# May 16, 2014 **Equity Focus** Rating: BUY TP: HK\$ 7.10

Share price (HK\$) Est. share price return Est. 14E dividend yield Est. total return

71.9% 7.3%

Previous Rating &TP Previous Report Date BUY; HK\$ 7.10 Mar 27, 2014

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# **Key Data**

52Wk H/L(HK\$)	6.35/3.56
Issued shares (mn)	3,320
Market cap	13,743
3-mth avg daily turnover (HK\$ mn)	48.1
Major shareholder(s) (%):	
SUN Hongbin	47.1
Source(s): Company, Bloomberg, ABCI	Securities

#### FY13 Revenue breakdown (%)

Property Development	99.2
Property Management	0.8
Source(s): Company, ABCI Securities	

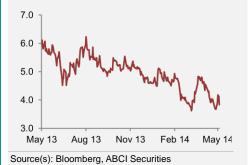
### Share performance (%)

	Absolute	Relative
1-mth	(11.8)	(11.3)
3-mth	(19.9)	(20.8)
6-mth	(26.1)	(24.6)
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Relative to HSI

Source(s): Bloomberg, ABCI Securities

## 1-Year stock performance (HK\$)



\*Net gearing=Net debt/Total Shareholders' equity Source(s): Bloomberg, ABCI Securities estimates

# Sunac (1918 HK) Stake purchase in Greentown may prove positive

- Sunac announced on May 15, 2014 that it is in talk with Greentown's major shareholders to acquire a stake of 30% or below in the latter.
- The acquisition offers 3 main benefits to Sunac, including 1) landbank expansion at lower costs, 2) accelerated development of the Sunac-Greentown JV platform, and 3) immediate boost to earnings
- Maintain BUY with revised TP at HK\$ 7.10, based on a 65% discount to our end-14E NAV of HK\$ 20.4/share

Potential acquisition of Greentown's stakes. Sunac announced on May 15 that it is currently in talks with Greentown's Chairman Mr. Song, his spouse Mrs Song, and CEO Mr. Shou for potential acquisition of a stake of 30% or below in Greentown. No formal offer and agreement have been established so far. According to the media, Sunac is likely to acquire ~24% stakes in total, on par with the rights held by the 2<sup>nd</sup> largest shareholder, Wharf.

Three main benefits of the acquisition. We believe the acquisition will offer 3 main benefits to Sunac if the transaction is concluded at a premium of 30% or below to the market price: 1) landbank expansion at lower costs. Assuming a 24% stake is acquired, Suanc's attributable landbank would expand by 5mn sqm (Greentown's attributable landbank as at Dec 2013: 21.5mn sqm), or 35% of its existing landbank at 13.99mn sqm. As land price remains high in China, we believe acquiring a deeply discounted company (Greentown's discount to 14E NAV: 68%) represents a cheaper way to increase landbank; 2) accelerated development of the Sunac-Greentown JV platform. Cooperation between Sunac and Greentown has increased since the former acquired a 50% stake in 9 of Greentown's projects in Shanghai and YRD area in June 2012. In 2013, the Sunac-Greentown JV acquired 3 projects in Shanghai and was ranked 3<sup>rd</sup> in Shanghai by presale (RMB 11.4bn). If Sunac becomes the largest shareholder of Greentown, business of the Sunac-Greentown JV will expand further. We believe Sunac, with its exceptional execution capability, would help raise Greentown's sell-through rate from 40% to 50%-a level comparable to that of Sunac; 3) immediate boost to earnings. After the 24% acquisition, Greentown will be classified as an associate of Sunac. Based on equity accounting, Sunac could book a profit of ~RMB 1bn (Greentown's core profit in 2013: RMB 4.4bn).

Rising gearing overridden by huge strategic benefits. Net gearing may rise from 93% in Dec 2013 to 118% if the stakes are acquired at market price. The acquisition total (HK\$4.2bn if priced at 0% premium) is roughly the same as the price of Sunac's 60k sqm Nongzhanguan land site in Beijing (RMB 4.3bn) and it will offer huge strategic benefits to the Group.

Maintain BUY with TP at HK\$ 7.10. As details of the transaction such as the pricing and amount of stakes acquired have not been disclosed yet, we are unable to gauge the exact financial impact on Sunac. Nonetheless, we believe this acquisition would be positive if it is priced reasonably (premium at or below 30%). Maintain BUY with TP HK\$7.10 based on a 65% discount to end-2014E NAV (calculation excludes acquisition).

Risk factors: 1) Expensive new land acquisitions that may erode margins; 2) Rising net gearing on expensive acquisition; 3) oversupply in tier 2/3 cities; 4) Post-M&A risks

#### **Results and Valuation**

FY ended Dec 31	2012A	2013A	2014E	2015E	2016E
Revenue (RMB mn)	20,843	30,837	40,686	47,896	51,126
Chg (% YoY)	96.6	48.0	31.9	17.7	6.7
Core net profit (RMB mn)	2,736	3,523	4,430	4,740	4,753
Chg (% YoY)	52.7	28.8	25.8	7.0	0.3
Underlying EPS (RMB)	0.91	1.06	1.34	1.43	1.43
Chg (% YoY)	52.7	17.1	25.8	7.0	0.3
BVPS (RMB)	3.15	4.10	5.20	6.37	7.55
Chg (% YoY)	34.6	30.4	26.7	22.6	18.5
Underlying PE (x)	3.6	3.1	2.5	2.3	2.3
PB (x)	1.0	0.8	0.6	0.5	0.4
ROE (%)	28.8	25.9	25.7	22.4	19.0
ROA (%)	3.9	3.6	4.5	4.5	4.5
DPS (RMB)	0.09	0.19	0.24	0.26	0.26
Dividend yield (%)	2.6	5.8	7.3	7.8	7.8
Net gearing (%)	99.7	93.3	Net cash	Net cash	Net cash



Exhibit 1: Greentown's shareholding structure as at Dec 2013

Shareholder	no. of share	%
	(mn)	
Song Wei Ping	542	25.1%
Wharf	525	24.3%
Shou Bainian	385	17.9%
Others	706	32.7%
Total shares	2,159	100.0%

