



August 21, 2014  
Company Report  
Rating: BUY  
TP: HK\$ 4.00

Share price (HK\$) 2.78  
Est. share price return 43.8%  
Est. dividend yield 6.4%  
Est. total return 50.2%

Previous Rating & TP HK\$4.00, BUY  
Previous Report Date Mar 12, 2014

Analyst: Kenneth Tung  
Tel: (852) 2147 8311  
Email: kennethtung@abci.com.hk

**Key Data**

52Wk H/L(HK\$) 2.93/2.09  
Issued shares (mn) 4,930  
Market cap 14,315  
3-mth avg daily turnover (HK\$ mn) 12.52  
Major shareholder(s) (%):  
Kwok's Family 62.4

Source(s): Company, Bloomberg, ABCI Securities

**FY13 Revenue breakdown (%)**

Property development 97.8  
Property investment 1.1  
Property management 0.9  
Others 0.2

Source(s): Company, ABCI Securities

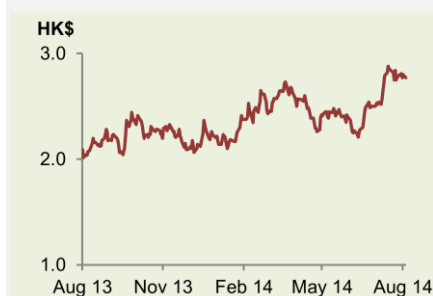
**Share performance (%)**

	Absolute	Relative*
1-mth	9.7	4.2
3-mth	15.1	5.6
6-mth	11.6	(0.2)

\*Relative to HSI

Source(s): Bloomberg, ABCI Securities

**1-Year stock performance (HK\$)**



Source(s): Bloomberg, ABCI Securities

Kaisa (1638 HK)

High margin and fast presales could co-exist

- 1H14 core profit rose 6% YoY to RMB1,156mn. Gross margin that rose 3.9ppt YoY to 40.3% is a major positive surprise
- Management commented a gross margin of over 35% will likely sustain on increasing exposures to tier 1 / 2 cities and urban redevelopment projects
- Presales should pick up in 2H14 with increased saleable resources; management is confident in meeting the RMB 30bn sales target
- Maintain **BUY** with TP of HK\$ 4.00 based on a 50% discount to our end-FY14E NAV

**1H14 gross margin surged 3.9ppt YoY.** Kaisa reported 1H14 core profit increased 6% YoY to RMB 1,156mn despite a 3% YoY drop in revenue. Gross margin improved significantly from 36.4% in 1H13 to 40.3% in 1H14, driven by ASP increment on rising contribution from Shenzhen (from 15% of total sales in FY13 to 35% in 1H14). Kaisa's gross margin of over 40% is well above that of the market leader, COLI, at 33.6%. Net gearing (including MI) increased 10ppt YoY to 73% as at June 2014 after spending RMB 9.0bn to acquire 8 quality sites in top tier 1 and 2 cities in 1H14. Kaisa also diversified its fundraising channel by issuing a RMB 1bn onshore perpetual instrument (classified as equity on balance sheet) with a 11% coupon rate that will step up to 18% in 3 years. However, overall cost of debt remains low at 8.2% in 1H14 (1H13: 8.4%).

**Gross margin is likely to remain high at above 35%.** Urban redevelopment project has been progressing well. The Group secured 450k sqm of land from the Shenzhen Yantian project in Mar 2014; the Group also obtained approval to be the developer of the Shenzhen Futian Donshan project with a GFA of 120k sqm (expected ASP: RMB60k/sqm) in July 2014. Increasing exposure in tier 1 / 2 cities as well as redevelopment projects would ensure high margins in Kaisa. Management also commented they are confident in maintaining a gross margin of over 35% in the current environment.

