

4 May 2018

Hold  
Unchanged

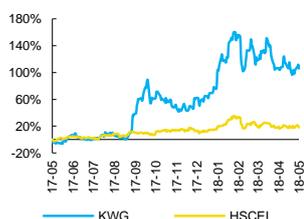
## 销售增速维持强劲，但激进扩张隐忧仍在

### 合景泰富 (1813 HK)

#### Market Data: 3 May 2018

Closing Price (HK\$)	10.68
Price Target (HK\$)	10.62
HSCEI	12,019
HSCCI	4,462
52-week High/Low (HK\$)	14.22/5.17
Market Cap (US\$m)	4,215
Market Cap (HK\$m)	33,087
Shares Outstanding (m)	3,098
Exchange Rate (Rmb-HK\$)	1.24

#### Price Performance Chart:



Source: Bloomberg

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#### Related Reports

Limited room to move, Mar26, 2018

Underlying risks, Dec29, 2017

Margin recovery, Aug 29, 2017

#### Financial summary and valuation

	2016	2017	2018E	2019E	2020E
Revenue (Rmbm)	8,865	11,542	15,675	18,806	24,095
YoY (%)	6%	30%	36%	20%	28%
Underlying net income (Rmbm)	2,922	3,523	4,244	4,717	5,420
YoY (%)	13%	21%	20%	11%	15%
EPS (Rmb)	1.15	1.17	1.59	1.75	1.97
Core EPS (Rmb)	0.97	1.14	1.37	1.52	1.75
DPS (Rmb)	0.51	0.41	0.48	0.53	0.61
ROE (%)	12.6%	13.7%	14.5%	14.3%	14.7%
Net Gearing (%)	67%	68%	79%	77%	74%
Dividend Yield (%)	5.6%	4.7%	5.4%	6.0%	6.9%
PE (x)	4.2	7.8	6.2	5.6	4.9
PB (x)	0.5	1.0	0.9	0.8	0.7

Core EPS is calculated as if all non-recurring items are excluded. P/E is calculated as closing price divided by each year's core EPS.

**四月合约销售数据维持强劲。**合景泰富周四中午公布四月合约销售数据，当月实现合约销售 52.6 亿元人民币，同比增长 82%，合约销售面积 30.2 万方，同比增长 232%。今年 1-4 月，公司累计实现合约销售 200 亿元人民币，较去年同期增长 88%，合约销售面积 112 万方，同比增长 74%。与公司制定的全年合约销售目标 650 亿元（同比增长 70%）相比，前四个月的完成率是 31%。以权益合约销售额而言，今年全年目标是 420 亿元人民币，较去年同期增长 45%，也即公司拥有权益从 17 年的 75% 降至今年的 65%。

**低基数和高可售推动销售增长。**目前多数上市开发商尚未披露 4 月的合约销售数据。而就今年首季数据而言，我们跟踪的 30 家中大型上市开发商的合约销售平均增速为 30%，合景泰富则为 90%，显著超出平均水平。一方面这与公司去年较低的基数有关，另一方面也与公司自 2016 年以来显著加大土地收购力度有关，因此令公司今年全年的可售货值增长至 1100 亿元，但其中一线城市可售货源占 27%，二线城市可售货源占 65%。

**激进的地域扩张和土地投资。**纵观过去五年，我们看到合景泰富在土地上的投资于 2016 和 2017 年猛增，这两年的权益土地投资金额分别大概是 240 亿和 300 亿，连续两年超过同期权益合约销售金额，而 2011-2015 年间土地投资金额占当前销售额的比例稳定在仅 20-35% 之间。尤其是，我们注意到这两年公司在城市扩张上的步伐亦非常的快，到 2017 年底公司拥有项目的城市达到 34 个，但其中有 20 个都是在 2017 年才新进入的，除粤港澳大湾区外，还包括长三角地区的一些三四线城市。

**大湾区市场短期未必乐观。**截至 2017 年末，公司拥有权益土储建面 1350 万平米，平均土地成本约 4800 元人民币。以面积占比而言，大约有三成位于粤港澳大湾区。但参照此前海南特区规划出炉前后严厉的房地产调控相关配套措施，我们认为没有理由对粤港澳大湾区的房地产市场前景过于乐观，未来大湾区发展规划的正式出台也可能伴随额外的房地产调控政策，而事实上相当一部分投资需求也已经在过去两年提前布局。此外，值得注意的是 2017 年公司合计花费百亿元于香港市场收购了两个住宅开发项目，面临香港市场可能进一步跟随美联储加息而隐含的房地产市场转弱的风险。

**财务压力不容忽视。**2017 年末公司的净权益负债率水平维持在 68% 左右，但值得注意的是，同期公司有息负债的规模从一年前的 430 亿攀升至 600 亿，此外账上还有 280 亿应付合营企业的款项，显示公司大幅买地后上行的财务压力。与之相对应的是，在 2017 年多数同业选择大幅提升派息比率的情况下，公司 2017 年反而减少了派息率，并且还在此后宣布建议自股份溢价账来派付末期股息。目前在公司的整体债务中，接近 300 亿元的人民币公司债券集中到期限于 2020-2023 年间，超过 20 亿美金的高息票据到期分别为 2019 年、2022 年和 2024 年。但在融资环境尤其是房地产行业融资持续被收紧的大环境下，公司的融资压力和资金成本面临的压力仍不容忽视。

