



Company Report: Sino Land (00083 HK)

公司报告: 信和置业 (00083 HK)

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FY19 Results Met Expectations, Maintain "Accumulate"

2019财年业绩符合预期, 维持“收集”

- **FY19 underlying profit decreased 58.5% yoy to HK\$4,671 million, in line with expectations.** During the period, property sales revenue decreased 53.6% yoy to HK\$2,542 million, with operating margin having improved 8.6 ppts yoy to 32.6%. Property leasing revenue increased 4.4% yoy to HK\$3,327 million, but the operating margin edged down by 0.6 ppts yoy to 85.7%. If we exclude the one-off gain on the disposal of Chengdu Palazzo in FY18, the fall in underlying profit narrows to 16.5%. As at 30 June 2019, Sino Land's net cash position expanded further to HK\$34,047 million.
- Sino Land acquired 30% of equity interest of T102-026 Qianhai in July 2019 for investment property development and is scheduled for completion in 2023. 3 projects are expected to be launched for sale in FY20, which contains 302 units of luxurious residences. Sino Land only raised final DPS by HKCent 1, which we believe disappointed the market. We believe that Sino Land is very likely to keep DPS flat in FY20.
- **We maintain our TP at HK\$13.80 and investment rating at "Accumulate".** Sino Land's remarkably strong net cash position enables the Company to capture opportunities in land acquisition during current economic headwinds. We think that Sino Land is a defensive play in the market. Our TP represents a 45% discount to the FY20 NAV estimate of HK\$25.0 per share and implies 23.6x/ 8.4x/ 10.9x FY20/ FY21/ FY22 underlying PER and 0.63x/ 0.59x/ 0.56x FY20/ FY21/ FY22 PBR.
- **2019 财年核心净利润同比下跌 58.5%至 46.71 亿港元, 符合预期。** 期内, 物业销售收入同比下跌 53.6%至 25.42 亿港元, 而其经营利润率同比上升 8.6 个百分点至 32.6%。物业租赁收入同比增长 4.4%至 33.27 亿港元, 但经营利润率同比下降 0.6 个百分点至 85.7%。如果我们排除 2018 财年出售成都御龙山的一次性收益, 核心净利润的跌幅将缩小至 16.5%。截至 2019 年 6 月 30 日, 信和置业的净现金进一步上升至 340.47 亿港元。
- 信和置业于 2019 年 7 月收购 T102-026 前海用地的 30% 股权, 用于投资物业开发, 并预计于 2023 年落成。公司预计将于 2020 财年推出 3 个项目, 合共提供 302 套豪华住宅。信和置业仅提升末期每股股息 1 港仙, 我们认为市场对此感到失望。我们认为信和置业很可能在 2020 财年保持每股股息持平。
- **我们维持目标价 13.80 港元及“收集”投资评级。** 信和置业非常强劲的净现金使公司能够抓住当前经济逆风期间的土地收购机会。我们认为信和置业是市场上的防守性高的选择。我们的目标价相当于较 25.0 港元的 2020 财年每股估值有 45% 的折让。我们的目标价相当于 23.6 倍 / 8.4 倍 / 10.9 倍 2020/2021/2022 财年核心市盈率及 0.63 倍 / 0.59 倍 / 0.56 倍 2020/2021/2022 财年的市净率。

Rating:

Accumulate

Maintained

评级:

收集 (维持)

6-18m TP 目标价:

HK\$13.80

Revised from 原目标价:

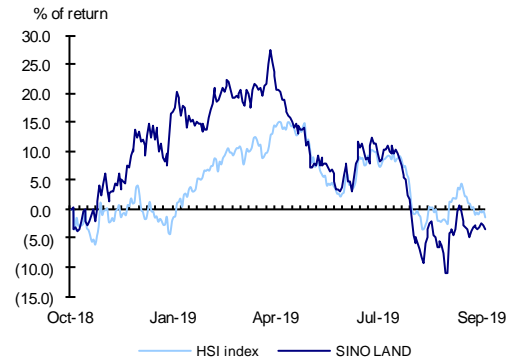
HK\$13.80

Share price 股价:

HK\$11.600

Stock performance

股价表现



Change in Share Price	1 M	3 M	1 Y
股价变动	1 个月	3 个月	1 年
Abs. % 绝对变动 %	(0.3)	(12.3)	(7.7)
Rel. % to HS Index 相对恒指变动 %	2.8	(2.1)	(5.0)
Avg. Share price(HK\$) 平均股价 (港元)	11.8	12.1	13.2

Source: Bloomberg, Guotai Junan International.

