

Equity research report



Education

**Outperform
(Maintain)**

Target: 9.5 HKD

Price: 7.45 HKD

**Upward
potential: 28%**

Market Data

Date 2018.7.10

Closing Price (HKD)	7.45
Total shares (billions)	14.31
Market Cap (billions HKD)	107
Net asset (billions RMB)	17.25
Total asset (billions RMB)	25.70
Net asset/share (RMB)	1.21

Source: Wind

Related report

<Fast Expanding Application-oriented Higher Education Group>20180416

<Three Education Companies became constituents of Shenzhen - Hongkong Stock Connect> 20180305

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<Hang Seng Index Take Wisdom Edu & New Higher Edu as Constituents>20180207

Oversea Education Sector

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02001.HK China New Higher Education SZ-HK Stock Connect

**Take lead in independent college consolidation
Clear goal with work in progress**

2018.07.10

Key Financials

Year	2017A	2018E	2019E	2020E
Revenue(millions)	414.4	659.0	1,167.9	1,375.9
YOY (%)	21.5	59.0	77.2	17.8
Net income(millions)	233.3	309.3	513.5	637.1
YOY (%)	108.0	32.6	66.0	24.1
Gross profit margin (%)	54.9	51.8	58.8	61.2
Net profit margin (%)	56.3	46.9	44.0	46.3
ROE (%)	13.5	14.4	20.7	21.7
EPS(Yuan)	0.17	0.23	0.38	0.47
Dividend Per share (HKD)	0.06	0.07	0.12	0.14

Source: Company materials, Industrial Securities

Investment highlights

- **Our opinion:** New Higher Education is a national private higher education institution mainly provides application-based higher education. The company focus on western China where higher education is in short supply and student number has robust growth. The company focus on application-based education and has a higher than average student employment rate, which lays the foundation for raising tuition. The company's "self-build + acquisition" expansion strategy supports the growth of the company. As higher education industry develops and concentration ratio increase, there will be private education group with 10 thousand plus students and we believe New Higher Education will be one of them.
- **In this report, we discuss the company's unique strength in higher education industry and update earning projections for the company's seven schools.** In July 9th, the company announced it becomes co-sponsor for Lanzhou College of Technology and Engineering. The company is one of the first seeking asset securitization by self-build and acquisition. Now the company has 7 schools, 2 has consolidated previously, 3 schools will consolidate this year, and 2 are expected to consolidate in FY2019. **The increase in tuition, student enrollment and consolidated school number will boost 2018, 2019 revenue.**
- **The company has profound experience in investing college:** Since 2015, the company gained investment experience from Central China School, Xinjiang School and Lanzhou School. Due to policy change, independent Colleges have become target for higher education acquisition. The company's successful acquisitions represent recognition from government and public universities.
- **Raise target price to \$9.5 HKD, relates to 1x PEG:** We expect the company's 2018-2020 revenue will reach 659, 1168 and 1376 million RMB(same below), 59.0%, 77.2%, 17.8% YoY. Net income will reach 309.3, 513.5 and 637.1 million RMB, 32.6%, 66.0% and 24.1% YoY. We raise New higher education to target price \$9.5 HKD, represents 28% upside potential comparing with 2018 July 10th closing price, and correspond to 2018-2020 PE 35x, 22x, 17x and 1x PEG.

Risk Tips: 1) Unexpected situation in school sponsorship change; 2) Less faculty hire than expected; 3) Less student enrollment than expected 4) China's education policy change 5) VIE Structure Policy risk



Context

- **July 9th, the company announced that it becomes Co-sponsor of Lanzhou College of Technology and Engineering (Lanzhou School), and the company will independently build and operate a new campus for this college.** June 26th, 2018. China New Higher Education Group hold an investor meeting to introduce the company's management team and operation results. In this report, we discuss the company's unique strength in higher education industry and we update earning projections for the company's seven newly acquired school. The company is one of the first seeking asset securitization, by self-built before IPO and acquiring higher education institutions after IPO, **now the company has 7 schools, 2 has consolidated previously, 3 schools will consolidate this year, and 2 are expected to consolidate in FY2019.**
- **The company changes plan from self-build to partnership, speed up process in Northwest region:** The company's original plan was to build a new junior college with 600 million RMB and start enrolling students in 2019 with 1000-2000 students in the first enrollment and finally expands students base to 10 thousand people. Now this process is speeding up as the company announced its cooperation with Lanzhou University of Technology: The sponsorship of independent college will belong to New Higher Education as the new campus is completed in Sept 2019. The company paid 166 million for the land and it will invest 33 million more for Lanzhou School's 8000 thousand students' tuition since 2019. Lanzhou School has no historical dispute or debt.
- **Long history and solid operation:** Lanzhou School was founded in 2002. It is a undergraduate college with 16 years history. In 2017/18 school year, the school has 8,218 students, 300+ teachers, 6 departments and 36 majors.

