This material is neither intended to be distributed to Mainland China investors nor to provide securities investment consultancy services within the territory of Mainland China. This material or any portion hereof may not be reprinted, sold or redistributed without the written consent of J.P. Morgan.

China Property

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

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

China

Mainland China/Hong Kong Property & Conglomerates

Karl Chan AC
(852) 2800-8513
karl.chan@jpmorgan.com
J.P. Morgan Securities (Asia Pacific) Limited/ J.P. Morgan Broking (Hong Kong) Limited

Venus Choi
(852) 2800-8599
venus.choi@jpmorgan.com
J.P. Morgan Securities (Asia Pacific) Limited/ J.P. Morgan Broking (Hong Kong) Limited

Daniel Chen
(86-21) 6106 6205
daniel.q.chen@jpmorgan.com
SAC Registration Number: S1730521040001
J.P. Morgan Securities (China) Company Limited

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).

Karl Chan
(852) 2800-8513
karl.chan@jpmorgan.com

J.P.Morgan

Equity Ratings and Price Targets

Company	Ticker	Mkt Cap ($ mn)	Price CCY	Price	Rating Cur	Rating Prev	Price Target Cur	Price Target End Date	Price Target Prev	Price Target End Date
China Resources Land (1109)	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
China Resources Mixc Lifestyle Services	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.

Karl Chan
(852) 2800-8513
karl.chan@jpmorgan.com

Price target summary

Table 1: China property developers – price target summary

想要获取海量投研信息?
公众号：调研先知 微信：DYXZ0524
独家的一手信息，独立的行业思考

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												
China Resources Land	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												
China Resources Mixc	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.

Karl Chan
(852) 2800-8513
karl.chan@jpmorgan.com

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.

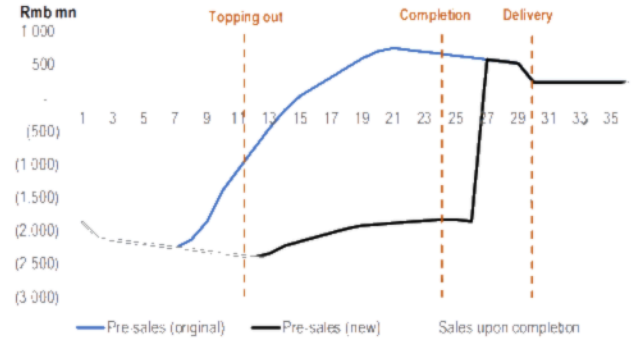
Karl Chan
(852) 2800-8513
karl.chan@jpmorgan.com

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:

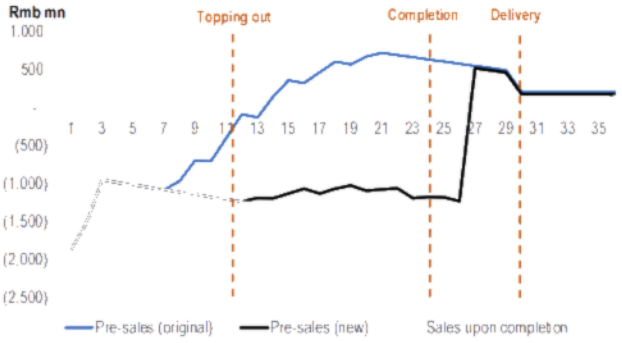
- **Pre-sales (original):** pre-sales normally can start 6 months after land acquisition, and thus cash flows start to come in shortly after. Cash flows may already turn positive in the 14th month, by our estimate. On average, at 15%/6% gross/net margin, project/levered IRR is 14%/30%.
- **Pre-sales (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

Karl Chan
(852) 2800-8513
karl.chan@jpmorgan.com

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.

Karl Chan
(852) 2800-8513
karl.chan@jpmorgan.com

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
China Resources Land	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
China Resources Land	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
China Resources Land	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.

Karl Chan
(852) 2800-8513
karl.chan@jpmorgan.com

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.

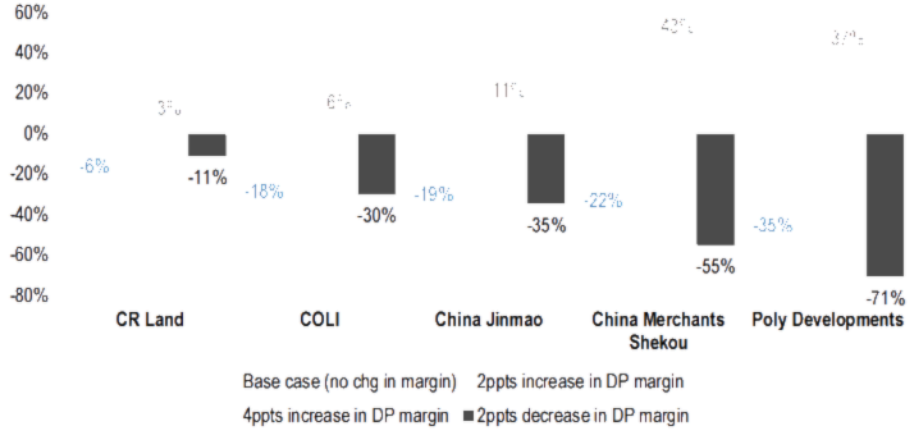
In the "base case" (assuming no change in margin), developers' earnings will generally drop ~20% Y/Y in FY29E (based on a 20-30% Y/Y drop in FY27E sales). Developers with more recurring income (e.g. CR Land) will be least affected due to strong earnings buffer.

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).

Karl Chan
(852) 2800-8513
karl.chan@jpmorgan.com

J.P.Morgan

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

Karl Chan
(852) 2800-8513
karl.chan@jpmorgan.com

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.

Karl Chan
(852) 2800-8513
karl.chan@jpmorgan.com

J.P.Morgan

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.

Karl Chan
(852) 2800-8513
karl.chan@jpmorgan.com

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.

Karl Chan
(852) 2800-8513
karl.chan@jpmorgan.com

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.

Karl Chan
(852) 2800-8513
karl.chan@jpmorgan.com

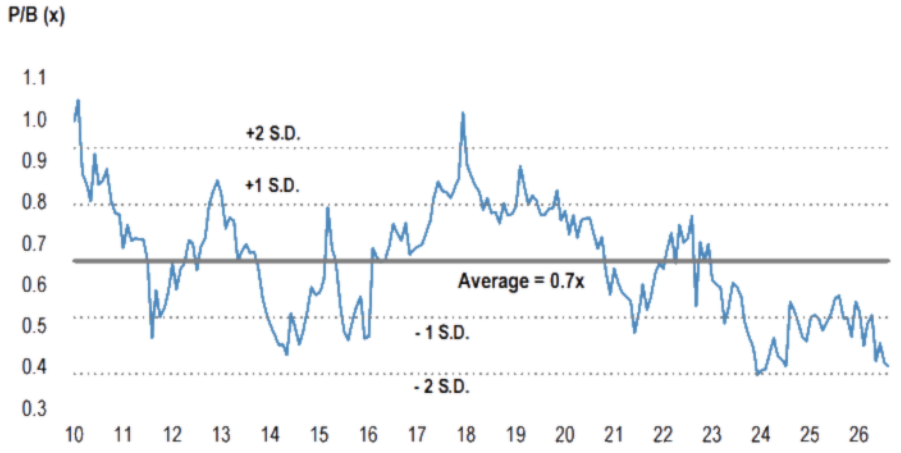
J.P.Morgan

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

		P/B (x)		
Company	Ticker	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.

Karl Chan
(852) 2800-8513
karl.chan@jpmorgan.com

Top picks to weather the storm

- **China Resources Mixc (1209.HK):** 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.

- **China Resources Land (1109.HK):** 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.

Karl Chan
(852) 2800-8513
karl.chan@jpmorgan.com

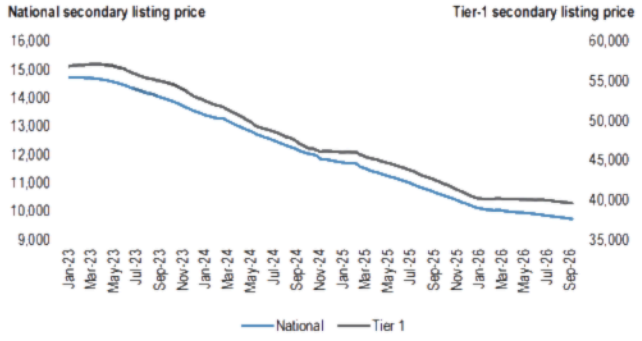
Rating downgrades

- **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.

Karl Chan
(852) 2800-8513
karl.chan@jpmorgan.com

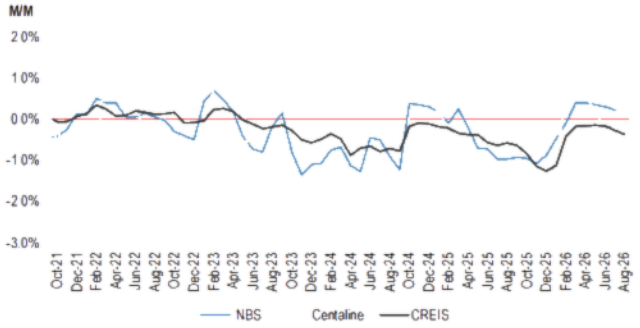
No "exciting" trends in high-frequency data yet

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



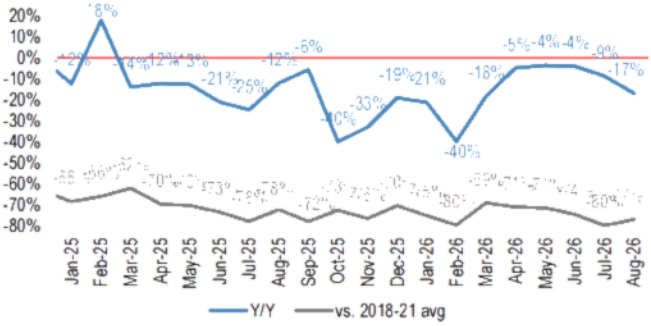
Source: Iceberg Index (as of 6 Sep 2026)

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

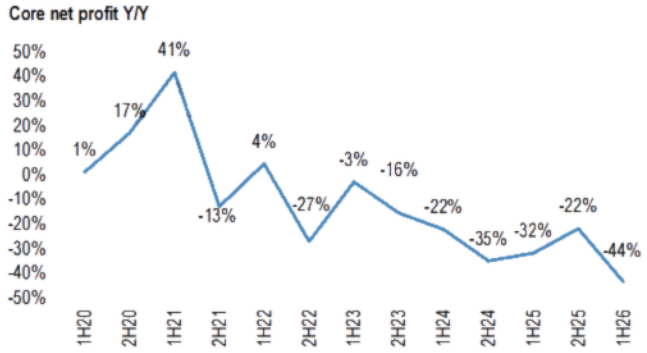


Source: CREIS

Karl Chan
(852) 2800-8513
karl.chan@jpmorgan.com

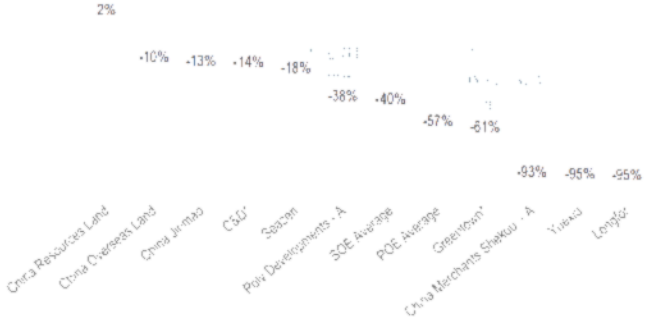
Developers – 1H26 results review

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



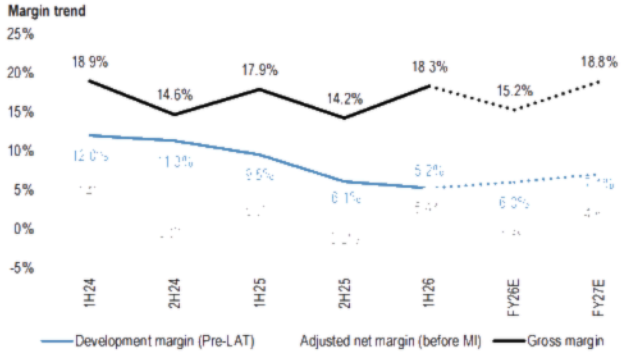
Source: Company results announcements 1H20-1H26.

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



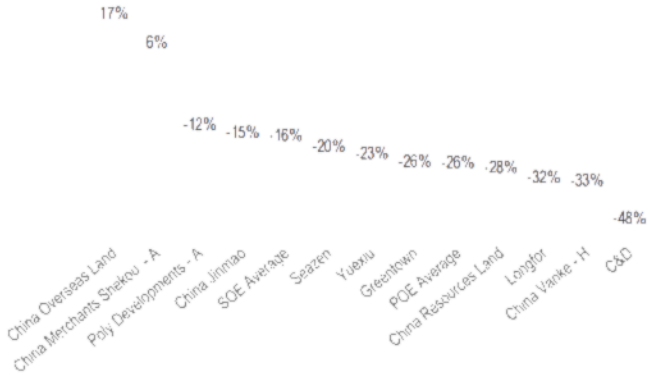
Source: Company results announcements 1H26.
Note: C&D & Greentown are based on reported net profit; excluding companies with a net loss

Figure 14: Developers – Margin trend



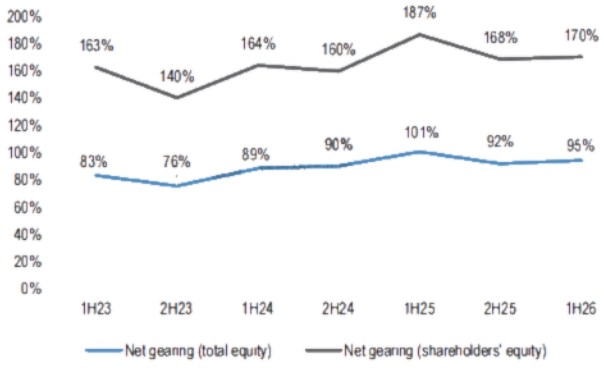
Source: Company results announcements 1H24-1H26, J.P. Morgan estimates

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



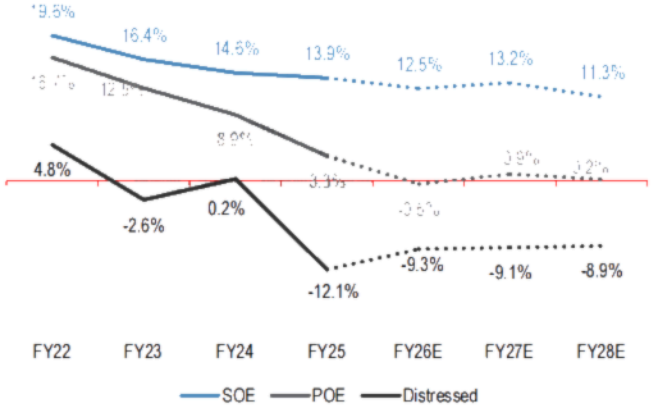
Source: Company results announcements 1H26.

Figure 16: Developers' net gearing



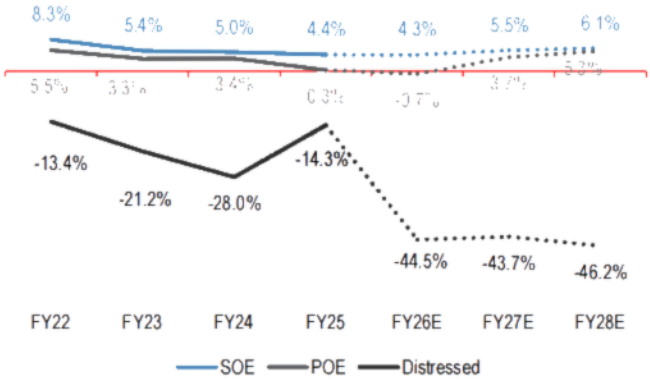
Source: Company annual results announcements, 1H23 – 1H26

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).

Karl Chan
(852) 2800-8513
karl.chan@jpmorgan.com

P&L

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%
China Resources Land	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

Karl Chan
(852) 2800-8513
karl.chan@jpmorgan.com

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.
China Resources Land	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

Karl Chan
(852) 2800-8513
karl.chan@jpmorgan.com

J.P.Morgan

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).

Karl Chan
(852) 2800-8513
karl.chan@jpmorgan.com

J.P.Morgan

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).

Karl Chan
(852) 2800-8513
karl.chan@jpmorgan.com

Dividend

Table 22: Developers – interim dividend

		Interim DPS (HK$)		1H26	Payout ratio (on core net profit)	
	Ticker	1H25	1H26	Y/Y	1H25	1H26
China Resources Land	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.

获取海量研报信息

Karl Chan
(852) 2800-8513
karl.chan@jpmorgan.com

J.P.Morgan

Balance Sheet

Table 23: China developers – Net Gearing

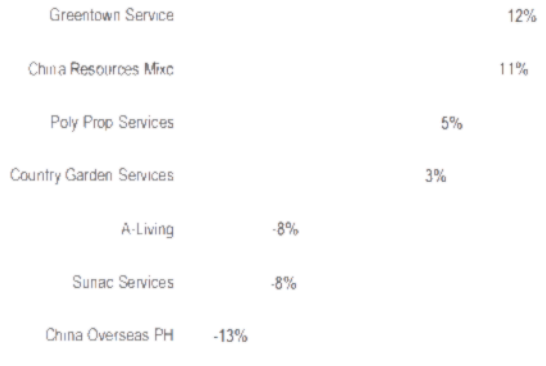
	Net gearing based on total equity (as of)				
Company	**1H24**	**2H24**	**1H25**	**2H25**	**1H26**
China Resources Land	32%	32%	39%	39%	41%
China Overseas Land	39%	29%	28%	34%	28%
Poly Developments - A	67%	65%	62%	67%	61%
China Merchants Shekou - A	59%	56%	63%	72%	65%
China Jinmao	124%	126%	125%	112%	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.

Karl Chan
(852) 2800-8513
karl.chan@jpmorgan.com

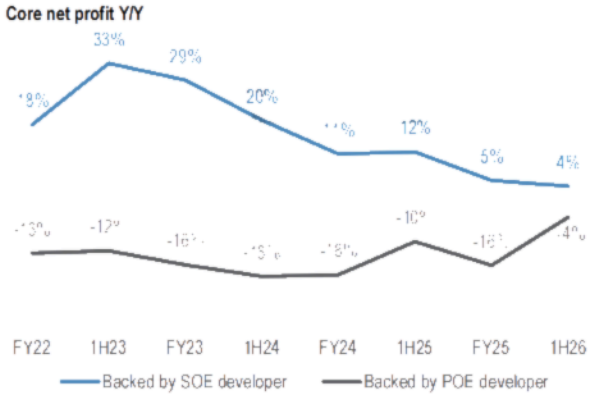
Property management – 1H26 results review

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



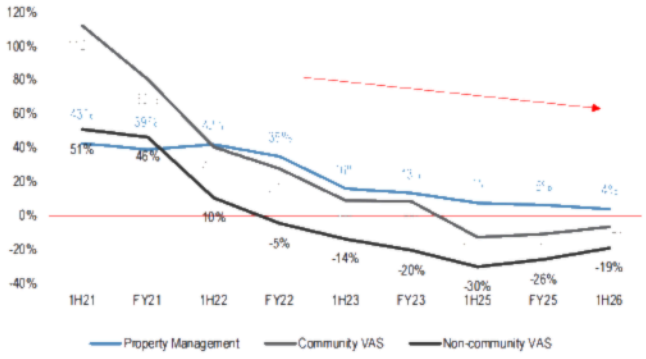
Source: Company results announcements, FY2022 – 1H26, J.P. Morgan calculations.

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



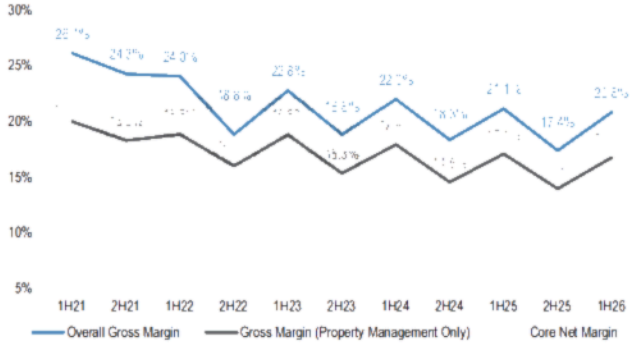
Source: Company results announcements 1H26.

