COMBINE WILL Dull 3Q12. Dull next 2 years.

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Phillip Securities Research Pte Ltd

20 December 2012

Report type: Update

Company Overview

China-based COMBINE WILL has 3 businesses. ODM/OEM in premiums, household products & toys. Major customers are world-top players in fast-food, FMCG, and toys. Major supplier of plastic-injection and die-cast moulds. Distributes machines used to make these moulds and others.

- 3Q12 result is as dull as 2Q12.
- Good 2010 profit levels unlikely in next 2 years.
- Conservative valuation model price +16% from here.

What is the news? How do we view this?

3Q12 echoes 2Q12 as labour costs and weak demand continue to bite into net income, although the high inventories in 2Q12 were translated into sales for 3Q12. The inevitable OEM squeeze that we talked about in our last report took care of the bottom line, resulting in $_{HK\$}1.7m$ profit. The $_{HK\$}1.7m$ gain from minority shows that there is a loss in its moulds & tooling segment.

Its top - FMCG, fast-food and toy - customers reported flat revenues in 3Q12 y-y (positive in constant currencies).

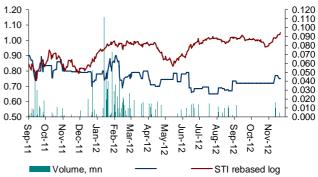
Using our RIV model, 11.4% (revised to average of last 5 years) ROE, 2-year horizon, accelerated depreciation, bestinventory-turnover; we get a fair price of s\$1.85. However due to the general market's current obsession with leverage fears, we will use - strictly for target price calculation only - a dilution factor on its share base that equals our forecast of its best unsecured net debt position in the next 2 years divided by its best share price attained in the last 6 months. This factor is about 100%. Therefore our target price is $s_1.85/200\% = s_0.93$. In our previous report, we used a discount to NBV, which discount we estimated from history. We believe the share dilution basis reflects the current market's fear-of-leverage situation in a more model-able manner. We also use the highest price in the last 6 months because of the difficulty in buying below that price. The total volume transacted in that period is 194,000 shares, over 126 trading days or just 1,500 shares daily.

Investment Action

Besides our target price of $_{\$\$}0.93$ being 16% higher than the best done price of $_{\$\$}0.80$ (apart from the 5100 shares at $_{\$\$}0.90$) in the last 6 months, we rate this a <u>BUY</u> also because of the conservative metrics built into our valuation.

But, please bear in mind that In our last report, we mentioned net income would not likely reach FY10 level in the next 2 years; and, positive effects of having its own plant in Guangxi would also come later. One would need patience if one expects some price catalysts soon.

1	Buy
1	Buy
0.930	
1.160	
0.800	(ignoring the 5,100
16.3%	shares at 0.900)
0.0%	
16.3%	
0.55	
26	
84	
0.001	
0.615-0.900)
	1 0.930 1.160 0.800 16.3% 0.0% 16.3% 0.55 26 84



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Major Shareholders	(%)
1. DJKS Holdings	73.5

Key Financial Summary				
FYE	12/11	12/12F	12/13F	Sep14TF
Price (*Actual/Current)	0.753	0.800	0.800	0.800
P/B (X)	0.26	0.25	0.23	0.21
EV/EBV (X)	0.50	0.42	0.47	0.41
P/Net Debt (X)	0.51	0.77	0.46	0.60
P/E (X)	3.8	4.1	2.3	6.9
EPS (SGD)	0.200	0.194	0.341	0.116
DPS (SGD)	0.000	0.000	0.000	0.000
Dividend Yield *	0.0%	n.a.	n.a.	n.a.
Source: PSR est				

^{*}Actual mean price between publication of Q-end result and now; and 6-month highest.

Valuation Method

RIV (ROE: 11.4%; 2 years horizon, accelerated depreciation, best inventory-turnover ratio; share-base diluted by unsecured leverage)

