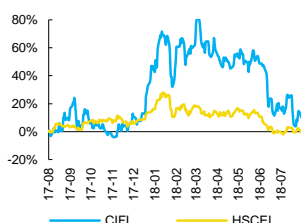


16 August 2018

**Outperform**  
**Unchanged**
**Market Data: Aug 15, 2018**

Closing Price (HK\$)	4.28
Price Target (HK\$)	4.80
HSCEI	10,535
HSCCI	4,043
52-week High/Low (HK\$)	7.68/3.90
Market Cap (USD Mn)	4,234
Market Cap (HK\$ Mn)	33,238
Shares Outstanding (Mn)	7,766
Exchange Rate (RMB-HK\$)	1.14

**Price Performance Chart:**

Source: Bloomberg

**Analyst**
**Kris Li A0230511040076**  
**ARG379**

lihong@swsresearch.com

**Related Reports****Turnover prospects, Jul26,2018**

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.

# Building momentum

## CIFI HOLDINGS (884 HK)

### Financial summary and valuation

	2016	2017	2018E	2019E	2020E
Revenue (Rmbm)	22,224	31,824	42,508	55,673	70,007
YoY (%)	22%	43%	34%	31%	26%
Underlying net income (Rmbm)	2,824	4,082	5,617	7,175	8,955
YoY (%)	28%	45%	38%	28%	25%
EPS (Rmb)	0.42	0.68	0.74	0.96	1.19
Core EPS (Rmb)	0.42	0.58	0.72	0.92	1.15
ROE (%)	20%	23%	25%	26%	27%
Net gearing (%)	50%	70%	77%	75%	68%
Dividend yield (%)	6.5%	5.4%	6.8%	8.7%	10.8%
PE (x)	4.2	6.5	5.1	4.0	3.2
PB (x)	0.8	1.3	1.2	1.0	0.8

Note: 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.

Shanghai-based private property developer CIFI released its 1H18 interim results, with revenue up 64% YoY, interim dividend up 40% YoY, and core earnings up 59% YoY (c.10ppts higher than our forecast). We maintain our diluted EPS forecasts of Rmb0.74 in 18E (+8.8% YoY), Rmb0.96 in 19E (+29.7% YoY), and Rmb1.19 in 20E (+24.0% YoY). However, given lower-than-expected margin and a deteriorating net gearing ratio amid the current weakening market, we revise down our target price from HK\$5.75 to HK\$4.80. With 12% upside, we maintain our Outperform recommendation.

**Results highlights.** In 1H18, CIFI recorded revenue of Rmb18.4bn (+64% YoY), while core earnings reached Rmb2.4bn (+59% YoY), c.10% higher than our estimation, while in line with its guided 50%-plus YoY stated in the positive profit alert released in end-July, mainly attribute to sizable gains on re-measurement and deferred taxation. Besides, after excluding the effects of accounting treatment due to financial consolidation of certain projects as subsidiaries of the Group, its gross margin improved from 31.6% in 1H17 to 33.7% in 1H18, while net margin declined from 13.7% in 1H17 to 13.3% in 1H18. Core EPS rose 41% YoY to Rmb0.32. CIFI declared an interim dividend per share of Rmb0.061 (+40% YoY), implying a pay-out ratio of 20%, the same as in 1H17.

**Balance sheet.** As of mid-2018, the company's cash on hand rose from Rmb30bn in end-2017 to Rmb39bn, while the total interest-bearing debt increased from Rmb47bn to Rmb71bn, thus pushing the net gearing ratio from 50.9% in end-2017 to 72%, or from 70% in end-2017 to 89% when taking perpetual securities as debts, exceeding our forecast of c.80%. The average borrowing cost slightly up from 5.2% in end-2017 to 5.3% in mid-2018, and we expect to see rising finance cost, as CIFI recently issued Rmb2.5bn corporate bonds at 5.46% in early-Aug.