Source(s): Company, ABCI Securities

Exhibit 2: 2013 Presales ranking

Company		Presales			GFA sold			ASP	
	2013	2012	YoY	2013	2012	YoY	2013	2012	YoY
	RMBbn	RMBbn	%	mn sqm	mn sqm	%	RMB/sqm	RMB/sqm	%
Vanke (000002 CH)	174	142	23%	15	13	17%	11,472	10,917	5%
Greenland (Unlisted)	163	108	51%	17	12	41%	9,791	9,136	7%
Wanda (Unlisted)	130	91	44%	11	7	43%	12,292	12,251	0%
Poly (600048 CH)	125	102	23%	11	9	20%	11,568	11,336	2%
COLI (688 HK)	117	94	25%	10	7	33%	11,798	12,522	-6%
Country Garden (2007 HK)	110	48	131%	17	8	116%	6,642	6,217	7%
Evergrande (3333 HK)	108	92	17%	16	15	4%	6,745	6,009	12%
CR Land (1109 HK)	68	50	36%	6	5	26%	11,572	10,707	8%
Shimao (813 HK)	67	46	46%	6	4	36%	12,020	11,200	7%
Greentown* (3900 HK)	55	51	9%	3	3	9%	19,617	19,615	0%
Sunac (1918 HK)	51	36	43%	2	2	18%	21,556	17,800	21%
Longfor (960 HK)	49	40	23%	4	4	19%	11,224	10,828	4%
	Vanke (000002 CH) Greenland (Unlisted) Wanda (Unlisted) Poly (600048 CH) COLI (688 HK) Country Garden (2007 HK) Evergrande (3333 HK) CR Land (1109 HK) Shimao (813 HK) Greentown* (3900 HK) Sunac (1918 HK)	Vanke (000002 CH)     174       Greenland (Unlisted)     163       Wanda (Unlisted)     130       Poly (600048 CH)     125       COLI (688 HK)     117       Country Garden (2007 HK)     110       Evergrande (3333 HK)     108       CR Land (1109 HK)     68       Shimao (813 HK)     67       Greentown* (3900 HK)     55       Sunac (1918 HK)     51	Vanke (000002 CH)         174         142           Greenland (Unlisted)         163         108           Wanda (Unlisted)         130         91           Poly (600048 CH)         125         102           COLI (688 HK)         117         94           Country Garden (2007 HK)         110         48           Evergrande (3333 HK)         108         92           CR Land (1109 HK)         68         50           Shimao (813 HK)         67         46           Greentown* (3900 HK)         55         51           Sunac (1918 HK)         51         36	2013         2012         YoY           RMBbn         RMBbn         %           Vanke (000002 CH)         174         142         23%           Greenland (Unlisted)         163         108         51%           Wanda (Unlisted)         130         91         44%           Poly (600048 CH)         125         102         23%           COLI (688 HK)         117         94         25%           Country Garden (2007 HK)         110         48         131%           Evergrande (3333 HK)         108         92         17%           CR Land (1109 HK)         68         50         36%           Shimao (813 HK)         67         46         46%           Greentown* (3900 HK)         55         51         9%           Sunac (1918 HK)         51         36         43%	Vanke (000002 CH)         174         142         23%         15           Greenland (Unlisted)         163         108         51%         17           Wanda (Unlisted)         130         91         44%         11           Poly (600048 CH)         125         102         23%         11           COLI (688 HK)         117         94         25%         10           Country Garden (2007 HK)         110         48         131%         17           Evergrande (3333 HK)         108         92         17%         16           CR Land (1109 HK)         68         50         36%         6           Shimao (813 HK)         67         46         46%         6           Greentown* (3900 HK)         55         51         9%         3           Sunac (1918 HK)         51         36         43%         2	Vanke (000002 CH)         174         142         23%         15         13           Greenland (Unlisted)         163         108         51%         17         12           Wanda (Unlisted)         130         91         44%         11         7           Poly (600048 CH)         125         102         23%         11         9           COLI (688 HK)         117         94         25%         10         7           Country Garden (2007 HK)         110         48         131%         17         8           Evergrande (3333 HK)         108         92         17%         16         15           CR Land (1109 HK)         68         50         36%         6         5           Shimao (813 HK)         67         46         46%         6         4           Greentown* (3900 HK)         55         51         9%         3         3           Sunac (1918 HK)         51         36         43%         2         2	Vanke (000002 CH)         174         142         23%         15         13         17%           Greenland (Unlisted)         163         108         51%         17         12         41%           Wanda (Unlisted)         130         91         44%         11         7         43%           Poly (600048 CH)         125         102         23%         11         9         20%           COLI (688 HK)         117         94         25%         10         7         33%           Country Garden (2007 HK)         110         48         131%         17         8         116%           Evergrande (3333 HK)         108         92         17%         16         15         4%           CR Land (1109 HK)         68         50         36%         6         5         26%           Shimao (813 HK)         67         46         46%         6         4         36%           Greentown* (3900 HK)         55         51         9%         3         3         9%           Sunac (1918 HK)         51         36         43%         2         2         18%	Vanke (000002 CH)         174         142         23%         15         13         17%         11,472           Greenland (Unlisted)         163         108         51%         17         12         41%         9,791           Wanda (Unlisted)         130         91         44%         11         7         43%         12,292           Poly (600048 CH)         125         102         23%         11         9         20%         11,568           COLI (688 HK)         117         94         25%         10         7         33%         11,798           Country Garden (2007 HK)         110         48         131%         17         8         116%         6,642           Evergrande (3333 HK)         108         92         17%         16         15         4%         6,745           CR Land (1109 HK)         68         50         36%         6         5         26%         11,572           Shimao (813 HK)         67         46         46%         6         4         36%         12,020           Greentown* (3900 HK)         55         51         9%         3         3         9%         19,617           Sunac (1918 HK) <td>Vanke (000002 CH)         174         142         23%         15         13         17%         11,472         10,917           Greenland (Unlisted)         163         108         51%         17         12         41%         9,791         9,136           Wanda (Unlisted)         130         91         44%         11         7         43%         12,292         12,251           Poly (600048 CH)         125         102         23%         11         9         20%         11,568         11,336           COLI (688 HK)         117         94         25%         10         7         33%         11,798         12,522           Country Garden (2007 HK)         110         48         131%         17         8         116%         6,642         6,217           Evergrande (3333 HK)         108         92         17%         16         15         4%         6,745         6,009           CR Land (1109 HK)         68         50         36%         6         5         26%         11,572         10,707           Shimao (813 HK)         67         46         46%         6         4         36%         12,020         11,200           Green</td>	Vanke (000002 CH)         174         142         23%         15         13         17%         11,472         10,917           Greenland (Unlisted)         163         108         51%         17         12         41%         9,791         9,136           Wanda (Unlisted)         130         91         44%         11         7         43%         12,292         12,251           Poly (600048 CH)         125         102         23%         11         9         20%         11,568         11,336           COLI (688 HK)         117         94         25%         10         7         33%         11,798         12,522           Country Garden (2007 HK)         110         48         131%         17         8         116%         6,642         6,217           Evergrande (3333 HK)         108         92         17%         16         15         4%         6,745         6,009           CR Land (1109 HK)         68         50         36%         6         5         26%         11,572         10,707           Shimao (813 HK)         67         46         46%         6         4         36%         12,020         11,200           Green

<sup>\*</sup> Excluing presales from Sunac-Greentown JV Source(s):CRIC, ABCI Securities



## Exhibit 3: Sunac's FY14E NAV

	Attr. GFA	Net assets value		Valuation	Implied value per sqm
	(Mn sqm)	(RMB mn)	% of total	Method	(RMB)
Property development					
Tianjin	3.9	14,865	31%		3,815
Beijing	1.3	7,115	15%		5,273
Chongqing	5.1	6,004	12%	DCF at	1,187
Wuxi	1.9	1,505	3%	WACC of	782
Suzhou	0.2	1,940	4%	12.3%	8,944
Shanghai	0.8	12,429	26%		15,216
Others	1.2	2,553	5%		2,174
Subtotal	14.4	46,412	96%		3,214
Property investment & management		2,163	4%	6.5% cap r	ate on 2014E net rental income
Total 2014E GAV		48,575	100%		
2014E Net debt		4,686	10%		
Total 2014E NAV		53,261	110%		
No. of share outstanding (diluted)		3,315			
NAV per share (RMB)		16.1			
Ex rate		1.27			
NAV per share (HK\$)		20.4			
Target discount (%)		65%			
Target Price (HK\$)		7.10			

