under construction		GFA completed		Starts / sales	Residential Investments		Residential value sold		Inv / sales	Gross		Attributable		
	m sqm	YoY	m sqm	YoY	m sqm	YoY	m sqm	YoY	%	Rmb bn	YoY	Rmb bn	YoY	%	Rmb bn	YoY	Rmb bn	YoY	% of national
2010	931	8%	1,295	40%	3,149	26%	612	3%	139%	3,404	33%	4,395	15%	77%					
2011	970	4%	1,460	13%	3,884	23%	717	17%	151%	4,431	30%	4,862	11%	91%					
2012	985	1%	1,307	-11%	4,290	10%	790	10%	133%	4,937	11%	5,347	10%	92%					
2013	1,157	18%	1,458	12%	4,863	13%	787	0%	126%	5,895	19%	6,769	27%	87%					
2014	1,052	-9%	1,249	-14%	5,151	6%	809	3%	119%	6,435	9%	6,240	-8%	103%					
2015	1,124	7%	1,067	-15%	5,116	-1%	738	-9%	95%	6,460	0%	7,275	17%	89%					
2016	1,375	22%	1,159	9%	5,213	2%	772	5%	84%	6,870	6%	9,906	36%	69%					
2017	1,448	5%	1,281	11%	5,364	3%	718	-7%	88%	7,515	9%	11,024	11%	68%	7,405		5,571		
2018	1,479	2%	1,534	20%	5,700	6%	660	-8%	104%	8,519	13%	12,639	15%	67%	10,007	35%	8,031	44%	64%
2019	1,501	1%	1,675	9%	6,277	10%	680	3%	112%	9,707	14%	13,944	10%	70%	11,604	16%	8,527	6%	61%
2020	1,549	3%	1,643	-2%	6,556	4%	659	-3%	106%	10,445	8%	15,457	11%	68%	13,046	12%	9,446	11%	61%
2021	1,565	1%	1,464	-11%	6,903	5%	730	11%	94%	11,117	6%	16,273	5%	68%	12,632	-3%	8,872	-6%	55%
2022	1,033	-34%	881	-40%	6,397	-7%	625	-14%	85%	9,241	-17%	10,957	-33%	84%	7,294	-42%	5,112	-42%	47%
2023	948	-8%	693	-21%	5,899	-8%	724	16%	73%	8,496	-10%	10,299	-4%	82%	6,006	-18%	4,244	-17%	41%
Jan-24	48	-25%	34	-31%	4,666	-12%	38	-21%	71%	441	-10%	461	-33%	96%	255	-36%	182	-35%	39%
Feb-24	48	-25%	34	-31%	4,666	-12%	38	-21%	71%	441	-10%	461	-33%	96%	199	-62%	140	-63%	30%
Mar-24	94	-22%	57	-27%	4,746	-12%	35	-25%	61%	776	-11%	930	-29%	83%	392	-47%	285	-45%	31%
Apr-24	56	-25%	45	-14%	4,806	-11%	26	-13%	80%	681	-10%	593	-32%	115%	340	-47%	243	-47%	41%
May-24	62	-23%	48	-22%	4,816	-12%	25	-12%	76%	743	-11%	671	-28%	111%	355	-35%	257	-32%	38%
Jun-24	94	-16%	60	-18%	4,874	-13%	31	-31%	64%	906	-10%	1,011	-13%	90%	470	-22%	362	-14%	36%
Jul-24	53	-14%	39	-24%	4,915	-13%	26	-22%	74%	635	-12%	552	-17%	115%	303	-21%	224	-17%	41%
Aug-24	54	-14%	42	-17%	4,961	-13%	25	-34%	78%	640	-10%	564	-17%	113%	273	-28%	199	-24%	35%
Sep-24	80	-11%	48	-18%	5,011	-13%	25	-30%	61%	707	-10%	781	-17%	91%	274	-38%	192	-36%	25%
Oct-24	66	-1%	38	-26%	5,045	-13%	38	-20%	58%	594	-9%	725	0%	82%	465	5%	343	10%	47%
Nov-24	69	5%	44	-27%	5,097	-13%	45	-40%	64%	555	-8%	739	4%	75%	386	-10%	288	-3%	39%
Dec-24	92	4%	47	-16%	5,133	-13%	185	-25%	51%	485	-2%	999	6%	49%	474	-1%	367	0%	37%
2024	815	-14%	537	-23%	5,132	-13%	537	-26%	66%	7,604	-10%	8,486	-18%	90%	4,186	-30%	3,083	-27%	36%
2025E	774	-5%	483	-10%	4,875	-5%	430	-20%	62%	7,224	-5%	7,892	-7%	92%	3,977	-5%	2,928	-5%	37%
2026E	774	0%	483	0%	4,875	0%	344	-20%	62%	7,224	0%	7,892	0%	92%	3,977	0%	2,928	0%	37%

Source: NBS, Census Economic Information Center (CEIC), CRIC, UBS estimates. Note: Top-100 developers refers to developers with contract sales ranked in top 100 by CRIC

For secondary sales and rental transactions, we raise our secondary sales GFA assumptions for 2025-26 by 7-10% and maintain unchanged rental transaction forecasts. We expect secondary housing transactions to continue to gain share from primary housing transactions, with the former contributing more than 50% of total housing transactions by 2026E.

Figure 35: We expect the secondary sales and rental markets to outperform primary markets

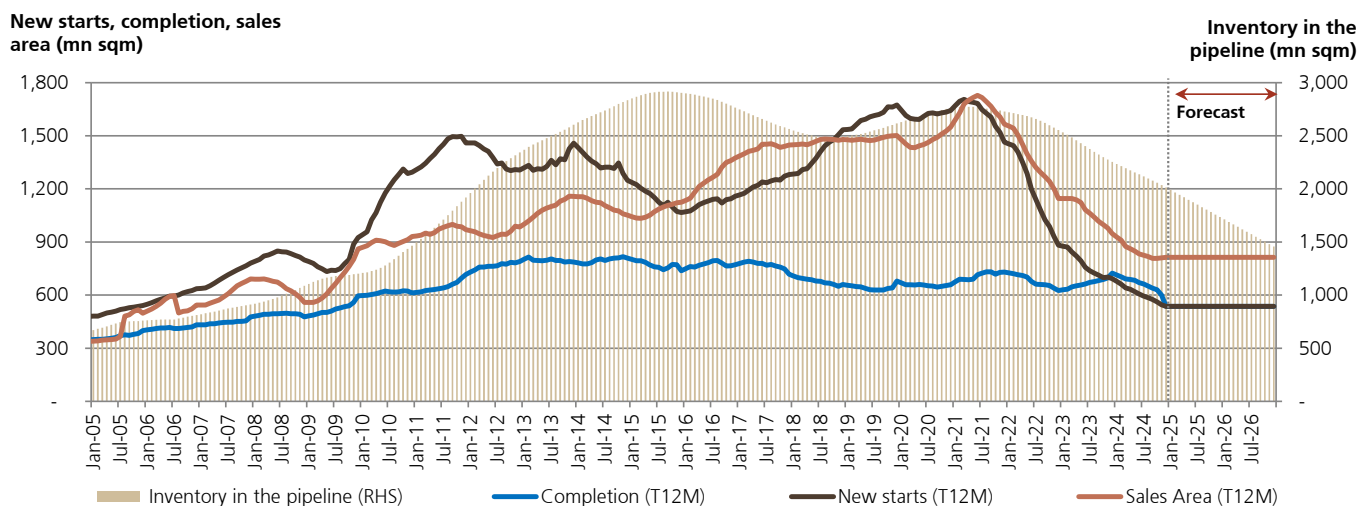
	Secondary sales value		Secondary sales GFA		Secondary ASP		Primary sales value		Primary sales GFA		Primary ASP		Rental transaction		Secondary transaction value mix (secondary / primary)	
	Rmb bn	YoY	m sqm	YoY	Rmb/sqm	YoY	Rmb bn	YoY	m sqm	YoY	sqm	YoY	Rmb trn	YoY		
2018	6,500		395		16,456		12,639	15%	1,479	2%	8,544		1.5		34%	
2019	6,700	3%	390	-1%	17,179	4%	13,944	10%	1,501	1%	9,287	9%	1.7	13%	32%	
2020	7,500	12%	390	0%	19,231	12%	15,457	11%	1,549	3%	9,980	7%	2.0	18%	33%	
2021	7,000	-7%	362	-7%	19,356	1%	16,273	5%	1,565	1%	10,398	4%	2.2	10%	30%	
2022	5,462	-22%	396	9%	13,798	-29%	10,957	-29%	1,033	-29%	10,607	2%	1.9	-15%	33%	
2023	7,100	30%	570	44%	12,456	0%	10,299	-6%	948	-8%	10,864	2%	2.2	18%	41%	
2024E	6,965	-2%	621	9%	11,211	-10%	8,486	-18%	815	-14%	10,419	-4%	2.2	0%	45%	
2025E	7,592	9%	677	10%	11,211	0%	7,892	-7%	774	-5%	10,200	-2%	2.3	5%	49%	
2026E	8,441	11%	738	3%	11,435	2%	7,892	0%	774	0%	10,200	0%	2.4	5%	52%	
2027E	9,384	11%	805	3%	11,663	2%	7,656	-3%	751	-3%	10,200	0%	2.5	5%	55%	
2028E	10,434	11%	877	3%	11,897	2%	7,426	-3%	728	-3%	10,200	0%	2.7	5%	58%	
2029E	11,600	11%	956	3%	12,135	2%	7,203	-3%	706	-3%	10,200	0%	2.8	5%	62%	
2030E	12,897	11%	1,042	3%	12,377	2%	6,987	-3%	685	-3%	10,200	0%	2.9	5%	65%	

