China Property Sector

This time is different

With still stable data in 9M21 and President Xi's firm stance towards the sector, we do not expect any further easing after PBOC's mortgage push. Instead, we think the government may make use of this opportunity to squeeze out the high-leveraged players and improve the long-term mechanism (property tax and pre-sale funding supervision) for a healthy market, i.e. less players to speculate both land markets and property markets. Together with weak fundamentals, we expect the sector to remain volatile and thus suggest investors to focus on quality names COLI, CR Land and Longfor. A better timing to long beta would be 1Q22E when liquidity has improved significantly.

- **Not the start of easing:** We think PBOC's standing for healthy property market is mainly to minimize the risks of financial crisis and house delivery. We do not view it as the start of easing, **qualitatively** because 1) President Xi reiterated, "house is for living" and also added property tax. 2) The speed up in mortgage approval is actually in line with a weak sales (Aug/Sep down 13/16% YoY). With property tax trial and tightening in pre-sale funds likely to be out, we may still face the policy risks especially that property tax trial is very likely to hurt the sentiment. **Quantitatively,** the property investment remained solid at 9% YoY in 9M21 and may only slow down to 6% even if we assume 5% YoY decline in 4Q21. Historically, the government tends to boost the sector when REI growth dropped to below 5%. Also, 2021 sales volume and value could stay at 3%/5% YoY growth even if assuming 15%/20% decline in 4Q21, which is still in the tolerance zone.

- **Property tax.** We think the government may speed up the property tax trials after President Xi mentioned it in the QiuShi magazine. Shenzhen is likely to be the next trial city after Shanghai/Chongqing. The key lies in the tax rate, treatment of existing units and houses in different cities. 1) If the tax rate could be close to rents yield say 1.5%, then also the contribution to total tax revenue would be up to 20%. 2) Another key point would be extending the property tax to existing units with some exemptions. Shanghai only charged property tax on new transactions. It would be better to extend to existing homes so that people with multiple units could release to the market.

- **Property market – things have to get worse before getting better.** Property sales further weakened in Sep with volume and value down 13%/16% YoY in Sep 2021 (vs. -12%/-13% in Aug 2021) due to financing and policy tightening. This has dragged down 9M21 sales volume and value YoY increase to 11% and 17%. Also for the first week of Oct, the sell-through rate in major 10 cities dropped to below 60% despite promotions. Property investment declined 3.5% YoY in Sep, however the YTD figure remained stable at 8.8% YoY. Property completion slowed down dramatically to 0.7% YoY growth in Sep 2021. This is partly due to developers' tight financing situation. Therefore we expect weak market to continue in 4Q21.

- **Introduce 4 dimensions to evaluate developers:** With no strong policy report and still weak sales, we introduced 4 dimensions to access the vulnerability of developers within our radar. Basically, they are to measure the cash inflow (property sales) and cash outflow (debts transparency and construction costs liability). Please refer to key question 6 below for details and we picked out **COLI, CR Land and Longfor** which can meet property sales target, less off-balance or hidden debts and less construction costs pressure. Therefore, these 3 names are also our top picks.

OUTPERFORM (Maintain)

China Property Sector

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Key question 1: Is property policy likely to be further easing?

UNLIKELY. We expect policy to remain consistent and tight towards property sector going forward as

1) Qualitatively, President Xi issued an article in Qiushi magazine on 15 Oct, 2021 reiterating "house is for living, not for speculating" and newly mention that "property tax scheme needs to be used as part of long-term mechanism". This has sent a strong message for a consistent property policy even when economy was slightly under pressure due to pandemic.

2) Quantitatively, the property investment remained solid at 9% YoY in 9M21 and may only slow down to 6% even if we assume 5% YoY decline in 4Q21. Historically, the government tends to boost the sector when REI growth dropped to below 5%. Also, 2021 sales volume and value could stay at 3%/5% YoY growth even if assuming 15%/20% decline in 4Q21, which is still in the tolerance zone.