WACC	12.3%
Cost of Debt	9.0%
Cost of Equity	20.0%
Debt/ ( Debt + Equity)	58%



# Consolidated income statement (2012A-2016E)

Revenue	FY Ended Dec 31 (RMB mn)	2012A	2013A	2014E	2015E	2016E
Cost of sales         (15,480)         (23,660)         (28,911)         (34,728)         (37,810)           Gross Profit         5,382         7,777         11,775         13,167         13,316         SG&A expenses         (884)         (1,136)         (1,327)         (1,494)         (1,461)         EBIT         4,498         6,041         10,448         11,673         11,855         Finance cost         (1313)         (5800)         (236)         (170)         (130)           Share of profit of associates         (39)         72         1,047         1,362         1,326           Other income/ (expenses)         45         75         222         381         564           Fair value gain of investment properties         293         77         -         <	Revenue	20,843	30,837	40,686	47,896	51,126
SG&A expenses         (884)         (1,136)         (1,327)         (1,494)         (1,461)           EBIT         4,498         6,041         10,448         11,673         11,865           Finance cost         (1113)         (580)         (236)         (170)         (130)           Share of profit of associates         (39)         72         1,047         1,362         1,326           Other income/ (expenses)         45         75         222         381         564           Fair value gain of investment properties         293         77         -         -         -           Disposal/one-off items         293         77         -         -         -         -           Profit before tax         4,685         5,684         11,481         13,246         13,616         Tax         (2,070)         (2,191)         (5,043)         (5,785)         (5,870)         (5,870)         (5,770)         (2,993)           Reported net profit         2,607         3,178         4,430         4,740         4,753         4,753         4,740         4,753         4,753         4,753         4,753         4,753         4,753         4,753         4,753         4,753         4,753         4,753	Cost of sales	(15,460)	(23,660)	(28,911)	(34,728)	(37,810)
FBIT	Gross Profit	5,382	7,177	11,775	13,167	13,316
Finance cost         (113)         (580)         (236)         (170)         (130)           Share of profit of associates         (39)         72         1,047         1,362         1,326           Other income/ (expenses)         45         75         222         381         564           Fair value gain of investment properties         -         <	SG&A expenses	(884)	(1,136)	(1,327)	(1,494)	(1,461)
Finance cost         (113)         (580)         (236)         (170)         (130)           Share of profit of associates         (39)         72         1,047         1,362         1,326           Other income/ (expenses)         45         75         222         381         564           Fair value gain of investment properties         -         <	EBIT	4,498	6,041	10,448	11,673	11,855
Share of profit of associates         (39)         72         1,047         1,362         1,326           Other income/ (expenses)         45         75         222         381         564           Fair value gain of investment properties         -	Finance cost		(580)	(236)	(170)	
Other income/ (expenses)         45         75         222         381         564           Fair value gain of investment properties         -	Share of profit of associates	` ,	` ,	1,047	` ,	` ,
Fair value gain of investment properties		` ,	75		•	•
Profit before tax         4,685         5,684         11,481         13,246         13,616           Tax         (2,070)         (2,191)         (5,043)         (5,785)         (5,870)           Profit after tax         2,615         3,494         6,438         7,462         7,747           Minority interest         (7)         (315)         (2,008)         (2,721)         (2,993)           Reported net profit         2,607         3,178         4,430         4,740         4,753           Less: exceptional items         129         344         (0)         0         0           Underlying net profit         2,736         3,523         4,430         4,740         4,753           Less: exceptional items         129         344         (0)         0         0         0           Underlying net profit         2,736         3,523         4,430         4,740         4,753           Less: exceptional items         129         344         (0)         0         0         0           Underlying net profit         0.91         1.06         1.34         1.43         1.43         1.43           DPS (RMB)         0.99         0.19         0.24         0.26         0.	Fair value gain of investment	-	-	-	-	-
Tax         (2,070)         (2,191)         (5,043)         (5,785)         (5,870)           Profit after tax         2,615         3,494         6,438         7,462         7,747           Minority interest         (7)         (315)         (2,008)         (2,721)         (2,993)           Reported net profit         2,607         3,178         4,430         4,740         4,753           Less: exceptional items         129         344         (0)         0         0           Underlying net profit         2,736         3,523         4,430         4,740         4,753           Less: exceptional items         129         344         (0)         0         0         0           Underlying net profit         2,736         3,523         4,430         4,740         4,753           Less: exceptional items         129         344         (0)         0         0         0           Underlying net profit         0.91         1.06         1.34         1.43         1.43         1.43         1.43         1.43         1.43         1.43         1.43         1.43         1.84         1.8%         1.8%         1.8%         1.8%         1.8%         1.8%         1.8%	Disposal/one-off items	293	77	-	-	-
Tax         (2,070)         (2,191)         (5,043)         (5,785)         (5,870)           Profit after tax         2,615         3,494         6,438         7,462         7,747           Minority interest         (7)         (315)         (2,008)         (2,721)         (2,993)           Reported net profit         2,607         3,178         4,430         4,740         4,753           Less: exceptional items         129         344         (0)         0         0           Underlying net profit         2,736         3,523         4,430         4,740         4,753           Less: exceptional items         129         344         (0)         0         0         0           Underlying net profit         2,736         3,523         4,430         4,740         4,753           Less: exceptional items         129         344         (0)         0         0         0           Underlying net profit         0.91         1.06         1.34         1.43         1.43         1.43         1.43         1.43         1.43         1.43         1.43         1.43         1.84         1.8%         1.8%         1.8%         1.8%         1.8%         1.8%         1.8%	•	4,685	5,684	11,481	13,246	13,616
Profit after tax         2,615         3,494         6,438         7,462         7,747           Minority interest         (7)         (315)         (2,008)         (2,721)         (2,993)           Reported net profit         2,607         3,178         4,430         4,740         4,753           Less: exceptional items         129         344         (0)         0         0           Underlying net profit         2,736         3,523         4,430         4,740         4,753           Per share         Underlying EPS (RMB)         0.91         1.06         1.34         1.43         1.43           DPS (RMB)         0.09         0.19         0.24         0.26         0.26           Payout ratio (%)         10%         18%         18%         18%         18%           BVPS (RMB)         3.15         4.10         5.20         6.37         7.55           Growth %           Revenue         96.6%         48.0%         31.9%         17.7%         6.7%           Gross Profit         50.9%         33.3%         64.1%         11.8%         1.1%           EBIT         52.4%         34.3%         73.0%         11.7%         1.6%	Tax		•	•	•	•
Minority interest         (7)         (315)         (2,008)         (2,721)         (2,993)           Reported net profit         2,607         3,178         4,430         4,740         4,753           Less: exceptional items         129         344         (0)         0         0           Underlying net profit         2,736         3,523         4,430         4,740         4,753           Per share         Underlying EPS (RMB)         0.91         1.06         1.34         1.43         1.43           DPS (RMB)         0.09         0.19         0.24         0.26         0.26           Payout ratio (%)         10%         18%         18%         18%         18%           BVPS (RMB)         3.15         4.10         5.20         6.37         7.55           Growth %         Revenue         96.6%         48.0%         31.9%         17.7%         6.7%           Gross Profit         50.9%         33.3%         64.1%         11.8%         1.1%         1.6%           Underlying net profit         52.7%         28.8%         25.8%         7.0%         0.3%           Margin %         6         6         4.2         25.8%         25.8%         7.0%	Profit after tax	, ,	,	, ,	, ,	, ,