**重申中性评级。**虽然公司销售增速喜人，但我们对于公司最大的担心仍然来自利润率和再融资。虽然货币政策在贸易战突发背景下面临微调，但目前为止我们尚未看到高层对房地产严苛的调控态度有所转向。公司今年可售货源仍集中在严格限价的一二线城市，新进入的三四线城市以及香港市场未来亦面临市场前景不明朗的风险。我们维持各项三月底更新过的各项预测值不变，目前公司股价相当于 6.2 倍 18 年 PE，0.9 倍 18 年 PB，25% 净值折价，估值不贵，但与基本面隐含的潜在风险相比，我们认为属于合理。我们维持目标价 10.62 港币不变，重申中性评级。

The company does not hold any equities or derivatives of the listed company mentioned in this report ("target"), but then we shall provide financial advisory services subject to the relevant laws and regulations. Any affiliates of the company may hold equities of the target, which may exceed 1 percent of issued shares subject to the relevant laws and regulations. The company may also provide investment banking services to the target. The Company fulfills its duty of disclosure within its sphere of knowledge. The clients may contact compliance@swsresearch.com for relevant disclosure materials or log into www.swsresearch.com under disclosure column for further information. The clients shall have a comprehensive understanding of the disclosure and disclaimer upon the last page.

Guangzhou-based private developer KWG achieved contract sales of Rmb5.26bn (+82% YoY) in Apr-2018. In January-April 2018, the company recorded accumulated contract sales of Rmb20.0bn (+88% YoY), completing 31% of its full-year sales target of Rmb65.0bn (+70% YoY). As the company set its target of sales attributable to itself at Rmb42.0bn (+45% YoY), we estimate its interest will lower from 75% in 2017 to 65% in 2018E. We maintain our diluted EPS forecasts at Rmb1.59 in 18E (+35.9% YoY), Rmb1.75 in 19E (+10.0% YoY) and Rmb1.97 in 20E (+12.6% YoY). We maintain our target price at HK\$10.62, and our Hold rating

**Promising sales growth.** The 30 medium- to large-sized listed developers we monitor recorded average sales growth of 30% YoY in 1Q18, while KWG significantly outperformed, at 90% YoY, partially due to a low base last year but also due to its accelerated land replenishment since 2016, lifting sellable resources to Rmb110bn in 2018, of which tier-1 cities account for 27% and tier-2 cities 65%.

**Accelerated land purchase.** We note KWG accelerated land purchases in 2016-17, with land cost attributable to the company exceeding contract sales attributable to the firm for the past two years, (vs 20-35% of contract sales in 2011-15). Moreover, we highlight its rapid geographical expansion in 2016-17 with the number of cities under coverage reaching 34 by end-2017, of which 20 were newly entered in 2017, mainly focusing on the Guangdong-Hong Kong-Macau Greater Bay Area, as well as lower-tier cities in the Yangtze River delta region.

**Prudent market outlook.** As of end-2017, total land reserves attributable to the firm reached 13.5msqm, of which 30% were located in the Guangdong-Hong Kong-Macau Greater Bay Area. However, we maintain a cautious outlook for the property market in the region, and expect to see additional tightening policies when releasing the formal introduction. Moreover, KWG acquired two residential projects in Hong Kong with consideration of Rmb10.0bn in 2017, which may suffer from risks of a weakening Hong Kong market, following the interest rate hike of the US Fed.

**Unfavorable financial pressure.** As of end-2017, the company's net gearing remain stable at 68%, while its total interest-bearing debt rose from Rmb43bn as of end-2016 to Rmb60.0bn, and payables to joint ventures amounted to Rmb28.0bn, implying increasing financial pressure following the heavy land investment. Therefore, KWG lowered its payout ratio from 42% in 2016 to 36% in 2017, and later proposed payment of final dividend out of its share premium account. Given the continuing strict controls for property financing, we think the increasing pressure on the company's financing channels and borrowing cost should not be overlooked.

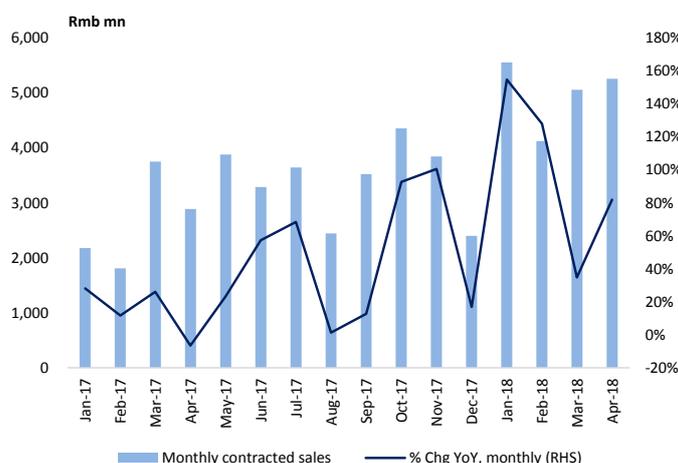
**Maintain Hold.** Despite the encouraging sales growth, we remain cautious on KWG's margins and refinancing. The stock currently trades at 6.2x 18E PE, 0.9x 18E PB, or 25% discount to NAV. We maintain our core EPS forecasts of Rmb1.37 in 18E (+20% YoY), Rmb1.52 in 19E (+11% YoY) and Rmb1.75 in 20E (+15% YoY). We maintain our target price at HK\$10.62, and our rating at Hold.

