



Company Report: Guangdong Investment (00270 HK)

公司报告: 粤海投资 (00270 HK)

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19 April 2022

Water Business Driving Growth, Maintain "Accumulate"

水资源业务将驱动增长, 维持“收集”

- Net earnings in 2021 increased 4.1% YoY to HK\$4,697 mn.** Revenue and net earnings in 2021 went up 28.2% and 4.1% to HK\$29,715 mn and HK\$4,697 mn, respectively. The revenue during the period met our expectation, but earnings missed. The dramatic rise in SG&A expenses during the period (which went up 46.6% YoY to HK\$3,666 mn) was the key reason behind earnings growth slowdown. Water resources sales surged 37.1% YoY to HK\$17.81 bn, contributing more than half of total revenue in 2021. DPS in 2021 reached HK\$0.6071 (+3.0% YoY), the highest in the Company's history and equivalent to a payout ratio of 84.5%, higher than the Company's 5-year historical (from 2016 to 2020) payout average of 69.7%.
- We updated our earnings estimates based on new assumptions.** Amid the expected investment slowdown in the property industry in China, we expect GDI to refocus on the development of its water business during the 14th Five-Year Plan period. Total revenue from water resources is set to increase YoY by 25.2%/ 18.6%/ 16.5% from 2022 to 2024, respectively. Water resources sales accounted for 59.9% of GDI's total revenue in 2021 and is projected to further climb to 66.6%/ 70.4%/ 73.5% from 2022 to 2024, respectively. We expect total revenue of GDI to grow YoY by 12.7%/ 12.1%/ 11.6% from 2022 to 2024, respectively. Our revised EPS estimates from 2022-2024 are HK\$0.869/ HK\$0.951/ HK\$1.062, respectively.
- We reiterate the investment rating of "Accumulate" but adjust our TP to HK\$13.00.** We remain optimistic about the outlook of GDI and expect a dividend payout of no less than 80% per year. The new TP corresponds to 15.0x/ 13.7x/ 12.2x 2022-2024 PER or 1.8x/ 1.7x/ 1.6x 2022-2024 PBR.
- 2021 年净利润同比上升 4.1%至 46.97 亿港元。** 2021 年的收入和净利润分别增长 28.2%和 4.1%至 297.15 亿港元和 46.97 亿港元。期内收入符合我们预期, 但盈利则未达预期。期内销售及行政费用大幅上升 (同比上升 46.6%至 36.66 亿港元) 是盈利增长放缓的主要原因。水资源销售额同比增长 37.1%至 178.1 亿港元, 占 2021 年总收入的一半以上。2021 年每股股息达 0.6071 港元 (同比增长 3.0%), 为公司历史最高水平, 派息率为 84.5%, 高于公司 69.7%的 5 年历史 (2016 年至 2020 年) 平均派息率。
- 我们基于新的假设调整了盈利预测。** 在国内房地产行业投资预期放缓的情况下, 我们预计公司在“十四五”期间将重新聚焦于水务业务的发展。水资源业务的总收入预计将在 2022 至 2024 年分别同比上升 25.2%/ 18.6%/ 16.5%。水资源业务收入占到了公司于 2021 年总收入的 59.9%, 并预计将于 2022 至 2024 年进一步攀升至 66.6%/ 70.4%/ 73.5%。我们预计公司总收入将于 2022 年至 2024 年分别录得 12.7%/ 12.1%/ 11.6%的同比增长。我们经调整的 2022 至 2024 年每股盈利预测分别为 0.869 港元/ 0.951 港元 / 1.062 港元。
- 我们重申“收集”的评级但调整目标价至 13.00 港元。** 我们对粤海投资的前景维持乐观的看法并预计其每年的派息率将不低于 80%。新目标价相当于 15.0 倍 / 13.7 倍 / 12.2 倍 2022 至 2024 年市盈率或 1.8 倍 / 1.7 倍 / 1.6 倍 2022 至 2024 年市净率。

Rating:

Accumulate

Maintained

评级:

收集 (维持)

6-18m TP 目标价:

HK\$13.00

Revised from 原目标价:

HK\$15.70

Share price 股价:

HK\$10.280

Stock performance

股价表现



Change in Share Price	1 M	3 M	1 Y
股价变动	1 个月	3 个月	1 年
Abs. % 绝对变动 %	2.0	3.4	(15.0)
Rel. % to HS Index 相对恒指变动 %	(14.9)	15.2	10.2
Avg. Share price(HK\$) 平均股价 (港元)	10.54	10.55	10.52

Source: Bloomberg, Guotai Junan International.