Reported net profit         2,607         3,178         4,430         4,740         4,753           Less: exceptional items         129         344         (0)         0         0           Underlying net profit         2,736         3,523         4,430         4,740         4,753           Per share           Underlying EPS (RMB)         0.91         1.06         1.34         1.43         1.43           DPS (RMB)         0.09         0.19         0.24         0.26         0.26           Payout ratio (%)         10%         18%         18%         18%         18%           BVPS (RMB)         3.15         4.10         5.20         6.37         7.55           Growth %           Revenue         96.6%         48.0%         31.9%         17.7%         6.7%           Gross Profit         50.9%         33.3%         64.1%         11.8%         1.1%           EBIT         52.4%         34.3%         73.0%         11.7%         1.6%           Underlying net profit         52.7%         28.8%         25.8%         7.0%         0.3%           Margin %         20.5%         22.0%         20.7%         19.7%	Minority interest	•	•	•	•	•
Less: exceptional items         129         344         (0)         0         0           Underlying net profit         2,736         3,523         4,430         4,740         4,753           Per share         Underlying EPS (RMB)         0.91         1.06         1.34         1.43         1.43           DPS (RMB)         0.09         0.19         0.24         0.26         0.26           Payout ratio (%)         10%         18%         18%         18%         18%           BVPS (RMB)         3.15         4.10         5.20         6.37         7.55           Growth %           Revenue         96.6%         48.0%         31.9%         17.7%         6.7%           Gross Profit         50.9%         33.3%         64.1%         11.8%         1.1%           EBIT         52.4%         34.3%         73.0%         11.7%         1.6%           Underlying net profit         52.7%         28.8%         25.8%         27.5%         26.0%           Gross margin         25.8%         23.3%         28.9%         27.5%         26.0%           Gross margin (post-LAT)         20.6%         20.5%         22.0%         20.7%         19.7%		` '	` ,	, ,	, ,	
Ver share         Underlying EPS (RMB)         0.91         1.06         1.34         1.43         1.43           DPS (RMB)         0.09         0.19         0.24         0.26         0.26           Payout ratio (%)         10%         18%         18%         18%         18%           BVPS (RMB)         3.15         4.10         5.20         6.37         7.55           Growth %         Revenue         96.6%         48.0%         31.9%         17.7%         6.7%           Gross Profit         50.9%         33.3%         64.1%         11.8%         1.1%           EBIT         52.4%         34.3%         73.0%         11.7%         1.6%           Underlying net profit         52.7%         28.8%         25.8%         7.0%         0.3%           Margin %         Gross margin (post-LAT)         20.6%         20.5%         22.0%         20.7%         19.7%           EBIT margin         21.6%         19.6%         25.7%         24.4%         23.2%           Core net margin         11.7%         10.9%         13.3%         12.7%         12.6%           Key assumptions         20.5         52,110         64,917         75,	•	•	•	•	•	•
Underlying EPS (RMB)         0.91         1.06         1.34         1.43         1.43           DPS (RMB)         0.09         0.19         0.24         0.26         0.26           Payout ratio (%)         10%         18%         18%         18%         18%           BVPS (RMB)         3.15         4.10         5.20         6.37         7.55           Growth %           Revenue         96.6%         48.0%         31.9%         17.7%         6.7%           Gross Profit         50.9%         33.3%         64.1%         11.8%         1.1%           EBIT         52.4%         34.3%         73.0%         11.7%         1.6%           Underlying net profit         52.7%         28.8%         25.8%         7.0%         0.3%           Margin %         Gross margin (post-LAT)         20.6%         20.5%         22.0%         20.7%         19.7%           EBIT margin         21.6%         19.6%         25.7%         24.4%         23.2%           Core net margin         11.7%         10.9%         13.3%         12.7%         12.6%           Key assumptions         Presale (RMB mn)         2.00         2.54         3.05		2,736	3,523	` '	4,740	4,753
DPS (RMB)         0.09         0.19         0.24         0.26         0.26           Payout ratio (%)         10%         18%         18%         18%         18%           BVPS (RMB)         3.15         4.10         5.20         6.37         7.55           Growth %           Revenue         96.6%         48.0%         31.9%         17.7%         6.7%           Gross Profit         50.9%         33.3%         64.1%         11.8%         1.1%           EBIT         52.4%         34.3%         73.0%         11.7%         1.6%           Underlying net profit         52.7%         28.8%         25.8%         7.0%         0.3%           Margin %         Gross margin (post-LAT)         20.6%         20.5%         22.0%         20.7%         19.7%           Gross margin (post-LAT)         20.6%         20.5%         22.0%         20.7%         19.7%           EBIT margin         21.6%         19.6%         25.7%         24.4%         23.2%           Core net margin         11.7%         10.9%         13.3%         12.7%         12.6%           Key assumptions         Presale (RMB mn)         2.0         2.54         3.05 <td>Per share</td> <td></td> <td></td> <td></td> <td></td> <td></td>	Per share					
DPS (RMB)         0.09         0.19         0.24         0.26         0.26           Payout ratio (%)         10%         18%         18%         18%         18%           BVPS (RMB)         3.15         4.10         5.20         6.37         7.55           Growth %           Revenue         96.6%         48.0%         31.9%         17.7%         6.7%           Gross Profit         50.9%         33.3%         64.1%         11.8%         1.1%           EBIT         52.4%         34.3%         73.0%         11.7%         1.6%           Underlying net profit         52.7%         28.8%         25.8%         7.0%         0.3%           Margin %         Gross margin (post-LAT)         20.6%         20.5%         22.0%         20.7%         19.7%           Gross margin (post-LAT)         20.6%         20.5%         22.0%         20.7%         19.7%           EBIT margin         21.6%         19.6%         25.7%         24.4%         23.2%           Core net margin         11.7%         10.9%         13.3%         12.7%         12.6%           Key assumptions         Presale (RMB mn)         2.0         2.54         3.05 <td></td> <td>0.91</td> <td>1.06</td> <td>1.34</td> <td>1.43</td> <td>1.43</td>		0.91	1.06	1.34	1.43	1.43
Payout ratio (%) BVPS (RMB)         10% 3.15         18% 4.10         18% 5.20         18% 6.37         18% 7.55           Growth % Revenue         96.6% 48.0% 31.9% 17.7% 6.7% 6.7% Gross Profit         50.9% 33.3% 64.1% 11.8% 11.1% 11.8% 11.1% 11.6% 11.	, , ,				0.26	0.26
BVPS (RMB)         3.15         4.10         5.20         6.37         7.55           Growth % Revenue         96.6%         48.0%         31.9%         17.7%         6.7%           Gross Profit         50.9%         33.3%         64.1%         11.8%         1.1%           EBIT         52.4%         34.3%         73.0%         11.7%         1.6%           Underlying net profit         52.7%         28.8%         25.8%         7.0%         0.3%           Margin % Gross margin Gross margin (post-LAT)         20.6%         20.5%         22.0%         20.7%         19.7%           EBIT margin Core net margin         21.6%         19.6%         25.7%         24.4%         23.2%           Core net margin         11.7%         10.9%         13.3%         12.7%         12.6%           Key assumptions Presale (RMB mn)         35,635         52,110         64,917         75,497         68,766           GFA sold (mn sqm)         2.00         2.54         3.05         3.75         3.56           ASP (RMB/sqm)         17,830         20,520         21,272         20,129         19,320           Booked Sales (RMB mn)         20,671         30,596         40,426         47,623         50,840 <td>,</td> <td>10%</td> <td>18%</td> <td>18%</td> <td>18%</td> <td>18%</td>	,	10%	18%	18%	18%	18%
