

China Overseas Land & Investment

Asset injection is just an extra gift

COLI has announced the long-awaited asset injection from its parent company, China State Construction Engineering Corp. Ltd. (CSCECL). The total consideration (including CSCECL loans) is about HK\$42.8bn to be settled by the issuance of 1.7bn new shares at a premium price of HK\$25.38 to CSCECL. Although the location of the landbank has yet to be provided, we believe the injection should further help to sustain COLI's consistent sales growth trend for the next few years. Our sensitivity analysis suggests possible NAV accretion of c10-13%, which should be an extra gift to COLI. We reiterate our OW rating and unchanged 12-month price target of HK\$27.70.

Details of the asset injection: On 24 March 2015, COLI announced that it is to acquire a total landbank of 10.9mn sqm of gross floor area from its parent company, CSCECL. The total consideration (including CSCECL loans) is to be about HK\$42.8bn, and COLI is to settle the payment by issuing 1.7bn new shares to its parent company at a premium price of HK\$25.38. Although the location of the landbank is yet to be disclosed, we believe the premium pricing implies that the parent company is optimistic on the outlook for COLI.

Possible NAV accretion of c10-13%: The proposed asset injection involves 27 projects in different development stages across Beijing, Shanghai, Tianjin, Chongqing, Suzhou, Chengdu, Xian, Urumqi, Changsha, Weifang and Zibo as well as three projects in London. Based on the assumptions in our sensitivity analysis, we estimate possible NAV accretion of c10-13% from these assets. As a reminder, 86% of the assets are in second- and third-tier cities while COLI said that it has adjusted the product mix over the past 18 months.

Reiterate OW: As we previously stated, we believe the asset injection is only a "plus" but not a "must" for COLI to sustain its earnings growth. Looking at its full-year results for 2014, COLI continued to demonstrate itself as the market leader with consistent earnings growth (+26% y/y), stable gross margins (34.3%) and healthy gearing levels (32.5%). This, in our view, should continue to support its premium valuation. As the announced asset injection has yet to be completed, we retain our 12-month NAV estimate at HK\$30.80 and, thus, our 12-month price target at HK\$27.70, which is at a 10% discount to the NAV. Downside risks include: 1) tighter measures in leading-tier cities; 2) slower contracted sales growth; and 3) lower margins than expected.

0688.HK: Financial and Valuation Metrics EPS HKD

FY Dec	2013	2014	2015	2016	2017
EPS	2.32A	2.92A	3.53E	4.17E	4.84E
Previous EPS	2.32A	2.78E	3.24E	3.93E	N/A
Consensus EPS	2.32A	2.81E	3.25E	3.70E	N/A
P/E	10.2	8.1	6.7	5.6	4.9

Source: Barclays Research.

Consensus numbers are from Thomson Reuters

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Stock Rating	OVERWEIGHT Unchanged
Industry View	NEUTRAL Unchanged
Price Target	HKD 27.70 Unchanged

Price (24-Mar-2015)	HKD 23.55
Potential Upside/Downside	+18%
Tickers	688 HK / 0688.HK

Market Cap (USD mn)	24818
Shares Outstanding (mn)	8173.98
Free Float (%)	46.69
52 Wk Avg Daily Volume (mn)	24.7
52 Wk Avg Daily Value (USD mn)	68.81
Dividend Yield (%)	2.4
Return on Equity TTM (%)	23.01
Current BVPS (HKD)	14.63

Source: Thomson Reuters

Price Performance	Exchange-HKG
52 Week range	HKD 26.70-17.66



[Link to Barclays Live for interactive charting](#)

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Asia ex-Japan Real Estate Industry View: NEUTRAL

China Overseas Land & Investment (0688.HK)

Stock Rating: OVERWEIGHT

Income statement (HKDmn)	2014A	2015E	2016E	2017E	CAGR
Revenue	119,997	119,047	138,136	157,115	9.4%
EBITDA	37,046	35,552	42,122	48,813	9.6%
EBIT	36,851	35,298	41,821	48,474	9.6%
Pre-tax income	38,498	41,489	49,114	56,565	13.7%
Net income	27,680	28,879	34,116	39,561	12.6%
EPS (reported) (HKD)	3.39	3.53	4.17	4.84	12.6%
Net income (adj)	23,851	28,879	34,116	39,561	18.4%
EPS (adj) (HKD)	2.92	3.53	4.17	4.84	18.4%
Diluted shares (mn)	8,174.5	8,174.0	8,174.0	8,174.0	0.0%
DPS (HKD)	0.55	0.71	0.83	0.97	20.7%
Profit growth (%)	25.84	21.08	18.14	15.96	-14.8%

Margin and return data	Average				
EBITDA margin (%)	30.9	29.9	30.5	31.1	30.6
EBIT margin (%)	30.7	29.7	30.3	30.9	30.4
Pre-tax margin (%)	26.8	31.2	31.6	32.1	30.4
Net margin (%)	23.1	24.3	24.7	25.2	24.3
Net (adj) margin (%)	19.9	24.3	24.7	25.2	23.5
ROIC (%)	13.0	12.8	13.7	14.5	13.5
ROA (%)	7.4	7.9	8.7	9.6	8.4
ROE (%)	19.6	19.7	19.7	19.4	19.6

