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China Property

Uncertainties in the "post pre-sales" era may drive underperformance

China
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Over the next few months, we expect Chinese developers to underperform, because: (1) we see no clear catalysts; (2) the market may need time to digest a likely sales reset in the "post pre-sales" era—if the "828" policy (report) is enforced strictly, we forecast 2027 contracted sales to fall 20-30%, which could translate into a similar earnings drop in 2029 (assuming no margin change). **From here, the sector could face 10-20% potential downside if it reverts to trough P/B** (however, price/margin outlook has improved, so arguably the sector may not necessarily reach trough P/B). Despite the hiccups for developers, we maintain our view that tier-1 cities are seeing a soft form of stabilization this year (**we are *not* turning more negative from a macro perspective**), but a sector rerating requires more proof of (1) **broader home price stabilization beyond Shanghai** (possibly in 2027 as supply falls with stricter pre-sales criteria); and (2) **margin recovery** (possible in 2027), with investors watching whether upcoming land acquisitions may fetch higher margins if land costs do fall. Absent upside surprise in policy or sales data, we'd wait for a better entry point (potentially 2027). Our top picks are **CR Mixc** & **BEKE** (covered by Daniel Chen). Among developers, we'd buy **CR Land** on dips. To reflect our more selective stance, we downgrade **Poly/Longfor/Jinmao** to Neutral and **CMSK** to Underweight. In this report, we also conduct a "normalized earnings" analysis & 1H26 results review.

- **Rerating factors don't seem to be playing out near term:** There are typically four factors that could rerate the sector, but in the near term we do not see how they may play out yet: (1) **policy** (apart from local-level easing like Shenzhen [report]), we are not expecting any major change in nationwide policy; although we noted some investors have a slight hope of stronger policy support by 1st October); (2) **home price growth** (high-frequency data suggests home prices remain soft in most cities, except Shanghai (Figure 6); while we believe Shanghai will continue to see a mild recovery, the stabilization trends have materialized for 5-6 months already, and by now we believe investors would need to see more cities achieving growth to turn more positive); (3) **margin upcycle** (after a >3ppts Y/Y decline in SOEs' 1H26 margin, we expect further margin squeeze in FY26; while potentially lower land costs may drive up margins, investors would demand proof to confirm the uptrend); (4) **sales momentum** (we expect primary sales to see a single-digit % drop for the rest of FY26, and FY27 sales could turn worse (down 20-30%) due to developers' slower land-banking and delay in getting pre-sales permits).

- **How are developers impacted in the "post pre-sales" era?** The "828" policy (report) that calls for the phase-out of pre-sales negatively shocked the market, as it forces developers to slow down growth to manage cash flows (the cash recovery from the mortgage portion of pre-sales proceeds is

See page 68 for analyst certification and important disclosures, including non-US analyst disclosures.

now delayed by >12 months – Figure 3). Project IRR will be more than halved from mid-teens % to mid-single-digit % (Table 3). DP margin is also set to drop 1-2ppts assuming all else equal (due to higher financing costs with longer tenors in construction loans). However, if land costs fall, margin may surprise on the upside. If sales drop 20-30% Y/Y in FY27, earnings may drop ~20% Y/Y in FY29 (Figure 4), although if we assume margin expansion, the earnings impact could be partially offset (more in our sensitivity analysis). Due to slower turnover, ROE is set to drop ~1ppt, unless margin recovers.

- **A gradual mentality change is likely, but it takes time:** In the new era for China developers, the old model of fast turnover is likely over. Despite the big drop in IRR, we would not be overly worried about it, as IRR/ROE of HK developers is also low (low-single-digit %), but their stocks move more on asset value. Going forward, we believe investors' mentality on Mainland Chinese developers will trend towards that on HK counterparts. Thus, **investors' attention could gradually focus more on asset value (property prices) rather than velocity (sales volume)**, as in the long term we think Chinese developers' sales scale may only stabilize within a range (rather than constant growth in volume).

- **Sensitivity analysis on "normalized profit":** In the past few years of downcycle, investors have not been able to use P/E to value developers because most have seen a substantial earnings decline (or a net loss), and thus P/B has become the primary valuation yardstick. We believe this will still be the case in the next few years. However, when sales drop to a normalized level & margin stabilizes, we believe investors may gradually shift back to P/E. We conduct a scenario analysis of "normalized profit" for SOE developers to gauge the risk reward. First, we set three scenarios: contracted sales scale to be flat/down 30%/down 50%. Then, we apply a normalized net margin to gauge the "normalized DP". By adding FY27E IP net profit, we arrive at a normalized net profit. We then apply a 10x P/E for DP (benchmarking US homebuilders) and 15x P/E for IP to test out what the implied share prices would be. To be more conservative, we also separately apply a 6x P/E for DP (average P/E of Chinese developers before the liquidity crisis) and 10x P/E for IP. From the analysis, **we see good risk reward for CR Land & Jinmao, while CMSK & Poly don't seem to offer attractive risk reward** (Table 10).

- **When to revisit?** We are *not* turning more cautious on the Chinese property market from a macro perspective, as we believe the green shoots in tier-1 cities are still real, and the potential home price growth & margin recovery remain something we may anticipate in 2027 or 2028. We just do not see them playing out in the near term. Tactically, the sector has historically outperformed shortly before any high-level government meeting. Therefore, for investors interested in a short-term trade, **November 2026** could be a time window to revisit as expectations may build up for the December politburo meeting/CEWC (although we don't have high hopes). The next time window would be **February/ March 2027** (results season) as developers may give clearer guidance on margin (and also around the Two Sessions).

- **Three top picks to weather the storm & four rating downgrades**: On the "828" policy, we believe **CR Mixc (1209.HK)** & **KE Holdings (BEKE US** – more from the report by Daniel Chen) will see the most limited impact, as the former is a commercial operator with 10% earnings growth and market share gains, while the latter may benefit from improvement in secondary sales (higher margin) in FY27 due to lower primary supply. Among developers, we also like **CR Land (1109.HK)** due to the strong earnings buffer from recurring income. If the sector is bound for a derating, CR Land may not be immune, but if we benchmark to the trough P/E of 6.5x, the implied share price would be ~HK$25, and that would be a comfortable entry point for the stock, in our view. Meanwhile, we downgrade **CMSK-A** (001979.CH) to Underweight for its rich relative valuations (both in P/B and normalized P/E), and we downgrade three names to Neutral: **Poly-A** (600048.CH) (high earnings sensitivity to sales drop due to low net margin, and underperforming sales growth); **Longfor** (960.HK) (not a default candidate, but core net loss to widen, and slower cash collection narrows OCF safety margin, although we still forecast positive OCF for FY26/27); **Jinmao** (817.HK) (small land bank & high leverage may lead to more impact on sales; too early to position for earnings turnaround).

1H26 results review

- **Developers – DP margin may bottom in FY26E**: SOEs' core net profit fell 40% Y/Y on average, due to DP compression from 15% in 1H25 to 13% in 1H26, and we expect it to further drop to 12.5% in FY26E, and to rebound to 13.2% in FY27E. Meanwhile, distressed developers continue to record a net loss. SOEs' core net margin rose from 6.1% in 1H25 to 7.0% in 1H26, mostly driven by CR Land (up 6.9ppts Y/Y to 19.1%) due to more contribution from non-DP income. That said, we expect core net margin to drop to 4.3% in FY26E as there will be more DP bookings in 2H26 (more in our results review).

  Property managers – divergence remains: Overall 1H26 core net profit stayed flat Y/Y (SOEs: +4% vs. POEs: -4%). Among SOEs, Greentown Service and CR Mixc outperformed with 12%/11% Y/Y growth (Greentown saw 16% Y/Y growth in OP). In contrast, COPL saw a 13% Y/Y earnings decline. Among POEs, CGS saw 3% Y/Y growth, while A-Living and Sunac Services both saw an 8% Y/Y decline. We expect FY26E to continue to see divergence (SOEs: +6%; POEs: -14%). Property management margin mildly dropped from 17.1% in 1H25 to 16.7%. For receivable days, SOEs' rose from 90 in 1H25 to 96 in 1H26, while POEs' remained high at 147 days (more in our results review).

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Equity Ratings and Price Targets

Company	Ticker	Mkt Cap ($ mn)	Price CCY	Price	Rating		Price Target			
					Cur	Prev	Cur	End Date	Prev	End Date
	1109 HK	26,517	HKD	29.16	OW	n/c	40.00	Jun-27	44.00	n/c
China Overseas Land & Investment (0688)	688 HK	17,418	HKD	12.48	OW	n/c	16.00	Jun-27	19.50	n/c
China Jinmao (0817)	817 HK	2,137	HKD	1.24	N	OW	1.18	Jun-27	2.05	n/c
Seazen Group	1030 HK	1,260	HKD	1.36	N	n/c	1.40	Jun-27	n/c	n/c
Poly Developments & Holdings - A	600048 CH	9,024	CNY	5.06	N	OW	5.00	Jun-27	8.00	n/c
China Merchants Shekou Industrial Zone Holdings - A	001979 CH	9,125	CNY	6.76	UW	OW	5.50	Jun-27	10.50	Dec-26
Seazen Holdings - A	601155 CH	3,908	CNY	11.63	N	n/c	11.00	Jun-27	n/c	n/c
	1209 HK	11,107	HKD	38.16	OW	n/c	49.00	Jun-27	55.00	Dec-26
Longfor Group (0960)	960 HK	5,132	HKD	5.67	N	OW	5.60	Jun-27	9.00	n/c
Shimao Group Holdings (0813)	813 HK	53	HKD	0.04	UW	n/c	0.03	Jun-27	0.05	n/c

Source: Company data, Bloomberg Finance L.P., J.P. Morgan estimates. n/c = no change. All prices as of 11 Sep 26.

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Price target summary

Table 1: China property developers – price target summary

Company		Ticker	JPM Rating Old	JPM Rating New	Valuation Metric	Target or implied 26/27E P/B (x)	Target P/S	Price target Old	Price target New	Price Target Change (%)	Last close (HK$)	Potential upside/ downside
SOEs												
	华润置地	1109.HK	OW	OW	P/B	0.8x	-	44.00	40.00	-9%	29.16	37%
China Overseas Land	中国海外发展	0688.HK	OW	OW	P/B	0.4x	-	19.50	16.00	-18%	12.48	28%
Poly Developments - A	保利发展 - A	600048.CH	OW	N	P/B	0.3x	-	8.00	5.00	-38%	5.06	-1%
China Merchants Shekou - A	招商蛇口 - A	001979.CH	OW	UW	P/B	0.4x	-	10.50	5.50	-48%	6.76	-19%
China Jinmao	中国金茂	0817.HK	OW	N	P/B	0.4x	-	2.05	1.18	-42%	1.24	-4%
POEs												
Longfor	龙湖集团	0960.HK	OW	N	P/B	0.2x	-	9.00	5.60	-38%	5.67	-1%
Seazen Group	新城发展	1030.HK	N	N	P/B	0.2x	-	1.40	1.40	0%	1.36	3%
Seazen Holdings - A	新城控股 - A	601155.CH	N	N	P/B	0.3x	-	11.00	11.00	0%	11.63	-5%
Distressed												
China Vanke - A	万科 - A	000002.CH	UW	UW	P/B	0.3x	-	2.45	2.45	0%	3.06	-20%
China Vanke - H	万科 - H	2202.HK	UW	UW	P/B	0.2x	-	1.60	1.60	0%	2.24	-29%
Country Garden	碧桂园	2007.HK	UW	UW	P/S	-	0.2x	0.10	0.10	0%	0.17	-42%
Sunac China	融创中国	1918.HK	UW	UW	P/B	0.1x	-	0.30	0.30	0%	0.55	-45%
Shimao	世茂集团	0813.HK	UW	UW	P/S	-	0.1x	0.05	0.03	-40%	0.04	-25%

Source: Bloomberg Finance L.P., J.P. Morgan estimates. As of close of 11 Sep 2026.

Table 2: China property management – price target summary

Company		Ticker	Market cap (US$ bn)	3M avg trading value (US$ mn)	JPM rating Old	JPM rating New	Target P/E 26E	Target P/E 27E	Price target Old	Price target New	Last close (HK$)	Potential upside / downside
Backed by SOEs												
	华润万象生活	1209 HK	11.1	25.4	OW	OW	22x	20x	55.00	49.00	38.16	28%
China Overseas PH	中海物业	2669 HK	1.4	3.4	UW	UW	6x	6x	2.90	2.90	3.27	-11%
Poly Prop Services	保利物业	6049 HK	1.9	2.6	OW	OW	12x	12x	41.50	41.50	27.22	52%
Greentown Service	绿城服务	2869 HK	1.6	1.8	OW	OW	14x	13x	5.50	5.50	4.15	33%
Backed by POEs												
Country Garden Services	碧桂园服务	6098 HK	2.3	4.4	N	N	6x	6x	5.40	5.40	5.36	1%
Sunac Services	融创服务	1516 HK	0.3	0.5	UW	UW	4x	5x	0.70	0.70	0.82	-14%
A-Living	雅生活服务	3319 HK	0.3	0.3	UW	UW	2x	3x	1.50	1.50	1.67	-10%

Source: Bloomberg Finance L.P., J.P. Morgan estimates. As of close of 11 Sep 2026.