Revenue         96.6%         48.0%         31.9%         17.7%         6.7%           Gross Profit         50.9%         33.3%         64.1%         11.8%         1.1%           EBIT         52.4%         34.3%         73.0%         11.7%         1.6%           Underlying net profit         52.7%         28.8%         25.8%         7.0%         0.3%           Margin %           Gross margin (post-LAT)         20.6%         23.3%         28.9%         27.5%         26.0%           Gross margin (post-LAT)         20.6%         20.5%         22.0%         20.7%         19.7%           EBIT margin         21.6%         19.6%         25.7%         24.4%         23.2%           Core net margin         11.7%         10.9%         13.3%         12.7%         12.6%           Key assumptions         Fresale (RMB mn)         35,635         52,110         64,917         75,497         68,766           GFA sold (mn sqm)         2.00         2.54         3.05         3.75         3.56           ASP (RMB/sqm)         17,830         20,520         21,272         20,129         19,320           Booked Sales (RMB mn)         20,671         30,596	, ,	3.15	4.10	5.20	6.37	7.55
Gross Profit         50.9%         33.3%         64.1%         11.8%         1.1%           EBIT         52.4%         34.3%         73.0%         11.7%         1.6%           Underlying net profit         52.7%         28.8%         25.8%         7.0%         0.3%           Margin %                 25.8%         23.3%         28.9%         27.5%         26.0%           Gross margin (post-LAT)         20.6%         20.5%         22.0%         20.7%         19.7%           EBIT margin         21.6%         19.6%         25.7%         24.4%         23.2%           Core net margin         11.7%         10.9%         13.3%         12.7%         12.6%           Key assumptions               Presale (RMB mn)         35,635         52,110         64,917         75,497         68,766           GFA sold (mn sqm)         2.00         2.54         3.05         3.75         3.56           ASP (RMB/sqm)         17,830         20,520         21,272         20,129         19,320           Booked Sales (RMB mn)         20,671         30,596         40,426         47,623         50,840 <td>Growth %</td> <td></td> <td></td> <td></td> <td></td> <td></td>	Growth %					
EBIT Underlying net profit         52.4%         34.3%         73.0%         11.7%         1.6%           Wargin %         25.8%         25.8%         7.0%         0.3%           Margin %         Service of the profit         25.8%         23.3%         28.9%         27.5%         26.0%           Gross margin (post-LAT)         20.6%         20.5%         22.0%         20.7%         19.7%           EBIT margin         21.6%         19.6%         25.7%         24.4%         23.2%           Core net margin         11.7%         10.9%         13.3%         12.7%         12.6%           Key assumptions         Presale (RMB mn)         35,635         52,110         64,917         75,497         68,766         66,766         GFA sold (mn sqm)         2.00         2.54         3.05         3.75         3.56         ASP (RMB/sqm)         17,830         20,520         21,272         20,129         19,320           Booked Sales (RMB mn)         20,671         30,596         40,426         47,623         50,840           GFA delivered (mn sqm)         1.19         1.75         2.11         2.51         2.81	Revenue	96.6%	48.0%	31.9%	17.7%	6.7%
Margin %         25.8%         25.8%         7.0%         0.3%           Margin %         Service of the properties	Gross Profit	50.9%	33.3%	64.1%	11.8%	1.1%
Margin %           Gross margin (post-LAT)         25.8%         23.3%         28.9%         27.5%         26.0%           Gross margin (post-LAT)         20.6%         20.5%         22.0%         20.7%         19.7%           EBIT margin         21.6%         19.6%         25.7%         24.4%         23.2%           Core net margin         11.7%         10.9%         13.3%         12.7%         12.6%           Key assumptions         Presale (RMB mn)         35,635         52,110         64,917         75,497         68,766           GFA sold (mn sqm)         2.00         2.54         3.05         3.75         3.56           ASP (RMB/sqm)         17,830         20,520         21,272         20,129         19,320           Booked Sales (RMB mn)         20,671         30,596         40,426         47,623         50,840           GFA delivered (mn sqm)         1.19         1.75         2.11         2.51         2.81	EBIT	52.4%	34.3%	73.0%	11.7%	1.6%
Gross margin         25.8%         23.3%         28.9%         27.5%         26.0%           Gross margin (post-LAT)         20.6%         20.5%         22.0%         20.7%         19.7%           EBIT margin         21.6%         19.6%         25.7%         24.4%         23.2%           Core net margin         11.7%         10.9%         13.3%         12.7%         12.6%           Key assumptions           Presale (RMB mn)         35,635         52,110         64,917         75,497         68,766           GFA sold (mn sqm)         2.00         2.54         3.05         3.75         3.56           ASP (RMB/sqm)         17,830         20,520         21,272         20,129         19,320           Booked Sales (RMB mn)         20,671         30,596         40,426         47,623         50,840           GFA delivered (mn sqm)         1.19         1.75         2.11         2.51         2.81	Underlying net profit	52.7%	28.8%	25.8%	7.0%	0.3%
Gross margin (post-LAT)         20.6%         20.5%         22.0%         20.7%         19.7%           EBIT margin         21.6%         19.6%         25.7%         24.4%         23.2%           Core net margin         11.7%         10.9%         13.3%         12.7%         12.6%           Key assumptions         Presale (RMB mn)         35,635         52,110         64,917         75,497         68,766           GFA sold (mn sqm)         2.00         2.54         3.05         3.75         3.56           ASP (RMB/sqm)         17,830         20,520         21,272         20,129         19,320           Booked Sales (RMB mn)         20,671         30,596         40,426         47,623         50,840           GFA delivered (mn sqm)         1.19         1.75         2.11         2.51         2.81	Margin %					
EBIT margin         21.6%         19.6%         25.7%         24.4%         23.2%           Core net margin         11.7%         10.9%         13.3%         12.7%         12.6%           Key assumptions         Presale (RMB mn)         35,635         52,110         64,917         75,497         68,766           GFA sold (mn sqm)         2.00         2.54         3.05         3.75         3.56           ASP (RMB/sqm)         17,830         20,520         21,272         20,129         19,320           Booked Sales (RMB mn)         20,671         30,596         40,426         47,623         50,840           GFA delivered (mn sqm)         1.19         1.75         2.11         2.51         2.81	Gross margin	25.8%	23.3%	28.9%	27.5%	26.0%
Key assumptions         11.7%         10.9%         13.3%         12.7%         12.6%           Key assumptions         Presale (RMB mn)         35,635         52,110         64,917         75,497         68,766         68,766         GFA sold (mn sqm)         2.00         2.54         3.05         3.75         3.56         ASP (RMB/sqm)         17,830         20,520         21,272         20,129         19,320           Booked Sales (RMB mn)         20,671         30,596         40,426         47,623         50,840           GFA delivered (mn sqm)         1.19         1.75         2.11         2.51         2.81	Gross margin (post-LAT)	20.6%	20.5%	22.0%	20.7%	19.7%
Key assumptions           Presale (RMB mn)         35,635         52,110         64,917         75,497         68,766           GFA sold (mn sqm)         2.00         2.54         3.05         3.75         3.56           ASP (RMB/sqm)         17,830         20,520         21,272         20,129         19,320           Booked Sales (RMB mn)         20,671         30,596         40,426         47,623         50,840           GFA delivered (mn sqm)         1.19         1.75         2.11         2.51         2.81	EBIT margin	21.6%	19.6%	25.7%	24.4%	23.2%
Presale (RMB mn)         35,635         52,110         64,917         75,497         68,766           GFA sold (mn sqm)         2.00         2.54         3.05         3.75         3.56           ASP (RMB/sqm)         17,830         20,520         21,272         20,129         19,320           Booked Sales (RMB mn)         20,671         30,596         40,426         47,623         50,840           GFA delivered (mn sqm)         1.19         1.75         2.11         2.51         2.81	Core net margin	11.7%	10.9%	13.3%	12.7%	12.6%
GFA sold (mn sqm)     2.00     2.54     3.05     3.75     3.56       ASP (RMB/sqm)     17,830     20,520     21,272     20,129     19,320       Booked Sales (RMB mn)     20,671     30,596     40,426     47,623     50,840       GFA delivered (mn sqm)     1.19     1.75     2.11     2.51     2.81						
ASP (RMB/sqm) 17,830 20,520 21,272 20,129 19,320 Booked Sales (RMB mn) 20,671 30,596 40,426 47,623 50,840 GFA delivered (mn sqm) 1.19 1.75 2.11 2.51 2.81	Presale (RMB mn)	35,635	52,110	64,917	75,497	68,766
Booked Sales (RMB mn) 20,671 30,596 40,426 47,623 50,840 GFA delivered (mn sqm) 1.19 1.75 2.11 2.51 2.81	GFA sold (mn sqm)	2.00	2.54	3.05	3.75	3.56
GFA delivered (mn sqm) 1.19 1.75 2.11 2.51 2.81	ASP (RMB/sqm)	17,830	20,520	21,272	20,129	19,320
	,	20,671	30,596	40,426	47,623	50,840
Booked ASP (RMB/sqm) 17,327 17,530 19,179 19,009 18,101	GFA delivered (mn sqm)	1.19	1.75	2.11	2.51	2.81
	Booked ASP (RMB/sqm)	17,327	17,530	19,179	19,009	18,101