Year End	Turnover	Net Profit	EPS	EPS	PER	BPS	PBR	DPS	Yield	ROE
年结	收入	净利	每股净利	每股净利变动	市盈率	每股净资产	市净率	每股股息	股息率	净资产收益率
06/30	(HK\$ m)	(HK\$ m)	(HK\$)	(△%)	(x)	(HK\$)	(x)	(HK\$)	(%)	(%)
FY18A	10,730	13,996	2.179	40.7	5.3	21.139	0.5	0.980	8.4	10.8
FY19A	8,010	6,915	1.031	(52.7)	11.3	21.314	0.5	0.550	4.7	4.9
FY20F	7,053	4,881	0.716	(30.6)	16.2	21.809	0.5	0.550	4.7	3.3
FY21F	34,123	13,067	1.917	167.7	6.1	23.416	0.5	0.640	5.5	8.5
FY22F	23,608	10,727	1.574	(17.9)	7.4	24.734	0.5	0.640	5.5	6.5
Shares in issue (m) 总股数 (m)			6,817.0		Major shareholder 大股东		Robert Ng Chee Siong		56.5%	
Market cap. (HK\$ m) 市值 (HK\$ m)			79,077.2		Free float (%) 自由流通比率 (%)				43.5	
3 month average vol. 3 个月平均成交股数 ('000)			6,849.2		FY20 Net gearing (%) FY20 净负债/股东资金 (%)				Net Cash	
52 Weeks high/low (HK\$) 52 周高/低 (HK\$)			15.480 / 10.600		FY20 Est. NAV (HK\$) FY20 每股估值 (港元)				25.0	

Source: the Company, Guotai Junan International.

FY19 underlying profit decreased 58.5% yoy to HK\$4,671 million, in line with expectations. Sino Land's FY19 revenue dropped 25.4% yoy to HK\$8,010 million due to decrease in property sales recognized. During the period, property sales revenue decreased 53.6% yoy to HK\$2,542 million with operating margin having improved 8.6 ppts yoy to 32.6%. Property leasing revenue increased 4.4% yoy to HK\$3,327 million, but operating margin edged down by 0.6 ppts yoy to 85.7%. FY19 underlying profit plunged 58.5% yoy to HK\$4,671 million, mainly due to: 1) contraction in property sales revenue recognized; and 2) decrease in one-off gain on the disposal of 80% interest of the Palazzo, Chengdu. If we exclude the one-off gain on the disposal, the fall in underlying profit narrows to 16.5%. As at 30 June 2019, Sino Land's net cash position expanded further to HK\$34,047 million given the strong contracted sales in FY19.

Table-1: Key Operations Figures of Sino Land under Subsidiary Level

(in HKD million)	Revenue			Segment Results			Segment Operating Margin		
	FY18	FY19	yoy Change	FY18	FY19	yoy Change	FY18	FY19	yoy Change
Property sales	5,479	2,542	-53.6%	1,311	828	-36.8%	23.9%	32.6%	8.6ppts
Property rental	3,186	3,327	4.4%	2,750	2,850	3.7%	86.3%	85.7%	-0.6ppts
Property management	1,079	1,098	1.8%	253	219	-13.7%	23.5%	19.9%	-3.6ppts
Hotel operations	890	934	4.9%	320	349	9.2%	35.9%	37.4%	1.5ppts
Financing	54	61	12.2%	54	61	12.2%	100.0%	100.0%	0.0ppts
Investments in securities	43	48	12.4%	43	48	12.4%	100.0%	100.0%	0.0ppts
Total	10,730	8,010	-25.4%	4,731	4,355	-7.9%	44.1%	54.4%	10.3ppts

Source: the Company, Guotai Junan International.

Sino Land acquired a commercial land plot in Qianhai. Sino Land acquired 30% of equity interest of T102-026 Qianhai from Kerry Properties (00683 HK) in July 2019, which contains an attributable GFA of 14,531 sq.ft of retail area and 231,534 sq.ft of office space. The project is planned to be an investment property and is scheduled for completion in 2023. Acquisition cost of the 30% equity interest was not disclosed.

Same new launch pipelines of development property projects for sale as in 2HFY19. As we have pointed out in our previous report, Sino Land failed to launch the 3 luxurious residential development projects, including 24A Kadoorie Avenue in Ho Man Tin, STTL 611 in Ma On Shan and Lot 1181 in DD215 in Sai Kung in 2HFY19. The 3 projects, which contain a total of 302 residential units, have been carried forward for sale in FY20. Since the 3 projects mainly comprise of luxurious 3-4 bedroom homes and detached houses, the pace of sale is expected to be slow. In essence, we do not expect Sino Land to sacrifice the selling prices of the 3 projects to speed up sales in the face of the current economic headwinds.

