

CSI Properties (497 HK)

Property - Real Estate

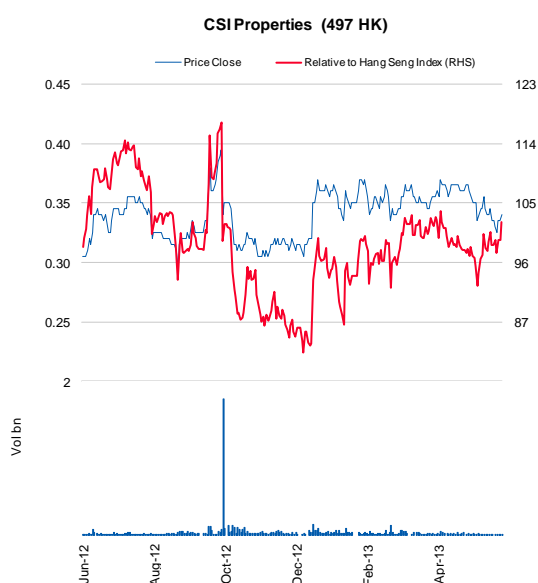
Market Cap: USD417m

Buy (Maintained)

 Target Price: HKD0.52
up from HKD0.50

Price: HKD0.34

Profits Marred By Sale Delay But All Is Well

 Macro ◆◆◆
 Risks ◆◆
 Growth ◆◆
 Value ◆◆◆


Source: Bloomberg

Avg Turnover (HKD/USD)	4.90m/0.63m
Cons. Upside (%)	41.2
Upside (%)	52.9
52-wk Price low/high (HKD)	0.30 - 0.40
Free float (%)	54

Shareholders (%)	
Mico Chung	46.2

Niki Yeung +852 2103 9411
niki.yeung@hk.oskgroup.com

Kong Yong Ng +852 2103 5844
kongyong.ng@hk.oskgroup.com

In CSI's FY13 results released after market close yesterday, recurring net profit fell 49% y-o-y to HKD903m, 37% below consensus, due to delay in selling AXA Center. Still, the company kept its dividend payout ratio guidance. Since CSI now plans to retain some commercial properties (including AXA Centre) for rental, we lower our FY14F and FY15F recurring net profit estimates by 32% and 40% but retain our end-FY14 ENAV at HKD1.21/share, which factors in a higher ASP and a new revised project delivery schedule. Our 4% higher HKD0.52 TP is at the existing 57% discount to our ENAV. Maintain BUY.

- ◆ **Lower profit due to delay in selling off AXA Center.** The company missed our earnings estimates mainly due to the fact that it did not manage to sell the seven floors in AXA Center it intended amid Government measures to cool down on the property market. We had initially estimated that the seven floors would potentially contribute about HKD800m in recurring net profit. That said, we are heartened by the fact that CSI is being prudent in not forcing through the sale and deciding to continue renting out the space for the time being.
- ◆ **Fulfilling 56% of FY14F net profit.** We estimate that CSI has already secured HKD559m in net profit from sales of properties at: i) *H8*, ii) 2 units of the *Hampton*, and iii) 703 Nathan Road, representing 56% of our FY14F estimate. We like the fact that earnings visibility has improved and believe that CSI will meet our full year HKD1.0bn target when it completes the sale of its 50% stake in *Platinum* in 2HFY3/14F.
- ◆ **Cutting FY14-15F earnings estimates by 32% and 40%.** Since CSI aims to hold more properties (mainly *AXA Center*, *InPoint* and the *Ashley Road* project) for rental instead of selling them, we cut our earnings estimates by 32% and 40% for FY14F and FY15F respectively (please see Figures 1 and 2 for CSI's new property sale schedule).
- ◆ **Maintain BUY, HKD0.50 TP.** We like CSI's: i) value-enhancing expertise, and ii) deep 72% discount to our new end-FY3/14 ENAV of HKD1.21/share. We arrive at our new HKD0.52 TP (up 4% from HKD0.50/share) based on same 57% discount to our new ENAV vs our end-FY3/13 ENAV of HKD1.17/share previously. Maintain BUY.

Forecasts and Valuations	Mar-12	Mar-13	Mar-14F	Mar-15F	Mar-16F
Total turnover (HKDm)	3,218	1,162	2,131	2,625	3,241
Recurring net profit (HKDm)	1,754	903	1,007	1,199	1,287
Recurring net profit growth (%)	104.5	(48.5)	11.5	19.1	7.3
Consensus EPS (HKD)		0.16	0.11	0.10	
EPS (HKD)	0.21	0.10	0.11	0.13	0.14
DPS (HKD)	0.02	0.01	0.01	0.02	0.02
Dividend Yield (%)	7.1	4.1	4.2	5.0	5.4
Return on average assets (%)	21.0	8.8	8.7	9.7	9.6
Return on average equity (%)	34.4	13.9	13.4	14.2	13.5
P/E (x)	1.59	3.32	3.21	2.70	2.51
P/B (x)	0.47	0.46	0.41	0.36	0.32
Net debt to equity (%)	3.5	10.5	(20.4)	(45.0)	(65.3)

Source: Company data, RHB OSK estimates

- ◆ **Actively looking at 2 potential acquisitions.** Management has expressed a preference for potential acquisitions targets to reposition itself in Hong Kong Island due to: i) the lack of land supply, and ii) demand for premium products. Currently, it is looking at two projects – one residential and one commercial – around Lan Kwai Fong.

