

## SECTOR UPDATE

### Property – China

Supportive Policy Remarks By Premier Li Qiang Point To Further Upside; Upcoming Politburo Meeting To Be An Important Policy Window

In Apr 25, major mainland cities saw mom/yoy decreases in new home sales, while second-hand transactions in Tier 1 cities continued to see positive yoy growth. The supportive remarks by Premier Li Qiang on 15 April point to further upside on property policies. The upcoming Politburo meeting will be an important window for clues of new policies. Maintain OVERWEIGHT. CR Land remains our top pick.

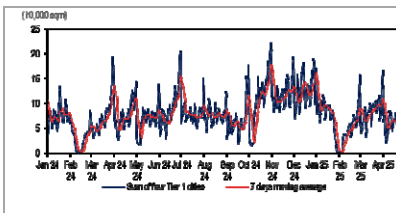
#### WHAT'S NEW

- Financial data terminal (iFind) released sales data for 14-20 Apr 25.
- A preview of the Political Bureau of the Communist Party of China (CPC) meeting scheduled for late-April.
- COLI, CR Land, and Longfor released their operating data for Mar 25.

#### ESSENTIALS

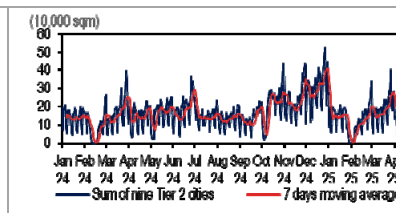
- The yoy growth of new home transactions in major cities weakened in Apr 25.** In Apr 25, the average daily sales volume of new homes (by GFA) in 28 major cities decreased 36.3% mom and 18.2% yoy. In Tier 1/2/3/4 cities, the average daily sales volume of new homes (by GFA) in the third week of Apr 25 (14-20 Apr 25) fell 0.9% wow/7.7% wow/7.9% wow/29.7% wow respectively.

#### DAILY NEW HOME SALES IN TIER 1 CITIES



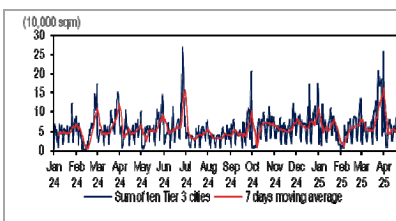
Source: iFind, UOB Kay Hian

#### DAILY NEW HOME SALES IN TIER 2 CITIES



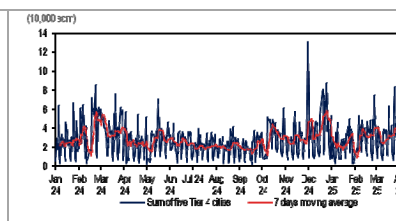
Source: iFind, UOB Kay Hian

#### DAILY NEW HOME SALES IN TIER 3 CITIES



Source: iFind, UOB Kay Hian

#### DAILY NEW HOME SALES IN TIER 4/5 CITIES



Source: iFind, UOB Kay Hian

- Despite the mom decrease, yoy growth of second-hand housing transactions in Tier 1 cities in Apr 25 remained positive.** In Apr 25, the average daily sales of second-hand homes (by number of units) in Tier 1 cities decreased 25.3% mom and increased 16.1% yoy. Beijing/Shanghai/Guangzhou/Shenzhen recorded yoy increases of 3.2%/26.3%/1.1%/43.9% respectively in Apr 25, and wow declines of 30.8%/21.5%/21.1%/28.8% in the third week of Apr 25 (14-20 Apr 25).

#### PEER COMPARISON

Company	Ticker	Rec	Price @ 17 Apr 25 (HKD)	Target Price (HK\$)	Upside/ (Downside) to TP (%)	Market Cap (HK\$ m)	PE 2026F (x)	2027F (x)	P/B 2026F (x)	2027F (x)	Yield 2026F (%)	2027F (%)
China Resources Land	1109 HK	BUY	26.55	32.42	22.1	189,326.4	7.2	6.7	0.5	0.5	5.2	5.5
Sunac China Holdings	1918 HK	SELL	1.52	1.06	-30.3	16,074.4	N.A.	N.A.	0.5	N.A.	0.0	0.0
China Overseas Land	688 HK	BUY	13.76	16.67	21.1	150,601.6	8.7	8.0	0.3	0.3	4.4	4.8
Longfor Properties	960 HK	BUY	10.22	11.58	13.3	71,409.0	11.4	10.0	0.4	0.4	2.8	3.1

Source: Bloomberg, UOB Kay Hian

## OVERWEIGHT

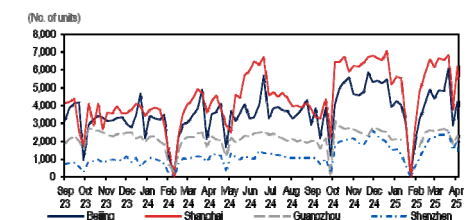
(Maintained)

