



PROPERTIES

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BUY ↻

Target Price

HKD0.500

Previous

HKD0.500

Price

HKD0.380

PROPERTIES

CSI Properties is principally engaged in commercial property trading, and premium residential property development in Hong Kong and China. The Group has a proven track record in adding value through the repositioning of properties.

Stock Statistics

Bloomberg Ticker	497.HK
Share Capital (m)	8,306
Market Cap (USDm)	407
52 week H L Price (HKD)	0.385 0.164
Avg 3mth Turnover (USDm)	0.7
Avg 3mth Volume (m)	16.3
YTD Returns (%)	68.9
Beta (x)	0.70

OSK vs Bloomberg Consensus EPS HKD

	OSK	Consensus	Diff (%)
FY13F	0.213	0.195	9.2
FY14F	0.209	0.165	26.7

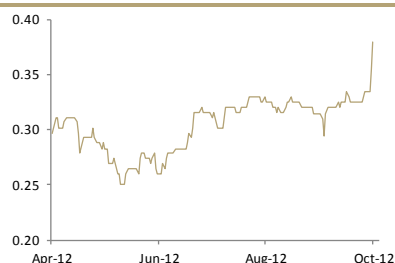
Major Shareholders (%)

Mico Chung	50.70
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Share Performance (%)

Month	Absolute	Relative
1m	20.6	14.1
3m	22.2	13.3
6m	22.2	18.6
12m	142.0	104.7

6-month Share Price Performance



Corporate Flash Note

CSI Properties (497.HK)

Profit warning should not be a surprise

What's new? After yesterday's market close, CSI Properties (CSI) issued a negative profit warning for its upcoming 1H3/13 results which is scheduled for release in end-November. CSI expects its 1H3/13 net profit to decrease significantly due to a reduction in property sales.

Implications: We believe the profit warning should largely be expected given that CSI did not complete a major disposal in 1H3/13 compared to 1H3/12, when two major disposals were completed and booked - i) Mohan Building at HKD1.4bn and ii) 6 floors of AXA Centre at HKD1.0bn. However, we note that the Group has recently launched sales of: i) 8 upper floors of AXA Centre, ii) H8 and iii) its 25% stake in Cubus. If the sales are completed and booked before end-FY3/13F, we believe the sales could generate HKD2.7bn in revenues and HKD1.4bn in net profit for 2H3/13. We remain optimistic on this front since the property market has become more active recently and, as such, have left our FY3/13F earnings estimate unchanged.

Stock impact: ST Negative. We believe that even though the profit warning should not surprise investors, it may give them an excuse to take profit given the counter's recent strong run this week (up 13.4% since last Friday and close to its 52 week high of HKD0.385). However, we remain positive on CSI's outlook and reiterate our stance that further property sales in 2H3/13F would enable the group to realize profits and maintain its i) FY3/13F net profit at HKD1.7bn and ii) attractive FY3/13F yield of 6.3% vs its peers' average of 3.5%. Therefore, we have left our TP unchanged at HKD0.50, based on 57% discount to our end-FY3/13 ENAV of HKD1.17. Maintain BUY.

FYE Mar (HKDm)	FY10A	FY11A	FY12A	FY13F	FY14F
Total revenue	1,448	2,745	3,218	3,087	3,262
Net profit	546	858	1,754	1,755	1,723
Chg y-o-y (%)	775.8	57.0	104.5	0.0	(1.8)
EPS (Basic)	0.073	0.105	0.213	0.213	0.209
DPS	0.005	0.010	0.024	0.024	0.024
Dividend payout ratio (%)	6.8	9.5	11.3	11.3	11.5
Dividend yield (%)	1.3	2.6	6.3	6.3	6.3
PER (x)	5.7	3.9	1.8	1.8	1.9
PBR (x)	0.91	0.80	0.54	0.39	0.33
ROE (%)	18.6	22.4	34.4	24.5	19.0
Net debt/equity (%)	91.5	18.0	3.5	net cash	net cash

Sources: Company data; OSK Research estimates
 Based on 09 October 2012 closing price.

OSK Research Guide to Investment Ratings

Buy:	Share price may exceed 10% over the next 12 months
Trading Buy:	Share price may exceed 15% over the next 3 months, however longer-term outlook remains uncertain
Neutral:	Share price may fall within the range of +/- 10% over the next 12 months
Take Profit:	Target price has been attained. Look to accumulate at lower levels
Sell:	Share price may fall by more than 10% over the next 12 months
Not Rated (NR):	Stock is not within regular research coverage

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