## Strong April sales

Guangzhou-based private developer KWG released April sales data at noon. In Apr-2018, the company achieved contracted sales of Rmb5.26bn (+82% YoY) by value or 0.3msq (232% YoY) by volume. In the first four months of 2018, the company recorded accumulated contracted sales of Rmb20.0bn (+88% YoY) with sold area of 1.12msq (+74% YoY), completing 31% of its full-year sales target of Rmb65.0bn (+70% YoY).

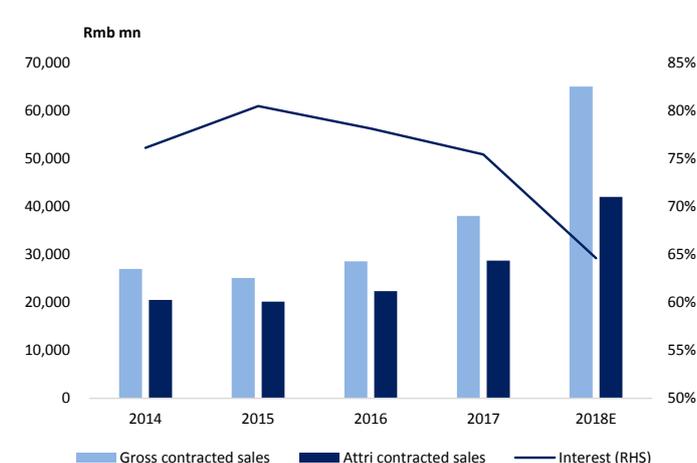
Similar to most peers, we noted its interest continued to decline. As the company set its attributable sales target at Rmb42.0bn (+45% YoY), we estimated its interest to further lower from 75% in 2017 to 65% in 2018E.

Fig 1: Gross monthly contracted sales with YoY growth, 2017-1Q18



Source: Company data, SWS Research

Fig 2: Gross and attributable contracted sales with interest, 2014-18E



Source: Company data, SWS Research

## Promising sales growth

Most of key listed developers haven't disclose the April sales data. As for the 1Q18 sales data, 30 medium-to large-sized listed developer under our monitor recorded average sales growth of 30% YoY, while KWG significantly outperform the peers with sales growth of 90%.

On one hand, KWG recorded a low base last year with contracted sales of Rmb7.7bn in 1Q17, and achieved full-year sales of Rmb38.0bn in 2017 (+33% YoY, vs. sector average of 50+%). On the other hand, KWG accelerated its land replenishment since 2016, thus lifting the sellable resources to Rmb110bn in 2018, of which tier-1 and tier-2 cities accounting for 27% and 65% respectively, leaving the rest 8% for lower-tier cities.

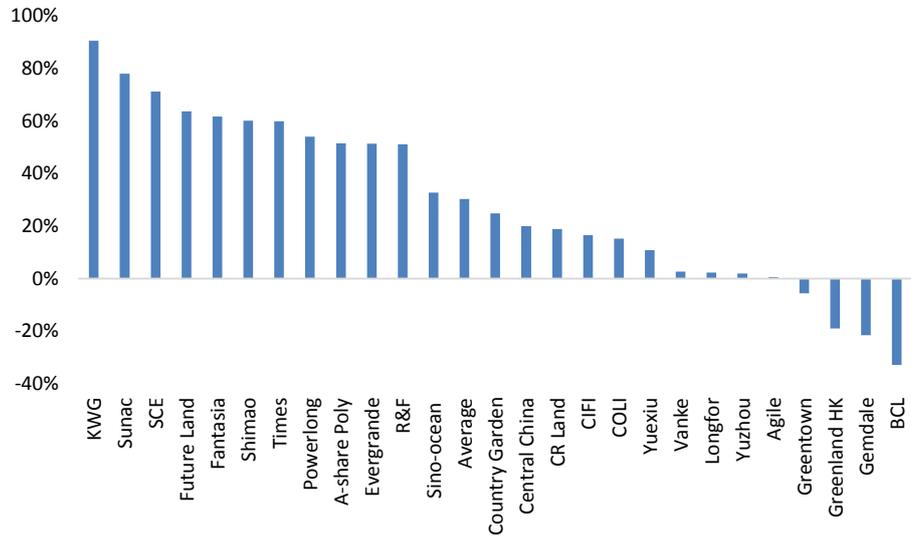
Fig 3: Contracted sales of key listed developers, 2017-1Q18 (Units: Rmb mn)