FY13 Results Review

Figure 1: FY13 P&L

HKD m	FY3/12A	FY3/13A	y-o-y (%)	RHB OSK forecast	Diff (%)
Sales of Prop Held for Sale	2,992.9	939.4	(68.6)	2,401.0	(60.9)
Rental Income	225.0	223.0	(0.9)	338.7	(34.2)
Revenue	3,217.9	1,162.4	(63.9)	2,739.7	(57.6)
Cost of Sales	(1,551.6)	(424.6)	(72.6)	(1,114.9)	(61.9)
Gross profit	1,666.3	737.8	(55.7)	1,624.9	(54.6)
Income and gains from investments	63.2	116.7	84.6	51.8	125.4
Other income	24.3	45.0	85.7	14.2	217.6
Other gains	132.2	305.2	130.8	0.0	na
Administrative expenses	(163.2)	(193.6)	18.6	(179.6)	7.8
Operating profit	1,722.8	1,011.1	(41.3)	1,511.3	(33.1)
Finance costs	(52.9)	(72.5)	37.1	(79.6)	(8.9)
Share of results of JCEs	31.6	21.8	(30.9)	1.5	1,320.2
Share of results of associates	185.3	25.1	(86.5)	250.0	(90.0)
Profit before tax	1,886.8	985.5	(47.8)	1,683.3	(41.5)
Current tax	(118.5)	(60.5)	(48.9)	(185.2)	(67.3)
Profit after tax	1,768.3	925.0	(47.7)	1,498.1	(38.3)
Minority interests	(14.2)	(22.4)	57.4	(17.1)	30.9
Recurrent net profit	1,754.1	902.7	(48.5)	1,481.0	(39.1)
Gross profit margin (%)	51.8%	63.5%	11.7	59.3%	4.2
Operating margin (%)	53.5%	87.0%	33.4	55.2%	31.8
Recurrent net profit margin (%)	54.5%	77.7%	23.1	54.1%	23.6
Reported net profit margin (%)	54.5%	77.7%	23.1	54.1%	23.6
EPS	0.213	0.102	(51.9)	0.156	(34.2)
DPS	0.024	0.014	(41.7)	0.019	(25.0)
Net debt/equity ratio (%)	3.5	10.5	7.0	-7.0	17.5

Source: Company data, RHB OSK estimates

Key Changes To Our Earnings Model

Figure 2: Changes in earnings estimates

HKD m	New		Old		Changes (%)	
	FY3/14F	FY3/15F	FY3/14F	FY3/15F	FY3/14F	FY3/15F
Revenue	2,131.1	2,624.6	1,997.5	2,082.6	6.7	26.0
Gross Profit	843.1	1,417.2	1,218.9	1,030.8	(30.8)	37.5
Operating Profit	1,217.1	1,496.6	1,059.3	871.2	14.9	71.8
Net Profit	1,006.8	1,199.3	1,468.2	1,676.7	(31.4)	(28.5)
EPS	0.106	0.126	0.154	0.176	(31.3)	(28.4)

Source: RHB OSK estimates

ENAV Breakdown

Figure 3: Changes in end-FY3/14F ENAV breakdown

CSI PROPERTIES SUMMARY OF GNAV	Attri. GFA sq ft	Original			Revised		
		FY3/14F HKDm	FY3/14F HKD/share	GNAV %	FY3/14F HKDm	FY3/14F HKD/share	GNAV %
RESIDENTIAL PROPERTIES	601,860	3,514	0.37	40.1	3,787	0.40	38.1
Hong Kong	304,860	2,325	0.24	26.5	2,814	0.30	28.3
China	297,000	1,190	0.12	13.6	973	0.10	9.8
COMMERCIAL PROPERTIES	493,508	2,845	0.30	32.4	3,944	0.41	39.7
Hong Kong	163,508	1,831	0.19	20.9	3,112	0.33	31.3
China	330,000	1,015	0.11	11.6	832	0.09	8.4
HOTEL PROPERTIES	226,255	2,411	0.25	27.5	2,210	0.23	22.2
GNAV		8,771	0.92	100.0	9,942	1.04	100.0
Net Cash		2,742	0.29		1,601	0.17	
NAV		11,513	1.21		11,543	1.21	

Source: RHB OSK estimates

Booking Schedule Breakdown By Project

Figure 4: Property sales: Booking schedule and ASP (HKD psf)

