Aoyuan Healthy (3662 HK)

GFA under management grew multiple, high growth expected

Hong Kong |Property Management | Initial Coverage Research Report

31 July 2020

Investment Summary

The leader in the domestic down industry, with a history of more than 40 years

Aoyuan Healthy Life Group Company Limited (Aoyuan Healthy), formerly known as Guangzhou Aoyuan, was established in 2006 as a property management services provider under China Aoyuan Group. In the "2020 Property Service Enterprise Listed Companies Evaluation Report", Aoyuan Healthy was listed as the tenth place among the listed property service companies. The company was listed on the main board of the Hong Kong Stock Exchange on March 18, 2019. With the innovative development model of "Technology + Operation Services" and "Technology + Health", the company focuses on life service operations and health, medical beauty, and implements a diversified development strategy.

Property management services mainly, Commercial operational services as supplementary

In terms of property management services, the company provides a series of property management services such as security, cleaning, gardening and repair and maintenance for property developers and owners/owners committees before and after delivery. The Commercial operational services segment mainly provides market positioning and merchant solicitation services and commercial operation and management services for shopping malls. In the pre-opening stage, provide market research to property developers, advise on shopping mall design and architectural planning, and assist in the selection of tenants for shopping malls. Provide commercial operation and management services after opening.

The rapid development of domestic property management industry

In recent years, the scale of the domestic property management industry has developed rapidly. According to the data in the "2019 Property Service Enterprise Development Index Evaluation Report"(2019 物業服務企業發展指數測評報告), as of the end of 2018, the property management industry has managed an area of approximately 27.93 billion square meters , increased by over 80.31%, with a CAGR of 12.5%. The China Property Management Association (中國物業管理協會)predicts that the total area of property management in China will reach 37.67 billion square meters in 2023.

Increased market concentration

In order to expand the GFA under management and improve the market position, large companies have accelerated their expansion through internal growth and mergers and acquisitions of small and medium property management companies. On April 22 this year, the company announced the acquisition of an 80% stake in EASY LIFE SMART COMMUNITY SERVICES GROUP CO., LTD for CNY 240 million. The company also announced on May 11 that it had acquired a property management company in Ningbo for RMB 37 million. The two projects will bring a total of 25 million square meters of GFA under management to the company. It is expected that the company will reach its original two-year target of 45 million square meters, an increase of 200% over the same period last year.

Valuation and Investment Recommendation

The company's two acquisitions in the past six months have effectively expanded the company's residential management services. If the company can effectively carry out management, gross profit will be further improved in the future. We expect the company's 2020 and 2021 earnings per share to be CNY 33.07 cent and CNY 43.06 cent, giving a target price of HK$9.60 corresponding to the expected P/E ratio of 26.1x/20.1x in 2020 and 2021.

Accumulate (initial)

CMP HKD 8.29

(Closing price as at 29 July)

TARGET HKD 9.60 (+15.8%)

COMPANY DATA

O/S SHARES (MN) :	726.25
MARKET CAP (HKD MN) :	5,882.6
52 - WK HI/LO (HKD):	9.65/3.91

SHARE HOLDING PATTERN, %

China Aoyuan	54.58
Chiu Man Wai	6.35

PRICE VS. HSI

Source: Bloomberg, Phillip Securities (HK) Research

KEY FINANCIALS

CNY mn	FY18	FY19	FY20E	FY21E
Net Sales	**619**	**901**	**1,684**	**2338**
Net Profit	78	162	226	325
EPS, CNY cent	11.44	23.78	32.44	44.76
P/E, x	N/A	31.38	22.56	17.33
BVPS, CNY	N/A	12.46	13.48	14.80
P/BV, x	N/A	6.40	5.19	4.13
DPS (CNY cent)	5.5	9.0	10.4	15.5
Div. Yield (%)	N/A	1.18%	1.36%	1.56%

Source: Company reports, Phillip Securities Est.

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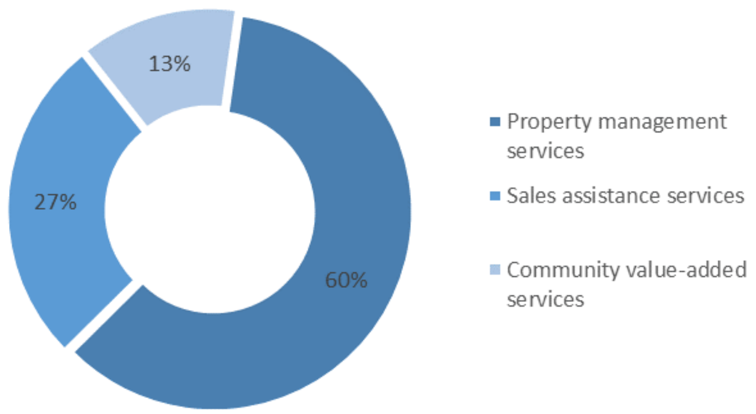
Company Profile