Listcos	Monthly contracted sales			% Chg YoY, Monthly			% Cha YoY, YTD			1Q17 as % of FY17	% Chg YoY in 1Q-17	% Chg YoY in FY17
	2018-1	2018-2	2018-3	2018-1	2018-2	2018-3	2018-1	2018-2	2018-3			
China Jinmao	16,652	13,963	8,052	745%	570%	46%	745%	655%	304%	17%	59%	55%
China Aoyuan	4,050	4,056	5,505	140%	93%	143%	140%	114%	125%	14%	61%	78%
Logan	4,210	4,050	7,640	108%	100%	120%	108%	104%	111%	18%	52%	51%
KWG	5,560	4,128	5,060	155%	128%	35%	155%	143%	90%	23%	23%	33%
Sunac	22,180	19,110	30,830	173%	88%	38%	173%	126%	78%	13%	100%	140%
SCE	4,108	3,903	3,612	123%	95%	23%	123%	108%	71%	22%	58%	41%
Future Land	10,284	8,750	18,835	110%	67%	45%	110%	88%	64%	21%	103%	94%
Fantasia	1,620	1,405	1,521	101%	96%	18%	101%	99%	62%	7%	36%	65%
Shimao	10,021	7,102	15,790	96%	36%	54%	96%	66%	60%	25%	78%	48%
Times	3,053	3,002	4,725	172%	83%	19%	172%	119%	60%	17%	21%	42%
Powerlong	2,068	1,952	2,621	37%	88%	48%	37%	58%	54%	21%	63%	18%
A-share Poly	31,649	21,647	33,636	106%	61%	18%	106%	85%	51%	25%	27%	50%
Evergrande	64,360	48,140	49,370	73%	54%	28%	73%	64%	51%	30%	63%	34%
R&F	6,510	5,840	11,770	75%	42%	45%	75%	58%	51%	20%	17%	35%
Sino-ocean land	3,520	4,500	8,020	83%	19%	26%	83%	41%	33%	21%	79%	40%
Country Garden	69,160	54,680	64,130	42%	41%	1%	42%	42%	25%	28%	251%	78%
Central China	1,673	1,366	2,619	35%	-20%	47%	35%	3%	20%	23%	196%	51%
CR Land	11,170	7,600	17,400	9%	-9%	47%	9%	1%	19%	22%	15%	41%

Merchant Shekou	11,760	7,243	12,309	77%	-18%	11%	77%	23%	18%	25%	101%	53%
CIFI	10,100	6,820	10,200	17%	24%	12%	17%	19%	17%	23%	110%	96%
COLI	20,661	13,194	18,810	30%	10%	5%	30%	22%	15%	29%	45%	10%
Yuexiu	3,039	1,651	5,302	-14%	25%	27%	-14%	-3%	11%	22%	4%	35%
Vanke	67,980	35,600	50,680	41%	-8%	-20%	41%	20%	3%	30%	100%	45%
Longfor	16,020	13,250	14,750	33%	7%	-21%	33%	20%	2%	28%	218%	77%
Yuzhou	2,758	3,053	4,543	34%	2%	-11%	34%	15%	2%	27%	80%	74%
Agile	6,990	5,560	8,850	51%	-13%	-14%	51%	14%	1%	30%	72%	53%
Greentown	4,800	2,900	7,400	41%	-29%	-13%	41%	3%	-6%	16%	-2%	8%
Gemdale	8,110	4,590	13,410	7%	-46%	-22%	7%	-21%	-21%	26%	63%	51%
BCL	4,060	1,840	2,620	-35%	-2%	-42%	-35%	-28%	-33%	28%	245%	23%
<b>Total/Average</b>	<b>428,126</b>	<b>310,895</b>	<b>440,009</b>	<b>60%</b>	<b>31%</b>	<b>10%</b>	<b>60%</b>	<b>46%</b>	<b>30%</b>	<b>25%</b>	<b>83%</b>	<b>52%</b>

Source: Company data, SWS Research

Fig 4: Contracted sales growth of key listed developers in 1Q18



Source: Company data, SWS Research

## Accelerated land purchase

In the past five years, we noted KWG accelerated its land purchase in 2016-2017, with attributable land cost recorded Rmb24.0bn and Rmb30.0bn respectively, exceeding the attributable contracted sales for two consecutive years, while the land investment as a proportion of contracted sales remain stable at the range of 20-35% in 2011-2015.

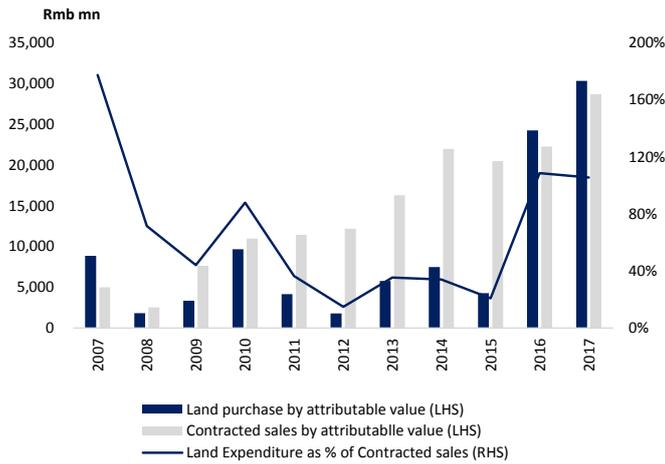
Moreover, we highlight its rapid geographical expansion in 2016-2017 with the number of cities under coverage amounted to 34 by end-2017, of which 20 cities were newly entered in 2017, mainly focusing on Guangdong-Hong Kong-Macau Greater Bay area as well as lower-tier cities in the Yangtze River delta region.

