



November 7, 2013
Equity Focus
Rating: Buy
TP: HK\$ 3.95

Share price (HK\$) 3.23
Est. share price return 22.29%
Est. dividend yield 1.36%
Est. total return 23.65%

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Key Data

52Wk H/L(HK\$) 3.41/1.05
Issued shares (mn) 628.9
Market cap (HK\$ mn) 2,031.4
3-mth avg daily turnover (HK\$ mn) 5.12
Major shareholder(s) (%):
Chak Mo Chan 44.37

* Chairman of Co.
Source(s): Company, Bloomberg

1H13 Revenue breakdown (%)

F&B 90.4
Property Investment 9.6

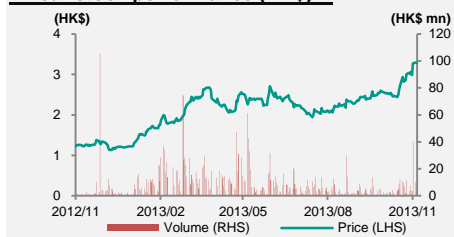
Source(s): Company, ABCI Securities

Share performance (%)

	Absolute	Relative*
1-mth	27.49	27.35
3-mth	43.50	35.12
6-mth	32.23	33.64

*Relative to HSI
Source(s): Bloomberg

1-Year stock performance (HK\$)



Source(s): Bloomberg

Future Bright (703 HK)

A hidden gem with dazzling potential

- As a Macau-based company with growing profitability, Future Bright (FB), is a hidden gem expanding rapidly in the F&B industry
- FB acquired the trademark of 'Macau Yeng Kee Bakery' at MOP 4.0mn. This will help the Group extend its business into the food souvenir market. Retail sales of the Chinese food souvenir grew rapidly by 21.8% YoY to MOP 519mn in 2012, and may reach MOP 747 mn p.a in 2014
- Based on 17.0x-20.0x FY14E P/E, we estimate the value of its F&B segment to be HK\$ 3.61-4.25/share. Together with its investment property, which we derive its value of HK\$ 0.34-0.40/share by applying a 30%-40% discount to its NAV, the stock has a valuation range of HK\$3.95-4.65. To be conservative, we mark TP at the lower range of HK\$ 3.95. Initiate with **Buy**

An expanding F&B player in Macau. With a similar geographical exposure as the Macau gambling stocks (the sector rose over 30% in the past six months), share price of Future Bright (FB) has risen by 32%. Per capita F&B spending by Macau visitors have registered double-digit growth since 2012. This benefits the Group's existing restaurants that target at mid- to high-end tourists. Increasing per capita spending also implies that the Group would be able to pass on increasing labor costs to consumers. Looking forward, the Group's revenue growth in 2H13 and 2014 will be driven by the increasing per capita spending and the seven new restaurants to be opened in 4Q13. As these new restaurants will target mainly at students in the university campus, lower operating margins are expected. Yet, we believe broadening the customer base and service to include students and industrial catering would help diversify business risks in the long run.

Food souvenir market to be the new growth driver. FB acquired the trademark of 'Macau Yeng Kee Bakery', a local bakery brand with a history of over 80 years at the cost of MOP 4.0mn in Aug 2013. We believe this investment entails an attractive upside potential with limited risks given its low cost. FB is going to leverage on its existing and future restaurants/outlets to promote the acquired bakery brand. The new business will commence operation in mid-2014 and will start contributing to revenue in 2H14. FB targets to gain 3%-5% share in the food souvenir market in the beginning and based on our estimates, food souvenir sales would be MOP 22mn-37mn in the first year of operation.

Initiate BUY with TP at HK\$ 3.95. The Group has been trading at 6.3x P/E during 2009-12 on average. The Group has been re-rated upwards in 2013 but its valuation remains low compared to peers. FB's ROAE of 47.6% is higher than the sector average of 21.7%, but the counter is trading at core FY13E/14E P/E of 14.7x/13.3x, lower than the sector average of 22.9x/19.9x. We believe shares of FB will experience further upward re-rating given its increasing publicity and expanded business. Based on 17.0x-20.0x FY14E P/E, we estimate the value of its F&B segment to be HK\$3.61-4.25/share. Together with its investment property at HK\$0.34-0.40/share, which we derive by applying 30-40% discount to its NAV, the stock has a valuation range of HK\$3.95-4.65. To be conservative, we mark TP at the lower end of the valuation range of HK\$ 3.95. Initiate with **Buy**.