Disappointment in HKCent 1 increase in final DPS. Sino Land's net cash position in FY19 is slightly above our previous forecast of HK\$32.2 billion. However, given such strong cash position, Sino Land only raised final DPS by HKCent 1, which we believe has disappointed the market. In FY20, we believe that there are only 2 development projects scheduled for completion, including an office project in Kowloon Bay (under associates and joint ventures level) and the luxurious (but at small scale) residential project of Lot 1181 in DD215 in Sai Kung. We expect that Sino Land's property sales revenue under subsidiary level to fall 41.7% yoy to about HK\$1.5 billion in FY20, and resulting in underlying profit decrease of 13.5% yoy to HK\$40.4 billion, assuming there are no material disposals of investment properties during the year. If Sino Land keeps FY20 DPS flat at HK\$0.55, the dividend payout ratio based on underlying profit would as high as 94.1%. We, therefore, believe that Sino Land is very likely not to raise DPS in FY20.

We slightly revise our property sales revenue and hotel operations revenue downward to reflect current economic headwinds. We have reduced our contracted sales assumptions in FY20 as we expect pace of sales would be slower than we previously expected, especially that the management has emphasized that Sino Land would not sacrifice selling prices to incentivize sales. Besides, hotels in Hong Kong are under pressure due to the significant reduction in visitor arrivals since the political movement started in June. We expect that Sino Land's hotel operations to face hardship in the short run.

Table-2: Revisions to Estimates

Items, HKD million	Revised Estimates			Original Estimates		Changes	
	FY20F	FY21F	FY22F*	FY20F	FY21F	FY20F	FY21F
Total revenue	7,053	34,123	23,608	7,205	33,814	-2.1%	0.9%
-Property sales	1,481	28,332	16,981	1,614	28,020	-8.2%	1.1%
-Property leasing	3,430	3,565	3,971	3,434	3,570	-0.1%	-0.1%
-Others	2,142	2,226	2,655	2,157	2,224	-0.7%	0.1%
Gross profit	4,018	14,290	11,605	4,155	14,042	-3.3%	1.8%
Operating profit	3,435	14,058	11,744	3,813	13,400	-9.9%	4.9%
Net profit	4,881	13,067	10,727	5,257	12,496	-7.2%	4.6%
Underlying net profit	4,065	11,646	9,248	4,414	11,648	-7.9%	0.0%
Gross margin (%)	57.0	41.9	49.2	57.7	41.5	-0.7ppts	0.4ppts
Operating profit margin (%)	48.7	41.2	49.7	52.9	39.6	-4.2ppts	1.6ppts
Net profit margin (%)	69.2	38.3	45.4	73.0	37.0	-3.8ppts	1.3ppts
Underlying net margin (%)	57.6	34.1	39.2	61.3	34.4	-3.7ppts	-0.3ppts
ROA (underlying) (%)	2.2	6.1	4.8	2.4	6.1	-0.2ppts	-0.0ppts
ROE (underlying) (%)	2.8	7.6	5.6	3.0	7.6	-0.2ppts	-0.0ppts
Net gearing ratio (%)	Net cash	Net cash	Net cash	Net cash	Net cash	n.a.	n.a.

Source: Guotai Junan International.

Note: We initiate our 2022 forecast in this report.

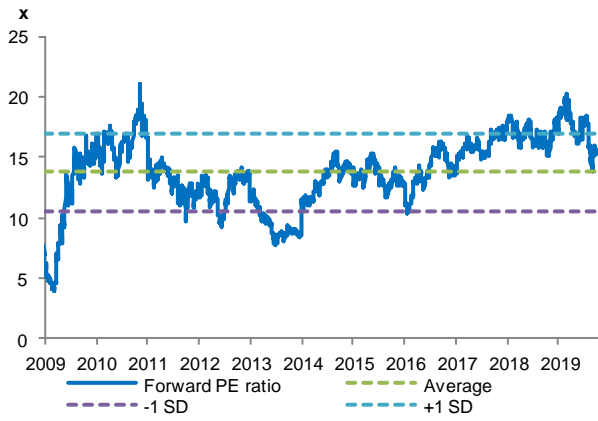
We maintain our TP at HK\$13.80 and investment rating at "Accumulate". Sino Land's FY19 results were basically in line with our previous forecasts. We still believe that the recent decrease in house prices caused by political movements in Hong Kong would not pose a significant impact to Sino Land's average selling prices on development properties, but the pace of sales may be lengthened. Strong contract sales in FY19 (HK\$22.4 billion from the sales of Grand Central, Mayfair By The Sea 8 and Madison Park) is expected to be recognized in FY21, and we predict that DPS will experience a leap in that year (but not FY20). Sino Land's remarkably strong net cash enables the Company to capture opportunities in land acquisition during current economic headwinds. Moreover, Sino Land is expected to add about 1.4 million sq.ft into its investment properties portfolio in the next 4-5 years, which will further enhance Sino Land's recurring income. We think that Sino Land is a defensive play in the market. We maintain our TP at HK\$13.80, representing a 45% discount to the FY20 NAV estimate of HK\$25.0 per share. Our TP implies 23.6x/ 8.4x/ 10.9x FY20/ FY21/ FY22 underlying PER and 0.63x/ 0.59x/ 0.56x FY20/ FY21/ FY22 PBR.