Source: NBS, UBS estimates

Inventory destocking to continue in 2025E, to potentially end by early 2026E

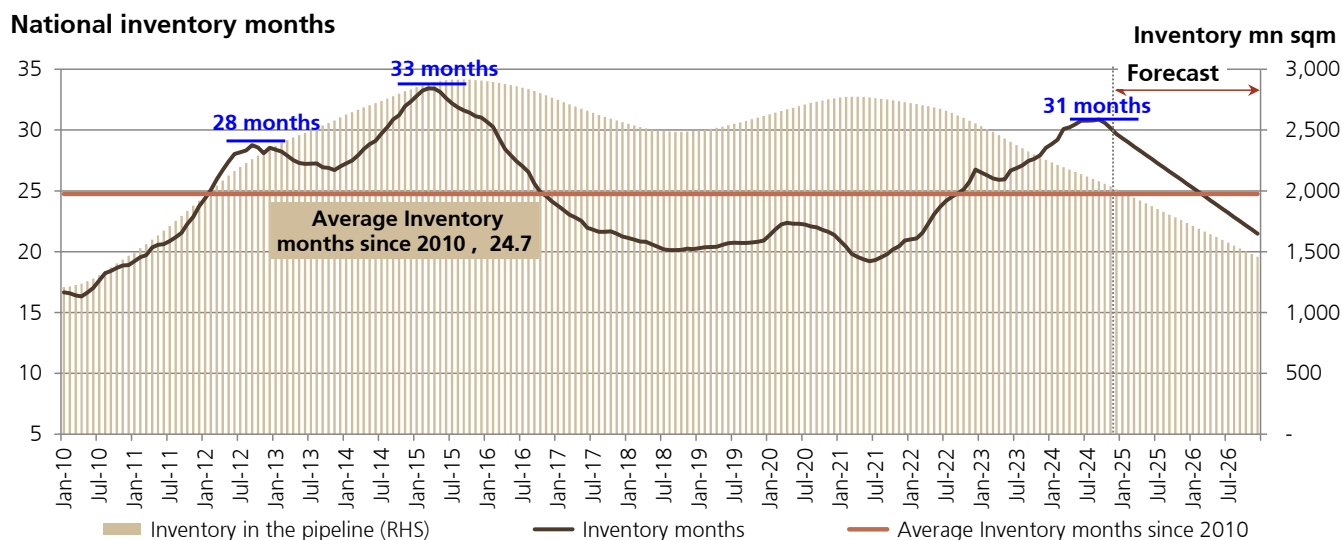
Based on our updated inventory model, we expect inventory destocking to end by early 2026 (previously mid-2026). Assuming new starts and sales remain unchanged, we estimate national inventories to return to 25 months, down from around 30 months currently, by early 2026. We expect property prices by then to have stabilised. Downside risks to our forecasts include: 1) lower-than-expected property sales versus current levels, 2) major developers' defaults leading to homebuyer concerns over primary properties and a subsequent shift to buying existing rather than new property. Upside risks to our forecasts include policy measures (ie, inventory buybacks and an acceleration of the urban village renovation programme) that reduce inventories (our forecasts do not incorporate impact from these two potentialities).

Figure 36: We expect continued destocking in 2025 ...



Source: NBS, UBS estimates. Note: Inventory in the pipeline defined as cumulative property new starts minus cumulative property sold since 2000

Figure 37: ... and inventory turnover months returning to average (since 2010) levels by early 2026



Source: NBS, UBS estimates. Note: Inventory in the pipeline defined as cumulative property new starts minus cumulative property sold since 2000; inventory months calculated based on inventory in the pipeline divided by past 12 months' rolling property sales

Changes to our ratings and earnings

C&D International (1908.HK): Upgrade from Neutral to Buy; price target raised from HK\$12.80 to HK\$19.00

We upgrade C&D International from Neutral to Buy on its: 1) flexible land bank structure; 2) high land bank share in Hangzhou and Chengdu. We expect the company to benefit from a sales recovery in core cities and adjust its 2025E contract sales from a 5% YoY decline to a 10% YoY increase. We also expect improved margins due to price stabilisation in core cities, and revise up 2025-26 GM by 1-2ppts. We thus lift 2025E-26E earnings by 4-13%, 0-8% above consensus expectations. Our new price target of HK \$19.00 (up from HK\$12.80) is based on 6.6x normalised earnings (previously 5.5x) , [per WPI](#).

Figure 38: Changes to our earnings estimates/comparison with consensus

	New forecasts				Old forecasts			Consensus		
(Rmb m)	2023A	2024E	2025E	2026E	2024E	2025E	2026E	2024F	2025F	2026F
Contract sales	137,956	103,360	113,696	113,696	124,161	124,161	124,161			
Revenue	134,430	135,420	127,535	116,883	135,420	137,967	132,563	138,682	135,542	133,296
Gross profit	14,916	13,672	14,151	14,723	13,672	13,929	14,047	15,670	15,569	15,553
GPM (%)	11.1%	10.1%	11.1%	12.6%	10.1%	10.1%	10.6%	11.3%	11.5%	11.7%
Net profit	4,339	4,293	4,481	4,813	4,234	4,290	4,270	4,411	4,480	4,466
Core NPM (%)	3.2%	3.2%	3.5%	4.1%	3.1%	3.1%	3.2%	3.2%	3.3%	3.4%
DPS (HK\$)	1.30	1.30	1.30	1.30	1.30	1.30	1.30	0.13	0.15	0.15
Payout ratio (%)	44%	44%	44%	44%	44%	44%	44%	28%	29%	31%
Net gearing (%)	48%	60%	60%	58%	58%	67%	74%			
Contract sales YoY		-25%	10%	0%	-10%	0%	0%			
Revenue YoY		1%	-6%	-8%	1%	2%	-4%	3%	-2%	-2%
Gross profit YoY		-8%	4%	4%	-8%	2%	1%	5%	-1%	0%
Core net profit YoY		-1%	4%	7%	-2%	1%	0%	2%	2%	0%
vs	New vs Old			New vs Cons						
Contract sales	-16.8%	-8.4%	-8.4%							
Revenue	0.0%	-7.6%	-11.8%	-2.4%	-5.9%	-12.3%				
Gross profit	0.0%	1.6%	4.8%	-12.7%	-9.1%	-5.3%				
GPM (%)	0.0ppt	1.0ppt	2.0ppt	-1.2ppt	-0.4ppt	0.9ppt				
Core net profit	1.4%	4.4%	12.7%	-2.7%	0.0%	7.8%				
Core NPM (%)	0.0ppt	0.4ppt	0.9ppt	-0.1ppt	-0.2ppt	-0.1ppt				
DPS (HK\$)	0.0%	0.0%	0.0%	900.0%	766.7%	766.7%				
Payout ratio (%)	0.0ppt	0.0ppt	0.0ppt	16.7ppt	14.9ppt	13.1ppt				
Net gearing (%)	2.4ppt	-7.2ppt	-16.1ppt							

Source: Company data, Thomson Reuters, UBS estimates

Yuexiu Property (123.HK): Upgrade from Neutral to Buy; price target raised from HK\$5.00 to HK\$6.50

We upgrade Yuexiu Property from Neutral to Buy on its: 1) flexible land bank structure; 2) active land acquisition in 2024. On 10 March, the company announced a profit warning (core profit down 50-55% YoY), and we subsequently lower 2024E earnings by 35% to reflect Yuexiu Property's inventory impairment in H224. We expect the company to benefit from a sales recovery in core cities and adjust its 2025E contract sales from a 5% YoY decline to a 10% YoY increase. We also expect margin improvement due to price stabilisation in core cities and less inventory impairment risk, and raise 2025E-26E GM by 0.3ppts. Thus, we raise 2025E-26E earnings by 6-20%, 13-28% below consensus expectations. Our new price target of HK\$6.50 (up from HK\$5.00) is based on 6.6x normalised earnings (previously 5.5x), [per WPI](#).

Figure 39: Changes to our earnings estimates/comparison with consensus

(Rmb m)	New forecasts				Old forecasts			Consensus		
	2023	2024E	2025E	2026E	2024E	2025E	2026E	2024F	2025F	2026F
Contract sales	142,030	114,540	125,994	125,994	114,540	108,813	108,813			
Revenue	80,222	86,633	71,485	78,704	86,172	66,318	66,825	86,304	85,369	86,693
Gross profit	12,258	6,064	8,578	10,231	9,220	7,759	8,487	10,770	11,110	11,689
GPM (%)	15.3%	7.0%	12.0%	13.0%	10.7%	11.7%	12.7%	12.5%	13.0%	13.5%
Core net profit	3,490	1,749	2,215	2,825	2,676	2,108	2,356	3,085	3,063	3,237
Core NPM (%)	4.4%	2.0%	3.1%	3.6%	3.1%	3.2%	3.5%	3.6%	3.6%	3.7%
DPS (Rmb)	0.35	0.17	0.22	0.28	0.27	0.21	0.23	0.32	0.32	0.33
Net gearing (%)	57%	58%	53%	48%	51%	46%	42%			
Contract sales YoY		-19%	10%	0%	-19%	-5%	0%			
Revenue YoY		8%	-17%	10%	7%	-23%	1%	8%	-1%	2%
Gross profit YoY		-51%	41%	19%	-25%	-16%	9%	-12%	3%	5%
Core net profit YoY		-50%	27%	28%	-23%	-21%	12%	-12%	-1%	6%
vs	New vs Old			New vs Consensus						
Contract sales		0.0%	15.8%	15.8%						
Revenue		0.5%	7.8%	17.8%	0.4%	-16.3%	-9.2%			
GPM (%)		-3.7ppt	0.3ppt	0.3ppt	-5.5ppt	-1.0ppt	-0.5ppt			
Core net profit		-34.6%	5.1%	19.9%	-43.3%	-27.7%	-12.7%			
DPS (Rmb)		-34.6%	5.1%	19.9%	-45.7%	-31.2%	-14.9%			

Source: Company data, Thomson Reuters, UBS estimates

Greentown China (3900.HK): Upgrade from Neutral to Buy; price target raised from HK\$10.00 to HK\$19.00

We upgrade Greentown China from Neutral to Buy on its: 1) flexible land bank structure; 2) high land bank share in Hangzhou and Chengdu; 3) active land acquisition in 2024. We expect it to benefit from a sales recovery in core cities and adjust its 2025E contract sales from a 5% YoY decline to a 10% YoY increase. We expect margin improvement due to price stabilisation in core cities, and revise up 2025E-26E GM by 1-2ppts. We raise 2025E-26E earnings by 5-28%, 43-50% above consensus expectations. We lower 2024E to reflect the announced profit alert. Our new price target of HK\$19.00 (up from HK\$10.00) is based on 6.6x normalised earnings (previously 5.5x), [per WPI](#).