Figure 1: Property policy has been very consistent since 2Q20

	Policy trend	Details
1Q17	Relax	Henan, Suzhou relaxed the commerical apartment policy
2Q17	Tigthten	20 Cities (mainly Tier 2) tightened the policy
3Q17	Tigthten	4 Tier 3 cities tightened the policy
4Q17		No policy
1Q18		No policy
2Q18	Tigthten	Dalian, Shenyang, Ningbo, Changchun and other cities tightened the policy
3Q18	Tigthten	Political bureau meeting to prevent property price going up
4Q18	Relax	Political bureau meeting did not mention property
1Q19		No policy
2Q19	Tighten	Political bureau meeting reiterated housing is for living
3Q19	Tighten	Political bureau meeting reiterated not to use property to spur economy
4Q19	Relax	5bps cut in 5YR LPR
1Q20	Relax	10bps cut in 5YR LPR
2Q20	Tighten	Political bureau meeting reiterated housing is for living
3Q20	Tighten	"Three red line" Policy
4Q20	Neutral	Political bureau meeting to encourage healthy property market; 7 cities relaxed Hukou policy; Loan cap
1Q21	Neutral	Banks' two lending caps towards developers; centralized land supplies in 22 cities
2Q21	Tighten	Political bureau to ban speculation on school district housing and reiterate on housing is for living
3Q21	Tighten	Political bureau meeting continued to stress housing is for living and expedite social housing with tax supports
4Q21	Tighten	President Xi to stress housing is for living and mention to speed up property tax

Source: CMBIS

Figure 2: Our estimates of 2021 property sales volume, value and investment

	Residential GFA Sold (sqm mn)	YoY	Residential Sold (RMB bn)	YoY	REI (RMB bn)	YoY
2010	931	9%	4,395	15%	3,404	33%
2011	970	4%	4,862	11%	4,431	30%
2012	985	1%	5,347	10%	4,937	11%
2013	1,157	18%	6,770	27%	5,895	19%
2014	1,052	-9%	6,240	-8%	6,435	9%
2015	1,124	7%	7,275	17%	6,460	0%
2016	1,375	22%	9,906	36%	6,870	6%
2017	1,448	5%	11,024	11%	7,515	9%
2018	1,479	2%	12,639	15%	8,519	13%
2019	1,501	1%	13,944	10%	9,707	14%
2020	1,549	3%	15,457	11%	10,445	8%
2021*	**1,590**	**3%**	**16,281**	**5%**	**11,144**	**7%**

2021* estimate assume:

1. -15% YoY in Residential GFA Sold in Oct - Dec
2. -20% YoY in Residential Sold in Oct - Dec
3. -5% YoY in REI in Oct - Dec

Source: CMBIS

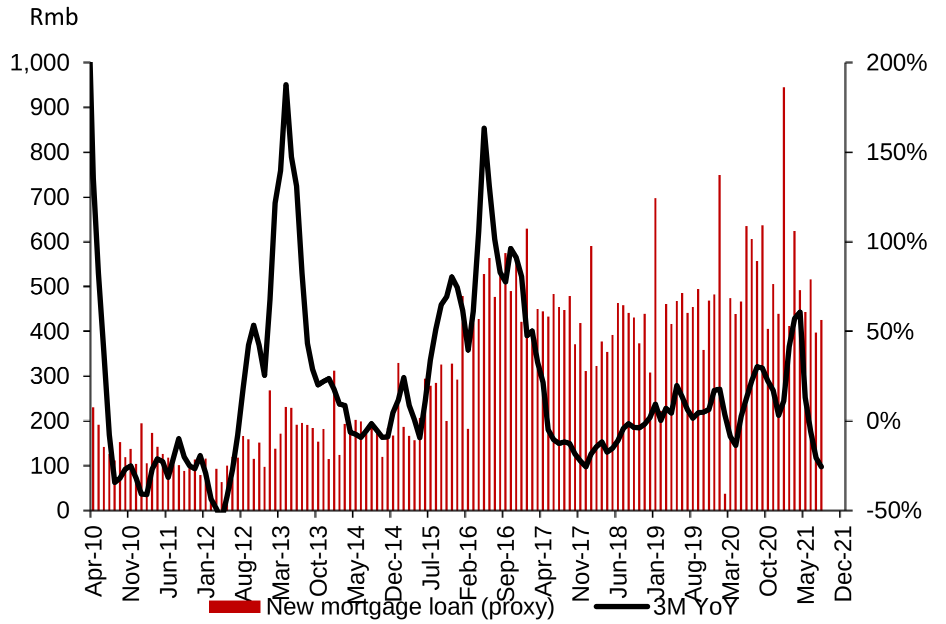
Key question 2: If no further easing, what PBOC will do to stabilize property sector?

Minimize the systematic risks including both financial system and house delivery.

