CMB International Securities | Equity Research | Company Update

China Gas Holdings (384 HK)

Strong winter gas sales to enhance market confidence

We had an update on winter gas sales with mgmt. recently. CGH read strong gas sales volume during winter heating season, as consolidated project gas sales volume growth reached 30-35% in Dec–Feb. We believe CGH's winter gas sales performance would likely to outperform peers, and we think that will boost market confidence on earnings to meet or exceed mgmt.'s full year guidance. In view of volatile capital market, we see CGH a defensive pick, and we believe good earnings performance will help market to better realize it. CGH is our top pick of the sector. Maintain BUY with TP unchanged at HK\$37.12.

- Strong winter gas sales. According to mgmt., preliminary operating data from consolidated projects indicate 30%/35% gas sales growth volume in Dec/Jan. Mgmt. attributes strong gas volume to 1) township gas consumption with increasing user number; 2) active industrial activities; 3) recovery of commercial business; 4) low base impact due to COVID-19; and 5) cold winter which boosted gas consumption. In Feb–Mar, mgmt. expects gas volume growth to sustain at ~30% on the back of continuing low base. We lift our retail gas projection up by 2.3% to 18.8bcm in FY21E, and we expect FY21E retail gas volume growth to reach 20.3% YoY, exceeding mgmt. guidance of 15% in interim results briefing.
- Government policies reaffirm township infrastructure development. On 21 Feb, China released its rural development policy for 2021. The policy emphasized infrastructure development in rural areas and mentioned about promoting township gas and constructing safe and reliable rural gas storage stations and micro-pipe network gas supply systems. We think CGH once again seizes first mover advantages in micro-pipe network development, and government policy reaffirms the Company's strategic foresight.
- Cooperation with Sinopec to enhance long term growth prospects. CGH signed framework agreement with Sinopec (386 HK/600028 CH), leveraging each other's resources and sales network in city gas business, LNG sourcing and import facilities, and LPG industry chain. To CGH, we think key advantage of the agreement would be securing natural gas supply with competitive pricing through Sinopec's natural gas output and LNG terminals.
- A defensive pick in volatile market. We think recent volatile market will boost market sentiment on gas distributing sector. CGH is our sector top pick. We believe strong gas sales figures in winter will boost market confidence on the Company, while major shareholder Mr.Liu Minghui and Mr. Daniel Chiu's recent shareholding increase will also enhance market view. Our TP remains unchanged at HK\$37.12. Maintain BUY.

Earnings Summary

(YE 31 Mar)	FY19A	FY20A	FY21E	FY22E	FY23E
Revenue (HK\$ mn)	59,386	59,540	66,999	80,020	93,045
YoY growth (%)	12.4	0.3	12.5	19.4	16.3
Net income (HK\$ mn)	8,224	9,188	10,669	13,206	15,568
EPS (HK\$)	1.63	1.76	2.04	2.53	2.93
YoY growth (%)	32.7	8.1	16.1	23.8	15.7
Consensus EPS (HK\$)	n/a	n/a	2.06	2.38	2.65
P/E (x)	18.6	17.2	14.8	12.0	10.4
P/B (x)	4.5	4.0	3.3	2.7	2.4
Yield (%)	1.5	1.7	1.9	2.4	2.8
ROE (%)	24.1	23.2	22.4	22.9	22.9
Net gearing (%)	69.1	81.5	69.0	45.8	28.3

Source: Company data, Bloomberg, CMBIS estimates



BUY (Maintain)

Target Price	HK\$37.12			
(Previous TP	HK\$37.12)			
Up/Downside	+22.50%			
Current Price	HK\$30.30			

China Gas Distributor

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Stock Data

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Mkt Cap (HK\$ mn)	157,935
Avg 3 mths t/o (HK\$ mn)	166.49
52w High/Low (HK\$)	32.35/20.43
Total Issued Shares (mn)	5,212
Source: Bloomberg	

Shareholding Structure

j	
Beijing Enterprise	23.7%
Liu Minghui	22.1%
Chiu Tat Jung	19.0%
Free float	35.2%
Source: HKEx	

Share Performance

	Absolute	Relative
1-mth	3.9%	6.8%
3-mth	6.3%	-2.0%
6-mth	35.7%	17.1%
12-mth	5.6%	-3.3%
Source: Bloombor	a	

Source: Bloomberg

12-mth Price Performance



Source: Wind

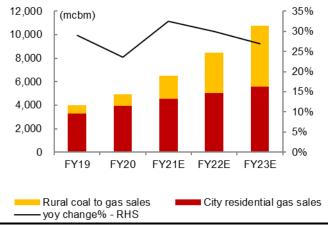
Auditor: Deloitte

Related Reports

- 1.China Gas Sector City Gas 3.0: Differentiating Growth Paths – 8 Dec 2020
- 2.China Gas Holdings (384 HK) Outstanding 1HFY21 performance – 30 Nov 2020
- 3. China Gas Holdings (384 HK · initiation) – LPG micro grid: a new growth engine – 29 Jun 2020