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



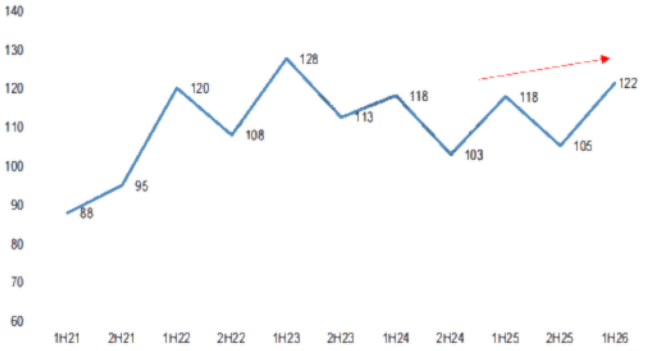
Source: Company results announcements, 1H21 – 1H26.

Figure 23: Property Management – Margin trend



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

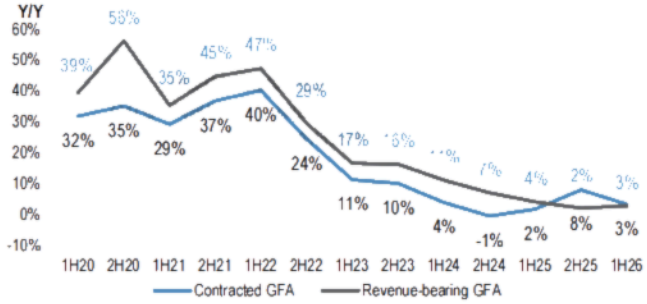
Figure 24: Property Management – Net receivables days



Source: Company results announcements, 1H21 – 1H26

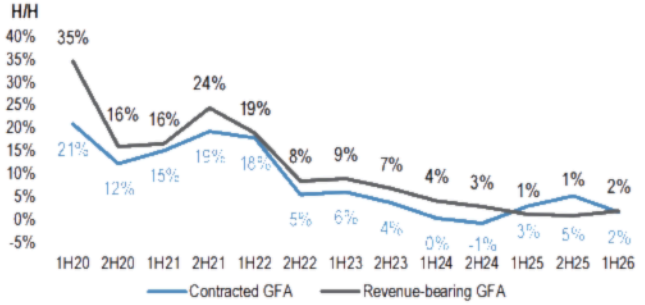
Karl Chan
(852) 2800-8513
karl.chan@jpmorgan.com

Figure 25: Property Management - GFA Y/Y



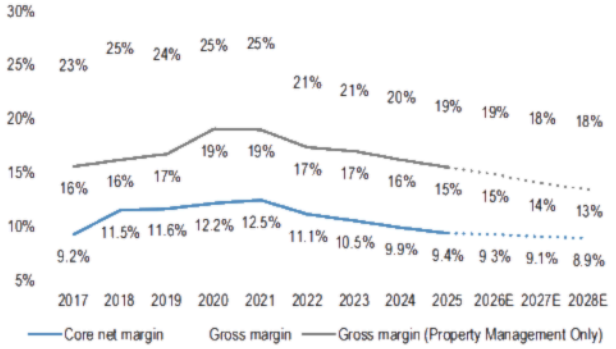
Source: Company results announcements, 1H20 – 1H26.

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**
China Resources Mixc	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

Karl Chan
(852) 2800-8513
karl.chan@jpmorgan.com

Table 25: Property Management – Revenue

		Interim				Y/Y					
Company	Ticker	1H23	1H24	1H25	1H26	FY23	1H24	FY24	1H25	FY25	1H26
China Resources Mixc	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
China Resources Mixc	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
China Resources Mixc	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

Karl Chan
(852) 2800-8513
karl.chan@jpmorgan.com

Table 28: Property Management – Core net margin

%		1H23	2H23	1H24	2H24	1H25	2H25	1H26
China Resources Mixc	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
China Resources Mixc	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
China Resources Mixc	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).

Karl Chan
(852) 2800-8513
karl.chan@jpmorgan.com

J.P.Morgan

Table 31: Property Management – Core net margin

%		2022	2023	2024	2025	2026E	2027E	2028E
China Resources Mixc	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
China Resources Mixc	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
China Resources Mixc	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.
Note: China Resources Mixc issued a special dividend at 1H25 and 1H26

Karl Chan
(852) 2800-8513
karl.chan@jpmorgan.com

Valuation summary

Table 34: China Property – valuation summary

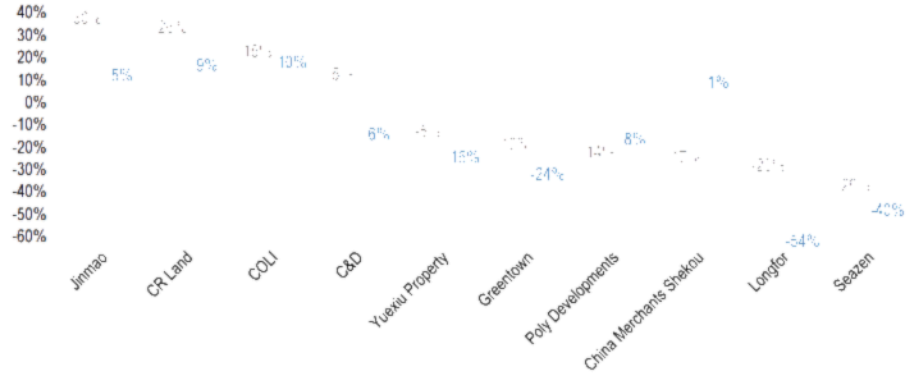
Company	Stock Code	JPM Rating	JPM Price Target	Last Close (HK$)	Mkt Cap US$B	ADV US$M	P/E 1FY (x)	P/E 2FY (x)	Yield 1FY (%)	P/B 1FY (x)	Share price return 5D	1M	YTD	vs. peak
Mainland China Developers														
China Resources Land	1109.HK	OW	40.00	29.48	26.8	100.3	9.4	8.4	4.1%	0.6	-4%	-10%	11%	-29%
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	600048.SS	N	5.00	5.19	9.3	114	59.3	15.5	0.5%	0.3	-4%	-5%	-16%	-63%
China Merchants Shekou -	001979.SZ	UW	5.50	6.84	9.2	92	47.2	28.6	1.0%	0.6	-3%	-7%	-21%	-49%
China Vanke - A	000002.SZ	UW	2.45	3.16	5.2	67	-	-	-	0.4	-6%	-5%	-34%	-78%
Seazen Holdings - A	601155.SS	N	11.00	11.93	4.0	35	-	-	-	0.4	-4%	5%	-17%	-17%
Binjiang - A	002244.SZ	NC	-	8.45	3.4	38	9.1	8.7	1.1%	0.7	-8%	-8%	-20%	-20%
Gemdale - A	600383.SS	NC	-	2.30	1.3	23	-	-	-	0.2	-8%	-2%	-28%	-70%
Greenland - A	600606.SS	NC	-	1.32	2.4	19	-	-	-	-	-4%	-2%	-23%	-54%
Shenzhen OCT - A	000069.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														
China Resources Mixc	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.

Karl Chan
(852) 2800-8513
karl.chan@jpmorgan.com

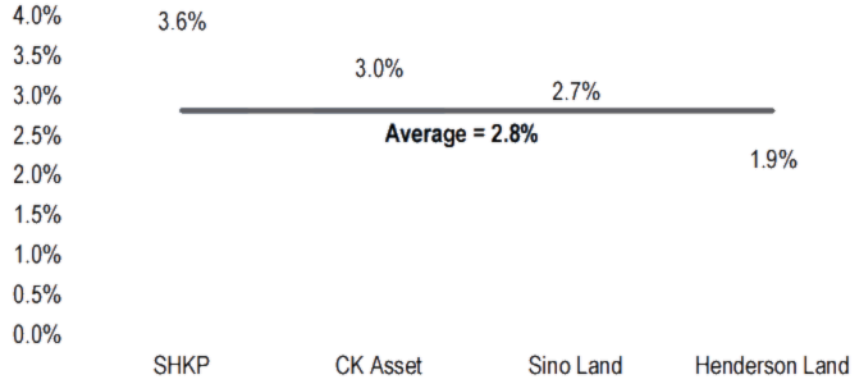
Appendix

Figure 28: Major developers' YTD share price performance (as of 28 Aug 2026) vs. 8M26 contracted sales Y/Y growth



Source: Bloomberg Finance L.P. (data as of 28 Aug 2026), CREIS

Figure 29: HK developers' return on equity (ROE)



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

Karl Chan
(852) 2800-8513
karl.chan@jpmorgan.com

J.P.Morgan

China Resources Land (1109)

Overweight

1109.HK,1109 HK
Price (11 Sep 26): HK$29.16

▼ **Price Target (Jun-27): HK$40.00**
Prior (Jun-27): HK$44.00

China
Mainland China/Hong Kong Property & Conglomerates

Karl Chan AC
(852) 2800-8513
karl.chan@jpmorgan.com
J.P. Morgan Securities (Asia Pacific) Limited/
J.P. Morgan Broking (Hong Kong) Limited

Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top) 6M	1Y	3Y	5Y
Value	2	2	2	18	15
Growth	90	90	87	60	66
Momentum	28	51	28	41	71
Quality	40	61	49	23	36
Low Vol	37	53	62	63	30
ESGQ	6	8	90	15	11

Sources for: Style Exposure – J.P. Morgan Global Markets Strategy; all other tables are company data and J.P. Morgan estimates.

Scarcity value among developers

We update our estimates to reflect 1H26 results and the impact on contracted sales from the latest pre-sales policy. We lower our price target from HK$44 to HK$40, based on a lower target P/B of 0.8x (prior: 0.9x), to reflect the likely sales decline in the "post pre-sales" era.

Investment Thesis, Valuation and Risks

China Resources Land Limited *(Overweight; Price Target: HK$40.00)*

Investment Thesis

CR Land has scarcity value among developers for the following reasons: (1) its SOE status; (2) its being a top 10 developer; (3) its attractive investment property portfolio; (4) its likely outperforming sales growth; and (5) its relatively good track record. We believe CR Land will be one of the main consolidators in the next few years, while its retail malls should enjoy a trend of rising domestic consumption.

Valuation

Our Jun-27 price target of HK$40.00 is based on a target P/B of 0.8x, the highest among HK-listed Chinese developers, to take into account its pure-SOE status and strong investment property portfolio.

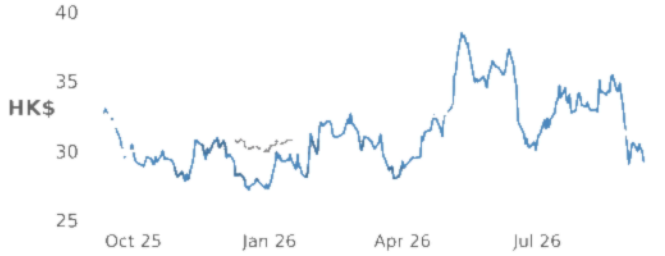
Risks to Rating and Price Target

Downside risks include: (1) completion slippage; (2) lower-than-expected contracted sales; and (3) a significant slowdown in the retail market in China.

Karl Chan
(852) 2800-8513
karl.chan@jpmorgan.com

J.P.Morgan

Price Performance



— 1109.HK Price (HK$) R-CHIP (rebased)

	YTD	1m	3m	12m
Abs	7.2%	-10.9%	-20.9%	-10.3%
Rel	4.3%	-11.2%	-18.0%	-4.7%

Company Data

Shares O/S (mn)	7,131
52-week range (HK$)	39.88-26.70
Market cap ($ mn)	26,517
Exchange rate	7.84
Free float (%)	40.4%
3M ADV (mn)	24.20
3M ADV ($ mn)	100.3
Volatility (90 Day)	40
Index	HSCCI
BBG ANR (Buy | Hold | Sell)	33|0|0

Key Metrics (FYE Dec)

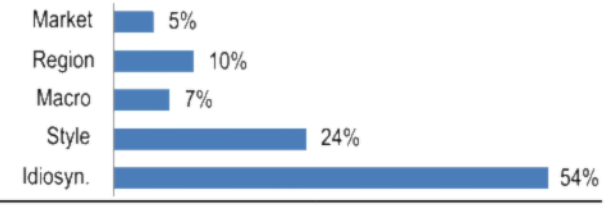
Rmb in millions	FY25A	FY26E	FY27E	FY28E
Financial Estimates				
Revenue	281,438	226,804	214,033	187,957
Adj. EBITDA	49,622	39,612	42,370	41,949
Adj. EBIT	48,091	38,080	40,839	40,418
Adj. net income	22,480	19,046	21,417	22,091
Adj. EPS	3.15	2.67	3.00	3.10
BBG EPS	3.33	3.13	3.27	3.51
Cashflow from operations	30,441	56,448	26,898	46,853
FCFF	17,403	26,474	6,477	26,782
Margins and Growth				
Revenue Growth Y/Y (%)	0.9%	(19.4%)	(5.6%)	(12.2%)
EBITDA margin	17.6%	17.5%	19.8%	22.3%
EBITDA Growth Y/Y (%)	(13.8%)	(20.2%)	7.0%	(1.0%)
EBIT margin	17.1%	16.8%	19.1%	21.5%
Net margin	8.0%	8.4%	10.0%	11.8%
Adj. EPS growth	(11.6%)	(15.3%)	12.4%	3.1%
Ratios				
Adj. tax rate	38.9%	37.5%	36.9%	36.4%
Interest cover	44.8	39.1	45.8	50.1
Net debt/Equity	0.4	0.4	0.4	0.4
Net debt/EBITDA	3.3	4.0	4.2	4.3
ROCE	5.3%	4.1%	4.4%	4.3%
ROE	8.0%	6.4%	6.9%	6.7%
Valuation				
FCFF yield	9.8%	14.9%	3.6%	15.0%
Dividend yield	4.8%	4.0%	4.5%	4.6%
EV/Revenue	1.4	1.7	1.8	2.0
EV/EBITDA	8.2	9.7	9.1	8.7
Adj. P/E	7.9	9.3	8.3	8.1

Summary Investment Thesis and Valuation

CR Land has scarcity value among developers for the following reasons: (1) its SOE status; (2) its being a top 10 developer; (3) its attractive investment property portfolio; (4) its likely outperforming sales growth; and (5) its relatively good track record. We believe CR Land will be one of the main consolidators in the next few years, while its retail malls should enjoy a trend of rising domestic consumption.

Our Jun-27 price target of HK$40.00 is based on a target P/B of 0.8x, the highest among HK-listed Chinese developers, to take into account its pure-SOE status and strong investment property portfolio.

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI Asia Pac ex JP	0.23	0.27
Region: China	0.51	0.37
Macro:		
JPM EM Currency(EMCI) Fixing	0.16	0.17
JP Morgan EMBI Global Spread	-0.20	-0.15
JP Morgan GBI-EM Global Div	0.08	0.12
Quant Styles:		
Growth	-0.64	-0.53
DivYld	0.60	0.48
Value	0.61	0.47

Source: J.P. Morgan Global Markets Strategy for Performance Drivers; company data, Bloomberg Finance L.P. and J.P. Morgan estimates for all other tables. Note: Price history may not be complete or exact.

Karl Chan
(852) 2800-8513
karl.chan@jpmorgan.com

J.P.Morgan

China Resources Land (1109): Summary of Financials

Income Statement	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	**278,905**	**281,438**	**226,804**	**214,033**	**187,957**
COGS	(218,549)	(221,693)	(173,070)	(161,072)	(135,946)
Gross profit	**60,356**	**59,744**	**53,734**	**52,961**	**52,011**
SG&A	(13,840)	(14,528)	(14,122)	(10,591)	(10,062)
Adj. EBITDA	**57,554**	**49,622**	**39,612**	**42,370**	**41,949**
D&A	(1,536)	(1,531)	(1,531)	(1,531)	(1,531)
Adj. EBIT	**56,018**	**48,091**	**38,080**	**40,839**	**40,418**
Net Interest	(236)	(1,107)	(1,014)	(925)	(838)
Adj. PBT	**56,170**	**48,944**	**38,552**	**41,273**	**40,701**
Tax	(22,649)	(19,061)	(14,456)	(15,238)	(14,801)
Minority Interest	(8,101)	(7,402)	(5,050)	(4,618)	(3,809)
Adj. Net Income	**25,420**	**22,480**	**19,046**	**21,417**	**22,091**
Reported EPS	3.58	3.56	3.29	3.62	3.72
Adj. EPS	**3.56**	**3.15**	**2.67**	**3.00**	**3.10**
DPS	**1.33**	**1.21**	**0.99**	**1.11**	**1.15**
Payout ratio	37.2%	33.9%	30.0%	30.7%	30.8%
Shares outstanding	7,131	7,131	7,131	7,131	7,131

Balance Sheet	FY24A	FY25A	FY26E	FY27E	FY28E
Cash and cash equivalents	133,295	116,989	115,685	89,464	83,139
Accounts receivable	52,938	41,674	37,506	33,756	30,380
Inventories	425,450	381,388	377,634	373,918	370,238
Other current assets	99,005	105,733	89,924	76,930	67,521
Current assets	**710,687**	**645,784**	**620,749**	**574,067**	**551,278**
PP&E	15,015	14,738	16,151	17,203	17,842
LT investments	24,893	19,872	18,443	17,157	16,000
Other non current assets	403,800	418,179	464,125	507,420	550,205
Total assets	**1,129,501**	**1,078,701**	**1,101,026**	**1,098,689**	**1,119,325**
Short term borrowings	69,446	50,506	45,455	40,910	36,819
Payables	164,799	145,751	148,129	150,745	153,623
Other short term liabilities	269,673	192,437	198,365	174,799	173,875
Current liabilities	**503,918**	**388,694**	**391,950**	**366,454**	**364,317**
Long-term debt	192,298	232,406	230,228	228,071	225,937
Other long term liabilities	36,333	38,285	40,476	43,214	46,487
Total liabilities	**732,549**	**659,385**	**662,654**	**637,739**	**636,740**
Shareholders' equity	272,720	289,484	303,491	321,451	339,277
Minority interests	124,232	129,832	134,882	139,499	143,308
Total liabilities & equity	**1,129,501**	**1,078,701**	**1,101,026**	**1,098,689**	**1,119,325**
BVPS	**38.24**	**40.60**	**42.56**	**45.08**	**47.58**
y/y Growth	*3.0%*	*6.1%*	*4.8%*	*5.9%*	*5.5%*
RNAV/Share		-	56.07	-	-
Net debt/(cash)	128,449	165,922	159,998	179,517	179,616

Cash Flow Statement	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operating activities	**36,169**	**30,441**	**56,448**	**26,898**	**46,853**
o/w Depreciation & amortization	1,047	1,163	1,587	1,949	2,360
o/w Changes in working capital	12,506	8,608	41,248	8,873	27,967
Cash flow from investing activities	**(22,576)**	**(51,309)**	**(41,069)**	**(38,544)**	**(38,273)**
o/w Capital expenditure	(15,867)	(6,777)	(23,672)	(21,004)	(20,604)
as % of sales	*5.7%*	*2.4%*	*10.4%*	*9.8%*	*11.0%*
Cash flow from financing activities	**4,675**	**5,342**	**(16,683)**	**(14,574)**	**(14,905)**
o/w Dividends paid	(11,947)	(12,994)	(9,455)	(7,872)	(8,680)
o/w Shares issued/(repurchased)	0	0	0	0	0
o/w Net debt issued/(repaid)	18,958	18,231	(7,229)	(6,702)	(6,226)
Net change in cash	**18,268**	**(15,526)**	**(1,304)**	**(26,221)**	**(6,326)**
Adj. Free cash flow to firm	**13,506**	**17,403**	**26,474**	**6,477**	**26,782**
y/y Growth	*143.4%*	*28.9%*	*52.1%*	*(75.5%)*	*313.5%*

Ratio Analysis	FY24A	FY25A	FY26E	FY27E	FY28E
Gross margin	21.6%	21.2%	23.7%	24.7%	27.7%
EBITDA margin	20.6%	17.6%	17.5%	19.8%	22.3%
EBIT margin	20.1%	17.1%	16.8%	19.1%	21.5%
Net profit margin	9.1%	8.0%	8.4%	10.0%	11.8%
ROE	9.5%	8.0%	6.4%	6.9%	6.7%
ROA	2.2%	2.0%	1.7%	1.9%	2.0%
ROCE	6.4%	5.3%	4.1%	4.4%	4.3%
SG&A/Sales	5.0%	5.2%	6.2%	4.9%	5.4%
Net debt/Equity	0.3	0.4	0.4	0.4	0.4
Net debt/EBITDA	2.2	3.3	4.0	4.2	4.3
Sales/Assets (x)	0.2	0.3	0.2	0.2	0.2
Assets/Equity (x)	4.3	3.9	3.7	3.5	3.4
Interest cover (x)	243.8	44.8	39.1	45.8	50.1
Operating leverage	(12.8%)	(1558.6%)	107.2%	(128.6%)	8.5%
Tax rate	40.3%	38.9%	37.5%	36.9%	36.4%
Revenue y/y Growth	11.1%	0.9%	(19.4%)	(5.6%)	(12.2%)
EBITDA y/y Growth	(1.0%)	(13.8%)	(20.2%)	7.0%	(1.0%)
EPS y/y Growth	(8.5%)	(11.6%)	(15.3%)	12.4%	3.1%

Valuation	FY24A	FY25A	FY26E	FY27E	FY28E
P/E (x)	7.0	7.9	9.3	8.3	8.1
P/BV (x)	0.7	0.6	0.6	0.6	0.5
EV/EBITDA (x)	6.2	8.2	9.7	9.1	8.7
Dividend Yield	5.3%	4.8%	4.0%	4.5%	4.6%

Source: Company reports and J.P. Morgan estimates.
Note: Rmb in millions (except per-share data).Fiscal year ends Dec. o/w - out of which

Karl Chan
(852) 2800-8513
karl.chan@jpmorgan.com

J.P.Morgan

China Overseas Land & Investment (0688)

Overweight

0688.HK,688 HK

Price (11 Sep 26): HK$12.48

▼ **Price Target (Jun-27): HK$16.00**
Prior (Jun-27): HK$19.50

China

Mainland China/Hong Kong Property & Conglomerates

Karl Chan AC
(852) 2800-8513
karl.chan@jpmorgan.com
J.P. Morgan Securities (Asia Pacific) Limited/
J.P. Morgan Broking (Hong Kong) Limited

Key Changes (FYE Dec)

	Prev	Cur	Δ
Revenue - 27E (Rmb mn)	194,378	178,332	-8.3%

Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top) 6M	1Y	3Y	5Y
Value	3	3	3	13	3
Growth	93	92	92	83	82
Momentum	36	66	57	72	73
Quality	78	76	71	60	50
Low Vol	35	52	62	66	16
ESGQ	6	21	10	16	6

Sources for: Style Exposure – J.P. Morgan Global Markets Strategy; all other tables are company data and J.P. Morgan estimates.