**Presales momentum will likely pick up in 2H14.** In 1H14, Kaisa's presales rose 1% YoY to RMB 11.2bn, driven by higher ASP (+28% YoY) and a sell-through rate of 60%. Kaisa also ranked No.1 in Shenzhen and No.19 in China by presales value. Although Kaisa only achieved 43% of its RMB 30bn sales target as at July 2014, management expects a strong pickup in 2H14 when more new projects are scheduled to launch. Kaisa's saleable resources would increase 60% HoH from RMB 28bn in 1H14 to RMB 45bn in 2H14, and surge further to RMB 70bn in 2015. With a historical sell-through rate of ~60%, 2015 presales is likely to reach RMB 40bn, implying a 33% YoY growth for next year (based on 2014 presales target). In addition, GFA delivery would jump almost 3 times from 671k sqm in 1H14 to 1.8-2mn sqm in 2H14. (Continue next page)

**Results and Valuation**

FY ended Dec 31	2012A	2013A	2014E	2015E	2016E
Revenue (RMB mn)	11,955	19,523	26,181	31,030	33,611
Chg (% YoY)	10.3	63.3	34.1	18.5	8.3
Core Net Income (RMB mn) <sup>1</sup>	1,504	2,516	3,498	4,575	5,274
Chg (% YoY)	(4.6)	67.3	39.0	30.8	15.3
Underlying EPS (RMB)	0.27	0.46	0.63	0.83	0.95
Chg (% YoY)	(4.2)	67.3	39.0	30.8	15.3
BVPS (RMB)	2.6	3.1	3.6	4.3	5.0
Chg (% YoY)	20.7	20.5	16.0	18.4	16.4
Underlying PE (x)	8.2	4.9	3.5	2.7	2.3
P/B (x)	0.9	0.7	0.6	0.5	0.4
ROE (%)	10.5	14.5	17.4	19.3	19.1
ROA (%)	2.6	2.9	3.7	4.5	4.9
DPS(HK\$)	-	0.15	0.18	0.28	0.32
Yield (%)	-	5.4	6.4	10.1	11.6
Net gearing (%) <sup>2</sup>	70.1	78.2	27.4	Net cash	Net cash

<sup>1</sup>Core net income = Net profit - revaluation gain of investment properties and one-off items

<sup>2</sup>Net gearing = Net debt / Shareholders' equity

Source(s): Bloomberg, ABCI Securities estimates



**Maintain BUY, TP HK\$4.00.** Kaisa's interim results demonstrated that the Group is on the right track to attain its presales and margin targets. Hence, we keep our profit forecasts and NAV unchanged. Our TP of HK\$ 4.00 is still based on a 50% discount to end-FY14E NAV estimate of HK\$8.03/share. Although Kaisa's share price has rallied 19% YTD, the counter's valuation remains attractive at 3.5x 2014E P/E and a 6.4% yield. Kaisa once again differentiates itself from other players with a high asset turnover by improving its gross margin while preserving growth at a satisfactory level. **Maintain BUY.**

