INITIATION

CIMB

Company Note

Hong Kong

ADD *(previously NOT RATED)*

Consensus ratings*:	Buy 6	Hold 0	Sell 0

Current price:	HK$5.80
Target price:	HK$7.00
Previous target:	HK$
Up/downside:	20.7%
CIMB / Consensus:	12.0%
Reuters:	3883.HK
Bloomberg:	3883 HK
Market cap:	US$1,985m
	HK$15,524m
Average daily turnover:	US$8.72m
	HK$68.11m
Current shares o/s:	2,529m
Free float:	45.9%

*Source: Bloomberg

Key changes in this note

- Not applicable.

Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	41.5	25.8	235.3
Relative (%)	33.2	16.3	197.8

Major shareholders	% held
Guo Zi Wen	54.1

China Aoyuan Property Group Ltd

Support from southbound investors

- Aoyuan has total landbank of 17.12m sq m, with total saleable resources of Rmb162.8bn, of which the Big Bay Area accounts for around 50%.
- Management guided for contracted sales to grow by 30-40% p.a. in FY17-19F, gross margin to be maintained at 26-28% and dividend payout ratio of 30-35%.
- We think its overseas investments may be a mixed blessing, while increasing southbound investor participation should support its share price and trading volume.
- We initiate with an Add rating. Our TP of HK$7.0 is based on a 30% discount to NAV. Aoyuan trades at a 42% discount to NAV, 7x FY18F P/E, 6% FY18F dividend yield.

Based in Guangzhou, with 50% saleable resources in Big Bay Area

Aoyuan is a property developer based in Guangzhou, with focus on South China. As at Jun 2017, it had total landbank of 17.12m sq m, with total saleable resources of Rmb162.8bn, of which the Big Bay Area accounted for around 50%.

Management expects contracted sales to grow 30-40% in FY17-19F

Aoyuan's contracted sales rose 55% in 11M17 to Rmb34.4bn, exceeding its FY17F sales target of Rmb33.3bn. We expect Aoyuan's FY18F and FY19F contracted sales to grow by 38% and 30% to Rmb51bn and Rmb66bn, respectively. We forecast the contribution from Big Bay Area to increase gradually from 41% in FY16 to 43% in FY19F.

Proactive landbanking with focus on M&A

Aoyuan has been proactive in landbanking in FY17, having acquired 20 sites in 1H17 for total land cost of Rmb9.5bn, accounting for 60% of its 1H17 contracted sales. Of the 20 sites acquired in 1H17, 16 sites were bought via M&A. Management expects more landbank to be replenished via M&A, as well as some via old town redevelopment.

Abundant land reserves in Big Bay Area via urban redevelopment

Aoyuan said it has 10 urban redevelopment projects in Zhuhai, Guangzhou and Dongguan. We estimate these projects could add up to 4m sq m landbank GFA to Aoyuan's portfolio. We have not included these old town redevelopment projects into our model. We estimate the total saleable resources of these projects would amount to Rmb69bn, which could increase Aoyuan's existing saleable resources by 42%.

Decent core net profit growth on the back of strong sales

We expect Aoyuan's gross margin to stay at 26-28% in FY17-19F, while core net profit will register decent CAGR of 37% in FY17-19F, mainly driven by strong sales. Management has guided for 30-35% dividend payout ratio on net profit (including minority interest). Aoyuan paid special dividends in FY15 and FY16; we think another special dividend will be paid after FY17 results are announced, given the strong contracted sales and earnings growth in FY17F.

Overseas investments: a mixed blessing

Aoyuan is keen on overseas investments and has acquired six projects in Sydney and Vancouver. Management plans to increase the overseas' proportion of contracted sales to 10% in the long run. While management expects these overseas projects to generate gross margins of 25-28% and net margins of 12-13%, we understand that some investors are concerned about the currency and policy risks that come with overseas investments.

One of the key beneficiaries of southbound investment

Aoyuan's share price rallied by over 50% since its inclusion in the Shenzhen Stock Connect on 6 Sep 2017. Southbound investors' stakes in the stock rose rapidly to 7.83% on 5 Nov 2017. We believe their participation will support both share price and trading volume. Our TP of HK$7.0 is based on a 30% discount to NAV of HK$10. Aoyuan trades at a 42% discount to NAV, 7x FY18F P/E, 6% FY18F dividend yield. Risks: tightening policies and slowdown in China's economy.

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Financial Summary	Dec-15A	Dec-16A	Dec-17F	Dec-18F	Dec-19F
Total Net Revenues (Rmbm)	9,572	11,827	17,601	23,667	31,254
Operating EBITDA (Rmbm)	1,903	2,283	3,320	4,559	5,873
Net Profit (Rmbm)	856	967	1,444	1,959	2,542
Core EPS (Rmb)	0.31	0.35	0.53	0.73	0.95
Core EPS Growth	19.1%	13.0%	49.2%	38.4%	29.7%
FD Core P/E (x)	15.73	13.93	9.15	6.61	5.10
DPS (Rmb)	0.11	0.15	0.22	0.31	0.40
Dividend Yield	2.20%	3.02%	4.57%	6.48%	8.36%
EV/EBITDA (x)	12.51	11.54	9.06	6.51	5.44
P/FCFE (x)	14.94	4.06	NA	13.10	NA
Net Gearing	62.7%	50.7%	65.9%	54.9%	55.2%
P/BV (x)	1.63	1.51	1.21	1.01	0.83
ROE	10.7%	11.3%	14.7%	16.6%	17.8%
% Change In Core EPS Estimates					
CIMB/consensus EPS (x)			0.89	0.89	0.89