C1、Lanzhou School's history

Time	Progress
2002	Lanzhou University of Technology and Shenzhen Yuchang International education company jointly operates the school and received approval from Gansu department of education
2004	Passed Ministry of Education's assessment
2014	The school becomes Gansu's first batch application-based college testing school
2018	New higher education signed cooperation agreement with Lanzhou University of Technology

Source: Company materials, Industrial Securities

C2、Lanzhou School Basic information

Items	Information
Student enrollment	8218 people
Area	228 Mu
Faculty number	300+ people
Year Founded	Sept. 2002
Admission plan	2240 people in 2017 2310 people in 2018
School level	Undergraduate, Third batch, past three year admission score exceeds second batch 10-30 points
Strong majors	mechanical、electric、civil engineering、Material、chemical
Tuition	11 thousand/year, With some degree of adjustment freedom
Revenue	100 million+
Net profit (Net margin)	16.74 million (15%-20%)
Total Asset	169.0 million
Net asset	104.0 million

Source: Company announcement, school website, Industrial Securities

We think the company has three unique strengths to acquire and operate independent colleges:

● **1. Talent driven strategy, strong faculty team:**

1) Attract and keep talented faculties: It is rare to find a private education group with public company status and runs schools as a group. New Higher Education Group has a completed compensation package of salary and stock option. The faculty salary lays at 50%-75% quartile in the industry and the faculties can enjoy the benefit from the development of the industry and the company. The turnover rate is less than 5% now.

2) Human resource control based on quantitative method. As human resource cost takes more than 70% of company's total cost, the company applies a more scientific method for human resource allocation. The company makes sure everything is focusing on students by making per student human resource budget, using student number to project total class periods, using total class periods to faculty number and using faculty number to project support staff.

3) In the future, part-time faculty will reach 50% of faculty force: The company wishes the part time faculty class period number will take 50% of total class period number. It has several benefits: 1. The company can have a diversified faculty team. 2. Part time faculty can complete with full-time faculty. In the future, the company could start with part-time faculty and then transfer to full-time faculty. 3. Part time faculty cost less as the company doesn't need to pay social security and other expenses. We could find better faculty with same cost.

● **2. Clear strategy, expansion in Progress:**

1) The company allocate resource in Beijing, focus on Western China

The company started industrialization of higher education in 2002. The company moved its headquarter to Beijing in 2012 when it only has Yunnan School and Guizhou School in operation. In the future, the company will actively seek acquisition and self-build target, mainly focus on Western China. We think the company has a clear long-term plan and its experience from its past transaction could be a good endorsement for future expansion.

2) New CFO appointment with clear financial objective

The company differentiates itself from competitors by its fast organic growth. The company thinks, based on higher education's stable cash flow, low related party transaction number and large number of targets for acquisition, an education public company could afford a higher debt ratio than current level. The company wishes to grow both from internal development and external M&A deals to lead the earnings grow at a stable rate every year.

● **3. Grab the key to independence for independent colleges: Choose location, provide land and acquire assets**

Independent college need land and asset to be truly independent: In 2008, Ministry of Education announced "Rule 26" and set a 5 year test period for 300+ independent colleges. During this 5 years, those who passed the test will receive school operation permission and those who failed will be shut down. To 2013, more than 200 independent colleges didn't pass the qualification test and Ministry of Education extended the test period to 2016. Those schools failed mainly because they can satisfy for two reasons below: 1) have more than 500 Mu land

use right 2) The asset should be listed under independent college's name. Due to policy change, independent colleges will choose two ways to get their operation permissions: return to a sub-college under public university or spin off from its original university and become a private university. Public universities operate like government agency, they care more about independent college's legitimacy, admission stability, certainty of passing the test and increase local higher education capacity instead of profit. Therefore, they want private education group who have the resource to pass the qualification test to take over independent colleges. Till 2017, there are 266 independent colleges available for public higher education companies' acquisition.

The company builds new schools fast and pays small expense: Capital expenditure is the second largest cost of company, the company signs agreements with Gansu sixth construction group, Hubei Industrial Construction Group, China Second Metallurgy Group, China Nuclear Industry Zhongyuan Construction and Beijing Metallurgical Equipment Research Design Institute and the company receive good business terms to reduce capital expenditure.

