

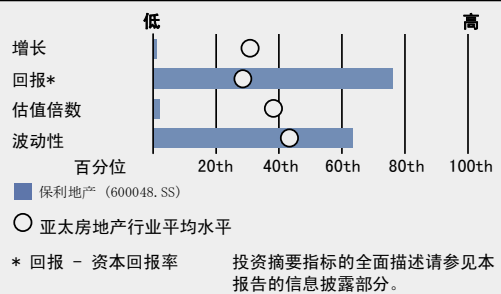


沪港通有助于收窄较同行可比企业中国海外的折让；买入(摘要)

建议理由

保利地产当前股价较其 2014 年预期净资产价值折让 49%（与其最接近的同行可比企业中国海外的折让幅度为 19%），我们认为这一折让幅度过大。与中国海外相似，保利地产也是一家母公司为央企的业内龙头。我们认为，与万科和中国海外相比，保利在资产周转和成本控制方面的强劲执行能力是其主要优势，而财务状况为主要劣势。保利地产是上证 180 指数成份股中市值最大的房地产股，且估值较中国海外大幅折让，因此我们认为即将启动的沪港通有助于收窄这一估值差距。我们的 12 个月目标价格 7.53 港元隐含 28% 的上行空间。重申买入评级。

投资摘要



推动因素

1) 中期内具有增长潜力：随着公司致力于降低杠杆率，我们预计 2014-16 年盈利增速将从 2005-2013 年的 51% 降至 1%，但我们认为这一因素已经体现在股价中，当前该股对应的 2014 年预期市盈率较万科折让 8%，而 2012 年至 2013 年 3 月曾溢价 13%。我们看到，与 2007 年以来万科的情形相似，保利地产正在努力拓展私募股权和海外发债等融资渠道并寻求更多合资伙伴，以保持中期内合同销售的强劲增长 (2015-16 年预期增速 10%-15%)；**2) 潜在重组计划利好：**管理层表示公司可能会在保利地产和保利置业之间进行房地产业务重组，我们认为这将有助于巩固保利地产的行业领军地位并改善其中长期增长前景；**3) 沪港通将于 10 月份启动：**我们预计定于 10 月份启动的沪港通计划将有助于收窄保利地产相对于与其最为接近的 H 股同行企业中国海外的估值折让。

估值

保利地产当前股价较其 2014 年末预期净资产价值折让 49%，2014 年预期市盈率和市净率分别为 4.9 倍和 1.0 倍，而万科 A 为折让 53%、5.3 倍和 1.1 倍，中国海外为折让 19%、9.1 倍和 1.6 倍。我们基于净资产价值的目标价格和盈利预测保持不变。

主要风险

销售/利润率不及预期；宏观经济硬着陆。

*全文翻译将随后提供

所属投资名单

亚太买入名单

行业评级：中性

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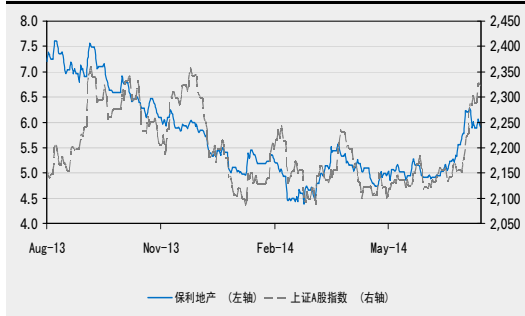
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主要数据

当前
股价 (Rmb)
12个月目标价格 (Rmb)
市值 (Rmb mn / US\$ mn)
外资持股比例 (%)

	12/13	12/14E	12/15E	12/16E
每股盈利 (Rmb)	1.00	1.20	1.27	1.22
每股盈利增长 (%)	27.4	19.8	5.8	(3.8)
每股摊薄盈利 (Rmb)	1.00	1.20	1.27	1.22
每股基本盈利 (Rmb)	1.00	1.20	1.27	1.22
市盈率 (X)	7.3	4.9	4.6	4.8
市净率 (X)	1.5	1.0	0.9	0.8
EV/EBITDA (X)	9.6	6.1	3.5	0.9
股息收益率 (%)	2.7	4.0	4.2	4.0
净资产回报率 (%)	22.8	22.6	20.2	16.7

股价走势图



股价表现 (%)	3个月	6个月	12个月
绝对	21.6	13.9	(18.2)
相对于上证指数	11.2	4.4	(24.0)

资料来源：公司数据、高盛研究预测、FactSet (股价为8/06/2014收盘价)

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保利地产： 财务数据概要

损益表(Rmb mn)	12/13	12/14E	12/15E	12/16E	资产负债表(Rmb mn)	12/13	12/14E	12/15E	12/16E
主营业务收入	92,355.5	112,328.6	128,892.6	113,513.4	现金及等价物	33,112.2	55,369.2	107,900.1	164,295.8
主营业务成本	(72,177.3)	(87,214.5)	(103,416.4)	(90,128.8)	应收账款	10,071.9	15,387.5	17,656.5	15,549.8
销售、一般及管理费用	(3,427.6)	(4,530.4)	(4,658.5)	(5,285.1)	存货	239,907.3	230,530.2	204,552.5	153,042.0
研发费用	--	--	--	--	其它流动资产	19,916.7	19,916.7	19,916.7	19,916.7
其它营业收入/（支出）	0.0	0.0	0.0	0.0	流动资产	303,008.1	321,203.5	350,025.8	352,804.2
EBITDA	16,750.6	20,583.8	20,817.7	18,099.5	固定资产净额	1,985.0	1,673.4	1,440.6	1,242.5
折旧和摊销	(333.4)	(462.8)	(400.1)	(323.4)	无形资产净额	52.4	25.1	0.0	0.0
EBIT	16,417.2	20,121.0	20,417.6	17,776.1	长期投资	8,097.0	12,680.4	19,199.4	26,099.2
利息收入	293.4	331.1	553.7	1,079.0	其它长期资产	797.4	877.2	964.9	1,061.4
财务费用	(1,040.0)	(1,337.7)	(1,337.7)	(1,337.7)	资产合计	313,939.8	336,459.6	371,630.7	381,207.3
联营公司	631.8	1,067.0	2,474.3	3,574.7	应付账款	44,505.9	47,788.8	56,666.5	49,385.7
其它	(200.6)	(200.6)	(200.6)	(200.6)	短期贷款	20,994.7	20,994.7	20,994.7	20,994.7
税前利润	16,101.7	19,980.8	21,907.3	20,891.6	其它流动负债	101,133.9	109,145.7	123,982.6	130,817.2
所得税	(4,237.2)	(5,180.5)	(5,322.7)	(4,743.1)	流动负债	166,634.6	177,929.2	201,643.8	201,197.6
少数股东损益	(1,117.3)	(1,924.1)	(2,959.0)	(3,046.8)	长期贷款	78,090.8	78,090.8	78,090.8	78,090.8
优先股股息前净利润	10,747.2	12,876.2	13,625.6	13,101.7	其它长期负债	61.3	67.4	74.1	81.6
优先股息	0.0	0.0	0.0	0.0	长期负债	78,152.1	78,158.2	78,165.0	78,172.4
非经常性项目前净利润	10,747.2	12,876.2	13,625.6	13,101.7	负债合计	244,786.7	256,087.4	279,808.8	279,370.0
税后非经常性损益	0.0	0.0	0.0	0.0	优先股	0.0	0.0	0.0	0.0
净利润	10,747.2	12,876.2	13,625.6	13,101.7	普通股权益	51,762.9	62,124.8	73,089.7	83,633.1
每股基本盈利（非经常性项目前）(Rmb)	1.00	1.20	1.27	1.22	少数股东权益	17,390.3	18,247.4	18,732.1	18,204.2
每股基本盈利（非经常性项目后）(Rmb)	1.00	1.20	1.27	1.22	负债及股东权益合计	313,939.8	336,459.6	371,630.7	381,207.3
每股摊薄盈利（非经常性项目后）(Rmb)	1.00	1.20	1.27	1.22	每股净资产(Rmb)	4.83	5.80	6.83	7.81
每股股息(Rmb)	0.20	0.23	0.25	0.24	评估净资产价值(Rmb mn)	--	124,095.2	--	--
股息支付率(%)	19.5	19.5	19.5	19.5	评估每股净资产(Rmb)	--	11.59	--	--
自由现金流收益率(%)	(10.3)	44.7	84.2	90.2					
增长率和利润率(%)	12/13	12/14E	12/15E	12/16E	比率	12/13	12/14E	12/15E	12/16E
主营业务收入增长率	34.0	21.6	14.7	(11.9)	净资产回报率(%)	22.8	22.6	20.2	16.7
EBITDA增长率	17.6	22.9	1.1	(13.1)	总资产回报率(%)	3.8	4.0	3.8	3.5
EBIT增长率	17.7	22.6	1.5	(12.9)	平均运用资本回报率(%)	10.4	12.0	16.6	27.3
净利润增长率	27.4	19.8	5.8	(3.8)	存货周转天数	1,086.1	984.4	767.8	724.1
每股盈利增长	27.4	19.8	5.8	(3.8)	应收账款周转天数	28.6	41.4	46.8	53.4
毛利率	21.8	22.4	19.8	20.6	应付账款周转天数	183.5	193.1	184.3	214.7
EBITDA利润率	18.1	18.3	16.2	15.9	净负债/股东权益(%)	95.4	54.4	(9.6)	(64.0)
EBIT利润率	17.8	17.9	15.8	15.7	EBIT利息保障倍数(X)	22.0	20.0	26.0	68.7
现金流量表(Rmb mn)	12/13	12/14E	12/15E	12/16E	估值	12/13	12/14E	12/15E	12/16E
优先股股息前净利润	10,747.2	12,876.2	13,625.6	13,101.7	基本市盈率(X)	7.3	4.9	4.6	4.8
折旧及摊销	333.4	462.8	400.1	323.4	市净率(X)	1.5	1.0	0.9	0.8
少数股东权益	1,117.3	1,924.1	2,959.0	3,046.8	EV/EBITDA(X)	9.6	6.1	3.5	0.9
运营资本增减	(22,148.3)	14,775.9	40,017.8	53,767.7	股息收益率(%)	2.7	4.0	4.2	4.0
其它	196.3	6,455.4	12,135.3	3,273.1					
经营活动产生的现金流	(9,754.1)	36,494.4	69,137.8	73,512.7	核心估值	12/13	12/14E	12/15E	12/16E
资本开支	(101.9)	(123.9)	(142.2)	(125.2)	核心利润(Rmb mn)	10,747.2	12,876.2	13,625.6	13,101.7
收购	(702.3)	0.0	0.0	0.0	每股核心盈利(Rmb)	1.00	1.20	1.27	1.22
剥离	0.0	0.0	0.0	0.0	核心净资产回报率(%)	22.8	22.6	20.2	16.7
其它	(1,421.7)	(4,583.4)	(6,519.0)	(6,899.8)	核心总资产回报率(%)	3.8	4.0	3.8	3.5
投资活动产生的现金流	(2,225.8)	(4,707.3)	(6,661.1)	(7,025.0)	核心平均运用资本回报率(%)	10.4	12.0	16.6	27.3
支付股息的现金（普通股和优先股）	(8,439.3)	(9,530.0)	(9,945.7)	(10,092.1)	核心市盈率(X)	7.3	4.9	4.6	4.8
借款增减	16,980.1	0.0	0.0	0.0	核心股息支付率(%)	19.5	19.5	19.5	19.5
普通股发行（回购）	0.0	0.0	0.0	0.0	每股核心盈利增长率(%)	27.4	19.8	5.8	(3.8)
其它	3,971.2	0.0	0.0	0.0					
筹资活动产生的现金流	12,512.1	(9,530.0)	(9,945.7)	(10,092.1)	注：最后一个实际年度数据可能包括已公布和预测数据。				
总现金流	532.1	22,257.0	52,530.9	56,395.6	资料来源：公司数据、高盛研究预测				