**Risk factors :** 1) Timing of redevelopment project approvals is uncertain; 2) Oversupply in tier 2 / 3 cities.

**Exhibit 1: Kaisa's 1H14 results**

P&L	1H14	1H13	YoY Chg
	RMB mn	RMB mn	(%)
<b>Turnover</b>	<b>6,793</b>	<b>7,016</b>	<b>(3)</b>
Cost of Sales & direct operating costs	(4,056)	(4,461)	(9)
<b>Gross Profit</b>	<b>2,737</b>	<b>2,555</b>	<b>7</b>
<b>Gross Margin (%)</b>	<b>40.3</b>	<b>36.4</b>	<b>3.9ppt</b>
Selling and distribution costs	(417)	(357)	17
Administrative expense	(414)	(406)	2
<b>EBIT</b>	<b>1,905</b>	<b>1,793</b>	<b>6</b>
<b>EBIT Margin (%)</b>	<b>28.0</b>	<b>25.6</b>	<b>2.5ppt</b>
Other income, gains and losses	19	2	839
Fair value gain of investment properties	232	364	(36)
Other exceptional items	26	(361)	(107)
Share of profit from JCE/ Associates	0	0	NA
Finance cost	(61)	(33)	84
<b>Profit before tax</b>	<b>2,121</b>	<b>1,764</b>	<b>20</b>
<b>Tax</b>	<b>(775)</b>	<b>(760)</b>	<b>2</b>
- LAT	(108)	(17)	534
- Enterprise tax	(667)	(743)	(10)
<b>Profit after tax</b>	<b>1,346</b>	<b>1,004</b>	<b>34</b>
Minority Interest	(18)	20	(188)
<b>Net profit</b>	<b>1,329</b>	<b>1,025</b>	<b>30</b>
<b>Core net profit</b>	<b>1,156</b>	<b>1,093</b>	<b>6</b>
<b>Core Net Margin (%)</b>	<b>17.0</b>	<b>15.6</b>	<b>1.4</b>
<b>Operating statistics</b>			
Presales GFA (mn sqm)	0.94	1.19	(21)
ASP sold (RMB/sqm)	11,856	9,253	28
<b>Presales (RMB mn)</b>	<b>11,165</b>	<b>11,022</b>	<b>1</b>
GFA Delivered (mn sqm)	1	1.00	(33)
Booked ASP (RMB/sqm)	9,754	6,854	42
<b>Property sales booked (RMB/sqm)</b>	<b>6,540</b>	<b>6,834</b>	<b>(4)</b>
<b>Balance sheet</b>	<b>Jun 14</b>	<b>Dec 13</b>	<b>HoH %</b>
	RMB mn	RMB mn	
Gross debt	29,774	22,225	34
Cash	11,091	8,706	27
<b>Net debt</b>	<b>18,683</b>	<b>13,519</b>	<b>38</b>
<b>Net gearing- excluded MI (%)</b>	<b>96.9</b>	<b>78.2</b>	<b>18.7ppt</b>
<b>Net gearing- included MI (%)</b>	<b>72.5</b>	<b>62.1</b>	<b>10.4ppt</b>

Source(s): Company, ABCI Securities

**Exhibit 2: 2H14 GFA and presales guidance**

GFA guidance	1H14	2H14E	Total
New launch (mn sqm)	1.00	2.70	3.70
GFA available for sales (mn sqm)	2.59	2.70	5.29
GFA completion (mn sqm)	0.93	2.10	3.03
GFA under construction (mn sqm)	8.60	8.50	8.50
GFA delivery (mn sqm)	0.67	1.8-2	2.471-2.671

Sellable resources (RMB bn)	1H14	2H14E	2015E
Balance b/f	18.0	16.7	26.3
Add: New resources	9.9	28.4	43.1
Resources during period	27.9	45.1	69.4
Less: Presold during period	(11.2)	(18.8)	(40.0)
Balance c/f	16.7	26.3	29.4

Source(s): Company, ABCI Securities estimates

**Exhibit 3 : 1H14 cashflow vs full-year guidance**

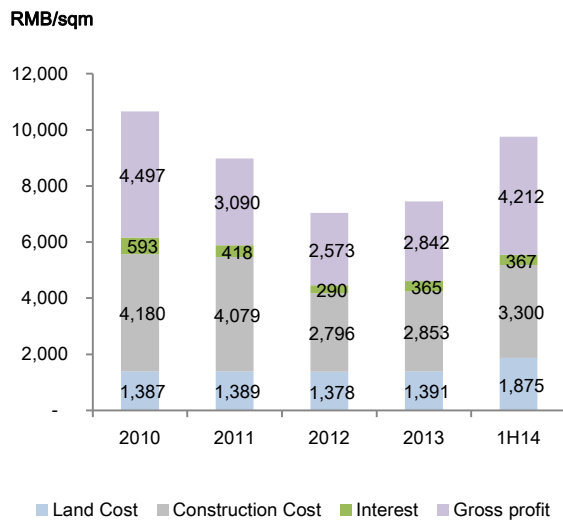
Cashflow (RMB bn)	2013 Actual	2014E Budget	YoY chg (%)	1H14 Actual
Sales proceeds	26.8	27.5	3%	10.7
Land premium	(15.0)	(12.4)	-17%	(9.3)
Construction	(9.3)	(13.1)	41%	(6.6)
SG&A	(1.5)	(2.0)	33%	(0.9)
Finance costs	(2.2)	(2.4)	9%	(1.1)
Taxes and others	(2.3)	(3.6)	57%	(1.4)
Net cashflow	(3.5)	(6.0)		(8.6)