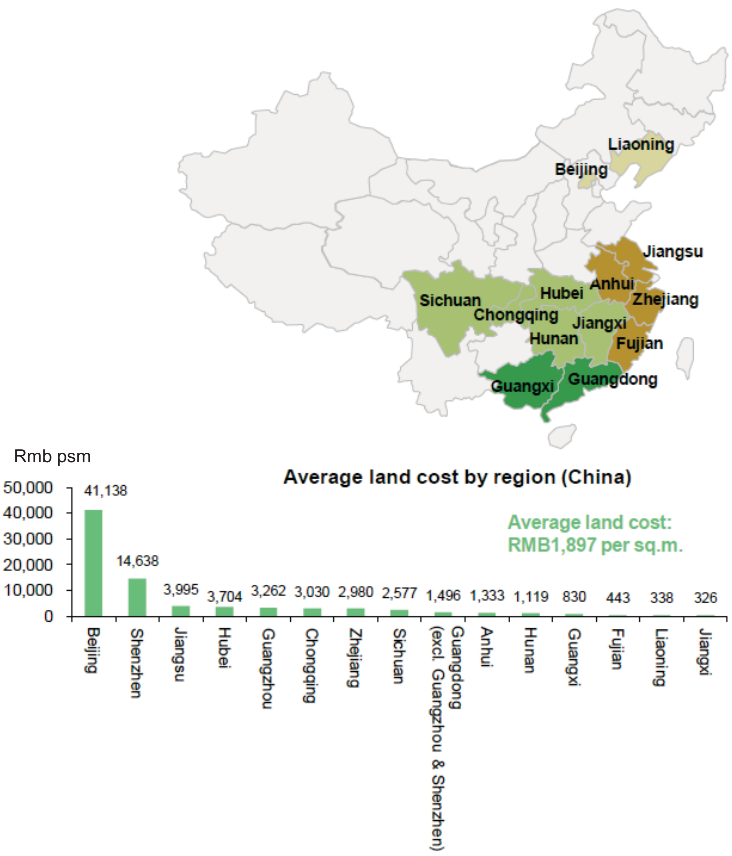
SOURCE: COMPANY DATA, CIMB FORECASTS

Support from southbound investors

A Big Bay Area play with relatively-diversified exposure

Aoyuan is a developer based in Guangzhou, with focus on South China. It has a total landbank of 17.12m sq m as at Jun 2017, of which 58% is located in South China, 20% in Central & Western China, 12% in East China, 9% in North China, and 1% overseas (Australia and Canada). As at Jun 2017, Aoyuan had total saleable resources of Rmb162.8bn, of which the Big Bay Area accounts for around 50%. Aoyuan was founded in 1996 and was listed on the Main Board of the Hong Kong Stock Exchange in 2007.

Figure 1: Big Bay Area accounts for around 30% of Aoyuan's landbank GFA or 50% saleable resources (as at Jun 2017)



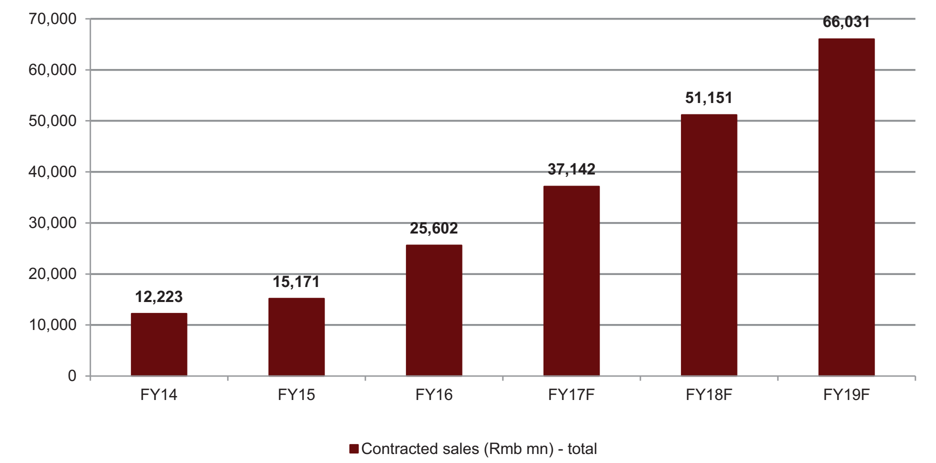
Region	City	GFA ('000 sqm)	Contribution
South China	Guangzhou	1,675	
	Shenzhen	290	
	Zhuhai, Guangdong	525	
	Foshan, Guangdong	1,217	
	Zhongshan, Guangdong	217	
	Huizhou, Guangdong	773	
	Jiangmen, Guangdong	98	
	Yangjiang, Guangdong	298	
	Meizhou, Guangdong	628	
	Qingyuan, Guangdong	461	
	Yingde, Guangdong	757	
	Yunfu, Guangdong	255	
	Shaoguan, Guangdong	641	
	Nanning, Guangxi	719	
	Yulin, Guangxi	1,443	
	Subtotal	**9,996**	**58%**
Core region of Central & Western China	Chongqing	714	
	Chengdu, Sichuan	563	
	Changsha, Hunan	149	
	Zhuzhou, Hunan	591	
	Xiangtan, Hunan	665	
	Jingzhou, Hubei	354	
	Ganzhou, Jiangxi	293	
	Subtotal	**3,329**	**20%**
East China	Kunshan, Jiangsu	77	
	Yangzhou, Jiangsu	337	
	Jiaxing, Zhejiang	219	
	Ningbo, Zhejiang	241	
	Bengbu, Anhui	603	
	Quanzhou, Fujian	651	
	Subtotal	**2,128**	**12%**
Bohai Rim	Beijing	16	
	Shenyang, Liaoning	1,485	
	Subtotal	**1,501**	**9%**
Overseas	Sydney, Australia	40	
	Vancouver, Canada	129	
	Subtotal	**169**	**1%**
	Grand total	**17,123**	**100%**