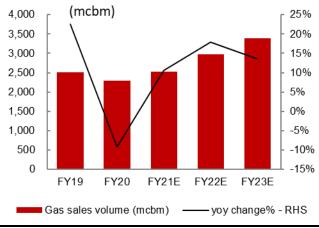


Figure 1: We expect residential gas sales to accelerate as rural users' consumption potential releases



Source: Company data, CMBIS estimates

Figure 3: Commercial gas sales volume growth, although slightly slower than industrial, but still maintain mid-high teens growth rate



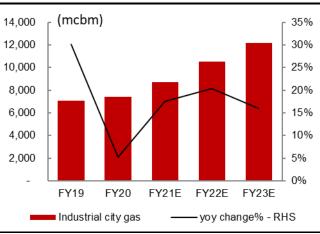
Source: Company data, CMBIS estimates

Figure 5: Earnings revision

	Old			New			Change(%)		
	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
Total gas sales volume (mcbm)	28,404	32,958	37,711	28,927	33,642	38,558	1.8%	2.1%	2.2%
Retail gas sales volume (mcbm)	18,381	22,433	26,660	18,808	23,017	27,402	2.3%	2.6%	2.8%
Residential connection (CTG incl. mm HH)	5.71	5.95	6.12	5.71	5.95	6.12	0.0%	0.0%	0.0%
Revenue (HK\$, mn)	66,567	78,480	90,805	66,999	80,020	93,045	0.6%	2.0%	2.5%
Net Income (HK\$,mn)	10,620	13,140	15,486	10,669	13,206	15,568	0.5%	0.5%	0.5%
EPS (HK\$)	2.04	2.52	2.91	2.04	2.53	2.93	0.5%	0.5%	0.5%

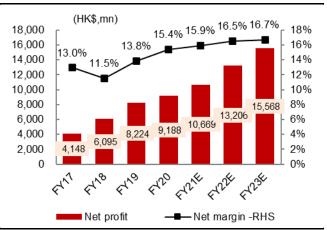
Source: CMBIS estimates

Figure 2: Retail industrial gas sales volume to maintain rapid growth in FY20-22E