Balance sheet and cash flow (HKDmn)	CAGR				
Tangible fixed assets	1,355	1,931	2,135	2,301	19.3%
Intangible fixed assets	N/A	N/A	N/A	N/A	N/A
Cash and equivalents	51,215	59,581	70,743	74,440	13.3%
Total assets	350,937	378,705	409,645	411,378	5.4%
Short and long-term debt	94,532	95,446	88,052	76,784	-6.7%
Net debt/(funds)	43,317	35,866	17,308	2,344	-62.2%
Other long-term liabilities	6,229	5,305	5,305	5,305	-5.2%
Total liabilities	214,129	216,744	218,973	187,630	-4.3%
Shareholders' equity	133,334	159,503	187,603	220,070	18.2%
Change in working capital	-30,628	-4,020	-1,006	-10,973	N/A
Cash flow from operations	-15,233	26,036	28,929	24,707	N/A
Capital expenditure	-4,321	-4,444	-4,355	-2,648	N/A
Free cash flow	-19,554	21,592	24,574	22,059	N/A
BVPS (HKD)	16.31	19.51	22.95	26.92	18.2%

Valuation and leverage metrics	Average				
P/E (reported) (x)	7.0	6.7	5.6	4.9	6.0
P/E (adj) (x)	8.1	6.7	5.6	4.9	6.3
NAV per share (HKD)	30.80	35.60	30.90	28.30	31.40
Premium/(discount) to NAV (%)	-33.9	-42.8	-34.1	-28.1	-34.7
P/BV (x)	1.4	1.2	1.0	0.9	1.1
Dividend yield (%)	2.3	3.0	3.5	4.1	3.2
Net debt/equity (%)	32.5	22.5	9.2	1.1	16.3
Net debt/EBITDA (x)	1.2	1.0	0.4	0.0	0.7
Total debt/capital (%)	40.9	37.1	31.6	25.5	33.8

Price (24-Mar-2015) HKD 23.55
 Price Target HKD 27.70

Why Overweight? Despite significant volatility in the China property sector overall, we believe COLI is an appropriate long-term investment. We see the following positive catalysts: 1) a smooth management succession, which would remove a key overhang; and 2) a potential asset injection, which we believe signals strong support for COLI from CSCECL.

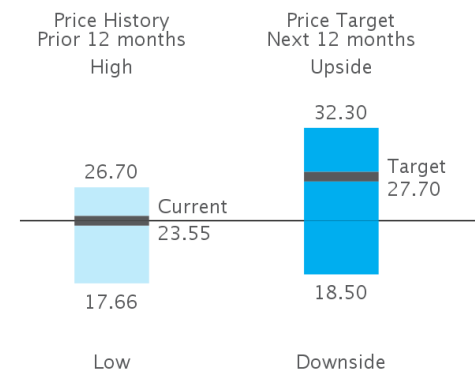
Upside case HKD 32.30

Should home-buyers' liquidity remain supportive and the government not undertake further property-cooling measures, sales momentum should be boosted and NAV discounts should narrow. In our upside case, we assume COLI trades at 5% premium to NAV.

Downside case HKD 18.50

Unexpected administrative tightening measures, especially on the demand side, and a hard-landing for China's macro-economy could depress valuations, in our view. In our downside case, we assume a 40% discount to NAV for COLI.

Upside/Downside scenarios



Source: Company data, Barclays Research
 Note: FY End Dec

The long-awaited asset injection is announced

COLI has announced that it is to acquire assets from its parent company, China State Construction Engineering Corp. Ltd. (CSCECL), which is a controlling shareholder of COLI through its interest in China Overseas Holdings Ltd. (COHL). The consideration was determined at RMB1,824mn (or HK\$2,309mn), and COLI will also assume the CSCECL loans related to the asset injection totalling RMB31,993mn (or HK\$40,497mn). The total consideration amounts to RMB33,817mn (or HK\$42,806mn) for which COHL has agreed to subscribe to 1,687mn subscription shares (20.6% of the existing issued share) at the subscription price of HK\$25.38, a 10.8% premium to the close price on 23 March. After the injection, COHL, together with its wholly own subsidiary, Silver Lot Development Ltd., will have a controlling interest in 6,033mn shares, representing 61.2% of the enlarged share capital.

FIGURE 1
COLI – shareholder changes with the asset injection

Name of shareholder	As at the date of announcement		Immediately after the subscription completion	
	Number of Shares held	Appr % of total issued share	Number of Shares held	Appr % of total issued share
COHL	3,837,380,380	46.95%	5,523,986,255	56.02%
Silver Lot (wholly owned by COHL)	509,136,928	6.23%	509,136,928	5.16%
Public shareholders	3,827,458,198	46.82%	3,827,458,198	38.82%
Total	8,173,975,506	100%	9,860,581,381	100%

Source: Company data, Barclays Research

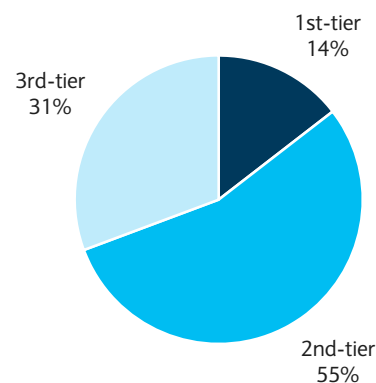
According to COLI, the assets involved include 27 project projects in various major cities in the Mainland China, including Beijing, Shanghai, Tianjin, Chongqing, Suzhou, Chengdu, Xian, Urumqi, Changsha, Weifang and Zibo as well as three property projects in London. In terms of city tiers (stripping out London), only 14% of the landbank is located in first-tier cities while 55% and 31% are in second- and third-tier cities. COLI has not provided any additional details about the development stages of these assets. However, the company indicated that some projects have been completed and will be kept for rental purposes.

