

## China Property

### China Developers' Evolution into Conglomerates: 2021-2025

Property Developers have created a new sector through property management subsidiary spin-offs in recent years, and we believe there are more to come. As equity valuations of developers remain depressed and government tightens regulation on financial leverage, further spin-offs of other business units will be the main fuel to propel developers' future growth, in our view.

#### The Evolution into Conglomerates have begun, more spin-offs to come?

As government tightens regulation on developers' financial leverage and profit margins contained by ASP pre-sale restriction, we believe developers will be actively seeking alternative equity funding channels to fuel growth. Spin-off of property management companies opened up a new sector of opportunities for investors and we believe that there is more to come. Over the past 5 years, property developers have already begun to develop non-property related business opportunities that arose around their core business, laying down the foundation for the next decade. We have seen "other revenues" grow by 29% CAGR from 2018 to 2020 across the sector and we believe that these business units are entering maturity and could be ready for a separate listing over the next 5 years. In this report, we will examine the next sector of opportunities to follow after Property Management.

#### Business Unit Spin-offs will gather pace to fund growth

We have noticed that Logistics Properties, Cultural Tourism Businesses, Project/Construction Management, Healthcare/Senior housing and Education are popular "side businesses" that have developed within property developers. This is understandable as most of them are complementary to their core property business. We thus believe the next flurry of spin-offs to follow after property management will come from these sectors, in order to help recapitalize developer's balance sheets to fund future growth.

#### Growth slows down, but free cash flows remain healthy

The regulation of developers' leverage through the Three Red-Lines and limiting foreign debt through NDRC quota will restrict the industry's top-line contracted sales growth in our view. We thus expect the listed developers to grow by ~13% in contracted sales during 2021E, a significant slow down from the 19% CAGR of the past 3 years. Nonetheless, balance sheets are underpinned by solid free cash flows as developers remain disciplined and contain their capex spend. As a result, we expect the divergence between the bond markets and equity markets will remain.

#### Initiate Coverage of Yuexiu, Radiance, SINIC, Dexin and Yincheng LS

We are initiating coverage of Yuexiu Property, Radiance, SINIC and Yincheng Life Service with Buy Ratings and Dexin China with a Hold Rating. We recommend equity investors to overweight small-cap property management companies, with **Aoyuan Healthy Life** and **Central China New Life** as our top picks, while we also add Yincheng Life Service into our coverage universe. Among developers and landlords, our top picks of the sector are **Yuexiu Prop**, **Yuexiu REIT** and **Aoyuan**. We remain positive on the China Property USD Bonds overall. We believe the developers have shown their discipline in CAPEX, generating positive Free Cash Flow, while the enforced growth slowdown by regulation and potential spin-offs to recapitalize balance sheets will continue to be credit positive.

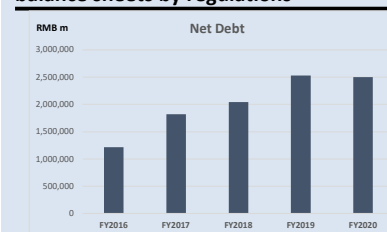
### AMTD Property Coverage

#### Coverage Summary

Ticker	Name	Rating
0123.HK	Yuexiu Property	Buy
0405.HK	Yuexiu REIT	Buy
3883.HK	China Aoyuan	Buy
0832.HK	Central China	Buy
1238.HK	Powerlong	Buy
9993.HK	Radiance	Buy
3662.HK	Aoyuan Healthy Life	Buy
9983.HK	CC New Life	Buy
0095.HK	LVGEM	Buy
1922.HK	Yincheng LS	Buy
0035.HK	Far East	Buy
0017.HK	New World Dev	Buy
1996.HK	Redsun	Buy
1628.HK	Yuzhou	Buy
2103.HK	SINIC	Buy
2019.HK	Dexin China	Hold
6111.HK	Dafa	Hold
0230.HK	Minmetals	Hold

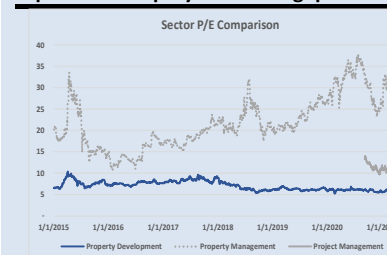
Source: AMTD Research

#### Developers forced to deleverage their balance sheets by regulations



Source: Company Data, AMTD Research

#### Spin-offs will offer developers growth capital amid equity valuation gap



Source: Bloomberg, AMTD Research

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## Executive Summary

### Evolution into Conglomerates has begun, more spin-offs to come?

With financial leverage being closely scrutinized and profit margins contained by ASP pre-sale restriction, we believe developers will be actively seeking alternative funding channels to fuel growth. Spin-off of property management companies opened up a new sector of opportunities for investors and we believe that there is more to come. Over the past 5 years, property developers have already begun to take advantage of non-property related business opportunities that arose around their core business, laying down the foundation for the next decade’s growth. We have seen “other revenues” grow by 29% CAGR from 2018 to 2020 across the sector and we believe that these business units are entering maturity and could be ready for a separate listing over the next 5 years. In this report, we will examine the next sector of opportunities to follow after Property Management.

### Business Unit Spin-offs will gather pace to fund Developers’ needs

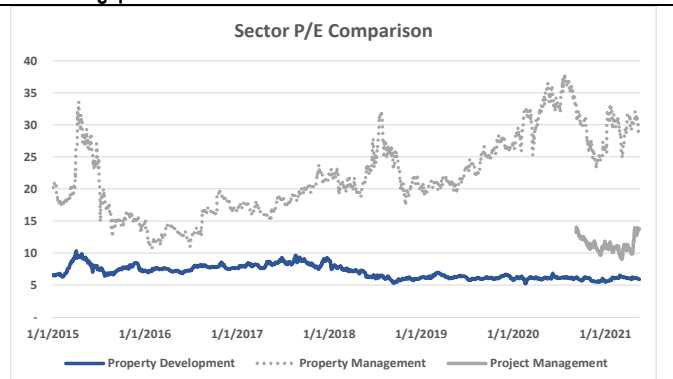
We have noticed that Logistics Properties, Cultural Tourism Businesses, Construction Management, Healthcare/Senior housing and Education are among popular “side businesses” that have developed within property developers. This is understandable as most of them are complementary to their core property business. We thus believe the next flurry of spin-offs to follow after property management will come from these sectors, in order to help recapitalize developer’s balance sheets to fund future growth.

Figure 1: China Developers’ business layout excluding property development

Ticker	Name(EN)	Property management	Commercial Leasing	Hotel	Rental Apartments	Industrial Property	Cultural Tourism	Construction/ decoration/ Services	Healthcare / Senior Housing	Education	Others
2202 HK	Vanke										
688 HK	COLI	Listed									
3333 HK	Evergrande	Listed									Electric Vehicles
1109 HK	CR Land	Listed									Cinema
2007 HK	Country Garden	Listed									Robotic, Agriculture
960 HK	Longfor										Envir. protection
1918 HK	Sunac	Listed									IP, Film
813 HK	Shimao	Listed									Technology, Finance
884 HK	CIFI	Listed									
3380 HK	Logan										Primary land dev.
2777 HK	R&F										
3383 HK	Agile	Listed									Envir. protection
1233 HK	Times China	Listed									Finance
123 HK	Yuexiu										
2772 HK	Zhongliang										
3883 HK	Aoyuan	Listed									Sales of goods
1813 HK	KWG	Listed									
1638 HK	Kaisa	Listed									
6158 HK	Zhenro	Listed									
1238 HK	Powerlong	Listed									
1628 HK	Yuzhou										
3301 HK	Ronshine										
1966 HK	China SCE										
3900 HK	Greentown	Listed									
119 HK	Poly Prop	Listed									
832 HK	CCRE	Listed									Football and Green House
2019 HK	Dexin China										
1996 HK	Redsun	Listed									Home Furnishing
6111 HK	Dafa										
95 HK	Lvgem										
230 HK	Minmetals										
9993 HK	Radiance										Management consulting
2103 HK	Sinic										Consulting

Source: Bloomberg, Company Data, AMTD Research

**Figure 2: Spin-offs will offer developers growth capital amid equity valuation gap**

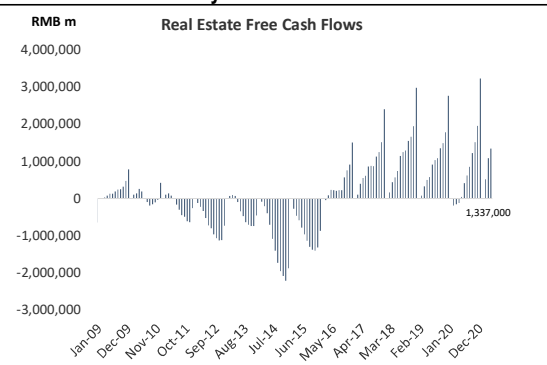


Source: Bloomberg; AMTD Research

### Growth slows down, but free cash flows remain healthy

The regulations that cap developers' leverage through the Three Red-Lines and limiting foreign debt through NDRC quota will restrict the industry's top-line contracted sales growth in our view. We thus expect the listed developers to grow by ~13% in contracted sales during 2021E, a significant slow down from the 19% CAGR of the past 3 years. Nonetheless, balance sheets are underpinned by solid free cash flows as developers contain their capex spend. As a result, we expect the divergence between the bond markets and equity markets will remain.

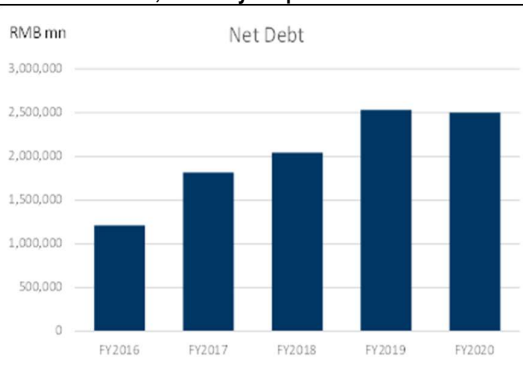
**Figure 3: Industry FCF has remained healthy despite Pandemic and Austerity Measures**



Source: NBS, Bloomberg; AMTD Research

Note: Real Estate FCF = National Commodity Property Sales Value – National Real Estate Investment

**Figure 4: Listed Developers's Aggregate Net Debt has declined in 2020, driven by the positive cash flows**



Source: Company Data, AMTD Research

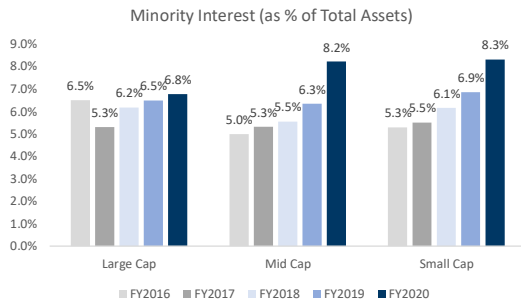
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**Key Investment Risks**

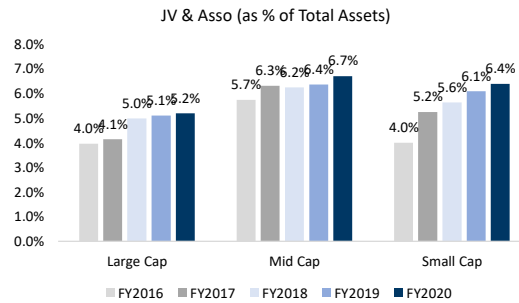
We believe the key investment risks of the sector lies with (1) the rise in JV and Associate companies which increases the inter-company cash flow risks at project company level; (2) potential dilution in shareholders' profits due to the rise in minority interests; (3) the slow down in contracted sales growth may result in a rise in completed unsold inventory; and (4) if the equity markets remain volatile, developers may struggle to raise equity capital through business unit spin-offs.

**Figure 5: Mid-Small Cap developers on aggregate have seen a more significant rise in minority interests to fulfill the 3 red lines**



Source: Company Data, Bloomberg; AMTD Research  
 Note: Aggregate Breakdown of Listed Developers' Balance Sheets

**Figure 6: Listed Developers' JV and Associate companies on aggregate remain a key inter-company cash flow risk**



Source: Company Data, Bloomberg; AMTD Research  
 Note: Aggregate Breakdown of Listed Developers' Balance Sheets

## What's Changed?

We are lowering our 2021E-2023E Net Profit Estimates for our China Developers coverage universe by 27-32% on average. We previously expected more resilient gross margins in 2021E-2023E, which are lowered to reflect the negative impact by the pandemic and stricter housing price cap. We have also revised our valuation assumptions of the major developers under our coverage, please refer to the Valuation Methodology section for more details.

We initiate coverage of Yuexiu Property, Radiance Group, Sinic Holdings, Dexin China and Yincheng Life Service.

**Figure 7: Changes to Target Price and Rating, initiating four listco with Buy ratings**

Ticker	Name	Rating		Target Price			Upside/Downside	
		New	Old	New	Old	Change	Share Price	% Diff
<b>China Property Developers</b>								
1996 HK	Redsun	Buy	Buy	3.34	3.78	-12%	2.52	33%
95 HK	Lvgem	Buy	Buy	4.90	5.00	-2%	2.09	134%
832 HK	CCRE	Buy	Buy	3.85	3.85	0%	2.01	92%
3883 HK	Aoyuan	Buy	Buy	12.91	14.46	-11%	8.17	58%
1238 HK	Powerlong	Buy	Buy	10.61	8.05	32%	7.83	36%
1628 HK	Yuzhou	Buy	Buy	2.76	3.98	-31%	2.12	30%
230 HK	Minmetals	Hold	Hold	0.86	1.01	-15%	0.83	4%
6111 HK	Dafa	Hold	Hold	5.23	3.73	40%	6.12	-14%
123 HK	Yuexiu Property	Buy	N/A	2.30	N/A	N/A	1.81	27%
9993 HK	Radiance	Buy	N/A	6.04	N/A	N/A	4.79	26%
2019 HK	Dexin China	Hold	N/A	3.48	N/A	N/A	3.08	13%
2103 HK	Sinic	Buy	N/A	5.23	N/A	N/A	4.16	26%
<b>China Property Management</b>								
3662 HK	Aoyuan Healthy Life	Buy	Buy	10.75	11.18	-4%	4.97	116%
9983 HK	CCNL	Buy	Buy	11.94	13.56	-12%	6.33	89%
1922 HK	Yincheng LS	Buy	N/A	7.53	N/A	N/A	4.69	61%
<b>REITs</b>								
405 HK	Yuexiu REIT	Buy	Buy	4.99	4.99	0%	3.91	28%
<b>HKSAR and Other Global Property Developers</b>								
17 HK	New World Dev	Buy	Buy	57.94	56.68	2%	40.45	43%
35 HK	Far East Consortium	Buy	Buy	4.09	4.18	-2%	2.68	53%

Source: AMTD Research Estimates

Note: Share prices as of 17 May

Figure 8: 2021E-2023E Net Profit Changes

Ticker	Name	Old AMTD Net Profit Estimates			New AMTD Net Profit Estimates			Change		
		21E	22E	23E	21E	22E	23E	21E	22E	23E
<b>China Property Developers</b>										
1996 HK	Redsun	2,076	2,455	N/A	1,832	1,959	2,151	-12%	-20%	N/A
95 HK	Lvgem	1,722	2,506	N/A	1,757	1,814	3,520	2%	-28%	N/A
832 HK	CCRE	2,407	2,619	2,751	2,407	2,619	2,751	0%	0%	0%
3883 HK	Aoyuan	7,148	8,161	N/A	5,321	5,975	7,121	-26%	-27%	N/A
1238 HK	Powerlong	4,824	6,505	N/A	4,507	5,746	7,198	-7%	-12%	N/A
1628 HK	Yuzhou	5,070	6,123	N/A	812	1,323	1,459	-84%	-78%	N/A
230 HK	Minmetals	912	1,354	N/A	243	431	501	-73%	-68%	N/A
6111 HK	Dafa	536	644	N/A	428	515	643	-20%	-20%	N/A
123 HK	Yuexiu Property	N/A	N/A	N/A	4,662	5,686	6,522	N/A	N/A	N/A
9993 HK	Radiance	N/A	N/A	N/A	3,193	4,164	4,942	N/A	N/A	N/A
2019 HK	Dexin China	N/A	N/A	N/A	1,522	1,674	1,771	N/A	N/A	N/A
2103 HK	Sinic	N/A	N/A	N/A	2,065	2,574	2,834	N/A	N/A	N/A
Average								-27%	-32%	0%
<b>China Property Management</b>										
3662 HK	Aoyuan Healthy Life	383	476	N/A	358	499	624	-7%	5%	N/A
9983 HK	CCNL	488	606	N/A	641	820	1,024	31%	35%	N/A
1922 HK	Yincheng LS	N/A	N/A	N/A	88	115	150	N/A	N/A	N/A
Ticker	Name	Old AMTD DPS Estimates			New AMTD DPS Estimates			Change		
		21E	22E	23E	21E	22E	23E	21E	22E	23E
<b>REITs</b>										
405 HK	Yuexiu REIT	0.24	0.25	N/A	0.24	0.25	0.25	-1%	0%	N/A
Ticker	Name	Old AMTD Net Profit Estimates			New AMTD Net Profit Estimates			Change		
		21E	22E	23E	21E	22E	23E	21E	22E	23E
<b>HKSAR and Other Global Property Developers</b>										
17 HK	New World Dev	9,713	8,965	N/A	7,539	7,929	8,397	-22%	-12%	N/A
35 HK	Far East Consortium	1,003	1,451	1,894	914	1,352	1,933	-9%	-7%	2%

Source: AMTD Research Estimates

## Changes in our Existing Coverage

**China Aoyuan:** We have revised down our 2021E-2022E earnings forecasts by 26%-27% as we lowered 2021E-2022E gross margin and an a higher proportion of minority interests. As a result our Target Price was cut by 11% to HK\$12.91/sh based on 5.5x 2021E target P/E.

**Central China Real Estate:** Our earnings forecasts and target price are unchanged, as we have recently revised our forecasts in our report, "Post Spin-Off Trading offers Buying Opportunity", dated 14 May 2021.

**Dafa Properties:** We have cut our 2021E-2022E earnings forecast by 20%, amid the lower than expected gross margin achieved in 2020. We have lifted our Target P/E Multiple to 8.5x 2021E P/E on the back of the stock's deleveraged balance sheet and the higher historical average Fwd P/E Multiple. As a result, we have increased our Target Price by 40% to HK\$5.23/sh.

**Redsun Properties:** We have lowered our 2021E-2022E net profit by 12-20% as we lowered our gross margin estimates, while also factoring in a higher proportion of minority interests. We have lowered our target price by 12% to HK\$3.34/sh based on 5x 2021E target P/E, implying upside of 33%.

**Powerlong Real Estate:** We have lowered our 2021E-2022E net profit estimates by 7%-12% to factor in the latest development schedule. We have raised our Target P/E Multiple to 8x 2021E target P/E on the back of its solid 2020 results, we have thus increased our Target Price by 32% to HK\$10.61/sh, implying upside of 36%.

**Yuzhou Properties:** We have cut our 2021E-2022E earnings forecast by 78-84% following its recent disappointing 2020 results. We have lowered our gross margin forecasts 2021E-2022E amid the drag on profit margins by the recognition of its capitalized interest in its completed inventory. As such, our Target Price is lowered by 31% based on a Target 2021 P/B Multiple of 0.55x.

**New World Development:** We have revised down our FY2021E-FY2022E earnings forecast by 12-22%, as we delay some of the property sales and revenue bookings into FY2023E. Since our revisions are only a delay in recognition, the impact on the NAV and thus Target Price is largely unchanged, with our new Target Price at HK\$57.94/sh.

**LVGEM:** We have slightly revised our LVGEM 2021E, 2022E net profit by +2% and -28%, respectively, to reflect the latest construction schedule, delaying some of the revenue recognition in Mangrove Bay No.1 project. Our Target Price is cut by 2% to HK\$4.90/sh as our NAV has also been revised accordingly to reflect the latest sales and cashflow pipeline. Our Target Price is based on a NAV discount of 63%, implying upside of 134%.

**Minmetals:** We have revised down our 2021E-2022E earnings forecast by 68-73% following its weaker-than-expected 2020 results announcement. Our gross margins forecasts have been lowered to 16% as a result. Based on 0.30x 2021E P/E, our target price has also been revised down by 15% to HK\$0.86/sh.

**Aoyuan Healthy Life:** We have slightly revised down our FY2021E net profit by 7% and revised up our FY2022E net profit estimate to reflect the latest growth profile following the integration of Easy Life. Our Target Price has been revised slightly down by 4% as a result.

**Central China New Life:** We have revised up our 2021E-2022E net profit estimate by 31-35% respectively, after the company reported a stronger than expected 2020 results with a more positive outlook amid the GFA under management growth. Despite the earnings lift, our Target Price has been revised down by 12% based on our DCF-Model as we factor in the CAPEX spent on the subscription of CCRE bonds in Nov 2020.

**Yuexiu REIT:** Our 2021E-2022E Net Profit forecasts and Target Price has remained largely unchanged.

**Far East Consortium:** We have revised down our FY2021E-FY2022E net profit estimates by 7-9% to factor in the latest development schedule, as we push back some of the property development pipeline in Hong Kong. Our Target Price is only slightly adjusted downwards by 2%, as the changes in net profit is only a delay in revenue recognition and thus the impact on NAV is limited.

## From Developers to Conglomerates

### Developers diversify revenue and build up “property +” ecosystem

In the past decade, major developers have cultivated diversified business segments, including but not limited to commercial properties (office and retail), hospitality (hotel and rental apartment), property management services, project management services, construction and decoration services. Despite the economic downturn due to the global pandemic, some segments have generated above RMB1bn annual revenue in 2020; this suggests an improvement of revenue quality which potentially leads to higher growth.

Figure 9: China Developers: 2019 and 20 revenue breakdown

Ticker	Name(CN)	Name(EN)	2020 Revenue (mn)					2019 Revenue(mn)					Revenue YoY 2020 Project Mgmt & Others
			Property Sales	Rental & Hotel	Property Mgmt.	Project Mgmt.	Others	Property Sales	Rental & Hotel	Property Mgmt.	Project Mgmt.	Others	
3333 HK	中国恒大	Evergrande	494,550	1,275	6,555		4,868	464,568	1,364	4,375		7,254	-33%
2007 HK	碧桂园	Country Garden	449,341	4,736			8,779	475,012	4,677			6,219	41%
2202 HK	万科	Vanke	382,990	5,669	15,432	12,164	2,856	340,582	4,773	12,700	7,299	2,540	53%
1918 HK	融创中国	Sunac	218,883		3,879		4,488	159,470		2,853		6,993	-36%
688 HK	中国海外发展	COLI	180,786	4,052			952	159,186	3,750			715	33%
960 HK	龙湖集团	Longfor	170,981	7,576	7,897			140,793	5,789	5,159			NA
1109 HK	华润置地	CR Land	157,140	1,089	11,697		9,660	127,199	1,491	10,536		8,510	14%
813 HK	世茂房地产	Shimao	126,133	2,985	6,235			105,291	3,525	2,701			NA
2777 HK	富力地产	R&F	78,568	5,620			1,702	79,689	8,236			2,889	-41%
3383 HK	雅居乐	Agile	69,547	556	7,853		2,289	54,177	974	3,577		1,510	52%
884 HK	旭辉控股	CIFI	68,539	590	2,688			54,233	578	1,640			NA
2772 HK	中梁控股	Zhongliang	65,501	11		428		56,384	12		244		75%
3883 HK	中国奥园	Aoyuan	64,417	238	951		2,187	48,091	273	562		1,605	36%
3900 HK	绿城中国	Greentown	57,334	881		1,622	5,945	54,433	1,043		1,829	4,288	24%
3380 HK	龙光地产	Logan	54,858	109			16,112	40,920	128			11,532	40%
1638 HK	佳兆业	Kaisa	51,194	807	1,349		2,420	43,849	733	912		2,528	-4%
3301 HK	融创中国	Ronshine	46,578	525			1,199	50,253	483			726	65%
123 HK	越秀地产	Yuexiu	43,465	603	802		1,365	34,454	690	888		2,308	-41%
832 HK	建业地产	CCRE	41,607	404		1,121	173	29,161	486		1,023	97	15%
1233 HK	时代中国	Times China	38,157	450				41,248	461	725			NA
6158 HK	正荣地产	Zhenro	35,601	119	88		318	32,185	134	85		153	107%
9993 HK	金辉控股	Radiance	34,381	337			158	25,037	353	517		56	184%
1966 HK	中骏集团	China SCE	31,554	315	532	172		20,453	285	458	174		-1%
1238 HK	宝龙地产	Powerlong	31,486	1,562	1,674		773	22,478	1,420	1,393		751	3%
119 HK	保利置业	Poly Prop	29,215	786	1,028		253	37,744	1,046	930		225	12%
1813 HK	合景泰富	KWGW	28,487	1,255				22,762	1,180	1,014			NA
2103 HK	新力控股	Sinic	27,414	12			643	26,807	9			169	280%
1996 HK	弘阳地产	Redsun	19,616	543				14,718	451				NA
2019 HK	德信中国	Dexin China	15,550	100			18	9,446	55			12	49%
1628 HK	禹洲地产	Yuzhou	9,739	275	398		11	22,470	323	448		19	-43%
6111 HK	大发地产	Dafa	9,085	50	9		45	7,294	54	8		42	6%
230 HK	五矿地产	Minmetals	7,072	61			529	10,329	68			865	-39%
95 HK	绿景中国	Lvgem	4,513	620			292	5,962	619			321	-9%
		<b>Total</b>	<b>3,144,280</b>	<b>44,212</b>	<b>69,066</b>	<b>15,507</b>	<b>68,034</b>	<b>2,816,677</b>	<b>45,460</b>	<b>51,482</b>	<b>10,569</b>	<b>62,329</b>	<b>15%</b>

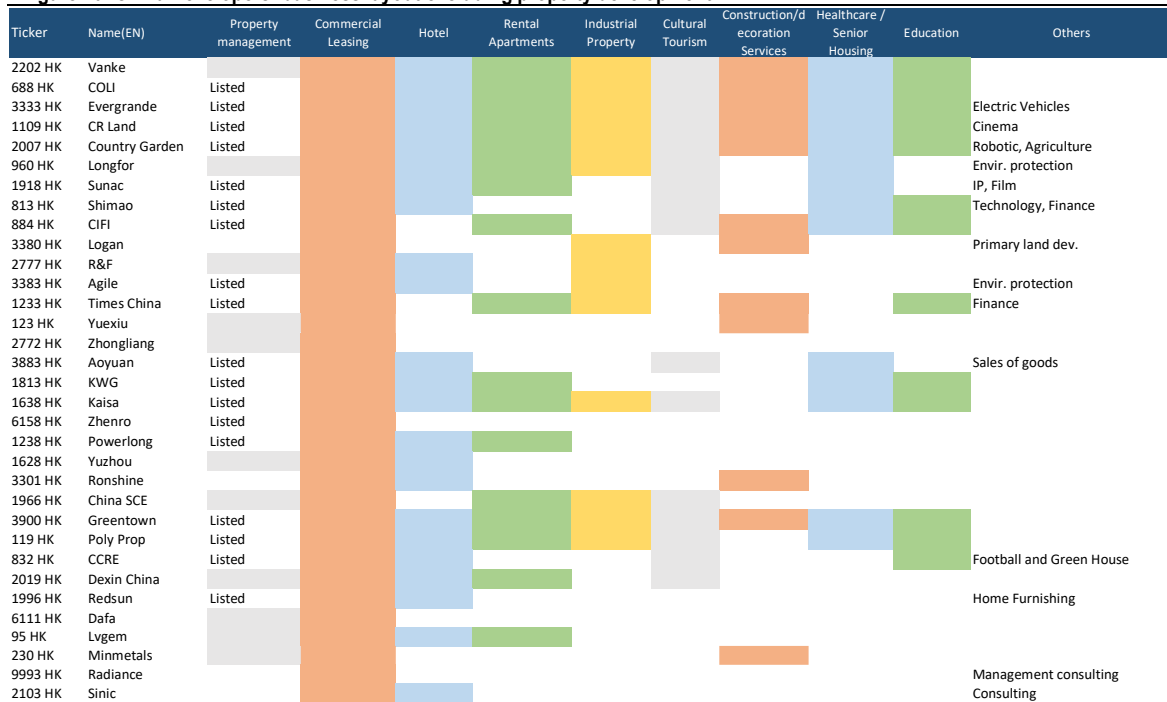
Source: Company Data, AMTD Research

Notes: Revenue denominated in RMB, excluding COLI and Minmetals denominated in HKD; Blue font denotes AMTD coverage

In the undefined “others” business segment, developers’ business layout is comprehensive, and major developers realized a revenue CAGR of 29% from 2018 to 2020. We expect offline traffic in developers’ residential and commercial properties will further monetize through lifestyle services offerings such as healthcare, education, culture tourism and etc. Recurring revenue coupled with rapid annual growth will provide developers’ different profiles and valuation re-rating, in our view.



Figure 10: China Developers' business layout excluding property development



Source: Bloomberg, Company Data, AMTD Research

### Property management spin-off unlock valuation; what's the next?

Given the asset-light nature and support from backing developers, property management business is commonly expected to have a hype-high earnings growth by the market and are more likely to be traded at a higher valuation. Thus property management spin-offs and separate listings help major developers unlock valuation hidden by asset-heavy development business.

Major developers' property management companies raised total gross proceeds of HK\$84bn (equivalent to US\$10.5bn), among which CG Services (6098 HK, NR), China Overseas PH (2669 HK, NR), and C&D Property Management (2156 HK, NR) were listed by way of introduction without new offerings. As of 17 May 2021, PMCs' market cap accounted for 49.5% of their backing developers' market cap on simple average, while PMCs' 2020 revenue and 2020 adjusted net profit only made up for 4.8%/9.6% of backing developers' on simple average, implying the large valuation gap. We expect developers will continue to spin off business segments to release fair value and help the parent companies to improve operating metrics and solidify balance sheet.