**Contract sales.** CIFI achieved contracted sales of Rmb66bn in 1H18 (+40% YoY) with sold area of 4.3msqm (+69% YoY), thus the average selling price dropped to Rmb15,311/sqm (-17% YoY). CIFI set the 2018 full-year sales target at Rmb140bn (+35% YoY), implying a sales growth of 30% YoY in 2H18.

**Land replenishment.** CIFI acquired 67 projects in 1H18 and another 5 projects in July, at an attributable cost of Rmb34.7bn, adding attributable gross floor area of 5.6msqm, implying average floor cost of Rmb6,276/sqm. As of mid-2018, CIFI's total land reserve amounted to 40.4msqm or 21.1msqm in an attributable sense, with average floor cost of Rmb6,500/sqm (c.42% of current ASP).

**Maintain Outperform.** The stock currently trades at 5.1x 18E PE, 1.2x 18E PB, and 55% discount to NAV. We expect to see encouraging sales growth in 2H18, and maintain our core EPS forecasts of Rmb0.72 in 18E (+24% YoY), Rmb0.92 in 19E (+28% YoY), and Rmb1.15 in 20E (+25% YoY). We maintain our NAV estimate at HK\$9.60, and increase our target NAV discount from 40% to 50%. As such, we lower our target price from HK\$5.75 to HK\$4.80. With 12% upside, we maintain our Outperform recommendation.

**标题：利润率和负债率略失望，下调目标价**

总部位于上海的民营开发商旭辉控股于周三盘后公告中期业绩，披露今年上半年营业收入和核心净利润分别同比增长 64%和 59%，并宣布分派中期股息同比增四成。核心净利润较我们预期超 10%，但与公司此前发布的盈喜大致相仿，而在利润率和负债率方面均低于预期。我们认为这将在目前低迷市场环境中进一步负面影响投资者情绪，扩大目标估值至 50%折价并下调目标价至 4.8 港币，维持增持评级。

在今年上半年，公司实现营业收入同比增长 64%至 184 亿元，同期核心净利润同比增长 59%至 24 亿元，超出我们预期约 10%，但与公司此前 7 月末发布的盈喜大致相仿，主要是因为有较大规模的递延税项和重新计量收益。与此同时，在剔除因若干项目财务并表成为集团附属公司所带来的会计处理影响之后，公司毛利率从 2017 年上半年的 31.6%改善至今年上半年的 31.6%，同期净利率从 2017 年上半年的 13.7%小幅下降至今年上半年的 13.3%。公司每股核心净利同比增长 41%至 0.32 元，此外，公司宣布派发中期股息为每股 0.061 元（同比增长 40%），对应股息分派率为 20%，与去年同期持平。

截止今年 6 月末，公司手持现金从 2017 年末的 300 亿元增长至 390 亿元，同期总有息负债规模从 2017 年末的 470 亿元大幅增长至 710 亿元，由此推动公司净负债率从 2017 年末的 50.9%上升至 72%，若将永续债计为债务，则公司净负债率从 2017 年末的 70%上升至 89%，超出我们预期的 80%水平。与此同时，公司平均融资成本从 2017 年末的 5.2%小幅上升至今年 6 月末的 5.3%，我们预计融资成本将可能持续上升，因公司于 8 月初完成发行 25 亿元公司债，成本为 5.46%。

今年上半年，公司实现合约销售金额同比增长 40%至 660 亿元，相应合约销售面积同比增长 69%至 430 万平方米，平均销售价格则同比下降 17%至 15311 元/平米。公司将 2018 年合约销售目标定为 1400 亿元（同比增长 35%），因此，我们计算公司下半年合约销售额同比增速将达 30%。

公司于今年上半年新增 67 个项目。并于 7 月新增 5 个项目，权益土地支出共计 347 亿元，新增权益建筑面积 560 万平方米，对应平均土地成本为 6276 元/平米。截止今年 6 月末，公司总土地储备达 4040 万平方米，权益土储面积为 2110 万平方米，对应平均土地成本为 6500 元/平米，占当前销售均价比例为 42%。