The company signed cooperation agreements with Lanzhou New district commission in July 6th, 2017. The company contributes 600 million RMB and Lanzhou New district will offer Northwest School's campus land right and nearby capital construction. The company used instalment plan in Luoyang School's 100 thousand square meter building. Now the company achieves instalment payment plan in Northwest School and decreases more than 70% front expenditure and its fund can be invested in most valuable areas.

The company has a lot of experience in investing independent college: Since the company invested in Central China School in 2015, the company gained partnership and school investment experience from Central China School, Xinjiang School and Northwest School (this time). Due to policy change, independent College has become the golden target for higher education acquisition. The company's several successful acquisitions represent the recognition from the government and public schools.

● Future development: Smooth expansion, ownership change in progress:

C3、Company's school information

School	Founded	Location	Student number	Ownership	Require reasonable return	Type	Consolidation (Y/N)	Consolidation date
Yunnan School	2005	Kunming Yunnan	23,642	100%	Y	Undergraduate, Junior College	Y	2005
Guizhou School	2012	Guiyang Guizhou	15,584	100%	N	Junior College	Y	2012
Central China School	2003	Enshi Hubei	5,709	100% (under review)	Y	Undergraduate Junior College College prep school	N	2018.8*
Northeast School	1992	Harbin Heilongjiang	9,355	73.91%	Y	Undergraduate Junior College	Y	2018.6
Xinjiang School	2016	Wulumuqi Xinjiang	3,746	56%	-	Undergraduate	Y	2019.1*
Henan School	2013	Luoyang Henan	18,243	55%	-	Junior college Secondary vocational school	Y	2018.6
Lanzhou School	2002	Lanzhou Gansu	8,218	100% (under review)	-	Undergraduate	N	2019.9*

Source: Company information, Industrial Securities

Note: * represent our expected consolidation time. The assumption is 1 year for sponsorship change (applicable to Central China School and Northwest School, they applied before 2017.12.31 and 2018.7.31(E)) and 6 months for business registration change (applicable to Xinjiang School, it started acquisition process in 2017.12.27, we estimate 12 months for business registration change based on local condition)

● 4、Valuation:

We made our valuation based the student enrollment、tuition and consolidation time assumption below

C4: 2018-2021 Company student number assumption

	2014A	2015A	2016A	2017A	2018E	2019E	2020E	2021E
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Total enrollment	28140	34703	39263	68449	80629	99309	107309	115309
YOY(%)	0	23	13	74	18	23	8	7
Yunnan School	14616	17082	17965	19490	22490	24990	27990	30990
YOY(%)	0	17	5	8	15	11	12	11
Undergraduate	5704	7694	8081	8568	9068	9568	10068	10568
Junior College	8566	9258	9878	10922	13422	15422	17922	20422
Other	346	130	6	0	1793	1800	1800	1800
Guizhou School	3974	7958	11751	13972	15472	16972	17972	19972
YOY(%)	0	100	48	19	11	10	6	11
Junior College	3946	7930	11723	13972	15472	16972	17972	19972
Other	28	28	28	0	0	0	0	0
Northeast School	9550	9663	9547	9518	9518	9518	9518	9518
YOY(%)	0	1	-1	0	0	0	0	0
Undergraduate	9550	9663	9547	9518	9232	9387	9387	9387
Junior College	0	0	0	0	286	131	131	131
Central China School	0	0	0	3480	6960	10440	11440	11940
YOY(%)	0	0	0	0	100	50	10	4
Undergraduate	0	0	0	2308	5890	9370	10370	10870
Junior College	0	0	0	506	1070	1070	1070	1070
Xinjiang School	0	0	0	3746	4946	6146	6646	7146
YOY(%)	0	0	0	0	32	24	8	8
Undergraduate	0	0	0	3746	4946	6146	6646	7146
Henan School	0	0	0	18243	21243	22743	24243	25243
YOY(%)	0	0	0	0	16	7	7	4
Lanzhou School	0	0	0	0	0	8500	9500	10500
YOY(%)	0	0	0	0	0	0	12	11