Year End	Turnover	Net Profit	EPS	EPS	PER	BPS	PBR	DPS	Yield	ROE
年结	收入	股东净利	每股净利	每股净利变动	市盈率	每股净资产	市净率	每股股息	股息率	净资产收益率
12/31	(HK\$ m)	(HK\$ m)	(HK\$)	(Δ %)	(x)	(HK\$)	(x)	(HK\$)	(%)	(%)
2020A	23,173	4,510	0.690	(10.6)	14.9	6.765	1.5	0.589	5.7	10.6
2021A	29,715	4,697	0.718	4.1	14.3	7.068	1.5	0.607	5.9	10.4
2022F	33,495	5,681	0.869	21.0	11.8	7.347	1.4	0.695	6.8	12.1
2023F	37,563	6,219	0.951	9.4	10.8	7.670	1.3	0.761	7.4	12.7
2024F	41,917	6,942	1.062	11.7	9.7	8.047	1.3	0.849	8.3	13.5
Shares in issue (m) 总股数 (m)			6,537.8		Major shareholder 大股东		GD Holdings		56.5%	
Market cap. (HK\$ m) 市值 (HK\$ m)			67,208.6		Free float (%) 自由流通比率 (%)				42.9%	
3 month average vol. 3 个月平均成交股数 ('000)			7,456.6		FY22 Net gearing (%) FY22 净负债/股东资金 (%)				48.5	
52 Weeks high/low (HK\$) 52 周高/低 (HK\$)			12.480 / 9.500		FY22 Est. NAV (HK\$) FY22 每股估值 (港元)				16.2	

Source: the Company, Guotai Junan International.

Net earnings in 2021 increased 4.1% YoY to HK\$4,697 mn. Guangdong Investment's (GDI, or the "Company") revenue and net earnings in 2021 went up 28.2% and 4.1% to HK\$29,715 mn and HK\$4,697 mn, respectively. The revenue during the period met our expectation, but its earnings missed. The dramatic rise in SG&A expenses during the period (which went up 46.6% YoY to RMB3,666 mn) is the key reason behind earnings growth slowdown. Full-year dividend in 2021 reached HK\$0.6071 (+3.0% YoY), the highest in the Company's history and equivalent to a payout ratio of 84.5%, which is higher than the Company's 5-year historical (from 2016 to 2020) payout average of 69.7%. During the reporting period, all business segments recorded positive growth in sales. In particular, revenue from water resources, property investment & development and road & bridge segments went up YoY by 37.1%, 11.3% and 29.8%, respectively, to HK\$17.81 bn, HK\$7.88 bn and HK\$1.39 bn. The sales from water resources and property investment & development and road & bridge segments made up 59.9% 26.5% and 4.7% of the Company's total revenues in 2021, respectively. These 3 segments contributed more than 91% of the sales in 2021. Affected by continued impact of from the COVID-19 pandemic and high coal prices in 2021, hotel operation & management and electric power generation segments recorded segmental loss during the period. Contributing more than half of the Company's revenue in 2021, the water resources segment is mainly composed of Dongshen Project and Other Water Resources Projects. The Dongshen Project supplied 2.355 billion tons of water to Hong Kong, Shenzhen and Dongguan during 2021 and generated total revenue of HK\$6,468 mn in 2021, up YoY by 3.8%. In which, revenue from water sales to Hong Kong stayed flat at HK\$4,821 mn and that from water sales to Shenzhen and Dongguan reached HK\$1,647 mn, up YoY by 17.0%. Meanwhile, revenue from the Company's Other Water Resources Projects in 2021 reached HK\$11,370 mn, up sharply by 67.5% YoY. The strong growth was mainly due to the additional returns from newly acquired or newly launched water projects and an increase in construction revenue from water projects under construction. At the end of 2021, the Company had 13.7832 mtpd of total designed water supply capacity and 2.6352 mtpd of total designed waste water processing capacity under its other water resources segment, which went up YoY by 11.0% and 51.5%, respectively. We expect the Company to continue to increase its investment in water projects in mainland China through acquisitions and continued investments going forward. On the property investment & development side, the majority of the revenue was derived from GD Land's property sales. Revenue from GD Land in 2021 surged 50.1% YoY to HK\$6,006 mn. We remain confident on the outlook of the Company and believe that the water resources business will further drive its growth in the future while property development business is to decline steadily over time. We believe that state-owned property developers are set to prevail in the current tough market environment.

