



June 25, 2014
Equity focus
Rating: BUY
TP: HK\$ 4.70

Share price (HK\$) 3.93
Est. share price return 19.6%
Est. dividend yield 4.8%
Est. total return 24.4%

Previous Rating & TP BUY; HK\$ 4.50
Previous Report Date February 12, 2014

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Key Data

52Wk H/L(HK\$)	4.99/1.53
Issued shares (mn)	6,907
Market cap (HK\$mn)	27,228
3-mth avg daily turnover (HK\$ mn)	111.97
Major shareholder(s) (%): Cheng Chung Hing	35.55

Source(s): Company, Bloomberg, ABCI Securities

FY14 Revenue breakdown (%)

Property development	95.1
Property investment	2.3
Property management	0.5
E-commerce	1.4
Others	0.7

Source(s): Company, ABCI Securities

Share performance (%)

	Absolute	Relative*
1-mth	9.8	10.2
3-mth	9.8	4.8
6-mth	83.6	86.0

*Relative to HSI

Source(s): Bloomberg, ABCI Securities

1-Year stock performance (HK\$)



Source(s): Bloomberg, ABCI Securities

China South City (1668 HK)

More-than-promising ecommerce development; reiterate BUY

- CSC's FY14 core profit surged 50.7% YoY to HK\$2.7bn, beating our forecast by 23%
- Good traction on ecommerce business since Tencent's strategic investment in Jan 14; segment revenue reached HK\$ 189mn by end-Mar
- Future ecommerce development via WeChat and Logistics Information Exchange Platform will be the focus
- Rosy outlook for both property development and e-commerce segments; FY15 sales target is set at HK\$18-20bn and the Group expects recurring revenue to reach HK\$1.5-2.0bn by FY17
- Raise TP to HK\$ 4.70 (from HK\$ 4.50 previously) based on a 50% discount (from 55% discount previously) to FY15E NAV of HK\$ 9.35/share. Reiterate BUY

Impressive FY14 results. CSC's FY14 results beat expectation. Core net profit surged 50.7% YoY to HK\$ 2,678mn, surpassing our forecast by 23% on higher-than-expected GFA delivery (1.62mn sqm, +57% YoY). Two major positive surprises include: **1) A high margin.** Although gross margin dropped 6.7ppt YoY to 48.6% (vs. sector avg. of 31%), it is still much higher than the industry average. Management commented the decline is resulted from the increased weight of new projects (e.g. CSC Zhengzhou and Hefei accounted for 68% of total revenue), which usually have lower ASPs at earlier phases to attract end-users. ASP increased in most projects (e.g. Shenzhen: +18%YoY; Nanning: +14% YoY). CSC's pricing power in mature projects should offer some support to margins; **2) Concrete progress on ecommerce.** CSC's ecommerce-related business has grown since Tencent's strategic investment in Jan 14, achieving HK\$ 189mn in segment revenue by end-Mar 14. Besides, combining rental income (HK\$ 304mn, +42% YoY), retail outlets (HK\$68.7mn, +185% YoY), logistics (HK\$ 25mn, +176% YoY) and other revenues, CSC's recurring revenue in FY14 reached HK\$ 655.7mn, up 112% YoY. CSC targets to expand its recurring revenue to HK\$1.5bn-2.0bn in 3 years' time.

Striving to be a major ecommerce player. In Jan-Mar 14, CSC was able to generate HK\$ 189mn in ecommerce-related segment by introducing an online membership program in CSC Zhengzhou. The membership program charged a fee of RMB 50k per SME, of which RMB 25k is the one-off joining fee, while the rest will be paid in annual installments (RMB 6-7k) for the 4-year membership program. Without any substantial help from Tencent, CSC's program attracted 7,000 SMEs in Zhengzhou. (Continued on Page 2)