SOURCE: CIMB RESEARCH, COMPANY

Contracted sales to register 37% CAGR in FY17-19F

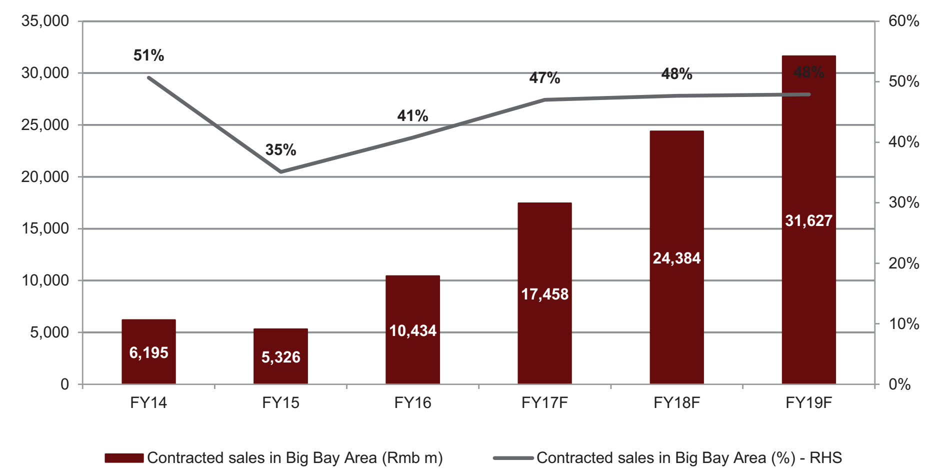
Aoyuan's contracted sales rose 55% in 11M17 to Rmb34.4bn, exceeding its FY17 sales target of Rmb33.3bn. We expect Aoyuan's FY18F and FY19F contracted sales to grow by 38% and 30%, to Rmb51bn and Rmb66bn, respectively. We forecast the contribution from Big Bay Area will increase gradually from 41% of contracted sales in FY16 to 43% in FY19F.

Figure 2: We expect Aoyuan's contracted sales to reach Rmb66bn by FY19F



SOURCE: CIMB RESEARCH, COMPANY

Figure 3: Big Bay Area will contribute half of Aoyuan's contracted sales in FY17-19F, based on our estimates



SOURCE: CIMB RESEARCH, COMPANY

Proactive landbanking with a focus on M&A

Aoyuan has been proactive in landbanking in 2017. In 1H17, Aoyuan acquired 20 sites with a total GFA of 3.7m sq m for total land cost of Rmb9.5bn, accounting for 60% of the 1H17 contracted sales. Of the 20 sites acquired in 1H17, 16 sites were bought via M&A. Management expects more landbank to be replenished via M&A, in particular with old town redevelopment projects.

Figure 4: Aoyuan acquired 20 sites in 1H17, of which 16 were bought via M&A

Name	City	Type	Approach	Date of acquisition	Stake (%)	Total GFA (sqm)	Total land cost (RMB m)	Attributable land cost (RMB m)	Land cost (RMB/sqm)
Zhuhai Aoyuan Seaview Mountain	Zhuhai	C	Equity acquisition	Jan 2017	70%	205,500	830	581	4,039
Zhongshan Aoyuan Xiangshan Scenary	Zhongshan	C, R	Equity acquisition	Jan 2017	100%	37,900	120	120	2,698
Yangzhou Aoyaun The Lake Shine House	Yangzhou	C, R	Equity acquisition	Jan 2017	100%	300,700	1,333	1,333	4,434
Vancouver Granville Project	Vancouver	R	Land acquisition	Jan 2017	90%	5,500	161	145	29,204
Shenzhen Aoyuan SOHO	Shenzhen	C, R	Equity acquisition	Feb 2017	100%	72,700	985	985	13,369
Foshan Aoyuan Champion City	Foshan	C, R	Equity acquisition	Feb 2017	10%	621,000	302	30	486
Huizhou Aoyuan Mansion	Huizhou	C, R	Equity acquisition	Mar 2017	100%	90,000	368	368	4,089
Zhongshan Xiaolan	Zhongshan	C, R	Equity acquisition	Mar 2017	77%	57,400	224	103	2,330
Beijing Aoyuan Second Ring Plaza	Beijing	C, R	Equity acquisition	Mar 2017	100%	16,000	658	658	41,138
Huizhou Daya Bay Project	Huizhou	C, R	Equity acquisition	Apr 2017	70%	64,500	322	225	3,384
Quanzhou Nan'an Project	Quanzhou	C, R	Equity acquisition	Apr 2017	55%	497,500	289	159	725
Xiangtan Project	Xiangtan	C, R	Equity acquisition	Apr 2017	100%	665,100	420	407	483
Zhuhai Aoyuan Xianghai Scenery	Zhuhai	R	Equity acquisition	Apr 2017	80%	48,200	350	280	7,266
Jingzhou Project	Jingzhou	C, R	Land auction	May 2017	100%	353,700	1,310	1,310	3,701
Jiaxing Xiuzhou Project	Jiaxing	C, R	Land auction	May 2017	100%	71,000	441	441	6,211
Huizhou Danshui Project	Huizhou	C, R	Equity acquisition	May 2017	51%	38,000	81	41	2,107
Quanzhou Shishi Project	Quanzhou	C, R	Equity acquisition	Jun 2017	100%	153,900	305	305	1,982
Huizhou Ganghong Project	Huizhou	C, R	Equity acquisition	Jun 2017	51%	241,100	80	41	334
Jiaxing Guangyi Project	Jiaxing	C	Equity acquisition	Jun 2017	51%	34,800	52	27	1,496
Vancouver Burnaby Project	Vancouver	R	Land acquisition	Jun 2017	100%	123,800	816	816	6,591
Total						**3,700,000**	**9,447**	**8,375**	**2,553**

SOURCE: CIMB RESEARCH, COMPANY

Abundant land reserves in Big Bay Area via old town redevelopment

Aoyuan said it has 10 urban redevelopment projects in Zhuhai, Guangzhou and Dongguan. These projects could add as much as 4m sq m landbank GFA to Aoyuan's portfolio, based on our estimates. We have not included these old town redevelopment projects into our model yet. We estimate the total saleable resources of these projects to be worth around Rmb80bn; this could increase Aoyuan's existing saleable resources by 45%.