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Share price review

In 2026 so far, the China Property sector has outperformed the HSI most of the time. In 1Q, it was due to rising expectations for stronger policy, while in 2Q, the significant outperformance was due to the emergence of green shoots in tier-1 cities. However, after the "828" policy announcement, which called for the phase-out of the pre-sales system (announced on 28th August), the sector has dropped 10% (HSI: -2%) and its outperformance vs. the HSI has now narrowed to a marginal 1%.

Figure 1: China Property – 2026 year-to-date share price performance with key events



Source: Bloomberg Finance L.P., as of 11 Sep 2026

What will happen in the "post pre-sales" era?

The two fundamental changes of the "828" policy

In the "828" policy (more discussion in our full report), while pre-sales are not totally banned, there are two fundamental changes to the economics of residential development in China:

- **Pre-sales requirement tightened to "topping out":** Currently, from land acquisition to pre-sales, it normally takes ~6 months, while the average time from land acquisition to topping out (封顶) is 6-12 months. Therefore, the latest requirement essentially delays the pre-sales timing by 3-6 months. Just for this, we believe the impact on cash flows is manageable.
- **Mortgage to be disbursed only upon building completion:** We believe this is the more impactful change. To recap, pre-sales proceeds comprise (1) down payment (typically 30-40%) & (2) mortgages (60-70%). While the down payment portion is still required to be placed in an escrow account, at least the cash sits on the developer's balance sheet (but with restricted usage). However, mortgages will not be disbursed to the developer until building completion (竣工), which is typically ~2 years after land acquisition (or ~1 year after topping out). In short, 60-70% of the cash from pre-sales proceeds will now be delayed by 12-18 months. This is where developers' cash flow management will be most disrupted.

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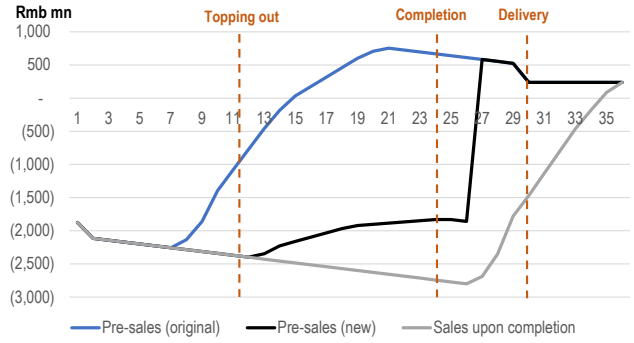
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Project IRR to be more than halved; margin to drop 1-2 ppts

The charts below illustrate the accumulated cash flows in the 3 scenarios:

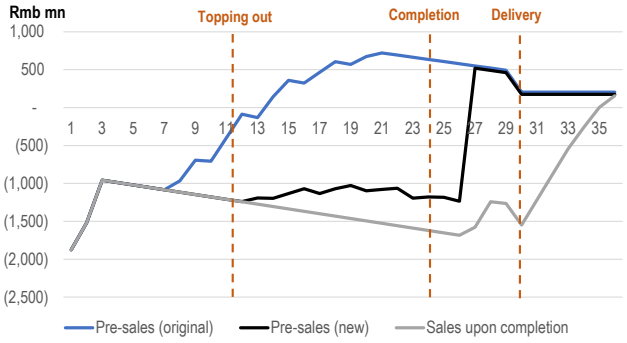
- **Pre-sales (original):** pre-sales normally can start 6 months after land acquisition, and thus cash flows start to come in shortly after. Cash flows may already turn positive in the 14th month, by our estimate. On average, at 15%/6% gross/net margin, project/levered IRR is 14%/30%.
- **Pre-sales (new):** under the "828" policy", pre-sales are still allowed, but the timing can only be after "topping out", which is typically 6-12 months. Conservatively, below we assume "topping out" to be in the 12th month. In this scenario, 30-40% of pre-sales proceeds can be collected (although they would be restricted in an escrow account), but the mortgage portion (60-70%) would only be disbursed at completion, which is only after the 24th month. On average, at 14%/5% gross/net margin, project/levered IRR is 5%/7%.
- **Sales upon completion:** This would generate the worst IRR, as developers typically cannot receive cash (apart from the potential ~5% deposit) until project completion, which is typically 2 years after land acquisition. On average, at 14%/4% gross/net margin, project/levered IRR is 4%/4%.

Figure 2: Illustration of accumulated cash flows (before debt financing)



Source: J.P. Morgan

Figure 3: Illustration of accumulated cash flows (considering debt financing)



Source: J.P. Morgan

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Table 3: IRR & margin estimates under 3 scenarios

(Rmb mn)	Pre-sales (original)	Pre-sales (new)	Sales upon completion
Gross revenue	3,800	3,800	3,800
VAT	(159)	(159)	(159)
Net revenue	**3,641**	**3,641**	**3,641**
Land cost	(1,875)	(1,875)	(1,875)
Construction cost	(1,188)	(1,188)	(1,188)
Financing cost	(32)	(63)	(80)
Gross profit	**547**	**516**	**498**
SG&A	(228)	(228)	(228)
LAT	(114)	(114)	(114)
Net profit	**205**	**174**	**156**
Project IRR	**14.4%**	**5.1%**	**3.7%**
Levered IRR	**29.8%**	**6.8%**	**4.1%**
Gross margin	**15.0%**	**14.2%**	**13.7%**
Net margin	**5.6%**	**4.8%**	**4.3%**

Source: J.P. Morgan estimates.

In the above table, we illustrate the potential impact on IRR & margin in the 3 scenarios (over a 3-year period). In reality, there are many moving parts that can significantly swing IRR (e.g. a 100% sell-through rate in the 1st month, or staged land payments), and thus this is solely for illustration purposes.

For the above analysis, we have the following assumptions:

- **Sales:** It takes 12 months to sell out all units (20% in the 1st month, 10% in the 2nd to 6th month, 5% in the rest).
- **Land costs:** To be paid 100% at the beginning.
- **Construction costs:** To pay 20% at the beginning and 15% at the end; for the rest, costs are evenly distributed throughout the construction cycle.
- **Financing costs:** We only consider development loans here (average financing costs: 3%). We assume land costs are 100% funded by cash/equity. If we assume a portion of land costs are funded by debt, the financing cost portion could be higher.
- **SG&A:** 6% of sales proceeds.
- **Land appreciation tax:** Roughly 2% of sales proceeds.
- **Value-added tax:** Effective 4% from selling price.

Project margin may come down 1-2ppts if all else equal, but with upside risk if land costs fall / ASP rises

Assuming the same ASP & land costs, project margin would fall 1-2ppts in the "post pre-sales" era as financing costs may more than double, due to longer construction time. However, since project IRR drops, local governments may lower land prices in order to attract developers to bid for land. For example, if land costs are lowered by 10%, project margin may rise by 3-4ppts.

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Sales decline is set to widen

As the majority of cash from pre-sales proceeds may now only be collected after one more year, developers will likely reduce land capex to manage cash flows and avoid significant leveraging. We don't expect any material impact in FY26, as the new rules only apply to new investment (and existing land bank where construction permits have not been obtained). However, sales in FY27 will be hit if land-banking turns weaker starting in 2H26.

Below we consider **three scenarios** (note that the forecast is a mechanical approach by assuming the same sell-through rate in all years; in reality, it may fluctuate depending on market sentiment & project quality):

- **Scenario 1 (bearish & unrealistic):** if we assume developers totally stop buying land, by FY30, contracted sales will drop 80%. However, except for non-SOEs, we believe assuming zero land-banking is unrealistic for most SOEs.

Table 4: Impact on contracted sales: *scenario 1* assume no land acquisition at all

	Assume no land acquisition at all										
	Contracted sales (Rmb bn)					Y/Y					
	FY26E	FY27E	FY28E	FY29E	FY30E	FY26E	FY27E	FY28E	FY29E	FY30E	30E vs. 26E
	238	155	123	70	42	2%	-35%	-21%	-43%	-39%	-82%
China Overseas Land	264	174	131	85	57	5%	-34%	-25%	-35%	-33%	-78%
China Merchants Shekou	196	116	92	57	38	0%	-41%	-21%	-38%	-33%	-81%
Poly Developments	228	130	112	67	46	-10%	-43%	-14%	-40%	-32%	-80%
China Jinmao	121	70	56	28	17	7%	-42%	-20%	-50%	-41%	-86%
Longfor	35	26	23	19	15	-50%	-25%	-13%	-17%	-18%	-56%
Average	**1,082**	**672**	**536**	**326**	**216**		**-38%**	**-20%**	**-39%**	**-34%**	**-80%**

Source: Company interim results 1H26, J.P. Morgan estimates
Note: We estimate the contracted sales impact from FY27E onwards based on the decline in sellable resources. We assume part of the existing sellable resources will be absorbed in FY26 contracted sales, and developers will cease landbank replenishment from September 2026 (i.e. since the publication of the "828 policy"), and 20% of the existing landbank without construction permits will convert into sellable resources annually. Applying the FY26E sell-through rate to the resulting sellable resources base, we derive the implied Y/Y decline in contracted sales.

- **Scenario 2 (assume newly acquired sellable resources account for 80% of annual sales):** This essentially assumes a 20% reduction in reinvestment. In this scenario, sales may drop 28% Y/Y in FY27, not only due to slower land-banking in FY26, but also a delay (here we assume 6 months) of pre-sales under the new "828" policy. In this forecast model, sales may temporarily mildly rebound in FY28 due to concentration of new projects becoming available-for-sale (as those originally planned to be sellable in FY27 will be delayed to FY28). However, beyond FY28, sales may still drop a low-single-digit % Y/Y in FY29/FY30, if developers maintain reinvestment momentum (new sellable resources being 80% of annual sales). In this scenario, by FY30, sales scale will have dropped 25% from FY26.

Table 5: Impact on contracted sales: *scenario 2* assume newly acquired sellable resources are 80% of sales every year

	Assume newly acquired sellable resources are 80% of sales every year										
	Contracted sales (Rmb bn)					Y/Y					
	FY26E	FY27E	FY28E	FY29E	FY30E	FY26E	FY27E	FY28E	FY29E	FY30E	30E vs. 26E
	238	171	182	172	166	2%	-28%	7%	-5%	-4%	-30%
China Overseas Land	264	202	210	202	195	5%	-23%	4%	-4%	-3%	-26%
China Merchants Shekou	196	141	159	154	152	0%	-28%	13%	-3%	-2%	-22%
Poly Developments	228	158	191	186	185	-10%	-30%	21%	-3%	0%	-19%
China Jinmao	121	80	91	85	82	7%	-34%	13%	-7%	-3%	-33%
Longfor	35	26	26	28	29	-50%	-25%	1%	8%	3%	-16%
Average	**1,082**	**779**	**860**	**828**	**810**		**-28%**	**10%**	**-4%**	**-2%**	**-25%**

Source: Company interim results 1H26, J.P. Morgan estimates
Note: We estimate the contracted sales impact from FY27E onwards based on the decline in sellable resources. We assume part of the existing sellable resources will be absorbed in FY26 contracted sales, and developers will only replenish 80% of sellable resources as % of contracted sales every year, and 20% of the existing landbank without construction permits will convert into sellable resources annually. Applying the FY26E sell-through rate to the resulting sellable resources base, we derive the implied Y/Y decline in contracted sales.

- **Scenario 3 (assume newly acquired sellable resources account for 80% of annual sales in FY26/27, but normalize to 100% in FY28 onwards):** This scenario mirrors scenario 2, but assumes developers manage to find a new way to manage cash flows, thus after a sales reset in FY27, reinvestment can rematch the pace of sales (100%). In this scenario, after a 28% Y/Y drop in sales in FY27, sales may start to see mild growth again. However, in this relatively optimistic scenario, the contracted sales scale in FY30 would still be 16% below FY26.

Table 6: Impact on contracted sales: *scenario 3* assume newly acquired sellable resources are 80% of sales in FY26/27, then normalize to 100% in FY28 onwards

	Assume newly acquired sellable resources are 80% of sales in FY26/27, then normalize to 100% in FY28 onwards										
	Contracted sales (Rmb bn)					Y/Y					
	FY26E	FY27E	FY28E	FY29E	FY30E	FY26E	FY27E	FY28E	FY29E	FY30E	30E vs. 26E
	238	171	177	174	185	2%	-28%	4%	-2%	6%	-23%
China Overseas Land	264	202	206	204	214	5%	-23%	2%	-1%	5%	-19%
China Merchants Shekou	196	141	155	157	170	0%	-28%	10%	1%	9%	-13%
Poly Developments	228	158	186	190	211	-10%	-30%	17%	2%	11%	-7%
China Jinmao	121	80	88	86	93	7%	-34%	10%	-2%	8%	-23%
Longfor	35	26	26	29	31	-50%	-25%	-1%	10%	10%	-10%
Average	**1,082**	**779**	**839**	**839**	**904**		**-28%**	**8%**	**0%**	**8%**	**-16%**

Source: Company interim results 1H26, J.P. Morgan estimates
Note: We estimate the contracted sales impact from FY27E onwards based on the decline in sellable resources. We assume part of the existing sellable resources will be absorbed in FY26 contracted sales, and developers will only replenish 80% of sellable resources as % of contracted sales in FY26/27, and normalized to 100% in FY28 onwards, and 20% of the existing landbank without construction permits will convert into sellable resources annually. Applying the FY26E sell-through rate to the resulting sellable resources base, we derive the implied Y/Y decline in contracted sales.