Results and Valuation

FY ended Mar 31	FY13A	FY14A	FY15E	FY16E	FY17E
Revenue (HK\$ mn)	7,488	13,468	18,237	24,456	26,597
Chg (% YoY)	104.0	79.9	35.4	34.1	8.8
Core net profit (HK\$ mn)	1,776	2,678	3,737	5,680	6,345
Chg (% YoY)	92.5	50.7	39.6	52.0	11.7
Underlying EPS (HK\$)	0.29	0.40	0.49	0.75	0.84
Chg (% YoY)	91.6	35.1	23.9	52.0	11.7
BVPS (HK\$)	2.63	2.64	2.93	3.43	3.96
Chg (% YoY)	21.7	0.2	11.1	17.0	15.7
Underlying PE (x)	13.3	9.9	8.0	5.2	4.7
P/B (x)	1.49	1.49	1.34	1.15	0.99
ROE (%)	11.2	13.4	16.8	21.9	21.1
ROA (%)	4.2	4.5	5.5	7.7	8.0
DPS (HK\$)	0.10	0.14	0.19	0.24	0.29
Dividend yield (%)	2.5	3.6	4.8	6.1	7.4
Net gearing (%)	32.0	23.7	14.8	(9.2)	(33.1)

*Net gearing=Net debt/Total Shareholders' equity

Source(s): Bloomberg, ABCI Securities estimates



CSC may replicate its success in its 7 other projects across China. The Group also unveiled a more detailed plan concerning its ecommerce business. The two major focuses are **1) Cooperation with Tencent on WeChat platform.** A team led by Mr. Lin Jinghua, general manager of Tencent's Strategic Development department, will provide guidance on CSC's ecommerce platform. The initial focus will be on WeChat platform integration where real-time customers' shopping pattern will be tracked in CSC's properties. Promotional messages will be sent to Weixin users based on their interests; **2) Logistics Information Exchange Platform (LIEP).** This platform, which is still under development, will actively upload SME's delivery requirements (e.g. products, date, destination etc.) while showing availability of truck operators (logistic companies or individual) at the same time. In this way, both SMEs and logistic companies will be able to cooperate more easily. CSC Nanning will be the first trial point for the LIEP platform

FY15 sales target is set at HK\$ 18-20bn. Following the fast growth in FY14, CSC targets a presales amount of HK\$ 18bn-20bn for FY15, implying a YoY growth of 28-42% (FY14: HK\$ 14.1bn, up 72% YoY). In FY15, CSC's GFA completion target is 3.382 mn sqm. Two new projects, the CSC Chongqing (1.3mn sqm land acquired at RMB150/sqm) and Guangzhou (MOU signed), projects will provide extra saleable resources for the Group's sales in FY16 and after.

Share repurchase to support share price. Since Apr 2014, CSC has repurchased 31.34mn shares totaling HK\$109.2mn in the open market, implying an average cost of HK\$ 3.50/share (vs. current price at HK\$ 3.93). Despite CSC's share price rallied 79% YTD, management believes the company's shares are still undervalued. Management's strong vote of confidence would boost investors' confidence and willingness to acquire shares at its higher-than-peer valuation of 8.0x 2015E P/E (peer avg: 4.0x FY15E P/E)

Maintain BUY with revised TP HK\$4.70. We adjusted up our FY15E ecommerce-related revenue forecast by 73% to HK\$ 392mn on solid progress in CSC's online platform. We, however, lowered our FY15E gross margin from 57% to 52% on weaker-than-expected ASPs of new projects. Based on this set of impressive FY14 results, we raised our TP to HK\$4.70 (from HK\$ 4.50 previously) as we lower our NAV discount to 50% (from 55% previously) to align with the average in the commercial property sector. We believe CSC deserves a premium valuation to peers as it spearheads to expand in the e-commerce arena. Maintain **BUY**.

Risk factors: 1) Oversupply in second-tier cities; 2) Company's high level of unsold inventories may impede cash flow.