Figure 40: Changes to our earnings estimates/comparison with consensus

(Rmb m)	New forecasts				Old forecasts			Consensus		
	2023A	2024E	2025E	2026E	2024E	2025E	2026E	2024F	2025F	2026F
Contract sales	194,300	171,800	188,980	188,980	170,984	170,984	170,984			
Revenue	131,383	127,388	115,931	114,758	127,388	115,698	109,383	139,131	141,829	145,291
GPM (%)	13.0%	8.5%	11.5%	12.5%	10.5%	10.5%	11.0%	13.1%	13.6%	14.0%
Reported net profit	3,118	1,647	2,246	2,567	2,562	2,131	2,007	4,395	4,463	4,494
Core net profit	6,417	3,619	4,218	4,540	4,535	4,104	3,980			
Core NPM (%)	4.9%	2.8%	3.6%	4.0%	3.6%	3.5%	3.6%	0.0%	0.0%	0.0%
DPS (Rmb)	0.43	0.20	0.27	0.30	0.30	0.25	0.24	0.43	0.45	0.46
Net gearing (%)	64%	78%	83%	87%	68%	72%	75%			
Contract sales YoY		-12%	10%	0%	-12%	0%	0%			
Revenue YoY		-3%	-9%	-1%	-3%	-9%	-5%	6%	2%	2%
Gross profit YoY		-37%	23%	8%	-22%	-9%	-1%	7%	6%	5%
Net profit YoY		-47%	36%	14%	-18%	-17%	-6%			
vs	New vs Old			New vs Cons						
Contract sales		0.5%	10.5%	10.5%						
Revenue		0.0%	0.2%	4.9%	-8.4%	-18.3%	-21.0%			
GPM (%)		-2.0ppt	1.0ppt	1.5ppt	-4.6ppt	-2.1ppt	-1.5ppt			
Reported net profit		-35.7%	5.4%	27.9%	-62.5%	-49.7%	-42.9%			
DPS (Rmb)		-35.7%	5.4%	27.9%	-54.6%	-40.9%	-33.9%			

Source: Company data, Thomson Reuters, UBS estimates

WHAT'S PRICED IN?



YTD, MSCI China Real Estate Index has underperformed MSCI China by 16% (as of 10 March 2025)

Source: Datastream

The MSCI China Real Estate index is trading at 10.1x 12-month forward PE and 0.67x 12-month forward P/BV, compared with the respective 15-year historical averages of 6.6x and 0.87x.

Potential upward earnings revisions: The higher-than-average PE is mainly due to deteriorating earnings, but we see potential upward earnings revisions if margins recover to normalised levels. We estimate Greentown China added Rmb98bn of attributable saleable resources in 2024, and assuming normalised NPM of 7%, the company could book Rmb7bn profit from 2024's land acquisitions. This implies 4.1x PE, based on its current market cap. Similarly, this implies respective PE multiples of 5.1x/5.2x for C&D International/Yuexiu Property (Figure 42). We estimate large-cap developers have implied 9.4-20.6x PE, except CR Land, where we estimate an implied 3.3x PE, based on its current market cap (exc. our estimated Rmb150bn IP valuation).

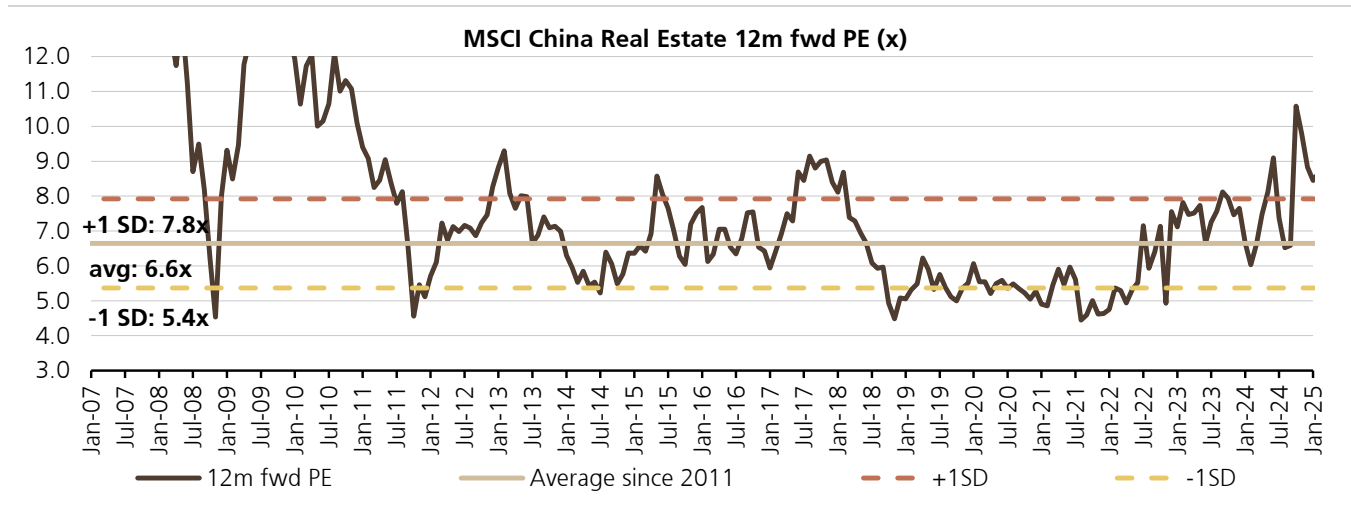
Valuation methodology used to derive our price targets: We used normalised earnings to derive our price targets. As discussed above, if margins normalise, Greentown China could book Rmb6.9bn in profit from its 2024 attributable saleable resources. Considering a general two-year housing completion cycle, we discount profit by one year and estimate 2025E normalised earnings of Rmb6.5bn. Assuming developers are trading at 6.6x 12month forward PE (the 15-year MSCI China Real Estate Index average), we derive an implied 2025E market cap of Rmb43bn. This implies a price target of HK\$19.00. Similarly, for C&D International, we derive an implied 2025E market cap of Rmb35bn and price target of HK\$19.00. For Yuexiu Property, we derive an implied 2025E market cap of Rmb25bn and price target of HK\$6.50.

Figure 42: Greentown China, C&D International and Yuexiu Property had an implied PE of 4.1-5.2x.

Rmb bn	2024 attri. saleable resources	Profit booking (NPM =7%)	Implied PE	Trading Mkt Cap	UBS valuation (PE=6.6x)
CR Land	94.6	6.6	3.3x	171.6	41.6
Greentown China	98.2	6.9	4.1x	27.9	43.2
C&D International	80.3	5.6	5.1x	28.9	35.3
Yuexiu Property	55.8	3.9	5.2x	20.2	24.6
Poly Developments	157.4	11.0	9.4x	103.3	69.3
COLI	125.1	8.8	17.3x	151.4	55.0
CMSK	60.1	4.2	20.4x	85.9	26.4

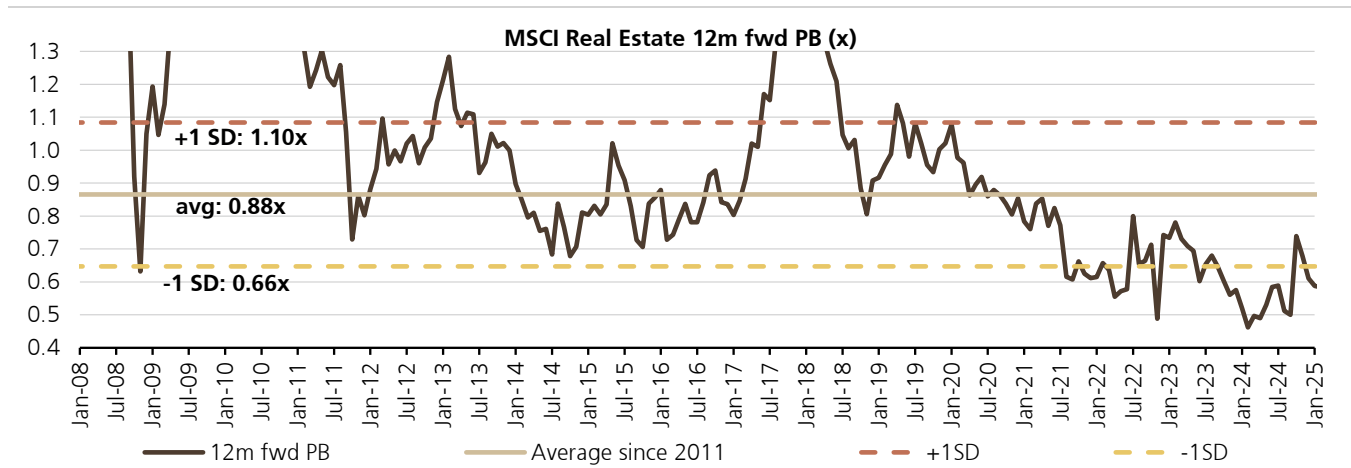
Source: Company data, UBS estimates

Figure 43: MSCI China Real Estate trading at 10.1x 12-month forward PE, +2SD above historical average



Source: Datastream, UBS. Note: Data as of 4 March 2025

Figure 44: MSCI China Real Estate trading at 0.67x 12-month forward P/BV, -1SD below the historical average



Source: Datastream, UBS. Note: Data as of 4 March 2025

Figure 45: Valuation comparison—Chinese developers within our coverage

Company (EN)	Ticker	Rating	Price (LC)	Price target (LC)	Price target upside (%)	Market cap (US\$ bn)	3M avg trading value (US\$ m)	PE		P/BV		Dividend yield		NAV discount (%)	24-26E EPS CAGR (%)	NDER		ROE	
								25E (x)	26E (x)	25E (x)	26E (x)	25E (%)	26E (%)			1H24A	25E		
CN developers (H-share)																			
CR Land	1109.HK	Buy	25.85	37.00	43%	23.7	57.8	6.7	6.5	0.58	0.55	5.5%	5.7%	-54%	2%	34%	9%		
COLI	0688.HK	Neutral	14.86	12.50	-16%	20.9	48.1	10.1	10.1	0.38	0.38	3.4%	3.4%	-77%	-6%	39%	4%		
Longfor	0960.HK	Neutral	10.84	10.30	-5%	9.2	30.8	10.8	10.7	0.41	0.40	2.8%	2.8%	-77%	-6%	57%	4%		
Vanke (H)	2202.HK	Sell	6.01	2.60	-57%	9.0	53.1	15.7	22.5	0.26	0.25	0.0%	0.0%	-84%	-22%	62%	2%		
Country Garden	2007.HK	Sell	0.51	0.30	-41%	1.8	13.0	N/A	N/A	0.33	0.56	0.0%	0.0%	-99%	-38%	277%	-55%		
C&D International	1908.HK	Buy	15.38	19.00	24%	4.0	4.4	6.6	6.1	1.06	0.97	8.5%	8.5%	-9%	6%	41%	18%		
Yueshiu Property	0123.HK	Buy	5.38	6.50	21%	2.8	8.5	9.1	7.1	0.35	0.34	4.4%	5.6%	-82%	27%	80%	4%		
Greentown China	3900.HK	Buy	11.82	19.00	61%	3.9	17.2	12.4	10.9	0.72	0.69	2.3%	2.6%	-50%	25%	67%	6%		
Seazen	1030.HK	Sell	2.18	1.20	-45%	2.0	5.3	9.0	7.3	0.29	0.28	0.0%	0.0%	-85%	9%	51%	3%		
Jinmao	0817.HK	Neutral	1.16	1.00	-14%	2.0	5.0	8.1	7.2	0.35	0.34	5.0%	5.5%	-89%	10%	77%	4%		
Wgt avg - H-share				4%				9.6		10.1		0.48 0.46		-67%		-2%		52%	5%
CN developers (A-share)																			
Poly Developments	600048.SS	Neutral	8.63	8.50	-2%	14.3	146.8	10.2	11.6	0.51	0.50	2.8%	2.9%	-71%	-8%	66%	5%		
Vanke (A)	000002.SZ	Sell	7.43	5.50	-26%	12.3	191.0	20.8	29.9	0.34	0.34	0.0%	0.0%	-77%	-22%	62%	2%		
China Merchants Shekou	001979.SZ	Neutral	9.48	9.80	3%	11.9	95.0	25.0	26.9	0.84	0.83	2.1%	1.9%	-81%	-5%	47%	3%		
Wgt avg - A-share				-8%				18.2		22.2		0.56 0.55		-76%		-12%		59%	3%
Wgt avg - A + H share				0%				12.2		13.9		0.50 0.49		-70%		-5%		54%	4%

