Kangda Env (6136.HK) Continuing to Expand in Purchase Mode

Hong Kong | Environmental protection | Update Report

Accelerate to Purchase New Projects

In H2 of 2014, the company continued to expand its project scale in the purchase mode. It finished the purchase of 70% stock rights of Zhengzhou Shinnakasu in December with the processing capacity of 60 thousand tons. It purchased 80% stock rights of Pingdingshan Sewage Treatment Factory Stage 2 with the processing capacity of 130 thousand tons, as well as Laiyang Sewage Treatment Factory with the processing capacity of 20 thousand tons. By the end of January 2015, the sewage treatment scale of the company had reached 2.47 million tons, increasing by 42.5% yoy. Among that 2.08 million tons had been put into operation, increasing by 44.9% yoy. The management of the company reveals that the company plans to complete the purchase target of about 1.5 million tons before the end of 2015. We think the purchase mode can make the company enlarge the project scale rapidly, but the accompanying capital pressure may be increased. We will mainly pay attention to the financing method and cost changes of the company in the future.

Emphasize Technological Research and Development

The company has established Environmental Nano-engineering Technology Institute together with Shenzhen Institute of Tsinghua University, and the main research directions are the membrane technology sewage treatment and digitized waterworks system. Both the two technologies are the development trend of the future sewage treatment industry. The management of the company also reveals that the business in the future will be expanded to industrial sewage and sludge treatment and other fields. We think although it won't affect the operation situation of the company in a short period, a more diversified business mode is beneficial to the development of the company as well as the promotion of the valuation of the company at the same time from a long-term perspective.

Valuation

As a privately owned enterprise of sewage treatment, which is in the leading ranks in the industry, the company has always kept being undervalued at relatively low levels. The company has kept expanding all the time by means of acquisition followed by the subsequent new operation of the acquired business. The speed of expansion has been relatively fast but the mode of expansion has been relatively simple and unitary. The company will also move gradually to the other areas of sewage treatment in the future. From the long-term viewpoint, we expect that the company will perform well. We shall maintain the target price for the company at HK\$4.05, and upgrade the company to "buy" rating.



3 March 2015

Accumulate (Upgrade)

| CMP | HKD 3.37 |
|--------|----------|
| TARGET | HKD 4.05 |

COMPANY DATA

| O/S SHARES(MN) : | 2068 |
|------------------------|------------|
| MARTKET CAP (HKD BN) : | 69.68 |
| 52-WK HI/LO (HKD) : | 2.47/ 4.32 |

SHARE HOLDING PARTTEN • %

Kangda Holdings Company Limited:: 52.96 Baring Private Equity Asia V Holding Limited 19.59

PRICE PERFORMANCE > %

| | 1MTH | 3MTH | 1YR |
|--------|-------|--------|-----|
| 6136HK | -8.29 | -10.34 | - |
| HSI | -8.13 | -13.82 | - |





Source: Phillip Securities (HK) Research

| FYE | 12/12 | 12/13 | 12/14F | 12/15F |
|-----------------------------|---------|---------|---------|---------|
| Operating Profit (HKD 000) | 366,969 | 445,372 | 462,308 | 566,641 |
| Net Profit, adj. (HKD 000) | 196,540 | 231,563 | 254,751 | 323,948 |
| EPS, adj. (HKD) | 0.13 | 0.15 | 0.13 | 0.16 |
| P/E (X) | 23.6 | 20.4 | 23.6 | 19.2 |
| BV PS (HKD) | 0.74 | 0.89 | 1.28 | 1.42 |
| P/B (X) | 4.1 | 3.4 | 2.4 | 2.2 |
| DPS (HKD) | 0.00 | 0.00 | 0.02 | 0.03 |
| Div. Yield | 0.0% | 0.0% | 0.7% | 1.1% |
| Source: Bloomberg, PSR est. | | | | |

*All multiples & yields based on current market price

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Financials

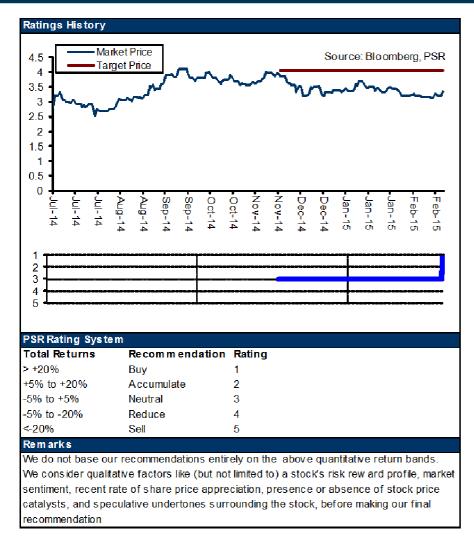
For Financial Summary at the end of report

