



Rating  
**Buy**

Asia  
China

Property

Company  
**COLI**

Reuters 0688.HK	Bloomberg 688 HK	Exchange HKG	Ticker 0688
ADR Ticker CAOVY	ISIN US1694032012		

Date  
1 March 2015

## Forecast Change

Price at 27 Feb 2015 (HKD)	23.65
Price target - 12mth (HKD)	29.99
52-week range (HKD)	25.25 - 17.74
HANG SENG INDEX	24,823

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## Positioned for high sales season and continued policy loosening

### Reiterating Buy, raising TP to HK\$29.99; we expect strong sales ahead

COLI remains our Top Pick in the China property sector, and we see more positive catalysts ahead, especially given the latest PBOC 25bps interest rate cut, which happened just in time for the start of the new project launch season in March. Among the top developers, COLI is well positioned to capture the expected strong pick-up in sales, given its counter-cyclical land acquisitions and its sales strategy of preserving better quality projects back in 2014.

### Right sales and new land acquisition strategy in 2014 should pay off in 2015

Unlike most other developers (e.g. the non-state-owned developers that focus on high asset turnovers), COLI was less aggressive in cutting prices in 2014 to move sales, and has reserved its higher-quality saleable resources for sale in 2015 for better profitability. Also, as the land markets (for the Tier-2/3 cities) weakened in 2014, COLI has turned more proactive in acquiring new land at lower prices, especially starting 2H14. In 2014, COLI has acquired 9.04msm (8.6msm attributable) of new land. Just in Jan 2015, COLI has already bought another 1.63msm. All these turned out to be good decisions, given the continued government policy loosening and recovery in the property market, which should result in stronger sales with better pricing power for COLI.

### Property sales always show strong seasonal pick-up in March, May and June

Looking at the sales statistics from NBS, Soufun, and the listed developers, we identify a very apparent seasonal pattern – sales normally fall meaningfully in Jan and Feb (due to the aftermath of the sales push at the end of the previous year and CNY), recover significantly in March, pull back slightly in Apr (due to Qin Ming Festival), then pick up again in May and further in June (as developers push to achieve semi-annual targets). For example, based on NBS statistics, from 1999-now, property sales were on average down 81% MoM in Jan/Feb, up 91% MoM in March, down 3% MoM in April, up 11% MoM in May and up 27% MoM in June. Based on Soufun statistics, from 2011-now, property sales fell 30% MoM on average in Jan, fell 15% MoM in Feb, rose 58% MoM in March, fell 10% MoM in Apr, rose 11% MoM in May and rose 4% MoM in June. Based on this, sales momentum should accelerate after CNY.

### Attractive 29% NAV discount and 7x 15E P/E

Valuations of COLI are still attractive in our view, trading at a 29% discount to NAV and 7x 2015 PE. Our new HK\$29.99 TP (up from HK\$29.50) is based on a 10% discount to our estimated NAV of HK\$33.33 (raised from HK\$32.78 as we factor in the latest new land acquisitions). Also, with a strong financial position and lower-than-peer financing costs, we see better opportunities for COLI to expand its market share. Risks: unexpected economic and policy volatility.

#### Forecasts And Ratios

Year End Dec 31	2012A	2013A	2014E	2015E	2016E
Sales (HKDm)	64,580.7	82,469.1	94,347.7	114,291.3	134,547.9
Reported NPAT (HKDm)	18,722.3	23,043.7	22,530.0	26,397.4	30,960.4
DB EPS FD (HKD)	1.93	2.32	2.76	3.23	3.79
PER (x)	9.2	9.8	8.6	7.3	6.2

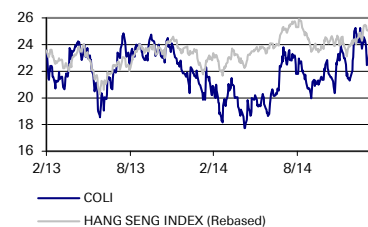
Source: Deutsche Bank estimates, company data

#### Key changes

Price target	29.50 to 29.99	↑	1.7%
Net profit (FYE)	22,838.7 to 22,530.0	↓	-1.4%

Source: Deutsche Bank

#### Price/price relative



Performance (%)	1m	3m	12m
Absolute	-1.9	2.8	14.8
HANG SENG INDEX	0.1	3.4	8.7

Source: Deutsche Bank

Deutsche Bank AG/Hong Kong

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1 March 2015

Property

COLI



Model updated: 26 February 2015

## Running the numbers

Asia

China

Property

## COLI

Reuters: 0688.HK

Bloomberg: 688 HK

## Buy

Price (27 Feb 15) HKD 23.65

Target Price HKD 29.99

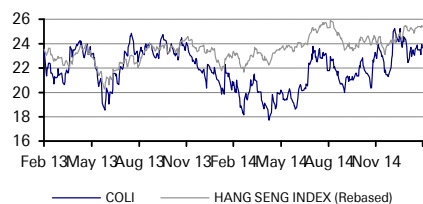
52 Week range HKD 17.74 - 25.25

Market Cap (m) HKDm 193,280  
USDm 24,922

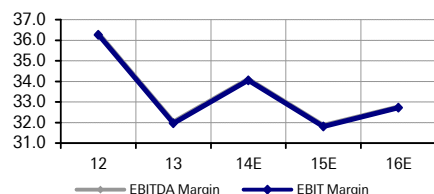
## Company Profile

China Overseas Land & Investment Limited, through its subsidiaries, develops and invests in properties, constructs buildings, and invests in treasury securities and infrastructure projects. The company also provides civil engineering, foundation engineering and real estate management services.

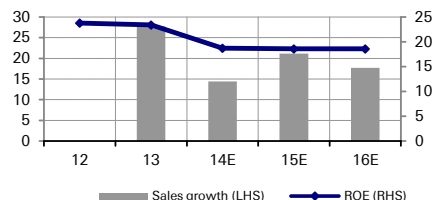
## Price Performance



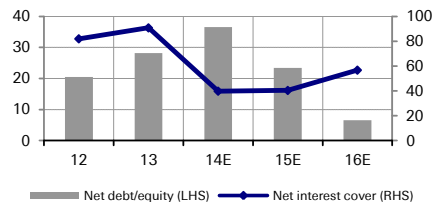
## Margin Trends



## Growth &amp; Profitability



## Solvency



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Fiscal year end 31-Dec

2012 2013 2014E 2015E 2016E

## Financial Summary

DB EPS (HKD)	1.93	2.32	2.76	3.23	3.79
Reported EPS (HKD)	1.93	2.32	2.76	3.23	3.79
DPS (HKD)	0.41	0.47	0.49	0.51	0.53
BVPS (HKD)	10.7	13.5	16.0	18.8	22.1
Weighted average shares (m)	8,173	8,173	8,173	8,173	8,173
Average market cap (HKDm)	145,058	186,455	193,280	193,280	193,280
Enterprise value (HKDm)	140,718	199,981	223,892	212,296	189,181