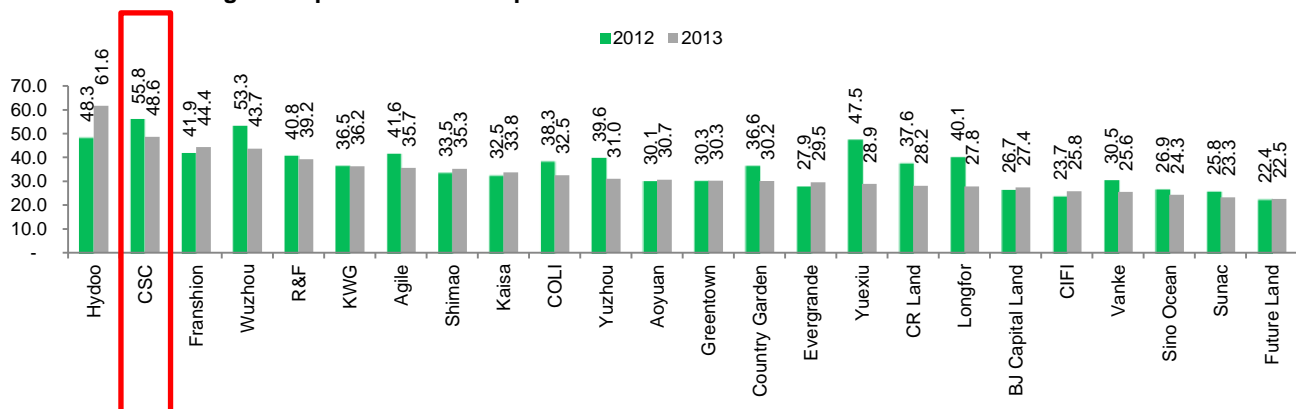


Exhibit 1: CSC's FY14 results

P&L	FY14			FY13	YoY Chg
	Actual	vs. ABCI estimates	Variance		
	HK\$ mn	HK\$ mn	(%)	HK\$ mn	(%)
Turnover	13,468	10,604	27%	7,488	80
Cost of Sales & direct operating costs	(6,921)	(5,077)	36%	(3,311)	109
Gross Profit	6,547	5,527	18%	4,177	57
Gross Margin (%)	48.6	52.1	-6.7%	55.8	(7.2)
Selling and distribution costs	(581)	(332)	75%	(289)	101
Administrative expense	(863)	(642)	35%	(537)	61
EBIT	5,103	4,553	12%	3,351	52
EBIT Margin (%)	37.9	42.9		44.8	
Other income, gains and losses	188	175	7%	52	259
Fair value gain of investment properties	1,266	0	na	1,251	1
Other exceptional items	(235)	0	na	(49)	na
Share of profit from JCE/ Associates	(1)	0	na	1	(192)
Finance cost	(153)	(226)	-33%	(133)	15
Profit before tax	6,169	4,502	37%	4,473	38
Tax	(2,472)	(2,017)	23%	(1,606)	54
- LAT	(1,270)	(1,189)	7%	(639)	99
- Enterprise tax	(1,202)	(828)	45%	(968)	24
Profit after tax	3,696	2,484	49%	2,867	29
Minority Interest	(202)	(299)	-33%	(117)	na
Net profit	3,494	2,185	60%	2,750	27
Core profit	2,678	2,185	23%	1,776	51
Core net margin	19.9%	20.6%		23.7%	
Operating statistics					
Contracted GFA (mn sqm)	1.75	1.49	18%	0.71	146.8
Contracted ASP (HK\$/sqm)	8,057	9,749	-17%	11,573	(30.4)
Presales (HK\$ mn)	14,100	14,516	-3%	8,205	71.8
GFA Delivered (mn sqm)	1.62	1.03	57%	0.66	144.0
Booked ASP (HK\$/sqm)	7,752	9,831	-21%	10,409	(25.5)
Property sales booked (HK\$/sqm)	12,535	10,152	23%	6,899	81.7
Balance sheet					
Gross debt	17,519	19,853	-12%	11,853	47.8
Cash	12,777	16,169	-21%	6,778	88.5
Net debt	4,742	3,684	29%	5,076	(6.6)
Net gearing (%)	23.7	17.9	5.8	32.0	(8.3)

