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Company Report: Greentown Management (09979 HK)

公司报告: 绿城管理 (09979 HK)

Undisturbed Growth and High Dividend Payout, Maintain "Buy"

- We maintain "Buy" rating and trim TP to HK\$9.40.** We forecast Greentown Management's 2024F-2026F EPS to be RMB0.615, RMB0.773 and RMB0.950, respectively, which represents a CAGR of 24.1% during 2023-2026F. We trim our TP to HK\$9.40, which implies 14.0x 2024F PER. We maintain our "Buy" rating.
- Strong 2023 results; and positive surprise on 100% dividend payout ratio.** The Company delivered strong 2023 results, with total revenue growth at 24.3% YoY and earnings growth at 30.8% YoY, amid the property downturn cycle. Thanks to its strong earnings growth and cash inflow, the management declared a 100% dividend payout ratio for the financial year of 2023 (80% as final dividend and 20% as special dividend). We believe the high dividend payout ratio brought a positive surprise to the market. Moreover, the management guided that the dividend payout ratio should be stable at above 80% for the next few years.
- High growth secured by strong contracted GFA expansion.** According to the Company's disclosure, Greentown Management achieved newly contracted GFA of 35.28 mn sq.m. in 2023, up by 25.0% YoY. In terms of the project management fee of these newly contracted projects, the total amount reached RMB10.37 bn in 2023, up by 20.5% YoY. Considering that the Company has total unrecognized management fee of over RMB25 bn by the end of 2023, hence, we expect visible growth in the Company's earnings for the next few years.
- Project management is still a fast-growing industry.** We believe that the project management business is a blue ocean market, which is gradually being confirmed. According to the Yihan Zhiku (亿翰智库), the newly-contracted GFA for project management in 2023 has reached nearly 170 mn sq.m., increasing by 53.0% YoY.
- Catalysts:** 1) Large newly acquired contracted GFA from urban investment enterprises, AMCs and financial institutions; and 2) improvement in profitability due to economies of scale.
- Downside risks:** 1) Lower-than-expected market penetration rate; 2) slower-than-expected GFA delivery from distressed projects; and 3) default risk from project owners.

Rating: **Buy**
Maintained

评级: **买入 (维持)**

6-18m TP 目标价: **HK\$9.40**
HK\$9.60

Share price 股价: **HK\$6.190**

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 %	19.5	13.6	(14.2)
Rel. % to HSI Index 相对恒指变动 %	21.0	12.6	1.6
Avg. share price (HK\$) 平均股价 (港元)	5.2	5.1	5.9

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	(RMB m)	(RMB m)	(RMB)	(△%)	(x)	(RMB)	(x)	(RMB)	(%)	(%)
2022A	2,656	745	0.384	30.6	14.3	1.930	2.8	0.380	6.9	21.0
2023A	3,302	974	0.497	29.4	11.3	2.040	2.8	0.500	8.9	25.2
2024F	4,140	1,236	0.615	23.7	9.3	2.103	2.7	0.492	8.6	30.1
2025F	5,031	1,553	0.773	25.7	7.4	2.384	2.4	0.618	10.9	34.4
2026F	6,067	1,910	0.950	22.9	6.0	2.716	2.1	0.760	13.4	37.3
Shares in issue (m) 总股数 (m)			2,010.0		Major shareholder 大股东		Greentown China 71.3%			
Market cap. (HK\$ m) 市值 (HK\$ m)			12,441.9		Free float (%) 自由流通比率 (%)		28.7			
3 month average vol. 3 个月平均成交股数 ('000)			1,902.5		FY24 Net gearing (%) FY24 净负债/股东资金 (%)		Net cash			
52 Weeks high/low (HK\$) 52 周高/低 (HK\$)			7.844 / 4.300		FY24 Est. NAV (HK\$) FY24 每股估值 (港元)		13.4			