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Earnings impact to start in FY29E

Since new projects acquired after August 2026 may not be delivered until end-2028, we believe the earnings impact (because of sales decline) will only start to meaningfully materialize in FY29E.

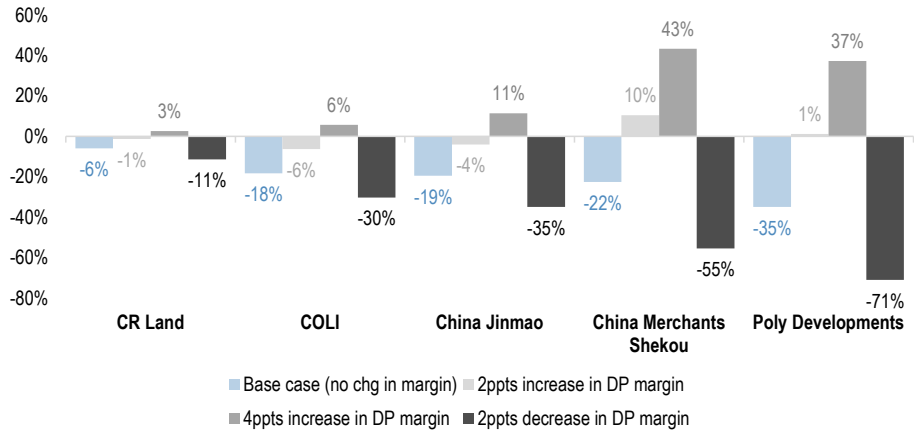
In the "base case" (assuming no change in margin), developers' earnings will generally drop ~20% Y/Y in FY29E (based on a 20-30% Y/Y drop in FY27E sales). Developers with more recurring income (e.g. CR Land) will be least affected due to strong earnings buffer.

If we bearishly assume margins will further drop 2%, then the earnings impact would be 40-50% Y/Y on average.

On the other hand, if we assume margins will expand 2ppts, then the earnings drag from lower delivery would be mostly offset by margin expansion.

Note that the sensitivity is particularly strong for CMSK & Poly Developments due to their very low margin.

Figure 4: Estimated FY29E earnings impact due to decline in FY27 contracted sales



Source: J.P. Morgan estimates
Note: Under our base-case scenario, we forecast FY29E DP revenue to drop at the same Y/Y decline as implied by our FY27E contracted sales analysis (reflecting the typical 2-year lag between contracted sales and profit recognition). This assumes developers replenish sellable resources equivalent to 80% of contracted sales, and further assume a 5% Y/Y growth in non-DP EBIT. We further assume 2% and 4% increase / 2% decrease in DP EBIT margin in the three other scenarios.

ROE to drop with slower turnover

Due to slower asset turnover (slower cash collection under the new "828" policy), ROE is set to drop from ~2% to ~1% (assuming no change in margin). However, due to a very low net margin for most developers, ROE for most China developers has been very low for the past few years (with the exception of CR Land due to strong recurring net profit). However, an upside risk is margin expansion. If margin manages to recover, ROE could also recover. That said, unless margin surprises substantially on the upside, we believe the sector may still at best revert to a ~3% ROE. While this appears low, historically investors have not paid too much attention to ROE in this sector. In fact, Hong Kong developers also have a low ROE (average ~3% - Figure 29) due to the long construction time (4-7 years, though offset by higher margin from IP).

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Table 7: China property developers - core net margin

	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E
COLI	14%	20%	23%	21%	19%	14%	14%	12%	8%
CRL	13%	13%	13%	11%	9%	8%	8%	10%	12%
China Merchant Shekou	7%	6%	2%	3%	1%	0%	1%	2%	1%
Jinmao	11%	6%	0%	-10%	1%	1%	1%	3%	3%
Longfor	10%	10%	9%	6%	5%	-2%	-6%	1%	3%
Poly	12%	9%	6%	3%	1%	0%	0%	2%	2%
Avg	**11%**	**10%**	**9%**	**6%**	**6%**	**4%**	**3%**	**5%**	**5%**

Source: Company annual results 2020-25, J.P. Morgan estimates

Table 8: China property developers – asset turnover

	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E
COLI	0.24x	0.29x	0.20x	0.22x	0.20x	0.18x	0.20x	0.19x	0.17x
CRL	0.22x	0.23x	0.20x	0.22x	0.24x	0.25x	0.21x	0.19x	0.17x
China Merchant Shekou	0.19x	0.20x	0.21x	0.19x	0.20x	0.18x	0.18x	0.17x	0.14x
Jinmao	0.17x	0.22x	0.19x	0.17x	0.13x	0.13x	0.12x	0.12x	0.12x
Longfor	0.26x	0.27x	0.30x	0.24x	0.19x	0.15x	0.16x	0.13x	0.12x
Poly	0.21x	0.22x	0.20x	0.24x	0.22x	0.24x	0.25x	0.24x	0.21x
Avg	**0.22x**	**0.24x**	**0.22x**	**0.21x**	**0.20x**	**0.19x**	**0.19x**	**0.17x**	**0.16x**

Source: Company annual results 2020-25, J.P. Morgan estimates

Table 9: China property developers – core ROE

	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E
COLI	11%	10%	7%	6%	4%	3%	3%	3%	3%
CRL	13%	12%	11%	11%	9%	8%	6%	7%	7%
China Merchant Shekou	4%	3%	1%	2%	1%	0%	0%	1%	1%
Jinmao	7%	5%	0%	-6%	1%	1%	1%	1%	2%
Longfor	10%	10%	10%	5%	3%	-1%	-2%	0%	1%
Poly	11%	9%	6%	4%	1%	0%	0%	1%	1%
Avg	**9%**	**8%**	**6%**	**4%**	**3%**	**2%**	**1%**	**2%**	**2%**

Source: Company annual results 2020-25, J.P. Morgan estimates



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Scenario analysis of "normalized earnings"

Over the next few years, it is unlikely that P/E could be a primary valuation yardstick for Chinese developers as most may still see a low net margin (or some even still at a net loss). However, over the medium to long term (say 5 years), both sales & margins may rebound to a more stable level. As such, we conduct a sensitivity exercise to gauge the fair share price in different scenarios and valuation multiples. This exercise helps us gauge the risk reward of investing in these developers.

For each SOE developer below, we assume contracted sales in a mature stage see a 0%/-30%/-50% decline from FY26E, then, we assume: (1) no change in DP margin; (2) +2%/-2% in DP margin to gauge normalized earnings. Note that we use real reported margin for CR Land & COLI. However, for Jinmao, Poly & CMSK, since their latest booking margins are very low (<2%), here we conservatively assume that, in "normalized earnings", net margin can rebound to 2%. In addition to "normalized DP earnings", when we consider the implied share price, we also consider the FY27E net profit contribution from non-DP businesses (e.g. rental income from IP, property services).

For P/E multiple, in the first (more bullish) scenario, we apply a 10x P/E for DP (benchmarking US homebuilders) and 15x P/E for non-DP (benchmarking HK landlords). However, since we can also argue for a lower P/E due to higher policy risk or lower-quality assets, in the second table, we apply a 6x P/E for DP (average P/E of Chinese developers before the liquidity crisis in 2021) and a 10x P/E for non-DP.

In conclusion, from the perspective of P/E based on normalized earnings, **CR Land and Jinmao offer good risk reward, while CMSK & Poly do not offer good risk reward.**

Table 10: CR Land - implied share price based on normalized earnings

Assume 10x for DP & 15x for non-DP

DP net margin chg.	Contracted sales change								
	Implied share price (HK$)			Implied upside / downside			Blended P/E		
	0%	-30%	-50%	0%	-30%	-50%	0%	-30%	-50%
-2%	39.1	37.1	35.7	34%	27%	23%	13.8x	14.1x	14.3x
0%	44.3	40.7	38.3	52%	40%	31%	13.2x	13.6x	13.9x
2%	49.5	44.4	41.0	70%	52%	40%	12.8x	13.2x	13.6x

Assume 6x for DP & 10x for non-DP

DP net margin chg.	Contracted sales change								
	Implied share price (HK$)			Implied upside / downside			Blended P/E		
	0%	-30%	-50%	0%	-30%	-50%	0%	-30%	-50%
-2%	25.6	24.4	23.6	-12%	-16%	-19%	9.1x	9.3x	9.5x
0%	28.7	26.6	25.2	-1%	-9%	-14%	8.6x	8.9x	9.1x
2%	31.9	28.8	26.7	9%	-1%	-8%	8.2x	8.6x	8.9x

Source: J.P. Morgan estimates, Bloomberg Finance L.P., as of close of 11 September 2026
Note: We conducted a sensitivity analysis on developers' normalized earnings based on (1) 0%/30%/50% decline in FY26E contracted sales, and a -2%/0%/+2% change in DP net margin. We then combined our DP net profit with non-DP profit estimates, and assign (1) 10x P/E for DP and 15x P/E for IP; (2) 6x P/E for DP and 10x P/E for IP, to derive the implied share price.

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Table 11: COLI - implied share price based on normalized earnings

Assume 10x for DP & 15x for non-DP

DP net margin chg.	Contracted sales change								
	Implied share price (HK$)			Implied upside / downside			Blended P/E		
	0%	-30%	-50%	0%	-30%	-50%	0%	-30%	-50%
-2%	15.4	12.1	9.9	23%	-3%	-21%	11.1x	11.4x	11.8x
0%	20.3	15.6	12.4	63%	25%	-1%	10.8x	11.0x	11.4x
2%	25.3	19.1	14.9	103%	53%	19%	10.6x	10.8x	11.1x

Assume 6x for DP & 10x for non-DP

DP net margin chg.	Contracted sales change								
	Implied share price (HK$)			Implied upside / downside			Blended P/E		
	0%	-30%	-50%	0%	-30%	-50%	0%	-30%	-50%
-2%	9.5	7.5	6.2	-24%	-40%	-50%	6.9x	7.1x	7.4x
0%	12.5	9.6	7.7	0%	-23%	-38%	6.6x	6.8x	7.1x
2%	15.5	11.7	9.2	24%	-6%	-26%	6.5x	6.7x	6.9x

Source: J.P. Morgan estimates, Bloomberg Finance L.P., as of close of 11 September 2026
Note: We conducted a sensitivity analysis on developers' normalized earnings based on (1) 0%/30%/50% decline in FY26E contracted sales, and a -2%/0%/+2% change in DP net margin. We then combined our DP net profit with non-DP profit estimates, and assign (1) 10x P/E for DP and 15x P/E for IP; (2) 6x P/E for DP and 10x P/E for IP, to derive the implied share price.

Table 12: China Jinmao - implied share price based on normalized earnings (assume 2% net margin)

Assume 10x for DP & 15x for non-DP

DP net margin chg.	Contracted sales change								
	Implied share price (HK$)			Implied upside / downside			Blended P/E		
	0%	-30%	-50%	0%	-30%	-50%	0%	-30%	-50%
-2%	1.3	1.3	1.3	3%	3%	3%	15.0x	15.0x	15.0x
0%	2.7	2.2	2.0	116%	82%	59%	11.9x	12.3x	12.7x
2%	4.1	3.2	2.7	228%	161%	116%	11.2x	11.5x	11.9x

Assume 6x for DP & 10x for non-DP

DP net margin chg.	Contracted sales change								
	Implied share price (HK$)			Implied upside / downside			Blended P/E		
	0%	-30%	-50%	0%	-30%	-50%	0%	-30%	-50%
-2%	0.8	0.8	0.8	-31%	-31%	-31%	10.0x	10.0x	10.0x
0%	1.7	1.4	1.3	36%	16%	2%	7.5x	7.9x	8.2x
2%	2.5	2.0	1.7	104%	63%	36%	6.9x	7.2x	7.5x

Source: J.P. Morgan estimates, Bloomberg Finance L.P., as of close of 11 September 2026
Note: We conducted a sensitivity analysis on developers' normalized earnings based on (1) 0%/30%/50% decline in FY26E contracted sales, and a -2%/0%/+2% change in DP net margin. We then combined our DP net profit with non-DP profit estimates, and assign (1) 10x P/E for DP and 15x P/E for IP; (2) 6x P/E for DP and 10x P/E for IP, to derive the implied share price.