Results and Valuation

FY ended Dec 31	2011A	2012A	2013E	2014E	2015E
Revenue (HK\$ mn)	546.5	646.1	728.9	855.3	1007.6
Chg (% YoY)	45.4	18.2	12.8	17.3	17.8
*Net Income (HK\$ mn)	79.6	121.6	137.8	153.2	190.6
*FD EPS (HK\$)	0.1437	0.1933	0.2191	0.2421	0.2997
Chg (% YoY)	95.3	34.5	13.3	10.5	23.8
BVPS (HK\$)	0.5360	0.9561	1.1629	1.3923	1.6437
Chg (% YoY)	38.5	78.4	21.6	19.7	18.0
*FD P/E (x)	-	16.71	14.74	13.34	10.78
P/B (x)	-	3.38	2.78	2.32	1.97
ROA(%)	26.57	43.13	18.05	14.20	13.80
ROE (%)	45.35	47.57	30.68	23.00	23.70
DPS(HK\$)	0.030	0.060	0.044	0.049	0.060
Yield (%)	-	1.86	1.36	1.51	1.87
Net gearing (%)	24.0	8.9	Net cash	Net cash	Net cash

*Net income and EPS exclude fair value gain from property investment

Source(s): Bloomberg, ABCI Securities estimates

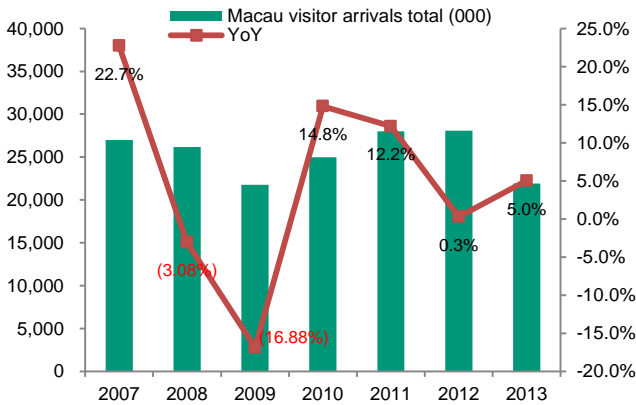
Investment Themes

Non-gambling Macau play

Established in 1984, Future Bright (FB) is a Food and Beverage (F&B) player currently operating 38 restaurants and food counters located mainly in hotels in Macau including the Venetian, Lisboa, and City of Dreams. To capture customers of different tastes and affordability, the group adopts a multi-brand, multi-cuisine strategy that provides a wide range of food under different eateries.

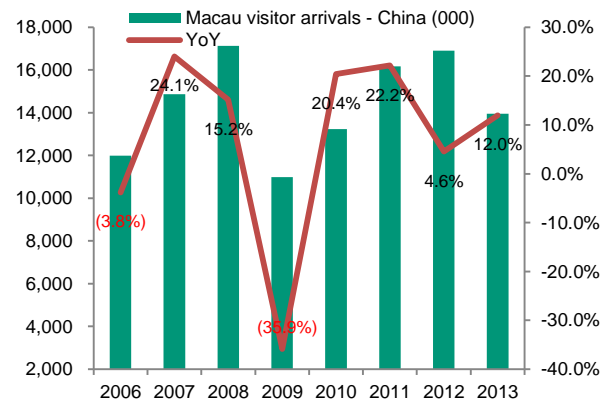
Macau gambling stocks have risen by over 30% for the past six months. With a similar geographical exposure as the Macau gambling stocks, share price of Future Bright (FB) has also risen by 32% during the same period. Although the number of visitors to Macau only grew only slightly by 5.0% YoY to 21.9mn in 9M2013, Macau is attracting more quality tourists who spend more. Per capita spending, especially on food and beverages (F&B), has been rising. For 1H13, total spending per capita increased 11.5% YoY to MOP 2,009, while spending per capita on F&B increased 21.0% YoY to MOP 392.