Aoyuan Healthy Life Group Company Limited (Aoyuan Healthy), formerly known as Guangzhou Aoyuan, was established in 2006 as a property management services provider under China Aoyuan Group. In the "2020 Property Service Enterprise Listed Companies Evaluation Report", Aoyuan Healthy was listed as the tenth place among the listed property service companies. The company was listed on the main board of the Hong Kong Stock Exchange on March 18, 2019. With the innovative development model of "Technology + Operation Services" and "Technology + Health", the company focuses on life service operations and health, medical beauty, and implements a diversified development strategy. The company mainly engaged in property management services, supplemented by commercial operational services. In 2019, Aoyuan Healthy achieved total revenue of $901 million, an increase of 45.6% YoY. $646 million came from the Property management services segment, accounting for 71.8% of total revenue, and $254 million came from the Commercial operational services segment, accounting for 28.2. %.

Property management services section

The property management services sector included property management, sales services and community value-added services. Provide different services for property developers, owners and residents. In fiscal year 2019, property management, sales services and community value-added services accounted for 60.4%, 26.7% and 12.9% of the revenue of this sector respectively.

Figure 1: Revenue distribution of Property management services segment

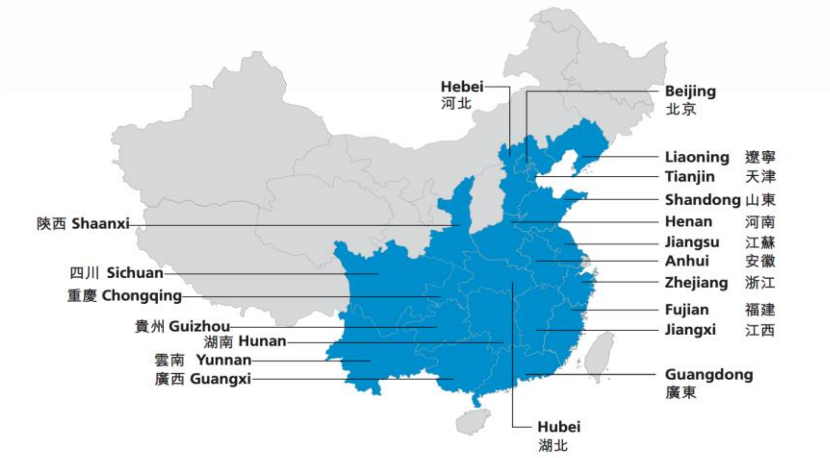


source：Company，Phillip Securities Research

Property management services

In terms of property management services, the company provides a series of property management services such as security, cleaning, gardening and repair and maintenance for property developers and owners/owners committees before and after delivery. As of December 31, 2019, Aoyuan Healthy provided property management services to 94 properties in 38 cities in China, involving a total construction area of approximately 15.1 million square meters under management. The Group's GFA increased by a total of 4.7 million square meters of floor space under management during the year, YoY increase of 45.2%. Among the total property under management, they are mainly distributed in southern China, with a construction area of over 8.7 million in 2019, approximately 58% of the total.

Figure 2: Distribution of company property management services in fiscal year 2020



source：Company

Sales services and community value-added services

In terms of sales support services, the company provides sales assistance to property developers during the pre-sale stage, such as cleaning, security and services for pre-sale display units and sales offices. In terms of community value-added services, the company provides owners and residents with (i) public area and advertising space rental services; (ii) home auxiliary services, such as grocery purchase auxiliary services, laundry services, home appliances and furniture repair and maintenance, telecommunications, furniture Decoration and check-in services; and (iii) property agency services.

Commercial operational services service sector

The Commercial operational services segment mainly provides market positioning and merchant solicitation services and commercial operation and management services for shopping malls. In the pre-opening stage, provide market research to property developers, advise on shopping mall design and architectural planning, and assist in the selection of tenants for shopping malls. To provide commercial operation and management services after opening, charge daily commercial operational services service fees (average contract period is about 10-20 years)

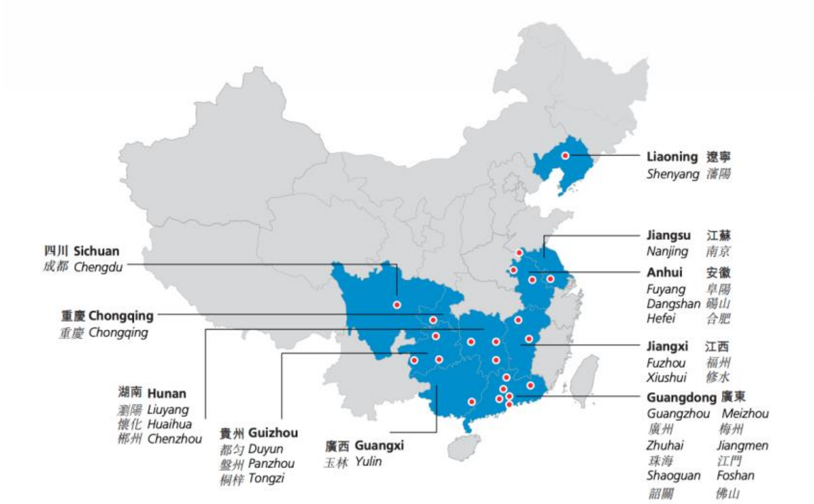
Daily commercial operational services service fee charging model can be divided into revenue sharing and profit sharing models.