Table-1: 2021 Operating Results and Brief Comments

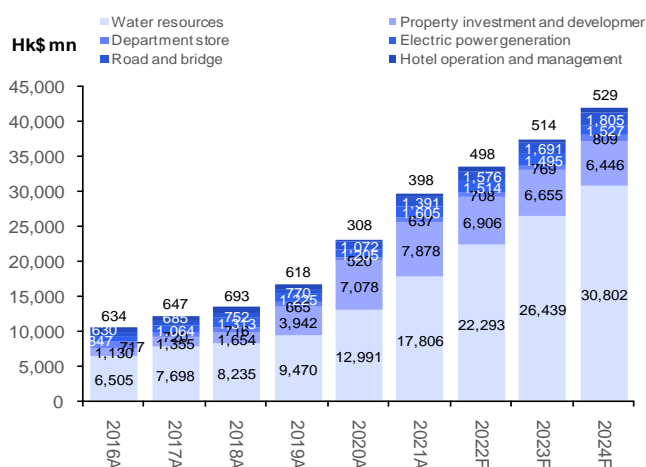
(HK\$ '000)	2021	2020	YoY Δ	Comments
Revenue	29,715,492	23,173,322	+28.2%	Water resources revenues jumped 37.1% YoY to HK\$17,806 mn
Cost of sales	(18,077,696)	(13,789,293)	+31.1%	
Gross profit	11,637,796	9,384,029	+24.0%	Consolidated gross margin declined 1.3 ppt YoY to 39.2%
Other income (loss/gain), net	488,932	661,559	-26.1%	
Changes in fair value of investment properties	640,627	757,279	-15.4%	
Selling and distribution costs	(1,018,557)	(520,003)	+95.9%	
Administrative expenses	(2,647,394)	(1,980,661)	+33.7%	
Exchange differences, net	(85,445)	(88,269)	-3.2%	
Other operating income/(expenses), net	24,113	62,933	-61.7%	
Profit from operations	9,040,072	8,276,867	+9.2%	
Finance costs	(543,718)	(291,870)	+86.3%	Total debt surged 156.6% YoY to HK\$28,741 mn due to the substantial rise in CAPEX in 2021
Share of profits less losses of associates	(39,510)	216,250	n.a.	
Profit before tax	8,456,844	8,201,247	+3.1%	
Income tax	(2,969,258)	(2,562,882)	+15.9%	
Profit for the year	5,487,586	5,638,365	-2.7%	
Minority interests	(790,624)	(1,128,421)	-29.9%	
Net profit to shareholders	4,696,962	4,509,944	+4.1%	
Basic EPS (HK\$)	0.7184	0.6898	+4.1%	
DPS (HK\$)	0.6071	0.5894	+3.0%	
Margins (YoY comparison)			YoY ppt Δ	
Gross margin	39.2%	40.5%	-1.3 ppt	
EBITDA margin	33.0%	36.6%	-3.6 ppt	
PBT margin	28.5%	35.4%	-6.9 ppt	
Net margin	15.8%	19.5%	-3.7 ppt	

Source: the Company, Guotai Junan International.