Source: Company data, CMBIS estimates

Figure 4: We expect CGH to deliver 19.2% earnings CARG in FY20-22E



Source: Company data, CMBIS estimates

Financial Summary

YE 31 Mar (HKS mn) FY13A FY23A FY23F FY23E FY23F FY33F FY35F FY35F </th <th>Income statement</th> <th></th> <th></th> <th></th> <th></th> <th></th> <th>Cash flow summary</th> <th></th> <th></th> <th></th> <th></th> <th></th>	Income statement						Cash flow summary					
Revenue 59.38 69.59 60.00 91.691 91.791 71.791 71.891 71.91 71.92 71.91 <th71.91< th=""> 71.91 71.91</th71.91<>		FY19A	FY20A	FY21E	FY22E	FY23E		FY19A	FY20A	FY21E	FY22E	FY23E
Costs of sales (45.32) (24.34) (27.77) (65.85) (17.97) (17.98) (17.97) (17.98) (17.97) (17.98)		-						-				21,291
Gross profit 14.09 17.097 19.28 24.74 Change in working capital 7.038 (6.00) 1.337 4.624 2.877 Othor income 766 640 710 866 1.177 Othors (7.566) (1.074) (2.249) (3.03) (3.80) (3.80) (3.81) (3.82) (1.817) (5.28) (1.228) (1.912) (10.82) Profit from associates 513 7.7 625 617 637 82.55 7.75 8.255 7.85 2.83 Finance costs (1.24) (1.28) (1.411) (1.52) (1.62) Not cash from financing 6.33 2.240 9.39 9.147 Less Mnoring interests (7.93) (2.464) (2.463) (2.	Costs of sales	(45,327)	(42,443)	(47,773)	(56,582)	(65,899)	-	1,326	1,591	1,910	2,203	2,495
Other priorane 786 640 710 886 1.177 Others (7.55)		14,059	17,097	19,226	23,438	27,146	Change in working capital	7,038	(8,091)	1,337	4,624	2,877
Tormary and losses 295 (180) 90 50 50 Net cash from operating Main strative expenses 10.117 2.979 14,817 21,405 22,511 Selling and distribution costs (1.203) (1.273) (2.172) (2.940) (2.231) (10.912) (10.889) Profit from associates 520 405 555 571 Others 784 (950) -	-						Taxation	(1,874)	(2,245)	(3,093)	(3,323)	(3,968)
Selling and distribution costs (1.200) (1.973) (2.147) (2.720) (2.344) Administrative expenses (2.442) (2.447) (2.720) (3.208) (3.844) Capex & investments (11.816) (5.989) (12.228) (10.912) (10.889) Profit from Jvs 1.32 571 6.55 572 574 Others (19.22) (6.939) (12.228) (10.912) (10.889) Share-based payments (6.3) - (50) (50) Equity raised 3.78 - <td>Other income</td> <td>786</td> <td>640</td> <td>710</td> <td>866</td> <td>1,177</td> <td>Others</td> <td>(7,556)</td> <td>(1,001)</td> <td>(145)</td> <td>(280)</td> <td>(184)</td>	Other income	786	640	710	866	1,177	Others	(7,556)	(1,001)	(145)	(280)	(184)
Administrative expenses (2.442) (2.447) (2.220) (3.288) (3.288) (3.288) (1.1816) (5.889) (12.228) (10.912) (10.889) Profit from JVs 1.132 571 625 613 637 Net cash from investing (11.032) (6.339) (12.228) (10.912) (10.889) Share-based payments (63) - (50) (50) (50) Concept and the paid (2.72) (2.39) (12.228) (10.89) (10.89) Finance costs (1.28) (1.411) (15.29) (1.615) Others (0.804) (1.00) - <td>Other gains and losses</td> <td>295</td> <td>(180)</td> <td>50</td> <td>50</td> <td>50</td> <td>Net cash from operating</td> <td>10,117</td> <td>2,979</td> <td>14,817</td> <td>21,405</td> <td>22,511</td>	Other gains and losses	295	(180)	50	50	50	Net cash from operating	10,117	2,979	14,817	21,405	22,511
Profit from associates 520 405 565 572 574 Others 74 (950) - - - Profit from JVs 1,132 571 625 613 637 Net cash from investing (11,32) (6,33) (12,28) (10,881) Share-based payments (63) - (50) (50) (50) (50) (50) (50) Totage of Debts 5,526 1,790 4,168 2,755 2,286 Finance costs (1,24) (1,38) (1,411) (1,529) Net cash from financing 6,335 (2,246) 959 (1,616) C4,475 Less: Minority interests (760) (1,072) (1,730) (1,336) (1,465) Cash at the beginning of the year 8,461 13,239 7,119 10,668 19,976 29,122 Test profit 6,227 7,258 62,251 91,506 15,565 Exchange of Debts pain (K2) 13,239 7,119 10,668 19,976 29,122 Test at the end of the year <t< td=""><td>Selling and distribution costs</td><td>(1,820)</td><td>(1,973)</td><td>(2,187)</td><td>(2,572)</td><td>(2,944)</td><td></td><td></td><td></td><td></td><td></td><td></td></t<>	Selling and distribution costs	(1,820)	(1,973)	(2,187)	(2,572)	(2,944)						