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Prices in the body of this report are based on the market close of August 6, 2014.

Overview: Solid industry leader; discount vs. peer COLI unjustified

An established industry leader

Poly A is a state-owned property developer focused on developing mid-end residential properties. As the main platform of the China Poly Group's property business, Poly listed in the China A-share market in September 2006. China Poly Group, one of the 113 central government-owned enterprises, led directly by SASAC, currently holds 44.09% of Poly A's total outstanding shares. As of end-2012, China Poly Group's total assets had reached Rmb382.9bn, and property development is one of its principal businesses apart from military and civilian trade and business, culture and arts, investment and exploitation in the mineral resource field, civilian explosive materials and blasting services. Poly A has been consistently ranked as the Top 5 developers by CRIC¹/Soufun in terms of annual contract sales achieved in the past years; it is also ranked top 3 in 6 of the 22 cities in terms of contract sales by CRIC in 2013. This is same as COLI but lower than Vanke's 13.

Strengths in execution & cost control; balance sheet weakness

Poly A started in the early 1990s in Guangzhou, almost four years later than Vanke (000002.SZ)/COLI (0688.HK) into the property business. However, it managed to ramp up quickly with strong sales and profit growth, narrowing its gap to Vanke and COLI in the past years with its strong execution track record (partly attributable to management's military background in our view): 53% CAGR of contracted sales and 51% CAGR of underlying profit during 2005-13. We also note its strong cost-control ability which is very comparable to COLI with SG&A as a percentage of contracted sales (average 2.7% during 2007-13 vs. 3.1% for COLI), consistently at the lower end of the range for our coverage universe (average 5.9%).

That said, the high growth achieved is also built on its aggressiveness on financial leverage, with average net debt to equity ratio 97% during 2005-13 vs. COLI/Vanke's 32%/21%. While the company appears less aggressive since 2011 (net gearing ratio fell from the peak of 123% in 2010 to 94% by end-2013) and land acquisition pace also slowed down further since 1Q this year, we think it might take another 1-2 years for its financial leverage to decline to a healthy level of 40%-50%. In general, aggressive financial leverage will also lead to quick profitability erosion when asset turnover slows amid an industry downturn. By further expanding its financing channels as well as collaborating more with other developers, we believe Poly will be able to

¹ CRIC: Leading real estate consulting and information service provider; owned by E-house (US:EJ).

improve its balance sheet and resume a solid growth trajectory in the medium term (2015E-2016E, in terms of contract sales: 10%-15%).

Weak near-term growth priced into discount vs. Vanke...

Poly A is currently trading at a 49% discount to end-14E NAV, 4.9X 14E P/E and 1.0X 14E P/B vs. Vanke A 53%, 5.3X and 1.1X. In our view, this reflects its weaker growth outlook in the near term (i.e. 20% yoy earnings growth in 2014E vs. 32% for Vanke).

...but discount vs. COLI too wide in our view

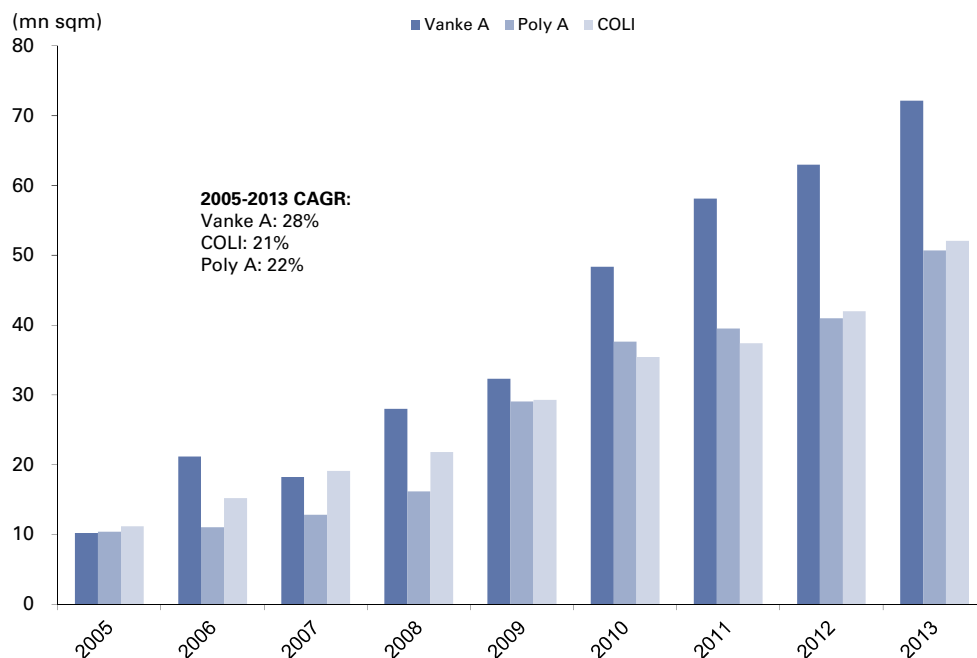
However, Poly A is trading at a wider discount vs. COLI's 19% discount to end-14E NAV, 9.1X 14E P/E and 1.6X 14E P/B. Offshore listed companies with weaker balance sheet and weaker industry position and ROE, such as R&F (2777.HK), is trading at a higher valuation (5.2X 14E P/E, or 4% premium over its average 5.0X during 2012-4M14) than Poly A (4.9X 14E P/E, or 26% discount to its average 6.6X during 2012-4M14). Hence, we see its valuation discount vs. COLI unjustified. We expect the launch of the HK-SH Stock Connect, scheduled for October, which allows overseas investors to invest in Poly A through this program, will help narrow the valuation gap between Poly A and COLI. We reiterate our Buy rating on the stock.