Exhibit 1: Macau visitor arrivals



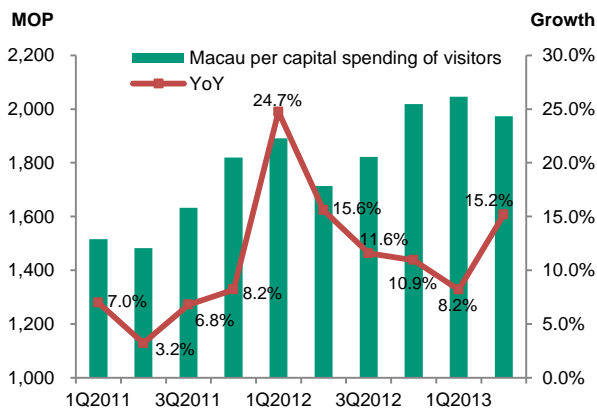
Source(s): Bloomberg; DSEC
*2013 figures represent Jan to Sep figures only

Exhibit 2: Macau visitors from China



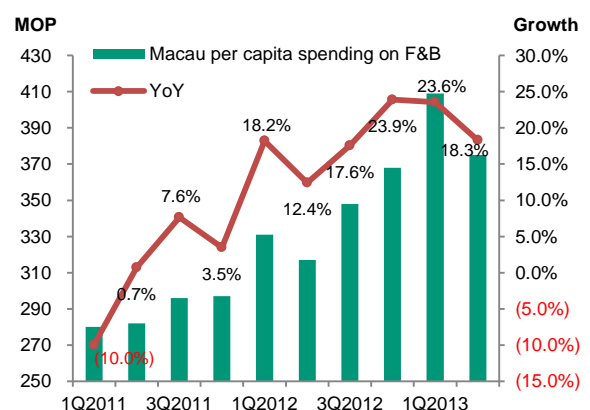
Source(s): Bloomberg; DSEC

Exhibit 3: Macau per capita spending of visitors



Source(s): Bloomberg; DSEC

Exhibit 4: Macau per capita spending of visitors on F&B



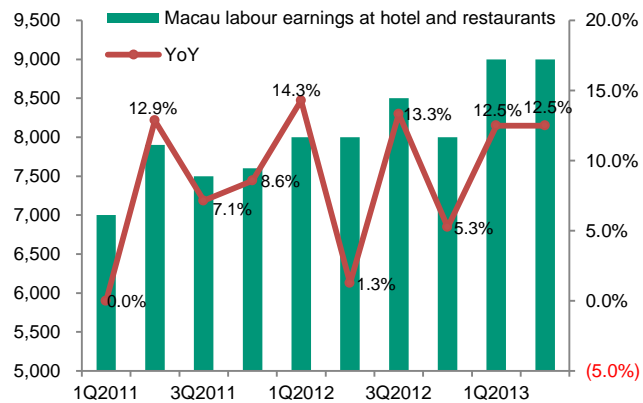
Source(s): Bloomberg; DSEC



We expect the Group's revenue growth in 2H13 and 2014 to be driven by the increasing per capita spending and the seven new restaurants to be opened in 4Q13. Per capita F&B spending by Macau visitors have registered double-digit growth since 2012, benefiting the Group's existing restaurants that target at mid- to high-end tourists. Increasing per capita spending also implies that the Group would be able to pass on increasing labor costs to consumers.

Similar to 2012, the Group is set to open seven new restaurants in 2013. As these new eateries are located in campus and will target mainly at students of the University of Macau instead of tourists, the gross operating margin is expected to be lower. Nonetheless, we believe broadening the customer base and service to include students and industrial catering would help diversify business risks in the long run, especially since the YoY growth in Macau visitors slowed to only mild growth (0 to mid-single digit) in 2012 - 8M13. Tourist growth, however, is expected to accelerate again in 2015 on improved infrastructure.

