

Greentown Services (2869 HK)

Dallas Cai
 +852 2135 0248
 dallas.cai@oriental-patron.com.hk

Company Update

HOLD

UNCHANGED

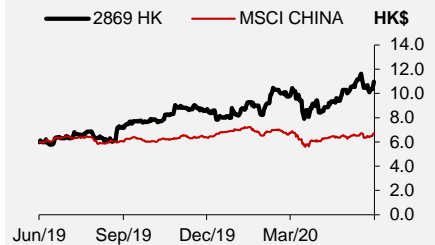
Close price: HK\$10.58
Target Price: HK\$10.50 (-0.8%)
Prior TP: HK\$9.60

Key Data

HKEx code	2869 HK
12 Months High (HK\$)	11.64
12 Month Low (HK\$)	5.77
3M Avg Dail Vol. (mn)	7.93
Issue Share (mn)	2,947.74
Market Cap (HK\$m)	31,187.13
Fiscal Year	12/2019
Major shareholder (s)	Orchid Garden Inv. (34.6%)

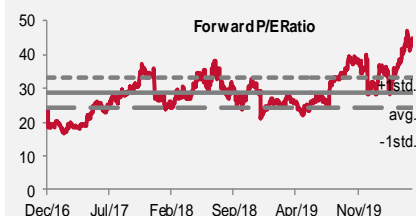
Source: Company data, Bloomberg, OP Research
 Closing price are as of 03/06/2020

Price Chart



	1mth	3mth	6mth
Absolute %	5.8	1.3	26.3
Rel. MSCI CHINA %	-1.5	4.0	22.4

PE Chart



Company Profile

Greentown Service Group Co. Ltd. operates in the real estate service industry. The Company provides property management, consulting, and community value-added services.

Placing for new growth initiatives - city services most likely

- **GT Services announced to place 266.6mn new shares (9.04% of issued share capital) at HK\$10.18/share, 7.12% discount to last closing price.**
- **Fund-raising indicates GT Services has turned more active in exploring new growth initiatives. Entering city property mgmt sector is highly likely the next move, in our view.**
- **Maintain HOLD with TP revised up to HK\$10.50 from HK\$9.60 based on 33x FY21E PE, implying 1.0x PEG.**

New share placing at 7% discount. GT Services announced this morning to place 266.6mn new shares at HK\$10.18/share, equivalent to 7.12% discount to its last closing price, raising a total of HK\$2,714mn/HK\$2,693mn in gross/net term. The company intended to use the proceeds for potential M&A, strategic investments, and other general corporate purposes. New placement shares take up 9.04%/8.29% of existing share base/enlarged share base. The placing subscribers are subject to 90 days lock-up.

City Property Mgmt likely to become new growth initiatives. We noticed a joint operation entity newly registered on 1 June, which is co-established by GT Services, Zhejiang Shengyuan City Property Mgmt Co. (浙江盛元城市物业管理有限公司), and Cixi Commercial and Trade (慈溪市商贸集团有限公司) under the local State-owned Asset Supervision and Admission Committee (慈溪市国资委). The detailed shareholding percentage has not yet been disclosed. We believe the formation of this company indicates that GT Services is becoming more proactive in seeking new growth initiatives other than residential segment by tapping into city property mgmt segment. City property mgmt segment typically generates GPM of 15-20%, higher compared to 11.4% for that of GT Services BMS segment in FY19.

Maintain HOLD with TP revised up to HK\$10.50. We factor-in this new share placing and previous allotment of 155.2mn new shares to Longfor (960 HK, NR) in our forecast, thus our diluted EPS for FY20E/21E are revised down by 10.9%/9.9% to HK\$0.229/HK\$0.320 respectively. We like GT Services for its (1) strong bargaining power to BMS clients backed by its high service quality; (2) limited margin downside in BMS and abundant margin upside thanks to trial kindergarten VAS in asset-light mode; (3) increasingly diversified portfolio of strategic shareholders. We expect the exploration in city property mgmt segment to become a new growth initiative for the company. Maintain HOLD with new TP HK\$10.50 based on 33x FY21E PE, equivalent to 1.0x FY20-23E PEG.