Source(s): Company, ABCI Securities estimates

Exhibit 2: Gross margin comparison of developers



* CSC's figures represents Mar-end 2013 and 2014 numbers
 Source(s): Company, ABCI Securities



Exhibit 3: CSC's recurring revenue breakdown (HK\$ mn)

Revenue Breakdown	FY14	FY13	YoY Chg
Rental	305	214	42%
Property management	67	44	54%
E-commerce	189	0	na
Retail outlets	69	24	185%
Logistics	25	9	176%
Others	1	19	-94%
Recurring revenue	656	309	112%
Property development	12,813	7,179	78%
Total revenue	13,468	7,488	80%

Source(s): Company, ABCI Securities

Exhibit 4: CSC presales target vs peers

		2013	2014 Target	Implied growth
CSC	HK\$ bn	14.1	18-20	28-42%
Hydoo	RMB bn	7.0	8.5-9.5	21-36%
Wuzhou	RMB bn	5.2	6.5	25%

*CSC's figures represents March-end 2014 and 2015 numbers
Source(s): Company, ABCI Securities estimates

Exhibit 5: CSC's shares repurchase in Apr-May 2014

Date	No. of shares repurchased	Average price	Amount
	million	HK\$	HK\$ mn
11-Apr	8.23	3.58	29.46
14-Apr	5.81	3.56	20.68
15-Apr	7.80	3.51	27.35
2-May	5.21	3.33	17.35
5-May	4.29	3.45	14.78
Total	31.34	3.50	109.62

Source(s): HKEx, ABCI Securities

Exhibit 6: CSC FY15E's NAV forecast

	Attr. GFA (mn sqm)	NAV (HK\$ mn)	% of total	Valuation Method	Implied value per sqm (HK\$)
Property development					
Shenzhen	2.2	10,027	14%	DCF at WACC of 7.4%	4,656
Nanning	2.7	9,183	12%		3,428
Nanchang	3.7	14,083	19%		3,853
Xi'an	1.7	4,432	6%		2,670
Harbin	2.2	3,773	5%		1,691
Others	9.5	16,080	22%		1,695
Subtotal	21.9	57,579	78%		2,633
Investment Properties & retail outlets		7,294	10%	5% cap rate on FY15E net rental income	
Online Platform (E-commerce and logistics)		9,240	12%	30x 2015E PE on online platform operation	
Total FY15E GAV		74,112	100%		
FY15E Net debt		(3,292)	-4%		
Total FY15E NAV		70,820	96%		
No. of share outstanding		7,577			
NAV per share (HK\$)		9.35			
Target discount (%)		50%			
Target Price (HK\$)		4.70			
WACC	7.4%				
Cost of debt	6.5%				
Cost of Equity	10.0%				
Debt/ (Debt + Equity)	51%				