Source: Company data, UBS estimates. Notes: Data as of 11 March 2025; N/A PE due to negative 2025E-26E earnings growth; NDER = net debt over equity reported

UBS Research THESIS MAP a guide to our thinking and what's where in this report**PIVOTAL QUESTIONS****Q: Are we at an inflection point?**

Likely. We see incremental evidence that property markets are stabilising. Signs include a recovery in existing home transactions in 2M25 with no policy easing, inventories falling to below-average levels in tier-1 cities, rising premiums in land auctions and stabilising secondary listings. These are similar to the signs seen at the 2014-15 cycle's inflection point. We lift the sector's 2025E-26E primary sales value by 7-16% and existing home sales by 7-10%, and now expect national price stabilisation by early 2026 (mid-2026 previously).

Q: Could secondary housing offer less competition for primary housing?

Yes. According to our analysis, secondary housing offer different product matrix, which we think constitute less competition for new homes. In addition, the number of secondary listings in tier-1 cities have stabilised, and secondary prices in core cities have also stopped declining since September.

Q: Are regional developers likely to outperform large-cap developers?

Yes. Regional SOE developers have an edge over large-cap developers due to their flexibility in terms of changing land bank mix. As of end-H124, 63% of C&D International's land bank was acquired after 2021 versus the sector average of 34%. This suggests a small historical burden of expensive land acquired in/before 2021. In addition, C&D International has a smaller land bank, and the mix could be changed towards core cities.

UBS VIEW

We upgrade C&D International from Neutral to Buy on its: 1) flexible land bank structure; 2) high land bank share in Hangzhou and Chengdu. We expect the company to benefit from a sales recovery in core cities. We adjust its 2025E contract sales from a 5% YoY decline to a 10% YoY increase. We also expect margin improvement due to price stabilisation in core cities, lift 2025E-26E GM by 1-2ppts and raise 2025E-26E earnings by 4-13%.

EVIDENCE

1) As of end-H124, 63% of C&D International's saleable land bank was bought after 2021 (34% for our seven major developers); 2) at end-H124, C&D International's saleable land bank was 10m sqm.

WHAT'S PRICED IN?

C&D International is trading at 6.6x 2025E PE, implying 1.06x 2025E P/BV. We think the market has not fully priced in its potential to benefit from a sales recovery in core cities. Our new price target of HK\$19.00 is based on 6.6x normalised earnings (previously 5.5x), [per WPI](#).

UPSIDE/DOWNSIDE SPECTRUM**Value drivers (2024E-26E)**

	Contract sales CAGR	GM average	2025E PE
HK\$24.00 upside	+10%	13%	10.0x
HK\$19.00 base	+5%	12%	8.0x
HK\$12.00 downside	-5%	9%	5.5x

Source: UBS estimates

COMPANY DESCRIPTION

C&D International Investment Group (C&D International) is a leading property developer in China that focuses on mid- to high-end residential property development. C&D International is a state-owned company, and its major shareholder is Xiamen C&D, with a 56% stake as of 2023.

UBS Research THESIS MAP a guide to our thinking and what's where in this report**PIVOTAL QUESTIONS****Q: Are we at an inflection point?**

Likely. We see incremental evidence that property markets are stabilising. Signs include a recovery in existing home transactions in 2M25 with no policy easing, inventories falling to below-average levels in tier-1 cities, rising premiums in land auctions and stabilising secondary listings. These are similar to the signs seen at the 2014-15 cycle's inflection point. We lift the sector's 2025E-26E primary sales value by 7-16% and existing home sales by 7-10%, and now expect national price stabilisation by early 2026 (mid-2026 previously).

Q: Will secondary housing offer less competition for primary housing?

Yes. According to our analysis, secondary housing offer different product matrix, which we think constitute less competition for new homes. In addition, the number of secondary listings in tier-1 cities have stabilised, and secondary prices in core cities have also stopped declining since September.

Q: Are regional developers likely to outperform large-cap developers?

Yes. Regional SOE developers have an edge over large-cap developers due to their flexibility in terms of changing land bank mix. As of end-H124, 60% of Greentown China's land bank was acquired in/before 2021 versus a sector average of 66%. This suggests a small historical burden of expensive land acquired in/before 2021. In addition, Greentown China has a smaller land bank, and the mix could be changed towards core cities.

UBS VIEW

We upgrade Greentown China from Neutral to Buy on its: 1) flexible land bank structure; 2) high land bank share in Hangzhou and Chengdu; 3) active land acquisitions in 2024. We expect the company to benefit from a sales recovery in core cities, and we adjust its 2025E contract sales from a 5% YoY decline to a 10% YoY increase. We also expect margin improvement due to price stabilisation in core cities, lift 2025E-26E GM by 1-2ppts and raise 2025E-26E earnings by 5-28%.

EVIDENCE

1) At end-H124, 40% of Greentown China's saleable land bank was acquired after 2021 (versus 33% for our seven major developers); 2) at end-H124, Greentown China's saleable land bank was 20m sqm; 3) Greentown China's land acquisitions in 2024 declined by only 9% YoY (versus -37% for our seven major developers).

WHAT'S PRICED IN?

Greentown China is trading at 12.4x 2025E PE, implying 0.72x 2025E P/BV. We think the market has not fully priced in its potential to benefit from a sales recovery in core cities. Our new price target of HK\$19.00 is based on 6.6x normalised earnings (previously 5.5x), [per WPI](#).

UPSIDE/DOWNSIDE SPECTRUM**Value drivers (2024E-26E)**

Value drivers (2024E-26E)	Contract sales CAGR	Average GM	2025E PE
HK\$21.00 upside	+10%	13%	20.0x
HK\$19.00 base	+5%	12%	20.0x
HK\$8.00 downside	-5%	10%	9.0x

Source: UBS estimates

COMPANY DESCRIPTION

Greentown China Holdings (Greentown China) is a leading property developer in China that focuses on mid-tier to high-end residential property development. Greentown China is a state-owned company. Its major shareholder is China Communications Construction Group, with a 29% stake as of 2023.

UBS Research THESIS MAP a guide to our thinking and what's where in this report**PIVOTAL QUESTIONS****Q: Are we at an inflection point?**

Likely. We see incremental evidence that property markets are stabilising. Signs include a recovery in existing home transactions in 2M25 with no policy easing, inventories falling to below-average levels in tier-1 cities, rising premiums in land auctions and stabilising secondary listings. These are similar to the signs seen at the 2014-15 cycle's inflection point. We lift the sector's 2025E-26E primary sales value by 7-16% and existing home sales by 7-10%, and now expect national price stabilisation by early 2026 (mid-2026 previously).

Q: Could secondary housing impose less competition on primary housing?

Yes. According to our analysis, secondary housing offer different product matrix, which we think constitute less competition for new homes. In addition, the number of secondary listings in tier-1 cities have stabilised, and secondary prices in core cities have also stopped declining since September.

Q: Are regional developers likely to outperform large-cap developers?

Yes. Regional SOE developers have an edge over large-cap developers due to their ability to adjust land bank mix. As of end-H124, Yuexiu Property had a 20m sqm land bank (sector average: 30m sqm), and we think its land bank mix can be more flexibly changed towards core cities. The company was the most active participant in the land auction market in 2024, with investment down only 8% YoY compared to our seven covered developers' average 37% decline.

UBS VIEW

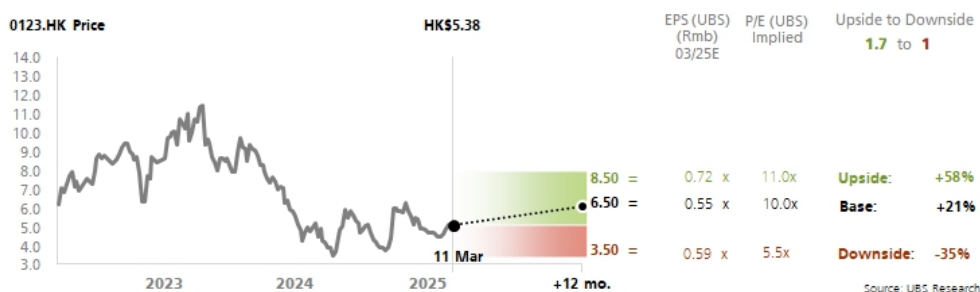
We upgrade Yuexiu Property from Neutral to Buy on its: 1) flexible land bank structure; 2) active land acquisition in 2024. We expect the company to benefit from a sales recovery in core cities. We adjust its 2025E contract sales from a 5% YoY decline to a 10% YoY increase. We also expect margin improvement due to price stabilisation in core cities, trim 2025E-26E GM by +0.3ppts and revise up 2025E-26E earnings by 5-20%.

EVIDENCE

1) At end-H124, 36% of Yuexiu Property's saleable land bank was acquired after 2021 (versus 33% for our seven major developers); 2) at end-H124, Yuexiu Property's saleable land bank was only 20m sqm; 3) Yuexiu Property's land acquisition in 2024 only declined by 8% YoY (versus our seven covered developers' average 37% decline).

WHAT'S PRICED IN?

Yuexiu Property is trading at 9.1x 2025E PE, implying 0.35x 2025E P/BV. We think the market has not fully priced in its potential to benefit from a sales recovery in core cities. Our new price target of HK \$6.50 is based on 6.6x normalised earnings (previously 5.5x), [per WPI](#).

UPSIDE/DOWNSIDE SPECTRUM**Value drivers (2024E-26E)**

	Contract sales CAGR	GM average	2025E PE
HK\$8.50 upside	+10%	14%	11.0x
HK\$6.50 base	+5%	13%	10.0x
HK\$3.50 downside	-5%	9%	5.5x

Source: UBS estimates

COMPANY DESCRIPTION

Yuexiu Property, formerly known as Guangzhou Investment, is an SOE developer under the Guangzhou State-owned Assets Supervision and Administration Commission. Established in 1983 and listed in Hong Kong in 1992, Yuexiu Property reached Rmb142bn in contract sales in 2023. As of end-2023, its total land bank amounted to 25.7m sqm, with more than half in the GBA. It holds a 43.6% stake in Yuexiu REIT (0405.HK). Guangzhou Metro became a strategic shareholder in 2019, holding a 19.90% stake, while parent company Guangzhou Yuexiu Holding holds 44.04%.