We revised our earnings estimates from 2022 to 2024 based on new assumptions. We expect that GDI will further increase water supply and waste water processing capacity in mainland China through aggressive acquisitions and continued investment. Amid stable revenue growth of between 2% and 3% to be witnessed from the Dongshen Water Project, we expect sales from the Other Water Resources to increase YoY by 37.1%/ 25.8%/ 21.6% to HK\$15,584 mn/ HK\$19,609 mn/ HK\$23,842 mn from 2022 to 2024, respectively. As such, total revenue from water business segment is set to increase YoY by 25.2%/ 18.6%/ 16.5% to HK\$22,293 mn/ HK\$26,439 mn/ HK\$30,802 mn from 2022 to 2024, respectively. Water resources revenue accounted for 59.9% of GDI's total revenue in 2021 and its contribution is projected to further rise to 66.6%/ 70.4%/ 73.5% from 2022 to 2024, respectively. Given China's ongoing tightening on its real estate industry, we expect that GDI will refocus and prioritize on the development of its water business in the future. From 2022 to 2024, we expect sales from property investment and development to grow YoY by -12.3%/ -3.6%/ -3.1% to HK\$6,906 mn/ HK\$6,655 mn/ HK\$6,446 mn, respectively. Revenue contribution from the real estate business is also set to gradually decline from 26.5% recorded in 2021 to 20.6%/ 17.7%/ 15.4% from 2022 to 2024, respectively. Moreover, the aggregate revenue from the non-core assets (excluding water and property) of GDI is projected to grow YoY by 6.6%/ 4.0%/ 4.5% to HK\$4,296 mn/ HK\$4,468 mn/ HK\$4,669 mn from 2022 to 2024, respectively. Overall, we expect total revenue of GDI to grow YoY by 12.7%/ 12.1%/ 11.6% from 2022 to 2024, respectively. We estimate the consolidated gross margin of GDI from 2022 to 2024 to be 38.5%/ 38.2%/ 37.8%, respectively. Our revised EPS estimates from 2022 to 2024 are HK\$0.869/ HK\$0.951/ HK\$1.062, respectively. Assuming a payout ratio of 80% during the 3-year period, our DPS estimates from 2022 to 2024 are HK\$0.695/ HK\$0.761/ HK\$0.849, respectively

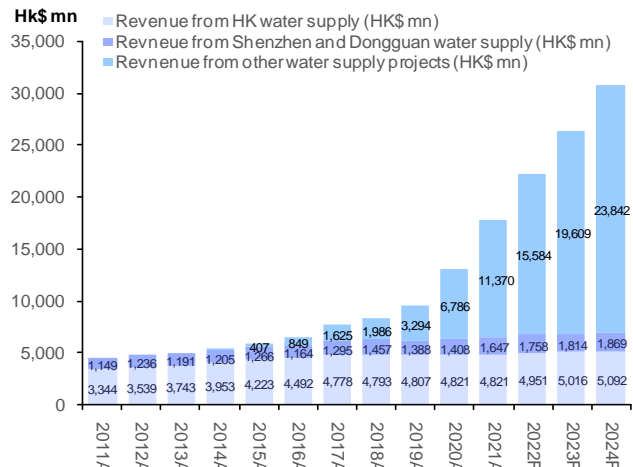
We reiterate the "Accumulate" investment rating but adjust our TP to HK\$13.00. We remain optimistic on the outlook of the Company considering strong growth prospects on its water resource business despite the increasing pressure from property investment & development business. The water resources business is a solid cash cow and has very high stability, a true defensive asset in times economic uncertainty. The dividend payout ratio of GDI in 2021 reached 84.5%. We expect the dividend payout ratio from 2022 to 2024 to be 80% of GDI's net earnings each year, implying a dividend CAGR of approximately 11.8% from 2021 to 2024. Dividend yields are estimated to be 6.8%/ 7.4%/ 8.3% from 2022 to 2024, respectively, at the current share price. We expect the Company to accelerate the development of its water resources business through further ramping up its water supply capacity and waste water processing capacity in mainland China in a bid to boost its growth in next few years. We expect the property segment to gradually become a non-core asset of GDI over the next five years (its revenue is expected to steadily decline during our forecast period) with its sales contribution expected to decline from 26.5% in 2021 to 15.4% by 2024. Given the Company's high growth prospects and attractive dividend payout, we maintain our "Accumulate" investment rating but adjust our TP to HK\$13.00. Our new TP translates to 15.0x/ 13.7x/ 12.2x 2022-2024 PER or 1.8x/ 1.7x/ 1.6x 2022-2024 PBR, respectively.

Figure-1: Revenue Composition of GDI



Source: the Company, Guotai Junan International.