Revenue sharing model: The company's revenue includes commissions for rent, general management fees for shopping malls, and parking revenue sharing. At the same time, the company has to bear operating costs, such as staff costs, training costs, and tax expenses.

Profit sharing model: A certain percentage of the mall’s annual operating profit is charged, generally 20%. Operating profit refers to the sum of all rental income, property management fees, parking lot income and other operating income of the mall after deducting the operating costs incurred in providing services, such as administrative costs.

In 2019, the company provided commercial operational services to 17 shopping malls in 11 cities in China, with a total area of approximately 775,000 square meters under management. In FY2019, segment revenue increased by approximately RMB 88.8 million, a year-on-year increase of 53.6%. Commercial operational services and management services revenue, market positioning and merchant solicitation service revenue increased by approximately RMB 58.3 million and RMB 30.5 million, respectively. As of the end of 2019, the company had contracted to provide commercial operational services to 37 shopping malls, with a total contracted construction area of approximately 1.8 million square meters. In 2019, the total contracted construction area of the Commercial operational services segment was 493,000 square meters, a year-on-year increase of 38.8%.

Figure 3: Distribution of the company's commercial operational services in fiscal year 2020



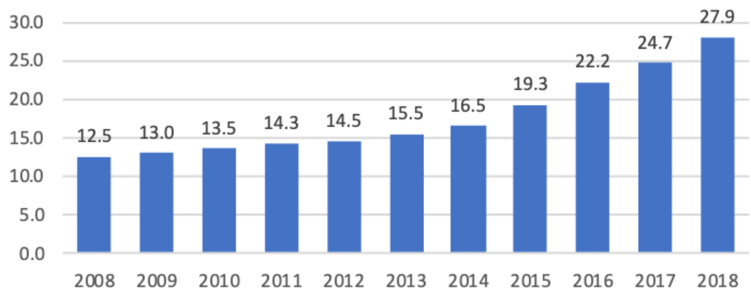
source：Company

Industry analysis

The rapid development of domestic property management industry

In recent years, the scale of the domestic property management industry has developed rapidly. According to the data in the "2019 Property Service Enterprise Development Index Evaluation Report"(2019 物業服務企業發展指數測評報告), as of the end of 2018, the national property management industry has managed an area of approximately 27.93 billion square meters, compared with 15.49 billion square meters in 2013, increased by over 80.31%, with a CAGR of 12.5%. Among them, they are mainly concentrated in Guangdong Province, Jiangsu Province and Zhejiang Province, which together account for approximately 26.0% of the national property management scale. The China Property Management Association (中國物業管理協會)predicts that the total area of property management in China will reach 37.67 billion square meters in 2023, an increase of nearly 10 billion square meters from the end of 2018.

Figure 4: the total area of property under management in China (billion square meters)

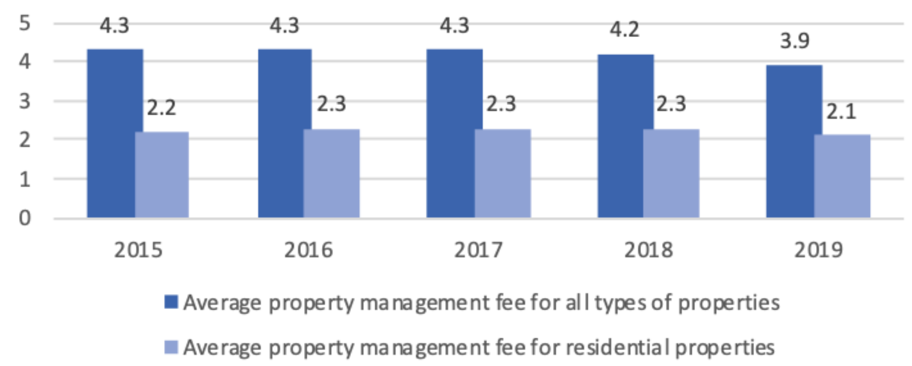


Source: "2019 Property Service Enterprise Development Index Evaluation Report", Phillip Securities Research

China's property management industry has diversified services, including residential properties, commercial properties, office buildings, public properties, industrial parks, schools and hospitals. Among them, residential properties account for the largest proportion. According to CIA (中指院) data, residential properties managed by the top 100 companies in 2019 accounted for 73.9% of the total construction area under management, followed by office business and commercial business.

