



August 6, 2013
 Equity Focus
 Rating: BUY
 TP: HK\$ 26.0

Share price (HK\$) 23.25
 Est. share price return 11.8%
 Est. dividend yield 2.0%
 Est. total return 13.8%

Previous Rating & TP BUY; HK\$ 26.0
 Previous Report Date June 6, 2013

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Key Data

52Wk H/L(HK\$)	25.60/17.28
Issued shares (mn)	8,173
Market cap (HK\$ mn)	190,013
3-mth avg daily turnover (HK\$ mn)	477.1
Major shareholder(s) (%):	
China State Construction Engineering Corporation	53.18
Source(s): Company, Bloomberg, ABCI Securities	

FY12 Revenue breakdown (%)

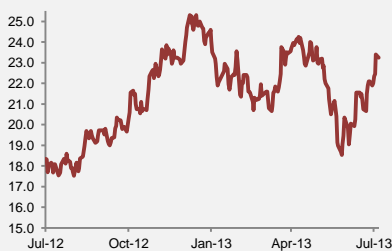
Property development	95.1
Property investment	0.9
Others	4.0
Source(s): Company, ABCI Securities	

Share performance (%)

	Absolute	Relative*
1-mth	16.0	8.8
3-mth	(3.7)	(0.2)
6-mth	0.2	6.8

*Relative to HSI
 Source(s): Bloomberg, ABCI Securities

1-Year stock performance (HK\$)



Source(s): Bloomberg, ABCI Securities

COLI (688 HK)

Positive 1H13 Results – The Great gets Greater

- COLI announced better-than-expected 1H13 results - underlying net profit was up +26.7% to HK\$ 8.06 bn, beating consensus by 7%
- Strong execution refutes market's concern that COLI is "too-big-to-grow"
- Key takeaways from analyst briefing: 1) Revised 2013 sales target to HK\$ 120bn; 2) Potential asset injection
- Maintain **BUY** with TP HK\$ 26.00, with no discount (historical average during 2009- current) to NAV

Results beat consensus: COLI's reported net profit for 1H13 hit HK\$ 11.03bn, up 31.6% YoY. Excluding investment property revaluation and other one-off items, underlying net profit was up 26.7% YoY to HK\$ 8.06bn, which was 7% higher than the consensus of HK\$ 7.52bn. Net gearing was down 5.6ppt to 15% as at June 2013 (Dec 2012: 21%). However, gross margin shrank 4.7ppt YoY to 36.3% in 1H13, lower than our FY13E estimate of 37.1% but higher than the industry average of ~33%.

Contracted sales raised to HK\$ 120bn with ~ 67% completed by 1H13. COLI raised its 2013 contracted sales target from HK\$ 100bn to HK\$ 120bn. The Group is likely to meet its new target given it has secured HK\$ 80.1bn (+23% YoY), or 66.7% of the revised target by end-June. Management expects new saleable resources of ~6mn sqm or HK\$ 80bn in 2H13, implying a sell-through rate of 50% would be sufficient to accomplish the remaining target of HK\$ 40bn. Land acquisition in 1H13 (RMB 23.3bn; 6.08 mn sqm of GFA) will secure COLI's contracted sale pipeline in 2014. COLI guided 7.1m sqm of GFA completion in 2H13 (or 9.0mn sqm for FY13), of which 6.45m sqm would be pre-sold GFA (or HK\$ 94.7bn) by end-June.

Potential asset injection from parent company. COLI also announced that its parent company, China State Construction Engineering Corporation (601668 SH), may inject real estate assets into COLI though the timetable has yet to be determined.

The giant is still growing - reiterate BUY. Overall, we believe COLI's strong 1H13 results have reassured investors that the Group is still enjoying vibrant growth despite its mammoth size. Maintain BUY with TP HK\$26.00, based on no discount to NAV.

Risk factors: 1) Further real estate tightening policy from PRC government; 2) Aggressive land acquisition at expensive prices may erode margins.