Figure 5: Aoyuan has 10 old town redevelopment projects with total GFA of 4.2m sq m (as at Jun 2017)

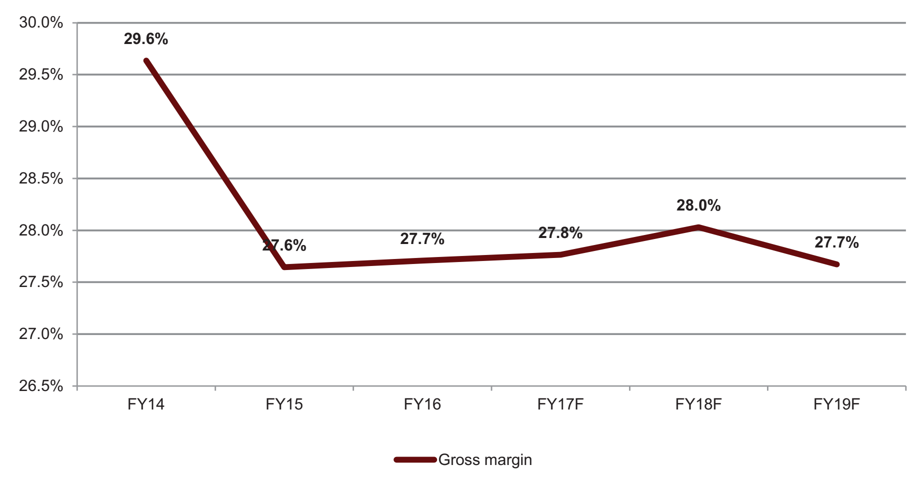
Project	City	GFA (sqm)	ASP (Rmb/sqm)	Saleable resources (Rmb m)
Guangzhou Panyu Nitrogen Fertilizer Plant	Guangzhou	310,000	20,000	6,200
Guangzhou Caihe Village	Guangzhou	360,000	20,000	7,200
Zhuhai Yafang Building	Zhuhai	90,000	16,000	1,440
Zhuhai Yuexiang and Dahua Factory	Zhuhai	460,000	16,000	7,360
Zhuhai Cuiwei Village	Zhuhai	1,000,000	16,000	16,000
Zhuhai Xiaxu Village	Zhuhai	230,000	15,000	3,450
Zhuhai Gongbei Guanzha Village	Zhuhai	780,000	16,000	12,480
Zhuhai Shuiwengkeng Village	Zhuhai	240,000	15,000	3,600
Dongguan Pailouji Village	Dongguan	250,000	15,000	3,750
Dongguan Jiangshimei Village	Dongguan	500,000	15,000	7,500
Total		**4,220,000**	**16,346**	**68,980**

SOURCE: CIMB RESEARCH, COMPANY

Gross margin to be maintained at 26-28% in FY17-19F

Aoyuan's gross margin stood at 26.9% in 1H17, which is relatively stable thanks to the resilient home prices in Guangzhou and other cities in the Big Bay Area. Management expects the gross margin to be sustained at 26-28% in FY17-19F. We expect that a maintenance of a 26-28% gross margin is manageable for Aoyuan, given its average land cost is merely Rmb1,897/sq m, as compared to the contracted ASP of Rmb10,181/sq m in 9M17.

Figure 6: We expect gross margin to be maintained at 27-28% in FY17-19F



SOURCE: CIMB RESEARCH, COMPANY

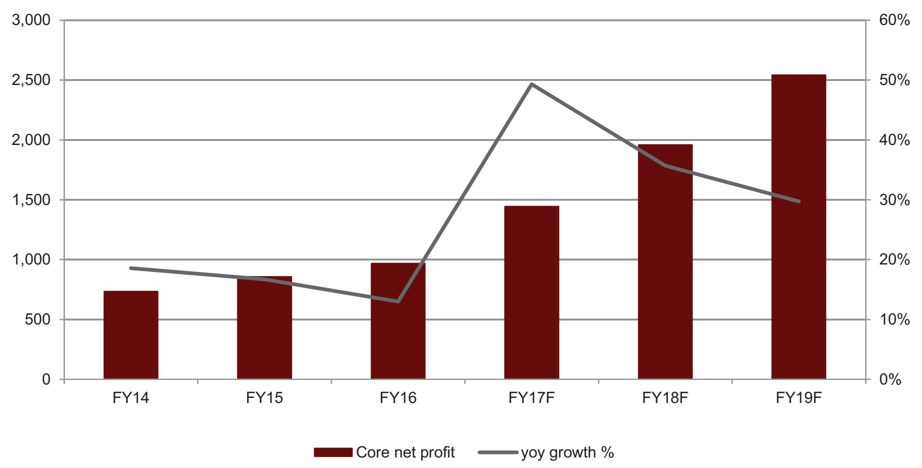
We expect core net profit to see 38% CAGR over FY17-19F

We expect Aoyuan's core net profit to grow by 49%/38%/30% in FY17F/18F/19F, or a CAGR of 38%, mainly driven by strong sales growth.

Management guided for 30-35% dividend payout ratio on net profit (including minority interests). Aoyuan has been paying special dividends in the past two years (FY16: HK$0.06, 1H15: HK$0.022); we expect management to propose a special dividend for the FY17F results as well, given the strong contracted sales and earnings growth in FY17F. Regardless of the potential special dividends, we expect the FY17F/18F/19F DPS to be HK$0.25, HK$0.346, HK$0.444

respectively, implying dividend yields of 5.7%, 7.9% and 10.1% (based on the current share price).