Rapid growth achieved on strong execution & financial leverage...

Despite a slightly smaller land bank base in 2005 compared to COLI, but similar to Vanke, Poly A has rapidly grown the size of its land bank, especially during 2009-10 before slowing again in 2011. Nevertheless, its average land bank size growth rate of 22% during 2005-13 is similar to the 21% achieved by COLI. Meanwhile, Poly A now has exposure to 49 cities vs. 47 for COLI (incl. COGO). Exhibits 3-4 show its city tier/regional focus vs. those of COLI and Vanke. Despite similar city tier exposure, it has a relatively higher concentration in Pearl River Delta Region (PRD).

Exhibit 1: COLI and Poly A have been growing their land banks at a similar pace, but both were slower than Vanke

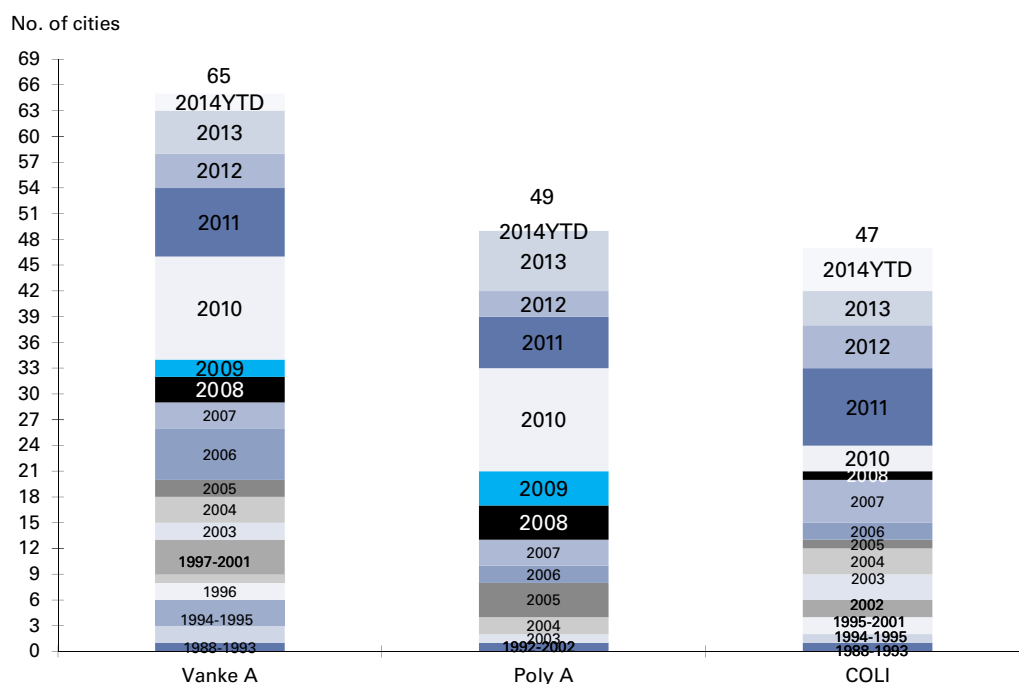
Attributable unbooked land bank growth from 2005-2013



Source: Company data.

Exhibit 2: Poly A overtook COLI in terms of city exposure in 2010

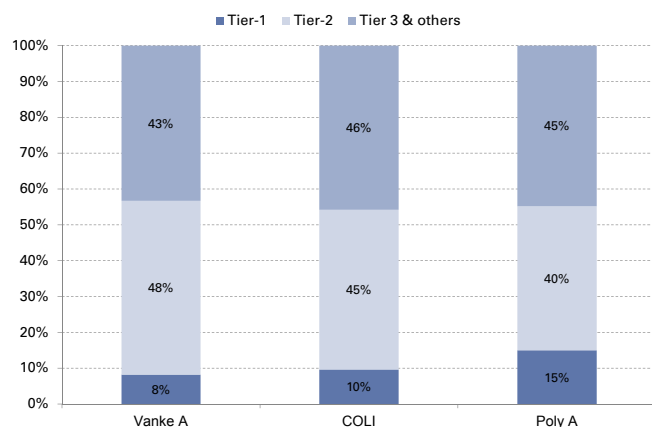
Incremental no. of cities to which Poly A, COLI and Vanke have gained exposure during their development history



Source: Company data.

Exhibit 3: ...but has similar exposure in terms of city tier (though Poly A is slightly higher in tier 1 exposure, mainly in Guangzhou)

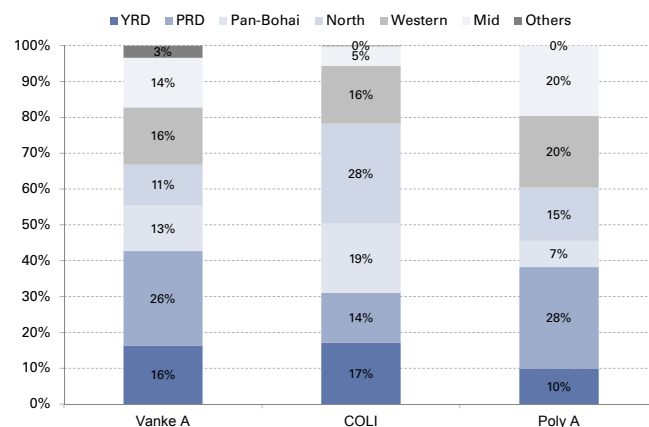
Attributable end-13 unsold land bank breakdown by city tier



Source: Gao Hua Securities Research.

Exhibit 4: ...but a different regional focus vs. COLI and Vanke

Attributable end-13 unsold land bank breakdown by regions

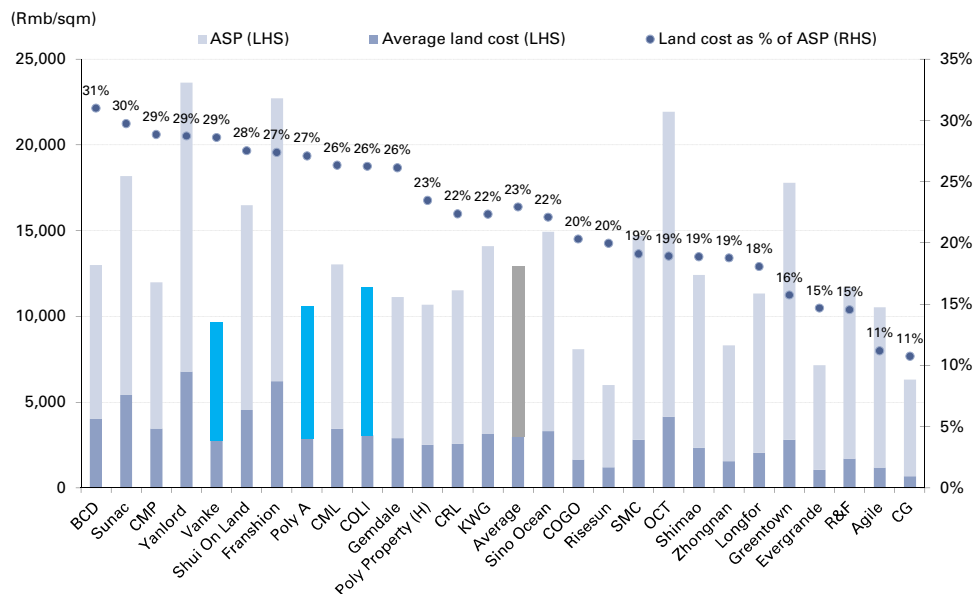


Source: Gao Hua Securities Research.