公司目前股价相当于 5.1 倍 18 年 PE，1.2 倍 18 年 PB，净资产值折价 55%。我们预计公司下半年销售逐步稳健提速，然低于预期的利润率和负债率将在目前低迷市场环境中进一步负面影响投资者情绪。我们维持公司 2018-2020 年每股核心净利润预测值分别为 0.72 元（同比增长 24%）、0.92 元（同比增长 28%）和 1.15 元（同比增长 25%），并维持每股净资产值为 9.6 港币，扩大目标估值至 50%折价，并下调目标价至 4.8 港币（相比原目标价为 5.75 港币），较目前价格有 12%增幅，我们维持旭辉控股增持评级。

**Fig 1: Geographical footprints of city market expansion**

2000	2002	2006	2007	2008	2011	2013	2014	2015	2016	2017	2018
Shanghai	Beijing	Suzhou, Jiaxing	Hefei, Chongqing, Changsha, Zhenjiang	Langfang	Tianjin, Tangshan	Wuhan, Shenyang, Hangzhou	Nanjing	Guangzhou	Yixing, Sanya, Ningbo, Foshan	Zhengzhou, Hong Kong, Xi'an, Wuxi, Wenzhou, Jinan, Taicang, Qingdao, Dalian, Chengdu, Zhongshan, Shijiazhuang, Xiamen, Nanning, Linyi, Dongguan	Zhangjiagang, Taizhou, Quanzhou, Nantong, Xuchang, Zibo, Nanchang, Changzhou, Jining, Quzhou, Xuzhou, Jiangmen, Weifang, Wuhu,

Source: Company data, SWS Research

**Fig 2: Land purchase and percentage as of contract sales, 2011-2017**

Listcos	Land purchase by value (Rmbbn)										As % of contracted Sales								
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2009	2010	2011	2012	2013	2014	2015	2016	2017	
CIFI	2	2	3	3	11	6	13	13	45	36%	47%	83%	39%	100%	41%	65%	44%	82%	
KWG	3	10	4	2	6	8	4	24	30	44%	88%	35%	16%	36%	36%	21%	109%	105%	
Country Garden	3	7	8	10	28	16	43	128	327	15%	20%	19%	21%	27%	13%	34%	54%	85%	
R&F	9	9	5	4	44	7	4	14	57	36%	27%	17%	12%	104%	12%	8%	23%	78%	
Shimao	12	21	10	4	35	19	21	30	67	54%	68%	33%	9%	52%	27%	31%	44%	75%	
Longfor	18	19	9	19	15	18	24	53	81	100%	58%	24%	47%	34%	41%	52%	81%	74%	
Sino-ocean	9	31	8	4	1	16	7	10	30	63%	144%	29%	13%	3%	40%	17%	20%	60%	
COLI	23	21	24	36	51	42	71	76	105	54%	39%	34%	40%	46%	37%	46%	42%	55%	
Vanke	25	59	25	44	75	29	79	125	196	39%	55%	20%	31%	44%	13%	30%	34%	52%	
CR land	19	10	11	6	28	22	29	47	65	78%	47%	30%	11%	42%	32%	34%	43%	50%	
Yuzhou	3	2	0	1	6	5	5	17	15	95%	43%	12%	25%	68%	51%	41%	86%	46%	
Sunac	1	4	8	11	26	12	21	110	100	17%	53%	46%	43%	74%	30%	48%	106%	39%	
Poly Ppty	12	13	4	2	9	11	3	2	8	148%	112%	25%	9%	34%	46%	9%	6%	26%	
<b>Average</b>	<b>128</b>	<b>195</b>	<b>116</b>	<b>144</b>	<b>326</b>	<b>199</b>	<b>322</b>	<b>646</b>	<b>1118</b>	<b>50%</b>	<b>54%</b>	<b>27%</b>	<b>27%</b>	<b>46%</b>	<b>24%</b>	<b>35%</b>	<b>50%</b>	<b>67%</b>	

