

Power Assets Holdings (6 HK)

Share Price: HKD58.30

MCap (USD): 16.0B

Hong Kong

Target Price: HKD73.00(+25%)

ADTV (USD): 26M

Utilities

BUY

(Unchanged)

Ready to shop...

- PA could receive around HKD59.5b cash, comprising spin-off proceeds, repayment of inter-company loans, plus some other payments and fees. This is excluding the potential exercise of over-allotment options.
- We estimate HKD9/share potential NPV increment, by assuming 60% of HKD59.5b invested in projects with 10% ROE. We have not factored this into our valuations yet.
- Overall, maintain BUY and slightly lower our SOTP-based TP to HKD73 from HKD74 after the spin-off.

What's New

HKE closed down 2% at HKD5.34 on the first day of trading following the spin-off from PA. Excluding potential exercise of over-allotment options, PA could receive around HKD59.5b from the spin-off including the inter-company loans.

What's Our View

If we assume 60% of the cash proceeds of around HKD59.5b are invested in projects with 10% ROE, the earnings increment could be HKD3.6b. This could more than offset the HKD2.3b in lost earnings following the HKE spin-off, based on our estimates.

We also estimate a possible HKD9/share NPV increment to PA shares, assuming 8% cost of equity, 10% ROE, 1.5% terminal growth and 60% net proceeds for investment. But we will not factor this into our model until acquisition targets have been identified.

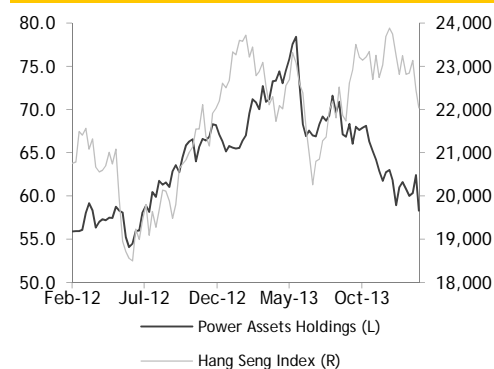
We raise our FY14F earnings from HKD10,561m to HKD62,206m as we forecast an one-off disposal gain from the spin-off. We forecast the earnings contribution from HK will drop from 44% to 29%. Despite lower EV contribution from HKE in our valuation estimate, it has been mostly offset by the net cash increase. Maintain BUY. We slightly lower our some-of-the-parts TP from HKD74 to HKD73.

FYE Dec (HKD m)	FY11A	FY12A	FY13E	FY14E	FY15E
Revenue	10,201.0	10,415.0	10,831.6	959.6	17.0
EBITDA	8,147.0	8,394.0	8,542.0	1,403.6	815.7
Core net profit	9,075.0	9,729.0	10,217.8	62,205.9	8,100.8
Core EPS (HKD)	4.25	4.56	4.79	29.15	3.80
Core EPS growth (%)	26.1	7.2	5.0	508.8	(87.0)
Net DPS (HKD)	2.32	2.45	2.45	2.45	2.45
Core P/E (x)	13.7	12.8	12.2	2.0	15.4
P/BV (x)	2.2	2.0	1.9	1.0	1.0
Net dividend yield (%)	4.0	4.2	4.2	4.2	4.2
ROAE (%)	15.9	16.1	15.7	nm	6.4
ROAA (%)	9.7	9.9	9.9	51.2	5.8
EV/EBITDA (x)	17.2	19.0	16.5	49.9	nm
Net debt/equity (%)	30.2	29.3	25.1	net cash	net cash

Key Data

52w high/low (HKD)	79.95/58.30
Free float (%)	61.1
Issued shares (m)	2,134
Market capitalization	HKD124.4B
Major shareholders:	
-Cheung Kong Infrastructure Holdings Ltd.	39%
-Capital Research & Management Co. (Woi	4%
-Vontobel Asset Management, Inc.	3%

Share Price Performance



	1 Mth	3 Mth	12 Mth
Absolute(%)	(4.1)	(9.2)	(13.0)
Relative to country (%)	(0.7)	(4.2)	(6.3)

Maybank vs Market

	Positive	Neutral	Negative
Market Recs	8	3	1
	Maybank Consensus		% +/-
Target Price (HKD)	73.00	72.00	1.4
2013 PATMI(HKDm)	10,235	10,271	(0.4)
2014 PATMI(HKDm)	62,206	10,561	489.0

Source: FactSet; Maybank

Ricky WK Ng, CFA
 (852) 2268-0689
 rickyng@kimeng.com.hk

Figure 1: Sum-of-the-parts valuation

	Enterprise value (HKDm)	EV/share	%	Our assumptions
HK	37,068	17.4	24%	Market cap. of HKE and net debt estimate
UK	70,196	32.9	45%	DCF for UK Power Network: WACC: 6.5% and 1.5% terminal growth; Others: EV/EBITDA: 10x
Australia	19,849	9.3	13%	DCF for SA Power & Victoria Power: WACC: 7.3% and 1.5% terminal growth; Others: EV/EBITDA: 10x
China	4,061	1.9	3%	EV/EBITDA: 8x
Other	2,485	1.2	2%	EV/EBITDA: 12x
Less: Net debt	22,135	10.4	14%	
Equity Value	155,795	73	100%	
No. Shares (m)	2,134			
Per Share Equity Value	73.0			