Figure 11: Property management spin-off helped developers to unlock valuation

Property Management Company					PMC / Backing Developers			
Ticker	Name	IPO Date	IPO Proceeds (HK\$ mn)	Backing Developers	Market cap	2020 revenue	Adjusted NP	2021E P/E
6098 HK	CG Services	Way of Introduction	NA	Country Garden	110%	3%	8%	10.3
2669 HK	China Overseas PH	Way of Introduction	NA	COLI	13%	3%	1%	7.1
2156 HK	C&D Property Mgmt	Way of Introduction	NA	C&D International	30%	2%	5%	NA
6668 HK	E-Star CM	26/1/2021	965	Galaxy Holding				NA
9608 HK	Sundy Services	18/1/2021	200	Sundy Land	7%	4%	9%	NA
2146 HK	Roiserv Lifestyle	15/1/2021	1,265	Risesun	10%	3%	4%	NA
6677 HK	Sino-Ocean Services	17/12/2020	1,740	Sino-Ocean	41%	4%	9%	2.5
1209 HK	CR Mixc Lifestyle	9/12/2020	12,265	China Resources Land	39%	4%	3%	7.3
1153 HK	Jiayuan Services	9/12/2020	579	Jiayuan	16%	3%	2%	NA
6666 HK	Evergrande Services	2/12/2020	14,270	Evergrande	77%	2%	33%	4.3
1516 HK	Sunac Services	19/11/2020	8,004	Sunac	49%	2%	2%	13.1
9666 HK	Jinke Smart Services	17/11/2020	5,941	Jinke	87%	4%	9%	6.4
873 HK	Shimao Services	30/10/2020	9,765	Shimao	58%	4%	5%	6.4
3913 HK	KWG Living	30/10/2020	3,025	KWG	40%	5%	5%	4.4
2107 HK	First Service	22/10/2020	600	Modern Land	43%	5%	13%	NA
6989 HK	Excellence Ppt Mgmt	19/10/2020	3,204	Excellence Group				NA
6958 HK	Zhenro Services	7/10/2020	1,138	Zhenro	24%	3%	6%	2.5
1502 HK	Financial Street Ppt	6/7/2020	662	Financial Street Holdings	7%	6%	4%	1.5
1971 HK	Redsun Services	7/6/2020	415	Redsun	21%	4%	4%	2.4
9983 HK	CC New Life*	15/5/2020	2,055	CCRE	133%	6%	24%	5.0
1941 HK	Ye Xing Group	13/3/2020	156	Hongkun Group				NA
9909 HK	Powerlong CM	30/12/2019	1,425	Powerlong	56%	5%	5%	5.6
6049 HK	Poly PPT Dev	19/12/2019	4,680	Poly RE	17%	3%	2%	6.1
9928 HK	Times Neighbor	19/12/2019	833	Times China	24%	5%	5%	3.4
2606 HK	Languang Justbon	18/10/2019	1,588	Sichuan Languang	65%	6%	16%	4.1
3662 HK	Aoyuan Healthy Life*	18/3/2019	641	China Aoyuan	16%	2%	4%	2.8
3316 HK	Binjiang Services	15/3/2019	464	Binjiang RE	33%	3%	9%	3.0
1995 HK	Eversunshine	17/12/2018	676	CIFI	58%	4%	5%	8.8
3319 HK	A-Living Services	2/9/2018	4,100	Agile	108%	12%	17%	4.4
2168 HK	Kaisa Prosperity	12/6/2018	328	Kaisa	15%	3%	4%	2.8
1755 HK	S-Enjoy Services	11/6/2018	580	Seazen	37%	2%	4%	5.4
2869 HK	Greentown Service	7/12/2016	1,548	Greentown China	167%	15%	19%	5.1
1778 HK	Colour Life	30/6/2014	945	Fantasia	82%	17%	51%	NA
<b>Simple Average</b>					<b>49.5%</b>	<b>4.8%</b>	<b>9.6%</b>	
<b>Weighted Average</b>					<b>51.6%</b>	<b>3.8%</b>	<b>5.9%</b>	

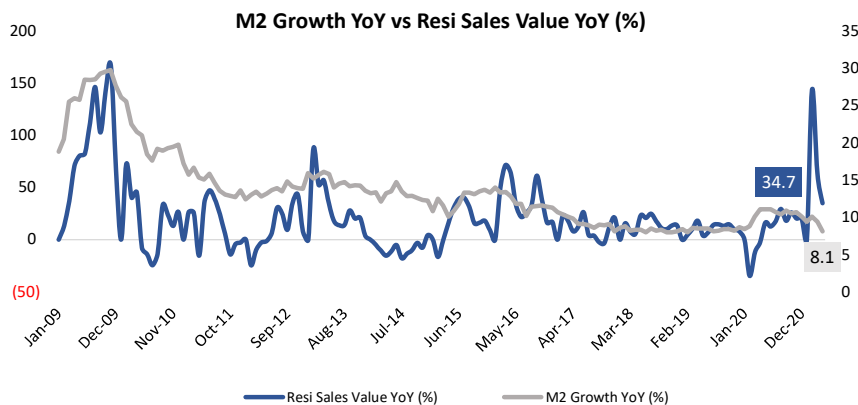
Source: Company Data, AMTD Research

Notes: Priced at 17 May

## National Sales Volume and Value

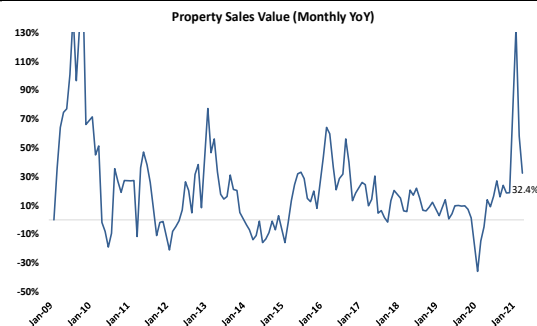
2020 annual residential property sales value stood at ~RMB15tn with a YoY growth of 10.8%. In April 2021, residential property sales value reached RMB1.4tn (YoY 34.7%) underpinned by the monetary easing environment (M2 YoY 8.1%).

**Figure 12: In April, M2 YoY growth slightly decreased to 8.1% (Mar: 9.4%) and residential property sales value increase by 34.7% YoY**



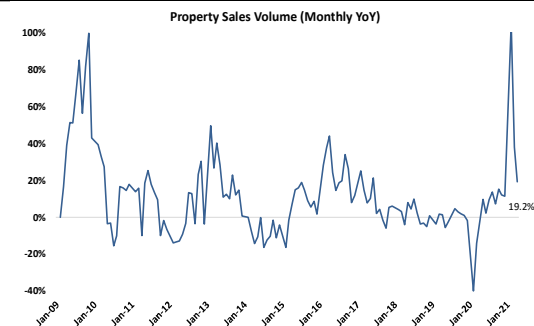
Source: PBoC, NBS, Bloomberg, AMTD Research

**Figure 13: Commodity property sales value in April 2021 increased by 32.4% YoY and April 2021 YTD YoY growth stood at 68.3%**



Source: NBS, Bloomberg, AMTD Research

**Figure 14: Commodity Property sales volume in April 2021 increased by 19.2% YoY and April 2021 YTD volume YoY growth stood at 48.1%**

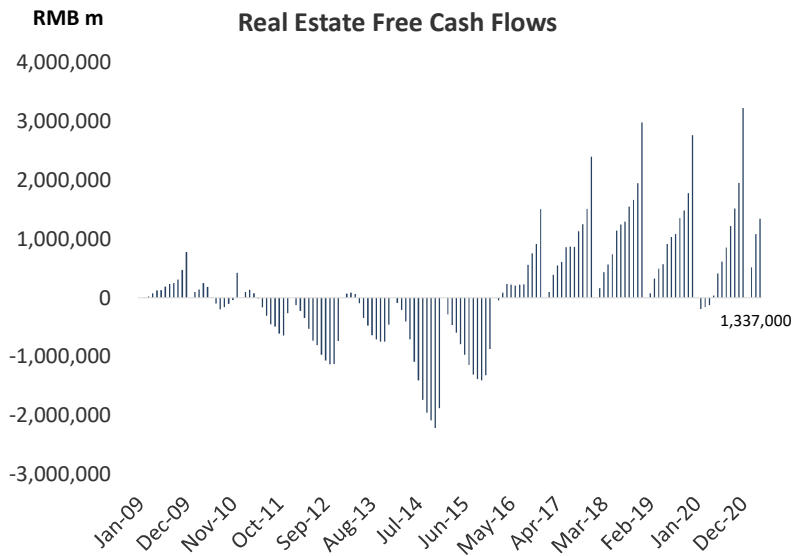


Source: NBS, Bloomberg, AMTD Research

### Industry Free Cash Flow

In April 2021 annual industry FCF expanded to RMB1.34tn, thus cash flow is healthy thanks to resilient contracted sales.

**Figure 15: Industry FCF has reached RMB 1.34 Trillion as of April 2021**



Source: NBS, Bloomberg; AMTD Research

Note: Real Estate FCF = National Commodity Property Sales Value – National Real Estate Investment

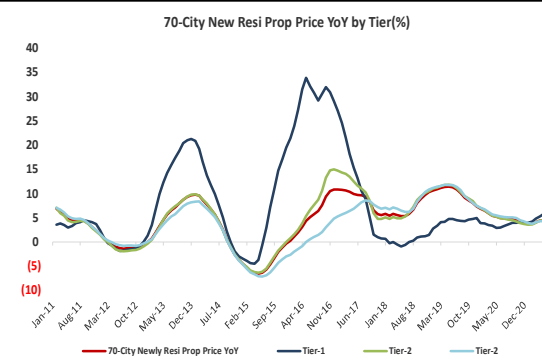
## Property Prices

### New Residential Property Prices

In April, 70-city new residential property prices YoY growth was 4.5% among which Tier 1 cities had the strongest growth of 5.8%.

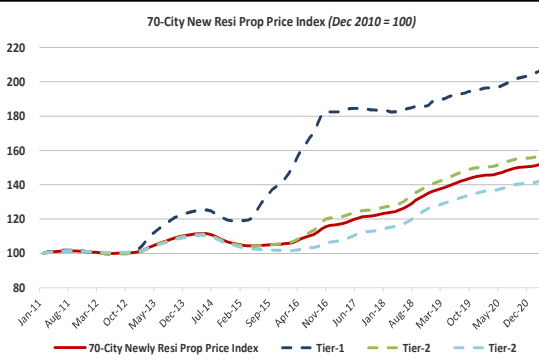
In April 2021, 70-city new residential property price MoM growth was 0.5% versus 0.4% in March. Average new home prices in China's 70 major cities rose by 4.5 percent year-on-year in March, accelerating for a third straight month to the biggest annual gain since September, as strong property demand was enough to offset government cooling measures. Among China's biggest cities, Guangzhou recorded the largest increase (9.9 percent vs 8.6 percent in March), followed by Chongqing (6.7 percent vs 6.2 percent), Shanghai (4.9 percent vs 5.3 percent), Beijing (4.5 percent vs 3.6 percent), Shenzhen (3.9 percent vs 3.4 percent), and Tianjin (3.6 percent vs 3.2 percent). On a monthly basis, new residential property prices went up by 0.5%, with tier 1 cities in the lead with MoM growth of 0.6%.

**Figure 16: In April 2021, 70-city new residential property price YoY growth was 4.5% and Tier-1 cities had the strongest growth of 5.8%**



Source: NBS, Bloomberg, AMTD Research

**Figure 17: In April 2021, 70-city new residential property price MoM growth was 0.5% versus 0.4% in Feb**



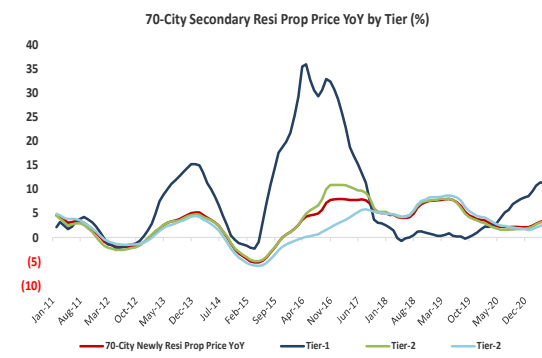
Source: NBS, Bloomberg, AMTD Research

### Secondary Residential Property Prices

For secondary residential property, 70-city prices YoY growth was 3.4% in April, a slight increase from 3.3% in March. Tier-1 cities had the strongest growth of 11.3%. Guangzhou and Shenzhen were tied for the strongest YoY growth in April at 12.9%, while Mudanjiang city had the lowest YoY growth of -8.3%.

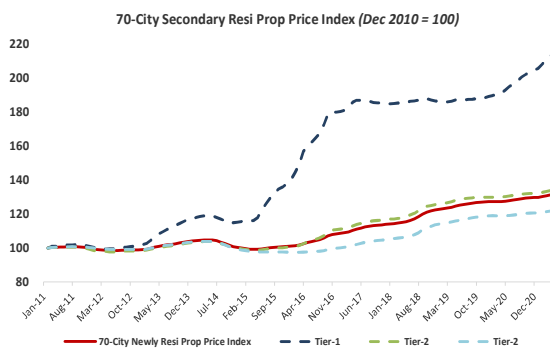
From MoM statistics, 70-city secondary residential property price MoM growth in April was 0.4%, unchanged from March. Tier-1 cities had the strongest growth of 0.8%. Xuzhou had the highest MoM growth of 1.4% while Jinzhou had the lowest MoM growth of -0.5% in April.

**Figure 18: In April 2021, 70-city secondary residential property price YoY growth was 3.4% and Tier-1 cities had the strongest growth of 11.3%**



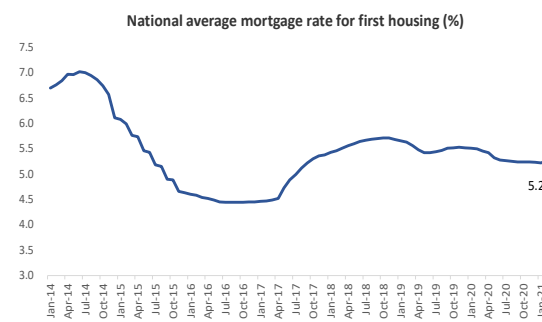
Source: NBS, Bloomberg, AMTD Research

**Figure 19: In April, 70-city secondary residential property price MoM growth remained unchanged at 0.4%**



Source: NBS, Bloomberg, AMTD Research

**Figure 20: National average mortgage rate for first housing increased to 5.26% in Feb 2021**



Source: Wind, AMTD Research

**Figure 21: Tier-1 and Tier-2 City Secondary Resi Rent Yield**



Source: Wind, AMTD Research

## Contracted Sales of Listed Companies

In the first four months of 2021, the actual average run rate of major HK-listed developers based on contracted sales target has already reached 28.7% compared to the 19.7% in April 2020. In January to April 2021, contracted sales value achieved 55.3% YoY growth on weighted average.

In April 2021, contracted sales of major HK-listed developers rose by 28.0% YoY and 31 of them recorded positive YoY growth. Monthly contracted GFA decreased by 9.5%.

**Figure 22: Contracted sales of major HK-listed China property developers rose strongly by 28.0% YoY in April 2021 (RMB mn).**

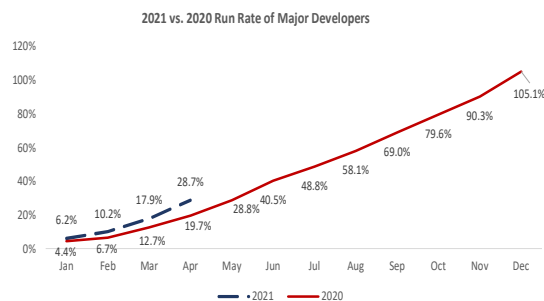
Ticker	Name	04/2021	YoY	1-4M 2021	YoY	2021 Target	YoY	Run Rate
3333 HK	Evergrande	68,140	4%	221,300	4%	750,000	4%	29.5%
2202 HK	Vanke	49,770	4%	229,240	23%	790,000	12%	29.0%
2007 HK	COGARD*	52,820	8%	192,380	28%	627,726	10%	30.6%
1918 HK	Sunac	54,730	62%	171,010	79%	640,000	11%	26.7%
688 HK	China Overseas	31,726	14%	121,137	38%	440,000	22%	27.5%
1030 HK	Future Land	20,771	15%	70,418	44%	260,000	4%	27.1%
813 HK	Shimao	25,220	19%	92,742	59%	330,000	10%	28.1%
1109 HK	CR Land	33,200	76%	100,996	75%	315,000	11%	32.1%
960 HK	Longfor	22,110	0%	82,330	37%	310,000	15%	26.6%
884 HK	CIFI	26,460	104%	83,160	135%	265,000	15%	31.4%
817 HK	Jinmao	24,030	26%	86,830	93%	250,000	8%	34.7%
3301 HK	Ronshine	14,443	49%	54,178	94%	160,000	3%	33.9%
2777 HK	R&F*	9,700	5%	40,250	55%	150,000	8%	26.8%
3377 HK	Sino-Ocean	9,500	18%	30,540	30%	150,000	14%	20.4%
3900 HK	Greentown	23,800	66%	78,800	160%	310,000	44%	25.4%
3383 HK	Agile	11,310	6%	50,840	93%	150,000	9%	33.9%
3883 HK	Aoyuan	11,050	26%	41,060	78%	150,000	13%	27.4%
3380 HK	Logan*	11,000	12%	52,000	102%	144,000	19%	36.1%
1813 HK	KWG	12,925	98%	34,571	77%	124,000	20%	27.9%
1638 HK	Kaisa*	11,335	74%	42,179	134%	130,000	22%	32.4%
1966 HK	SCE	10,117	66%	36,149	90%	120,000	18%	30.1%
2868 HK	BCL	7,460	125%	25,120	131%	80,000	13%	31.4%
1233 HK	Times	8,015	72%	28,285	66%	110,000	10%	25.7%
1628 HK	Yuzhou	9,223	-4%	31,321	57%	110,000	5%	28.5%
123 HK	Yuexiu	7,791	42%	32,752	124%	112,000	17%	29.2%
1996 HK	Redsun	7,178	23%	26,680	126%	80,000	-8%	33.4%
832 HK	CCRE**	3,207	-40%	13,969	-13%	80,000	17%	17.5%
1238 HK	Powerlong	8,505	46%	33,119	139%	105,000	29%	31.5%
337 HK	Greenland	3,532	177%	9,990	99%	60,000	10%	16.7%
1777 HK	Fantasia	5,604	75%	15,928	107%	60,000	22%	26.5%
6111 HK	Dafa	5,403	201%	16,205	236%	60,000	98%	27.0%
9993 HK	Radiance	8,990	N/A	34,120	279%	116,640	20%	29.3%
2019 HK	Dexin	6,800	14%	25,830	128%	76,236	20%	33.9%
2103 HK	Sinic	7,600	-15%	34,920	49%	130,790	15%	26.7%
<b>Total</b>		<b>623,465</b>	<b>28.0%</b>	<b>2,240,349</b>	<b>55.3%</b>	<b>7,746,392</b>	<b>12.9%</b>	<b>28.7%</b>

Source: Bloomberg, Company Data, AMTD Research

Note: April and 4M21 YoY average are weighted and run rate average is simple

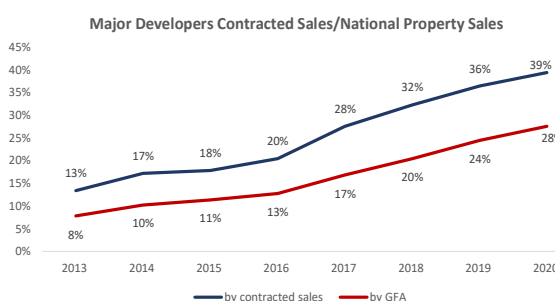
\* denotes attributable contracted sales; \*\*denotes heavy-asset contracted sales; Blue font denotes AMTD coverage

**Figure 23: Run rate of major developers on simple average was 28.7% in months Jan-April 2021**



Source: Bloomberg, Company Data, AMTD Research

**Figure 24: Major HK-listed developers' market share stood at 39% in 2020 by contracted sales**



Source: NBS, Bloomberg, Company Data, AMTD Research

### Monthly Contracted Sales of AMTD Coverage

#### Contracted sales in April 2021

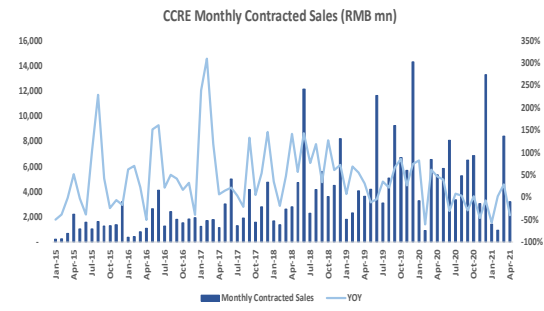
- CCRE achieved heavy-asset property contracted sales of RMB 3,207 mn (YoY -40%);
- Aoyuan achieved property contracted sales of RMB11,050 mn (YoY 26%);
- Powerlong achieved property contracted sales of RMB8,505 mn (YoY 46%);
- Yuzhou achieved property contracted sales of RMB9,223 mn (YoY -4%);
- Redsun achieved property contracted sales of RMB7,178 mn (YoY 23%);
- Sinic achieved property contracted sales of RMB7,600 mn (YoY -15%);
- Radiance achieved property contracted sales of RMB8,990 mn (YoY N/A%);
- Dexin achieved property contracted sales of RMB6,800 mn (YoY 14%);
- Dafa achieved property contracted sales of RMB5,403 mn (YoY 201%);
- Yuexiu achieved property contracted sales of RMB7,791 mn (YoY 42%);
- Lvgem and Minmetals do not disclose monthly contracted sales.

#### Contracted sales in months Jan to Apr 2021

- CCRE achieved heavy-asset property contracted sales of RMB13,969 mn (YoY -13%) and the run rate was 17.5%;
- Aoyuan achieved property contracted sales of RMB41,060 mn (YoY 78%) and the run rate was 27.4%;
- Powerlong achieved property contracted sales of RMB33,119 mn (YoY 139%) and the run rate was 31.5%;
- Yuzhou achieved property contracted sales of RMB31,321 mn (YoY 57%) and the run rate was 28.5%;
- Redsun achieved property contracted sales of RMB26,680 mn (YoY 126%) and the run rate was 33.4%;
- Sinic achieved property contracted sales of RMB34,920 mn (YoY 49 %) and the run rate was 26.7%;
- Radiance achieved property contracted sales of RMB34,120 mn (YoY 279%) and the run rate was 29.3%;
- Dexin achieved property contracted sales of RMB25,830 mn (YoY 128%) and the run rate was 33.9%;
- Dafa achieved property contracted sales of RMB16,205 mn (YoY 236%) and the run rate was 27.0%;
- Yuexiu achieved property contracted sales of RMB32,752 mn (YoY 124%) and the run rate was 29.2%;
- Lvgem and Minmetals do not disclose 2021 contracted sales.

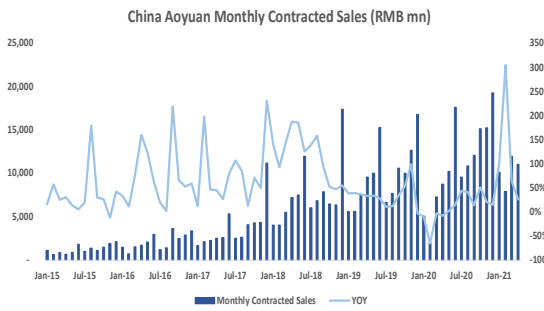


**Figure 25: CCRE Monthly Contracted Sales (Value vs YoY)**



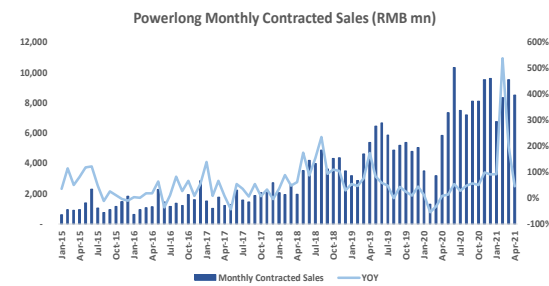
Source: Company Data, AMTD Research

**Figure 26: Aoyuan Monthly Contracted Sales (Value vs YoY)**



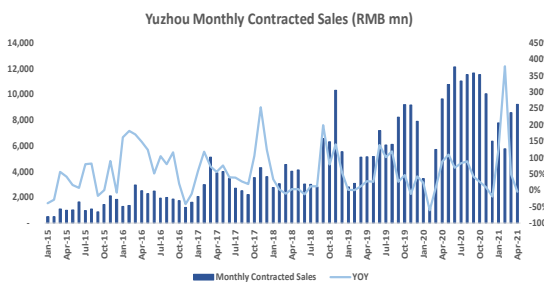
Source: Company Data, AMTD Research

**Figure 27: Powerlong Monthly Contracted Sales (Value vs YoY)**



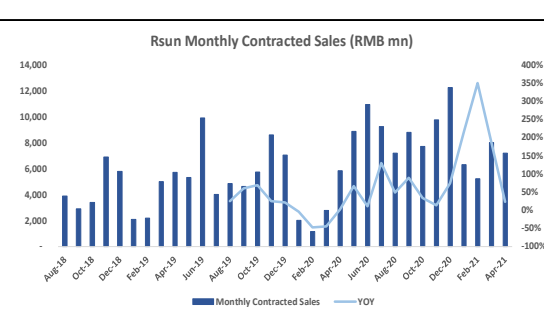
Source: Company Data, AMTD Research

**Figure 28: Yuzhou Monthly Contracted Sales (Value vs YoY)**



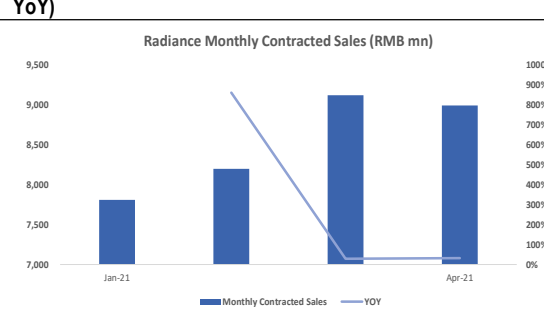
Source: Company Data, AMTD Research

**Figure 29: Redsun Monthly Contracted Sales (Value vs YoY)**



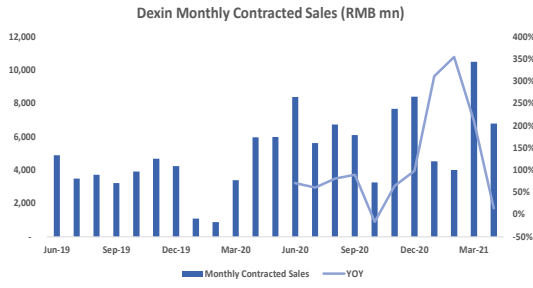
Source: Company Data, AMTD Research

**Figure 30: Radiance Monthly Contracted Sales (Value vs YoY)**



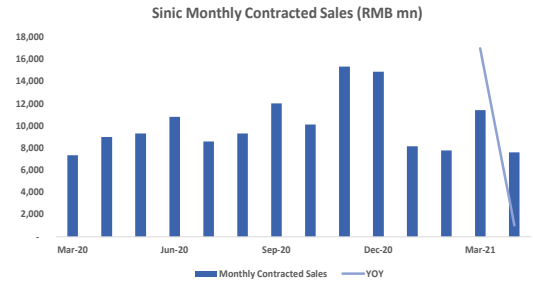
Source: Company Data, AMTD Research

**Figure 31: Dexin Monthly Contracted Sales (Value vs YoY)**



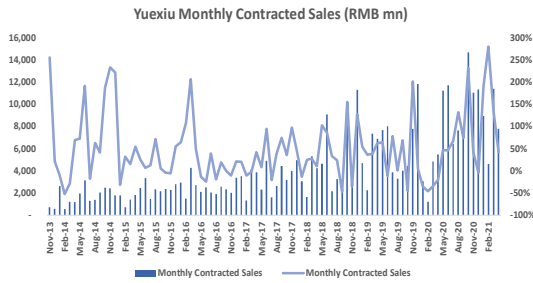
Source: Company Data, AMTD Research

**Figure 32: Sinic Monthly Contracted Sales (Value vs YoY)**



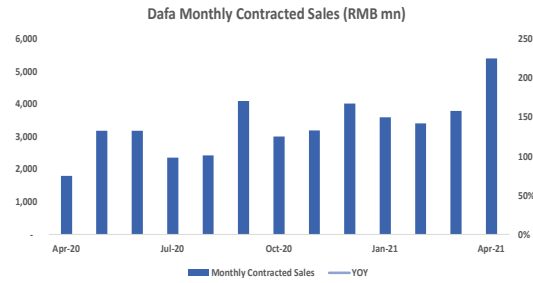
Source: Company Data, AMTD Research

**Figure 33: Yuexiu Monthly Contracted Sales (Value vs YoY)**



Source: Company Data, AMTD Research

**Figure 34: Dafa Monthly Contracted Sales (Value vs YoY)**



Source: Company Data, AMTD Research

## Contracted Sales of Major China Property Developers

Figure 35: In Jan-Apr 2021, majority of China Property Developers achieved strong contracted sales YoY growth

Company	Ticker	4M 2021	2020	2019	2018	2017	2016	2015
Evergrande	3333 HK Equity	4.1%	20.3%	9.0%	10.1%	34.2%	85.4%	53.1%
Vanke	2202 HK Equity	23.4%	11.6%	3.9%	14.5%	45.3%	39.5%	21.5%
COGARD	2007 HK Equity	28.4%	3.3%	10.0%	-8.9%	78.3%	120.3%	8.8%
Sunac	1918 HK Equity	79.0%	3.4%	20.7%	27.3%	133.1%	127.7%	3.6%
Poly RE	600048 CH Equity	61.6%	8.9%	14.1%	30.9%	47.2%	36.3%	12.8%
China Overseas	688 HK Equity	38.2%	-4.4%	42.2%	35.6%	4.1%	25.0%	33.7%
CSCEC	601668 CH Equity	NA	12.3%	26.8%	31.8%	17.1%	26.2%	21.7%
Future Land	1030 HK Equity	43.6%	-7.3%	22.5%	74.8%	94.4%	103.8%	30.3%
Shimao	813 HK Equity	59.2%	15.5%	47.6%	74.8%	47.9%	1.6%	-4.5%
CR Land	1109 HK Equity	74.7%	17.5%	15.1%	64.3%	33.1%	36.0%	28.2%
Longfor	960 HK Equity	36.7%	11.6%	20.9%	28.5%	77.1%	61.6%	11.2%
CIFI	884 HK Equity	134.9%	15.2%	32.0%	46.2%	96.2%	75.4%	42.4%
Gemdale	600383 CH Equity	123.0%	15.2%	29.7%	15.3%	113.9%	6.7%	25.8%
Jinmao	817 HK Equity	92.5%	43.7%	28.7%	115.4%	54.8%	34.7%	49.9%
Ronshine	3301 HK Equity	93.9%	9.8%	15.9%	142.6%	103.9%	106.8%	N/A
R&F	2777 HK Equity	55.2%	0.4%	5.4%	60.1%	34.5%	11.9%	0.0%
Sino-Ocean	3377 HK Equity	29.7%	0.8%	18.7%	55.2%	40.1%	24.3%	1.0%
Greentown	3900 HK Equity	160.1%	58.6%	33.8%	-2.0%	7.8%	33.2%	-9.4%
Agile	3383 HK Equity	92.8%	17.1%	14.9%	14.4%	69.8%	19.4%	0.2%
Aoyuan	3883 HK Equity	78.3%	12.7%	29.3%	100.2%	78.1%	68.8%	24.1%
Midea	3990 HK Equity	120.0%	24.6%	28.1%	55.8%	146.1%	85.6%	N/A
Logan	3380 HK Equity	102.4%	25.7%	33.7%	65.4%	51.2%	40.0%	53.6%
KWG	1813 HK Equity	76.8%	20.3%	31.5%	128.3%	28.6%	10.4%	-1.5%
Kaisa	1638 HK Equity	134.2%	21.3%	25.8%	56.7%	49.8%	222.5%	-60.0%
SCE	1966 HK Equity	89.9%	26.1%	56.7%	54.5%	41.3%	62.1%	21.9%
BCL	2868 HK Equity	131.3%	-12.3%	14.4%	26.5%	22.7%	40.0%	30.8%
Times	1233 HK Equity	65.5%	28.1%	29.3%	45.6%	41.9%	50.3%	28.3%
Yuzhou	1628 HK Equity	56.7%	39.7%	34.1%	38.9%	73.7%	65.5%	16.8%
Yuexiu	123 HK Equity	124.4%	32.8%	24.8%	41.4%	35.1%	21.7%	12.9%
Redsun	1996 HK Equity	126.4%	32.8%	37.7%	N/A	N/A	N/A	N/A
CCRE	832 HK Equity	-13.1%	-4.8%	33.8%	76.5%	51.0%	28.0%	1.2%
Powerlong	1238 HK Equity	139.0%	35.1%	47.1%	96.5%	18.4%	23.3%	36.7%
Greenland	337 HK Equity	99.4%	12.5%	27.8%	26.0%	65.3%	4.8%	34.5%
Poly Prop	119 HK Equity	83.7%	20.6%	20.2%	12.5%	2.6%	24.7%	29.7%
Modern	1107 HK Equity	82.4%	14.9%	14.2%	42.9%	33.9%	46.8%	57.2%
Fantasia	1777 HK Equity	107.0%	35.9%	20.0%	49.6%	65.2%	8.3%	10.3%
Jiayuan	2768 HK Equity	104.7%	6.8%	43.1%	94.6%	N/A	N/A	N/A
Jingrui	1862 HK Equity	236.5%	1.4%	-0.3%	37.4%	9.5%	93.0%	-4.5%
Hopson	754 HK Equity	230.9%	68.6%	42.0%	62.3%	13.9%	-18.8%	86.6%
SZ Inv	604 HK Equity	NA	-13.9%	2.1%	43.1%	-39.9%	19.6%	116.2%
Sunshine 100	2608 HK Equity	1.5%	1.9%	-14.5%	14.0%	1.8%	39.0%	12.4%
SOL	272 HK Equity	NA	69.5%	-14.0%	-32.0%	-7.0%	6.8%	120.6%
Yida China	3639 HK Equity	34.6%	-22.6%	-15.2%	17.5%	N/A	N/A	N/A
Minmetals	230 HK Equity	NA	123.8%	44.0%	-11.5%	-35.0%	43.7%	21.2%
Dafa	6111 HK Equity	235.6%	44.3%	67.8%	204.1%	N/A	N/A	N/A
Lvgem	95 HK Equity	NA	-100.0%	48.1%	17.1%	337.8%	162.8%	N/A
Radiance	9993 HK Equity	279.1%	73.6%	N/A	N/A	N/A	N/A	N/A
Dexin	2019 HK Equity	127.8%	N/A	N/A	N/A	N/A	N/A	N/A
Sinic	2103 HK Equity	49.0%	N/A	N/A	N/A	N/A	N/A	N/A
<b>Major Developers YoY</b>		<b>54.7%</b>	<b>17.5%</b>	<b>20.1%</b>	<b>31.5%</b>	<b>52.9%</b>	<b>54.8%</b>	<b>18.3%</b>

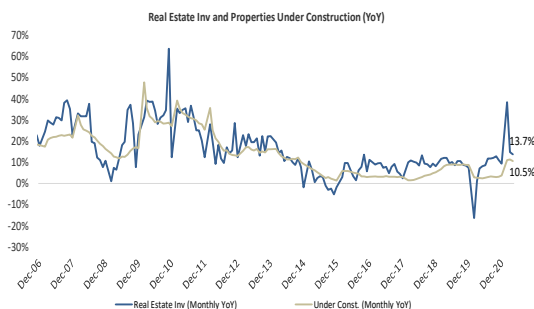
Source: Company Data, AMTD Research

Notes: 1) Company name highlighted in light yellow denotes AMTD coverage; 2) Major developers are those names in Figure 22

## Real Estate Investment

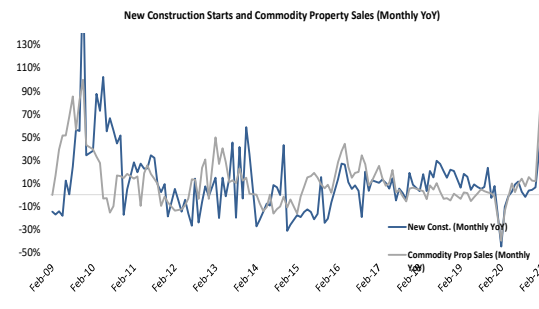
In the months January to April 2021 real estate investment reached RMB4.02tn, implying a YoY growth of positive 21.6%, and monthly real estate investment achieved ~RMB1.27tn with a YoY growth of 13.7% in April 2021. YoY growth of properties under construction increased 10.5% in April 2021, compared with the mere 2.5% in April 2020. New constructions that starts in April 2021 decreased 9.3% YoY to 177mn sq.m. From Jan to April new construction starts reached 539m sq.m. with a YoY growth of 12.8%.