Leading SOE with market share gains

We update our estimates to reflect the impact on contracted sales from the latest pre-sales policy. We lower our price target from HK$19.5 to HK$16, based on a lower target adjusted P/B (we adjusted COLI's investment properties' book value with a 6% cap rate, instead of the implied 3.5% cap rate) of 0.5x (prior: 0.7x), to reflect the likely lower sales decline in the "post pre-sales" era.

Investment Thesis, Valuation and Risks

China Overseas Land & Investment Ltd. *(Overweight; Price Target: HK$16.00)*

Investment Thesis

COLI is a leading developer with a long track record, a healthy balance sheet and prudent management. We expect COLI to continue to gain market share in the coming few years and become one of the few developers with positive sales growth. We rate the stock OW.

Valuation

Our Jun-27 price target of HK$16.00 is based on a target one-year forward adjusted P/B of 0.5x (or non-adjusted P/B of 0.4x), in line with SOE peers.

For adjustment, we assume a 6.0% cap rate for COLI's investment properties, instead of the implied 3.5% cap rate.

Risks to Rating and Price Target

Downside risks include slower-than-expected sales momentum, slow landbanking and slippages of the completion schedule.

Karl Chan
(852) 2800-8513
karl.chan@jpmorgan.com

J.P.Morgan

Price Performance



— 0688.HK Price (HK$) R-CHIP (rebased)

	YTD	1m	3m	12m
Abs	1.9%	-5.2%	-20.1%	-14.7%
Rel	-1.0%	-5.5%	-17.1%	-9.1%

Company Data

Shares O/S (mn)	10,945
52-week range (HK$)	16.70-11.36
Market cap ($ mn)	17,418
Exchange rate	7.84
Free float (%)	43.8%
3M ADV (mn)	28.27
3M ADV ($ mn)	48.6
Volatility (90 Day)	39
Index	HSCCI
BBG ANR (Buy | Hold | Sell)	24|1|0

Key Metrics (FYE Dec)

Rmb in millions	FY25A	FY26E	FY27E	FY28E
Financial Estimates				
Revenue	168,089	183,266	178,332	156,510
Adj. EBITDA	20,486	23,087	23,984	22,451
Adj. EBIT	20,026	23,054	23,948	22,412
Adj. net income	13,010	12,837	13,994	13,489
Adj. EPS	1.19	1.17	1.28	1.23
BBG EPS	1.32	1.13	1.19	1.26
Cashflow from operations	9,776	10,219	(23,697)	(29,178)
FCFF	9,344	7,350	(26,596)	(32,103)
Margins and Growth				
Revenue Growth Y/Y (%)	(9.2%)	9.0%	(2.7%)	(12.2%)
EBITDA margin	12.2%	12.6%	13.4%	14.3%
EBITDA Growth Y/Y (%)	(20.5%)	12.7%	3.9%	(6.4%)
EBIT margin	11.9%	12.6%	13.4%	14.3%
Net margin	7.7%	7.0%	7.8%	8.6%
Adj. EPS growth	(17.2%)	(1.3%)	9.0%	(3.6%)
Ratios				
Adj. tax rate	34.1%	40.4%	38.8%	37.5%
Interest cover	NM	NM	NM	NM
Net debt/Equity	0.2	0.2	0.2	0.3
Net debt/EBITDA	4.0	3.3	4.3	6.2
ROCE	2.3%	2.4%	2.5%	2.3%
ROE	3.4%	3.3%	3.5%	3.3%
Valuation				
FCFF yield	8.0%	6.3%	(22.7%)	(27.5%)
Dividend yield	4.7%	4.7%	5.3%	5.1%
EV/Revenue	1.0	0.9	0.9	1.0
EV/EBITDA	8.0	7.1	6.8	7.3
Adj. P/E	9.0	9.1	8.4	8.7

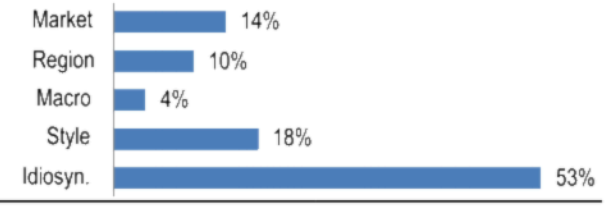
Summary Investment Thesis and Valuation

COLI is a leading developer with a long track record, a healthy balance sheet and prudent management. We expect COLI to continue to gain market share in the coming few years and become one of the few developers with positive sales growth. We rate the stock OW.

Our Jun-27 price target of HK$16.00 is based on a target one-year forward adjusted P/B of 0.5x (or non-adjusted P/B of 0.4x), in line with SOE peers.

For adjustment, we assume a 6.0% cap rate for COLI's investment properties, instead of the implied 3.5% cap rate.

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI Asia Pac ex JP	0.36	0.37
Region: China	0.47	0.34
Macro:		
JPM EM Currency(EMCI) Fixing	0.14	0.14
HSI Volatility Index	0.02	0.13
US 10 Year Yield	0.19	0.12
Quant Styles:		
Growth	-0.54	-0.49
Value	0.52	0.43
DivYld	0.48	0.39

Source: J.P. Morgan Global Markets Strategy for Performance Drivers; company data, Bloomberg Finance L.P. and J.P. Morgan estimates for all other tables. Note: Price history may not be complete or exact.

Karl Chan
(852) 2800-8513
karl.chan@jpmorgan.com

J.P.Morgan

China Overseas Land & Investment (0688): Summary of Financials

Income Statement	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	**185,154**	**168,089**	**183,266**	**178,332**	**156,510**
COGS	(152,389)	(142,024)	(155,249)	(150,583)	(130,457)
Gross profit	**32,765**	**26,124**	**28,017**	**27,749**	**26,053**
SG&A	(6,813)	(6,807)	(7,422)	(7,222)	(6,338)
Adj. EBITDA	**25,776**	**20,486**	**23,087**	**23,984**	**22,451**
D&A	(460)	(460)	(34)	(36)	(39)
Adj. EBIT	**25,316**	**20,026**	**23,054**	**23,948**	**22,412**
Net Interest	423	313	453	487	520
Adj. PBT	**26,388**	**20,860**	**23,871**	**25,244**	**23,830**
Tax	(8,516)	(7,110)	(9,649)	(9,786)	(8,942)
Minority Interest	(2,152)	(740)	(1,386)	(1,465)	(1,399)
Adj. Net Income	**15,720**	**13,010**	**12,837**	**13,994**	**13,489**
Reported EPS	1.43	1.16	1.07	1.18	1.13
Adj. EPS	**1.44**	**1.19**	**1.17**	**1.28**	**1.23**
DPS	**0.60**	**0.50**	**0.51**	**0.56**	**0.54**
Payout ratio	42.0%	43.1%	47.3%	48.0%	48.2%
Shares outstanding	10,945	10,945	10,945	10,945	10,945

Balance Sheet	FY24A	FY25A	FY26E	FY27E	FY28E
Cash and cash equivalents	123,892	103,401	113,425	89,453	60,138
Accounts receivable	3,406	4,065	4,471	4,918	5,410
Inventories	454,274	491,000	491,878	497,740	524,064
Other current assets	57,611	47,159	49,065	51,397	54,174
Current assets	**639,184**	**645,624**	**658,839**	**643,507**	**643,786**
PP&E	7,301	7,138	7,204	7,268	7,329
LT investments	-	-	-	-	-
Other non current assets	262,150	262,935	265,188	267,884	270,669
Total assets	**908,634**	**915,697**	**931,231**	**918,659**	**921,783**
Short term borrowings	28,590	42,316	46,548	51,203	56,323
Payables	55,718	52,285	49,670	47,187	44,827
Other short term liabilities	180,923	167,989	170,176	142,862	131,433
Current liabilities	**265,232**	**262,589**	**266,394**	**241,252**	**232,583**
Long-term debt	149,523	142,194	142,194	142,194	142,194
Other long term liabilities	92,049	91,015	94,265	97,515	100,765
Total liabilities	**506,804**	**495,798**	**502,853**	**480,960**	**475,542**
Shareholders' equity	380,611	387,948	395,041	402,897	410,040
Minority interests	21,219	31,951	33,337	34,802	36,201
Total liabilities & equity	**908,634**	**915,697**	**931,231**	**918,659**	**921,783**
BVPS	**34.78**	**35.45**	**36.09**	**36.81**	**37.46**
y/y Growth	*2.0%*	*1.9%*	*1.8%*	*2.0%*	*1.8%*
RNAV/Share		-	37.78	-	-
Net debt/(cash)	54,221	81,109	75,317	103,944	138,378

Cash Flow Statement	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operating activities	**37,425**	**9,776**	**10,219**	**(23,697)**	**(29,178)**
o/w Depreciation & amortization	460	460	34	36	39
o/w Changes in working capital	(3,090)	(9,430)	(2,725)	(32,508)	(16,927)
Cash flow from investing activities	**1,842**	**(10,265)**	**(1,956)**	**(1,956)**	**(1,956)**
o/w Capital expenditure	(198)	(226)	(2,600)	(2,600)	(2,600)
as % of sales	*0.1%*	*0.1%*	*1.4%*	*1.5%*	*1.7%*
Cash flow from financing activities	**(20,768)**	**(19,908)**	**1,760**	**1,681**	**1,819**
o/w Dividends paid	(8,207)	(6,616)	(4,632)	(5,025)	(5,232)
o/w Shares issued/(repurchased)	0	0	0	0	0
o/w Net debt issued/(repaid)	(17,551)	(13,141)	7,482	7,905	8,370
Net change in cash	**18,498**	**(20,396)**	**10,024**	**(23,972)**	**(29,314)**
Adj. Free cash flow to firm	**36,940**	**9,344**	**7,350**	**(26,596)**	**(32,103)**
y/y Growth	*51.1%*	*(74.7%)*	*(21.3%)*	*(461.9%)*	*20.7%*

Ratio Analysis	FY24A	FY25A	FY26E	FY27E	FY28E
Gross margin	17.7%	15.5%	15.3%	15.6%	16.6%
EBITDA margin	13.9%	12.2%	12.6%	13.4%	14.3%
EBIT margin	13.7%	11.9%	12.6%	13.4%	14.3%
Net profit margin	8.5%	7.7%	7.0%	7.8%	8.6%
ROE	4.2%	3.4%	3.3%	3.5%	3.3%
ROA	1.7%	1.4%	1.4%	1.5%	1.5%
ROCE	3.1%	2.3%	2.4%	2.5%	2.3%
SG&A/Sales	3.7%	4.0%	4.0%	4.0%	4.0%
Net debt/Equity	0.1	0.2	0.2	0.2	0.3
Net debt/EBITDA	2.1	4.0	3.3	4.3	6.2
Sales/Assets (x)	0.2	0.2	0.2	0.2	0.2
Assets/Equity (x)	2.4	2.4	2.4	2.3	2.3
Interest cover (x)	NM	NM	NM	NM	NM
Operating leverage	327.3%	226.7%	167.5%	(144.1%)	52.4%
Tax rate	32.3%	34.1%	40.4%	38.8%	37.5%
Revenue y/y Growth	(8.6%)	(9.2%)	9.0%	(2.7%)	(12.2%)
EBITDA y/y Growth	(27.6%)	(20.5%)	12.7%	3.9%	(6.4%)
EPS y/y Growth	(33.5%)	(17.2%)	(1.3%)	9.0%	(3.6%)

Valuation	FY24A	FY25A	FY26E	FY27E	FY28E
P/E (x)	7.4	9.0	9.1	8.4	8.7
P/BV (x)	0.3	0.3	0.3	0.3	0.3
EV/EBITDA (x)	6.4	8.0	7.1	6.8	7.3
Dividend Yield	5.6%	4.7%	4.7%	5.3%	5.1%

Source: Company reports and J.P. Morgan estimates.
Note: Rmb in millions (except per-share data).Fiscal year ends Dec. o/w - out of which

Karl Chan
(852) 2800-8513
karl.chan@jpmorgan.com

J.P.Morgan

China Jinmao (0817)

Higher uncertainties on growth outlook

We downgrade Jinmao from Overweight to Neutral. Our new price target of HK$1.18 is based on a lower target P/B of 0.4x (prior 0.6x) to reflect the potential sales impact driven by the "828" policy that phases out pre-sales.

Stock has outperformed due to strong sales momentum, but this may change

Since 2025, Jinmao had been an outperformer among Chinese developers due to its strong sales momentum. After 16% Y/Y growth in FY25, year-to-date, contracted sales have risen another 5% Y/Y. However, the "828" policy may force Jinmao to reduce land capex. In particular, Jinmao has high net gearing (52% as reported, but 95% if adjusted for perpetuals), thus compared to other SOEs, the company may have greater urgency to preserve cash flows. Jinmao's land bank is relatively thin (2.1 years). We estimate the unsold land bank to have a sellable value of Rmb254 billion, of which Rmb88bn hasn't got a construction permit. If we assume Jinmao's reinvestment is cut 20%, this could translate into a 34% Y/Y drop in contracted sales in FY27E. This may then translate into a similar earnings drop in FY29E. That said, if Jinmao's new acquisitions fetch higher margins, there could be upside risk.

Earnings turnaround could be soon, but too early to position for this

1H26 earnings dropped 13% Y/Y further due to lower DP margin (6.5%) as Jinmao was mostly booking projects acquired before 2023. However, as projects acquired over the past 2 years may carry a higher margin (>15%) which may start to bear fruit in 2H26, we believe DP margin already bottomed in the latest results, and Jinmao may be back in an earnings upcycle through FY28 (14% CAGR by our estimate). However, in FY29 earnings may drop again as sales in FY27 may drop. Even if we believe near-term earnings may improve, we might revisit the stock closer to results announcement (March 2027). In the near term, we believe investors would focus more on the sales outlook.

We still like the company; wait for a better entry point

Before 2021, Jinmao was known to have acquired a substantial amount of low-margin land which resulted in a big net loss in FY23. However, over the past few years we have seen improvement in corporate governance, management guidance & cost control etc. We also like Jinmao's land bank positioning (high end in top-tier cities) where demand should be more resilient. Moreover, due to a lower plot ratio, Jinmao's construction period may be relatively shorter than peers, and thus the disruption to cash collection may be mildly better than feared (but surely there will still be impact). However, in the near term, we believe the uncertainties on growth will outweigh these factors for a while. We are thus Neutral.

▼ Neutral
Previous: Overweight

0817.HK,817 HK
Price (11 Sep 26): HK$1.24

▼ Price Target (Jun-27): HK$1.18
Prior (Jun-27): HK$2.05

China
Mainland China/Hong Kong Property & Conglomerates

Karl Chan AC
(852) 2800-8513
karl.chan@jpmorgan.com
J.P. Morgan Securities (Asia Pacific) Limited/
J.P. Morgan Broking (Hong Kong) Limited

Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top) 6M	1Y	3Y	5Y
Value	4	5	4	4	7
Growth	98	95	96	97	62
Momentum	46	19	6	84	93
Quality	88	87	88	88	79
Low Vol	75	97	98	92	35

Sources for: Style Exposure – J.P. Morgan Global Markets Strategy; all other tables are company data and J.P. Morgan estimates.

Karl Chan
(852) 2800-8513
karl.chan@jpmorgan.com

Investment Thesis, Valuation and Risks

China Jinmao Holdings Group Limited *(Neutral; Price Target: HK$1.18)*

Investment Thesis

Jinmao's sales momentum has outperformed (so as the share price) in the past 1-2 years, but with the "828" policy, we think this may change. With a small land bank & high leverage, we see uncertainties about Jinmao's upcoming land-banking appetite which may thus affect the sales outlook. We still like Jinmao's positioning (high-end in top-tier cities) and we see improvement in the company's corporate governance & management guidance. However, uncertainties about the sales growth outlook outweigh these factors in the near term. Earnings recovery is possible in the next 1-2 years, but we believe it is too early to buy on this theme. We are Neutral.

Valuation

Our Jun-27 price target of HK$1.18 is based on a one-year forward P/B of 0.4x, below the SOE average to discount Jinmao's higher leverage.

Risks to Rating and Price Target

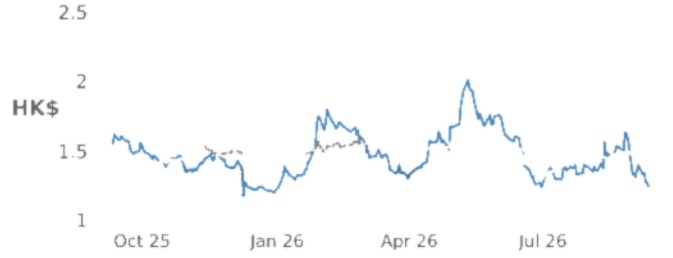
Downside risks include: (1) worse-than-expected primary land development; (2) worse-than-expected contracted sales momentum; and (3) worse-than-expected margin.

Upside risks include: (1) better-than-expected primary land development; (2) better-than-expected contracted sales momentum; (3) better-than-expected margin.