Source(s): Company, ABCI Securities estimates



Exhibit 7: Sector valuation- Property sector

China Property	Ticker	Rating	TP	Mkt cap	Share Price	Performance			Discount to NAV (%)	Valuation												
						3M	YTD	2013		P/E			Yield (%)			P/B						
						(HKD bn)	(local ccy)	% Chg		% Chg	% Chg	2013A	2014E	2015E	2013A	2014E	2015E	2013A	2014E	2015E		
Residential :																						
1	COLI	688 HK	HOLD	19.50	154	18.86	(3)	(12)	(4)	(22.65)	8.1	6.6	5.8	2.5	3.0	3.5	1.4	1.2	1.0			
2	CR Land	1109 HK	NR		80	13.72	(16)	(27)	(8)	(51.09)	8.6	7.1	5.7	3.2	3.8	4.5	0.9	0.8	0.7			
3	Country Garden	2007 HK	NR		54	2.93	(4)	(33)	20	(56.78)	5.1	4.3	3.6	7.1	8.4	9.9	1.0	0.8	0.7			
4	Shimao	813 HK	NR		48	13.88	(5)	(22)	26	(57.77)	5.3	4.4	3.7	7.3	7.0	8.3	0.9	0.8	0.7			
5	Longfor	960 HK	NR		51	9.35	(10)	(11)	(27)	(51.38)	6.6	5.6	4.9	3.0	3.4	4.0	1.1	0.9	0.8			
6	Evergrande	3333 HK	NR		43	2.97	(14)	18	(27)	(57.99)	3.4	3.7	3.3	22.7	9.1	10.0	0.8	0.6	0.5			
7	Guangzhou R&F	2777 HK	NR		30	9.40	(8)	(12)	(7)	(69.63)	4.2	3.8	3.2	8.2	8.7	9.9	0.8	0.7	0.6			
8	Sino Ocean	3377 HK	NR		29	3.94	3	(19)	(8)	(56.30)	6.8	6.1	5.4	5.8	6.6	7.4	0.6	0.5	0.5			
9	Agile	3383 HK	NR		18	5.22	(15)	(34)	(20)	(70.31)	3.2	3.1	2.8	9.0	9.2	10.1	0.5	0.4	0.4			
10	Greentown	3900 HK	BUY	9.70	16	7.21	(10)	(39)	(12)	(70.34)	3.3	2.8	2.5	7.4	8.3	9.1	0.5	0.5	0.4			
11	Sunac	1918 HK	BUY	7.10	14	4.09	5	(6)	(21)	(79.96)	3.1	2.5	2.3	5.8	7.3	7.8	0.8	0.6	0.5			
12	Yuexiu Properties	123 HK	NR		14	1.47	(4)	(21)	(18)	(66.97)	8.8	6.5	5.1	5.6	6.3	7.5	0.5	0.4	0.4			
13	COGO	81 HK	NR		10	4.57	0	(37)	(20)	(64.76)	3.8	3.1	2.6	2.4	3.0	3.6	0.9	0.7	0.6			
14	KWG	1813 HK	NR		12	4.32	4	8	(23)	(71.91)	4.3	3.5	3.0	8.3	8.2	9.7	0.6	0.5	0.4			
15	Kaisa	1638 HK	BUY	4.00	11	2.21	(19)	(7)	4	(72.38)	3.9	2.8	2.1	8.4	10.0	15.7	0.6	0.5	0.4			
16	CIFI	884 HK	BUY	1.60	8	1.33	(13)	(15)	2	(67.48)	4.2	3.4	3.1	5.3	6.6	7.3	0.7	0.6	0.6			
17	BJ Capital Land	2868 HK	NR		5	2.43	(13)	1	(12)	(55.82)	3.5	2.2	2.0	11.3	13.5	14.2	0.5	0.4	0.3			
18	Future Land	1030 HK	NR		4	0.66	(15)	(22)	(35)	(86.80)	3.1	2.3	2.0	9.4	10.9	11.9	0.4	0.3	0.3			
19	China Aoyuan	3883 HK	BUY	2.40	3	1.12	(22)	(26)	35	(81.41)	3.6	2.0	1.2	8.9	12.4	21.3	0.3	0.3	0.2			
HK Listed Avg										(8)	(17)	(8)	(63.77)	4.9	4.0	3.4	7.5	7.7	9.2	0.7	0.6	0.5
- Large cap (>HKD30b) avg										(9)	(14)	(4)	(52.47)	5.9	5.1	4.3	7.7	6.2	7.1	1.0	0.8	0.7
- Small-mid cap (<HKD30b) avg										(7)	(17)	(15)	(69.37)	4.4	3.5	3.0	7.2	8.2	9.5	0.6	0.5	0.4
1	Vanke	000002 CH	NR		98	10.28	2	7	(15)	(33.25)	6.5	4.8	4.0	5.0	5.1	6.1	1.2	1.0	0.8			
2	Poly-A	600048 CH	NR		65	10.66	(2)	(7)	(38)	(38.74)	6.0	3.9	3.2	4.0	5.1	6.5	1.0	0.8	0.7			
3	China Merchants Property	000024 CH	NR		31	26.80	(18)	(25)	(30)	(20.55)	7.5	5.0	4.1	3.1	3.5	4.5	1.0	0.8	0.7			
4	Gemdale	600383 CH	NR		49	7.20	30	33	(4)	(42.77)	11.0	9.0	7.5	1.0	1.7	1.8	1.4	1.2	1.1			
A-share Listed Avg										3	2	(22)	(33.83)	7.7	5.7	4.7	3.3	3.8	4.7	1.1	1.0	0.8
Commercial:																						
1	SOHO China	410 HK	NR		32	6.02	6	(7)	13	(24.75)	5.7	11.8	19.3	5.2	5.1	4.9	0.7	0.6	0.6			
2	China South City	1668 HK	BUY	4.70	27	3.93	9	79	97	(57.95)	9.9	8.0	5.2	3.6	4.8	6.1	1.5	1.3	1.1			
3	Hui Xian REIT	87001 HK	NR		22	3.35	(1)	(10)	(1)	(23.43)	23.6	15.0	13.7	7.3	8.0	8.4	0.6	0.6	0.6			
4	Franshion	817 HK	BUY	3.60	19	2.10	(13)	(19)	(1)	(56.68)	7.0	5.2	3.8	4.5	5.7	7.6	0.7	0.6	0.5			
5	Shui On Land	272 HK	NR		15	1.87	(6)	(20)	(30)	(47.69)	10.2	10.7	8.8	3.3	4.3	4.1	0.3	0.3	0.3			
6	Hydoo	1396 HK	BUY	4.30	10	2.53	(25)	22	na	(60.34)	4.7	3.6	2.9	7.5	9.7	11.9	1.5	1.4	1.1			
7	Yuexiu REIT	405 HK	NR		10	3.69	(2)	1	9	na	43.2	30.0	24.7	7.3	7.6	8.1	0.6	0.7	0.7			
8	Zall	2098 HK	NR		10	2.74	4	0	(10)	na	27.8	na	na	0.0	na	na	1.2	na	na			
9	Wuzhou	1369 HK	NR		7	1.50	(5)	19	23	na	16.0	8.2	5.7	2.3	3.1	4.9	2.3	na	na			
Commercial Avg										(4)	7	13	(45.14)	16.5	11.6	10.5	4.6	6.1	7.0	1.1	0.8	0.7
- Developers										(1)	8	20	(46.77)	11.6	7.9	7.6	3.8	5.5	6.6	1.2	0.9	0.7
- Landlords/REIT										(13)	6	(1)	(41.89)	33.4	22.5	19.2	7.3	7.8	8.2	0.6	0.6	0.7