Fig 5: Geographical expansion of KWG in the past twenty years



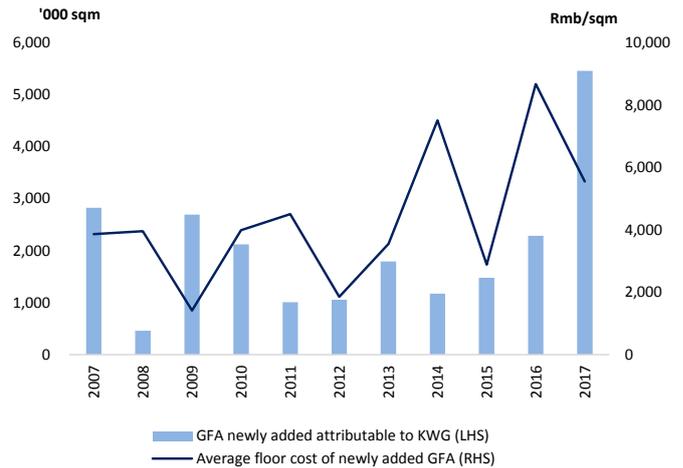
Source: Company data, SWS Research

Fig 6: Absolute and relative land expenditure, 2007-17



Source: Company data, SWS Research

Fig 7: Newly added GFA and average floor cost, 2007-17



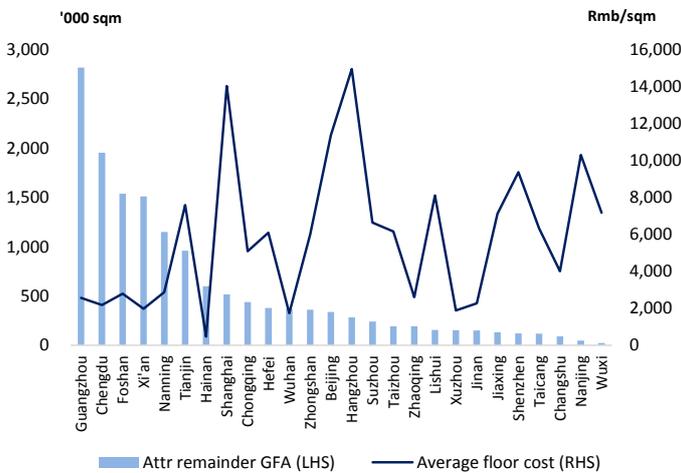
Source: Company data, SWS Research

### Prudent market outlook

As of end-2017, the company's total attributable land reserves reached 13.5msqm with average floor cost of Rmb4,800/sqm, of which 30% were located in the Greater Bay Area. However, given strengthened property tightening measures when announcing the Hainan Special Administrative Region, we remain a prudent market outlook for the property market in the Greater Bay Area, and expect to see additional tightening policies when releasing the formal introduction for the Greater Bay Area.

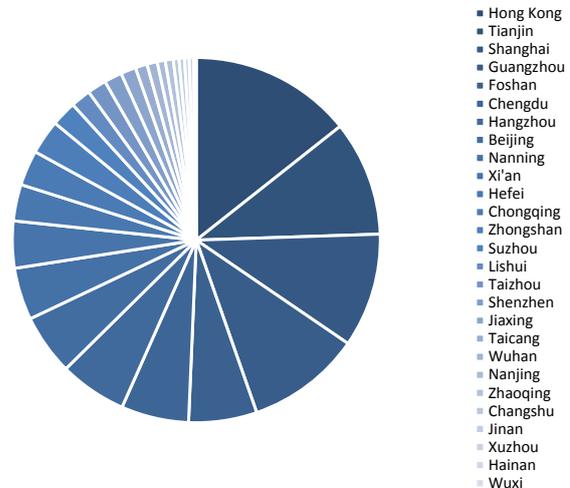
Besides, we also noted certain amount of investment demand has already entered this market in the past two years. Moreover, KWG acquired two residential projects in Hong Kong with total consideration of Rmb10.0bn in 2017, which may suffer from risks of weakening Hong Kong market, following the interest rate hike of the US Fed.

Fig 8: Breakdown of attributable GFA with average floor cost by cities



Note: Hong Kong recorded average floor cost of Rmb165,106 per sqm.  
Source: Company data, SWS Research

Fig 9: Breakdown of attributable land value by cities



Source: Company data, SWS Research

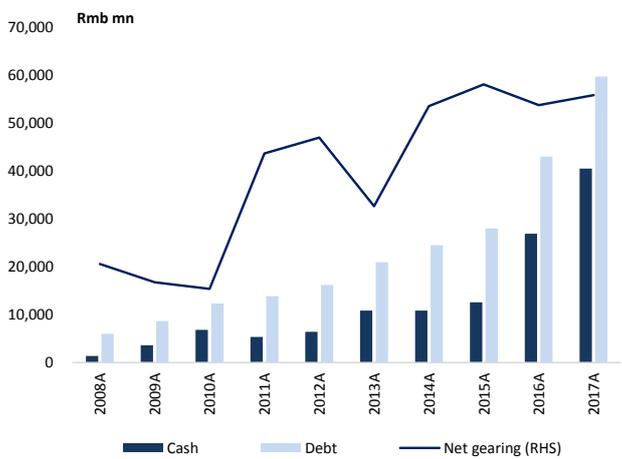
## Unfavorable financial pressure

As of end-2017, the company's net gearing remain stable at 68%, while its total interest-bearing debt rose from Rmb43bn as of end-2016 to Rmb60.0bn, and payables to joint ventures amounted to Rmb28.0bn, implying increasing financial pressure following the heavy land investment.

Therefore, while most peers announced to raise their pay-out ratios in 2017, KWG lowered its pay-out ratio from 42% in 2016 to 36% in 2017 with full-year dividend remain flat at Rmb0.41 per share, and later proposed payment of final dividend out of share premium account.