Profit from JVs 1.132 571 625 613 637 Net cash from investing (11.32) (6,339) (12.228) (10.889) Share-based payments (63) - (50) (50) (50) (50) Consider of the payments 3.785 -	Administrative expenses	(2,442)	(2,447)	(2,720)	(3,208)	(3,684)	Capex & investments	(11,816)	(5,989)	(12,228)	(10,912)	(10,889)
Share-based payments (63) (50) <th< td=""><td>Profit from associates</td><td>520</td><td>405</td><td>565</td><td>572</td><td>574</td><td>Others</td><td>784</td><td>(950)</td><td>-</td><td>-</td><td>-</td></th<>	Profit from associates	520	405	565	572	574	Others	784	(950)	-	-	-
EBIT 12,467 14,113 16,220 19,709 22,906 Change of Debts Dividend paid 5,229 1,700 4,158 2,725 2,280 Finance costs (1,244) (1,388) (1,411) (1,529) (1,615) Others (8)44) (1,100) -	Profit from JVs	1,132	571	625	613	637	Net cash from investing	(11,032)	(6,939)	(12,228)	(10,912)	(10,889)
EBIT 12,467 14,113 16,220 19,709 22,906 Change of Debts 5,526 1,790 4,158 2,755 2,808 Finance costs (1,284) (1,388) (1,411) (1,523) (1,615) Others (804) (1,100) - <td>Share-based payments</td> <td>(63)</td> <td>-</td> <td>(50)</td> <td>(50)</td> <td>(50)</td> <td>Equity raised</td> <td>3,785</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td>	Share-based payments	(63)	-	(50)	(50)	(50)	Equity raised	3,785	-	-	-	-
Finance costs (1.24) (1.38) (1.411) (1.420) (1.415) Others (00.0) (1.000) - - Pre-tax profit 11,183 12,725 14,699 18,180 21,291 Net cash from financing 6,335 (2,240) 959 (1,186) (2,475) Income tax (2,198) (2,464) (2,202) (3,630) (4,255) Net cash from financing 5,419 (6,207) 3,548 9,308 9,147 Less: Minority interests (760) (1,72) (1,730) 1,3206 15,568 Exchange difference (427) (460) 19,976 29,122 Balance sheet 562,77 7,258 52,81 91,666 571 571 Sales mit (%) 13,239 7,119 10,668 19,976 29,122 Pre at sasts 68,277 7,258 52,815 91,666 571 571 Sales on t(%) 17,77 17,77 17,77 17,75 16,71 17,88 36,80 9,227 Others - 1,14<		12,467	14,113	16,220	19,709	22,906		5,526	1,790	4,158	2,755	2,288
Pre-tax profit 11,183 12,725 14,899 18,180 21,291 Net cash from financing 6,335 (2,246) 959 (1,186) (2,475) Income tax Less: Minority interests (2,198) (2,464) (2,962) (3,636) (4,258) Net cash from financing 5,419 (6,207) 3,548 9,088 9,147 Less: Minority interests 8,224 9,188 10,669 13,206 15,568 Exchange difference (427) (450) - 10,068 19,976 29,122 Balance sheet FY19A FY20A FY21E FY22E FY21E FY21							Dividend paid	(2,172)	(2,937)	(3,199)	(3,941)	(4,763)
Income tax (2,198) (2,464) (2,962) (3,636) (4,258) Net change in cash 5,419 (6,207) 3,548 9,308 9,147 Less: Minority interests 8,224 9,188 10,669 13,206 15,568 Exchange difference (427) (460) - - - - - Cash at the beginning of the year 13,239 6,562 10,668 19,976 29,122 Balance sheet Y19A FY2A FY2E FY2E <t< td=""><td>Finance costs</td><td>(1,284)</td><td>(1,388)</td><td>(1,411)</td><td>(1,529)</td><td>(1,615)</td><td>•</td><td>(804)</td><td>(1,100)</td><td>-</td><td>-</td><td>-</td></t<>	Finance costs	(1,284)	(1,388)	(1,411)	(1,529)	(1,615)	•	(804)	(1,100)	-	-	-
Less: Minority interests Net profit (760) (1.072) (1.179) (1.338) (1.465) Cash at the beginning of the year (427) (450) 7.119 10.668 19.976 29.122 Cash at the end of the year 13.239 7.119 10.668 19.976 29.122 Balance sheet 13.239 7.119 10.668 19.976 29.122 FY 31 Mar (HKS mn) Non-current assets FY19A FY20A FY21E FY22E FY23E Sales of piped gas 45.6 45.4 49.5 50.5 51.6 52.231 69.114 Gas connection 21.0 21.2 18.5 16.2 10.05.0 51.6 10.2 11.77 17.5 16.7 Investment in associates 5,746 7.063 7.628 8.201 8.775 Sales of piped gas 45.6 4.4 14.5 10.2 10.0 100.0 100.0 100.0 100.0 100.0 100.0 100.0 100.0 100.0 100.0 100.0 100.0 100.0 100.0 100.0 100.0		11,183	12,725	14,809	18,180	21,291		6,335	(2,246)	959	(1,186)	(2,475)
Less: Minority interests Net profit (760) (1.072) (1.138) (1.465) Cash at the beginning of the year 8.246 13.239 7.119 10.668 19.976 Net profit 8.224 9.18 10.669 13.206 15.568 Exchange difference (427) (450) - 13.208 7.119 10.68 19.976 29.122 Cash at the end of the year 5.237 7.258 5.215 5.65 5.24 5.65 5.71 Sales of piped gas 4.55 4.56	Income tax	(2,198)	(2,464)	(2,962)	(3,636)	(4,258)	Net change in cash	5.419	(6,207)	3.548	9.308	9,147