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actuals on average prices Q result date & now) Valuation	; IPO: : FY07	23 June 2008 FY08	FY09	FY10	FY11	FY12F	FY13F	Sep14TF
P/B	0.99	0.25	0.62	1.08	0.26	0.25	0.23	0.21
EV/EBV (X) [EBV=Enterprise Book V		0.34	0.70	1.03	0.50	0.42	0.47	0.41
P/ND (X) [ND=Net P/E (X)	Debt] 2.0 2.7	1.9	1.9	1.9	0.5	0.8 4.1	0.5 2.3	0.6 6.9
P/E (A) DY (%) based on average prices public-ex date:		1.5 15.7%	6.3 6.4%	5.7 3.4%	3.8 0.0%	4.1 n.a.	2.3 n.a.	n.a.
Per share data (SGD)								
NBV	1.462	2.517	2.504	2.706	2.886	3.172	3.513	3.757
EBV ND	2.240 0.723	2.911 0.338	3.396 0.836	4.295 1.508	4.471 1.466	4.323 1.036	5.356 1.735	5.195 1.333
EV	2.169	0.338	2.394	4.432	2.220	1.836	2.535	2.133
EPS	0.529	0.439	0.247	0.511	0.200	0.194	0.341	0.116
DPS	0.100	0.100	0.100	0.100	0.000	0.000	0.000	0.000
Growth (%)								
NBV per share	n.m.	72.2%	-0.5%	8.1%	6.6%	9.9%	10.7%	14.9%
EBV per share ND per share	n.m.	30.0% -53.3%	16.7% 147.4%	26.5% 80.4%	4.1% -2.8%	-3.3% -29.3%	23.9% 67.4%	11.0% 2.8%
Revenue	n.m. 23.2%	10.7%	-21.3%	50.4%	11.3%	-12.6%	14.5%	11.2%
Net Income	210.6%	-17.1%	-43.7%	107.1%	-60.9%	-2.7%	75.2%	-38.2%
Return & Margin (%)								
EBI/EBV	22.7%	17.4%	8.6%	14.1%	6.7%	5.4%	7.0%	3.0%
EBI/EBV (standard deviation, 5 years)	n.a.	n.a.	7.4%	5.3%	6.5%	5.1%	3.4%	4.1%
ROE Net Income/Revenue	n.m. 8.2%	17.4% 5.5%	9.9% 4.3%	18.9% 6.5%	6.9% 2.3%	6.1% 2.5%	9.7% 3.8%	3.1% 1.3%
The moonies to the	0.270	0.070	1.070	0.070	2.070	2.070	0.070	1.070
Income Statement (HKD mn)								
Revenue	1215	1345	1058	1597	1778	1553	1779	1811
EBIT	111	97	71	152	86	63	91	59
Taxation (net of attributable to finance)	-15	-12	-18	-29	-25	-17	-17	-28
EBI	95	85	54	123	61	46	74	30
Net Finance (Expense)/Income Taxation (attributable to finance)	-10 1	-12 2	-10 2	-16 3	-17 6	-12 3	-11 3	-12 3
Profit After Tax	1 87	74	46	110	50	3 37	66	22
Less: Non-controlling Interest	-12	1	1	6	10	-1	-1	-1
Net Income	99	74	45	104	41	38	67	23
Effective tax ra	ate % 13.8%	12.8%	25.0%	19.1%	24.0%	25.0%	25.0%	25.0%
FYE Dec								
Balance Sheet (HKD mn) PPE	217	237	242	295	304	292	408	431
Land rights & Intangibles	217	237	242	293	2	292	2	431
Total non-current enterprise assets (1)	219	239	244	297	306	295	410	433
Inventories	269	266	276	412	443	393	504	446
Accounts Receivables	190	129	256	317	378	353	434	393
Other Receivables	84	82	92	175	201	200	200	200
Total current enterprise assets (2)	543	477	624	905	1022	946	1138	1040
Total Enterprise Assets (3)=(1)+(2) Accounts Payables	762 150	716 105	868 126	1203 172	1328 197	1240 185	1548 237	1473 210
Other Payables	180	103	100	136	193	185	237	210
Others	9	15	17	19	27	17	17	28
Total current enterprise liabilities (4)	339	224	243	327	417	387	491	447
Others	3	3	3	3	3	3	3	3
Total non-current enterprise liabilities (5)	3	3	3	3	3	3	3	3
Total Enterprise Liabilities (6)=(4)+(5) Enterprise Book Value (7)=(3)-(6)	342 420	228 489	246 622	330 872	420 908	390 851	494 1054	451 1022
Short-term loans	209	162	287	566	541	165	358	321
Current portion of long-term loans Total current financial liabilities (8)	0 209	0 162	12 299	35 601	53 595	45 210	37 396	31 353
