

Times China (1233 HK)

1H21 results came in line

Times China delivered in-line 1H21 earnings growth of 6% YoY to RMB1.6bn, accounting for 30% of 2021E consensus (vs. 31% in 1H20). The drag mainly came from decreasing top line growth at negative 9% YoY to RMB13.6bn which we mainly attribute to decrease in booked sales (-25% YoY; RMB11bn). GP Margin expanded 6.4ppt YoY to 33.3% in 1H21 vs. 26.9% in 1H20 and net margin widened 1.6ppt YoY to 1.6% as the Company recorded higher margin urban redevelopment business in Guangzhou and Foshan. EPS was RMB0.84/share, +6% YoY and no dividend was declared during interim.

- Higher margin brought by urban redevelopment business:** The Company has entered into the urban redevelopment segment in 1H21 as promised, recording RMB2.4bn in revenue (77% of our annual estimate). In 1H21, the Company had 160 urban redevelopment projects and the total potential saleable GFA was about 53.40mn sq m.
- Conservative land acquisitions lead to balance sheet improvement:** In 1H21 the Company only spent RMB3.5bn attributable land costs to acquire 7 plots with attributable ratio of 30% and AV of RMB7k/sq m. As a result, the minority interest of equity increased to RMB21bn from RMB17bn in Dec 2020 (or 52% of total equity) and asset liability ratio improved to 76.6% in 1H21 (vs. 78.6% in Dec 2020). It remains in the yellow category with unrestricted cash to short-term debts ratio and net gearing at 1.9x and 71%.
- Valuation:** The Company is currently trading at 2.6x 2021E PE, which looks attractive.

Earnings Summary

(YE 31 Dec)	FY18A	FY19A	FY20A	FY21E	FY22E
Revenue (RMB mn)	34,375	42,433	38,577	58,786	65,431
YoY growth (%)	48.7	23.4	-9.1	16.0	11.3
Net income (RMB mn)	4,399	5,213	4,941	7,088	8,152
EPS (RMB)	2.40	2.73	2.54	3.65	4.20
YoY growth (%)	58.9	13.8	-7.0	11.9	15.0
P/E (x)	5.0	4.4	2.7	3.3	2.8
P/B (x)	1.3	1.2	0.6	0.8	0.7
Yield (%)	5.8	7.1	11.0	9.2	10.6
ROE (%)	26.0	27.3	26.3	24.9	23.8
Net gearing (%)	62.6	67.2	68.3	88.2	79.0

Source: Company data, Bloomberg, CMBIS estimates

BUY (Maintain)

Target Price **HK\$16.20**
(Previous TP **HK\$16.20**)
Up/Downside **+93.8%**
Current Price **HK\$8.36**

China Property Sector

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Stock Data

Mkt Cap (HK\$ mn)	16,587
Avg 3 mths t/o (HK\$ mn)	31.76
52w High/Low (HK\$)	14.00 / 7.05
Total Issued Shares (mn)	1,984

Source: Bloomberg

Shareholding Structure

Shum Chiu Hung	62.6%
Free float	37.4%

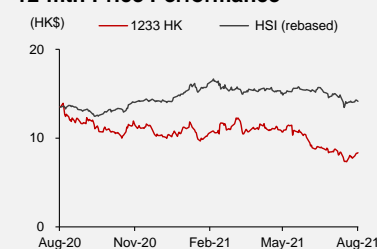
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	-1.9%	1.8%
3-mth	-22.3%	-17.3%
6-mth	-21.0%	-10.1%
12-mth	-38.2%	-41.1%

Source: Bloomberg

12-mth Price Performance



Source: Bloomberg

Auditor: Ernst & Young

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Figure 1: 1H21 results summary

	1H20	1H21	YoY	1H/2020	1H/2021E
Revenue	14,925	13,638	-9%	39%	28%
- Sale of properties	14,713	11,006	-25%		
- Property leasing	237	252	6%		
- Urban redevelopment business	-	2,407	N.A.		
- Elimination	(25)	(25)	-1%		
Gross profit	4,022	4,548	13%		
Net profit	1,537	1,629	6%	31%	30%
EPS (RMB)	0.79	0.84	6%		
DPS (RMB)	-	-	N.A.		
Dividend payout ratio	N.A.	N.A.	N.A.		
GP Margin	26.9%	33.3%	6.4 ppt		
Net Margin	10.3%	11.9%	1.6 ppt		

Source: Company data, CMBIS estimates

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