Yuexiu Property (0123.HK)

	12/21	12/22	12/23	12/24E	%ch	12/25E	%ch	12/26E	12/27E	12/28E
Income Statement (Rmbm)										
Revenues	57,379	72,416	80,222	86,633	8.0	71,485	-17.5	78,704	79,511	80,480
Gross profit	12,482	14,806	12,258	6,064	-50.5	8,578	41.5	10,231	11,132	12,072
EBITDA (UBS)	10,824	11,510	8,535	3,014	-64.7	5,185	72.0	6,838	7,738	8,678
Depreciation & amortisation	(346)	(429)	(386)	(386)	0.0	(386)	0.0	(386)	(386)	(386)
EBIT (UBS)	10,478	11,081	8,149	2,628	-67.7	4,798	82.6	6,452	7,352	8,292
Associates & investment income	415	(97)	752	350	-53.5	350	0.0	350	350	350
Other non-operating income	0	0	0	0	-	0	-	0	0	0
Net interest	(350)	(279)	298	(22)	-	105	-	148	211	304
Exceptionals (incl goodwill)	0	0	0	0	-	0	-	0	0	0
Pre-tax profit	10,544	10,704	9,199	2,956	-67.9	5,253	77.7	6,950	7,912	8,946
Tax	(4,709)	(4,280)	(4,319)	(763)	82.3	(2,071)	-171.5	(2,892)	(3,314)	(3,767)
Profit after tax	5,835	6,424	4,880	2,193	-55.1	3,182	45.1	4,058	4,598	5,179
Preference dividends	0	0	0	0	-	0	-	0	0	0
Minorities	(1,685)	(2,184)	(1,390)	(445)	68.0	(967)	-117.4	(1,233)	(1,397)	(1,573)
Extraordinary items	(561)	(287)	(305)	(730)	-139.4	0	-	0	0	0
Net earnings (local GAAP)	3,589	3,953	3,185	1,019	-68.0	2,215	117.4	2,825	3,201	3,605
Net earnings (UBS)	4,150	4,240	3,490	1,749	-49.9	2,215	26.7	2,825	3,201	3,605
Tax rate (%)	44.7	40.0	47.0	25.8	-45.0	39.4	52.8	41.6	41.9	42.1
Per Share (Rmb)										
EPS (UBS, diluted)	1.34	1.37	0.94	0.43	-53.7	0.55	26.7	0.70	0.80	0.90
EPS (local GAAP, diluted)	1.16	1.28	0.86	0.25	-70.5	0.55	117.4	0.70	0.80	0.90
EPS (UBS, basic)	1.34	1.37	0.94	0.43	-53.7	0.55	26.7	0.70	0.80	0.90
DPS (net) (Rmb)	0.54	0.55	0.35	0.17	-49.9	0.22	26.7	0.28	0.32	0.36
Cash EPS (UBS, diluted) ¹	1.45	1.51	1.04	0.53	-49.2	0.65	21.9	0.80	0.89	0.99
Book value per share	14.23	14.59	13.82	13.90	0.6	14.23	2.4	14.65	15.13	15.66
Average shares (diluted)	3,096	3,096	3,716	4,025	8.3	4,025	0.0	4,025	4,025	4,025
Balance Sheet (Rmbm)										
Cash and equivalents	40,499	35,118	46,098	47,187	2.4	48,859	3.5	52,466	57,408	65,291
Other current assets	222,305	248,856	292,067	278,432	-4.7	281,842	1.2	279,781	277,814	275,871
Total current assets	262,804	283,974	338,164	325,619	-3.7	330,701	1.6	332,247	335,222	341,162
Net tangible fixed assets	3,896	4,748	2,802	2,416	-13.8	2,030	-16.0	1,644	1,258	872
Net intangible fixed assets	429	521	514	514	0.0	514	0.0	514	514	514
Investments / other assets	46,726	57,108	59,698	59,192	-0.8	59,274	0.1	59,150	59,018	56,788
Total assets	313,855	346,352	401,179	387,740	-3.3	392,519	1.2	393,555	396,012	399,336
Trade payables & other ST liabilities	152,819	162,765	187,111	170,099	-9.1	175,211	3.0	173,778	172,345	170,911
Short term debt	29,802	15,744	22,976	36,571	59.2	31,144	-14.8	28,568	27,446	27,112
Total current liabilities	182,621	178,510	210,087	206,671	-1.6	206,355	-0.2	202,346	199,791	198,023
Long term debt	45,732	72,554	81,395	70,609	-13.3	73,408	4.0	75,526	77,221	78,577
Other long term liabilities	11,135	10,496	7,488	7,488	0.0	7,488	0.0	7,488	7,488	7,488
Preferred shares	0	0	0	0	-	0	-	0	0	0
Total liabilities (incl pref shares)	239,488	261,559	298,970	284,768	-4.8	287,251	0.9	285,361	284,500	284,088
Common s/h equity	46,236	47,430	55,629	55,948	0.6	57,276	2.4	58,971	60,891	63,053
Minority interests	28,131	37,363	46,580	47,024	1.0	47,991	2.1	49,224	50,621	52,194
Total liabilities & equity	313,855	346,352	401,179	387,740	-3.3	392,519	1.2	393,555	396,012	399,336
Cash Flow (Rmbm)										
Net income (before pref divs)	3,589	3,953	3,185	1,019	-68.0	2,215	117.4	2,825	3,201	3,605
Depreciation & amortisation	346	429	386	386	0.0	386	0.0	386	386	386
Net change in working capital	(7,448)	1,435	10,091	731	-92.8	5,190	NM	4,262	4,168	6,259
Other operating	(792)	(1,472)	(4,819)	(3,157)	34.5	(2,604)	17.5	(2,278)	(2,105)	(1,946)
Operating cash flow	(4,305)	4,345	8,844	(1,021)	-	5,187	-	5,195	5,650	8,304
Tangible capital expenditure	(1,253)	(1,105)	(317)	0	-	0	-	0	0	0
Intangible capital expenditure	0	0	0	0	-	0	-	0	0	0
Net (acquisitions) & disposals	3,756	3,527	455	0	-	0	-	0	0	0
Other investing	(9,394)	(10,105)	(199)	0	-	0	-	0	0	0
Investing cash flow	(6,890)	(7,684)	(62)	0	-	0	-	0	0	0
Equity dividends paid	(2,195)	(1,816)	(2,235)	(700)	68.7	(887)	-26.7	(1,131)	(1,281)	(1,443)
Share issues / (buybacks)	0	0	7,510	0	-	0	-	0	0	0
Other financing	9,724	(16,344)	(14,948)	0	-	0	-	0	0	0
Change in debt & pref shares	8,219	10,579	8,309	2,810	-66.2	(2,629)	-	(458)	573	1,022
Financing cash flow	15,748	(7,581)	(1,363)	2,110	-	(3,515)	-	(1,588)	(708)	(421)
Cash flow inc/(dec) in cash	4,553	(10,920)	7,419	1,089	-85.3	1,672	53.6	3,607	4,942	7,883
FX / non cash items	(1,362)	5,539	3,561	0	-	0	100.0	0	0	0
Balance sheet inc/(dec) in cash	3,191	(5,381)	10,979	1,089	-90.1	1,672	53.6	3,607	4,942	7,883

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts. ¹ Cash EPS (UBS, diluted) is calculated using UBS net income adding back depreciation and amortization.

Valuation (x)	12/21	12/22	12/23	12/24E	12/25E	12/26E	12/27E	12/28E
P/E (local GAAP, diluted)	5.4	5.6	9.9	20.5	9.5	7.5	6.6	5.8
P/E (UBS, diluted)	4.7	5.2	9.1	11.9	9.5	7.5	6.6	5.8
P/CEPS	4.3	4.8	8.2	9.8	8.1	6.6	5.9	5.3
Equity FCF (UBS) yield %	(27.2)	13.9	26.8	(4.9)	24.6	24.7	26.8	39.4
Dividend yield (net) %	8.7	7.4	4.0	3.3	4.2	5.4	6.1	6.8
P/BV	0.4	0.5	0.6	0.4	0.4	0.4	0.3	0.3
EV/revenues (core)	1.0	1.0	1.3	1.1	1.4	1.2	1.1	1.1
EV/EBITDA (UBS core)	5.2	6.5	12.2	32.3	18.7	13.8	11.8	10.1
EV/EBIT (core)	5.4	6.7	12.8	37.0	20.2	14.6	12.4	10.5
EV/OpFCF (core)	5.2	6.5	12.2	32.3	18.7	13.8	11.8	10.1
EV/op. invested capital	0.7	0.8	0.9	0.7	0.7	0.7	0.7	0.7
Enterprise value (Rmbm)	12/21	12/22	12/23	12/24E	12/25E	12/26E	12/27E	12/28E
Market cap.	20,415	23,491	31,886	21,072	21,072	21,072	21,072	21,072
Net debt (cash)	32,783	44,108	55,726	59,133	57,843	53,661	49,444	43,829
Buy out of minorities	28,131	37,363	46,580	47,024	47,991	49,224	50,621	52,194
Pension provisions/other	0	0	0	0	0	0	0	0
Total enterprise value	81,328	104,961	134,193	127,230	126,906	123,957	121,137	117,095
Non core assets	(24,582)	(30,668)	(29,875)	(29,867)	(29,826)	(29,777)	(29,717)	(29,647)
Core enterprise value	56,746	74,293	104,317	97,362	97,081	94,180	91,420	87,448
Growth (%)	12/21	12/22	12/23	12/24E	12/25E	12/26E	12/27E	12/28E
Revenue	24.1	26.2	10.8	8.0	(17.5)	10.1	1.0	1.2
EBITDA (UBS)	14.9	6.3	(25.8)	(64.7)	72.0	31.9	13.2	12.2
EBIT (UBS)	15.1	5.8	(26.5)	(67.7)	82.6	34.5	14.0	12.8
EPS (UBS, diluted)	3.2	2.2	(31.4)	(53.7)	26.7	27.5	13.3	12.6
Net DPS	3.1	2.1	(36.6)	(49.9)	26.7	27.5	13.3	12.6
Margins & Profitability (%)	12/21	12/22	12/23	12/24E	12/25E	12/26E	12/27E	12/28E
Gross profit margin	21.8	20.4	15.3	7.0	12.0	13.0	14.0	15.0
EBITDA margin	18.9	15.9	10.6	3.5	7.3	8.7	9.7	10.8
EBIT (UBS) margin	18.3	15.3	10.2	3.0	6.7	8.2	9.2	10.3
Net earnings (UBS) margin	7.2	5.9	4.4	2.0	3.1	3.6	4.0	4.5
ROIC (EBIT)	13.2	11.5	6.9	2.0	3.6	4.9	5.7	6.5
ROIC post tax	7.0	7.0	3.3	1.4	2.1	2.8	3.2	3.7
ROE (UBS)	9.2	9.1	6.8	3.1	3.9	4.9	5.3	5.8
Capital structure & Coverage (x)	12/21	12/22	12/23	12/24E	12/25E	12/26E	12/27E	12/28E
Net debt / EBITDA	3.2	4.6	6.8	19.9	10.7	7.6	6.1	4.7
Net debt / total equity %	47.1	62.7	57.0	58.3	52.9	47.7	42.4	35.1
Net debt / (net debt + total equity) %	32.0	38.5	36.3	36.8	34.6	32.3	29.8	26.0
Net debt/EV %	40.3	42.0	41.5	46.5	45.6	43.3	40.8	37.4
Capex / depreciation %	NM	NM	82.2	0.0	0.0	0.0	0.0	0.0
Capex / revenue %	2.2	1.5	0.4	0.0	0.0	0.0	0.0	0.0
EBIT / net interest	31.1	39.3	-	NM	-	-	-	-
Dividend cover (UBS)	2.5	2.5	2.7	2.5	2.5	2.5	2.5	2.5
Div. payout ratio (UBS) %	40.0	39.9	36.9	40.0	40.0	40.0	40.0	40.0
Revenues by division (Rmbm)	12/21	12/22	12/23	12/24E	12/25E	12/26E	12/27E	12/28E
Property development	54,153	68,728	75,216	81,160	65,451	71,997	71,997	71,997
Property management	1,410	1,841	2,337	2,804	3,365	4,038	4,846	5,815
Property others	1,173	1,522	2,195	2,195	2,195	2,195	2,195	2,195
Property investment	642	325	474	474	474	474	474	474
Others	1	0	0	0	0	0	(1)	(1)
Total	57,379	72,416	80,222	86,633	71,485	78,704	79,511	80,480
EBIT (UBS) by division (Rmbm)	12/21	12/22	12/23	12/24E	12/25E	12/26E	12/27E	12/28E
Property development	8,343	10,654	7,056	1,166	3,505	4,976	5,709	6,544
Property others	1,394	136	324	618	359	434	470	421
Property management	329	183	375	450	540	648	778	934
Property investment	412	108	394	394	394	394	394	394
Others	0	0	0	0	0	0	1	(1)
Total	10,478	11,081	8,149	2,628	4,798	6,452	7,352	8,292