Non-current portion of long-term loans	0	0	33	94	141	94	46	10
Total non-current financial liabilities (9)	0	0	33	94	141	94	46	10
Total Financial Liabilities (10)=(8)+(9)	209	162	332	695	736	304	441	362
Cash and bank	74	106	179	160	109	100	100	100
Pledged deposits	0	0	0	229	330	0	0	0
Total current financial assets (11) Others	74 0	106	179	389 0	438	100	100 0	100
Total non-current financial assets (12)	0	0 0	0 0	0	0 0	0 0	0	0 0
Total Financial Assets (13)=(11)+(12)	74	106	179	389	438	100	100	100
Net Debt (14)=(10)-(13)	136	57	153	306	298	204	341	262
Non-controlling interest	10	9	10	16	24	22	21	21
Non-controlling interest Shareholder Equity	274	422	458	550	586	624	21 691	21 739
Shareholder Equity Total Equity (15)	274 284	422 432	458 469	550 566	586 610	624 647	21 691 713	21 739 760
Shareholder Equity Total Equity (15)	274	422	458	550	586	624	21 691	21 739 760
Shareholder Equity Total Equity (15) Financing Activities (16)=(14)+(15)	274 284	422 432	458 469	550 566	586 610	624 647	21 691 713	21 739 760
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Shareholder Equity Total Equity (15) Financing Activities (16)=(14)+(15) Cashflow Statements (HKD mn) CFO	274 284	422 432	458 469	550 566	586 610	624 647	21 691 713	21 739 760 1022
Shareholder Equity Total Equity (15) Financing Activities (16)=(14)+(15) Cashflow Statements (HKD mn) CFO PBT Adjustments	274 284 420 101 26	422 432 489 84 62	458 469 622 61 59	550 566 872 136 69	586 610 908 69 71	624 647 851 52 65	21 691 713 1054	21 739 760 1022
Shareholder Equity Total Equity (15) Financing Activities (16)=(14)+(15) Cashflow Statements (HKD mn) CFO PBT Adjustments Cash from ops before WC ex-financials' change	274 284 420 101 26 ss 127	422 432 489 84 62 146	458 469 622 61 59 120	550 566 872 136 69 205	586 610 908 69 71 139	624 647 851 52 65 117	21 691 713 1054 80 64 144	21 739 760 1022 101 65 166
Shareholder Equity Total Equity (15) Financing Activities (16)=(14)+(15) Cashflow Statements (HKD mn) CFO PBT Adjustments Cash from ops before WC ex-financials' change WC ex-financials' changes	274 284 420 101 26 ss 127 -89	422 432 489 84 62 146 -38	458 469 622 61 59 120 -125	550 566 872 136 69 205 -196	586 610 908 69 71 139 -10	624 647 851 52 65 117 55	21 691 713 1054 80 64 144 -88	21 739 760 1022 101 65 166 -19
Shareholder Equity Total Equity (15) Financing Activities (16)=(14)+(15) Cashflow Statements (HKD mn) CFO PBT Adjustments Cash from ops before WC ex-financials' change WC ex-financials' changes Cash generated from operations	274 284 420 101 26 s 127 -89 38	422 432 489 84 62 146 -38 108	458 469 622 61 59 120 -125 -5	136 69 205 -196 9	586 610 908 69 71 139 -10 130	624 647 851 52 65 117 55 172	21 691 713 1054 80 64 144 -88 57	21 739 760 1022 101 65 166 -19 146