Karl Chan
(852) 2800-8513
karl.chan@jpmorgan.com

J.P.Morgan

Price Performance



— 0817.HK Price (HK$) R-CHIP (rebased)

	YTD	1m	3m	12m
Abs	2.1%	-9.5%	-20.8%	-19.3%
Rel	-0.8%	-9.8%	-17.9%	-13.7%

Company Data

Shares O/S (mn)	13,512
52-week range (HK$)	2.04-1.16
Market cap ($ mn)	2,128
Exchange rate	7.84
Free float (%)	48.2%
3M ADV (mn)	65.53
3M ADV ($ mn)	11.7
Volatility (90 Day)	61
Index	HSCCI
BBG ANR (Buy | Hold | Sell)	21|0|0

Key Metrics (FYE Dec)

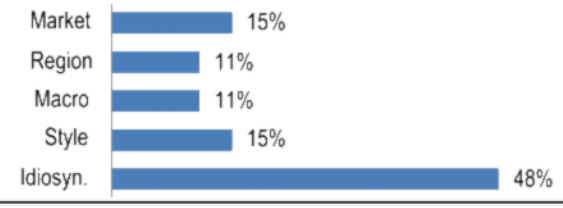
Rmb in millions	FY25A	FY26E	FY27E	FY28E
Financial Estimates				
Revenue	54,844	56,447	58,579	61,923
Adj. EBITDA	6,627	6,259	8,203	8,833
Adj. EBIT	6,036	5,675	7,626	8,262
Adj. net income	696	839	1,517	1,893
Adj. EPS	0.05	0.06	0.11	0.14
BBG EPS	0.11	0.10	0.12	0.13
Cashflow from operations	(6,856)	4,534	5,052	4,109
FCFF	(6,095)	4,689	5,096	4,060
Margins and Growth				
Revenue Growth Y/Y (%)	0.4%	2.9%	3.8%	5.7%
EBITDA margin	12.1%	11.1%	14.0%	14.3%
EBITDA Growth Y/Y (%)	27.4%	(5.5%)	31.1%	7.7%
EBIT margin	11.0%	10.1%	13.0%	13.3%
Net margin	1.3%	1.5%	2.6%	3.1%
Adj. EPS growth	(9.6%)	20.5%	80.8%	24.8%
Ratios				
Adj. tax rate	54.8%	47.4%	52.6%	52.0%
Interest cover	5.0	5.9	8.7	12.0
Net debt/Equity	0.8	0.8	0.7	0.7
Net debt/EBITDA	14.6	14.9	10.9	9.7
ROCE	1.7%	1.8%	2.1%	2.3%
ROE	1.8%	2.2%	3.9%	4.7%
Valuation				
FCFF yield	(42.7%)	32.8%	35.7%	28.4%
Dividend yield	2.8%	2.8%	3.3%	3.8%
EV/Revenue	2.5	2.4	2.3	2.1
EV/EBITDA	21.0	21.8	16.3	14.8
Adj. P/E	20.5	17.0	9.4	7.5

Summary Investment Thesis and Valuation

Jinmao's sales momentum has outperformed (so as the share price) in the past 1-2 years, but with the "828" policy, we think this may change. With a small land bank & high leverage, we see uncertainties about Jinmao's upcoming land-banking appetite which may thus affect the sales outlook. We still like Jinmao's positioning (high-end in top-tier cities) and we see improvement in the company's corporate governance & management guidance. However, uncertainties about the sales growth outlook outweigh these factors in the near term. Earnings recovery is possible in the next 1-2 years, but we believe it is too early to buy on this theme. We are Neutral.

Our Jun-27 price target of HK$1.18 is based on a one-year forward P/B of 0.4x, below the SOE average to discount Jinmao's higher leverage.

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI Asia Pac ex JP	0.42	0.38
Region: China	0.48	0.35
Macro:		
JPM Forecast Revision EM	0.34	0.24
JPM EM Currency(EMCI) Fixing	0.27	0.22
HSI Volatility Index	0.13	0.15
Quant Styles:		
Growth	-0.54	-0.49
DivYld	0.50	0.43
Value	0.49	0.42

Source: J.P. Morgan Global Markets Strategy for Performance Drivers; company data, Bloomberg Finance L.P. and J.P. Morgan estimates for all other tables. Note: Price history may not be complete or exact.

Karl Chan
(852) 2800-8513
karl.chan@jpmorgan.com

J.P.Morgan

China Jinmao (0817): Summary of Financials

Income Statement	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	**54,646**	**54,844**	**56,447**	**58,579**	**61,923**
COGS	(50,456)	(50,150)	(52,089)	(52,862)	(55,186)
Gross profit	**-**	**-**	**-**	**-**	**-**
SG&A	(5,204)	(4,724)	(4,529)	(4,755)	(4,993)
Adj. EBITDA	**5,202**	**6,627**	**6,259**	**8,203**	**8,833**
D&A	(587)	(591)	(584)	(578)	(571)
Adj. EBIT	**4,614**	**6,036**	**5,675**	**7,626**	**8,262**
Net Interest	(1,415)	(1,331)	(1,061)	(944)	(738)
Adj. PBT	**4,507**	**5,072**	**4,982**	**7,049**	**7,891**
Tax	(2,238)	(2,779)	(2,361)	(3,708)	(4,107)
Minority Interest	(1,135)	(935)	(1,129)	(1,172)	(1,238)
Adj. Net Income	**770**	**696**	**839**	**1,517**	**1,893**
Reported EPS	0.05	0.04	0.05	0.10	0.13
Adj. EPS	**0.06**	**0.05**	**0.06**	**0.11**	**0.14**
DPS	**0.03**	**0.03**	**0.03**	**0.04**	**0.04**
Payout ratio	57.8%	68.5%	55.6%	33.6%	30.3%
Shares outstanding	13,501	13,507	13,512	13,512	13,512

Balance Sheet	FY24A	FY25A	FY26E	FY27E	FY28E
Cash and cash equivalents	34,856	32,389	37,494	43,307	48,326
Accounts receivable	46,160	51,483	56,631	62,294	68,524
Inventories	39,836	37,683	41,452	45,597	50,156
Other current assets	72,204	100,212	108,409	117,362	127,142
Current assets	**193,056**	**221,767**	**243,986**	**268,560**	**294,148**
PP&E	13,581	13,604	13,423	13,248	13,080
LT investments	-	-	-	-	-
Other non current assets	202,619	206,363	208,186	210,016	211,852
Total assets	**409,256**	**441,734**	**465,595**	**491,823**	**519,080**
Short term borrowings	21,607	28,125	27,843	27,565	27,289
Payables	22,858	24,219	25,430	26,701	28,036
Other short term liabilities	128,864	151,260	170,693	191,655	213,155
Current liabilities	**173,329**	**203,603**	**223,966**	**245,921**	**268,481**
Long-term debt	101,194	100,887	102,905	104,963	107,063
Other long term liabilities	26,455	17,682	17,682	17,682	17,682
Total liabilities	**300,978**	**322,172**	**344,553**	**368,566**	**393,225**
Shareholders' equity	38,379	38,041	38,393	39,437	40,796
Minority interests	69,899	81,520	82,649	83,821	85,059
Total liabilities & equity	**409,256**	**441,734**	**465,595**	**491,823**	**519,080**
BVPS	**2.88**	**2.82**	**2.84**	**2.92**	**3.02**
y/y Growth	*(1.0%)*	*(2.3%)*	*0.9%*	*2.7%*	*3.4%*
RNAV/Share	-	-	-	-	-
Net debt/(cash)	87,945	96,623	93,254	89,221	86,026

Cash Flow Statement	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operating activities	**(11,403)**	**(6,856)**	**4,534**	**5,052**	**4,109**
o/w Depreciation & amortization	757	727	584	578	571
o/w Changes in working capital	(4,341)	(3,210)	3,530	3,472	2,267
Cash flow from investing activities	**1,811**	**(4,023)**	**(1,198)**	**(1,102)**	**(996)**
o/w Capital expenditure	(985)	(599)	(403)	(403)	(403)
as % of sales	*1.8%*	*1.1%*	*0.7%*	*0.7%*	*0.7%*
Cash flow from financing activities	**9,477**	**8,483**	**1,770**	**1,863**	**1,906**
o/w Dividends paid	(1,705)	(1,421)	(1,030)	(1,017)	(1,077)
o/w Shares issued/(repurchased)	0	0	(65)	(71)	(79)
o/w Net debt issued/(repaid)	(8,139)	8,419	1,737	1,780	1,824
Net change in cash	**(116)**	**(2,396)**	**5,105**	**5,813**	**5,019**
Adj. Free cash flow to firm	**(11,483)**	**(6,095)**	**4,689**	**5,096**	**4,060**
y/y Growth	*(19385.4%)*	*(46.9%)*	*(176.9%)*	*8.7%*	*(20.3%)*

Ratio Analysis	FY24A	FY25A	FY26E	FY27E	FY28E
Gross margin	-	-	-	-	-
EBITDA margin	9.5%	12.1%	11.1%	14.0%	14.3%
EBIT margin	8.4%	11.0%	10.1%	13.0%	13.3%
Net profit margin	1.4%	1.3%	1.5%	2.6%	3.1%
ROE	2.0%	1.8%	2.2%	3.9%	4.7%
ROA	0.2%	0.2%	0.2%	0.3%	0.4%
ROCE	1.4%	1.7%	1.8%	2.1%	2.3%
SG&A/Sales	9.5%	8.6%	8.0%	8.1%	8.1%
Net debt/Equity	0.8	0.8	0.8	0.7	0.7
Net debt/EBITDA	16.9	14.6	14.9	10.9	9.7
Sales/Assets (x)	0.1	0.1	0.1	0.1	0.1
Assets/Equity (x)	10.5	11.1	11.9	12.3	12.6
Interest cover (x)	3.7	5.0	5.9	8.7	12.0
Operating leverage	2762.5%	8470.4%	(204.7%)	909.9%	146.1%
Tax rate	49.7%	54.8%	47.4%	52.6%	52.0%
Revenue y/y Growth	(20.9%)	0.4%	2.9%	3.8%	5.7%
EBITDA y/y Growth	(1550.9%)	27.4%	(5.5%)	31.1%	7.7%
EPS y/y Growth	(110.8%)	(9.6%)	20.5%	80.8%	24.8%

Valuation	FY24A	FY25A	FY26E	FY27E	FY28E
P/E (x)	18.5	20.5	17.0	9.4	7.5
P/BV (x)	0.4	0.4	0.4	0.4	0.4
EV/EBITDA (x)	23.3	21.0	21.8	16.3	14.8
Dividend Yield	2.8%	2.8%	2.8%	3.3%	3.8%

Source: Company reports and J.P. Morgan estimates.
Note: Rmb in millions (except per-share data).Fiscal year ends Dec. o/w - out of which

Karl Chan
(852) 2800-8513
karl.chan@jpmorgan.com

J.P.Morgan

Seazen Group

Neutral

1030.HK,1030 HK

Price (11 Sep 26): HK$1.36

Price Target (Jun-27): HK$1.40

Signs of stabilization

We update our estimates to reflect 1H26 results and the impact on contracted sales from the latest pre-sales policy. There is no change to our price target.

China

Mainland China/Hong Kong Property & Conglomerates

Karl Chan AC

(852) 2800-8513

karl.chan@jpmorgan.com

J.P. Morgan Securities (Asia Pacific) Limited/ J.P. Morgan Broking (Hong Kong) Limited

Key Changes (FYE Dec)

	Prev	Cur	Δ
Revenue - 27E (Rmb mn)	36,371	35,087	-3.5%

Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top) 6M	1Y	3Y	5Y
Value	3	4	5	2	2
Growth	95	98	99	78	40
Momentum	87	53	22	94	71
Quality	86	88	87	90	6
Low Vol	66	91	95	99	52

Sources for: Style Exposure – J.P. Morgan Global Markets Strategy; all other tables are company data and J.P. Morgan estimates.

Investment Thesis, Valuation and Risks

Seazen Group Ltd. *(Neutral; Price Target: HK$1.40)*

Investment Thesis

On the earnings side, we see stabilization and the build-up of recurring income helping to offset the DP drag (with margin that is not as bad as feared). We see deterioration in the balance sheet, and we believe the liquidity risk concern is not completely over. Similar to most peers, Seazen has seen a big slump in earnings. However, Seazen managed to maintain mildly positive core net profit in FY25 (instead of a net loss) thanks to the build-up of recurring income. There is a chance that core net profit will remain positive in FY26-28 if DP margin does not deteriorate much further.

Valuation

Our Jun-27 price target of HK$1.40 is based on a target one-year forward P/B of 0.2x, higher than that of distressed developers.

Risks to Rating and Price Target

Upside risks include: (1) stronger-than-expected sales; (2) better-than-expected margins; (3) higher dividend payouts; (4) NAV-accretive landbanking; and (5) significant improvements in leverage & liquidity.

Downside risks include: (1) worse-than-expected sales momentum; (2) slower-than-expected landbanking; (3) completion schedule slippages; (4) a tighter credit environment that heightens refinancing risk; and (5) demand shocks in low-tier cities.

Karl Chan
(852) 2800-8513
karl.chan@jpmorgan.com

J.P.Morgan

Price Performance



— 1030.HK Price (HK$) HSCEI (rebased)

	YTD	1m	3m	12m
Abs	-33.7%	-2.2%	-18.1%	-46.2%
Rel	-26.2%	1.1%	-18.4%	-35.3%

Company Data

Shares O/S (mn)	7,264
52-week range (HK$)	2.81-1.30
Market cap ($ mn)	1,260
Exchange rate	7.84
Free float (%)	36.7%
3M ADV (mn)	21.16
3M ADV ($ mn)	3.9
Volatility (90 Day)	42
Index	HSCEI
BBG ANR (Buy | Hold | Sell)	9|1|1

Key Metrics (FYE Dec)

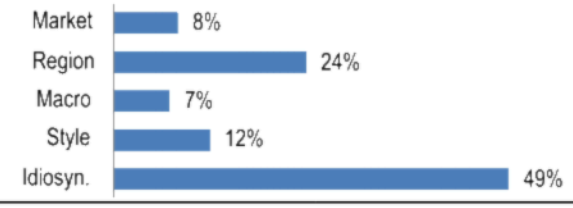
Rmb in millions	FY25A	FY26E	FY27E	FY28E
Financial Estimates				
Revenue	52,121	46,114	35,087	26,077
Adj. EBITDA	7,379	7,884	7,801	6,936
Adj. EBIT	7,182	7,702	7,627	6,770
Adj. net income	380	517	1,085	1,117
Adj. EPS	0.05	0.07	0.15	0.15
BBG EPS	0.08	0.09	0.15	0.20
Cashflow from operations	(1,928)	1,772	1,859	(1,172)
FCFF	(1,540)	2,801	3,222	291
Margins and Growth				
Revenue Growth Y/Y (%)	(40.9%)	(11.5%)	(23.9%)	(25.7%)
EBITDA margin	14.2%	17.1%	22.2%	26.6%
EBITDA Growth Y/Y (%)	6.2%	6.8%	(1.1%)	(11.1%)
EBIT margin	13.8%	16.7%	21.7%	26.0%
Net margin	0.7%	1.1%	3.1%	4.3%
Adj. EPS growth	(39.8%)	33.7%	106.9%	2.9%
Ratios				
Adj. tax rate	91.8%	83.3%	71.4%	66.8%
Interest cover	2.4	2.6	2.7	2.5
Net debt/Equity	0.6	0.6	0.5	0.6
Net debt/EBITDA	6.5	5.9	5.8	6.8
ROCE	0.6%	1.3%	2.1%	2.2%
ROE	0.8%	1.1%	2.3%	2.3%
Valuation				
FCFF yield	(18.8%)	33.6%	38.1%	3.4%
Dividend yield	0.0%	0.0%	0.0%	0.0%
EV/Revenue	1.8	2.0	2.6	3.6
EV/EBITDA	12.6	11.7	11.7	13.4
Adj. P/E	21.6	16.1	7.8	7.6

Summary Investment Thesis and Valuation

On the earnings side, we see stabilization and the build-up of recurring income helping to offset the DP drag (with margin that is not as bad as feared). We see deterioration in the balance sheet, and we believe the liquidity risk concern is not completely over. Similar to most peers, Seazen has seen a big slump in earnings. However, Seazen managed to maintain mildly positive core net profit in FY25 (instead of a net loss) thanks to the build-up of recurring income. There is a chance that core net profit will remain positive in FY26-28 if DP margin does not deteriorate much further.

Our Jun-27 price target of HK$1.40 is based on a target one-year forward P/B of 0.2x, higher than that of distressed developers.

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI Asia Pac ex JP	0.23	0.28
Region: China	0.59	0.52
Macro:		
JPM EM Currency(EMCI) Fixing	0.17	0.27
JP Morgan GBI-EM Global Div	0.10	0.21
JPM Forecast Revision EM	0.33	0.20
Quant Styles:		
Growth	-0.55	-0.45
DivYld	0.52	0.40
Value	0.50	0.40

Source: J.P. Morgan Global Markets Strategy for Performance Drivers; company data, Bloomberg Finance L.P. and J.P. Morgan estimates for all other tables. Note: Price history may not be complete or exact.

Karl Chan
(852) 2800-8513
karl.chan@jpmorgan.com

J.P.Morgan

Seazen Group: Summary of Financials

Income Statement	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	**88,132**	**52,121**	**46,114**	**35,087**	**26,077**
COGS	(73,154)	(39,728)	(29,957)	(21,297)	(14,001)
Gross profit	**14,978**	**12,394**	**16,157**	**13,790**	**12,076**
SG&A	(7,226)	(4,581)	(3,881)	(3,493)	(3,143)
Adj. EBITDA	**6,950**	**7,379**	**7,884**	**7,801**	**6,936**
D&A	(259)	(198)	(182)	(174)	(166)
Adj. EBIT	**6,691**	**7,182**	**7,702**	**7,627**	**6,770**
Net Interest	(2,683)	(3,036)	(3,050)	(2,894)	(2,746)
Adj. PBT	**4,354**	**3,936**	**4,481**	**4,624**	**3,966**
Tax	(3,522)	(3,615)	(3,730)	(3,302)	(2,648)
Minority Interest	(200)	59	(233)	(237)	(201)
Adj. Net Income	**632**	**380**	**517**	**1,085**	**1,117**
Reported EPS	0.07	0.06	0.07	0.15	0.15
Adj. EPS	**0.09**	**0.05**	**0.07**	**0.15**	**0.15**
DPS	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%
Shares outstanding	7,044	7,044	7,165	7,264	7,264

Balance Sheet	FY24A	FY25A	FY26E	FY27E	FY28E
Cash and cash equivalents	10,618	6,899	7,537	8,492	6,660
Accounts receivable	36,630	28,862	25,014	19,244	15,031
Inventories	97,030	71,068	59,676	52,630	48,707
Other current assets	9,643	5,841	5,271	4,759	4,298
Current assets	**153,921**	**112,670**	**97,498**	**85,125**	**74,696**
PP&E	6,471	6,241	6,825	7,468	8,175
LT investments	-	-	-	-	-
Other non current assets	148,732	147,698	147,647	147,667	147,747
Total assets	**309,125**	**266,609**	**251,971**	**240,260**	**230,617**
Short term borrowings	16,071	14,154	15,569	17,126	18,839
Payables	66,195	53,821	45,748	38,886	33,053
Other short term liabilities	89,399	65,692	59,505	54,120	49,429
Current liabilities	**171,665**	**133,667**	**120,822**	**110,133**	**101,321**
Long-term debt	41,662	40,604	38,574	36,645	34,813
Other long term liabilities	9,009	10,779	10,265	9,852	9,534
Total liabilities	**222,335**	**185,050**	**169,662**	**156,630**	**145,668**
Shareholders' equity	46,354	46,584	47,102	48,187	49,304
Minority interests	40,436	34,974	35,207	35,444	35,645
Total liabilities & equity	**309,125**	**266,609**	**251,971**	**240,260**	**230,617**
BVPS	**6.58**	**6.61**	**6.57**	**6.63**	**6.79**
y/y Growth	*1.1%*	*0.5%*	*(0.6%)*	*0.9%*	*2.3%*
RNAV/Share		-	-	-	-
Net debt/(cash)	47,115	47,859	46,607	45,279	46,992

Cash Flow Statement	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operating activities	**(2,637)**	**(1,928)**	**1,772**	**1,859**	**(1,172)**
o/w Depreciation & amortization	259	198	182	174	166
o/w Changes in working capital	(4,761)	(3,577)	1,555	1,190	(1,724)
Cash flow from investing activities	**2,510**	**1,412**	**(407)**	**(391)**	**(376)**
o/w Capital expenditure	(49)	(42)	(42)	(42)	(42)
as % of sales	*0.1%*	*0.1%*	*0.1%*	*0.1%*	*0.2%*
Cash flow from financing activities	**(6,184)**	**(1,831)**	**(728)**	**(527)**	**(311)**
o/w Dividends paid	(654)	(2)	0	0	0
o/w Shares issued/(repurchased)	0	0	0	0	0
o/w Net debt issued/(repaid)	(5,304)	(1,314)	(615)	(372)	(120)
Net change in cash	**(6,310)**	**(2,347)**	**637**	**941**	**(1,858)**
Adj. Free cash flow to firm	**(1,925)**	**(1,540)**	**2,801**	**3,222**	**291**
y/y Growth	*(126.9%)*	*(20.0%)*	*(281.9%)*	*15.0%*	*(91.0%)*

Ratio Analysis	FY24A	FY25A	FY26E	FY27E	FY28E
Gross margin	17.0%	23.8%	35.0%	39.3%	46.3%
EBITDA margin	7.9%	14.2%	17.1%	22.2%	26.6%
EBIT margin	7.6%	13.8%	16.7%	21.7%	26.0%
Net profit margin	0.7%	0.7%	1.1%	3.1%	4.3%
ROE	1.4%	0.8%	1.1%	2.3%	2.3%
ROA	0.2%	0.1%	0.2%	0.4%	0.5%
ROCE	1.2%	0.6%	1.3%	2.1%	2.2%
SG&A/Sales	8.2%	8.8%	8.4%	10.0%	12.1%
Net debt/Equity	0.5	0.6	0.6	0.5	0.6
Net debt/EBITDA	6.8	6.5	5.9	5.8	6.8
Sales/Assets (x)	0.3	0.2	0.2	0.1	0.1
Assets/Equity (x)	7.4	6.2	5.5	5.2	4.8
Interest cover (x)	2.6	2.4	2.6	2.7	2.5
Operating leverage	(22.1%)	(17.9%)	(62.9%)	4.1%	43.8%
Tax rate	80.9%	91.8%	83.3%	71.4%	66.8%
Revenue y/y Growth	(25.4%)	(40.9%)	(11.5%)	(23.9%)	(25.7%)
EBITDA y/y Growth	(0.3%)	6.2%	6.8%	(1.1%)	(11.1%)
EPS y/y Growth	300.8%	(39.8%)	33.7%	106.9%	2.9%

Valuation	FY24A	FY25A	FY26E	FY27E	FY28E
P/E (x)	13.0	21.6	16.1	7.8	7.6
P/BV (x)	0.2	0.2	0.2	0.2	0.2
EV/EBITDA (x)	14.1	12.6	11.7	11.7	13.4
Dividend Yield	0.0%	0.0%	0.0%	0.0%	0.0%

Source: Company reports and J.P. Morgan estimates.
Note: Rmb in millions (except per-share data).Fiscal year ends Dec. o/w - out of which

Karl Chan
(852) 2800-8513
karl.chan@jpmorgan.com

J.P.Morgan

Poly Developments & Holdings - A

Weak earnings execution & underperforming sales growth

We downgrade Poly from Overweight to Neutral. We lower our price target to Rmb5.0, based on a lower target P/B of 0.3x (prior Rmb8.0 based on 0.4x) to reflect the more obscure growth outlook after the "828" policy.

