



March 19, 2014  
Company Report  
Rating: BUY  
TP: HK\$ 2.40

Share price (HK\$) 1.40  
Est. share price return 71.4%  
Est. dividend yield 10.1%  
Est. total return 81.5%

Previous Rating & TP BUY; HK\$2.20  
Previous Report Date March 10, 2014

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

**Key Data**

52Wk H/L(HK\$) 1.69/1.19  
Issued shares (mn) 2,616  
Market cap (HK\$mn) 3,896  
3-mth avg daily turnover (HK\$ mn) 2.35  
Major shareholder(s) (%):  
Mr GUO Zi Wen 46.7

Source(s): Company, Bloomberg, ABCI Securities

**FY13 Revenue breakdown (%)**

Property development 97.7  
Property investment 0.9  
Others 1.4

Source(s): Company, ABCI Securities

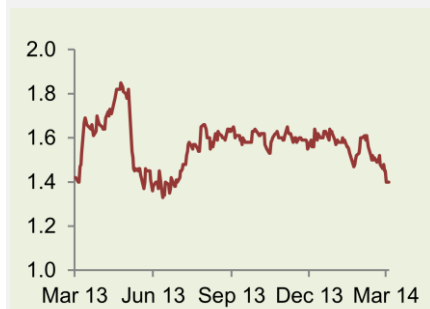
**Share performance (%)**

	Absolute	Relative*
1-mth	(13.0)	(9.2)
3-mth	(10.3)	(4.8)
6-mth	(12.5)	(6.3)

\*Relative to HSI

Source(s): Bloomberg, ABCI Securities

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



Source(s): Bloomberg, ABCI Securities

Aoyuan (3883 HK)

Solid FY13 results; FY14E margins to expand further

- Aoyuan's FY13 core profit surged 334% YoY to RMB 673mn
- Gross margin improved 0.6ppt YoY to 30.7% despite a lower ASP; net margin improved significantly to 11.5% (FY12: 6.2%) on better economies of scale
- Final DPS of RMB 0.08 implies an attractive yield of 7.2%.
- Maintain **BUY** with revised TP at HK\$ 2.40 (from HK\$2.20) based on a 60% discount to 2014E NAV.

**Solid FY13 results.** Aoyuan announced better-than-expected FY13 results. Revenue grew 45.3% YoY to RMB 5.7bn on substantial jump in GFA delivered (+67.5% YoY to 0.82mn sqm). Core net profit surged 334.1% YoY to RMB 673mn, beating our forecast of RMB 368mn. Although ASP dropped by 13.5% YoY to RMB 6,866/sqm as contribution from Guangzhou decreased from 48% to 31% of total revenue in FY13, gross margin went up by 0.6ppt YoY to 30.7%, indicating that profitability of Aoyuan's non-Guangzhou projects was satisfactory despite oversupply concerns in tier 2/3 cities. Net margin was much higher than expected, reaching 11.5% (FY12: 6.2%) compared to our forecast of 6.6% on better economies of scale. Its final dividend of RMB 0.08, which implies an attractive yield of 7.2%, also offers another major positive surprise.

**FY14 will be another year of momentous growth.** Aoyuan announced its 2014 presales target of RMB 15bn, up 50% YoY. This is much higher than peers' target growth of 1%-43%. Key drivers of 2014 presale include **(1) abundant sellable resources.** Aoyuan expects sellable resources to be RMB30bn for FY14 on the back of 2.13mn sqm of new land acquired in FY13; **(2) fast development cycle.** Three out of the eight sites acquired in FY13 could commence presale during the same year. Momentum continues in 2M14, with the Group registering a presale of RMB 1,383mn, up 146% YoY. Unbooked revenue of RMB 9.5bn also provides high earnings visibility for FY14.