Source(s): Company, ABCI Securities estimates

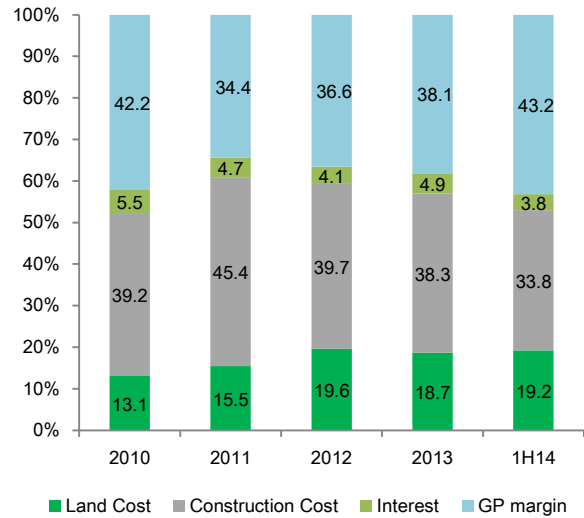
**Exhibit 4: Kaisa's 1H14 land acquisition**

Month	Location	Stake %	Attr. GFA mn sqm	Consideration RMB mnn	AV RMB/sqm
Jan-14	Huizhou 惠州惠东县	100%	0.30	142	481
Jan-14	Suzhou 苏州相城区	51%	0.05	369	7,779
Jan-14	Suzhou 苏州高新区	51%	0.08	241	3,052
Jan-14	Nanjing 南京建邺区	96%	0.29	4,205	14,502
Feb-14	Chengdu 成都温江区	100%	0.25	570	2,319
Mar-14	Shenzhen 深圳盐田区	100%	0.45	57	4,573
Apr-14	Shenzhen 深圳大鹏新区	51%	0.23	2,754	12,000
Jun-14	Shenzhen 深圳南山区	51%	0.10	673	12,500
<b>Total</b>			<b>1.74</b>	<b>9,012</b>	<b>6,686</b>

Source(s): Company, ABCI Securities

**Exhibit 5: Kaisa's land, construction and finance costs per sqm (before business tax)**


Source(s): Company, ABCI Securities

**Exhibit 6 : Kaisa's land, construction and finance costs as a percentage of sales (before business tax)**


Source(s): Company, ABCI Securities



Exhibit 7: Kaisa's FY14E NAV

	Attr. GFA (Mn sqm)	Net assets value (RMB mn)	% of total	Valuation Methodology	Implied value per sqm (RMB)
<b>Property development</b>					
PRD	9.0	16,405	40%	DCF at WACC of 12.8%	1,814
Pan-Bohai Bay Rim	7.0	7,383	18%		1,052
YRD	0.9	4,156	10%		4,719
Western	2.0	2,739	7%		1,337
Others	4.8	7,913	20%		1,657
<b>Subtotal</b>	<b>23.8</b>	<b>38,596</b>	<b>95%</b>		<b>1,624</b>
Investment Properties		1,945	5%	6.0% cap rate on 2014E net rental income	
<b>Total 2014E GAV</b>		<b>40,541</b>	<b>100%</b>		
2014E Net debt		(5,505)	(14%)		
<b>Total 2014E NAV</b>		<b>35,036</b>	<b>86%</b>		
No. of share outstanding (diluted)		5,526			
<b>NAV per share (RMB)</b>		<b>6.34</b>			
Ex rate		1.27			
<b>NAV per share (HK\$)</b>		<b>8.03</b>			
Target discount (%)		50%			
<b>Target Price (HK\$)</b>		<b>4.00</b>			
<b>WACC</b>					
Cost of Debt		8.5%			
Cost of Equity		20.0%			
<b>Debt/ (Debt + Equity)</b>		<b>53%</b>			