FIGURE 2
COLI – details of landbank to be acquired

City	Approximate total GFA ('000 sq.m.)	Target Group's shareholdings
Beijing	1,025	80% - 100%
Shanghai	555	50% - 100%
Tianjin	280	90%
Chongqing	2,316	100%
Suzhou	30	100%
Chengdu	386	41% - 50%
Xi'an	750	70% - 100%
Urumqi	1,620	60%
Changsha	573	95%
Weifang	2,325	100%
Zibo	1,009	100%
London	48	100%
Total	10,917	

Source: Company data, Barclays Research

FIGURE 3
COLI – landbank to be acquired by city-tier



Source: Company data, Barclays Research

Our sensitivity analysis suggests possible NAV accretion of c10-13%

Given the lack of details about the types of property projects (residential and commercial) and their development schedules, we made several assumptions to test the NAV impact generated from such a sizable asset injection.

- We assume the entire landbank of 10.9mn sqm of gross floor area will be equally sold and delivered over the next five years (i.e. no projects will be kept for rental purpose).
- We assume the average selling price to be 80% of COLI's contracted average selling price of HK\$14,984/sqm given its higher exposure to second- and third-tier cities.
- We use a discounted cash-flow analysis to value the entire landbank, assuming a WACC of 11.4%, under different assumptions of net profit margins ranging from 12-20%.
- We add back the acquisition cost of HK\$42.8bn.

In reality, the increase in new shares could lower COLI's existing NAV (before the asset injection). However, we believe COLI, after spending more than 18 months adjusting the product mix of its parent company's landbank, could create good value from those injected assets. We expect a minimum NAV accretion of HK\$5.64/share from the asset injection (based on net profit margin of 12%) while COLI's strong operating record may lead to an even higher NAV accretion of HK\$6.50/share (based on net profit margin of 20%). This suggests possible NAV accretion of c-10-13%, on our estimates.

FIGURE 4
COLI – sensitivity analysis regarding landbank to be acquired

Net margin (%)	12	14	16	18	20
NAV at T+0 (mn HK\$)	3,141	3,664	4,188	4,711	5,235
NAV at T+1 (mn HK\$)	3,141	3,664	4,188	4,711	5,235
NAV at T+2 (mn HK\$)	3,141	3,664	4,188	4,711	5,235
NAV at T+3 (mn HK\$)	3,141	3,664	4,188	4,711	5,235
NAV at T+4 (mn HK\$)	3,141	3,664	4,188	4,711	5,235
Present value (mn HK\$)	12,802	14,936	17,069	19,203	21,337
Acquisition cost (mn HK\$)	42,806	42,806	42,806	42,806	42,806
NAV per share increases (HK\$)	5.64	5.86	6.07	6.29	6.50
NAV per share - pre asset injection (HK\$)	28.30	28.30	28.30	28.30	28.30
New NAV per share (HK\$)	33.94	34.16	34.37	34.59	34.80
NAV per share increases vs. NAV per share of HK\$30.8	10%	11%	12%	12%	13%

Source: Company data, Barclays Research

OW: Asset injection is just an extra gift to its solid fundamentals

As we have previously stated, we believe that the asset injection is only a “plus” but not a “must” for COLI to sustain its earning growths. Indeed, COLI has continued to demonstrate itself as the market leader in the China property sector with consistent earning growth, stable gross margins and healthy gearing levels. It may be challenging for COLI to acquire some landbank from its parent company in lower-tier cities. However, we believe its strong operating record with low funding cost of 4.3% should continue to generate good margins there. To some extent, we do not rule out any possibility of another round of asset injections in which COLI could dispose of all its landbank in these lower-tier cities to group company China Overseas Grand Ocean (COGO), which focuses on property development in third- and fourth-tier cities and of which COLI owns a 37.9% stake.

Price target valuation: Given that the announced asset injection has yet to be completed, we maintain our 12-month NAV estimate at HK\$30.80 and our 12-month price target remains unchanged at HK\$27.70, which is based on a 10% discount to our NAV estimate.

Key risks: The key downside risks to our price target, in our view, include the following: 1) tighter measures in leading-tier cities than we expect; 2) slower contracted sales growth than we expect; and 3) lower margin than we expect.

2014 results highlights

- **Core earnings increased by 26% y/y to HK\$23.9bn.** COLI's core profit and EPS increased by 26% y/y to HK\$23.9bn and HK\$2.92 in 2014, respectively. This was mainly driven by a 46% y/y growth in top-line revenue.
- **Development margin remained intact at 34.3%.** During the period, COLI's gross margin was increased by 2ppt to 34.5% in 2014. The development margin, stripping out the profit contribution from those affordable housing projects, came in at 34.3% for 2014. This was slightly lower than 35.1% for 2013 but still within the company's guidance of 33-35%.
- **Net gearing was healthy at 32.5% at end-2014.** COLI reported net gearing of 32.5% at end-2014, which was the lowest in the sector. Among its total debt of HK\$94.5bn, debt denominated in USD, HKD and RMB accounted for 51.5%, 30.5% and 18% of total debt, respectively. During the period, the company had cash of HK\$51.2bn but 1-year short-term debt of only HK\$22.5bn.
- **Full-year dividend was up 17% y/y at 55 HK cents.** The company proposed a final dividend of 35 HK cents. This, alongside an interim dividend of 20 HK cents, brought its full-year dividend to 55 HK cents. This represented a y/y increase of 17% and a dividend payout ratio of 19%. Based on the closing price of HK\$23.55 on 24 March 2015, the implied dividend yield was 2.3%.
- **2015 contracted sales target set at HK\$168bn.** With saleable resources of about HK\$250bn (including new resources of HK\$170bn), COLI aims to achieve full-year contracted sales of HK\$168bn, representing a 19.3% y/y increase. Its completed inventory level remained low at ~HK\$450bn, and the company does not expect to massively adjust the price.