#### SECTOR PICKS

Company	Ticker	Rec	Share Price (HK\$)	Target Price (HK\$)
CR Land	1109 HK	BUY	26.55	32.42

Source: UOB Kay Hian

#### SECONDARY HOME SALES UNITS IN FOUR TIER 1 CITIES



Source: iFind, UOB Kay Hian

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- **Supportive remarks on property market by Premier Li Qiang on 15 April.** Li visited a government rental housing project for talents in Beijing on 15 April, during when Li :a) stated that acquiring existing commercial housing for use as affordable housing is an important measure to stabilise the real estate market; b) reiterated granting local governments greater autonomy over execution entity, pricing, and usage regarding the acquisition of existing homes; c) called for introducing new policies to accelerate the implementation of destocking; and d) stated that China's property market still has great development potential. The supportive tones by Li Qiang points to further upside on property policies.
- **The upcoming Politburo meeting may be an important window of setting directions for new policies.** The Politburo meeting held at the end of April typically provides guidance on property policies for the first half of the year. For example, the Politburo meeting hosted on 30 Apr 24 outlined the following: a) ensure the delivery of pre-sold homes. This direction was further implemented through the whitelist mechanism introduced in May 24; b) take into account new changes in the supply and demand dynamics of the real estate market. This was followed by policies aimed at lowering homebuying costs and easing restrictions; and c) activate idle land and promote destocking. This was implemented through introducing low-cost Pledged Supplementary Lending (PSL) to support buybacks of inventory and idle land. We believe the upcoming Politburo meeting may be an important window for setting directions of new policies.

#### KEY TAKEAWAYS OF PROPERTY SECTOR POLICIES

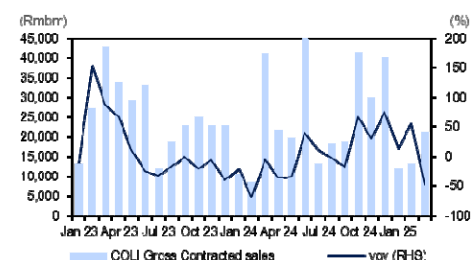
Key takeaways of property sector policies	
The 2024 politburo meeting of CPC, Apr 24	<ul style="list-style-type: none"> <li>• Earnestly ensure the delivery of pre-sold homes and protect the legitimate rights and interests of homebuyers.</li> <li>• Actively and steadily promote the renovation of urban villages in mega and super-large cities.</li> <li>• Adapt to the new supply and demand dynamics of the property market.</li> <li>• Reduce existing housing inventory, optimise new housing supply, and develop affordable housing.</li> </ul>
The central government issued a policy package to stabilise the property industry on 17 May 24.	<ul style="list-style-type: none"> <li>• <u>On the demand side</u>: a) The minimum downpayment ratios for first/second homes purchased were reduced from 20%/30% to 15%/25% respectively; b) the floor of first/second home mortgage interest rates will be removed; c) the PBOC will provide Rmb300b in low-cost (1.75%) PSL to banks, and this will be used to support local SOEs in acquiring completed unsold units from developers and converting them into rental or for-sale government housing.</li> <li>• <u>On the supply side</u>, the government will: a) further accelerate the implementation of whitelist loans; b) urge developers to speed up the start of undeveloped land; and c) support local governments to buy back raw land in the hand of developers that are experiencing financial difficulty and build more government housing.</li> </ul>
The 2025 Government Work Report, Mar 25	<ul style="list-style-type: none"> <li>• China will refine and develop new structural monetary policy instruments to provide stronger support for property and stock markets.</li> <li>• Continue making efforts in stabilising the real estate markets.</li> <li>• Further ease restricted policies using a city-by-city approach.</li> <li>• Step up the implementation of urban village renovation and dilapidated housing redevelopment.</li> <li>• Fully unleash the potential of rigid and upgrading housing demand.</li> <li>• China vows to prevent the risk of developers' debt defaults.</li> <li>• China to expand the scope of usage of affordable housing relending.</li> <li>• Revitalise idle lands.</li> <li>• Grant local governments greater autonomy over execution entity, pricing, and usage regarding the acquisition of existing homes.</li> <li>• Foster a new development model for the real estate sector.</li> </ul>