Source(s): Company, ABCI Securities estimates



**Consolidated income statement (2012A-2016E)**

<b>FY Ended Dec 31 (RMB mn)</b>	<b>2012A</b>	<b>2013A</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>
<b>Revenue</b>	<b>11,955</b>	<b>19,523</b>	<b>26,181</b>	<b>31,030</b>	<b>33,611</b>
Cost of sales	(8,070)	(12,923)	(16,549)	(19,021)	(20,250)
<b>Gross Profit</b>	<b>3,885</b>	<b>6,599</b>	<b>9,632</b>	<b>12,010</b>	<b>13,361</b>
SG&A expenses	(1,397)	(1,814)	(2,064)	(2,216)	(2,271)
<b>EBIT</b>	<b>2,489</b>	<b>4,785</b>	<b>7,568</b>	<b>9,793</b>	<b>11,090</b>
Finance cost	(39)	(122)	(47)	(42)	(42)
Share of profit of associates	(0)	0	0	0	0
Other income/ (expenses)	62	38	127	211	296
Fair value gain of investment properties	0	0	0	0	0
Disposal/one-off items	757	455	0	0	0
<b>Profit before tax</b>	<b>3,269</b>	<b>5,155</b>	<b>7,648</b>	<b>9,963</b>	<b>11,344</b>
Tax	(1,153)	(2,293)	(3,716)	(4,837)	(5,537)
<b>Profit after tax</b>	<b>2,116</b>	<b>2,862</b>	<b>3,933</b>	<b>5,126</b>	<b>5,807</b>
Minority interest	(44)	(5)	(435)	(551)	(533)
<b>Reported net profit</b>	<b>2,072</b>	<b>2,857</b>	<b>3,498</b>	<b>4,575</b>	<b>5,274</b>
<i>Less: exceptional items</i>	<i>(568)</i>	<i>(341)</i>	<i>0</i>	<i>0</i>	<i>(0)</i>
<b>Underlying net profit</b>	<b>1,504</b>	<b>2,516</b>	<b>3,498</b>	<b>4,575</b>	<b>5,274</b>
<b>Per share</b>					
Underlying EPS (RMB)	0.27	0.46	0.63	0.83	0.95
DPS (RMB)	-	0.15	0.18	0.28	0.32
Payout ratio (%)	0%	33%	28%	34%	34%
BVPS (RMB)	2.60	3.13	3.63	4.30	5.01
<b>Growth %</b>					
Revenue	10.3%	63.3%	34.1%	18.5%	8.3%
Gross Profit	20.2%	69.8%	45.9%	24.7%	11.3%
EBIT	9.9%	92.3%	58.1%	29.4%	13.2%
Underlying net profit	-4.6%	67.3%	39.0%	30.8%	15.3%
<b>Margin %</b>					
Gross margin	32.5%	33.8%	36.8%	38.7%	39.8%
Gross margin (post-LAT)	31.6%	32.2%	28.1%	29.1%	29.5%
EBIT margin	20.8%	24.5%	28.9%	31.6%	33.0%
Core net margin	13.0%	12.9%	15.0%	16.5%	17.3%
<b>Key assumptions</b>					
Presale (RMB mn)	17,341	23,921	30,591	33,665	33,836
GFA sold (m sqm)	2.58	2.45	3.06	3.37	3.52
ASP (RMB/sqm)	6,730	9,764	10,003	9,975	9,624
Booked Sales (RMB mn)	11,598	19,090	25,714	30,538	33,091
GFA delivered (m sqm)	1.65	2.56	2.76	3.09	3.36
Booked ASP (RMB/sqm)	7,037	7,451	9,314	9,871	9,846