Consolidated balance sheet (2012A-2016E)

As of Dec 31 (RMB mn)         2012A         2013A         2014E         2015E         2016E           Current assets         64,832         87,590         89,126         93,867         93,445           Cash         8,394         13,414         25,797         45,214         62,458           Restricted cash         3,869         2,595         2,595         2,595         2,595           Trade & other receivables         416         1,214         1,214         1,214         1,214         1,214         1,214         1,214         1,214         1,214         1,214         1,214         1,216         1,216         10,216         10,216         10,261         12,26	Consolidated balance sheet (2012A-2010E)					
Cash Restricted cash         8,394         13,414         25,797         45,214         62,458           Restricted cash         3,869         2,595         2,526         2,526         2,526         2,526         2,526         2,525         2,525         2,525         2,525         2,525         1,740         1,700         1,839         11,400         11,400         1,700	As of Dec 31 (RMB mn)	2012A	2013A	2014E	2015E	2016E
Restricted cash         3,869         2,595         2,595         2,595         2,595           Trade & other receivables         416         1,214         1,216         12,605         10,205         32,538         14,918         1,918         1,216         12,261 <td></td> <td>64,832</td> <td></td> <td></td> <td>•</td> <td>93,445</td>		64,832			•	93,445
Trade & other receivables         416         1,214         1,219         1,205         2,262         262         262         1,261         12,261<	Cash	8,394	13,414	25,797	45,214	62,458
Property under development   46,401   58,106   47,258   32,583   14,918   Other current assets   5,752   12,261   12,2	Restricted cash	3,869		,	,	•
Other current assets         5,752         12,261         12,261         12,261         12,261         12,261           Non-current assets         6,103         9,765         10,270         10,839         11,400           Property, plant & equipment In Associate and JCE Investment in Associate and JCE Other non-current assets         571         252         252         252         252           Other non-current assets         1,279         1,539         1,539         1,539         1,539           Total Assets         70,934         97,355         99,396         104,706         104,845           Current Liabilities         44,294         51,789         58,238         56,988         50,285           Short term borrowings         11,783         7,835         12,835         7,835         2,835           Trade & other payables         7,116         12,402		_	,	,		,
Non-current assets         6,103         9,765         10,270         10,839         11,400           Property, plant & equipment Investment properties         571         252         252         252         252           Investment in Associate and JCE         4,205         7,909         8,418         8,991         9,556           Other non-current assets         1,279         1,539         1,539         1,539         1,539           Total Assets         70,934         97,355         99,396         104,706         104,845           Current Liabilities         44,294         51,789         58,238         56,988         50,285           Short term borrowings         11,783         7,835         12,835         7,835         2,835           Trade & other payables         7,116         12,402         12,402         12,402         12,402           Pre-sales deposits         15,146         13,647         15,096         18,846         17,144           Other current assets         10,250         17,905         17,905         17,905         17,905           Non-current liabilities         14,646         27,355         17,355         17,355         17,355           Long term borrowings         9,942         20,872<	. ,	•	•	,	•	•
Property, plant & equipment Investment properties         49         65         61         58         54           Investment properties         571         252         252         252         252           Investment in Associate and JCE         4,205         7,909         8,418         8,991         9,556           Other non-current assets         1,279         1,539         1,539         1,539         1,539           Total Assets         70,934         97,355         99,396         104,706         104,845           Current Liabilities         44,294         51,789         58,238         56,988         50,285           Short term borrowings         11,783         7,835         12,835         7,835         2,835           Trade & other payables         7,116         12,402 <td>Other current assets</td> <td>5,752</td> <td>12,261</td> <td>12,261</td> <td>12,261</td> <td>12,261</td>	Other current assets	5,752	12,261	12,261	12,261	12,261
Investment properties   571   252   252   252   252   252   Investment in Associate and JCE   4,205   7,909   8,418   8,991   9,556   Other non-current assets   1,279   1,539   1,5	Non-current assets	6,103	9,765	10,270	10,839	11,400
Investment in Associate and JCE	Property, plant & equipment	49	65	61	58	54
JCE Other non-current assets         4,205 1,279         7,909 1,539         8,418 1,539         8,991 1,539         9,556 1,539           Total Assets         70,934         97,355         99,396         104,706         104,845           Current Liabilities         44,294         51,789 51,789         58,238 58,238         56,988 50,285 56,988         50,285 50,2		571	252	252	252	252
Total Assets         70,934         97,355         99,396         104,706         104,845           Current Liabilities         44,294         51,789         58,238         56,988         50,285           Short term borrowings         11,783         7,835         12,835         7,835         2,835           Trade & other payables         7,116         12,402         12,402         12,402         12,402           Pre-sales deposits         15,146         13,647         15,096         18,846         17,144           Other current assets         10,250         17,905         17,905         17,905         17,905           Non-current liabilities         14,646         27,355         17,355         17,355         17,355           Long term borrowings         9,942         20,872         10,872 <td></td> <td>4,205</td> <td>7,909</td> <td>8,418</td> <td>8,991</td> <td>9,556</td>		4,205	7,909	8,418	8,991	9,556
Current Liabilities         44,294         51,789         58,238         56,988         50,285           Short term borrowings         11,783         7,835         12,835         7,835         2,835           Trade & other payables         7,116         12,402         12,402         12,402         12,402           Pre-sales deposits         15,146         13,647         15,096         18,846         17,144           Other current assets         10,250         17,905         17,905         17,905         17,905           Non-current liabilities         14,646         27,355         17,355         17,355         17,355           Long term borrowings         9,942         20,872         10,872         10,872         10,872           Other payables         -         -         -         -         -         -           Other non-current assets         4,704         6,483         6,483         6,483         6,483           Total Liabilities         58,940         79,144         75,593         74,343         67,640           Net Assets         11,994         18,211         23,803         30,363         37,205           Shareholders Equity         9,489         13,605         17,239	Other non-current assets	1,279	1,539	1,539	1,539	1,539
Short term borrowings         11,783         7,835         12,835         7,835         2,835           Trade & other payables         7,116         12,402         12,402         12,402         12,402           Pre-sales deposits         15,146         13,647         15,096         18,846         17,144           Other current assets         10,250         17,905         17,905         17,905         17,905           Non-current liabilities         14,646         27,355         17,355         17,355         17,355           Long term borrowings         9,942         20,872         10,872         10,872         10,872           Other payables         -         -         -         -         -         -           Other non-current assets         4,704         6,483         6,483         6,483         6,483           Total Liabilities         58,940         79,144         75,593         74,343         67,640           Net Assets         11,994         18,211         23,803         30,363         37,205           Shareholders Equity         9,489         13,605         17,239         21,127         25,026           Minority Interest         2,505         4,606         6,564         9	Total Assets	70,934	97,355	99,396	104,706	104,845
Short term borrowings         11,783         7,835         12,835         7,835         2,835           Trade & other payables         7,116         12,402         12,402         12,402         12,402           Pre-sales deposits         15,146         13,647         15,096         18,846         17,144           Other current assets         10,250         17,905         17,905         17,905         17,905           Non-current liabilities         14,646         27,355         17,355         17,355         17,355           Long term borrowings         9,942         20,872         10,872         10,872         10,872           Other payables         -         -         -         -         -         -           Other non-current assets         4,704         6,483         6,483         6,483         6,483           Total Liabilities         58,940         79,144         75,593         74,343         67,640           Net Assets         11,994         18,211         23,803         30,363         37,205           Shareholders Equity         9,489         13,605         17,239         21,127         25,026           Minority Interest         2,505         4,606         6,564         9	Current Lighilities	44 204	E1 700	E0 220	EC 000	E0 20E