Portfolio	Usage	Owned %	Attri. GFA sqft	GFA booked FY3/14F	GFA booked FY3/15F	GFA booked FY3/16F	ASP FY3/14F	ASP FY3/15F	ASP FY3/16F
1A, 2A, 2B The Hampton	Luxury residential	90.0%	9,149	6,084.4	-	-	24,670.5	-	-
5B, 7A, 7B The Hampton	Luxury residential	90.0%	12,483	-	-	-	-	-	-
Barker Road	Luxury residential	100.0%	4,271	-	-	4,271.0	-	-	70,000.0
Yoo Residence	Luxury residential	50.0%	43,430	-	20,000.0	20,000.0	-	24,500.0	26,950.0
Kau To	Luxury residential	100.0%	50,375	-	20,000.0	30,375.0	-	25,000.0	25,000.0
Monterey Court	Luxury residential	60.0%	43,800	-	-	21,500.0	-	-	40,000.0
Qing Pu Land	Luxury residential	50.0%	330,000	-	100,000.0	100,000.0	-	5,000.0	5,000.0
Residential Total				6,084.4	140,000.0	176,146.0	24,670.5	10,642.9	16,789.2
H8 Hau Fook House	Food & Beverage	100.0%	45,101	45,101.0	-	-	14,811.2	-	-
703 Nathan Road	In development	100.0%	35,000	35,000.0	-	-	30,371.0	-	-
AXA Center	Office	100.0%	118,496	-	101,500.0	-	-	15,500.0	-
Ashley Road	Food & Beverage	100.0%	61,528	-	-	61,528.0	-	13,750.0	13,750.0
Bank of America Tower - 31/F	Office	100.0%	13,880	-	-	-	-	-	0.0
2-4 Shelly Street	Residential/Retail	100.0%	30,105	-	30,105.0	-	-	12,500.0	-
24 Wellington Street	Retail	100.0%	750	-	-	750.0	-	-	200,000.0
In Point	Retail	100.0%	122,000	-	-	122,000.0	-	-	8,500.0
Platinum	Office	50.0%	175,000	175,000.0	-	-	11,000.0	-	-
Commercial Total				255,101.0	131,605.0	184,278.0	14,331.5	14,813.7	11,032.3
Total				261,185.4	271,605.0	360,424.0	14,572.4	12,663.8	13,845.8

Source: RHB OSK estimates

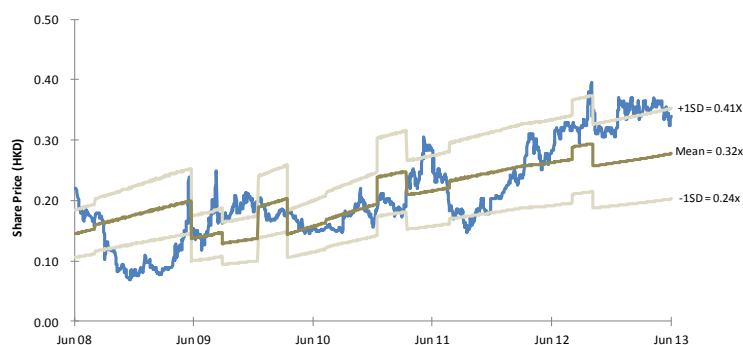
Figure 5: Property sales: Sales proceeds and net profit (HKDm)

Portfolio	Sales Proceed FY3/14F	Sales Proceed FY3/15F	Sales Proceed FY3/16F	Net Profit FY3/14F	Net Profit FY3/15F	Net Profit FY3/16F	Net profit margin FY3/14F	Net profit margin FY3/15F	Net profit margin FY3/16F
1A, 2A, 2B The Hampton	150.1	-	-	49.3	-	-	33%	-	-
5B, 7A, 7B The Hampton	-	-	-	-	-	-	-	-	-
Barker Road	-	-	299.0	-	-	36.3	-	-	12%
Yoo Residence	-	490.0	539.0	-	122.6	160.3	-	25%	30%
Kau To	-	500.0	759.4	-	74.3	112.8	-	15%	15%
Monterey Court	-	-	860.0	-	-	172.0	-	-	20%
Qing Pu Land	-	500.0	500.0	-	141.0	141.0	-	28%	28%
Residential Total	150.1	1,490.0	2,957.3	49.3	338.0	622.5	33%	23%	21%
H8 Hau Fook House	668.0	-	-	259.3	-	-	39%	-	-
703 Nathan Road	1,063.0	-	-	123.5	-	-	12%	-	-
AXA Center	-	1,573.3	-	-	793.7	-	-	50%	-
Ashley Road	-	-	846.0	-	-	341.8	-	-	40%
Bank of America Tower - 31/F	-	-	-	-	-	-	-	-	-
2-4 Shelly Street	-	376.3	-	-	49.4	-	-	13%	-
24 Wellington Street	-	-	150.0	-	-	25.1	-	-	17%
In Point	-	-	1,037.0	-	-	241.5	-	-	23%
Platinum	1,925.0	-	-	537.0	-	-	28%	-	-
Commercial Total	3,656.0	1,949.6	2,033.0	919.9	843.2	608.4	25%	43%	30%
Total	3,806.1	3,439.6	4,990.4	969.2	1,181.1	1,230.9	25%	34%	25%