| Valuation Ratios 1111 1112 1113 | FYE | FY11 | FY12 | FY13 | FY14F | FY15F |
|--|--|-----------|-----------|-----------|---------------------------------------|-----------|
| PE (X) 30.6 23.6 20.4 23.6 19.2 PB (X) 6.7 4.1 3.4 2.4 2.2 Dividend Payout ratio 0.00% 0.00% 0.00% 0.00% 0.65% 0.08% Devidend Yieki 0.00% 0.00% 0.00% 0.65% 0.08% Per share data (RMB) 0.10 0.13 0.15 0.13 0.16 PS, reported 0.10 0.13 0.15 0.13 0.16 0.03 BVRS 0.46 0.74 0.89 1.28 1.42 Growth 28.3% 21.4% 3.8% 22.6% Net home, adj. - 25.3% 17.8% 10.0% 42.2% Net profit margin 21.39% 155.51% 144.31% 147.00% 113.70% Gross profit margin 41.09% 13.37% 13.99% 4.224% 4.05.9% 4.05.9% 4.224% Net profit margin 21.35% 19.67% 17.28% <td< td=""><td></td><td></td><td></td><td>1110</td><td></td><td>11101</td></td<> | | | | 1110 | | 11101 |
| PHB (X) 6.7 4.1 3.4 2.4 2.2 Dividend Payout ratio 0.00% 0.00% 0.00% 0.00% 0.00% 0.08% 0.88% 15.38% 18.75% Dividend Yield 0.00% 0.00% 0.00% 0.00% 0.08% 0.88% 19.87% Per share data (RMB) E E E E E E ERS, reported 0.10 0.13 0.15 0.13 0.16 DPS 0.00 0.00 0.00 0.00 0.00 2.03 BVPS 0.46 0.74 0.89 1.28 1.42 Growth - 28.8% 21.4% 3.80% 22.6% Ket none, adj. - 21.39% 155.51% 144.31% 147.00% 113.70% Growth - 21.90% 18.25% 16.93% 42.24% Net norange assits 70.00% 71.21% 71.30% 58.66% 60.30% Returm on average assits 70.00% | | 30.6 | 23.6 | 20.4 | 23.6 | 19.2 |
| Dividend Payout ratio 0.00% 0.00% 0.00% 0.00% 0.60% 0.60% Per share data (RMB) 0.10 0.13 0.15 0.13 0.16 EPS, reported 0.10 0.13 0.15 0.13 0.16 DPS 0.00 0.00 0.00 0.00 0.00 0.00 DVES 0.046 0.74 0.89 1.28 1.42 Growth 28.6% 21.4% 3.8% 22.6% Net norm, adj. - 25.5% 17.8% 10.05% 42.24% Aver profit margin 46.00% 44.21% 38.32% 40.05% 42.24% Net profit margin 46.00% 71.21% 143.37% 10.9% 12.25% Return on average assets - 5.83% 5.39% 46.24% 48.1% Income statement (thous and RMB) FY11 FY12 FY13 FY14F FY14F FY14F FY14F FY14F CY17.0% 13.30% 19. | . , | | | | | |
| Dividend Yield 0.00% 0.00% 0.00% 0.66% 0.98% Fer share data (RMB) EFS, reported 0.10 0.13 0.15 0.13 0.16 EFS, reported 0.00 | | | | | | |
| Fer share data (RME) Image: Constraint of the state of t | - | | | | | |
| EPS, reported 0.10 0.13 0.15 0.13 0.16 EPS, adj. 0.10 0.13 0.15 0.13 0.16 DPS 0.00 0.00 0.00 0.00 0.00 BVFS 0.46 0.74 0.89 1.28 1.42 Growth - 28.8% 21.4% 3.8% 22.6% Net Income, adj. - 25.3% 17.8% 10.0% 27.2% Key Ratios - 25.3% 17.8% 10.0% 42.24% Net profit margin 46.00% 44.21% 38.32% 40.59% 42.24% Net profit margin 21.35% 19.67% 17.28% 18.99% 12.02% Return on average assets - 5.83% 5.39% 4.62% 4.62% Cost of good sell (396.621) (557.537) (626.256) (684.128) (67.364) Operating profit 338.065 441.776 513.421 610.772 711.780 Operating profit 239.669 <td></td> <td>0.0070</td> <td>0.0070</td> <td>0.0070</td> <td>0.0070</td> <td>0.0070</td> | | 0.0070 | 0.0070 | 0.0070 | 0.0070 | 0.0070 |
| EPS, adj. 0.10 0.13 0.15 0.13 0.16 DPS 0.00 0.00 0.00 0.00 0.00 0.02 0.03 BVPS 0.46 0.74 0.89 1.28 1.42 Growth - 28.8% 21.4% 3.8% 22.6% Net norme, adj. - 25.3% 17.8% 10.0% 27.2% Gross profit margin 46.00% 44.21% 38.32% 40.05% 42.4% Net profit margin 21.35% 19.67% 17.2% 16.33% 12.02% Neturn on average assets - 5.83% 5.39% 4.62% 4.81% Return on average assets - 5.83% 5.39% 4.62% 4.81% Inbility/asset 76.00% 71.21% 71.30% 59.55% 60.30% Icot good sell (396.821) (557.537) (526.258) (88.418) (164.378) Operating profit 22.219 10,129 48.455 19.630 19.630 <t< td=""><td></td><td>0.10</td><td>0.13</td><td>0.15</td><td>0.13</td><td>0.16</td></t<> | | 0.10 | 0.13 | 0.15 | 0.13 | 0.16 |
| DPS 0.00 0.00 0.00 0.02 0.03 BVPS 0.46 0.74 0.89 1.28 1.42 Revenue - 36.0% 34.1% 12.3% 12.0% Operating income - 28.8% 21.4% 3.8% 22.6% Net Income, adj. - 25.3% 17.8% 10.0% 27.2% Current ratio 121.39% 155.51% 144.31% 147.00% 113.70% Gross profit margin 46.00% 44.21% 38.32% 40.59% 42.24% Net profit margin 21.35% 196.7% 17.28% 16.93% 12.22% Neturn on average assets - 5.83% 5.33% 4.62% 4.81% Return on average assets - 71.30% 59.55% 60.39% Liability/asset 76.00% 71.21% 71.48 610.772 711.780 Operating revenue 734.886 999.315 1.339.679 1.56.300 1.66.300 Gross profit 338.0 | • | | | | | |
| BV PS 0.46 0.74 0.89 1.28 1.42 Growth | | | | | | |
| Growth | - | | | | | |