Net profit 8,224 9,188 10,669 13,206 15,568 Exchange difference Cash at the end of the year (420) (450) - 1.1 <th1.1< th=""> 1.1 1.1</th1.1<>		., ,		()	,	,		-	• • •	-	-	
Balance sheet Cash at the end of the year 13,239 6,582 10,668 19,976 29,122 Balance sheet Xey ratios Xey ratios Xey ratios Xey ratios Yey ratios Yey ratios Vesting the state of the year 13,239 6,582 10,668 19,976 29,122 Balance sheet Xey ratios Yey ratios Yey ratios Yey ratios Fyre	•	. ,									-	
Balance sheet Key ratios YE 31 Mar (HK\$ mn) Non-current assets FY20A 68,277 FY22A 72,558 FY22E 62,851 FY22E 91,599 FY23E Sales mix (%) FY19A FY20A FY20A FY21E FY22E FY22E FY23E Investment properties 556 524 566 571 571 Sales of pipe dgas 45.6 45.4 49.5 50.5 51.6 PPE 42,865 46,12 55.1 62,291 69,114 Gas connection 21.0 23.0 21.2 18.5 16.2 Investment in associates 5,746 7.063 7.628 8.201 8.775 Value-added service 6.6 8.4 11.6 12.1 13.1 Investment in associates 5,746 7.063 7.628 8.943 9.028 Total 100.0		-,	-,	,	,	,	0	. ,	• •	10,668	19,976	29,122
Balance sheet Key ratios YE 31 Mar (HK\$ mn) Non-current assets FY20A 68,277 FY22A 72,558 FY22E 62,851 FY22E 91,599 FY23E Sales mix (%) FY19A FY20A FY20A FY21E FY22E FY22E FY23E Investment properties 556 524 566 571 571 Sales of pipe dgas 45.6 45.4 49.5 50.5 51.6 PPE 42,865 46,12 55.1 62,291 69,114 Gas connection 21.0 23.0 21.2 18.5 16.2 Investment in associates 5,746 7.063 7.628 8.201 8.775 Value-added service 6.6 8.4 11.6 12.1 13.1 Investment in associates 5,746 7.063 7.628 8.943 9.028 Total 100.0							Cash at balance sheet	13 230	7 1 1 0	10 668	10 076	20 122
YE 31 Mar (HK\$ mn) Non-current assets FY19A 68,277 FY20A 72,558 FY21E 82,851 FY22E 91,659 FY22E 99,975 FY23E Sales of piped gas FY19A 45.6 FY21E 45.6 FY22E 45.6 FY22E 55.6 FY22E 55.6 </th <th></th> <th></th> <th></th> <th></th> <th></th> <th></th> <th></th> <th>15,255</th> <th>7,113</th> <th>10,000</th> <th>13,370</th> <th>23,122</th>								15,255	7,113	10,000	13,370	23,122
Non-current assets 68,277 72,558 82,851 91,559 Sales of piped gas 45.6 45.4 45.6 45.6 51.6 Investment properties 556 524 566 571 571 Sales of piped gas 45.6 45.4 45.6 45.6 45.6 51.6 PPE 42,965 64.78 55.61 62.218 2.63 2.212 18.5 16.2 Investment in associates 5.746 7.063 7.628 8.201 8.775 Value-added service 6.6 8.4 11.6 12.1 13.1 Investment in JVs 8.020 7.815 7.963 8.606 9.273 Others - - - 1.4 2.4 Others on-current assets 8.849 9.599 47.67 5.842 63.605 Operating margin 18.8 21.4 22.1 22.4 24.6 14.6 Inventories 3.412 3.246 3.630 4.201 P.501 P.6 Pre-tax margin 13.8												
Investment properties 556 524 566 571 571 Sales of pipe dgas 45.6 45.4 49.5 50.5 51.6 PPE 42,965 46,128 55,163 62,291 69,114 Gas connection 21.0 23.0 21.2 18.5 16.2 Prepaid lease payments 5,148 7,063 7,062 8,201 8,775 Value-added service 6.6 8.4 11.6 12.1 13.1 Investment in associates 5,746 6,528 8,201 8,775 Value-added service 6.6 8.4 11.6 12.1 13.1 Investment in JVs 8,022 7,815 7,963 8,606 9,273 Others - - 1.4 2.4 Others non-current assets 41,603 39,509 44,767 53,842 63,605 Operating margin 21.0 23.7 24.2 24.6 24.6 Inventories 3,412 3,246 4,501 15.6 16.7 Contract assets 7,165 12.751 12.446 43.47 7.001 Pre-tax margin 13.8 15.4		-	-					FY19A	FY20A	FY21E	FY22E	FY23E
PPE 42,965 46,128 55,163 62,291 69,114 Gas connection 21.0 23.0 21.2 18.5 16.2 Prepaid lease payments 2,148 2,458 2,673 2,958 3,215 Sales of LPG 26.8 23.1 17.7 17.5 16.7 Investment in associates 5,746 7,063 7,628 8,201 8,775 Value-added service 6.6 8.4 11.6 12.1 13.1 Investment in JVS 8,022 7,815 7,628 8,606 9,273 Others - - 1.4 2.4 Others non-current assets 41,603 39,509 44,767 53,842 63,605 Operating margin 11.8 21.4 22.1 22.2 24.6					,			45.0	45.4	10 5	50 5	54.0
Prepaid lease payments 2,148 2,458 2,673 2,958 3,215 Sales of LPG 26.8 2.31 17.7 17.5 16.7 Investment in associates 5,746 7,063 7,628 8,201 8,775 Value-added service 6.6 8.4 11.6 12.1 13.1 Investment in JVs 8,020 7,673 8,606 9,273 Others - - 1.4 2.4 Others non-current assets 8,840 8,575 8,682 8,943 9,028 Total 100.0							11 0					