Market share gainer, but we need to see earnings/margin execution

As a top 3 SOE developer in China, we believe Poly is a market share gainer. However, Poly's earnings & margin execution has been mediocre, resulting in a <2% net margin in the past 1-2 years, and we see limited visibility into the next 1-2 years.

Underperforming sales growth, and earnings could see high sensitivity

Year to date, Poly's contracted sales have dropped 8% Y/Y (underperforming SOEs' average of +1%). With the "828" policy, we expect Poly to slow down land-banking, and contracted sales may drop 30% Y/Y in FY27 (if the new policy rules are strictly enforced), and this would impact earnings in FY29. Due to a low net margin, Poly's earnings could be highly sensitive.

P/B is already low

Compared to SOE peers, Poly's 0.3x P/B is already among the lowest. Therefore, we are Neutral rather than Underweight. We could turn more positive if Poly is able to demonstrate margin recovery and smaller-than-expected sales decline.

Investment Thesis, Valuation and Risks

Poly Developments & Holdings Group Co., Ltd - A *(Neutral: Price Target: Rmb5.00)*

Investment Thesis

While we believe Poly, as a top 3 SOE developer, is set to gain market share, its earnings/margin execution in the past few years has been mediocre, and we see limited visibility into its earnings outlook, particularly with its low net margin (<2%). 0.3x P/B appears fair for a leading SOE developer with low visibility.

Valuation

Our Jun-27 price target of Rmb5.00 is based on a target one-year forward P/B of 0.3x, lower than the average of SOE peers to discount for Poly's higher margin uncertainty.

Risks to Rating and Price Target

Downside risks include worse-than-expected margins and worse-than-expected contracted sales.

Upside risks include better-than-expected margins & sales momentum.

▼ Neutral
Previous: Overweight

600048.SS,600048 CH
Price (11 Sep 26): Rmb5.06

▼ Price Target (Jun-27): Rmb5.00
Prior (Jun-27): Rmb8.00

China
Mainland China/Hong Kong Property & Conglomerates

Karl Chan AC
(852) 2800-8513
karl.chan@jpmorgan.com
J.P. Morgan Securities (Asia Pacific) Limited/
J.P. Morgan Broking (Hong Kong) Limited

Key Changes (FYE Dec)

	Prev	Cur	Δ
Revenue - 27E (Rmb mn)	275,219	265,061	-3.7%

Style Exposure

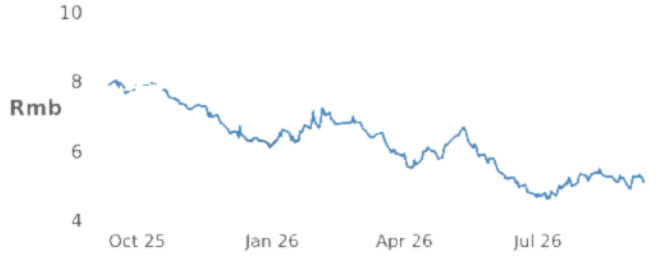
Quant Factors	Current %Rank	Hist %Rank (1=Top) 6M	1Y	3Y	5Y
Value	5	5	5	23	7
Growth	92	97	97	83	51
Momentum	95	94	68	69	91
Quality	91	88	82	46	22
Low Vol	25	31	44	51	12
ESGQ	10	9	91	97	96

Sources for: Style Exposure – J.P. Morgan Global Markets Strategy; all other tables are company data and J.P. Morgan estimates.

Karl Chan
(852) 2800-8513
karl.chan@jpmorgan.com

J.P.Morgan

Price Performance



— 600048.SS Price (Rmb) SHCOMP (rebased)

	YTD	1m	3m	12m
Abs	-17.0%	-4.7%	-1.8%	-35.3%
Rel	-15.0%	-3.5%	0.7%	-35.6%

Company Data

Shares O/S (mn)	11,970
52-week range (Rmb)	8.03-4.51
Market cap ($ mn)	9,024
Exchange rate	6.71
Free float (%)	56.4%
3M ADV (mn)	151.87
3M ADV ($ mn)	114.4
Volatility (90 Day)	33
Index	SSE
BBG ANR (Buy | Hold | Sell)	23|4|1

Key Metrics (FYE Dec)

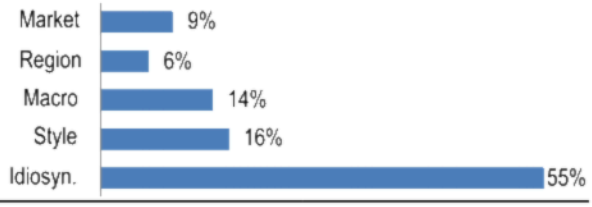
Rmb in millions	FY25A	FY26E	FY27E	FY28E
Financial Estimates				
Revenue	308,144	290,922	265,061	218,636
Adj. EBITDA	20,608	14,159	18,968	16,686
Adj. EBIT	17,558	11,110	15,919	13,636
Adj. net income	659	1,048	4,007	3,751
Adj. EPS	0.06	0.09	0.33	0.31
BBG EPS	0.20	0.12	0.17	0.23
Cashflow from operations	15,189	(1,613)	(14,203)	(193)
FCFF	15,959	(2,976)	(14,955)	(1,005)
Margins and Growth				
Revenue Growth Y/Y (%)	(1.1%)	(5.6%)	(8.9%)	(17.5%)
EBITDA margin	6.7%	4.9%	7.2%	7.6%
EBITDA Growth Y/Y (%)	(13.9%)	(31.3%)	34.0%	(12.0%)
EBIT margin	5.7%	3.8%	6.0%	6.2%
Net margin	0.2%	0.4%	1.5%	1.7%
Adj. EPS growth	(84.5%)	59.0%	282.4%	(6.4%)
Ratios				
Adj. tax rate	65.6%	80.0%	54.9%	50.4%
Interest cover	5.6	4.4	6.8	7.0
Net debt/Equity	0.7	0.7	0.7	0.7
Net debt/EBITDA	10.6	15.8	12.9	15.0
ROCE	1.1%	0.4%	1.4%	1.3%
ROE	0.3%	0.5%	2.1%	1.9%
Valuation				
FCFF yield	26.3%	(4.9%)	(24.7%)	(1.7%)
Dividend yield	0.7%	0.7%	2.7%	2.5%
EV/Revenue	1.4	1.5	1.7	2.1
EV/EBITDA	20.2	29.8	23.3	26.9
Adj. P/E	91.9	57.8	15.1	16.1

Summary Investment Thesis and Valuation

While we believe Poly, as a top 3 SOE developer, is set to gain market share, its earnings/margin execution in the past few years has been mediocre, and we see limited visibility into its earnings outlook, particularly with its low net margin (<2%). 0.3x P/B appears fair for a leading SOE developer with low visibility.

Our Jun-27 price target of Rmb5.00 is based on a target one-year forward P/B of 0.3x, slightly lower than the average of SOE peers to discount for Poly's higher margin uncertainty.

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI Asia Pac ex JP	0.33	0.30
Region: China	0.45	0.26
Macro:		
JPM Global Equity Sentiment	0.36	0.32
JPM EM Currency(EMCI) Fixing	0.30	0.27
JP Morgan GBI-EM Global Div	0.18	0.18
Quant Styles:		
Size	-0.46	-0.43
Momentum	-0.50	-0.36
Growth	-0.47	-0.35

Source: J.P. Morgan Global Markets Strategy for Performance Drivers; company data, Bloomberg Finance L.P. and J.P. Morgan estimates for all other tables. Note: Price history may not be complete or exact.

Karl Chan
(852) 2800-8513
karl.chan@jpmorgan.com

J.P.Morgan

Poly Developments & Holdings - A: Summary of Financials

Income Statement	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	**311,666**	**308,144**	**290,922**	**265,061**	**218,636**
COGS	(268,260)	(268,857)	(257,683)	(232,352)	(188,999)
Gross profit	**41,368**	**37,676**	**31,880**	**31,325**	**28,225**
SG&A	(13,974)	(13,242)	(20,770)	(15,406)	(14,589)
Adj. EBITDA	**23,922**	**20,608**	**14,159**	**18,968**	**16,686**
D&A	(2,297)	(3,050)	(3,050)	(3,050)	(3,050)
Adj. EBIT	**21,625**	**17,558**	**11,110**	**15,919**	**13,636**
Net Interest	(3,996)	(3,651)	(3,187)	(2,769)	(2,394)
Adj. PBT	**18,702**	**13,491**	**7,480**	**12,706**	**10,800**
Tax	(9,708)	(8,844)	(5,983)	(6,982)	(5,441)
Minority Interest	(4,737)	(3,987)	(449)	(1,717)	(1,607)
Adj. Net Income	**4,257**	**659**	**1,048**	**4,007**	**3,751**
Reported EPS	0.42	0.09	0.09	0.33	0.31
Adj. EPS	**0.36**	**0.06**	**0.09**	**0.33**	**0.31**
DPS	**0.11**	**0.04**	**0.04**	**0.13**	**0.13**
Payout ratio	25.6%	40.5%	40.1%	40.1%	40.1%
Shares outstanding	11,970	11,970	11,970	11,970	11,970

Balance Sheet	FY24A	FY25A	FY26E	FY27E	FY28E
Cash and cash equivalents	134,167	122,906	113,217	89,999	79,904
Accounts receivable	148,611	138,347	83,008	49,805	29,883
Inventories	798,559	668,175	675,972	682,990	689,305
Other current assets	85,731	78,205	65,759	55,801	47,835
Current assets	**1,167,068**	**1,007,633**	**937,956**	**878,595**	**846,928**
PP&E	5,586	7,553	6,503	5,453	4,404
LT investments	162,454	173,107	175,722	178,337	180,951
Other non current assets	162,454	173,107	175,722	178,337	180,951
Total assets	**1,335,108**	**1,188,292**	**1,120,180**	**1,062,385**	**1,032,283**
Short term borrowings	84,081	70,133	66,627	63,295	60,130
Payables	147,274	128,311	141,142	155,256	170,782
Other short term liabilities	491,243	385,355	307,241	234,904	190,138
Current liabilities	**722,599**	**583,799**	**515,009**	**453,456**	**421,051**
Long-term debt	264,205	270,535	270,535	270,535	270,535
Other long term liabilities	5,774	4,322	4,322	4,322	4,322
Total liabilities	**992,578**	**858,657**	**789,867**	**728,313**	**695,908**
Shareholders' equity	197,596	191,889	192,521	196,108	198,250
Minority interests	144,933	137,747	137,792	137,964	138,124
Total liabilities & equity	**1,335,108**	**1,188,292**	**1,120,180**	**1,062,385**	**1,032,283**
BVPS	**16.08**	**16.03**	**16.08**	**16.38**	**16.56**
y/y Growth	*(0.5%)*	*(0.3%)*	*0.3%*	*1.9%*	*1.1%*
RNAV/Share	-	-	-	16.29	-
Net debt/(cash)	214,119	217,762	223,945	243,831	250,762

Cash Flow Statement	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operating activities	**6,257**	**15,189**	**(1,613)**	**(14,203)**	**(193)**
o/w Depreciation & amortization	2,297	3,050	3,050	3,050	3,050
o/w Changes in working capital	(13,825)	31,044	(10,265)	(25,372)	(9,707)
Cash flow from investing activities	**(1,331)**	**(1,997)**	**(4,071)**	**(4,071)**	**(4,071)**
o/w Capital expenditure	(179)	(487)	(2,000)	(2,000)	(2,000)
as % of sales	*0.1%*	*0.2%*	*0.7%*	*0.8%*	*0.9%*
Cash flow from financing activities	**(18,990)**	**(25,983)**	**(4,326)**	**(5,297)**	**(6,220)**
o/w Dividends paid	(845)	(1,220)	(819)	(1,966)	(3,055)
o/w Shares issued/(repurchased)	7,728	1,359	0	0	0
o/w Net debt issued/(repaid)	3,373	(5,382)	(3,507)	(3,331)	(3,165)
Net change in cash	**(14,118)**	**(12,800)**	**(10,010)**	**(23,571)**	**(10,483)**
Adj. Free cash flow to firm	**8,000**	**15,959**	**(2,976)**	**(14,955)**	**(1,005)**
y/y Growth	*(49.5%)*	*99.5%*	*(118.6%)*	*402.6%*	*(93.3%)*

Ratio Analysis	FY24A	FY25A	FY26E	FY27E	FY28E
Gross margin	13.3%	12.2%	11.0%	11.8%	12.9%
EBITDA margin	7.7%	6.7%	4.9%	7.2%	7.6%
EBIT margin	6.9%	5.7%	3.8%	6.0%	6.2%
Net profit margin	1.4%	0.2%	0.4%	1.5%	1.7%
ROE	2.1%	0.3%	0.5%	2.1%	1.9%
ROA	0.3%	0.1%	0.1%	0.4%	0.4%
ROCE	1.9%	1.1%	0.4%	1.4%	1.3%
SG&A/Sales	4.5%	4.3%	7.1%	5.8%	6.7%
Net debt/Equity	0.6	0.7	0.7	0.7	0.7
Net debt/EBITDA	9.0	10.6	15.8	12.9	15.0
Sales/Assets (x)	0.2	0.2	0.3	0.2	0.2
Assets/Equity (x)	7.0	6.5	6.0	5.6	5.3
Interest cover (x)	6.0	5.6	4.4	6.8	7.0
Operating leverage	372.0%	1664.1%	657.1%	(486.9%)	81.9%
Tax rate	51.9%	65.6%	80.0%	54.9%	50.4%
Revenue y/y Growth	(10.2%)	(1.1%)	(5.6%)	(8.9%)	(17.5%)
EBITDA y/y Growth	(35.6%)	(13.9%)	(31.3%)	34.0%	(12.0%)
EPS y/y Growth	(63.9%)	(84.5%)	59.0%	282.4%	(6.4%)

Valuation	FY24A	FY25A	FY26E	FY27E	FY28E
P/E (x)	14.2	91.9	57.8	15.1	16.1
P/BV (x)	0.3	0.3	0.3	0.3	0.3
EV/EBITDA (x)	17.5	20.2	29.8	23.3	26.9
Dividend Yield	2.1%	0.7%	0.7%	2.7%	2.5%

Source: Company reports and J.P. Morgan estimates.
Note: Rmb in millions (except per-share data).Fiscal year ends Dec. o/w - out of which

Karl Chan
(852) 2800-8513
karl.chan@jpmorgan.com

J.P.Morgan

China Merchants Shekou Industrial Zone Holdings - A

▼ Underweight
Previous: Overweight

001979.SZ,001979 CH
Price (11 Sep 26): Rmb6.76

▼ Price Target (Jun-27): Rmb5.50
Prior (Dec-26): Rmb10.50

China
Mainland China/Hong Kong Property & Conglomerates

Karl Chan AC
(852) 2800-8513
karl.chan@jpmorgan.com
J.P. Morgan Securities (Asia Pacific) Limited/
J.P. Morgan Broking (Hong Kong) Limited

Key Changes (FYE Dec)

	Prev	Cur	Δ
Revenue - 26E (Rmb mn)	144,390	151,506	4.9%
Revenue - 27E (Rmb mn)	135,220	141,759	4.8%

Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top) 6M	1Y	3Y	5Y
Value	11	11	11	42	18
Growth	54	94	94	68	81
Momentum	90	55	68	59	91
Quality	90	82	80	84	70
Low Vol	35	36	52	49	8
ESGQ	22	10	11	8	-

Sources for: Style Exposure – J.P. Morgan Global Markets Strategy; all other tables are company data and J.P. Morgan estimates.

Uncertainties do not justify premium valuation

We downgrade CMSK-A from Overweight to Underweight, with a revised Jun-27 price target of Rmb5.5, which is based on a lower target P/B of 0.4x (in line with SOEs' average) (prior Rmb10.5 to Dec-26 based on 0.96x) to reflect the more obscure sales outlook brought by the "828" policy.

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 a <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 a 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 still stretched for a company with limited recurring income (non-DP businesses only generate a 3% net margin).

We could turn more positive if CMSK demonstrates a clear margin expansion story.

Investment Thesis, Valuation and Risks

China Merchants Shekou Industrial Zone Holdings Co. Ltd. - A *(Underweight; Price Target: Rmb5.50)*

Investment Thesis

While we believe CMSK is a market share gainer, its earnings/margin execution have been mediocre, with limited visibility over the next 1-2 years. The "828" policy may drive a sector derating due to more uncertain growth outlook, and we believe CMSK is prone to more profit-taking due to its relatively rich valuations (in terms of both P/B and normalized P/E).

Valuation

Our Jun-27 price target of Rmb5.50 is based on a target one-year forward P/B of 0.4x, in line with other SOE developers.

Risks to Rating and Price Target

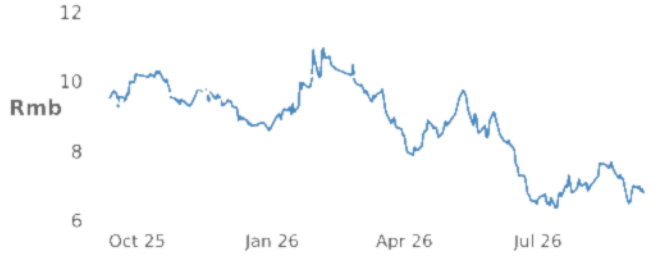
Downside risks include: (1) severe policy tightening in Shenzhen; (2) worse-than-expected sales momentum; and (3) worse-than-expected net gearing.

Upside risks include: (1) more NAV-accretive asset injections; (2) better-than-expected sales momentum; and (3) lower-than-expected net gearing.

Karl Chan
(852) 2800-8513
karl.chan@jpmorgan.com

J.P.Morgan

Price Performance



— 001979.SZ Price (Rmb) SSEA (rebased)

	YTD	1m	3m	12m
Abs	-21.8%	-6.5%	-18.3%	-28.5%
Rel	-19.8%	-5.3%	-15.8%	-28.8%

Company Data

Shares O/S (mn)	9,061
52-week range (Rmb)	11.10-6.22
Market cap ($ mn)	9,125
Exchange rate	6.71
Free float (%)	32.1%
3M ADV (mn)	87.93
3M ADV ($ mn)	91.6
Volatility (90 Day)	42
Index	SHASHR
BBG ANR (Buy | Hold | Sell)	22|3|1

Key Metrics (FYE Dec)

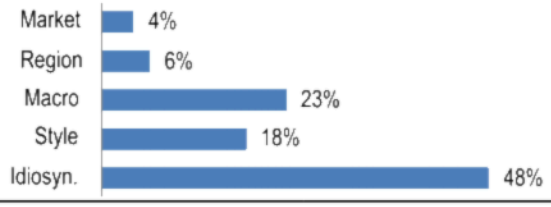
Rmb in millions	FY25A	FY26E	FY27E	FY28E
Financial Estimates				
Revenue	153,476	151,506	141,759	121,634
Adj. EBITDA	13,882	13,145	13,444	10,639
Adj. EBIT	11,190	10,453	10,751	8,216
Adj. net income	169	1,307	2,157	1,502
Adj. EPS	0.02	0.14	0.24	0.17
BBG EPS	0.40	0.15	0.25	0.30
Cashflow from operations	1,992	(9,270)	(13,881)	(7,311)
FCFF	(295)	(11,137)	(15,762)	(9,206)
Margins and Growth				
Revenue Growth Y/Y (%)	(13.6%)	(1.3%)	(6.4%)	(14.2%)
EBITDA margin	9.0%	8.7%	9.5%	8.7%
EBITDA Growth Y/Y (%)	(25.3%)	(5.3%)	2.3%	(20.9%)
EBIT margin	7.3%	6.9%	7.6%	6.8%
Net margin	0.1%	0.9%	1.5%	1.2%
Adj. EPS growth	(93.1%)	673.0%	65.1%	(30.4%)
Ratios				
Adj. tax rate	91.4%	78.6%	66.7%	69.0%
Interest cover	5.9	5.9	7.0	6.6
Net debt/Equity	0.6	0.6	0.7	0.7
Net debt/EBITDA	11.5	13.3	14.3	19.1
ROCE	0.3%	0.6%	1.0%	0.7%
ROE	0.2%	1.3%	2.2%	1.5%
Valuation				
FCFF yield	(0.5%)	(18.3%)	(25.9%)	(15.1%)
Dividend yield	0.8%	1.0%	1.6%	1.1%
EV/Revenue	2.6	2.7	3.0	3.6
EV/EBITDA	28.5	31.3	31.9	41.3
Adj. P/E	360.5	46.6	28.2	40.6

Summary Investment Thesis and Valuation

While we believe CMSK is a market share gainer, its earnings/margin execution have been mediocre, with limited visibility over the next 1-2 years. The "828" policy may drive a sector derating due to more uncertain growth outlook, and we believe CMSK is prone to more profit-taking due to its relatively rich valuations (in terms of both P/B and normalized P/E).