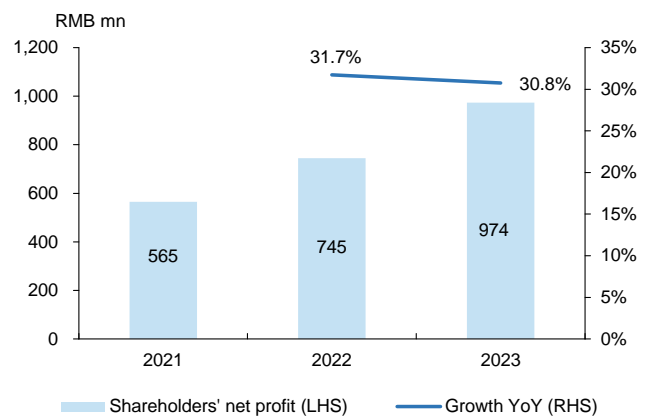
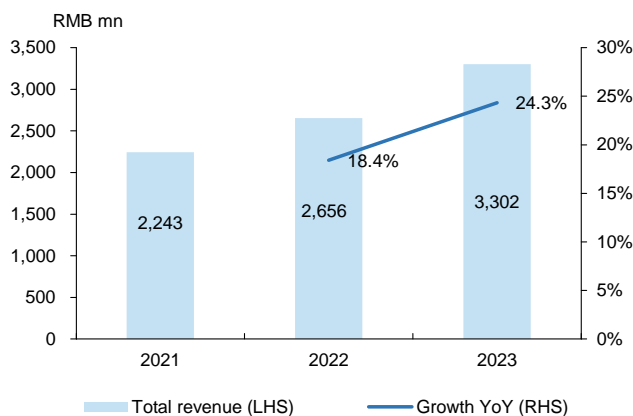
Source: the Company, Guotai Junan International.

We maintain the investment rating of "Buy" and trim TP to HK\$9.40. We believe Greentown Management (the "Company") delivered a strong 2023 results with positive surprise on its 100% dividend payout ratio. Furthermore, we expect the Company's countertrend growth to continue in the next few years, which is backed by 1) its leading position in project management industry; and 2) increasing demand from new clients, such as urban investment enterprises, AMCs and financial institutions. We forecast the Greentown Management's 2024F-2026F EPS to be RMB0.615, RMB0.773 and RMB0.950, respectively. Correspondingly, we forecast the Company's EPS CAGR to be 24.1% during 2023-2026F. We trim our TP to HK\$9.40, which implies 14.0x 2024F PER. We maintain our "Buy" rating.

Strong 2023 results; and positive surprise on 100% dividend payout ratio. We believe the Company's countertrend growth trajectory is reconfirmed by its strong 2023 results. The Company's total revenue in 2023 grew by 24.3% YoY to RMB3,302 mn, largely driven by the commercial project management (up by 40.5% YoY). Meanwhile, despite of scale expansion, the Company's gross profit margin stayed largely stable at 52.2% in 2023 (52.3% in 2022). Given the changes in revenue structure (the proportion of revenue in commercial project management increased from 62.9% in 2022 to 71.0% in 2023), the Company's shareholders' net profit delivered much stronger growth, recording a 30.8% YoY growth to RMB974 mn in 2023. In line with the earnings, the Company's operating cash inflow was also strong at RMB955 mn in 2023 (up by 31.8% YoY). Thanks to its strong earnings growth and cash inflow, the management declared a 100% dividend payout ratio for the financial year of 2023 (80% as final dividend and 20% as special dividend). We believe the high dividend payout ratio brought a positive surprise to the market. Moreover, the management guided that the dividend payout ratio should be stable at above 80% for the next few years.

Figure 1: The Company recorded 2023 revenue growth at 24.3% YoY

Figure 2: 2023 shareholders' net profit grew stronger at 30.8% YoY



Source: the Company, Guotai Junan International.