Exhibit 5: Macau labour costs at hotel/restaurants



Source(s): Bloomberg; DSEC

The Guangzhou-Zhuhai Intercity Railway that connects the Gongbei port of Zhuhai to Guangzhou has commenced operation since Dec 2012, enabling visitors to travel from Guangzhou to Macau in less than 80 minutes at a fare of RMB 70-90/ ride. In addition, the highway bridge linking Guangzhou and Zhuhai to Macau will be opened in 2016, enabling visitors from Guangzhou/Zhuhai to travel to Macau by car. We believe the railway and highway networks provide faster, easier and cheaper ways of travelling for visitors from distant or remote regions in China.

The improved transportation network is complemented by the rapidly expanding accommodation in Macau. As of Dec 2012, there were 26,719 hotel rooms in Macau with an average occupancy rate of 88.3%. There will be 30,000-35,000 hotel rooms to be built in Cotai Macau in 2015-2017, representing a 5-year CAGR of 16%. The expected increase in tourist traffic is expected to create huge demand for F&B. We believe the positive impact will be further augmented by the rising purchasing power of the tourists as living standard, especially that in the lower tier cities in China, continues to improve. .

Exhibit 6: Hotel rooms to be added in major hotels in Macau, 2015-2017

Major Hotel	Land Sq. m.	No. of hotel rooms to be built
SJM	70,468	2,000
MGM	71,833	1,600
Wynn	6,000,000	2,000
Galaxy (First phase)	-	2,200
Melco Crown	-	2,200
Sands	-	-
Venetian	-	3,000
Sands Cotai Central (Phase 2A)	-	5,800
Sands Cotai Central (Phase 3)	-	3,000
Macau Theme Park & Resort	200,000	6,000
Shun Tak - Jumeirah Hotel	185,000	-
Total		27,800

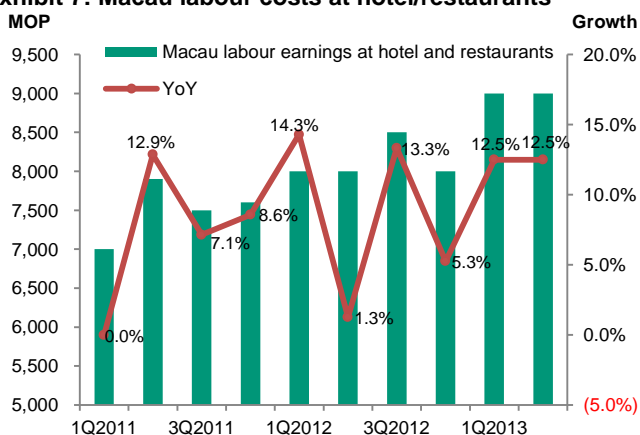
Source: FB

Food souvenir market offers great opportunities

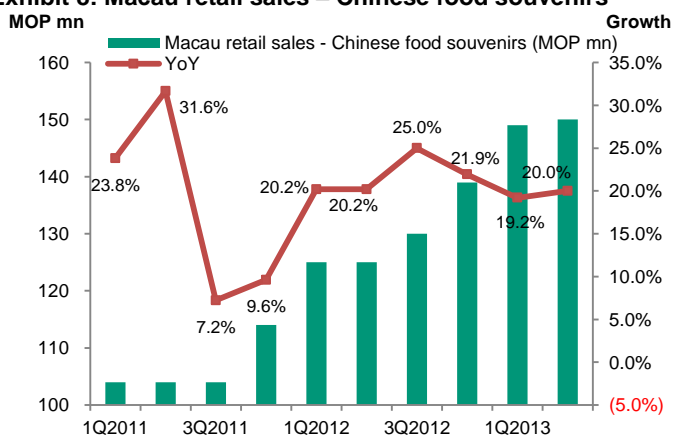
FB acquired the trademark of 'Macau Yeng Kee Bakery', a local bakery brand with a history of over 80 years, at the cost of MOP 4.0mn in Aug 2013. We believe this investment entails an attractive upside potential with limited risk given its low cost. Retail sales of Chinese food souvenir grew rapidly by 21.8% YoY to MOP 519mn in 2012. Assuming such growth is sustained in the next two years, the Macau food souvenir market may reach MOP 747mn p.a in 2014.