## Valuation Metrics

P/E (DB) (x)	9.2	9.8	8.6	7.3	6.2
P/E (Reported) (x)	9.2	9.8	8.6	7.3	6.2
P/BV (x)	2.16	1.62	1.48	1.26	1.07
FCF Yield (%)	3.7	nm	nm	8.3	14.8
Dividend Yield (%)	2.3	2.1	2.1	2.2	2.2
EV/Sales (x)	2.2	2.4	2.4	1.9	1.4
EV/EBITDA (x)	6.0	7.6	7.0	5.8	4.3
EV/EBIT (x)	6.0	7.6	7.0	5.8	4.3

## Income Statement (HKDm)

Sales revenue	64,581	82,469	94,348	114,291	134,548
Gross profit	29,808	35,742	42,343	49,026	58,645
EBITDA	23,460	26,408	32,170	36,404	44,079
Depreciation	40	40	40	40	40
Amortisation	0	0	0	0	0
EBIT	23,420	26,368	32,130	36,364	44,038
Net interest income/(expense)	-286	-290	-806	-899	-776
Associates/affiliates	2,637	3,773	1,563	1,862	339
Exceptionals/extraordinary	3,651	3,438	0	0	0
Other pre-tax income/(expense)	0	0	0	0	0
Profit before tax	29,422	33,289	32,887	37,326	43,601
Income tax expense	10,590	10,110	10,017	10,036	11,325
Minorities	110	135	340	893	1,316
Other post-tax income/(expense)	0	0	0	0	0
Net profit	18,722	23,044	22,530	26,397	30,960
DB adjustments (including dilution)	0	0	0	0	0
DB Net profit	18,722	23,044	22,530	26,397	30,960

## Cash Flow (HKDm)

Cash flow from operations	5,558	-11,705	28,838	61,028	73,514
Net Capex	-228	-3,548	-32,000	-45,000	-45,000
Free cash flow	5,329	-15,253	-3,162	16,028	28,514
Equity raised/(bought back)	0	0	0	0	0
Dividends paid	-3,100	-3,567	-1,471	-4,005	-4,168
Net inc/(dec) in borrowings	16,165	13,911	0	0	0
Other investing/financing cash flows	3,307	2,129	0	0	0
Net cash flow	21,701	-2,780	-4,633	12,023	24,346
Change in working capital	-7,946	-24,705	-6,304	35,310	42,144

## Balance Sheet (HKDm)

Cash and other liquid assets	40,880	41,411	28,333	30,712	44,936
Tangible fixed assets	24,652	33,922	33,922	33,922	33,922
Goodwill/intangible assets	271	265	216	228	235
Associates/investments	22,561	18,843	19,233	19,699	19,783
Other assets	141,461	202,082	245,692	274,302	292,749
Total assets	229,825	296,522	327,396	358,863	391,625
Interest bearing debt	58,789	72,700	76,758	67,114	56,992
Other liabilities	83,479	112,772	118,188	136,014	150,791
Total liabilities	142,268	185,472	194,947	203,128	207,782
Shareholders' equity	87,244	109,971	131,029	153,422	180,215
Minorities	313	1,080	1,420	2,313	3,628
Total shareholders' equity	87,557	111,050	132,449	155,735	183,843
Net debt	17,908	31,288	48,425	36,402	12,056

## Key Company Metrics

Sales growth (%)	nm	27.7	14.4	21.1	17.7
DB EPS growth (%)	na	20.0	18.8	17.2	17.3
EBITDA Margin (%)	36.3	32.0	34.1	31.9	32.8
EBIT Margin (%)	36.3	32.0	34.1	31.8	32.7
Payout ratio (%)	21.2	20.3	17.8	15.8	14.0
ROE (%)	23.8	23.4	18.7	18.6	18.6
Capex/sales (%)	2.6	5.5	33.9	39.4	33.4
Capex/depreciation (x)	42.1	113.0	790.3	nm	nm
Net debt/equity (%)	20.5	28.2	36.6	23.4	6.6
Net interest cover (x)	82.0	90.8	39.9	40.4	56.8

Source: Company data, Deutsche Bank estimates



# We see more positive catalysts ahead

## Reiterating Buy, raising target price to HK\$29.99

COLI remains our Top Pick in China property, and we see more positive catalysts ahead, especially given the latest PBOC 25bps interest rate cut, which happened just in time before the beginning of the new project launch season in March. Among the top developers, COLI is well positioned to capture the expected strong pick-up in sales, given its counter-cyclical land acquisitions and its sales strategy of preserving better quality projects back in 2014.

Figure 1: PBOC lowered interest rates by 25bps on 28 Feb 2015

Adjusted interest rates for deposits and lending

Interest rate

**For household and corporate deposits,**

1	Demand deposits	0.35%
2	Time deposits of lump-sum deposit and withdrawal for	
	3 months	2.10%
	6 months	2.30%
	1 year	2.50%
	2 years	3.10%
	3 years	3.75%

**For loans from different terms,**

One year (inclusive) or less	5.35%
One to five years (inclusive)	5.75%
Over five years	5.90%

**For personal housing provident fund loans**

5 years and below	3.50%
Above 5 years:	4.00%

Source: PBOC, Deutsche Bank

## The right sales and new land acquisition strategy in 2014 should pay off in 2015

Unlike most other developers (e.g. the non-state-owned developers that focus on high asset turnovers), COLI was less aggressive in cutting prices in 2014 to move sales and has reserved its higher-quality saleable resources for sale in 2015 for better profitability. Also, as the land markets (for the Tier-2/3 cities) weakened in 2014, COLI has turned more proactive in acquiring new land at lower prices, especially starting 2H14. In 2014, COLI has acquired 9.04msm (8.6msm attributable) of new land. Just in Jan 2015, COLI has already bought another 1.63msm. On our analysis, based on latest ASPs these new land acquisitions should return gross margins of over 30% for COLI.

COLI's sales and new landbank acquisitions strategies turned out to be a good decision given the continued government policy loosening and recovery in the property market, which should result in stronger sales with better pricing power for COLI.



Figure 2: COLI – New land acquisitions in 2014 and Jan 2015

Date	City	Name of project	% Stake	Land area (sqm)	Total GFA (sqm)	Attrib. GFA (sqm)	Land Premium (RMBmn)	Land Premium (RMBpsm)
09/01/2014	Dalian	Ganjingzi District Project	100%	95,531	184,465	184,465	379	2,052
17/01/2014	Jinan	Licheng District Huashan Project	100%	599,506	1,782,359	1,782,359	3,163	1,775
23/01/2014	Foshan	Nanhai District Guicheng Project	100%	65,562	276,103	276,103	1,045	3,785
10/02/2014	Qingdao	Jimo City Tianheng Town Project	100%	872,007	1,106,881	1,106,881	915	827
19/02/2014	Zhengzhou	Jinshui District Project	100%	66,121	271,850	271,850	1,212	4,457
21/02/2014	Guangzhou	Liwan District # 1 Project	100%	139,915	1,060,466	1,060,466	9,599	9,052
28/02/2014	Harbin	Qunli New District Project	100%	183,094	602,899	602,899	1,260	2,090
12/03/2014	Taiyuan	Wanbailin Distrct #1 Project	95%	44,577	675,624	641,843	960	1,420
12/03/2014	Taiyuan	Wanbailin Distrct #2 Project	50%	58,850	432,630	216,315	895	2,069
05/06/2014	Tianjin	Hexi District # 1 Project	100%	78,346	452,500	452,500	5,040	11,138
17/07/2014	Tianjin	Hexi District # 2 Project	100%	82,723	413,434	413,434	3,930	9,506
30/07/2014	Wuix	Binhu District Project	51%	135,551	385,556	196,634	572	1,483
06/08/2014	Kunming	Wuhua District Project	100%	54,510	289,963	289,963	687	2,369
26/09/2014	Xian	Chanba New District Project	100%	83,872	254,999	254,999	377	1,476
29/09/2014	Guangzhou	Liwan District # 2 Project	100%	36,366	222,231	222,231	1,911	8,600
02/11/2014	Beijing	Shijingshan District Project	100%	106,574	425,541	425,541	5,900	13,865
21/11/2014	Kunming	Wuhua District Project #2	100%	36,122	202,110	202,110	433	2,145
07/01/2015	Xiamen	Tong'an District Project	100%	43,796	149,695	149,695	751	5,017
15/01/2015	Jinan	Licheng District Huashan Project	100%	431,058	1,475,399	1,475,399	2,805	1,901
<b>Total</b>				<b>3,214,080</b>	<b>10,664,706</b>	<b>10,225,687</b>	<b>41,833</b>	<b>3,923</b>