* Data as at 25 Jun 2014

Source(s): Company, ABCI Securities estimates, Bloomberg

Exhibit 8: Sector valuation- logistic and internet sectors

Ticker	Mkt cap	Share Price	Performance			Valuation															
			1M	3M	2013	P/E			Yield (%)			P/B									
			(HKD bn)	(local ccy)	% Chg	% Chg	% Chg	2013A	2014E	2015E	2013A	2014E	2015E	2013A	2014E	2015E					
Internet :																					
1	Tencent	700 HK	1,075	115.10	0	4	99	55.8	37.6	29.0	0.2	0.3	0.4	13.2	11.2	8.4					
2	IGG	8002 HK	7	4.86	8	(17)	na	40.4	10.1	7.4	0.3	na	na	na	na	na					
3	HT International	8292 HK	12	18.36	(2)	4	231	63.8	37.1	23.3	0.0	na	na	9.7	7.0	5.3					
4	Boyaa	434 HK	6	8.31	2	(9)	na	22.6	20.0	15.3	1.3	na	na	4.1	3.4	2.8					
Internet average										2	(4)	165	45.7	26.2	18.7	0.5	0.3	0.4	9.0	7.2	5.5
Logistics:																					
1	Kerry Logistics	636 HK	20	11.98	0	na	na	22.9	20.1	17.7	0.9	1.0	1.2	1.2	1.4	1.3					
2	Global Logistics Properties	GLP SP	80	2.67	0	(5)	5	41.3	33.4	30.1	1.7	1.7	1.8	1.2	1.1	1.1					
3	Mapletree Industrial Trust	MINT SP	15	1.42	0	(4)	5	14.6	14.5	14.2	7.0	6.9	7.1	1.2	1.2	1.2					
Logistic average										0	(5)	5	26.3	22.6	20.6	3.2	3.2	3.4	1.2	1.2	1.2