Our Jun-27 price target of Rmb5.50 is based on a target one-year forward P/B of 0.4x, in-line with other SOE peers.

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI Asia Pac ex JP	0.37	0.31
Region: China	0.52	0.32
Macro:		
JP Morgan EMBI Global Spread	-0.39	-0.26
JPM EM Currency(EMCI) Fixing	0.25	0.22
Markit EM Composite PMI SA	0.20	0.17
Quant Styles:		
Growth	-0.53	-0.43
Momentum	-0.50	-0.38
Value	0.49	0.34

Source: J.P. Morgan Global Markets Strategy for Performance Drivers; company data, Bloomberg Finance L.P. and J.P. Morgan estimates for all other tables. Note: Price history may not be complete or exact.

Karl Chan
(852) 2800-8513
karl.chan@jpmorgan.com

China Merchants Shekou Industrial Zone Holdings - A: Summary of Financials

Income Statement	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	**177,645**	**153,476**	**151,506**	**141,759**	**121,634**
COGS	(152,812)	(133,441)	(132,696)	(125,502)	(109,331)
Gross profit	**24,833**	**20,035**	**18,810**	**16,257**	**12,303**
SG&A	(6,247)	(6,153)	(5,665)	(2,812)	(1,664)
Adj. EBITDA	**18,586**	**13,882**	**13,145**	**13,444**	**10,639**
D&A	(3,973)	(2,693)	(2,693)	(2,693)	(2,423)
Adj. EBIT	**14,613**	**11,190**	**10,453**	**10,751**	**8,216**
Net Interest	(1,589)	(2,347)	(2,242)	(1,914)	(1,619)
Adj. PBT	**14,717**	**8,229**	**8,719**	**9,244**	**6,922**
Tax	(10,528)	(7,525)	(6,851)	(6,162)	(4,777)
Minority Interest	(150)	320	(560)	(925)	(644)
Adj. Net Income	**2,449**	**169**	**1,307**	**2,157**	**1,502**
Reported EPS	0.27	0.02	0.14	0.24	0.17
Adj. EPS	**0.27**	**0.02**	**0.14**	**0.24**	**0.17**
DPS	**0.19**	**0.05**	**0.07**	**0.11**	**0.07**
Payout ratio	71.4%	272.5%	45.0%	45.0%	45.0%
Shares outstanding	9,042	9,016	9,016	9,016	9,016

Balance Sheet	FY24A	FY25A	FY26E	FY27E	FY28E
Cash and cash equivalents	100,351	86,127	83,261	79,793	85,006
Accounts receivable	111,384	102,413	107,534	112,911	118,556
Inventories	33,982	33,445	40,630	48,148	56,073
Other current assets	368,448	364,545	354,711	345,691	337,478
Current assets	**614,166**	**586,531**	**586,136**	**586,543**	**597,114**
PP&E	11,444	10,758	10,565	12,372	16,180
LT investments	234,699	238,123	241,037	243,864	246,623
Other non current assets	234,699	238,123	241,037	243,864	246,623
Total assets	**860,309**	**835,412**	**837,738**	**842,779**	**859,917**
Short term borrowings	52,406	61,909	65,003	68,252	71,664
Payables	44,919	50,892	55,981	61,579	67,737
Other short term liabilities	288,983	255,074	242,173	226,241	220,656
Current liabilities	**386,308**	**367,875**	**363,158**	**356,073**	**360,056**
Long-term debt	172,677	184,481	193,202	203,667	216,225
Other long term liabilities	14,578	11,676	9,096	9,096	9,096
Total liabilities	**573,564**	**564,032**	**565,456**	**568,836**	**585,378**
Shareholders' equity	111,007	97,652	98,499	100,068	100,599
Minority interests	175,738	173,727	173,783	173,875	173,940
Total liabilities & equity	**860,309**	**835,412**	**837,738**	**842,779**	**859,917**
BVPS	**10.95**	**10.83**	**10.92**	**11.10**	**11.16**
y/y Growth	*0.6%*	*(1.1%)*	*0.9%*	*1.6%*	*0.5%*
RNAV/Share	-	-	13.82	-	-
Net debt/(cash)	124,732	160,263	174,944	192,126	202,882

Cash Flow Statement	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operating activities	**23,764**	**1,992**	**(9,270)**	**(13,881)**	**(7,311)**
o/w Depreciation & amortization	3,973	2,693	2,693	2,693	2,423
o/w Changes in working capital	34,891	5,870	(6,443)	(10,754)	(1,674)
Cash flow from investing activities	**3,158**	**(2,287)**	**(1,866)**	**(1,880)**	**(1,895)**
o/w Capital expenditure	(5,703)	(3,483)	(500)	(500)	(500)
as % of sales	*3.2%*	*2.3%*	*0.3%*	*0.4%*	*0.4%*
Cash flow from financing activities	**(14,861)**	**(13,942)**	**8,270**	**12,294**	**14,419**
o/w Dividends paid	(3,375)	(1,801)	(965)	(1,420)	(1,550)
o/w Shares issued/(repurchased)	1,643	6,623	0	0	0
o/w Net debt issued/(repaid)	7,492	(719)	11,815	13,714	15,970
Net change in cash	**12,062**	**(14,224)**	**(2,866)**	**(3,468)**	**5,213**
Adj. Free cash flow to firm	**26,922**	**(295)**	**(11,137)**	**(15,762)**	**(9,206)**
y/y Growth	*169.3%*	*(101.1%)*	*3673.3%*	*41.5%*	*(41.6%)*

Ratio Analysis	FY24A	FY25A	FY26E	FY27E	FY28E
Gross margin	14.0%	13.1%	12.4%	11.5%	10.1%
EBITDA margin	10.5%	9.0%	8.7%	9.5%	8.7%
EBIT margin	8.2%	7.3%	6.9%	7.6%	6.8%
Net profit margin	1.4%	0.1%	0.9%	1.5%	1.2%
ROE	2.1%	0.2%	1.3%	2.2%	1.5%
ROA	0.3%	0.0%	0.2%	0.3%	0.2%
ROCE	1.2%	0.3%	0.6%	1.0%	0.7%
SG&A/Sales	3.5%	4.0%	3.7%	2.0%	1.4%
Net debt/Equity	0.4	0.6	0.6	0.7	0.7
Net debt/EBITDA	6.7	11.5	13.3	14.3	19.1
Sales/Assets (x)	0.2	0.2	0.2	0.2	0.1
Assets/Equity (x)	7.7	8.1	8.5	8.5	8.5
Interest cover (x)	11.7	5.9	5.9	7.0	6.6
Operating leverage	(810.8%)	172.2%	513.2%	(44.4%)	166.1%
Tax rate	71.5%	91.4%	78.6%	66.7%	69.0%
Revenue y/y Growth	2.2%	(13.6%)	(1.3%)	(6.4%)	(14.2%)
EBITDA y/y Growth	(5.9%)	(25.3%)	(5.3%)	2.3%	(20.9%)
EPS y/y Growth	(57.2%)	(93.1%)	673.0%	65.1%	(30.4%)

Valuation	FY24A	FY25A	FY26E	FY27E	FY28E
P/E (x)	25.0	360.5	46.6	28.2	40.6
P/BV (x)	0.6	0.6	0.6	0.6	0.6
EV/EBITDA (x)	19.5	28.5	31.3	31.9	41.3
Dividend Yield	2.9%	0.8%	1.0%	1.6%	1.1%

Source: Company reports and J.P. Morgan estimates.
Note: Rmb in millions (except per-share data).Fiscal year ends Dec. o/w - out of which

Karl Chan
(852) 2800-8513
karl.chan@jpmorgan.com

J.P.Morgan

Seazen Holdings - A

Signs of stabilization

We update our estimates to reflect 1H26 results and the impact on contracted sales from the latest pre-sales policy. There is no change to our price target.

Neutral

601155.SS,601155 CH
Price (11 Sep 26): Rmb11.63

Price Target (Jun-27): Rmb11.00

China
Mainland China/Hong Kong Property & Conglomerates
Karl Chan AC
(852) 2800-8513
karl.chan@jpmorgan.com
J.P. Morgan Securities (Asia Pacific) Limited/ J.P. Morgan Broking (Hong Kong) Limited

Key Changes (FYE Dec)

	Prev	Cur	Δ
Revenue - 27E (Rmb mn)	36,240	34,956	-3.5%

Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top) 6M	1Y	3Y	5Y
Value	7	4	3	10	3
Growth	97	96	99	45	57
Momentum	72	24	20	83	73
Quality	88	86	87	87	12
Low Vol	54	58	68	83	23

Sources for: Style Exposure – J.P. Morgan Global Markets Strategy; all other tables are company data and J.P. Morgan estimates.

Investment Thesis, Valuation and Risks

Seazen Holdings Co., Ltd. - A *(Neutral; Price Target: Rmb11.00)*

Investment Thesis

On the earnings side, we see stabilization and the build-up of recurring income helping to offset the DP drag (with margin that is not as bad as feared). We see deterioration in the balance sheet, and we believe the liquidity risk concern is not completely over. Similar to most peers, Seazen has seen a big slump in earnings. However, Seazen managed to maintain mildly positive core net profit in FY25 (instead of a net loss) thanks to the build-up of recurring income. There is a chance that core net profit will remain positive in FY26-28 if DP margin does not deteriorate much further.

Valuation

Our Jun-27 price target of Rmb11.0 is based on a target one-year forward P/B of 0.3x, higher than that of distressed developers.

Risks to Rating and Price Target

Upside risks include: (1) stronger-than-expected sales; (2) better-than-expected margins; (3) higher dividend payouts; (4) NAV-accretive landbanking; and (5) significant improvements in net gearing without comprising growth.

Downside risks include: (1) worse-than-expected sales momentum; (2) slower-than-expected landbanking; (3) completion schedule slippages; (4) a tighter credit environment that heightens refinancing risk; and (5) demand shocks in low-tier cities.

Karl Chan
(852) 2800-8513
karl.chan@jpmorgan.com

J.P.Morgan

Price Performance



— 601155.SS Price (Rmb) SSEA (rebased)

	YTD	1m	3m	12m
Abs	-16.6%	5.2%	-0.4%	-22.9%
Rel	-14.6%	6.3%	2.1%	-23.3%

Company Data

Shares O/S (mn)	2,256
52-week range (Rmb)	18.35-10.00
Market cap ($ mn)	3,908
Exchange rate	6.71
Free float (%)	29.4%
3M ADV (mn)	20.82
3M ADV ($ mn)	35.0
Volatility (90 Day)	47
Index	SHASHR
BBG ANR (Buy | Hold | Sell)	14|1|0

Key Metrics (FYE Dec)

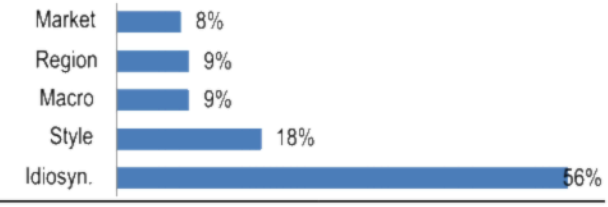
Rmb in millions	FY25A	FY26E	FY27E	FY28E
Financial Estimates				
Revenue	52,006	45,989	34,956	25,940
Adj. EBITDA	7,608	8,117	8,049	7,201
Adj. EBIT	7,419	7,957	7,899	7,060
Adj. net income	471	566	913	992
Adj. EPS	0.21	0.25	0.40	0.44
BBG EPS	0.37	0.41	0.58	0.71
Cashflow from operations	(2,206)	2,565	2,592	(1,236)
FCFF	(2,111)	3,081	3,441	(292)
Margins and Growth				
Revenue Growth Y/Y (%)	(40.8%)	(11.6%)	(24.0%)	(25.8%)
EBITDA margin	14.6%	17.7%	23.0%	27.8%
EBITDA Growth Y/Y (%)	3.4%	6.7%	(0.8%)	(10.5%)
EBIT margin	14.3%	17.3%	22.6%	27.2%
Net margin	0.9%	1.2%	2.6%	3.8%
Adj. EPS growth	(51.7%)	20.1%	61.3%	8.7%
Ratios				
Adj. tax rate	93.8%	82.6%	70.7%	65.9%
Interest cover	2.3	2.5	2.6	2.5
Net debt/Equity	0.8	0.8	0.7	0.7
Net debt/EBITDA	8.1	7.3	7.0	8.0
ROCE	0.4%	1.1%	1.7%	1.8%
ROE	0.8%	0.9%	1.5%	1.6%
Valuation				
FCFF yield	(8.0%)	11.7%	13.1%	(1.1%)
Dividend yield	0.0%	0.0%	0.0%	0.0%
EV/Revenue	2.0	2.2	2.9	3.9
EV/EBITDA	13.7	12.6	12.5	14.2
Adj. P/E	55.7	46.4	28.7	26.4

Summary Investment Thesis and Valuation

On the earnings side, we see stabilization and the build-up of recurring income helping to offset the DP drag (with margin that is not as bad as feared). We see deterioration in the balance sheet, and we believe the liquidity risk concern is not completely over. Similar to most peers, Seazen has seen a big slump in earnings. However, Seazen managed to maintain mildly positive core net profit in FY25 (instead of a net loss) thanks to the build-up of recurring income. There is a chance that core net profit will remain positive in FY26-28 if DP margin does not deteriorate much further.

Our Jun-27 price target of Rmb11.00 is based on a target one-year forward P/B of 0.3x, higher than that of distressed developers.

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI Asia Pac ex JP	0.33	0.27
Region: China	0.42	0.31
Macro:		
JPM EM Currency(EMCI) Fixing	0.27	0.28
JP Morgan GBI-EM Global Div	0.23	0.25
JPM Forecast Revision EM	0.16	0.22
Quant Styles:		
Growth	-0.56	-0.42
LowVol	0.45	0.34
Value	0.45	0.31

Source: J.P. Morgan Global Markets Strategy for Performance Drivers; company data, Bloomberg Finance L.P. and J.P. Morgan estimates for all other tables. Note: Price history may not be complete or exact.

Karl Chan
(852) 2800-8513
karl.chan@jpmorgan.com

J.P.Morgan

Seazen Holdings - A: Summary of Financials

Income Statement	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	**87,914**	**52,006**	**45,989**	**34,956**	**25,940**
COGS	(74,074)	(40,129)	(33,927)	(24,426)	(16,570)
Gross profit	**13,840**	**11,877**	**12,063**	**10,530**	**9,370**
SG&A	(6,723)	(4,457)	(3,775)	(3,398)	(3,058)
Adj. EBITDA	**7,356**	**7,608**	**8,117**	**8,049**	**7,201**
D&A	(239)	(188)	(161)	(150)	(141)
Adj. EBIT	**7,117**	**7,419**	**7,957**	**7,899**	**7,060**
Net Interest	(3,120)	(3,377)	(3,205)	(3,042)	(2,887)
Adj. PBT	**4,339**	**3,813**	**4,563**	**4,737**	**4,110**
Tax	(3,397)	(3,578)	(3,769)	(3,351)	(2,707)
Minority Interest	32	236	(228)	(474)	(411)
Adj. Net Income	**975**	**471**	**566**	**913**	**992**
Reported EPS	0.33	0.30	0.25	0.40	0.44
Adj. EPS	**0.43**	**0.21**	**0.25**	**0.40**	**0.44**
DPS	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%
Shares outstanding	2,256	2,256	2,256	2,256	2,256

Balance Sheet	FY24A	FY25A	FY26E	FY27E	FY28E
Cash and cash equivalents	10,296	6,803	10,178	13,649	13,348
Accounts receivable	33,287	26,366	23,729	16,610	11,627
Inventories	97,008	71,050	59,676	52,630	48,707
Other current assets	12,087	8,054	8,636	9,393	10,377
Current assets	**152,678**	**112,273**	**102,219**	**92,282**	**84,059**
PP&E	9,872	10,662	10,662	10,662	10,662
LT investments	-	-	-	-	-
Other non current assets	144,642	142,709	142,590	142,481	142,382
Total assets	**307,193**	**265,643**	**255,471**	**245,425**	**237,102**
Short term borrowings	21,263	22,492	23,476	24,459	25,443
Payables	74,641	63,555	56,304	47,882	40,567
Other short term liabilities	71,842	46,274	41,575	37,582	34,187
Current liabilities	**167,745**	**132,321**	**121,355**	**109,923**	**100,197**
Long-term debt	48,029	45,819	45,819	45,819	45,819
Other long term liabilities	8,745	9,971	9,971	9,971	9,971
Total liabilities	**224,520**	**188,112**	**177,146**	**165,714**	**155,988**
Shareholders' equity	60,869	61,598	62,164	63,076	64,069
Minority interests	21,804	15,933	16,162	16,635	17,046
Total liabilities & equity	**307,193**	**265,643**	**255,471**	**245,425**	**237,102**
BVPS	**26.99**	**27.31**	**27.56**	**27.96**	**28.40**
y/y Growth	*1.3%*	*1.2%*	*0.9%*	*1.5%*	*1.6%*
RNAV/Share	-	-	0.00	-	-
Net debt/(cash)	58,996	61,509	59,117	56,630	57,914

Cash Flow Statement	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operating activities	**(2,396)**	**(2,206)**	**2,565**	**2,592**	**(1,236)**
o/w Depreciation & amortization	239	188	161	150	141
o/w Changes in working capital	(1,859)	35	1,479	992	(2,787)
Cash flow from investing activities	**1,421**	**1,134**	**(174)**	**(105)**	**(49)**
o/w Capital expenditure	(1,903)	(297)	(42)	(42)	(42)
as % of sales	*2.2%*	*0.6%*	*0.1%*	*0.1%*	*0.2%*
Cash flow from financing activities	**(5,251)**	**(1,047)**	**983**	**983**	**983**
o/w Dividends paid		-	0	0	0
o/w Shares issued/(repurchased)	453	526	0	0	0
o/w Net debt issued/(repaid)	(4,627)	(980)	983	983	983
Net change in cash	**(6,226)**	**(2,118)**	**3,375**	**3,470**	**(301)**
Adj. Free cash flow to firm	**(3,373)**	**(2,111)**	**3,081**	**3,441**	**(292)**
y/y Growth	*(188.5%)*	*(37.4%)*	*(246.0%)*	*11.7%*	*(108.5%)*

Ratio Analysis	FY24A	FY25A	FY26E	FY27E	FY28E
Gross margin	15.7%	22.8%	26.2%	30.1%	36.1%
EBITDA margin	8.4%	14.6%	17.7%	23.0%	27.8%
EBIT margin	8.1%	14.3%	17.3%	22.6%	27.2%
Net profit margin	1.1%	0.9%	1.2%	2.6%	3.8%
ROE	1.6%	0.8%	0.9%	1.5%	1.6%
ROA	0.3%	0.2%	0.2%	0.4%	0.4%
ROCE	1.2%	0.4%	1.1%	1.7%	1.8%
SG&A/Sales	7.6%	8.6%	8.2%	9.7%	11.8%
Net debt/Equity	0.7	0.8	0.8	0.7	0.7
Net debt/EBITDA	8.0	8.1	7.3	7.0	8.0
Sales/Assets (x)	0.3	0.2	0.2	0.1	0.1
Assets/Equity (x)	5.6	4.7	4.2	4.0	3.8
Interest cover (x)	2.4	2.3	2.5	2.6	2.5
Operating leverage	(15.6%)	(10.4%)	(62.6%)	3.0%	41.2%
Tax rate	78.3%	93.8%	82.6%	70.7%	65.9%
Revenue y/y Growth	(25.4%)	(40.8%)	(11.6%)	(24.0%)	(25.8%)
EBITDA y/y Growth	3.2%	3.4%	6.7%	(0.8%)	(10.5%)
EPS y/y Growth	71.9%	(51.7%)	20.1%	61.3%	8.7%

Valuation	FY24A	FY25A	FY26E	FY27E	FY28E
P/E (x)	26.9	55.7	46.4	28.7	26.4
P/BV (x)	0.4	0.4	0.4	0.4	0.4
EV/EBITDA (x)	14.7	13.7	12.6	12.5	14.2
Dividend Yield	0.0%	0.0%	0.0%	0.0%	0.0%

Source: Company reports and J.P. Morgan estimates.
Note: Rmb in millions (except per-share data).Fiscal year ends Dec. o/w - out of which



Karl Chan
(852) 2800-8513
karl.chan@jpmorgan.com

J.P.Morgan

China Resources Mixc Lifestyle Services

Overweight

1209.HK,1209 HK

Price (11 Sep 26): HK$38.16

▼ **Price Target (Jun-27): HK$49.00**
Prior (Dec-26): HK$55.00

China

Mainland China/Hong Kong Property & Conglomerates

Karl Chan AC
(852) 2800-8513
karl.chan@jpmorgan.com
J.P. Morgan Securities (Asia Pacific) Limited/
J.P. Morgan Broking (Hong Kong) Limited

Key Changes (FYE Dec)

	Prev	Cur	Δ
Adj. EPS - 27E (Rmb)	2.13	2.06	-3.1%

Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top) 6M	1Y	3Y	5Y
Value	27	24	25	95	99
Growth	9	30	27	9	14
Momentum	43	31	18	54	46
Quality	1	9	9	16	37
Low Vol	47	64	70	78	88
ESGQ	11	6	18	7	-

Sources for: Style Exposure – J.P. Morgan Global Markets Strategy; all other tables are company data and J.P. Morgan estimates.