Source: RHB OSK estimates

Past 5 years' 1-year forward PB Band

Figure 6: Past 5 years' 1-year forward PB band



Source: RHB OSK estimates

Valuation Comparables

Figure 7: Valuation comparables I

Company	Ticker	Price	Mkt cap (US\$m)	3-mth avg t/o (US\$m)	PER Hist (x)	PER FY1 (x)	PER FY2 (x)	EPS FY1 YoY%	EPS FY2 YoY%	3-Yr EPS Cagr (%)	Div yld Hist (%)	Div yld FY1 (%)	P/B Hist (x)	P/B FY1 (x)
CSI Properties	497 HK	0.34	417	0.7	3.3	3.2	2.7	3.3	19.1	9.7	4.1	4.2	0.46	0.41
HSI		20,987			9.7	10.0	9.2	(2.8)	8.5	5.0	3.6	3.9	1.34	1.25
HSCEI		9,585			7.8	7.1	6.5	11.0	9.1	9.9	4.0	4.4	1.16	1.06
CSI300		2,401			11.9	10.2	8.6	16.9	18.1	17.2	2.3	2.5	1.62	1.48
Adjusted sector avg					6.3	13.9	6.2	(29.9)	172.1	11.2	3.3	3.7	0.43	0.43
Great Eagle	41 HK	29.65	2,424	3.6	10.4	11.1	10.9	(6.7)	1.9	1.5	2.2	2.2	0.51	0.49
Emperor Intl	163 HK	2.28	1,078	1.0	1.4	6.5	4.4	(79.2)	48.6	(30.7)	4.6	5.1	0.36	0.35
Wing Tai Propert	369 HK	4.83	831	0.1	5.1	12.7	7.1	(60.3)	78.9	N/A	2.8	2.9	0.35	N/A
Hkr Intl Ltd	480 HK	3.96	689	0.2	7.2	N/A	N/A	N/A	N/A	N/A	2.8	N/A	0.36	N/A
Far East Consort	35 HK	2.79	636	0.6	10.6	3.3	2.3	66.1	41.8	57.4	4.7	6.1	0.62	0.54
Lai Sun Dev	488 HK	0.23	582	1.4	1.8	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.24	N/A
Soundwill Hldgs	878 HK	16.54	599	0.5	7.1	41.6	4.3	(83.1)	857.7	16.3	1.2	1.2	0.34	0.34
Tai Cheung Hldgs	88 HK	6.30	502	0.1	6.8	8.2	7.9	(16.3)	3.9	N/A	4.8	4.8	0.70	N/A

Source: Bloomberg, RHB OSK estimates

Figure 7: Valuation comparables II

Company	Rev Hist (US\$m)	NP Hist (US\$m)	EV/Ebitda Hist	EV/Ebitda Cur Yr	Net gearing Hist (%)	Net gearing FY1 (%)	Unlev beta	Gross margin Hist (%)	Net margin Hist (%)	ROIC Hist (%)	ROE Hist (%)	ROE FY1 (%)	Sh px 1-mth %	Sh px 3-mth %
Csi Properties	150	116	3.7	1.3	10.5	net cash	0.77	63.5	77.7	8.1	13.9	13.4	(6.8)	0.0
HSI											13.8	12.6	(9.1)	(4.8)
HSCEI											14.8	15.0	(13.0)	(10.8)
CSI300											13.6	14.5	(7.4)	(4.9)
Adjusted sector avg			12.8	9.4	15.8	22.3	0.79	45.4	74.9	4.2	15.7	6.4	(6.0)	(4.1)
Great Eagle	644	458	13.8	9.9	0.6	0.7	1.12	32.4	36.1	2.4	10.1	4.3	(17.1)	(8.8)
Emperor Intl	735	794	4.9	7.2	15.3	N/A	0.94	64.9	108.0	8.2	30.1	5.2	(2.6)	7.5
Wing Tai Propert	382	610	11.8	14.4	20.6	N/A	0.42	42.4	43.0	3.4	30.2	2.6	(8.9)	(13.3)
Hkr Intl Ltd	215	96	17.8	N/A	13.1	N/A	0.91	28.2	44.6	1.9	7.6	N/A	(0.5)	(4.3)
Far East Consort	481	116	21.7	N/A	52.1	47.7	0.47	27.5	12.5	N/A	6.1	17.5	5.7	11.6
Lai Sun Dev	113	294	18.5	N/A	7.5	N/A	1.16	62.2	261.8	1.3	25.1	N/A	(11.8)	(9.3)
Soundwill Hldgs	232	429	10.5	9.7	17.6	18.4	0.83	52.3	36.3	4.3	5.5	0.8	(11.2)	(17.1)
Tai Cheung Hldgs	128	73	3.4	6.0	0.0	N/A	0.49	53.5	57.3	8.1	11.2	8.2	(1.9)	1.0