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.

Greentown China Holdings (3900.HK)

	12/21	12/22	12/23	12/24E	%ch	12/25E	%ch	12/26E	12/27E	12/28E
Income Statement (Rmbm)										
Revenues	100,240	127,153	131,383	127,388	-3.0	115,931	-9.0	114,758	120,091	120,600
Gross profit	18,168	22,021	17,073	10,828	-36.6	13,332	23.1	14,345	16,212	17,487
EBITDA (UBS)	12,045	15,539	10,668	5,663	-46.9	7,385	30.4	8,346	10,277	11,526
Depreciation & amortisation	(617)	(702)	(755)	(755)	0.0	(755)	0.0	(755)	(755)	(755)
EBIT (UBS)	11,428	14,838	9,913	4,908	-50.5	6,630	35.1	7,591	9,522	10,772
Associates & investment income	1,483	1,684	2,165	2,165	0.0	2,165	0.0	2,165	2,165	2,165
Other non-operating income	9	(3,037)	(1,626)	(1,973)	-21.3	(1,973)	0.0	(1,973)	(1,973)	(1,973)
Net interest	(364)	(228)	(727)	(2,076)	-185.5	(2,320)	-11.8	(2,486)	(2,684)	(2,890)
Exceptionals (incl goodwill)	0	0	0	0	-	0	-	0	0	0
Pre-tax profit	12,555	13,256	9,725	3,024	-68.9	4,502	48.9	5,297	7,030	8,074
Tax	(4,868)	(4,361)	(3,047)	(279)	90.8	(760)	-172.0	(1,018)	(1,581)	(1,921)
Profit after tax	7,687	8,895	6,678	2,745	-58.9	3,743	36.4	4,279	5,449	6,154
Preference dividends	(1,214)	(172)	(26)	0	-	0	-	0	0	0
Minorities	(3,218)	(6,139)	(3,560)	(1,098)	69.2	(1,497)	-36.4	(1,712)	(2,179)	(2,461)
Extraordinary items	0	0	0	0	-	0	-	0	0	0
Net earnings (local GAAP)	3,255	2,584	3,092	1,647	-46.7	2,246	36.4	2,567	3,269	3,692
Net earnings (UBS)	3,255	2,584	3,092	1,647	-46.7	2,246	36.4	2,567	3,269	3,692
Tax rate (%)	38.8	32.9	31.3	9.2	-70.5	16.9	82.7	19.2	22.5	23.8
Per Share (Rmb)										
EPS (UBS, diluted)	1.30	1.02	1.22	0.65	-46.7	0.89	36.4	1.01	1.29	1.46
EPS (local GAAP, diluted)	1.30	1.02	1.22	0.65	-46.7	0.89	36.4	1.01	1.29	1.46
EPS (UBS, basic)	1.31	1.03	1.22	0.65	-46.7	0.89	36.4	1.01	1.29	1.46
DPS (net) (HK\$)	0.46	0.50	0.43	0.20	-54.6	0.27	36.4	0.30	0.39	0.44
Cash EPS (UBS, diluted) ¹	1.55	1.30	1.52	0.95	-37.6	1.18	24.9	1.31	1.59	1.76
Book value per share	13.91	14.23	14.27	14.72	3.2	15.35	4.2	16.06	16.96	17.98
Average shares (diluted)	2,501	2,536	2,533	2,533	0.0	2,533	0.0	2,533	2,533	2,533
Balance Sheet (Rmbm)										
Cash and equivalents	71,496	70,394	73,445	69,291	-5.7	65,644	-5.3	70,068	78,878	88,183
Other current assets	386,759	391,977	390,281	401,520	2.9	426,367	6.2	453,068	475,735	498,515
Total current assets	458,254	462,371	463,725	470,811	1.5	492,010	4.5	523,136	554,612	586,698
Net tangible fixed assets	10,221	9,614	10,823	10,068	-7.0	9,313	-7.5	8,558	7,803	7,048
Net intangible fixed assets	909	1,570	1,553	1,553	0.0	1,553	0.0	1,553	1,553	1,553
Investments / other assets	51,660	61,522	59,435	59,627	0.3	59,820	0.3	60,012	60,204	60,396
Total assets	521,044	535,077	535,537	542,060	1.2	562,696	3.8	593,259	624,172	655,695
Trade payables & other ST liabilities	280,340	279,596	270,701	261,247	-3.5	274,195	5.0	288,664	298,224	307,784
Short term debt	32,050	25,158	32,547	50,763	56.0	34,829	-31.4	26,230	26,167	29,525
Total current liabilities	312,390	304,754	303,248	312,009	2.9	309,025	-1.0	314,894	324,391	337,309
Long term debt	91,779	112,273	113,595	109,106	-4.0	129,658	18.8	150,843	167,791	181,349
Other long term liabilities	9,229	6,637	4,759	4,759	0.0	4,759	0.0	4,759	4,759	4,759
Preferred shares	10,758	1,527	0	0	-	0	-	0	0	0
Total liabilities (incl pref shares)	424,156	425,191	421,602	425,874	1.0	443,441	4.1	470,495	496,940	523,417
Common s/h equity	34,679	36,024	36,130	37,283	3.2	38,855	4.2	40,653	42,941	45,526
Minority interests	62,208	73,862	77,805	78,903	1.4	80,400	1.9	82,111	84,291	86,752
Total liabilities & equity	521,044	535,077	535,537	542,060	1.2	562,696	3.8	593,259	624,172	655,695
Cash Flow (Rmbm)										
Net income (before pref divs)	4,469	2,756	3,118	1,647	-47.2	2,246	36.4	2,567	3,269	3,692
Depreciation & amortisation	617	702	755	755	0.0	755	0.0	755	755	755
Net change in working capital	1,635	3,865	17,967	(20,694)	-	(11,898)	42.5	(12,233)	(13,107)	(13,220)
Other operating	(6,663)	1,492	(5,365)	906	-	1,305	44.1	1,519	1,987	2,269
Operating cash flow	59	8,815	16,474	(17,386)	-	(7,593)	56.3	(7,391)	(7,095)	(6,504)
Tangible capital expenditure	(1,066)	(2,052)	(1,184)	0	-	0	-	0	0	0
Intangible capital expenditure	0	0	0	0	-	0	-	0	0	0
Net (acquisitions) & disposals	(31)	490	3,793	0	-	0	-	0	0	0
Other investing	(31,909)	(21,886)	(26,856)	0	-	0	-	0	0	0
Investing cash flow	(33,006)	(23,448)	(24,247)	0	-	0	-	0	0	0
Equity dividends paid	(3,047)	(2,631)	(2,736)	(494)	81.9	(673)	-36.4	(770)	(980)	(1,107)
Share issues / (buybacks)	(10,810)	(9,029)	(1,553)	0	-	0	-	0	0	0
Other financing	41,653	14,836	12,760	0	-	0	-	0	0	0
Change in debt & pref shares	6,525	13,601	8,711	13,727	57.6	4,619	-66.4	12,585	16,885	16,916
Financing cash flow	34,321	16,778	17,183	13,233	-23.0	3,945	-70.2	11,815	15,905	15,809
Cash flow inc/(dec) in cash	1,374	2,145	9,410	(4,154)	-	(3,647)	12.2	4,425	8,809	9,305
FX / non cash items	4,918	(3,246)	(6,359)	0	-	0	-40.9	0	0	0
Balance sheet inc/(dec) in cash	6,293	(1,102)	3,050	(4,154)	-	(3,647)	12.2	4,425	8,809	9,305

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.¹ Cash EPS (UBS, diluted) is calculated using UBS net income adding back depreciation and amortization.