Figure-2: GDI's Water Resource Revenue Composition

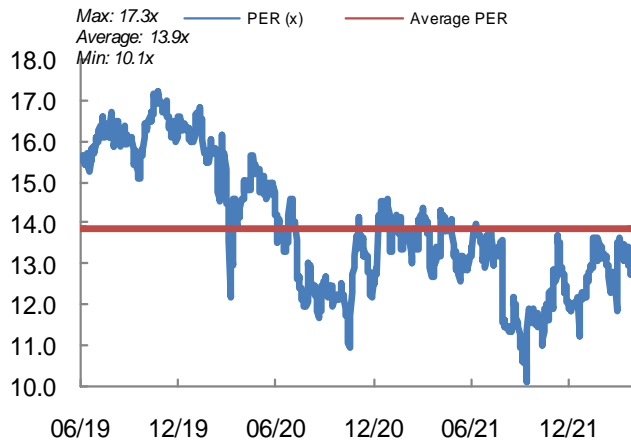
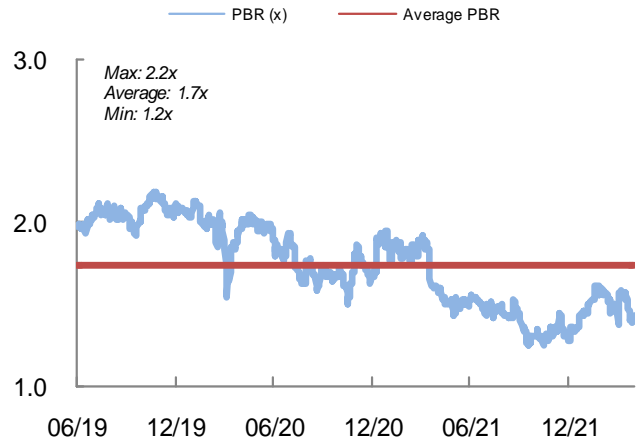


Source: the Company, Guotai Junan International.

Table-2: Operations Overview - Key Segmental Operating Figures of GDI in 2021

Key operating and financial figures for GDI (HK\$ mn)	2021	2020	YoY %
Water Resources			
Dongshen water supply project revenue	6,468	6,229	+3.8%
Total supply volume (mn ton)	2,355	2,205	+6.8%
Revenue from:			
HK	4,821	4,821	Unchanged
Shenzhen & Dongguan	1,647	1,408	+17.0%
PBT of Dongshen project	3,785	3,863	-2.0%
Other water projects			
Designed water supply capacity (mtpd)	13.8	12.4	+11.0%
Designed waste water treatment capacity (mtpd)	2.6	1.7	+51.5%
Revenue	11,370	6,786	+67.5%
PBT	1,333	668	+99.7%
Property Investment & Management			
Occupancy rate from Teemall	99.9%	99.9%	Unchanged
Occupancy rate from Teem Tower	95.0%	94.9%	+0.1ppt
Revenue from GD Teem	1,033	959	+7.6%
Revenue from Teem Tower	227	198	+14.3%
PBT from GD Teem	743	753	-1.3%
PBT from Teem Tower	191	170	+12.5%
Tianjin Teem Shopping Mall			
Occupancy rate	95.0%	90.1%	+4.9ppt
Revenue	236	168	+40.9%
PBT	89	69	+29.0%
Panyu GDH Project			
Revenue	616	1,855	-66.8%
PBT	311	805	-61.3%
GD Land			
Revenue	6,006	4,000	+50.1%
PBT	1,915	597	+220.9%
Guangdong Investment Tower			
Occupancy rate	92.5%	95.5%	-3.0ppt
Revenue	52	55	-6.5%
Department Stores			
Revenue from:			
Teemall Store	408	332	+22.8%
Wan Bo Store	66	61	+8.4%
Ming Sheng Store	25	21	+17.5%
Dong Pu Store	92	70	+31.1%
Ao Ti Store	45	34	+34.5%
Dongguan Store	0	1	-100.0%
Nanhai Store	0	1	-38.8%
Total	637	520	+22.5%
PBT	80	118	-32.5%
Hotel Operation			
Occupancy rate from Sheraton Guangzhou Hotel	74.8%	66.1%	+8.7ppt
Occupancy rate from other four star-related hotels	57.6%	34.2%	+23.4ppt
Average room rate from Sheraton Guangzhou Hotel (HK\$)	904	876	+3.2%
Average room rate from other four star-related hotels (HK\$)	380	359	+5.8%
Revenue	398	308	+29.3%
PBT	-48	80	n.a.
Energy			
Zhongshan Power Plant			
Electricity sales (mn KWh)	2,969	2,877	+3.2%
Revenue	1,897	1,458	+30.2%
PBT	-177	228	n.a.
Guangdong Yuedian Jinghai Power Plant			
Electricity sales (mn KWh)	16,742	13,214	+26.7%
Revenue	8,019	5,470	+46.6%
Share of profit	-160	129	n.a.
Road and Bridge			
Xiuliu Expressway			
Average daily traffic flow (vehicle trip)	22,710	14,305	+58.8%
Revenue	1,370	1,057	+29.6%
PBT	377	212	+77.7%

Source: the Company, Guotai Junan International.