Results and Valuation

FY ended Dec 31	2011A	2012A	2013E	2014E	2015E
Revenue (HK\$ mn)	51,332	64,581	107,428	124,417	119,923
Chg (% YoY)	10.0	25.8	66.3	15.8	(3.6)
Underlying Net Income ¹ (HK\$ mn)	12,548	15,958	19,390	24,389	25,089
Chg (% YoY)	33.4	27.2	21.5	25.8	2.9
EPS (HK\$ mn)	1.54	1.95	2.37	2.98	3.07
Chg (% YoY)	33.4	27.2	21.5	25.8	2.9
BVPS (HK\$ mn)	8.76	10.68	12.57	14.96	17.42
Chg (% YoY)	30.8	21.8	17.8	19.0	16.4
P/E (x)	15.3	12.0	9.9	7.9	7.7
P/B (x)	2.7	2.2	1.9	1.6	1.3
ROE (%)	17.5	18.3	18.9	19.9	17.6
ROA (%)	7.1	6.9	7.7	9.2	9.3
DPS(HK\$)	0.33	0.41	0.47	0.60	0.61
Yield (%)	1.4	1.7	2.0	2.5	2.6
Net gearing ² (%)	32.7	20.5	0.3	(35.7)	(60.5)

¹Underlying net income =Net profit - revaluation gain of investment properties and one-off items

²Net gearing=Net debt/Shareholder's equity

Source(s): Bloomberg, ABCI estimates



Exhibit 1: COLI's 1H13 results

P&L	1H13	1H12	YoY Chg	Remarks
	HK\$ mn	HK\$ mn	(%)	
Turnover	32,188	25,282	27.3	
Cost of Sales & direct operating costs	(20,512)	(14,932)	37.4	
Gross Profit	11,677	10,350	12.8	
Gross Margin (%)	36.3	40.9	(4.7)	
Selling and distribution costs	(450)	(358)	25.4	
Administrative expense	(754)	(597)	26.2	
EBIT	10,474	9,395	11.5	
EBIT Margin (%)	32.5	37.2		
Other income, gains and losses	736	263	179.4	
Fair value gain of investment properties	1,964	2,567	(23.5)	
Other exceptional items	1,458	0		- Represent fair value gain on acquisition of ~30% minority stake in na COLI's Xi'an, Qingdao and Shenyang projects
Share of profit from JCE/ Associates	1,629	562	189.9	- Increasing profit contribution from JV structure
Finance cost	(151)	(112)	35.4	
Profit before tax	16,109	12,676	27.1	
Tax	(5,009)	(4,254)	17.8	
- LAT	(1,901)	(1,825)	4.2	
- Enterprise tax	(3,107)	(2,428)	28.0	
Profit after tax	11,100	8,422	31.8	
Minority Interest	(68)	(37)	81.0	
Net profit	11,033	8,385	31.6	
Underlying net profit	8,060	6,360	26.7	
Operating statistics				
Contracted GFA (mn sqm)	5.24	3.95	32.7	
Contracted ASP (HK\$/sqm)	15,281	16,481	(7.3)	
Contracted Sales (HK\$ mn)	80,070	65,100	23.0	- Achieved 66.7% of revised sales target by 1H13 (1H12: 65.1%)
Balance sheet				
	Jun-13	Dec-12	HoH %	Remarks
	HK\$ mn	HK\$ mn		
Gross debt	66,401	58,789	12.9	
Cash	51,742	40,880	26.6	
Net debt	14,659	17,908	(18.1)	

Source(s): Company, ABCI Securities



Exhibit 2: COLI's Guidance for 2013

	2013 Guidance	1H13 completion	% of achievement
Net profit growth	Over 20%	31.6%	
Project completion (mn sqm)	9	1.9	21%
New project commencement (mn sqm)	10.8	6.8	63%
Contracted sales (HK\$ bn)	120	80.1	67%
New land acquisition (mn sqm)	8.0	3.2	40%
Total capex (HK\$ bn)	102	32	31%
- Outstanding and new land payment	52	15	29%
- Construction	50	17	34%

Source(s): Company, ABCI Securities

Exhibit 3: COLI's 2013E NAV breakdown

	Attr. GFA (mn sqm)	Net assets value (HK\$ mn)	% of total	Valuation Methodology	Implied value per sqm (HK\$)
Property development					
Hua Nan	9.7	53,076	25%	DCF at WACC of 7.3%	5,459
Hua Dong	9.4	50,046	23%		5,296
Hua Bei	4.4	16,739	8%		3,785
Northern	11.7	47,848	22%		4,076
Western	7.5	28,762	13%		3,811
HK & Macau	0.22	3,847	2%		17,215
Subtotal	43.1	200,317	94%		4,647
Investment Properties		12,842	6%	5.0% cap rate on 2013E net rental income	
Total 2013E GAV		213,159	100%		
2013E Net debt		(280)	0%		
Total 2013E NAV		212,879	100%		
No. of shares outstanding		8,173			
NAV per share (HK\$)		26.0			
Target Premium/ (discount)		0%			
Target Price (HK\$)		26.00			
WACC					
Cost of debt		3.5%			
Cost of Equity		10.0%			
Debt/ (Debt + Equity)		36%			