Source: Company, Deutsche Bank

## Entering the traditional high season of property sales: Positive sales catalysts should come back starting March

In the past month, the share price performance of the Chinese developers has been relatively lackluster because of the lack of positive sales momentum (as we entered the seasonally low period of Chinese New Year) and concerns on the impacts of anti-corruption on the pure private developers. From our recent property tours and discussions with senior management, local management and sales teams of the developers, we found out that most developers are planning more active new launches after CNY. This, together with continuous improvement in liquidity, should help drive a more meaningful recovery in sales in March. Current valuations provide good entry points for selected developers.



### Property sales always show strong seasonal pick up in March, May and June

Looking at the sales statistics from NBS, Soufun, and the listed developers, we identified a very apparent seasonal pattern – sales normally fall meaningfully in Jan and Feb every year (due to the aftermath of sales push by end of the previous year and CNY), recover significantly in March, pull back slightly in Apr (due to Qin Ming Festival), then pick up again in May and further in June (as developers push to achieve semi-annual targets). For example, from the NBS statistics, from 1999-now, property sales were on average down 81% MoM in Jan/Feb, up 91% MoM in March, down 3% MoM in April, up 11% MoM in May and up 27% MoM in June. Based on the statistics from Soufun, from 2011-now, property sales were down 30% MoM in Jan, down 15% MoM in Feb, up 58% MoM in March, down 10% MoM in Apr, up 11% MoM in May and up 4% MoM in June. Based on this, sales momentum should accelerate after CNY.

Figure 3: China Property – Seasonality analysis on commodity residential 1sales (using NBS statistics)

Month	Value (RMB bn)	FY avg	2H avg	MoM	vs. FY avg	vs. 2H avg	Vol (msqm)	FY avg	2H avg	MoM	vs. FY avg	vs. 2H avg
Jan-99	3.9	17.9	28.0	NA	-78%	-86%	1.9	9.9	15.5	NA	-81%	-88%
Feb-99	3.9	17.9	28.0	0%	-78%	-86%	1.9	9.9	15.5	0%	-81%	-88%
Mar-99	8.2	17.9	28.0	111%	-54%	-71%	4.8	9.9	15.5	152%	-51%	-69%
Apr-99	8.0	17.9	28.0	-3%	-55%	-71%	5.1	9.9	15.5	6%	-49%	-67%
May-99	10.3	17.9	28.0	29%	-42%	-63%	5.0	9.9	15.5	-1%	-49%	-68%
Jun-99	11.7	17.9	28.0	13%	-34%	-58%	7.2	9.9	15.5	43%	-28%	-54%
Jan-00	6.2	24.6	37.4	-94%	-75%	-84%	2.9	12.6	19.1	-95%	-77%	-85%
Feb-00	6.2	24.6	37.4	0%	-75%	-84%	2.9	12.6	19.1	0%	-77%	-85%
Mar-00	12.1	24.6	37.4	97%	-51%	-68%	6.8	12.6	19.1	134%	-46%	-65%
Apr-00	13.1	24.6	37.4	8%	-47%	-65%	6.8	12.6	19.1	1%	-46%	-64%
May-00	15.2	24.6	37.4	16%	-38%	-59%	7.3	12.6	19.1	7%	-42%	-62%
Jun-00	18.6	24.6	37.4	23%	-24%	-50%	10.2	12.6	19.1	40%	-19%	-47%
Jan-01	9.1	31.9	47.3	-93%	-71%	-81%	4.0	15.4	23.1	-94%	-74%	-83%
Feb-01	9.1	31.9	47.3	0%	-71%	-81%	4.0	15.4	23.1	0%	-74%	-83%
Mar-01	18.1	31.9	47.3	98%	-43%	-62%	8.6	15.4	23.1	117%	-44%	-63%
Apr-01	18.7	31.9	47.3	3%	-41%	-61%	8.9	15.4	23.1	3%	-43%	-62%
May-01	20.6	31.9	47.3	10%	-35%	-56%	9.0	15.4	23.1	1%	-42%	-61%
Jun-01	23.1	31.9	47.3	12%	-27%	-51%	11.8	15.4	23.1	31%	-24%	-49%
Jan-02	11.4	39.6	58.4	-93%	-71%	-80%	5.4	18.6	27.5	-93%	-71%	-80%
Feb-02	11.4	39.6	58.4	0%	-71%	-80%	5.4	18.6	27.5	0%	-71%	-80%
Mar-02	22.8	39.6	58.4	100%	-42%	-61%	10.9	18.6	27.5	100%	-42%	-60%
Apr-02	23.0	39.6	58.4	1%	-42%	-61%	11.1	18.6	27.5	2%	-40%	-59%
May-02	21.7	39.6	58.4	-6%	-45%	-63%	10.7	18.6	27.5	-4%	-43%	-61%
Jun-02	34.5	39.6	58.4	59%	-13%	-41%	15.4	18.6	27.5	44%	-17%	-44%
Jan-03	16.4	52.5	75.8	-90%	-69%	-78%	7.0	23.8	34.6	-92%	-71%	-80%
Feb-03	16.4	52.5	75.8	0%	-69%	-78%	7.0	23.8	34.6	0%	-71%	-80%
Mar-03	32.3	52.5	75.8	97%	-39%	-57%	13.9	23.8	34.6	100%	-41%	-60%
Apr-03	30.4	52.5	75.8	-6%	-42%	-60%	13.6	23.8	34.6	-3%	-43%	-61%
May-03	34.4	52.5	75.8	13%	-34%	-55%	15.2	23.8	34.6	12%	-36%	-56%
Jun-03	45.5	52.5	75.8	32%	-13%	-40%	20.6	23.8	34.6	36%	-13%	-40%
Jan-04	24.7	71.8	102.9	-89%	-66%	-76%	10.1	28.2	40.0	-90%	-64%	-75%