1) To increase the stability of financial system, PBOC has already asked major banks to speed up mortgages and grant appropriate loans to developers if they comply with “three red lines”. Based on our channel check, the mortgage issuance has been back to normal but it was partly due to the weakening demand with sales in Aug/Sep down 13/16% YoY. We think this could help improve cash collection ratio for developers. However, we do not expect banks to significantly increase direct loans to developers as we saw developers’ loan growth in 1H21 in line with “three red lines” guidance.

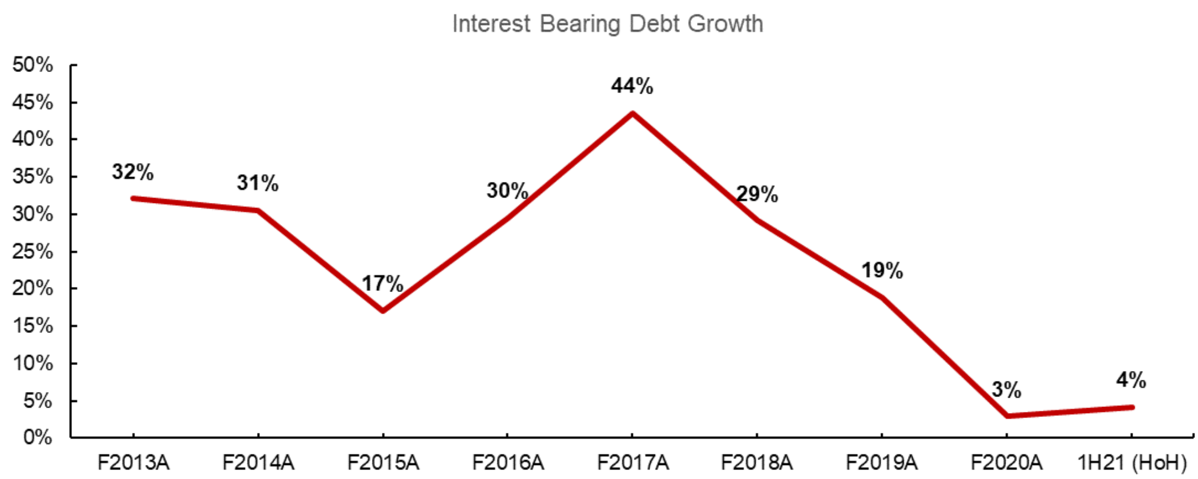
2) For completion, PBOC together with MOHURD are said to step up more pre-sales fund supervision. We think this may somehow neutralize the faster mortgage approval from the unrestricted cash perspective.

Figure 3: New mortgage loans in Sep remained lackluster due to weak demand



Source: CMBIS

Figure 4: Developers' loan growth is in line with "three red lines" guidance



Source: CMBIS

Key question 3: Which policy do we expect next?

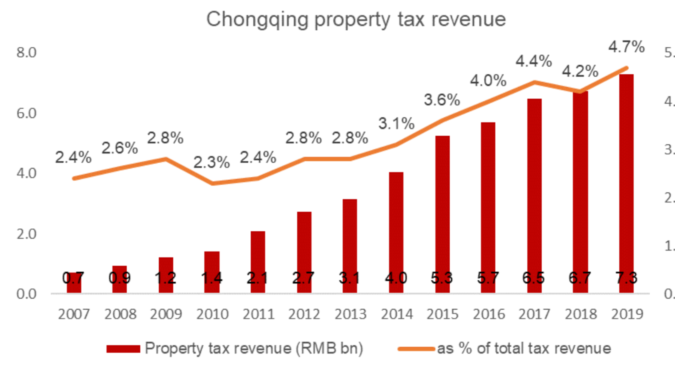
Property tax. We think the government may speed up the property tax trials after President Xi mentioned it in the QiuShi magazine. Shenzhen is likely to be the next trial city after Shanghai/Chongqing. In order to be an effective long-term scheme, the key lies in the tax rate, treatment of existing units and houses in different cities. 1) If the tax rate could be close to rents yield say 1.5%, then the holding costs would be much higher for the buyers and also the contribution to total tax revenue would be 20% in Shanghai's case. 2) Another key point would be extending the property tax to existing units with some exemptions. Shanghai only charged property tax on new transactions. However for trials in Shenzhen, it would be better to extend to existing homes so that people with multiple units could release to the market. This would improve the overall supply together with demand curbing in the above.

