J.P.Morgan

Asia Pacific Equity Research
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Mainland China/Hong Kong Property

Top 3 Questions This Week - (1) Feedback on "828" Policy; (2) Land-banking Appetite; (3) SHKP Results Expectation

Mainland China/Hong Kong Property & Conglomerates

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The top 3 questions we received from investors this week:

1. What's the investor feedback on the "828" policy on pre-sales phase-out?
2. Are Chinese developers buying land post the "828" policy?
3. What's the expectation for SHKP's full-year results?

Q1) What's the investor feedback on the "828" policy on pre-sales phase-out?

- **Confused, and concerned about growth:** We spoke with >50 investors over the past week. Overall, most investors were confused by the policy timing as (1) the nationwide housing market hasn't stabilized; and (2) the disruption of developers' cash flow may lead to a higher risk of even more unfinished buildings. Many also expressed concern about the downside to developers' contracted sales growth in FY27 given the likely weaker land-banking in the near term. **In our base case, we pencil in a >20% Y/Y sales decline in FY27. While the earnings growth in FY27/28 is unlikely to see any major impact, the bigger earnings hit may occur in FY29.** For more of our views on the policy, please see our report.
- **However, this might also be "not so bad": Some macro-focused investors are actually positive on this policy (in the medium term)**, as the likely supply reduction improves inventory (even in tier-1 cities, inventory is sitting at 18-20 months), and thus home price stabilization may be achieved sooner. **Some investors also think there could be mitigants** that would offset the lower project IRR (e.g. lower land prices which may boost margins, or staged/ delayed land premium payments), although for now we are not sure about local execution yet (more discussion in our expert call takeaways). Finally, **some investors also said this is an overhang removed** as the government has been pushing for this since 2023, **although the next policy overhang (property tax) remains** (in our view, property tax is still on the policy agenda, and we believe its nationwide roll-out is possible within the next 5-10 years, but we do not see this as a huge negative to the housing market, as if the execution magnitude is similar to that in the two trial cities Shanghai & Chongqing, then the impact on the market is likely quite minimal, as seen in the two cities).
- **Why have the share prices rebounded already, after the initial 12% drop?** Post the policy announcement on 28 August, the sector initially dropped 12% (HSI: -1%) on the first two trading days, but since the dip, the sector has rebounded 6% (HSI: +1%) over the past three days. **We believe it is mostly driven by short-covering, but at the same time we also hear some investors**

See page 9 for analyst certification and important disclosures, including non-US analyst disclosures.

speculating on a new round of policy support, and their logic is (1) given the disruptions to developers' cash flows driven by the recent policy, the government may roll out some demand-side easing to offset the impact; (2) given the traditional peak season "*Golden September, Silver October*", the government may have an incentive to give a boost. **This expectation is partially evidenced by the 13% share price surge in Sunac China** (a high-beta proxy for policy expectations) over the past two days. However, we don't hold high hopes for strong policy easing in the near future, although local-level easing in Shenzhen is likely (more in *China Property: Shanghai's well-anticipated policy support arrives; Shenzhen likely next*).

- **We expect developers' share prices to remain soft for a while, if there is no more positive news:** Unless there is any policy surprise or uptick in high-frequency data, we believe the uncertainty about developers' growth will linger for a while. Therefore, in the near term, we prefer **CR Mixc** (commercial operator) and **KE Holdings** (beneficiary of secondary sales boost; covered by Daniel Chen). Among developers, we'd also buy **CR Land** on dips as the earnings impact in FY29 will likely be limited (<10%) with its strong earnings buffer from recurring income. Even if we assume a zero value for its DP (which is unrealistic), CR Land is trading at a 14x P/E purely on its FY27E non-DP net profit, which is not demanding, in our view.

Q2) Are Chinese developers buying land post the "828" policy?