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Table 13: China Merchants Shekou - implied share price based on normalized earnings (assume 2% net margin)

Assume 10x for DP & 15x for non-DP

DP net margin chg.	Contracted sales change								
	Implied share price (Rmb)			Implied upside / downside			Blended P/E		
	0%	-30%	-50%	0%	-30%	-50%	0%	-30%	-50%
-2%	1.3	1.3	1.3	-81%	-81%	-81%	15.0x	15.0x	15.0x
0%	3.8	3.0	2.5	-44%	-55%	-63%	11.2x	11.6x	12.0x
2%	6.3	4.8	3.8	-7%	-29%	-44%	10.7x	11.0x	11.2x

Assume 6x for DP & 10x for non-DP

DP net margin chg.	Contracted sales change								
	Implied share price (Rmb)			Implied upside / downside			Blended P/E		
	0%	-30%	-50%	0%	-30%	-50%	0%	-30%	-50%
-2%	0.8	0.8	0.8	-88%	-88%	-88%	10.0x	10.0x	10.0x
0%	2.4	1.9	1.6	-65%	-72%	-76%	7.0x	7.3x	7.6x
2%	3.9	3.0	2.4	-43%	-56%	-65%	6.6x	6.8x	7.0x

Source: J.P. Morgan estimates, Bloomberg Finance L.P., as of close of 11 September 2026
Note: We conducted a sensitivity analysis on developers' normalized earnings based on (1) 0%/30%/50% decline in FY26E contracted sales, and a -2%/0%/+2% change in DP net margin. We then combined our DP net profit with non-DP profit estimates, and assign (1) 10x P/E for DP and 15x P/E for IP; (2) 6x P/E for DP and 10x P/E for IP, to derive the implied share price.

Table 14: Poly Developments – A - implied share price based on normalized earnings (assume 2% net margin)

Assume 10x for DP & 15x for non-DP

DP net margin chg.	Contracted sales change								
	Implied share price (Rmb)			Implied upside / downside			Blended P/E		
	0%	-30%	-50%	0%	-30%	-50%	0%	-30%	-50%
-2%	1.9	1.9	1.9	-63%	-63%	-63%	15.0x	15.0x	15.0x
0%	4.8	3.9	3.3	-6%	-23%	-34%	11.5x	11.9x	12.3x
2%	7.6	5.9	4.8	51%	17%	-6%	10.9x	11.2x	11.5x

Assume 6x for DP & 10x for non-DP

DP net margin chg.	Contracted sales change								
	Implied share price (Rmb)			Implied upside / downside			Blended P/E		
	0%	-30%	-50%	0%	-30%	-50%	0%	-30%	-50%
-2%	1.3	1.3	1.3	-75%	-75%	-75%	10.0x	10.0x	10.0x
0%	3.0	2.5	2.1	-41%	-51%	-58%	7.2x	7.5x	7.9x
2%	4.7	3.7	3.0	-7%	-27%	-41%	6.7x	6.9x	7.2x

Source: J.P. Morgan estimates, Bloomberg Finance L.P., as of close of 11 September 2026
Note: We conducted a sensitivity analysis on developers' normalized earnings based on (1) 0%/30%/50% decline in FY26E contracted sales, and a -2%/0%/+2% change in DP net margin. We then combined our DP net profit with non-DP profit estimates, and assign (1) 10x P/E for DP and 15x P/E for IP; (2) 6x P/E for DP and 10x P/E for IP, to derive the implied share price.

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Gauging the downside

To gauge the potential downside, we make use of two approaches:

Approach 1) Absolute share price vs. 1-year/3-year low: Benchmarking 1-year low, the sector could see 8% downside, but if based on a 3-year low, then the sector could still see 23% downside.

Table 15: China Property developers - current share price vs. 1-year/3-year low

Company	Ticker	Last Price (LC$)	1-year low (LC$)	vs. 1-year low	3-year low (LC$)	vs. 3-year low
Longfor	960.HK	5.67	5.67	0%	5.67	0%
Shimao	813.HK	0.04	0.04	0%	0.04	0%
CIFI	884.HK	0.03	0.03	0%	0.03	0%
Greentown	3900.HK	5.68	5.68	0%	4.55	-20%
Poly Property	119.HK	1.22	1.22	0%	1.14	-7%
C&D	1908.HK	12.15	11.89	-2%	8.88	-27%
Seazen - H	1030.HK	1.36	1.33	-2%	0.92	-32%
Sunac	1918.HK	0.55	0.53	-3%	0.53	-3%
Country Garden	2007.HK	0.17	0.17	-3%	0.17	-3%
Vanke - A	000002.CH	3.06	2.95	-4%	2.95	-4%
Yuexiu Property	123.HK	3.13	3.01	-4%	3.01	-4%
China Jinmao	817.HK	1.24	1.17	-5%	0.45	-63%
Vanke - H	2202.HK	2.24	2.12	-5%	2.12	-5%
Gemdale - A	600383.CH	2.21	2.09	-5%	2.09	-5%
Greenland - A	600606.CH	1.28	1.21	-5%	1.21	-5%
Binjiang - A	002244.CH	8.01	7.47	-7%	5.62	-30%
China Merchants Shekou - A	001979.CH	6.76	6.27	-7%	6.27	-7%
Agile	3383.HK	0.15	0.14	-7%	0.14	-7%
COLI	688.HK	12.48	11.32	-9%	9.16	-27%
Poly Developments - A	600048.CH	5.06	4.58	-9%	4.58	-9%
CR Land	1109.HK	29.16	26.10	-10%	17.45	-40%
Seazen - A	601155.CH	11.63	10.14	-13%	8.05	-31%
COGO	81.HK	2.79	1.92	-31%	1.31	-53%
Average				-8%		-23%

Source: Bloomberg Finance L.P., as of 11 Sep 2026.

Approach 2) P/B trough: Developers are now trading at 0.44x P/B, and if we benchmark to the trough P/B of 0.36x, there could be 17% downside. That said, we can argue that, despite the cash flow disruptions of developers, at least margins/prices may stabilize and thus the operating environment/outlook for developers is still arguably better than 2-3 years ago, and thus derating to the P/B trough may not necessarily be reasonable.

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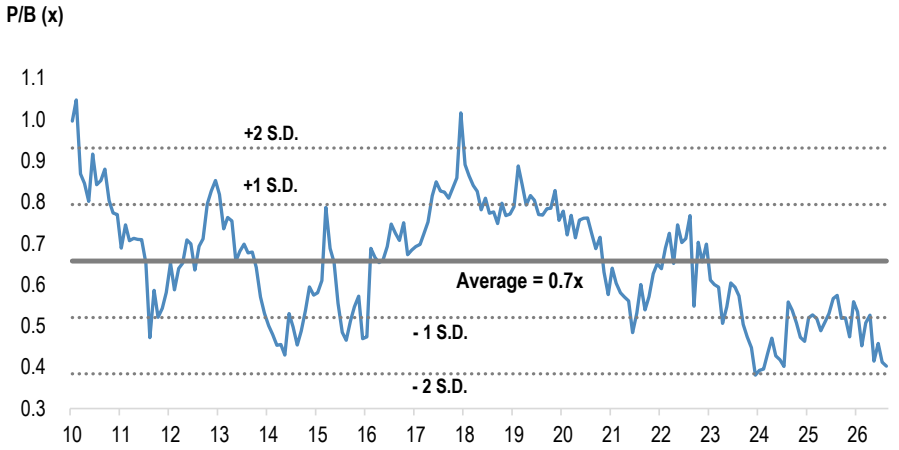
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Table 16: China Property developers - current P/B vs. trough P/B (& implied downside)

Company	Ticker	P/B (x) Current	Min P/B since 2019	Implied downside
Yuexiu Property*	123.HK	0.20	0.20	-
Longfor	960.HK	0.23	0.22	-2%
China Merchants Shekou	001979.CH	0.62	0.58	-7%
COLI	688.HK	0.30	0.27	-11%
C&D*	1908.HK	0.62	0.54	-13%
Poly Developments	600048.CH	0.32	0.28	-14%
Greentown*	3900.HK	0.35	0.30	-14%
CR Land	1109.HK	0.56	0.42	-26%
Seazen - H	1030.HK	0.19	0.12	-35%
COGO*	81.HK	0.27	0.14	-49%
China Jinmao	817.HK	0.40	0.13	-66%
Average		**0.44**	**0.36**	**-17%**

Source: Bloomberg Finance L.P., as of 11 Sep 2026.
Note: * refers to companies not under J.P. Morgan coverage; the P/B data is based on Bloomberg consensus estimates.

Figure 5: China Property - SOE developers' 12m forward P/B time series



Source: Bloomberg Finance L.P. estimates., retrieved on 11 Sep 2026.

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Top picks to weather the storm

- The "828" policy will likely have a limited impact on CR Mixc apart from marginally slower GFA growth from residential property management. However, ~70% of its earnings come from commercial operations, which are insulated from the pre-sales decline in FY27. CR Mixc is set to deliver a 10% Y/Y earnings growth (and DPS growth) in FY26, and even after that we still forecast a high-single-digit % earnings growth (which has good visibility due to the strong pipeline of mall openings). While CR Mixc is now more positioned as a China commercial proxy (but with market share gains), its share price has historically been partially affected by the property beta too. On fundamentals, after mildly disappointing same-store sales in June & July, we expect mild improvement in August. Despite a high base, we expect CR Mixc to deliver mildly positive Y/Y growth in same-store tenant sales for the rest of the year. However, the biggest downside risk to the stock is worse-than-expected tenant sales & rental reversion.

- **KE Holdings (BEKE US) (covered by Daniel Chen):** We like BEKE as it is a potential beneficiary of the recent policy changes: 1) Lower primary home supply will likely boost secondary home sales transaction volume which contributes 26%/36% of BEKE's revenue/profit. 2) BEKE can mitigate the headwind from falling primary home sales through further market share gains. BEKE has increased its share from 9% in 2022 to 12% now. We believe there is room for further market share gains, as its rich buyer/seller resources and agency network remain essential for developers. 3) Recent HPF easing will support housing related consumption such as rentals and renovations which is positive for BEKE's home renovation & furnishing/home rental service. These two segments together account for 28% of the contribution profit in 2026E. In all, we are constructive on BEKE, given its resilient earnings growth outlook (JPMe 16% OP growth in 27-28E), supported by market share gains, operating leverage and rising contributions from new businesses BEKE is trading at 14x 2026E P/E now. For more discussion, please refer to the report from Daniel Chen.

- Among developers, we believe CR Land is the best positioned to weather the storm, as >50% of its earnings come from recurring income. Therefore, even if CR Land's contracted sales drop 20% Y/Y in FY27, we expect the net profit impact (without considering margin uptick) to be <10%. Moreover, the current P/E of CR Land is only <9x, while Sun Hung Kai Properties (a leading HK developer/landlord with similar earnings structure) is trading at mid-teens P/E. Even if we assume zero value to CR Land's DP, CR Land is trading at a 13x P/E solely on its recurring income, which we think is still not stretched. Based on our "stabilized earnings" analysis above, CR Land also demonstrates good risk reward even if contracted sales are bound to drop.

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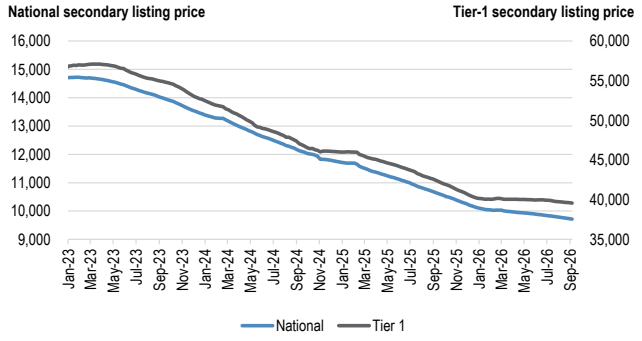
Rating downgrades

- **China Merchants Shekou (001979.CH) – Downgrade from Overweight to Underweight:** As a leading SOE, we believe CMSK will continue to gain market share. However, earnings execution has been weak with FY25 and 1H26 results seeing <1% net margin. We see limited visibility on when there will be a turnaround in margin/earnings. As the recent "828" policy may drive a sector derating due to a likely sales scale reset and more uncertainties about cash flows, we believe developers with richer valuations are more prone to profit-taking. On a P/B basis, CMSK is trading at a 0.6x P/B (one of the highest), while in our "stabilized earnings" analysis above, where we assume a 2% net margin, CMSK doesn't offer good risk reward in all scenarios. If we assume a 30% drop in normalized sales at a 2% net margin (currently even worse than 2%), then the stock is trading at 26x P/E. Even if we assume no drop in normalized sales scale at a 4% net margin, the implied P/E is 11x, which is also stretched for a company with limited recurring income (non-DP businesses only generate a 3% net margin).
- **Poly Developments (600048.CH) – Downgrade from Overweight to Neutral:** Poly's contracted sales have underperformed SOE peers YTD (-8% Y/Y vs. +1% among SOE peers). Net margin has remained low at <2%, and so far the company is entering the 6th year of earnings decline. While we believe FY27 may see a potential turnaround in margins, given the mediocre earnings execution, we would wait for proof to buy the stock. However, since Poly is trading at 0.3x P/B (almost the lowest among top 10 SOEs), we see limited downside from here (while in the near term we also don't see rerating catalysts). As such, we are Neutral.
- **Longfor Group (960.HK) – Downgrade from Overweight to Neutral:** We believe Longfor's default risk remains low, and the company will likely remain one of the few survivors among non-SOEs. Even if cash collection from sales drops 50% in FY27, we expect Longfor's OCF to remain neutral. Tactically, Longfor could be viewed as a high-beta proxy to ride on sector improvement or policy expectations. Unfortunately, in the near term these factors may not materialize yet. Fundamentally, we expect core net loss to widen to Rmb5.4 bn in FY26. While profit may turn positive in FY27, given the uncertainty about DP margin, we believe it is too early to buy on earnings turnaround, and we would wait for a better entry point. The current share price implies a 4-5x P/E on our FY28E ex-DP net profit of Rmb8bn (assuming 50% interest capitalization ratio & 50% allocation to non-DP), which is undemanding. Therefore, we are Neutral.
- **China Jinmao (817.HK) – Downgrade from Overweight to Neutral:** The stock used to be one of our top picks as its sales momentum has outperformed in the past 1-2 years. Accordingly, before the "828" policy, Jinmao was already one of the sector's best outperformers. However, due to Jinmao's thinner land bank and higher leverage, compared to other SOEs, we fear that Jinmao may have to reduce land-banking more than peers do, and thus contracted sales may underperform. In particular, the 0.4x P/B is not exactly very cheap compared to SOE peers. We still like Jinmao as a company due to improving corporate governance, better track record in management guidance & good product positioning (high end in top-tier cities, which is actually less affected by the "828" policy). However, the uncertainties on sales growth outlook likely outweigh these qualities in the near term. We are Neutral for now, but we could turn more positive if Jinmao is able to demonstrate a more resilient sales/margin momentum.