Feb-04	24.7	71.8	102.9	0%	-66%	-76%	10.1	28.2	40.0	0%	-64%	-75%
Mar-04	45.8	71.8	102.9	86%	-36%	-55%	18.2	28.2	40.0	81%	-35%	-54%
Apr-04	39.2	71.8	102.9	-14%	-45%	-62%	16.8	28.2	40.0	-8%	-41%	-58%
May-04	49.2	71.8	102.9	25%	-32%	-52%	18.9	28.2	40.0	13%	-33%	-53%
Jun-04	61.0	71.8	102.9	24%	-15%	-41%	24.3	28.2	40.0	28%	-14%	-39%
Jan-05	34.4	124.9	197.7	-89%	-72%	-83%	11.7	41.5	64.3	-91%	-72%	-82%
Feb-05	34.4	124.9	197.7	0%	-72%	-83%	11.7	41.5	64.3	0%	-72%	-82%
Mar-05	62.0	124.9	197.7	81%	-50%	-69%	22.9	41.5	64.3	95%	-45%	-64%
Apr-05	47.7	124.9	197.7	-23%	-62%	-76%	18.1	41.5	64.3	-21%	-56%	-72%
May-05	55.1	124.9	197.7	16%	-56%	-72%	20.3	41.5	64.3	12%	-51%	-68%
Jun-05	78.8	124.9	197.7	43%	-37%	-60%	27.5	41.5	64.3	35%	-34%	-57%
Jan-06	75.3	142.0	173.7	-74%	-47%	-57%	23.7	45.3	56.1	-78%	-48%	-58%
Feb-06	75.3	142.0	173.7	0%	-47%	-57%	23.7	45.3	56.1	0%	-48%	-58%
Mar-06	108.7	142.0	173.7	44%	-23%	-37%	37.1	45.3	56.1	56%	-18%	-34%
Apr-06	122.3	142.0	173.7	13%	-14%	-30%	37.7	45.3	56.1	2%	-17%	-33%
May-06	143.1	142.0	173.7	17%	1%	-18%	41.8	45.3	56.1	11%	-8%	-26%
Jun-06	136.7	142.0	173.7	-4%	-4%	-21%	43.1	45.3	56.1	3%	-5%	-23%
Jan-07	91.5	211.0	271.3	-74%	-57%	-66%	23.9	57.6	72.9	-81%	-58%	-67%
Feb-07	91.5	211.0	271.3	0%	-57%	-66%	23.9	57.6	72.9	0%	-58%	-67%
Mar-07	152.9	211.0	271.3	67%	-28%	-44%	47.4	57.6	72.9	98%	-18%	-35%
Apr-07	164.8	211.0	271.3	8%	-22%	-39%	47.0	57.6	72.9	-1%	-18%	-36%
May-07	180.2	211.0	271.3	9%	-15%	-34%	49.3	57.6	72.9	5%	-14%	-32%
Jun-07	223.5	211.0	271.3	24%	6%	-18%	61.9	57.6	72.9	25%	7%	-15%
Jan-08	90.9	170.2	191.4	-80%	-47%	-53%	23.1	46.6	53.8	-84%	-50%	-57%
Feb-08	90.9	170.2	191.4	0%	-47%	-53%	23.1	46.6	53.8	0%	-50%	-57%
Mar-08	171.6	170.2	191.4	89%	1%	-10%	48.9	46.6	53.8	112%	5%	-9%
Apr-08	155.5	170.2	191.4	-9%	-9%	-19%	41.7	46.6	53.8	-15%	-11%	-23%
May-08	169.2	170.2	191.4	9%	-1%	-12%	42.5	46.6	53.8	2%	-9%	-21%
Jun-08	216.1	170.2	191.4	28%	27%	13%	57.0	46.6	53.8	34%	22%	6%
Jan-09	102.8	318.0	401.8	-74%	-68%	-74%	23.3	71.1	89.7	-79%	-67%	-74%
Feb-09	102.8	318.0	401.8	0%	-68%	-74%	23.3	71.1	89.7	0%	-67%	-74%
Mar-09	234.9	318.0	401.8	129%	-26%	-42%	56.6	71.1	89.7	143%	-20%	-37%
Apr-09	264.8	318.0	401.8	13%	-17%	-34%	58.8	71.1	89.7	4%	-17%	-34%
May-09	305.1	318.0	401.8	15%	-4%	-24%	65.0	71.1	89.7	11%	-9%	-28%
Jun-09	394.3	318.0	401.8	29%	24%	-2%	87.9	71.1	89.7	35%	24%	-2%
Jan-10	177.2	366.3	451.0	-73%	-52%	-61%	32.2	77.5	95.9	-80%	-59%	-66%
Feb-10	177.2	366.3	451.0	0%	-52%	-61%	32.2	77.5	95.9	0%	-59%	-66%
Mar-10	329.3	366.3	451.0	86%	-10%	-27%	74.3	77.5	95.9	131%	-4%	-23%
Apr-10	384.6	366.3	451.0	17%	5%	-15%	72.5	77.5	95.9	-2%	-7%	-24%
May-10	281.6	366.3	451.0	-27%	-23%	-38%	61.1	77.5	95.9	-16%	-21%	-36%
Jun-10	339.6	366.3	451.0	21%	-7%	-25%	82.7	77.5	95.9	35%	7%	-14%
Jan-11	223.6	405.2	466.0	-73%	-45%	-52%	36.4	80.9	95.4	-81%	-55%	-62%
Feb-11	223.6	405.2	466.0	0%	-45%	-52%	36.4	80.9	95.4	0%	-55%	-62%
Mar-11	413.6	405.2	466.0	85%	2%	-11%	85.7	80.9	95.4	135%	6%	-10%
Apr-11	324.9	405.2	466.0	-21%	-20%	-30%	65.0	80.9	95.4	-24%	-20%	-32%
May-11	380.9	405.2	466.0	17%	-6%	-18%	72.0	80.9	95.4	11%	-11%	-25%