Why property tax trials in Shanghai/Chongqing were not so successful: We think the reasons are **1) Tax rate is relatively low**. In Shanghai, the property tax rate is 0.4-0.6% per year together with 60 sq m exemption per family member for Shanghai Hukou and 30% discount to the property price. So it shows the maximal tax rate would be 0.42% (0.28% most of the time) of the property price per year which can be easily covered by rents yield of 1.5%. Also, its contribution to total tax revenue was only 4% in 2019 which was hard to replace land selling. **2) The costs of property tax collection is relatively high** as it's based on personal declaration. The total 2019 property tax revenue was only RMB21bn compared to RMB47bn tax department expenses.

Figure 5: Property tax in Shanghai

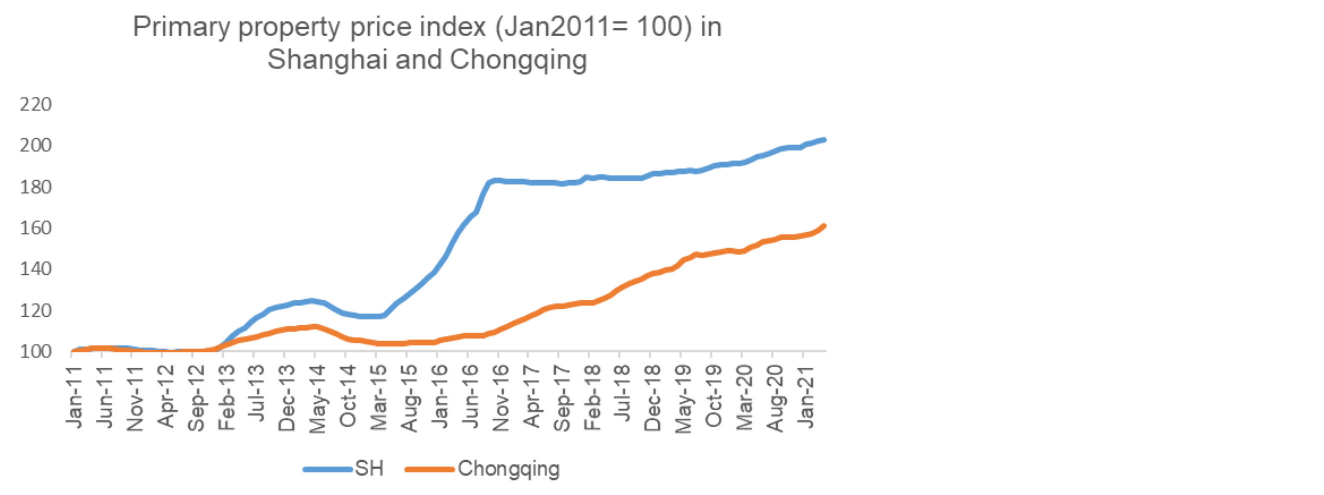
Source: MOF

Figure 6: Property tax in Chongqing



Source: MOF

Figure 7: Property price trend in SH and Chongqing since property tax rolling out



Source: CMBIS estimates

Key question 4: Has fundamental bottomed yet?

Without any major policy support, we expect overall fundamental to remain weak in 4Q21E. For NBS data in Sep:

- **Property sales further weakened in Sep** with volume and value down 13%/16% YoY in Sep 2021 (vs. -12%/-13% in Aug 2021) due to financing and policy tightening. This has dragged down 9M21 sales volume and value YoY increase to 11% and 17%.

- **Property investment declined 3.5% YoY in Sep** however the YTD figure remained stable at 8.8% YoY.
- **New Starts decline narrowed in Sep** (at -13% YoY vs. -26% in Aug 2020) to 174mn sq m. We think this is partly due to the re-launch of 2nd batch of land supply among 22 cities as well as lower base (-4% in Sep20 vs. +1% in Aug20). It recorded 4.5% decline in 9M21 new starts.
- **Property completion slowed down dramatically to 0.7% YoY growth in Sep 2021.** This is partly due to developers' tight financing situation.