Poly A's land bank cost as a percentage of its ASP is also at quite similar level as those of COLI and Vanke, but higher than our coverage average, which is mainly due to its relatively higher exposure in the tier-1/2 cities.

Exhibit 5: ...more comparable land cost as a percentage of ASP between Poly A and COLI

Land cost as a % of 2014E ASP



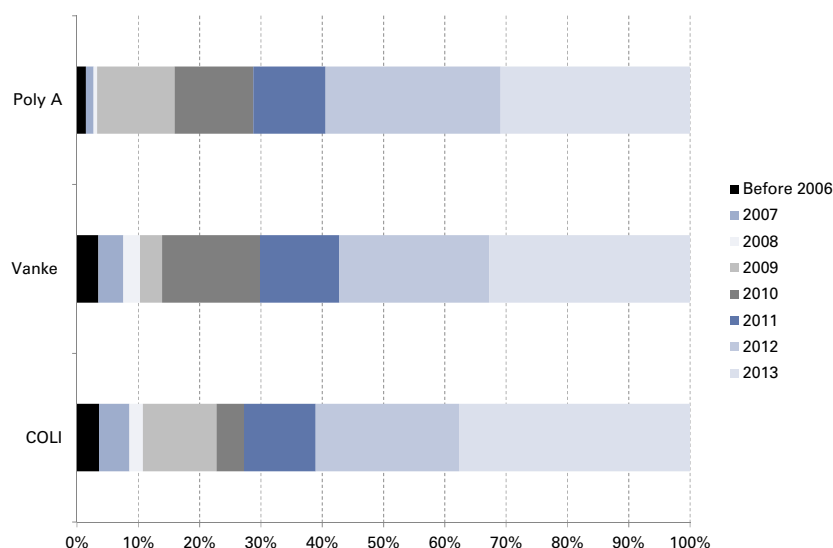
Source: Company data, Gao Hua Securities Research.

By taking a closer look at its land bank value breakdown by acquisition years, we note the distribution is similar as the other two after 2010, i.e. about 70% of its outstanding land bank was

built after 2010. Poly A mainly built the other 30% of its land bank in 2009-10, i.e. last cycle peak vs. Vanke and COLI which are relatively more diversified in earlier years, though the difference is not that significant in our view.

Exhibit 6: The proportion of land bank value built after 2010, the last cycle peak, is similar among the three

Existing land bank value breakdown by acquisition year by end-13

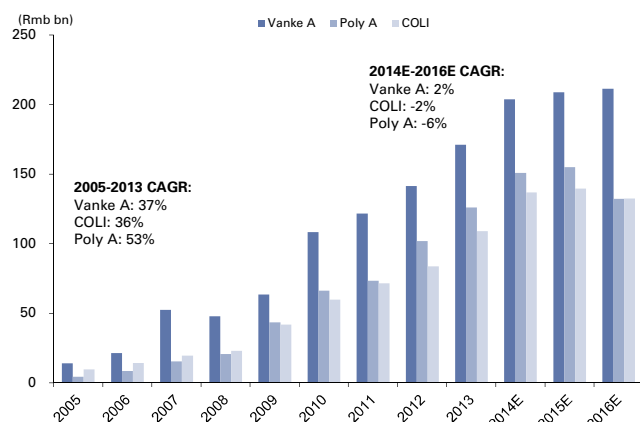


Source: Company data.

We believe the rapid land bank expansion, strong execution, and an aggressive financial leverage (Exhibit 8) led to Poly A's 53% contracted sales CAGR during 2005-13 vs. 37%/36% for Vanke/COLI.

Exhibit 7: However, we expect Poly A to see the lowest growth among the three developers during 2014E-2016E due to financial constraints

Contracted sales comparison (2005-16E)

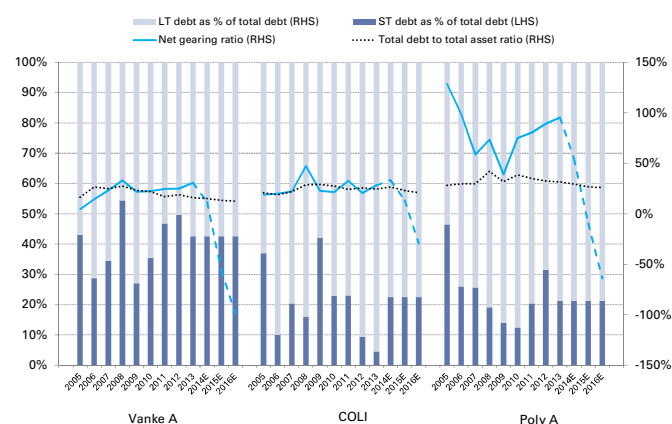


Note: Our contract sales projection did not factor in any new acquisition between April 2014-end 2016 for all three companies

Source: Company data, Gao Hua Securities Research.

Exhibit 8: Poly A's net gearing ratio has been consistently higher than that of Vanke/COLI during 2005-13

Land acquisition/contract sales



Source: Company data, Gao Hua Securities Research.

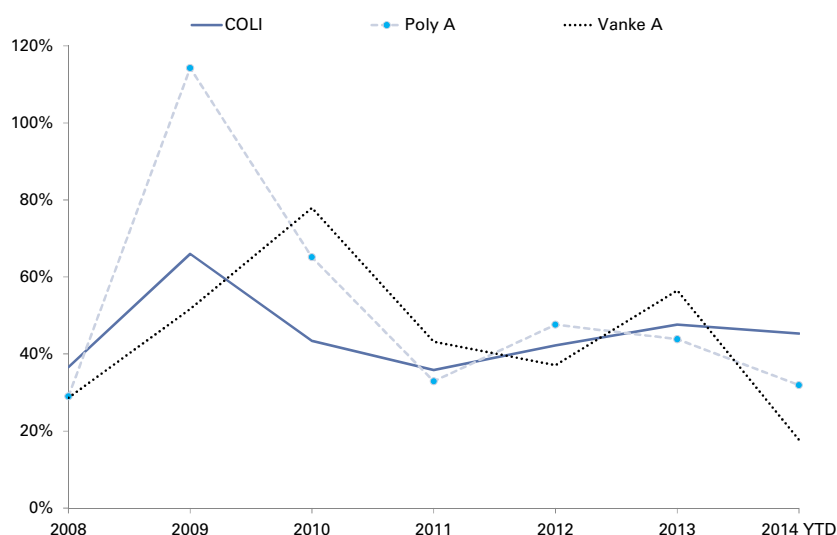
...but deleverage amid downturn leading to slowing profit growth

Slower topline growth in coming years on deleveraging efforts

Since 2011, amid the rising financing cost environment, major property SOEs (such as CRL, China Merchants Property) are all started to reduce their financial leverage and Poly Group was no exception. Thanks to the strong market recovery in higher-tier cities during 2012-13 as well as less aggressive land banking by Poly A itself, its net debt to equity ratio declined from the 123% peak in 2010 to 94% at end-13. Without factoring new acquisitions from now to end-16 for all three companies, we expect a sharp decline in its leverage but also an average 6% decline in 2014-16E contract sales CAGR vs. +2%/-2% for Vanke and COLI.

Exhibit 9: The aggressive land banking in 2009-10 resulted in Poly A's higher financial leverage vs. peers, but we expect it to come down slightly faster than peers on the back of land acquisition slowdown

Land acquisition as a % of contract sales comparison



Source: Company data.