* Data as at 25 Jun 2014

Source(s): Company, ABCI Securities estimates, Bloomberg



Consolidated income statement (FY13A-FY17E)

FY Ended Mar 31 (HK\$ mn)	FY13A	FY14A	FY15E	FY16E	FY17E
Revenue	7,488	13,468	18,237	24,456	26,597
Cost of sales	(3,311)	(6,921)	(8,839)	(10,910)	(11,736)
Gross Profit	4,177	6,547	9,398	13,545	14,861
SG&A expenses	(826)	(1,444)	(2,051)	(2,507)	(2,645)
EBIT	3,351	5,103	7,347	11,039	12,216
Finance cost	(133)	(153)	(271)	(271)	(271)
Share of profit of associates	1	(1)	-	-	-
Other income/ (expenses)	52	188	80	110	143
Fair value gain of investment properties	1,251	1,266	-	-	-
Disposal/one-off items	(49)	(235)	-	-	-
Profit before tax	4,473	6,169	7,156	10,878	12,089
Tax	(1,606)	(2,472)	(3,419)	(5,198)	(5,744)
Profit after tax	2,867	3,696	3,737	5,680	6,345
Minority interest	(117)	(202)	-	-	-
Reported net profit	2,750	3,494	3,737	5,680	6,345
Less: exceptional items	(973)	(817)	-	-	-
Underlying net profit	1,776	2,678	3,737	5,680	6,345
Per share					
Underlying EPS (HK\$)	0.29	0.40	0.49	0.75	0.84
DPS (HK\$)	0.10	0.14	0.19	0.24	0.29
Payout ratio (%)	34%	35%	39%	32%	35%
BVPS (HK\$)	2.63	2.64	2.93	3.43	3.96
Growth %					
Revenue	104.0%	79.9%	35.4%	34.1%	8.8%
Gross Profit	86.8%	56.8%	43.5%	44.1%	9.7%
EBIT	97.4%	52.3%	44.0%	50.2%	10.7%
Underlying net profit	92.5%	50.7%	39.6%	52.0%	11.7%
Margin %					
Gross margin	55.8%	48.6%	51.5%	55.4%	55.9%
Gross margin (post-LAT)	48.2%	39.2%	39.3%	41.6%	41.8%
EBIT margin	44.8%	37.9%	40.3%	45.1%	45.9%
Core net margin	26.2%	21.7%	20.5%	23.2%	23.9%
Key assumptions					
Presales (HK\$ mn)	8,205	14,106	18,471	26,404	26,306
GFA sold (mn sqm)	0.71	1.75	1.84	2.42	2.39
ASP (HK\$/sqm)	11,573	8,083	10,013	10,908	11,026
Booked Sales (HK\$)	6,899	12,813	17,210	23,087	24,779
GFA delivered (mn sqm)	0.66	1.62	1.86	2.26	2.37
Booked ASP (HK\$/sqm)	10,409	7,910	9,269	10,211	10,444

Source: Company, ABCI Securities estimates



Consolidated balance sheet (FY13A-FY17E)