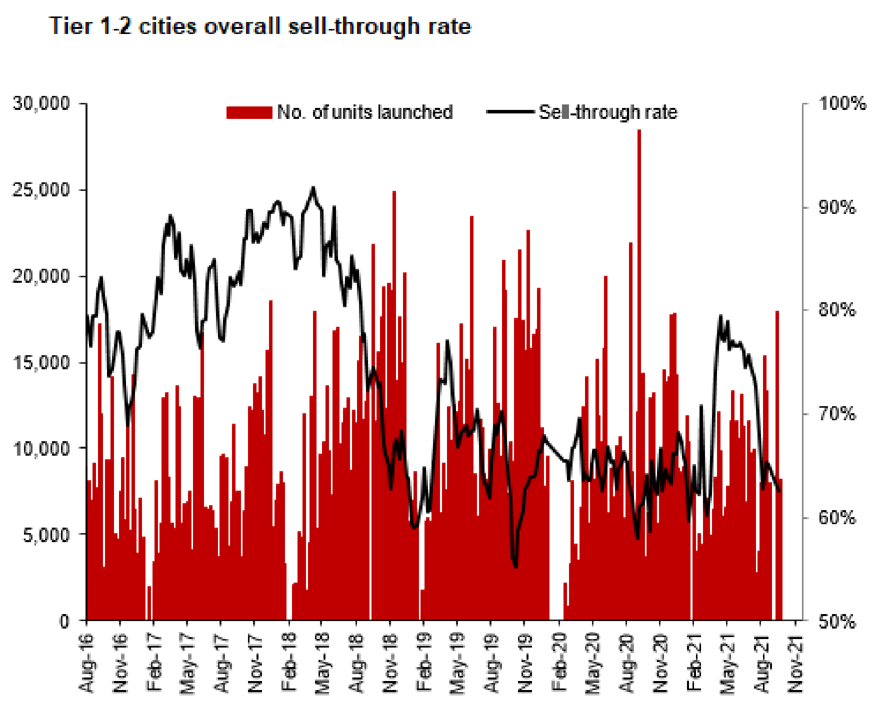
Also for the first week of Oct, the sell-through rate in major 10 cities dropped to below 60% despite promotions. We think this indicates the sales may continue to be under pressure.

Figure 8: Quick view of national property data in Sep 2021

	Sep-21	YoY	Aug-21	YoY	Jul-21	YoY	9M21	YoY	2020	YoY
Property GFA sold (mn sqm)	161	-13.1%	125	-11.8%	130	-8.5%	1,303	11.3%	1,761	2.6%
Property sales (RMB bn)	1,575	-15.8%	1,262	-13.1%	1,350	-7.1%	13,480	16.6%	17,361	8.7%
New starts (mn sqm)	174	-13.5%	166	-26.4%	177	-21.5%	1,529	-4.5%	2,244	-1.2%
GFA under construction (mn sqm)	9,281	7.9%	9,100	8.4%	8,919	9.0%	9,281	7.9%	9,268	3.7%
GFA completion (mn sqm)	43	0.7%	50	17.5%	53	25.6%	510	23.4%	912	-4.9%
Property investment (RMB bn)	1,451	-3.5%	1,317	4.9%	1,272	1.4%	11,257	8.8%	10,144	7.0%
Domestic loans of developers (RMB bn)	185	-25.1%	152	-35.2%	194	-17.2%	1,877	-8.4%	2,668	5.7%

Source: NBS

Figure 9: Sell-through rate in 10 Tier 1-2 cities continued to fall in the first week of Oct 2021



Source: CREIS
10 cities are: Beijing, Shanghai, Guangzhou, Shenzhen, Hangzhou, Nanjing, Wuhan, Chengdu, Chongqing, Tianjin

Key question 5: Can Evergrande survive on its own?

There could be some silver lining. Evergrande has publicly determined to guarantee the delivery of its projects but we think it will mainly focus on the Yangtze River Delta and Pearl River Delta first where they can still generate contracted sales and cash flow. Based on our estimates, there are 121 projects in these two areas with total GFA of 35mn sq m and salable value of RMB311bn. If we assume the construction cost of RMB3k/sq m and 40% of the work to be done, then Evergrande needs roughly RMB42bn. This can be achieved by selling 51% stakes of Evergrande Services to Hopson which was said at RMB40bn. Moreover, out of RMB311bn salable value, RMB200bn has been pre-sold so only RMB111bn is available for sales. Still we think it could gradually generate positive cash flow for construction of other projects and generate cash flow again. If it goes smoothly together with further disposal, we think Evergrande could at least achieve its delivery target before paying back the debts.