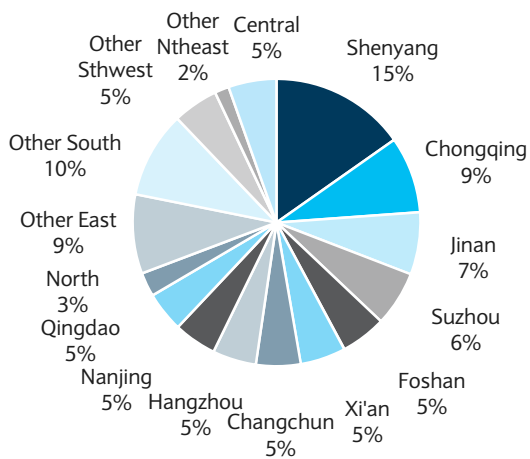
FIGURE 5
COLI – results summary

As of end	Dec-14	Jun-14	h/h chg
BVPS (HK\$)	16.31	14.63	12%
Net debt (HK\$m)	43,317	44,510	-3%
Net gearing (%)	32.5%	37.2%	-5ppts
For the period ended	Dec-14	Dec-13	y/y chg
Contracted sales (HK\$m)	140,809	138,520	2%
Revenue (HK\$m)	119,997	82,469	46%
Core profit (HK\$m)	23,851	18,953	26%
Core EPS (HK\$)	2.92	2.32	26%
DPS (HK\$)	0.55	0.47	17%
Core profit margin (%)	19.9%	23.0%	-3ppts