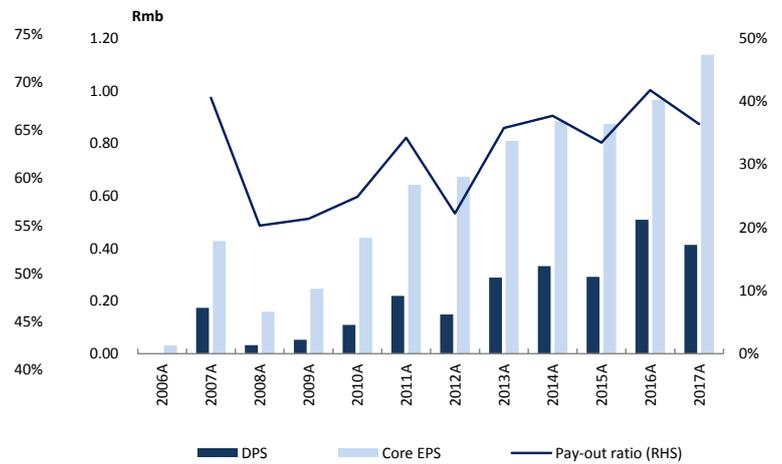
Among its total debt, we noted a total of c.Rm30.0bn corporate bonds dominated in Rmb would be due in 2020-2023, and a total of US\$2.2bn senior notes would be due in 2019, 2022 and 2024. Given the tightening financial environment, especially the continuous strict controls for property financing, we think the increasing pressure on the company's financing channels and borrowing cost can't be overlooked.

Fig 10: Cash, debt and net gearing ratio



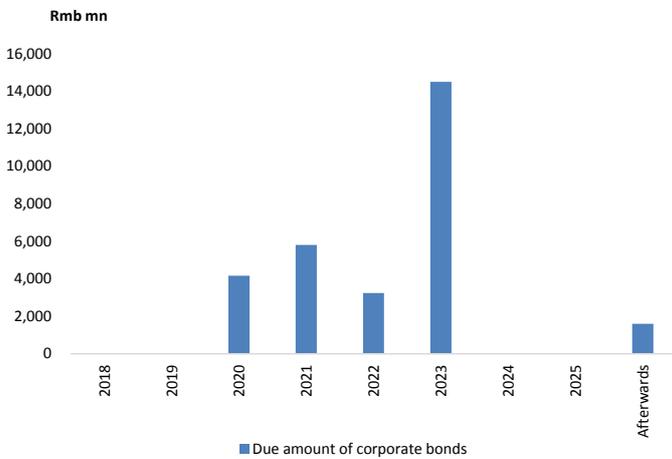
Source: Company data, SWS Research

Fig 11: DPS, core EPS and pay-out ratio



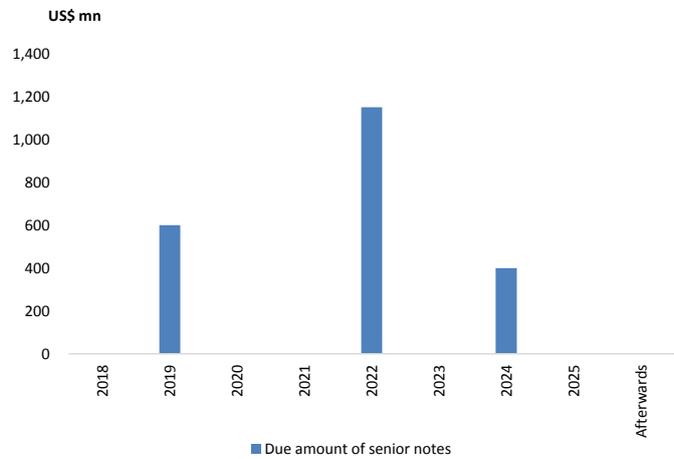
Source: Company data, SWS Research

Fig 12: Due amount of corporate bonds dominated in Rmb



Source: Company data, SWS Research

Fig 13: Due amount of senior notes dominated in US\$



Source: Company data, SWS Research

## Maintain Hold

Despite the encouraging sales growth, we remain cautious on the company's margin and refinancing. Although the monetary policy may be fine-tuned given outbreak of trade war, we haven't noticed signs of relaxation from policy makers.

The company's sellable resource was concentrated in the higher-tier cities with strict price-cap measure, while the market outlook of newly entered lower-tier cities and Hong Kong remain unclear.

We maintain our earnings forecast unchanged. The stock currently trades at 6.2x 18E PE, 0.9x 18E PB, or 25% discount to NAV. We find this valuation reasonable given potential risks from its fundamentals.

We maintain our core EPS forecasts of Rmb1.37 in 18E (+20% YoY), Rmb1.52 in 19E (+11% YoY) and Rmb1.75 in 20E (+15% YoY).

We remain our target price at HK\$10.62, and maintain our rating at Hold.