Source: Company data, SWS Research

**Fig 3: Bonds and senior notes issued by Chinese developers on both onshore and offshore market, 2012-1H18**

(Rmbbn)	Onshore	Interbank mkt	Exchange mkt	Stock	Offshore	Total
2010	6	3	3		45	51
2011	6	4	2		54	61
2012	49	30	19		51	101
2013	42	27	15		145	187
2014	279	159	117		167	446
2015	660	208	366		73	733
2016	1120	256	624		78	1198
2017	390	273	91		263	652
6M18	231	151	80		198	429

Source: Wind, Company data, SWS Research

**Fig 4: Payment of outstanding offshore notes for major Hong Kong listed developers**

Due (US\$m)	COLI	Country Garden	CR land	Sunac	Longfor	Evergrande	R&F	Shimao	Sino-ocean	KWG	Poly Ppty	Yuzhou	CIFI	Jinmao
2018	500	500					800				500			130
2019	800	2,250	800	400		400			500	600			350	500
2020	1,000	900		400		500			700				600	
2021		750		650		600	600					575	500	500
2022	700	700		600	450	1,000	725	2,100		1,150		350	285	500
2023	1,250	1,650		450	300	3,600	600					250	300	
2024	700		700			1,000			700	400				
2025		600				4,700		500						
Afterwards	2,050	350	450		500	1,500			1,100			300	600	1,800

Total	7,000	7,700	1,950	2,500	1,250	13,300	2,725	2,600	3,000	2,150	500	1,475	2,635	3,430
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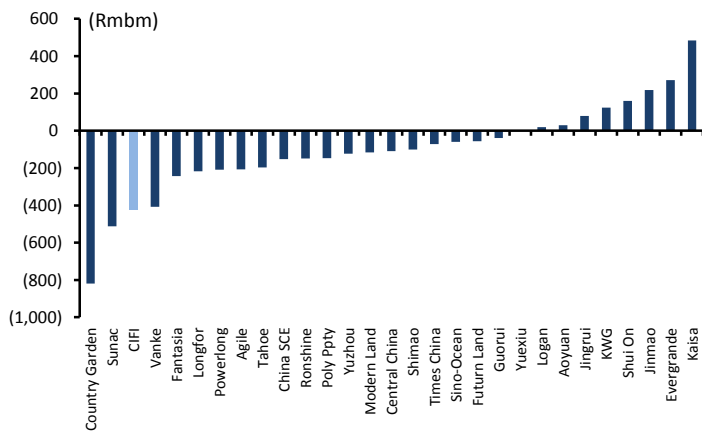
Source: Wind, Company data, SWS Research

Fig 5: Payment of outstanding onshore bonds for major Hong Kong listed developers

Due (Rmbm)	COLI	Country Garden	CR land	Sunac	Longfor	Evergrande	R&F	Shimao	Sino-ocean	KWG	Poly Ppty	Yuzhou	CIFI	Jinmao
2018		6000					2000	3000					1500	1000
2019		7000	2000			11000	2000	6500				5000		
2020	4000	15870	3800	7500	5700	35000	28200	11300	4000	4160		3000	4000	
2021	11000	10000	9500	4700	3000		10600	7240	12000	5800			4000	3000
2022	1000		1200	5000	10000	8200	12250	1400	4500	3240			800	7200
2023		7830	3500	7800	6000		950			14500			2700	
2024					6700									
2025									4500					
Afterwards	6000				1500					1600				2000
Total	22000	46700	20000	25000	32900	54200	56000	29440	25000	29300	0	10000	13000	13200