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High growth secured by strong contracted GFA expansion. According to the Company's disclosure, Greentown Management achieved newly contracted GFA of 35.28 mn sq.m. in 2023, representing a YoY increase of 25.0%. In terms of the project management fee of these newly contracted projects, the total amount reached RMB10.37 bn in 2023, representing a YoY increase of 20.5%. The national property market has experienced a slump in 2023, with new-starts GFA down by 20.4% YoY and property sales GFA down by 8.5% YoY. However, Greentown Management recorded countertrend growth amid a relatively weak property market. In our view, there are three factors behind to support the Company's countertrend growth: 1) the consolidation of project management industry is accelerating; 2) capital owner project management is more certain; and 3) Greentown management is a beneficiary from the "three major projects", especially the construction of social housing. The management guided that the total unrecognized management fee (in both undeveloped projects and projects under construction) have reached over RMB25 bn by the end of 2023. Hence, we expect visible growth in the Company's earnings for the next few years.

Project management is still a fast-growing industry. We believe that the project management business is a blue ocean market, which is gradually being confirmed. According to the Yihan Zhiku (亿瀚智库), the newly-contracted GFA for project management in 2023 has reached nearly 170 mn sq.m., increasing by 53.0% YoY. As more and more developers entered into this industry, and more and more urban investment enterprises and AMCs became the land owners, we believe the market is still on the track of fast expansion. Leveraging its core competitiveness of "brand + SOE background", Greentown Management is expected to maintain its leadership in the market share (20.4% in 2023), in our view.

Catalysts: 1) Large newly acquired contracted GFA from urban investment enterprises, AMCs and financial institutions; and 2) improvement in profitability due to economies of scale.

Risks: 1) Lower-than-expected market penetration rate; 2) slower-than-expected GFA delivery from distressed projects; and 3) default risk from project owners.

Table 1: Greentown Management's key results in 2023

Income statement data (RMB mn)	2023	2022	Change
Revenue	3,302	2,656	24.3%
- Commercial project management	2,346	1,669	40.5%
- Governmental project management	788	781	1.0%
- Others	168	206	(18.4%)
Gross profit	1,722	1,389	24.0%
Other income, gains and losses	156	166	(6.3%)
Selling and distribution expenses	(105)	(120)	(13.0%)
Administrative expenses	(515)	(489)	5.3%
Net impairment losses	(42)	(23)	86.9%
Net changes in fair value of investment properties	(1)	(1)	1.4%
Gain on acquisition of subsidiaries	0	0	(100.0%)
Other losses - net	(76)	(49)	54.5%
Net finance income	(5)	(7)	(20.6%)
Share of results of JVs and associates	43	58	(25.8%)
Profit before tax	1,177	925	27.3%
Tax expense	(197)	(189)	4.0%
Minority interests	(7)	9	(177.2%)
Shareholders' profit	974	745	30.8%
Gross profit margin (%)	52.2	52.3	(0.1) ppt
Shareholders' profit margin (%)	29.5	28.0	1.4 ppt
Balance sheet data (RMB mn)	2023	2022	Change
Net debt (cash)	(2,210)	(2,086)	5.9%
Total equity	4,134	3,873	6.7%
Net gearing (%)	Net cash	Net cash	n.a.
Trade and other receivables	824	824	(0.0%)
Trade and other payables	1,257	1,173	7.2%
Operational data	2023	2022	Change
Contracted GFA (mn sq.m.)	119.60	101.4	17.9%
GFA under management (mn sq.m.)	52.50	47.2	11.2%

Source: the Company, Guotai Junan International.