Table-3: Sino Land's FY20 NAV Breakdown

NAV Summary	HKD million
<u>Investment Properties</u>	
Residential & Serviced Apartments	1,500
Commercial	46,648
Hotel	7,418
Industrial	7,023
Office	28,390
Car Park	1,589
Subtotal	92,567
<u>Investment Properties under development</u>	
Residential & Serviced Apartments	418
Commercial	1,689
Hotel	1,115
Industrial	639
Office	3,637
Subtotal	7,498
<u>Development Properties for Sale</u>	
	38,866
Gross Asset Value	138,931
Net Cash/(Debt)	31,751
NAV	170,682
Number of shares (million)	6,817
NAV per share (HKD)	25.0

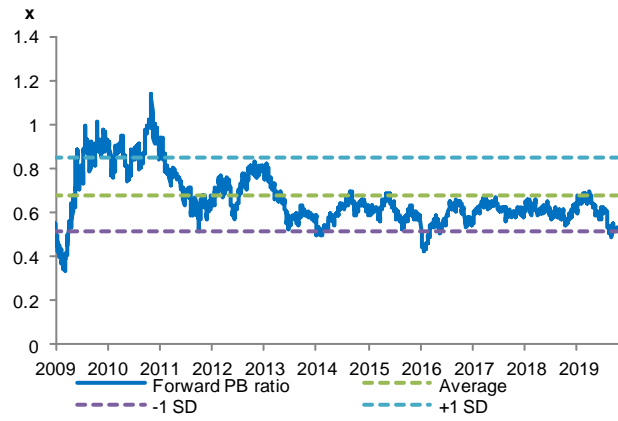
Source: Guotai Junan International.

Figure-1: Sino Land's 12-Month Forward PE ratio



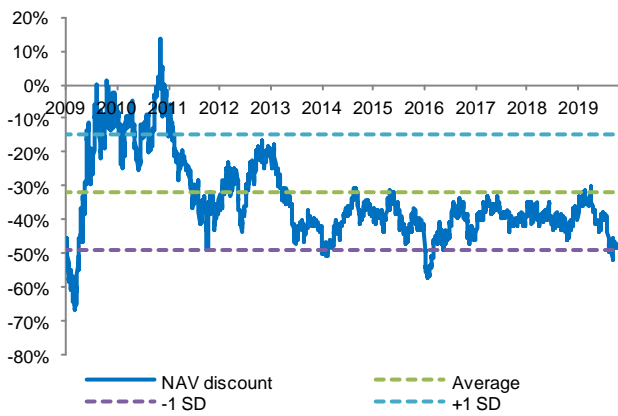
Source: Bloomberg, Guotai Junan International.

Figure-2: Sino Land's 12-Month Forward PB ratio



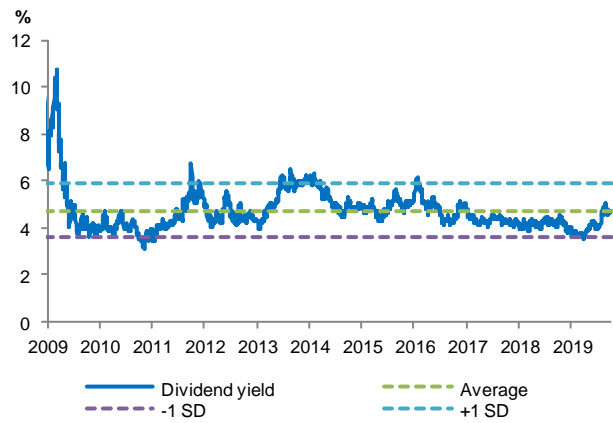
Source: Bloomberg, Guotai Junan International.