Risks: 1) Slower/faster than expected GFA expansion; 2) Margin pressure/relief due to labor cost, 3) Risks specific to childcare business

Exhibit 1: Forecast and Valuation

Year to Dec (RMB mn)	FY18	FY19	FY20E	FY21E	FY22E
Revenue	6,709.9	8,581.9	10,494.8	12,880.7	15,604.2
Growth (%)	30.5	27.9	22.3	22.7	21.1
Adj. Net Profit	394.0	519.5	679.1	946.2	1,240.4
Growth (%)	1.7	31.8	30.7	39.3	31.1
Diluted EPS (HK\$)	0.160	0.211	0.229	0.320	0.419
EPS growth (%)	(8.1)	31.7	8.6	39.3	31.1
Change to previous EPS (%)			(10.9)	(9.9)	
Consensus EPS (HK\$)			0.254	0.329	
ROE (%)	22.8	18.8	13.3	13.4	15.7
P/E (x)	66.0	50.1	46.1	33.1	25.3
P/B (x)	11.2	9.5	4.5	4.1	3.6
Yield (%)	0.7	0.7	0.8	1.1	1.4
DPS (HK\$)	0.075	0.075	0.081	0.113	0.149

Source: Bloomberg, OP Research

Exhibit 2: Earnings Revision

(RMB mn)	FY20E			FY21E			OP Comments
	New	Old	% Chg	New	Old	% Chg	
Revenue	10,495	10,495	0.0	12,881	12,881	0.0	
Gross profit	1,853	1,857	(0.3)	2,352	2,358	(0.2)	
Gross margin	17.7%	17.7%	(0.0)	18.3%	18.3%	(0.0)	
Opex	(1,089)	(1,089)	0.0	(1,210)	(1,210)	0.0	
EBIT	806	811	(0.6)	1,185	1,191	(0.5)	
Adj. net profits	679	667	1.9	946	918	3.0	
Diluted EPS (HK\$)	0.229	0.257	(10.9)	0.320	0.355	(9.9)	We factored in this new share placement and 155.2mn share placement to Longfor which was completed on 7 May.

Source: OP Research

Exhibit 3: Business registration for the newly established joint operation entity

工商信息 天眼查

法定代表人	企业架构图	股权结构图		
 <p>顾林岗 他有 2 家公司, 分布如下 浙江 (共2家) 宁波市杭南绿城物业服...等</p>	 <p>查看详情</p>	 <p>登录查看</p>		
注册资本	2000万人民币	实缴资本	-	<p>认证后获得</p> <p>评分 77 +3</p> 
成立日期	2020-06-01	经营状态	存续	
统一社会信用代码	91330282MA2H60NH4U	工商注册号	-	
纳税人识别号	91330282MA2H60NH4U	组织机构代码	MA2H60NH4	
公司类型	其他有限责任公司	行业	房地产业	
核准日期	2020-06-01	登记机关	慈溪市市场监督管理局	
营业期限	2020-06-01至9999-09-09	纳税人资质	-	
人员规模	-	参保人数	-	
曾用名	-	英文名称	-	
注册地址	浙江省慈溪市胜山镇经贸大街298号7楼701室 附近公司			
经营范围	<p>许可项目：体育场地设施经营（不含高危险性体育运动）；建设工程设计（依法须经批准的项目，经相关部门批准后方可开展经营活动，具体经营项目以审批结果为准）。一般项目：物业管理；房地产咨询；住宅水电安装维护服务；家政服务；专业保洁、清洗、消毒服务；停车场服务；销售代理；住房租赁；房地产经纪；市场营销策划；酒店管理；会议及展览服务；商业综合体管理服务；非居住房地产租赁；家具销售；家居用品销售；建筑装饰材料销售（除依法须经批准的项目外，凭营业执照依法自主开展经营活动）。</p>			

Source: TianYanCha.com

Exhibit 4: The newly registered entity is backed up by the local SASAC and an existing player in city property mgmt segment.