Source: Company information, Industrial Securities

C5、2018-2021 Company tuition income growth assumption

	2017A	2018E	2019E	2020E	2021E
Average tuition growth rate(%)	2016/17	2017/18	2018/19	2019/20	2020/21
Yunnan School	6.0	5.0	5.0	5.0	5.0
Guizhou School	6.0	5.0	5.0	5.0	5.0
Northeast School	8.0	7.0	5.0	5.0	6.0
Central China School	5.0	3.0	5.0	4.0	3.0
Xinjiang School		4.0	4.0	4.0	5.0
Henan School		4.0	5.0	4.0	5.0
Lanzhou School			5.0	5.0	5.0
Boarding fee	0.0	0.0	0.0	0.0	0.0

Source: Company information, Industrial Securities

We applies PE、PEG、EV/EBITDA valuation method to access education company's value

- **Till July 9th, Hong Kong listed education stocks' average 2018 forward PE reaches 29.7x:** We compared valuation of US education sector stock and Hong Kong education sector stock, till July 9th, 2018, Hong Kong education sector has an average forward PE of 29.7x. New Higher Education has a forward PE of 27.2x.

C6、Sector valuation comparison(2018.7.9)-PE

Ticker	Company	Price	Market Cap	EPS			PE		
				2017A	2018E	2019E	2017A	2018E	2019E
Hong Kong		HKD	HKD(billions)	RMB	RMB	RMB			
6169.HK	Yuhua Education	5.73	187.08	0.17	0.18	0.23	28.3	26.7	20.9
1317.HK	Maple Leaf Education	6.90	205.56	0.31	0.40	0.50	37.4	29.0	23.2
2001.HK	New Higher Education	7.46	106.76	0.17	0.23	0.39	36.9	27.2	16.1
0839.HK	China Education Group	13.86	280.00	0.28	0.32	0.43	41.3	37.0	27.1
1569.HK	Minsheng Education	1.91	76.74	0.07	0.08	0.10	22.9	21.1	16.0
6068.HK	Wisdom Education	6.74	137.70	0.11	0.16	0.22	51.5	34.7	26.3
1565.HK	Virscend Education	4.96	153.20	0.10	0.13	0.18	41.7	32.0	23.1
	Average						37.1	29.7	21.8
US		USD	USD(billions)	2017A	2018E	2019E	2017A	2018E	2019E
EDU.N	New Oriental	96.32	151.88	1.74	1.84	2.54	55.4	52.3	37.9
BEDU.N	Bright Scholar	16.33	19.15	0.24	0.46	0.57	68.4	35.5	28.9
TEDU.O	Tarena	8.33	4.70	0.50	0.52	0.56	16.7	16.0	14.9
				2018A	2019E	2020E	2018A	2019E	2020E
TAL.N	TAL Education	38.61	218.9	0.38	0.54	0.78	101.6	71.5	49.3
	Average						60.5	43.8	32.8

Source: Wind, Bloomberg, Industrial Securities

* **Bold font uses Industrial securities data and normal font uses Bloomberg consensus data**

- Based on education sector's high growth character, we use PEG ratio to compare companies' growth rate and valuation. Currently, Hong Kong education sector has an average PEG of 1.07x based on FY 2018 expectation while US education sector has an average of 1.07x based on FY2018 expectation. New Higher Education's PEG is 0.84x.

C7、Sector valuation comparison (2018.7.9) -PEG

Ticker	Company	Price	Market Cap	Net income YoY				PE			G	PEG
				2017A	2018E	2019E	2020E	2017A	2018E	2019E	CAGR(3Y)	2018E
Hong Kong		HKD	HKD (billions)	(%)	(%)	(%)	(%)					
6169.HK	Yuhua Education	5.73	187.08	33.50	33.00	29.40	17.80	28.31	26.74	20.93	26.6	1.01
1317.HK	Maple Leaf Education	6.90	205.56	33.50	30.20	24.90	17.30	37.39	28.98	23.18	24.0	1.21
2001.HK	New Higher Education	7.46	106.76	108.00	31.50	50.80	17.40	36.86	27.25	16.07	32.5	0.84
0839.HK	China Education Group	13.86	280.00	4.26	42.48	34.28	17.15	41.34	36.96	27.14	30.9	1.20
1569.HK	Minsheng Education	1.91	76.74	4.44	21.50	17.50	14.10	22.92	21.11	16.04	17.7	1.20
6068.HK	Wisdom Education	6.74	137.70	29.71	35.50	33.60	23.40	51.47	34.73	26.33	30.7	1.13
1565.HK	Virscend Education	4.96	153.20	4.20	30.23	36.03	37.69	41.66	32.05	23.15	34.6	0.93
Average								37.14	29.69	21.83	28.14	1.07
US		USD	USD (billions)	(%)	(%)	(%)	(%)					
EDU.N	New Oriental	96.32	151.88	21.68	6.00	37.90	44.00	55.4	45.6	37.9	28.2	1.6
BEDU.N	Bright Scholar	16.33	19.15	N/A	76.01	22.00	20.00	68.4	35.5	28.9	37.1	1.0
TEDU.O	Tarena	8.33	4.70	-18.88	32.84	21.50	18.00	16.7	16.0	14.9	24.0	0.7
				2018A	2019E	2020E	2021E	2018A	2019E	2020E	2018A	2019E
TAL.N	TAL Education	38.61	218.89	69.80	56.22	55.00	50.00	101.61	71.50	49.31	53.7	1.33
Average								60.50	42.16	32.75	35.73	1.14