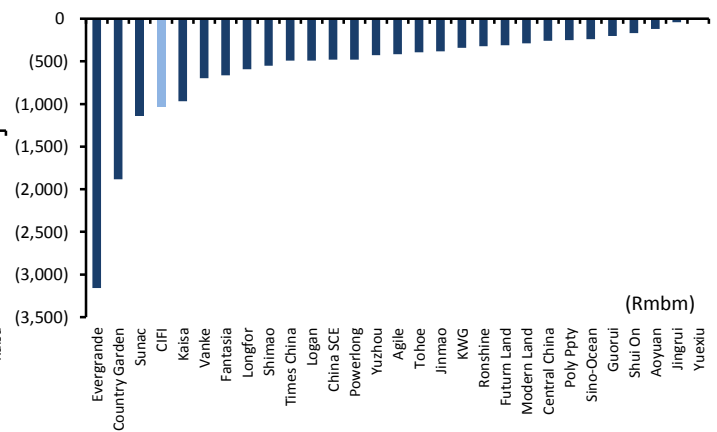
Source: Wind, Company data, SWS Research

Fig 6: Foreign exchange loss/gain if Rmb6.7/US\$1



Source: Wind, Company data, SWS Research

Fig 7: Foreign exchange loss/gain if Rmb7.0/US\$1



Source: Wind, Company data, SWS Research

Fig 8: Valuation and target price

Company	Code	Market Cap (HK\$bn)	Rating	Target price (HK\$)	PE (x)			PB (x)			NAV Disc	Dividend yield		Shares Performance	
					17A	18E	19E	17A	18E	19E		17A	18E	2017	2018
COLI	688 HK	249	Hold	28.00	7.7	6.8	5.8	1.0	0.9	0.8	-35%	3.5%	3.9%	25%	-10%
Country Garden	2007 HK	237	Hold	12.81	8.2	6.2	5.2	2.1	1.7	1.4	-40%	4.2%	5.6%	248%	-27%
CR land	1109 HK	181	Outperform	32.51	10.0	7.9	6.4	1.3	1.2	1.0	-36%	3.7%	4.7%	36%	14%
Longfor	960 HK	115	Outperform	27.50	10.2	8.2	6.5	1.4	1.2	1.1	-28%	4.7%	5.1%	106%	2%
Shimao	813 HK	67	Hold	19.60	8.4	6.9	5.7	1.0	0.9	0.8	-29%	5.0%	5.3%	73%	17%
Sino-ocean	3377 HK	30	Outperform	6.84	6.4	5.1	4.3	0.4	0.4	0.4	-68%	8.1%	8.1%	60%	-27%
KWG	1813 HK	25	Hold	10.62	6.1	5.1	4.6	0.8	0.7	0.6	-43%	6.1%	7.3%	128%	-12%
Poly Ppty	119 HK	11	Outperform	4.75	7.8	4.1	3.4	0.4	0.4	0.3	-63%	4.6%	7.8%	58%	-29%
Yuzhou	1628 HK	15	Outperform	5.88	4.3	3.5	2.8	1.0	0.9	0.7	-56%	7.3%	10.3%	74%	-12%
CIFI	884 HK	33	Outperform	4.80	6.4	5.1	4.0	1.3	1.2	1.0	-55%	5.5%	6.8%	125%	-9%
					7.5	5.9	4.9	1.1	0.9	0.8	-45%	5.3%	6.5%	93%	-9%