Source: TianYanCha.com

Financial Summary

Year to Dec	FY18	FY19	FY20E	FY21E	FY22E	Year to Dec	FY18	FY19	FY20E	FY21E	FY22E
Income Stat. (RMB mn)						Ratios					
Property services	4,461	5,452	6,737	8,151	9,749	Gross margin (%)	17.8	18.0	17.7	18.3	18.6
Consulting services	939	1,217	1,484	1,870	2,284	Operating margin (%)	9.4	7.5	7.7	9.2	10.0
Community living services	1,310	1,913	2,274	2,859	3,571	Net margin (%)	7.2	5.6	6.0	7.3	7.9
Turnover	6,710	8,582	10,495	12,881	15,604	Selling & dist'n exp/Sales (%)	0.9	1.8	1.5	1.6	1.5
YoY%	31	28	22	23	21	Admin exp/Sales (%)	8.9	9.0	8.4	7.3	6.9
COGS	(5,512)	(7,035)	(8,642)	(10,528)	(12,696)	Payout ratio (%)	46.8	35.5	35.5	35.5	35.5
Gross profit	1,198	1,547	1,853	2,352	2,908	Effective tax (%)	25.1	26.5	25.0	25.0	25.0
Gross margin	17.8%	18.0%	17.7%	18.3%	18.6%	Total debt/equity (%)	0.0	22.9	9.4	8.5	7.6
Other income	152	85	42	42	42	Net debt/equity (%)	Net cash	Net cash	Net cash	Net cash	Net cash
Selling & distribution	(59)	(151)	(158)	(206)	(234)	Current ratio (x)	1.3	1.3	2.0	1.9	1.8
Admin	(597)	(771)	(878)	(940)	(1,076)	Quick ratio (x)	1.2	1.2	1.9	1.8	1.7
R&D	0	0	0	0	0	Inventory T/O (days)	19	18	18	18	18
Other opex	(61)	(63)	(52)	(64)	(78)	AR T/O (days)	65	78	78	78	78
Total opex	(718)	(985)	(1,089)	(1,210)	(1,388)	AP T/O (days)	125	136	136	136	136
Operating profit (EBIT)	632	647	806	1,185	1,562	Cash conversion cycle (days)	(41)	(40)	(40)	(40)	(40)
Operating margin	9.4%	7.5%	7.7%	9.2%	10.0%	Asset turnover (x)	1.4	1.2	1.0	0.9	1.0
Provisions	0	0	0	0	0	Financial leverage (x)	2.2	2.7	2.3	2.0	2.0
Interest Income	18	31	57	86	97	EBIT margin (%)	9.4	7.5	7.7	9.2	10.0
Finance costs	(0)	(32)	(32)	(19)	(19)	Interest burden (x)	1.0	1.0	1.0	1.1	1.1
Profit after financing costs	650	646	832	1,252	1,641	Tax burden (x)	0.8	0.7	0.8	0.8	0.8
Associated companies & JVs	(21)	(3)	0	0	0	Return on equity (%)	22.8	18.8	13.3	13.4	15.7
Pre-tax profit	629	643	832	1,252	1,641	ROIC (%)	1,189.2	122.4	81.2	126.6	228.3
Tax	(163)	(171)	(208)	(313)	(410)	Year to Dec	FY18	FY19	FY20E	FY21E	FY22E
Minority interests	18	5	5	7	10	Balance Sheet (RMB mn)					
Net profit	483	477	629	946	1,240	Fixed assets	454	853	1,026	1,230	1,468
Adj. net profits	394	520	679	946	1,240	Intangible assets & goodwill	695	1,722	1,738	1,747	1,734
YoY%	2	32	31	39	31	Associated companies & JVs	218	207	207	207	207