- **Yes, they still are:** While investors worry about a significant reduction in land-banking in 2H26, so far (since the enforcement of the "828" policy), there have been several successful land sales in tier-1/2 cities (average premium to opening bid: 10.5%) (Table 1), with the most notable one being COLI's acquisition in Putuo District (Shanghai) at Rmb15bn. That said, **one land plot in Chaoyang District (Beijing) failed to proceed.** Originally, the land plot attracted the interest from (1) COLI, (2) Swire Properties & CSCEC Zhidi; (3) CR Land.
- **Are these land plots already subject to the new rules under the "828" policy?** Based on our checks, this remains uncertain. These land plots were added to the land roll before the "828" policy, and thus it is possible that these land plots might still be subject to the "old rules" of the pre-sales policy (i.e., not requiring building topping-out), and for now we think it is possible that **"sales only upon completion" (现房销售) may not be required** (but we are not 100% certain). That said, **for the PBOC's new policy that mortgages can only be disbursed after building completion, to our understanding, the new rules will likely apply to all these new lands.** Therefore, the mortgage proceeds (typically 60-70% of pre-sale proceeds) may only be received by the developers ~2 years after land acquisition.
- **Developers will likely be more cautious in the near term:** Despite the multiple successful land sales, we believe developers are still awaiting further guidance from banks/local governments on the exact execution of the "828" policy, and thus in the near term we expect their land-banking appetite to soften. We forecast SOE developers' land-banking capex to drop 20-30% Y/Y over the next 6-12 months.

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Table 1: China - major land acquisitions since 28 August 2026

Date	City	Land Plot Name	Bid Winner	Land price (Rmb bn)	Average land price (Rmb psm)	Secondary ASP (Rmb psm)	Land premium %
Major land acquisition since 28 Aug, 2026							
4-Sep-26	**Guangzhou**	Tianhe East - Daguan Road Plot 天河区大观路地块	**Yuexiu Property**	2.5	36,590	70,000	**15.9%**
3-Sep-26	**Beijing**	Shunyi Wenyu River Plot 顺义温榆河地块	**CR Land**	8.3	41,241	73,000	**17.4%**
2-Sep-26	**Hangzhou**	Linping Donghu New Town Plot 临平区东湖新城地块	**CCCC**	0.3	7,344	26,500	**0.0%**
1-Sep-26	**Shanghai**	Songjiang Sijing Plot 松江泗泾地块	**Xiamen Guomao & Frasers Prop**	0.6	25,035	49,000	**16.4%**
31-Aug-26	**Shanghai**	Putuo Zhenru Urban Sub-center Core Area 普陀区真如城市副中心核心区地块	**COLI**	15.0	37,838	79,000	**0.0%**
31-Aug-26	**Ningbo**	Yinzhou Zhonghe 4th Generation Plot 鄞州区中河四代住宅地块	**Ninglu**	1.1	17,021	37,000	**13.4%**
						Average	**10.5%**

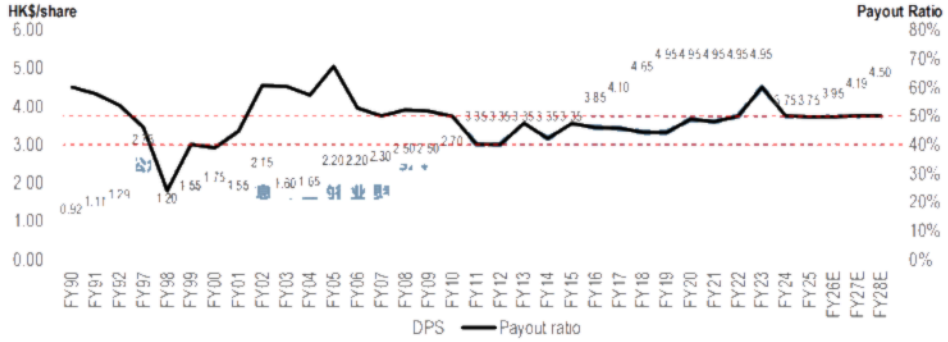
Source: CREIS

Q3) What's the expectation for SHKP's full-year results?