Source: Bloomberg, RHB OSK estimates

Financial Exhibits

- ◆ Other recurring income in FY3/14F include a net profit of HKD537m from sales of its 50% stake in *Platinum*
- ◆ Other recurring income in FY3/15F include net profit of HKD263.7m from partial sales of its 50% stake in Yoo Residences and Qing Pu Land
- ◆ Other recurring income in FY3/16F include net profit of HKD473.3m from partial sales of its 50% stake in Yoo Residences, Qing Pu Land and Monterey Court

Profit & Loss (HKDm)	Mar-12	Mar-13	Mar-14F	Mar-15F	Mar-16F
Total turnover	3,218	1,162	2,131	2,625	3,241
Cost of sales	(1,552)	(425)	(1,288)	(1,207)	(1,949)
Gross profit	1,666	738	843	1,417	1,292
Gen & admin expenses	(163)	(194)	(213)	(234)	(258)
Operating profit	1,503	544	630	1,183	1,035
Operating EBITDA	1,538	607	680	1,229	1,077
Depreciation of fixed assets	(35)	(63)	(50)	(47)	(43)
Amortisation of intangible assets	0	0	0	0	0
Operating EBIT	1,503	544	630	1,183	1,035
Net income from investments	217	47	-	-	-
Other recurring income	220	467	587	314	523
Interest expense	(53)	(72)	(117)	(112)	(110)
Pre-tax profit	1,887	986	1,100	1,384	1,448
Taxation	(119)	(61)	(93)	(185)	(161)
Minority interests	(14)	(22)	-	-	-
Profit after tax & minorities	1,754	903	1,007	1,199	1,287
Reported net profit	1,754	903	1,007	1,199	1,287
Recurring net profit	1,754	903	1,007	1,199	1,287

Source: Company data, RHB OSK estimates

- ◆ Our model is based on existing projects and has not factored in future acquisitions.

Cash flow (HKDm)	Mar-12	Mar-13	Mar-14F	Mar-15F	Mar-16F
Operating profit	1,503	544	630	1,183	1,035
Depreciation & amortisation	35	63	50	46	43
Change in working capital	563	(266)	42	1,103	553
Other operating cash flow	(11)	186	1,097	242	467
Operating cash flow	2,090	527	1,819	2,574	2,097
Interest received	(20)	-	-	-	-
Interest paid	(52)	(72)	(117)	(112)	(110)
Tax paid	(12)	(61)	(93)	(185)	(161)
Cash flow from operations	2,006	394	1,609	2,276	1,827
Capex	(1,501)	(1,145)	-	-	-
Other investing cash flow	316	-	888	284	892
Cash flow from investing activities	(1,185)	(1,145)	888	284	892
Dividends paid	(82)	(199)	(131)	(136)	(162)
Proceeds from issue of shares	7	416	-	-	-
Increase in debt	56	1,223	(1,043)	(49)	(87)
Other financing cash flow	(101)	-	-	-	-
Cash flow from financing activities	(119)	1,440	(1,174)	(185)	(248)
Cash at beginning of period	1,722	2,424	3,112	4,435	6,810
Total cash generated	702	688	1,323	2,375	2,471
Implied cash at end of period	2,424	3,112	4,435	6,810	9,281