Figure-3: Forward PER of GDI

Figure-4: Forward PBR of GDI


Source: Bloomberg, Guotai Junan International.

Source: Bloomberg, Guotai Junan International.

Table-3: Peers Comparison

Company	Stock Code	Currency	Last price	PER (fiscal year)				PBR (fiscal year)				Gross	Dividend	Market	
				21A	22F	23F	24F	21A	22F	23F	24F	ROE(%)	Margin(%)	Yield (%)	Cap
HK Listed China Conglomerates															
Guangdong Investment Ltd	270 HK	HKD	10.28	14.3	13.1	12.1	9.5	1.5	1.4	1.4	1.3	11.0	43.4	6.2	67,209
Shanghai Industrial Hldg Ltd	363 HK	HKD	11.56	3.4	3.7	3.4	3.2	0.3	0.3	0.2	n.a.	7.2	38.8	10.2	12,568
Simple Average				8.8	8.4	7.7	6.3	0.9	0.8	0.8	1.3	9.1	41.1	8.2	
Weighted Average				12.6	11.7	10.7	8.5	1.3	1.2	1.2	1.3	10.4	42.7	6.8	
HK Local Utilities Peers															
Clip Holdings Ltd	2 HK	HKD	76.75	22.8	17.7	16.8	16.7	1.7	1.6	1.6	1.5	9.5	30.6	4.1	193,905
Hk Electric Investments -Ss	2638 HK	HKD	7.69	23.2	23.0	22.3	21.0	1.4	1.4	1.4	1.4	6.2	48.0	4.2	67,950
Hong Kong & China Gas	3 HK	HKD	9.10	33.8	21.6	20.0	19.6	2.5	2.4	2.4	2.4	11.5	38.4	4.0	169,805
Power Assets Holdings Ltd	6 HK	HKD	52.45	18.2	16.3	16.6	16.4	1.3	1.3	1.3	1.3	7.9	100.0	5.4	111,942
Simple Average				24.5	19.6	18.9	18.4	1.7	1.7	1.7	1.6	8.8	54.3	4.4	
Weighted Average				25.4	19.3	18.5	18.1	1.8	1.8	1.7	1.7	9.4	49.5	4.3	
HK Listed China Water Peers															
Beijing Enterprises Water Gr	371 HK	HKD	2.62	6.3	5.7	5.2	4.7	0.7	0.6	0.5	0.5	11.0	39.9	6.6	26,556
China Everbright Intl Ltd	257 HK	HKD	4.83	4.4	4.1	3.9	3.7	0.6	0.5	0.5	0.4	13.5	36.3	7.4	29,671
Canvest Environmental Protec	1381 HK	HKD	3.42	6.3	5.7	5.2	5.2	1.0	0.8	0.7	0.6	16.3	35.9	3.7	8,343
China Everbright Greentech L	1257 HK	HKD	2.15	4.0	3.8	3.3	2.9	0.3	0.3	0.3	0.3	8.2	29.8	5.4	4,442
Dongjiang Environmental-H	895 HK	HKD	3.21	14.8	9.2	7.0	6.7	0.5	0.5	0.5	0.4	n.a.	n.a.	3.3	6,403
Simple Average				7.2	5.7	4.9	4.6	0.6	0.6	0.5	0.5	12.2	35.5	5.3	
Weighted Average				6.1	5.2	4.7	4.4	0.6	0.6	0.5	0.5	12.5	37.2	6.3	
Other Chinese Peers with Similar Business															
Anhui Expressway Co Ltd-H	995 HK	HKD	7.59	6.9	6.0	5.5	5.6	0.9	0.8	0.8	0.7	14.4	63.5	10.0	14,863
China Resources Power Holdin	836 HK	HKD	15.00	45.5	6.4	5.2	4.5	3.8	0.7	0.7	0.6	11.2	27.1	6.1	72,157
Huaneng Power Intl Inc-H	902 HK	HKD	3.51	n.a.	8.5	6.3	5.5	0.8	0.4	0.4	0.4	6.2	20.7	6.6	103,015
Huadian Power Intl Corp-H	1071 HK	HKD	2.50	n.a.	6.7	5.0	4.8	0.5	0.4	0.4	0.3	4.4	9.0	9.6	39,020
Shenzhen Intl Holdings	152 HK	HKD	8.68	5.4	5.4	5.0	4.0	0.5	0.5	0.5	0.4	9.4	31.6	7.3	19,675
Shenzhen Expressway Co-H	548 HK	HKD	8.36	6.2	5.4	5.4	5.8	0.7	0.6	0.5	0.5	9.5	n.a.	9.6	23,506
Sun Art Retail Group Ltd	6808 HK	HKD	2.59	n.a.	17.2	11.6	13.4	n.a.	0.8	0.7	0.7	3.5	25.1	2.2	24,708
Simple Average				16.0	7.9	6.3	6.2	1.2	0.6	0.6	0.5	8.4	29.5	7.3	
Weighted Average				27.9	7.9	6.1	5.8	1.5	0.6	0.5	0.5	7.9	24.2	7.0	