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| Operating income - 28.8% 21.4% 3.8% 22.6% Net Income, adj. - 25.3% 17.8% 10.0% 27.2% Key Ratios - - 25.3% 17.8% 10.0% 27.2% Gursen tratio 121.39% 155.51% 144.31% 147.00% 113.70% Gross profit margin 46.00% 44.21% 38.32% 40.05% 42.24% Net profit margin 21.35% 19.67% 17.28% 16.03% 19.22% Return on average assets - 5.83% 5.39% 4.62% 4.81% Return on average equity - 21.90% 18.91% 13.09% 15.02% Cost of good sell (396.821) (55.757) (26.26.81) (97.46.0) 16.85.260 Cost of good sell (396.821) (55.757) (26.26.81) (97.46.0) 19.630 Operating revenue 734.886 999.315 1,339.679 1,504.900 1,685.260 Cost of good sell (396.251) (531.631) < | | | 36.0% | 34.1% | 12.3% | 12.0% |
| Net Income, adj. - 25.3% 17.8% 10.0% 27.2% Key Ratios - - 25.3% 17.8% 10.0% 27.2% Current ratio 121.39% 155.51% 144.31% 147.00% 113.70% Gross profit margin 21.35% 19.67% 17.28% 16.03% 12.2% Return on average assets - 5.83% 5.39% 4.62% 4.81% Return on average equity - 21.90% 18.91% 13.09% 12.02% Liability/asset 76.00% 71.21% FY13 FY14F FY15F Operating revenue 734,886 999,315 1339,679 15.04900 1,685,260 Cost of good sell (396,821) (157,577) (826,258) (894,128) (973,480) Gross profit 333,065 441,778 513,421 610,772 711,780 Ober at spore (68,283) (73,631) (103,906) (158,648) (158,378) Operating profit 284,923 366,696 444 | | - | | | | |
| Key Ratios Intervent ratio | | - | | | | |
| Current ratio 121.39% 155.51% 144.31% 147.00% 113.70% Gross profit margin 46.00% 44.21% 38.32% 40.59% 42.24% Net profit margin 21.35% 19.67% 17.28% 16.93% 19.22% Return on average assets - 5.83% 5.39% 4.62% 4.81% Return on average equity - 21.90% 18.91% 13.09% 19.22% Income statement (thousand RMB) FY11 FY12 FY13 FY14F FY15F Operating revenue 734,886 999,315 1,339,679 1,504,900 1,685,260 Cost of good sell (396,821) (557,537) (826,258) (894,128) (973,480) Gross profit 338,055 441,778 513,421 610,772 711,780 Other net profit 22,219 10,129 48,455 19,630 196,530 Operating profit 28,623 (133,900) (167,689) (141,564) (159,020) Income tax (28,31) (35,686) </td <td></td> <td></td> <td>20.070</td> <td>11.070</td> <td>10.070</td> <td>21.270</td> | | | 20.070 | 11.070 | 10.070 | 21.270 |
| Gross profit margin 46.00% 44.21% 38.32% 40.59% 42.24% Net profit margin 21.35% 19.67% 17.28% 16.93% 19.22% Return on average assets - 5.83% 5.39% 46.25% 4.81% Return on average assets 76.00% 71.21% 71.30% 59.55% 60.30% Income statement (thousand RMB) FY11 FY12 FY13 FY14F FY15F Operating revenue 734,886 999,315 1,339,679 1,504,900 1,685,260 Cost of good sell (396,821) (557,537) (826,258) (97,340) 19,630 Operating profit 22,219 10,129 44,55 19,630 19,630 Operating profit 284,923 366,969 241,679 321,449 411,926 Income tax (28,631) (35,696) (47,689) (144,564) (150,020) Profit for the period 156,890 197,373 232,629 255,751 323,449 Minority interest 0 833 | | 121.39% | 155.51% | 144.31% | 147.00% | 113.70% |
| Net profit margin 21.35% 19.67% 17.28% 16.93% 19.22% Return on average assets - 5.83% 5.39% 4.62% 4.81% Return on average equity - 21.90% 18.91% 13.09% 12.02% Iability/asset 76.00% 71.21% FY13 FY14F FY15F Operating revenue 734,886 999,315 1,339,679 1,504,900 1,685,260 Cost of good sell (366,821) (557,537) (526,255) (689,122) 173,480) Other net profit 22,219 10,129 48,455 19,630 19,630 Adiministractive expenses (68,283) (73,631) (103,906) (158,648) (154,378) Operating profit 284,923 366,969 445,372 462,308 566,641 Income tax (185,521 233,069 281,679 321,449 411,326 Income tax (28,631) (35,696) (44,564) (150,000) 0 0 0 0 0 0 | | | | | | |
| Return on average assets - 5.83% 5.39% 4.62% 4.81% Return on average equity - 21.90% 18.91% 13.09% 12.02% Liability/asset 76.00% 71.21% 71.30% 59.55% 60.30% Income statement (thousand RMB) FY11 FY13 FY14F FY15F Operating revenue 734,886 999,315 1,339,679 1,504,900 1,685,260 Cost of good sell (396,821) (557,537) (826,258) (884,128) (973,480) Other net profit 22,219 10,129 48,455 19,630 19,630 Adiministractive expenses (68,283) (73,631) (103,906) (158,648) (154,378) Interest expense (133,900) (167,698) (144,564) (159,020) Profit before tax 185,521 233,069 281,679 321,449 411,326 Income tax 126,890 196,540 231,563 254,751 324,948 Minority interest 0 833 1,066 | | | | | | |