Figure 7: We expect Aoyuan's core net profit to grow by 30-49% in FY17-19F

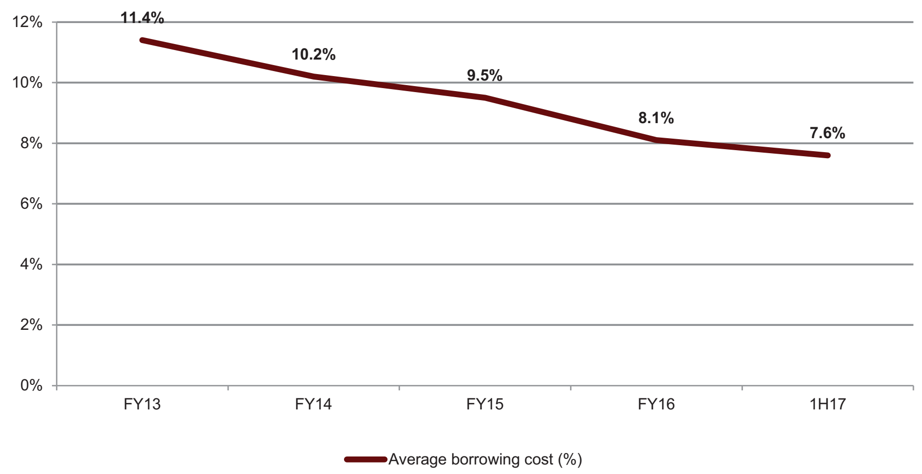


SOURCE: CIMB RESEARCH, COMPANY

Financing cost on a downtrend

Aoyuan's average borrowing costs have been on a downtrend since FY14. It has improved from 10.2% at Dec 2014 to 7.6% at Jun 2017. Management has guided it to drop further to about 7% by Dec 2017 and below 7% in FY18F.

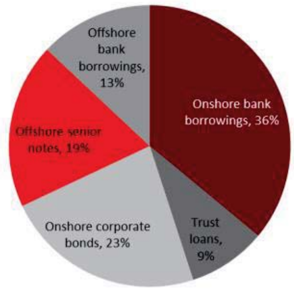
Figure 8: Average borrowing cost trending downward



SOURCE: CIMB RESEARCH, COMPANY

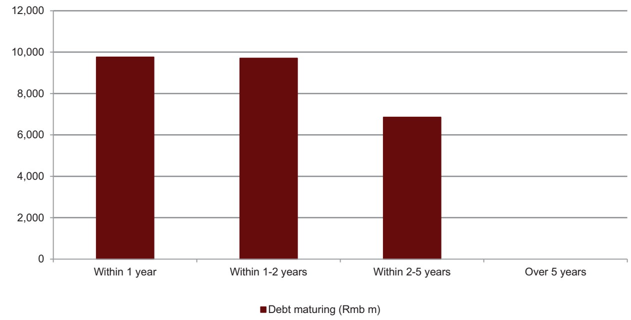
As at Jun 2017, 68% of Aoyuan's debts, or Rmb17.9bn, were onshore and 32% were offshore. The high portion of onshore debt protects Aoyuan from currency risk, in our view. On the other hand, 37% of Aoyuan's debts, or Rmb9.8bn, are maturing within one year, but when compared to our estimate of Aoyuan's cash on hand of Rmb14.8bn, we believe this is still a manageable level.

Figure 9: Some 68% of total debts are onshore, which is less prone to currency risk



SOURCE: CIMB RESEARCH, COMPANY

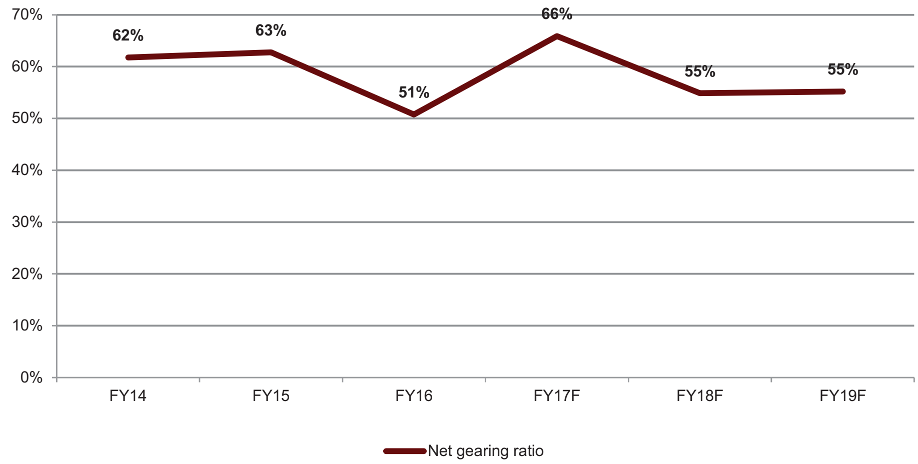
Figure 10: Some 37% of total debts are maturing within one year



SOURCE: CIMB RESEARCH, COMPANY

Aoyuan's net gearing ratio climbed from 51% at Dec 2015 to 63% at Jun 2017, as a result of proactive land banking activities in 1H17. Management aims to maintain the net gearing ratio at 60-80% in FY17-19F, so as to strike a balance between growth and leverage.

Figure 11: We expect Aoyuan's net gearing will be below 80% in FY17-19F



SOURCE: CIMB RESEARCH, COMPANY

Expect overseas contribution to reach 10% of total contracted sales in the long run

Aoyuan has been fairly proactive in its overseas investments. Over the past three years, it acquired four projects in Sydney and two projects in Vancouver, with total GFA of 170k sq m and total saleable resources of Rmb11bn. It is also actively bidding for land sites in Hong Kong.

Management believes its experience in foreign countries will not only help Aoyuan diversify from the policy risk in China, but also assist Aoyuan in upgrading its building quality as well as its brand name in China. Management plans to increase its overseas exposure from 3% of total contracted sales in FY16 to around 10% in the long run. Management also expects these overseas projects to generate gross margins of 25-28% and net margins of 12-13%.