Source: Company, ABCI Securities estimates



**Consolidated balance sheet (2012A-2016E)**

<b>As of Dec 31 (RMB mn)</b>	<b>2012A</b>	<b>2013A</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>
<b>Current assets</b>	<b>49,836</b>	<b>77,270</b>	<b>83,900</b>	<b>90,270</b>	<b>94,878</b>
Cash	4,683	6,766	14,780	23,620	31,618
Restricted cash	670	1,940	1,940	1,940	1,940
Trade & other receivables	5,843	12,986	12,986	12,986	12,986
Property under development	34,840	51,304	49,919	47,450	44,059
Other current assets	3,801	4,275	4,275	4,275	4,275
<b>Non-current assets</b>	<b>8,117</b>	<b>10,538</b>	<b>11,034</b>	<b>11,530</b>	<b>12,026</b>
Property, plant & equipment	308	580	576	572	568
Investment properties	7,540	9,595	10,095	10,595	11,095
Investment in Associate and JCE	0	0	0	0	0
Other non-current assets	269	363	363	363	363
<b>Total Assets</b>	<b>57,953</b>	<b>87,808</b>	<b>94,933</b>	<b>101,800</b>	<b>106,904</b>
<b>Current Liabilities</b>	<b>29,439</b>	<b>46,549</b>	<b>50,527</b>	<b>53,193</b>	<b>53,913</b>
Short term borrowings	3,150	4,024	4,024	4,024	4,024
Trade & other payables	7,112	9,998	9,998	9,998	9,998
Pre-sales deposits	17,244	29,639	33,618	36,284	37,003
Other current assets	1,933	2,888	2,888	2,888	2,888
<b>Non-current liabilities</b>	<b>13,460</b>	<b>19,501</b>	<b>19,501</b>	<b>19,501</b>	<b>19,501</b>
Long term borrowings	12,257	18,201	18,201	18,201	18,201
Other non-current assets	1,202	1,300	1,300	1,300	1,300
<b>Total Liabilities</b>	<b>42,898</b>	<b>66,050</b>	<b>70,029</b>	<b>72,694</b>	<b>73,414</b>
<b>Net Assets</b>	<b>15,054</b>	<b>21,758</b>	<b>24,905</b>	<b>29,106</b>	<b>33,490</b>
<b>Shareholders' Equity</b>	<b>14,350</b>	<b>17,298</b>	<b>20,060</b>	<b>23,760</b>	<b>27,662</b>
Minority Interest	704	4,461	4,845	5,346	5,829
<b>Total Equity</b>	<b>15,054</b>	<b>21,758</b>	<b>24,905</b>	<b>29,106</b>	<b>33,490</b>
<b>Key ratio</b>					
Gross debt (RMB mn)	15,408	22,225	22,225	22,225	22,225
Net debt (RMB mn)	10,055	13,519	5,505	(3,335)	(11,334)
Net gearing (%)	70%	78%	27%	Net cash	Net cash
Presale/ Total assets (x)	0.30	0.27	0.32	0.33	0.32