As of Mar 31 (HK\$ mn)	FY13A	FY14A	FY15E	FY16E	FY17E
Current assets	18,428	30,042	36,492	42,170	49,732
Bank balances and cash	6,778	12,777	19,227	24,905	32,467
Trade receivables	937	2,806	2,806	2,806	2,806
Properties held for sale	9,953	13,701	13,701	13,701	13,701
Other current assets	760	759	759	759	759
Non-current assets	23,917	29,919	31,460	32,035	30,024
Properties under development	2,382	2,933	4,564	5,240	3,340
Property, plant and equipment	601	659	569	469	358
Investment properties	19,426	24,034	24,034	24,034	24,034
Investment in Associate and JCE	6	13	13	13	13
Other non-current assets	1,502	2,279	2,279	2,279	2,279
Total Assets	42,345	59,961	67,952	74,205	79,757
Current Liabilities	15,374	24,243	30,069	32,593	34,129
Short term borrowings	4,418	5,842	10,842	10,842	10,842
Trade and other payables	4,373	8,871	8,871	8,871	8,871
Pre-sale deposits	3,793	5,120	5,945	8,470	10,006
Other current liabilities	2,790	4,411	4,411	4,411	4,411
Non-current liabilities	10,928	15,573	15,573	15,573	15,573
Long term borrowings	7,435	11,677	11,677	11,677	11,677
Other payables	-	-	-	-	-
Other non-current liabilities	3,493	3,896	3,896	3,896	3,896
Total Liabilities	26,302	39,817	45,642	48,166	49,703
Net Assets	16,043	20,144	22,310	26,039	30,054
Shareholders Equity	15,853	19,970	22,185	25,965	30,029
Minority Interest	190	175	125	75	25
Total Equity	16,043	20,144	22,310	26,039	30,054
Key ratio:					
Gross debt (HK\$ mn)	11,853	17,519	22,519	22,519	22,519
Net debt (HK\$ mn)	5,076	4,742	3,292	(2,386)	(9,949)
Net gearing (%)	32%	24%	15%	(9%)	(33%)
Presales/ Total assets (x)	0.19	0.24	0.27	0.36	0.33

Source(s): Company, ABCI Securities estimates



Consolidated cash flow statement (FY12A-FY16E)

FY ended Mar 31 (HK\$ mn)	FY13A	FY14A	FY15E	FY16E	FY17E
EBITDA	3,378	5,173	7,447	11,149	12,337
Change in Working Capital	(554)	2,245	730	3,384	4,972
Tax payment	(200)	(2,472)	(3,419)	(5,198)	(5,744)
Operating Cashflow	2,624	4,945	4,758	9,335	11,565
Purchase of PP&E	(10)	(10)	(10)	(10)	(10)
Addition of Investment Properties	0	0	0	0	0
Investment in Associate/ JCE	0	0	0	0	0
Proceeds from Disposals	0	0	0	0	0
Others	0	188	80	110	143
Investing Cashflow	(10)	178	70	100	133
Debt raised	2,000	10,000	10,000	10,000	10,000
Debt repaid	(500)	(9,721)	(5,000)	(10,000)	(10,000)
Interest expenses	(719)	(1,208)	(1,807)	(1,807)	(1,807)
Equity raised	0	3,328	0	0	0
Convertible securities raised	0	0	0	0	0
Dividend to shareholders	(449)	(1,143)	(1,522)	(1,901)	(2,280)
Others	0	(380)	(50)	(50)	(50)
Financing Cashflow	332	877	1,621	(3,758)	(4,136)
Net cash inflow/ (outflow)	2,946	5,999	6,450	5,678	7,562
Cash- beginning	3,832	6,778	12,777	19,227	24,905
Cash- year-end	6,778	12,777	19,227	24,905	32,467

Source(s): Company, ABCI Securities estimates

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Definition of equity rating

Rating	Definition
Buy	Stock return \geq Market return rate
Hold	Market return - 6% \leq 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	$2.6 \leq$ 180 day volatility/180 day benchmark index volatility
High	$1.5 \leq$ 180 day volatility/180 day benchmark index volatility < 2.6
Medium	$1.0 \leq$ 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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