**Figure 36: In April 2021, real estate investment and property under construction increased by 13.7% and 10.5% YoY respectively**



Source: NBS, Bloomberg, AMTD Research

**Figure 37: New construction starts in Apr 2021 decreased 9.3%, and commodity property sales increased by 19.2% YoY**

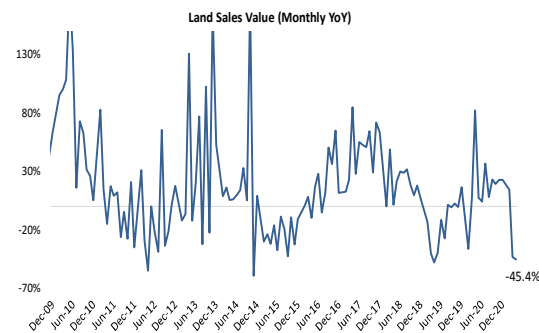


Source: NBS, Bloomberg, AMTD Research

## Land Market

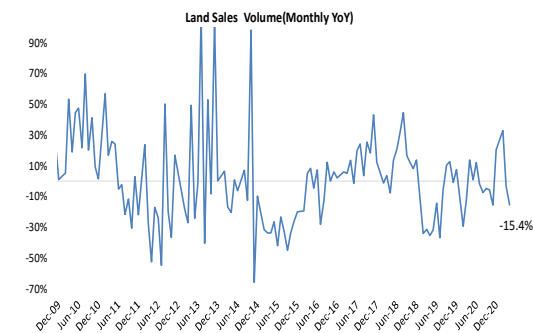
In the first four months of 2021 national land sales value recorded ~RMB120.3bn with a YoY decline of 29.2%, while land sales volume increased compared with last year's level with a YoY growth of 4.8%, which implies that the average land cost decreased by 32.4% to RMB3,644/sq.m.

**Figure 38: Land sales value in Apr 2021 fell by 45.4% YoY and 29.2% YTD YoY**



Source: NBS, Bloomberg, AMTD Research

**Figure 39: Land sales volume in Apr 2021 decreased by 15.4% and increased 4.8% YTD YoY.**



Source: NBS, Bloomberg, AMTD Research

## Policy and Macro Backdrop

We expect regulations on the property market will extend in 2021 and continuous localized policy will help stabilize the industry cycle. Since Jan 2021, Tier-1 cities such as Beijing and Shanghai said they would crackdown on illegal fund inflow into the property market and strictly examine housing purchase qualification. Meanwhile, Shenzhen would establish a mechanism to issue reference prices for secondary housing transactions, which we believe would help reduce speculations.

**Figure 40: Property-related policies since 1st Jan 2021**

Date	Region/Institution	Details
13-May-21	Ministry of Finance	Revived efforts to roll out a property tax scheme to rein in property prices
25-Apr-21	Shenzhen	City to add 1,130 hectares of land in 2021, a third for residential purposes, announced during Vice-Premier Han Zheng's Guangdong inspection tour
23-Apr-21	Shanghai	Strictly implement housing purchase restrictions and housing loan policies, strengthen management of residential property sales, and expand market supervision
21-Apr-21	Guangzhou	Must provide prior 12-month personal income tax or social insurance payment proof when purchasing residential property, no retroactive payment allowed.
2-Apr-21	Guangzhou	Housing purchased through talent policy will have a sales restriction period of 3 years (up from 2 years) from the date of obtaining the property certificate.
3-Mar-21	Shanghai, Shenzhen, Hangzhou	Stricter market curbs introduced, including a short-term resale ban on properties and more stringent selection criteria for first-time buyers
10-Feb-21	Beijing	Beijing will crack down on personal business loans that illegally flow into the property market
8-Feb-21	Shenzhen	A mechanism will be established to issue reference prices for secondary housing transactions
31-Jan-21	Beijing	Beijing Banking and Insurance Regulatory Commission will strictly investigate the illegal flow of personal credit funds into the real estate market
29-Jan-21	Shanghai	Commercial banks strictly implement the regulation requirements of real estate loan business
27-Jan-21	Chengdu, Sichuan	Chengdu will crack down on illegal transactions in the real estate market, such as price gouging
27-Jan-21	Hangzhou	Individuals who settle down within 5 years are limited to buy 1 housing. For those housing projects with a hit rate of less than 10%, the buyers are prohibited to sell the housing within 5 years
23-Jan-21	Shenzhen	Shenzhen Housing and Construction Bureau will strictly examine the qualifications of buyers and crack down on irregularities
21-Jan-21	Shanghai	Lottery-based new housing purchase system should give priority to meet the needs of "families without a house" self-living
21-Jan-21	Shenzhen	For family-joint housing purchase, everyone needs to have the purchase qualification
12-Jan-21	Zhengzhou, Henan	The annual change in the price of residential land will be limited to 5%. There will be a circuit breaker if the quotation of residential land reaches 120%-130% of the starting price
5-Jan-21	MOHURD, NRDC	Encourage qualified property service enterprises to expand into the fields of elderly care, childcare, housekeeping, culture, health, housing brokerage, express delivery and so on. Property service enterprises can apply for corresponding preferential support policies in accordance with the regulations when carrying out life services such as elderly care and housekeeping
5-Jan-21	MOHURD, NRDC	Property service price is formed mainly through market competition, which is agreed by the owner and the property service enterprise in the property service contract and can be adjusted dynamically according to the service standard and price index. Advocate "commission system" to charge fees
5-Jan-21	Nanping, Fujian	Take measures to limit the rise of housing prices and bring them under control

Source: Xinhua, People's Daily, China Daily, SCMP, AMTD Research

## Offshore Fund Raising

YTD 17 May 2021, there were 67 offshore bond issuances announced by major listed China developers and funded total ~USD19.8bn with a simple average coupon of 6.839%.

**Figure 41: Bond Financing of China developers since 1 Jan 2021**

Announcement Date	Ticker	Developer	Type	Due Date	Coupon (%)	Currency	Amount (m)
4-Jan-21	1628 HK	Yuzhou	Bond	2027	6.350%	USD	562
4-Jan-21	813 HK	Shimao	Bond	2031	3.450%	USD	872
5-Jan-21	2007 HK	Country Garden	Bond	2026	2.700%	USD	500
5-Jan-21	2007 HK	Country Garden	Bond	2031	3.300%	USD	700
5-Jan-21	1107 HK	Morden Land	Bond	2023	9.800%	USD	250
5-Jan-21	6158 HK	Zhenro	Bond	2026	6.630%	USD	400
5-Jan-21	6158 HK	Zhenro	Bond	2026	6.700%	USD	300
6-Jan-21	1996 HK	Redsun	Bond	2025	7.300%	USD	350
6-Jan-21	1030 HK	Seazen	Bond	2025	4.450%	USD	300
6-Jan-21	3380 HK	Logan	Bond	2028	4.500%	USD	300
6-Jan-21	0884 HK	CIFI	Bond	2027	4.375%	USD	419
7-Jan-21	754 HK	Hopson	Bond	2022	5.800%	USD	400
7-Jan-21	002146 CH	RiseSun	Bond	2022	8.950%	USD	300
7-Jan-21	1233 HK	Times China	Bond	2027	5.750%	USD	350
7-Jan-21	0832 HK	CCRE	Bond	2025	7.500%	USD	260
11-Jan-21	600466 CH	Languang	Bond	2022	8.850%	USD	300
11-Jan-21	6111 HK	Dafa	Bond	2022	9.950%	USD	180
12-Jan-21	000671 CH	Sunshine City	Bond	2022	5.300%	USD	200
12-Jan-21	2329 HK	Guorui	Bond	2024	14.250%	USD	324
12-Jan-21	123 HK	Yuexiu	Bond	2031	3.800%	USD	150
14-Jan-21	6900 HK	Sunkwan	Bond	2022	12.750%	USD	185
14-Jan-21	123 HK	Yuexiu	Bond	2026	2.800%	USD	600
14-Jan-21	123 HK	Yuexiu	Bond	2026	2.800%	USD	50
15-Jan-21	3883 HK	China Aoyuan	Bond	2022	4.200%	USD	188
17-Jan-21	2768 HK	Jiayuan	Bond	2023	12.500%	USD	300
18-Jan-21	2103 HK	Sinic	Bond	2022	8.500%	USD	250
18-Jan-21	3301 HK	Ronshine	Bond	2025	7.100%	USD	300
18-Jan-21	0035 HK	FEC	Bond	2024	5.100%	USD	235
21-Jan-21	1918 HK	Sunac	Bond	2026	6.500%	USD	500
21-Jan-21	1918 HK	Sunac	Bond	2024	5.950%	USD	600
25-Jan-21	2772 HK	ZL	Bond	2022	7.500%	USD	250
26-Jan-21	1966 HK	China SCE	Bond	2026	6.000%	USD	350
27-Jan-21	1030 HK	Seazen	Bond	2026	4.500%	USD	404
27-Jan-21	3301 HK	Ronshine	Bond	2022	5.500%	USD	200
27-Jan-21	6158 HK	Zhenro	Bond	2022	5.350%	USD	100
29-Jan-21	2608 HK	Sunshine100	Bond	2023	12.000%	USD	120
2-Feb-21	2231 HK	JY Grandmark	Bond	2022	7.500%	CNH	155
2-Feb-21	0081 HK	COGO	Bond	2026	2.450%	USD	512
9-Feb-21	600325 CH	Huafa Industrial	Bond	2022	3.600%	USD	200
22-Feb-21	3883 HK	Aoyuan	Bond	2027	5.880%	USD	350
24-Feb-21	2777 HK	R&F	Bond	2024	11.625%	USD	325
25-Feb-21	1777 HK	Fantasia	Bond	2024	10.875%	USD	250
2-Mar-21	1668 HK	China South City	Bond	2023	11.950%	USD	225
2-Mar-21	6158 HK	Zhenro	Bond	2022	5.950%	USD	50
11-Mar-21	1902 HK	Yincheng	Bond	2022	11.800%	USD	165
23-Mar-21	1966 HK	China SCE	Bond	2024	5.950%	USD	300
29-Mar-21	000961 CH	Zhongnan	Bond	2024	11.500%	USD	250
31-Mar-21	3380 HK	Logan	Bond	2025	4.250%	USD	300
7-Apr-21	1238 HK	Powerlong	Bond	2022	3.900%	USD	200
7-Apr-21	6158 HK	Zhenro	Bond	2022	5.980%	USD	220
7-Apr-21	1622 HK	Redco	Bond	2022	8.000%	USD	220
15-Apr-21	1233 HK	Times China	Bond	2022	5.300%	USD	200
21-Apr-21	3377 HK	Sino-Ocean	Bond	2026	3.250%	USD	400
21-Apr-21	1862 HK	Jingrui	Bond	2023	12.500%	USD	157
26-Apr-21	000671 CH	Yango	Bond	2024	7.500%	USD	82
27-Apr-21	1638 HK	Kaisa	Bond	2025	11.700%	USD	500
5-May-21	1238 HK	Powerlong	Bond	2026	4.900%	USD	200
10-May-21	2772 HK	Zhongliang	Bond	2022	8.500%	USD	300
10-May-21	884 HK	CIFI	Bond	2028	4.800%	USD	150
10-May-21	884 HK	CIFI	Bond	2026	4.450%	USD	350
10-May-21	3383 HK	Agile	Bond	2026	5.500%	USD	300
10-May-21	1813 HK	KWG	Bond	2026	6.000%	USD	378
11-May-21	2768 HK	Jiayuan	Bond	2024	11.000%	USD	130
11-May-21	YLLG SP	Yanlord	Bond	2026	5.125%	USD	500
11-May-21	754 HK	Hopson	Bond	2024	7.000%	USD	300
17-May-21	2202 HK	Vanke	Bond	2024	3.450%	CNH	224
17-May-21	1996 HK	Redsun	Bond	2024	7.300%	USD	210
<b>Total</b>							<b>20,152</b>

Source: Bloomberg, HKEx, AMTD Research; As of 17 May 2021

## Equity Fund Raising

In Jan 2021, Hevol Services and Xinyuan PM announced equity placement successively. Hevol Services raised ~HK\$160mn of gross proceeds with a placing price discount of 10.31%, and the 80mn placing shares accounts for 14.3% of the total enlarged issued shares. The proceeds are intended to be used for the acquisition other property management companies.

Xinyuan PM raised ~HK\$38mn of gross proceeds with a placing price discount of 7.89%, and the 18mn placing shares accounts for 3.2% of the total enlarged issued shares. The proceeds are intended to be used for the capital injection in Beijing I-Journey and general working capital.

**Figure 42: Equity Placements of major HK-listed China developers and property management since 2019**

Ticker	Company	Announcement Date	Fund Raised (HK\$ mn)	Price (HK\$)	Discount*	No. of Placing Shares(mn)	As a % of enlarged shares
<b>China Developers</b>							
832 HK	CCRE	21-Dec-20	259	2.40	18.10%	108	3.7%
1862 HK	Jingrui	3-Dec-20	305	2.20	Premium 5.26%	139	9.0%
960 HK	Longfor	2-Dec-20	4,700	47.00	7.48%	100	1.7%
185 HK	Zensun	24-Nov-20	702	0.46	4.17%	1,526	11.7%
3333 HK	Evergrande	14-Oct-20	5,041	19.34	14.68%	261	2.0%
2777 HK	R&F	15-Sep-20	2,524	9.82	1.31%	257	6.9%
817 HK	China Jinmao	3-Jul-20	3,433	5.70	6.56%	602	4.9%
884 HK	CIFI	7-Jun-20	1,162	6.28	1.26%	185	2.3%
2202 HK	Vanke	4-Jun-20	7,890	25.00	4.76%	316	2.7%
185 HK	Zensun	8-May-20	408	0.33	1.49%	1,235	10.7%
3900 HK	Greentown	26-Apr-20	3,069	9.50	Premium 36%	323	13.0%
813 HK	Shimao	23-Apr-20	2,325	29.73	2.20%	78	2.2%
813 HK	Shimao	17-Jan-20	4,674	29.58	7.85%	158	4.6%
1030 HK	Seazen	14-Jan-20	2,731	8.78	2.98%	311	5.0%
1918 HK	Sunac	10-Jan-20	8,000	42.80	8.25%	187	4.0%
2777 HK	R&F	19-Dec-19	3,735	13.68	7.19%	273	7.8%
3990 HK	Midea RE	11-Dec-19	764	19.10	6.83%	40	2.5%
1109 HK	CR Land	22-Oct-19	6,730	33.65	6.90%	200	2.8%
1238 HK	Powerlong	15-Oct-19	792	5.40	8.63%	147	3.5%
817 HK	China Jinmao	26-Jul-19	815	4.81	0.61%	169	1.4%
6158 HK	Zhenro	21-Jul-19	1,212	4.95	1.98%	245	5.6%
1233 HK	Times China	18-Apr-19	1,570	14.54	9.00%	108	5.6%
1908 HK	C&D Intl	18-Apr-19	495	9.00	11.59%	55	7.0%
3301 HK	Ronshine	4-Apr-19	1,183	10.95	7.05%	108	6.3%
2202 HK	Vanke	28-Mar-19	7,806	29.68	5.02%	263	2.3%
123 HK	Yuexiu	27-Feb-19	6,162	2.00	Premium 22%	3,081	19.9%
<b>Property Management</b>							
1755 HK	S-Enjoy Services	15-Mar-21	1,040	20.80	12.42%	50	5.7%
1895 HK	Xinyuan PM	25-Jan-21	38	2.10	7.89%	18	3.2%
6093HK	Hevol Service	14-Jan-21	160	2.00	10.31%	80	14.3%
6098 HK	CG Services	11-Dec-20	7,785	45.00	9.46%	173	5.9%
9909 HK	Powerlong CM	10-Sep-20	273	24.30	0.00%	11	1.8%
9928 HK	Times Neighborhood	7-Jul-20	787	10.22	6.92%	77	7.8%
1895 HK	Xinyuan PM	3-Jul-20	130	2.60	9.09%	50	9.1%
6093 HK	Hevol Service	15-Jun-20	102	1.28	3.76%	80	16.7%
1538 HK	Zhong Ao Home	14-Jun-20	36	0.98	16.24%	37	4.3%
2168 HK	Kaisa Prosper	9-Jun-20	456	32.55	9.96%	14	9.1%
1995 HK	Eversunshine	4-Jun-20	1,579	11.78	6.95%	134	8.0%
2869 HK	Greentown Service	3-Jun-20	2,714	10.18	7.12%	267	8.3%
6098 HK	CG Services	11-Jan-19	1,959	11.61	10.00%	169	6.3%

Source: HKEx, AMTD Research

Note: \*Discount based on the closing price of the last trading day as of the announcement date; As of 17 May 2021

## Initial Public Offering

Figure 43: IPO in HKEx in China developers industry and property management industry in 2020-2021

Ticker	Company	IPO Date	2019 PE at IPO Price	First Trading Day performance	Gross Proceeds (HK\$ mn)	IPO Price (HK\$)	Actual IPO Shares(mn)	Planned IPO Shares(mn)
<b>China Developers</b>								
2117.HK	Datang	11-Dec-20	7.3x	0.66%	1,520	4.56	333	333
6999.HK	Leading	10-Dec-20	8.9x	0.00%	1,423	5.69	250	250
2599.HK	Shinsun	18-Nov-20	6.2x	0.00%	3,354	5.59	600	600
6900.HK	Sunkwan	17-Nov-20	17.7x	0.88%	1,140	2.28	500	500
9993.HK	Radiance	29-Oct-20	5.8x	1.40%	2,580	4.30	600	600
6968.HK	Ganglong China	15-Jul-20	8.2x	-0.25%	1,692	3.93	431	400
9968.HK	Huijing	16-Jan-20	14.0x	-0.54%	1,521	1.93	788	788
<b>Property Management</b>								
6668.HK	E-Star CM	26-Jan-21	38.8x	3.63%	965	3.86	250	250
9608.HK	Sundy Service	18-Jan-21	193.5x	-36.00%	200	0.25	800	800
2146.HK	Roiserv	15-Jan-21	9.5x	-8.17%	1,265	13.46	94	94
2156.HK	C&D Property	31-Dec-20	NA	-3.63%		Introduction to listing		
6677.HK	Sino-Ocean Services	17-Dec-20	28.7x	-1.15%	1,740	5.88	296	296
1209.HK	China Res Mixc	9-Dec-20	114.3x	25.56%	12,265	22.30	550	550
1153.HK	Jiayuan Services	9-Dec-20	39.2x	0.52%	579	3.86	150	150
6666.HK	Evergrande Services	2-Dec-20	86.9x	-0.23%	14,270	8.80	1,622	1,622
1516.HK	Sunac Services	19-Nov-20	113.4x	21.90%	9,205	11.60	794	690
9666.HK	Jinke Services	17-Nov-20	65.6x	0.11%	5,941	44.70	133	133
0873.HK	Shimao Services	30-Oct-20	86.3x	0.00%	9,765	16.60	588	588
3913.HK	KWG Living	30-Oct-20	85.3x	-22.94%	3,025	7.89	383	383
2107.HK	First Service	22-Oct-20	26.4x	-26.67%	600	2.40	250	250
6989.HK	Excellence CM	19-Oct-20	61.0x	3.00%	3,444	10.68	322	300
9979.HK	Greentown Mgmt	10-Jul-20	12.2x	30.00%	1,313	2.50	525	478
6958.HK	Zhenro Services	10-Jul-20	38.1x	23.08%	1,308	4.55	288	250
1971.HK	Redsun Services	7-Jul-20	24.8x	6.02%	477	4.15	115	100
1502.HK	Financial Street PPT	6-Jul-20	22.2x	28.53%	762	7.36	104	90
9983.HK	CC New Life	15-May-20	31.0x	21.31%	2,363	6.85	345	300
1941.HK	Ye Xing Group	13-Mar-20	20.8x	10.26%	156	1.56	100	100
9916.HK	Xingye Wulian	9-Mar-20	19.2x	0.55%	199	1.99	100	100

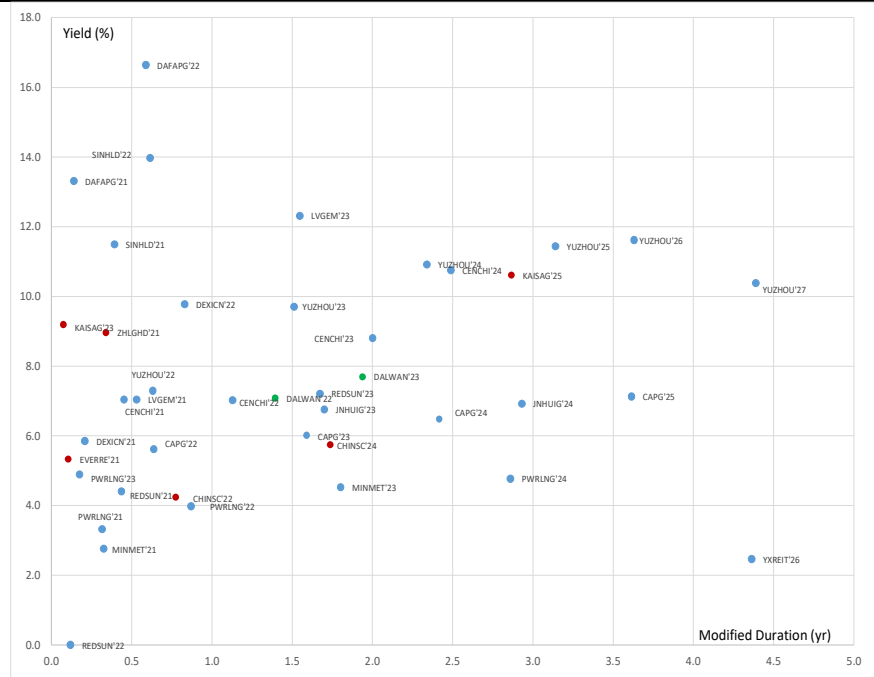
Source: HKEx, AMTD Research

Note: As of 17 May 2021



Relative Value of Offshore Bonds

Figure 44: Relative Value of Bonds issued by AMTD coverage companies as at 17 May 2021



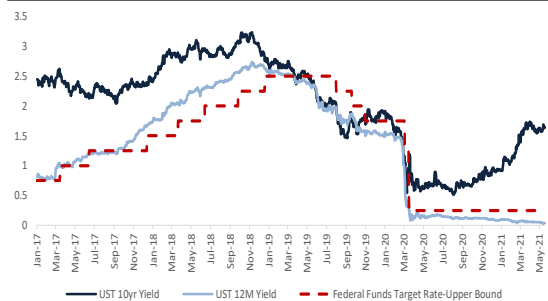
Source: Bloomberg, AMTD Research  
 Notes: Blue denotes bonds issued by AMTD Coverage; Green denotes BB rating bonds; Red denotes B rating bonds

Figure 45: Average Z-Spread of HY Offshore Bonds in China Property (bps)



Source: Bloomberg, AMTD Research; As of 17 May 2021

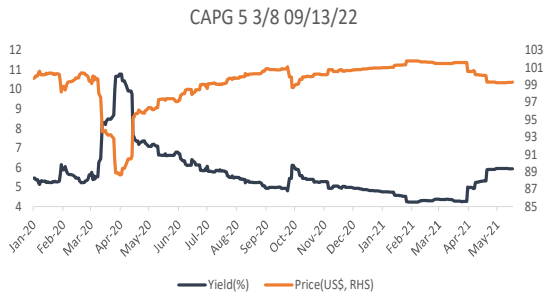
Figure 46: UST 12M/10yr Yield and Federal Funds Target Rate



Source: Bloomberg, AMTD Research; As of 17 May 2021

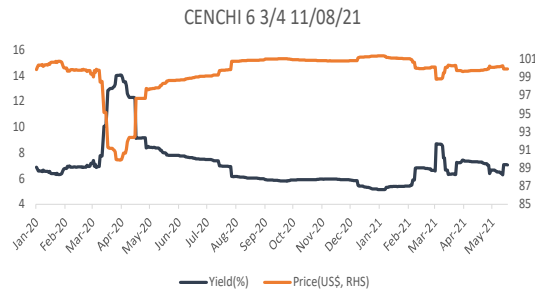
**Bond Performance of AMTD Coverage**

**Figure 47: Aoyuan Bond time series (Price vs YTM)**



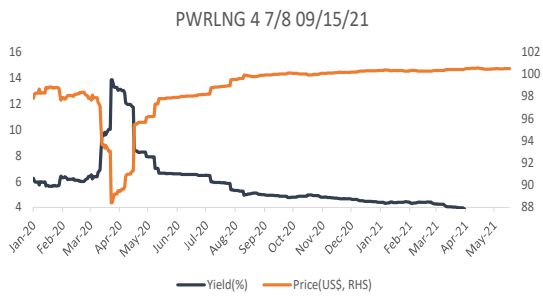
Source: Bloomberg, AMTD Research; As of 17 May 2021

**Figure 48: CCRE Bond Time Series (Price vs YTM)**



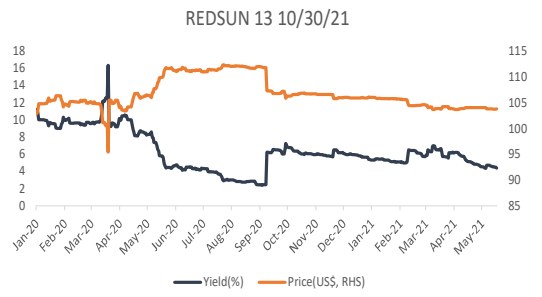
Source: Bloomberg, AMTD Research; As of 17 May 2021

**Figure 49: Powerlong Bond Time Series (Price vs YTM)**



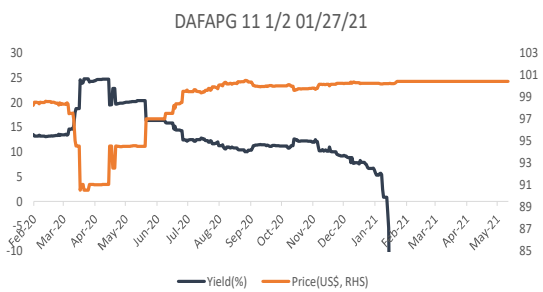
Source: Bloomberg, AMTD Research; As of 17 May 2021

**Figure 50: Redsun Bond Time Series (Price vs YTM)**



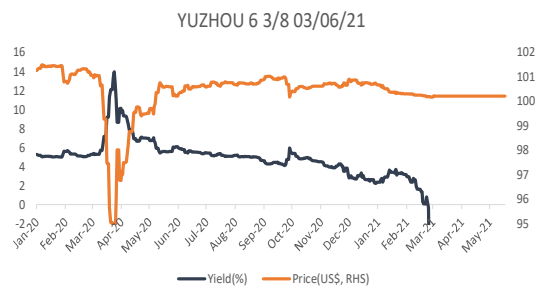
Source: Bloomberg, AMTD Research; As of 17 May 2021

**Figure 51: Dafa Bond time series (Price vs YTM)**



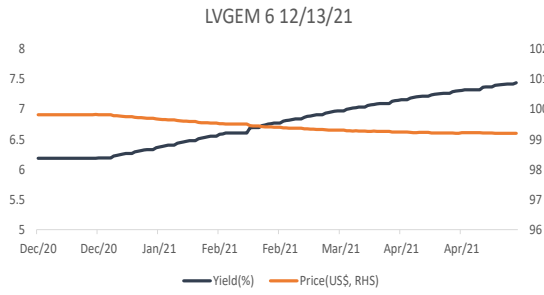
Source: Bloomberg, AMTD Research; As of 17 May 2021

**Figure 52: Yuzhou Bond Time Series (Price vs YTM)**



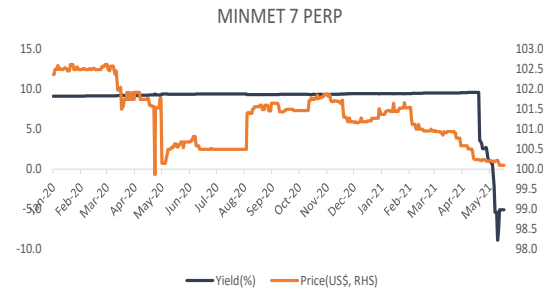
Source: Bloomberg, AMTD Research; As of 17 May 2021

**Figure 53: LVGEM Bond time series (Price vs YTM)**



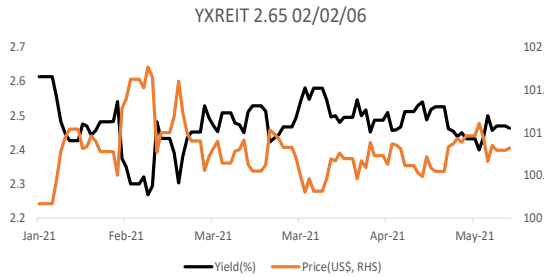
Source: Bloomberg, AMTD Research; As of 17 May 2021

**Figure 54: Minmetals Bond Time Series (Price vs YTM)**



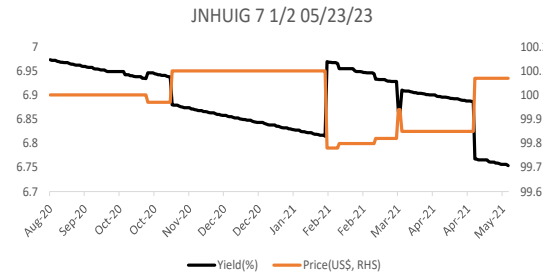
Source: Bloomberg, AMTD Research; As of 17 May 2021

**Figure 55: Yuexiu REIT Bond time series (Price vs YTM)**



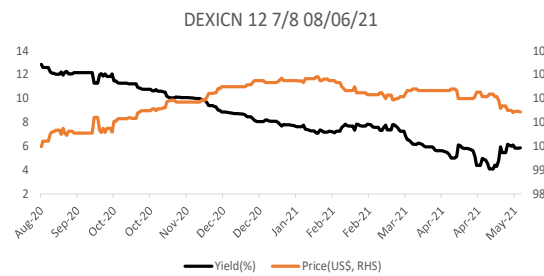
Source: Bloomberg, AMTD Research; As of 17 May 2021

**Figure 56: Radiance Bond Time Series (Price vs YTM)**



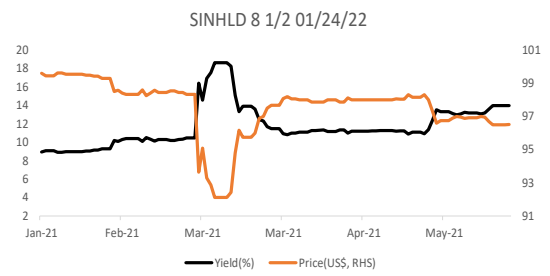
Source: Bloomberg, AMTD Research; As of 17 May 2021

**Figure 57: Dexin Bond time series (Price vs YTM)**



Source: Bloomberg, AMTD Research; As of 17 May 2021

**Figure 58: Sinic Bond Time Series (Price vs YTM)**



Source: Bloomberg, AMTD Research; As of 17 May 2021

## Valuation Methodology

We continue to adopt a target P/E Multiple for most China Property Developers, given their high asset turnover business model. We are adopting a target Forward P/E Multiple range of 4.0-8.5x, in-line with the current trading average of the sector's ~5.9x weighted average forward P/E. Our target multiples of each company is determined largely by the expected earnings growth outlook and balance sheet leverage. For Yuzhou and Minmetals in particular, since they have reported an earnings decline in 2020, we believe that an asset based Target P/B multiple valuation is more appropriate.