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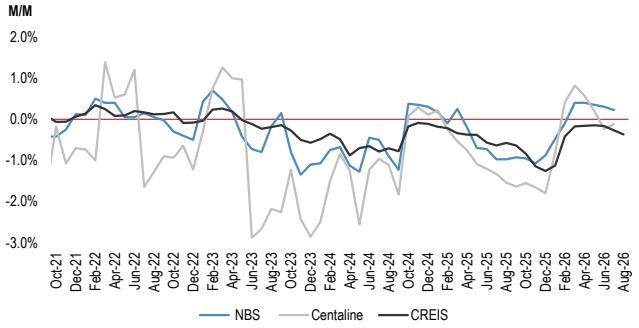
No “exciting” trends in high-frequency data yet

Figure 6: National & tier-1 cities’ Iceberg index (secondary listing price)



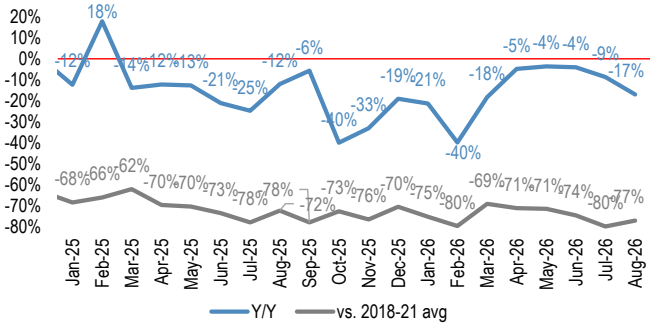
Source: Iceberg Index (as of 6 Sep 2026)

Figure 7: Tier-1 cities’ secondary home prices M/M change (NBS / Centaline / CREIS)



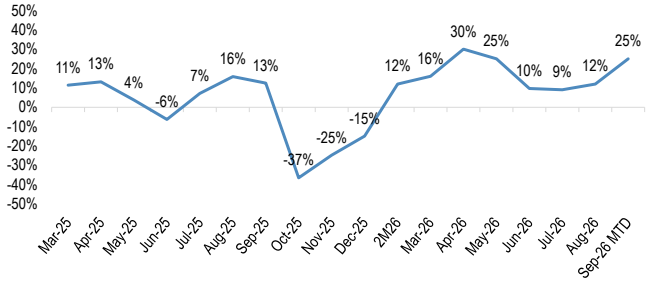
Source: NBS, Centaline, CREIS

Figure 8: CREIS top-100 developers’ aggregate attributable contracted sales Y/Y growth and vs. 2018-21 average



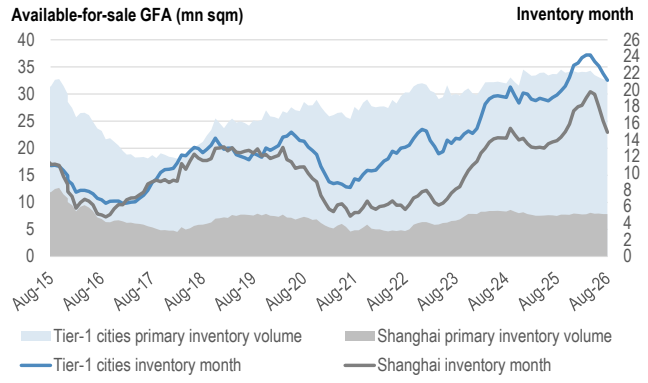
Source: CREIS

Figure 9: Iceberg Index’s 26-city real-time secondary sales volume Y/Y



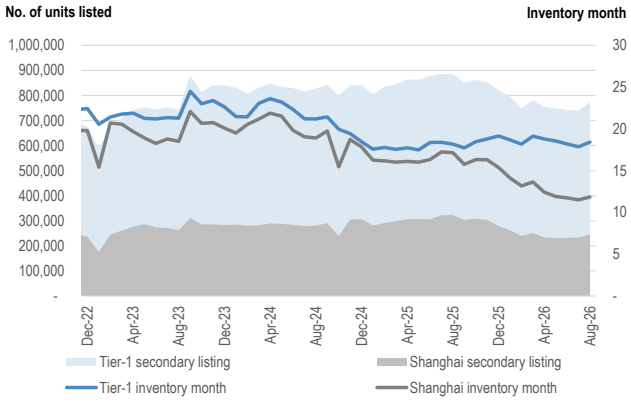
Source: Iceberg Index (Sep-2026 MTD data retrieved on 11 Sep 2026)

Figure 10: Tier-1 cities’ primary inventory volume and months (based on 12-month rolling sales)



Source: CREIS
Note: for this chart, tier-1 cities only include Beijing, Shanghai & Guangzhou

Figure 11: Tier-1 cities – secondary listings and inventory months



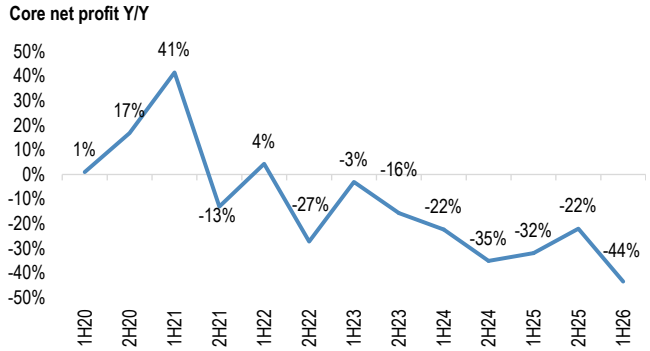
Source: CREIS

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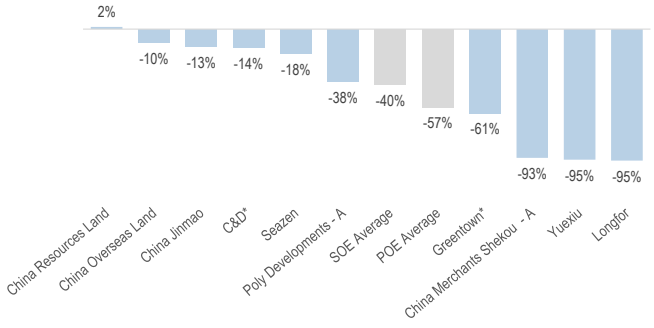
Developers – 1H26 results review

Figure 12: Developers – Core net profit Y/Y growth



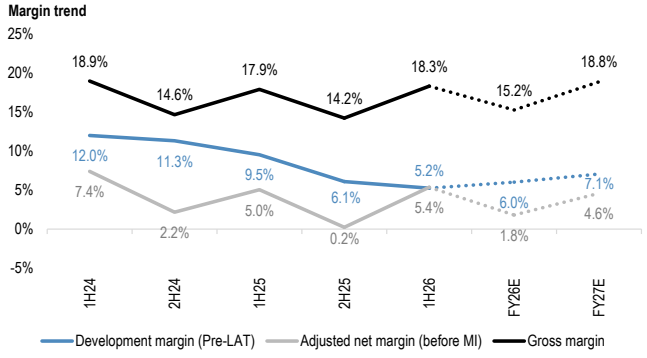
Source: Company results announcements 1H20-1H26.

Figure 13: Developers – 1H26 core net profit Y/Y growth



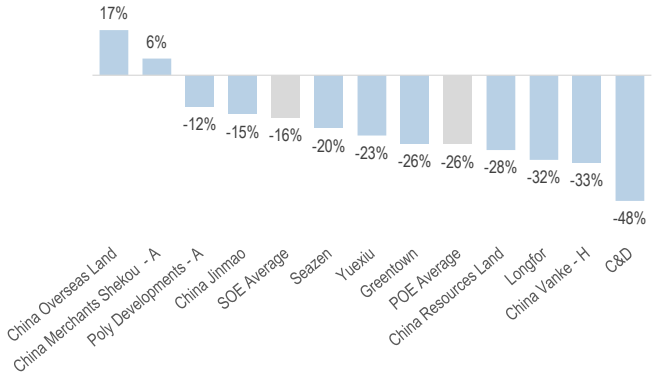
Source: Company results announcements 1H26.
Note: C&D & Greentown are based on reported net profit; excluding companies with a net loss

Figure 14: Developers – Margin trend



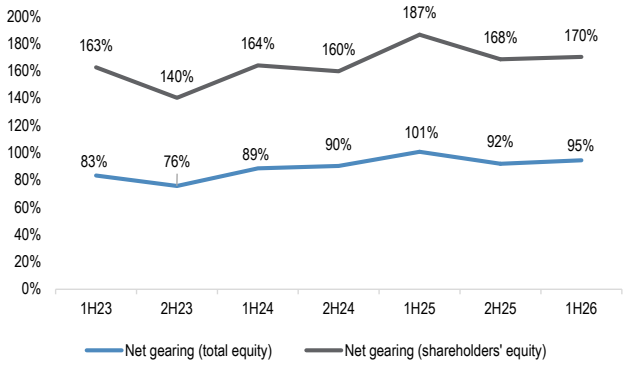
Source: Company results announcements 1H24-1H26, J.P. Morgan estimates

Figure 15: Developers – 1H26 revenue Y/Y growth



Source: Company results announcements 1H26.

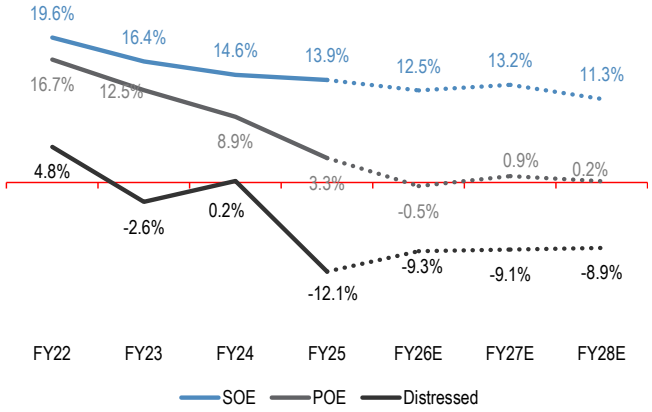
Figure 16: Developers' net gearing



Source: Company annual results announcements, 1H23 – 1H26

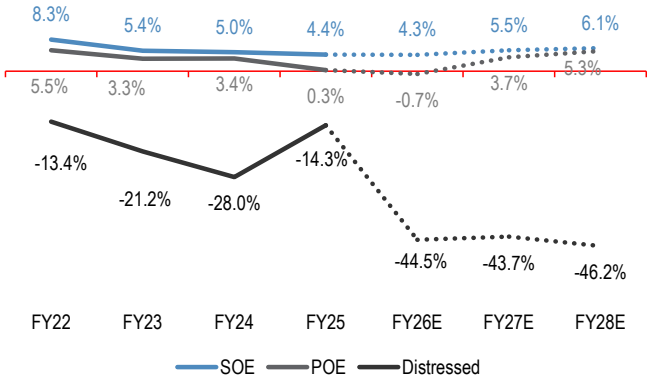
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Figure 17: Developers' gross development margin by type



Source: Company annual results announcements, FY22-25; J.P. Morgan estimates (as of 10 Sep 2026).

Figure 18: Developers' core net margin by type



Source: Company annual results announcements, FY22 – 25; J.P. Morgan estimates (as of 10 Sep 2026).