**FY14E margins to rise.** Management commented that margin should be higher in FY14 than that of 2013, contrasting to the declining gross margin among its peers (Sino Ocean: -2.5ppt; COLI: -3.2ppt; Country Garden: -6.3ppt). We expect the group's gross margin to improve by 1.8ppt YoY to 32.5% in FY14, mainly driven by increased ASP (FY13 presale ASP: RMB 9,364/sqm, 36% higher than booked ASP of RMB 6,866/sqm) as Guangzhou's contribution rises. Moreover, Aoyuan is currently negotiating for five to six redevelopment projects in Guangzhou. These projects, which usually have very low land costs, may serve to expand the Group's margin in the future

**Net gearing to stay below 80%.** Going forward, Aoyuan expects net gearing to stay below 80% — the low-end among small mid cap peers. Currently, Aoyuan is able to obtain onshore bank loan at 120%-130% of PBOC's rate. Proportion of trust loan remains healthy at 28% of total borrowing. (continue next page)

**Results and Valuation**

FY ended Dec 31	2012A	2013A	2014E	2015E	2016E
Revenue (RMB mn)	3,943	5,729	10,499	14,980	16,519
Chg (% YoY)	30.5	45.3	83.3	42.7	10.3
Underlying Net Income (RMB mn) <sup>1</sup>	243	657	1,169	2,008	2,352
Chg (% YoY)	2.3	170.3	78.0	71.8	17.1
Underlying EPS (RMB)	0.09	0.25	0.45	0.77	0.90
Chg (% YoY)	2.1	170.3	78.0	71.8	17.1
BVPS (RMB)	2.7	2.8	3.1	3.7	4.3
Chg (% YoY)	12.7	3.9	12.1	18.6	18.4
Underlying PE (x)	11.9	4.4	2.5	1.4	1.2
P/B (x)	0.4	0.4	0.4	0.3	0.3
ROE (%)	3.5	9.1	14.4	20.9	20.7
ROA (%)	1.2	2.2	3.1	4.7	5.1
DPS(RMB)	0.31	0.08	0.11	0.19	0.22
Yield (%)	28.2	7.2	10.1	17.3	20.3
Net gearing <sup>2</sup> (%)	25.6	66.7	12.8	(26.2)	(51.8)

<sup>1</sup> Underlying 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



**One of the few players with expanding margins; maintain BUY.** On the back of better-than-expected results, we raise our FY14E/15E forecasts of core net profit by 7.5%/9.4%. We also raise TP to HK\$ 2.40 (from HK\$ 2.20), based on a 60% discount to NAV (same as previous). Apart from its higher growth than peers expected for 2014, we believe Aoyuan's expanding margin would stand out from most small and mid cap players whose profitability has been sliding. Maintain **BUY**.

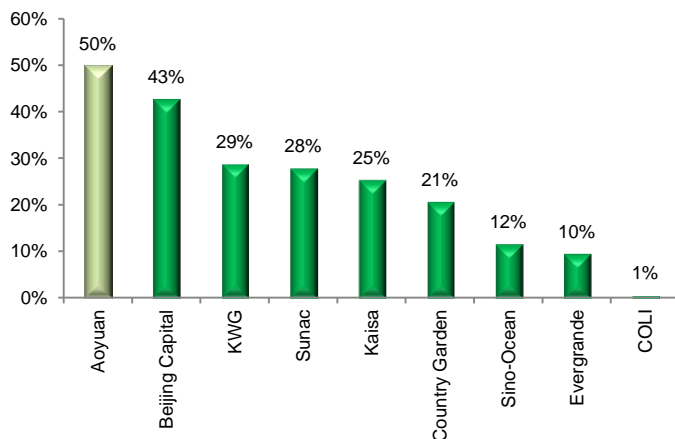
**Risk factors:** 1) Guangdong-concentrated project portfolio; 2) Policy risk; 3) Rising land cost may hurt margins.