For other property developers, we adopt a Disc. to NAV approach, as their business is more asset based with investment properties and hotels as its key assets.

For China Property Management companies, we adopt a DCF-based valuation methodology to reflect the stable recurring income and cash flow nature of its business.

Figure 59: P/E Multiple Valuation for China Property Developers

	Target P/E Multiple (x)	2020-23E Net Profit CAGR	FY20 Assets to Equity	FY20 Net Debt to Equity	Target Price (HK\$)
6111.HK Dafa	8.50	14.7%	4.0	61%	5.23
1238.HK Powerlong	8.00	26.0%	3.8	74%	10.61
2103.HK SINIC	7.50	15.0%	5.1	50%	5.23
0123.HK Yuexiu Property	6.50	17.5%	4.1	48%	2.30
9993.HK Radiance	6.50	20.0%	5.1	91%	6.04
3883.HK Aoyuan	5.50	13.6%	6.0	83%	12.91
1996.HK Redsun	5.50	17.9%	4.3	50%	3.34
2019.HK Dexin China	5.25	6.6%	5.8	66%	3.48
0832.HK CCRE	4.00	4.5%	11.2	14%	3.85
<b>Average</b>		<b>15%</b>	<b>5.5</b>	<b>60%</b>	

Source: Company Data, AMTD Research

Figure 60: P/B Multiple Valuation for Yuzhou and Minmetals

	Target P/B Multiple (x)	FY20 Assets to Equity	FY20 Net Debt to Equity	Target Price (HK\$)
1628.HK Yuzhou	0.55	5.2	86%	2.76
0230.HK Minmetals	0.30	3.1	50%	0.86
<b>Average</b>		<b>4.1</b>	<b>68%</b>	

Source: Company Data, AMTD Research

Figure 61: Discount to NAV for Other Property Developers

	Discount to NAV (%)	NAV (HK\$/sh)	Target Price (HK\$)
0035.HK Far East	40%	6.82	4.09
0017.HK NWD	45%	105.35	57.94
0095.HK Lvgem	63%	13.18	4.90

Source: Company Data, AMTD Research

Figure 62: Dividend Discount Model for Yuexiu REIT

	Dividend Discount Model	Cost of Equity (%)	2020-2023E Dividend CAGR	Target Price (HK\$)	Implied FY2021E Div. Yield
0405.HK Yuexiu REIT		9.25%	8%	4.99	7.17%

Source: Company Data, AMTD Research

Figure 63: DCF Valuation for China Property Management companies

	Discounted Cash Flow Model	WACC (%)	2020-2023E Net Profit CAGR	Target Price (HK\$)	Implied Target FY2021E P/E
3662.HK	Aoyuan Healthy Life	13.0%	37%	10.75	18.46
9983.HK	CCNL	12.5%	34%	11.94	21.21
1922.HK	Yincheng LS	12.5%	31%	7.53	20.95
			<b>32%</b>		

Source: Company Data, AMTD Research

## China Property Developers

China Property Developers are trading at 5.3x 2021E P/E and 0.7x 2021E P/B on simple average. For market cap weighted average forward 12 months P/E and P/B, the sector is now trading at 5.9x P/E, ~0.70 SD below 3-year historical mean, and 1.1x P/B, ~2.01 SD below 3-year historical mean.

Figure 64: China Property Developers: Peers Valuation comparison

Date	17 May 2021	Share Price	Mkt cap	P/E			P/B			Div. Yield
Ticker	Name(EN)	(HK\$)	(USD mn)	FY20	FY21E	FY22E	FY20	FY21E	FY22E	FY20
<b>China Property Developers</b>										
2202 HK	Vanke	26.30	47,364	6.2x	5.8x	5.3x	1.2x	1.0x	0.9x	5.3%
960 HK	Longfor	45.80	35,764	12.2x	10.5x	8.9x	2.2x	1.9x	1.7x	3.5%
1109 HK	CR Land	35.35	32,454	8.9x	7.8x	6.9x	1.1x	1.0x	0.9x	4.0%
2007 HK	Country Garden	9.41	26,711	4.9x	4.5x	4.0x	1.0x	0.9x	0.7x	5.4%
688 HK	COLI	18.40	25,927	4.5x	4.2x	3.8x	0.5x	0.5x	0.5x	7.2%
3333 HK	Evergrande	12.76	21,756	4.7x	6.0x	5.5x	1.0x	0.9x	0.8x	1.3%
1918 HK	Sunac	28.85	17,326	4.0x	3.3x	3.0x	0.9x	0.7x	0.6x	6.4%
813 HK	Shimao	21.60	9,838	5.2x	4.6x	4.0x	0.7x	0.6x	0.6x	7.8%
3380 HK	Logan	11.76	8,359	4.3x	3.9x	3.3x	1.4x	1.0x	0.8x	9.7%
884 HK	CIFI	6.51	6,901	5.7x	4.8x	4.2x	1.3x	1.0x	0.8x	5.9%
1030 HK	Seazen	8.29	6,628	4.2x	4.3x	3.8x	1.2x	1.0x	0.8x	5.6%
3383 HK	Agile	11.02	5,557	3.8x	3.7x	3.3x	0.7x	0.6x	0.5x	11.2%
2777 HK	R&F	10.08	4,870	3.7x	3.6x	3.1x	0.4x	0.3x	0.3x	11.2%
1813 HK	KWG	11.26	4,611	4.7x	3.9x	3.3x	0.7x	0.6x	0.6x	9.3%
1238 HK	Powerlong*	7.83	4,176	7.7x	6.1x	4.8x	0.8x	0.7x	0.7x	5.3%
123 HK	Yuxiu*	1.81	3,608	5.9x	5.1x	4.2x	0.5x	0.5x	0.5x	6.5%
1638 HK	Kaisa	3.51	3,169	4.4x	3.1x	2.6x	0.6x	0.4x	0.4x	3.7%
3900 HK	Greentown	9.09	2,919	8.0x	6.4x	6.0x	0.6x	0.5x	0.4x	4.3%
3883 HK	Aoyuan*	8.17	2,836	3.9x	3.5x	3.1x	1.0x	0.9x	0.7x	9.1%
6158 HK	Zhenro	5.02	2,823	7.2x	6.4x	5.3x	1.0x	0.8x	0.8x	2.8%
3990 HK	Midea RE	17.70	2,804	4.4x	3.5x	3.0x	0.8x	0.7x	0.5x	10.2%
1233 HK	Times	10.92	2,726	3.4x	3.2x	2.8x	1.0x	0.7x	0.6x	7.9%
9993 HK	Radianc*	4.79	2,495	5.8x	5.2x	4.0x	0.8x	0.7x	0.6x	0.0%
2772 HK	Zhongliang	5.07	2,338	4.0x	3.6x	3.1x	1.4x	1.1x	0.9x	9.1%
2103 HK	Sinic*	4.16	1,912	6.8x	6.1x	4.9x	1.3x	1.1x	0.9x	3.8%
1966 HK	China SCE	3.38	1,837	3.4x	3.0x	2.5x	0.6x	0.5x	0.4x	8.2%
1628 HK	Yuzhou*	2.12	1,554	N/A	11.9x	7.3x	0.4x	0.4x	0.4x	14.8%
95 HK	Lvgem*	2.09	1,372	14.7x	5.1x	5.0x	0.4x	0.3x	0.3x	0.0%
272 HK	Shui On Land	1.26	1,308	N/A	N/A	N/A	0.2x	N/A	N/A	0.0%
3301 HK	Ronshine	5.18	1,123	3.1x	3.7x	3.0x	0.4x	0.4x	0.3x	10.0%
1996 HK	Redsun*	2.52	1,080	5.4x	3.9x	3.6x	0.5x	0.4x	0.4x	6.5%
2019 HK	Dexin China*	3.08	1,071	4.8x	4.6x	4.2x	1.2x	1.0x	0.9x	4.0%
119 HK	Poly Prop	2.20	1,037	3.8x	N/A	N/A	0.2x	N/A	N/A	5.8%
1098 HK	Roadking	10.66	1,028	N/A	N/A	N/A	0.4x	N/A	N/A	5.2%
832 HK	CCRE*	2.01	768	2.0x	2.0x	1.8x	0.4x	0.4x	0.3x	18.3%
6111 HK	Dafa*	6.12	652	12.6x	10.1x	8.4x	1.2x	1.1x	1.0x	1.5%
230 HK	Minmetals*	0.83	358	24.7x	11.4x	6.4x	0.3x	0.3x	0.3x	9.6%
<b>Total/Average</b>			<b>299,059</b>	<b>6.3x</b>	<b>5.3x</b>	<b>4.4x</b>	<b>0.8x</b>	<b>0.7x</b>	<b>0.6x</b>	<b>6.5%</b>

Source: Bloomberg Estimates, \*AMTD Research Estimates for AMTD Coverage Stocks

Note: As of 17 May 2021

**Figure 65: HKSAR and Other Global Developers: Peers Valuation comparison**

Date	17 May 2021	Share Price	Mkt cap	P/E			P/B			Div. Yield
Ticker	Name(EN)	(HK\$)	(USD mn)	FY20	FY21E	FY22E	FY20	FY21E	FY22E	FY20
<b>HKSAR and Other Global Property Developers</b>										
16 HK	SHK Properties	114.60	42,754	12.5x	12.4x	11.6x	0.5x	0.6x	0.5x	4.3%
1113 HK	CK Asset	50.05	23,799	10.7x	10.6x	9.5x	0.5x	0.5x	0.5x	3.6%
12 HK	Henderson Land	34.85	21,722	12.7x	14.4x	13.8x	0.5x	0.5x	0.5x	5.2%
17 HK	NWD*	40.45	13,226	15.7x	13.7x	13.0x	0.4x	0.4x	0.4x	5.0%
83 HK	Sino Land	11.92	11,350	20.1x	12.6x	13.0x	0.5x	0.5x	0.5x	4.6%
683 HK	Kerry Properties	26.05	4,885	10.1x	8.6x	9.6x	0.3x	0.3x	0.3x	5.2%
35 HK	Far East*	2.68	826	7.5x	6.3x	4.4x	0.5x	0.5x	0.5x	7.1%
<b>Total/Average</b>			<b>118,563</b>	<b>12.8x</b>	<b>11.2x</b>	<b>10.7x</b>	<b>0.5x</b>	<b>0.5x</b>	<b>0.5x</b>	<b>5.0%</b>

Source: Bloomberg Estimates, \*AMTD Research Estimates for AMTD Coverage Stocks

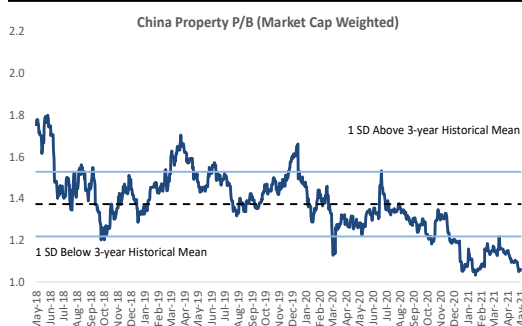
Note: Apart from SHK (FY ends in June) / NWD (FY ends in June) / Sino (FY ends in June) / FEC (FY ends in March), all other comparable companies' fiscal years end in Dec and their FY21E P/E, P/B and dividend yield are consensus estimates from Bloomberg; As of 17 May 2021

**Figure 66: China developers sector is now trading at 5.9x P/E, ~0.70 SD below 3-year historical mean**



Source: Bloomberg, AMTD Research  
Notes: As of 17 May 2021

**Figure 67: China developers is now trading at 1.1x P/B, ~2.01 SD below 3-year historical mean**



Source: Bloomberg, AMTD Research  
Notes: As of 17 May 2021

**China Property Management**

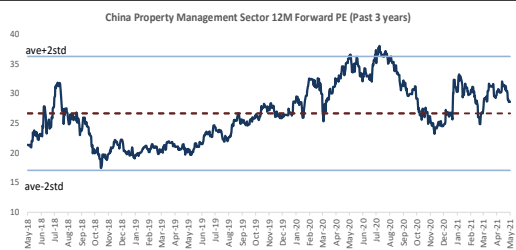
China Property Management sector is now trading at 23.1x FY21E P/E on simple average and at 28.6x forward 12 months P/E on market-cap-weighted average, ~0.40 SD above 3-year historical mean.

**Figure 68: China Property Management Companies: Peers Valuation comparison**

Date	17 May 2021	Share Price	Mkt cap	P/E			P/B			Div. Yield
Ticker	Name(EN)	(HK\$)	(USD mn)	FY20	FY21E	FY22E	FY20	FY21E	FY22E	FY20
<b>China Property Management</b>										
6098 HK	Country Garden Services	75.40	29,377	63.9x	46.1x	31.3x	12.9x	10.5x	8.3x	0.3%
1209.HK	China Res Mixc	43.25	12,709	75.8x	56.9x	41.2x	6.7x	5.9x	5.4x	0.5%
1516.HK	Sunac Services	21.20	8,471	72.1x	43.3x	27.6x	5.8x	5.3x	4.6x	0.3%
3319 HK	A-Living Services	35.05	6,017	22.0x	16.5x	12.5x	5.4x	4.3x	3.5x	1.7%
9666.HK	Jinke Services	55.25	4,644	37.8x	26.9x	18.2x	N/A	3.8x	3.3x	N/A
873 HK	Shimao Services	18.74	5,704	46.9x	29.2x	17.7x	5.8x	5.1x	4.2x	0.0%
2869 HK	Greentown Service	11.70	4,885	43.5x	32.8x	24.4x	4.7x	4.3x	3.9x	0.8%
1995 HK	Eversunshine	18.72	4,026	65.6x	42.0x	27.8x	9.2x	7.6x	6.3x	0.5%
6049 HK	Poly PPT Dev	59.50	4,239	41.5x	32.2x	25.0x	4.5x	4.1x	3.6x	0.8%
2669 HK	China Overseas PH	8.10	3,428	35.3x	29.8x	22.8x	12.5x	9.6x	7.3x	0.6%
1755 HK	S-Enjoy Services	22.10	2,481	34.2x	23.3x	16.2x	12.0x	7.4x	5.7x	0.9%
9909 HK	Powerlong CM	28.10	2,330	48.6x	33.8x	24.4x	7.1x	6.1x	5.2x	1.0%
3913 HK	KWG Living	7.03	1,826	31.5x	17.4x	10.7x	4.1x	3.4x	2.7x	1.0%
2606 HK	Languang Justbon	51.80	1,188	14.7x	11.8x	9.8x	3.1x	2.6x	2.2x	2.1%
9983 HK	CC New Life*	6.33	1,025	14.2x	10.5x	8.2x	2.5x	2.1x	1.8x	3.2%
9979 HK	Greentown Mgmt	5.09	1,283	16.6x	15.3x	12.5x	2.8x	2.6x	2.4x	3.8%
9928 HK	Times Neighbor	5.25	666	17.9x	10.8x	7.3x	2.6x	2.2x	1.7x	1.5%
6958 HK	Zhenro Services	5.06	676	21.3x	15.9x	11.0x	3.3x	N/A	N/A	0.0%
3316 HK	Binjiang Services	20.10	715	21.5x	14.7x	9.8x	5.6x	4.2x	3.1x	4.4%
1778 HK	Colour Life	3.26	611	7.9x	7.6x	7.0x	0.9x	0.8x	0.8x	3.0%
2168 HK	Kaisa Prosperity	24.05	477	13.3x	8.9x	5.9x	2.5x	2.1x	1.7x	3.2%
3662 HK	Aoyuan Healthy Life*	4.97	465	12.3x	8.6x	6.1x	3.0x	2.5x	2.1x	3.2%
1971 HK	Redsun Services	4.27	228	17.8x	9.4x	6.4x	2.2x	2.7x	2.5x	1.4%
1922 HK	Yincheng LS*	4.69	161	15.8x	10.5x	9.3x	5.4x	4.1x	3.1x	1.9%
<b>Total/Average</b>			<b>97,631</b>	<b>33.0x</b>	<b>23.1x</b>	<b>16.4x</b>	<b>5.4x</b>	<b>4.5x</b>	<b>3.7x</b>	<b>1.6%</b>

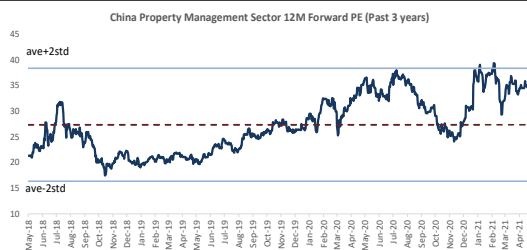
Source: Bloomberg Estimates, \*AMTD Research Estimates for AMTD Coverage Stocks  
Note: As of 17 May 2021

**Figure 69: China property management sector is now trading at 28.6x P/E, ~0.40SD above 3-year historical mean**



Source: Bloomberg, AMTD Research  
Notes: Excl. China Res Mixc, Sunac Services and Jinke Services; As of 17 May 2021

**Figure 70: China property management sector is now trading at 31.4x P/E, ~0.73SD above 3-year historical mean**



Source: Bloomberg, AMTD Research  
Notes: Incl. China Res Mixc, Sunac Services and Jinke Services; As of 17 May 2021

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## **Initiation of Coverage**

## Yuexiu Property Company Limited

### REIT Platform to Offer Unique Source of Growth Capital, Initiate with Buy

We initiate coverage of Yuexiu Property with a Buy rating and a Target Price of HK\$2.30/sh. We believe Yuexiu Property's strength in land acquisition in the Greater Bay Area will underpin its GP Margins and thus drive the stock's outperformance. Its ownership of Yuexiu REIT also offer an additional financing channel to recycle its capital invested in investment properties.

#### Competitive advantage in the Greater Bay Area Development

We believe Yuexiu Property's SOE-status offers them a competitive advantage over peers in acquiring land around the Greater Bay Area, which will underpin a higher than industry average GP Margins, in our view. Moreover, the company owns a ~38% stake in Yuexiu REIT (405.HK), which offers them an additional financing channel to recycle capital invested in prime investment properties. This will be a key funding channel to offer equity growth capital for its property development business, driving the stock to outperform, in our view. With the stock trading at 5.1x 2021E P/E, offering 7.7% div yield, we believe it is offering an attractive entry point into a stock that is set to grow at 17.5% CAGR.

#### Earnings to grow at 17.5% CAGR during 2020-2023E

We expect Yuexiu Property to deliver a 17.5% core net profit CAGR during 2020-2023E. This is underpinned by a 25.7% revenue CAGR that we estimate for 2020-2023E. We expect core net profit growth to be slower than the top-line revenue, due to partial dilution by the higher minority interests. Minority interests on balance sheet has risen to represent 8% of Total Assets by end-2020 (2019: 6%).

#### Yuexiu REIT offers a capital recycling platform for future growth

Sales of investment properties is one of the key recurring earnings drivers of Yuexiu Property. Its 38% owned Yuexiu REIT is one of the potential buyers of investment properties developed under Yuexiu Property, in our view. Yuexiu Property currently has RMB16bn worth of investment properties, across ~774k sqm on balance sheet as of end-2020. In addition to independent third party buyers, it is also a possibility to dispose of such investment properties into Yuexiu REIT to recycle the invested capital for future land acquisitions. Prime assets in major Tier-1, such as Yuexiu Financial Tower and Guangzhou ICC in Guangzhou, are assets which fit the investment profile for Yuexiu REIT, in our view. In the past, Yuexiu Property sold Guangzhou IFC and Wuhan Yuexiu Fortune Center to Yuexiu REIT in 2012 and 2017, respectively.

#### Solid balance sheet with Net Debt To Equity at just 48%

Yuexiu Property has successfully deleveraged its balance sheet during 2020 with its Net Debt declining by 24% YoY. This has resulted in its Net Debt to Equity to decline to 48% by end-2020 (2019: 74%). We believe this reflects the strong positive cash flows, underpin by its higher than average GP Margins of 25%.

#### Our Target Price of HK\$2.30/sh offers 27% upside

We initiate coverage of Yuexiu Property with a Target Price of HK\$2.30/sh, based on a Target P/E of 6.5x. This Target P/E is higher than the average of our coverage universe, due to its strong balance sheet, in our view. **Key downside risks** include: (1) Slower than expected contracted sales; (2) economic slow down to drag its rental income.

Stock code: 0123.HK

Rating: Buy

<b>Price target (HK\$)</b>	<b>2.30</b>
Previous price target (HK\$)	NA
Current price (HK\$, 17 May 2021)	1.81
Upside/downside %	27%
Market cap (HK\$ m)	28,023
Market cap (US\$ m)	3,608
Avg daily turnover (US\$ m)	4.83

Source: Bloomberg, AMTD Research

#### Key forecasts

(RMB m)	2020	2021e	2022e	2023e
Revenue	46,234	54,863	71,718	91,899
yoy %	20.6%	18.7%	30.7%	28.1%
Gross Profit	11,626	13,796	18,034	23,109
yoy %	-11.4%	18.7%	30.7%	28.1%
Core Net Profit	4,020	4,662	5,686	6,522
yoy %	14.6%	16.0%	22.0%	14.7%
Gross margin	25.1%	25.1%	25.1%	25.1%
Net gearing	48.3%	55.1%	41.6%	41.2%
EPS	0.26	0.30	0.37	0.42
DPS	0.10	0.12	0.14	0.17
BPS	2.83	3.01	3.23	3.49

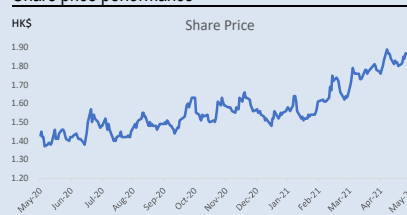
Source: Company Data, AMTD Research

#### Valuation

	2020	2021e	2022e	2023e
P/E	5.9	5.1	4.2	3.7
P/BV	0.5	0.5	0.5	0.4
Div. yield	6.7%	7.7%	9.4%	10.8%
ROE	9.2%	10.0%	11.4%	12.1%
ROA	1.8%	1.8%	2.3%	2.8%

Source: Bloomberg, AMTD Research

#### Share price performance



Source: Bloomberg

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Figure 71: Yuexiu Property Financial Forecasts and key ratios

PnL, RMB mn						Balance Sheet, RMB mn					
	2019	2020	2021e	2022e	2023e		2019	2020	2021e	2022e	2023e
Revenue	38,339	46,234	54,863	71,718	91,899	Investment Properties	9,438	16,076	16,076	16,076	16,076
COGS	(25,222)	(34,608)	(41,067)	(53,684)	(68,790)	Interest in JV/Asso	19,993	19,227	19,227	19,227	19,227
<b>Gross Profit</b>	<b>13,117</b>	<b>11,626</b>	<b>13,796</b>	<b>18,034</b>	<b>23,109</b>	PP&E and Others	20,214	16,264	16,264	16,264	16,264
Selling and distribution exp	(1,000)	(1,210)	(1,345)	(1,546)	(1,778)	<b>Non-current assets</b>	<b>49,645</b>	<b>51,567</b>	<b>51,567</b>	<b>51,567</b>	<b>51,567</b>
Admin exp	(1,235)	(1,344)	(1,513)	(1,739)	(2,000)	PUD & Held for Sale	138,854	151,007	177,924	186,988	202,418
Share of results of JV & Asso	498	932	1,055	1,200	1,445	Deposits and prepayments	13,043	19,247	22,066	27,573	34,166
Reval Gains from Inv Prop	(23)	641	-	-	-	Cash & Cash Equivalents	30,189	37,308	37,055	45,123	43,666
Net Finance costs	(778)	(476)	(458)	(471)	(483)	Others	2,966	4,067	4,067	4,067	4,067
Others	833	30	3	3	3	<b>Current assets</b>	<b>185,053</b>	<b>211,629</b>	<b>241,111</b>	<b>263,750</b>	<b>284,317</b>
<b>Profit before tax</b>	<b>11,413</b>	<b>10,200</b>	<b>11,538</b>	<b>15,481</b>	<b>20,296</b>	Contract Liabilities	41,943	54,201	69,498	78,084	78,147
Income tax expense	(6,683)	(5,517)	(6,241)	(8,374)	(10,978)	Bank and Other Borrowings	7,138	16,576	17,935	18,935	19,935
<b>Net profit</b>	<b>4,730</b>	<b>4,683</b>	<b>5,297</b>	<b>7,107</b>	<b>9,318</b>	Trade and Other Payables	47,665	49,236	52,845	59,870	70,815
Shareholders' Profit	3,483	4,248	4,662	5,686	6,522	Others	10,172	11,572	11,572	11,572	11,572
Minority Interest	1,247	435	636	1,421	2,795	<b>Current liabilities</b>	<b>106,918</b>	<b>131,585</b>	<b>151,850</b>	<b>168,461</b>	<b>180,470</b>
<b>Shareholders' Core Net Profit</b>	<b>3,508</b>	<b>4,020</b>	<b>4,662</b>	<b>5,686</b>	<b>6,522</b>	Bank and Other Borrowings	63,884	51,263	56,425	56,425	56,425
EPS - Basic (RMB)	0.27	0.27	0.30	0.37	0.42	Others	8,704	16,071	16,669	17,833	19,647
EPS - fully diluted	0.27	0.27	0.30	0.37	0.42	<b>Non-current liabilities</b>	<b>72,588</b>	<b>67,334</b>	<b>73,094</b>	<b>74,258</b>	<b>76,071</b>
Core EPS (RMB)	0.27	0.26	0.30	0.37	0.42	Shareholders' equity	40,724	43,748	46,570	50,013	53,962
DPS - basic (RMB)	0.10	0.10	0.12	0.14	0.17	Non-controlling interests	14,468	20,528	21,164	22,586	25,381
BVPS	2.63	2.83	3.01	3.23	3.49	<b>Total equity</b>	<b>55,192</b>	<b>64,276</b>	<b>67,734</b>	<b>72,599</b>	<b>79,343</b>
<b>Cash Flow Statement, RMB mn</b>						<b>Key Ratios</b>					
Operating Profit	11,693	9,744	10,942	14,752	19,334	GP Margins	34.2%	25.1%	25.1%	25.1%	25.1%
Operating CF before Working Cap	11,305	10,302	10,942	14,752	19,334	Net Margins	9.1%	9.2%	8.5%	7.9%	7.1%
PUD	(2,786)	4,266	(26,917)	(9,064)	(15,431)	Core Attri Net Margins	9.1%	8.7%	8.5%	7.9%	7.1%
Deposits & Prepayments	(71)	(116)	-	-	-	Asset Turnover (Contracted Sales)	30.7%	36.4%	38.3%	40.9%	44.1%
Trade & Other Payables	5,142	13,633	19,504	16,774	12,822	Cash/ST borrowings	4.2	2.2	2.1	2.4	2.2
Decrease in trade receivables, other receiv	56	(3,216)	(2,819)	(5,507)	(6,593)	Net Debt / Total Equity	74.0%	48.3%	55.1%	41.6%	41.2%
Others	(7,277)	(8,912)	(6,700)	(8,844)	(11,461)	Net Debt / Shareholders' Equity	100.3%	71.0%	80.1%	60.5%	60.6%
<b>Net Operating Cashflows</b>	<b>6,370</b>	<b>15,956</b>	<b>(5,989)</b>	<b>8,112</b>	<b>(1,329)</b>	Total Liabilities / Total Assets	76.5%	75.6%	76.9%	77.0%	76.4%
Net Investing Cashflows	(20,169)	(9,797)	1,055	1,200	1,445	Total Liabilities / Total Assets (excl Cont. liab)	71.4%	69.2%	69.7%	69.4%	69.2%
Bank & Other Borrowings	12,819	(1,992)	6,520	1,000	1,000	Total Assets / Total Equity	425.2%	409.5%	432.1%	434.3%	423.3%
Others	3,077	28	(1,839)	(2,243)	(2,573)	Total Assets / Shareholders' Equity	576.3%	601.6%	628.5%	630.5%	622.4%
<b>Net Financing Cashflows</b>	<b>15,896</b>	<b>(1,964)</b>	<b>4,681</b>	<b>(1,243)</b>	<b>(1,573)</b>	ROA	2.0%	1.8%	1.8%	2.3%	2.8%
Net Cash Flows	2,096	4,195	(253)	8,068	(1,457)	ROE	8.6%	9.2%	10.0%	11.4%	12.1%

Source: Company Data, AMTD Research

# Radiance Holdings (Group) Company Limited

## National Growth Expansion set to Bear Fruit

We initiate coverage of Radiance Holdings as we believe the stock is undervalued due to a relatively large amount of pre-sold properties yet to be recognized on P&L. We expect the stock to deliver a 20% shareholders' net profit CAGR during 2020-2023E. We initiate Radiance with a Buy Rating and a Target Price of HK\$6.04/sh.