Figure-3: Sino Land's NAV Discount



Source: Bloomberg, Guotai Junan International.

Figure-4: Sino Land's Dividend Yield



Source: Bloomberg, Guotai Junan International.

Table-4: Peers Comparison

Company	Stock Code	Currency	Last price	Market cap (mn)	PE (fiscal year)				PB (fiscal year)				ROE(%)		D/Y(%)	
					18A	19F	20F	21F	18A	19F	20F	21F	19F	19F		
HK listed local developers																
Wharf Holdings Ltd	4 HK	HKD	17.020	51,881	7.8	7.8	7.3	6.3	0.4	0.4	0.4	0.3	4.8	3.9		
Henderson Land Development	12 HK	HKD	36.350	175,984	5.6	11.1	10.5	10.1	0.6	0.6	0.5	0.5	4.9	4.9		
Hysan Development Co	14 HK	HKD	30.200	31,604	5.2	11.8	11.4	10.8	0.4	0.4	0.4	0.4	3.6	5.0		
Sun Hung Kai Properties	16 HK	HKD	109.700	317,886	6.4	7.1	9.0	8.6	0.6	0.6	0.5	0.5	8.1	3.7		
New World Development	17 HK	HKD	10.140	103,691	4.3	5.7	12.2	11.2	0.5	0.5	0.4	0.4	8.3	4.2		
Wheelock & Co Ltd	20 HK	HKD	44.450	91,058	5.3	5.9	5.7	5.4	0.4	0.3	0.3	0.3	6.0	3.7		
Great Eagle Holdings Ltd	41 HK	HKD	26.100	18,488	3.1	9.9	6.4	44.2	0.3	n.a.	n.a.	n.a.	2.7	3.2		
Sino Land Co	83 HK	HKD	11.600	79,077	5.3	11.3	15.3	7.7	0.5	0.5	0.5	0.5	4.9	4.2		
Hang Lung Properties Ltd	101 HK	HKD	17.900	80,509	9.9	17.3	16.2	15.4	0.6	0.6	0.6	0.6	3.4	4.2		
Chinese Estates Holdings Ltd	127 HK	HKD	5.380	10,263	10.1	n.a.	n.a.	n.a.	0.3	n.a.	n.a.	n.a.	n.a.	n.a.		
Sunlight Real Estate Invest	435 HK	HKD	5.100	8,424	5.8	5.3	19.6	18.2	0.6	0.5	0.5	0.5	10.3	4.6		
Kerry Properties Ltd	683 HK	HKD	23.750	34,592	4.6	6.3	6.2	5.8	0.4	0.3	0.3	0.3	5.7	5.8		
Fortune Reit	778 HK	HKD	8.830	17,108	2.8	17.4	17.2	16.1	0.5	0.5	0.5	0.5	2.9	6.0		
Link Reit	823 HK	HKD	85.350	178,959	3.9	8.9	29.2	26.9	1.0	1.0	0.9	0.9	11.1	3.0		
Cheung Kong Property Holding	1113 HK	HKD	52.250	192,980	4.8	6.7	7.7	7.7	0.6	0.6	0.5	0.5	8.4	4.1		
Swire Properties Ltd	1972 HK	HKD	24.050	140,693	4.9	16.9	16.4	15.2	0.5	0.5	0.5	0.5	5.4	3.7		
Wharf Real Estate Investment	1997 HK	HKD	41.800	126,914	7.0	12.4	12.1	11.7	0.6	0.6	0.6	0.6	4.6	5.2		
Champion Reit	2778 HK	HKD	5.000	29,364	3.7	17.5	16.8	16.4	0.4	0.4	0.4	0.4	2.3	5.5		
Simple Average					5.7	10.1	12.6	13.8	0.5	0.5	0.5	0.5	5.9	4.3		
Weighted Average					5.6	9.7	12.8	12.2	0.6	0.6	0.5	0.5	6.8	4.1		
HK listed large developers with major revenue from mainland																