Valuation (x)	12/21	12/22	12/23	12/24E	12/25E	12/26E	12/27E	12/28E
P/E (local GAAP, diluted)	6.8	11.5	6.7	17.6	13.0	11.4	8.9	7.9
P/E (UBS, diluted)	6.8	11.5	6.7	17.6	13.0	11.4	8.9	7.9
P/CEPS	5.7	8.9	5.4	12.0	9.7	8.8	7.3	6.6
Equity FCF (UBS) yield %	(4.6)	23.1	73.8	(60.1)	(26.0)	(25.3)	(24.3)	(22.3)
Dividend yield (net) %	4.3	3.7	4.8	1.6	2.1	2.5	3.1	3.5
P/BV	0.6	0.8	0.6	0.8	0.8	0.7	0.7	0.6
EV/revenues (core)	1.0	0.9	1.0	1.2	1.4	1.5	1.5	1.4
EV/EBITDA (UBS core)	8.3	7.7	11.9	25.9	21.5	20.0	17.0	15.1
EV/EBIT (core)	8.7	8.1	12.8	29.9	24.0	21.9	18.3	16.2
EV/OpFCF (core)	8.3	7.7	11.9	25.9	21.5	20.0	17.0	15.1
EV/op. invested capital	0.8	0.9	0.9	0.9	0.9	0.9	0.9	0.9
Enterprise value (Rmbm)	12/21	12/22	12/23	12/24E	12/25E	12/26E	12/27E	12/28E
Market cap.	22,102	29,399	20,671	29,197	29,197	29,197	29,197	29,197
Net debt (cash)	67,906	65,828	70,630	81,637	94,710	102,924	111,042	111,042
Buy out of minorities	46,978	68,035	75,834	78,354	79,651	81,255	83,201	85,521
Pension provisions/other	0	0	0	0	0	0	0	0
Total enterprise value	136,986	163,262	167,135	189,188	203,559	213,377	223,440	225,761
Non core assets	(37,414)	(43,539)	(40,324)	(42,489)	(44,654)	(46,819)	(48,983)	(51,148)
Core enterprise value	99,572	119,723	126,811	146,699	158,905	166,558	174,457	174,613
Growth (%)	12/21	12/22	12/23	12/24E	12/25E	12/26E	12/27E	12/28E
Revenue	52.4	26.8	3.3	(3.0)	(9.0)	(1.0)	4.6	0.4
EBITDA (UBS)	14.5	29.0	(31.3)	(46.9)	30.4	13.0	23.1	12.2
EBIT (UBS)	15.0	29.8	(33.2)	(50.5)	35.1	14.5	25.4	13.1
EPS (UBS, diluted)	24.7	(21.7)	19.8	(46.7)	36.4	14.3	27.3	12.9
Net DPS	31.4	8.7	(14.0)	(54.6)	36.4	14.3	27.3	12.9
Margins & Profitability (%)	12/21	12/22	12/23	12/24E	12/25E	12/26E	12/27E	12/28E
Gross profit margin	18.1	17.3	13.0	8.5	11.5	12.5	13.5	14.5
EBITDA margin	12.0	12.2	8.1	4.4	6.4	7.3	8.6	9.6
EBIT (UBS) margin	11.4	11.7	7.5	3.9	5.7	6.6	7.9	8.9
Net earnings (UBS) margin	3.2	2.0	2.4	1.3	1.9	2.2	2.7	3.1
ROIC (EBIT)	9.7	11.5	7.1	3.2	3.9	4.3	5.1	5.4
ROIC post tax	5.5	7.2	4.2	2.1	2.7	2.9	3.4	3.7
ROE (UBS)	9.7	7.3	8.6	4.5	5.9	6.5	7.8	8.3
Capital structure & Coverage (x)	12/21	12/22	12/23	12/24E	12/25E	12/26E	12/27E	12/28E
Net debt / EBITDA	5.2	4.4	6.8	16.0	13.4	12.8	11.2	10.6
Net debt / total equity %	65.1	62.4	63.8	78.0	82.9	87.2	90.4	92.8
Net debt / (net debt + total equity) %	39.4	38.4	39.0	43.8	45.3	46.6	47.5	48.1
Net debt/EV %	49.6	40.3	42.3	43.2	46.5	48.2	49.7	52.7
Capex / depreciation %	172.6	NM	156.8	0.0	0.0	0.0	0.0	0.0
Capex / revenue %	1.1	1.6	0.9	0.0	0.0	0.0	0.0	0.0
EBIT / net interest	35.4	72.3	16.6	3.4	3.8	3.9	4.4	4.5
Dividend cover (UBS)	3.4	2.4	3.1	3.6	3.6	3.6	3.6	3.6
Div. payout ratio (UBS) %	29.2	41.8	31.9	28.0	28.0	28.0	28.0	27.8
Revenues by division (Rmbm)	12/21	12/22	12/23	12/24E	12/25E	12/26E	12/27E	12/28E
Others	100,240	127,153	131,383	127,388	115,931	114,758	120,091	120,600
Total	100,240	127,153	131,383	127,388	115,931	114,758	120,091	120,600
EBIT (UBS) by division (Rmbm)	12/21	12/22	12/23	12/24E	12/25E	12/26E	12/27E	12/28E
Others	11,428	14,838	9,913	4,908	6,630	7,591	9,522	10,772
Total	11,428	14,838	9,913	4,908	6,630	7,591	9,522	10,772

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.

C&D International Investment Group (1908.HK)

Income Statement (Rmbm)	12/21	12/22	12/23	12/24E	%ch	12/25E	%ch	12/26E	12/27E	12/28E
Revenues	54,565	99,636	134,430	135,420	0.7	127,535	-5.8	116,883	123,944	126,271
Gross profit	9,079	15,219	14,916	13,672	-8.3	14,151	3.5	14,723	16,232	17,168
EBITDA (UBS)	5,610	8,086	7,985	7,698	-3.6	8,126	5.6	8,697	10,206	11,142
Depreciation & amortisation	(76)	(119)	(151)	(151)	0.0	(151)	0.0	(151)	(151)	(151)
EBIT (UBS)	5,533	7,967	7,834	7,547	-3.7	7,975	5.7	8,546	10,055	10,991
Associates & investment income	447	1,012	381	305	-20.0	244	-20.0	195	156	125
Other non-operating income	0	0	0	0	-	0	-	0	0	0
Net interest	(65)	(96)	649	268	-58.7	231	-13.8	270	301	359
Exceptionals (incl goodwill)	0	0	0	0	-	0	-	0	0	0
Pre-tax profit	5,915	8,883	8,864	8,120	-8.4	8,449	4.1	9,011	10,512	11,475
Tax	(1,705)	(2,923)	(2,247)	(1,884)	16.2	(1,978)	-5.0	(2,126)	(2,497)	(2,737)
Profit after tax	4,210	5,959	6,616	6,235	-5.8	6,471	3.8	6,886	8,015	8,739
Preference dividends	(345)	(714)	(696)	(696)	0.0	(696)	0.0	(696)	(696)	(696)
Minorities	(596)	(628)	(1,301)	(1,247)	4.1	(1,294)	-3.8	(1,377)	(1,603)	(1,748)
Extraordinary items	(61)	(397)	(281)	0	-	0	-	0	0	0
Net earnings (local GAAP)	3,207	4,220	4,339	4,293	-1.1	4,481	4.4	4,813	5,716	6,295
Net earnings (UBS)	3,269	4,618	4,620	4,293	-7.1	4,481	4.4	4,813	5,716	6,295
Tax rate (%)	28.8	32.9	25.4	23.2	-8.5	23.4	0.9	23.6	23.8	23.8
Per Share (Rmb)	12/21	12/22	12/23	12/24E	%ch	12/25E	%ch	12/26E	12/27E	12/28E
EPS (UBS, diluted)	2.43	2.85	2.52	2.08	-17.5	2.17	4.4	2.33	2.77	3.05
EPS (local GAAP, diluted)	2.38	2.60	2.37	2.08	-12.2	2.17	4.4	2.33	2.77	3.05
EPS (UBS, basic)	2.49	3.10	2.78	2.26	-18.5	2.36	4.4	2.54	3.02	3.32
DPS (net) (HK\$)	2.30	1.30	1.30	1.30	0.0	1.30	0.0	1.30	1.30	1.30
Cash EPS (UBS, diluted) ¹	2.49	2.92	2.60	2.15	-17.3	2.24	4.2	2.40	2.84	3.12
Book value per share	9.04	9.86	11.32	12.42	9.7	13.57	9.3	14.82	16.33	18.02
Average shares (diluted)	1,345	1,623	1,832	2,064	12.7	2,064	0.0	2,064	2,064	2,064
Balance Sheet (Rmbm)	12/21	12/22	12/23	12/24E	%ch	12/25E	%ch	12/26E	12/27E	12/28E
Cash and equivalents	48,351	50,280	54,161	49,862	-7.9	52,481	5.3	57,136	63,283	70,629
Other current assets	276,607	312,411	337,099	324,273	-3.8	320,425	-1.2	328,288	331,206	333,388
Total current assets	324,959	362,691	391,260	374,134	-4.4	372,905	-0.3	385,424	394,488	404,017
Net tangible fixed assets	1,966	1,946	2,415	2,389	-1.1	2,364	-1.1	2,338	2,313	2,287
Net intangible fixed assets	692	739	733	733	0.0	733	0.0	733	733	733
Investments / other assets	18,470	28,087	32,869	33,174	0.9	33,418	0.7	33,613	33,769	33,893
Total assets	346,086	393,463	427,278	410,430	-3.9	409,420	-0.2	422,107	431,303	440,930
Trade payables & other ST liabilities	201,538	223,643	254,938	227,133	-10.9	218,669	-3.7	222,372	220,891	219,410
Short term debt	4,859	5,890	5,922	15,064	154.4	11,904	-21.0	9,498	9,583	10,858
Total current liabilities	206,397	229,534	260,860	242,197	-7.2	230,572	-4.8	231,869	230,474	230,267
Long term debt	74,445	83,448	73,984	72,473	-2.0	79,608	9.8	87,252	93,367	98,260
Other long term liabilities	977	1,061	1,495	1,495	0.0	1,495	0.0	1,495	1,495	1,495
Preferred shares	14,500	14,500	12,000	12,000	0.0	12,000	0.0	12,000	12,000	12,000
Total liabilities (incl pref shares)	296,320	328,543	348,339	328,164	-5.8	323,675	-1.4	332,616	337,336	342,021
Common s/h equity	12,452	17,137	21,456	23,537	9.7	25,721	9.3	28,091	30,963	34,157
Minority interests	37,315	47,783	57,482	58,729	2.2	60,024	2.2	61,401	63,004	64,751
Total liabilities & equity	346,086	393,463	427,278	410,430	-3.9	409,420	-0.2	422,107	431,303	440,930
Cash Flow (Rmbm)	12/21	12/22	12/23	12/24E	%ch	12/25E	%ch	12/26E	12/27E	12/28E
Net income (before pref divs)	3,553	4,934	5,035	4,988	-0.9	5,177	3.8	5,508	6,412	6,991
Depreciation & amortisation	76	119	151	151	0.0	151	0.0	151	151	151
Net change in working capital	6,632	(2,548)	19,567	(14,979)	-	(4,616)	69.2	(4,161)	(4,399)	(3,663)
Other operating	(5,053)	(3,403)	(3,217)	247	-	355	43.8	487	751	927
Operating cash flow	5,209	(899)	21,536	(9,593)	-	1,066	-	1,985	2,915	4,406
Tangible capital expenditure	(101)	(107)	(126)	(125)	0.5	(125)	0.0	(125)	(125)	(125)
Intangible capital expenditure	0	0	0	0	-	0	-	0	0	0
Net (acquisitions) & disposals	(328)	(398)	388	0	-	0	-	0	0	0
Other investing	(21,460)	(17,980)	(9,842)	0	-	0	-	0	0	0
Investing cash flow	(21,888)	(18,485)	(9,580)	(125)	98.7	(125)	0.0	(125)	(125)	(125)
Equity dividends paid	(636)	(1,781)	(1,567)	(2,213)	-41.2	(2,296)	-3.8	(2,443)	(2,844)	(3,101)
Share issues / (buybacks)	22,375	13,435	6,778	0	-	0	-	0	0	0
Other financing	(2,023)	4,443	(5,770)	0	100.0	0	0.0	0	0	0
Change in debt & pref shares	14,873	(9)	(9,582)	7,631	-	3,974	-47.9	5,239	6,201	6,167
Financing cash flow	34,590	16,088	(10,140)	5,418	-	1,678	-69.0	2,795	3,357	3,066
Cash flow inc/(dec) in cash	17,910	(3,296)	1,816	(4,300)	-	2,619	-	4,655	6,147	7,347
FX / non cash items	1,542	5,224	2,065	0	-100.0	0	-	0	0	0
Balance sheet inc/(dec) in cash	19,452	1,929	3,881	(4,300)	-	2,619	-	4,655	6,147	7,347

