Sino Land (83 HK)

FY26: Results In Line; Strenghtened Cash To Support Landbank Expansion

Highlights

- FY26 underlying profit fell 6.4% yoy to HK$4,789m, in line with consensus and 2.3% ahead of our forecast. Annual DPS was maintained at HK$0.58, implying a higher payout ratio of 113.7%.
- With a strengthened net cash position, the company is keen on buying land in Hong Kong, while maintaining a selective approach. Leasing momentum is building among office and residential IPs; tenant remixing is continuing for the retail portfolio.
- Maintain BUY with a higher target price of HK$14.00.

FY26 Results

Year to 30 Jun (HK$m)	FY26	FY25	YoY	UOBKH Estimate	Actual vs Estimate
Combined revenue	17,125	17,628	-2.9%	16,842	1.7%
Property sales	10,411	10,920	-4.7%	9,963	4.5%
Property rental	3,452	3,508	-1.6%	3,496	-1.3%
Property management and other services	1,549	1,528	1.4%	1,582	-2.1%
Hotel operations	1,565	1,506	3.9%	1,641	-4.7%
Investment in securities and others	148	166	-10.8%		
Profit margin	28.2%	26.9%	1.3%		
Property sales	11.1%	9.4%	1.6%	12.2%	-1.1%
Property rental	79.1%	79.8%	-0.7%	81.1%	-2.0%
Property management and other services	18.2%	17.5%	0.7%	17.4%	0.8%
Hotel operations	33.2%	31.5%	1.6%	33.0%	0.1%
Investment in securities and others	100.0%	100.0%	0.0%		
Interest income	1,923	2,258	-14.8%	1,747	10.0%
Underlying net profit (UNP)*	4,789	5,118	-6.4%	4,682	2.3%
Fair value changes of investment properties	337	(653)	-151.6%		
Profit attributable to shareholders	4,589	4,019	14.2%	4,682	-2.0%
Underlying EPS	0.51	0.58	-12.1%	0.50	2.0%
DPS	0.58	0.58	0.0%	0.58	0.0%
Dividend payout ratio	113.7%	100.0%	13.7%	115.6%	-1.9%
Cash	58,022	51,260	13.2%	50,882	14.0%
Net Gearing Ratio	-31.7%	-29.2%	-2.5%	-28.3%	-3.4%

**Excluding the effect of fair value changes on investment properties.*
Source: Sino Land, UOB Kay Hian

Analysis

- **FY26 results in line; cash position further strengthened.** Underlying net profit (UNP) was HK$4,789m (-6.4% yoy), in line with consensus estimate of HK$4,792m and 2.3% higher than our estimate. The yoy decline in UNP was mainly due to lower interest income (-14.8% yoy to HK$1,923m), with the drop in revenue (-2.9% yoy) being largely offset by improved profit margin (+1.3% yoy). Net cash position increased 11.5% yoy to HK$55,130m. FY26 DPS was maintained at HK$0.58/share, implying a higher payout ratio of 113.7%.

Key Financials

Year to 30 Jun (HK$m)	2025	2026	2027F	2028F	2029F
Net turnover	8,183	9,273	7,037	6,795	6,319
EBITDA	2,805	2,938	2,335	2,470	2,306
Operating profit	2,647	2,848	2,245	2,380	2,216
Net profit (rep./act.)	4,019	4,589	4,911	5,251	5,032
Net profit (adj.)	5,118	4,789	4,911	5,251	5,032
EPS (HK$)	57.5	51.2	50.2	51.6	47.6
PE (x)	17.8	20.1	20.4	19.9	21.6
P/B (x)	0.6	0.6	0.6	0.6	0.6
EV/EBITDA (x)	17.5	16.7	21.0	19.8	21.3
Dividend yield (%)	5.7	5.7	5.7	5.7	5.7
Net margin (%)	49.1	49.5	69.8	77.3	79.6
Net debt/(cash) to equity (%)	(29.0)	(30.4)	(28.1)	(28.5)	(28.7)
Interest cover (x)	n.a.	n.a.	n.a.	n.a.	n.a.
ROE (%)	2.4	2.7	2.8	2.9	2.7
Consensus net profit (HK$m)	-	-	4,930.8	5,212.5	5,037.0
UOBKH/Consensus (x)	-	-	1.00	1.01	1.00

Source: Sino Land, Bloomberg, UOB Kay Hian

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BUY (Maintained)

Share Price	HK$10.26
Target Price	HK$14.00
Upside	+36.5%
Previous TP	HK$13.50

Stock Data

GICS sector	Real Estate
Bloomberg ticker:	83 HK
Shares issued (m):	9,586.1
Market Cap (HK$m):	98,641.4
Market cap (US$m):	12,581.5
3-mth avg t'over (US$m):	11.7

Price Performance (%)

52-week high/low				HK$13.3/HK$9.27
1mth	3mth	6mth	1yr	YTD
(3.8)	(12.6)	(19.5)	11.1	0.7

Major Shareholders (%)

Ng Chee Siong	61.74

Balance Sheet Metrics

FY26 NAV/Share (HK$)	18.14
FY26 Net Cash/ Share (HK$)	5.75

Price Chart

Source: Bloomberg

Company Description

Sino Land, through its subsidiaries, develops and invests in properties, trades and invests in securities, and provides financing services. The company also operates hotels and provides building management services.