Adj. Net margin	5.9%	6.1%	6.5%	7.3%	7.9%	Long-term investments	22	63	163	263	363
EBITDA	713	744	930	1,344	1,758	Other non-current assets	117	180	180	180	180
EBITDA margin	10.6%	8.7%	8.9%	10.4%	11.3%	Non-current assets	1,506	3,025	3,314	3,628	3,952
EPS (RMB)	0.142	0.187	0.203	0.283	0.371	Inventories	291	338	415	505	609
YoY%	(8)	32	9	39	31	AR	1,202	1,841	2,252	2,764	3,348
DPS (HK\$)	0.075	0.075	0.081	0.113	0.149	Prepayments & deposits	0	0	0	0	0
Year to Dec	FY18	FY19	FY20E	FY21E	FY22E	Other current assets	165	384	384	384	384
Cash Flow (RMB mn)						Cash	2,180	2,641	6,510	7,380	8,490
EBITDA	713	744	930	1,344	1,758	Current assets	3,838	5,204	9,560	11,033	12,831
Chg in working cap	0	168	329	372	429	AP	1,892	2,627	3,227	3,931	4,741
Others	53	158	0	0	0	Tax	260	328	208	313	410
Operating cash	765	1,070	1,259	1,716	2,187	Accruals & other payables	749	971	1,187	1,457	1,765
Interest received	0	0	(32)	(19)	(19)	Bank loans & leases	1	196	196	196	196
Tax	(109)	(151)	(328)	(208)	(313)	CB & othe debts	0	0	0	0	0
Net cash from operations	656	919	899	1,489	1,855	Other current liabilities	21	28	28	28	28
Capex	(177)	(237)	(262)	(322)	(390)	Current liabilities	2,922	4,149	4,846	5,925	7,140
Investments	(125)	(352)	(150)	(150)	(130)	Bank loans & leases	0	1,269	1,269	1,269	1,269
Dividends received	0	3	0	0	0	CB & othe debts	0	0	0	0	0
Sales of assets	84	5	0	0	0	Deferred tax & others	17	149	149	149	149
Interests paid	18	33	57	86	97	MI	76	201	196	189	179
Others	0	(53)	0	0	0	Non-current liabilities	93	1,619	1,614	1,607	1,597
Investing cash	(199)	(602)	(355)	(386)	(423)	Total net assets	2,329	2,461	6,415	7,129	8,047
FCF	457	318	544	1,102	1,433	Shareholder's equity	2,329	2,753	6,706	7,421	8,339
Issue of shares	0	64	3,533	0	0	Share capital	0	0	0	0	0
Buy-back	0	0	0	0	0	Reserves	2,329	2,753	6,706	7,421	8,339
Minority interests	21	27	0	0	0	BVPS (HK\$)	0.95	1.12	2.36	2.61	2.93
Dividends paid	(142)	(190)	(209)	(232)	(323)	Total debts	1	632	632	632	632
Net change in bank loans	1	338	0	0	0	Net cash/(debts)	2,328	2,267	6,135	7,006	8,116
Others	(0)	(85)	0	0	0						
Financing cash	(120)	153	3,324	(232)	(323)						
Net change in cash	337	470	3,868	871	1,110						
Exchange rate or other Adj	6	(9)	0	0	0						
Opening cash	1,836	2,180	2,641	6,510	7,380						
Closing cash	2,180	2,641	6,510	7,380	8,490						
CFPS (HK\$)	0.267	0.374	0.304	0.503	0.626						