Yuxiu Property Co Ltd	123 HK	HKD	1.720	26,630	6.6	7.3	6.3	6.3	0.6	0.6	0.6	0.6	8.0	5.3		
Shui On Land Ltd	272 HK	HKD	1.590	12,819	5.7	16.1	14.5	16.1	0.3	0.3	0.3	0.3	n.a.	2.8		
Yuxiu Real Estate Investment	405 HK	HKD	5.010	15,691	14.1	33.2	30.7	26.5	0.9	1.0	1.0	1.1	5.5	6.1		
Soho China Ltd	410 HK	HKD	2.260	11,751	5.1	25.4	18.8	16.3	0.3	0.3	0.3	0.3	1.4	1.7		
Shenzhen Investment Ltd	604 HK	HKD	2.990	25,947	7.1	7.1	6.5	5.9	0.6	0.6	0.5	0.5	8.1	6.0		
China Overseas Land & Invest	688 HK	HKD	25.200	276,096	6.1	6.1	5.2	4.7	1.0	0.9	0.8	0.7	15.0	4.4		
Hopson Development Holdings	754 HK	HKD	7.620	16,959	2.9	5.6	4.6	3.9	0.3	n.a.	n.a.	n.a.	n.a.	5.2		
Shimao Property Holdings Ltd	813 HK	HKD	24.300	80,226	7.7	6.6	5.3	4.5	1.2	1.1	0.9	0.8	16.8	5.9		
China Jinmao Holdings Group	817 HK	HKD	4.530	53,260	8.4	7.4	5.8	4.6	1.3	1.1	1.0	0.9	15.4	5.7		
Longfor Group Holdings Ltd	960 HK	HKD	30.000	178,838	9.1	9.9	8.2	6.8	1.9	1.7	1.5	1.3	18.9	4.4		
China Resources Land Ltd	1109 HK	HKD	33.350	231,147	8.0	8.9	7.6	6.4	1.5	1.4	1.2	1.1	16.0	3.9		
Yuzhou Properties Co	1628 HK	HKD	3.180	16,000	3.4	3.3	2.7	2.4	0.8	0.6	0.6	0.5	20.7	11.9		
Kwg Group Holdings Ltd	1813 HK	HKD	7.160	22,732	4.7	4.0	3.3	2.7	0.7	0.6	0.5	0.5	16.4	9.7		
Sunac China Holdings Ltd	1918 HK	HKD	32.100	142,572	7.1	5.0	3.9	3.3	2.2	1.6	1.2	0.9	35.2	4.1		
Country Garden Holdings Co	2007 HK	HKD	10.340	223,968	5.4	4.9	4.3	3.8	1.6	1.3	1.1	0.9	29.4	6.3		
Bbmj Corp-H	2009 HK	HKD	2.260	36,114	6.1	4.8	4.7	4.9	0.5	0.4	0.3	0.3	8.3	3.9		
China Vanke Co Ltd-H	2202 HK	HKD	27.650	325,661	7.6	6.9	5.9	5.2	1.7	1.5	1.3	1.1	23.0	5.0		
Guangzhou R&F Properties - H	2777 HK	HKD	12.120	39,055	3.9	2.9	2.5	2.2	0.5	0.5	0.4	0.4	17.3	13.8		
China Evergrande Group	3333 HK	HKD	17.580	230,794	5.2	4.8	4.4	4.0	1.5	1.3	1.1	0.9	30.2	12.3		
Sino-Ocean Group Holding Ltd	3377 HK	HKD	2.650	20,183	4.7	5.0	3.3	3.1	0.4	0.4	0.3	0.3	6.8	9.0		
Agile Group Holdings Ltd	3383 HK	HKD	9.850	38,583	4.5	4.5	3.9	3.4	0.8	0.7	0.7	0.6	15.9	10.6		
Greentown China Holdings	3900 HK	HKD	6.830	14,827	32.0	5.3	4.8	4.4	0.4	0.5	0.4	0.4	6.6	4.3		
Zhenro Properties Group Ltd	6158 HK	HKD	5.290	23,105	8.6	6.7	5.1	4.0	1.4	1.2	1.1	0.9	18.4	4.2		
Simple Average					7.6	8.3	7.1	6.3	1.0	0.9	0.8	0.7	15.9	6.4		
Weighted Average					7.0	6.8	5.8	5.1	1.4	1.2	1.0	0.9	21.1	6.1		