Source(s): Company, ABCI Securities estimates



Exhibit 4: Peer comparison

China Property	Ticker	Rating	Mkt cap (HK\$ bn)	Share Price (local ccy)	Performance					Discount to NAV (%)	2013E NAV (HK\$)	Valuation						P/B			
					1M	3M	6M	YTD	2012			2012A	2013E	2014E	2012A	2013E	2014E	2012A	2013E	2014E	
					% Chg	% Chg	% Chg	% Chg	% Chg	Yield (%)											
Residential :																					
1	COLI	688 HK	BUY	190.0	23.25	17.2	(1.9)	1.3	0.6	76.1	(10.7)	26.05	11.9	9.8	7.8	1.8	2.0	2.6	2.2	1.8	1.6
2	CR Land	1109 HK	NR	132.0	22.65	12.4	(3.6)	1.1	7.3	70.4	(18.9)	27.93	17.4	14.2	11.3	1.5	1.8	2.2	1.9	1.7	1.4
3	Country Garden	2007 HK	NR	84.5	4.58	13.6	4.1	9.8	12.8	38.6	(24.9)	6.10	9.8	8.2	7.0	3.8	4.4	5.1	1.8	1.5	1.3
4	Longfor	960 HK	NR	69.0	12.68	13.8	(2.2)	(9.9)	(16.5)	76.5	(39.5)	20.95	10.0	8.6	7.4	2.0	2.2	2.7	1.8	1.5	1.3
5	Shimao	813 HK	NR	57.8	16.64	11.7	(0.5)	1.0	13.8	121.9	(43.7)	29.57	8.0	7.3	6.2	3.3	4.0	4.8	1.3	1.1	1.0
6	Evergrande	3333 HK	NR	51.5	3.21	10.7	1.3	(20.1)	(24.5)	31.6	(62.2)	8.50	4.2	4.7	4.1	-	4.8	6.0	1.0	0.8	0.7
7	Guangzhou R&F	2777 HK	NR	40.7	12.64	17.7	(10.0)	(7.1)	(2.0)	109.4	(50.6)	25.60	6.6	5.7	5.1	5.9	6.5	7.3	1.2	1.1	0.9
8	Agile	3383 HK	NR	29.4	8.53	10.2	(15.0)	(20.4)	(21.7)	55.9	(62.5)	22.73	4.7	4.7	4.2	4.5	5.0	5.6	0.9	0.8	0.7
9	Greentown	3900 HK	BUY	34.3	15.94	26.7	5.7	7.6	12.3	320.1	(50.4)	32.16	6.0	5.1	3.9	3.9	4.3	4.7	1.3	1.0	0.8
10	Sino Ocean	3377 HK	NR	25.8	4.39	7.9	(14.3)	(25.8)	(24.2)	64.0	(49.8)	8.75	7.3	7.4	6.1	5.4	5.4	6.2	0.5	0.5	0.5
11	COGO	81 HK	NR	21.2	9.30	(3.3)	(23.8)	(14.8)	(0.2)	47.2	(32.9)	13.87	8.8	7.5	5.9	1.2	1.6	1.9	2.2	1.9	1.5
12	Yuexiu Properties	123 HK	NR	19.7	2.12	9.3	(7.8)	(21.5)	(13.5)	122.7	(59.9)	5.29	15.0	8.0	6.6	3.1	4.4	5.3	0.7	0.6	0.6
13	Sunac	1918 HK	BUY	19.5	5.87	17.9	(6.2)	(2.7)	(2.2)	277.4	(62.9)	15.81	5.9	4.2	3.9	1.8	2.4	2.6	1.5	1.1	0.9
14	KWG	1813 HK	NR	13.5	4.66	18.6	(13.1)	(18.1)	(19.9)	121.3	(64.2)	13.00	5.6	4.6	3.9	4.0	5.2	6.0	0.7	0.6	0.5
15	Glorious	845 HK	NR	8.9	1.14	(2.6)	(5.8)	(31.7)	(21.9)	15.9	(67.4)	3.50	10.3	5.2	4.2	-	1.4	1.6	0.4	0.4	0.3
16	Kaisa	1638 HK	BUY	9.8	2.00	18.3	(17.7)	(20.3)	(16.7)	77.8	(60.0)	4.99	5.9	4.0	2.6	-	-	-	0.6	0.5	0.4