Average property management fees have shown a downward trend in the past five years, mainly due to the fact that the top 100 property service companies in China have begun to enter the third- and fourth-tier cities in the Mainland, and the average management fees in these cities are lower than those in the first and second-tier cities. According to the CIA, the average value of property management fees for various properties in the past five years was generally about 4.2 RMB/sqm per month, but in 2019 it dropped to 3.9 RMB/sqm per month. The same trend also appears in the average value of residential property management fees. But at the same time, China's top 100 property service companies have increased their company revenue through internal growth and mergers and acquisitions in recent years. The average revenue has increased from RMB 450.3 million in 2015 to RMB 817.0 million in 2019. The compound annual growth rate is 16.1%.

Figure 5: Average value of property management fees (RMB/per square meter/month)

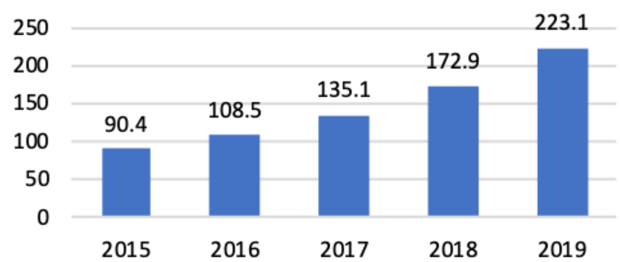


Source: CIA, Phillip Securities Research

Value-added service revenue continues to rise

In addition to traditional property management fees as the main income, the industry's income from value-added services has also increased year-on-year in recent years, and the scope and content of value-added services have also continued to expand. The specific types of value-added services mainly focus on offline value-added services, such as housework, community space operation services, and property sales and rental assistance services. According to CIA data, the average revenue of value-added services of the top 100 property service companies continued to rise, from RMB 90.4 million in 2015 to RMB 223.1 million in 2019. The compound annual growth rate is 25.3%.

Figure 6: Average revenue from value-added services of the top 100 property service companies (RMB million)



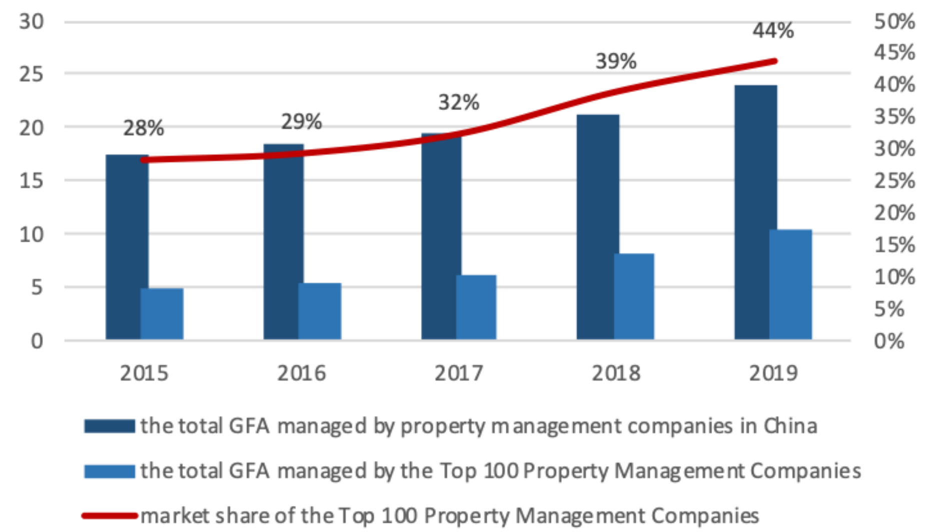
Source: CIA, Phillip Securities Research

Increased market concentration

The property management industry in China is highly competitive. In the past, the market was composed of many property management companies of different sizes. According to data from CRIC, at the end of 2018, there were more than 127,000 property management companies in the market. In order to expand the GFA under management and improve the market position, large companies have accelerated their expansion through internal growth and mergers and acquisitions of small and medium property management companies.

According to CIA data, the market share of the top 100 property service companies has grown rapidly in recent years, from 28.4% in 2016 to 43.6% in 2019. In order to expand financing channels to provide financial resources for mergers and acquisitions, in recent years, many private property management companies have chosen to list on stock exchanges. In addition, more and more developers intend to spin off their property management businesses for listing in order to unlock potential value in the capital market.