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Shareholder Equity Total Equity (15) Financing Activities (16)=(14)+(15) Cashflow Statements (HKD mn) CFO PBT Adjustments Cash from ops before WC ex-financials' changes WC ex-financials' changes Cash generated from operations Taxes paid, net of attributable finance Cashflow from Operations (17) CFI PPE, land rights, intangibles net Cashflow from Investments (18) CSHflow from Enterprise (19)=(17)+(18) CFF Share issuance Purchase of treasury shares Loans, net of repayments Pledged deposits Issue of term note, net Dividends to minority interests Dividends to shareholders & capital reduction Finance expense, net of income	274 284 420 101 26 5 127 -89 30 -28 -28 -28 0 0 0 65 0 0 -1 1 -3 4	422 432 489 84 62 146 -38 108 -3 105 -66 -66 39 104 0 -43 0 0 -2 -53 -12	458 469 622 611 59 120 -125 -5 -10 -15 -51 -67 0 0 0 170 0 0	136 69 205 -196 9 -21 -12 -103 -103 -115 0 0 0 363 -229 0 0	586 610 908 69 71 139 -10 130 -33 97 -52 -52 45 0 0 0 0 0 -0 -0 -10 10 10 10 10 10 10 10 10 10 10 10 10 1	624 647 851 52 65 177 -21 151 -42 -42 109 0 0 -430 330 0 -11	80 64 144 -88 57 -12 45 -169 -124 0 0 0 137 0 0 0	21 739 7660 1022 1012 101 65 166 -19 -9 -9 -140 -3 0 0 0 17 0 0 0 0 0 0
Shareholder Equity Total Equity (15) Financing Activities (16)=(14)+(15) Cashflow Statements (HKD mn) CFO PBT Adjustments Cash from ops before WC ex-financials' changes WC ex-financials' changes Cash generated from operations Taxes paid, net of attributable finance Cashflow from Operations (17) CFI PBE, land rights, intangibles net Cashflow from Investments (18) CFF Share issuance Purchase of treasury shares Loans, net of repayments Pledged deposits Issue of term note, net Dividends to minority interests Dividends to shareholders & capital reduction Finance expense, net of income Taxes paid, attributable finance	274 284 420 101 26 s 127 -89 38 -9 30 -28 -28 2 0 0 65 0 0 1-1 -34 -10	422 432 489 84 62 146 -38 105 -66 -66 39 104 0 0 -2 -53 -12	458 469 622 61 61 59 120 -125 -5 -10 -15 -51 -67 0 0 0 0 0 -17 -17 -17 -10 -17	550 566 872 136 69 205 -196 9 2-21 -12 -103 -103 -115 0 0 363 -229 0 0 0	586 610 908 69 71 139 -10 130 -33 97 -52 -52 45 0 0 0 39 -101 0 -2 -21 -17 -4	624 647 851 52 65 117 55 172 -21 151 -42 -42 109 0 0 0 330 0 1 1 0 1 1 2	80 64 144 -88 57 -12 45 -169 -124 0 0 0 137 0 0 0	21 739 7600 1022 1012 1016 655 166 -19 146 -9 137 -140 -140 0 0 0 0 0 0 0 0 0 0
Shareholder Equity Total Equity (15) Financing Activities (16)=(14)+(15) Cashflow Statements (HKD mn) CFO PBT Adjustments Cash from ops before WC ex-financials' changes WC ex-financials' changes Cash generated from operations Taxes paid, net of attributable finance Cashflow from Operations (17) CFI PPE, land rights, intangibles net Cashflow from Investments (18) Cshflow from Enterprise (19)=(17)+(18) CFF Share issuance Purchase of treasury shares Loans, net of repayments Pledged deposits Issue of term note, net Dividends to shareholders & capital reduction Finance expense, net of income Taxes paid, attributable finance Cashflow from Financing (20)	274 284 420 101 26 s 127 -89 38 -9 30 -28 -28 2 0 0 0 5 0 0 1 -1 -34 -10 -1 -1 -1	422 432 489 84 62 146 -38 108 -66 -66 39 104 0 -43 0 0 0 -2 -53 -12 -2	458 469 622 61 599 120 -125 -5 -10 -15 -51 -67 0 0 170 0 0 -17 -10 -10 -13	550 566 872 136 69 205 -196 9 -21 -12 -103 -103 -115 0 0 0 363 363 363 -229 0 0 0 19 -16 -16 -3 -3 -3 -3 -3 -3 -3 -3 -3 -3 -3 -3 -3	69 71 139 -100 130 33 97 -52 45 0 0 0 39 -101 0 0 -2 21 -17 -4 -106	624 647 851 52 65 117 55 172 -21 151 -42 -42 109 0 0 -430 0 0 -430 0 0 -1 1 0 1 1 1 1 1 1 1 1 1 1 1 1 1 1	80 64 144 -88 57 -12 45 -169 -124 0 0 0 137 0 0 0 0 137 0 0	21 739 7600 1022 101 65 166 -19 137 -140 -140 0 0 0 0 0 17 0 0 0 0 12 -12 -3 -3 -3
Shareholder Equity Total Equity (15) Financing Activities (16)=(14)+(15) Cashflow Statements (HKD mn) CFO PBT Adjustments Cash from ops before WC ex-financials' changes WC ex-financials' changes Cash generated from operations Taxes paid, net of attributable finance Cashflow from Operations (17) CFI PPE, land rights, intangibles net Cashflow from Investments (18) CFF Share issuance Purchase of treasury shares Loans, net of repayments Pledged deposits Issue of term note, net Dividends to minority interests Dividends to shareholders & capital reduction Finance expense, net of income Taxes paid, attributable finance Cashflow from Financing (20) Net change in Cash (27)=(19)+(20)	274 284 420 101 26 s 127 -89 38 -9 30 -28 -28 2 0 0 65 0 0 1-1 -34 -10	422 432 489 84 62 146 -38 105 -66 -66 39 104 0 0 -2 -53 -12	458 469 622 61 61 59 120 -125 -5 -10 -15 -51 -67 0 0 0 0 0 -17 -17 -17 -17	550 566 872 136 69 205 -196 9 2-21 -12 -103 -103 -115 0 0 363 -229 0 0 0	586 610 908 69 71 139 -10 130 -33 97 -52 -52 45 0 0 0 39 -101 0 -2 -21 -17 -4	624 647 851 52 65 117 55 172 -21 151 -42 -42 109 0 0 0 330 0 1 1 0 1 1 2	80 64 144 -88 57 -12 45 -169 -124 0 0 0 137 0 0 0	21 739 7600 1022 101 65 166 -19 137 -140 -3 0 0 0 17 0 0 0 0 12 -3 3 3 3 0
Shareholder Equity Total Equity (15) Financing Activities (16)=(14)+(15) Cashflow Statements (HKD mn) CFO PBT Adjustments Cash from ops before WC ex-financials' changes WC ex-financials' changes Cash generated from operations Taxes paid, net of attributable finance Cashflow from Operations (17) CFI PPE, land rights, intangibles net Cashflow from Investments (18) Cshflow from Enterprise (19)=(17)+(18) CFF Share issuance Purchase of treasury shares Loans, net of repayments Pledged deposits Issue of term note, net Dividends to shareholders & capital reduction Finance expense, net of income Taxes paid, attributable finance Cashflow from Financing (20)	274 284 420 101 26 5 127 -89 38 -9 30 -28 -28 2 0 0 65 0 0 -1 -34 -1 1 19 9	422 432 489 84 62 146 -38 105 -66 -66 39 104 0 -43 0 0 -2 -53 -12 -2 -7	458 469 622 611 59 120 -125 -5 -10 -15 -51 -51 -67 0 0 0 170 0 0 0 -170 -10 -10 -10 -10 -10 -10 -10 -10 -10 -1	550 566 872 136 69 205 -196 9 -21 -12 -103 -103 -115 0 0 0 363 -229 0 0 -19 -16 -3 -3 96 -19	586 610 908 69 71 139 -10 130 -33 97 -52 -52 45 0 0 0 39 -101 0 -2 -217 -4 -4 -106 -60	624 647 851 52 65 65 172 -21 151 -42 -42 109 0 0 -430 330 0 -11 0 0 -12 -3 -3 -116 -7	80 64 144 -88 57 -12 45 -169 -124 0 0 0 137 0 0 0 0 137 144 -169 -124 0 0 137 144 0 0 147 149 149 149 149 149 149 149 149 149 149	21 739 760 1022 101 65 166 -19 146