Exhibit 1: Aoyuan's FY13 results

P&L	2013	2012	YoY Chg	Operating statistics	2013	2012	YoY Chg
	RMB mn	RMB mn	(%)				
<b>Turnover</b>	<b>5,729</b>	<b>3,943</b>	<b>45.3</b>	Booked GFA (mn sqm)	0.82	0.49	67.5
Cost of Sales & direct operating costs	(3,971)	(2,757)	<b>44.0</b>	Booked ASP (RMB/sqm)	6,866	7,938	(13.5)
<b>Gross Profit</b>	<b>1,759</b>	<b>1,187</b>	<b>48.2</b>	<b>Booked Sales ( RMB mn)</b>	<b>5,600</b>	<b>3,865</b>	<b>44.9</b>
<b>Gross Margin (%)</b>	<b>30.7</b>	<b>30.1</b>	<b>0.6</b>	Presales GFA (mn sqm)	1.07	0.84	28.3
Selling and distribution costs	(319)	(237)	34.8	Presales ASP (RMB/sqm)	9,364	6,281	49.1
Administrative expense	(351)	(370)	(5.1)	<b>Presale( RMB mn)</b>	<b>10,038</b>	<b>5,250</b>	<b>91.2</b>
<b>EBIT</b>	<b>1,088</b>	<b>580</b>	<b>87.7</b>	<b>Balance sheet</b>	<b>Dec-13</b>	<b>Dec-12</b>	<b>HoH %</b>
<b>EBIT Margin (%)</b>	<b>19.0</b>	<b>14.7</b>	<b>4.3</b>		<b>RMB mn</b>	<b>RMB mn</b>	
Other income,	115	102	12.6	Gross debt	9,524	4,923	93.5
Fair value gain of investment properties	85	183	(53.6)	Cash	4,712	3,143	49.9
One-off gains and losses	21	733	(97.2)	<b>Net debt</b>	<b>4,812</b>	<b>1,779</b>	<b>170.4</b>
Share of profit from JCE/ Associates	0	(7)	(99.0)	<b>Net gearing (%)</b>	<b>66.7</b>	<b>25.6</b>	<b>41.1</b>
Finance cost	(44)	(66)	(33.3)				
<b>Profit before tax</b>	<b>1,265</b>	<b>1,525</b>	<b>(17.1)</b>				
<b>Tax</b>	<b>(513)</b>	<b>-593</b>	<b>(13.4)</b>				
- LAT	(193)	(225)	(14.2)				
- Enterprise tax	(320)	(368)	(12.9)				
<b>Profit after tax</b>	<b>752</b>	<b>933</b>	<b>(19.4)</b>				
Minority Interest	(16)	(2)	NA				
<b>Net profit</b>	<b>736</b>	<b>930</b>	<b>(20.9)</b>				
<b>Core profit</b>	<b>673</b>	<b>152</b>	<b>343.5</b>				
<b>Core profit (ex MI, impairment)</b>	<b>657</b>	<b>243</b>	<b>170.3</b>				
<b>Core net margin</b>	<b>11.5</b>	<b>6.2</b>	<b>5.3</b>				

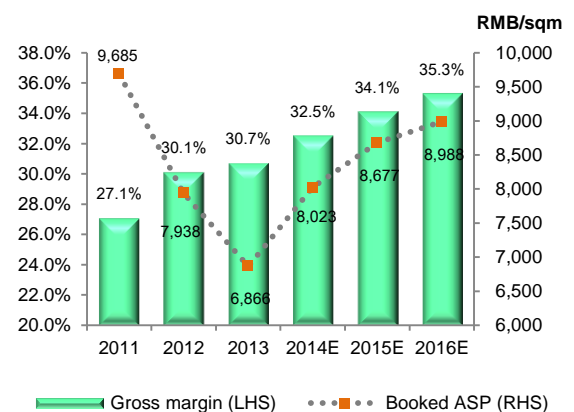
Source(s): Company, ABCI Securities

Exhibit 2: 2014E presales target growth rate (YoY %)



Source(s): Company, ABCI Securities estimates

Exhibit 3: Aoyuan's ASP vs Gross margin



Source(s): Company, ABCI Securities estimates

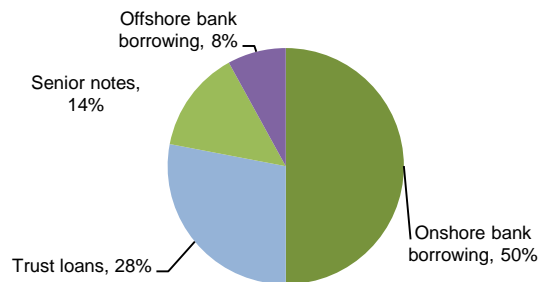


Exhibit 4: 2013 land acquisition- 3 out of 8 projects commence presale within the same year