Source: Company data, RHB OSK estimates

Financial Exhibits

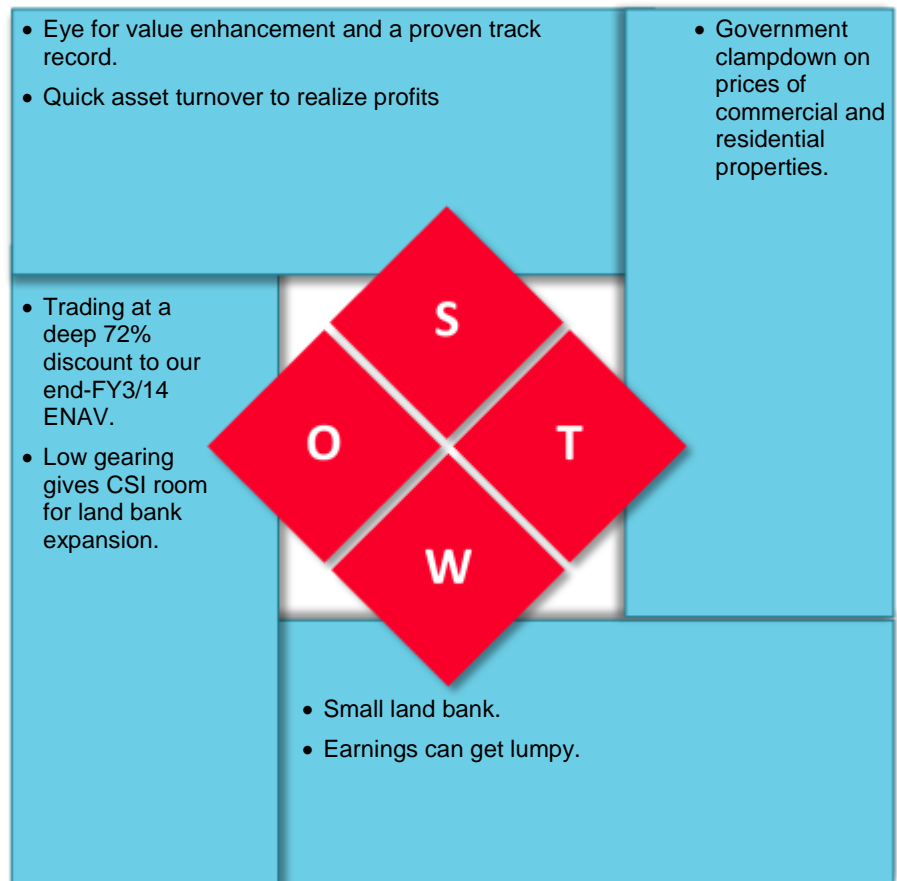
Balance Sheet (HKDm)	Mar-12	Mar-13	Mar-14F	Mar-15F	Mar-16F
Total cash and equivalents	2,445	3,132	4,455	6,830	9,302
Accounts receivable	42	96	107	131	162
Other current assets	3,875	4,514	4,256	3,716	2,607
Total current assets	6,362	7,742	8,818	10,677	12,071
Total investments	1,928	3,055	2,167	1,930	1,080
Tangible fixed assets	733	671	621	574	531
Total other assets	27	22	22	22	22
Total non-current assets	2,688	3,748	2,809	2,526	1,633
Total assets	9,050	11,490	11,628	13,203	13,704
Short-term debt	726	752	567	557	540
Accounts payable	85	286	596	1,183	657
Other current liabilities	322	233	233	233	233
Total current liabilities	1,133	1,271	1,396	1,973	1,430
Total long-term debt	1,928	3,125	2,267	2,228	2,158
Other liabilities	16	9	9	9	9
Total non-current liabilities	1,944	3,134	2,276	2,236	2,167
Total liabilities	3,077	4,405	3,672	4,209	3,597
Share capital	66	76	76	76	76
Retained earnings reserve	5,893	6,988	7,859	8,896	10,010
Shareholders' equity	5,959	7,064	7,935	8,973	10,086
Minority interests	13	21	21	21	21
Other equity	0	(0)	(0)	(0)	(0)
Total equity	5,972	7,085	7,956	8,993	10,107
Total liabilities & equity	9,050	11,490	11,628	13,203	13,704

Source: Company data, RHB OSK estimates

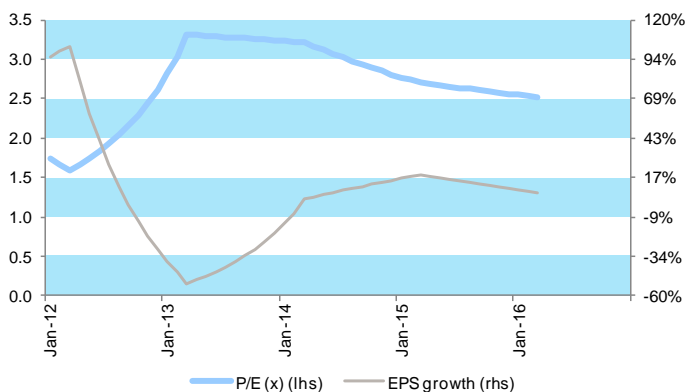
Key Ratios (HKD)	Mar-12	Mar-13	Mar-14F	Mar-15F	Mar-16F
Revenue growth (%)	17.2	(63.9)	83.3	23.2	23.5
Operating profit growth (%)	72.1	(63.8)	15.8	87.7	(12.5)
Net profit growth (%)	104.5	(48.5)	11.5	19.1	7.3
EPS growth (%)	102.9	(51.9)	3.3	19.1	7.3
Bv per share growth (%)	39.4	2.5	12.3	13.1	12.4
Operating margin (%)	46.7	46.8	29.6	45.1	31.9
Net profit margin (%)	54.5	77.7	47.2	45.7	39.7
Return on average assets (%)	21.0	8.8	8.7	9.7	9.6
Return on average equity (%)	34.4	13.9	13.4	14.2	13.5
Net debt to equity (%)	3.5	10.5	(20.4)	(45.0)	(65.3)
DPS	0.02	0.01	0.01	0.02	0.02
Recurrent cash flow per share	0.24	0.04	0.17	0.24	0.19