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Table 17: Developers – 1H26 revenue & core net profit

		1H26					
		Revenue		Core net profit		Core EPS	
Company	Ticker	(Rmb mn)	Y/Y%	(Rmb mn)	Y/Y%	(Rmb)	Y/Y%
	1109 HK	67,869	-28%	10,160	2%	1.42	2%
China Overseas Land	688 HK	97,599	17%	7,930	-10%	0.72	-10%
Poly Developments - A	600048 CH	102,860	-12%	1,868	-38%	0.16	-38%
China Merchants Shekou - A	001979 CH	54,784	6%	63	-93%	0.01	-93%
China Jinmao	817 HK	22,391	-15%	676	-13%	0.05	-13%
Yuexiu	123 HK	36,649	-23%	80	-95%	0.02	-95%
Greentown*	3900 HK	39,481	-26%	82	-61%	0.03	-61%
C&D*	1908 HK	17,797	-48%	790	-14%	0.36	-25%
SOE Average			**-16%**		**-40%**		**-42%**
Longfor	960 HK	39,795	-32%	64	-95%	0.01	-95%
Seazen	1030 HK	17,686	-20%	627	-18%	0.09	-20%
POE Average			**-26%**		**-57%**		**-58%**
China Vanke - H	2202 HK	70,169	-33%	(13,840)	n/m	(1.16)	n/m
Country Garden	2007 HK	44,081	-39%	(17,329)	n/m	(0.41)	n/m
Shimao	813 HK	10,961	-26%	(6,048)	n/m	(0.65)	n/m
Sunac	1918 HK	16,349	-18%	(10,126)	n/m	(0.62)	n/m
Distressed Average			**-29%**		**n/m**		**n/m**
Average			**-21%**		**-44%**		**-38%**

Source: Company results announcements 1H26. Note: C&D & Greentown are based on reported net profit

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Table 18: Developers' impairment losses (accumulative FY20-1H26 & 1H26)

(Rmb billion)	Accumulative impairment provision	Impairment provision 1H26	As % of COGS	As % of property under dev.
	32.7	2.1	4.2%	0.5%
China Overseas Land	3.6	0.3	0.4%	0.1%
China Merchants Shekou	17.0	-	0.0%	0.0%
Poly Developments - A	16.6	-	0.0%	0.0%
China Jinmao	14.7	0.0	0.2%	0.0%
Yuexiu	9.9	0.6	1.8%	0.3%
Greentown	12.2	1.2	3.4%	0.6%
C&D	14.2	0.5	3.4%	0.2%
SOE	**120.9**	**4.7**	**1.7%**	**0.2%**
Longfor	4.4	-	0.0%	0.0%
Seazen	20.5	-	0.0%	0.0%
POE	**24.9**	**-**	**0.0%**	**0.0%**
China Vanke	41.9	3.9	7.9%	1.1%
Country Garden	171.3	6.2	12.3%	1.4%
Shimao	65.5	0.5	4.5%	0.3%
Sunac	73.6	4.5	24.3%	1.0%
Distressed	**352.4**	**15.1**	**12.3%**	**1.0%**
Total	**498.3**	**19.9**	**4.5%**	**0.4%**

Source: Company results announcements, accumulative impairment refers to FY20-1H26; J.P. Morgan.
Note: On consolidated basis only

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Margin

Table 19: Developers – pre-LAT gross development margin

	Development margin (Pre-LAT)						
	1H24	2H24	1H25	2H25	1H26	FY26E	FY27E
CR Land	12.4%	18.3%	15.6%	15.5%	10.0%	12.4%	13.2%
COLI	21.1%	12.4%	16.0%	11.8%	14.8%	13.7%	13.9%
Poly Developments - A	15.8%	12.3%	14.9%	11.7%	12.1%	11.3%	12.3%
China Merchants Shekou - A	13.2%	16.4%	16.6%	14.8%	15.7%	15.2%	14.7%
China Jinmao	11.3%	9.7%	11.7%	12.2%	6.5%	9.9%	12.1%
Yuexiu	18.6%	2.7%	14.2%	-10.5%	8.6%	-	-
Greentown	11.7%	11.7%	12.7%	10.4%	9.7%	-	-
C&D	11.5%	12.9%	12.1%	13.8%	13.6%	-	-
SOE Average	**14.8%**	**13.8%**	**15.0%**	**13.2%**	**11.8%**	**12.5%**	**13.2%**
Longfor	7.4%	5.4%	0.2%	-18.3%	-12.7%	-13.8%	-10.2%
Seazen	10.9%	12.2%	8.0%	16.3%	9.9%	12.8%	11.9%
POE Average	**9.2%**	**8.8%**	**4.1%**	**-1.0%**	**-1.4%**	**-0.5%**	**0.9%**
China Vanke	5.7%	8.2%	2.6%	-6.1%	-2.0%	-2.5%	-2.7%
Country Garden	-4.0%	0.7%	-11.7%	-43.2%	-17.0%	-14.8%	-14.8%
Sunac	5.2%	-3.2%	0.5%	-9.7%	15.8%	-9.9%	-8.7%
Shimao	0.1%	-11.4%	-6.0%	-140.4%	-0.3%	-10.0%	-10.0%
Distressed Average	**1.7%**	**-1.4%**	**-3.7%**	**-49.9%**	**-0.9%**	**-9.3%**	**-9.1%**
Peers Average	**12.0%**	**11.3%**	**9.5%**	**6.1%**	**5.2%**	**6.0%**	**7.1%**

Source: Company results announcements 1H24-1H26, J.P. Morgan estimates (as of 10 September 2026). Note: peer average excludes distressed companies, and companies not under J.P. Morgan coverage (Yuexiu / Greentown / C&D).

Table 20: Developers – overall gross margin

	Gross margin						
	1H24	2H24	1H25	2H25	1H26	FY26E	FY27E
CR Land	22.2%	21.4%	24.0%	19.8%	25.4%	23.7%	24.7%
COLI	22.1%	13.8%	17.4%	13.7%	16.1%	0.0%	0.0%
Poly Developments - A	16.0%	12.2%	15.3%	11.2%	13.0%	0.0%	0.0%
China Merchants Shekou - A	11.1%	15.0%	13.4%	12.7%	12.3%	12.3%	11.4%
China Jinmao	16.2%	13.6%	16.2%	15.1%	11.6%	14.6%	16.3%
Yuexiu	13.7%	8.2%	10.6%	4.3%	6.2%	-	-
Greentown	13.1%	12.5%	13.4%	11.1%	11.1%	-	-
C&D	11.9%	13.7%	12.9%	14.2%	14.3%	-	-
SOE Average	**17.5%**	**15.2%**	**17.2%**	**14.5%**	**15.7%**	**10.1%**	**10.5%**
Longfor	20.6%	13.4%	12.6%	5.2%	11.1%	6.0%	15.5%
Seazen	20.1%	14.8%	24.4%	22.6%	30.7%	34.7%	38.9%
POE Average	**20.3%**	**14.1%**	**18.5%**	**13.9%**	**20.9%**	**20.3%**	**27.2%**
China Vanke	6.8%	9.3%	5.1%	-3.3%	2.3%	1.3%	1.7%
Country Garden	-1.7%	0.0%	-8.9%	-44.5%	-13.6%	-15.0%	-14.8%
Sunac	-5.7%	13.1%	-10.8%	6.7%	-14.0%	17.6%	16.7%
Shimao	-2.6%	-12.9%	-11.6%	-177.8%	-1.2%	4.9%	3.1%
Distressed Average	**-0.8%**	**2.4%**	**-6.5%**	**-54.7%**	**-6.6%**	**2.2%**	**1.7%**
Peers Average	**18.9%**	**14.6%**	**17.9%**	**14.2%**	**18.3%**	**15.2%**	**18.8%**

Source: Company results announcements 1H24-1H26, J.P. Morgan estimates (as of 10 September 2026). Note: peer average excludes distressed companies, and companies not under J.P. Morgan coverage (Yuexiu / Greentown / C&D).

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Table 21: Developers – core net margin

	Adjusted net margin (before MI)						
	1H24	2H24	1H25	2H25	1H26	FY26E	FY27E
CR Land	14.6%	10.8%	12.2%	8.8%	19.1%	10.0%	11.5%
COLI	12.9%	6.1%	10.2%	5.6%	9.0%	7.6%	8.2%
Poly Developments - A	6.3%	-0.8%	5.2%	-0.7%	3.1%	0.6%	2.2%
China Merchants Shekou - A	1.4%	0.1%	2.3%	-0.7%	1.3%	0.9%	1.9%
China Jinmao	3.0%	-0.2%	0.5%	3.3%	2.4%	2.6%	3.7%
Yuexiu	5.7%	-1.9%	3.9%	-2.4%	0.2%	-	-
Greentown	9.2%	4.2%	6.3%	4.7%	4.2%	-	-
C&D	2.5%	3.1%	2.7%	2.2%	4.4%	-	-
SOE Average	**7.7%**	**3.2%**	**6.1%**	**3.3%**	**7.0%**	**4.3%**	**5.5%**
Longfor	10.9%	3.4%	4.0%	-4.6%	1.8%	-3.5%	3.3%
Seazen	3.4%	-1.2%	4.0%	-1.1%	5.8%	2.0%	4.1%
POE Average	**7.1%**	**1.1%**	**4.0%**	**-2.8%**	**3.8%**	**-0.7%**	**3.7%**
China Vanke	-4.7%	-17.8%	-9.2%	-58.9%	-16.7%	-10.9%	-10.5%
Country Garden	-14.6%	-13.0%	-26.8%	-86.6%	-39.6%	-54.3%	-51.9%
Sunac	-36.5%	-17.2%	-47.8%	11.9%	-61.9%	-29.7%	-31.4%
Shimao	-82.5%	-48.2%	-62.6%	-416.4%	-57.8%	-83.2%	-80.9%
Distressed Average	**-34.6%**	**-24.1%**	**-36.6%**	**-137.5%**	**-44.0%**	**-44.5%**	**-43.7%**
Peers Average	**7.4%**	**2.2%**	**5.0%**	**0.2%**	**5.4%**	**1.8%**	**4.6%**

Source: Company results announcements 1H24-1H26, J.P. Morgan estimates (as of 10 September 2026). Note: peer average excludes distressed companies, and companies not under J.P. Morgan coverage (Yuexiu / Greentown / C&D).

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Dividend

Table 22: Developers – interim dividend

		Interim DPS (HK$)		1H26	Payout ratio (on core net profit)	
	Ticker	1H25	1H26	Y/Y	1H25	1H26
	1109.HK	0.22	0.23	5%	15%	15%
China Overseas Land	0688.HK	0.25	0.23	-8%	29%	27%
Poly Developments - A (Rmb)	600048.SH	-	-	-	0%	0%
China Merchants Shekou - A (Rmb)	001979.CH	-	-	-	0%	0%
China Jinmao	0817.HK	0.03	0.03	0%	48%	54%
Yuexiu	0123.HK	0.17	0.01	-95%	40%	40%
Greentown*	3900.HK	-	-	-	0%	0%
C&D*	1908.HK	-	-	-	0%	0%
SOE avg.				**-24%**	**12%**	**9%**
Longfor	0960.HK	0.08	-	-100%	35%	0%
Seazen	1030.HK	-	-	-	0%	0%
Non-distressed Quasi-SOE / POE avg.				**-100%**	**18%**	**0%**
China Vanke - H	2202.HK	-	-	-	0%	0%
Country Garden	2007.HK	-	-	-	0%	0%
Shimao	0813.HK	-	-	-	0%	0%
Sunac	1918.HK	-	-	-	0%	0%
Distressed avg.				-	**0%**	**0%**

Note: *payout ratio on reported net profit

Source: Company results announcements 1H25-1H26.

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Balance Sheet

Table 23: China developers – Net Gearing

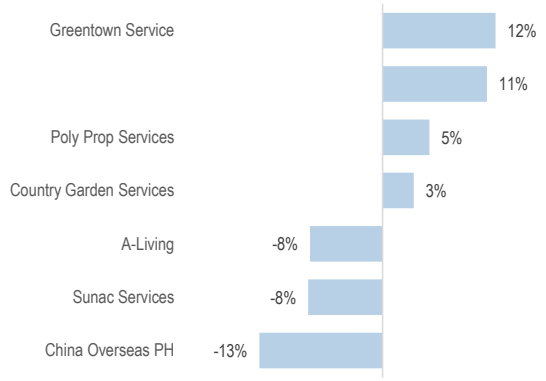
	Net gearing based on total equity (as of)				
Company	**1H24**	**2H24**	**1H25**	**2H25**	**1H26**
	32%	32%	39%	39%	41%
China Overseas Land	39%	29%	28%	34%	28%
Poly Developments - A	67%	65%	62%	67%	61%
China Merchants Shekou - A	59%	56%	63%	72%	65%
China Jinmao	124%	126%	125%	112%	95%
Yuexiu	60%	54%	53%	56%	49%
Greentown	67%	57%	64%	66%	64%
C&D	66%	43%	51%	46%	36%
SOE Average	**64%**	**58%**	**61%**	**62%**	**55%**
China Vanke	62%	81%	90%	123%	135%
Longfor	57%	52%	51%	52%	52%
Seazen	51%	54%	55%	59%	58%
POE Average	**57%**	**62%**	**66%**	**78%**	**82%**
Country Garden	277%	436%	964%	292%	407%
Sunac China	380%	435%	526%	376%	449%
Shimao	969%	7062%	-ve equity	-ve equity	-ve equity
Distressed Average	**542%**	**2645%**	**745%**	**334%**	**428%**
Overall	**89%**	**90%**	**101%**	**92%**	**95%**

Source: Company annual results announcements, 1H24-1H26.
Note: Net gearing in this table considers perpetual capital securities as debt.