Source: Wind, Bloomberg, Industrial Securities

* **Bold font uses Industrial securities data and normal font uses Bloomberg consensus data**

- **Hong Kong listed education stocks 2018 forward EV/EBITDA has reached 29.4x:** Because education sector has strong cash flow and low financial leverage, and most companies have a lot of fixed assets, we use EV/EBITDA to compare these companies. We found that adjusted valuation for Hong Kong listed education companies are reasonable with a 29.4x 2018 forward EV/EBITDA. New Higher Education has a 29.4x EV/EBITDA and it is on industry average.

C8、Sector valuation comparison (2018.7.9) -EV/EBITDA

Ticker	Company	Price	Market Cap	EV/EBITDA	
Hong Kong		HKD	HKD (billions)	2017A	2018E
6169.HK	Yuhua Education	5.73	187.08	45.3	30.5
1317.HK	Maple Leaf Education	6.90	205.56	46.0	35.1
2001.HK	New Higher Education	7.46	106.76	31.4	29.4
0839.HK	China Education Group	13.86	280.00	47.0	35.0
1569.HK	Minsheng Education	1.91	76.74	22.8	17.4
6068.HK	Wisdom Education	6.74	137.70	32.0	26.5
1565.HK	Virscend Education	4.96	153.20	31.8	32.1
Average				36.6	29.4
US		USD	USD (billions)	2017A	2018E
EDU.N	New Oriental	96.32	151.88	42.6	34.4
TAL.N	TAL Education	38.61	218.89	115.7	82.2
BEDU.N	Bright Scholar	16.33	19.15	37.2	22.3
TEDU.O	Tarena	8.33	4.70	8.7	7.3
Average				51.1	36.6

Source: Wind, Bloomberg, Industrial Securities

***Bold font uses Industrial securities data and normal font uses Bloomberg consensus data**

- **Our opinion:** New Higher Education is a national private higher education institution mainly provides application-based higher education. The company focus on western China where higher education is in short supply and student number has robust organic growth. The company focus on application-based higher education and has a higher than average student employment rate, which lays the foundation for raising tuition. The company's "self-build + acquisition" expansion strategy is fast and flexible, support the growth of the company and help the company developed from a training school to a public company today. As higher education industry develops and concentration ratio increase, there will be private education group with more than hundred thousand students and we believe New Higher Education will be one of them.
- **Raise target price to \$9.5 HKD, relates to 1x PEG:** We expect the company's 2018-2020 revenue will reach 659、1168 and 1376 million RMB(same below), 59.0%、77.2%、17.8% YoY. Net income will reach 309.3、513.5 and 637.1 million RMB, 32.6%、66.0% and 24.1% YoY. We raise New higher education to target price \$9.5 HKD, represents 28% upside potential comparing with 2018 July 10th closing price, and correspond to 2018-2020 PE 35x、22x、17x and 1x PEG.
- Risk tips: 1) Unexpected situation in school sponsorship change; 2) The faculty number is less than expected; 3) Less student enrollment than expected 4) China's education policy change 5) VIE Structure Policy risk