| Return on average equity 21.90% 18.91% 13.09% 12.02% Liability/asset 76.00% 71.21% 71.30% 59.55% 60.30% Income statement (thousand RMB) FY11 FY12 FY13 FY14F FY13 Operating revenue 734,886 999,315 1,339,679 1,504,900 1,685,260 Cost of good sell (396,821) (557,537) (826,258) (894,128) (973,480) Other net profit 22,219 10.129 48,455 19,630 196,30 Adiministractive expenses (68,283) (73,631) (103,906) (158,648) (154,378) Operating profit 284,923 366,969 4445,372 462,308 566,641 Interest expense (99,402) (133,900) (167,698) (144,564) (159,020) Profit before tax 185,521 233,069 281,679 321,449 411,326 Income tax (28,631) (35,696) (49,050) (65,688) (66,378) Effective income tax rate 156,890< | | - | | | | |
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| Other net profit 22,219 10,129 48,455 19,630 19,630 Adiministractive expenses (68,283) (73,631) (103,906) (158,648) (154,378) Operating profit 284,923 366,969 445,372 462,308 566,641 Interest expense (99,402) (133,900) (167,698) (144,564) (159,020) Profit before tax 185,521 233,069 281,679 321,449 411,326 Income tax rate 15,43% 15,32% 17,41% 20,44% 21,00% Net profit for the period 156,890 197,373 232,629 255,751 323,948 Dwidend paid 0 833 1,066 1,000 1,000 Balance Sheet (thousand RMB) FY11 FY12 FY13 FY14F FY15F Cash or cash eqivalent 245,774 543,754 275,562 546,417 300,529 Account receivable 428,155 541,868 714,338 83,6786 920,465 Inventory 5,214 5,3 | - | | | | | |
| Adiministractive expenses (68,283) (73,631) (103,906) (158,648) (154,378) Operating profit 284,923 366,969 445,372 462,308 566,641 Interest expense (99,402) (133,900) (167,698) (144,564) (159,020) Profit before tax 185,521 233,069 281,679 321,449 411,326 Income tax (28,631) (35,696) (49,050) (65,698) (86,378) Effective income tax rate 15.43% 15.32% 17.41% 20.44% 21.00% Net profit for the period 156,890 197,373 232,629 255,751 323,948 Dividend paid 0 833 1,066 1,000 1,000 Balance Sheet (thousand RMB) FY11 FY12 FY13 FY14F FY15F Cash or cash eqivalent 245,774 543,754 275,562 546,417 300,529 Account receivable 428,155 541,868 714,398 836,766 920,465 hventory 5,214 | - | | • | | | |
| Operating profit 284,923 366,969 445,372 462,308 566,641 Interest expense (99,402) (133,900) (167,698) (144,564) (159,020) Profit before tax 185,521 233,069 281,679 321,449 411,326 Income tax (28,631) (35,696) (49,050) (65,698) (86,378) Effective income tax rate 154,33% 153,23% 17,41% 20.44% 21.00% Net profit for the period 156,890 197,373 232,629 255,751 324,948 Minority interest 0 833 1,066 1,000 1,000 Net profit attributable to equity holders 156,890 196,540 231,563 254,751 323,948 Dividend paid 0 0 0 40,000 60,000 Balance Sheet (thousand RMB) FY11 FY12 FY13 FY14F FY157 Cash or cash eqivalent 245,774 543,754 275,562 546,417 300,529 Account receivables under service concession arra | • | - | | | - | |
| Interest expense(99,402)(133,900)(167,698)(144,564)(159,020)Profit before tax185,521233,069281,679321,449411,326Income tax(28,631)(35,696)(49,050)(65,698)(86,378)Effective income tax rate15.43%15.32%17.41%20.44%21.00%Net profit for the period156,890197,373232,629255,751324,948Minority interest08331,0661,0001,000Net profit attributable to equity holders156,890196,540231,563254,751322,948Dividend paid00040,00060,000Balance Sheet (thousand RMB)FY11FY12FY13FY14FFY15FCash or cash eqivalent245,774543,754275,562546,417300,529Account receivable428,155541,868714,398836,786920,465Inventory5,2145,3133,1084,0024,002Receivables under service concession arrai1,486,8871,828,3962,571,2743,612,0204,614,424PPE68,21073,01680,30380,50680,506Other non-current assets8,21275,10669,05383,87283,872Total Assets2,869,6173,876,8004,713,8076,311,5157,151,710Cash payable377,077407,695537,452694,128763,541Short term loan1,006,8271,415,6321,802,048 </td <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> | | | | | | |
| Profit before tax 185,521 233,069 281,679 321,449 411,326 Income tax (28,631) (35,696) (49,050) (65,698) (86,378) Effective income tax rate 15.43% 15.32% 17.41% 20.44% 21.00% Net profit for the period 156,890 197,373 232,629 255,751 324,948 Minority interest 0 833 1,066 1,000 1,000 Net profit attributable to equity holders 156,890 196,540 231,563 254,751 322,948 Dividend paid 0 0 0 40,000 60,000 Balance Sheet (thousand RMB) FY11 FY12 FY13 FY14F FY15F Cash or cash eqivalent 245,774 543,754 275,562 546,417 300,529 Account receivable 428,155 541,868 714,398 836,786 920,465 Inventory 5,214 5,313 3,108 4,002 4,002 Receivables under service concession arrai 1,486,887 | | • | | | • | |