Figure 12: Aoyuan currently has 6 overseas projects in Australia and Canada

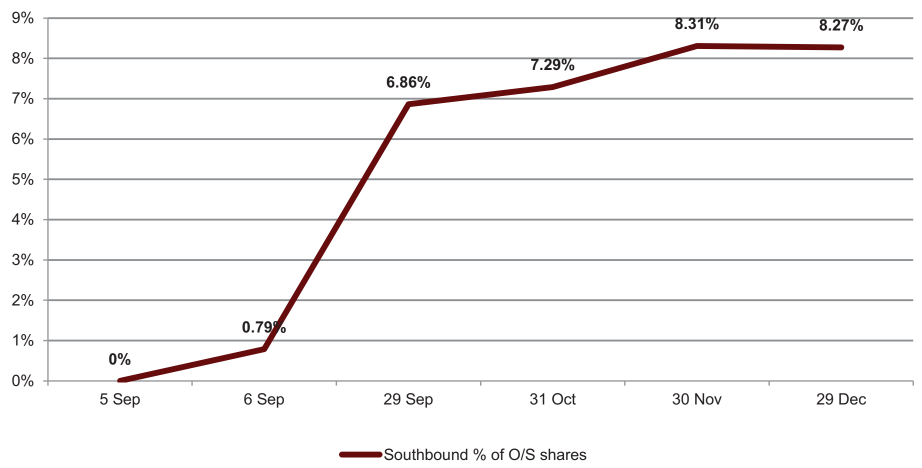
Project	City	Stake (%)	GFA (sqm)	ASP (Rmb/sqm)	Saleable resources (Rmb m)
One30 Hyde Park Sydney	Sydney	70	15,021	130,000	1,953
Maison188 Maroubra Sydney	Sydney	100	5,800	60,000	348
Mirabell Turramurra Sydney	Sydney	100	6,721	55,000	370
Altessa 888 Gordon Sydney	Sydney	100	12,791	55,000	704
Vancouver Granville Project	Vancouver	90	5,500	120,000	660
Vancouver Burnaby Project	Vancouver	100	123,800	60,000	7,428
Total			**169,633**	**67,569**	**11,462**

SOURCE: CIMB RESEARCH, COMPANY

One of the key beneficiaries of southbound investment

Since its inclusion in the Shenzhen Stock Connect on 6 Sep 2017, Aoyuan's share price has rallied by 30%+. Southbound investors' stakes in Aoyuan have increased rapidly from 0.79% in 6 Sep to 8.27% as at 29 Dec 2017.

Figure 13: Southbound investors' stakes in Aoyuan have increased rapidly since Sep



SOURCE: CIMB RESEARCH, COMPANY

Initiate with Add rating and TP of HK$7.0

We initiate Aoyuan with an Add rating and set our TP at HK$7.0 based on a 30% discount to NAV of HK$10.0. Aoyuan is currently trading at an attractive valuation, in our view, of 42% discount to NAV, 7x FY18F P/E, and 6% FY18F dividend yield.

Key risks

The Chinese government may impose further tightening measures on the property market as a result of surging home prices. These may include administrative measures on home purchases, mortgage tightening and price control.

A slowdown in China's economy may affect homebuyers' sentiment and their affordability. On the other hand, a correction in Canadian and Australian property markets would also negatively affect Aoyuan's business, as Aoyuan is proactively growing its business in these countries.

Figure 14: Aoyuan's NAV breakdown

	Methodology	Rmb m	Rmb/share
Development Properties	DCF (WACC: 11%, ASP: flat over FY17-18F, +3% over FY19F)	29,378	11.0
Investment Properties	Income capitalisation (cap rate 8%)	4,860	1.8
Gross Asset Value (GAV)		34,238	12.8
Net Debt		(10,941)	(4.1)
Net Asset Value (NAV)		23,297	8.7
Net Asset Value (NAV) - HK$			10.0
Target discount to NAV			30%
Target price - HK$			7.0

Note: HK$1=Rmb0.88

SOURCE: CIMB RESEARCH, COMPANY

Figure 15: Sensitivity of Aoyuan's NAV to ASP in Big Bay Area (BBA) cities and WACC

WACC	Impact on forward NAV by varying ASP						
	85%	90%	95%	100%	105%	110%	115%
8%	-11%	-6%	-1%	4%	8%	13%	18%
9%	-13%	-8%	-3%	2%	7%	12%	17%
10%	-14%	-9%	-4%	1%	6%	11%	16%
11%	-15%	-10%	-5%	0%	5%	10%	15%
12%	-16%	-11%	-6%	-1%	4%	9%	14%
13%	-17%	-12%	-7%	-2%	3%	8%	12%
14%	-18%	-13%	-8%	-3%	2%	6%	11%

SOURCE: CIMB RESEARCH, COMPANY

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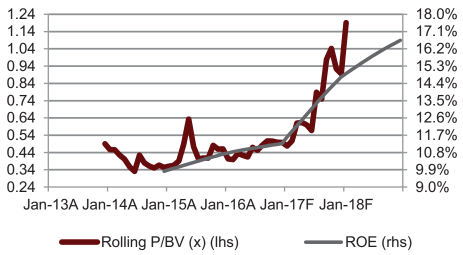
Figure 16: Peers comparison