Table 2: Sector valuation comparison

Company	Stock Code	Currency	Mkt Cap (HK\$ m)	PE				PB				ROE(%)	D/Y(%)
				2023A	2024F	2025F	2026F	2023A	2024F	2025F	2026F	2024F	2024F
HK listed property management companies with major business in mainland China													
China Resources Mixc	01209 HK	HKD	53,639	17.4	13.9	11.4	10.7	3.1	2.6	2.3	n.a.	20.4	3.2
Onewo Inc-H	02602 HK	HKD	23,483	10.8	8.4	7.0	6.4	1.2	1.1	1.0	n.a.	12.8	3.9
China Overseas Property	02669 HK	HKD	18,965	11.4	9.0	7.6	6.0	3.9	2.9	2.2	1.6	35.9	3.4
Country Garden Services	06098 HK	HKD	17,985	5.2	4.1	3.8	3.7	0.4	0.4	0.4	0.3	9.8	6.3
Poly Property Services	06049 HK	HKD	14,221	9.6	8.0	6.7	6.2	1.5	1.3	1.1	n.a.	17.2	3.4
Greentown Service	02869 HK	HKD	8,369	11.0	8.9	7.5	7.1	1.0	1.0	0.9	n.a.	11.3	5.5
Evergrande Property Services	06666 HK	HKD	6,270	2.3	n.a.	n.a.	n.a.	0.3	n.a.	n.a.	n.a.	n.a.	n.a.
Sunac Services	01516 HK	HKD	5,991	7.8	7.2	6.7	7.2	0.7	0.7	0.6	n.a.	9.4	5.5
Jinke Smart Services	09666 HK	HKD	5,577	12.4	11.0	9.6	8.3	0.9	0.9	0.8	n.a.	8.2	0.4
Binjiang Service	03316 HK	HKD	4,627	8.1	6.3	5.0	3.7	2.8	2.3	1.8	n.a.	37.3	9.8
A-Living Smart City Services	03319 HK	HKD	4,501	2.7	2.5	2.3	2.6	0.3	0.3	0.2	n.a.	11.3	3.0
C&D Property Mgmt	02156 HK	HKD	4,450	8.2	8.4	7.0	n.a.	2.3	2.5	2.1	n.a.	28.0	n.a.
Yuexiu Services	06626 HK	HKD	4,262	7.9	6.7	5.7	4.9	1.1	1.0	0.9	0.8	14.6	6.6
Cifi Ever Sunshine	01995 HK	HKD	2,134	4.9	4.5	4.1	3.3	0.4	0.4	0.4	0.3	8.5	6.6
S-Enjoy Service	01755 HK	HKD	2,039	3.5	3.1	2.8	n.a.	0.6	0.5	0.5	n.a.	18.0	8.0
Shimao Services	00873 HK	HKD	2,024	4.6	4.0	3.8	3.6	0.2	0.2	0.3	n.a.	6.1	0.0
Jinmao Property Services	00816 HK	HKD	1,826	4.9	4.1	3.4	n.a.	1.0	0.9	0.7	n.a.	23.2	8.8
Excellence Commercial	06989 HK	HKD	1,794	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Central China New Life	09983 HK	HKD	1,769	30.9	4.9	4.3	4.7	0.7	0.7	0.6	n.a.	13.8	16.5
Powerlong Commercial Mgmt	09909 HK	HKD	1,704	3.0	2.8	2.5	n.a.	0.5	0.5	0.4	n.a.	18.0	12.9
Dexin Services	02215 HK	HKD	1,678	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Huafa Property Services	00982 HK	HKD	1,489	5.4	n.a.	n.a.	n.a.	5.5	n.a.	n.a.	n.a.	n.a.	n.a.
E-Star Commercial Mgmt	06668 HK	HKD	1,329	7.0	6.4	5.7	5.0	1.0	0.9	0.8	n.a.	14.2	9.1
Hevol Services	06093 HK	HKD	1,142	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
New Hope Service	03658 HK	HKD	1,091	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Sundy Service	09608 HK	HKD	960	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Financial Street Property	01502 HK	HKD	867	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Kwg Living	03913 HK	HKD	841	3.5	3.1	2.9	2.5	0.2	0.2	0.2	n.a.	4.3	0.0
Sce Intelligent Commercial	00606 HK	HKD	822	2.8	2.4	2.4	n.a.	0.3	0.3	0.3	n.a.	11.6	8.1
Suxin Joyful Life Services	02152 HK	HKD	644	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Sino-Ocean Service	06677 HK	HKD	604	2.8	2.1	1.8	n.a.	0.2	0.2	0.2	n.a.	10.6	0.0
Roiserv Lifestyle Services	02146 HK	HKD	583	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Beijing Capital Jiaye	02210 HK	HKD	557	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Clifford Modern Living	03686 HK	HKD	549	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Yincheng Life Service	01922 HK	HKD	502	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Xinyuan Property Mgmt	01895 HK	HKD	494	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Times Neighborhood	09928 HK	HKD	453	3.8	2.5	2.3	n.a.	0.3	0.2	0.2	n.a.	10.5	6.6
Dowell Service	02352 HK	HKD	442	21.3	n.a.	n.a.	n.a.	0.9	n.a.	n.a.	n.a.	n.a.	n.a.
Kangqiao Service	02205 HK	HKD	406	10.5	n.a.	n.a.	n.a.	0.0	n.a.	n.a.	n.a.	n.a.	n.a.
Redco Healthy Living	02370 HK	HKD	336	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Colour Life Services	01778 HK	HKD	323	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Starjoy Wellness	03662 HK	HKD	320	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Zhong Ao Home	01538 HK	HKD	291	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Lushang Life Services	02376 HK	HKD	287	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
First Service	02107 HK	HKD	250	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Xingye Wulian Service	09916 HK	HKD	244	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Ronshine Service	02207 HK	HKD	234	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Ling Yue Services	02165 HK	HKD	214	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Zhenro Services	06958 HK	HKD	185	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Redsun Services	01971 HK	HKD	172	12.5	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Kaisa Prosperity	02168 HK	HKD	171	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Jiayuan Services	01153 HK	HKD	168	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Riverine China	01417 HK	HKD	154	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Landsea Green Life	01965 HK	HKD	84	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Ye Xing Holdings	01941 HK	HKD	71	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Simple Average				8.4	5.8	5.1	5.4	1.2	0.9	0.8	0.8	15.4	5.8
Weighted Average				11.1	9.1	7.6	7.2	1.9	1.6	1.4	0.9	18.2	4.4