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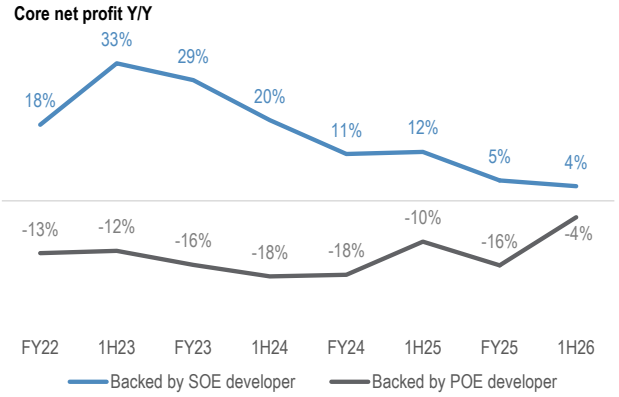
Property management – 1H26 results review

Figure 19: Property Management - 1H26 core net profit Y/Y



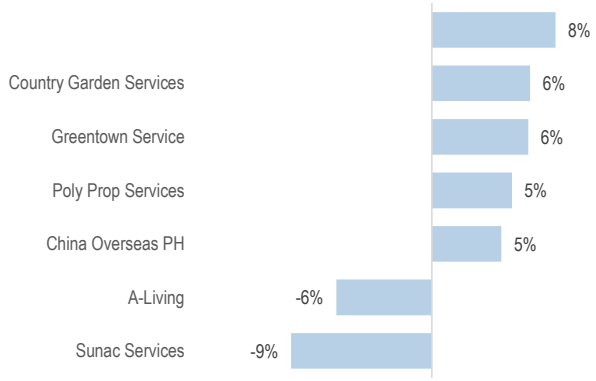
Source: Company results announcements 1H26.

Figure 20: Property Management - Core net profit Y/Y growth



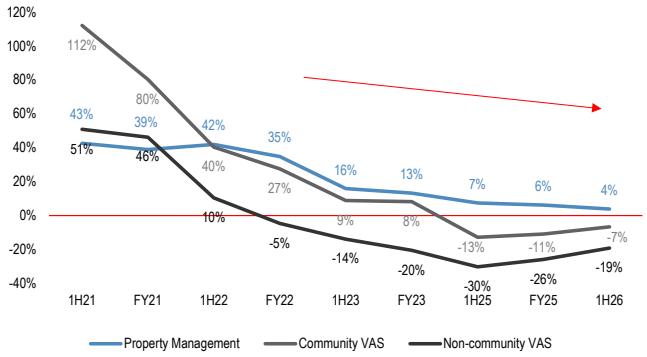
Source: Company results announcements, FY2022 – 1H26, J.P. Morgan calculations.

Figure 21: Property Management - 1H26 revenue Y/Y growth



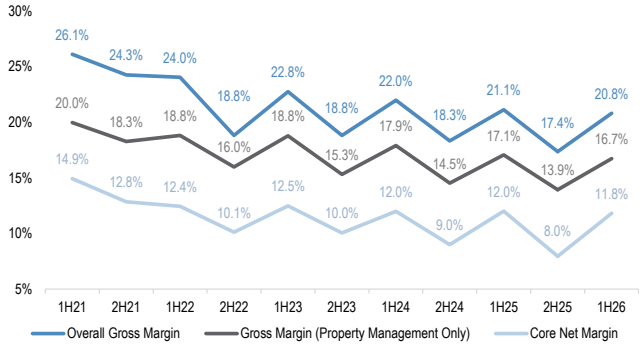
Source: Company results announcements 1H26.

Figure 22: Property Management – Revenue Y/Y growth by business segment



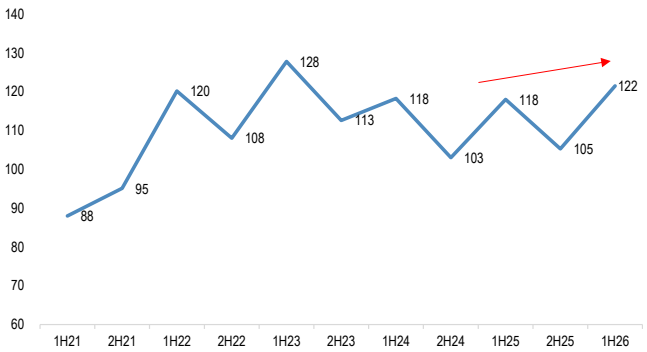
Source: Company results announcements, 1H21 – 1H26.

Figure 23: Property Management – Margin trend



Source: Company results announcements, 1H21 – 1H26.

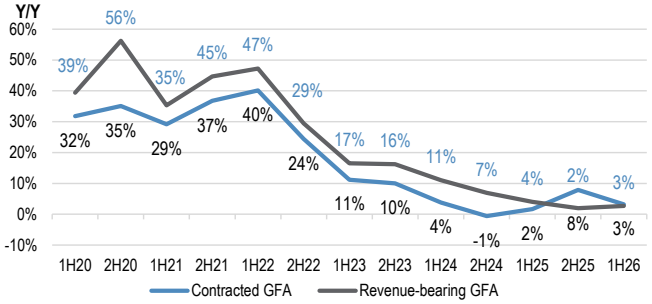
Figure 24: Property Management – Net receivables days



Source: Company results announcements, 1H21 – 1H26

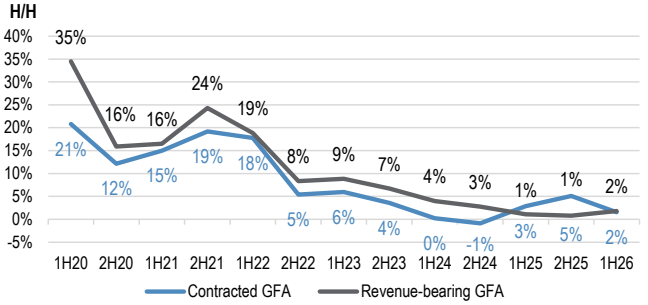
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Figure 25: Property Management - GFA Y/Y



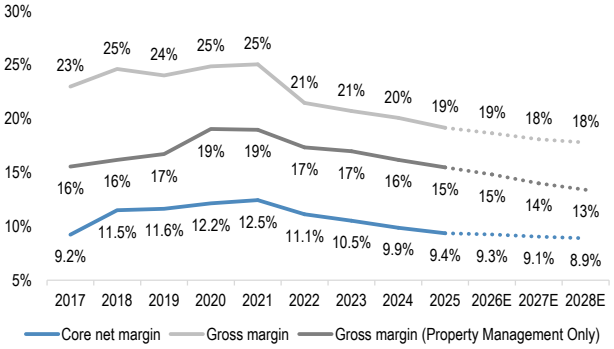
Source: Company results announcements, 1H20 – 1H26.

Figure 26: Property Management – GFA H/H



Source: Company results announcements, 1H20 – 1H26

Figure 27: Property Management – Margin trend



Source: Company annual results announcements, FY2017 – 2025; J.P. Morgan estimates (as of 10 Sep 2026).

Table 24: Property Management – Core net profit

		Interim				Y/Y					
Company	Ticker	1H23	1H24	1H25	1H26	FY23	1H24	FY24	1H25	FY25	1H26
	1209 HK	1,422	1,749	2,011	2,229	31%	23%	19%	15%	14%	11%
China Overseas PH	2669 HK	631	725	790	689	23%	15%	13%	9%	-10%	-13%
Poly Prop Services	6049 HK	760	846	891	934	27%	11%	7%	5%	5%	5%
Greentown Service	2869 HK	429	554	655	732	36%	29%	7%	18%	11%	12%
Backed by SOE developer						**29%**	**20%**	**11%**	**12%**	**5%**	**4%**
Country Garden Services	6098 HK	2,615	1,840	1,568	1,619	-20%	-30%	-23%	-15%	-17%	3%
A-Living	3319 HK	1,005	708	582	539	-30%	-30%	-32%	-18%	-26%	-8%
Sunac Services	1516 HK	438	455	468	432	4%	4%	0%	3%	-4%	-8%
Backed by POE developer						**-16%**	**-18%**	**-18%**	**-10%**	**-16%**	**-4%**
Overall						**10%**	**3%**	**-1%**	**3%**	**-4%**	**0%**

Source: Company results announcements, 1H23 – 1H26

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Table 25: Property Management – Revenue

Company	Ticker	Interim				Y/Y					
		1H23	1H24	1H25	1H26	FY23	1H24	FY24	1H25	FY25	1H26
	1209 HK	6,793	8,000	8,524	9,217	23%	18%	16%	7%	5%	8%
China Overseas PH	2669 HK	6,275	6,838	7,161	7,485	20%	9%	8%	5%	6%	5%
Poly Prop Services	6049 HK	7,141	7,871	8,392	8,829	10%	10%	9%	7%	5%	5%
Greentown Service	2869 HK	8,197	8,753	9,289	9,871	13%	7%	6%	6%	7%	6%
Backed by SOE developer						16%	11%	10%	6%	6%	6%
Country Garden Services	6098 HK	20,733	21,046	23,029	24,500	3%	2%	3%	9%	10%	6%
A-Living	3319 HK	7,698	7,051	6,465	6,064	0%	-8%	-10%	-8%	-8%	-6%
Sunac Services	1516 HK	3,396	3,484	3,547	3,222	-2%	3%	-1%	2%	-2%	-9%
Backed by POE developer						1%	-1%	-2%	1%	0%	-3%
Overall						10%	6%	5%	4%	3%	2%

Source: Company results announcements, 1H23 – 1H26.

Table 26: Property Management – Overall gross margin

%		1H23	2H23	1H24	2H24	1H25	2H25	1H26
	1209 HK	33.2%	30.6%	34.0%	32.4%	37.1%	34.7%	38.0%
China Overseas PH	2669 HK	16.0%	15.7%	16.8%	16.3%	16.9%	13.3%	14.9%
Poly Prop Services	6049 HK	21.2%	18.2%	20.5%	16.2%	19.4%	15.6%	19.2%
Greentown Service	2869 HK	18.7%	14.3%	19.0%	14.8%	19.5%	15.3%	19.9%
Backed by SOE developer		22.3%	19.7%	22.6%	19.9%	23.2%	19.7%	23.0%
Country Garden Services	6098 HK	24.9%	16.3%	21.2%	17.2%	18.7%	16.4%	18.1%
A-Living	3319 HK	20.4%	13.8%	16.9%	12.9%	14.5%	11.5%	14.7%
Sunac Services	1516 HK	25.0%	22.7%	25.5%	18.3%	21.8%	14.7%	20.7%
Backed by POE developer		23.4%	17.6%	21.2%	16.2%	18.3%	14.2%	17.8%
Average		22.8%	18.8%	22.0%	18.3%	21.1%	17.4%	20.8%

Source: Company results announcements, 1H23 – 1H26

Table 27: Property Management – Gross margin (property management only)

%		1H23	2H23	1H24	2H24	1H25	2H25	1H26
	1209 HK	16.2%	12.0%	15.2%	13.7%	16.6%	15.2%	16.9%
China Overseas PH	2669 HK	14.7%	15.2%	15.4%	16.4%	15.4%	13.2%	13.0%
Poly Prop Services	6049 HK	17.0%	12.4%	16.8%	12.1%	16.6%	10.4%	15.8%
Greentown Service	2869 HK	13.8%	12.3%	14.9%	12.6%	15.3%	13.4%	16.0%
Backed by SOE developer		15.4%	13.0%	15.6%	13.7%	16.0%	13.1%	15.4%
Country Garden Services	6098 HK	26.0%	18.3%	22.9%	17.2%	21.7%	19.5%	21.8%
A-Living	3319 HK	18.9%	14.0%	16.4%	11.7%	13.8%	11.8%	13.9%
Sunac Services	1516 HK	24.8%	23.0%	23.7%	18.0%	20.1%	13.9%	19.8%
Backed by POE developer		23.2%	18.4%	21.0%	15.7%	18.5%	15.1%	18.5%
Average		18.8%	15.3%	17.9%	14.5%	17.1%	13.9%	16.7%

Source: Company results announcements, 1H23 – 1H26

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Table 28: Property Management – Core net margin