Investment in associates 5,746 7,063 7,628 8,201 8,775 Value-added service 6.6 8.4 11.6 12.1 13.1 Investment in JVs 8,022 7,815 7,963 8,606 9,273 Others - - - 1.4 2.4 Others non-current assets 8,840 8,670 8,858 8,943 9,028 Total 100.0 10												
Investment in JVs 8,022 7,815 7,963 8,606 9,273 Others - - 1.4 2.4 Others non-current assets 8,840 8,570 8,858 8,943 9,028 Total 100.0 1												
Others non-current assets 8,840 8,570 8,858 8,943 9,028 Total 100.0 10									0.4			
Current assets 41,603 39,509 44,767 53,842 63,605 Operating margin 21.0 23.7 24.2 24.6 24.6 24.6 Inventories 3,412 3,246 3,653 4,203 4,701 Pre-tax margin 18.8 21.4 22.1 22.7 22.9 Amount due from customers - - - - Net margin 13.8 15.4 15.9 16.5 16.7 Contract assets 7,185 12,751 12,16 9,434 7,301 Effective tax rate 19.7 19.4 20.0			,		,	,			400.0			
Current assets 41,603 39,509 44,767 53,842 63,605 Operating margin 21.0 23.7 24.2 24.6 24.6 Inventories 3,412 3,246 3,653 4,203 4,701 Pre-tax margin 18.8 21.4 22.1 22.7 22.9 Amount due from customers - - - Net margin 13.8 15.4 15.9 16.5 16.7 Contract assets 7,185 12,751 12,146 9,43 7,301 Effective tax rate 19.7 19.4 0.00 20.0 20.0 20.0 Trade receivables 10,061 9,893 11,657 13,609 15,824 Balance sheet ratios 8.80 0.95 1.08 1.18 Other current assets 7,706 6,509 6,645 6,621 6,577 Quick ratio (x) 0.3 0.2 0.2 0.4 0.66 Other current assets 7,706 6,645 6,627 23,057 Inventory turnover days 15.6	Others non-current assets	8,840	8,570	8,838	8,943	9,028		100.0	100.0	100.0	100.0	100.0
Inventories 3,412 3,246 3,653 4,203 4,701 Pre-tax margin 18.8 21.4 22.1 22.7 22.9 Amount due from customers - - - - Net margin 13.8 15.4 15.9 16.5 16.7 Contract assets 7,185 12,751 12,146 9,434 7,301 Effective tax rate 19.7 19.4 20.0 20.0 20.0 Trade receivables 10,061 9,893 11,657 13,609 15,824 Balance sheet ratios 0.89 0.80 0.95 1.08 1.18 Other current assets 7,706 6,500 6,621 6,627 Quick ratio (x) 9.7 10.2 11.5 12.9 14.2 Current liabilities 46,644 49,347 47,324 49,935 53,679 Inventory turnover days 19.9 20.4 18.8 17.9 17.5 Trade and other payables 23,699 17,700 19,109 21,501 23,065 Receivable turnover days 152 178 141 131 123 123 <	Comment accests	44 602	20 500	44 767	E2 042	62 605		21.0	22.7	24.2	24.6	24.6
Amount due from customers - - - - - Net margin 13.8 15.4 15.9 16.5 16.7 Contract assets 7,185 12,751 12,146 9,434 7,301 Effective tax rate 19.7 19.4 20.0 20.0 20.0 Trade receivables 10,061 9,893 11,657 13,609 15,824 Balance sheet ratios 0.89 0.80 0.95 1.08 1.18 Other current assets 7,706 6,500 6,645 6,621 6,657 Quick ratio (x) 9.7 10.2 11.5 12.9 14.2 Carrent liabilities 7,706 6,500 6,645 6,621 6,657 Quick ratio (x) 0.3 0.2 0.02 0.04 0.66 Current liabilities 7,706 6,500 6,645 53,679 Inventory turnover days 19.9 20.4 18.8 17.9 17.5 Trade and other payables 23,699 17,700 19,109 21,501 23,065 Receivable turnover days 152 178 141 131 123			-			-						
Contract assets 7,185 12,751 12,146 9,434 7,301 Effective tax rate 19.7 19.4 20.0 20.0 20.0 Trade receivables 10,061 9,893 11,657 13,609 15,824 Balance sheet ratios Image:		3,412	3,240	3,055	4,203	4,701	•					
Trade receivables 10,061 9,893 11,657 13,609 15,824 Balance sheet ratios Bank balances and cash 13,239 7,119 10,668 19,976 29,122 Current ratio (x) 0.89 0.80 0.95 1.08 1.18 Other current assets 7,076 6,500 6,645 6,621 6,657 Quick ratio (x) 9.7 10.2 11.5 12.9 14.2 Carrent liabilities 46,644 49,347 47,324 49,355 53,679 Inventory turnover days 19.9 20.4 18.8 17.9 17.55 Trade and other payables 23,699 17,700 19,109 21,501 23,065 Receivable turnover days 152 178 141 131 123 Contract liabilities 5,168 5,998 6,816 7,815 8,780 Total debt / equity ratio (%) 92.9 87.2 80.2 70.8 62.1 Taxation 1,245 1,246 1,333 1,636 1,916 Net debt / equity ratio (%) 69.1 81.5 69.0 45.8 28.3 Bank and other borrowings		7 1 0 5	10 751	10 146	-	-	U U					