17	CIFI	884 HK	NR	8.4	1.45	18.9	0.0	0.0	3.6	5.3	(65.2)	4.17	7.2	4.6	3.4	3.4	4.5	5.9	1.0	0.8	0.7
18	BJ Capital Land	2868 HK	NR	6.1	2.94	2.1	3.5	(16.0)	(8.7)	109.1	(65.7)	8.56	5.7	3.6	2.7	8.0	8.9	11.8	0.8	0.5	0.4
					HK Listed Avg	12.3	(6.0)	(10.4)	(6.7)	96.7	(49.5)		8.4	6.5	5.4	3.0	3.8	4.6	1.2	1.0	0.9
					- Large cap (>HK\$ 30bn) avg	15.5	(0.9)	(2.0)	0.5	105.6	(37.6)		9.3	8.0	6.6	2.8	3.8	4.4	1.6	1.3	1.1
					- Small-mid cap (<HK\$ 30bn) avg	9.7	(10.0)	(17.1)	(12.5)	89.7	(59.0)		7.7	5.4	4.4	3.1	3.9	4.7	0.9	0.8	0.7
1	Vanke	000002 CH	NR	141.0	10.28	2.8	(9.4)	(19.0)	4.6	30.3	(32.4)	15.20	8.8	7.2	5.9	1.8	1.9	2.2	1.7	1.4	1.2
2	Poly-A China Merchants	600048 CH	NR	99.3	10.66	11.2	(5.6)	(18.2)	(19.3)	39.6	(42.6)	18.57	9.3	7.3	5.7	2.1	2.7	3.4	1.8	1.5	1.2
3	Property	000024 CH	NR	58.4	26.80	19.5	12.9	0.9	(4.0)	68.9	na	na	14.9	11.3	8.9	1.0	1.3	1.6	2.0	1.8	1.5
4	Gemdale	600383 CH	NR	41.2	7.20	6.0	4.0	(11.2)	3.6	46.3	(12.1)	8.19	9.6	8.7	7.2	1.1	1.9	2.3	1.4	1.2	1.1
					A-share Listed Avg	9.9	0.5	(11.9)	(3.8)	46.3	(29.0)		10.6	8.6	6.9	1.5	1.9	2.4	1.7	1.5	1.3
Commercial:																					
1	SOHO China	410 HK	NR	31.0	6.43	2.4	(4.0)	(6.4)	3.4	21.5	(35.7)	10.00	8.0	7.9	11.7	4.8	4.9	4.7	0.8	0.8	0.7
2	Hui Xian REIT	87001 HK	NR	25.7	3.97	0.3	(2.2)	(4.8)	(4.3)	19.6	(8.1)	4.32	16.5	19.9	14.0	6.0	6.2	6.4	0.7	0.7	0.7
3	Franshion	817 HK	BUY	23.4	2.55	2.0	(3.8)	(3.8)	(8.6)	103.6	(47.4)	4.85	11.2	8.7	6.8	2.7	3.9	4.7	1.0	0.9	0.8
4	Shui On Land	272 HK	NR	20.2	2.52	11.5	(2.3)	(32.6)	(32.8)	55.6	(53.3)	5.40	60.5	10.7	9.0	2.4	3.5	3.7	0.4	0.4	0.4
5	Yuexiu REIT	405 HK	NR	11.2	4.06	(3.6)	(6.7)	1.0	10.3	7.3	(17.3)	4.91	11.6	35.2	25.4	6.6	7.1	7.4	0.7	0.7	0.7
6	China South City*	1668 HK	BUY	12.4	2.03	18.7	53.8	67.8	73.5	19.4	(65.6)	5.91	6.9	6.5	3.6	4.9	4.9	7.4	0.8	0.7	0.6
7	Zall	2098 HK	NR	9.9	2.83	(6.0)	9.3	(7.2)	(9.0)	(5.2)	na	na	12.7	na	na	2.1	na	na	1.6	na	na
8	Wuzhou	1369 HK	NR	6.0	1.29	11.2	na	na	na	na	na	na	18.1	na	na	-	na	na	2.0	na	na
					Commercial Avg	4.6	6.3	2.0	4.6	31.7	(37.9)		18.2	14.8	11.8	3.7	5.1	5.7	1.0	0.7	0.7
					- Developers	8.7	10.9	6.2	8.9	50.0	(50.5)		21.6	8.5	7.8	3.7	4.3	5.1	0.7	0.7	0.6
					- Landlords/REIT	(1.7)	(4.4)	(1.9)	3.0	13.4	(12.7)		14.1	27.5	19.7	6.3	6.6	6.9	0.7	0.7	0.7