%		1H23	2H23	1H24	2H24	1H25	2H25	1H26
	1209 HK	21.0%	18.9%	22.0%	20.0%	24.0%	21.6%	24.8%
China Overseas PH	2669 HK	10.1%	10.6%	10.6%	11.0%	11.0%	7.5%	9.2%
Poly Prop Services	6049 HK	10.8%	7.8%	10.8%	7.4%	10.8%	7.5%	10.7%
Greentown Service	2869 HK	4.4%	4.5%	6.4%	4.0%	7.0%	2.9%	7.4%
Backed by SOE developer		**11.6%**	**10.4%**	**12.5%**	**10.6%**	**13.2%**	**9.9%**	**13.0%**
Country Garden Services	6098 HK	13.2%	6.8%	9.4%	4.9%	7.1%	3.7%	6.8%
A-Living	3319 HK	14.4%	8.3%	11.2%	5.7%	10.2%	3.0%	10.0%
Sunac Services	1516 HK	13.5%	10.2%	13.5%	9.9%	13.9%	9.5%	13.8%
Backed by POE developer		**13.7%**	**9.2%**	**11.4%**	**6.9%**	**10.4%**	**5.4%**	**10.2%**
Average		**12.5%**	**10.0%**	**12.0%**	**9.0%**	**12.0%**	**8.0%**	**11.8%**

Source: Company results announcements, 1H23 – 1H26

Table 29: Property Management – Overall gross margin

%		2022	2023	2024	2025	2026E	2027E	2028E
	1209 HK	30.1%	31.8%	33.0%	35.5%	35.2%	34.3%	34.1%
China Overseas PH	2669 HK	15.9%	15.9%	16.6%	15.0%	13.7%	13.2%	12.9%
Poly Prop Services	6049 HK	18.8%	19.6%	18.3%	17.4%	17.4%	17.2%	17.1%
Greentown Service	2869 HK	16.2%	16.4%	16.8%	17.3%	17.7%	17.8%	17.9%
Backed by SOE developer		**20.2%**	**20.9%**	**21.2%**	**21.3%**	**21.0%**	**20.6%**	**20.5%**
Country Garden Services	6098 HK	24.8%	20.5%	19.1%	17.5%	16.5%	15.8%	14.7%
A-Living	3319 HK	22.0%	17.1%	15.0%	13.0%	12.8%	12.6%	12.4%
Sunac Services	1516 HK	22.5%	23.8%	21.9%	18.4%	17.1%	15.7%	15.4%
Backed by POE developer		**23.1%**	**20.5%**	**18.7%**	**16.3%**	**15.5%**	**14.7%**	**14.2%**
Average		**21.5%**	**20.7%**	**20.1%**	**19.2%**	**18.6%**	**18.1%**	**17.8%**

Source: Company annual results announcements, FY2022 – 2025; J.P. Morgan estimates (as of 10 Sep 2026).

Table 30: Property Management – Gross margin (property management only)

%		2022	2023	2024	2025	2026E	2027E	2028E
	1209 HK	14.0%	14.0%	14.4%	15.9%	15.5%	13.2%	12.6%
China Overseas PH	2669 HK	13.4%	15.0%	15.9%	14.3%	12.8%	12.4%	12.1%
Poly Prop Services	6049 HK	14.2%	14.6%	14.3%	13.4%	13.4%	13.4%	13.5%
Greentown Service	2869 HK	12.1%	13.0%	13.7%	14.3%	14.9%	14.9%	14.9%
Backed by SOE developer		**13.4%**	**14.1%**	**14.6%**	**14.5%**	**14.2%**	**13.5%**	**13.3%**
Country Garden Services	6098 HK	25.5%	22.1%	20.0%	20.6%	18.9%	17.6%	14.8%
A-Living	3319 HK	19.1%	16.4%	14.0%	12.8%	12.5%	12.3%	12.0%
Sunac Services	1516 HK	23.0%	23.8%	20.9%	17.1%	15.8%	14.1%	13.8%
Backed by POE developer		**22.6%**	**20.8%**	**18.3%**	**16.8%**	**15.7%**	**14.7%**	**13.5%**
Average		**17.3%**	**17.0%**	**16.2%**	**15.5%**	**14.8%**	**14.0%**	**13.4%**

Source: Company annual results announcements, FY2022 – 2025; J.P. Morgan estimates (as of 10 Sep 2026).

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Table 31: Property Management – Core net margin

%		2022	2023	2024	2025	2026E	2027E	2028E
	1209 HK	18.5%	19.8%	20.3%	21.9%	22.1%	21.3%	21.1%
China Overseas PH	2669 HK	10.1%	10.3%	10.8%	9.2%	8.4%	8.0%	7.9%
Poly Prop Services	6049 HK	7.9%	9.1%	9.0%	9.0%	9.1%	9.1%	9.2%
Greentown Service	2869 HK	3.9%	4.6%	4.7%	4.8%	5.2%	5.5%	5.7%
Backed by SOE developer		**10.1%**	**11.0%**	**11.2%**	**11.2%**	**11.2%**	**11.0%**	**11.0%**
Country Garden Services	6098 HK	12.0%	9.2%	6.9%	5.2%	4.9%	4.6%	3.8%
A-Living	3319 HK	14.5%	10.0%	7.6%	6.1%	6.0%	5.8%	5.7%
Sunac Services	1516 HK	10.7%	11.3%	11.4%	11.2%	7.4%	6.2%	6.0%
Backed by POE developer		**12.4%**	**10.2%**	**8.6%**	**7.5%**	**6.1%**	**5.6%**	**5.2%**
Average		**11.1%**	**10.6%**	**10.1%**	**9.6%**	**9.0%**	**8.7%**	**8.5%**

Source: Company annual results announcements, FY2022 – 2025; J.P. Morgan estimates (as of 11 Sep 2026).

Table 32: Property Management – Net receivable days

Company	Ticker	1H23	2H23	1H24	2H24	1H25	2H25	1H26
	1209 HK	55	49	57	51	59	56	60
China Overseas PH	2669 HK	74	69	89	68	81	70	95
Poly Prop Services	6049 HK	75	57	83	63	85	73	92
Greentown Service	2869 HK	115	101	136	110	135	111	137
Backed by SOE developer		**80**	**69**	**91**	**73**	**90**	**78**	**96**
Country Garden Services	6098 HK	152	140	157	147	158	142	158
A-Living	3319 HK	161	157	129	115	130	124	136
Sunac Services	1516 HK	216	172	150	138	150	133	148
Backed by POE developer		**176**	**156**	**145**	**133**	**146**	**133**	**147**
Average		**128**	**113**	**118**	**103**	**118**	**105**	**122**

Source: Company results announcements, 1H23 – 1H26.

Table 33: Property Management – Interim dividend payout

(Rmb)		Interim DPS		Payout ratio		DPS Y/Y	
Company	Ticker	1H25	1H26	1H25	1H26	1H25	1H26
	1209 HK	0.88	0.98	100%	100%	3%	11%
China Overseas PH	2669 HK	0.08	0.08	32%	37%	8%	1%
Poly Prop Services	6049 HK	-	-	0%	0%	-	-
Greentown Service	2869 HK	-	-	0%	0%	-	-
Backed by SOE developer				**33%**	**34%**	**6%**	**6%**
Country Garden Services	6098 HK	-	-	0%	0%	-	-
A-Living	3319 HK	0.06	0.05	15%	13%	107%	-19%
Sunac Services	1516 HK	-	-	0%	0%	-	-
Backed by POE developer				**5%**	**4%**	**107%**	**-19%**
Average				**21%**	**21%**	**39%**	**-2%**

Source: Company data, J.P. Morgan estimates. Note: payout ratio based on core EPS.

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Valuation summary

Table 34: 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														
	1109.HK	OW	**40.00**	29.48	26.8	100.3	9.4	8.4	4.1%	0.6	-4%	-10%	11%	-29%
China Overseas Land	0688.HK	OW	**16.00**	12.77	17.8	48.6	9.3	8.5	3.6%	0.3	-5%	-5%	4%	-61%
China Jinmao	0817.HK	N	**1.18**	1.25	2.2	11.7	17.2	9.5	2.4%	0.4	-11%	-10%	2%	-81%
C&D International	1908.HK	NC	**-**	12.28	3.6	12.4	7.0	6.4	7.5%	0.6	-3%	-17%	-18%	-56%
Greentown China	3900.HK	NC	**-**	5.76	1.9	10.7	41.4	19.3	1.2%	0.4	-7%	-23%	-33%	-71%
Yuexiu Property	123.HK	NC	**-**	3.14	1.6	4.5	38.4	17.1	2.2%	0.2	-5%	-12%	-21%	-84%
SOEs							**11.5**	**9.0**	**3.9%**	**0.5**	**-5%**	**-9%**	**4%**	**-46%**
Longfor	0960.HK	N	**5.60**	5.97	5.4	16.9	-	-	-	0.2	-10%	-11%	-33%	-89%
Seazen Group	1030.HK	N	**1.40**	1.41	1.3	3.9	-	-	-	0.2	-7%	-2%	-34%	-87%
Private							**-**	**-**	**-**	**0.2**	**-10%**	**-9%**	**-33%**	**-89%**
China Vanke - H	2202.HK	UW	**1.60**	2.36	5.2	6.6	-	-	-	0.3	-10%	-8%	-32%	-94%
Country Garden	2007.HK	UW	**0.10**	0.18	1.1	8.2	-	-	-	-	-13%	-5%	-58%	-99%
Sunac China	1918.HK	UW	**0.30**	0.58	1.5	19.0	-	-	-	0.2	-15%	-3%	-58%	-99%
Shimao	0813.HK	UW	**0.03**	0.04	0.1	0.3	-	-	-	-	-26%	-39%	-79%	-100%
Distressed							**-**	**-**	**-**	**0.2**	**-12%**	**-7%**	**-41%**	**-96%**
Poly Developments - A	00048.SS	N	**5.00**	5.19	9.3	114	59.3	15.5	0.5%	0.3	-4%	-5%	-16%	-63%
China Merchants Shekou -	01979.SZ	UW	**5.50**	6.84	9.2	92	47.2	28.6	1.0%	0.6	-3%	-7%	-21%	-49%
China Vanke - A	00002.SZ	UW	**2.45**	3.16	5.2	67	-	-	-	0.4	-6%	-5%	-34%	-78%
Seazen Holdings - A	01155.SS	N	**11.00**	11.93	4.0	35	-	-	-	0.4	-4%	5%	-17%	-17%
Binjiang - A	02244.SZ	NC	**-**	8.45	3.4	38	9.1	8.7	1.1%	0.7	-8%	-8%	-20%	-20%
Gemdale - A	00383.SS	NC	**-**	2.30	1.3	23	-	-	-	0.2	-8%	-2%	-28%	-70%
Greenland - A	00606.SS	NC	**-**	1.32	2.4	19	-	-	-	-	-4%	-2%	-23%	-54%
Shenzhen OCT - A	00069.SZ	NC	**-**	1.83	1.9	12	-	-	-	-	-4%	-3%	-29%	-60%
A-shares						**71**	**38.5**	**17.6**	**0.8%**	**0.5**	**-4%**	**-5%**	**-29%**	**-65%**
Mainland China Developers (Overall)							**9.1**	**7.1**	**3.1%**	**0.4**	**-6%**	**-9%**	**-5%**	**-56%**
Mainland China Property Management & Services														
	1209.HK	OW	**49.00**	38.70	11.3	25.4	17.3	16.0	5.8%	4.8	-5%	-1%	-6%	-30%
China Overseas PH	2669.HK	UW	**2.90**	3.49	1.5	3.4	7.6	7.6	6.1%	1.5	-6%	-2%	-23%	-68%
Poly Property Services	6049.HK	OW	**41.50**	27.80	2.0	2.6	8.1	7.7	6.2%	1.2	-5%	-2%	-10%	-70%
Greentown Service	2869.HK	OW	**5.50**	4.22	1.7	1.8	10.6	9.8	6.7%	1.3	-4%	0%	-6%	-69%
Backed by SOE developers							**14.6**	**13.7**	**6.0%**	**3.7**	**-5%**	**-1%**	**-8%**	**-42%**
Country Garden Services	6098.HK	N	**5.40**	5.45	2.3	4.4	6.1	6.1	9.8%	0.4	-5%	0%	-2%	-94%
A-Living	3319.HK	UW	**1.50**	1.70	0.3	0.3	2.8	3.1	8.0%	0.2	-2%	-7%	-24%	-97%
Sunac Services	1516.HK	UW	**0.70**	0.81	0.3	0.5	4.5	5.3	6.7%	0.4	-1%	0%	-41%	-97%
Backed by POE developers							**5.6**	**5.7**	**9.3%**	**0.4**	**-5%**	**-1%**	**-9%**	**-94%**
Mainland China Property Management & Services							**13.3**	**12.4**	**6.5%**	**3.2**	**-5%**	**-1%**	**-8%**	**-50%**

Source: Company data, Bloomberg Finance as of 11 Sep 2026, L.P., J.P. Morgan estimates.
Note: Companies marked with "NC" are not under JPM coverage; all estimates of such are based on consensus estimates from Bloomberg Finance L.P.