Trade & other payables         7,116         12,402         12,606         15,006         18,846         17,144         17,144         17,005         17,205         17,205         17,205         17,905         17,905         17,905         17,905         17,355         17,355         17,355         17,355         17,355         17,355         17,355         17,355         10,872		•	•		•	
Pre-sales deposits         15,146         13,647         15,096         18,846         17,144           Other current assets         10,250         17,905         17,905         17,905         17,905           Non-current liabilities         14,646         27,355         17,355         17,355         17,355           Long term borrowings         9,942         20,872         10,872         10,872         10,872           Other payables         -         -         -         -         -           Other non-current assets         4,704         6,483         6,483         6,483         6,483           Total Liabilities         58,940         79,144         75,593         74,343         67,640           Net Assets         11,994         18,211         23,803         30,363         37,205           Shareholders Equity         9,489         13,605         17,239         21,127         25,026           Minority Interest         2,505         4,606         6,564         9,236         12,179           Total Equity         11,994         18,211         23,803         30,363         37,205           Key ratio         C         28,706         23,706         18,706         13,706 <td>· ·</td> <td>•</td> <td>•</td> <td></td> <td>,</td> <td>•</td>	· ·	•	•		,	•
Other current assets         10,250         17,905         17,905         17,905         17,905           Non-current liabilities         14,646         27,355         17,355         17,355         17,355           Long term borrowings         9,942         20,872         10,872         10,872         10,872           Other payables         -         -         -         -         -           Other non-current assets         4,704         6,483         6,483         6,483         6,483           Total Liabilities         58,940         79,144         75,593         74,343         67,640           Net Assets         11,994         18,211         23,803         30,363         37,205           Shareholders Equity         9,489         13,605         17,239         21,127         25,026           Minority Interest         2,505         4,606         6,564         9,236         12,179           Total Equity         11,994         18,211         23,803         30,363         37,205           Key ratio         Coross debt (RMB mn)         21,725         28,706         23,706         18,706         13,706           Net debt (RMB mn)         9,462         12,698         (4,686)         (2	. ,		•	•	•	-
Long term borrowings         9,942         20,872         10,872         10,872         10,872           Other payables         -         -         -         -         -           Other non-current assets         4,704         6,483         6,483         6,483         6,483           Total Liabilities         58,940         79,144         75,593         74,343         67,640           Net Assets         11,994         18,211         23,803         30,363         37,205           Shareholders Equity         9,489         13,605         17,239         21,127         25,026           Minority Interest         2,505         4,606         6,564         9,236         12,179           Total Equity         11,994         18,211         23,803         30,363         37,205           Key ratio         Socket (RMB mn)         21,725         28,706         23,706         18,706         13,706           Net debt (RMB mn)         9,462         12,698         (4,686)         (29,102)         (51,346)           Net gearing (%)         100%         93%         Net cash         Net cash         Net cash	•		,	,	,	
Other payables         -	Non-current liabilities	14,646	27,355	17,355	17,355	17,355
Other non-current assets         4,704         6,483         6,483         6,483         6,483         6,483           Total Liabilities         58,940         79,144         75,593         74,343         67,640           Net Assets         11,994         18,211         23,803         30,363         37,205           Shareholders Equity         9,489         13,605         17,239         21,127         25,026           Minority Interest         2,505         4,606         6,564         9,236         12,179           Total Equity         11,994         18,211         23,803         30,363         37,205           Key ratio         Gross debt (RMB mn)         21,725         28,706         23,706         18,706         13,706           Net debt (RMB mn)         9,462         12,698         (4,686)         (29,102)         (51,346)           Net gearing (%)         100%         93%         Net cash         Net cash         Net cash	Long term borrowings	9,942	20,872	10,872	10,872	10,872
Total Liabilities         58,940         79,144         75,593         74,343         67,640           Net Assets         11,994         18,211         23,803         30,363         37,205           Shareholders Equity         9,489         13,605         17,239         21,127         25,026           Minority Interest         2,505         4,606         6,564         9,236         12,179           Total Equity         11,994         18,211         23,803         30,363         37,205           Key ratio         Gross debt (RMB mn)         21,725         28,706         23,706         18,706         13,706           Net debt (RMB mn)         9,462         12,698         (4,686)         (29,102)         (51,346)           Net gearing (%)         100%         93%         Net cash         Net cash         Net cash	Other payables	-	-	-	-	-
Net Assets         11,994         18,211         23,803         30,363         37,205           Shareholders Equity         9,489         13,605         17,239         21,127         25,026           Minority Interest         2,505         4,606         6,564         9,236         12,179           Total Equity         11,994         18,211         23,803         30,363         37,205           Key ratio           Gross debt (RMB mn)         21,725         28,706         23,706         18,706         13,706           Net debt (RMB mn)         9,462         12,698         (4,686)         (29,102)         (51,346)           Net gearing (%)         100%         93%         Net cash         Net cash         Net cash	Other non-current assets	4,704	6,483	6,483	6,483	6,483
Shareholders Equity         9,489         13,605         17,239         21,127         25,026           Minority Interest         2,505         4,606         6,564         9,236         12,179           Total Equity         11,994         18,211         23,803         30,363         37,205           Key ratio           Gross debt (RMB mn)         21,725         28,706         23,706         18,706         13,706           Net debt (RMB mn)         9,462         12,698         (4,686)         (29,102)         (51,346)           Net gearing (%)         100%         93%         Net cash         Net cash         Net cash	Total Liabilities	58,940	79,144	75,593	74,343	67,640
Minority Interest         2,505         4,606         6,564         9,236         12,179           Total Equity         11,994         18,211         23,803         30,363         37,205           Key ratio         September 1           Gross debt (RMB mn)         21,725         28,706         23,706         18,706         13,706           Net debt (RMB mn)         9,462         12,698         (4,686)         (29,102)         (51,346)           Net gearing (%)         100%         93%         Net cash         Net cash         Net cash	Net Assets	11,994	18,211	23,803	30,363	37,205
Minority Interest         2,505         4,606         6,564         9,236         12,179           Total Equity         11,994         18,211         23,803         30,363         37,205           Key ratio         September 1           Gross debt (RMB mn)         21,725         28,706         23,706         18,706         13,706           Net debt (RMB mn)         9,462         12,698         (4,686)         (29,102)         (51,346)           Net gearing (%)         100%         93%         Net cash         Net cash         Net cash	Charabaldora Facility	0.400	40.005	47.000	04 407	25.020
Key ratio         21,725         28,706         23,706         18,706         13,706           Net debt (RMB mn)         9,462         12,698         (4,686)         (29,102)         (51,346)           Net gearing (%)         100%         93%         Net cash         Net cash         Net cash		•	•	•	•	•
Key ratio         21,725         28,706         23,706         18,706         13,706           Net debt (RMB mn)         9,462         12,698         (4,686)         (29,102)         (51,346)           Net gearing (%)         100%         93%         Net cash         Net cash         Net cash						
Gross debt (RMB mn)         21,725         28,706         23,706         18,706         13,706           Net debt (RMB mn)         9,462         12,698         (4,686)         (29,102)         (51,346)           Net gearing (%)         100%         93%         Net cash         Net cash         Net cash	Total Equity	11,994	10,211	23,003	30,303	31,203
Gross debt (RMB mn)         21,725         28,706         23,706         18,706         13,706           Net debt (RMB mn)         9,462         12,698         (4,686)         (29,102)         (51,346)           Net gearing (%)         100%         93%         Net cash         Net cash         Net cash	Key ratio					
Net debt (RMB mn)         9,462         12,698         (4,686)         (29,102)         (51,346)           Net gearing (%)         100%         93%         Net cash         Net cash         Net cash		21,725	28,706	23,706	18,706	13,706
Net gearing (%) 100% 93% Net cash Net cash Net cash	` ,	9,462	12,698	(4,686)	(29,102)	(51,346)
Presale/ Total assets (x)         50%         54%         65%         72%         66%	,	100%	93%		Net cash	Net cash
	Presale/ Total assets (x)	50%	54%	65%	72%	66%