Source(s): Company, ABCI Securities estimates



**Consolidated cash flow statement (2012A-2016E)**

<b>FY Ended Dec 31 (RMB mn)</b>	<b>2012A</b>	<b>2013A</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>
EBITDA	2,531	4,859	7,642	9,867	11,164
Change in Working Capital	(882)	(7,459)	7,317	6,872	5,847
Tax payment	(906)	(2,293)	(3,716)	(4,837)	(5,537)
<b>Operating Cashflow</b>	<b>743</b>	<b>(4,893)</b>	<b>11,243</b>	<b>11,901</b>	<b>11,473</b>
Purchase of PP&E	(73)	(70)	(70)	(70)	(70)
Addition of Investment Properties	(531)	(500)	(500)	(500)	(500)
Others	(553)	38	127	211	296
<b>Investing Cashflow</b>	<b>(1,157)</b>	<b>(532)</b>	<b>(443)</b>	<b>(359)</b>	<b>(274)</b>
Debt raised	5,216	9,628	5,000	5,000	5,000
Debt repaid	(3,533)	-	(5,000)	(5,000)	(5,000)
Interest expenses	(1,468)	(2,070)	(2,000)	(1,778)	(1,778)
Equity raised	(1,157)	(532)	(443)	(359)	(274)
Dividend to shareholders	-	-	(736)	(874)	(1,373)
Others	2,094	482	393	309	224
<b>Financing Cashflow</b>	<b>1,151</b>	<b>7,509</b>	<b>(2,786)</b>	<b>(2,702)</b>	<b>(3,200)</b>
<b>Net cash inflow/ (outflow)</b>	<b>737</b>	<b>2,083</b>	<b>8,014</b>	<b>8,840</b>	<b>7,998</b>
Cash- beginning	3,945	4,683	6,766	14,780	23,620
<b>Cash- year-end</b>	<b>4,682</b>	<b>6,766</b>	<b>14,780</b>	<b>23,620</b>	<b>31,618</b>

Source(s): Company, ABCI Securities estimates

## Disclosures

### Analyst Certification

I, Tung Yiu Kei Kenneth, 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.

### Disclosures of Interests

ABCI Securities Company Limited and/or its affiliates may pursue financial interests to the companies mentioned in the report.

### 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 2009-2013

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.

### Disclaimers

This report is for our clients only and is for distribution only under such circumstances as may be permitted by applicable law. It has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient. It is published solely for informational purposes and is not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. No representation or warranty, either expresses or implied, is provided in relation to the accuracy, completeness or reliability of the information contained herein. This report should not be regarded by recipients as a substitute for the exercise of their own judgment. Any opinions expressed in this report are subject to change without notice and may differ or be contrary to opinions expressed by other business areas as a result of using different assumptions and criteria. The analysis contained herein is based on numerous assumptions. Different assumptions could result in materially different results. The analyst(s) responsible for the preparation of this report may interact with trading desk personnel, sales personnel and other constituencies for the purpose of gathering, synthesizing and interpreting market information. ABCI Securities Company Limited is under no obligation to update or keep current the information contained herein. ABCI Securities Company Limited relies on information barriers to control the flow of information contained in one or more areas within ABCI Securities Company Limited, into other areas, units, groups or affiliates of ABCI Securities Company Limited. The compensation of the analyst who prepared this report is determined exclusively by research management and senior management (not including investment banking). Analyst compensation is not based on



investment banking revenues, however, compensation may relate to the revenues of ABCI Securities Company Limited as a whole, of which investment banking, sales and trading are a part. The securities described herein may not be eligible for sale in all jurisdictions or to certain categories of investors. The price and value of the investments referred to in this research and the income from them may fluctuate. Past performance is not necessarily indicative of future results. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument mentioned in this report. For investment advice, trade execution or other enquiries, clients should contact their local sales representative. Neither ABCI Securities Company Limited nor any of its affiliates, directors, employees or agents accepts any liability for any loss or damage arising out of the use of all or any part of this report. Additional information will be made available upon request.

ABCI Securities Company Limited and/or its affiliates may pursue financial interests to the companies mentioned in the report.

ABCI Securities Company Limited and/or its affiliates, within the past 12 months, have investment banking relationship with one or more of the companies mentioned in the report.

---

Copyright 2014 ABCI Securities Company Limited

No part of this material may be (i) copied, photocopied or duplicated in any form by any means or (ii) redistributed without the prior written consent of ABCI Securities Company Limited.

**Office address: ABCI Securities Company Limited, 13/F Fairmont House,  
8 Cotton Tree Drive, Central, Hong Kong.**

**Tel: (852) 2868 2183**