Source: Company data, RHB OSK estimates

SWOT Analysis

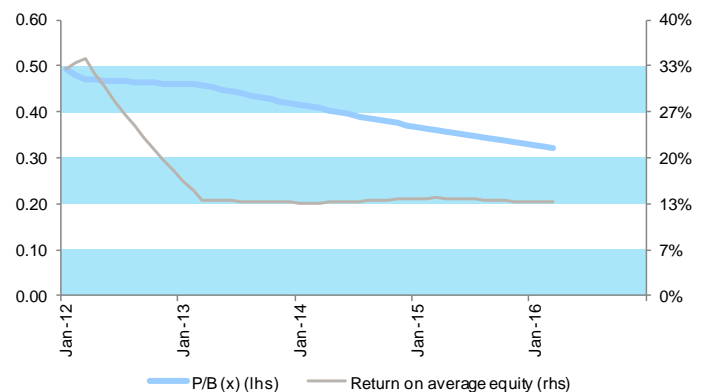


P/E (x) vs EPS growth



Source: Company data, RHB OSK estimates RHB estimates

P/BV (x) vs ROAE



Source: Company data, RHB OSK estimates

Company Profile

CSI Properties is principally engaged in commercial property trading, and premium residential property development in Hong Kong and China. The Group has a proven track record in adding value through the repositioning of properties.

Recommendation Chart



Source: RHB OSK estimates, RHB estimates, Bloomberg

Date	Recommendation	Target Price	Price
2013-05-20	Buy	0.50	0.37
2012-11-19	Buy	0.50	0.31
2012-10-18	Buy	0.47	0.40
2012-10-10	Buy	0.50	0.36
2012-09-17	Buy	0.50	0.32
2012-06-29	Buy	0.50	0.34
2012-06-05	Buy	0.50	0.30
2012-05-30	Buy	0.50	0.30

Source: RHB OSK estimates, Bloomberg

RHB Guide to Investment Ratings

Buy: Share price may exceed 10% over the next 12 months

Trading Buy: Share price may exceed 15% over the next 3 months, however longer-term outlook remains uncertain

Neutral: Share price may fall within the range of +/- 10% over the next 12 months

Take Profit: Target price has been attained. Look to accumulate at lower levels

Sell: Share price may fall by more than 10% over the next 12 months

Not Rated: Stock is not within regular research coverage

Disclosure & Disclaimer

All research is based on material compiled from data considered to be reliable at the time of writing, but RHB does not make any representation or warranty, express or implied, as to its accuracy, completeness or correctness. No part of this report is to be construed as an offer or solicitation of an offer to transact any securities or financial instruments whether referred to herein or otherwise. This report is general in nature and has been prepared for information purposes only. It is intended for circulation to the clients of RHB and its related companies. Any recommendation contained in this report does not have regard to the specific investment objectives, financial situation and the particular needs of any specific addressee. This report is for the information of addressees only and is not to be taken in substitution for the exercise of judgment by addressees, who should obtain separate legal or financial advice to independently evaluate the particular investments and strategies.

RHB, its affiliates and related companies, their respective directors, associates, connected parties and/or employees may own or have positions in securities of the company(ies) covered in this research report or any securities related thereto, and may from time to time add to, or dispose off, or may be materially interested in any such securities. Further, RHB, its affiliates and related companies do and seek to do business with the company(ies) covered in this research report and may from time to time act as market maker or have assumed an underwriting commitment in securities of such company(ies), may sell them or buy them from customers on a principal basis and may also perform or seek to perform significant investment banking, advisory or underwriting services for or relating to such company(ies), as well as solicit such investment, advisory or other services from any entity mentioned in this research report.

RHB and its employees and/or agents do not accept any liability, be it directly, indirectly or consequential losses, loss of profits or damages that may arise from any reliance based on this report or further communication given in relation to this report, including where such losses, loss of profits or damages are alleged to have arisen due to the contents of such report or communication being perceived as defamatory in nature.

The term "RHB" shall denote where applicable, the relevant entity distributing the report in the particular jurisdiction mentioned specifically herein below and shall refer to RHB Research Institute Sdn Bhd, its holding company, affiliates, subsidiaries and related companies.

All Rights Reserved. This report is for the use of intended recipients only and may not be reproduced, distributed or published for any purpose without prior consent of RHB and RHB accepts no liability whatsoever for the actions of third parties in this respect.

Malaysia

This report is published and distributed in Malaysia by RHB Research Institute Sdn Bhd (233327-M), Level 11, Tower One, RHB Centre, Jalan Tun Razak, 50400 Kuala Lumpur, a wholly-owned subsidiary of RHB Investment Bank Berhad (RHBIB), which in turn is a wholly-owned subsidiary of RHB Capital Berhad.

Singapore

This report is published and distributed in Singapore by DMG & Partners Research Pte Ltd (Reg. No. 200808705N), a wholly-owned subsidiary of DMG & Partners Securities Pte Ltd, a joint venture between Deutsche Asia Pacific Holdings Pte Ltd (a subsidiary of Deutsche Bank Group) and OSK Investment Bank Berhad, Malaysia which have since merged into RHB Investment Bank Berhad (the merged entity is referred to as "RHBIB", which in turn is a wholly-owned subsidiary of RHB Capital Berhad). DMG & Partners Securities Pte Ltd is a Member of the Singapore Exchange Securities Trading Limited. DMG & Partners Securities Pte Ltd may have received compensation from the company covered in this report for its corporate finance or its dealing activities; this report is therefore classified as a non-independent report.