Figure 7: The total GFA under management by the property management company (billion square meters)



Source: CIA, Phillip Securities Research

The parent-subsidiary model is common

There are currently 26 domestic property management companies listed in Hong Kong. Since 2014, the mainland real estate developer Fantasia Holding's subsidiary Colour Life was listed in Hong Kong, and many mainland real estate developers have split their property management subsidiaries. Since most of the current listed property management companies are supported by related developers, their business is mainly residential property management. According to the CIA, nearly 80% of the property management services revenue of the top 100 property service companies in 2019 came from their affiliated real estate, and on average 60% of the area under management was developed by their affiliated real estate developers.

Figure 8: Hong Kong listed property management companies and their associated developers

Source: HKEX, Phillip Securities Research

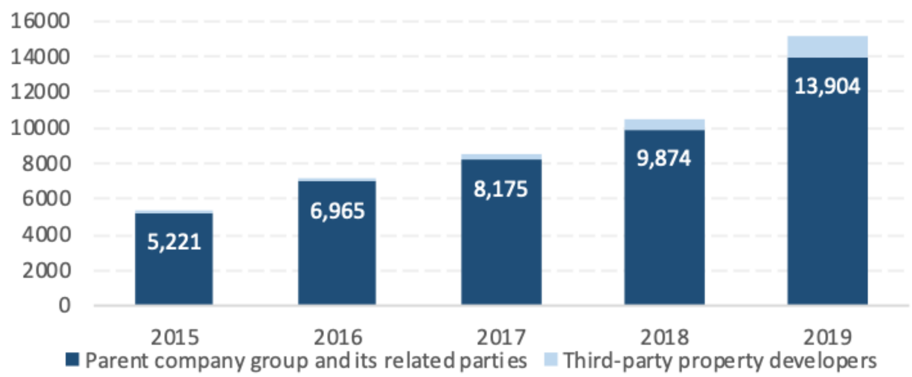
The epidemic brings opportunities for property management companies

Since the outbreak of COVID-19 in China at the beginning of the year, the development of the real estate market has slowed down and the delivery of real estate projects has been delayed. It is expected that the Chinese real estate market will continue to be under pressure in the short term. On the other hand, the epidemic has also brought opportunities for property management companies. Affected by the epidemic, many owners have put forward higher requirements on the quality of property management products and services. Many branded property management companies responded quickly and actively responded to customers' new environmental needs, such as better air circulation and sun exposure. Improve customer satisfaction and loyalty, and provide room for price increases in the future. Secondly, the government has also introduced different policies to support property management companies, including extending social security payment deadlines, reducing taxes, relaxing financing restrictions, reducing corporate financing costs, and increasing government subsidies. Help the industry to establish and improve a favorable and orderly environment. The CIA expects that if China can control COVID-19 in the second half of the year, China's property management industry can still maintain steady growth.

Company competitive advantage

The company maintains a stable cooperative relationship with its parent company, China Aoyuan Group. Most of the properties and businesses developed by China Aoyuan Group, including Aoyuan Plaza and Aoyuan City Plaza, are managed by Aoyuan Healthy. From 2015 to 2019, the company's GFA under management in that year came from China Aoyuan Group for 99.6%, 98.4%, 95.4%, 94.7%, and 92.1% respectively. China Aoyuan Group's contracted property sales in 2019 were 118.06 billion yuan, an increase of 29% compared to 2018. Increased at a compound annual growth rate of 66% from 2016 to 2019.

Figure 9: The company's total GFA under management (thousand square meters)



Source: Company report, Phillip Securities Research

At the same time, China Aoyuan Group also has ample high-quality land reserves. At the end of 2019, the company's total land reserve reached 45.03 million square. In addition, China Aoyuan Group has sufficient reserves of urban renewal projects and is committed to achieving full coverage of the three old renovations of "old towns, old villages, and old factories". By the end of 2019, the total planned construction area of 30 urban renewal projects reached 14.25 million square meters, and the planned saleable area was approximately 8.45 million square meters. Nearly 90% of them are located in the Greater Bay Area, which is expected to continue to benefit from the favorable policies of the Greater Bay Area. At the same time, the management fees for the Greater Bay Area are expected to be higher than those in other regions.

On April 22 this year, the company announced the acquisition of an 80% stake in EASY LIFE SMART COMMUNITY SERVICES GROUP CO., LTD for 240 million yuan. The valuation of the acquisition target is 310 million yuan, which corresponds to 16.0x 2018 PE, and the purchase price is relatively reasonable. The company also announced on May 11 that it had acquired a property management company in Ningbo for RMB 37 million.

The two projects have brought a total of 25 million square meters of GFA under management to the company. The company's total GFA under management at the end of 2019 was 15.08 million square meters. Together with other GFA under management from China Aoyuan Group and third parties, the company is expected to reach its original two-year target of 45 million square meters. The GFA under management is expected to increase by 200%.

The management stated that due to the fierce competition in acquisitions and acquisitions of property management companies in the first half of the year, which pushed up the valuation of the target property management companies, in the second half of the year, they will work to improve the service level of the two acquired companies. Unless there is a more attractive acquisition target, it will not be considered for mergers and acquisitions.