- **Sun Hung Kai Properties (16.HK)** will reports the FY26 results on 10 September (Thursday).
- While **our earnings forecast is +5% Y/Y (consensus: +6% Y/Y)**, we note that **some investors (especially hedge funds) have higher expectations (up 10-20% Y/Y)** because (1) 1H26 core earnings were already up 17% Y/Y; (2) there might be disposal gains from farmland resumption.
- **Given the potential earnings beat, some HFs who were keen to short-sell SHKP expressed their interest to wait until after results**, as the share price could react positively if earnings growth ends up to be >10% Y/Y (reference: post the recent earnings beat of Henderson Land, the share price surged 7% the next day, vs. HSI +1%).
- While we think delivering a >10% Y/Y earnings growth is indeed possible with farmland resumption gains (if any), we also think **SHKP may use this window to take impairment provisions**, and thus our base case remains a mid-single-digit % earnings growth.
- **As for dividends, one potential concern raised by investors is whether DPS growth may follow the EPS growth.** For example, if earnings growth is 15-20% Y/Y, investors wonder whether DPS growth must necessarily follow. As a recap, SHKP's dividend payout policy is 40-50%, and while the payout ratio has been maintained at 50% in the past two years, **historically the payout ratio did fluctuate** (Figure 1). We thus do not rule out the possibility that, in the event of EPS growth being exceptionally strong, DPS growth may be slower than EPS growth (i.e., a lower payout ratio, but likely >40%). However, if EPS growth is <10%, then we believe that DPS growth will likely be roughly the same (i.e., no change in payout ratio).
- More in our results preview.

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Figure 1: Sun Hung Kai Properties - DPS & payout ratio



Source: Company data, J.P. Morgan estimates.

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Key Publications This Week

Mainland China Property

- Phasing out the pre-sales system - good or bad?
- Expert call takeaways on pre-sales phaseout
- Top 100 developers' sales moderated in August; 2027 may turn worse
- Longfor - Repositioning in progress
- CR Land - First Take: 1H26 earnings broadly in line; solid growth in IP but DP margin down to 10%
- CR Mixc - First Take: 1H26 earnings broadly in line

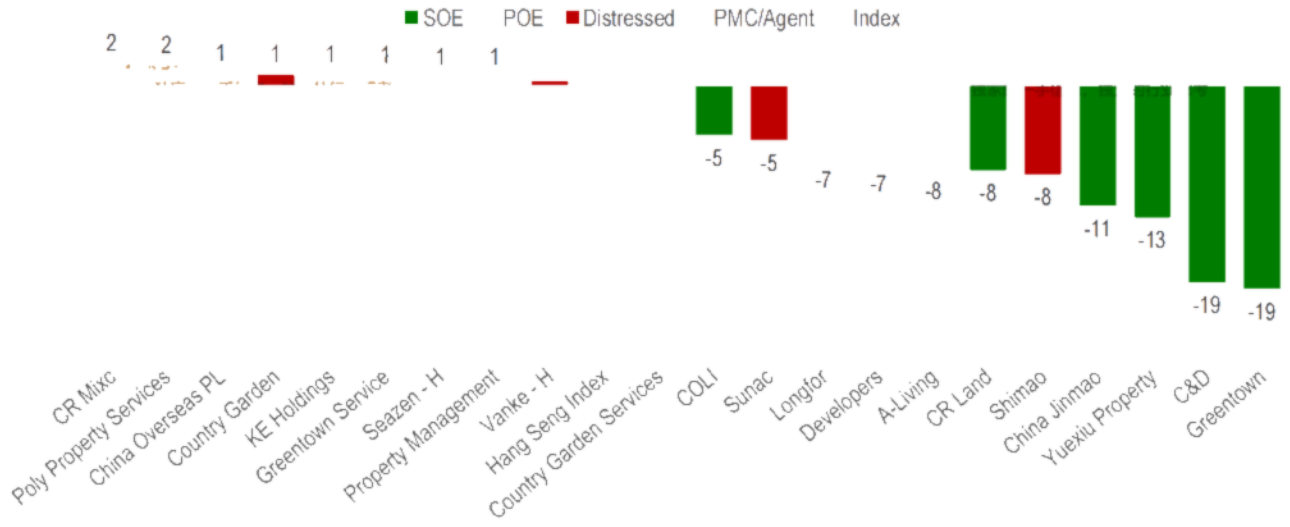
Hong Kong Property & Conglomerates

- Sino Land - More cash, stable dividends, lumpy earnings
- Retail sales stayed at +5% Y/Y in July