- **Sino Land is keen to acquire more land in Hong Kong while maintaining a selective approach.** The company's three key launches in FY26 each achieved sell-through rates of over 60%. In FY27, Sino Land will launch the Wing Kwong Street/Sung On Street Development Project (near To Kwa Wan MTR Station). With sales momentum largely held in July-August, management is positive on demand for appropriately priced projects. Margin-wise, FY26 reading improved to 11.1%, reflecting higher Hong Kong ASPs, and we expect contributions from Chengdu and Singapore projects, together with potential further ASP growth, to support margins in FY27. After actively replenishing its land bank in recent years, the company has strengthened its development pipeline and remains keen to pursue further acquisitions, while maintaining a selective approach.

Gross Profit Margin By Segment

Segment profit margin*	Combined			Company & its subsidiaries			JV & associations		
	FY26	FY25	FY24	FY26	FY25	FY24	FY26	FY25	FY24
Property sales	11.1%	9.4%	8.3%	32.8%	23.5%	7.8%	-2.7%	4.3%	8.5%
Property rental	79.1%	79.8%	82.0%	78.6%	78.6%	81.2%	80.7%	83.9%	84.6%
Property management and other services	18.2%	17.5%	16.8%	18.7%	18.7%	17.4%	11.4%	3.5%	9.9%
Hotel operations	33.2%	31.5%	31.9%	38.1%	38.4%	38.6%	25.0%	19.8%	20.7%
Investments in securities	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	N/A	N/A	N/A
Financing	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total	28.2%	26.9%	28.1%	45.5%	44.4%	37.4%	7.8%	11.7%	17.4%

** Segment results represent the profit before taxation earned by each segment without allocation of certain other income and other gains or losses, certain administrative expenses and other operating expenses, change in fair value of investment properties and financial assets at FVTPL and certain finance income, net.*
Source: Sino Land, UOB Kay Hian

- **Leasing momentum building among office and residential portfolios; tenant remixing continuing for retail portfolio.** The office segment bottomed out in FY25, with occupancy rate improving by 0.8ppt in FY26 and rental reversions narrowing from high single-digit declines to mid-to-low single-digit negative territory. We expect occupancy to continue rising and rental reversions to further improve in FY27. Retail tenant sales grew by a mid-to-high single-digit rate in FY26, alongside a 0.7ppt increase in occupancy; however, as the portfolio is largely located in residential communities, pressure persisted in certain categories such as supermarkets and department stores. We project that the company will continue optimising its tenant mix in response to evolving consumption trends. Residential recorded the strongest occupancy gain, up 2.0ppt, with contribution to rental income up from 5% in FY25 to 7% in FY26, partly driven the leasing of One Central Place. We expect resilient rental income and profit in FY27.

Valuation/Recommendation

- **Maintain BUY with a higher target price of HK$14.00.** Factoring in a higher cash position, we raise our SOTP-derived target price by 4% to HK$14.00. Our target price implies 4.1% targeted FY27 dividend yield. Stronger-than-expected property sales will be a catalyst for Sino Land.

Earnings Revision/Risk

- Keep earnings forecast unchanged.

Share Price Catalyst

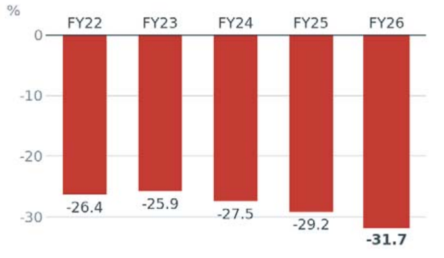
- Stronger-than-expected property sales.

Projects Launched In FY26

Project	Stake	Total number of units	First launch for sale	Units sold
Grand Mayfair III, Yuen Long	33.33%*	680	Oct 25	69.7%
One Park Place, Yau Tong	80%*	748	Nov 25	62.6%
La Mirabelle I, Tseung Kwan O	25%*	1,266	Mar 26	68.0%

** MTRC projects*
Source: Sino Land, UOB Kay Hian

Net Gearing Ratio



Source: UOB Kay Hian

Gross Rental Revenue

	FY26	FY25	FY24
Retail	48%	49%	51%
Office	25%	26%	27%
Industrial	10%	10%	9%
Residential	7%	5%	4%

Source: Sino Land, UOB Kay Hian

Overall Occupancy Rate

	Jun 26	Dec 25	Jun 25	Jun 24
Retail	93.3%	92.9%	92.6%	93.5%
Office	84.7%	84.1%	83.9%	86.5%
Industrial	86.5%	85.6%	88.5%	90.0%
Residential	92.7%	92.0%	90.7%	86.8%