To promote the food souvenir products which will be launched in mid-2014, the Group announced on Oct 31, 2013 that the singer Mr Alan Tam will be the spokesperson of 'Macau Yeng Kee Bakery'. Payment to Mr Tam includes (1) a performance fee and (2) share options to subscribe 5.0mn new FB shares, representing 0.8% of the issued share capital, at HK\$ 3.07 apiece. Of which, 3.0mn shares may be exercised during Apr 1, 2014 to Mar 31, 2017 and the remaining 2.0mn shares may be exercised during Apr 1, 2015 to Mar 31, 2017. With the right marketing and packaging strategies, FB can potentially become another Koi Kei, a leading player in Macau's souvenir food market that started its first store in 1997. Koi Kei, together with another food souvenir brand, Choi Heong Yuen, had a joint market share of 60%-70% in Macau's food souvenir market in 2012.

FB is going to leverage on its existing and future F&B outlets to promote the acquired bakery brand. The new business will commence operation in mid-2014 and we expect the business will start contributing to the Group's revenue in 2H14. FB targets to gain 3%-5% share in the food souvenir market in the beginning. Based on our estimates, food souvenir sales would be in the range of MOP 22mn-37mn in its first 12 months of operation.

Exhibit 7: Macau labour costs at hotel/restaurants


Source(s): Bloomberg; DSEC

Exhibit 8: Macau retail sales – Chinese food souvenirs


Source(s): Bloomberg; DSEC



Valuation

We value the Group by using the sum-of-the-parts method. By (1) gauging the P/E valuation to the Group's F&B and souvenir businesses and (2) applying a NAV discount to the Group's investment property, we set our valuation range at HK\$3.95-4.65. To be conservative, we mark TP at the lower end at HK\$3.95.

F&B and Souvenir business (valued at HK\$3.61/share based on FY14E P/E of 17.0x). On average, the Group has been trading at 6.3x P/E in 2009-12. The Group has been re-rated upwards in 2013 but its valuation is still lower than peers. FB's FY12 ROAE of 47.6% is higher than the sector average of 21.7%, but its shares are trading at core FY13E/14E P/E of 14.7x/13.3x, lower than the sector average of 22.9x/19.9x. We believe the counter will experience further upward re-rating, especially given its increasing publicity and its new business in the food souvenir market. **Based on 17.0x-20.0x FY14E P/E, we estimate the value of its F&B and food souvenir businesses to be HK\$3.61-4.25/share. To be conservative, we set our TP based on 17.0x FY14E P/E,** which reflects a ~15% discount to the average peer valuation of 19.7x FY14E P/E.

Re-rating could occur even earlier should any M&A take place. Although Macau has been recording strong growth in tourist spending, very few, if any, overseas chain F&B operators expand their businesses in Macau and we believe entering the Macau market is not as easy as it may seem. With its strong footage and local knowledge, the Group could be a potential M&A target for peers who would like to expand their network into Macau.

Investment property (valued at HK\$0.34/share based on 40% NAV discount). Revaluation gain is likely to incur as monthly rental income is expected to rise by 90% YoY in FY14E to HK\$ 2.2mn under the new lease. We estimate the property value to be HK\$ 450mn by end-FY14E (vs. HK\$ 420mn by June 30, 2013). By applying a NAV discount of 30%-40%, the Group's investment property is valued at HK\$0.34-0.40/share.

DCF analysis. We also conduct a DCF analysis for the Group's F&B and food souvenir businesses. Based on a WACC of 11.1%, the F&B is valued at HK\$ 3.63, which is only 0.6% higher than the value derived by its P/E. Together with the investment property valued at HK\$0.34/share, the Group's total value arrives at HK\$3.97/share.

Risk factors: 1) Lower-than-expected tourist arrivals or per capita spending in F&B; 2) Increase in marketing costs, labor costs and rental expenses; 3) Business and asset concentration risk in Macau; 4) Execution risks of food souvenirs business; 5) Earnings dilution in 2013 due to share placement (75mn shares, representing 11.9% of issued shares) in Nov 2012; 6) Food safety and services quality risks related to rapid expansion of outlets