Source: Company data, Barclays Research

FIGURE 6

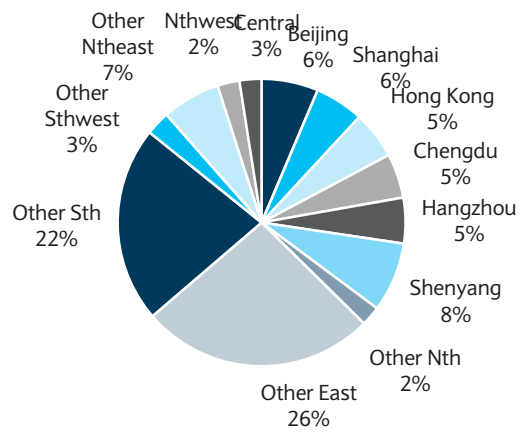
COLI – current landbank breakdown



Source: Company data, Barclays Research

FIGURE 7

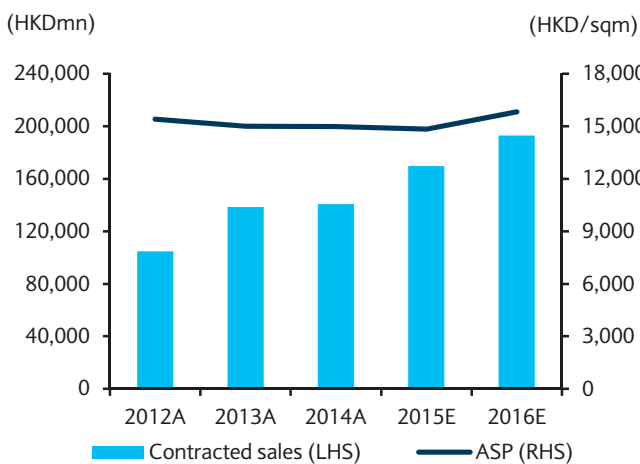
COLI – GAV breakdown as of end-15E



Source: Company data, Barclays Research estimates

FIGURE 8

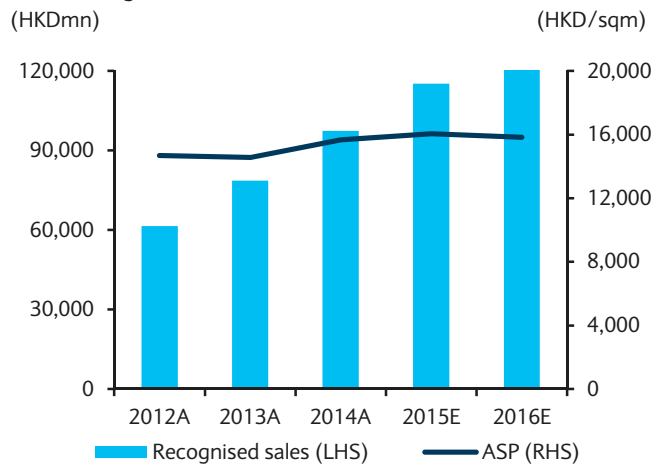
COLI – contracted sales and ASP



Source: Company data, Barclays Research estimates

FIGURE 9

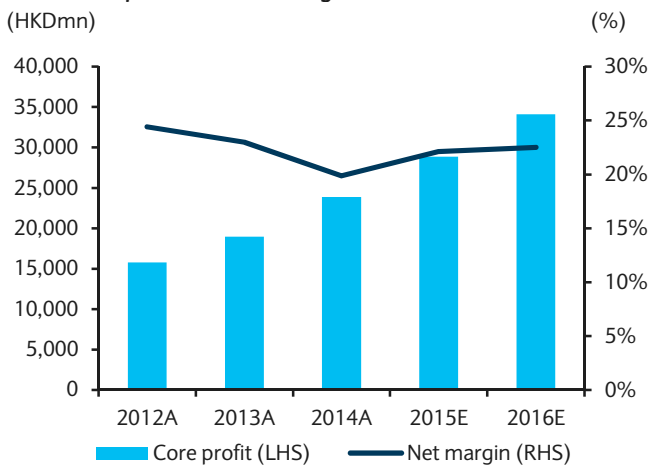
COLI – recognized sales and ASP



Source: Company data, Barclays Research estimates

FIGURE 10

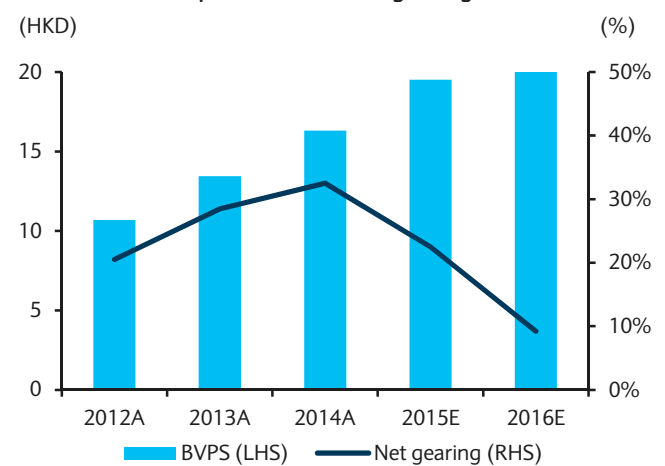
COLI – core profit and net margin



Source: Company data, Barclays Research estimates

FIGURE 11

COLI – book value per share and net gearing



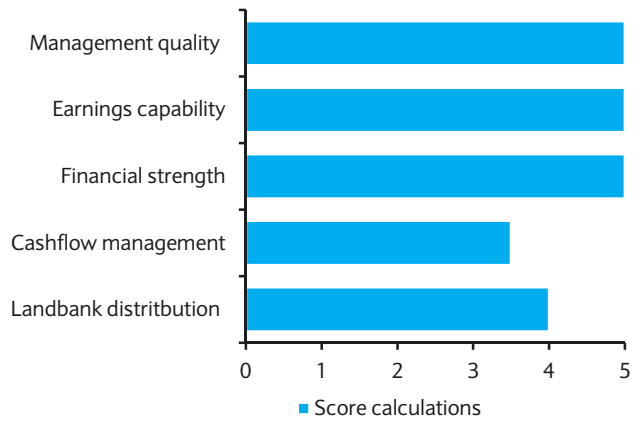
Source: Company data, Barclays Research estimates

FIGURE 12
COLI – company description

China Overseas Land & Investment (COLI), listed on the HKSE in August 1992, is 53.2% owned by the Shanghai-listed state-owned China State Construction Engineering Corp. Ltd. (CSCECL). The company is one of the biggest China property developers (in terms of market cap), holding a total landbank of 37mn sqm of gross floor area across first- and second-tier cities in China, excluding area owned directly by COGO. COLI also owns a 37.9% interest in China Overseas Grand Oceans (COGO), which primarily focuses on property development in lower-tier cities in China.