Source: Sino Land, UOB Kay Hian

Profit & Loss

Year to 30 Jun (HK$m)	2026	2027F	2028F	2029F
Net turnover	9,273.0	7,036.9	6,795.3	6,318.6
EBITDA	2,938.0	2,335.0	2,470.5	2,305.7
Deprec. & amort.	90.0	90.0	90.0	90.0
EBIT	2,848.0	2,245.0	2,380.5	2,215.7
Total other non-operating income	801.0	464.0	464.0	464.0
Associate contributions	(119.0)	648.3	750.7	533.8
Net interest income/(expense)	1,877.0	2,028.2	2,122.9	2,260.1
Pre-tax profit	5,407.0	5,385.4	5,718.0	5,473.6
Tax	(774.0)	(456.6)	(467.0)	(442.1)
Minorities	(44.0)	(18.3)	0.0	0.0
Net profit	4,589.0	4,910.6	5,251.0	5,031.5
Net profit (adj.)	4,789.0	4,910.6	5,251.0	5,031.5

Balance Sheet

Year to 30 Jun (HK$m)	2026	2027F	2028F	2029F
Fixed assets	71,523.0	71,559.3	71,595.6	71,632.0
Other LT assets	41,876.0	43,221.5	43,990.7	44,521.5
Cash/ST investment	58,022.0	58,768.1	67,259.9	77,367.6
Other current assets	20,308.0	21,245.7	22,571.9	24,352.1
Total assets	191,729.0	194,794.6	205,418.2	217,873.1
ST debt	2,259.0	6,025.5	12,626.2	21,327.0
Other current liabilities	7,975.0	7,975.0	7,975.0	7,975.0
LT debt	2,892.0	2,892.0	2,892.0	2,892.0
Other LT liabilities	4,220.0	4,220.0	4,220.0	4,220.0
Shareholders' equity	173,875.0	177,604.5	181,627.3	185,381.4
Minority interest	508.0	526.3	526.3	526.3
Total liabilities & equity	191,729.0	199,243.3	209,866.8	222,321.7

Cash Flow

Year to 30 Jun (HK$m)	2026	2027F	2028F	2029F
Operating	2,994.0	5,476.0	7,983.4	9,338.3
Profit fo the year	5,407.0	5,385.4	5,718.0	5,473.6
Tax	(774.0)	(456.6)	(467.0)	(442.1)
Deprec. & amort.	90.0	90.0	90.0	90.0
Associates	119.0	(648.3)	(750.7)	(533.8)
Working capital changes	75.0	2,828.7	5,274.6	6,920.6
Non-cash items	(1,924.0)	(1,798.7)	(1,956.9)	(2,245.4)
Other operating cashflows	1.0	75.4	75.4	75.4
Investing	(21,250.7)	899.8	1,736.7	2,046.7
Capex (growth)	(126.3)	(126.3)	(126.3)	(126.3)
Investment	40,101.0	41,446.5	42,215.7	42,746.5
Others	(61,225.4)	(40,420.4)	(40,352.7)	(40,573.4)
Financing	(328.0)	(1,181.0)	(1,228.3)	(1,277.4)
Dividend payments	(328.0)	(1,181.0)	(1,228.3)	(1,277.4)
Proceeds from borrowings	0.0	0.0	0.0	0.0
Loan repayment	0.0	0.0	0.0	0.0
Others/interest paid	0.0	0.0	0.0	0.0
Net cash inflow (outflow)	(18,584.7)	5,194.8	8,491.8	10,107.6
Beginning cash & cash equivalent	51,260.0	32,675.3	37,870.1	46,361.9
Changes due to forex impact	0.0	0.0	0.0	0.0
Ending cash & cash equivalent	32,675.3	37,870.1	46,361.9	56,469.6

Key Metric

Year to 30 Jun (%)	2026	2027F	2028F	2029F
Profitability				
EBITDA margin	31.7	33.2	36.4	36.5
Pre-tax margin	58.3	76.5	84.1	86.6
Net margin	49.5	69.8	77.3	79.6
ROA	2.4	2.5	2.6	2.4
ROE	2.7	2.8	2.9	2.7
Growth				
Turnover	13.3	(24.1)	(3.4)	(7.0)
EBITDA	4.7	(20.5)	5.8	(6.7)
Pre-tax profit	20.9	(0.4)	6.2	(4.3)
Net profit	14.2	7.0	6.9	(4.2)
Net profit (adj.)	(6.4)	2.5	6.9	(4.2)
EPS	(11.1)	(1.8)	2.8	(7.9)
Leverage				
Debt to total capital	2.9	4.8	7.9	11.5
Debt to equity	3.0	5.0	8.5	13.1
Net debt/(cash) to equity	(30.4)	(28.1)	(28.5)	(28.7)
Interest cover (x)	n.a.	n.a.	n.a.	n.a.