 Source: Bloomberg, Guotai Junan International. *Prices are updated as of 15th April 2022.

Financial Statements and Ratios

Income Statement					
Year end 31 Dec (HK\$ m)	2020A	2021A	2022F	2023F	2024F
Total Revenue	23,173	29,715	33,495	37,563	41,917
Cost of sales	(13,789)	(18,078)	(20,599)	(23,214)	(26,073)
Gross profit	9,384	11,638	12,896	14,349	15,845
Other income (loss/gain), net	662	489	506	524	542
Selling and distribution costs	(520)	(1,019)	(770)	(826)	(922)
Administrative expenses	(1,981)	(2,647)	(2,923)	(3,279)	(3,684)
Other operating income/(expenses), net	732	579	568	626	591
Operating Profit	8,277	9,040	10,276	11,394	12,372
Share profits of associates	216	(40)	162	141	110
Finance costs	(292)	(544)	(846)	(804)	(651)
Profit Before Tax	8,201	8,457	9,592	10,731	11,831
Income Tax	(2,563)	(2,969)	(2,906)	(3,285)	(3,635)
Profit After Tax	5,638	5,488	6,686	7,447	8,196
Non-controlling Interest	(1,128)	(791)	(1,005)	(1,227)	(1,255)
Shareholders' Profit / Loss	4,510	4,697	5,681	6,219	6,942
Basic EPS	0.690	0.718	0.869	0.951	1.062
DPS	0.589	0.607	0.695	0.761	0.849

Cash Flow Statement					
Year end 31 Dec (HK\$ m)	2020A	2021F	2022F	2023F	2024F
Net Income	4,510	4,697	5,681	6,219	6,942
Depreciation & amortization	1,544	1,809	1,873	1,938	2,006
Changes in working capital	665	(7,995)	(3,007)	8,662	8,437
Deferred tax liabilities	(218)	464	804	904	1,017
Receivables under service concession/in arrangement	(4,914)	(5,511)	(820)	(865)	(912)
Minority interest expense	1,128	791	1,005	1,227	1,255
Other operating activities	697	4,219	(6,515)	(9,835)	(12,899)
Cash from Operating Activities	3,413	(1,526)	(979)	8,251	5,845
Purchase of fixed assets (capex)	(826)	(15,526)	(1,332)	(1,568)	(1,834)
Addition of investment properties	(846)	(642)	(714)	(782)	(850)
Acquisition of subsidiaries	(239)	(928)	(584)	(756)	(670)
Purchase of intangibles / service concession agreements	(2,028)	(2,552)	(2,695)	(2,837)	(2,988)
Acquisition of assets / others	(1,515)	(1,229)	(1,024)	(854)	(711)
Investment in JV / associate	(321)	67	(33)	17	(8)
Decrease in restrictive cash and pledged cash	880	(352)	(59)	157	(85)
Other investing activities	2,660	4,790	4,886	7,881	10,945
Cash from Investing Activities	(2,234)	(16,372)	(1,555)	1,256	3,799
Capital injection by minority shareholder in subsidiaries	424	232	266	307	268
Other financing activities	(830)	2,371	2,252	2,371	2,496
Common stock dividends paid	(3,801)	(3,888)	(4,145)	(4,674)	(5,149)
Minority dividend paid	(321)	(510)	(502)	(614)	(627)
Increases / (decreases) in debt	3,065	17,540	5,214	(6,041)	(5,776)
Cash from Financing Activities	(1,463)	15,744	3,084	(8,651)	(8,788)
Net Changes in Cash	(285)	(2,154)	551	856	856
Cash at Beg of Year	8,948	10,367	9,595	10,146	11,002
Forex / adjustments	1,704	1,382	0	0	0
Cash at End of Year	10,367	9,595	10,146	11,002	11,858