### Shareholders' Profit to grow by 20% CAGR, locked-in by pre-sales

At 5.2x 2021E P/E, 6.8% div yield, we believe market has yet to fully appreciate Radiance's recent growth in contracted sales and cash flow profit amid the China Property sector's weak financial results reported recently. We believe such concerns will be alleviated as Radiance's pre-sold properties are delivered and profits are recognized onto the P&L. The developer has RMB69bn of contract liabilities as of end-2020, which implies 198% of its 2020 recognised revenue. Assuming similar profit margins, it implies that revenue and total net profit are set to double over the next 2-3 years, in our view. Shareholders' profit growth could be partly diluted by the increase in minority interests though, in our view, as the developers' minority interests now fund 7.8% of its 2020 balance sheet, compared to 3% in 2019.

### RMB69bn of Contract Liabilities to underpin revenue in coming years

Radiance Holdings has RMB69bn of contract liabilities on its balance sheet as of end-2020, which will be recognized as revenues in the next 1-2 years. We thus expect revenues to reach RMB68bn by 2023E, which will imply a 20% net profit CAGR by assuming stabilized GP and net margins. We expect contracted sales to grow by 20% YoY in 2021E to reach RMB117bn, of which RMB34bn has been achieved YTD, implying a 29.3% YTD run-rate, in-line with the industry average.

### Diverse exposure with 30m sqm land bank spread across the country

Radiance was founded in Fuzhou in 1996 and is currently headquartered in Beijing. While the developer's 30.73m sqm land bank is spread across the country in 32 cities, with 7.2m sqm in Northwestern China, 7.8m sqm in Central and Southwestern China, 5.4m sqm in Bohai Rim, 4.8m sqm in Yangtze River Delta and 5.6m sqm in Southern China.

### Declining Net Debt reflects positive operating cash flows

Radiance's net debt has declined by 17% YoY in 2020, partially thanks to net proceeds from its IPO, as well as a positive operating cash flow during the period. Net Debt to Equity has declined significantly from 186% to 92% where the enlarged equity base has also been a key contributor. We also noted a sharp rise in minority interests on its balance sheet of 219% YoY to reach RMB14.5bn by end-2020. MI now funds 7.8% of its balance sheet (Total Assets), compared to 3% of 2019. We believe this may result in a dilution in shareholders' profit for the pre-sold properties, unless such minority stakes are repurchased before project completion.

### Valuation Undemanding at 5.2x 2021E P/E and 6.8% Div Yield

We believe Radiance is trading at undemanding valuations of 5.2x 2021E P/E offering 6.8% div yield at current valuations. Our Target Price of HK\$6.04/sh is based on a Target 2021E P/E of 6.5x, in-line with the average of AMTD coverage. **Key Downside Risks:** (1) Weaker than expected contracted sales; (2) Dilution from minority interests higher than expected; (3) Profit margins weaker than expected.

Stock code: 9993.HK

Rating: Buy

<b>Price target (HK\$)</b>	<b>6.04</b>
Previous price target (HK\$)	NA
Current price (HK\$, 17 May 2021)	4.79
Upside/downside %	26%
Market cap (HK\$ m)	19,377
Market cap (US\$ m)	2,495
Avg daily turnover (US\$ m)	1.65

Source: Bloomberg, AMTD Research

### Key forecasts

(RMB m)	2020	2021e	2022e	2023e
Revenue	34,875	44,939	54,829	67,764
yoy %	34.3%	28.9%	22.0%	23.6%
Gross Profit	7,713	9,887	12,062	14,908
yoy %	36.2%	28.2%	22.0%	23.6%
Core Net Profit	2,859	3,193	4,164	4,942
yoy %	31.6%	11.7%	30.4%	18.7%
Gross margin	22.1%	22.0%	22.0%	22.0%
Net gearing	91.5%	89.7%	66.2%	44.1%
EPS	0.71	0.79	1.03	1.22
DPS	0.27	0.28	0.36	0.43
BPS	5.33	5.84	6.51	7.31

Source: Company Data, AMTD Research

### Valuation

	2020	2021e	2022e	2023e
P/E	5.8	5.2	4.0	3.3
P/BV	0.8	0.7	0.6	0.6
Div. yield	6.6%	6.8%	8.8%	10.5%
ROE	13.3%	13.5%	15.8%	16.7%
ROA	1.5%	1.5%	1.8%	2.0%

Source: Bloomberg, AMTD Research

### Share price performance



Source: Bloomberg

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Figure 72: Radiance Financial Forecasts and key ratios

PnL, RMB mn	2019	2020	2021e	2022e	2023e	Balance Sheet, RMB mn	2019	2020	2021e	2022e	2023e
Revenue	25,963	34,875	44,939	54,829	67,764	Investment Properties	10,506	10,953	10,953	10,953	10,953
COGS	(20,301)	(27,162)	(35,052)	(42,766)	(52,856)	Interest in JV/Asso	4,079	7,373	8,990	12,929	17,302
<b>Gross Profit</b>	<b>5,662</b>	<b>7,713</b>	<b>9,887</b>	<b>12,062</b>	<b>14,908</b>	PP&E and Others	5,114	4,891	4,872	4,855	4,838
Selling and distribution exp	(771)	(1,153)	(1,383)	(1,522)	(1,674)	<b>Non-current assets</b>	<b>19,699</b>	<b>23,216</b>	<b>24,815</b>	<b>28,736</b>	<b>33,093</b>
Admin exp	(988)	(1,196)	(1,435)	(1,579)	(1,737)	PUD & Held for Sale	94,988	116,442	133,584	135,945	132,129
Share of results of JV & Asso	441	810	888	1,193	1,272	Deposits and prepayments	12,244	10,455	14,624	17,843	22,052
Reval Gains from Inv Prop	481	437	-	-	-	Cash & Cash Equivalents	9,219	20,732	22,273	31,793	42,334
Net Finance costs	(394)	(430)	(342)	(388)	(433)	Others	13,195	14,817	14,817	14,817	14,817
Others	138	356	458	559	691	<b>Current assets</b>	<b>129,646</b>	<b>162,445</b>	<b>185,298</b>	<b>200,397</b>	<b>211,332</b>
<b>Profit before tax</b>	<b>4,569</b>	<b>6,537</b>	<b>8,072</b>	<b>10,326</b>	<b>13,027</b>	Contract Liabilities	56,685	69,087	80,412	87,456	87,738
Income tax expense	(1,879)	(2,718)	(3,816)	(4,775)	(5,967)	Bank and Other Borrowings	19,205	19,307	23,366	23,833	24,345
<b>Net profit</b>	<b>2,690</b>	<b>3,819</b>	<b>4,257</b>	<b>5,552</b>	<b>7,060</b>	Trade and Other Payables	11,702	15,813	22,083	26,943	33,299
Shareholders' Profit	2,508	3,128	3,193	4,164	4,942	Others	7,696	8,404	8,404	8,404	8,404
Minority Interest	182	692	1,064	1,388	2,118	<b>Current liabilities</b>	<b>95,288</b>	<b>112,611</b>	<b>134,265</b>	<b>146,635</b>	<b>153,786</b>
<b>Shareholders' Core Net Profit</b>	<b>2,172</b>	<b>2,859</b>	<b>3,193</b>	<b>4,164</b>	<b>4,942</b>	Bank and Other Borrowings	29,866	34,467	34,122	36,674	39,482
Dividends	-	1,092	1,115	1,454	1,726	Others	2,811	2,472	2,472	2,472	2,472
EPS - Basic (RMB)	NA	0.77	0.79	1.03	1.22	<b>Non-current liabilities</b>	<b>32,677</b>	<b>36,938</b>	<b>36,594</b>	<b>39,146</b>	<b>41,954</b>
EPS - fully diluted	NA	0.77	0.79	1.03	1.22	Shareholders' equity	16,830	21,562	23,640	26,350	29,566
Core EPS (RMB)	NA	0.71	0.79	1.03	1.22	Non-controlling interests	4,549	14,550	15,614	17,002	19,120
DPS - basic (RMB)	NA	0.27	0.28	0.36	0.43	<b>Total equity</b>	<b>21,379</b>	<b>36,112</b>	<b>39,254</b>	<b>43,352</b>	<b>48,686</b>
BVPS	NA	5.33	5.84	6.51	7.31	<b>Key Ratios</b>	<b>2019</b>	<b>2020</b>	<b>2021e</b>	<b>2022e</b>	<b>2023e</b>
<b>Cash Flow Statement, RMB mn</b>	<b>2019</b>	<b>2020</b>	<b>2021e</b>	<b>2022e</b>	<b>2023e</b>	GP Margins	21.8%	22.1%	22.0%	22.0%	22.0%
Profit Before Tax	4,569	6,537	8,072	10,326	13,027	Net Margins	10.4%	11.0%	9.5%	10.1%	10.4%
<b>Operating CF before Working Cap</b>	<b>4,478</b>	<b>5,731</b>	<b>8,113</b>	<b>10,366</b>	<b>13,067</b>	Core Attr Net Margins	8.4%	8.2%	7.1%	7.6%	7.3%
PUD	(19,575)	(19,129)	(17,142)	(2,361)	3,815	Asset Turnover (Contracted Sales)	18.7%	52.4%	55.5%	56.0%	57.7%
Deposits & Prepayments	(9,215)	1,909	(4,169)	(3,219)	(4,209)	Cash/ST borrowings	0.5	1.1	1.0	1.3	1.7
Trade & Other Payables	39	2	6,356	4,243	5,549	Net Debt / Total Equity	186.4%	91.5%	89.7%	66.2%	44.1%
Increase in contract liabilities	15,676	11,922	11,326	7,044	282	Net Debt / Shareholders' Equity	236.8%	153.2%	149.0%	109.0%	72.7%
Others	2,900	2,215	(3,902)	(4,158)	(5,160)	Total Liabilities / Total Assets	85.7%	80.5%	81.3%	81.1%	80.1%
<b>Net Operating Cashflows</b>	<b>(5,697)</b>	<b>2,650</b>	<b>581</b>	<b>11,916</b>	<b>13,344</b>	Total Liabilities / Total Assets (ex Cont. liab)	76.9%	69.0%	69.7%	69.4%	68.9%
<b>Net Investing Cashflows</b>	<b>(537)</b>	<b>(2,431)</b>	<b>(1,639)</b>	<b>(3,961)</b>	<b>(4,397)</b>	Total Assets / Total Equity	7.0x	5.1x	5.4x	5.3x	5.0x
Bank & Other Borrowings	4,909	5,062	3,714	3,019	3,321	Total Assets / Shareholders' Equity	8.9x	8.6x	8.9x	8.7x	8.3x
Others	612	6,336	(1,115)	(1,454)	(1,726)	ROA	1.5%	1.5%	1.5%	1.8%	2.0%
<b>Net Financing Cashflows</b>	<b>5,521</b>	<b>11,398</b>	<b>2,599</b>	<b>1,565</b>	<b>1,595</b>	ROE	12.9%	13.3%	13.5%	15.8%	16.7%
<b>Net Cash Flows</b>	<b>(714)</b>	<b>11,617</b>	<b>1,542</b>	<b>9,519</b>	<b>10,541</b>						

Source: Company Data, AMTD Research

# SINIC Holdings (Group) Company Limited

## Young and Energetic Developer, Initiate with Buy

We initiate SINIC Holdings with a Buy rating and a target price of HK\$5.23/sh. We believe SINIC is a young and energetic developer with solid foundations based on an employee incentivized shareholding structure. We also like the developer's proactive attempts to recruit professional senior management talent to drive the company forward.

### Incentivized Management Structure Positive for the Long Term

We are initiating coverage of SINIC Holdings. While the attempt to introduce a co-Chairman in 2020 didn't work out according to planned, we are positive towards the developer's attempt to install a professional management team. This together with employees' shareholding ownership of 4.2% through a trust sets a healthy incentivized organizational structure that will propel the long term development of the company, in our view. Initiate with Buy.

### Attempt to recruit senior management talent a major positive

Back in Mar 2020, SINIC Holdings announced the appointment of Mr. Chen Kai (an ex-CR Land and ex-Longfor Executive) as Co-Chairman, CEO and Executive Director of the company. Unfortunately, it has not worked out according to plan and Mr. Chen resigned in Sep 2020, with Mr. Zhang Yuanlin being re-designated back as Chairman of the Company. We are nonetheless positive towards the Board of Directors' attempt to recruit senior management talent in the industry to help develop and grow the company. We believe this differentiates SINIC from other family businesses in the sector and will drive the developer's long term development and growth.

### Significant balance sheet improvement forms a solid foundation

We believe SINIC's balance sheet has improved significantly since its listing in 2019, as the developer enters the harvesting phase of its pre-IPO investments. The developer's net debt to equity has declined from 234% in 2018 to 50% in 2020. We believe this reflects the solid free cash flows that the company at the consolidated level has been generating through their projects.

### Near term volatility amid profit margin pressure

We believe SINIC's 2021E top-line growth will be underpinned by its pre-sold properties to reach ~RMB28.6bn, but profit margins will be under pressure along with the industry amid the ASP pre-sale restrictions. We expect the developer's GP Margins to slightly decline to ~24% in 2021E, while net margins to remain stable at ~7.2% with the higher JV & Asso profit contributions to partially offset the GP Margins decline.

### Initiate coverage with a Buy rating and a TP of HK\$5.23/sh

We initiate coverage of SINIC Holdings with a target price of HK\$5.23/sh, which is based on a target 2021E P/E of 7.5x. Our 7.5x 2021E target P/E is slightly above the average target P/E multiple adopted across our coverage universe, which takes into consideration the developers' financial leverage and earnings growth potential.

**Key Downside Risks:** We believe the key downside risks to SINIC lies with its ability to continue to grow its contracted sales, as well as the recognition of its pre-sold properties into its financial statements. The stock is currently trading at a premium valuation to peers and if growth slows down, we believe it will be increasingly difficult to justify such premium valuations.

Stock code: 2103.HK

Rating: Buy

<b>Price target (HK\$)</b>	<b>5.23</b>
Previous price target (HK\$)	NA
Current price (HK\$, 17 May 2021)	4.16
Upside/downside %	26%
Market cap (HK\$ m)	14,852
Market cap (US\$ m)	1,912
Avg daily turnover (US\$ m)	1.53

Source: Bloomberg, AMTD Research

### Key forecasts

(RMB m)	2020	2021e	2022e	2023e
Revenue	28,069	28,561	34,227	37,555
yoy %	4.0%	1.8%	19.8%	9.7%
Gross Profit	6,860	6,855	8,009	8,788
yoy %	-14.2%	-0.1%	16.8%	9.7%
Core Net Profit	1,864	2,065	2,574	2,834
yoy %	0.4%	10.8%	24.7%	10.1%
Gross margin	24.4%	24.0%	23.4%	23.4%
Net gearing	50.2%	50.4%	47.3%	47.1%
EPS	0.52	0.58	0.72	0.79
DPS	0.14	0.14	0.18	0.20
BPS	2.76	3.20	3.74	4.33

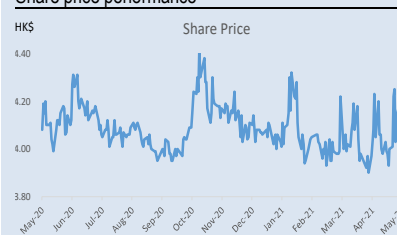
Source: Company Data, AMTD Research

### Valuation

	2020	2021e	2022e	2023e
P/E	6.6	6.0	4.8	4.4
P/BV	1.2	1.1	0.9	0.8
Div. yield	4.1%	4.2%	5.2%	5.7%
ROE	19.9%	18.1%	19.3%	18.3%
ROA	2.1%	1.9%	2.1%	2.1%

Source: Bloomberg, AMTD Research

### Share price performance



Source: Bloomberg

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Figure 73: SINIC Holdings Financial Forecasts and key ratios

PnL, RMB mn	2020	2021e	2022e	2023e	Balance Sheet, RMB mn	2020	2021e	2022e	2023e
Revenue	28,069	28,561	34,227	37,555	Investment Properties	2,395	2,395	2,395	2,395
COGS	(21,209)	(21,707)	(26,218)	(28,767)	Interest in JV/Asso	14,382	15,920	20,125	24,753
<b>Gross Profit</b>	<b>6,860</b>	<b>6,855</b>	<b>8,009</b>	<b>8,788</b>	PP&E and Others	3,214	3,207	3,204	3,205
Selling and distribution exp	(956)	(1,099)	(1,209)	(1,305)	<b>Non-current assets</b>	<b>19,992</b>	<b>21,522</b>	<b>25,724</b>	<b>30,353</b>
Admin exp	(580)	(667)	(733)	(792)	PUD & Held for Sale	47,813	58,648	67,763	73,702
Share of results of JV & Asso	65	736	1,027	1,127	Deposits and prepayments	4,986	4,986	4,986	4,986
Reval Gains from Inv Prop	167	-	-	-	Cash & Cash Equivalents	10,925	12,453	14,490	16,181
Net Finance costs	(440)	(454)	(496)	(564)	Others	12,911	12,911	12,911	12,911
Others	(30)	3	4	4	<b>Current assets</b>	<b>76,636</b>	<b>88,999</b>	<b>100,150</b>	<b>107,781</b>
<b>Profit before tax</b>	<b>5,086</b>	<b>5,375</b>	<b>6,601</b>	<b>7,258</b>	Contract Liabilities	25,586	35,386	43,549	52,052
Income tax expense	(3,048)	(3,228)	(3,924)	(4,311)	Bank and Other Borrowings	13,580	13,580	13,580	13,580
<b>Net profit</b>	<b>2,038</b>	<b>2,147</b>	<b>2,677</b>	<b>2,947</b>	Trade and Other Payables	9,998	10,075	12,885	11,706
Shareholders' Profit	1,960	2,065	2,574	2,834	Others	12,796	12,796	12,796	12,796
Minority Interest	78	82	103	113	<b>Current liabilities</b>	<b>61,961</b>	<b>71,838</b>	<b>82,811</b>	<b>90,135</b>
<b>Shareholders' Core Net Profit</b>	<b>1,864</b>	<b>2,065</b>	<b>2,574</b>	<b>2,834</b>	Bank and Other Borrowings	14,877	17,263	19,609	22,308
Dividends	500	516	644	708	Others	726	726	726	726
EPS - Basic (RMB)	0.55	0.58	0.72	0.79	<b>Non-current liabilities</b>	<b>15,603</b>	<b>17,989</b>	<b>20,335</b>	<b>23,033</b>
EPS - fully diluted	0.55	0.58	0.72	0.79	Shareholders' equity	9,865	11,414	13,345	15,470
Core EPS (RMB)	0.52	0.58	0.72	0.79	Non-controlling interests	9,198	9,280	9,383	9,496
DPS - basic (RMB)	0.14	0.14	0.18	0.20	<b>Total equity</b>	<b>19,064</b>	<b>20,695</b>	<b>22,728</b>	<b>24,966</b>
BVPS	2.76	3.20	3.74	4.33					
<b>Cash Flow Statement, RMB mn</b>	<b>2020</b>	<b>2021e</b>	<b>2022e</b>	<b>2023e</b>	<b>Key Ratios</b>	<b>2020</b>	<b>2021e</b>	<b>2022e</b>	<b>2023e</b>
Profit Before Tax	5,086	5,375	6,601	7,258	GP Margins	24.4%	24.0%	23.4%	23.4%
<b>Operating CF before Working Cap</b>	<b>5,069</b>	<b>5,407</b>	<b>6,631</b>	<b>7,288</b>	Net Margins	7.3%	7.5%	7.8%	7.8%
PUD	6,494	(10,835)	(9,115)	(5,940)	Core Attri Net Margins	6.6%	7.2%	7.5%	7.5%
Deposits & Prepayments	1,859	-	-	-	Asset Turnover (Contracted Sales)	117.7%	118.3%	114.3%	112.5%
Trade & Other Payables	360	77	2,810	(1,179)	Cash/ST borrowings	0.8	0.9	1.1	1.2
Increase in contract liabilities	(9,179)	9,800	8,163	8,502	Net Debt / Total Equity	50.2%	50.4%	47.3%	47.1%
Others	(3,656)	(3,228)	(3,924)	(4,311)	Net Debt / Shareholders' Equity	97.1%	91.4%	80.5%	76.0%
<b>Net Operating Cashflows</b>	<b>948</b>	<b>1,221</b>	<b>4,566</b>	<b>4,360</b>	Total Liabilities / Total Assets	80.3%	81.3%	81.9%	81.9%
<b>Net Investing Cashflows</b>	<b>(3,414)</b>	<b>(1,562)</b>	<b>(4,232)</b>	<b>(4,659)</b>	Total Liab/Total Assets (Excl. Contract Liab.)	73.2%	72.5%	72.4%	71.0%
Bank & Other Borrowings	5,351	4,395	1,674	2,386	Total Assets / Total Equity	5.1	5.3	5.5	5.5
Others	(2,838)	(2,526)	29	(396)	Total Assets / Shareholders' Equity	9.8	9.7	9.4	8.9
<b>Net Financing Cashflows</b>	<b>2,513</b>	<b>1,870</b>	<b>1,703</b>	<b>1,990</b>	ROA	2.1%	1.9%	2.1%	2.1%
<b>Net Cash Flows</b>	<b>47</b>	<b>1,528</b>	<b>2,036</b>	<b>1,691</b>	ROE	19.9%	18.1%	19.3%	18.3%

Source: Company Data, AMTD Research



# Dexin China Holdings Company Limited

## Building on a Joint Venture foundation

We initiate coverage of Dexin China as we believe the stock is trading at fair valuations, we expect the developer to deliver a ~6.6% earnings CAGR profile and a consolidated balance sheet with a ~66% net debt to equity as of 2020. Our target price is at HK\$3.48/sh, which offers 13% upside to the current share price.

### Project Deliveries to drive revenue growth

We believe Dexin China is entering the harvesting period of its earlier growth, as the developer enters its peak project delivery cycle during 2020-2021E in our view. We expect revenue to grow by a 25% 3-year CAGR during 2020-2023E as a result. Moreover, Dexin China also has a significant proportion of JV & Associate projects, which will also drive a FY20-FY2023E net profit CAGR of ~6.6%, in our view. Considering the earnings growth profile, we believe the stock is currently trading at a fair valuation of 4.6x 2021E P/E, offering a ~6.5% 2021E div yield. We initiate with Hold Rating.

### Joint Ventures a key component of Dexin's underlying fundamentals

Dexin China has a relatively significant portion of JV & Asso project companies, and the companies' share of profits from JV & Asso contributed to ~19% of 2020 profit before tax. We expect the proportion to remain at similar levels going forward. The developer has also seen a further increase in minority interests on balance sheet during 2020, rising to represent ~11% of its Total Assets in 2020 (2019: ~9%). As a result, minority interests now represent ~65% of Total Equity, the highest among our coverage universe. We believe this causes dilution to the shareholders' profit, in our view, and thus a lower shareholders' profit growth than its revenue.

### Balance Sheet solid at Consolidated Level with Net Gearing at 66%

The company's consolidated level net debt to equity at 66% in 2020 are below industry average, however, Dexin do have a higher than industry average JV & Asso projects, thus we believe consolidated balance sheet may not offer investors a full comprehensive picture. Nonetheless, we believe that the risks are manageable. The JV & Associate companies have contributed to 39% and 19% of profits before tax during 2019 and 2020, respectively.

### Initiate with a Hold Rating and a TP of HK\$3.48/sh

We initiate coverage of Dexin China with a Hold rating and a Target Price of HK\$3.48/sh, offering 13% upside to current share price. Our valuation is based on a target 2021E P/E Multiple of 5.25x, which is in-line with the average of our coverage universe. We believe this is justified considering its relatively low consolidated financial leverage and a ~6.6% 2020-2023E earnings CAGR profile. **Key Downside Risks:** (1) contracted sales slower than expected; (2) JV & Associate companies' profitability lower than our expectations and minority interests' profit sharing higher than expected.

Stock code: 2019.HK

Rating: Hold

<b>Price target (HK\$)</b>	<b>3.48</b>
Previous price target (HK\$)	NA
Current price (HK\$, 17 May 2021)	3.08
Upside/downside %	13%
Market cap (HK\$ m)	8,320
Market cap (US\$ m)	1,071
Avg daily turnover (US\$ m)	0.47

Source: Bloomberg, AMTD Research

### Key forecasts

(RMB m)	2020	2021e	2022e	2023e
Revenue	15,669	21,642	25,956	30,428
yoy %	64.7%	38.1%	19.9%	17.2%
Gross Profit	3,902	4,978	5,970	6,999
yoy %	27.6%	27.6%	19.9%	17.2%
Core Net Profit	1,463	1,522	1,674	1,771
yoy %	0.2%	4.0%	10.0%	5.8%
Gross margin	24.9%	23.0%	23.0%	23.0%
Net gearing	66.0%	50.8%	48.0%	41.6%
EPS	0.54	0.56	0.62	0.66
DPS	0.11	0.17	0.19	0.20
BPS	2.16	2.56	2.99	3.45

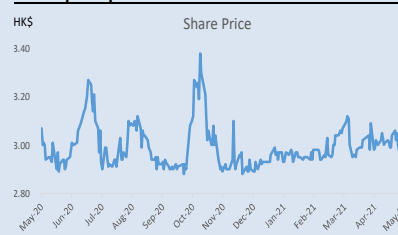
Source: Company Data, AMTD Research

### Valuation

	2020	2021e	2022e	2023e
P/E	4.8	4.6	4.2	4.0
P/BV	1.2	1.0	0.9	0.8
Div. yield	4.2%	6.5%	7.1%	7.5%
ROE	20.4%	22.0%	20.7%	19.0%
ROA	2.3%	2.8%	3.1%	3.2%

Source: Bloomberg, AMTD Research

### Share price performance



Source: Bloomberg

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Figure 74: Dexin China Financial Forecasts and key ratios

PnL, RMB mn	2019	2020	2021e	2022e	2023e	Balance Sheet, RMB mn	2019	2020	2021e	2022e	2023e
Revenue	9,513	15,669	21,642	25,956	30,428	Investment Properties	2,924	3,478	3,478	3,478	3,478
COGS	(6,454)	(11,767)	(16,664)	(19,996)	(23,430)	Interest in JV/Asso	3,792	5,402	6,624	8,530	9,417
<b>Gross Profit</b>	<b>3,059</b>	<b>3,902</b>	<b>4,978</b>	<b>5,970</b>	<b>6,999</b>	PPRE and Others	1,375	1,457	1,472	1,496	1,530
Selling and distribution exp	(458)	(458)	(549)	(659)	(758)	<b>Non-current assets</b>	<b>8,091</b>	<b>10,338</b>	<b>11,774</b>	<b>13,504</b>	<b>14,425</b>
Admin exp	(721)	(747)	(896)	(1,075)	(1,236)	PUD & Held for Sale	37,249	50,954	57,352	67,870	79,506
Share of results of JV & Asso	1,175	593	866	1,038	1,217	Deposits and prepayments	3,513	4,638	4,638	4,638	4,638
Reval Gains from Inv Prop	186	(27)	-	-	-	Cash & Cash Equivalents	9,564	14,719	18,061	19,404	21,781
Net Finance costs	(432)	(481)	(587)	(614)	(670)	Others	8,870	15,954	15,954	15,954	15,954
Others	171	323	446	535	627	<b>Current assets</b>	<b>59,196</b>	<b>86,266</b>	<b>96,005</b>	<b>107,866</b>	<b>121,880</b>
<b>Profit before tax</b>	<b>2,981</b>	<b>3,105</b>	<b>4,257</b>	<b>5,194</b>	<b>6,177</b>	Contract Liabilities	27,628	32,309	37,618	43,988	50,726
Income tax expense	(725)	(845)	(1,213)	(1,475)	(1,749)	Bank and Other Borrowings	5,540	8,738	8,960	9,203	9,471
<b>Net profit</b>	<b>2,257</b>	<b>2,260</b>	<b>3,044</b>	<b>3,719</b>	<b>4,428</b>	Trade and Other Payables	4,324	7,182	8,332	9,993	11,715
Shareholders' Profit	1,557	1,193	1,522	1,674	1,771	Others	8,410	14,107	14,107	14,107	14,107
Minority Interest	700	1,068	1,522	2,046	2,657	<b>Current liabilities</b>	<b>45,902</b>	<b>62,336</b>	<b>69,016</b>	<b>77,290</b>	<b>86,018</b>
<b>Shareholders' Core Net Profit</b>	<b>1,460</b>	<b>1,463</b>	<b>1,522</b>	<b>1,674</b>	<b>1,771</b>	Bank and Other Borrowings	9,784	16,976	18,855	20,984	23,294
Dividends	-	297	457	502	531	Others	867	680	680	680	680
EPS - Basic (RMB)	0.60	0.44	0.56	0.62	0.66	<b>Non-current liabilities</b>	<b>10,651</b>	<b>17,656</b>	<b>19,565</b>	<b>21,664</b>	<b>23,974</b>
EPS - fully diluted	0.60	0.44	0.56	0.62	0.66	Shareholders' equity	5,013	5,845	6,911	8,082	9,322
Core EPS (RMB)	0.56	0.54	0.56	0.62	0.66	Non-controlling interests	5,721	10,766	12,287	14,333	16,990
DPS - basic (RMB)	-	0.11	0.17	0.19	0.20	<b>Total equity</b>	<b>10,735</b>	<b>16,611</b>	<b>19,198</b>	<b>22,415</b>	<b>26,312</b>
BVPS	1.86	2.16	2.56	2.99	3.45	<b>Cash Flow Statement, RMB mn</b>	<b>2019</b>	<b>2020</b>	<b>2021e</b>	<b>2022e</b>	<b>2023e</b>
<b>Cash Flow Statement, RMB mn</b>	<b>2019</b>	<b>2020</b>	<b>2021e</b>	<b>2022e</b>	<b>2023e</b>	<b>Key Ratios</b>	<b>2019</b>	<b>2020</b>	<b>2021e</b>	<b>2022e</b>	<b>2023e</b>
Profit Before Tax	2,981	3,105	4,257	5,194	6,177	GP Margins	32.2%	24.9%	23.0%	23.0%	23.0%
<b>Operating CF before Working Cap</b>	<b>2,039</b>	<b>2,968</b>	<b>4,305</b>	<b>5,240</b>	<b>6,219</b>	Net Margins	23.7%	14.4%	14.1%	14.3%	14.6%
PUD	(8,636)	(9,628)	(6,398)	(10,518)	(11,636)	Core Attri Net Margins	15.3%	9.3%	7.0%	6.4%	5.8%
Deposits & Prepayments	498	248	1,150	1,661	1,722	Asset Turnover (Contracted Sales)	67.0%	65.8%	70.7%	75.4%	77.2%
Trade & Other Payables	1,395	1,501	-	-	-	Cash/ST borrowings	1.7	1.7	2.0	2.1	2.3
Increase in contract liabilities	6,707	7,713	5,308	6,370	6,739	Net Debt / Total Equity	49.2%	68.0%	50.8%	48.0%	41.6%
Others	(2,172)	(2,712)	(1,213)	(1,475)	(1,749)	Net Debt / Shareholders' Equity	105.4%	187.7%	141.2%	133.1%	117.5%
<b>Net Operating Cashflows</b>	<b>(169)</b>	<b>91</b>	<b>3,152</b>	<b>1,278</b>	<b>1,294</b>	Total Liabilities / Total Assets	84.0%	82.8%	82.2%	81.5%	80.7%
<b>Net Investing Cashflows</b>	<b>(4,136)</b>	<b>(9,204)</b>	<b>(1,484)</b>	<b>(1,775)</b>	<b>(963)</b>	Total Liabilities / Total Assets (excl contracted liabilities)	72.9%	74.2%	72.6%	71.0%	69.3%
Bank & Other Borrowings	4,975	7,219	2,130	2,343	2,577	Total Assets / Total Equity	6.3x	5.8x	5.6x	5.4x	5.2x
Others	1,404	7,105	(457)	(502)	(531)	Total Assets / Shareholders' Equity	13.4x	16.5x	15.6x	15.0x	14.6x
<b>Net Financing Cashflows</b>	<b>6,379</b>	<b>14,324</b>	<b>1,673</b>	<b>1,841</b>	<b>2,046</b>	ROA	3.4%	2.3%	2.8%	3.1%	3.2%
<b>Net Cash Flows</b>	<b>2,073</b>	<b>5,211</b>	<b>3,341</b>	<b>1,343</b>	<b>2,377</b>	ROE	31.0%	20.4%	22.0%	20.7%	19.0%

Source: Company Data, AMTD Research

## Yincheng Life Service Co., Ltd

### Under-Researched Stock which offers Self-Sustained Growth

We initiate coverage of Yincheng Life Service as we see value in small cap property management companies. Trading at 11.3x 2021E P/E, we believe Yincheng is an under-researched stock due to its relatively smaller scale and lack of a major developer as sponsor. We initiate coverage with a Buy Rating and a Target Price of HK\$7.53/sh.