Best in class

We revise our estimate to reflect 1H26 results. We roll over our price target to June 2027 and lower our price target from HK$55 to HK$49, based on a lower target 26/7E average P/E of 21x (prior: 25x), due to slower growth in overall China consumption.

Investment Thesis, Valuation and Risks

China Resources Mixc Lifestyle Services Limited *(Overweight; Price Target: HK$49.00)*

Investment Thesis

We like the scarcity value of CR Mixc, as: (1) it is one of the few SOEs with management incentives; (2) it is a top-notch commercial play; and (3) it has a solid pipeline of mall openings from its parent company.

Valuation

Our Jun-27 price target of HK$49.0 is based on a target 26/7E average P/E of 21x, the highest among the property managers due to its SOE status and steady recurring revenue growth.

Risks to Rating and Price Target

Downside risks include: (1) value-destructive M&A; (2) slower-than expected new mall openings; and (3) slower-than-expected sales momentum from the parent developer.

Upside catalysts include: (1) better-than-expected margin expansion; (2) faster-than-expected sales momentum from the backing developer; and (3) faster-than-expected new mall openings.

Karl Chan
(852) 2800-8513
karl.chan@jpmorgan.com

J.P.Morgan

Price Performance



	YTD	1m	3m	12m
Abs	-11.1%	-4.2%	-12.7%	-10.0%
Rel	-3.6%	-0.9%	-13.1%	0.9%

Company Data

Shares O/S (mn)	2,283
52-week range (HK$)	50.11-35.73
Market cap ($ mn)	11,107
Exchange rate	7.84
Free float (%)	26.2%
3M ADV (mn)	5.02
3M ADV ($ mn)	25.4
Volatility (90 Day)	34
Index	HSCEI
BBG ANR (Buy | Hold | Sell)	31|1|0

Key Metrics (FYE Dec)

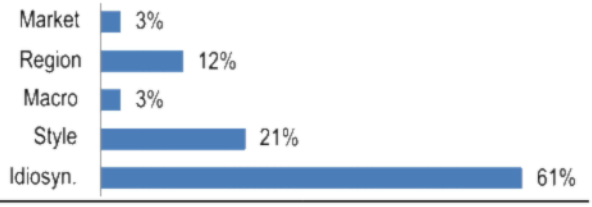
Rmb in millions	FY25A	FY26E	FY27E	FY28E
Financial Estimates				
Revenue	18,022	19,814	22,146	24,371
Adj. EBITDA	5,402	5,981	6,464	7,073
Adj. EBIT	5,281	5,847	6,314	6,908
Adj. net income	3,950	4,370	4,712	5,151
Adj. EPS	1.73	1.91	2.06	2.26
BBG EPS	1.75	1.92	2.12	2.34
Cashflow from operations	4,081	4,198	4,276	4,328
FCFF	1,277	3,909	3,897	3,841
Margins and Growth				
Revenue Growth Y/Y (%)	5.1%	9.9%	11.8%	10.0%
EBITDA margin	30.0%	30.2%	29.2%	29.0%
EBITDA Growth Y/Y (%)	18.4%	10.7%	8.1%	9.4%
EBIT margin	29.3%	29.5%	28.5%	28.3%
Net margin	21.9%	22.1%	21.3%	21.1%
Adj. EPS growth	13.7%	10.6%	7.8%	9.3%
Ratios				
Adj. tax rate	23.8%	23.8%	23.8%	23.8%
Interest cover	NM	NM	NM	NM
Net debt/Equity	NM	NM	NM	NM
Net debt/EBITDA	NM	NM	NM	NM
ROCE	25.2%	28.7%	30.8%	33.4%
ROE	24.7%	28.2%	30.1%	32.7%
Valuation				
FCFF yield	1.7%	5.2%	5.2%	5.2%
Dividend yield	5.3%	5.9%	6.3%	6.9%
EV/Revenue	4.5	4.2	3.7	3.5
EV/EBITDA	15.2	13.8	12.8	11.9
Adj. P/E	18.9	17.1	15.8	14.5

Summary Investment Thesis and Valuation

We like the scarcity value of CR Mixc, as: (1) it is one of the few SOEs with management incentives; (2) it is a top-notch commercial play; and (3) it has a solid pipeline of mall openings from its parent company.

Our Jun-27 price target of HK$49.0 is based on a target 26/7E forward P/E of 21x, the highest among the property managers due to its SOE status and steady recurring revenue growth

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI Asia Pac ex JP	0.14	0.17
Region: China	0.50	0.35
Macro:		
JP Morgan GBI-EM Global Div	0.20	0.24
JPM EM Currency(EMCI) Fixing	0.21	0.22
Emerging Economies CPI(YoY)	0.30	0.19
Quant Styles:		
Growth	-0.62	-0.50
DivYld	0.60	0.46
LowVol	0.52	0.43

Source: J.P. Morgan Global Markets Strategy for Performance Drivers; company data, Bloomberg Finance L.P. and J.P. Morgan estimates for all other tables. Note: Price history may not be complete or exact.

Karl Chan
(852) 2800-8513
karl.chan@jpmorgan.com

China Resources Mixc Lifestyle Services: Summary of Financials

Income Statement	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	**17,154**	**18,022**	**19,814**	**22,146**	**24,371**
COGS	(11,501)	(11,616)	(12,835)	(14,544)	(16,049)
Gross profit	**5,653**	**6,406**	**6,980**	**7,601**	**8,321**
SG&A	(1,333)	(1,358)	(1,377)	(1,415)	(1,557)
Adj. EBITDA	**4,561**	**5,402**	**5,981**	**6,464**	**7,073**
D&A	(122)	(122)	(134)	(149)	(164)
Adj. EBIT	**4,440**	**5,281**	**5,847**	**6,314**	**6,908**
Net Interest	297	51	51	51	51
Adj. PBT	**4,740**	**5,334**	**5,901**	**6,369**	**6,963**
Tax	(1,165)	(1,270)	(1,405)	(1,516)	(1,657)
Minority Interest	(101)	(115)	(126)	(141)	(155)
Adj. Net Income	**3,474**	**3,950**	**4,370**	**4,712**	**5,151**
Reported EPS	1.52	1.73	1.91	2.06	2.26
Adj. EPS	**1.52**	**1.73**	**1.91**	**2.06**	**2.26**
DPS	**1.54**	**1.73**	**1.92**	**2.07**	**2.26**
Payout ratio	100.9%	100.0%	100.0%	100.0%	100.0%
Shares outstanding	2,283	2,283	2,283	2,283	2,283

Balance Sheet	FY24A	FY25A	FY26E	FY27E	FY28E
Cash and cash equivalents	9,800	6,104	5,881	5,300	4,281
Accounts receivable	2,382	2,736	2,951	3,175	3,405
Inventories	242	248	347	486	681
Other current assets	4,058	5,528	6,252	7,266	8,685
Current assets	**16,482**	**14,616**	**15,431**	**16,227**	**17,052**
PP&E	616	590	707	849	1,019
LT investments	-	-	-	-	-
Other non current assets	12,045	13,845	14,181	14,584	15,067
Total assets	**29,142**	**29,051**	**30,320**	**31,660**	**33,138**
Short term borrowings	0	0	0	0	0
Payables	6,260	7,315	7,892	8,489	9,105
Other short term liabilities	2,801	2,882	3,219	3,607	4,059
Current liabilities	**9,061**	**10,197**	**11,111**	**12,095**	**13,164**
Long-term debt	0	0	0	0	0
Other long term liabilities	3,386	3,160	3,265	3,380	3,507
Total liabilities	**12,447**	**13,357**	**14,376**	**15,476**	**16,671**
Shareholders' equity	16,500	15,462	15,586	15,685	15,812
Minority interests	196	232	358	499	654
Total liabilities & equity	**29,142**	**29,051**	**30,320**	**31,660**	**33,138**
BVPS	**7.23**	**6.77**	**6.83**	**6.87**	**6.93**
y/y Growth	*3.5%*	*(6.3%)*	*0.8%*	*0.6%*	*0.8%*
RNAV/Share	-	-	-	-	-
Net debt/(cash)	(9,800)	(6,104)	(5,881)	(5,300)	(4,281)

Cash Flow Statement	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operating activities	**4,246**	**4,081**	**4,198**	**4,276**	**4,328**
o/w Depreciation & amortization	122	122	134	149	164
o/w Changes in working capital	4,414	136	(348)	(669)	(1,123)
Cash flow from investing activities	**(2,929)**	**(2,804)**	**(288)**	**(379)**	**(487)**
o/w Capital expenditure	(356)	(192)	(118)	(141)	(170)
as % of sales	*2.1%*	*1.1%*	*0.6%*	*0.6%*	*0.7%*
Cash flow from financing activities	**(3,309)**	**(5,329)**	**(4,246)**	**(4,613)**	**(5,023)**
o/w Dividends paid	(3,052)	(4,881)	(4,246)	(4,613)	(5,023)
o/w Shares issued/(repurchased)	0	0	0	0	0
o/w Net debt issued/(repaid)	0	0	0	0	0
Net change in cash	**(1,980)**	**(4,062)**	**(337)**	**(716)**	**(1,182)**
Adj. Free cash flow to firm	**1,316**	**1,277**	**3,909**	**3,897**	**3,841**
y/y Growth	*8.4%*	*(3.0%)*	*206.2%*	*(0.3%)*	*(1.4%)*

Ratio Analysis	FY24A	FY25A	FY26E	FY27E	FY28E
Gross margin	33.0%	35.5%	35.2%	34.3%	34.1%
EBITDA margin	26.6%	30.0%	30.2%	29.2%	29.0%
EBIT margin	25.9%	29.3%	29.5%	28.5%	28.3%
Net profit margin	20.3%	21.9%	22.1%	21.3%	21.1%
ROE	21.4%	24.7%	28.2%	30.1%	32.7%
ROA	12.2%	13.6%	14.7%	15.2%	15.9%
ROCE	20.6%	25.2%	28.7%	30.8%	33.4%
SG&A/Sales	7.8%	7.5%	7.0%	6.4%	6.4%
Net debt/Equity	NM	NM	NM	NM	NM
Net debt/EBITDA	NM	NM	NM	NM	NM
Sales/Assets (x)	0.6	0.6	0.7	0.7	0.8
Assets/Equity (x)	1.8	1.8	1.9	2.0	2.1
Interest cover (x)	NM	NM	NM	NM	NM
Operating leverage	139.5%	374.6%	107.8%	68.0%	93.6%
Tax rate	24.6%	23.8%	23.8%	23.8%	23.8%
Revenue y/y Growth	16.2%	5.1%	9.9%	11.8%	10.0%
EBITDA y/y Growth	21.8%	18.4%	10.7%	8.1%	9.4%
EPS y/y Growth	19.0%	13.7%	10.6%	7.8%	9.3%

Valuation	FY24A	FY25A	FY26E	FY27E	FY28E
P/E (x)	21.5	18.9	17.1	15.8	14.5
P/BV (x)	4.5	4.8	4.8	4.8	4.7
EV/EBITDA (x)	17.1	15.2	13.8	12.8	11.9
Dividend Yield	4.7%	5.3%	5.9%	6.3%	6.9%

Source: Company reports and J.P. Morgan estimates.
Note: Rmb in millions (except per-share data).Fiscal year ends Dec. o/w - out of which

Karl Chan
(852) 2800-8513
karl.chan@jpmorgan.com

J.P.Morgan

Longfor Group (0960)

Not a default candidate, but safety margin has narrowed

We downgrade Longfor from Overweight to Neutral, with a lower price target of HK$5.6 based on lower target P/B of 0.2x (prior HK$9.0 based on 0.3x) to reflect the more obscure contracted sales outlook.

We don't see Longfor as a default candidate …

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. Outstanding offshore bonds now account for <Rmb10 bn, and we believe Longfor should have capacity to meet its debt obligations.

… however, a more obscure cash collection outlook from contracted sales still narrows the safety margin

The "828" policy that aims to phase out pre-sales delays developers' cash flows by 1 year. For Longfor, while the company still has Rmb100 bn of sellable resources, the remaining Rmb80 bn in the land bank has not yet obtained construction permits, and thus are likely subject to the new rules (where mortgages may not be disbursed until building completion). Since Longfor will likely be inactive in buying new land (apart from land exchange/return), new sellable resources have to rely on the existing land bank, where the quality might be lower. While we pencil in a 50% drop in cash collection from contracted sales in FY27 (more a stress test) and OCF may still remain neutral, the safety margin still has narrowed.

Originally a high-beta tactical play, but sector rerating factors may not play out in the near term

Longfor is often positioned by investors as a high-beta proxy to ride on sector improvement or policy expectations. However, since we do not expect substantial policy support or meaningful improvement in sales/price data near term, Longfor may trade within a range until rerating catalysts emerge. Thus, we'd wait for a better entry point.

Core net loss to widen

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.

Ex-DP valuations are not demanding

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. We could turn more positive if (1) Longfor shows DP margin improvement (thus less a drag to earnings; (2) Longfor's sales momentum is better than feared; (3) Longfor's recurring income shows significant improvement (say, >10% growth). We still like Longfor as a company due to its good track record in financial management & high management quality. Longfor might still be a good "long-term" play after it has cleared all offshore debt & got rid of the earnings drag from DP. However, this would require patience to prove, and thus we'd wait for a better entry point.

Neutral
Previous: Overweight

0960.HK,960 HK
Price (11 Sep 26): HK$5.67

Price Target (Jun-27): HK$5.60
Prior (Jun-27): HK$9.00

China
Mainland China/Hong Kong Property & Conglomerates

Karl Chan AC
(852) 2800-8513
karl.chan@jpmorgan.com
J.P. Morgan Securities (Asia Pacific) Limited/
J.P. Morgan Broking (Hong Kong) Limited

Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top) 6M	1Y	3Y	5Y
Value	6	5	4	8	29
Growth	91	98	98	95	11
Momentum	91	91	59	75	69
Quality	91	83	80	37	2
Low Vol	58	88	94	96	21
ESGQ	3	16	22	16	7

Sources for: Style Exposure – J.P. Morgan Global Markets Strategy; all other tables are company data and J.P. Morgan estimates.

Karl Chan
(852) 2800-8513
karl.chan@jpmorgan.com

Investment Thesis, Valuation and Risks

Longfor Group Holdings Ltd *(Neutral; Price Target: HK$5.60)*

Investment Thesis

We believe Longfor has by now almost been confirmed to be "the last man standing" among key non-SOE Chinese developers amid the industry turmoil. We see a low default risk. However, the "828" policy delays developers cash inflows which may still narrow Longfor's safety margin. With core net loss likely turning worse, we don't see visible catalysts in the near term. However, we could turn more positive if Longfor shows proof of earnings turnaround with less drag from DP. Current ex-DP valuations are undemanding, we are thus Neutral, and expect the stock to trade range-bound.

Valuation

Our Jun-27 price target of HK$5.6 is based on a target forward P/B of 0.2x, lower than SOE peers but higher than distressed developers.

Risks to Rating and Price Target

Downside risks include: (1) worse-than-expected sales; (2) worse-than-expected recurring income; and (3) worse-than-expected liquidity stress.

Upside catalysts include: (1) better-than-expected sales; and (2) better-than-expected growth in recurring income.

Karl Chan
(852) 2800-8513
karl.chan@jpmorgan.com

J.P.Morgan

Price Performance



— 0960.HK Price (HK$) HSI (rebased)

	YTD	1m	3m	12m
Abs	-33.8%	-11.1%	-33.7%	-50.0%
Rel	-30.6%	-7.8%	-36.0%	-45.1%

Company Data

Shares O/S (mn)	7,097
52-week range (HK$)	12.24-5.67
Market cap ($ mn)	5,132
Exchange rate	7.84
Free float (%)	37.3%
3M ADV (mn)	19.96
3M ADV ($ mn)	16.9
Volatility (90 Day)	57
Index	HSI
BBG ANR (Buy | Hold | Sell)	20|4|0

Key Metrics (FYE Dec)

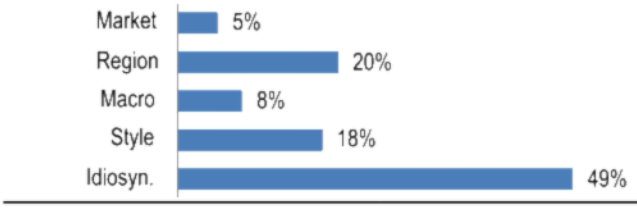
Rmb in millions	FY25A	FY26E	FY27E	FY28E
Financial Estimates				
Revenue	97,309	92,217	70,704	65,312
Adj. EBITDA	2,422	(961)	5,836	7,358
Adj. EBIT	2,269	(1,101)	5,695	7,215
Adj. net income	(1,700)	(5,361)	922	2,151
Adj. EPS	(0.25)	(0.76)	0.13	0.30
BBG EPS	0.35	(0.17)	0.27	0.41
Cashflow from operations	16,302	13,363	19,407	21,732
FCFF	16,198	1,570	7,623	10,240
Margins and Growth				
Revenue Growth Y/Y (%)	(23.7%)	(5.2%)	(23.3%)	(7.6%)
EBITDA margin	2.5%	(1.0%)	8.3%	11.3%
EBITDA Growth Y/Y (%)	(81.3%)	(139.7%)	(707.0%)	26.1%
EBIT margin	2.3%	(1.2%)	8.1%	11.0%
Net margin	(1.7%)	(5.8%)	1.3%	3.3%
Adj. EPS growth	(123.7%)	202.9%	(117.1%)	133.4%
Ratios				
Adj. tax rate	82.1%	(16.7%)	32.1%	29.7%
Interest cover	NM	NM	3.5	3.7
Net debt/Equity	0.5	0.5	0.5	0.4
Net debt/EBITDA	48.0	NM	18.6	13.1
ROCE	0.1%	(0.4%)	1.3%	1.7%
ROE	(1.0%)	(3.3%)	0.6%	1.3%
Valuation				
FCFF yield	49.0%	4.6%	22.0%	29.6%
Dividend yield	1.5%	0.0%	0.8%	1.9%
EV/Revenue	1.8	1.9	2.5	2.7
EV/EBITDA	72.8	NM	30.2	24.0
Adj. P/E	NM	NM	37.5	16.1

Summary Investment Thesis and Valuation

We believe Longfor has by now almost been confirmed to be "the last man standing" among key non-SOE Chinese developers amid the industry turmoil. We see a low default risk. However, the "828" policy delays developers cash inflows which may still narrow Longfor's safety margin. With core net loss likely turning worse, we don't see visible catalysts in the near term. However, we could turn more positive if Longfor shows proof of earnings turnaround with less drag from DP. Current ex-DP valuations are undemanding, we are thus Neutral, and expect the stock to trade range-bound.