| hcome tax(28,631)(35,696)(49,050)(65,698)(86,378)Effective income tax rate15.43%15.32%17.41%20.44%21.00%Net profit for the period156,890197,373232,629255,751324,948Minority interest08331,0661,0001,000Net profit attributable to equity holders156,890196,540231,563254,751323,948Dividend paid00040,00060,000Balance Sheet (thousand RMB)FY11FY12FY13FY14FFY15FCash or cash eqivalent245,774543,754275,562546,417300,529Account receivable428,155541,868714,398836,786920,465Inventory5,2145,3133,1084,0024,002Receivables under service concession arrai1,486,8871,828,3962,571,2743,612,0204,614,424PPE68,21073,01680,30380,50680,506Other non-current assets8,21275,10669,05383,87283,872Total Assets2,869,6173,876,8004,713,8076,311,5157,151,710Cash payable377,077407,695537,452694,128763,541Short term loan662,412768,171785,341976,6791,269,683Other on-current liability98,109123,113177,865213,742213,742Long term loan1,006,8271,415,6321,802,048 <td>•</td> <td></td> <td></td> <td></td> <td>· · · · · · · · · · · · · · · · · · ·</td> <td></td> | • | | | | · · · · · · · · · · · · · · · · · · · | |
| Effective income tax rate15.43%15.32%17.41%20.44%21.00%Net profit for the period156,890197,373232,629255,751324,948Mnority interest08331,0661,0001,000Net profit attributable to equity holders156,890196,540231,563254,751323,948Dividend paid000040,00060,000Balance Sheet (thousand RMB)FY11FY12FY13FY14FFY15FCash or cash eqivalent245,774543,754275,562546,417300,529Account receivable428,155541,868714,398836,786920,465Inventory5,2145,3133,1084,0024,002Receivables under service concession arrai1,486,8871,828,3962,571,2743,612,0204,614,424PPE68,21073,01680,30380,50680,506Other non-current assets8,21275,10669,05383,87283,872Total Assets2,869,6173,876,8004,713,8076,311,5157,151,710Cash payable377,077407,695537,452694,128763,541Short term loan6,62,412768,171785,341976,6791,269,683Other rurent liability36,60546,68858,37153,72353,72353,723Long term loan1,006,8271,415,6321,802,0481,820,5032,011,528Other non-current liability98,109 <td>Income tax</td> <td></td> <td>•</td> <td>•</td> <td></td> <td></td> | Income tax | | • | • | | |
| Minority interest 0 833 1,066 1,000 1,000 Net profit attributable to equity holders 156,890 196,540 231,563 254,751 323,948 Dividend paid 0 0 0 0 40,000 60,000 Balance Sheet (thousand RMB) FY11 FY12 FY13 FY14F FY15F Cash or cash eqivalent 245,774 543,754 275,562 546,417 300,529 Account receivable 428,155 541,868 714,398 836,786 920,465 Inventory 5,214 5,313 3,108 4,002 4,002 Receivables under service concession arrai 1,486,887 1,828,396 2,571,274 3,612,020 4,614,424 PPE 68,210 73,016 80,303 80,506 80,506 Other non-current assets 8,212 75,106 69,053 83,872 83,872 Total Assets 2,869,617 3,876,800 4,713,807 6,311,515 7,151,710 Cash payable 377,077 | Effective income tax rate | | | | | |
| Minority interest 0 833 1,066 1,000 1,000 Net profit attributable to equity holders 156,890 196,540 231,563 254,751 323,948 Dividend paid 0 0 0 0 40,000 60,000 Balance Sheet (thousand RMB) FY11 FY12 FY13 FY14F FY15F Cash or cash eqivalent 245,774 543,754 275,562 546,417 300,529 Account receivable 428,155 541,868 714,398 836,786 920,465 Inventory 5,214 5,313 3,108 4,002 4,002 Receivables under service concession arrai 1,486,887 1,828,396 2,571,274 3,612,020 4,614,424 PPE 68,210 73,016 80,303 80,506 80,506 Other non-current assets 8,212 75,106 69,053 83,872 83,872 Total Assets 2,869,617 3,876,800 4,713,807 6,311,515 7,151,710 Cash payable 377,077 | Net profit for the period | 156,890 | 197,373 | 232,629 | 255,751 | 324,948 |