#### A ~30% growth stock trading at ~11.3x 2021E P/E

We expect Yincheng's revenue and core net profit to grow at ~30% YoY in 2021E, which is underpinned by a 39% YoY growth in Contracted GFA during 2020. 2020 GFA Under Management has already grown by 50.1% YoY to reach 39.1m sqm by end-2020. We believe property management companies with a concentrated geographical presence such as Yincheng Life Service will create the largest economies of scale for value-added services, and will thus outperform. Yincheng's GFA under management are mostly spread across 16 cities in Jiangsu, Anhui and Zhejiang Province, with a strong focus in Nanjing.

#### Self-sustained growth through third-party developed projects

In the absence of the backing by a major property developer, Yincheng Life Service's growth is underpinned by its own ability to expand its GFA Under Management. 82% of the company's GFA under management are developed by independent third party property developers. This shows the strength of the company's organic expansion, in our view. In particular, ~78% of the GFA under management are residential property projects, which we believe have stronger growth prospects for value-added services, compared to non-residential projects (e.g. Government projects, commercial, etc.).

#### Geographical concentration offers economies of scale

We believe Yincheng's concentrated geographical presence across Jiangsu, Anhui and Zhejiang Province will offer greater economies of scale than national players with a more geographically diverse exposure. We believe the next stage of growth for property management companies lies with the value-added service revenues, which we believe is a localized business and thus localized geographical presence is key. With all its 369 projects under management focused in Jiangsu, Anhui and Zhejiang Province, we believe Yincheng Life Service will outperform its national peers.

#### Our DCF-based Target Price of HK\$7.53/sh offers 61% upside

We initiate coverage of Yincheng Life Service with a Target Price of HK\$7.53/sh, which is based on a DCF-Based valuation methodology. Our target price offers 61% upside and implies a Target P/E of 21x 2021E P/E, which we believe is a better reflection of the company's earnings growth potential. The stock is currently trading at a depressed 11.3x 2021E P/E and we believe offers investors an attractive entry point; we thus initiate with a Buy Rating.

**Key Downside Risks:** (1) Slower than expected growth in GFA Under Management; (2) Slower than expected expansion in revenues from value-added services; (3) Acquiring other property management companies at a higher than expected valuation.

Stock code: 1922.HK

Rating: Buy

<b>Price target (HK\$)</b>	7.53
Previous price target (HK\$)	NA
Current price (HK\$, 17 May 2021)	4.69
Upside/downside %	61%
Market cap (HK\$ m)	1,253
Market cap (US\$ m)	161
Avg daily turnover (US\$ m)	0.19

Source: Bloomberg, AMTD Research

#### Key forecasts

(RMB m)	2020	2021e	2022e	2023e
Revenue	962	1,256	1,641	2,144
yoy %	38.3%	30.6%	30.6%	30.6%
Gross Profit	162	212	277	362
yoy %	45.1%	30.6%	30.6%	30.6%
Core Net Profit	67	88	115	150
yoy %	103.2%	30.5%	30.6%	30.6%
Gross margin	16.9%	16.9%	16.9%	16.9%
Net gearing	Net Cash	Net Cash	Net Cash	Net Cash
EPS	0.25	0.38	0.43	0.56
DPS	0.08	0.16	0.13	0.17
BPS	0.73	0.98	1.30	1.71

Source: Company Data, AMTD Research

#### Valuation

	2020	2021e	2022e	2023e
P/E	17.0	11.3	10.0	7.6
P/BV	5.9	4.4	3.3	2.5
Div. yield	1.6%	3.2%	2.5%	3.3%
ROE	38.8%	37.4%	36.4%	35.7%
ROA	6.9%	7.5%	8.0%	8.5%

Source: Bloomberg, AMTD Research

#### Share price performance



Source: Bloomberg

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Figure 75: Yincheng Life Service Financial Forecasts and key ratios

PnL, RMB mn	2019	2020	2021e	2022e	2023e	Balance Sheet, RMB mn	2019	2020	2021e	2022e	2023e
Revenue	695.8	962.0	1,256.4	1,641.0	2,143.6	Property, plant and equipment	18.6	23.8	23.8	23.8	23.8
COGS	(583.9)	(799.6)	(1,044.3)	(1,364.0)	(1,781.8)	Investment properties	25.1	29.9	29.9	29.9	29.9
<b>Gross Profit</b>	<b>111.9</b>	<b>162.4</b>	<b>212.1</b>	<b>277.0</b>	<b>361.8</b>	Right-of-use assets	4.3	1.5	1.5	1.5	1.5
Other income and gains	10.4	15.1	19.8	25.8	33.7	Others	9.6	64.0	64.0	64.0	64.0
Selling and distribution expenses	(4.5)	(5.4)	(7.0)	(9.1)	(11.9)	<b>Non-current assets</b>	<b>57.7</b>	<b>119.2</b>	<b>119.2</b>	<b>119.2</b>	<b>119.2</b>
Administrative expenses	(55.1)	(60.6)	(79.1)	(103.4)	(135.0)	Inventories	0.8	4.9	4.9	4.9	4.9
Other expenses	(0.1)	(0.3)	(0.4)	(0.5)	(0.6)	Trade receivables	70.8	127.8	167.0	218.1	284.9
Fair Value gains on investment properties	-	1.0	1.3	1.7	2.2	Due from related companies	66.9	95.4	95.4	95.4	95.4
Impairment Losses on Financial Assets	(8.0)	(3.8)	(5.0)	(6.5)	(8.5)	Cash and cash equivalents	447.8	566.9	724.3	929.8	1,198.3
<b>Operating Profit</b>	<b>54.6</b>	<b>108.5</b>	<b>141.7</b>	<b>185.1</b>	<b>241.7</b>	Others	50.7	66.8	66.8	66.8	66.8
Finance cost—net	(8.0)	(10.0)	(13.0)	(17.0)	(22.2)	<b>Current assets</b>	<b>637.1</b>	<b>861.9</b>	<b>1,058.3</b>	<b>1,315.0</b>	<b>1,650.3</b>
Share of Profits from JV/Asso	(0.5)	0.3	0.4	0.5	0.6	Trade payables	276.5	218.9	278.4	356.3	458.0
Income tax expenses	(12.9)	(28.6)	(37.4)	(48.9)	(63.9)	Contract liabilities	193.5	234.0	305.6	399.1	521.4
<b>Net profit</b>	<b>33.2</b>	<b>70.2</b>	<b>91.6</b>	<b>119.7</b>	<b>156.3</b>	Others	98.9	308.2	308.2	308.2	308.2
Shareholders' Profit	33.1	67.3	87.8	114.7	149.8	<b>Current Liabilities</b>	<b>568.9</b>	<b>761.0</b>	<b>892.2</b>	<b>1,063.6</b>	<b>1,287.5</b>
Minority Interest	0.1	2.9	3.8	5.0	6.5	Lease Liabilities	1.4	0.0	0.0	0.0	0.0
<b>Shareholders' Core Net Profit</b>	<b>33.1</b>	<b>67.3</b>	<b>87.8</b>	<b>114.7</b>	<b>149.8</b>	Deferred tax liabilities	2.7	10.5	10.5	10.5	10.5
EPS - basic	0.16	0.25	0.33	0.43	0.56	Due to a non-controlling shareholder	-	13.9	13.9	13.9	13.9
EPS-underlying	0.16	0.25	0.33	0.43	0.56	Others	-	-	-	-	-
DPS - basic	0.05	0.08	0.10	0.13	0.17	<b>Non-Current liabilities</b>	<b>4.0</b>	<b>24.5</b>	<b>24.5</b>	<b>24.5</b>	<b>24.5</b>
BVPS	0.46	0.73	0.98	1.30	1.71	Shareholders' equity	122.2	173.4	234.9	315.2	420.0
						Non-controlling interests	(0.4)	22.1	26.0	31.0	37.5
						<b>Total equity</b>	<b>121.8</b>	<b>195.6</b>	<b>260.9</b>	<b>346.1</b>	<b>457.5</b>
<b>Cash Flow Statement, RMB mn</b>	<b>2019</b>	<b>2020</b>	<b>2021e</b>	<b>2022e</b>	<b>2023e</b>	<b>Key Ratios</b>	<b>2019</b>	<b>2020</b>	<b>2021e</b>	<b>2022e</b>	<b>2023e</b>
Profit before income tax	46.1	98.8	129.1	168.6	220.2	GP Margins	16.1%	16.9%	16.9%	16.9%	16.9%
<b>Operating CF before Working Cap</b>	<b>66.6</b>	<b>121.4</b>	<b>129.1</b>	<b>168.6</b>	<b>220.2</b>	Net Margins	4.8%	7.3%	7.3%	7.3%	7.3%
Trade and other receivables and prepayments	(16.6)	(39.6)	(39.1)	(51.1)	(66.8)	Core Attn Net Margins	4.8%	7.0%	7.0%	7.0%	7.0%
Contract liabilities	75.0	40.5	71.6	93.6	122.2	ROE	27.1%	38.8%	37.4%	36.4%	35.7%
Trade and other payables	30.9	46.0	59.6	77.8	101.7	ROA	4.8%	6.9%	7.5%	8.0%	8.5%
Others	(50.2)	(100.3)	(37.4)	(48.9)	(63.9)	Net Debt / Total Equity	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash
<b>Net Operating Cashflows</b>	<b>105.8</b>	<b>68.0</b>	<b>183.7</b>	<b>240.0</b>	<b>313.5</b>	Net Debt / Shareholders' Equity	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash
<b>Net Investing Cashflows</b>	<b>71.3</b>	<b>(301.0)</b>	<b>-</b>	<b>-</b>	<b>-</b>						
Advances from related companies	150.0	766.7	-	-	-						
Others	(0.6)	(414.6)	(26.3)	(34.4)	(44.9)						
<b>Net Financing Cashflows</b>	<b>149.4</b>	<b>352.1</b>	<b>(26.3)</b>	<b>(34.4)</b>	<b>(44.9)</b>						
<b>Net Cash Flows</b>	<b>326.5</b>	<b>119.1</b>	<b>157.3</b>	<b>205.5</b>	<b>268.5</b>						

Source: Company Data, AMTD Research

## **Company Financials of Existing Coverage**

## Yuexiu Real Estate Investment Trust (405 HK)

Figure 76: Yuexiu REIT Financial Forecasts and Key Ratios

PnL, RMB mn					Balance Sheet, RMB mn				
	2020	2021e	2022e	2023e		2020	2021e	2022e	2023e
Revenue	1,759	2,126	2,255	2,289	PP&E	2,138	1,996	1,854	1,712
Property Op Exp	(436)	(586)	(591)	(606)	Investment Properties	29,684	29,684	29,684	29,684
<b>NPI</b>	<b>1,323</b>	<b>1,541</b>	<b>1,663</b>	<b>1,683</b>	Others	2,026	2,026	2,026	2,026
Non-property expenses	(359)	(407)	(428)	(432)	<b>Non-current assets</b>	<b>33,849</b>	<b>33,707</b>	<b>33,564</b>	<b>33,422</b>
Finance income	843	27	26	26	Cash and cash equivalents	1,980	2,432	2,338	2,183
Finance expenses	(489)	(414)	(414)	(414)	Trade receivables	16	16	16	16
FV gains on IP	(298)	-	-	-	Others	406	406	406	406
Others	(230)	-	-	-	<b>Current assets</b>	<b>2,402</b>	<b>2,854</b>	<b>2,760</b>	<b>2,606</b>
Income tax expense	(204)	(239)	(271)	(276)	Borrowings	3,218	3,218	3,218	3,218
<b>Net Profit</b>	<b>586</b>	<b>508</b>	<b>577</b>	<b>587</b>	Accruals and other payables	735	735	735	735
MI	22	63	64	66	Others	507	507	507	507
Attri. Net profit	564	445	512	521	<b>Current liabilities</b>	<b>4,460</b>	<b>4,460</b>	<b>4,460</b>	<b>4,460</b>
<b>Distributable Income</b>	<b>198</b>	<b>813</b>	<b>884</b>	<b>896</b>	Borrowings	11,034	11,034	11,034	11,034
DPS	0.06	0.24	0.25	0.25	Others	5,126	5,126	5,126	5,126
BPS	4.34	4.28	4.06	3.84	<b>Non-current liabilities</b>	<b>16,161</b>	<b>16,161</b>	<b>16,161</b>	<b>16,161</b>
					<b>Net assets attri. to unitholders</b>	<b>14,360</b>	<b>14,606</b>	<b>14,305</b>	<b>13,942</b>
					<b>Total equity</b>	<b>1,227</b>	<b>1,290</b>	<b>1,354</b>	<b>1,421</b>
<b>Cash Flow Statement, RMB mn</b>					<b>Key Ratios</b>				
	2020	2021e	2022e	2023e		2020	2021e	2022e	2023e
<b>Op CF before Working Cap</b>	1,273	1,276	1,377	1,393	Revenue YoY	-14.5%	20.9%	6.1%	1.5%
Chg in Working Cap	-	-	-	-	NPI YoY	-11.5%	16.5%	8.0%	1.2%
<b>Cash generated from operations</b>	<b>1,273</b>	<b>1,276</b>	<b>1,377</b>	<b>1,393</b>	Dist. Income YoY	-74.0%	310.4%	8.7%	1.3%
<b>Net Operating Cashflows</b>	<b>579</b>	<b>623</b>	<b>693</b>	<b>703</b>	NPI Margin	75.2%	72.5%	73.8%	73.5%
Acquisition of subsidiaries	-	-	-	-	Dist. Income / Revenue	11%	38%	39%	39%
Disposal of subsidiaries	-	-	-	-	Core Net Margins	58.3%	20.9%	22.7%	22.8%
<b>Net Investing Cashflows</b>	<b>843</b>	<b>27</b>	<b>26</b>	<b>26</b>	Total Borrowings / Total Assets	39.3%	39.0%	39.2%	39.6%
Distributions paid	(761)	(198)	(813)	(884)	Total Liability/Total Assets	56.9%	56.4%	56.8%	57.2%
Proceeds from borrowings	-	-	-	-	Asset / Equity	2.3x	2.3x	2.3x	2.3x
Repayment of bank borrowings	-	-	-	-	ROE	7.1%	3.0%	3.6%	3.7%
<b>Net Financing Cashflows</b>	<b>(761)</b>	<b>(198)</b>	<b>(813)</b>	<b>(884)</b>	ROA	2.8%	1.2%	1.4%	1.4%
<b>Net Cash Flows</b>	<b>661</b>	<b>452</b>	<b>(94)</b>	<b>(154)</b>					

Source: Company Data, AMTD Research

## China Aoyuan Group Limited (3883 HK)

Figure 77: China Aoyuan Financial Forecasts and Key Ratios

Pnl, RMB mn	2019	2020	2021e	2022e	2023e	Balance Sheet, RMB mn	2019	2020	2021e	2022e	2023e
Revenue	50,531	67,794	80,980	95,863	120,593	Non-current assets	27,423	35,029	35,029	35,029	35,029
Sales of properties	48,091	64,417	77,265	91,777	116,098						
Cost of sales	(35,510)	(50,785)	(61,544)	(73,815)	(94,062)	Current assets	262,458	290,649	319,364	349,237	378,799
<b>Gross profit</b>	<b>15,021</b>	<b>17,009</b>	<b>19,435</b>	<b>22,049</b>	<b>26,530</b>	Properties held under development	158,931	158,281	182,465	201,949	215,569
Selling expenses	(2,138)	(2,531)	(2,618)	(3,100)	(3,899)	Pledged bank deposits	9,313	17,522	17,522	17,522	17,522
Administrative expenses	(2,435)	(3,330)	(3,573)	(4,230)	(5,321)	Bank balances and cash	58,043	52,504	50,855	54,197	58,509
Share of results of asso	(5)	(229)	324	383	482	Others	36,171	62,343	68,523	75,570	87,199
Share of results of jv	(45)	11	162	192	241	Current liabilities	196,847	206,152	240,545	265,346	288,862
Finance costs	(718)	(1,006)	(1,006)	(1,006)	(1,006)	Contract Liabilities	86,056	69,040	83,552	97,319	102,596
Others	910	3,685	-	-	-	Senior note and bond	8,064	13,753	13,753	13,753	13,753
<b>Profit before tax</b>	<b>10,589</b>	<b>13,609</b>	<b>12,724</b>	<b>14,288</b>	<b>17,028</b>	Borrowings	33,809	38,514	48,709	48,709	48,709
Income tax expense	(5,368)	(6,557)	(6,079)	(6,826)	(8,135)	Others	68,918	84,845	94,531	105,565	123,804
<b>Net profit</b>	<b>5,222</b>	<b>7,051</b>	<b>6,645</b>	<b>7,462</b>	<b>8,893</b>	Non-current liabilities	56,037	65,274	55,079	55,079	55,079
<b>Shareholders' Core Net Profit</b>	<b>4,122</b>	<b>4,857</b>	<b>5,321</b>	<b>5,975</b>	<b>7,121</b>	Borrowings	35,152	42,439	32,244	32,244	32,244
Dividends	1,477	2,079	2,128	2,390	2,848	Senior notes	18,739	20,166	20,166	20,166	20,166
Special Dividends	-	-	-	-	-	Others	2,146	2,668	2,668	2,668	2,668
EPS - basic	1.56	2.19	1.97	2.21	2.64	Capital and reserves	36,997	54,253	58,769	63,842	69,887
EPS-underlying	1.54	1.80	1.97	2.21	2.64	<b>Shareholders' equity</b>	<b>15,030</b>	<b>18,553</b>	<b>21,745</b>	<b>25,330</b>	<b>29,603</b>
DPS - basic	0.55	0.77	0.79	0.89	1.06	Non-controlling interests	21,967	35,700	37,024	38,511	40,284
BVPS	5.60	6.87	8.06	9.38	10.97	<b>Total equity</b>	<b>36,997</b>	<b>54,253</b>	<b>58,769</b>	<b>63,842</b>	<b>69,887</b>

Cash Flow Statement, RMB mn	2019	2020	2021e	2022e	2023e	Key Ratios, RMB mn	2019	2020	2021e	2022e	2023e
<b>Operating activities</b>						GPM	29.7%	25.1%	24.0%	23.0%	22.0%
Profit before income tax	10,589	13,609	12,724	14,288	17,028	NPM	8.3%	8.7%	6.6%	6.2%	5.9%
<b>Operating CF before Working Cap</b>	<b>10,843</b>	<b>11,846</b>	<b>13,730</b>	<b>15,295</b>	<b>18,034</b>	Core NPM	8.2%	7.2%	6.6%	6.2%	5.9%
Increase in inventories	(19)	(48)	-	-	-	ROA	1.8%	1.9%	1.6%	1.6%	1.8%
Increase in properties for sale	(20,860)	6,930	(24,184)	(19,484)	(13,620)	ROCE	3.8%	3.9%	3.1%	3.4%	3.9%
Increase in Contracted Liabilities	21,269	(15,794)	14,512	13,767	5,277	ROE	27.4%	26.2%	24.5%	23.6%	24.1%
Cash (used in) from operations	8,396	(3,671)	6,471	12,330	14,232	Total Debt / EBITDA	8.7x	8.3x	8.4x	7.5x	6.4x
PRC Income tax paid	(3,408)	(4,231)	(6,079)	(6,826)	(8,135)	Total Debt / Equity	258.8%	211.7%	195.5%	179.9%	164.4%
Interest paid	(6,813)	(7,757)	(7,284)	(7,284)	(7,284)	Total Debt / Capitalization	72.1%	67.9%	66.2%	64.3%	62.2%
<b>Net Operating Cashflows</b>	<b>(1,825)</b>	<b>(15,659)</b>	<b>(6,892)</b>	<b>(1,781)</b>	<b>(1,187)</b>	Net Debt / EBITDA	2.6x	3.2x	3.4x	2.8x	2.2x
Advances to JV/Asso/MI	(4,441)	(25,220)	1,093	1,235	2,070	Net Debt / Equity	74.9%	82.7%	79.1%	67.6%	55.6%
Others	(27,001)	(17,311)	-	-	-	Net Debt / Capitalization	21.4%	26.5%	26.8%	24.1%	21.0%
<b>Net Investing Cashflows</b>	<b>(31,442)</b>	<b>(42,531)</b>	<b>1,093</b>	<b>1,235</b>	<b>2,070</b>	Current Ratio	133.3%	141.0%	132.8%	131.6%	131.1%
Financing activities						Cash / Total Assets	23.2%	21.5%	19.3%	18.7%	18.4%
New bank and other borrowings raised	68,323	96,288	7,284	7,284	7,284	Inventory / Total Assets	54.9%	48.7%	51.6%	52.6%	52.2%
Repayment of bank and other borrowings	(29,186)	(54,170)	-	-	-	Net debt / Net Inventory	17.9%	28.3%	25.4%	21.3%	18.0%
Others	7,184	5,489	(3,134)	(3,396)	(3,854)	Quick Ratio	99.1%	107.0%	104.3%	104.6%	104.8%
<b>Net Financing Cashflows</b>	<b>46,321</b>	<b>47,607</b>	<b>4,150</b>	<b>3,888</b>	<b>3,430</b>	Cash Ratio	34.2%	34.0%	28.4%	27.0%	26.3%
<b>Net Cash Flows</b>	<b>13,054</b>	<b>(10,583)</b>	<b>(1,649)</b>	<b>3,342</b>	<b>4,312</b>	Total Assets / Total Equity	7.8x	6.0x	6.0x	6.0x	5.9x
						Cash / ST Debt	1.6x	1.3x	1.1x	1.1x	1.2x
						Total Liabilities / Total Assets (Excl. Cont Liab)	82%	79%	78%	78%	78%

Source: Company Data, AMTD Research

## Central China Real Estate Limited (0832 HK)

Figure 78: CCRE Financial Forecasts and Key Ratios

PnL, RMB mn					Balance Sheet, RMB mn						
	2019	2020	2021e	2022e	2023e		2019	2020	2021e	2022e	2023e
Revenue	30,767	43,304	52,276	58,106	61,136	Investment Properties	3,213	4,080	4,080	4,080	4,080
COGS	(22,761)	(34,708)	(43,389)	(48,519)	(51,049)	Interest in JV/Asso	9,844	5,696	5,696	5,696	5,696
<b>Gross Profit</b>	<b>8,005</b>	<b>8,596</b>	<b>8,887</b>	<b>9,587</b>	<b>10,087</b>	PP&E and Others	7,427	9,440	9,440	9,440	9,440
Selling and marketing expenses	(1,901)	(1,871)	(1,964)	(2,063)	(2,166)	<b>Non-current assets</b>	<b>20,484</b>	<b>19,216</b>	<b>19,216</b>	<b>19,216</b>	<b>19,216</b>
General and administrative expenses	(1,722)	(1,746)	(1,833)	(1,925)	(2,021)	Inventories and other contract costs	69,993	89,431	103,370	115,739	128,726
Share of results of JV	(34)	25	30	34	35	Deposits and prepayments	15,146	17,583	19,044	20,509	21,535
Share of results of Asso	178	337	407	452	476	Cash & Cash Equivalents	22,708	22,619	26,116	27,889	31,153
Reval Gains from Inv Prop	93	93	-	-	-	Others	15,636	15,051	15,051	15,051	15,051
Others	893	772	159	171	180	<b>Current assets</b>	<b>123,483</b>	<b>144,684</b>	<b>163,581</b>	<b>179,189</b>	<b>196,466</b>
Finance costs	(395)	(1,272)	(632)	(710)	(765)	Contract Liabilities	52,955	63,299	66,935	66,935	66,935
<b>Profit before tax</b>	<b>5,116</b>	<b>4,935</b>	<b>5,053</b>	<b>5,547</b>	<b>5,826</b>	Bank and Other Borrowings	12,519	15,258	15,258	15,258	15,258
Income tax expense	(2,701)	(2,834)	(2,245)	(2,491)	(2,617)	Trade and Other Payables	43,616	50,728	59,001	68,622	79,813
<b>Net profit</b>	<b>2,416</b>	<b>2,102</b>	<b>2,808</b>	<b>3,055</b>	<b>3,210</b>	Others	1,208	1,353	1,353	1,353	1,353
Shareholders' Profit	2,015	1,802	2,407	2,619	2,751	<b>Current liabilities</b>	<b>110,297</b>	<b>130,639</b>	<b>142,548</b>	<b>152,169</b>	<b>163,360</b>
Minority Interest	400	300	401	436	458	Bank and Other Borrowings	18,972	16,045	21,208	25,208	29,208
<b>Shareholders' Core Net Profit</b>	<b>1,876</b>	<b>2,414</b>	<b>2,407</b>	<b>2,619</b>	<b>2,751</b>	Others	2,096	2,635	2,635	2,635	2,635
Dividends	1,162	948	983	1,069	1,123	<b>Non-current liabilities</b>	<b>21,068</b>	<b>18,680</b>	<b>23,843</b>	<b>27,843</b>	<b>31,843</b>
Special Dividends	-	-	-	-	-	Capital and reserves	9,718	11,377	12,801	14,351	15,979
EPS - basic	0.74	0.65	0.86	0.94	0.99	<b>Shareholders' equity</b>	<b>9,718</b>	<b>11,377</b>	<b>12,801</b>	<b>14,351</b>	<b>15,979</b>
EPS-underlying	0.69	0.87	0.86	0.94	0.99	Non-controlling interests	2,884	3,205	3,606	4,043	4,501
DPS - basic	0.43	0.34	0.35	0.38	0.40	<b>Total equity</b>	<b>12,602</b>	<b>14,582</b>	<b>16,407</b>	<b>18,393</b>	<b>20,480</b>
<b>Cash Flow Statement, RMB mn</b>					<b>Key Ratios, RMB mn</b>						
Profit Before Tax	5,116	4,935	5,053	5,547	5,826	GP Margins	26.0%	19.9%	17.0%	16.5%	16.5%
<b>Operating CF before Working Cap</b>	<b>4,479</b>	<b>4,373</b>	<b>5,053</b>	<b>5,547</b>	<b>5,826</b>	Net Margins	7.9%	4.9%	5.4%	5.3%	5.3%
PUD	(12,487)	(4,189)	(13,939)	(12,369)	(12,987)	Core Attri Net Margins	6.1%	5.6%	4.6%	4.5%	4.5%
Deposits & Prepayments	(3,690)	264	(1,461)	(1,465)	(1,025)	ROE	19.3%	21.2%	18.8%	18.3%	17.2%
Trade & Other Payables	14,297	2,865	8,272	9,622	11,191	ROA	1.3%	1.5%	1.3%	1.3%	1.3%
Increase in contract liabilities	6,817	1,895	3,637	-	-	Net Debt / Total Equity	5.6%	13.6%	22.2%	31.9%	32.3%
Others	(4,386)	3,940	2,808	3,055	3,210	Net Debt / Shareholders' Equity	7.3%	17.4%	28.5%	40.9%	41.3%
<b>Net Operating Cashflows</b>	<b>551</b>	<b>4,774</b>	<b>(684)</b>	<b>(1,157)</b>	<b>388</b>	Total Assets / Total Equity	1142%	1124%	1114%	1079%	1053%
<b>Net Investing Cashflows</b>	<b>(5,094)</b>	<b>(1,366)</b>	-	-	-	Total Assets / Shareholders' Equity	1481%	1441%	1428%	1383%	1350%
Bank & Other Borrowings	(3,623)	(5,806)	5,163	4,000	4,000	Asset Turnover (Contracted Sales)	50%	42%	39%	38%	37%
Others	16,615	2,601	(983)	(1,069)	(1,123)	Total Liabilities / Total Assets (Excl. Cont Liab)	86%	86%	86%	86%	86%
<b>Net Financing Cashflows</b>	<b>12,992</b>	<b>(3,205)</b>	<b>4,180</b>	<b>2,931</b>	<b>2,877</b>	Cash / ST Debt	181%	148%	171%	183%	204%
<b>Net Cash Flows</b>	<b>8,448</b>	<b>204</b>	<b>3,497</b>	<b>1,774</b>	<b>3,264</b>						