Medium-term profits affected on slower asset turnover amid downturn

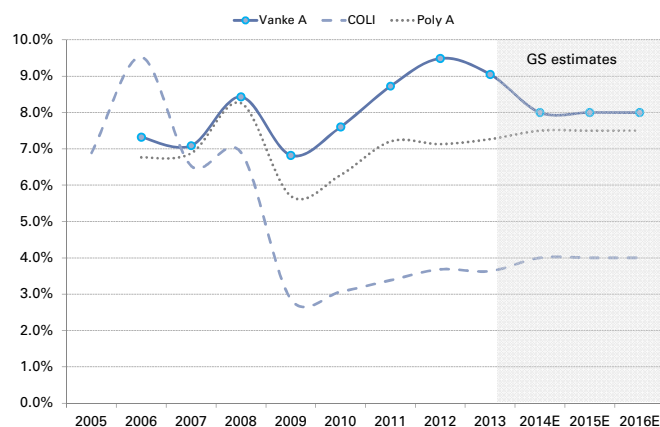
Poly A has quite similar GPM to Vanke in the past years as shown in Exhibit 12. However, we expect its GPM will come down more quickly than Vanke and COLI amid this downturn given its higher capitalized interest due to its historically high leverage. The impact of the high leverage will be reflected in its future revenue booking, which will be slowing due to a slower asset turnover amid downturn in our view.

Mitigating factors, relative to Vanke, are Poly A's strong expenses control (Exhibit 11) and lower financing costs. Poly A incurred lower financing costs at 7.6% during 2010-13 vs. Vanke's 8.8% (Exhibit 10).

Meanwhile, if we assume it maintains 35% land acquisition/contract sales ratio for 2014-16E (vs. average 61% during 2009-2013), we believe it could still deliver 10%-15% contract sales growth in 2014-16E and lower its gearing to the 40%-50% level in the meantime.

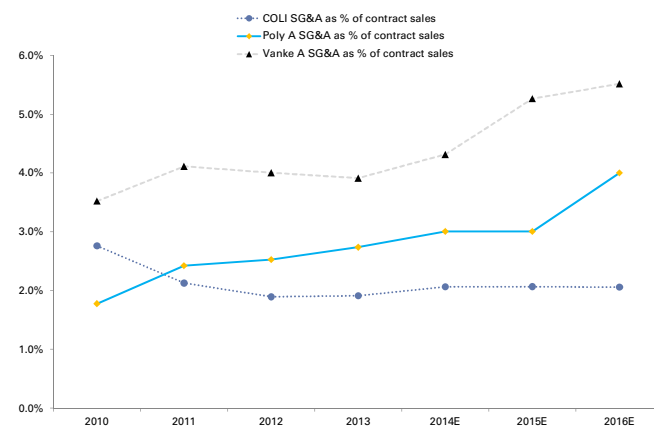
Exhibit 10: Poly A has a slightly lower financing cost than Vanke A due to its financing strength given its SOE association (through parent China Poly) with limited trust financing

Financing cost comparison, 2005-14E



Source: Company data, Gao Hua Securities Research.

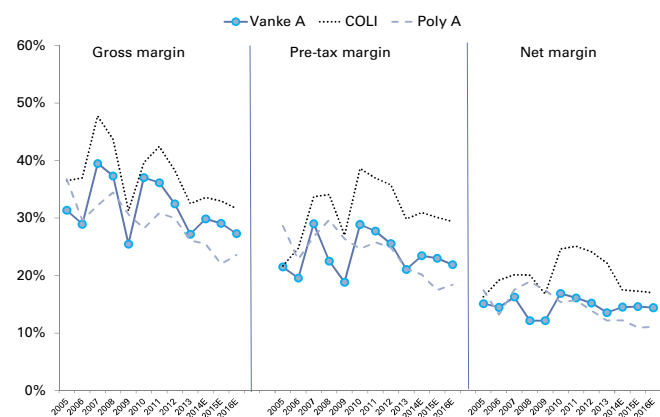
Exhibit 11: Poly A has better SG&A control than Vanke SG&A as a % of contracted sales



Source: Company data, Gao Hua Securities Research.

Exhibit 12: We believe lower financing costs and strong SG&A control will help narrow Poly A's net margin gap vs. Vanke and COLI, slightly

Adjusted GPM, pre-tax margin and net margin comparison, 2005-16E

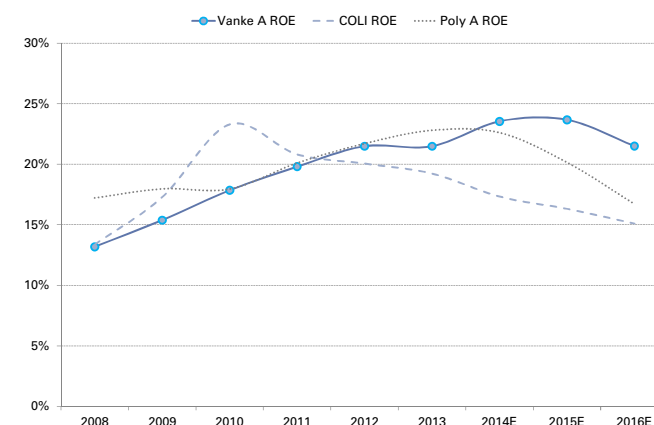


Note: 1) Adjusted gross margin=gross profit/gross revenue; 2) Adjusted pre-tax margin=(pre-tax profit-net income from associates)/gross revenue; 3) Adjusted net margin=net profit (add back minority interest and exclude associate income)/gross revenue; 4) we added back LAT (Land Appreciation Tax) to gross profit when calculating gross profit for Vanke A and Poly A due to different accounting treatment on LAT between Vanke A/Poly A and COLI.

Source: Company data, Gao Hua Securities Research.

Exhibit 13: We expect Poly A to deliver an ROE level between those of COLI and Vanke A during 2014-16E

Underlying ROE comparison, 2005-16E



Source: Company data, Gao Hua Securities Research.

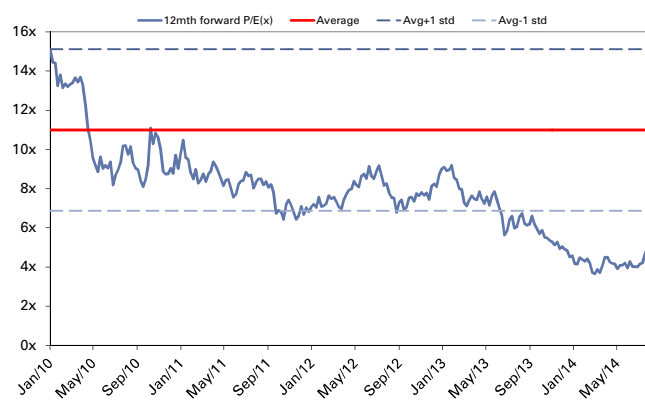
Valuation discount to COLI too wide to be justified; reiterate Buy

Poly A is trading at the lower end of its historical range...

Similar to other A share-listed property stocks, Poly A's valuation has been significantly de-rated along with six property tightening measures by State Council in March 2013, a gradual deceleration in property market sales growth since then till end 2013 and lastly, an unexpected sharp volume contraction/price weakness which started early this year. Since March 1, 2013, 12-month forward P/E/trailing P/B for onshore sector has declined from 8.9X/1.7X to 6.8X/1.1X currently, against -1STD at 7.2X/1.5X in 2010-13. Poly A is currently trading at a 4.9X P/E/1.0X P/B vs. -1STD at 6.4X/1.6X in 2010-13, at the lower end of historical trading range, as shown in Exhibits 14-15.

Exhibit 14: Poly A is trading at a 4.9X 14E P/E vs. -1STD at 6.4X in 2010-13

Poly A's historical 12 month forward P/E



Source: DataStream, Gao Hua Securities Research.

Exhibit 15: Poly A is trading at a 1.0X 14E P/B vs. -1STD at 1.6X in 2010-13

Poly A's historical 12 month trailing P/B



Source: DataStream, Gao Hua Securities Research.

Compared to its closest onshore/offshore peers, as shown in Exhibits 16-17, Poly A is currently trading at a 49% discount to end-14E NAV, 4.9X 14E P/E and 1.0X 14 P/B vs. Vanke A 53%, 5.3X and 1.1X and COLI 19%, 9.1X and 1.6X respectively.

...with slower growth outlook vs. Vanke A already priced in

We believe Poly A's valuation discounts vs. Vanke A/COLI is mainly due to:

- 1) The valuation compression since 2010 for the A share stock market overall and lower contract sales/ earnings growth outlook compared to its own history. The company guided in early 2013 that contract sales growth target shall be maintained at c.20% by 2015, after a 39% yoy growth achieved in 2012, reflecting slower growth amidst its deleveraging process.
- 2) Weaker balance sheet/growth outlook compared to its closest onshore peer Vanke A. Poly A has been trading at a 13% P/E premium to Vanke A during 2012-Mar 2013 vs. the current 7% discount, which we see as already reflecting its weaker fundamental outlook as discussed in earlier section.