| Net profit attributable to equity holders156,890196,540231,563254,751323,948Dividend paid00040,00060,000Balance Sheet (thousand RMB)FY11FY12FY13FY14FFY15FCash or cash eqivalent245,774543,754275,562546,417300,529Account receivable428,155541,868714,398836,786920,465Inventory5,2145,3133,1084,0024,002Receivables under service concession arrai1,486,8871,828,3962,571,2743,612,0204,614,424PPE68,21073,01680,30380,50680,506Other non-current assets8,21275,10669,05383,87283,872Total Assets2,869,6173,876,8004,713,8076,311,5157,151,710Cash payable377,077407,695537,452694,128763,541Short term loan662,412768,171785,341976,6791,269,683Other current liability36,60546,08858,37153,72353,723Long term loan1,006,8271,415,6321,802,0481,820,5032,011,528Other non-current liability98,109123,113177,865213,742213,742Total Liabilities2,181,0302,760,6993,361,0773,758,7754,312,217Shareholders' equity686,1371,108,8181,340,3812,552,7402,839,493Minority interest2,450 <td></td> <td>-</td> <td></td> <td></td> <td>•</td> <td></td> | | - | | | • | |
| Dividend paid0040,00060,000Balance Sheet (thousand RMB)FY11FY12FY13FY14FFY15FCash or cash eqivalent245,774543,754275,562546,417300,529Account receivable428,155541,868714,398836,786920,465Inventory5,2145,3133,1084,0024,002Receivables under service concession arrai1,486,8871,828,3962,571,2743,612,0204,614,424PPE68,21073,01680,30380,50680,506Other non-current assets8,21275,10669,05383,87283,872Total Assets2,869,6173,876,8004,713,8076,311,5157,151,710Cash payable377,077407,695537,452694,128763,541Short term loan662,412768,171785,341976,6791,269,683Other current liability36,60546,08858,37153,72353,723Long term loan1,006,8271,415,6321,802,0481,820,5032,011,528Other non-current liability98,109123,113177,865213,742213,742Total Liabilities2,181,0302,760,6993,361,0773,758,7754,312,217Shareholders' equity686,1371,108,8181,340,3812,552,7402,839,493Minority interest2,4507,28312,34913,27813,278Total shareholders' equity and liabilities2,869,6173,876, | | 156,890 | 196,540 | - | | |
| Cash or cash eqivalent245,774543,754275,562546,417300,529Account receivable428,155541,868714,398836,786920,465Inventory5,2145,3133,1084,0024,002Receivables under service concession arrai1,486,8871,828,3962,571,2743,612,0204,614,424PPE68,21073,01680,30380,50680,506Other non-current assets8,21275,10669,05383,87283,872Total Assets2,869,6173,876,8004,713,8076,311,5157,151,710Cash payable377,077407,695537,452694,128763,541Short term loan662,412768,171785,341976,6791,269,683Other current liability36,60546,08858,37153,72353,723Long term loan1,006,8271,415,6321,802,0481,820,5032,011,528Other non-current liability98,109123,113177,865213,742213,742Total Liabilities2,4507,28312,34913,27813,278Shareholders' equity686,1371,108,8181,340,3812,552,7402,839,493Minority interest2,4507,28312,34913,27813,278Total shareholders' equity and liabilities2,869,6173,876,8004,713,8076,311,5157,151,710 | | - | • | | | |
| Cash or cash eqivalent245,774543,754275,562546,417300,529Account receivable428,155541,868714,398836,786920,465Inventory5,2145,3133,1084,0024,002Receivables under service concession arrai1,486,8871,828,3962,571,2743,612,0204,614,424PPE68,21073,01680,30380,50680,506Other non-current assets8,21275,10669,05383,87283,872Total Assets2,869,6173,876,8004,713,8076,311,5157,151,710Cash payable377,077407,695537,452694,128763,541Short term loan662,412768,171785,341976,6791,269,683Other current liability36,60546,08858,37153,72353,723Long term loan1,006,8271,415,6321,802,0481,820,5032,011,528Other non-current liability98,109123,113177,865213,742213,742Total Liabilities2,4507,28312,34913,27813,278Shareholders' equity686,1371,108,8181,340,3812,552,7402,839,493Minority interest2,4507,28312,34913,27813,278Total shareholders' equity and liabilities2,869,6173,876,8004,713,8076,311,5157,151,710 | Balance Sheet (thousand RMB) | FY11 | FY12 | FY13 | FY14F | FY15F |
| Inventory5,2145,3133,1084,0024,002Receivables under service concession arrai1,486,8871,828,3962,571,2743,612,0204,614,424PPE68,21073,01680,30380,50680,506Other non-current assets8,21275,10669,05383,87283,872Total Assets2,869,6173,876,8004,713,8076,311,5157,151,710Cash payable377,077407,695537,452694,128763,541Short term loan662,412768,171785,341976,6791,269,683Other current liability36,60546,08858,37153,72353,723Long term loan1,006,8271,415,6321,802,0481,820,5032,011,528Other non-current liability98,109123,113177,865213,742213,742Total Liabilities2,181,0302,760,6993,361,0773,758,7754,312,217Shareholders' equity686,1371,108,8181,340,3812,552,7402,839,493Minority interest2,4507,28312,34913,27813,278Total shareholders' equity and liabilities2,869,6173,876,8004,713,8076,311,5157,151,710 | | 245,774 | 543,754 | 275,562 | 546,417 | 300,529 |