Source: Bloomberg, Guotai Junan International.

Financial Statements and Ratios

Income Statement						Balance Sheet					
Year end 31 Dec (RMB m)	2022A	2023A	2024F	2025F	2026F	Year end 31 Dec (RMB m)	2022A	2023A	2024F	2025F	2026F
Total revenue	2,656	3,302	4,140	5,031	6,067	PPE	109	111	111	111	111
- Commercial project management	1,669	2,346	3,048	3,730	4,528	Interests in associates & JVs	317	364	414	469	529
- Governmental project management	781	788	891	1,060	1,250	Intangible assets	1,413	1,347	1,347	1,347	1,347
- Others	206	168	201	241	290	Prepayments and other receivables	59	195	195	195	195
Cost of sales	(1,267)	(1,580)	(1,987)	(2,387)	(2,842)	Deferred tax assets	28	46	46	46	46
Gross profit	1,389	1,722	2,153	2,644	3,225	Other non-current assets	378	230	230	230	230
- Selling and marketing expenses	(120)	(105)	(178)	(161)	(182)	Total non-current assets	2,304	2,293	2,343	2,398	2,458
- Administrative expenses	(489)	(515)	(638)	(755)	(898)	Inventories	0	0	0	0	0
- Impairment losses	(23)	(42)	0	0	0	Contract assets	574	891	1,117	1,357	1,636
- Other income/exceptional	116	79	150	155	175	Trade and other receivables	824	824	1,449	1,761	2,123
Operating profit	873	1,140	1,487	1,883	2,320	Restricted cash	153	165	165	165	165
- Finance income/(costs), net	(7)	(5)	(5)	(5)	(5)	Cash & cash equivalents	1,933	2,044	2,118	2,371	2,917
- Share of results of JVs and associates	58	43	50	55	60	Other current assets	374	516	516	516	516
Profit before tax	925	1,177	1,532	1,933	2,375	Total current assets	3,858	4,440	5,365	6,170	7,358
Income tax	(189)	(197)	(287)	(370)	(457)	Total assets	6,161	6,733	7,707	8,568	9,816
Profit after tax	735	981	1,245	1,563	1,917	Trade and other payables	1,173	1,257	1,863	2,012	2,427
Non-controlling interest	9	(7)	(9)	(9)	(7)	Contract liabilities	433	508	636	773	933
Shareholders' profit / loss	745	974	1,236	1,553	1,910	Short-term borrowings	0	0	0	0	0
Basic EPS (RMB)	0.384	0.497	0.615	0.773	0.950	Current tax liabilities	252	256	256	256	256
						Other current liabilities	229	399	399	399	399
						Total current liabilities	2,087	2,420	3,155	3,441	4,015
						Long-term borrowings	0	0	0	0	0
						Contract liabilities	89	122	122	122	122
						Deferred tax liabilities	103	53	53	53	53
						Other non-current liabilities	9	3	3	3	3
						Total non-current liabilities	201	179	179	179	179
						Total liabilities	2,288	2,599	3,334	3,620	4,194
						Total shareholders' equity	3,739	3,996	4,226	4,791	5,459
						Minority interest	134	138	147	156	163
						Total equity	3,873	4,134	4,374	4,948	5,622