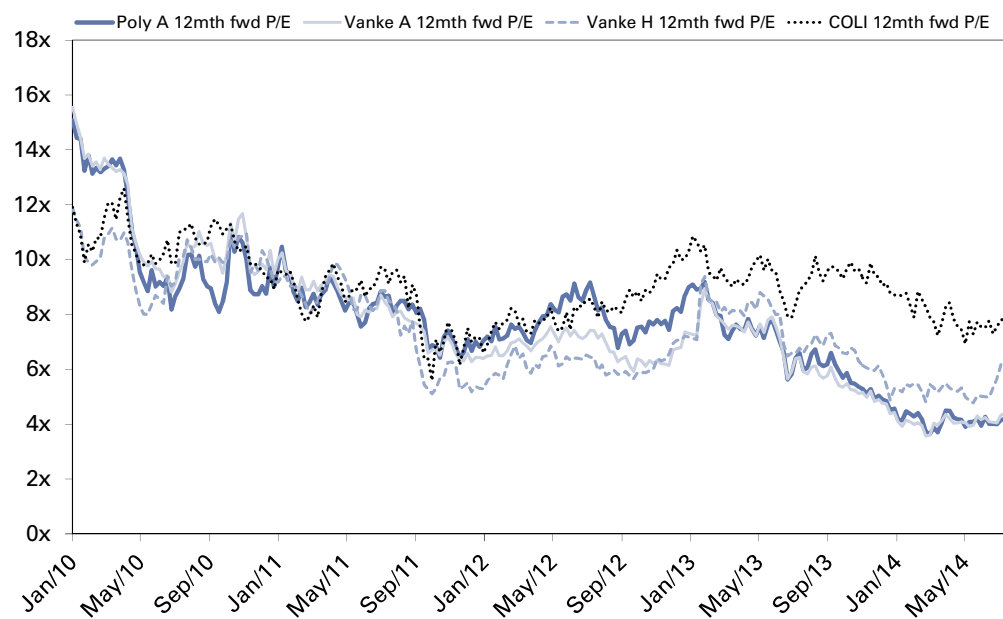
But valuation gap vs. COLI and other offshore peers unjustified

However, we view a 46%/37% discount to COLI in terms of 14E P/E and P/B too wide to be justified, given the many similarities between the two that we discuss in the sections above as well as possible growth recovery in medium term for Poly.

Even offshore listed companies with weaker balance sheet and industry positioning and ROE, such as R&F, are trading at higher valuation against its historical levels (5.2X 14E P/E, or 4% premium over its average 5.0X during 2012-4M14) than Poly A (4.9X 14E P/E, or 26% discount to its average 6.6X during 2012-4M14).

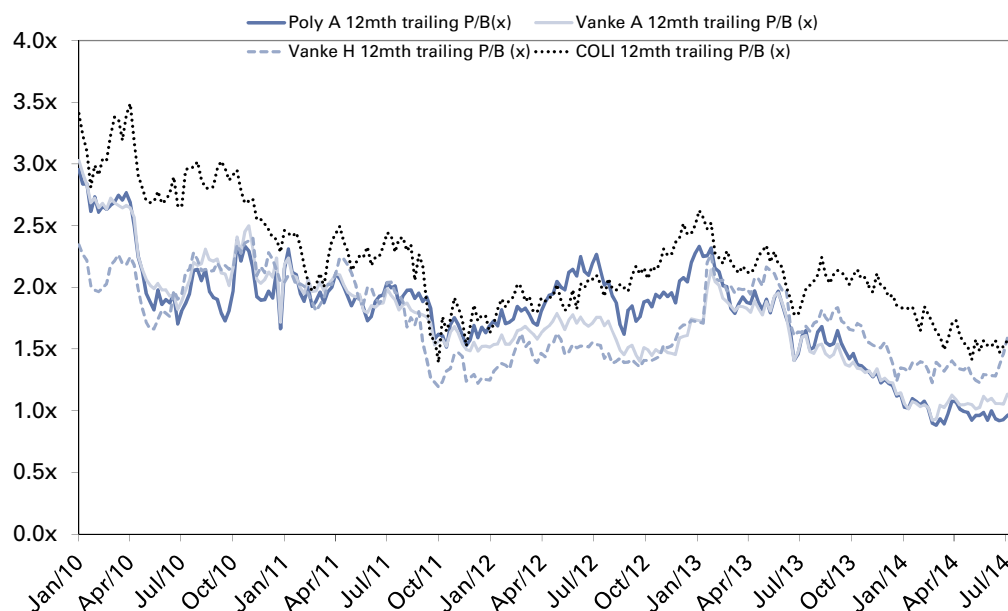
Therefore we expect the launch of the Hong Kong-Shanghai Stock Connect to help narrow the valuation gap between Poly A and COLI. The program allows overseas investors to trade in Chinese stocks (those in the SSE180 index, including Poly A) from the Hong Kong stock exchange, subject to quotas. According to Sina.com, the program is scheduled to launch in October.

Exhibit 16: Poly A trades at a 4.9X P/E vs. Vanke A/Vanke H/COLI on 5.3X/7.4X/9.1X
Poly A/Vanke A/Vanke H/COLI historical 12-month forward P/E



Source: Datastream, Gao Hua Securities Research.

Exhibit 17: Poly A trades at a 1.0X P/B vs. Vanke A/Vanke H/COLI at 1.1X/1.6X/1.6X
Poly A/Vanke A/Vanke H/COLI historical 12-month trailing P/B



Source: DataStream, Company data, Gao Hua Securities Research.

Potential restructuring could strengthen Poly's leading position

Poly A's Chairman has commented in several occasions about the potential property asset restructuring within China Poly Group:

On April 1, 2014, during the FY2013 results briefing, Chairman Ms. Song Guangju commented for the first time that Poly (A) and Poly Property (H) may have the opportunity for potential cooperation or even consolidation. She also emphasized that this is one of the strategic goals within China Poly Group.

On April 21, 2014, during the shareholders meeting, Ms. Song further disclosed that, consolidation of the two real estate platforms is a strategic goal of China Poly Group, which might be put on the agenda in the coming 1-2 years.

While there is no concrete timeline and detailed plan for the restructuring yet, we expect the potential restructuring to help strengthen Poly A's industry leadership position and enhance its longer-term growth outlook.

Poly Property (H) – an affiliate with property business overlaps

Poly Property (H) (0119.HK, Neutral) is an affiliate with Poly A with the same parent China Poly Group which currently holds 48% interest in Poly Property (H). Poly Property (H) was established in 1973 as a shipping company and was taken over by China Poly Group in 1993. Before 2005, it was a conglomerate with businesses in infrastructure, property investment, energy, manufacturing, and insurance and since 2005 it has gradually shifted its business focus to property development.

As of end 2013, Poly Property (H)'s the total land bank amounted to GFA23mn sqm with 60+ projects across 21 cities, including 20% in Yangtze River Delta, 17% in Pearl River Delta and 42% in the Southwest regions. As an affiliate to Poly (A), we note that the two companies

currently have business overlap in select markets such as Shanghai, Wuhan, and Guangzhou. The average cost for Poly Property (H) is around Rmb2,500/sqm, representing 23% of its average presales ASP of Rmb10,677/sqm for the unsold land bank (as shown in Exhibit 5), vs. 27% for Poly A and 23% peer average.