| Receivables under service concession arrai1,486,8871,828,3962,571,2743,612,0204,614,424PPE68,21073,01680,30380,50680,506Other non-current assets8,21275,10669,05383,87283,872Total Assets2,869,6173,876,8004,713,8076,311,5157,151,710Cash payable377,077407,695537,452694,128763,541Short term loan662,412768,171785,341976,6791,269,683Other current liability36,60546,08858,37153,72353,723Long term loan1,006,8271,415,6321,802,0481,820,5032,011,528Other non-current liability98,109123,113177,865213,742213,742Total Liabilities2,181,0302,760,6993,361,0773,758,7754,312,217Shareholders' equity686,1371,108,8181,340,3812,552,7402,839,493Minority interest2,4507,28312,34913,27813,278Total shareholders' equity and liabilities2,869,6173,876,8004,713,8076,311,5157,151,710 | Account receivable | 428,155 | 541,868 | 714,398 | 836,786 | 920,465 |
| PPE68,21073,01680,30380,50680,506Other non-current assets8,21275,10669,05383,87283,872Total Assets2,869,6173,876,8004,713,8076,311,5157,151,710Cash payable377,077407,695537,452694,128763,541Short term loan662,412768,171785,341976,6791,269,683Other current liability36,60546,08858,37153,72353,723Long term loan1,006,8271,415,6321,802,0481,820,5032,011,528Other non-current liability98,109123,113177,865213,742213,742Total Liabilities2,181,0302,760,6993,361,0773,758,7754,312,217Shareholders' equity686,1371,108,8181,340,3812,552,7402,839,493Minority interest2,4507,28312,34913,27813,278Total shareholders' equity and liabilities2,869,6173,876,8004,713,8076,311,5157,151,710 | Inventory | 5,214 | 5,313 | 3,108 | 4,002 | 4,002 |
| Other non-current assets8,21275,10669,05383,87283,872Total Assets2,869,6173,876,8004,713,8076,311,5157,151,710Cash payable377,077407,695537,452694,128763,541Short term loan662,412768,171785,341976,6791,269,683Other current liability36,60546,08858,37153,72353,723Long term loan1,006,8271,415,6321,802,0481,820,5032,011,528Other non-current liability98,109123,113177,865213,742213,742Total Liabilities2,181,0302,760,6993,361,0773,758,7754,312,217Shareholders' equity686,1371,108,8181,340,3812,552,7402,839,493Minority interest2,4507,28312,34913,27813,278Total shareholders' equity and liabilities2,869,6173,876,8004,713,8076,311,5157,151,710 | Receivables under service concession arra | 1,486,887 | 1,828,396 | 2,571,274 | 3,612,020 | 4,614,424 |
| Total Assets2,869,6173,876,8004,713,8076,311,5157,151,710Cash payable377,077407,695537,452694,128763,541Short term loan662,412768,171785,341976,6791,269,683Other current liability36,60546,08858,37153,72353,723Long term loan1,006,8271,415,6321,802,0481,820,5032,011,528Other non-current liability98,109123,113177,865213,742213,742Total Liabilities2,181,0302,760,6993,361,0773,758,7754,312,217Shareholders' equity686,1371,108,8181,340,3812,552,7402,839,493Minority interest2,4507,28312,34913,27813,278Total shareholders' equity and liabilities2,869,6173,876,8004,713,8076,311,5157,151,710 | PPE | 68,210 | 73,016 | 80,303 | 80,506 | 80,506 |
| Cash payable377,077407,695537,452694,128763,541Short term loan662,412768,171785,341976,6791,269,683Other current liability36,60546,08858,37153,72353,723Long term loan1,006,8271,415,6321,802,0481,820,5032,011,528Other non-current liability98,109123,113177,865213,742213,742Total Liabilities2,181,0302,760,6993,361,0773,758,7754,312,217Shareholders' equity686,1371,108,8181,340,3812,552,7402,839,493Minority interest2,4507,28312,34913,27813,278Total shareholders' equity and liabilities2,869,6173,876,8004,713,8076,311,5157,151,710 | Other non-current assets | 8,212 | 75,106 | 69,053 | 83,872 | 83,872 |
| Short term loan662,412768,171785,341976,6791,269,683Other current liability36,60546,08858,37153,72353,723Long term loan1,006,8271,415,6321,802,0481,820,5032,011,528Other non-current liability98,109123,113177,865213,742213,742Total Liabilities2,181,0302,760,6993,361,0773,758,7754,312,217Shareholders' equity686,1371,108,8181,340,3812,552,7402,839,493Minority interest2,4507,28312,34913,27813,278Total shareholders' equity and liabilities2,869,6173,876,8004,713,8076,311,5157,151,710 | Total Assets | 2,869,617 | 3,876,800 | 4,713,807 | 6,311,515 | 7,151,710 |