Series March 1989 198																
Treatment	QE Mar, Jun, Sep, Dec (Forecast on highest price in 6	months;														
Series (1974) Experience (1974) (1974	actuals on average prices q-q result/report dates)	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12F	1Q13F	2Q13F	3Q13F	4Q13F	1Q14F	2Q14F	3Q14F
Property of proper	P/B	0.90	0.33	0.27	0.26	0.24	0.27	0.27	0.25	0.25	0.24	0.24	0.23	0.22	0.22	0.21
## STATE AND STA																0.41
Try (March as exerge serge ser																0.6
Part																
Series 271 274 262 268 267 275		0.0%	0.076	0.076	II.d.	II.d.	II.d.	II.d.	II.d.	II.a.	II.d.	II.d.	II.d.	II.d.	II.d.	II.d.
September 1.00 1,00	NBV	2.731	2.764	2.952	2.886	2.970	2.958	2.974	3.172	3.205	3.269	3.382	3.513	3.579	3.669	3.757
Value Val	EBV															5.195
Fig. 1. Control 1909 1909 1909 1909 1909 1909 1909 190																1.333
Primer Primer (1968) 1,000																
Common C	DPS															0.000
Fife primare	Growth (%q-q)															
	NBV per share															2.4%
Records 2,04 4,07 1,104 1,076 2,076 1,076																0.7%
Section Sect	·															
SERIES 2,00 2,70 1,70	Net Income															-2.8%
BEBEY (Interpretate Company 1,7%	Return & Margin (%)															
RCEI Basing dags 17 79 14 17 79 29 66 80 90 50 90 51 18 5 30 81 18 5 30 19 18 19 10 10 10 10 10 10 10 10 10 10 10 10 10	EBI/EBV															1.9%
Submission Material March (1967) Well and Ma																
EBRT	Income Statement (HKD mn)	0.170	0.170	2. 170	0.270	2.070	2.7 70	2.070	1.070	1.1.70	2.070	1.070	0.170	0.270	0.070	0.070
Traisent plane alterheumone is framework in	Revenue	454	467	413	444	353	380	428	393	363	445	466	504	406	455	446
East Bill Process (Progress) (1909) (EBIT	28	28	17	12	17	17	17	12	11	17	28	35	24	25	25
Net France Comment	Taxation (net of attributable to finance)															-6
Transistant instructions of finance) 1	EBI															19
From Almar Tax 19 19 19 10 2 11 10 10 6 6 13 22 25 13 18 18 18 18 18 18 18																-3 1
Lears Non-conforming innerest 15	Profit After Tax	-	-	-		-	-				-			-	-	17
Netherlane 15 14 10 11 10 10 12 10 10 12 10 10	Less: Non-controlling Interest															0
Element Section Sect	Net Income		14				10	12				22	26	13		17
Balance Sheef (HOD mo) Part Strange Str		21.4%	19.0%	25.1%	74.4%	19.8%	26.8%	28.6%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
PPE 288 303 295 304 205 20 20 202 301 307 372 408 416 423 426 426 1018 1018 1018 1018 1018 1018 1018 101																
Lauci algina sharapides 2 2 2 2 2 2 2 2 2	PPE	286	303	295	304	295	290	290	292	301	337	372	408	416	423	431
Internations	Land rights & Intangibles															2
Accounts Reconvables 311 302 412 378 338 314 397 338 334 337 338 334 337 338 334 337 338 334 337 338 334 337 338 334 337 338 334 337 338 334 337 338 334 337 338 334 338 3	Total non-current enterprise assets (1)															433
Office Recombishies 205 206 206 206 206 207 207 207 207																446
Total current enterprises assesses (2) 990 1070 1091 1022 1013 1011 1304 346 891 1018 1069 1138 985 1047 1047 1047 1047 1047 1047 1047 1047																393
Tool Enterprise Assets (a)—(1)—(2) Tool Enterprise Assets (a)—(1)—(2) Tool Enterprise Assets (a)—(1)—(2) Tool Courter Assets (a)—(1)—(2)—(2)—(2)—(2)—(2)—(2)—(2)—(2)—(2)—(2																1040
Accounts Psycholes 166 180 191 197 196 207 185 185 171 209 219 237 191 214 221 Chicker Psycholes 161 195 196 193 174 177 153 185 171 209 219 237 191 214 221 Chicker Strain Stra	Total Enterprise Assets (3)=(1)+(2)															1473
Others 21 23 28 27 24 24 27 17 15 14 17 23 28 28 27 24 24 27 17 17 15 14 17 23 28 28 28 27 24 24 22 17 17 15 14 17 23 28 28 24 24 24 27 27 28 28 28 28 28 28	Accounts Payables															210
Total current frameries liabilities (4)																210
Others 3																
Total non-current enterprise liabilities (6) 3 3 3 3 3 3 3 3 3	Others															3
Enterprise Book Value (7)-(3)-(6)	Total non-current enterprise liabilities (5)															3