Exhibit 9: Profitability comparison of HK-listed F&B players

	Code	FY end	Price HK\$	Mkt Cap HK\$ mn	GPM %	NPM %	ROAA %	ROAE %	FY 12 PER x	FY13 PER x	FY14 PER x	FY12 PB x
Cafe De Coral	341 HK	3	25.95	14,941.0	14.24	8.52	12.84	15.96	27.25	24.30	21.20	4.20
Ajisen China	538 HK	12	8.06	8,782.1	66.44	5.07	6.28	8.00	36.60	32.76	28.78	2.85
Tsui Wah	1314 HK	3	5.37	7,428.5	69.40	11.95	15.25	20.00	46.17	37.03	27.82	7.16
Tao Heung	573 HK	12	5.90	6,027.5	15.57	7.38	13.62	19.33	20.14	17.72	16.89	3.67
Xiao Nan Guo	3666 HK	12	3.23	2,031.4	68.14	8.90	9.90	20.18	12.80	18.84	16.45	3.12
Future Bright	703 HK	12	15.98	2,005.8	71.28	18.82	43.13	47.57	16.97	14.97	14.55	3.85
Fairwood	52 HK	3	1.35	564.9	13.67	7.23	16.72	27.33	14.31	14.56	13.69	1.21
Tang Palace	1181 HK	12	25.95	14,941.0	-	6.65	11.48	15.57	8.04	-	-	4.20
Sector average					45.53	9.32	16.15	21.74	22.79	22.88	19.91	3.78

Source: Bloomberg; ABCI Securities

*Peers are not directly comparable to Future Bright as their prime operating locations are outside Macau



Exhibit 10: Valuation of F&B, Souvenir business and Investment property

FY Ended Dec 31 (RMB HK\$)	2011A	2012A	2013E	2014E	2015E
F&B, Souvenir business					
Assumptions					
Total no. of restaurants	34	41	44	50	58
Area per restaurants (sq ft)	2,865	3,205	3,200	3,200	3,200
Total area of restaurants (sq ft)	97,396	131,416	140,800	160,000	185,600
Turnover/sq feet (HK\$)	5,466.3	4,809.2	5,050.0	5,100.0	5,150.0
Revenue breakdown					
F&B	532.4	632.0	711.0	816.0	955.8
Souvenir business	-	-	-	12.5	25.0
Total Turnover	532.4	632.0	711.0	828.5	980.8
Cost of sales	(162.1)	(185.5)	(199.1)	(236.1)	(269.7)
Gross margin	370.3	446.4	511.9	592.4	711.1
Direct operating expenses	(185.5)	(223.5)	(266.6)	(310.7)	(367.8)
Gross operating profit	184.7	223.0	245.3	281.7	343.3
EBIT	105.6	165.0	179.4	188.1	230.7
Profit before income tax expense	103.0	160.9	172.8	179.6	220.8
Profit for the year	62.9	99.2	129.2	134.4	168.3
No. of issued shares at end of period (mn)	553.9	628.9	628.9	629.9	630.9
Issuable shares					
Options @ HK\$3.07	0.0	0.0	0.0	3.0	5.0
Total	553.9	628.9	628.9	632.9	635.9
Per share value (HK\$)					
FD EPS	0.1135	0.1577	0.2054	0.2124	0.2647
Value per share at 17.0x PE (HK\$)			3.49	3.61	4.50
Value per share at 20.0x PE (HK\$)			4.11	4.25	5.29

Investment property

Investment property value				450.0	
Minus outstanding mortgage loan*				(90.0)	
NAV				360.0	
Discount rate				40%	
Discounted NAV				216	
No. of shares (mn)				632.9	
Valuation					
Discounted NAV per share at 40%				0.34	
Discounted NAV per share at 30%				0.40	
TP – low end				3.95	
TP – high end				4.65	

*Mortgage loan was interest bearing at 1M HIBOR + 2.75%pa, repayable within 15 yrs from 2011

Source: FB; ABCI Securities

Exhibit 11: DCF analysis of F&B business (HK\$ mn)