Source: Company, OP Research

Exhibit 5: Peer Group Comparison

Company	Ticker	Price	Mkt cap (US\$m)	3-mth avg t/o (US\$m)	PER	PER	PER	EPS	EPS	3-Yr	Div yld Hist (%)	Div yld FY1 (%)	P/B Hist (x)	P/B FY1 (x)	EV/ Ebitda Hist	EV/ Ebitda Cur Yr	Gross		Net margin Hist (%)	ROE Hist (%)	ROE FY1 (%)	Sh px 1-mt h %	Sh px 3-mt h %	
					Hist (x)	FY1 (x)	FY2 (x)	FY1 YoY%	FY2 YoY%	EPS Cagr (%)							PEG (x)	Net margin Hist (%)						Net margin Hist (%)
Greentown Serv	2869 HK	10.58	4,024	9.8	50.1	46.1	33.1	8.6	39.3	25.9	1.78	0.7	0.8	9.49	4.49	36.6	30.0	Net cash	18.0	5.6	18.8	13.3	2.7	7.5
HSI		24,325.62			10.6	11.5	9.7	(8.0)	18.1	6.9	1.68	3.8	3.6	1.01	0.98					9.6	8.5	(1.3)	(7.5)	
HSCEI		9,967.53			8.2	8.8	7.7	(6.9)	13.7	6.1	1.45	3.8	3.9	1.04	0.98					12.7	11.2	(0.7)	(4.9)	
CSI300		3,983.65			14.9	12.6	11.0	18.2	15.1	15.2	0.8	2.1	2.5	1.7	1.6					11.6	12.6	1.8	(2.6)	
China Property Management Peers																								
Adjusted sector avg*					52.8	30.0	22.4	35.0	33.1	35.9	1.0	0.5	0.9	10.2	8.0	30.5	19.8	0.0	29.4	12.6	27.3	27.3	10.0	24.0
Country Garden S	6098 HK	37.20	13,216	41.4	54.4	42.2	30.8	28.8	37.1	33.2	1.3	0.3	0.6	17.2	12.8	41.6	30.3	0.0	31.6	17.3	43.8	33.3	3.3	20.8
China Overseas P	2669 HK	8.68	3,681	16.9	53.1	41.3	32.4	28.4	27.6	27.2	1.5	0.5	0.7	18.8	14.0	34.0	27.7	0.0	20.0	9.8	40.8	36.3	1.0	32.1
Colour Life Serv	1778 HK	3.66	672	1.6	9.2	8.2	7.3	12.7	11.7	9.6	0.9	2.7	4.0	1.2	1.1	5.2	5.2	15.8	35.3	13.0	14.2	13.9	2.0	(10.6)
A-Living Servi-H	3319 HK	43.15	7,423	29.5	43.0	30.6	23.6	40.8	29.7	32.0	1.0	1.1	1.3	8.5	7.1	29.6	19.0	0.0	36.7	24.0	21.2	25.8	1.6	20.9
S-Enjoy Service	1755 HK	20.90	2,206	5.8	56.4	38.0	26.5	48.5	43.6	42.6	0.9	0.5	1.3	17.0	13.2	36.9	25.7	0.0	29.6	13.9	31.7	35.7	17.0	32.8
Kaisa Prosperity	2168 HK	38.80	701	3.4	30.4	21.8	15.6	39.7	39.4	39.6	0.6	0.5	1.4	7.5	6.1	19.6	13.5	0.0	30.0	13.0	28.0	31.0	39.6	32.4
Ever Sunshine Li	1995 HK	12.66	2,510	11.3	79.7	49.0	32.0	62.6	53.2	54.1	0.9	0.2	0.6	15.5	12.8	46.6	33.4	0.0	29.6	11.9	21.9	26.0	15.5	55.0
Shenzhen World-A	002285 CH	2.83	811	8.6	70.8	9.6	10.1	637.5	(5.1)	N/A	N/A	0.2	0.5	1.1	1.0	14.9	6.3	0.0	12.7	1.2	(1.1)	8.3	0.0	(10.4)
Nacity Propert-A	603506 CH	29.33	553	5.5	34.5	29.1	23.7	18.5	22.8	22.6	1.3	0.8	N/A	5.2	4.2	21.2	16.7	0.0	22.4	9.2	16.5	16.8	46.7	43.0
Commercial Property Management Peers																								
Adjusted sector avg*					14.2	23.0	15.9	(11.7)	42.3	(37.9)	7.05	0.4	0.7	4.31	4.01	(13.7)	15.4	78.6	29.9	0.3	(4.0)	10.2	8.7	(22.2)
Jones Lang Lasal	JLL US	105.59	5,452	62.2	9.6	13.7	9.9	(29.8)	38.9	4.6	3.0	0.4	0.7	1.1	1.0	8.2	12.1	44.8	N/A	3.0	11.9	6.8	4.5	(30.4)
Cbre Group Inc-A	CBRE US	45.99	15,414	111.4	12.0	16.4	13.4	(26.4)	21.9	0.9	17.5	N/A	0.0	2.5	2.4	10.1	11.5	47.8	21.8	5.4	23.0	13.6	15.8	(20.3)
Firstservice-Wi	FSV CN	127.46	4,213	10.6	N/A	44.6	29.4	N/A	51.7	(183.8)	N/A	0.6	28.4	9.2	8.7	(82.2)	24.8	131.1	32.1	(10.5)	(74.7)	N/A	9.1	(4.7)
Colliers Interna	CIGI CN	74.00	2,182	13.2	21.0	17.3	11.1	21.2	56.7	26.6	0.7	0.2	0.2	4.4	3.9	8.9	13.4	90.8	35.7	3.4	23.7	N/A	5.3	(33.3)