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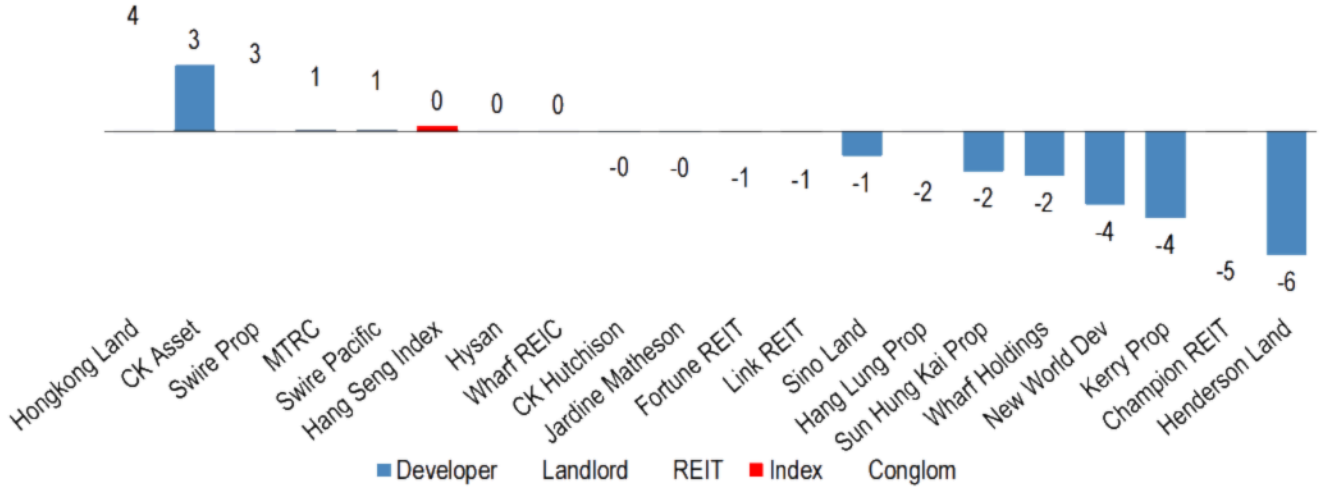
Weekly Performance

Figure 2: Mainland China Property – Weekly share price performance (%)



Source: Bloomberg Finance L.P. Note: As of close on 4 Sep 2026. Past performance is not an indicator of future results.

Figure 3: Hong Kong Property & Conglomerates – Weekly share price performance (%)



Source: Bloomberg Finance L.P. Note: As of close on 4 Sep 2026. Past performance is not an indicator of future results.