Figure 10: Evergrande's land bank in Yangtze River delta and Pearl River Delta

	Land Bank		
	Total GFA (sqm mn)	Total Value (RMB mn)	# of Projects
Yangtze River Delta (As of 2020)			
Shanghai	7.0	62,965	9
Nanking	3.8	33,792	9
Hangzhou	0.8	7,329	3
Ningbo	2.5	22,342	7
Suzhou	0.8	6,975	3
Wuxi	2.9	26,328	15
Wenzhou	1.6	14,826	3
Nantong	0.4	3,836	2
Xuzhou	0.6	5,420	2
Rest of Zhejiang	5.2	47,088	19
Rest of Jiangsu	7.6	68,708	24
Completed in 2018-20	(27.0)	(243,285)	
Newly added in 2018-20	22.7	204,010	
Total	**28.9**	**260,331**	**96**
Pearl River Delta (As of 2020)			
Guangzhou	0.2	1,693	1
Shenzhen	1.3	11,525	5
Foshan	2.7	23,892	8
Zhongshan	0.7	6,224	2
Shantou	0.9	7,962	1
Rest of Guangdong	3.9	35,458	8
Completed in 2018-20	(22)	(196,111)	
Newly added in 2018-20	18	160,754	
	5.7	**51,398**	**25**
Total	**34.6**	**311,730**	**121**

Source: CMBIS estimates

Figure 11: Evergrande's potential stakes disposal

Company	Evergrande's Sellable Assets Shareholding Ratio	Market Value (RMB bn)	Sellable Value (RMB bn)
Evergrande PM	61%	67	41
Evergrande EV	65%	34	22
Shengjing Bank	15%	62	9
Evergrande Life Assurance	-	-	8
HengTen	27%	24	6
Calxon Group	28%	6	2
Total			**87.7**

Source: CMBIS estimates

Key question 6: which developers would benefit or continue to suffer?

Amid weak property market with less policy support, we need to look at 4 dimensions to differentiate quality names

- **Developers with potential sales miss:** based on the 9M21 data, Times, KWG and R&F are likely to miss their annual sales target because their YTD completion rates were only 61%, 62% and 62%. This may put extra pressure on their cash flow.

Figure 12: Developers' sales recap in 9M21

Company		Sep sales (RMB bn)	YoY	9M21 sales	YoY	2021 target	YoY	Completion rate
Country Garden (attri)	2007 HK	40	-37%	443	-1%	624	9%	71%
Vanke	2202 HK	36	-34%	481	-2%	790	12%	61%
Sunac	1918 HK	47	-33%	462	21%	700	22%	66%
Evergrande	3333 HK	7	-91%	444	-17%	750	4%	59%
COLI	688 HK	20	-44%	277	7%	400	11%	69%
CR Land	1109 HK	22	-24%	230	20%	315	11%	73%
Shimao	813 HK	23	-30%	222	10%	330	10%	67%
Longfor	960 HK	20	-33%	202	8%	310	15%	65%
CIFI	884 HK	16	-39%	193	25%	265	15%	73%
Jinmao	817 HK	14	-14%	176	9%	250	8%	70%
Seazen	1030 HK	19	-25%	171	4%	260	4%	66%
Agile	3383 HK	10	-17%	102	14%	150	9%	68%
Aoyuan	3883 HK	11	-9%	99	18%	150	13%	66%
R&F	2777 HK	11	-31%	93	-1%	150	8%	62%
SCE	1966 HK	8	-57%	83	20%	120	18%	69%
KWG	1813 HK	5	-49%	77	16%	124	20%	62%
Times	1233 HK	7	-33%	67	12%	110	10%	61%
Average			**-42%**		**5%**		**12%**	**66%**

Source: Company data

- **Developers with off-balance sheet debts:** In general, developers with smaller attributable sales ratio tend to relatively have more off-balance sheet debts due to more JVs. Among the developers, Dexin, Redsun, Dafa, CIFI and Sunac may face more off-balance debts than others due to smaller attributable sales ratio.