Cash Flow Statement					
Year end 31 Dec (RMB m)	2022A	2023A	2024F	2025F	2026F
Operating activities					
Profit before income tax	925	1,177	1,532	1,933	2,375
Depreciation & amortisation	77	17	11	11	11
Impairment of trade and other receivables	23	0	0	0	0
Finance costs	7	5	5	5	5
Interest income	(77)	(48)	(50)	(54)	(63)
Others	36	94	(50)	(55)	(60)
Changes in working capital	(82)	(279)	(116)	(266)	(68)
Net cash from operations	909	967	1,332	1,575	2,200
Income tax paid	(184)	(261)	(287)	(370)	(457)
Cash from operating activities	725	706	1,045	1,205	1,743
Investing activities					
Interest received	63	48	50	54	63
Purchase of PPE/intangible assets	(27)	47	(11)	(11)	(11)
Acquisitions/disposals of subsidiaries	(433)	0	0	0	0
Payment/proceeds from other financial assets	11	45	0	0	0
Other investing cash flow	(144)	0	0	0	0
Cash from investing activities	(530)	140	39	43	52
Financing activities					
Dividend paid to owners of the Company	(388)	(764)	(1,005)	(989)	(1,243)
Increase in debts	0	0	0	0	0
Capital raised	0	0	0	0	0
Interest paid	(5)	(5)	(5)	(5)	(5)
Other financing cash flow	(8)	(6)	0	0	0
Cash from financing activities	(400)	(775)	(1,010)	(994)	(1,248)
Net changes in cash	(206)	72	73	253	546
Cash at beginning of year	2,138	1,933	2,044	2,118	2,371
Exchange losses	1	40	0	0	0
Cash at end of year	1,933	2,044	2,118	2,371	2,917

Financial Ratios					
	2022A	2023A	2024F	2025F	2026F
Revenue growth (%)	18.4	24.3	25.4	21.5	20.6
Gross profit growth (%)	33.4	24.0	25.0	22.8	22.0
Operating profit growth (%)	29.2	30.5	30.5	26.6	23.2
Shareholders' profit growth (%)	31.7	30.8	26.9	25.7	23.0
Gross margin (%)	52.3	52.2	52.0	52.6	53.2
Operating profit margin (%)	32.9	34.5	35.9	37.4	38.2
Shareholders' profit margin (%)	28.0	29.5	29.8	30.9	31.5
ROE (%)	21.0	25.2	30.1	34.5	37.3
ROA (%)	13.1	15.1	17.1	19.1	20.8
Current ratio (x)	1.8	1.8	1.7	1.8	1.8
Net gearing ratio (%)	Net cash	Net cash	Net cash	Net cash	Net cash
Total liabilities/total assets (%)	37.1	38.6	43.3	42.3	42.7
Receivable turnover days	108.1	91.1	100.2	116.4	116.8
Payable turnover days	304.7	280.7	286.6	296.3	285.1

Source: the Company, Guotai Junan International.

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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