Our Jun-27 price target of HK$5.6 is based on a target forward P/B of 0.2x, lower than SOE peers but higher than distressed developers.

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI Asia Pac ex JP	0.22	0.28
Region: China	0.58	0.50
Macro:		
JPM EM Currency(EMCI) Fixing	0.18	0.22
JP Morgan EMBI Global Spread	-0.19	-0.17
JP Morgan GBI-EM Global Div	0.09	0.15
Quant Styles:		
Growth	-0.65	-0.52
Value	0.67	0.51
DivYld	0.64	0.49

Source: J.P. Morgan Global Markets Strategy for Performance Drivers; company data, Bloomberg Finance L.P. and J.P. Morgan estimates for all other tables. Note: Price history may not be complete or exact.

Karl Chan
(852) 2800-8513
karl.chan@jpmorgan.com

J.P.Morgan

Longfor Group (0960): Summary of Financials

Income Statement	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	**127,475**	**97,309**	**92,217**	**70,704**	**65,312**
COGS	(107,064)	(87,874)	(86,672)	(59,764)	(52,953)
Gross profit	**20,411**	**9,435**	**5,544**	**10,940**	**12,359**
SG&A	(8,698)	(6,566)	(6,222)	(5,600)	(5,040)
Adj. EBITDA	**12,977**	**2,422**	**(961)**	**5,836**	**7,358**
D&A	(184)	(153)	(139)	(141)	(143)
Adj. EBIT	**12,793**	**2,269**	**(1,101)**	**5,695**	**7,215**
Net Interest	472	310	(1,241)	(1,645)	(2,005)
Adj. PBT	**14,110**	**1,341**	**(3,514)**	**3,150**	**4,379**
Tax	(2,791)	(1,101)	585	(1,012)	(1,302)
Minority Interest	(1,724)	(26)	(1,000)	(500)	(500)
Adj. Net Income	**6,970**	**(1,700)**	**(5,361)**	**922**	**2,151**
Reported EPS	1.57	0.15	(0.44)	0.41	0.58
Adj. EPS	**1.05**	**(0.25)**	**(0.76)**	**0.13**	**0.30**
DPS	**0.33**	**0.07**	**0.00**	**0.04**	**0.09**
Payout ratio	20.9%	47.9%	0.0%	9.5%	15.5%
Shares outstanding	6,609	6,816	7,096	7,124	7,124

Balance Sheet	FY24A	FY25A	FY26E	FY27E	FY28E
Cash and cash equivalents	47,952	27,362	19,827	22,712	28,648
Accounts receivable	25,731	23,864	19,091	15,273	12,219
Inventories	50	53	64	76	92
Other current assets	321,274	265,203	235,185	204,688	173,760
Current assets	**395,007**	**316,482**	**274,167**	**242,750**	**214,718**
PP&E	219,447	231,835	244,936	257,696	270,454
LT investments	51,188	47,545	46,422	45,573	44,792
Other non current assets	51,188	47,545	46,422	45,573	44,792
Total assets	**665,642**	**595,862**	**565,525**	**546,018**	**529,965**
Short term borrowings	30,244	15,795	15,795	15,795	15,795
Payables	210,633	170,914	148,575	132,743	119,272
Other short term liabilities	0	0	0	0	0
Current liabilities	**240,877**	**186,709**	**164,370**	**148,537**	**135,067**
Long-term debt	136,561	127,694	121,310	115,244	109,482
Other long term liabilities	42,726	44,456	45,566	44,812	43,985
Total liabilities	**420,165**	**358,860**	**331,245**	**308,593**	**288,533**
Shareholders' equity	161,431	162,810	159,087	161,733	165,239
Minority interests	84,046	74,193	75,193	75,693	76,193
Total liabilities & equity	**665,642**	**595,862**	**565,525**	**546,018**	**529,965**
BVPS	**23.44**	**23.12**	**22.41**	**22.79**	**23.28**
y/y Growth	*1.7%*	*(1.3%)*	*(3.1%)*	*1.7%*	*2.2%*
RNAV/Share		-	-	-	-
Net debt/(cash)	118,854	116,127	117,277	108,327	96,628

Cash Flow Statement	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operating activities	**22,075**	**16,302**	**13,363**	**19,407**	**21,732**
o/w Depreciation & amortization	184	153	139	141	143
o/w Changes in working capital	31,951	52,360	14,467	20,293	22,138
Cash flow from investing activities	**(11,602)**	**(4,250)**	**(11,791)**	**(11,726)**	**(11,794)**
o/w Capital expenditure	(337)	(48)	(13,240)	(12,901)	(12,901)
as % of sales	*0.3%*	*0.0%*	*14.4%*	*18.2%*	*19.8%*
Cash flow from financing activities	**(21,746)**	**(32,642)**	**(9,107)**	**(4,797)**	**(4,002)**
o/w Dividends paid	(1,726)	(678)	0	(277)	(645)
o/w Shares issued/(repurchased)	(146)	(79)	0	0	0
o/w Net debt issued/(repaid)	(15,320)	(25,010)	(6,385)	(7,665)	(7,362)
Net change in cash	**(11,273)**	**(20,590)**	**(7,535)**	**2,885**	**5,936**
Adj. Free cash flow to firm	**21,360**	**16,198**	**1,570**	**7,623**	**10,240**
y/y Growth	*(6.1%)*	*(24.2%)*	*(90.3%)*	*385.4%*	*34.3%*

Ratio Analysis	FY24A	FY25A	FY26E	FY27E	FY28E
Gross margin	16.0%	9.7%	6.0%	15.5%	18.9%
EBITDA margin	10.2%	2.5%	(1.0%)	8.3%	11.3%
EBIT margin	10.0%	2.3%	(1.2%)	8.1%	11.0%
Net profit margin	5.5%	(1.7%)	(5.8%)	1.3%	3.3%
ROE	4.4%	(1.0%)	(3.3%)	0.6%	1.3%
ROA	1.0%	(0.3%)	(0.9%)	0.2%	0.4%
ROCE	3.1%	0.1%	(0.4%)	1.3%	1.7%
SG&A/Sales	6.8%	6.7%	6.7%	7.9%	7.7%
Net debt/Equity	0.5	0.5	0.5	0.5	0.4
Net debt/EBITDA	9.2	48.0	NM	18.6	13.1
Sales/Assets (x)	0.2	0.2	0.2	0.1	0.1
Assets/Equity (x)	4.4	3.9	3.6	3.5	3.3
Interest cover (x)	NM	NM	NM	3.5	3.7
Operating leverage	127.1%	347.6%	2838.1%	2646.4%	(350.0%)
Tax rate	19.8%	82.1%	(16.7%)	32.1%	29.7%
Revenue y/y Growth	(29.5%)	(23.7%)	(5.2%)	(23.3%)	(7.6%)
EBITDA y/y Growth	(37.5%)	(81.3%)	(139.7%)	(707.0%)	26.1%
EPS y/y Growth	(42.1%)	(123.7%)	202.9%	(117.1%)	133.4%

Valuation	FY24A	FY25A	FY26E	FY27E	FY28E
P/E (x)	4.6	NM	NM	37.5	16.1
P/BV (x)	0.2	0.2	0.2	0.2	0.2
EV/EBITDA (x)	13.6	72.8	NM	30.2	24.0
Dividend Yield	6.8%	1.5%	0.0%	0.8%	1.9%

Source: Company reports and J.P. Morgan estimates.
Note: Rmb in millions (except per-share data).Fiscal year ends Dec. o/w - out of which

Karl Chan
(852) 2800-8513
karl.chan@jpmorgan.com

J.P.Morgan

Shimao Group Holdings (0813)

Underweight

0813.HK,813 HK
Price (11 Sep 26): HK$0.04

▼ **Price Target (Jun-27): HK$0.03**
Prior (Jun-27): HK$0.05

China
Mainland China/Hong Kong Property & Conglomerates

Karl Chan AC
(852) 2800-8513
karl.chan@jpmorgan.com
J.P. Morgan Securities (Asia Pacific) Limited/
J.P. Morgan Broking (Hong Kong) Limited

Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top) 6M	1Y	3Y	5Y
Value	99	100	100	5	2
Growth	100	94	96	100	57
Momentum	94	94	37	94	88
Quality		91	92	100	34
Low Vol	99	100	100	55	35

Sources for: Style Exposure – J.P. Morgan Global Markets Strategy; all other tables are company data and J.P. Morgan estimates.

No sign of hope

We lower our price target to HK$0.03 (prior HK$0.05), due to a lower contracted sales forecast to reflect the Y/Y decline in contracted sales in 8M26 and the weaker sales outlook. Our PT is based on a target market cap-to-contracted sales of 0.1x.

Investment Thesis, Valuation and Risks

Shimao Group Holdings Ltd *(Underweight; Price Target: HK$0.03)*

Investment Thesis

We are cautious on Shimao because of its distressed status, and we see no turnaround story due to its difficulties in refinancing, weak sales and slow asset disposals.

Valuation

Our Jun-27 price target of HK$0.03 is based on a target market cap-to-contracted sales of 0.1x, referencing distressed developers with negative equity and negative earnings.

Risks to Rating and Price Target

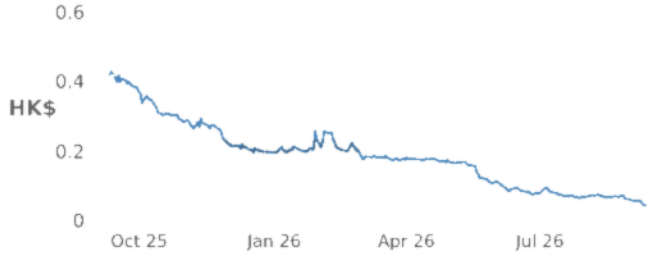
Upside risks include better-than-expected contracted sales, a resumption of refinancing and significant asset disposals.

Downside catalysts include lower-than-expected contracted sales and a worse-than-expected outcome in debt restructuring.

Karl Chan
(852) 2800-8513
karl.chan@jpmorgan.com

J.P.Morgan

Price Performance



— 0813.HK Price (HK$) HSCEI (rebased)

	YTD	1m	3m	12m
Abs	-79.1%	-39.4%	-53.5%	-90.2%
Rel	-71.6%	-36.1%	-53.8%	-79.3%

Company Data

Shares O/S (mn)	10,386
52-week range (HK$)	0.45-0.04
Market cap ($ mn)	53
Exchange rate	7.84
Free float (%)	38.7%
3M ADV (mn)	35.98
3M ADV ($ mn)	0.3
Volatility (90 Day)	75
Index	HSCEI
BBG ANR (Buy | Hold | Sell)	0|0|1

Key Metrics (FYE Dec)

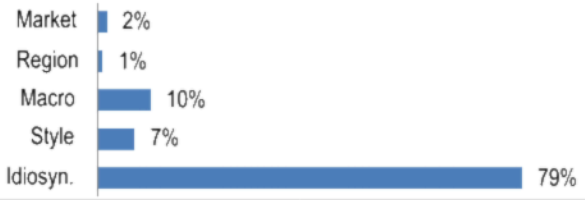
Rmb in millions	FY25A	FY26E	FY27E	FY28E
Financial Estimates				
Revenue	28,066	27,192	26,071	25,034
Adj. EBITDA	(50,227)	(10,467)	(10,312)	(10,247)
Adj. EBIT	(51,121)	(11,362)	(11,207)	(11,142)
Adj. net income	(56,074)	(19,245)	(17,728)	(16,565)
Adj. EPS	(10.10)	(1.79)	(1.38)	(1.29)
BBG EPS	(2.18)	(1.79)	(1.38)	(1.29)
Cashflow from operations	2,394	(15,932)	733	2,842
FCFF	12,743	(5,823)	9,578	10,644
Margins and Growth				
Revenue Growth Y/Y (%)	(53.0%)	(3.1%)	(4.1%)	(4.0%)
EBITDA margin	(179.0%)	(38.5%)	(39.6%)	(40.9%)
EBITDA Growth Y/Y (%)	97.1%	(79.2%)	(1.5%)	(0.6%)
EBIT margin	(182.1%)	(41.8%)	(43.0%)	(44.5%)
Net margin	(199.8%)	(70.8%)	(68.0%)	(66.2%)
Adj. EPS growth	21.1%	(82.3%)	(23.2%)	(6.6%)
Ratios				
Adj. tax rate	(6.1%)	(10.9%)	(7.8%)	(5.6%)
Interest cover	NM	NM	NM	NM
Net debt/Equity	13.9	19.8	NM	NM
Net debt/EBITDA	NM	NM	NM	NM
ROCE	(26.2%)	(7.1%)	(7.4%)	(8.3%)
ROE	513.9%	(20763.8%)	173.9%	53.9%
Valuation				
FCFF yield	6702.7%	(1582.9%)	2171.0%	2412.4%
Dividend yield	0.0%	0.0%	0.0%	0.0%
EV/Revenue	6.2	6.1	6.2	6.3
EV/EBITDA	NM	NM	NM	NM
Adj. P/E	NM	NM	NM	NM

Summary Investment Thesis and Valuation

We are cautious on Shimao because of its distressed status, and we see no turnaround story due to its difficulties in refinancing, weak sales and slow asset disposals.

Our Jun-27 price target of HK$0.03 is based on a target market cap-to-contracted sales of 0.1x, referencing distressed developers with negative equity and negative earnings.

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI Asia Pac ex JP	0.17	0.15
Region: China	0.31	0.13
Macro:		
Emerging Economies CPI(YoY)	0.48	0.31
Emerging Central Bank Rate	-0.44	-0.15
US 10 Year Yield	0.30	0.15
Quant Styles:		
Growth	-0.24	-0.25
Size	-0.29	-0.22
Momentum	-0.27	-0.21

Source: J.P. Morgan Global Markets Strategy for Performance Drivers; company data, Bloomberg Finance L.P. and J.P. Morgan estimates for all other tables. Note: Price history may not be complete or exact.

Karl Chan
(852) 2800-8513
karl.chan@jpmorgan.com

J.P.Morgan

Shimao Group Holdings (0813): Summary of Financials

Income Statement	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	**59,665**	**28,066**	**27,192**	**26,071**	**25,034**
COGS	(65,534)	(56,842)	(25,850)	(25,258)	(24,732)
Gross profit	**(5,869)**	**(28,776)**	**1,342**	**813**	**302**
SG&A	(4,823)	(4,407)	(3,759)	(3,238)	(2,813)
Adj. EBITDA	**(25,482)**	**(50,227)**	**(10,467)**	**(10,312)**	**(10,247)**
D&A	(1,033)	(895)	(895)	(895)	(895)
Adj. EBIT	**(26,515)**	**(51,121)**	**(11,362)**	**(11,207)**	**(11,142)**
Net Interest	(9,856)	(10,118)	(9,111)	(8,205)	(7,388)
Adj. PBT	**(37,005)**	**(62,288)**	**(21,460)**	**(20,340)**	**(19,402)**
Tax	(2,351)	(3,782)	(2,350)	(1,589)	(1,087)
Minority Interest	7,781	9,996	4,565	4,200	3,923
Adj. Net Income	**(31,576)**	**(56,074)**	**(19,245)**	**(17,728)**	**(16,565)**
Reported EPS	(9.48)	2.61	(2.10)	(1.64)	(1.55)
Adj. EPS	**(8.34)**	**(10.10)**	**(1.79)**	**(1.38)**	**(1.29)**
DPS	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%
Shares outstanding	3,788	5,553	10,744	12,886	12,886

Balance Sheet	FY24A	FY25A	FY26E	FY27E	FY28E
Cash and cash equivalents	11,353	8,448	2,514	2,184	4,123
Accounts receivable	40,839	37,304	35,439	31,895	28,706
Inventories	222,289	165,795	143,725	124,967	103,707
Other current assets	74,531	73,470	80,669	72,460	66,634
Current assets	**349,012**	**285,017**	**262,347**	**231,505**	**203,169**
PP&E	18,254	14,985	15,812	16,416	16,851
LT investments	8,880	8,301	8,179	8,081	8,003
Other non current assets	60,283	48,912	44,157	39,461	34,820
Total assets	**436,429**	**357,215**	**330,496**	**295,463**	**262,843**
Short term borrowings	210,216	118,561	106,705	106,705	106,705
Payables	104,023	102,132	91,919	82,727	74,454
Other short term liabilities	69,995	52,100	52,100	52,100	52,100
Current liabilities	**384,234**	**272,794**	**250,724**	**241,532**	**233,260**
Long-term debt	41,836	65,735	65,735	65,735	65,735
Other long term liabilities	7,013	6,047	5,442	4,898	4,408
Total liabilities	**433,083**	**344,575**	**321,901**	**312,165**	**303,403**
Shareholders' equity	(21,654)	(167)	352	(20,744)	(40,678)
Minority interests	25,000	12,807	8,242	4,042	119
Total liabilities & equity	**436,429**	**357,215**	**330,496**	**295,463**	**262,843**
BVPS	**(5.72)**	**(0.03)**	**0.03**	**(1.61)**	**(3.16)**
y/y Growth	*(247.1%)*	*(99.5%)*	*(209.1%)*	*(5010.0%)*	*96.1%*
RNAV/Share	-	-	(4.01)	-	-
Net debt/(cash)	240,699	175,848	169,926	170,257	168,317

Cash Flow Statement	FY24A	FY25A	FY26E	FY27E	FY28E
Cash flow from operating activities	**(366)**	**2,394**	**(15,932)**	**733**	**2,842**
o/w Depreciation & amortization	1,033	895	895	895	895
o/w Changes in working capital	(200)	11,257	13,640	27,661	27,736
Cash flow from investing activities	**(247)**	**(1,492)**	**443**	**435**	**428**
o/w Capital expenditure	(553)	(383)	0	0	0
as % of sales	*0.9%*	*1.4%*	*0.0%*	*0.0%*	*0.0%*
Cash flow from financing activities	**(3,236)**	**(3,816)**	**10,336**	**(972)**	**(972)**
o/w Dividends paid	(84)	(17)	0	0	0
o/w Shares issued/(repurchased)	(440)	(3,263)	11,276	0	0
o/w Net debt issued/(repaid)	(3,114)	-	-	-	-
Net change in cash	**(3,849)**	**(2,914)**	**(5,152)**	**196**	**2,298**
Adj. Free cash flow to firm	**9,969**	**12,743**	**(5,823)**	**9,578**	**10,644**
y/y Growth	*561.7%*	*27.8%*	*(145.7%)*	*(264.5%)*	*11.1%*

Ratio Analysis	FY24A	FY25A	FY26E	FY27E	FY28E
Gross margin	(9.8%)	(102.5%)	4.9%	3.1%	1.2%
EBITDA margin	(42.7%)	(179.0%)	(38.5%)	(39.6%)	(40.9%)
EBIT margin	(44.4%)	(182.1%)	(41.8%)	(43.0%)	(44.5%)
Net profit margin	(52.9%)	(199.8%)	(70.8%)	(68.0%)	(66.2%)
ROE	1170.1%	513.9%	(20763.8%)	173.9%	53.9%
ROA	(6.4%)	(14.1%)	(5.6%)	(5.7%)	(5.9%)
ROCE	(11.0%)	(26.2%)	(7.1%)	(7.4%)	(8.3%)
SG&A/Sales	8.1%	15.7%	13.8%	12.4%	11.2%
Net debt/Equity	71.9	13.9	19.8	NM	NM
Net debt/EBITDA	NM	NM	NM	NM	NM
Sales/Assets (x)	0.1	0.1	0.1	0.1	0.1
Assets/Equity (x)	NM	NM	3,710.0	NM	NM
Interest cover (x)	NM	NM	NM	NM	NM
Operating leverage	18430.0%	(175.2%)	2498.1%	33.0%	14.6%
Tax rate	(6.4%)	(6.1%)	(10.9%)	(7.8%)	(5.6%)
Revenue y/y Growth	1.4%	(53.0%)	(3.1%)	(4.1%)	(4.0%)
EBITDA y/y Growth	305.9%	97.1%	(79.2%)	(1.5%)	(0.6%)
EPS y/y Growth	113.6%	21.1%	(82.3%)	(23.2%)	(6.6%)

Valuation	FY24A	FY25A	FY26E	FY27E	FY28E
P/E (x)	NM	NM	NM	NM	NM
P/BV (x)	NM	NM	1.0	NM	NM
EV/EBITDA (x)	NM	NM	NM	NM	NM
Dividend Yield	0.0%	0.0%	0.0%	0.0%	0.0%

Source: Company reports and J.P. Morgan estimates.
Note: Rmb in millions (except per-share data).Fiscal year ends Dec. o/w - out of which