Source: Central Economic Work Conference, UOB Kay Hian

# ACTION

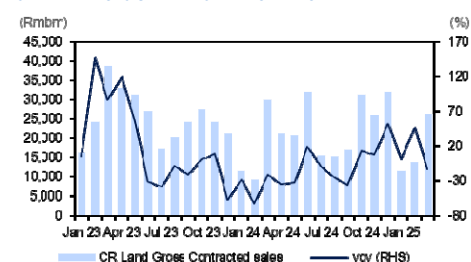
- Maintain OVERWEIGHT on China's property sector.** On 15 Apr 25, Chinese Premier Li Qiang called for greater efforts to expand domestic demand, calling for further policy support to promote destocking. Amid rising trade risks, we expect the Chinese government to prioritise stabilising domestic demand and the property market. The upcoming Politburo meeting for economic work will be an important window for new policies. We maintain OVERWEIGHT on the China property sector. However, it is noteworthy that the official announcement of new policies sometimes trigger profit taking due to worries of poor policies implementation.
- COLI: Slower sales in 3M25 but with steady investment; maintain BUY with unchanged target price of HK\$16.67.** Contracted sales declined 48.9%yoy/22.9% yoy in Mar 25/3M25 respectively, partly due to the relatively high base in Mar 24, when COLI sold the Shanghai luxury residential project for Rmb20b. Aggregate consideration of land acquisition amounted Rmb30b, equivalent to 65% of total sales, reflecting steady investment pace. Management targets stable contracted sales in 2025. We expect an acceleration of sales pace in the rest of 2025. Maintain BUY with an unchanged target price of HK\$16.67. COLI is currently trading at 9.7x 2025F PE, 0.4x 2025F P/B and 3.9% 2025 dividend yield.
- CR Land: Decent growth in property sales and rental income; remains our top pick for China property sector.** Contracted sales fell 13.3% and increased 0.9% yoy in Mar 25 and 3M25 respectively. Rental income registered yoy growth of 12.3%/12.8%/12.2% yoy in Jan 25/Feb 25/Mar 25, respectively. According to CREIS, attributable land acquisition of CR Land amounted to Rmb24.4b, ranking no.2 nationwide. We reiterate our view that CR Land will benefit from both supportive property policies and consumption stimulus in 2025. Maintain BUY with an unchanged target price of HK\$32.42. CR Land is currently trading at 7.4x 2025F PE, 0.6x 2025F P/B and 5.0% 2025 dividend yield.
- Longfor: Weak property sales and investment, but with resilient rental income.** Contracted sales declined 34.6% and 27.8% yoy in Mar 25 and 3M25 respectively. Rental income registered yoy growth of 7.0%/4.5%/6.2% yoy in Jan 25/Feb 25/Mar 25, respectively. According to CREIS, attributable land acquisition of CR Land amounted to Rmb1.3b, ranking no.46 nationwide, showing that investment of Longfor remains weak. However, 2025 will mark the peak of debt maturity of Longfor and liquidity is expected to improve notably in 2026. Maintain BUY with an unchanged target price of HK\$11.58. Longfor is currently trading at 17.0x 2025F PE, 0.4x 2025F P/B and 1.8% 2025 dividend yield.

## COLI'S CONTRACTED SALES IN MAR 25



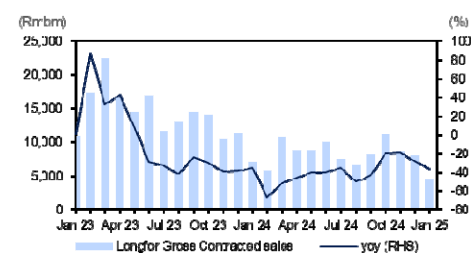
Source: Bloomberg, UOB Kay Hian

## CR LAND'S CONTRACTED SALES



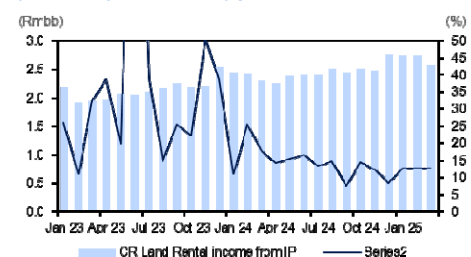
Source: Bloomberg, UOB Kay Hian

## LONGFOR'S CONTRACTED SALES



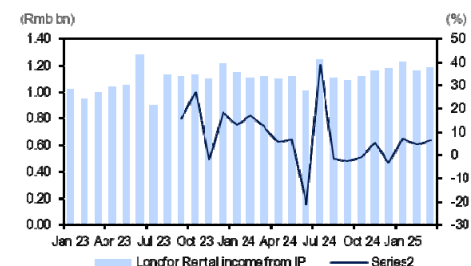
Source: Bloomberg, UOB Kay Hian

## CR LAND'S RENTAL INCOME



Source: Bloomberg, UOB Kay Hian

## LONGFOR'S RENTAL INCOME



Source: Bloomberg, UOB Kay Hian

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