Source: the Company, Guotai Junan International.

Balance Sheet					
Year end 31 Dec (HK\$ m)	2020A	2021A	2022F	2023F	2024F
Property, plant and equipment	7,684	8,126	9,250	10,624	12,279
Investing properties	21,295	23,807	26,069	28,345	30,508
Goodwill	594	805	823	842	862
Interests in associates	4,458	4,391	4,424	4,407	4,416
Intangible assets	15,061	21,787	22,817	23,910	25,071
Receivables under service concession/in arrangement	9,392	14,903	15,722	16,587	17,499
Others	3,767	5,048	4,824	5,239	5,613
Total Non-current Assets	62,251	78,867	83,930	89,956	96,248
Cash & Cash Equivalents	10,367	9,595	10,146	11,002	11,858
Property under development	6,214	33,852	31,415	25,188	20,196
Properties held for sale	4,258	988	938	891	847
Receivables, prepayments and deposits	5,190	4,511	6,276	6,877	7,009
Restricted cash	117	469	514	367	450
Others	1,203	1,749	1,894	1,930	2,034
Total Current Assets	27,350	51,164	51,182	46,256	42,394
Total Assets	89,601	130,031	135,112	136,211	138,643
Payables and accruals	6,882	21,784	14,729	16,157	18,147
Tax payables	2,577	3,705	4,001	4,601	5,291
Bank and other borrowings	5,690	6,928	6,942	5,401	5,125
Others	4,618	4,828	7,989	8,996	9,951
Total Current Liabilities	19,767	37,245	33,661	35,155	38,513
Bank and other borrowings	5,512	21,813	27,013	22,513	17,013
Deferred tax liabilities	5,966	6,430	7,234	8,138	9,156
Other liabilities	2,400	2,638	2,707	2,876	3,071
Total Non-current Liabilities	13,878	30,881	36,954	33,528	29,240
Total Liabilities	33,645	68,126	70,615	68,682	67,753
Total Shareholders' Equity	44,228	46,211	48,035	50,146	52,611
Minority Interest	11,728	15,694	16,462	17,383	18,278
Total Equity	55,956	61,905	64,497	67,529	70,890
Total Liabilities and Equity	89,601	130,031	135,112	136,211	138,643

Financial Ratios					
	2020A	2021A	2022F	2023F	2024F
Growth (%):					
Revenue	38.8	28.2	12.7	12.1	11.6
Gross profit	7.1	24.0	10.8	11.3	10.4
Operating profit	9.5	9.2	13.7	10.9	8.6
Net profit	(10.6)	4.1	20.9	9.5	11.6
Core net profit	(10.6)	4.1	20.9	9.5	11.6
Profitability (%):					
Gross margin	40.5	39.2	38.5	38.2	37.8
EBITDA margin	36.6	33.0	33.3	32.6	31.7
Net margin	19.5	15.8	17.0	16.6	16.6
Core net margin	19.5	15.8	17.0	16.6	16.6
ROE	10.6	10.4	12.1	12.7	13.5
ROA	5.4	4.3	4.3	4.6	5.1
Liquidity & Solvency					
Current Ratio (x)	1.4	1.4	1.5	1.3	1.1
Net gearing	1.6	40.4	48.5	33.0	18.7
Interest coverage (x)	28.4	16.6	12.1	14.2	19.0
Dividend payout (%)	85.4	84.5	80.0	80.0	80.0

Company Rating Definition

The Benchmark: Hong Kong Hang Seng Index

Time Horizon: 6 to 18 months

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

Sector Rating Definition

The Benchmark: Hong Kong Hang Seng Index

Time Horizon: 6 to 18 months

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

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