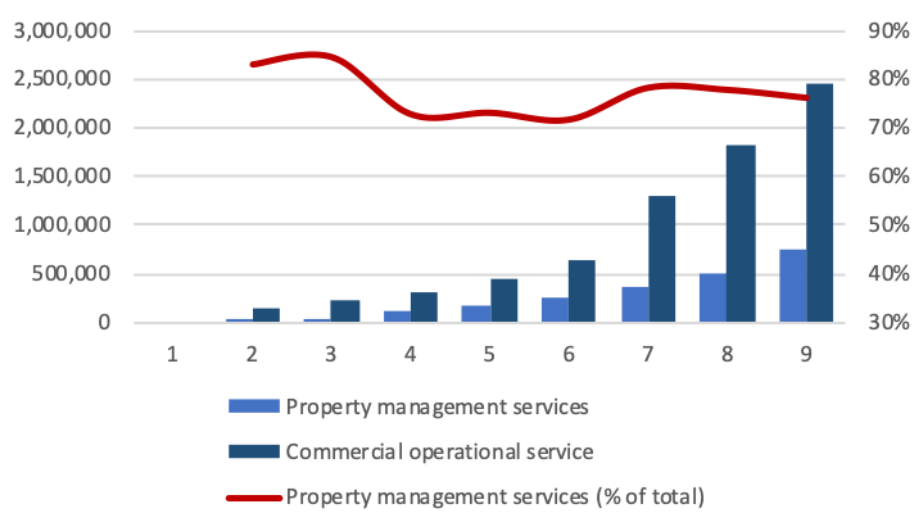
In the first half of the year, due to the impact of the COVID-19, the company's general health and wellness business did not have new expansion. The management said that in the future, it will focus on the development of this sector through mergers and acquisitions. It is expected that this sector can operate independently within two to three years. The Group's strategic layout in the development of the general health and wellness business has also benefited the company's property management and shopping mall operations in facing COVID-19.

Financial Analysis

Revenue analysis

The company's revenue has increased year-on-year in the past five years, with a compound annual growth rate of 49.7%, from 180 million yuan in 2015 to 900 million yuan in 2019. In 2015, the distribution of property management services and business operation services accounted for 83.2% and 16.8% of total revenue, respectively. As the company began to provide market positioning and merchant solicitation services in 2017, the commercial operational services segment improved and accounted for 27.1% of the company's revenue.

Figure 10: Company revenue forecast



Source: Company report, Phillip Securities Research

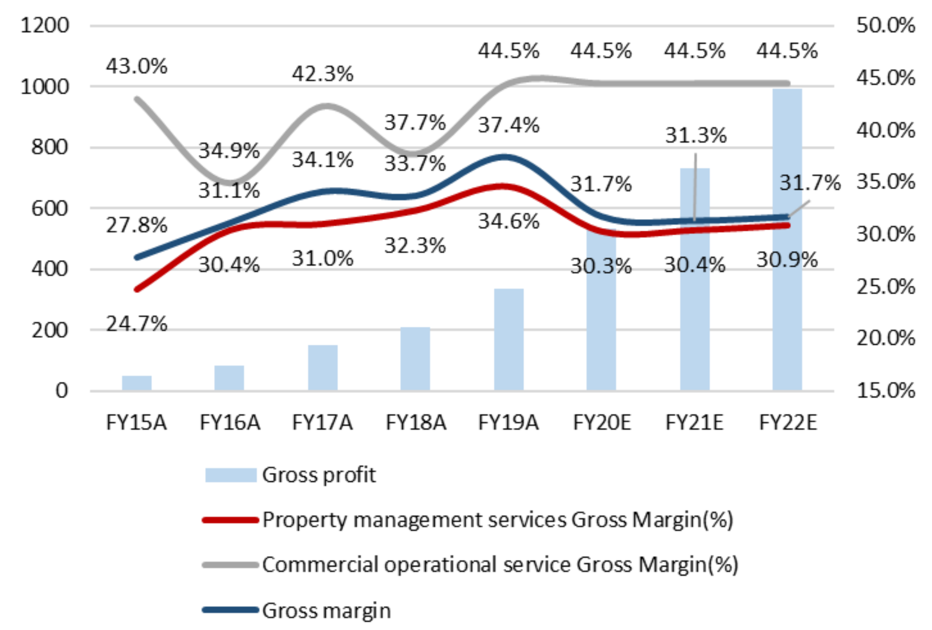
The income of property management services has also increased at a compound annual growth rate of 44.2% in the past five years. Among them, sales assistance services and community value-added services have increased significantly, with compound annual growth rates of 67.6% and 60.4% in the past five years.

After the company completed two major acquisitions in the first half of this year, together with the land from the parent company this year, the company's total residential services GFA under management will be three times the current one. It is expected that the property management services income during the year will be increased. The substantial increase is expected to account for 78% of total revenue in fiscal 2020.