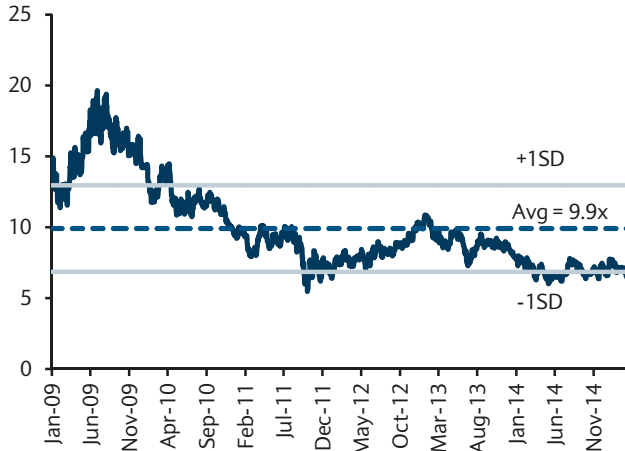
Source: Company data, Barclays Research

FIGURE 13
COLI – five-factor analysis



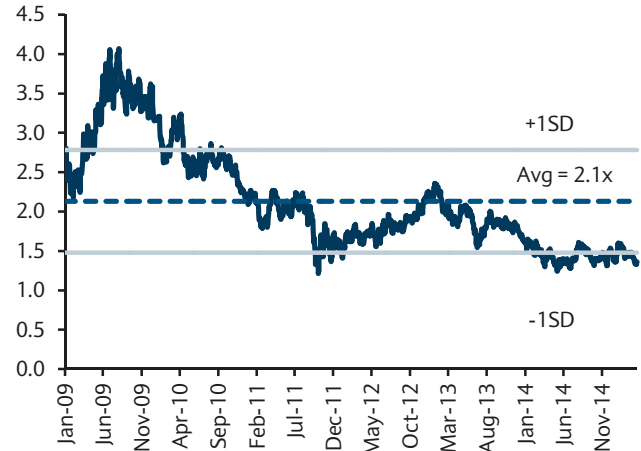
Source: Barclays Research estimates

FIGURE 14
COLI – P/E band



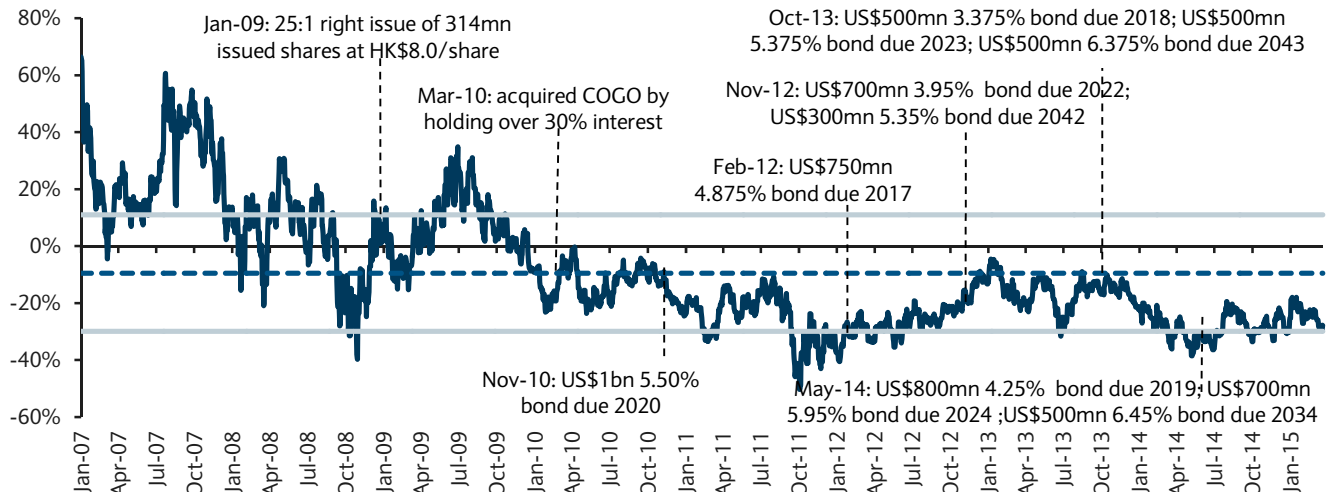
Source: Company data, Bloomberg, Barclays Research estimates

FIGURE 15
COLI – P/B band



Source: Company data, Datastream, Barclays Research estimates

FIGURE 16
COLI – NAV discount chart and timeline of major events



Source: Company data, Bloomberg, Barclays Research estimates

FIGURE 17
COLI – profit and loss (in HKDmn except for per share)

Profit and loss (HKDmn)					
Year ended 31 Dec	FY12A	FY13A	FY14A	FY15E	FY16E
Turnover	64,581	82,469	119,997	130,571	151,500
<i>Operating activities:</i>					
Property sales	22,854	24,381	36,595	38,521	45,368
Property rentals	496	766	865	862	1,219
Others	-279	-788	-608	-583	-642
EBIT	23,072	24,358	36,851	38,800	45,945
Net interest	27	248	69	447	579
Associates and JCEs	2,637	3,773	1,599	2,243	2,589
Exceptionals	35	1,471	-21	0	0
PBT	25,771	29,851	38,498	41,489	49,114
Taxes	-9,859	-9,292	-14,143	-11,970	-14,387
MI	-110	-135	-525	-641	-611
PAT	15,802	20,424	23,830	28,879	34,116
Net IP revaluation	2,920	2,620	3,850	0	0
Reported profit	18,722	23,044	27,680	28,879	34,116
Barclays core profit (adj.)	15,767	18,953	23,851	28,879	34,116
Reported EPS (HKD)	2.29	2.82	3.39	3.53	4.17
Barclays core EPS (HKD)	1.93	2.32	2.92	3.53	4.17
Barclays core margin (%)	24.4	23.0	19.9	22.1	22.5
DPS (HKD)	0.41	0.47	0.55	0.71	0.83

Source: Company data, Barclays Research estimates

FIGURE 19
COLI – balance sheet (in HKDmn except for per share)

Balance Sheet (HKDmn)					
Year ended 31 Dec	FY12A	FY13A	FY14A	FY15E	FY16E
Non-current assets	49,557	55,307	66,916	71,466	78,110
Investment properties	23,657	32,532	44,755	44,138	47,988
Associates and JCEs	17,211	15,949	15,748	19,943	22,532
Others	8,689	6,826	6,413	7,386	7,590
Current assets	180,268	241,216	284,021	307,239	331,536
Properties under development	94,120	160,952	194,956	179,658	187,483
Completed properties for sales	14,360	0	0	31,704	33,085
Others	30,907	38,852	37,850	36,295	40,224
Cash	40,880	41,411	51,215	59,581	70,743
Total assets	229,825	296,522	350,937	378,705	409,645
Current liabilities	83,975	110,928	135,910	125,537	134,421
ST loans	5,546	3,303	22,542	9,545	8,805
Others	78,430	107,625	113,368	115,992	125,616
Shareholders' fund	87,244	109,971	133,334	159,503	187,603
MI	313	1,080	3,474	2,458	3,069
Non-current liabilities	58,292	74,544	78,219	91,207	84,551
LT loans	53,243	69,397	71,990	85,902	79,247
Others	5,049	5,147	6,229	5,305	5,305
BVPS (HKD)	10.68	13.46	16.31	19.51	22.95
Net gearing (%)	20.5	28.5	32.5	22.5	9.2

Source: Company data, Barclays Research estimates

FIGURE 21
COLI – cash flow statement (HKDmn except for per share)

Cashflow statement (HKDmn)					
Year ended 31 Dec	FY12A	FY13A	FY14A	FY15E	FY16E
Operating profit	29,422	33,289	38,498	41,489	49,114
+/- non-cash gains	-3,598	-3,329	-3,655	254	301
+/- associates	-2,637	-3,773	-1,751	-2,243	-2,589
+/- change in working capital	-7,946	-24,705	-30,628	-4,020	-1,006
+/- interest paid	1	2	3	4	4
+/- tax paid	-8,153	-9,741	-10,343	-11,970	-14,387
+/- Others	-39	-1,829	-7,357	2,521	-2,508
Operating cash flows	7,050	-10,086	-15,233	26,036	28,929
Capex	-1,690	-4,558	-4,321	-4,444	-4,355
Others	3,196	3,497	158	1,197	0
Free cash flow	8,556	-11,147	-19,396	22,788	24,574
Shares issue / buyback	0	0	0	0	0
Bonds issue / repayment	11,104	11,524	0	0	0
Net borrowings	5,045	2,112	36,697	-7,542	-4,545
Others	-2,648	-2,478	-7,677	-7,444	-8,866
Net cashflow	22,056	11	9,624	7,802	11,163
Cash at y/b	17,841	39,880	40,876	51,243	59,045
Net exchange effect	-18	985	744	0	0
Cash at y/e	39,880	40,876	51,243	59,045	70,208
FCF / share (HKD)	1.05	-1.36	-2.37	2.79	3.01