* Outliners and "N/A" entries are in red and excl. from the calculation of averages

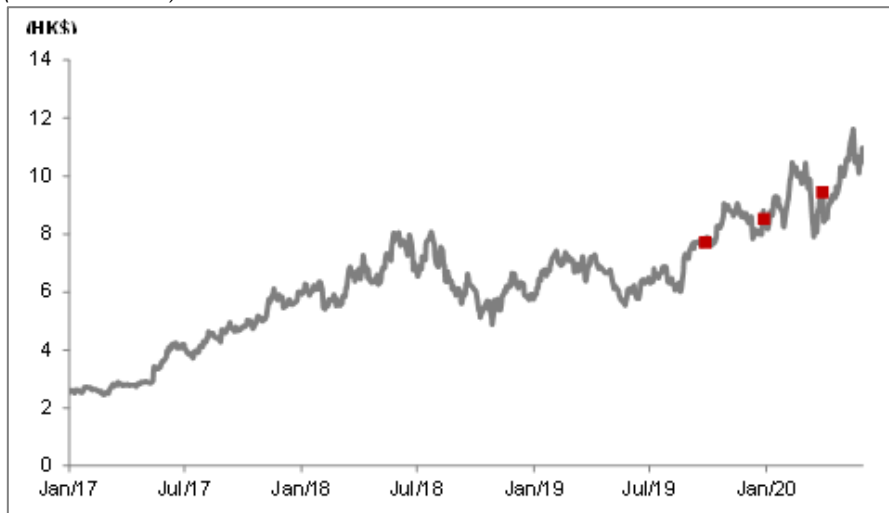
Source: Bloomberg, OP Research

Our recent reports

Date	Company / Sector	Stock Code	Title	Rating	Analyst
28/05/2020	A-Living	3319	Positive read-across from April property sales	BUY	Dallas Cai
25/05/2020	HKBN	1310	Challenging to becoming BN leader	NR	Kevin Tam
18/05/2020	Skyworth	751	The sky getting clear	NR	Kevin Tam
14/05/2020	Ausnutria Dairy	1717	Premium products brought up GPM in 1Q20	BUY	Megan Jin/Dallas Cai
14/05/2020	China Youzan	8083	1Q loss narrowed as economies of scale kicking in	BUY	Dallas Cai
05/05/2020	HKTV	1137	HK based ecommerce on the rise	BUY	Kevin Tam/Megan Jin
23/04/2020	Edvantage Group	382	License fee saving may come earlier	BUY	Megan Jin/Dallas Cai
22/04/2020	361 Degrees Intl	1361	1Q20 retail sales in line	BUY	Megan Jin
21/04/2020	Xtep Intl	1368	1Q20 sales performance better than feared	BUY	Megan Jin/Dallas Cai
20/04/2020	Li-Ning	2331	1Q20 delivered satisfactory retail sales	BUY	Megan Jin/Dallas Cai
16/04/2020	Anta Sports	2020	Robust online FILA sales to drive 1Q20 sales beat	BUY	Dallas Cai/Megan Jin
15/04/2020	China Youzan	8083	FY19 GMV saw growth acceleration	BUY	Dallas Cai
02/04/2020	Greentown Services	2869	FY19 results largely in line	HOLD	Dallas Cai
31/03/2020	TCL Electronics	1070	FY19 results up to expectations	BUY	Dallas Cai
30/03/2020	Li-Ning	2331	A head start in FY20E with resilient operation	BUY	Dallas Cai/Megan Jin
27/03/2020	CH Display OPT	334	Lower order visibility ahead in FY20E	HOLD	Dallas Cai
27/03/2020	ChinaSoft Int'l	354	Cloud business ready to accelerate in FY20E	BUY	Dallas Cai
25/03/2020	Anta Sports	2020	FY20E strive for positive growth	BUY	Dallas Cai/Megan Jin
25/03/2020	China Overseas PPT	2669	FY19 results up to expectations	HOLD	Dallas Cai
23/03/2020	CG Services	6098	FY19 saw solid set of results	BUY	Dallas Cai
20/03/2020	Kingdee Int'l	268	Ambitious cloud target to weigh on FY20E earnings	HOLD	Dallas Cai
20/03/2020	Xtep Intl	1368	FY19 results in line with expectations	BUY	Dallas Cai/Megan Jin
19/03/2020	A-Living	3319	Unfolding a new 3-year plan	BUY	Dallas Cai