Attachment

Balance Sheet					Income statement				
In millions RMB					In millions RMB				
FY	2017A	2018E	2019E	2020E	FY	2017A	2018E	2019E	2020E
Current Asset	243.3	1797.4	2849.4	2751.6	Revenue	414.4	659.0	1167.9	1375.9
Collateralized Deposit	30.0	30.0	30.0	30.0	Cost	186.9	317.9	480.8	534.4
Prepaid expense, deposit and other Account receivable	88.7	102.4	236.2	162.6	Gross Margin	227.5	341.1	687.1	841.5
Non-current Asset	1044.9	1727.1	2326.6	2448.4	Selling expense	3.6	2.7	8.2	9.7
Fixed asset	985.3	1107.1	1318.0	1569.0	Management expense	58.1	94.2	175.2	206.4
Investment property	47.3	47.3	47.3	47.3	Other income	128.3	136.6	117.4	129.8
Land	96.9	96.9	96.9	96.9	Operating profit	289.5	369.6	601.3	731.8
Other intangible asset	11.1	11.1	11.1	11.1	Finance cost	39.6	39.1	52.7	51.2
Total Asset	2569.9	4245.8	5508.7	5662.0	Income before tax	250.0	330.5	548.7	680.7
Current liability	668.0	1298.7	1838.6	1378.5	Tax	16.6	21.2	35.1	43.6
Deferred revenue-current portion	249.6	442.5	784.1	923.8	Net income	233.3	309.3	513.5	637.1
Other accounts payable	193.0	630.8	829.1	229.3	Minority interest	0.0	32.8	44.7	57.7
Bank loan and other interest-bearing liability	207.8	207.8	207.8	207.8	Net income attribute to shareholder	233.4	276.5	468.8	579.4
Non-current liability	177.1	990.9	1332.6	1472.2	Adjusted EPS (Yuan)	0.19	0.23	0.38	0.47
Long term borrowing	144.4	544.4	544.4	544.4					
Other long-term liability	1.0	2.0	3.0	4.0	Key financial ratio				
Deferred revenue	28.6	442.5	784.1	923.8	FY	2017A	2018E	2019E	2020E
Total liability	845.0	2289.6	3171.2	2850.7	Growth (%)				
Common stock	983.0	983.0	983.0	983.0	Revenue	21.5	59.0	77.2	17.8
Capital surplus	1723.9	1922.4	2259.0	2675.1	Net income attribute to shareholder	108.8	18.5	69.6	23.6
Non-controlling interest	0.0	32.8	77.5	135.2	Profit Margin (%)				
Total shareholder equity	1724.9	1956.2	2337.5	2811.3	Gross Margin	54.9	51.8	58.8	61.2
Total liability and shareholder equity	2569.9	4245.8	5508.7	5662.0	Net Margin	56.3	56.3	46.9	44.0
Cash flow statement	In millions RMB				Solvency test (%)				
FY	2017A	2018E	2019E	2020E	Current ratio	25.2	50.7	36.4	138.4
Net income	233.3	309.3	513.5	637.1	Quick ratio	12.2	31.7	17.8	127.7
Depreciation& Amortization	32.4	44.3	52.7	62.8	Operation(times)				
Prepaid expense and Account receivable	-38.2	-13.7	-133.8	73.5	Accounts payable turnover	1.6	1.6	1.6	2.6
Net finance charge	39.6	39.1	52.7	51.2	Accounts receivable turnover	6.9	6.9	6.9	6.9
Deferred Revenue	32.6	606.7	683.3	279.3	Per share (RMB)				
Net operating cash flow	286.1	1423.6	1366.7	504.1	Net operating cash per share	0.2	1.0	1.0	0.4
Interest income	2.8	16.9	25.8	25.5	Net asset per share	1.3	1.5	1.7	2.1
CapEx	-150.4	-166.1	-263.6	-313.8	Multiple(x)				
Net investing cash flow	-696.3	-166.1	-263.6	-313.8	PE	36.2	27.3	16.4	13.3
Dividend	-65.8	-78.0	-132.2	-163.4	PB	4.9	4.3	3.6	3.0
Net financing cash flow	350.1	282.9	-184.9	-214.5					
Net change in Cash	-60.1	1540.4	918.2	-24.3					
Cash-beginning	178.8	118.6	1659.1	2577.3					
Cash-End	118.6	1659.1	2577.3	2553.0					

Introduction of Share Investment Rating

Industry Investment Rating: When measuring the difference between the markup of the industry index and that of the market's benchmarks (HSI, Hang Seng Index) within twelve months after the release of the report, we define the terms as follows:

- Overweight: Industry performs better than that of the whole market;
- Neutral: Industry performs about the same as that of the whole market;
- Underweight: Industry performs worse than that of the whole market

Company Investment Rating: When measuring the difference between the markup of the company stock price and that of the market's benchmarks (HSI, Hang Seng Index) within twelve months after the release of this report, we define the terms as follows:

- Buy: With a markup more than 15% better than that of the market;
- Outperform: With a markup 5% to 15% better than that of the market;
- Neutral: With a markup less than 5% better or worse than that of the market;
- Underperform: With a markup more than 5% worse than that of the market

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