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.¹ Cash EPS (UBS, diluted) is calculated using UBS net income adding back depreciation and amortization.

Valuation (x)	12/21	12/22	12/23	12/24E	12/25E	12/26E	12/27E	12/28E
P/E (local GAAP, diluted)	5.1	5.9	8.0	6.9	6.7	6.2	5.2	4.8
P/E (UBS, diluted)	5.0	5.3	7.5	6.9	6.7	6.2	5.2	4.8
P/CEPS	4.7	4.8	6.6	6.1	6.0	5.5	4.7	4.3
Equity FCF (UBS) yield %	33.8	(4.4)	63.2	(33.5)	3.2	6.3	9.5	14.6
Dividend yield (net) %	15.8	7.3	6.2	8.3	8.3	8.3	8.3	8.3
P/BV	1.3	1.6	1.7	1.2	1.1	1.0	0.9	0.8
EV/revenues (core)	1.3	0.9	0.8	0.8	0.9	1.0	0.9	0.9
EV/EBITDA (UBS core)	12.2	11.5	13.3	13.6	13.9	13.2	11.4	10.5
EV/EBIT (core)	12.3	11.7	13.6	13.9	14.1	13.4	11.6	10.7
EV/OpFCF (core)	12.2	11.5	13.3	13.6	13.9	13.2	11.4	10.5
EV/op. invested capital	1.0	1.0	1.1	1.1	1.0	1.0	1.0	1.0
Enterprise value (Rmbm)	12/21	12/22	12/23	12/24E	12/25E	12/26E	12/27E	12/28E
Market cap.	15,108	23,043	33,828	29,311	29,311	29,311	29,311	29,311
Net debt (cash)	38,635	49,506	45,651	43,710	50,353	51,322	51,641	51,078
Buy out of minorities	28,562	42,549	52,633	58,106	59,377	60,712	62,202	63,878
Pension provisions/other	0	0	0	0	0	0	0	0
Total enterprise value	82,305	115,097	132,112	131,126	139,040	141,345	143,154	144,266
Non core assets	(14,001)	(22,148)	(25,750)	(26,054)	(26,298)	(26,493)	(26,649)	(26,774)
Core enterprise value	68,303	92,950	106,362	105,072	112,742	114,852	116,505	117,493
Growth (%)	12/21	12/22	12/23	12/24E	12/25E	12/26E	12/27E	12/28E
Revenue	27.7	82.6	34.9	0.7	(5.8)	(8.4)	6.0	1.9
EBITDA (UBS)	4.0	44.1	(1.3)	(3.6)	5.6	7.0	17.4	9.2
EBIT (UBS)	3.9	44.0	(1.7)	(3.7)	5.7	7.2	17.7	9.3
EPS (UBS, diluted)	25.8	17.1	(11.4)	(17.5)	4.4	7.4	18.8	10.1
Net DPS	-	(43.5)	0.0	0.0	0.0	0.0	0.0	0.0
Margins & Profitability (%)	12/21	12/22	12/23	12/24E	12/25E	12/26E	12/27E	12/28E
Gross profit margin	16.6	15.3	11.1	10.1	11.1	12.6	13.1	13.6
EBITDA margin	10.3	8.1	5.9	5.7	6.4	7.4	8.2	8.8
EBIT (UBS) margin	10.1	8.0	5.8	5.6	6.3	7.3	8.1	8.7
Net earnings (UBS) margin	6.0	4.6	3.4	3.2	3.5	4.1	4.6	5.0
ROIC (EBIT)	8.2	9.0	8.4	7.7	7.4	7.6	8.6	9.1
ROIC post tax	5.7	5.6	6.1	5.8	5.6	5.8	6.5	6.9
ROE (UBS)	31.3	31.2	23.9	19.1	18.2	17.9	19.4	19.3
Capital structure & Coverage (x)	12/21	12/22	12/23	12/24E	12/25E	12/26E	12/27E	12/28E
Net debt / EBITDA	8.1	6.6	4.7	6.5	6.3	5.9	5.1	4.5
Net debt / total equity %	91.3	82.5	47.8	60.4	59.5	57.7	55.0	51.0
Net debt / (net debt + total equity) %	47.7	45.2	32.3	37.6	37.3	36.6	35.5	33.8
Net debt/EV %	46.9	43.0	34.6	33.3	36.2	36.3	36.1	35.4
Capex / depreciation %	131.6	90.0	83.4	83.0	83.0	83.0	83.0	83.0
Capex / revenue %	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1
EBIT / net interest	NM	NM	-	-	-	-	-	-
Dividend cover (UBS)	1.3	2.8	2.4	1.9	2.0	2.1	2.5	2.7
Div. payout ratio (UBS) %	76.5	36.0	42.3	53.2	51.2	47.6	40.1	36.4
Revenues by division (Rmbm)	12/21	12/22	12/23	12/24E	12/25E	12/26E	12/27E	12/28E
Others	54,565	99,636	134,430	135,420	127,535	116,883	123,944	126,271
Total	54,565	99,636	134,430	135,420	127,535	116,883	123,944	126,271
EBIT (UBS) by division (Rmbm)	12/21	12/22	12/23	12/24E	12/25E	12/26E	12/27E	12/28E
Others	5,533	7,967	7,834	7,547	7,975	8,546	10,055	10,991
Total	5,533	7,967	7,834	7,547	7,975	8,546	10,055	10,991

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.

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UBS Evidence lab aggregates secondary housing pricing data and listing data sourced from real estate portals in China into a proprietary data warehouse. This report leverages the following UBS Evidence Lab asset: China Secondary Housing Monitor - Pricing and Listing. Each week, thousands of listings are ingested, geocoded and run through a series of data validation checks to flag incomplete and inaccurate listings before pricing calculations are run across key metrics.

Valuation Method and Risk Statement

We base our valuations of China's property developers on PE or P/BV multiples.

We believe key downside risks related to the Chinese property market include: 1) government administrative policies that restrict demand and mortgage lending; 2) tight financing for China's developers; 3) lower-than-expected residential growth in China's economy.

We believe key upside risks include: 1) material policy loosening that effectively boosts residential property sales, investments and prices to positive YoY growth; 2) large-scale asset disposals at fair prices by some developers to ease liquidity pressures.

Quantitative Research Review

UBS Global Research publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. The views for this month can be found below. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For previous responses please make reference to (i) previous UBS Global Research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at <https://neo.ubs.com/quantitative>, or contact your UBS sales representative for access to the report or the Quantitative Research Team on qa@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research Team on the email above.

Yuexiu Property

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	4
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher, 3 = no change, 5 = getting better, N/A = no view)	4
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	4
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of: (1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	No Catalyst
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	N/A
11. What is the catalyst?	

C&D International Investment Group

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	4
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher, 3 = no change, 5 = getting better, N/A = no view)	4
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	4
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	3
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of: (1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	

Question	Response
8. Is there an upcoming catalyst for the company over the next three months?	No Catalyst
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	N/A
11. What is the catalyst?	

Greentown China Holdings

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher, 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	4
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	1
5. What's driving the difference?	Larger-than-expected inventory impairment
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of: (1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	2
7. What's driving the difference?	Larger-than-expected inventory impairment
8. Is there an upcoming catalyst for the company over the next three months?	No Catalyst
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

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12-Month Rating	Definition	Coverage ¹	IB Services ²
Buy	FSR is > 6% above the MRA.	51%	24%
Neutral	FSR is between -6% and 6% of the MRA.	41%	20%
Sell	FSR is > 6% below the MRA.	8%	22%
Short-Term Rating	Definition	Coverage ³	IB Services ⁴
Buy	Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%
Sell	Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%

Source: UBS. Rating allocations are as of 31 December 2024.

1:Percentage of companies under coverage globally within the 12-month rating category.

2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.

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UBS AG Hong Kong Branch: Hazel Tan, PhD, John Lam, CFA, Mark Leung, Vera Gong, CFA. **UBS Securities Co. Limited:** Jessica Han, CFA, ACCA.

Company Disclosures

Company Name	Reuters	12-month rating	Price	Price date
C&D International Investment Group ²⁸	1908.HK	Buy	HK\$15.38	11 Mar 2025
China Vanke ^{4,18}	000002.SZ	Sell	Rmb7.43	11 Mar 2025
China Vanke - H ^{4,18}	2202.HK	Sell	HK\$6.01	11 Mar 2025
Greentown China Holdings ^{2,5,28}	3900.HK	Buy	HK\$11.82	11 Mar 2025
Kerry Properties ²⁸	0683.HK	Buy	HK\$17.32	11 Mar 2025
Swire Properties	1972.HK	Buy	HK\$16.12	11 Mar 2025
Yuxiu Property	0123.HK	Buy	HK\$5.38	11 Mar 2025

Source: UBS Global Research; LSEG Eikon. All prices as of local market close. Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date.

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