Short-term loans 699 930 927 541 388 242 299 165 155 244 304 358 302 318 32 Current protion of long-term loans 35 30 34 53 51 49 47 45 43 41 39 37 35 33 33 33 35 Current protion of long-term loans 35 30 34 53 51 49 47 45 43 41 39 37 35 35 35 Non-current protion of long-term loans 86 81 113 141 129 118 106 94 82 70 58 46 34 22 1 Total Financial Liabilities (9) 86 81 113 141 129 118 106 94 82 70 58 46 34 22 1 Total Financial Liabilities (10)=(9)+(9) 820 1042 1073 736 589 409 452 304 82 70 58 46 34 22 1 Total Financial Liabilities (10)=(9)+(9) 820 1042 1073 736 589 409 452 304 82 70 58 46 34 22 1 Total Financial Liabilities (10)=(10)+(10) 100 100 100 100 100 100 100 100 100	Total Enterprise Liabilities (6)=(4)+(5)	351		416	420	400	381	364	390	361	436	456	494	408	457	451
Current portion of long-term icanes	Enterprise Book Value (7)=(3)-(6)	927	975	972	908	911	923	1010	851	833	921	988	1054	996	1016	1022
Current portion of long-term icanes	Short-term loans	699	930	927	541	388	242	200	165	155	244	304	358	302	318	321
Total current financial liabilities (8)																31
Total non-current financial labilities (9)	Total current financial liabilities (8)															353
Total Financial Labilities (10)=(9)+(9)	Non-current portion of long-term loans															10
Cash and bank 117 96 138 109 88 117 83 100 100 100 100 100 100 100 100 100 10	* * *															10
Pilodged deposits 364 559 572 330 194 0 0 0 0 0 0 0 0 0																362 100
Total forument financial assets (11)																0
Total Financial Assets (13)=(1)+(12)	Total current financial assets (11)															100
Net Debt (14)-(19)-(19) Non-controllling interest 19 25 25 24 27 25 23 22 22 22 22 21 21 21 22 Shareholder Equily 569 563 581 586 596 606 618 624 631 643 666 691 704 722 73 75 Total Equily (15) 588 588 586 606 610 623 631 641 647 653 665 687 713 725 743 76 Financing Activities (16)-(14)+(15) 927 975 972 908 911 923 1010 851 833 921 988 1054 996 1016 102 **Cashflow Statements (HKD mn)** CFO PBT 24 24 13 8 14 14 14 14 14 9 8 15 26 32 24 38 39 21 988 15 26 32 21 22 32 32 32 32 32 32 32 32 32 32 32 32	Total non-current financial assets (12)	0	0		0	0	0	0	0	0	0	0	0	0	0	0
Non-controlling interest 19 25 25 24 27 25 23 22 22 22 22 21 21 21	Total Financial Assets (13)=(11)+(12)															100
Shareholder Equity (15) 588 588 588 606 610 623 631 641 647 653 665 697 714 722 73 761al Equity (15) 588 588 606 610 623 631 641 647 653 665 687 713 725 743 786 Financing Activities (16)=(14)+(15) 927 975 972 908 911 923 1010 851 833 921 988 1054 996 1016 102 Cashflow Statements (HKD mn) CFO BBT 24 24 13 8 14 14 14 9 8 8 15 26 32 21 23 2 Adjustments 18 177 16 19 177 16 16 16 16 15 16 16 16 16 16 16 16 16 16 16 16 16 16	. , . , . ,															262
Total Equity (15) 588 588 606 610 623 631 641 647 653 665 687 713 725 743 76 Financing Activities (16)=(14)+(15) 927 975 972 908 911 923 1010 851 833 921 988 1054 996 1016 102 Cashflow Statements (HKD mn) CFO PBT 24 24 13 8 14 14 14 9 8 15 26 32 21 23 2 Adjustments 18 17 16 19 17 16 16 16 16 15 16 16 16 16 16 16 16 16 16 16 16 16 16																739
Pinancing Activities (16)=(14)+(15) 927 975 972 908 911 923 1010 851 833 921 988 1054 996 1016 102																760
PBT 24 24 13 8 14 14 14 9 8 15 26 32 21 23 2 Adjustments 18 17 16 19 17 16 19 17 16 16 16 16 16 15 16 16 16 16 16 16 16 16 16 Cash from ops before WC ex-financials' changes 42 41 30 27 31 30 30 30 25 24 30 42 48 37 39 39 38 Cash generated from operations -21 -6 36 116 23 12 -55 192 51 -20 11 15 97 24 33 Taxes paid, net of attributable finance -2 2 2 1 1-19 -6 -1 -5 -8 192 51 -20 11 15 97 24 33 Taxes paid, right primarity interests 19 -4 -33 -4 -11 -5 -8 -13 -15 -22 -49 -49 -49 -21 -21 -21 -22 Cashflow from Investments (18) -4 -33 -4 -11 -5 -8 -13 -15 -22 -49 -49 -49 -49 -21 -21 -21 Cashflow from Enterprise (19)=(17)+(18) -28 -41 -35 -195 0 22 -13 -33 -3 -165 -160 43 -148 -24 -75 45 -45 -45 -45 -45 -45 -45 -45 -45 -45	Financing Activities (16)=(14)+(15)	927	975	972	908	911	923	1010	851	833	921	988	1054	996	1016	1022