Source: Bloomberg, Guotai Junan International.

Financial Statements and Ratios

Income Statement						Balance Sheet					
Year end 30 Jun (HKD m)	2018A	2019A	2020F	2021F	2022F	Year end 30 Jun (HKD m)	2018A	2019A	2020F	2021F	2022F
-Property sales	5,479	2,542	1,481	28,332	16,981	Investment properties	62,713	65,035	65,516	68,467	78,238
-Property leasing	3,186	3,327	3,430	3,565	3,971	Hotel properties	1,915	1,892	1,854	1,810	2,658
-Others	2,066	2,141	2,142	2,226	2,655	Property, plant and equipment	238	219	203	181	154
Total Revenue	10,730	8,010	7,053	34,123	23,608	Prepaid lease payments – non-current	1,118	1,104	1,104	1,104	1,104
Cost of sales	(3,660)	(1,319)	(1,103)	(17,855)	(9,728)	Interests in associates	20,157	21,944	23,890	26,008	28,314
Direct expenses	(2,212)	(2,200)	(1,932)	(1,977)	(2,275)	Interests in joint ventures	3,262	3,345	3,512	3,688	3,872
-Property sales	1,311	828	378	10,476	7,253	Advances to associates	2,859	2,052	2,154	2,262	2,375
-Property leasing	2,750	2,850	2,971	3,091	3,455	Advances to joint ventures	10,844	7,506	8,257	9,082	9,990
-Others	798	812	669	723	897	Long-term loans receivable	1,841	2,246	3,175	4,134	4,721
Gross profit	4,859	4,491	4,018	14,290	11,605	Others	916	861	818	777	738
Change in fair value of IP	927	1,966	325	983	1,027	Total Non-current Assets	105,863	106,204	110,482	117,513	132,164
Administrative expenses	(818)	(932)	(783)	(1,075)	(731)	Properties under development	24,892	25,867	36,198	27,323	17,461
Others	7,599	17	(124)	(140)	(157)	Stocks of completed properties	2,139	1,732	1,623	2,083	2,967
Operating Profit	12,567	5,541	3,435	14,058	11,744	Hotel inventories	21	21	22	22	22
Share of results of JV & associates	2,586	1,594	1,638	1,078	1,099	Amounts due from JV, associates & NCI	2,690	6,347	5,940	5,658	5,478
Finance income, net	512	583	563	670	676	Accounts and other receivables	1,014	1,241	1,119	1,791	2,031
Profit Before Tax	15,666	7,718	5,636	15,806	13,518	Restricted bank deposits	434	384	345	311	280
Income Tax	(1,632)	(714)	(692)	(1,945)	(2,590)	Time deposits	18,539	27,285	30,014	33,015	28,063
Profit After Tax	14,034	7,005	4,944	13,862	10,929	Cash & Cash Equivalents	3,421	11,405	4,408	4,335	4,438
Non-controlling Interest	(38)	(90)	(63)	(795)	(201)	Others	94	263	216	280	334
Shareholders' Profit / Loss	13,996	6,915	4,881	13,067	10,727	Total Current Assets	53,244	74,544	79,885	74,819	61,074
Underlying net profit to equity holders	11,247	4,671	4,065	11,646	9,248	Total Assets	159,107	180,748	190,367	192,332	193,238
Basic EPS (HKD)	2.179	1.031	0.716	1.917	1.574	Accounts and other payables	5,944	4,967	4,937	6,825	4,722
Underlying EPS (HKD)	1.751	0.697	0.596	1.708	1.357	Deposits received on sales of properties	1,326	16,208	23,976	10,864	3,779
DPS (HKD)	0.980	0.550	0.550	0.640	0.640	Amounts due to JV, associates & NCI	2,401	3,519	3,607	3,704	3,809
						Taxation payable	1,741	691	692	1,945	2,590
						Bank loans and other borrowing	720	0	1,643	1,128	82
						Total Current Liabilities	12,131	25,386	34,855	24,465	14,981
						Long-term bank and other borrowings	1,656	5,027	1,373	1,587	2,361
						Deferred taxation	2,387	2,445	2,701	2,984	3,296
						Advances from associates	1,262	1,622	1,703	1,788	1,878
						Advances from NCI	1,229	107	128	153	184
						Total Non-current Liabilities	6,534	9,201	5,905	6,512	7,720
						Total Liabilities	18,665	34,586	40,761	30,977	22,701
						Share capital	44,560	47,325	49,574	51,824	54,442
						Reserves	95,022	97,969	99,101	107,804	114,169
						Total Shareholders' Equity	139,582	145,294	148,675	159,628	168,611
						Minority Interest	860	868	931	1,726	1,927
						Total Equity	140,442	146,162	149,606	161,354	170,538
						BPS (HKD)	21.139	21.314	21.809	23.416	24.734