| Other current liability36,60546,08858,37153,72353,723Long term loan1,006,8271,415,6321,802,0481,820,5032,011,528Other non-current liability98,109123,113177,865213,742213,742Total Liabilities2,181,0302,760,6993,361,0773,758,7754,312,217Shareholders' equity686,1371,108,8181,340,3812,552,7402,839,493Minority interest2,4507,28312,34913,27813,278Total shareholders' equity and liabilities2,869,6173,876,8004,713,8076,311,5157,151,710 | Cash payable | 377,077 | 407,695 | 537,452 | 694,128 | 763,541 |
| Long term loan1,006,8271,415,6321,802,0481,820,5032,011,528Other non-current liability98,109123,113177,865213,742213,742Total Liabilities2,181,0302,760,6993,361,0773,758,7754,312,217Shareholders' equity686,1371,108,8181,340,3812,552,7402,839,493Minority interest2,4507,28312,34913,27813,278Total shareholders' equity and liabilities2,869,6173,876,8004,713,8076,311,5157,151,710 | Short term loan | 662,412 | 768,171 | 785,341 | 976,679 | 1,269,683 |
| Other non-current liability98,109123,113177,865213,742213,742Total Liabilities2,181,0302,760,6993,361,0773,758,7754,312,217Shareholders' equity686,1371,108,8181,340,3812,552,7402,839,493Minority interest2,4507,28312,34913,27813,278Total shareholders' equity688,5871,116,1011,352,7302,552,7402,839,493Total shareholders' equity and liabilities2,869,6173,876,8004,713,8076,311,5157,151,710 | Other current liability | 36,605 | 46,088 | 58,371 | 53,723 | 53,723 |
| Total Liabilities2,181,0302,760,6993,361,0773,758,7754,312,217Shareholders' equity686,1371,108,8181,340,3812,552,7402,839,493Minority interest2,4507,28312,34913,27813,278Total shareholders' equity and liabilities2,869,6173,876,8004,713,8076,311,5157,151,710 | Long term loan | 1,006,827 | 1,415,632 | 1,802,048 | 1,820,503 | 2,011,528 |
| Shareholders' equity686,1371,108,8181,340,3812,552,7402,839,493Minority interest2,4507,28312,34913,27813,278Total shareholders' equity688,5871,116,1011,352,7302,552,7402,839,493Total shareholders' equity and liabilities2,869,6173,876,8004,713,8076,311,5157,151,710 | Other non-current liability | 98,109 | 123,113 | 177,865 | 213,742 | 213,742 |
| Shareholders' equity686,1371,108,8181,340,3812,552,7402,839,493Minority interest2,4507,28312,34913,27813,278Total shareholders' equity688,5871,116,1011,352,7302,552,7402,839,493Total shareholders' equity and liabilities2,869,6173,876,8004,713,8076,311,5157,151,710 | Total Liabilities | 2,181,030 | 2,760,699 | 3,361,077 | 3,758,775 | 4,312,217 |
| Total shareholders' equity 688,587 1,116,101 1,352,730 2,552,740 2,839,493 Total shareholders' equity and liabilities 2,869,617 3,876,800 4,713,807 6,311,515 7,151,710 | Shareholders' equity | | | | | |
| Total shareholders' equity 688,587 1,116,101 1,352,730 2,552,740 2,839,493 Total shareholders' equity and liabilities 2,869,617 3,876,800 4,713,807 6,311,515 7,151,710 | Minority interest | 2,450 | 7,283 | 12,349 | 13,278 | 13,278 |
| Total shareholders' equity and liabilities 2,869,617 3,876,800 4,713,807 6,311,515 7,151,710 | | 688,587 | 1,116,101 | 1,352,730 | 2,552,740 | 2,839,493 |
| Source: PSR | Total shareholders' equity and liabilities | | | | | |
| | Source: PSR | | | | | |



Kangda Env

UPDATE REPORT





Kangda Env

PHILLIP RESEARCH STOCK SELECTION SYSTEMS

| Total Return | Recommendation | Rating | Remarks |
|--------------|----------------|--------|---|
| >+20% | Buy | 1 | >20% upside from the current price |
| +5% to +20% | Accumulate | 2 | +5% to +20%upside from the current price |
| -5% to +5% | Neutral | 3 | Trade within ± 5% from the current price |
| -5% to -20% | Reduce | 4 | -5% to -20% downside from the current price |
| <-20% | Sell | 5 | >20% downside from the current price |

We do not base our recommendations entirely on the above quantitative return bands. We consider qualitative factors like (but not limited to) a stock's risk reward profile, market sentiment, recent rate of share price appreciation, presence or absence of stock price catalysts, and speculative undertones surrounding the stock, before making our final recommendation

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