Jun-11	499.2	405.2	466.0	31%	23%	7%	102.6	80.9	95.4	43%	27%	8%
Jan-12	168.3	445.6	569.1	-79%	-62%	-70%	30.6	82.1	105.2	-82%	-63%	-71%
Feb-12	168.3	445.6	569.1	0%	-62%	-70%	30.6	82.1	105.2	0%	-63%	-71%
Mar-12	373.3	445.6	569.1	122%	-16%	-34%	72.7	82.1	105.2	138%	-11%	-31%
Apr-12	315.4	445.6	569.1	-16%	-29%	-45%	56.3	82.1	105.2	-23%	-31%	-47%
May-12	375.7	445.6	569.1	19%	-16%	-34%	65.5	82.1	105.2	16%	-20%	-38%
Jun-12	531.3	445.6	569.1	41%	19%	-7%	97.9	82.1	105.2	50%	19%	-7%
Jan-13	315.1	564.1	658.0	-64%	-44%	-52%	47.5	96.4	116.1	-72%	-51%	-59%
Feb-13	315.1	564.1	658.0	0%	-44%	-52%	47.5	96.4	116.1	0%	-51%	-59%
Mar-13	569.4	564.1	658.0	81%	1%	-13%	94.1	96.4	116.1	98%	-2%	-19%
Apr-13	494.6	564.1	658.0	-13%	-12%	-25%	79.3	96.4	116.1	-16%	-18%	-32%
May-13	503.0	564.1	658.0	2%	-11%	-24%	83.3	96.4	116.1	5%	-14%	-28%
Jun-13	624.4	564.1	658.0	24%	11%	-5%	109.2	96.4	116.1	31%	13%	-6%
Jan-14	299.3	520.0	612.7	-67%	-42%	-51%	46.9	87.7	104.5	-72%	-47%	-55%
Feb-14	299.3	520.0	612.7	0%	-42%	-51%	46.9	87.7	104.5	0%	-47%	-55%
Mar-14	509.0	520.0	612.7	70%	-2%	-17%	84.5	87.7	104.5	80%	-4%	-19%
Apr-14	418.4	520.0	612.7	-18%	-20%	-32%	66.9	87.7	104.5	-21%	-24%	-36%
May-14	446.1	520.0	612.7	7%	-14%	-27%	74.3	87.7	104.5	11%	-15%	-29%
Jun-14	591.2	520.0	612.7	33%	14%	-4%	105.4	87.7	104.5	42%	20%	1%
<b>Average</b>												
<b>Average Jan-Feb</b>				<b>-81%</b>	<b>-62%</b>	<b>-70%</b>				<b>-85%</b>	<b>-64%</b>	<b>-72%</b>
<b>Average Mar</b>				<b>91%</b>	<b>-28%</b>	<b>-44%</b>				<b>113%</b>	<b>-25%</b>	<b>-42%</b>
<b>Average Apr</b>				<b>-3%</b>	<b>-30%</b>	<b>-46%</b>				<b>-6%</b>	<b>-30%</b>	<b>-47%</b>
<b>Average May</b>				<b>11%</b>	<b>-24%</b>	<b>-41%</b>				<b>6%</b>	<b>-27%</b>	<b>-44%</b>
<b>Average Jun</b>				<b>27%</b>	<b>-4%</b>	<b>-27%</b>				<b>34%</b>	<b>-2%</b>	<b>-26%</b>

Source: NBS, Deutsche Bank

Figure 4: China Property – Seasonality analysis on commodity residential 1sales (using Soufun statistics)

	Vol (ksqm)	FY avg	2H avg	MoM	vs FY avg	vs 2H avg
Jan-11	25,340	17,253	17,177	NA	47%	48%
Feb-11	14,397	17,253	17,177	-43%	-17%	-16%
Mar-11	15,270	17,253	17,177	6%	-11%	-11%
Apr-11	14,996	17,253	17,177	-2%	-13%	-13%
May-11	17,305	17,253	17,177	15%	0%	1%
Jun-11	16,668	17,253	17,177	-4%	-3%	-3%
Jan-12	9,006	22,975	27,572	-48%	-61%	-67%
Feb-12	12,737	22,975	27,572	41%	-45%	-54%
Mar-12	20,746	22,975	27,572	63%	-10%	-25%
Apr-12	18,789	22,975	27,572	-9%	-18%	-32%
May-12	22,698	22,975	27,572	21%	-1%	-18%
Jun-12	26,291	22,975	27,572	16%	14%	-5%
Jan-13	27,302	26,109	27,155	-13%	5%	1%
Feb-13	15,438	26,109	27,155	-43%	-41%	-43%
Mar-13	31,454	26,109	27,155	104%	20%	16%
Apr-13	25,999	26,109	27,155	-17%	0%	-4%
May-13	24,943	26,109	27,155	-4%	-4%	-8%





Jun-13	25,247	26,109	27,155	1%	-3%	-7%
Jan-14	22,753	23,183	25,809	-21%	-2%	-12%
Feb-14	16,166	23,183	25,809	-29%	-30%	-37%
Mar-14	22,816	23,183	25,809	41%	-2%	-12%
Apr-14	19,840	23,183	25,809	-13%	-14%	-23%
May-14	22,266	23,183	25,809	12%	-4%	-14%
Jun-14	19,506	23,183	25,809	-12%	-16%	-24%
<b>Average</b>						
<b>Average Jan</b>				<b>-30%</b>	<b>-3%</b>	<b>-6%</b>
<b>Average Feb</b>				<b>-15%</b>	<b>-34%</b>	<b>-38%</b>
<b>Average Mar</b>				<b>58%</b>	<b>0%</b>	<b>-7%</b>
<b>Average Apr</b>				<b>-10%</b>	<b>-11%</b>	<b>-16%</b>
<b>Average May</b>				<b>11%</b>	<b>-2%</b>	<b>-8%</b>
<b>Average Jun</b>				<b>4%</b>	<b>3%</b>	<b>-5%</b>

Source: Soufun, Deutsche Bank

Figure 5: China Property – Seasonality analysis on monthly contracted sales of listed developers\*

Month	Value (RMB mn)	FY avg	2H avg	MoM	vs FY avg	vs 2H avg	Vol (msqm)	FY avg	2H avg	MoM	vs FY avg	vs 2H avg
Jan-10	40,837	56,419	72,238	NA	-28%	-43%	NA	NA	NA	NA	NA	NA
Feb-10	21,605	56,419	72,238	-47%	-62%	-70%	NA	NA	NA	NA	NA	NA
Mar-10	47,142	56,419	72,238	118%	-16%	-35%	NA	NA	NA	NA	NA	NA
Apr-10	53,324	56,419	72,238	13%	-5%	-26%	NA	NA	NA	NA	NA	NA
May-10	33,310	56,419	72,238	-38%	-41%	-54%	NA	NA	NA	NA	NA	NA
Jun-10	47,378	56,419	72,238	42%	-16%	-34%	NA	NA	NA	NA	NA	NA
Jan-11	82,172	64,832	65,281	-3%	27%	26%	7.54	6.37	6.64	NA	18%	13%
Feb-11	38,466	64,832	65,281	-53%	-41%	-41%	3.63	6.37	6.64	-52%	-43%	-45%
Mar-11	53,185	64,832	65,281	38%	-18%	-19%	5.21	6.37	6.64	44%	-18%	-22%
Apr-11	56,320	64,832	65,281	6%	-13%	-14%	5.17	6.37	6.64	-1%	-19%	-22%
May-11	70,151	64,832	65,281	25%	8%	7%	6.94	6.37	6.64	34%	9%	4%
Jun-11	85,999	64,832	65,281	23%	33%	32%	8.13	6.37	6.64	17%	28%	22%
Jan-12	33,232	79,953	88,925	-48%	-58%	-63%	3.15	8.12	9.16	-47%	-61%	-66%
Feb-12	46,267	79,953	88,925	39%	-42%	-48%	4.38	8.12	9.16	39%	-46%	-52%
Mar-12	73,880	79,953	88,925	60%	-8%	-17%	7.39	8.12	9.16	69%	-9%	-19%
Apr-12	72,264	79,953	88,925	-2%	-10%	-19%	7.56	8.12	9.16	2%	-7%	-18%
May-12	85,962	79,953	88,925	19%	8%	-3%	8.86	8.12	9.16	17%	9%	-3%
Jun-12	114,276	79,953	88,925	33%	43%	29%	11.19	8.12	9.16	26%	38%	22%
Jan-13	106,501	103,510	110,362	12%	3%	-3%	9.97	9.68	10.53	9%	3%	-5%
Feb-13	64,500	103,510	110,362	-39%	-38%	-42%	6.19	9.68	10.53	-38%	-36%	-41%
Mar-13	107,965	103,510	110,362	67%	4%	-2%	9.54	9.68	10.53	54%	-2%	-9%
Apr-13	87,122	103,510	110,362	-19%	-16%	-21%	8.08	9.68	10.53	-15%	-17%	-23%
May-13	102,671	103,510	110,362	18%	-1%	-7%	9.46	9.68	10.53	17%	-2%	-10%
Jun-13	111,187	103,510	110,362	8%	7%	1%	9.77	9.68	10.53	3%	1%	-7%
Jan-14	115,449	120,064	133,847	8%	-4%	-14%	10.65	11.19	12.52	20%	-5%	-15%
Feb-14	73,803	120,064	133,847	-36%	-39%	-45%	7.44	11.19	12.52	-30%	-34%	-41%
Mar-14	105,958	120,064	133,847	44%	-12%	-21%	9.01	11.19	12.52	21%	-20%	-28%