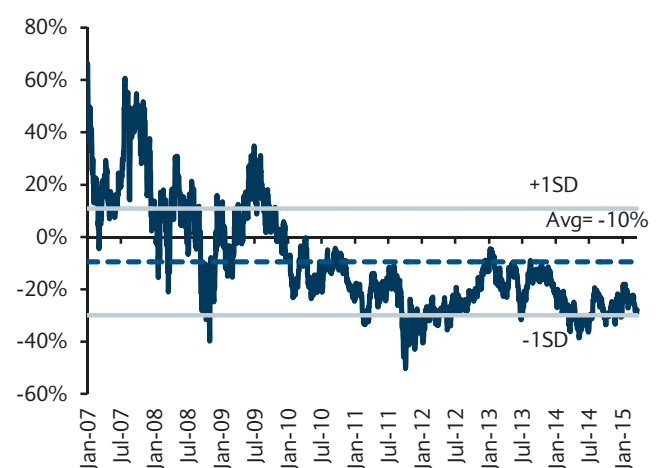
Source: Company data, Barclays Research estimates

FIGURE 18
COLI – GAV breakdown

GAV breakdown	Current	% of GAV	End-2014	% of GAV
Development properties				
Mainland China	269,270	87%	263,905	86%
HK & Macau	22,685	7%	21,100	7%
Investment properties				
Commercial	7,512	2%	10,253	3%
Office	7,126	2%	8,651	3%
HK & Macau	1,585	1%	1,633	1%
Total gross asset value (GAV)	308,179	100%	305,542	100%
Net debt (incl. o/s land premium)	-80,606		-53,503	
Net asset value (NAV)	227,573		252,039	
# of shares outstanding (mn)	8,173		8,173	
NAV per share (in HKD)	27.80		30.80	

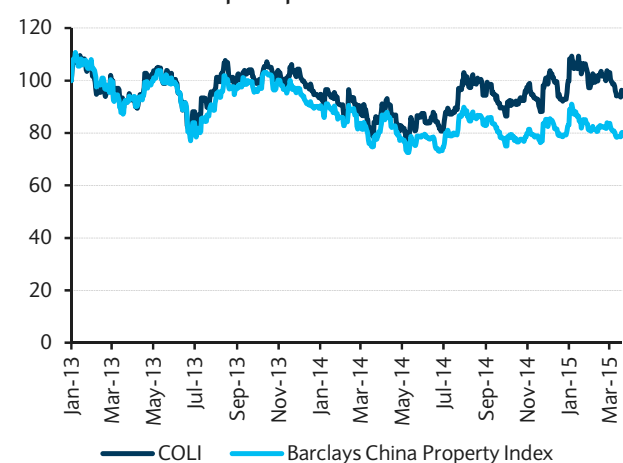
Source: Company data, Barclays Research estimates

FIGURE 20
COLI – NAV discount chart



Source: Company data, Bloomberg, Barclays Research estimates

FIGURE 22
COLI – relative share price performances



Source: Company data, Bloomberg, Barclays Research estimates

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Primary Stocks (Ticker, Date, Price)

China Overseas Land & Investment (0688.HK, 24-Mar-2015, HKD 23.55), Overweight/Neutral, J

Materially Mentioned Stocks (Ticker, Date, Price)

China Overseas Grand Oceans Group (0081.HK, 24-Mar-2015, HKD 3.60), Underweight/Neutral, J

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Stock Rating

Overweight - The stock is expected to outperform the unweighted expected total return of the industry coverage universe over a 12-month investment horizon.

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Asia ex-Japan Real Estate

Agile Property Holdings (3383.HK)	Ananda Development PCL (ANAN.BK)	Ascendas REIT (AEMN.SI)
CapitaCommercial Trust (CACT.SI)	CapitaLand (CATL.SI)	CapitaMall Trust (CMLT.SI)
Champion REIT (2778.HK)	China Overseas Grand Oceans Group (0081.HK)	China Overseas Land & Investment (0688.HK)
China Resources Land (1109.HK)	Chong Hong Construction Co. (5534.TW)	City Developments (CTDM.SI)
CKH Holdings (0001.HK)	Country Garden Holdings (2007.HK)	DLF Ltd. (DLF.NS)
Evergrande Real Estate Group (3333.HK)	Far Eastern New Century Corp. (1402.TW)	Farglory Land Development Co., Ltd. (5522.TW)
Fortune REIT (0778.HK)	Global Logistic Properties (GLPL.SI)	Godrej Properties Ltd. (GODR.NS)
Greentown China Holdings Ltd. (3900.HK)	Guangzhou R&F Properties Co., Ltd. (2777.HK)	Hang Lung Properties (0101.HK)
Henderson Land (0012.HK)	Hongkong Land (HKLD.SI)	Huaku Development Co., Ltd. (2548.TW)
Hui Xian REIT (87001.HK)	Hysan Development (0014.HK)	IREIT Global (IREI.SI)
Keppel Land (KLAN.SI)	Keppel REIT (KASA.SI)	Kerry Properties (0683.HK)
Kindom Construction (2520.TW)	KWG Property Holding (1813.HK)	Link REIT (0823.HK)
Longfor Properties (0960.HK)	Mapletree Industrial Trust (MAPI.SI)	Mapletree Logistics Trust (MAPL.SI)
Midland Holdings (1200.HK)	New World Development (0017.HK)	Oberoi Realty Ltd. (OEBO.NS)
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China Overseas Land & Investment (688 HK / 0688.HK)