# ABCI SECURITIES COMPANY LIMITED

# Consolidated cash flow statement (2012A-2016E)

FY ended Dec 31 (RMB mn)	2012A	2013A	2014E	2015E	2016E
EBITDA	4,513	6,065	10,472	11,697	11,879
Change in Working Capital	6,684	(4,165)	14,420	19,952	17,130
Tax payment	(1,688)	(2,191)	(5,043)	(5,785)	(5,870)
Operating cash flow	9,509	(290)	19,849	25,864	23,139
Develope of DD9.5	(20)	(20)	(20)	(20)	(00)
Purchase of PP&E	(22)	(20)	(20)	(20)	(20)
Addition of Investment Properties	(2,473)		-	-	-
Others	(2,764)	(5,111)	759	1,170	1,325
Investing cash flow	(5,260)	(5,131)	739	1,150	1,305
Debt raised	16,396	10,000	10,000	10,000	10,000
Debt repaid	(12,639)	(5,422)	(15,000)	(15,000)	(15,000)
Interest expenses	(1,817)	(2,569)	(2,359)	(1,697)	(1,297)
Equity raised	24	1,608	-	-	-
Dividend to shareholders	(236)	(633)	(796)	(852)	(854)
Others	(345)	7,457	(50)	(50)	(50)
Financing cash flow	1,381	10,441	(8,205)	(7,599)	(7,201)
Net cash inflow/ (outflow)	5,631	5,020	12,383	19,416	17,244
Cash haginning	2,763	8,394	13,414	25,797	45,214
Cash- beginning Cash- year-end	2,763 <b>8,394</b>	6,394 <b>13,414</b>	25,797	25,797 <b>45,214</b>	62,458



## **Disclosures**

#### **Analyst Certification**

I, Tung Yiu Kei Kenneth, being the person primarily responsible for the content of this research report, in whole or in part, hereby certify that all of the views expressed in this report accurately reflect my personal view about the subject company or companies and its or their securities. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report. I and/or my associates have no financial interests in relation to the listed company (ies) covered in this report, and I and/or my associates do not serve as officer(s) of the listed company (ies) covered in this report.

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ABCI Securities Company Limited and/or its affiliates, within the past 12 months, have investment banking relationship with one or more of the companies mentioned in the report.

## **Definition of equity rating**

Rating	Definition
Buy	Stock return ≥ Market return rate
Hold	Market return – 6% ≤ Stock return < Market return rate
Sell	Stock return < Market return – 6%

Stock return is defined as the expected % change of share price plus gross dividend yield over the next 12 months

Market return: 5-year average market return rate from 2009-2013

Time horizon of share price target:12-month

#### Definition of share price risk

Rating	Definition
Very high	2.6 ≤180 day volatility/180 day benchmark index volatility
High	1.5 ≤ 180 day volatility/180 day benchmark index volatility < 2.6
Medium	1.0 ≤180 day volatility/180 day benchmark index volatility < 1.5
Low	180 day volatility/180 day benchmark index volatility < 1.0

We measure share price risk by its volatility relative to volatility of benchmark index. Benchmark index: Hang Seng Index.

Volatility is calculated from the standard deviation of day to day logarithmic historic price change. The 180-day price volatility equals the annualized standard deviation of the relative price change for the 180 most recent trading days closing price.

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