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Valuation Summary

Table 2: Mainland China Property – Valuation summary

Company	Stock Code	JPM Rating	JPM Price Target	Last Close (HK$)	Mkt Cap US$B	ADV US$M	P/E 1FY (x)	P/E 2FY (x)	Yield 1FY (%)	P/B 1FY (x)	Share price return 5D	1M	YTD	vs. peak
Mainland China Developers														
China Resources Land	1109.HK	OW	44.00	30.50	27.7	101.3	8.7	8.6	4.2%	0.6	-8%	-9%	16%	-21%
China Overseas Land	0688.HK	OW	19.50	13.17	18.4	49.5	9.6	8.6	3.8%	0.3	-5%	-1%	10%	-41%
China Jinmao	0817.HK	OW	2.05	1.39	2.4	11.5	23.5	20.5	2.5%	0.4	-11%	4%	15%	-71%
C&D International	1908.HK	NC	-	12.56	3.7	12.4	7.0	6.5	7.2%	0.6	-19%	-17%	-15%	-40%
Greentown China	3900.HK	NC	-	6.13	2.0	11.0	44.4	20.6	1.1%	0.4	-19%	-12%	-28%	-61%
Yuexiu Property	123.HK	NC	-	3.30	1.7	4.6	38.2	17.1	2.1%	0.2	-13%	-6%	-17%	-70%
SOEs							**11.7**	**9.7**	**4.1%**	**0.5**	**-8%**	**-6%**	**9%**	**-34%**
Longfor	0960.HK	OW	9.00	6.33	5.7	16.8	-	-	-	0.2	-7%	-5%	-25%	-85%
Seazen Group	1030.HK	N	1.40	1.47	1.4	4.0	-	-	-	0.2	1%	5%	-29%	-85%
Private							**-**	**-**	**-**	**0.2**	**-5%**	**-3%**	**-26%**	**-85%**
China Vanke - H	2202.HK	UW	1.60	2.50	5.4	6.4	-	-	-	0.3	0%	2%	-24%	-92%
Country Garden	2007.HK	UW	0.10	0.20	1.2	8.4	-	-	-	-	1%	16%	-52%	-99%
Sunac China	1918.HK	UW	0.30	0.64	1.6	18.4	-	-	-	0.2	-5%	9%	-51%	-99%
Distressed							**-**	**-**	**-**	**0.2**	**-1%**	**5%**	**-34%**	**-94%**
Mainland China Developers (Overall)							**9.2**	**7.6**	**3.2%**	**0.4**	**-7%**	**-5%**	**1%**	**-46%**
Mainland China Property Management & Services														
China Resources Mixc	1209.HK	OW	55.00	41.26	12.0	25.7	18.4	16.6	5.4%	5.2	2%	5%	-2%	-17%
China Overseas PH	2669.HK	UW	2.90	3.58	1.5	3.6	7.8	7.8	5.9%	1.5	1%	3%	-19%	-64%
Poly Property Services	6049.HK	OW	41.50	28.76	2.0	2.7	8.4	8.0	6.0%	1.2	2%	3%	-5%	-63%
Greentown Service	2869.HK	OW	5.50	4.35	1.7	1.8	11.0	10.1	6.5%	1.4	1%	2%	-2%	-61%
Backed by SOE developers							**15.6**	**14.2**	**5.7%**	**4.0**	**2%**	**4%**	**-3%**	**-31%**
Country Garden Services	6098.HK	N	5.40	5.67	2.4	4.9	6.4	6.4	9.4%	0.5	0%	4%	3%	-91%
A-Living	3319.HK	UW	1.50	1.70	0.3	0.3	2.8	3.1	8.0%	0.2	-8%	-6%	-23%	-96%
Sunac Services	1516.HK	UW	0.70	0.82	0.3	0.5	4.5	5.4	6.6%	0.4	-2%	-2%	-41%	-96%
Backed by POE developers							**5.8**	**5.9**	**9.0%**	**0.4**	**-1%**	**2%**	**-4%**	**-92%**
Mainland China Property Management & Services							**14.1**	**12.9**	**6.1%**	**3.5**	**1%**	**4%**	**-4%**	**-40%**
KE Holdings	2423.HK	OW	59.00	47.96	21.1	65.7	15.0	13.6	0.0%	2.0	1%	7%	18%	-32%
Mainland China Property Agent							**15.0**	**13.6**	**0.0%**	**2.0**	**1%**	**7%**	**18%**	**-32%**

Source: Company data, Bloomberg Finance L.P., J.P. Morgan estimates. Note: Companies marked "NC" are not under J.P. Morgan coverage; all estimates for such companies are based on consensus estimates from Bloomberg Finance L.P. Pricing as of close of September 4, 2026.