	2014F	2015F	2016F	2017F	2018F	2019F	2020F
EBITDA	255	291	317	326	336	346	357
Chg in WC	33	(29)	(23)	(18)	(15)	(12)	(9)
Tax paid	(27)	(30)	(38)	(39)	(40)	(42)	(43)
CAPEX	(100)	(80)	(50)	(50)	(50)	(50)	(50)
Free cash flow	162	152	206	219	231	243	254
Terminal value							2,368
PV of free cash flow (WACC 11.1%)	162	137	167	160	152	144	136
PV of terminal value (WACC 11.1%)							1,262
Total PV		2,318					
Less: Net debt		(11)					
Less: MI		(8)					
PV of equity		2,299					
No. of issued shares		632.9					
Share value (HK\$)		3.63					

Source: FB; ABCI Securities estimates



Consolidated income statement (2011A-2015E)

FY Ended Dec 31 (HK\$ mn)	2011A	2012A	2013E	2014E	2015E
Total Turnover	546.5	646.1	728.9	855.3	1,007.6
Cost of sales	(162.1)	(185.5)	(199.1)	(236.1)	(269.7)
Gross margin	384.4	460.5	529.8	619.2	737.9
Direct operating expenses	(185.5)	(223.5)	(266.6)	(310.7)	(367.8)
Gross operating profit	198.8	237.1	263.2	308.5	370.1
Other revenue	13.5	13.5	0.0	0.0	0.0
Other gains and losses	12.9	151.7	53.0	30.0	10.0
Administrative expenses	(82.1)	(89.0)	(88.9)	(103.6)	(122.6)
Share of loss of a jointly controlled entity	(4.9)	0.0	0.0	0.0	0.0
EBIT	138.3	313.3	227.3	234.9	257.5
Finance costs	(8.6)	(9.2)	(10.6)	(11.2)	(11.4)
Profit before income tax expense	129.7	304.0	216.7	223.7	246.1
Income tax expense	(16.5)	(36.3)	(26.0)	(26.8)	(29.5)
MI	(23.6)	(25.5)	(22.9)	(23.6)	(26.0)
Profit for the year	89.6	242.3	167.8	173.2	190.6
Less: Net revaluation gain	10.0	120.7	30.0	20.0	0.0
Adjusted NP	79.6	121.6	137.8	153.2	190.6
Dividends	16.6	37.7	27.6	30.6	38.1
No. of issued shares at end of period (mn)	553.9	628.9	628.9	629.9	630.9
No. of issuable shares					
Options @ HK\$3.07	-	-	-	3.0	5.0
Total	553.9	628.9	628.9	632.9	635.9
Per share value (RMB)					
FD EPS	0.1437	0.1933	0.2191	0.2421	0.2997
NBV	0.5360	0.9561	1.1629	1.3923	1.6437
DPS	0.0300	0.0600	0.0438	0.0487	0.0604

Source(s): Company, ABCI Securities estimates

Key Ratio (2011A-2015E)

FY ended Dec 31	2011A	2012A	2013E	2014E	2015E
Profitability ratio (%)					
GP margin	70.34	71.28	72.69	72.39	73.23
Gross operating margin	36.38	36.70	36.10	36.07	36.73
EBIT margin	25.32	48.49	31.18	27.47	25.55
EBT margin	23.74	47.06	29.73	26.15	24.42
NP margin	16.40	37.50	23.02	20.25	18.91
Adjusted NP margin	14.57	18.82	18.91	17.92	18.91
ROAA	26.57	43.13	18.05	14.20	13.80
ROAE	45.35	47.57	30.68	23.00	23.70
Cost ratio (%)					
Cost of sales/Sales	30.4	29.4	28.0	28.5	27.5
Direct operating expenses/ Sales	34.9	35.4	37.5	37.5	37.5
Admin expenses/Sales	15.4	14.1	12.5	12.5	12.5
Leverage (x)					
Current ratio	1.40	2.32	3.22	2.92	3.90
Quick ratio	1.29	2.16	3.08	2.76	3.75
Net debt/total equity (%)	24.0%	8.9%	Net cash	Net cash	Net cash
Working capital cycle (days)					
Inventory turnover days	38.7	46.1	45.0	45.0	45.0
Receivables turnover days	17.0	18.0	18.0	18.0	18.0
Payables turnover days	155.0	168.7	150.0	150.0	150.0

Source(s): Company, ABCI Securities estimates



Consolidated balance sheet (2011A-2015E)