PBT 24 24 13 8 14 14 14 9 8 15 26 32 21 23 2 Adjustments 18 17 16 19 17 16 19 17 16 16 16 16 16 15 16 16 16 16 16 16 16 16 16 Cash from ops before WC ex-financials' changes 42 41 30 27 31 30 30 30 25 24 30 42 48 37 39 39 38 Cash generated from operations -21 -6 36 116 23 12 -55 192 51 -20 11 15 97 24 33 Taxes paid, net of attributable finance -2 2 2 1 1-19 -6 -1 -5 -8 192 51 -20 11 15 97 24 33 Taxes paid, right primarity interests 19 -4 -33 -4 -11 -5 -8 -13 -15 -22 -49 -49 -49 -21 -21 -21 -22 Cashflow from Investments (18) -4 -33 -4 -11 -5 -8 -13 -15 -22 -49 -49 -49 -49 -21 -21 -21 Cashflow from Enterprise (19)=(17)+(18) -28 -41 -35 -195 0 22 -13 -33 -3 -165 -160 43 -148 -24 -75 45 -45 -45 -45 -45 -45 -45 -45 -45 -45			·		·	·							·		·	
PBT																
Adjustments 18 17 16 19 17 16 16 16 16 15 16 16 16 16 16 16 16 16 16 16 16 16 16		24	24	13	R	14	14	14	a	R	15	26	32	21	23	23
Cash from ops before WC ex-financials' changes	Adjustments															16
Cash generated from operations	Cash from ops before WC ex-financials' changes	42	41	30	27	31	30	30		24	30	42	48	37	39	39
Taxes paid, net of attributable finance	WC ex-financials' changes															-1
Cashflow from Operations (17) -24 -8 36 97 17 10 -60 184 48 -23 7 12 96 22 3 7 12 96 22 3 7 12 96 22 3 7 12 96 22 3 7 12 96 22 3 7 12 96 22 3 3 4 -11 -5 -8 -13 -15 -22 -49 -49 -49 -49 -49 -49 -49	Cash generated from operations															38
CFI PPE, land rights, intangibles net -4 -33 -4 -11 -5 -8 -13 -15 -22 -49 -49 -49 -49 -21 -21 -2 -2 Cashflow from Investments (18) -4 -33 -4 -11 -5 -8 -13 -15 -22 -49 -49 -49 -49 -21 -21 -2 Cashflow from Enterprise (19)=(17)+(18) -28 -41 33 -85 12 2 -74 169 26 -72 -42 -37 75 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1																-3 35
PPE, land rights, intangibles net	CFI	-24	-0	30	31	17	10	-00	104	40	-23	,	12	30	22	33
Cashflow from Investments (18)	PPE, land rights, intangibles net	-4	-33	-4	-11	-5	-8	-13	-15	-22	-49	-49	-49	-21	-21	-21
CFF Loans, net of repayments 125 222 31 -339 -165 -160 43 -148 -24 75 45 41 -71 2 -1 Pledged deposits -135 -195 0 0 0 0 0 0 0 0 0 0 0 0 0	Cashflow from Investments (18)		-33			-5				-22						-21
Loans, net of repayments 125 222 31 -339 -165 -160 43 -148 -24 75 45 41 -71 2 -11 Pledged deposits -135 -195 0 229 136 194 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	Cshflow from Enterprise (19)=(17)+(18)	-28	-41	33	85	12	2	-74	169	26	-72	-42	-37	75	1	14
Pledged deposits		405	222	24	220	405	460	40	440	24	75	45	44	74	2	40
Dividends to minority interests 0 0 0 0 -2 0 0 0 -1 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0																-10 0
Dividends to shareholders & capital reduction 0 -2 -19 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	Dividends to minority interests															0
Taxes paid, attributable finance -1 -1 -1 -1 -3 -1 -1 -1 -1 -1 -1 -1 -1 -1 -1 -1 -1 -1	Dividends to shareholders & capital reduction								0	0						o
Cashflow from Financing (20) -15 20 7 -119 -34 30 39 -152 -26 72 42 37 -75 -1 -1. Net change in Cash (21)=(19)+(20) -43 -21 40 -34 -21 32 -35 17 0 0 0 0 0 0 0 0 Effects of exchange rates 0 0 0 0 0 7 0 -2 0 0 0 0 0 0 0 0 0 0 CCE, begin 160 117 96 136 109 88 117 83 100 100 100 100 100 100 100 100	Finance expense, net of income															-3
Net change in Cash (21)=(19)+(20) -43 -21 40 -34 -21 32 -35 17 0 0 0 0 0 0 0 Effects of exchange rates 0 0 0 7 0 -2 0	Taxes paid, attributable finance															-1
Effects of exchange rates 0 0 0 7 0 -2 0 </td <td></td> <td>-14 0</td>																-14 0
CCE, begin 160 117 96 136 109 88 117 83 100 100 100 100 100 100 100																0
	CCE, begin															100
Source: PSR	CCE, end															100

Source: PSR





PSR Rating System		
Total Returns	Recommendation	Rating
> +20%	Buy	1
+5% to +20%	Accumulate	2
-5% to +5%	Neutral	3
-5% to -20%	Reduce	4
>-20%	Sell	5

Remarks

We do not base our recommendations entirely on the above quantitative return bands. We consider qualitative factors like (but not limited to) a stock's risk reward profile, market sentiment, recent rate of share price appreciation, presence or absence of stock price catalysts, and speculative undertones surrounding the stock, before making our final recommendation



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