Project	City	Acquired Date	Expected/Actual presales date	Stake %	GFA '000 sqm	Consideration RMB mn	Land cost/sqm RMB/sqm
1 Aoyuan Kangwei Plaza	Guangzhou	Jan-13	Dec-13	51%	379	601	1,584
2 Chongqing Aoyuan Shuiyunjian	Chongqing	Feb-13	Nov-13	100%	125	435	3,474
3 Aoyuan Central Park View	Foshan	Feb-13	Mar-14	100%	183	727	3,979
4 Jiangmen Aoyuan- Yicheng Plaza	Jiangmen	Mar-13	Oct-13	51%	207	198	955
5 Yangjiang Aoyuan	Yangjiang	Jul-13	Oct-14	80%	362	213	588
6 Chongqing Chayuan	Chongqing	Aug-13	Jun-14	100%	314	970	3,094
7 Luogang Aoyuan Plaza	Guangzhou	Aug-13	Jun-14	60%	300	1,306	4,353
8 Meizhou Aoyuan	Meizhou	Aug-13	Jul-14	100%	260	175	674
<b>Total</b>					<b>2,130</b>	<b>4,678</b>	<b>2,197</b>

Source(s): Company, ABCI Securities

Exhibit 5: Debt breakdown (Dec 2013)



Source(s): Company, ABCI Securities

Exhibit 6: Aoyuan's cashflow guidance

	FY13 RMB bn	FY14E RMB bn	YoY Chg %
Presale	10.0	15.0	49%
Cash collection ratio	0.8	0.9	5%
<b>Cash inflow</b>	<b>8.1</b>	<b>12.8</b>	
Land acquisition	(4.3)	(5.0)	18%
Construction	(4.5)	(6.4)	44%
Tax	(0.8)	(1.5)	85%
SG&A	(0.6)	(0.8)	36%
Interest expense	(0.8)	(1.2)	45%
<b>Cash outflow</b>	<b>(10.9)</b>	<b>(14.9)</b>	36%
<b>Net cashflow from operation</b>	<b>(2.8)</b>	<b>(2.1)</b>	(25%)
Debt raised	6.3	4.0	(37%)
Debt repaid	(2.3)	(2.2)	(3%)
<b>Net cashflow</b>	<b>1.3</b>	<b>(0.3)</b>	(124%)