Cash Flow Statement					
Year end 30 Jun (HKD m)	2018A	2019A	2020F	2021F	2022F
Profit before taxation	15,666	7,718	5,636	15,806	13,518
Net finance costs/(income)	(512)	(583)	(563)	(670)	(676)
(Gain)/Loss on disposal	(7,621)	(126)	0	0	0
Increase in fair value of IP	(927)	(1,966)	(325)	(983)	(1,027)
Tax paid	(1,568)	(1,803)	(354)	(437)	(1,665)
Change in working capital	(10,440)	12,484	(3,327)	(6,290)	(9,639)
Others	(2,473)	(1,482)	(1,506)	(938)	(931)
Cash from Operating Activities	(7,876)	14,244	(439)	6,488	(419)
Net advance to JV, associates and NCI	(9,074)	448	(1,022)	(1,180)	(2,141)
Dividends received from JV & associates	816	604	164	108	110
Interest received	445	458	504	630	693
Proceeds from disposal	9,911	340	11	11	12
Additions to IP	(147)	(182)	(155)	(157)	(164)
Additions to hotel properties	(7)	(7)	(7)	(7)	(906)
Additions to PPE	(111)	(66)	(87)	(91)	(96)
Decrease in time deposits(>3M)	7,158	(8,115)	(635)	(2,289)	3,776
Others	2,543	(1,050)	174	(1,199)	(75)
Cash from Investing Activities	11,534	(7,569)	(1,054)	(4,173)	1,210
Net increase in loan	(3,552)	2,647	(2,011)	(302)	(271)
Net advances from NCI	554	(295)	(23)	(16)	(9)
Net advances from associates	(248)	662	213	224	235
Dividend paid	(2,468)	(905)	(1,500)	(1,500)	(1,745)
Interest paid	(68)	(98)	(90)	(81)	(73)
Others	(12)	(0)	0	0	0
Cash from Financing Activities	(5,794)	2,011	(3,411)	(1,675)	(1,864)
Cash at Beg of Year	9,922	7,824	16,440	11,536	12,176
Net Changes in Cash	(2,136)	8,686	(4,904)	640	(1,073)
Effect of foreign exchange rate changes	37	(70)	0	0	0
Ending cash in CF	7,824	16,440	11,536	12,176	11,103
Add: Time deposits (>3M)	14,136	22,250	22,885	25,174	21,398
Deduct: Time deposit	18,539	27,285	30,014	33,015	28,063
Cash at End of Year	3,421	11,405	4,408	4,335	4,438

Financial Ratios					
	2018A	2019A	2020F	2021F	2022F
Gross margin (%)	45.3	56.1	57.0	41.9	49.2
Operating margin (%)	117.1	69.2	48.7	41.2	49.7
Underlying operating margin (%)	108.5	44.6	44.1	38.3	45.4
EBIT margin (%)	141.2	89.1	71.9	44.4	54.4
Net margin (%)	130.4	86.3	69.2	38.3	45.4
Underlying net profit margin (%)	104.8	58.3	57.6	34.1	39.2
Dividend payout ratio (%)	45.0	53.3	76.8	33.4	40.7
Dividend payout ratio, underlying profit (%)	56.0	78.9	92.2	37.5	47.2
Net gearing ratio (%)	Net cash	Net cash	Net cash	Net cash	Net cash
Total Debt/Equity	1.7	3.4	2.0	1.7	1.4
ROA (%)	8.9	4.1	2.6	6.8	5.6
ROE (%)	10.4	4.9	3.3	8.5	6.5
ROA (Underlying) (%)	7.2	2.7	2.2	6.1	4.8
ROE (Underlying) (%)	8.4	3.3	2.8	7.6	5.6

Source: the Company, Guotai Junan International.

Company Rating Definition

The Benchmark: Hong Kong Hang Seng Index

Time Horizon: 6 to 18 months

Rating		Definition
Buy	买入	Relative Performance > 15%; or the fundamental outlook of the company or sector is favorable.
Accumulate	收集	Relative Performance is 5% to 15%; or the fundamental outlook of the company or sector is favorable.
Neutral	中性	Relative Performance is -5% to 5%; or the fundamental outlook of the company or sector is neutral.
Reduce	减持	Relative Performance is -5% to -15%; or the fundamental outlook of the company or sector is unfavorable.
Sell	卖出	Relative Performance < -15%; or the fundamental outlook of the company or sector is unfavorable.

Sector Rating Definition

The Benchmark: Hong Kong Hang Seng Index

Time Horizon: 6 to 18 months

Rating		Definition
Outperform	跑赢大市	Relative Performance > 5%; or the fundamental outlook of the sector is favorable.
Neutral	中性	Relative Performance is -5% to 5%; or the fundamental outlook of the sector is neutral.
Underperform	跑输大市	Relative Performance < -5%; Or the fundamental outlook of the sector is unfavorable.

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