Profitability

The company's gross profit margin has also improved in the past five years. The company's gross profit margins in 2018, 2019 and 2020 were 34.1%, 33.7%, and 37.4%, respectively. The main reason for the decrease in gross profit margin in 2018 was that the gross profit margin from the distribution of commercial operation services was more volatile in the past five years, which was more affected by the structure ratio of commercial operation service revenue in the current year. If the market positioning and merchant solicitation services were more demanding in the current year, the gross profit margin is higher.

Figure 11: The company's gross profit margin forecast



Source: Company report, Phillip Securities Research

The gross profit margin of property management services revenue rose steadily from 24.7% in 2015 to 34.6% in 2019, mainly due to the increasing proportion of sales assistance services and community value-added services with higher gross profit margins in this sector. In line with the company's strategy of general health and wellness business, it is expected that the revenue and gross profit margin of community value-added services will further increase in the future. But at the same time, due to the increasing professionalization of the property management industry, the labor costs in the industry have also increased year-on-year. The management stated that it will also strive to improve service quality in the future. The gross profit margin is expected to average about 32% in the future.

Expenses for the period

The company's sales expense ratio has been maintained at an extremely low level in the past five years, only an average of about 0.2%. It is expected that the future sales expense ratio will remain at 0.3% temporarily. In terms of administrative costs, the company has maintained an average of about 9% before listing, but after the listing, the administrative cost has risen to 14% of revenue and is expected to maintain the same level in the future.

Company valuation

The company's two acquisitions in the past six months have effectively expanded the company's residential management services. If the company can effectively improve management, gross profit will be further improved in the future. At the same time, the company has sufficient cash to conduct mergers and acquisitions and develop the health business, which will bring potential growth space for value-added services in two main businesses in the future. It is expected that the company's future revenue will continue to increase. It is expected that the company's future revenue will continue to increase. The industry average 2020 P/E is 36.3x where CG Service and Eversunshine LS is 50,7x and 56.1x respectively. Similar companies such as Kaisa's P/E is 20.9. Considering the company's commercial operation service is different from other property management companies, with the company's potential development space in the future, gives the company a FY20 P/E of 26.1x.

We expect the company's 2020 and 2021 earnings per share to be CNY 33.07 cent and CNY 43.06 cent, giving a target price of HK$9.60 corresponding to the expected P/E ratio of 26.1x/20.1x for 2020 and 2021.
(Current price as of July 29)

Peer Comparison

Company	Stock Code	CP	Mkt Cap	P/E				P/B			
				TTM	2019	2020	2021	TTM	2019	2020	2021
		（Base）	（'mn CNY）								
CG Services	6098 hk equity	46.50	115,872	66.9x	74.6x	50.7x	38.8x	21.2x	23.0x	15.8x	12.0x
Eversunshine LS	1995 hk equity	14.60	22,024	89.8x	94.9x	56.1x	36.5x	17.6x	18.7x	11.0x	9.1x
Kaisa Prosper	2168 hk equity	37.95	5,278	29.3x	31.7x	20.9x	15.1x	7.2x	8.5x	4.4x	3.7x
A-Living	3319 hk equity	44.80	53,943	43.6x	46.5x	31.2x	23.9x	8.7x	8.8x	7.3x	6.3x
Green Town Ser	2869 hk equity	10.86	31,549	58.6x	51.6x	45.4x	35.0x	9.9x	10.3x	6.7x	5.9x
S-Enjoy Serivice	1755 hk equity	22.95	16,955	61.0x	63.8x	40.2x	27.2x	18.3x	16.8x	14.1x	10.6x
Colour Life	1778 hk equity	3.95	5,190	9.8x	9.1x	9.3x	8.5x	1.3x	1.3x	1.2x	1.0x
Average				51.3x	53.2x	36.3x	26.4x	12.1x	12.5x	8.6x	6.9x
Aoyuen Healthy	3662 hk equity	8.29	5,437	31.5x	33.6x	22.6x	16.1x	6.4x	6.8x	5.4x	4.4x

source： Bloomberg, Phillip Securities Research

FYE DEC	FY18A	FY19A	FY20E	FY21E	FY22E
Valuation Ratio					
P/E ratio	N/A	31.38	22.56	17.33	12.84
P/B ratio	N/A	6.40	5.19	4.13	3.22
Dividend Yield (%)	N/A	1.18%	1.36%	1.56%	1.80%
Per share data (RMB)					
EPS (RMB cent)	N/A	23.78	33.07	43.06	58.10
BVPS	N/A	1.17	1.44	1.81	2.31
DPS (HKD)	0.06	0.10	0.11	0.13	0.15
Growth & Margin					
Growth					
Revenue	41.9%	45.6%	87.0%	38.8%	34.0%
Operating income	18.2%	89.6%	39.9%	30.3%	34.6%
Net income	12.0%	107.9%	47.8%	30.2%	34.9%
Margins					
Gross Profit Margin	33.7%	37.4%	31.7%	31.3%	31.7%
Operating profit Margin	20.0%	26.0%	19.5%	18.3%	18.4%
Net Profit Margin	12.6%	18.3%	14.3%	13.4%	13.5%
Key Ratios					
ROE	19%	23%	24%	25%	29%
ROA	16%	12%	13%	13%	14%