19/03/2020	Ausnutria Dairy	1717	Robust growth momentum to keep up in FY20E	BUY	Dallas Cai/Megan Jin
19/03/2020	361 Degrees Intl	1361	FY19 results up to expectations	BUY	Megan Jin
18/03/2020	Sunny Optical	2382	FY19 results clean beat on GPM	BUY	Dallas Cai
10/03/2020	Q Tech	1478	FY19 results beat on better CCM product mix	BUY	Dallas Cai

Historical recommendations and target price: Greentown Services (2869 HK)

(as of 03/06/2020)



DATE	RATING	TP	CLOSE	DATE	RATING	TP	CLOSE
1 02 Oct 2019	BUY	HKD8.50	HK\$7.70	6			
2 31 Dec 2019	BUY	HK\$9.40	HK\$8.80	7			
3 1 April 2020	HOLD	HK\$9.60	HK\$9.43	8			
4				9			
5				10			

TERMS FOR PROVISION OF REPORT, DISCLAIMERS AND DISCLOSURES

By accepting this report, you represent and warrant that you are entitled to receive such report in accordance with the restrictions set forth below and agree to be bound by the limitations contained herein. Any failure to comply with these limitations may constitute a violation of law or termination of such services provided to you.

Disclaimer

Research distributed in Hong Kong is intended only for institutional investors whose ordinary business activities involve investing in shares, bonds and associated securities and/or derivative securities and who have professional experience in such investments. Any person who is not an institutional investor must not rely on this communication.

The information and material presented herein are not directed at, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any jurisdiction where such distribution, publication, availability or use would be contrary to applicable law or regulation or which would subject Oriental Patron Securities Limited ("OPSL") and/or its associated companies and/or its affiliates (collectively "Oriental Patron") to any registration or licensing requirement within such jurisdiction.

The information and material presented herein are provided for information purposes only and are not to be used or considered as an offer or a solicitation to sell or an offer or solicitation to buy or subscribe for securities, investment products or other financial instruments, nor to constitute any advice or recommendation with respect to such securities, investment products or other financial instruments.