Apr-14	100,413	120,064	133,847	-5%	-16%	-25%	9.70	11.19	12.52	8%	-13%	-23%
May-14	103,496	120,064	133,847	3%	-14%	-23%	9.84	11.19	12.52	1%	-12%	-21%
Jun-14	138,569	120,064	133,847	34%	15%	4%	12.61	11.19	12.52	28%	13%	1%
Jan-15	104,240	NA	NA	-42%	NA	NA	8.99	NA	NA	-45%	NA	NA
<b>Average</b>												
<b>Average Jan</b>				<b>-13%</b>	<b>-14%</b>	<b>-21%</b>				<b>-19%</b>	<b>-13%</b>	<b>-19%</b>
<b>Average Feb</b>				<b>-25%</b>	<b>-46%</b>	<b>-50%</b>				<b>-17%</b>	<b>-42%</b>	<b>-46%</b>
<b>Average Mar</b>				<b>71%</b>	<b>-9%</b>	<b>-18%</b>				<b>56%</b>	<b>-10%</b>	<b>-17%</b>
<b>Average Apr</b>				<b>-1%</b>	<b>-11%</b>	<b>-20%</b>				<b>-5%</b>	<b>-14%</b>	<b>-21%</b>
<b>Average May</b>				<b>6%</b>	<b>-7%</b>	<b>-14%</b>				<b>23%</b>	<b>5%</b>	<b>-3%</b>
<b>Average Jun</b>				<b>27%</b>	<b>17%</b>	<b>7%</b>				<b>16%</b>	<b>22%</b>	<b>12%</b>

Source: Company, Deutsche Bank

## Mortgage interest rates should fall meaningfully in 1H15

During our latest property tours to various cities, we found out that mortgage interest rates for the Tier-1 cities have already come down to 10-12% discount off PBOC benchmark rates. However, for most of the Tier-2/3 cities, mortgage interest rates are generally still based on 0% discount to PBOC benchmark rates, with 3-5% discounts offered only for a selected group of VIP clients for the banks. In our view, given continued liquidity loosening (like latest RRR cuts and repeated liquidity injection via reverse-repo) by the PBOC, we expect mortgage rates to fall more meaningfully in the Tier-2/3 cities in 1H15.

On Feb 28, PBOC has come out and announced to lower interest rates by another 25bps. All these should help stimulate sales after CNY.



# Financial analysis

## NAV and earnings growth revisions

We have revised up our estimated NAV for COLI from HK\$32.78/share to HK\$33.33/share, and our target price from HK\$29.50 to HK\$29.99 mainly as we factored in new landbank acquisitions of COLI. On the other hand, we have adjusted down our estimated earnings for 2014, 2015 and 2016 by 1.4%, 4.8% and 7% respectively mainly as we adjusted for the latest RMB depreciations and property booking assumptions for COLI.

Figure 6: COLI – Income Statement (HK\$mnn)

Year Ended Dec 31	2008	2009	2010	2011	2012	2013	2014E	2015E	2016E	2017E
Property Development	17,891	36,383	42,962	46,764	61,407	78,615	90,467	110,316	130,572	143,170
Property Investment	202	195	294	359	585	858	884	978	979	1,221
Property Management	-	566	679	-	-	-	-	-	-	-
Others	799	178	378	1,460	2,589	2,997	2,997	2,997	2,997	2,997
<b>Total turnover</b>	<b>18,892</b>	<b>37,322</b>	<b>44,313</b>	<b>48,583</b>	<b>64,581</b>	<b>82,469</b>	<b>94,348</b>	<b>114,291</b>	<b>134,548</b>	<b>147,388</b>
Property Development	6,731	10,476	16,697	20,025	22,854	26,729	32,165	36,775	44,368	50,167
Property Investment	175	160	268	312	496	766	743	822	823	1,026
Others	215	293	(66)	32	69	(1,127)	(778)	(1,233)	(1,152)	(1,027)
<b>EBIT</b>	<b>7,121</b>	<b>10,929</b>	<b>16,898</b>	<b>20,368</b>	<b>23,420</b>	<b>26,368</b>	<b>32,130</b>	<b>36,364</b>	<b>44,038</b>	<b>50,166</b>
Net Interest Income (Expenses)	(418)	(228)	(461)	(591)	(286)	(290)	(806)	(899)	(776)	(677)
Total Exceptional item	1,919	1,330	3,795	3,066	3,651	3,438	-	-	-	-
Pre-tax profit	8,584	12,054	20,567	23,765	29,422	33,289	32,887	37,326	43,601	49,949
Income Tax	(2,031)	(3,162)	(4,024)	(4,792)	(5,580)	(6,107)	(8,222)	(9,332)	(10,900)	(12,487)
LAT	(1,482)	(1,287)	(3,874)	(3,854)	(5,009)	(4,003)	(1,795)	(704)	(425)	(1,324)
Profit after-tax	5,071	7,604	12,669	15,119	18,833	23,179	22,870	27,290	32,276	36,138
Minority interests	(24)	(135)	(296)	(94)	(110)	(135)	(340)	(893)	(1,316)	(1,077)
<b>Net profit</b>	<b>5,048</b>	<b>7,469</b>	<b>12,373</b>	<b>15,025</b>	<b>18,722</b>	<b>23,044</b>	<b>22,530</b>	<b>26,397</b>	<b>30,960</b>	<b>35,060</b>
<b>Core Net Profit</b>	<b>3,726</b>	<b>6,504</b>	<b>9,504</b>	<b>13,020</b>	<b>15,800</b>	<b>18,960</b>	<b>22,530</b>	<b>26,397</b>	<b>30,960</b>	<b>35,060</b>
Core EPS	0.47	0.80	1.16	1.59	1.933	2.320	2.76	3.23	3.79	4.29
DPS	0.13	0.20	0.27	0.33	0.41	0.47	0.49	0.51	0.53	0.53