Figure 13: Attributable sales ratio by developers

Company %	F2017A	F2018A	F2019A	F2020A	1H21
	Sales attributable ratio				
Dexin	93%	77%	41%	37%	30%
Redsun	92%	65%	53%	47%	41%
Dafa	NA	108%	67%	57%	46%
CIFI	60%	53%	55%	58%	59%
Sunac	72%	71%	69%	68%	63%
Vanke	72%	70%	65%	65%	65%
CR Land	86%	86%	69%	64%	68%
KWG	81%	82%	64%	62%	69%
Longfor	70%	70%	70%	70%	70%
Shimao	87%	86%	70%	70%	70%
Radiance	85%	95%	74%	81%	70%
Country Garden	72%	71%	71%	72%	71%
Shinsun	100%	85%	76%	71%	72%
China Aoyuan	85%	85%	83%	75%	73%
China SCE	87%	77%	54%	66%	73%
Agile	100%	79%	73%	74%	74%
Times China	99%	92%	94%	94%	87%
COLI	93%	93%	93%	93%	93%
Evergrande	95%	95%	95%	95%	95%
Average	**81%**	**78%**	**74%**	**73%**	**72%**

Source: Company data

- **Developers with high MI ratio in balance sheet:** Developers with large mismatching in MI ratio between balance sheet and Income statement may have hidden debt risks.

Figure 14: MI% in balance sheet - MI% in income statement

Developers	F2013A	F2014A	F2015A	F2016A	F2017A	F2018A	F2019A	F2020A	1H21
	MI% in balance sheet - MI% in income statement								
Evergrande	7%	7%	11%	18%	53%	57%	59%	58%	54%
China Aoyuan	2%	18%	18%	27%	47%	43%	40%	50%	39%
Times China	2%	-1%	15%	42%	24%	39%	40%	40%	37%
Radiance	NA	NA	NA	NA	7%	6%	15%	22%	32%
China SCE	8%	-13%	4%	10%	4%	21%	30%	32%	32%
Sunac	16%	22%	-6%	1%	13%	13%	18%	20%	29%
CIFI	-1%	0%	2%	2%	6%	19%	22%	22%	28%
KWG	0%	0%	0%	0%	2%	7%	4%	16%	24%
Redsun	NA	NA	NA	NA	4%	15%	13%	34%	23%
Longfor	0%	0%	8%	10%	10%	20%	13%	13%	19%
Dexin	NA	NA	-22%	-6%	19%	43%	22%	18%	16%
Agile	-4%	-2%	-16%	-4%	1%	3%	2%	2%	14%
Shinsun	NA	NA	NA	NA	58%	8%	-5%	34%	11%
Shimao	9%	13%	8%	4%	10%	11%	6%	4%	8%
Vanke	10%	6%	-4%	4%	4%	2%	1%	6%	7%
Dafa	NA	NA	9%	13%	-5%	2%	25%	6%	6%
CR Land	6%	2%	3%	3%	8%	11%	6%	9%	6%
Country Garden	1%	1%	4%	9%	10%	1%	-5%	-3%	0%
COLI	0%	2%	1%	-1%	0%	0%	0%	-4%	-2%
Average	4%	3%	1%	5%	13%	13%	11%	12%	15%

Source: Company data

- **Developers with high account payables/liability:** We think developers that have high account payables/liability ratio would face more pressures amid tightening pre-sales supervision. This is mainly because their cash outflow is heavily on the constructions.

Figure 15: Developers with high AP/Liability ratio

Company	AP/Total liability			
	F2017A	F2018A	F2019A	F2020A
Evergrande	30%	42%	46%	50%
Times China	25%	29%	38%	40%
Country Garden	38%	36%	38%	40%
Shimao	38%	39%	40%	40%
Agile	31%	34%	34%	39%
CIFI	35%	34%	37%	38%
Vanke	38%	40%	41%	36%
Longfor	31%	34%	34%	35%
Sunac	30%	28%	29%	34%
China Aoyuan	19%	23%	27%	30%
CR Land	28%	28%	27%	29%
COLI	26%	29%	29%	28%
Dexin	23%	22%	23%	27%
China SCE	22%	28%	32%	26%
KWG	41%	17%	21%	25%
Dafa	14%	19%	25%	23%
Shinsun	16%	13%	14%	20%
Radiance	16%	15%	15%	16%
Redsun	18%	12%	15%	16%
Average	32%	35%	36%	37%

Source: Company data

Based on the above 4 dimensions, the below names stand out as quality names: **COLI, CR Land, Longfor** which are confident to meet sales target, transparent in debts and can also deal with construction costs facing presales supervision. More importantly, they can make use of the current situation to do anti-cycle land acquisitions which have been shown in Sep (both COLI and Longfor were already aggressively buying lands).

Key question 7: Has all the negatives been priced in?