HKD 23.55 (24-Mar-2015)

Stock Rating

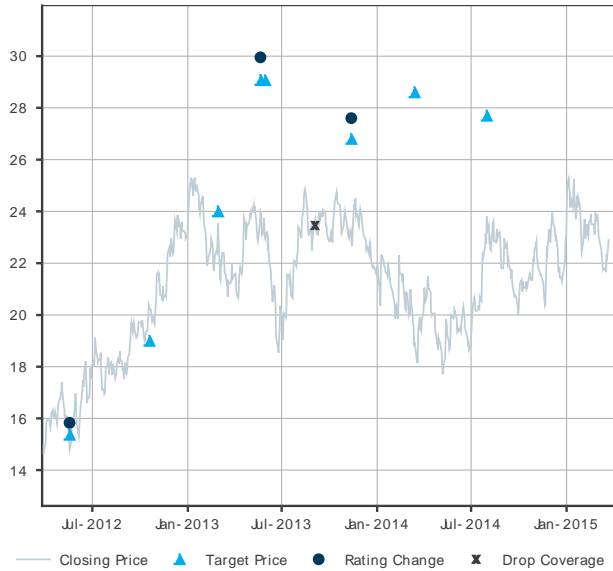
Industry View

OVERWEIGHT

NEUTRAL

Rating and Price Target Chart - HKD (as of 24-Mar-2015)

Currency=HKD



Date	Closing Price	Rating	Adjusted Price Target
31-Jul-2014	23.80		27.70
14-Mar-2014	18.92		28.60
12-Nov-2013	23.10	Overweight	26.80
28-Aug-2013	22.50	Drop Coverage	
30-May-2013	22.95		29.07
21-May-2013	24.00	Overweight	29.08
28-Feb-2013	23.55		24.00
19-Oct-2012	20.25		19.00
18-May-2012	14.80	Equal Weight	15.37

Source: Thomson Reuters, Barclays Research

Historical stock prices and price targets may have been adjusted for stock splits and dividends.

Source: IDC, Barclays Research

[Link to Barclays Live for interactive charting](#)

J: Barclays Bank PLC and/or an affiliate trades regularly in the securities of China Overseas Land & Investment.

Valuation Methodology: Our target price of HK\$27.70 is based on a 10% discount to our end-2014E NAV estimate of HK\$30.80, which translates into 10.0x FY14E P/E.

Risks which May Impede the Achievement of the Barclays Research Price Target: Downside risks to our price target include: 1) mismatch of asset injection from the parent company; and 2) slower-than-expected contracted sales growth; and 3) lower-than-expected margin.

IMPORTANT DISCLOSURES CONTINUED

China Overseas Grand Oceans Group (81 HK / 0081.HK)

HKD 3.60 (24-Mar-2015)

Stock Rating

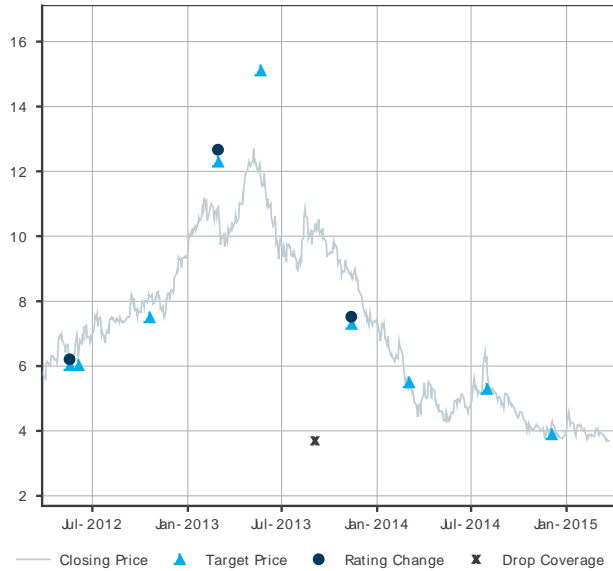
Industry View

UNDERWEIGHT

NEUTRAL

Rating and Price Target Chart - HKD (as of 24-Mar-2015)

Currency=HKD



Date	Closing Price	Rating	Adjusted Price Target
03-Dec-2014	4.24		3.90
31-Jul-2014	6.29		5.30
03-Mar-2014	5.30		5.50
12-Nov-2013	8.85	Underweight	7.30
28-Aug-2013	9.75	Drop Coverage	
21-May-2013	11.84		15.11
28-Feb-2013	10.90	Overweight	12.30
19-Oct-2012	8.17		7.50
04-Jun-2012	6.31		6.03
18-May-2012	5.97	Equal Weight	6.03

Source: Thomson Reuters, Barclays Research

Historical stock prices and price targets may have been adjusted for stock splits and dividends.

Source: IDC, Barclays Research

[Link to Barclays Live for interactive charting](#)

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Valuation Methodology: Our target price of HK\$3.90 is based on a 60% discount to our forward NAV estimate of HK\$9.80, which translates into 3.0x FY15 P/E.

Risks which May Impede the Achievement of the Barclays Research Price Target: Upside risks to our target price include: 1) stronger-than-expected sales performance in overheated cities; and 2) unexpected speed of urbanization amid an improving economy.

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