Source(s): Bloomberg, ABCI Securities estimates



Consolidated income statement (2011A-2015E)

FY Ended Dec 31 (HK\$ mn)	2011A	2012A	2013E	2014E	2015E
Revenue	51,332	64,581	107,428	124,417	119,923
Cost of sales	(30,660)	(39,855)	(67,624)	(77,267)	(73,417)
Gross Profit	20,672	24,725	39,804	47,149	46,506
SG&A expenses	(1,897)	(2,037)	(2,376)	(2,543)	(2,607)
EBIT	18,775	22,689	37,427	44,606	43,900
Finance cost	(591)	(286)	(332)	(356)	(356)
Share of profit of associates	922	2,637	351	528	535
Other income/ (expenses)	771	696	938	1,519	2,335
Fair value gain of investment properties	3,020	3,651	-	-	-
Disposal/one-off items	868	35	-	-	-
Profit before tax	23,765	29,422	38,385	46,297	46,413
Tax	(8,207)	(10,590)	(16,547)	(19,266)	(18,900)
Profit after tax	15,558	18,832	21,838	27,031	27,513
Minority interest	(94)	(110)	(2,448)	(2,642)	(2,424)
Reported net profit	15,464	18,722	19,390	24,389	25,089
<i>Less: exceptional items</i>	<i>(2,916)</i>	<i>(2,765)</i>	-	-	-
Underlying net profit	12,548	15,958	19,390	24,389	25,089
Per share					
Underlying EPS (HK\$)	1.54	1.95	2.37	2.98	3.07
DPS (HK\$)	0.33	0.41	0.47	0.60	0.61
Payout ratio (%)	21%	21%	20%	20%	20%
BVPS (HK\$)	8.76	10.68	12.57	14.96	17.42
Growth %					
Revenue	10.0%	25.8%	66.3%	15.8%	-3.6%
Gross Profit	16.3%	19.6%	61.0%	18.5%	-1.4%
EBIT	18.3%	20.8%	65.0%	19.2%	-1.6%
Underlying net profit	33.4%	27.2%	21.5%	25.8%	2.9%
Margin %					
Gross margin	40.3%	38.3%	37.1%	37.9%	38.8%
Gross margin (post-LAT)	34.0%	32.1%	29.4%	30.6%	31.9%
EBIT margin	36.6%	35.1%	34.8%	35.9%	36.6%
Core net margin	22.8%	20.8%	20.0%	21.3%	22.5%
Key assumptions					
Contracted Sales (HK\$ mn)	87,090	111,520	120,135	138,034	125,514
GFA sold (mn sqm)	5.58	7.29	7.70	8.63	8.12
ASP (HK\$/sqm)	15,602	15,295	15,611	15,989	15,449
Booked Sales (HK\$)	49,432	61,407	103,849	120,407	115,407
GFA delivered (m sqm)	2.94	4.18	6.41	6.62	5.93
Booked ASP (HK\$/sqm)	16,814	14,691	16,195	18,175	19,461
Land acquisition (HK\$ mn)	24,161	35,639	28,000	-	-
GFA acquired (mn sqm)	10.6	10.3	8.0	-	-
Land cost (HK\$/sqm)	2,287	3,453	3,500	-	-
Land acquisition to Contracted sales (%)	27.7%	32.0%	23.3%	-	-
Land bank GFA (mn sqm)	43.0	47.2	48.7	42.1	36.2
Attributable Land bank GFA (mn sqm)	37.4	42.0	43.4	37.5	32.2

Source(s): Company, ABCI Securities estimates



Consolidated balance sheet (2011A-2015E)