Not quite yet as

- More potential USD bond default. As it's very expensive to refinance in the offshore market, we think most of developers may have to pay back using internal resources. Given weak fundamental and tight pre-sales cash supervision, it would be increasingly difficult and therefore it could lead to some potential default after Sinic, Evergrande and Fantasia.

- Property tax trials that may hurt the sentiment. It is hard to estimate the real impacts without the details but we think the market would react negatively if the tax rate is higher than Shanghai/Chongqing.

- Valuation-wise, the sector is trading at 0.8x 2020 PB which is still not at the bottom yet given still tight policy, weak sales and potential more defaults.

Figure 16: Top 30 Developers' USD bond summary

Top 30 Developer's USD Bond Summary

As of 10/16/2021

Company	Number of Issuance	Total Amount (USD mn)
Evergrande	14	19,486
Country Garden	18	11,694
Kaisa	18	11,574
Sunac	12	7,762
COLI	14	6,701
Vanke	9	6,524
Yuzhou	14	5,747
Shimao	8	5,720
CIFI	11	6,026
Zhenro	15	5,000
Agile	12	4,947
Sino-Ocean	10	4,920
R&F	10	4,885
Greenland	13	4,640
Jinmao	11	4,550
Logan	13	3,920
Aoyuan	10	3,203
Ronshine	9	3,103
CR Land	5	3,000
Central China	9	2,836
Longfor	6	2,750
Yango	8	2,262
Seazen	8	2,204
Wanda Comm.	4	1,800
Greentown	5	1,600
Poly	2	1,500
Zhongliang	5	1,378
Dalian Wanda	4	930
Risesun	2	788
Sinic	3	694
Zhongnan	3	473
Jinke	1	325
Midea	None	None
Fantasia	11	3,659
CFLD	6	2,890
Languang	3	1,050
Taihe	2	625

Source: Company data

Figure 17: Comp sheet

Company	Ticker	Last price (LC)	Mkt Cap (LC mn)	Rating	TP (LC)	P/E 20A	P/E 21E	P/E 22E	PB 20A	Dividend Yield 20A	Dividend Yield 21E
Vanke - H	2202 HK	21.00	278,626	**BUY**	33.92	4.4	4.0	3.8	0.9	7%	7%
COLI	688 HK	17.32	189,564	**BUY**	30.49	3.6	3.4	3.0	0.4	7%	8%
Country Garden	2007 HK	7.84	176,243	**BUY**	13.36	4.0	3.1	2.7	0.8	7%	6%
CR Land	1109 HK	31.55	224,981	**BUY**	44.79	6.3	5.9	5.4	1.0	4%	4%
Longfor	960 HK	35.10	213,069	**HOLD**	34.27	8.5	5.8	5.6	1.6	5%	6%
Shimao	813 HK	13.36	47,210	**BUY**	44.94	3.0	2.6	2.2	0.4	12%	12%
Agile	3383 HK	6.80	26,636	**BUY**	13.89	2.3	2.3	2.1	0.4	16%	14%
KWG	1813 HK	6.99	22,249	**BUY**	17.87	2.8	2.3	1.9	0.4	16%	18%
China Aoyuan	3883 HK	3.44	9,645	**BUY**	15.48	1.2	1.0	0.9	0.4	34%	25%
Times China	1233 HK	5.73	11,369	**BUY**	16.20	1.9	1.3	1.1	0.5	16%	17%
China SCE	1966 HK	2.45	10,344	**BUY**	5.60	2.2	2.0	1.6	0.4	14%	14%
Redsun	1996 HK	2.19	7,312	**BUY**	3.52	3.6	2.9	2.5	0.5	8%	8%
Vanke - A	000002 CH	20.30	230,418	**BUY**	31.36	5.2	4.6	4.4	1.1	6%	8%
Radiance	9993 HK	4.28	17,314	**BUY**	5.55	4.0	3.5	2.9	0.8	7%	8%
Dafa	6111 HK	5.10	4,222	**BUY**	8.32	10.3	5.6	4.9	1.0	2%	3%
Shinsun	2599 HK	5.12	15,582	**BUY**	7.75	4.0	3.5	3.1	1.8	4%	4%
Dexin	2019 HK	2.68	7,240	**BUY**	3.56	6.0	5.3	4.6	1.2	6%	7%
Average						**4.3**	**3.5**	**3.1**	**0.9**	**10.1%**	**10.0%**

Source: Company data

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