Fig 14: Valuation and target price

Company	Code	Market Cap (HK\$bn)	Rating	Target price (HK\$)	PE (x)			PB (x)			NAV Disc	17A Dividend yield	Shares Performance	
					17A	18E	19E	17A	18E	19E			2017	2018
COLI	688 HK	290	Hold	28.00	8.5	7.6	6.4	1.1	1.0	0.9	-24%	3.0%	25%	5%
Country Garden	2007 HK	345	Outperform	17.98	11.5	9.6	7.7	3.0	2.4	2.0	-12%	2.1%	248%	6%
CR land	1109 HK	199	Outperform	32.51	10.4	8.2	6.7	1.4	1.2	1.0	-30%	3.4%	36%	25%
Longfor	960 HK	136	Outperform	27.50	11.5	9.2	7.4	1.6	1.4	1.2	-16%	2.8%	106%	18%
Shimao	813 HK	72	Hold	21.02	8.8	7.3	6.1	1.1	1.0	0.9	-19%	4.7%	73%	25%
Sino-ocean	3377 HK	42	Outperform	6.84	8.6	6.9	5.8	0.6	0.5	0.5	-56%	5.8%	60%	2%
KWG	1813 HK	34	Hold	10.62	7.9	6.5	5.9	1.0	0.9	0.8	-25%	4.6%	128%	17%
Poly Ppty	119 HK	13	Outperform	4.75	9.3	4.9	4.0	0.5	0.4	0.4	-54%	3.7%	58%	-10%
Yuzhou	1628 HK	25	Outperform	5.88	6.7	5.6	4.4	1.4	1.2	1.0	-29%	4.5%	74%	43%
Average					9.2	7.3	6.0	1.3	1.1	1.0	-29%	3.8%	90%	15%

Source: Bloomberg, Company data, SWS Research

## Appendix, Financial statements

Figure 1: Forecast Income Statement

(RMB mn)	2013A	2014A	2015A	2016A	2017A	2018E	2019E	2020E
<b>Revenue</b>	9,468	10,465	8,339	8,865	11,542	15,675	18,806	24,095
Property sales	8,977	9,770	7,563	7,923	10,432	14,475	17,509	22,692
Property rentals	145	147	154	182	231	254	280	307
Hotel mgmt revenue	203	332	367	390	424	445	467	491
Property mgmt	143	216	255	370	455	501	551	606
<b>Cost of Sales</b>	(6,036)	(6,748)	(5,330)	(5,795)	(7,523)	(10,188)	(12,565)	(16,630)
<b>Gross Profit</b>	3,432	3,717	3,009	3,070	4,019	5,486	6,241	7,466
<b>Revaluation gains</b>	542	699	710	166	1,205	900	920	921
<b>Other Income</b>	74	(214)	72	614	131	124	126	127
Distribution expenses	(261)	(299)	(277)	(323)	(433)	(476)	(524)	(576)
Administrative expenses	(753)	(794)	(775)	(969)	(937)	(1,031)	(1,134)	(1,247)
EBIT	3,033	3,109	2,739	2,558	3,985	5,004	5,629	6,690
Jointly controlled entities	884	1,542	1,933	2,130	1,900	2,280	2,465	2,489
Finance Costs	(214)	(6)	(10)	(160)	(330)	(309)	(471)	(565)
<b>Profit before tax</b>	3,703	4,645	4,662	4,528	5,555	6,975	7,623	8,615
Tax expense	(954)	(1,378)	(1,249)	(1,066)	(1,950)	(2,059)	(2,219)	(2,507)
Inc tax	(520)	(668)	(550)	(618)	(1,062)	(1,174)	(1,290)	(1,531)
LAT	(369)	(686)	(719)	(548)	(843)	(885)	(929)	(976)
Deferred	(65)	(24)	19	100	(45)			
<b>Profit for the year</b>	<b>2,749</b>	<b>3,267</b>	<b>3,412</b>	<b>3,462</b>	<b>3,605</b>	<b>4,916</b>	<b>5,404</b>	<b>6,108</b>
Minority interests	1	4	3	3	15	3	3	4
<b>Profit attr to shareholders</b>	<b>2,749</b>	<b>3,272</b>	<b>3,416</b>	<b>3,465</b>	<b>3,620</b>	<b>4,919</b>	<b>5,407</b>	<b>6,111</b>
<b>Dividends</b>	839	972	869	1,557	1,283	1,485	1,651	1,897
Basic EPS (RMB)	0.95	1.12	1.15	1.15	1.17	1.59	1.75	1.97
Diluted EPS (RMB)	0.95	1.12	1.15	1.15	1.17	1.59	1.75	1.97
<b>DPS (RMB)</b>	<b>0.29</b>	<b>0.33</b>	<b>0.29</b>	<b>0.51</b>	<b>0.41</b>	<b>0.48</b>	<b>0.53</b>	<b>0.61</b>
<b>Core net profit to shareholders</b>	<b>2,343</b>	<b>2,577</b>	<b>2,596</b>	<b>2,922</b>	<b>3,523</b>	<b>4,244</b>	<b>4,717</b>	<b>5,420</b>
<b>Core EPS (RMB)</b>	<b>0.81</b>	<b>0.88</b>	<b>0.87</b>	<b>0.97</b>	<b>1.14</b>	<b>1.37</b>	<b>1.52</b>	<b>1.75</b>