This research report is prepared for general circulation. It does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may receive this report. This report is not to be relied upon in substitution for the exercise of independent judgment. Oriental Patron may have issued other reports that are inconsistent with, and reach different conclusions from, the information presented in this report. Those reports reflect the different assumptions, views and analytical methods of the analysts who prepared them. You should independently evaluate particular investments and you should consult an independent financial adviser before making any investments or entering into any transaction in relation to any securities mentioned in this report.

Information and opinions presented in this report have been obtained or derived from sources believed by Oriental Patron to be reliable, but Oriental Patron makes no representation as to their accuracy or completeness and Oriental Patron accepts no liability for loss arising from the use of the material presented in this report where permitted by law and/or regulation. Further, opinions expressed in this report are subject to change without notice. Oriental Patron does not accept any liability whatsoever whether direct or indirect that may arise from the use of information contained in this report.

The research analyst(s) primarily responsible for the preparation of this report confirm(s) that (a) all of the views expressed in this report accurately reflects his or their personal views about any and all of the subject securities or issuers; and (b) that no part of his or their compensation was, is or will be, directly or indirectly, related to the specific recommendations or views he or they expressed in this report.

Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is made regarding future performance.

Oriental Patron, its directors, officers and employees may have investments in securities or derivatives of any companies mentioned in this report, and may make investment decisions that are inconsistent with the views expressed in this report.

General Disclosure

Oriental Patron, its directors, officers and employees, including persons involved in the preparation or issuance of this report, may, to the extent permitted by law, from time to time participate or invest in financing transactions with the issuer(s) of the securities mentioned in this report, perform services for or solicit business from such issuers, and/or have a position or holding, or other material interest, or effect transactions, in such securities or options thereon, or other investments related thereto. In addition, it may make markets in the securities mentioned in the material presented in this report. Oriental Patron may, to the extent permitted by law, act upon or use the information presented herein, or the research or analysis on which they are based, before the material is published. One or more directors, officers and/or employees of Oriental Patron may be a director of the issuers of the securities mentioned in this report. Oriental Patron may have, within the last three years, served as manager or co-manager of a public offering of securities for, or currently may make a primary market in issues of, any or all of the entities mentioned in this report or may be providing, or have provided within the previous 12 months, significant advice or investment services in relation to the investment concerned or a related investment or investment banking service to the issuers of the securities mentioned in this report.

Regulatory Disclosures as required by the Hong Kong Securities and Futures Commission

Oriental Patron (inclusive of OPSL) which are carrying on a business in Hong Kong in investment banking, proprietary trading or market making or agency broking are not a market maker in the securities of the subject companies mentioned in this report. Unless otherwise specified, Oriental Patron does not have any investment banking relationship with the companies mentioned in this report within the last 12 months. As at the date of this report, Oriental Patron do not have any interests in the subject company(ies) aggregating to an amount equal to or more than 1% of the subject company(ies) market capitalization.

Analyst Certification:

The views expressed in this research report accurately reflect the analyst's personal views about any and all of the subject securities or issuers; and no part of the research analyst's compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.

Rating and Related Definitions

Buy (B)	We expect this stock outperform the relevant benchmark greater than 15% over the next 12 months.
Hold (H)	We expect this stock to perform in line with the relevant benchmark over the next 12 months.
Sell (S)	We expect this stock to underperform the relevant benchmark greater than 15% over the next 12 month.
Relevant Benchmark	Represents the stock closing price as at the date quoted in this report.

Copyright © 2017 Oriental Patron Financial Group. All Rights Reserved

This report is being supplied to you strictly on the basis that it will remain confidential. Except as specifically permitted, no part of this presentation may be reproduced or distributed in any manner without the prior written permission of Oriental Patron. Oriental Patron accepts no liability whatsoever for the actions of third parties in this respect.

CONTACT

27/F, Two Exchange Square,

8 Connaught Place, Central, Hong Kong

www.oriental-patron.com.hk

dallas.cai@oriental-patron.com.hk

Tel: (852) 2135 0248

Fax: (852) 2135 0295