As of Dec 31 (HK\$ mn)	2011A	2012A	2013E	2014E	2015E
PPE	89.5	71.0	54.8	107.5	127.5
Investment properties	275.0	400.0	430.0	450.0	450.0
Goodwill	81.8	81.8	81.8	81.8	81.8
Pledged bank deposits	0.0	204.9	204.9	204.9	204.9
Total non-current assets	446.3	757.7	771.4	844.2	864.2
Inventories	19.3	27.6	21.5	36.8	29.8
Trade and other receivables	29.6	34.2	37.7	46.6	52.8
Financial assets at fair value through profit or loss	19.6	8.6	8.6	8.6	8.6
Pledged bank deposits	18.2	16.3	16.3	16.3	16.3
Cash and cash equivalents	161.5	320.3	420.2	534.3	655.4
Total current assets	248.1	407.0	504.3	642.6	762.8
Trade and other payables	88.8	95.3	68.4	125.7	96.0
Current tax liabilities	43.5	59.3	59.3	59.3	59.3
Bank loans	44.9	20.7	29.2	34.7	40.2
Total current liabilities	177.2	175.3	156.9	219.7	195.5
Bank loans	204.5	368.9	368.3	370.8	375.3
Deferred tax liabilities	0.0	16.2	16.2	16.2	16.2
Non-interest bearing borrowings	4.2	1.0	1.0	1.0	1.0
Total non-current liabilities	208.7	386.1	385.5	388.0	392.5
Total assets	694.4	1,164.7	1,275.7	1,486.8	1,627.0
Net assets	308.5	603.4	733.4	879.1	1,039.0
Capital and Reserves					
Share capital	55.4	62.9	62.9	62.9	62.9
Reserves	241.5	538.4	668.5	814.2	974.1
Equity attributable to owners	296.9	601.3	731.4	877.0	1,037.0
MI	11.6	2.0	2.0	2.0	2.0
Total Equity	308.5	603.4	733.4	879.1	1,039.0

Source(s): Company, ABCI Securities estimates

Consolidated cash flow statement (2011A-2015E)

FY ended Dec 31 (HK\$ mn)	2011A	2012A	2013E	2014E	2015E
EBITDA	166.3	343.5	258.5	282.2	317.5
Change in working capital	2.7	(7.8)	(24.4)	33.2	(28.9)
Others	(13.2)	(112.6)	(30.0)	(20.0)	0.0
Cash (used in)/generated from operations	155.8	223.0	204.2	295.3	288.6
Income tax paid	(2.5)	(4.3)	(26.0)	(26.8)	(29.5)
CF from operating activities	153.3	218.7	178.2	268.5	259.1
CAPEX	(34.1)	(16.5)	(15.0)	(100.0)	(80.0)
Others	(189.4)	(198.6)	0.0	0.0	0.0
Cash flows from investing activities	(223.5)	(215.1)	(15.0)	(100.0)	(80.0)
Net borrowing	145.3	138.7	7.9	8.0	10.0
Proceeds from issue of shares	0.0	90.0	0.0	0.0	0.0
Dividends paid	(8.3)	(24.9)	(37.7)	(27.6)	(30.6)
Interest paid	(8.6)	(9.2)	(10.6)	(11.2)	(11.4)
Others	(18.6)	(39.8)	(22.9)	(23.6)	(26.0)
Cash flows from financing activities	109.7	154.7	(63.3)	(54.4)	(58.0)
Net (decrease)/increase in cash and cash equivalents	39.5	158.3	99.8	114.1	121.1
Cash and cash equivalents at beginning of year/period	121.6	161.5	320.3	420.2	534.3
Effect of foreign exchange rates, net	0.3	0.5	0.0	0.0	0.0
Cash and cash equivalents at end of year/period	161.5	320.3	420.2	534.3	655.4

Source(s): Company, ABCI Securities estimates



Disclosures

Analyst Certification

I, Lee Oi Yee, Lisa being the person primarily responsible for the content of this research report, in whole or in part, hereby certify that all of the views expressed in this report accurately reflect my personal view about the subject company or companies and its or their securities. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report. I and/or my associates have no financial interests in relation to the listed company (ies) covered in this report, and I and/or my associates do not serve as officer(s) of the listed company (ies) covered in this report.

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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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