Source: Company data, SWS research

Figure 2: Forecast Balance Sheet

(RMB mn)	2013A	2014A	2015A	2016A	2017A	2018E	2019E	2020E
Land use rights	859	940	919	1,041	1,072	1,126	1,182	1,241
Investment property	6,134	7,046	9,550	10,533	13,719	15,640	17,829	20,325
PP&E	3,176	3,584	3,694	3,890	4,173	4,382	4,601	4,831
JV Interests	13,973	17,390	21,830	18,998	32,091	34,016	36,057	38,221
Others	998	1,075	1,197	1,333	2,152	4,100	6,441	8,899
<b>Non-current assets</b>	<b>25,140</b>	<b>30,035</b>	<b>37,190</b>	<b>35,795</b>	<b>53,207</b>	<b>59,263</b>	<b>66,110</b>	<b>73,517</b>
Properties under development	18,924	22,898	20,895	38,503	30,908	32,639	34,366	36,180
Completed properties held for sale	4,036	5,487	6,533	6,866	6,540	6,867	7,210	7,571
Cash and cash equivalents	9,414	10,094	10,946	25,771	39,199	36,718	38,060	39,232
Restricted cash	1,444	777	1,620	1,130	1,268	1,331	1,398	1,468
Others	2,630	2,255	2,496	2,677	3,823	4,514	5,240	6,002
<b>Current assets</b>	<b>36,448</b>	<b>41,511</b>	<b>42,491</b>	<b>74,947</b>	<b>81,738</b>	<b>82,069</b>	<b>86,275</b>	<b>90,453</b>
<b>Total assets</b>	<b>61,588</b>	<b>71,546</b>	<b>79,680</b>	<b>110,742</b>	<b>134,945</b>	<b>141,332</b>	<b>152,385</b>	<b>163,990</b>
Share capital and premiums	280	285	289	294	302	302	302	302
Retained earnings	16,698	19,159	22,053	23,657	27,305	30,738	34,494	38,708
Minority interests	25	21	18	58	638	670	704	739
Others	839	972						
<b>Total equity</b>	<b>17,842</b>	<b>20,437</b>	<b>22,359</b>	<b>24,009</b>	<b>28,246</b>	<b>31,711</b>	<b>35,501</b>	<b>39,750</b>
Borrowings	17,840	21,048	24,015	38,196	55,905	58,905	61,905	64,906
Others	920	2,015	1,118	1,228	1,387	1,950	1,951	1,952
<b>Non-current liabilities</b>	<b>18,760</b>	<b>23,063</b>	<b>25,133</b>	<b>39,424</b>	<b>57,292</b>	<b>60,855</b>	<b>63,856</b>	<b>66,858</b>
Borrowings	3,065	3,464	3,983	4,754	3,741	4,241	4,741	5,242
Advanced proceeds	8,452	7,255	7,170	9,839	8,455	9,047	9,680	10,358
Trade payable	3,333	3,933	2,391	5,754	2,644	2,856	3,084	3,331
Tax Payable	6,401	9,461	4,719	5,431	6,638	6,771	6,906	7,044
Other payable	3,735	3,933	13,925	21,531	27,929	25,852	28,617	31,387
<b>Current liabilities</b>	<b>24,986</b>	<b>28,046</b>	<b>32,188</b>	<b>47,309</b>	<b>49,407</b>	<b>48,766</b>	<b>53,028</b>	<b>57,362</b>
<b>Total liabilities</b>	<b>43,746</b>	<b>51,109</b>	<b>57,321</b>	<b>86,733</b>	<b>106,699</b>	<b>109,621</b>	<b>116,884</b>	<b>124,220</b>
<b>Total equity and liabilities</b>	<b>61,588</b>	<b>71,546</b>	<b>79,680</b>	<b>110,742</b>	<b>134,945</b>	<b>141,332</b>	<b>152,385</b>	<b>163,990</b>

Source: Company data, SWS research

**Figure 3: Forecast Cash Flow Statement**

(RMB mn)	2013A	2014A	2015A	2016A	2017A	2018E	2019E	2020E
Cash generated from/(used in) operations	6,477	3,025	3,375	6,100	8,107	4,840	9,800	9,898
tax and interest payment)	(3,170)	(3,897)	(3,684)	(4,179)	(6,349)	(7,408)	(8,063)	(8,144)
Others	786	542						
<b>Net cash generated from operating activities</b>	<b>4,093</b>	<b>(330)</b>	<b>(308)</b>	<b>1,920</b>	<b>1,758</b>	<b>(2,568)</b>	<b>1,737</b>	<b>1,754</b>
Acquisitions	(1,367)	(1,320)	(1,366)	(1,179)	(3,469)	(2,129)	(2,409)	(2,433)
Others	(3,308)	(1,104)						
<b>Net cash generated from Investing activities</b>	<b>(4,675)</b>	<b>(2,424)</b>	<b>(1,366)</b>	<b>(1,179)</b>	<b>(3,469)</b>	<b>(2,129)</b>	<b>(2,409)</b>	<b>(2,433)</b>
Proceeds from issuance of shares								
Procees from placement of shares								
Proceeds from issuance of senior notes								
Proceeds from borrowings	4,715	3,607	3,486	14,952	16,696	3,500	3,500	3,502
dividend payment	(434)	(839)	(972)	(869)	(1,557)	(1,283)	(1,485)	(1,651)
Others	845	709						
<b>Net cash generated from financing activities</b>	<b>5,126</b>	<b>3,477</b>	<b>2,513</b>	<b>14,083</b>	<b>15,139</b>	<b>2,217</b>	<b>2,015</b>	<b>1,851</b>
<b>Increase in cash and cash equivalents</b>	<b>4,544</b>	<b>723</b>	<b>839</b>	<b>14,824</b>	<b>13,428</b>	<b>(2,481)</b>	<b>1,343</b>	<b>1,172</b>
Cash and cash equivalents at beginning of year	4,927	9,414	10,094	10,946	25,771	39,199	36,718	38,060
Exchange losses on cash and cash equivalents	(57)	(43)	13					
<b>Cash and cash equivalents at end of the year</b>	<b>9,414</b>	<b>10,094</b>	<b>10,946</b>	<b>25,771</b>	<b>39,199</b>	<b>36,718</b>	<b>38,060</b>	<b>39,232</b>

Source: Company data, SWS research

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