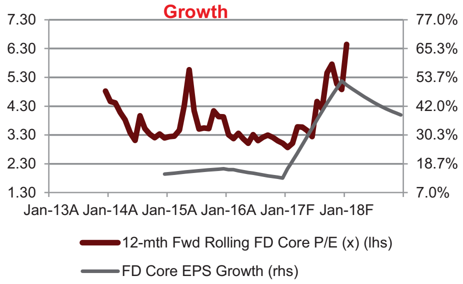
	Ticker	Share price (HKD)	TP (HK$)	Rating	Mkt cap (US$ m)	NAV/sh (HK$)	Disc. to NAV (%)	Upside (%)	P/E (x) 2016	P/E (x) 2017F	P/E (x) 2018F	P/E (x) 2019F	P/BV(x) 2016	P/BV(x) 2017F	P/BV(x) 2018F	Yield (%) 2016	Yield (%) 2017F	Yield (%) 2018F	Net Gearing (%) 2016	Net Gearing (%) 2017F	Net Gearing (%) 2018F
COLI	688 HK	29.25	31.50	ADD	41,177	35.0	16	8	10.6	9.0	7.5	6.7	1.4	1.3	1.1	2.4	3.0	3.3	7	25	26
CR Land	1109 HK	26.10	28.00	ADD	22,638	35.0	25	7	11.7	9.8	8.4	7.3	1.6	1.4	1.4	2.7	3.1	3.6	24	30	31
China Vanke - A*	000002 CH	35.84	28.50	HOLD	60,230	28.5	(26)	(20)	18.1	14.1	11.3	9.3	3.5	3.0	2.5	2.2	2.8	3.5	12	27	27
China Vanke - H	2202 HK	38.25	32.39	ADD	60,214	32.4	(18)	(15)	16.0	12.5	10.0	8.3	3.1	2.6	2.2	2.5	3.2	4.0	12	27	27
CIFI	884 HK	5.86	5.25	ADD	5,482	7.5	22	(10)	11.5	8.9	7.2	5.8	2.2	1.7	1.4	3.1	3.8	4.6	50	48	55
Country Garden	2007 HK	17.32	8.00	REDUCE	47,388	10.0	(73)	(54)	32.3	20.8	14.8	12.0	4.5	3.9	3.2	1.2	1.6	2.3	49	53	47
Evergrande	3333 HK	29.20	32.00	HOLD	49,639	32.0	9	10	93.9	10.0	7.1	6.3	7.5	4.4	3.2	-	5.5	6.9	432	232	144
Greentown	3900 HK	11.10	7.50	REDUCE	3,045	12.5	11	(32)	12.0	12.3	12.2	12.9	0.8	0.8	0.7	1.3	2.0	2.0	84	78	79
Guangzhou R&F	2777 HK	21.05	22.40	ADD	8,651	32.0	34	6	8.9	6.5	5.2	4.3	1.3	1.1	1.0	5.1	6.2	7.3	174	204	172
KWG	1813 HK	11.78	10.50	ADD	4,655	15.0	21	(11)	10.1	7.7	6.2	4.8	1.2	1.2	1.0	4.1	5.0	5.9	67	69	63
Longfor	960 HK	23.60	27.90	ADD	18,200	31.0	24	18	14.8	12.1	9.9	8.5	1.8	1.7	1.5	2.4	2.9	3.5	54	57	55
Shimao Prop	813 HK	21.85	22.40	ADD	9,655	32.0	32	3	10.4	8.9	7.4	6.4	1.1	1.0	0.9	3.4	3.7	4.5	51	56	56
Sino-Ocean	3377 HK	6.24	5.40	HOLD	6,379	9.0	31	(13)	15.5	11.1	8.5	7.2	0.9	0.8	0.8	3.1	4.9	5.4	44	60	63
SOHO China	410 HK	4.88	3.85	REDUCE	3,270	5.5	11	(21)	NA	112.0	75.1	52.3	0.6	0.6	0.6	13.3	8.5	9.9	32	36	29
Sunac	1918 HK	38.50	18.40	REDUCE	21,947	23.0	(67)	(52)	60.7	76.5	19.2	14.7	5.3	4.6	3.7	0.7	0.2	1.0	208	452	383
Yuzhou	1628 HK	4.85	6.00	ADD	2,557	10.0	52	24	7.2	6.0	5.0	4.1	1.4	1.0	0.8	4.7	6.7	7.7	72	50	47
Big Bay plays																					
Agile	3383 HK	14.32	16.80	ADD	7,171	21.0	32	17	17.0	9.0	6.8	5.3	1.1	1.1	1.0	3.3	5.4	6.3	49	54	49
Aoyuan	3883 HK	5.80	7.00	ADD	1,985	10.0	42	21	13.6	9.1	6.6	5.1	1.5	1.2	1.0	3.0	4.5	6.2	51	66	55
Logan Property	3380 HK	8.57	10.50	ADD	6,028	15.0	43	23	12.7	9.4	7.0	5.3	2.0	1.6	1.3	3.1	3.1	4.3	72	63	56
Shenzhen Investment	604 HK	3.46	3.60	HOLD	3,564	7.2	52	4	8.2	5.4	9.0	8.0	0.7	0.6	0.6	5.6	4.1	3.8	21	32	41
Times Property	1233 HK	8.32	13.30	ADD	1,950	19.0	56	60	6.6	5.3	4.2	3.3	1.3	1.1	0.9	4.6	5.3	6.8	55	71	62
BBA average							**45**	**25**	**12**	**7.6**	**6.7**	**5.4**	**1.3**	**1.1**	**0.9**	**3.9**	**4.5**	**5.5**	**50**	**57**	**53**
Small and mid-cap average							**36**	**7**	**11**	**8.3**	**7.1**	**6.0**	**1.3**	**1.1**	**1.0**	**3.7**	**4.6**	**5.4**	**66**	**71**	**67**
Overall average							**16**	**(1)**	**20**	**17.9**	**11.8**	**9.4**	**2.1**	**1.7**	**1.5**	**3.4**	**4.1**	**4.9**	**77**	**85**	**75**

NOTE: Price as of 9 JAN 2018, *In Rmb

SOURCE: CIMB RESEAERCH, BLOOMBERG

BY THE NUMBERS





Profit & Loss

(Rmbm)	Dec-15A	Dec-16A	Dec-17F	Dec-18F	Dec-19F
Total Net Revenues	**9,572**	**11,827**	**17,601**	**23,667**	**31,254**
Gross Profit	**2,646**	**3,277**	**4,887**	**6,634**	**8,649**
Operating EBITDA	**1,903**	**2,283**	**3,320**	**4,559**	**5,873**
Depreciation And Amortisation	0	0	0	0	0
Operating EBIT	**1,903**	**2,283**	**3,320**	**4,559**	**5,873**
Financial Income/(Expense)	(91)	(157)	(159)	(151)	(146)
Pretax Income/(Loss) from Assoc.	28	(32)	0	15	8
Non-Operating Income/(Expense)	0	0	0	0	0
Profit Before Tax (pre-EI)	**1,839**	**2,093**	**3,162**	**4,424**	**5,734**
Exceptional Items					
Pre-tax Profit	**1,839**	**2,093**	**3,162**	**4,424**	**5,734**
Taxation	**(888)**	**(1,001)**	**(1,410)**	**(1,994)**	**(2,597)**
Exceptional Income - post-tax					
Profit After Tax	**951**	**1,092**	**1,752**	**2,429**	**3,137**
Minority Interests	(95)	(126)	(309)	(471)	(596)
Pref. & Special Div	0	0	0	0	0
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	**856**	**967**	**1,444**	**1,959**	**2,542**
Recurring Net Profit	856	967	1,444	1,959	2,542
Fully Diluted Recurring Net Profit	**856**	**967**	**1,444**	**1,959**	**2,542**