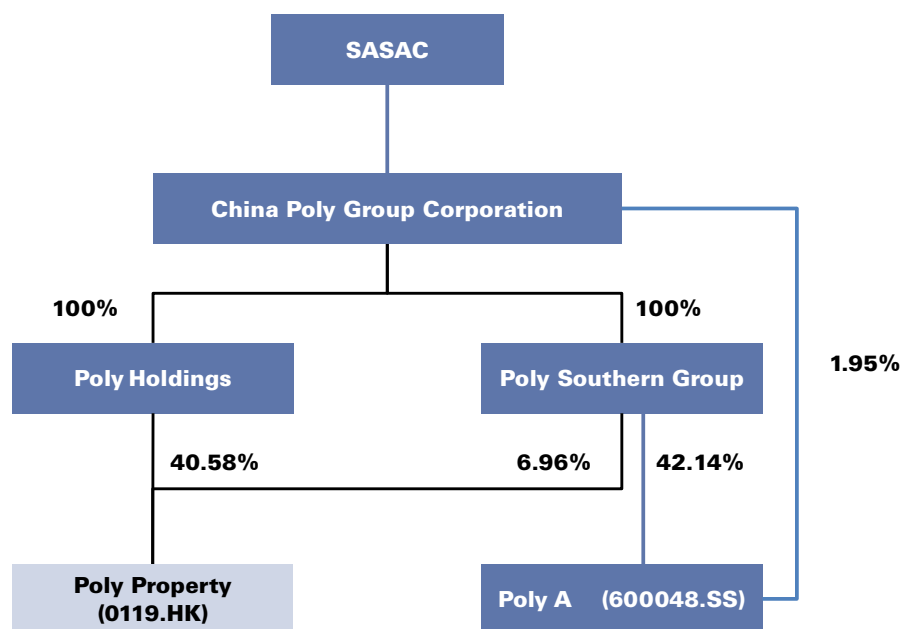
Poly Property (H)'s transformation to a property company was largely done through four rounds of asset injection (as listed below) from its parent:

- In August 2006, China Poly Group injected GFA of about 1 mn sqm.
- In April 2008, China Poly Group injected GFA of about 4 mn sqm.
- In October 2009, China Poly Group injected development projects & 1 investment project with GFA up to 2.2 mn sqm.
- In April 2010, China Poly Group injected four development projects with GFA up to 2.7 mn sqm.

During the periods of asset injection, Poly Property (H) share price reacted positively given strong growth from a low- base (it delivered 72% presales growth CAGR in 2007-10 vs. peers' average of 50% and subsequent 132% underlying profit growth CAGR in 2008-11 from a low base vs. peers' average of 60%).

However, the stock was de-rated significantly against peers since 2011 due to decreasing capital efficiency on rapid land bank expansion and the inability to improve asset turnover, which consequently leading to a deteriorating ROE (7% in 2013 from 11% in 2011) and high financial leverage (net gearing increased to average 95% in 2011-13 from average 57% in 2008-10). Management has been making efforts during past two years to streamline management structure, and optimize product structure and cash flow, but we have yet to see signs of improvement.

Exhibit 18: Poly A and Poly Property (H)'s shareholding structure within China Poly Group as of end-2013



Note: SASAC refers to State-owned Assets Supervision and Administration Commission of the State Council.

Source: Company data.

Exhibit 19: China developers' valuation comparison

Company	Ticker	Mkt Cap (US\$ bn)	Rating	Price as of		12 mth Price target	Target price disc. to NAV	End-14 NAV scenario analysis						FD Core P/E (x)			P/B (exclude revaluation gain) (x)			Dividend yield (%)		
				6/Aug/14				(disc)/ prem to NAV	Bull-case	(disc)/ prem to NAV	Bear-case	(disc)/ prem to NAV	14E	15E	16E	14E	15E	16E	14E	15E	16E	
Hong Kong listed																						
Agile	3383.HK	2.9	Neutral	6.40 (HK\$)	8.10		-50%	16.2	(60)	20.0	(68)	12.0	(47)	4.1	4.1	4.0	0.6	0.5	0.5	5.0	4.9	5.0
China Vanke (H)	2202.HK	2.9	Buy	16.84 (HK\$)	20.20		-20%	25.3	(33)	29.2	(42)	20.9	(19)	7.4	6.2	5.8	1.6	1.3	1.1	4.0	4.9	5.2
CMP (B)	200024.SZ	0.6	Neutral	13.19 (HK\$)	12.90		-50%	25.8	(49)	32.1	(59)	22.6	(42)	5.6	4.7	4.6	0.9	0.8	0.7	3.5	4.2	4.2
Chi Mer Land	0978.HK	0.9	Neutral	1.45 (HK\$)	1.40		-40%	2.4	(38)	2.8	(48)	1.8	(20)	8.8	6.6	5.6	1.0	0.9	0.8	1.1	1.5	1.7
COGO	0081.HK	1.6	Neutral	5.35 (HK\$)	6.60		-40%	11.1	(52)	14.6	(63)	9.6	(44)	5.3	5.2	5.2	1.2	1.0	0.8	1.9	1.9	1.9
COLI	0688.HK	24.1	Neutral	22.95 (HK\$)	25.40		-10%	28.2	(19)	32.5	(29)	23.5	(2)	9.1	8.4	8.0	1.6	1.4	1.2	2.2	2.4	2.5
CRL	1109.HK	12.8	Buy	17.10 (HK\$)	24.90		-10%	27.7	(38)	31.5	(46)	23.5	(27)	9.4	8.7	7.9	1.3	1.2	1.1	2.9	3.1	3.4
CG	2007.HK	9.2	Buy*	3.75 (HK\$)	6.30		-30%	9.0	(58)	11.0	(66)	6.6	(43)	5.1	4.1	4.3	1.1	0.9	0.8	6.8	8.6	8.2
Franshion	0817.HK	2.5	Sell	2.2 (HK\$)	2.30		-50%	4.5	(52)	5.5	(61)	3.8	(43)	7.8	7.5	7.7	0.8	0.7	0.7	4.9	6.2	6.4
Evergrande	3333.HK	6.2	Neutral	3.29 (HK\$)	3.90		-60%	9.8	(66)	12.0	(73)	8.0	(59)	5.6	5.3	5.2	0.9	0.8	0.7	1.7	1.9	1.9
Greentown	3900.HK	2.4	Neutral	8.58 (HK\$)	9.60		-50%	19.2	(55)	22.1	(61)	13.6	(37)	3.0	2.8	3.1	0.6	0.5	0.5	6.7	7.2	6.5
R&F	2777.HK	4.5	Neutral	10.90 (HK\$)	13.60		-40%	22.7	(52)	27.5	(60)	16.0	(32)	5.2	4.5	4.9	1.0	0.8	0.7	3.8	4.4	4.1
KWG	1813.HK	2.1	Neutral	5.56 (HK\$)	5.70		-50%	11.4	(51)	14.0	(60)	9.5	(41)	4.4	3.9	3.8	0.7	0.6	0.6	6.9	7.8	7.8
Longfor	0960.HK	7.6	Buy	10.86 (HK\$)	14.20		-40%	23.6	(54)	28.9	(62)	20.0	(46)	7.4	7.1	7.3	1.3	1.1	1.0	3.5	2.8	2.7
Poly Property (H)	0119.HK	1.7	Neutral	3.62 (HK\$)	4.65		-60%	11.6	(69)	14.0	(74)	8.5	(57)	5.9	5.1	5.1	0.5	0.4	0.4	5.1	5.9	5.9
Shimao	0813.HK	7.6	Buy	17.10 (HK\$)	22.50		-30%	32.1	(47)	41.1	(58)	24.7	(31)	5.5	5.5	5.9	1.1	1.0	0.9	6.0	6.1	5.6
Shui On Land	0272.HK	2.1	Sell	2.08 (HK\$)	2.40		-60%	6.1	(66)	7.0	(70)	4.5	(54)	10.4	9.4	8.8	0.5	0.5	0.4	1.8	2.0	2.2
Sino Ocean	3377.HK	4.2	Neutral	4.36 (HK\$)	5.30		-50%	10.6	(59)	12.5	(65)	8.3	(47)	8.4	7.4	7.6	0.8	0.7	0.7	5.9	6.7	6.5
SOHO China	0410.HK	4.4	Neutral	6.55 (HK\$)	7.30		-30%	10.5	(37)	11.0	(41)	10.0	(35)	12.4	17.8	14.7	1.1	1.1	1.1	4.6	4.6	4.6
Sunac	1918.HK	2.6	Buy	5.94 (HK\$)	6.30		-50%	12.5	(53)	15.0	(60)	8.8	(33)	3.7	3.2	3.2	0.9	0.8	0.7	4.4	4.9	4.9
HK listed average								(50)		(58)		(38)		6.7	6.4	6.1	1.0	0.9	0.8	4.1	4.6	4.6
A-share listed																						
BCD	600376.SS	1.9	Neutral	5.27 (Rmb)	6.10		-55%	13.5	(61)	16.7	(68)	8.6	(39)	6.9	5.7	5.4	0.8	0.7	0.7	4.4	5.3	5.5
CMP (A)	000024.SZ	3.3	Buy	12.43 (Rmb)	15.50		-25%	20.7	(40)	25.7	(52)	17.0	(27)	6.6	5.5	5.5	1.0	0.9	0.8	3.0	3.6	3.6
Gemdale	600383.SS	6.7	Sell	9.41 (Rmb)	7.30		-45%	13.4	(30)	15.8	(40)	10.1	(7)	11.9	9.4	9.3	1.4	1.3	1.1	1.7	2.1	2.1
OCT	000069.SZ	6.4	Neutral	5.55 (Rmb)	6.10		-45%	11.1	(50)	12.0	(54)	9.5	(41)	7.5	6.6	6.3	1.4	1.2	1.0	1.5	1.7	1.8
Poly (A)	600048.SS	10.0	Buy	5.90 (Rmb)	7.53		-35%	11.6	(49)	13.1	(55)	8.5	(31)	4.9	4.6	4.8	1.0	0.9	0.8	4.0	4.2	4.0
Risesun	002146.SZ	3.2	Neutral	10.70 (Rmb)	12.50		-30%	17.9	(40)	22.0	(51)	13.0	(17)	5.7	5.1	5.3	1.4	1.2	1.0	2.3	2.6	2.5
SMC	600823.SS	1.8	Neutral	9.73 (Rmb)	10.80		-50%	21.6	(55)	25.0	(61)	17.0	(43)	6.1	5.1	5.1	0.8	0.7	0.6	2.8	3.3	3.3
Vanke (A)	000002.SZ	17.6	Buy*	9.58 (Rmb)	12.10		-40%	20.2	(53)	23.3	(59)	16.7	(43)	5.3	4.4	4.1	1.1	1.0	0.8	5.7	6.8	7.3
Zhongnan	000961.SZ	1.5	Neutral	8.29 (Rmb)	8.40		-55%	18.6	(55)	22.9	(64)	11.2	(26)	6.6	5.2	5.4	1.1	0.9	0.8	1.5	1.9	1.9
WorldUnion	002285.SZ	1.2	Neutral	9.71 (Rmb)	11.33		n.a.	NA	NA	NA	NA	NA	NA	17.1	14.9	13.4	3.1	2.7	2.4	1.7	2.0	2.2
Onshore average								(48)		(56)		(30)		6.8	5.7	5.7	1.1	1.0	0.8	3.0	3.5	3.6
Singapore listed																						
Yanlord	YNLG.SI	1.9	Sell	1.21 (S\$)	1.24		-50%	2.5	(52)	3.0	(60)	1.8	(34)	11.3	9.4	10.1	0.8	0.7	0.7	0.8	0.9	0.8
US listed																						
E-House	EJ	1.5	Buy	10.69 (US\$)	12.70		n.a.	NA	NA	NA	NA	NA	NA	16.0	11.9	9.4	1.4	1.2	1.1	0.1	0.1	0.1
Leju	LEJU	1.6	Buy	11.94 (US\$)	17.20		n.a.	NA	NA	NA	NA	NA	NA	17.0	11.2	8.3	3.7	2.8	2.2	-	-	-
Simple average of above								(50)		(58)		(36)		7.8	6.9	6.5	1.2	1.0	0.9	3.4	3.8	3.8