As of 19 June 2013, DMG & Partners Securities Pte Ltd and its subsidiaries, including DMG & Partners Research Pte Ltd do not have proprietary positions in the securities covered in this report, except for:

a) -

As of 19 June 2013, none of the analysts who covered the securities in this report has an interest in such securities, except for:

a) -

Special Distribution by RHB

Where the research report is produced by an RHB entity (excluding DMG & Partners Research Pte Ltd) and distributed in Singapore, it is only distributed to "Institutional Investors", "Expert Investors" or "Accredited Investors" as defined in the Securities and Futures Act, CAP. 289 of Singapore. If you are not an "Institutional Investor", "Expert Investor" or "Accredited Investor", this research report is not intended for you and you should disregard this research report in its entirety. In respect of any matters arising from, or in connection with this research report, you are to contact our Singapore Office, DMG & Partners Securities Pte Ltd.

Hong Kong

This report is published and distributed in Hong Kong by RHB OSK Securities Hong Kong Limited ("RHBSHK") (formerly known as OSK Securities Hong Kong Limited), a subsidiary of OSK Investment Bank Berhad, Malaysia which have since merged into RHB Investment Bank Berhad (the merged entity is referred to as "RHBIB"), which in turn is a wholly-owned subsidiary of RHB Capital Berhad.

RHBSHK, RHBIB and/or other affiliates may beneficially own a total of 1% or more of any class of common equity securities of the subject company. RHBSHK, RHBIB and/or other affiliates may, within the past 12 months, have received compensation and/or within the next 3 months seek to obtain compensation for investment banking services from the subject company.

Risk Disclosure Statements

The prices of securities fluctuate, sometimes dramatically. The price of a security may move up or down, and may become valueless. It is as likely that losses will be incurred rather than profit made as a result of buying and selling securities. Past performance is not a guide to future performance. RHBOSK does not maintain a predetermined schedule for publication of research and will not necessarily update this report

Indonesia

This report is published and distributed in Indonesia by PT RHB OSK Securities Indonesia (formerly known as PT OSK Nusadana Securities Indonesia), a subsidiary of OSK Investment Bank Berhad, Malaysia, which have since merged into RHB Investment Bank Berhad, which in turn is a wholly-owned subsidiary of RHB Capital Berhad.

Thailand

This report is published and distributed in Thailand by RHB OSK Securities (Thailand) PCL (formerly known as OSK Securities (Thailand) PCL), a subsidiary of OSK Investment Bank Berhad, Malaysia, which have since merged into RHB Investment Bank Berhad, which in turn is a wholly-owned subsidiary of RHB Capital Berhad.

Other Jurisdictions

In any other jurisdictions, this report is intended to be distributed to qualified, accredited and professional investors, in compliance with the law and regulations of the jurisdictions.

Kuala Lumpur	Hong Kong	Singapore
<p>Malaysia Research Office RHB Research Institute Sdn Bhd Level 11, Tower One, RHB Centre Jalan Tun Razak Kuala Lumpur Malaysia Tel : +(60) 3 9280 2185 Fax : +(60) 3 9284 8693</p>	<p>RHB OSK Securities Hong Kong Ltd. (formerly known as OSK Securities Hong Kong Ltd.) 12th Floor World-Wide House 19 Des Voeux Road Central, Hong Kong Tel : +(852) 2525 1118 Fax : +(852) 2810 0908</p>	<p>DMG & Partners Securities Pte. Ltd. 10 Collyer Quay #09-08 Ocean Financial Centre Singapore 049315 Tel : +(65) 6533 1818 Fax : +(65) 6532 6211</p>
Jakarta	Shanghai	Phnom Penh
<p>PT RHB OSK Securities Indonesia (formerly known as PT OSK Nusadana Securities Indonesia) Plaza CIMB Niaga 14th Floor Jl. Jend. Sudirman Kav.25 Jakarta Selatan 12920, Indonesia Tel : +(6221) 2598 6888 Fax : +(6221) 2598 6777</p>	<p>RHB OSK (China) Investment Advisory Co. Ltd. (formerly known as OSK (China) Investment Advisory Co. Ltd.) Suite 4005, CITIC Square 1168 Nanjing West Road Shanghai 20041 China Tel : +(8621) 6288 9611 Fax : +(8621) 6288 9633</p>	<p>RHB OSK Indochina Securities Limited (formerly known as OSK Indochina Securities Limited) No. 1-3, Street 271 Sangkat Toeuk Thla, Khan Sen Sok Phnom Penh Cambodia Tel: +(855) 23 969 161 Fax: +(855) 23 969 171</p>
Bangkok		
<p>RHB OSK Securities (Thailand) PCL (formerly known as OSK Securities (Thailand) PCL) 10th Floor, Sathorn Square Office Tower 98, North Sathorn Road, Silom Bangrak, Bangkok 10500 Thailand Tel: +(66) 862 9999 Fax : +(66) 108 0999</p>		