Source: Bloomberg, Company data, SWS Research

## APPENDIX, Financials

**Figure 1: Forecast Income Statement**

Rmb mn	2013A	2014A	2015A	2016A	2017A	2018E	2019E	2020E
<b>Revenue</b>	11,909	16,179	18,231	22,224	31,824	42,508	55,673	70,007
Sales of properties	11,579	15,654	17,047	20,713	30,295	40,520	53,182	67,009
Rental income	48	42	41	62	94	123	160	199
Property mgmt and other income	282	484	1,143	1,449	1,435	1,865	2,332	2,798
<b>Cost of sales and services</b>	(8,841)	(11,993)	(14,087)	(16,579)	(23,203)	(31,488)	(41,437)	(52,140)
<b>Gross profit</b>	3,069	4,187	4,144	5,646	8,621	11,019	14,236	17,867
Other income, gains and losses	175	247	542	162	796	359	520	523
Revaluation gains	757	245	128	(100)	658	691	725	761
Selling and marketing expenses	(309)	(319)	(371)	(524)	(610)	(780)	(975)	(1,219)
Administrative expenses	(514)	(529)	(607)	(879)	(1,268)	(1,623)	(2,029)	(2,536)
<b>EBIT</b>	3,177	3,830	3,835	4,304	8,198	9,666	12,477	15,397
Finance costs	(188)	(386)	(203)	(530)	(262)	(430)	(540)	(595)
Share of profits and losses of JVs	(14)	(119)	173	1,063	2,106	2,169	2,494	2,868
<b>Profit before tax</b>	2,975	3,325	3,805	4,837	10,041	11,405	14,431	17,670
Income tax	(934)	(1,325)	(1,334)	(1,672)	(3,893)	(3,801)	(4,988)	(6,269)
Enterprise income tax	(442)	(861)	(950)	(1,066)	(2,253)	(2,851)	(3,608)	(4,418)
LAT	(321)	(473)	(318)	(602)	(2,124)	(1,459)	(1,915)	(2,412)
Deferred	(171)	8	(66)	(4)	485	509	534	561
<b>Profit for the year</b>	2,041	2,000	2,471	3,164	6,149	7,604	9,443	11,401
Owners of perpetual capital instruments	0	36	38	0	0	216	221	225
Other non-controlling interests	147	103	337	357	1,320	1,611	1,772	1,949
<b>Profit attr to shareholders</b>	1,894	1,861	2,095	2,808	4,828	5,777	7,450	9,227
Dividends paid	(333)	(525)	(624)	(776)	(1,432)	(1,966)	(2,511)	(3,134)
Basic EPS (RMB)	0.33	0.31	0.32	0.42	0.68	0.74	0.96	1.19
Diluted EPS (RMB)	0.33	0.31	0.32	0.42	0.66	0.74	0.96	1.19
DPS (RMB)	0.06	0.09	0.10	0.12	0.20	0.25	0.32	0.40
Core EPS (RMB)	0.26	0.32	0.34	0.42	0.58	0.72	0.92	1.15