Source: Company, Deutsche Bank Estimates

Figure 7: COLI – Balance Sheet

As at Dec 31	2008	2009	2010	2011	2012	2013	2014E	2015E	2016E	2017E
Investment properties	6,428	7,748	14,054	17,765	23,657	32,532	32,532	32,532	32,532	32,532
Property, plant and equipment	276	249	319	338	976	1,371	1,371	1,371	1,371	1,371
Other non-current assets	235	213	232	218	341	352	303	315	322	321
<b>Non-Current Assets</b>	<b>6,938</b>	<b>8,209</b>	<b>14,605</b>	<b>18,321</b>	<b>24,974</b>	<b>34,255</b>	<b>34,206</b>	<b>34,218</b>	<b>34,225</b>	<b>34,224</b>
Deferred tax assets	485	651	1,191	1,845	2,074	2,277	2,277	2,277	2,277	2,277
Associates/JV	6,274	11,999	20,558	27,826	22,510	18,774	19,165	19,631	19,715	19,830
Inventories	53,982	50,451	84,466	97,503	111,776	164,399	214,568	238,691	252,580	250,162
Receivables	1,045	1,120	2,875	1,850	2,599	2,431	2,359	2,857	3,364	3,685
Bank balances & cash	9,006	23,863	32,023	19,179	40,880	41,411	28,333	30,712	44,936	51,122
Other current assets	7,847	17,825	6,531	9,452	25,012	32,975	26,487	30,476	34,528	37,095



<b>Current Assets</b>	<b>71,880</b>	<b>93,259</b>	<b>125,895</b>	<b>127,984</b>	<b>180,268</b>	<b>241,216</b>	<b>271,747</b>	<b>302,737</b>	<b>335,408</b>	<b>342,064</b>
<b>Total assets</b>	<b>85,576</b>	<b>114,117</b>	<b>162,248</b>	<b>175,975</b>	<b>229,825</b>	<b>296,522</b>	<b>327,396</b>	<b>358,863</b>	<b>391,625</b>	<b>398,396</b>
Payables	9,039	10,964	14,103	16,378	16,917	21,523	19,721	24,215	28,488	32,251
Short term bank loans	3,946	4,364	10,214	7,482	5,546	3,303	2,128	2,017	2,021	1,535
Other current liabilities	16,951	34,867	37,081	44,069	61,513	86,102	93,320	106,652	117,155	94,083
<b>Current Liabilities</b>	<b>29,936</b>	<b>50,195</b>	<b>61,398</b>	<b>67,929</b>	<b>83,975</b>	<b>110,928</b>	<b>115,169</b>	<b>132,884</b>	<b>147,665</b>	<b>127,869</b>
Long term bank loans	18,320	16,970	24,306	25,114	32,095	36,709	41,942	32,409	22,282	17,042
Other non-current liabilities	4,436	5,143	18,602	12,348	26,197	37,835	37,835	37,835	37,835	37,835
Non-current Liabilities	22,756	22,113	42,908	37,462	58,292	74,544	79,778	70,244	60,118	54,877
<b>Total Liabilities</b>	<b>52,692</b>	<b>72,308</b>	<b>104,306</b>	<b>105,391</b>	<b>142,268</b>	<b>185,472</b>	<b>194,947</b>	<b>203,128</b>	<b>207,782</b>	<b>182,746</b>
Minority interests	(335)	(283)	3,207	273	313	1,080	1,420	2,313	3,628	4,706
<b>Total Net Assets</b>	<b>32,884</b>	<b>41,810</b>	<b>57,942</b>	<b>70,585</b>	<b>87,557</b>	<b>111,050</b>	<b>132,449</b>	<b>155,735</b>	<b>183,843</b>	<b>215,649</b>
Capital and retained earnings	32,767	41,369	53,595	68,846	85,779	104,981	123,507	145,736	172,365	203,094
Other reserves	453	724	1,140	1,465	1,465	4,989	7,523	7,686	7,850	7,850
<b>Shareholders' Equity</b>	<b>33,220</b>	<b>42,093</b>	<b>54,735</b>	<b>70,312</b>	<b>87,244</b>	<b>109,971</b>	<b>131,029</b>	<b>153,422</b>	<b>180,215</b>	<b>210,943</b>
<b>Total Capital Employed</b>	<b>85,576</b>	<b>114,117</b>	<b>162,248</b>	<b>175,975</b>	<b>229,825</b>	<b>296,522</b>	<b>327,396</b>	<b>358,863</b>	<b>391,625</b>	<b>398,396</b>
NBV Per Share	4.23	5.15	6.70	8.60	10.68	13.46	16.03	18.77	22.05	25.81
Net Gearing	47%	22%	23%	33%	21%	28%	37%	24%	7%	0%

Source: Company, Deutsche Bank Estimates



# Valuation

## Our estimated NAV for COLI is HK\$33.33/share

Our target price of HK\$29.99 for COLI is based on a 10% discount to our estimated NAV of HK\$33.33/share. Our estimated NAV for COLI is calculated by using a sum-of-the-parts methodology. We apply DCF to estimate the value of the company's development projects by taking the estimated cash inflows from property sales minus the outstanding costs, including any outstanding land costs, construction costs, related income taxes and the LAT for each of the development projects. With respect to the investment properties' valuation, we use the income capitalization approach, taking the estimated rental revenues of the investment properties divided by the estimated capitalization (cap) rates. For different types of properties in different locations, our estimated rents and cap rates differ. In arriving at the NAV for the company, we take the aggregate estimated value for the previously mentioned business segments and then add the company's net cash position or subtract its net debt position. Specifically, our estimated NAV of HK\$33.33/share incorporates the following assumptions:

- 1) Flat ASPs in 2015,
- 2) Full payment of the LAT (estimated according to the LAT formula),
- 3) WACC of 8.5%, and
- 4) Cap rates of 5-8% for the investment properties.

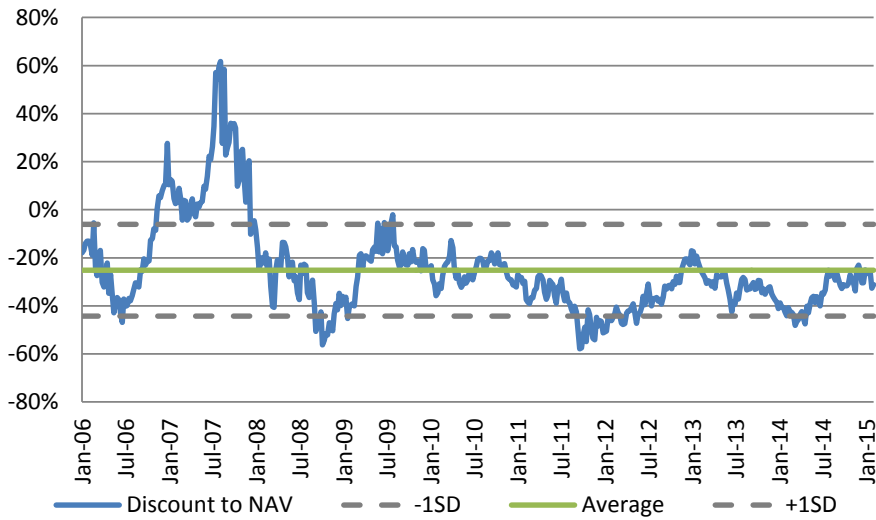
Figure 8:

	HK\$m	HK\$/Share	% of NAV	% of GAV
<b>Property Development</b>				
Residential	283,136	34.64	104%	93%
	<b>283,136</b>	<b>34.64</b>	<b>104%</b>	<b>93%</b>
<b>Property Investment</b>				
Retail	861	0.11	0%	0%
Office	21,830	2.67	8%	7%
Industrial	513	0.06	0%	0%
Car Parks	439	0.05	0%	0%
	<b>23,643</b>	<b>2.89</b>	<b>9%</b>	<b>8%</b>
Other Assets	(3,127)	(0.38)	-1%	-1%
<b>Gross Asset Value</b>	<b>303,652</b>	<b>37.16</b>	<b>111%</b>	<b>100%</b>
Net Debt	(31,288)	(3.83)	-11%	-10%
<b>NAV</b>	<b>272,363</b>	<b>33.33</b>	<b>100%</b>	<b>90%</b>

Source: Deutsche Bank

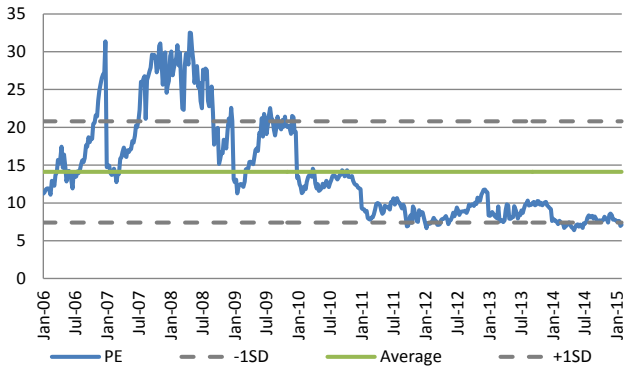


Figure 9: COLI – Historical discount to NAV



Source: Deutsche Bank Estimates, Bloomberg Finance LP

Figure 10: COLI – Historical P/E



Source: Deutsche Bank Estimates, Bloomberg Finance LP

Figure 11: COLI – Historical P/B



Source: Deutsche Bank Estimates, Bloomberg Finance LP



# Investment risks

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## Macro risks

### Government property tightening measures might be stricter than expected

The China property market is not only dependent on economic conditions and the demand-and-supply balance, but also on government policies. At times when the government is tightening its fiscal and monetary policies, especially via administrative measures, there could be volatile moves in housing transaction volumes, housing prices, land prices, and financing available to developers and homebuyers. Recently, there have been signs that the tightening measures by the government have been reaccelerated, with potential new measures which would result in sales volume and property price declines in the physical property market, which could leave pressure on cash flows for developers. With this in mind, if the government property market tightening measures are stricter than expected, we could see weaker-than-expected sales and price performance for the property businesses of Chinese property companies, including COLI.

### Unexpected economic fluctuations in the Chinese economy

In our view, any weaker-than-expected performance in the Chinese economy would likely result in weaker housing demand, hence affecting Chinese developers' property sales. On the other hand, any overly strong growth in the Chinese economy could raise concerns about overheating and attract tightening measures. Therefore, any unexpected fluctuations in the Chinese economy would likely affect demand and supply in the China property market and the business of China property companies such as COLI.

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## Company-specific risks

### Growing nationwide scale may put heavy pressure on management

COLI is now the top listed developers in China in terms of core net profit, and its development scale has continued to grow. As the scale grows bigger and bigger, the demand on management resources will also continue to grow, and such could put pressure on the execution of the management, and hence execution risks could rise in the future.



# Appendix 1

## Important Disclosures

Additional information available upon request

### Disclosure checklist

Company	Ticker	Recent price*	Disclosure
COLI	0688.HK	23.60 (HKD) 27 Feb 15	1,14,15

\*Prices are current as of the end of the previous trading session unless otherwise indicated and are sourced from local exchanges via Reuters, Bloomberg and other vendors. Data is sourced from Deutsche Bank and subject companies.

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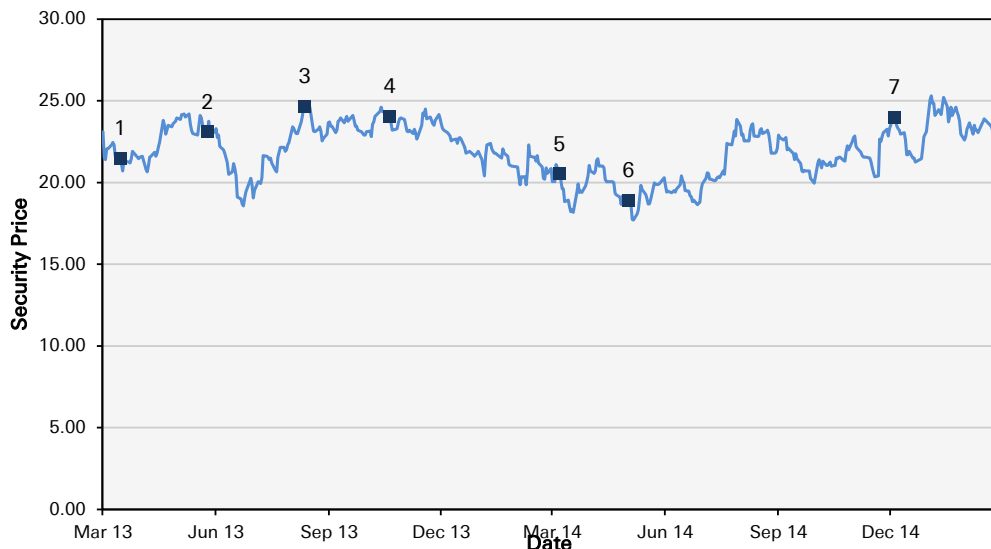
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Historical recommendations and target price: COLI (0688.HK)  
(as of 2/27/2015)



Previous Recommendations

- Strong Buy
- Buy
- Market Perform
- Underperform
- Not Rated
- Suspended Rating

Current Recommendations

- Buy
- Hold
- Sell
- Not Rated
- Suspended Rating

\*New Recommendation Structure as of September 9,2002

1.	18/03/2013:	Buy, Target Price Change HKD28.02	5.	10/03/2014:	Buy, Target Price Change HKD32.03
2.	28/05/2013:	Buy, Target Price Change HKD28.77	6.	05/05/2014:	Buy, Target Price Change HKD27.74
3.	15/08/2013:	Buy, Target Price Change HKD30.33	7.	07/12/2014:	Buy, Target Price Change HKD29.50
4.	23/10/2013:	Buy, Target Price Change HKD31.15			

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**Buy:** Based on a current 12- month view of total share-holder return (TSR = percentage change in share price from current price to projected target price plus projected dividend yield ) , we recommend that investors buy the stock.

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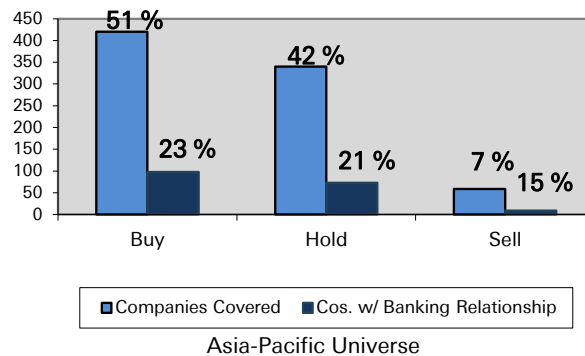
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Equity rating dispersion and banking relationships



Asia-Pacific Universe



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