Cash Flow

(Rmbm)	Dec-15A	Dec-16A	Dec-17F	Dec-18F	Dec-19F
EBITDA	1,903	2,283	3,320	4,559	5,873
Cash Flow from Invt. & Assoc.	28	(32)	0	15	8
Change In Working Capital	(3,170)	6,092	(3,815)	142	(2,771)
Straight Line Adjustment					
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	404	(306)	(475)	(491)	(520)
Net Interest (Paid)/Received	(1,308)	(1,612)	(1,622)	(1,551)	(1,494)
Tax Paid	(880)	(480)	(1,128)	(1,596)	(2,078)
Cashflow From Operations	**(3,023)**	**5,945**	**(3,719)**	**1,078**	**(982)**
Capex	0	0	0	0	0
Disposals Of FAs/subsidiaries					
Disposals of Investment Properties					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	(924)	(4,069)	(78)	(90)	(103)
Cash Flow From Investing	**(924)**	**(4,069)**	**(78)**	**(90)**	**(103)**
Debt Raised/(repaid)	4,849	1,442	0	0	1,000
Proceeds From Issue Of Shares	0	(156)	0	0	0
Shares Repurchased					
Dividends Paid	(346)	(572)	(236)	(538)	(746)
Preferred Dividends					
Other Financing Cashflow	2,301	94	1	1	1
Cash Flow From Financing	**6,804**	**808**	**(235)**	**(537)**	**255**

SOURCE: CIMB RESEARCH, COMPANY DATA

BY THE NUMBERS… cont'd

Balance Sheet

(Rmbm)	Dec-15A	Dec-16A	Dec-17F	Dec-18F	Dec-19F
Total Cash And Equivalents	9,036	10,956	7,440	7,891	7,061
Properties Under Development					
Total Debtors	1,753	3,604	5,418	7,617	9,983
Inventories	31,793	43,803	59,046	73,753	95,704
Total Other Current Assets	617	1,466	1,587	1,718	1,861
Total Current Assets	**43,198**	**59,830**	**73,491**	**90,979**	**114,609**
Fixed Assets	5,014	5,950	6,028	6,118	6,221
Total Investments	**369**	**316**	**316**	**316**	**316**
Intangible Assets	0	0	0	0	0
Total Other Non-Current Assets	246	323	220	264	317
Total Non-current Assets	**5,629**	**6,589**	**6,564**	**6,698**	**6,854**
Short-term Debt	2,570	4,506	4,506	4,506	5,006
Current Portion of Long-Term Debt					
Total Creditors	15,172	27,318	38,753	53,610	72,909
Other Current Liabilities	5,028	4,318	4,425	4,543	4,672
Total Current Liabilities	**22,770**	**36,143**	**47,684**	**62,659**	**82,587**
Total Long-term Debt	13,727	13,875	13,875	13,875	14,375
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	0	0	0	0	0
Total Non-current Liabilities	**13,727**	**13,875**	**13,875**	**13,875**	**14,375**
Total Provisions	754	1,770	1,886	2,026	2,194
Total Liabilities	**37,251**	**51,787**	**63,445**	**78,560**	**99,156**
Shareholders' Equity	**8,243**	**8,918**	**10,681**	**12,863**	**15,638**
Minority Interests	3,333	5,713	5,929	6,259	6,675
Total Equity	**11,576**	**14,631**	**16,610**	**19,122**	**22,314**

Key Ratios

	Dec-15A	Dec-16A	Dec-17F	Dec-18F	Dec-19F
Revenue Growth	37.2%	23.6%	48.8%	34.5%	32.1%
Operating EBITDA Growth	35.5%	20.0%	45.4%	37.3%	28.8%
Operating EBITDA Margin	19.9%	19.3%	18.9%	19.3%	18.8%
Net Cash Per Share (Rmb)	(2.61)	(2.67)	(4.09)	(3.92)	(4.60)
BVPS (Rmb)	2.96	3.20	3.99	4.81	5.84
Gross Interest Cover	1.37	1.29	1.86	2.69	3.57
Effective Tax Rate	35.2%	34.7%	25.0%	24.9%	25.0%
Net Dividend Payout Ratio	24.0%	28.9%	25.5%	25.5%	25.3%
Accounts Receivables Days	68.7	82.9	93.5	100.5	102.8
Inventory Days	1,495	1,618	1,476	1,423	1,368
Accounts Payables Days	723	909	948	990	1,021
ROIC (%)	9.7%	8.9%	10.6%	11.7%	14.1%
ROCE (%)	7.7%	7.4%	9.6%	12.3%	14.5%
Return On Average Assets	3.25%	2.83%	3.68%	4.20%	4.38%

Key Drivers

	Dec-15A	Dec-16A	Dec-17F	Dec-18F	Dec-19F
Unbooked Presales (m) (Rmb)	15,171.0	25,602.0	37,142.1	51,150.7	66,030.5
Unbooked Presales (area: m sm)	N/A	N/A	N/A	N/A	N/A
Unbooked Presales (units)	N/A	N/A	N/A	N/A	N/A
Unsold attrib. landbank (area: m sm)	N/A	N/A	N/A	N/A	N/A
Gross Margins (%)	27.6%	27.7%	27.8%	28.0%	27.7%
Contracted Sales ASP (per Sm) (Rmb)	N/A	N/A	N/A	N/A	N/A
Residential EBIT Margin (%)	N/A	N/A	N/A	N/A	N/A
Investment rev / total rev (%)	N/A	N/A	N/A	N/A	N/A
Residential rev / total rev (%)	N/A	N/A	N/A	N/A	N/A
Invt. properties rental margin (%)	N/A	N/A	N/A	N/A	N/A
SG&A / Sales Ratio (%)	9.3%	9.1%	9.5%	9.2%	9.2%

SOURCE: CIMB RESEARCH, COMPANY DATA