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Table 3: Hong Kong Property & Conglomerates – Valuation summary

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Hong Kong Property & Conglomerates														
Sun Hung Kai Properties	0016.HK	OW	135.00	119.50	44.2	84.4	15.0	14.2	3.3%	0.6	-2%	-3%	27%	-19%
CK Asset	1113.HK	OW	52.00	47.34	21.1	26.4	13.8	13.2	3.8%	0.4	3%	-1%	24%	-8%
Henderson Land	0012.HK	N	28.50	26.72	16.5	32.0	14.6	13.7	4.7%	0.4	-6%	-3%	-1%	-22%
Sino Land	0083.HK	N	10.60	10.54	12.9	11.7	20.6	22.6	5.5%	0.6	-1%	-1%	5%	-21%
New World Development	0017.HK	N	6.80	6.75	2.2	4.5	-	-	0.0%	0.1	-4%	-1%	-7%	-89%
Wharf Holdings	0004.HK	NC	-	19.13	7.5	3.8	15.6	12.8	3.2%	0.4	-2%	0%	-9%	-36%
Kerry Properties	0683.HK	NC	-	18.64	3.5	3.9	14.5	6.5	7.2%	0.3	-4%	-5%	-4%	-25%
Developers							**15.1**	**14.7**	**3.9%**	**0.5**	**-1%**	**-2%**	**18%**	**-19%**
Swire Properties	1972.HK	OW	30.00	24.76	18.2	8.6	17.4	16.7	4.9%	0.5	3%	5%	24%	-4%
Hongkong Land (US$)	HKLD.SI	OW	10.70	8.55	18.2	17.3	35.8	32.2	3.2%	0.6	4%	9%	27%	-3%
Link REIT	0823.HK	OW	43.00	38.84	12.8	45.7	15.5	15.4	6.5%	0.7	-1%	0%	16%	-41%
Wharf REIC	1997.HK	OW	35.70	31.52	12.2	17.7	14.4	13.9	6.0%	0.5	0%	23%	36%	-29%
Hang Lung Properties	0101.HK	OW	10.00	7.13	4.7	7.5	11.8	11.3	7.3%	0.3	-2%	-6%	-12%	-63%
Hysan	0014.HK	NC	-	16.38	2.1	4.7	8.9	10.0	6.6%	0.3	0%	-10%	-8%	-43%
Champion REIT	2778.HK	NC	-	2.15	1.7	0.6	18.7	17.9	5.3%	0.3	-5%	-4%	-14%	-51%
Fortune REIT	778.HK	NC	-	4.47	1.2	1.8	15.4	15.7	7.5%	0.4	-1%	-3%	-2%	-33%
Landlords							**20.6**	**19.4**	**5.2%**	**0.5**	**1%**	**6%**	**21%**	**-21%**
Hong Kong Property (Overall)							**17.3**	**16.4**	**4.4%**	**0.5**	**0%**	**1%**	**17%**	**-21%**
CK Hutchison	1.HK	OW	79.00	69.85	34.1	60.7	11.4	10.8	3.5%	0.4	0%	-6%	35%	-10%
Jardine Matheson (US$)	JM.SI	OW	94.00	58.42	17.1	23.6	10.0	9.4	4.4%	0.6	0%	-9%	-12%	-27%
MTR Corp	66.HK	OW	39.00	32.94	26.2	23.1	17.6	26.2	4.0%	1.0	1%	3%	15%	-23%
Swire Pacific - A	19.HK	NC	-	106.30	16.1	12.4	10.7	10.2	4.2%	0.5	1%	9%	74%	-1%
Hong Kong Conglomerates							**10.9**	**10.3**	**3.8%**	**0.5**	**0%**	**-7%**	**19%**	**-16%**

Source: Company data, Bloomberg Finance L.P., J.P. Morgan estimates. Note: Companies marked "NC" are not under J.P. Morgan coverage; all estimates for such companies are based on consensus estimates from Bloomberg Finance L.P. Pricing as of close of September 4, 2026.