Source: Company data, SWS Research

**Figure 2: Forecast Balance Sheet:**

Rmb mn	2013A	2014A	2015A	2016A	2017A	2018E	2019E	2020E
Investment properties	4,650	5,206	5,842	5,773	14,402	15,411	16,489	17,314
PP&E	47	48	49	76	85	93	103	113
Prepaid lease payment	58	58	33	33	33	34	36	38
Investment in JVs	4,299	7,907	7,698	8,839	8,626	9,489	10,438	11,168
Investment in property projects	0	0	0	529	622	684	753	828
Available-for-sale investments	54	54	54	741	624	686	755	830
Derivative financial instruments	0	0	0	315	0	0	0	0
Deferred taxation assets	147	214	287	320	503	568	642	706
Deposits paid for acquisitions of equity interests	0	0	0	622	641	725	819	901
Long-term deposit	0	0	0	300	150	150	150	150
Restricted bank deposit	22	0	0	0	0	0	0	0
<b>Non-current assets</b>	<b>9,277</b>	<b>13,487</b>	<b>13,963</b>	<b>17,548</b>	<b>25,686</b>	<b>27,840</b>	<b>30,184</b>	<b>32,048</b>
Properties held for sale	3,951	5,419	6,917	6,829	9,129	9,495	9,577	10,248
Properties under development for sale	13,045	9,804	20,167	21,254	34,603	39,102	41,839	44,767
Accounts and other receivables, deposits and prepayments	3,146	3,975	5,711	9,625	10,808	14,050	17,563	20,197
Amounts due from non-controlling interests	65	105	831	2,388	10,338	15,507	20,934	27,214
Amounts due from JVs	224	1,042	2,593	4,621	17,452	26,178	36,649	44,622
Deposits for land use rights for properties held for sale	1,973	2,257	1,818	4,373	12,409	15,511	19,389	22,298
Taxation recoverable	265	327	545	812	1,025	1,435	1,865	2,332
Investment held for trading	0	0	0	0	0	0	0	0
Financial assets at fair value through profit or loss (FVTPL)	0	0	0	353	521	521	521	521
Pledged bank deposits	100	30	32	349	0	0	0	0
Bank balances and cash	7,061	7,094	14,874	20,328	29,787	42,370	47,074	52,467
<b>Current assets</b>	<b>29,829</b>	<b>30,052</b>	<b>53,489</b>	<b>70,933</b>	<b>126,071</b>	<b>164,168</b>	<b>195,411</b>	<b>224,667</b>
<b>Total assets</b>	<b>39,106</b>	<b>43,539</b>	<b>67,452</b>	<b>88,480</b>	<b>151,758</b>	<b>192,009</b>	<b>225,595</b>	<b>256,715</b>
Share capital	488	488	537	543	612	612	612	612
Reserves	8,123	9,717	12,290	14,437	20,292	24,103	29,042	35,135
<b>Majority interests</b>	<b>8,611</b>	<b>10,205</b>	<b>12,827</b>	<b>14,980</b>	<b>20,904</b>	<b>24,715</b>	<b>29,654</b>	<b>35,747</b>
Perpetual capital instruments	0	586	0	0	3,848	4,020	4,020	4,020
Non-controlling interests	544	792	2,456	2,303	9,519	9,995	10,494	11,019
<b>Total equity</b>	<b>9,155</b>	<b>11,583</b>	<b>15,283</b>	<b>17,283</b>	<b>34,270</b>	<b>38,730</b>	<b>44,168</b>	<b>50,786</b>
Bank and other borrowings - due after one year	7,219	6,468	8,864	11,199	26,386	28,886	31,636	34,661
Senior notes	3,138	4,357	8,276	5,683	4,498	11,868	13,878	15,888
Corporate bonds - due after one year	0	0	4,021	8,052	4,535	14,995	16,000	17,000