Source: Company Data, AMTD Research

## Powerlong Real Estate Holdings Limited (1238 HK)

Figure 79: Powerlong Financial Forecasts and Key Ratios

PnL, RMB mn	2019	2020	2021e	2022e	2023e	Balance Sheet, RMB mn	2019	2020	2021e	2022e	2023e
Revenue	26,042	35,495	39,515	48,364	64,426	Investment Properties	51,085	58,243	56,085	58,585	61,085
COGS	(16,559)	(22,680)	(26,080)	(31,920)	(42,521)	Interest in JV/Asso	5,594	7,642	7,642	7,642	7,642
<b>Gross Profit</b>	<b>9,483</b>	<b>12,816</b>	<b>13,435</b>	<b>16,444</b>	<b>21,905</b>	PP&E and Others	6,200	7,757	7,757	7,757	7,757
Selling and marketing exp	(984)	(1,096)	(1,220)	(1,494)	(1,990)	<b>Non-current assets</b>	<b>62,879</b>	<b>73,643</b>	<b>71,484</b>	<b>73,984</b>	<b>76,484</b>
General and admin exp	(1,440)	(1,546)	(2,185)	(2,106)	(3,562)	PUD & Held for Sale	47,064	63,309	83,934	114,302	154,991
Share of results of JV & Asso	376	667	1,278	1,600	2,160	Deposits and prepayments	27,376	28,323	28,323	28,323	28,323
Reval Gains from Inv Prop	2,394	2,096	-	-	-	Cash & Cash Equivalents	20,306	25,339	28,562	29,781	35,190
Others	927	34	38	47	62	Others	4,872	4,518	4,518	4,518	4,518
Finance costs	(900)	312	(824)	(824)	(824)	<b>Current assets</b>	<b>99,618</b>	<b>121,489</b>	<b>145,338</b>	<b>176,924</b>	<b>223,022</b>
<b>Profit before tax</b>	<b>9,856</b>	<b>13,283</b>	<b>10,522</b>	<b>13,667</b>	<b>17,752</b>	<b>Total Assets</b>	<b>162,497</b>	<b>195,132</b>	<b>216,822</b>	<b>250,908</b>	<b>299,506</b>
Income tax expense	(3,838)	(4,468)	(3,983)	(5,015)	(6,600)	Contract Liabilities	22,695	22,757	30,644	45,551	65,675
<b>Net profit</b>	<b>6,018</b>	<b>8,815</b>	<b>6,539</b>	<b>8,652</b>	<b>11,152</b>	Bank and Other Borrowings	15,321	20,668	20,668	20,668	20,668
Shareholders' Profit	4,041	6,093	4,507	5,746	7,198	Trade and Other Payables	30,205	35,443	40,756	49,884	66,450
Minority Interest	1,907	2,671	1,981	2,855	3,903	Others	8,626	10,463	10,463	10,463	10,463
Perpetual Securities	70	51	51	51	51	<b>Current liabilities</b>	<b>76,846</b>	<b>89,330</b>	<b>102,531</b>	<b>126,565</b>	<b>163,255</b>
<b>Shareholders' Core Net Profit</b>	<b>2,680</b>	<b>3,596</b>	<b>4,507</b>	<b>5,746</b>	<b>7,198</b>	Bank and Other Borrowings	39,942	45,900	49,900	53,900	57,900
Dividends	1,338	1,595	1,999	2,549	3,193	Others	6,801	8,101	8,101	8,101	8,101
Special Dividends	148	-	-	-	-	<b>Non-current liabilities</b>	<b>46,744</b>	<b>54,000</b>	<b>58,000</b>	<b>62,000</b>	<b>66,000</b>
EPS - basic	1.00	1.47	1.09	1.39	1.74	Capital and reserves	31,840	36,221	38,728	41,925	45,930
EPS-underlying	0.67	0.87	1.09	1.39	1.74	<b>Shareholders' equity</b>	<b>31,840</b>	<b>36,221</b>	<b>38,728</b>	<b>41,925</b>	<b>45,930</b>
DPS - basic	0.37	0.39	0.48	0.62	0.77	Non-controlling interests & Perp	7,067	15,580	17,562	20,417	24,320
BVPS	7.91	8.74	9.35	10.12	11.09	<b>Total equity</b>	<b>38,907</b>	<b>51,801</b>	<b>56,290</b>	<b>62,342</b>	<b>70,250</b>
						<b>Total Liabilities and Equity</b>	<b>162,497</b>	<b>195,132</b>	<b>216,822</b>	<b>250,908</b>	<b>299,506</b>

Cash Flow Statement, RMB mn	2019	2020	2021e	2022e	2023e	Key Ratios	2019	2020	2021e	2022e	2023e
Profit Before Tax	9,856	13,283	10,522	13,667	17,752	GP Margins	36.4%	36.1%	34.0%	34.0%	34.0%
<b>Operating CF before Working Cap</b>	<b>7,332</b>	<b>13,283</b>	<b>10,522</b>	<b>13,667</b>	<b>17,752</b>	Net Margins	23.1%	24.8%	16.5%	17.9%	17.3%
PUD	(3,313)	(16,245)	(20,625)	(30,368)	(40,689)	Core Attri Net Margins	10.3%	10.1%	11.4%	11.9%	11.2%
Deposits & Prepayments	(6,878)	-	-	-	-	ROE	8.4%	9.9%	11.6%	13.7%	15.7%
Trade & Other Payables	8,048	5,238	5,314	9,127	16,566	ROA	3.7%	4.5%	3.0%	3.4%	3.7%
Increase in contract liabilities	6,250	63	7,887	14,907	20,124	Net Debt / Total Equity	81%	74%	69%	67%	58%
Others	(6,686)	(4,560)	(3,983)	(5,015)	(6,600)	Net Debt (Perp as Debt) / SH Equity	102%	107%	102%	101%	89%
<b>Net Operating Cashflows</b>	<b>2,753</b>	<b>(2,221)</b>	<b>(885)</b>	<b>2,318</b>	<b>7,153</b>	Total Assets / Total Equity	418%	377%	385%	402%	426%
<b>Net Investing Cashflows</b>	<b>(1,353)</b>	<b>(2,849)</b>	<b>2,159</b>	<b>(2,500)</b>	<b>(2,500)</b>	Total Assets / Shareholders' Equity	510%	539%	560%	598%	652%
Bank & Other Borrowings	20,941	11,304	4,000	4,000	4,000	Asset Turnover (Contracted Sales)	37%	42%	51%	59%	67%
Others	(16,897)	(1,201)	(2,050)	(2,600)	(3,244)						
<b>Net Financing Cashflows</b>	<b>4,044</b>	<b>10,103</b>	<b>1,950</b>	<b>1,400</b>	<b>756</b>						
<b>Net Cash Flows</b>	<b>5,443</b>	<b>5,033</b>	<b>3,224</b>	<b>1,218</b>	<b>5,409</b>						

Source: Company Data, AMTD Research



## Aoyuan Healthy Life Group Company Limited (3662 HK)

Figure 80: Aoyuan Healthy Life Financial Forecasts and Key Ratios

PnL, RMB mn	2019	2020	2021e	2022e	2023e	Balance Sheet, RMB mn	2019	2020	2021e	2022e	2023e
Revenue	900.8	1,408.1	2,122.5	2,771.6	3,568.1	Property, plant and equipment	20.2	43.4	43.4	43.4	43.4
COGS	(563.7)	(926.7)	(1,388.6)	(1,837.9)	(2,400.1)	Intangible assets	4.3	75.3	60.2	48.2	38.6
<b>Gross Profit</b>	<b>337.1</b>	<b>481.4</b>	<b>734.0</b>	<b>933.8</b>	<b>1,168.0</b>	Goodwill	3.5	226.1	226.1	226.1	226.1
Selling and marketing expenses	(2.5)	(2.3)	(2.3)	(2.3)	(2.3)	Deferred tax assets	2.6	10.6	10.6	10.6	10.6
General and administrative expenses	(126.0)	(149.7)	(225.7)	(221.7)	(267.6)	Deposits paid for acquisition of PPE	-	2.5	-	-	-
Impairment losses on trade receivables	(3.5)	(16.0)	(2.4)	1.3	(4.7)	Deferred contract costs	2.9	-	-	-	-
IPO expenses	(15.9)	-	-	-	-	Others	318.6	40.2	40.2	40.2	40.2
Other income and other gains and losses	31.8	28.0	19.3	19.3	19.3	<b>Non-current assets</b>	<b>352.2</b>	<b>398.1</b>	<b>380.5</b>	<b>368.4</b>	<b>358.8</b>
Interests on bank borrowing	(2.3)	(16.5)	-	-	-	Inventories and other contract costs	0.7	0.7	0.2	0.2	0.2
<b>Profit before tax</b>	<b>218.6</b>	<b>324.8</b>	<b>522.8</b>	<b>730.2</b>	<b>912.7</b>	Trade and other receivables	106.9	356.3	(160.3)	610.3	(226.3)
Income tax expense	(55.5)	(72.6)	(146.4)	(204.5)	(255.6)	Deferred contract costs	5.0	20.3	17.8	32.0	32.1
<b>Net profit</b>	<b>163.1</b>	<b>252.2</b>	<b>376.4</b>	<b>525.8</b>	<b>657.1</b>	Amounts due from fellow subsidiaries	64.4	71.4	71.4	71.4	71.4
Shareholders' Profit	162.5	250.4	357.6	499.5	624.3	Amounts due from related parties	14.3	73.0	32.8	73.7	33.6
Minority Interest	0.6	2.6	18.8	26.3	32.9	Bank balances and cash	822.9	1,506.2	1,429.5	1,918.6	2,323.5
<b>Shareholders' Core Net Profit</b>	<b>178.4</b>	<b>250.4</b>	<b>357.6</b>	<b>499.5</b>	<b>624.3</b>	<b>Current assets</b>	<b>1,014.1</b>	<b>2,027.8</b>	<b>1,391.4</b>	<b>2,706.1</b>	<b>2,234.5</b>
Dividends	38.5	65.4	101.7	143.0	199.8	Contract Liabilities	93.9	238.9	(26.6)	276.1	45.1
Special Dividends	-	-	-	-	-	Bank and Other Borrowings	100.3	471.5	471.5	471.5	471.5
EPS - basic	0.24	0.34	0.49	0.69	0.86	Trade and Other Payables	297.6	593.7	43.1	788.4	282.0
EPS-underlying	0.26	0.34	0.49	0.69	0.86	Others	34.2	139.1	113.4	128.3	126.9
DPS - basic	0.10	0.14	0.20	0.28	0.34	<b>Current liabilities</b>	<b>526.1</b>	<b>1,443.2</b>	<b>601.3</b>	<b>1,664.3</b>	<b>925.5</b>
BPS	1.24	1.43	1.67	2.00	2.35	Deferred tax liability	1.1	20.3	20.3	20.3	20.3
						Others	12.8	25.6	25.6	25.6	25.6
						<b>Non-current liabilities</b>	<b>13.9</b>	<b>45.9</b>	<b>45.9</b>	<b>45.9</b>	<b>45.9</b>
						Capital and reserves	845.1	1,036.6	1,209.7	1,449.3	1,706.9
						<b>Shareholders' equity</b>	<b>845.1</b>	<b>1,036.6</b>	<b>1,209.7</b>	<b>1,449.3</b>	<b>1,706.9</b>
						Non-controlling interests	1.2	23.5	23.5	23.5	23.5
						<b>Total equity</b>	<b>846.3</b>	<b>1,060.1</b>	<b>1,233.1</b>	<b>1,472.8</b>	<b>1,730.4</b>
<b>Cash Flow Statement, RMB mn</b>	<b>2019</b>	<b>2020</b>	<b>2021e</b>	<b>2022e</b>	<b>2023e</b>	<b>Key Ratios</b>	<b>2019</b>	<b>2020</b>	<b>2021e</b>	<b>2022e</b>	<b>2023e</b>
Profit Before Tax	218.6	325.6	522.8	730.2	912.7	GP Margins	37%	34%	35%	34%	33%
<b>Operating CF before Working Cap</b>	<b>210.7</b>	<b>377.3</b>	<b>548.6</b>	<b>749.3</b>	<b>935.3</b>	Net Margins	18%	18%	17%	18%	17%
PUD	(1.4)	(0.2)	0.5	-	-	Core Attri Net Margins	20%	18%	17%	18%	17%
Trade & Other Receivables	(136.0)	(3.3)	514.1	(769.3)	832.0	ROE	33%	27%	32%	38%	40%
Trade & Other Payables	68.5	110.8	(550.7)	745.4	(506.4)	ROA	17%	13%	17%	21%	22%
Increase in contract liabilities	(27.9)	117.3	(265.5)	302.7	(231.0)	Net Debt / Total Equity	Net cash	Net cash	Net cash	Net cash	Net cash
Deferred Contract Costs	3.9	(12.4)	2.5	(14.2)	(0.1)	Net Debt / Shareholders' Equity	Net cash	Net cash	Net cash	Net cash	Net cash
Others	52.6	(51.9)	(110.0)	(230.5)	(216.8)	Total Assets / Total Equity	164%	240%	144%	209%	150%
<b>Net Operating Cashflows</b>	<b>170.4</b>	<b>537.6</b>	<b>139.5</b>	<b>783.4</b>	<b>812.8</b>	Total Assets / Shareholders' Equity	164%	246%	146%	212%	152%
<b>Net Investing Cashflows</b>	<b>(240.6)</b>	<b>(225.2)</b>	<b>(8.3)</b>	<b>(8.3)</b>	<b>(8.3)</b>	Asset Turnover	95%	72%	98%	114%	126%
Bank & Other Borrowings	100.3	696.1	-	-	-						
Others	574.0	(319.3)	(203.4)	(286.1)	(399.6)						
<b>Net Financing Cashflows</b>	<b>674.3</b>	<b>376.8</b>	<b>(203.4)</b>	<b>(286.1)</b>	<b>(399.6)</b>						
<b>Net Cash Flows</b>	<b>604.1</b>	<b>689.2</b>	<b>(72.1)</b>	<b>489.1</b>	<b>405.0</b>						

Source: Company Data, AMTD Research

## Central China New Life Limited (9983 HK)

Figure 81: Central China New Life Financial Forecasts and Key Ratios

PnL, RMB mn	2019	2020	2021e	2022e	2023e	Balance Sheet, RMB mn	2019	2020	2021e	2022e	2023e
Revenue	1,754	2,654	4,133	5,134	6,143	Property, plant and equipment	18	56	58	60	63
COGS	(1,178)	(1,794)	(2,875)	(3,588)	(4,295)	Intangible assets	73	88	88	88	88
<b>Gross Profit</b>	<b>576</b>	<b>861</b>	<b>1,258</b>	<b>1,546</b>	<b>1,848</b>	Investment properties	-	-	-	-	-
Selling and marketing expenses	(46)	(53)	(82)	(102)	(122)	Others	10	79	79	79	79
General and administrative expenses	(230)	(273)	(372)	(411)	(430)	<b>Non-current assets</b>	<b>101</b>	<b>223</b>	<b>225</b>	<b>227</b>	<b>230</b>
Net impairment losses on financial assets	(0)	(15)	(24)	(30)	(35)	Trade and other receivables	767	1,329	1,329	1,329	1,329
Other income	20	18	27	34	41	Financial assets at fair value	2	467	467	467	467
Other gains—net	4	7	10	13	15	Restricted cash	0	1	1	1	1
Finance cost—net	(16)	14	14	14	14	Cash and cash equivalents	585	2,218	2,647	3,197	3,884
Share of net (loss)/profit of an associate	(0)	(0)	(0)	(0)	(0)	Others	8	13	13	13	13
<b>Profit before tax</b>	<b>308</b>	<b>557</b>	<b>831</b>	<b>1,064</b>	<b>1,330</b>	<b>Current assets</b>	<b>1,362</b>	<b>4,027</b>	<b>4,456</b>	<b>5,006</b>	<b>5,693</b>
Income tax expense	(75)	(116)	(208)	(266)	(332)	Borrowings	-	-	-	-	-
Loss from discontinued operation	(5)	-	-	-	-	Contract liabilities	59	50	50	50	50
<b>Net profit</b>	<b>228</b>	<b>441</b>	<b>623</b>	<b>798</b>	<b>997</b>	Others	5	14	14	14	14
Shareholders' Profit	234	427	623	798	997	<b>Non-current liabilities</b>	<b>64</b>	<b>65</b>	<b>65</b>	<b>65</b>	<b>65</b>
Minority Interest	(6)	14	-	-	-	Borrowings	-	-	-	-	-
<b>Shareholders' Core Net Profit</b>	<b>243</b>	<b>438</b>	<b>641</b>	<b>820</b>	<b>1,024</b>	Trade and other payables	654	937	937	937	937
EPS - basic	NA	0.38	0.50	0.64	0.80	Contract liabilities	311	424	424	424	424
EPS-underlying	NA	0.39	0.51	0.66	0.82	Others	53	107	107	107	107
DPS - basic	NA	0.17	0.15	0.20	0.25	<b>Current liabilities</b>	<b>1,018</b>	<b>1,468</b>	<b>1,468</b>	<b>1,468</b>	<b>1,468</b>
BVPS	NA	2.18	2.53	2.97	3.52	Shareholders' equity	369	2,691	3,122	3,674	4,364
						Non-controlling interests	12	26	26	26	26
						<b>Total equity</b>	<b>382</b>	<b>2,717</b>	<b>3,148</b>	<b>3,700</b>	<b>4,390</b>
<b>Cash Flow Statement, RMB mn</b>	<b>2019</b>	<b>2020</b>	<b>2021e</b>	<b>2022e</b>	<b>2023e</b>	<b>Key Ratios</b>	<b>2019</b>	<b>2020</b>	<b>2021e</b>	<b>2022e</b>	<b>2023e</b>
Profit before income tax—Continuing operations	308	557	831	1,064	1,330	GP Margins	32.8%	32.4%	30.4%	30.1%	30.1%
<b>Operating CF before Working Cap</b>	<b>328</b>	<b>599</b>	<b>838</b>	<b>1,072</b>	<b>1,337</b>	Net Margins	13.0%	16.6%	15.1%	15.5%	16.2%
Trade and other receivables and prepayments	(450)	(630)	-	-	-	Core Attri Net Margins	13.9%	16.5%	15.5%	16.0%	16.7%
Contract liabilities	161	104	-	-	-	ROE	63.3%	15.9%	20.0%	21.7%	22.8%
Trade and other payables	284	288	-	-	-	ROA	16.0%	10.0%	13.3%	15.3%	16.8%
Others	(42)	(81)	(208)	(266)	(332)	Net Debt / Total Equity	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash
<b>Net Operating Cashflows</b>	<b>281</b>	<b>281</b>	<b>631</b>	<b>806</b>	<b>1,005</b>	Net Debt / Shareholders' Equity	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash
<b>Net Investing Cashflows</b>	<b>644</b>	<b>(533)</b>	<b>(8)</b>	<b>(9)</b>	<b>(10)</b>	Total Assets / Total Equity	383.5%	156.4%	148.7%	141.4%	134.9%
Repayments of borrowings	(436)	-	-	-	-	Total Assets / Shareholders' Equity	396.1%	157.9%	149.9%	142.4%	135.7%
Others	(38)	2,004	(193)	(247)	(308)	Asset turnover	125.9%	92.9%	92.6%	103.6%	110.1%
<b>Net Financing Cashflows</b>	<b>(474)</b>	<b>2,004</b>	<b>(193)</b>	<b>(247)</b>	<b>(308)</b>						
<b>Net Cash Flows</b>	<b>450</b>	<b>1,752</b>	<b>429</b>	<b>550</b>	<b>687</b>						

Source: Company Data, AMTD Research

## LVGEM (China) Real Estate Investment Co Ltd (95 HK)

Figure 82: LVGEM Financial Forecasts and Key Ratios

PnL, RMB mn	2019	2020	2021e	2022e	2023e	Balance Sheet, RMB mn	2019	2020	2021e	2022e	2023e
Revenue	6,902	5,425	9,094	11,792	21,335	Investment Properties	23,568	23,167	23,167	23,167	23,167
COGS	(2,472)	(2,759)	(3,284)	(5,662)	(10,127)	Interest in JV/Asso	522	522	522	522	522
<b>Gross Profit</b>	<b>4,430</b>	<b>2,666</b>	<b>5,810</b>	<b>6,130</b>	<b>11,207</b>	PP&E and Others	2,370	2,208	2,208	2,208	2,208
Selling and marketing exp	(134)	(127)	(213)	(276)	(500)	<b>Non-current assets</b>	<b>26,460</b>	<b>25,898</b>	<b>25,898</b>	<b>25,898</b>	<b>25,898</b>
General and admin exp	(461)	(475)	(546)	(708)	(1,280)	PUD & Held for Sale	10,633	36,976	36,778	36,683	38,576
Share of results of JV & Asso	(0)	(0)	(0)	(0)	(0)	Deposits and prepayments	3,231	1,862	1,862	1,862	1,862
Reval Gains from Inv Prop	(20)	(239)	-	-	-	Cash & Cash Equivalents	5,543	5,430	15,094	17,865	21,708
Others	809	4,025	63	81	147	Others	2,870	4,101	4,101	4,101	4,101
Net Finance costs	(1,256)	(1,533)	(1,456)	(1,686)	(1,766)	<b>Current assets</b>	<b>22,277</b>	<b>48,369</b>	<b>57,835</b>	<b>60,511</b>	<b>66,247</b>
<b>Profit before tax</b>	<b>3,367</b>	<b>4,316</b>	<b>3,658</b>	<b>3,541</b>	<b>7,808</b>	<b>Total Assets</b>	<b>48,736</b>	<b>74,267</b>	<b>83,733</b>	<b>86,409</b>	<b>92,145</b>
Income tax expense	(1,617)	(865)	(1,902)	(1,728)	(4,291)	Contract Liabilities	2,505	1,349	1,734	-	-
<b>Net profit</b>	<b>1,750</b>	<b>3,451</b>	<b>1,756</b>	<b>1,813</b>	<b>3,517</b>	Bank and Other Borrowings	11,049	10,137	10,137	10,137	10,137
Shareholders' Profit	1,750	3,453	1,757	1,814	3,520	Trade and Other Payables	1,112	1,262	2,524	2,524	2,524
Minority Interest	0	(2)	(1)	(1)	(2)	Others	3,095	3,155	3,155	3,155	3,155
<b>Shareholders' Core Net Profit</b>	<b>1,243</b>	<b>613</b>	<b>1,757</b>	<b>1,814</b>	<b>3,520</b>	<b>Current liabilities</b>	<b>17,761</b>	<b>15,903</b>	<b>17,551</b>	<b>15,816</b>	<b>15,816</b>
Dividends	276	-	390	403	781	Bank and Other Borrowings	15,150	20,514	26,966	29,966	32,966
EPS - Basic (RMB)	0.35	0.68	0.35	0.36	0.69	Others	2,791	9,965	9,965	9,965	9,965
Core EPS - Basic (RMB)	0.25	0.12	0.35	0.36	0.69	<b>Non-current liabilities</b>	<b>17,941</b>	<b>30,478</b>	<b>36,930</b>	<b>39,930</b>	<b>42,930</b>
Core EPS - Diluted (RMB)	0.15	0.07	0.20	0.21	0.40	Capital and reserves	12,928	24,724	26,091	27,502	30,241
DPS - basic (RMB)	0.06	-	0.08	0.08	0.15	<b>Shareholders' equity</b>	<b>12,928</b>	<b>24,724</b>	<b>26,091</b>	<b>27,502</b>	<b>30,241</b>
DPS - Diluted (RMB)	0.03	-	0.04	0.05	0.09	Non-controlling interests & Perp	107	3,162	3,161	3,160	3,157
BV per share (RMB)	2.59	4.87	5.14	5.42	5.96	<b>Total equity</b>	<b>13,035</b>	<b>27,886</b>	<b>29,252</b>	<b>30,662</b>	<b>33,398</b>
						<b>Total Liabilities and Equity</b>	<b>48,736</b>	<b>74,267</b>	<b>83,733</b>	<b>86,409</b>	<b>92,145</b>
Cash Flow Statement, RMB mn	2019	2020	2021e	2022e	2023e	Key Ratios	2019	2020	2021e	2022e	2023e
Profit Before Tax	3,367	4,316	3,658	3,541	7,808	GP Margins	64%	49%	64%	52%	53%
<b>Operating CF before Working Cap</b>	<b>3,963</b>	<b>1,832</b>	<b>5,114</b>	<b>5,227</b>	<b>9,574</b>	Net Margins	25%	64%	19%	15%	16%
PUD	(348)	(459)	198	95	(1,893)	Core Attri Net Margins	18%	11%	19%	15%	16%
Deposits & Prepayments	(1,636)	1,427	-	-	-	ROE	10%	2%	7%	7%	12%
Trade & Other Payables	(272)	(22)	1,262	-	-	ROA	3%	1%	2%	2%	4%
Increase in contract liabilities	237	(1,156)	385	(1,734)	-	Net Debt / Total Equity	135%	76%	96%	92%	82%
Others	(804)	(1,114)	(1,902)	(1,728)	(4,291)	Net Debt / Shareholders' Equity	136%	86%	107%	103%	91%
<b>Net Operating Cashflows</b>	<b>1,140</b>	<b>507</b>	<b>5,057</b>	<b>1,860</b>	<b>3,390</b>	Total Assets / Total Equity	374%	266%	286%	282%	276%
<b>Net Investing Cashflows</b>	<b>608</b>	<b>(1,412)</b>	<b>-</b>	<b>-</b>	<b>-</b>	Total Assets / Shareholders' Equity	377%	300%	321%	314%	305%
Bank & Other Borrowings	(8,301)	(4,246)	6,452	3,000	3,000	Asset Turnover (Contracted Sales)	13%	5%	10%	6%	17%
Others	8,397	4,902	(1,846)	(2,088)	(2,547)	Total Liabilities / Total Assets (Excl. Cont Liab)	72%	62%	64%	65%	64%
<b>Net Financing Cashflows</b>	<b>96</b>	<b>656</b>	<b>4,607</b>	<b>912</b>	<b>453</b>	Cash / ST Debt	51%	54%	149%	176%	214%
<b>Net Cash Flows</b>	<b>1,845</b>	<b>(249)</b>	<b>9,664</b>	<b>2,771</b>	<b>3,843</b>						

Source: Company Data, AMTD Research

## Far East Consortium International Limited (35 HK)

Figure 83: FEC Financial Forecasts and Key Ratios

PnL, HKD mn	FY2019	FY2020	FY2021e	FY2022e	FY2023e	Balance Sheet, HKD mn	FY2019	FY2020	FY2021e	FY2022e	FY2023e
Revenue	6,842	7,451	8,200	13,011	16,320	Investment Properties	5,426	7,243	9,411	11,465	11,465
COGS	(4,233)	(5,191)	(5,687)	(8,626)	(10,485)	Interest in JV/Asso	-	-	-	-	-
<b>Gross Profit</b>	<b>2,610</b>	<b>2,259</b>	<b>2,513</b>	<b>4,386</b>	<b>5,835</b>	PP&E and Others	13,693	14,492	14,194	13,975	13,267
Selling and marketing exp	(166)	(194)	(164)	(260)	(326)	<b>Non-current assets</b>	<b>19,119</b>	<b>21,735</b>	<b>23,605</b>	<b>25,440</b>	<b>24,732</b>
General and admin exp	(827)	(851)	(1,021)	(1,634)	(2,125)	PUD & Held for Sale	12,451	11,950	11,146	11,724	12,103
Share of results of JV & Asso	18	(11)	-	-	-	Deposits and prepayments	468	379	379	379	379
Reval Gains from Inv Prop	-	-	-	-	-	Cash & Cash Equivalents	2,471	2,912	3,149	3,480	5,029
Others	1,045	103	300	300	300	Others	4,570	4,804	4,804	4,804	4,804
Net Finance costs	(368)	(468)	(562)	(675)	(809)	<b>Current assets</b>	<b>19,959</b>	<b>20,045</b>	<b>19,478</b>	<b>20,387</b>	<b>22,316</b>
<b>Profit before tax</b>	<b>2,312</b>	<b>837</b>	<b>1,065</b>	<b>2,117</b>	<b>2,874</b>	<b>Total Assets</b>	<b>39,078</b>	<b>41,780</b>	<b>43,083</b>	<b>45,827</b>	<b>47,048</b>
Income tax expense	(544)	(286)	(287)	(930)	(1,135)	Contract Liabilities	974	311	311	311	311
<b>Net profit</b>	<b>1,769</b>	<b>551</b>	<b>777</b>	<b>1,186</b>	<b>1,740</b>	Bank and Other Borrowings	4,236	6,506	6,506	6,506	6,506
Shareholders' Profit	1,714	366	487	887	1,431	Trade and Other Payables	1,532	1,265	1,518	1,821	2,185
Minority Interest	55	87	85	93	102	Others	357	852	852	852	852
Perpetual Securities Distribution	-	99	206	206	206	<b>Current liabilities</b>	<b>7,099</b>	<b>8,933</b>	<b>9,186</b>	<b>9,489</b>	<b>9,854</b>
<b>Shareholders' Core Net Profit</b>	<b>1,457</b>	<b>842</b>	<b>914</b>	<b>1,352</b>	<b>1,933</b>	Bank and Other Borrowings	17,112	16,954	17,954	19,954	19,954
Core EPS - Basic (HKD)	0.64	0.36	0.39	0.57	0.82	Others	1,235	1,579	1,579	1,579	1,579
DPS - basic (HKD)	0.22	0.19	0.22	0.23	0.29	<b>Non-current liabilities</b>	<b>18,347</b>	<b>18,533</b>	<b>19,533</b>	<b>21,533</b>	<b>21,533</b>
						Capital and reserves	13,413	11,119	11,084	11,431	12,186
						<b>Shareholders' equity</b>	<b>13,413</b>	<b>11,119</b>	<b>11,084</b>	<b>11,431</b>	<b>12,186</b>
						Non-controlling interests & Perp	219	3,195	3,280	3,373	3,476
						<b>Total equity</b>	<b>13,632</b>	<b>14,314</b>	<b>14,364</b>	<b>14,804</b>	<b>15,661</b>
						<b>Total Liabilities and Equity</b>	<b>39,078</b>	<b>41,780</b>	<b>43,083</b>	<b>45,827</b>	<b>47,048</b>

Cash Flow Statement, HKD mn	FY2019	FY2020	FY2021e	FY2022e	FY2023e	Key Ratios	FY2019	FY2020	FY2021e	FY2022e	FY2023e
Profit before income tax	2,312	837	1,065	2,117	2,874	GP Margins	38%	30%	31%	34%	36%
<b>Operating CF before Working Cap</b>	<b>2,113</b>	<b>837</b>	<b>1,065</b>	<b>2,117</b>	<b>2,874</b>	Net Margins	26%	7%	9%	9%	11%
PUD	(2,897)	501	804	(578)	(379)	Core Attri Net Margins	21%	11%	11%	10%	12%
Deposits & Prepayments	435	-	-	-	-	ROE	11%	8%	8%	12%	16%
Trade & Other Payables	(231)	(267)	253	304	364	ROA	5%	1%	2%	3%	4%
Increase in contract liabilities	(546)	(664)	-	-	-	Net Debt / Total Equity	113%	125%	130%	137%	120%
Others	(504)	(286)	(287)	(930)	(1,135)	Net Debt to Equity (Perp as Debt)	113%	182%	188%	195%	170%
<b>Net Operating Cashflows</b>	<b>(1,630)</b>	<b>121</b>	<b>1,834</b>	<b>912</b>	<b>1,724</b>	Net Debt / Total Equity (Hotel Revalued)	45%	57%	61%	65%	58%
<b>Net Investing Cashflows</b>	<b>(2,567)</b>	<b>(3,288)</b>	<b>(2,075)</b>	<b>(2,041)</b>	<b>502</b>	Total Assets / Total Equity	287%	292%	300%	310%	300%
Bank & Other Borrowings	11,931	2,112	1,000	2,000	-	Total Assets / Shareholders' Equity	291%	376%	389%	401%	386%
Others	(8,267)	2,390	(521)	(541)	(677)						
<b>Net Financing Cashflows</b>	<b>3,664</b>	<b>4,501</b>	<b>479</b>	<b>1,459</b>	<b>(677)</b>						
<b>Net Cash Flows</b>	<b>(532)</b>	<b>1,335</b>	<b>237</b>	<b>330</b>	<b>1,550</b>						