Notes: 1) *denotes the stock is on our regional Conviction List. 2) Our 12-month target prices are based on end-2014E NAV for developers, 2014-17E PEG multiple for Leju, SOTP for E-house and 2014E P/E for World Union. We expect flat property prices from current levels until 2015. 3) Bull case: We expect property prices to increase by 15% from current level. Bear case: Property prices to return to 1H12 trough levels, or down 20% from current levels. Key risks include substantial improvement/deterioration in developers' balance sheets; better/worse macro conditions/policy loosening.

Source: Datastream, Company data, Gao Hua Securities Research.

信息披露附录

申明

我们，王逸，CFA、李薇、杜茜、管婕，在此申明，本报告所表述的所有观点准确反映了我们对上述公司或其证券的个人看法。此外，我们的薪金的任何部分不曾与，不与，也将不会与本报告中的具体推荐意见或观点直接或间接相关。

投资摘要

投资摘要部分通过将一只股票的主要指标与其行业和市场相比较来评价该股的投资环境。所描述的四个主要指标包括增长、回报、估值倍数和波动性。增长、回报和估值倍数都是运用数种方法综合计算而成，以确定该股在地区研究行业内所处的百分位排名。

每项指标的准确计算方式可能随着财务年度、行业和所属地区的不同而有所变化，但标准方法如下：

增长是下一年预测与当前年度预测的综合比较，如每股盈利、EBITDA 和收入等。**回报**是各项资本回报指标一年预测的加总，如 CROCI、平均运用资本回报率及净资产回报率。**估值倍数**根据一年预期估值比率综合计算，如市盈率、股息收益率、EV/FCF、EV/EBITDA、EV/DACF、市净率。**波动性**根据 12 个月的历史波动性计算并经股息调整。

Quantum

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GS SUSTAIN

GS SUSTAIN 是侧重于长期做多建议的相对稳定的全球投资策略。GS SUSTAIN 关注名单涵盖了我们认为相对于全球同业具有持续竞争优势和出色的资本回报、因而有望在长期内表现出色的行业领军企业。我们对领军企业的筛选基于对以下三方面的量化分析：现金投资的现金回报、行业地位和管理水平（公司管理层对行业面临的环境、社会和企业治理方面管理的有效性）。

信息披露

相关的股票研究范围

王逸，CFA：中国房地产行业。李薇：中国房地产行业。杜茜：中国房地产行业。

中国房地产行业：雅居乐房产、首开股份、招商局置地、招商地产 A、招商地产 B、中海宏洋、中国海外、华润置地、万科(A)、万科(H)、碧桂园、易居中国、恒大地产集团、方兴地产、金地集团、绿城房产、富力地产、中南建设、合景泰富、乐居、龙湖地产、保利置业、保利地产、荣盛发展、世茂股份、华侨城、世联行、世茂房地产、瑞安房地产、远洋地产、SOHO 中国、融创中国、仁恒置地。

与公司有关的法定披露

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高盛高华在过去 12 个月中曾从下述公司获得投资银行服务报酬：中海宏洋 (HK\$5.35)

高盛高华在今后 3 个月中预计将从下述公司获得或寻求获得投资银行服务报酬：中海宏洋 (HK\$5.35)、万科(A) (Rmb9.58)、万科(H) (HK\$16.84)

高盛高华在过去 12 个月中与下述公司存在投资银行客户关系：中海宏洋 (HK\$5.35)

没有对下述公司的具体信息披露：保利置业 (HK\$3.62)、保利地产 (Rmb5.90)

公司评级、研究行业及评级和相关定义

买入、中性、卖出：分析师建议将评为买入或卖出的股票纳入地区投资名单。一只股票在投资名单中评为买入或卖出由其相对于所属研究行业的潜在回报决定。任何未获得买入或卖出评级的股票均被视为中性评级。每个地区投资评估委员会根据 25-35% 的股票评级为买入、10-15% 的股票评级为卖出的全球指导原则来管理该地区的投资名单；但是，在某一特定行业买入和卖出评级的分布可能根据地区投资评估委员会的决定而有所不同。地区强力买入或卖出名单是以潜在回报规模或实现回报的可能性为主要依据的投资建议。

潜在回报：代表当前股价与一定时间范围内预测目标价格之差。分析师被要求对研究范围内的所有股票给出目标价格。潜在回报、目标价格及相关时间范围在每份加入投资名单或重申维持在投资名单的研究报告中都有注明。

研究行业及评级：分析师给出下列评级中的其中一项代表其根据行业历史基本面及 / 或估值对研究对象的投资前景的看法。**具吸引力(A)：**未来 12 个月内投资前景优于研究范围的历史基本面及 / 或估值。**中性(N)：**未来 12 个月内投资前景相对研究范围的历史基本面及 / 或估值持平。**谨慎(C)：**未来 12 个月内投资前景劣于研究范围的历史基本面及 / 或估值。

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