Bank balances and cash Other current assets 13,239 7,119 10,668 19,976 29,122 Current ratio (x) 0.89 0.80 0.95 1.08 1.18 Other current assets 7,706 6,500 6,645 6,621 6,657 Quick ratio (x) 9.7 10.2 11.5 12.9 14.2 Current liabilities 46,644 49,347 47,324 49,935 53,679 Inventory turnover days 19.9 20.4 18.8 17.9 17.5 Trade and other payables 23,699 17,700 19,109 21,501 23,065 Receivable turnover days 152 178 141 131 123 Contract liabilities 5,168 5,998 6,816 7,815 8,780 Total debt / equity ratio (%) 92.9 87.2 80.2 70.8 62.1 Taxation 1,245 1,246 1,333 1,636 1,916 Net debt / equity ratio (%) 92.9 87.2 80.2 70.8 62.1 Bank and other borrowings 16,408 24,121 19,773 18,679 19,604 Returns (%) 7.5 8.2 </td <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>19.7</td> <td>19.4</td> <td>20.0</td> <td>20.0</td> <td>20.0</td>								19.7	19.4	20.0	20.0	20.0
Other current assets 7,706 6,500 6,645 6,621 6,657 Quick ratio (x) 9.7 10.2 11.5 12.9 14.2 Current liabilities 46,644 49,347 47,324 49,935 53,679 Inventory turnover days 19.9 20.4 18.8 17.9 17.55 Trade and other payables 23,699 17,700 19,109 21,501 23,065 Receivable turnover days 58.6 61.2 58.7 57.6 57.7 Amount due to customers - - - - - Payable turnover days 152 17.8 14.1 131 12.3 Contract liabilities 5,168 5,998 6,816 7,815 8,780 Total debt / equity ratio (%) 92.9 87.2 80.2 70.8 62.1 Taxation 1,245 1,246 1,333 1,636 1,916 Net debt / equity ratio (%) 92.9 87.2 80.2 70.8 22.9 22.9 Other current liabilities 12.5 28.2 29.3 30.3 314 ROE 24.1 23.2 24.4 <th< td=""><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td>0.80</td><td>0.80</td><td>0.05</td><td>1.09</td><td>1 1 9</td></th<>								0.80	0.80	0.05	1.09	1 1 9
Current liabilities 46,644 49,347 47,324 49,935 53,679 Inventory turnover days 19.9 20.4 18.8 17.9 17.57 Trade and other payables 23,699 17,700 19,109 21,501 23,065 Receivable turnover days 58.6 61.2 58.7 57.6 57.7 Amount due to customers - - - - - Payable turnover days 152 178 141 131 123 Contract liabilities 5,168 5,998 6,816 7,815 8,780 Total debt / equity ratio (%) 92.9 87.2 80.2 70.8 62.1 Taxation 1,245 1,246 1,333 1,636 1,916 Net debt / equity ratio (%) 92.9 87.2 80.2 70.8 62.1 Taxation 1,245 1,246 1,333 1,636 1,916 Net debt / equity ratio (%) 69.1 81.5 69.0 45.8 28.3 Bank and other borrowings 16,408 24,121 19,773 18,679 19,604 Returns (%) 7.5 8.2 8.4 9.1 </td <td></td>												
Current liabilities 46,644 49,347 47,324 49,935 53,679 Inventory turnover days 19.9 20.4 18.8 17.9 17.57 Trade and other payables 23,699 17,700 19,109 21,501 23,065 Receivable turnover days 58.6 61.2 58.7 57.6 57.7 Amount due to customers 5,168 5,998 6,816 7,815 8,780 Total debt / equity ratio (%) 92.9 87.2 80.2 70.8 62.1 Taxation 1,245 1,246 1,333 1,636 1,916 Net debt / equity ratio (%) 92.9 87.2 80.2 70.8 62.1 Taxation 1,245 1,246 1,333 1,636 1,916 Net debt / equity ratio (%) 92.9 87.2 80.2 70.8 62.1 Taxation 1,245 1,246 1,333 1,636 1,916 Net debt / equity ratio (%) 69.1 81.5 69.0 45.8 28.3 Bank and other borrowings 16.408 24,121 19,773 18,679 19,604 Returns (%) 7.5 8.2 8.4 </td <td>Other current assets</td> <td>7,700</td> <td>0,000</td> <td>0,040</td> <td>0,021</td> <td>0,007</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>	Other current assets	7,700	0,000	0,040	0,021	0,007						
Trade and other payables 23,699 17,700 19,109 21,501 23,065 Receivable turnover days 58.6 61.2 58.7 57.6 57.7 Amount due to customers - - - - Payable turnover days 152 178 141 131 123 Contract liabilities 5,168 5,998 6,816 7,815 8,780 Total debt / equity ratio (%) 92.9 87.2 80.2 70.8 62.1 Taxation 1,245 1,246 1,333 1,636 1,916 Net debt / equity ratio (%) 69.1 81.5 69.0 45.8 28.3 Bank and other borrowings 16,408 24,121 19,773 18,679 19,604 Returns (%) 0.1 81.5 69.0 45.8 28.3 Other current liabilities 125 282 293 303 314 ROE 24.1 23.2 22.4 22.9 22.9 ROA 7.5 8.2 8.4 9.1 9.5 Non-current liabilities 21,491 15,568 24,073 27,923 29,285	Current liabilities	16 611	10 3/7	17 324	10 035	53 670						