Trust and other loans related derivatives	0	0	0	0	0	0	0	0
Deferred taxation liabilities	961	1,019	1,274	1,337	2,884	3,028	3,180	3,339
<b>Non-current liabilities</b>	<b>11,318</b>	<b>11,845</b>	<b>22,435</b>	<b>26,271</b>	<b>38,303</b>	<b>58,777</b>	<b>64,694</b>	<b>70,888</b>
Amounts and other payables, and accrued charges	5,141	5,183	7,319	7,854	13,602	19,174	24,226	26,370
Deposits received from property sales	8,068	5,016	10,396	15,391	25,549	30,658	36,790	42,309
Amounts due to non-controlling interests	433	477	995	966	12,843	16,053	20,067	24,080
Amounts due to JVs	1,190	4,927	6,895	14,419	10,742	13,427	16,784	20,141
Taxation payable	784	1,473	1,334	1,839	4,296	5,370	6,712	8,054
Bank and other borrowings - due within one year	2,935	3,035	2,794	2,368	6,727	7,227	7,827	8,547
Corporate bonds - due within one year	0	0	0	2,089	5,093	2,260	3,995	4,000
Trust and other loans related derivatives	82	0	0	0	0	0	0	0
Derivative financial instruments	0	0	0	0	333	333	333	1,541
<b>Current liabilities</b>	<b>18,632</b>	<b>20,111</b>	<b>29,733</b>	<b>44,926</b>	<b>79,185</b>	<b>94,502</b>	<b>116,734</b>	<b>135,042</b>
<b>Total liabilities</b>	<b>29,951</b>	<b>31,956</b>	<b>52,169</b>	<b>71,197</b>	<b>117,487</b>	<b>153,280</b>	<b>181,427</b>	<b>205,929</b>
<b>Total equity and liabilities</b>	<b>39,106</b>	<b>43,539</b>	<b>67,452</b>	<b>88,480</b>	<b>151,758</b>	<b>192,009</b>	<b>225,596</b>	<b>256,715</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 operations	3,804	1,860	6,136	5,329	7,285	14,827	19,482	23,855
PRC income tax paid	(817)	(707)	(1,882)	(1,413)	(1,688)	(3,422)	(2,886)	(3,181)
<b>Net cash generated from operating activities</b>	<b>2,988</b>	<b>1,153</b>	<b>4,254</b>	<b>3,916</b>	<b>5,596</b>	<b>11,405</b>	<b>16,596</b>	<b>20,674</b>
Purchase of PP&E	(17)	(16)	(15)	(50)	(44)	(42)	(41)	(40)
Advances to JVs	0	(818)	(2,566)	(3,733)	(16,009)	(2,847)	(3,131)	(2,234)
Advances to non-controlling interests	58	(40)	(727)	(2,075)	(5,012)	(6,203)	(6,280)	(6,804)
Capital injection into JVs	(4,313)	(3,882)	(3,342)	(377)	(2,104)	(2,088)	(2,088)	(2,234)
Others	58	90	2,757	(297)	3,367	3,704	4,074	4,482
<b>Net cash generated from investing activities</b>	<b>(4,214)</b>	<b>(4,667)</b>	<b>(3,893)</b>	<b>(6,532)</b>	<b>(19,802)</b>	<b>(7,475)</b>	<b>(7,466)</b>	<b>(6,829)</b>
Net advances from JVs	0	3,737	1,968	7,514	(3,629)	(5,100)	(7,946)	(9,793)
Net advances from non-controlling interests	169	44	518	(108)	10,720	476	500	525
Acquisition of additional interests in subsidiaries from non-controlling interest	(1)	0	0	(61)	(117)	(123)	(129)	(136)
Net bank and other borrowings raised	1,289	(554)	(952)	821	14,849	3,000	3,350	3,745
Net proceeds from issue of senior notes and corporate bond	3,174	1,174	7,486	2,732	(1,390)	14,997	4,750	3,015
Interest paid	(1,065)	(1,227)	(1,628)	(1,666)	(2,187)	(3,262)	(2,933)	(3,204)
Proceeds from disposal of partial interests in subsidiaries to non-controlling interests	0	77	0	46	124	0	0	0
Proceeds from issue of perpetual capital instruments	0	586	0	0	3,848	172	0	0
Repayment of perpetual capital instruments	0	0	(586)	0	0	0	0	0
Distribution to owners of perpetual capital instruments	0	(36)	(38)	0	0	(241)	(241)	(241)
Capital contribution from non-controlling interests	7	79	173	65	220	700	735	771
Net proceeds from issue of shares	308	0	1,028	0	2,026	0	0	0
Share issue expenses	0	0	0	0	0	0	0	0
Proceeds from exercise of share options	0	0	10	66	198	0	0	0
Payment on repurchase of shares	0	0	(104)	(23)	0	0	0	0
Dividend paid to non-controlling interests	0	0	0	(602)	(11)	0	0	0
Dividend paid	(185)	(333)	(456)	(795)	(1,081)	(1,966)	(2,511)	(3,134)
Others	(0)	0	0	0	121	0	0	0
<b>Net cash generated from financing activities</b>	<b>3,696</b>	<b>3,546</b>	<b>7,419</b>	<b>7,989</b>	<b>23,689</b>	<b>8,652</b>	<b>(4,427)</b>	<b>(8,452)</b>
<b>Net increase in cash and cash equivalents</b>	<b>2,470</b>	<b>33</b>	<b>7,780</b>	<b>5,373</b>	<b>9,483</b>	<b>12,583</b>	<b>4,704</b>	<b>5,394</b>
Cash and cash equivalents at beginning of year	4,591	7,061	7,094	14,874	20,328	29,787	42,370	47,074
Effect of foreign exchanges	0	0	0	81	(25)	0	0	0
Cash and cash equivalents at end of year	7,061	7,094	14,874	20,328	29,787	42,370	47,074	52,467

Source: Company data, SWS Research

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