Source: Company Data, AMTD Research

## New World Development Co Ltd (17 HK)

Figure 84: New World Development Financial Forecasts and Key Ratios

Pln., HKD mn	FY19	FY20	FY21e	FY22e	FY23e	Balance Sheet, HKD mn	FY19	FY20	FY21e	FY22e	FY23e
Revenue	76,764	59,008	70,820	75,091	81,120	Investment Properties	173,327	169,718	169,897	170,943	182,205
COGS	(51,742)	(39,077)	(48,157)	(50,311)	(54,351)	Interest in JV/Asso	50,866	43,013	44,089	45,191	46,321
<b>Gross Profit</b>	<b>25,022</b>	<b>19,931</b>	<b>22,662</b>	<b>24,780</b>	<b>26,770</b>	PP&E and Others	128,928	205,193	200,925	201,772	205,704
Selling and marketing exp	(2,161)	(1,937)	(1,925)	(1,206)	(1,584)	<b>Non-current assets</b>	<b>353,120</b>	<b>417,924</b>	<b>414,910</b>	<b>417,906</b>	<b>434,229</b>
General and admin exp	(6,299)	(7,122)	(7,317)	(6,958)	(8,869)	PUD & Held for Sale	57,276	66,382	55,666	60,475	60,423
Share of results of JV & Asso	4,683	770	3,767	2,253	4,705	Deposits and prepayments	25,722	35,189	35,189	35,189	35,189
Reval Gains from Inv Prop	8,180	1,653	-	-	-	Cash & Cash Equivalents	63,732	67,436	80,677	79,566	72,032
Others	460	(490)	244	244	244	Others	3,436	13,266	13,472	13,512	13,586
Finance costs	(756)	(2,011)	(1,653)	(1,653)	(1,653)	<b>Current assets</b>	<b>150,165</b>	<b>162,272</b>	<b>185,004</b>	<b>188,741</b>	<b>181,231</b>
<b>Profit before tax</b>	<b>29,129</b>	<b>10,794</b>	<b>15,778</b>	<b>17,439</b>	<b>19,612</b>	Contract Liabilities	48,753	54,101	47,381	49,500	53,474
Income tax expense	(7,490)	(7,528)	(6,114)	(7,277)	(8,782)	Bank and Other Borrowings	41,776	56,601	56,601	56,601	56,601
Other adjustment	(803)	(1,688)	-	-	-	Income Taxes Accrued/Payable	10,641	11,067	11,067	11,067	11,067
<b>Net profit</b>	<b>20,836</b>	<b>1,578</b>	<b>9,664</b>	<b>10,162</b>	<b>10,830</b>	Others	87	30,840	30,840	30,840	30,840
Shareholders' Profit	18,160	1,096	7,539	7,929	8,397	<b>Current liabilities</b>	<b>101,257</b>	<b>152,609</b>	<b>145,889</b>	<b>148,008</b>	<b>151,982</b>
Minority Interest	2,676	482	2,125	2,253	2,434	Bank and Other Borrowings	114,559	134,788	134,788	134,788	134,788
<b>Shareholders' Core Net Profit</b>	<b>8,814</b>	<b>6,589</b>	<b>7,539</b>	<b>7,929</b>	<b>8,397</b>	Others	12,105	33,054	33,342	33,638	33,941
EPS - Basic (HKD)	1.78	0.43	2.96	3.11	3.29	<b>Non-current liabilities</b>	<b>126,664</b>	<b>167,841</b>	<b>168,130</b>	<b>168,426</b>	<b>168,729</b>
Core EPS - Basic (HKD)	0.86	2.58	2.96	3.11	3.29	Capital and reserves	145,989	134,798	126,983	130,542	134,298
DPS - basic (HKD)	0.51	2.04	2.04	2.04	2.04	<b>Shareholders' equity</b>	<b>223,865</b>	<b>213,023</b>	<b>205,208</b>	<b>208,768</b>	<b>212,524</b>
BVPS	21.90	83.38	80.50	81.90	83.37	Non-controlling interests & Perp	51,500	66,722	67,463	68,222	69,000
						<b>Total equity</b>	<b>275,365</b>	<b>279,745</b>	<b>272,671</b>	<b>276,990</b>	<b>281,524</b>
<b>Cash Flow Statement, HKD mn</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21e</b>	<b>FY22e</b>	<b>FY23e</b>	<b>Key Ratios</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21e</b>	<b>FY22e</b>	<b>FY23e</b>
Profit before income tax	29,129	1,578	15,778	17,459	19,612	GP Margins	33%	34%	32%	33%	33%
<b>Operating CF before Working Cap</b>	<b>11,835</b>	<b>30,379</b>	<b>8,926</b>	<b>9,400</b>	<b>9,985</b>	Net Margins	24%	2%	11%	11%	10%
PUD	12,931	(9,106)	14,376	(8,497)	490	Core Attri Net Margins	11%	11%	11%	11%	10%
Deposits & Prepayments	(202)	(9,467)	-	-	-	ROE	8%	1%	4%	4%	4%
Trade & Other Payables	(16,306)	427	(6,721)	2,119	3,974	ROA	4%	0%	1%	1%	1%
Increase in contract liabilities	-	5,348	-	-	-	Net Debt / Total Equity	41%	42%	41%	40%	42%
Others	(18,551)	20,923	83	256	228	Net Debt / Shareholders' Equity	79%	90%	93%	92%	90%
<b>Net Operating Cashflows</b>	<b>(10,294)</b>	<b>38,503</b>	<b>16,664</b>	<b>3,278</b>	<b>14,678</b>	Total Assets / Total Equity	183%	215%	220%	219%	219%
<b>Net Investing Cashflows</b>	<b>(7,035)</b>	<b>(72,656)</b>	<b>(19)</b>	<b>(778)</b>	<b>(18,349)</b>	Total Assets / Shareholders' Equity	225%	282%	292%	291%	290%
Bank & Other Borrowings	27,636	35,054	-	-	-	Asset Turnover (Contracted Sales)	5%	3%	6%	7%	3%
Others	(10,031)	2,803	(3,404)	(3,610)	(3,862)						
<b>Net Financing Cashflows</b>	<b>17,604</b>	<b>37,857</b>	<b>(3,404)</b>	<b>(3,610)</b>	<b>(3,862)</b>						
<b>Net Cash Flows</b>	<b>276</b>	<b>3,704</b>	<b>13,241</b>	<b>(1,111)</b>	<b>(7,534)</b>						

Source: Company Data, AMTD Research

## Redsun Properties Group Limited (1996 HK)

Figure 85: Redsun Financial Forecasts and Key Ratios

PnL, RMB mn	2019	2020	2021e	2022e	2023e	Balance Sheet, RMB mn	2019	2020	2021e	2022e	2023e
Revenue	15,170	20,159	27,063	30,406	37,831	Investment Properties	11,572	12,974	13,374	13,774	14,174
COGS	(11,356)	(15,651)	(21,012)	(23,607)	(29,371)	Interest in JV/Asso	7,821	11,550	11,550	11,550	11,550
<b>Gross Profit</b>	<b>3,813</b>	<b>4,508</b>	<b>6,052</b>	<b>6,799</b>	<b>8,459</b>	PP&E and Others	1,706	2,189	2,189	2,189	2,189
Selling and marketing exp	(652)	(928)	(1,067)	(1,227)	(1,411)	<b>Non-current assets</b>	<b>21,099</b>	<b>26,713</b>	<b>27,113</b>	<b>27,513</b>	<b>27,913</b>
General and admin exp	(1,090)	(991)	(1,139)	(1,310)	(1,507)	PUD & Held for Sale	39,609	52,296	61,249	78,789	96,026
Share of results of JV & Asso	693	443	595	668	832	Deposits and prepayments	15,963	20,105	20,105	20,105	20,105
Reval Gains from Inv Prop	310	259	-	-	-	Cash & Cash Equivalents	8,692	12,409	16,119	15,956	16,826
Others	295	593	796	895	1,113	Others	10,035	7,522	7,522	7,522	7,522
Net Finance costs	(634)	(725)	(902)	(902)	(902)	<b>Current assets</b>	<b>74,298</b>	<b>92,332</b>	<b>104,996</b>	<b>122,373</b>	<b>140,480</b>
<b>Profit before tax</b>	<b>2,735</b>	<b>3,159</b>	<b>4,335</b>	<b>4,924</b>	<b>6,585</b>	Contract Liabilities	24,975	29,383	33,683	46,334	58,059
Income tax expense	(1,100)	(1,304)	(2,045)	(2,312)	(3,001)	Bank and Other Borrowings	12,411	11,439	13,827	13,827	13,827
<b>Net profit</b>	<b>1,636</b>	<b>1,855</b>	<b>2,290</b>	<b>2,612</b>	<b>3,584</b>	Trade and Other Payables	11,886	14,621	17,347	20,339	24,061
Shareholders' Profit	1,468	1,661	1,832	1,959	2,151	Others	7,603	11,009	11,009	11,009	11,009
Minority Interest	168	194	458	653	1,434	<b>Current liabilities</b>	<b>56,876</b>	<b>66,451</b>	<b>75,865</b>	<b>91,508</b>	<b>106,955</b>
<b>Shareholders' Core Net Profit</b>	<b>1,247</b>	<b>1,500</b>	<b>1,832</b>	<b>1,959</b>	<b>2,151</b>	Bank and Other Borrowings	17,135	20,866	22,674	22,674	22,674
Dividends	369	405	447	478	525	Others	3,340	4,324	4,324	4,324	4,324
Special Dividends	-	-	-	-	-	<b>Non-current liabilities</b>	<b>20,475</b>	<b>25,190</b>	<b>26,998</b>	<b>26,998</b>	<b>26,998</b>
EPS - Basic (RMB)	0.44	0.50	0.55	0.59	0.65	Capital and reserves	13,888	15,180	16,565	18,046	19,671
Core EPS - Basic (RMB)	0.38	0.45	0.55	0.59	0.65	<b>Shareholders' equity</b>	<b>13,888</b>	<b>15,180</b>	<b>16,565</b>	<b>18,046</b>	<b>19,671</b>
DPS - basic (RMB)	0.11	0.12	0.13	0.14	0.16	Non-controlling interests	4,159	12,223	12,681	13,334	14,768
BVPS	4.18	4.57	4.99	5.44	5.93	<b>Total equity</b>	<b>18,046</b>	<b>27,404</b>	<b>29,246</b>	<b>31,380</b>	<b>34,439</b>
<b>Cash Flow Statement, RMB mn</b>	<b>2019</b>	<b>2020</b>	<b>2021e</b>	<b>2022e</b>	<b>2023e</b>	<b>Key Ratios</b>	<b>2019</b>	<b>2020</b>	<b>2021e</b>	<b>2022e</b>	<b>2023e</b>
Profit Before Tax	2,735	3,159	4,335	4,924	6,585	GP Margins	25%	22%	22%	22%	22%
<b>Operating CF before Working Cap</b>	<b>2,051</b>	<b>2,777</b>	<b>7,004</b>	<b>7,593</b>	<b>9,254</b>	Net Margins	11%	9%	8%	9%	9%
PUD	(7,360)	(9,149)	(8,953)	(17,540)	(17,236)	Core Attri Net Margins	8%	7%	7%	6%	6%
Deposits & Prepayments	(4,400)	(481)	-	-	-	ROE	9%	10%	11%	11%	11%
Trade & Other Payables	1,976	1,352	2,726	2,992	3,722	ROA	1%	1%	1%	1%	1%
Increase in contract liabilities	8,559	2,165	4,299	12,652	11,725	Net Debt / Total Equity	70%	50%	49%	46%	39%
Others	164	(2,231)	(4,714)	(4,981)	(5,670)	Net Debt / Shareholders' Equity	91%	91%	86%	80%	69%
<b>Net Operating Cashflows</b>	<b>990</b>	<b>(5,567)</b>	<b>362</b>	<b>715</b>	<b>1,795</b>	Total Assets / Total Equity	529%	434%	452%	478%	489%
<b>Net investing Cashflows</b>	<b>(6,484)</b>	<b>(819)</b>	<b>(400)</b>	<b>(400)</b>	<b>(400)</b>	Total Assets / Shareholders' Equity	687%	784%	798%	831%	856%
Bank & Other Borrowings	28,950	19,926	4,195	-	-	Asset Turnover (Contracted Sales)	28%	24%	25%	31%	31%
Others	(21,066)	(9,688)	(447)	(478)	(525)	Total Liabilities / Total Assets (Exc. Cont Liab)	74%	69%	70%	70%	69%
<b>Net Financing Cashflows</b>	<b>7,885</b>	<b>10,238</b>	<b>3,748</b>	<b>(478)</b>	<b>(525)</b>	Cash / ST Debt	70%	108%	117%	115%	122%
<b>Net Cash Flows</b>	<b>2,390</b>	<b>3,852</b>	<b>3,710</b>	<b>(163)</b>	<b>870</b>						

Source: Company Data, AMTD Research

## Yuzhou Group Holdings Co Ltd (1628 HK)

Figure 86: Yuzhou Financial Forecasts and Key Ratios

PnL, RMB mn	2019	2020	2021e	2022e	2023e	Balance Sheet, RMB mn	2019	2020	2021e	2022e	2023e
Revenue	23,241	10,412	21,449	21,753	22,324	Investment Properties	12,864	14,628	15,128	15,628	16,128
COGS	(17,149)	(9,932)	(19,304)	(18,490)	(18,976)	Interest in JV/Asso	9,339	10,135	10,135	10,135	10,135
<b>Gross Profit</b>	<b>6,092</b>	<b>480</b>	<b>2,145</b>	<b>3,263</b>	<b>3,349</b>	PP&E and Others	4,435	6,202	6,202	6,202	6,202
Selling and marketing exp	(660)	(428)	(514)	(616)	(740)	<b>Non-current assets</b>	<b>26,638</b>	<b>30,965</b>	<b>31,465</b>	<b>31,965</b>	<b>32,465</b>
General and admin exp	(1,091)	(804)	(964)	(1,157)	(1,389)	PUD & Held for Sale	49,088	71,547	73,027	86,789	108,316
Share of results of JV & Asso	166	230	2,786	3,343	4,011	Deposits and prepayments	33,869	38,933	38,933	38,933	38,933
Reval Gains from Inv Prop	601	387	-	-	-	Cash & Cash Equivalents	28,456	23,587	27,767	28,398	30,132
Others	1,857	406	(423)	(429)	(441)	Others	8,385	13,167	13,167	13,167	13,167
Net Finance costs	(360)	(124)	(135)	(141)	(153)	<b>Current assets</b>	<b>119,797</b>	<b>147,233</b>	<b>152,893</b>	<b>167,287</b>	<b>190,547</b>
<b>Profit before tax</b>	<b>6,605</b>	<b>147</b>	<b>2,894</b>	<b>4,261</b>	<b>4,638</b>	<b>Total Assets</b>	<b>146,435</b>	<b>178,198</b>	<b>184,358</b>	<b>199,252</b>	<b>223,012</b>
Income tax expense	(2,638)	81	(1,045)	(1,392)	(1,494)	Contract Liabilities	8,658	22,826	21,079	30,526	45,641
<b>Net profit</b>	<b>3,967</b>	<b>228</b>	<b>1,849</b>	<b>2,870</b>	<b>3,143</b>	Bank and Other Borrowings	15,272	18,884	18,884	18,884	18,884
Shareholders' Profit	3,606	117	924	1,435	1,572	Trade and Other Payables	45,873	49,265	52,265	50,434	51,527
Minority Interest	361	111	924	1,435	1,572	Others	5,048	4,041	4,041	4,041	4,041
<b>Shareholders' Core Net Profit</b>	<b>3,432</b>	<b>(1)</b>	<b>812</b>	<b>1,323</b>	<b>1,459</b>	<b>Current liabilities</b>	<b>74,851</b>	<b>95,016</b>	<b>96,269</b>	<b>103,885</b>	<b>120,093</b>
Dividends	980	1,031	1,031	1,031	1,031	Bank and Other Borrowings	40,397	45,016	49,666	55,666	61,666
Special Dividends	318	-	-	-	-	Others	2,459	3,864	3,864	3,864	3,864
EPS - Basic (RMB)	0.73	0.02	0.17	0.27	0.29	<b>Non-current liabilities</b>	<b>42,856</b>	<b>48,880</b>	<b>53,530</b>	<b>59,530</b>	<b>65,530</b>
Core EPS - Basic (RMB)	0.70	(0.00)	0.15	0.25	0.27	Capital and reserves	20,991	22,717	22,050	21,893	21,873
DPS - basic (RMB)	0.37	0.30	0.30	0.30	0.30	<b>Shareholders' equity</b>	<b>20,991</b>	<b>22,717</b>	<b>22,050</b>	<b>21,893</b>	<b>21,873</b>
						Non-controlling interests & Perp	7,736	11,585	12,510	13,945	15,516
						<b>Total equity</b>	<b>28,728</b>	<b>34,303</b>	<b>34,560</b>	<b>35,838</b>	<b>37,389</b>
						<b>Total Liabilities and Equity</b>	<b>146,435</b>	<b>178,198</b>	<b>184,358</b>	<b>199,252</b>	<b>223,012</b>
Cash Flow Statement, RMB mn	2019	2020	2021e	2022e	2023e	Key Ratios	2019	2020	2021e	2022e	2023e
Profit before income tax	6,605	147	2,894	4,261	4,638	GP Margins	26%	5%	10%	15%	15%
<b>Operating CF before Working Cap</b>	<b>4,380</b>	<b>(600)</b>	<b>3,029</b>	<b>4,403</b>	<b>4,791</b>	Net Margins	17%	2%	9%	13%	14%
PUD	(6,668)	(5,869)	4,016	(8,027)	(15,309)	Core Attri Net Margins	15%	0%	4%	6%	7%
Deposits & Prepayments	(4,393)	(1,512)	-	-	-	ROE	16%	0%	4%	6%	7%
Trade & Other Payables	12,945	1,915	3,000	(1,831)	1,093	ROA	2%	0%	0%	1%	1%
Increase in contract liabilities	(5,563)	5,724	(1,747)	9,447	15,115	Net Debt (Perp as Debt) / Total Equity	82%	97%	97%	110%	117%
Others	(6,560)	(5,577)	(6,676)	(7,269)	(7,865)	Net Debt / Total Equity (Perp as Equity)	70%	86%	87%	98%	106%
<b>Net Operating Cashflows</b>	<b>(5,859)</b>	<b>(5,919)</b>	<b>1,622</b>	<b>(3,277)</b>	<b>(2,175)</b>	Net Debt (Perp as Debt) / SH Equity	105%	138%	144%	170%	189%
<b>Net Investing Cashflows</b>	<b>(18,944)</b>	<b>(8,837)</b>	<b>(500)</b>	<b>(500)</b>	<b>(500)</b>	Total Assets / Total Equity	510%	519%	533%	556%	596%
Bank & Other Borrowings	11,629	(550)	4,650	6,000	6,000	Total Assets / Shareholders' Equity	698%	784%	836%	910%	1020%
Others	13,672	10,887	(1,592)	(1,592)	(1,592)	Asset Turnover (Contracted Sales)	51%	59%	68%	76%	81%
<b>Net Financing Cashflows</b>	<b>25,300</b>	<b>10,337</b>	<b>3,058</b>	<b>4,408</b>	<b>4,408</b>						
<b>Net Cash Flows</b>	<b>497</b>	<b>(4,420)</b>	<b>4,180</b>	<b>631</b>	<b>1,734</b>						

Source: Company Data, AMTD Research

## Dafa Properties Group Limited (6111 HK)

Figure 87: Dafa Financial Forecasts and Key Ratios

PnL, RMB mn	2019	2020	2021e	2022e	2023e	Balance Sheet, RMB mn	2019	2020	2021e	2022e	2023e
Revenue	7,398	9,188	10,070	12,084	14,501	Investment Properties	2,799	2,724	2,724	2,724	2,724
COGS	(5,702)	(7,271)	(7,969)	(9,562)	(11,475)	Interest in JV/Asso	116	95	95	95	95
<b>Gross Profit</b>	<b>1,697</b>	<b>1,918</b>	<b>2,102</b>	<b>2,522</b>	<b>3,027</b>	PP&E and Others	2,296	2,642	2,642	2,642	2,642
Selling and marketing exp	(269)	(290)	(348)	(417)	(501)	<b>Non-current assets</b>	<b>5,210</b>	<b>5,461</b>	<b>5,461</b>	<b>5,461</b>	<b>5,461</b>
General and admin exp	(393)	(450)	(539)	(647)	(777)	PUD & Held for Sale	12,709	14,719	17,042	19,831	25,002
Share of results of JV & Asso	70	(9)	170	579	726	Deposits and prepayments	2,121	4,202	4,202	4,202	4,202
Reval Gains from Inv Prop	57	(8)	-	-	-	Cash & Cash Equivalents	2,812	3,891	3,510	4,356	4,171
Others	39	325	379	32	39	Others	4,849	6,798	6,798	6,798	6,798
Finance costs	(250)	(235)	(272)	(275)	(283)	<b>Current assets</b>	<b>22,491</b>	<b>29,610</b>	<b>31,552</b>	<b>35,186</b>	<b>40,173</b>
<b>Profit before tax</b>	<b>951</b>	<b>1,250</b>	<b>1,492</b>	<b>1,794</b>	<b>2,231</b>	Contract Liabilities	7,063	7,074	7,983	9,075	10,385
Income tax expense	(350)	(535)	(635)	(764)	(945)	Bank and Other Borrowings	3,320	5,105	5,105	5,105	5,105
<b>Net profit</b>	<b>601</b>	<b>715</b>	<b>856</b>	<b>1,030</b>	<b>1,285</b>	Trade and Other Payables	4,134	4,618	5,214	6,830	9,350
Shareholders' Profit	516	339	428	515	643	Others	1,334	1,469	1,469	1,469	1,469
Minority Interest	85	376	428	515	643	<b>Current liabilities</b>	<b>15,852</b>	<b>18,265</b>	<b>19,771</b>	<b>22,478</b>	<b>26,308</b>
<b>Shareholders' Core Net Profit</b>	<b>479</b>	<b>342</b>	<b>428</b>	<b>515</b>	<b>643</b>	Bank and Other Borrowings	3,622	5,199	4,865	4,865	4,865
Dividends	56	40	86	103	129	Others	2,570	2,820	2,820	2,820	2,820
Special Dividends	-	-	-	-	-	<b>Non-current liabilities</b>	<b>6,192</b>	<b>8,019</b>	<b>7,685</b>	<b>7,685</b>	<b>7,685</b>
EPS - Basic (RMB)	0.62	0.41	0.52	0.62	0.78	Capital and reserves	3,423	3,662	4,004	4,416	4,930
Core EPS - Basic (RMB)	0.58	0.41	0.52	0.62	0.78	<b>Shareholders' equity</b>	<b>3,423</b>	<b>3,662</b>	<b>4,004</b>	<b>4,416</b>	<b>4,930</b>
DPS - basic (RMB)	0.14	0.08	0.10	0.12	0.16	Non-controlling interests & Perp	2,235	5,125	5,553	6,068	6,711
<b>BVPS</b>	<b>4.13</b>	<b>4.42</b>	<b>4.84</b>	<b>5.33</b>	<b>5.95</b>	<b>Total equity</b>	<b>5,657</b>	<b>8,787</b>	<b>9,557</b>	<b>10,484</b>	<b>11,641</b>
<b>Cash Flow Statement, RMB mn</b>	<b>2019</b>	<b>2020</b>	<b>2021e</b>	<b>2022e</b>	<b>2023e</b>	<b>Key Ratios, RMB mn</b>	<b>2019</b>	<b>2020</b>	<b>2021e</b>	<b>2022e</b>	<b>2023e</b>
Profit Before Tax	951	1,250	1,492	1,794	2,231	GP Margins	23%	21%	21%	21%	21%
<b>Operating CF before Working Cap</b>	<b>1,043</b>	<b>1,400</b>	<b>2,870</b>	<b>3,154</b>	<b>3,591</b>	Net Margins	8%	8%	9%	9%	9%
PUD	(326)	(1,164)	(2,324)	(2,788)	(5,171)	Core Net Margins	6%	4%	4%	4%	4%
Deposits & Prepayments	(1,754)	(2,755)	-	-	-	ROE	14%	9%	11%	12%	13%
Trade & Other Payables	822	344	596	1,616	2,520	ROA	2%	1%	1%	1%	1%
Increase in contract liabilities	76	(761)	910	1,092	1,310	Net Debt / Total Equity	78%	61%	57%	44%	41%
Others	239	(963)	(2,014)	(2,124)	(2,306)	Net Debt / Shareholders' Equity	129%	147%	135%	104%	97%
<b>Net Operating Cashflows</b>	<b>101</b>	<b>(3,900)</b>	<b>38</b>	<b>949</b>	<b>(56)</b>	Total Assets / Total Equity	490%	399%	387%	388%	392%
<b>Net Investing Cashflows</b>	<b>(3,763)</b>	<b>(131)</b>	<b>-</b>	<b>-</b>	<b>-</b>	Total Assets / Shareholders' Equity	809%	958%	924%	920%	926%
Bank & Other Borrowings	1,446	3,943	(7,585)	-	-	Asset Turnover (Contracted Sales)	76%	86%	98%	107%	115%
Others	3,540	1,167	7,166	(103)	(129)						
<b>Net Financing Cashflows</b>	<b>4,987</b>	<b>5,111</b>	<b>(420)</b>	<b>(103)</b>	<b>(129)</b>						
<b>Net Cash Flows</b>	<b>1,324</b>	<b>1,080</b>	<b>(381)</b>	<b>846</b>	<b>(184)</b>						

Source: Company Data, AMTD Research



## Minmetals Land Limited (230 HK)

Figure 88: Minmetals Financial Forecasts and Key Ratios

PnL, HKD mn	2019	2020	2021e	2022e	2023e	Balance Sheet, HKD mn	2019	2020	2021e	2022e	2023e
Revenue	11,261	7,662	9,219	9,267	10,592	Investment Properties	2,367	2,507	2,507	2,507	2,507
COGS	(8,588)	(6,431)	(7,738)	(7,778)	(8,891)	Interest in JV/Asso	1,208	3,668	3,668	3,668	3,668
<b>Gross Profit</b>	<b>2,673</b>	<b>1,230</b>	<b>1,481</b>	<b>1,488</b>	<b>1,701</b>	PP&E and Others	2,301	1,525	1,525	1,525	1,525
Selling and marketing exp	(242)	(256)	(294)	(338)	(389)	<b>Non-current assets</b>	<b>5,876</b>	<b>7,701</b>	<b>7,701</b>	<b>7,701</b>	<b>7,701</b>
General and admin exp	(567)	(753)	(738)	(741)	(847)	PUD & Held for Sale	24,723	34,294	40,199	47,749	56,499
Share of results of JV & Asso	(14)	2	3	275	315	Deposits and prepayments	13,934	17,666	17,666	17,666	17,666
Reval Gains from Inv Prop	108	(51)	-	-	-	Cash & Cash Equivalents	3,850	8,239	8,624	9,538	10,333
Others	81	412	47	47	59	Others	578	489	489	489	489
Net Finance costs	222	223	223	223	223	<b>Current assets</b>	<b>43,086</b>	<b>60,687</b>	<b>66,978</b>	<b>75,442</b>	<b>84,987</b>
<b>Profit before tax</b>	<b>2,260</b>	<b>808</b>	<b>721</b>	<b>954</b>	<b>1,061</b>	<b>Total Assets</b>	<b>48,961</b>	<b>68,388</b>	<b>74,678</b>	<b>83,142</b>	<b>92,688</b>
Income tax expense	(908)	(371)	(112)	(98)	(114)	Contract Liabilities	4,558	13,096	17,855	24,601	32,359
<b>Net profit</b>	<b>1,353</b>	<b>437</b>	<b>609</b>	<b>856</b>	<b>948</b>	Bank and Other Borrowings	7,263	4,555	4,555	4,555	4,555
Shareholders' Profit	943	112	243	431	501	Trade and Other Payables	10,907	12,066	12,066	12,066	12,066
Minority Interest	191	104	145	204	226	Others	244	333	333	333	333
Perp Securities	219	221	221	221	221	<b>Current liabilities</b>	<b>22,971</b>	<b>30,050</b>	<b>34,809</b>	<b>41,555</b>	<b>49,313</b>
<b>Shareholders' Core Net Profit</b>	<b>886</b>	<b>112</b>	<b>243</b>	<b>431</b>	<b>501</b>	Bank and Other Borrowings	9,491	15,016	16,016	17,016	18,016
Dividends	268	67	78	138	160	Others	232	912	912	912	912
Special Dividends	-	-	-	-	-	<b>Non-current liabilities</b>	<b>9,724</b>	<b>15,928</b>	<b>16,928</b>	<b>17,928</b>	<b>18,928</b>
EPS - Basic (HKD)	0.28	0.03	0.07	0.13	0.15	Capital and reserves	9,194	9,599	9,764	10,058	10,398
Core EPS - Basic (HKD)	0.26	0.03	0.07	0.13	0.15	<b>Shareholders' equity</b>	<b>9,194</b>	<b>9,599</b>	<b>9,764</b>	<b>10,058</b>	<b>10,398</b>
DPS - basic (HKD)	0.08	0.02	0.02	0.04	0.05	Non-controlling interests & Perp	7,073	12,811	13,177	13,602	14,049
BV per share	2.75	2.87	2.92	3.01	3.11	<b>Total equity</b>	<b>16,267</b>	<b>22,410</b>	<b>22,942</b>	<b>23,660</b>	<b>24,447</b>
						<b>Total Liabilities and Equity</b>	<b>48,961</b>	<b>68,388</b>	<b>74,678</b>	<b>83,142</b>	<b>92,688</b>
<b>Cash Flow Statement, HKD mn</b>	<b>2019</b>	<b>2020</b>	<b>2021e</b>	<b>2022e</b>	<b>2023e</b>	<b>Key Ratios</b>	<b>2019</b>	<b>2020</b>	<b>2021e</b>	<b>2022e</b>	<b>2023e</b>
Profit before income tax	2,260	808	721	954	1,061	GP Margins	24%	16%	16%	16%	16%
<b>Operating CF before Working Cap</b>	<b>2,083</b>	<b>784</b>	<b>721</b>	<b>954</b>	<b>1,061</b>	Net Margins	12%	6%	7%	9%	9%
PUD	(704)	(533)	(5,905)	(7,550)	(8,751)	Core Attr Net Margins	8%	1%	3%	5%	5%
Deposits & Prepayments	(549)	(3,846)	-	-	-	ROE	10%	1%	2%	4%	5%
Trade & Other Payables	800	(3,859)	-	-	-	ROA	2%	0%	0%	1%	1%
Increase in contract liabilities	(1,434)	6,078	4,759	6,746	7,758	Net Debt / Total Equity	79%	50%	51%	50%	49%
Others	(1,957)	(937)	(112)	(98)	(114)	Net Debt (Perp as Debt) / Shareholders' Equity	181%	157%	163%	161%	160%
<b>Net Operating Cashflows</b>	<b>(1,760)</b>	<b>(2,312)</b>	<b>(536)</b>	<b>52</b>	<b>(49)</b>	Total Assets / Total Equity	301%	305%	326%	351%	379%
<b>Net Investing Cashflows</b>	<b>563</b>	<b>231</b>	<b>-</b>	<b>-</b>	<b>-</b>	Total Assets / Shareholders' Equity	533%	712%	765%	827%	891%
Bank & Other Borrowings	1,733	2,020	1,000	1,000	1,000	Asset Turnover (Contracted Sales)	18%	22%	18%	18%	19%
Others	(294)	4,450	(78)	(138)	(160)						
<b>Net Financing Cashflows</b>	<b>1,439</b>	<b>6,470</b>	<b>922</b>	<b>862</b>	<b>840</b>						
<b>Net Cash Flows</b>	<b>242</b>	<b>4,388</b>	<b>386</b>	<b>914</b>	<b>795</b>						

Source: Company Data, AMTD Research

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**IMPORTANT DISCLOSURES**


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