Amount due to customers - - - - Payable turnover days 152 178 141 131 123 Contract liabilities 5,168 5,998 6,816 7,815 8,780 Total debt / equity ratio (%) 92.9 87.2 80.2 70.8 62.1 Taxation 1,245 1,246 1,333 1,636 1,916 Net debt / equity ratio (%) 69.1 81.5 69.0 45.8 28.3 Bank and other borrowings 16,408 24,121 19,773 18,679 19,604 Returns (%) 24.1 23.2 22.4 22.9 22.9 Other current liabilities 125 282 293 303 314 ROE 24.1 23.2 22.4 22.9 22.9 ROA 7.5 8.2 8.4 9.1 9.5 Non-current liabilities 21,491 15,568 24,073 27,923 29,285 EPS (HK\$) 1.63 1.76 2.04 2.53 2.93 Deferred income tax 962 1,368 1,200 1,260 1,320 DPS (HK\$) 0												
Contract liabilities 5,168 5,998 6,816 7,815 8,780 Total debt / equity ratio (%) 92.9 87.2 80.2 70.8 62.1 Taxation 1,245 1,246 1,333 1,636 1,916 Net debt / equity ratio (%) 69.1 81.5 69.0 45.8 28.3 Bank and other borrowings 16,408 24,121 19,773 18,679 19,604 Returns (%) 24.1 23.2 22.4 22.9 22.9 Other current liabilities 125 282 293 303 314 ROE 24.1 23.2 22.4 22.9 22.9 Non-current liabilities 22,453 16,936 25,273 29,182 30,605 Per share 96 31.6 2.04 2.53 2.93 2.9,285 EPS (HK\$) 1.63 1.76 2.04 2.53 2.93 Deferred income tax 962 1,368 1,200 1,260 1,320 DPS (HK\$) 0.44 0.50 0.58 0.72 0.83 <td></td> <td>23,099</td> <td>17,700</td> <td>19,109</td> <td>21,301</td> <td>23,005</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>		23,099	17,700	19,109	21,301	23,005						
Taxation 1,245 1,246 1,333 1,636 1,916 Net debt / equity ratio (%) 69.1 81.5 69.0 45.8 28.3 Bank and other borrowings Other current liabilities 16,408 24,121 19,773 18,679 19,604 Returns (%) RoE 24.1 23.2 22.4 22.9 22.9 Non-current liabilities 22,453 16,936 25,273 29,182 30,605 Per share 7.5 8.2 8.4 9.1 9.5 Non-current liabilities 21,491 15,568 24,073 27,923 29,285 EPS (HK\$) 1.63 1.76 2.04 2.53 2.93 Deferred income tax 962 1,368 1,200 1,260 1,320 DPS (HK\$) 0.44 0.50 0.58 0.72 0.83 BVPS (HK\$) 6.77 7.59 9.13 11.04 12.83		5 169	5 009	6 9 1 6	7 9 1 5	9 790						
Bank and other borrowings Other current liabilities 16,408 24,121 19,773 18,679 19,604 Returns (%) Other current liabilities 125 282 293 303 314 ROE 24.1 23.2 22.4 22.9 22.9 Non-current liabilities 22,453 16,936 25,273 29,182 30,605 Per share 7.5 8.2 8.4 9.1 9.5 Borrowings 21,491 15,568 24,073 27,923 29,285 EPS (HK\$) 1.63 1.76 2.04 2.53 2.93 Deferred income tax 962 1,368 1,200 1,260 1,320 DPS (HK\$) 0.44 0.50 0.58 0.72 0.83 BVPS (HK\$) 6.77 7.59 9.13 11.04 12.83												
Other current liabilities 125 282 293 303 314 ROE 24.1 23.2 22.4 22.9 22.9 Non-current liabilities 22,453 16,936 25,273 29,182 30,605 Per share 7.5 8.2 8.4 9.1 9.5 Borrowings 21,491 15,568 24,073 27,923 29,285 EPS (HK\$) 1.63 1.76 2.04 2.53 2.93 Deferred income tax 962 1,368 1,200 1,260 1,320 DPS (HK\$) 0.44 0.50 0.58 0.72 0.83 BVPS (HK\$) 6.77 7.59 9.13 11.04 12.8								03.1	01.5	03.0	40.0	20.5
Non-current liabilities 22,453 16,936 25,273 29,182 30,605 Per share <th< td=""><td>-</td><td></td><td></td><td></td><td></td><td></td><td></td><td>24.1</td><td>23.2</td><td>22.4</td><td>22.0</td><td>22.0</td></th<>	-							24.1	23.2	22.4	22.0	22.0
Non-current liabilities 22,453 16,936 25,273 29,182 30,605 Per share Borrowings 21,491 15,568 24,073 27,923 29,285 EPS (HK\$) 1.63 1.76 2.04 2.53 2.93 Deferred income tax 962 1,368 1,200 1,260 1,320 DPS (HK\$) 0.44 0.50 0.58 0.72 0.83 BVPS (HK\$) 6.77 7.59 9.13 11.04 12.8		120	202	293	303	514						22.9 9.5
Borrowings 21,491 15,568 24,073 27,923 29,285 EPS (HK\$) 1.63 1.76 2.04 2.53 2.93 Deferred income tax 962 1,368 1,200 1,260 1,320 DPS (HK\$) 0.44 0.50 0.58 0.72 0.83 BVPS (HK\$) 6.77 7.59 9.13 11.04 12.8	Non-current liabilities	22,453	16,936	25,273	29,182	30,605						
Deferred income tax 962 1,368 1,200 1,260 1,320 DPS (HK\$) 0.44 0.50 0.58 0.72 0.83 BVPS (HK\$) 6.77 7.59 9.13 11.04 12.8								1.63	1.76	2.04	2.53	2.93
BVPS (HK\$) 6.77 7.59 9.13 11.04 12.8	0						()					0.83
			, -	, -	, -	, -						12.8
	Total net assets	40,782	45,783	55,022	66,294	79,297						
Minority Interest 5,461 6,178 7,357 8,695 10,160	Minority Interest	5,461	6,178	7,357	8,695	10,160						
Shareholders' equity 35,321 39,605 47,664 57,599 69,137	Shareholders' equity	35,321	39,605	47,664	57,599	69,137						

Source: Company data, CMBIS estimates





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