Financials

Income Statemen (CNY$ mn)	FY18A	FY19A	FY20E	FY21E	FY22E
Commercial operational service	166	254	356	464	608
Property management service	453	647	1,328	1,874	2,525
Revenue	619	901	1,684	2,338	3,132
Growth (%) YoY	42%	46%	87%	39%	34%
COGS	(410)	(564)	(1,150)	(1,606)	(2,140)
Gross Profit	209	337	534	732	992
Gross margin (%)	33.7%	37.4%	31.7%	31.3%	31.7%
other income	6	29	35	30	31
Selling & distribution	(1)	(2)	(5)	(7)	(9)
Admin	(89)	(126)	(236)	(327)	(439)
Other opex	(1)	(4)	-	-	-
Total opex	(91)	(132)	(241)	(334)	(448)
Operating income (EBIT)	124	234	328	427	575
Operating Margin(%)	20%	26%	19%	18%	18%
Net Finance costs	0	2	2	4	6
Pre-tax profit	108	219	331	431	582
Tax	(30)	(56)	(86)	(112)	(151)
Minority interest	(0)	(1)	(4)	(6)	(8)
Net profit	78	162	240	313	422
Net margin(%)	12.6%	18.3%	14.3%	13.4%	13.5%
EPS (CNY$ cent)	11.44	23.78	33.07	43.06	58.10

Cash Flow Statement (CNY$ mn)	FY18A	FY19A	FY20E	FY21E	FY22E
Operating cash flow	-	-	-	-	-
EBITDA	113	234	334	435	584
Chg in working cap	197	1	261	141	162
Others	(5)	(24)	-	-	-
Cash from operating	305	211	596	575	746
Tax	(81)	(41)	(30)	(86)	(112)
Net Cash from operation	224	170	566	489	634
Capex	(10)	(19)	(10)	(12)	(14)
Acquisition	-	(100)	(277)	-	-
Others	(53)	(127)	-	-	-
Cash from investing	(249)	(241)	(282)	(6)	(6)
FCF	(26)	(71)	284	483	628
Financing cash flow					
Issue of Shares	75	630	-	-	-
Dividends paid	-	(40)	(46)	(53)	(61)
Others	(834)	(810)	(174)	(174)	(174)
Cash from financing	42	674	(48)	(55)	(63)
Net increase (decrease) in cash	**17**	**604**	**235**	**428**	**565**
Exhange rate or other adj	1	19	-	-	-
Opening cash balance	164	200	823	1,058	1,487
Closing cash balance	**200**	**823**	**1,058**	**1,487**	**2,052**

source： Company, Phillip Securities Research

(Current price as of July 29)

Balance Sheet (CNY$ mn)	FY18A	FY19A	FY20E	FY21E	FY22E
Non-current assets					
Property & Equipment	13	20	24	28	34
LT investment and Receivables	-	209	209	209	209
Other Long Term Asset	11	14	291	291	291
Total non-current assets	30	352	633	637	643
	-	-	-	-	-
Restricted Bank deposits	-	-	-	-	-
Accounts Receivable	87	107	185	256	343
Inventory	0	1	-	-	-
Cash	200	823	1,058	1,487	2,052
Other Short Term Asset	186	104	-	-	-
Total current asset	473	1,034	1,243	1,743	2,395
Total Assets	503	1,386	1,876	2,380	3,038
Liabilities					
Current Liabilities					
Accounts Payable	226	298	536	748	997
Tax Payable	21	30	86	112	151
Bank and other borrowing	123	194	194	194	194
Leasing liabilities	-	3	-	-	-
other Liabilities	7	1	1	1	1
	376	526	817	1,055	1,343
Non-current Liabilities	-	-	-	-	-
Debt	-	-	-	-	-
Deferred tax liabilities	1	1	1	1.08	1.08
Operating lease	-	13	13	13	13
	1	14	14	14	14
Total Liabilities	377	540	831	1,069	1,357
Shareholder's Equity					
Equity Capital	-	6	6	6	6
Retained Earnings	126	839	1,033	1,293	1,654
Minority/Non Controlling Interest	1	1	6	12	20
Shareholder's Equity	126	846	1,045	1,311	1,681
Total Liabilities & Shareholder's E	503	1,386	1,876	2,380	3,038

source： Phillip Securities Research

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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