As of Dec 31 (HK\$ mn)	2011A	2012A	2013E	2014E	2015E
Current assets	127,984	180,268	199,135	211,189	214,286
Cash	19,179	40,880	58,508	102,442	144,932
Trade & other receivables	1,850	2,599	2,599	2,599	2,599
Property under development	97,472	111,752	112,991	81,111	41,720
Other current assets	9,483	25,036	25,036	25,036	25,036
Non-current assets	47,991	49,557	51,373	53,365	55,364
Property, plant & equipment	338	976	1,040	1,105	1,169
Investment properties	17,765	23,657	25,157	26,657	28,157
Investment in Associate and JCE	16,009	17,192	17,444	17,872	18,307
Other non-current assets	13,879	7,732	7,732	7,732	7,732
Total Assets	175,975	229,825	250,507	264,554	269,651
Current Liabilities	67,929	83,975	86,748	78,692	61,343
Short term borrowings	9,820	5,546	5,546	5,546	5,546
Trade & other payables	16,378	16,917	16,917	16,917	16,917
Pre-sales deposits	24,480	40,506	43,279	35,222	17,874
Other current assets	17,250	21,007	21,007	21,007	21,007
Non-current liabilities	36,156	58,292	58,292	58,292	58,292
Long term borrowings	32,803	53,243	53,243	53,243	53,243
Other payables	1,055	2,018	2,018	2,018	2,018
Other non-current assets	2,298	3,031	3,031	3,031	3,031
Total Liabilities	104,085	142,268	145,041	136,984	119,635
Net Assets	71,890	87,557	105,467	127,570	150,015
Shareholders' Equity	71,617	87,244	102,756	122,267	142,339
Minority Interest	273	313	2,711	5,302	7,676
Total Equity	71,890	87,557	105,467	127,570	150,015
Key ratio					
Gross debt (HK\$ mn)	42,624	58,789	58,789	58,789	58,789
Net debt (HK\$ mn)	23,444	17,908	280	(43,654)	(86,143)
Net gearing (%)	33%	21%	0%	-36%	-61%
Contracted sales/ Total assets (x)	0.49	0.49	0.48	0.52	0.47

Source(s): Company, ABCI Securities estimates



Consolidated cash flow statement (2011A-2015E)

FY ended Dec 31 (HK\$ mn)	2011A	2012A	2013E	2014E	2015E
EBITDA	18,819	22,741	37,480	44,659	43,952
Change in Working Capital	(20,853)	(7,539)	3,371	25,796	24,016
Tax payment	(5,963)	(8,153)	(16,547)	(19,266)	(18,900)
Operating Cash Flow	(7,998)	7,050	24,304	51,188	49,068
Purchase of PP&E	(143)	(117)	(117)	(117)	(117)
Addition of Investment Properties	(1,422)	(1,587)	(1,500)	(1,500)	(1,500)
Others	(3,888)	3,209	1,038	1,619	2,435
Investing Cash Flow	(5,453)	1,506	(579)	2	818
Debt raised	9,450	16,048	10,000	10,000	10,000
Debt repaid	(8,694)	(11,003)	(10,000)	(10,000)	(10,000)
Interest expenses	(1,361)	(1,745)	(2,169)	(2,329)	(2,329)
Equity raised	-	-	-	-	-
Dividend to shareholders	(2,452)	(3,024)	(3,878)	(4,878)	(5,018)
Others	2,776	12,869	(50)	(50)	(50)
Financing Cash Flow	(282)	13,146	(6,097)	(7,257)	(7,397)
Net cash inflow/ (outflow)	(13,733)	21,701	17,628	43,934	42,489
Cash- beginning	32,912	19,179	40,880	58,508	102,442
Cash- year-end	19,179	40,880	58,508	102,442	144,932

Source(s): Company, ABCI Securities estimates



Disclosures

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Definition of equity rating

Rating	Definition
Buy	Stock return \geq Market return rate
Hold	Market return – 6% \leq Stock return < Market return rate
Sell	Stock return < Market return – 6%

Stock return is defined as the expected % change of share price plus gross dividend yield over the next 12 months

Market return: 5-year average market return rate from 2007-2011

Time horizon of share price target: 12-month

Definition of share price risk

Rating	Definition
Very high	$2.6 \leq$ 180 day volatility/180 day benchmark index volatility
High	$1.5 \leq$ 180 day volatility/180 day benchmark index volatility < 2.6
Medium	$1.0 \leq$ 180 day volatility/180 day benchmark index volatility < 1.5
Low	180 day volatility/180 day benchmark index volatility < 1.0

We measure share price risk by its volatility relative to volatility of benchmark index. Benchmark index: Hang Seng Index.

Volatility is calculated from the standard deviation of day to day logarithmic historic price change. The 180-day price volatility equals the annualized standard deviation of the relative price change for the 180 most recent trading days closing price.

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