Source(s): Company, ABCI Securities estimates



**Exhibit 7: Aoyuan's FY14E NAV**

	Attr. GFA (M sqm)	Net assets value (RMB m)	% of total	Valuation Methodology	Implied value per sqm (RMB)
<b>Property development</b>					
Guangzhou	1.6	5,096	38%	DCF at WACC of 13.7%	3,157
Zengcheng	0.2	222	2%		1,147
Qingyuan	1.4	1,506	11%		1,044
Jiangmen	0.2	148	1%		729
Zhongshan	0.7	204	2%		309
Foshan	0.4	242	2%		662
Ganzhou	0.5	524	4%		1,019
Chongqing	0.6	486	4%		843
Shenyang	2.2	1,543	11%		717
Others	4.7	3,066	23%		653
<b>Subtotal</b>	<b>9.7</b>	<b>13,037</b>	<b>97%</b>		<b>1,346</b>
Investment Properties		438	3%	6.0% cap rate on 2014E net rental income	
<b>Total 2014E GAV</b>		<b>13,475</b>	<b>100%</b>		
2014E Net debt		(1,039)	-8%		
<b>Total 2014E NAV</b>		<b>12,437</b>	<b>92%</b>		
No. of share outstanding (diluted)		2,616			
<b>NAV per share (RMB)</b>		<b>4.75</b>			
Ex rate		1.27			
<b>NAV per share (HKD)</b>		<b>6.02</b>			
Target discount (%)		60%			
<b>Target Price (HKD)</b>		<b>2.40</b>			
<b>WACC</b>	<b>13.7%</b>				
Cost of debt	11.7%				
Cost of equity	20.0%				
<b>Debt/ (Debt + Equity)</b>	<b>56%</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>3,943</b>	<b>5,729</b>	<b>10,499</b>	<b>14,980</b>	<b>16,519</b>
Cost of sales	(2,757)	(3,971)	(7,086)	(9,873)	(10,690)
<b>Gross Profit</b>	<b>1,187</b>	<b>1,759</b>	<b>3,414</b>	<b>5,107</b>	<b>5,828</b>
SG&A expenses	(607)	(670)	(967)	(1,082)	(1,145)
<b>EBIT</b>	<b>580</b>	<b>1,088</b>	<b>2,447</b>	<b>4,025</b>	<b>4,683</b>
Finance cost	(66)	(44)	(165)	(165)	(162)
Share of profit of associates	(7)	(0)	-	-	-
Other income/ (expenses)	102	115	63	91	117
Fair value gain of investment properties	-	-	-	-	-
Disposal/one-off items	916	106	-	-	-
<b>Profit before tax</b>	<b>1,525</b>	<b>1,265</b>	<b>2,344</b>	<b>3,951</b>	<b>4,638</b>
Tax	(593)	(513)	(1,052)	(1,723)	(2,021)
<b>Profit after tax</b>	<b>933</b>	<b>752</b>	<b>1,292</b>	<b>2,228</b>	<b>2,617</b>
Minority interest	(2)	(16)	(123)	(219)	(266)
<b>Reported net profit</b>	<b>930</b>	<b>736</b>	<b>1,169</b>	<b>2,008</b>	<b>2,352</b>
<i>Less: exceptional items</i>	<i>(687)</i>	<i>(79)</i>	<i>-</i>	<i>-</i>	<i>-</i>
<b>Underlying net profit</b>	<b>243</b>	<b>657</b>	<b>1,169</b>	<b>2,008</b>	<b>2,352</b>
<b>Per share</b>					
Underlying EPS (RMB)	0.09	0.25	0.45	0.77	0.90
DPS (RMB)	0.31	0.08	0.11	0.19	0.22
Payout ratio (%)	336%	32%	25%	25%	25%
BVPS (RMB)	2.66	2.76	3.10	3.67	4.35
<b>Growth %</b>					
Revenue	30.5%	45.3%	83.3%	42.7%	10.3%
Gross Profit	45.1%	48.2%	94.1%	49.6%	14.1%
EBIT	43.3%	87.7%	124.8%	64.5%	16.3%
Underlying net profit	2.3%	170.3%	78.0%	71.8%	17.1%
<b>Margin %</b>					
Gross margin	30.1%	30.7%	32.5%	34.1%	35.3%
Gross margin (post-LAT)	24.9%	28.0%	27.0%	27.8%	28.6%
EBIT margin	14.7%	19.0%	23.3%	26.9%	28.3%
Core net margin	6.4%	11.7%	12.3%	14.9%	15.8%
<b>Key assumptions</b>					
Presale( RMB mn)	5,250	10,038	16,377	17,409	16,297
GFA sold (mn sqm)	0.84	1.07	1.89	1.89	1.83
ASP (RMB/sqm)	6,281	9,364	8,668	9,230	8,891
Booked Sales (RMB)	3,865	5,600	10,358	14,829	16,357
GFA delivered (mn sqm)	0.49	0.82	1.29	1.71	1.82
Booked ASP (RMB/sqm)	7,938	6,866	8,023	8,677	8,988

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>16,684</b>	<b>26,781</b>	<b>34,278</b>	<b>38,739</b>	<b>41,400</b>
Cash	2,381	2,812	7,586	12,145	16,515
Restricted cash	762	1,899	1,899	1,899	1,899
Trade & other receivables	735	1,064	1,064	1,064	1,064
Property under development	11,548	19,437	22,160	22,063	20,353
Other current assets	1,257	1,569	1,569	1,569	1,569
<b>Non-current assets</b>	<b>4,129</b>	<b>3,150</b>	<b>3,687</b>	<b>4,223</b>	<b>4,759</b>
Property, plant & equipment	376	415	451	488	524
Investment properties	1,949	2,419	2,919	3,419	3,919
Investment in Associate and JCE	0	5	5	5	5
Other non-current assets	1,804	311	311	311	311
<b>Total Assets</b>	<b>20,813</b>	<b>29,932</b>	<b>37,964</b>	<b>42,961</b>	<b>46,159</b>
<b>Current Liabilities</b>	<b>10,105</b>	<b>14,963</b>	<b>21,981</b>	<b>25,303</b>	<b>26,521</b>
Short term borrowings	1,675	2,411	3,411	4,411	5,411
Trade & other payables	2,299	2,953	2,953	2,953	2,953
Pre-sales deposits	4,244	6,463	12,481	14,803	15,021
Other current assets	1,887	3,136	3,136	3,136	3,136
<b>Non-current liabilities</b>	<b>3,605</b>	<b>7,444</b>	<b>7,444</b>	<b>7,444</b>	<b>7,444</b>
Long term borrowings	3,248	7,113	7,113	7,113	7,113
Other payables	0	0	0	0	0
Other non-current assets	356	332	332	332	332
<b>Total Liabilities</b>	<b>13,709</b>	<b>22,408</b>	<b>29,426</b>	<b>32,747</b>	<b>33,965</b>
<b>Net Assets</b>	<b>7,104</b>	<b>7,524</b>	<b>8,538</b>	<b>10,214</b>	<b>12,194</b>
<b>Shareholders Equity</b>	<b>6,951</b>	<b>7,219</b>	<b>8,096</b>	<b>9,602</b>	<b>11,366</b>
Minority Interest	152	305	378	548	763
<b>Total Equity</b>	<b>7,104</b>	<b>7,524</b>	<b>8,474</b>	<b>10,150</b>	<b>12,129</b>
<b>Key ratio</b>					
Gross debt ( RMB mn)	4,923	9,524	10,524	11,524	12,524
Net debt ( RMB mn)	1,779	4,812	1,039	(2,520)	(5,890)
Net gearing (%)	26%	67%	13%	-26%	-52%
Presale/Total assets (x)	0.25	0.34	0.43	0.41	0.35

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	610	1,122	2,481	4,059	4,717
Change in Working Capital	(2,862)	(4,740)	4,232	3,356	2,847
Tax payment	(770)	(461)	(1,052)	(1,723)	(2,021)
<b>Operating Cashflow</b>	<b>(3,021)</b>	<b>(4,078)</b>	<b>5,661</b>	<b>5,693</b>	<b>5,543</b>
Purchase of PP&E	(25)	(70)	(70)	(70)	(70)
Addition of Investment Properties	(394)	(500)	(500)	(500)	(500)
Proceeds from disposal/ (acquisition)	4,902	115	63	91	117
<b>Investing Cashflow</b>	<b>4,483</b>	<b>(455)</b>	<b>(507)</b>	<b>(479)</b>	<b>(453)</b>
Debt raised	4,695	7,137	5,000	5,000	5,000
Debt repaid	(4,544)	(1,000)	(4,000)	(4,000)	(4,000)
Interest expenses	-	(848)	(1,103)	(1,102)	(1,082)
Equity raised	-	-	-	-	-
Dividend to shareholders	(135)	(209)	(292)	(502)	(588)
Others	26	(50)	(50)	(50)	(50)
<b>Financing Cashflow</b>	<b>42</b>	<b>5,029</b>	<b>(445)</b>	<b>(654)</b>	<b>(720)</b>
<b>Net cash inflow/ (outflow)</b>	<b>1,504</b>	<b>496</b>	<b>4,709</b>	<b>4,559</b>	<b>4,370</b>
Cash- beginning	877	2,381	2,877	7,586	12,145
<b>Cash- year-end</b>	<b>2,381</b>	<b>2,877</b>	<b>7,586</b>	<b>12,145</b>	<b>16,515</b>

Source(s): Company, ABCI Securities estimates



## Disclosures

### Analyst Certification

I, Kenneth Tung, 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

ABC 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.

### 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. ABC Securities Company Limited is under no obligation to update or keep current the information contained herein. ABC Securities Company Limited relies on information barriers to control the flow of information contained in one or more areas within ABC Securities Company Limited, into other areas, units, groups or affiliates of ABC 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.

---

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**