Source: Maybank Kim Eng

Figure 2: Sensitivity analysis for NPV increment

ROE		% of net proceed for investing				
		20%	40%	60%	80%	100%
	6%	-0.43	-0.86	-1.29	-1.71	-2.14
	8%	1.29	2.57	3.86	5.14	6.43
	10%	3.00	6.00	9.00	12.00	15.00
	12%	4.72	9.43	14.15	18.86	23.58
	14%	6.43	12.86	19.29	25.72	32.15

Source: Maybank Kim Eng (without consideration of the potential overallocation option exercise)

We estimate HKD9/share NPV increment could be added to PA shares, based on our assumptions: cost of equity 8%, ROE 10%, terminal growth 1.5%, HKD59.5b cash received and 60% of the cash for investment.

Figure 3: Earnings contribution (HKD b) for the scenario of HKD59.5b cash to be received after the spin-off

ROE		% to be used for investing new projects				
		20%	40%	60%	80%	100%
	6%	0.71	1.43	2.14	2.85	3.57
	8%	0.95	1.90	2.85	3.81	4.76
	10%	1.19	2.38	3.57	4.76	5.95
	12%	1.43	2.85	4.28	5.71	7.14
	14%	1.67	3.33	5.00	6.66	8.33

Source: Maybank Kim Eng (without consideration of the potential overallocation option exercise)

Based on our assumed ROE of 10%, we estimate 60% of spin-off proceeds could be invested in projects with potential HKD3.6bn earnings to PA. This more than offsets the HKD2.3b earnings loss following the HKE spin-off, in our estimate.

FYE 31 Dec (HKD m)	FY11A	FY12A	FY13E	FY14E	FY15E
Key Metrics					
P/E (reported) (x)	13.8	12.9	12.2	2.0	15.4
Core P/E (x)	13.7	12.8	12.2	2.0	15.4
P/BV (x)	2.2	2.0	1.9	1.0	1.0
P/NTA (x)	2.1	2.0	1.9	1.0	1.0
Net dividend yield (%)	4.0	4.2	4.2	4.2	4.2
FCF yield (%)	4.0	3.7	4.3	0.8	nm
EV/EBITDA (x)	17.2	19.0	16.5	49.9	nm
EV/EBIT (x)	22.2	24.7	21.1	49.9	nm
Income Statement					
Revenue	10,201.0	10,415.0	10,831.6	959.6	17.0
Gross profit	6,169.0	6,253.0	6,503.1	572.8	6.8
EBITDA	8,147.0	8,394.0	8,542.0	1,403.6	815.7
Depreciation	(1,835.0)	(1,918.0)	(1,861.7)	0.0	0.0
Amortisation	0.0	0.0	0.0	0.0	0.0
EBIT	6,312.0	6,476.0	6,680.2	1,403.6	815.7
Net interest income / (exp)	(617.0)	(648.0)	(688.8)	(464.5)	(407.1)
Associates & JV	4,193.0	4,665.0	5,256.2	7,912.1	8,118.6
Exceptionals	0.0	0.0	0.0	53,277.0	0.0
Other pretax income	0.0	0.0	0.0	0.0	0.0
Pretax profit	9,888.0	10,493.0	11,247.7	62,128.2	8,527.1
Income tax	(858.0)	(835.0)	(1,012.3)	77.7	(426.4)
Minorities	0.0	0.0	0.0	0.0	0.0
Reported net profit	9,030.0	9,658.0	10,235.4	62,205.9	8,100.8
Core net profit	9,075.0	9,729.0	10,217.8	62,205.9	8,100.8
Balance Sheet					
Cash & Short Term Investments	6,123.0	6,147.0	6,842.9	64,851.9	62,963.6
Property, Plant & Equip (net)	48,799.0	49,298.0	49,444.9	3.1	3.1
Intangible assets	0.0	0.0	0.0	0.0	0.0
Investment in Associates & JVs	35,764.0	41,578.0	43,869.6	73,645.2	77,102.7
Other assets	4,044.0	4,623.0	3,854.6	417.0	435.8
Total assets	94,730.0	101,646.0	104,011.9	138,917.2	140,505.2
ST interest bearing debt	617.0	5,317.0	617.0	0.0	0.0
LT interest bearing debt	23,009.0	19,282.0	23,009.0	10,477.6	10,477.6
Other liabilities	12,733.0	13,585.0	13,186.7	2,228.8	2,321.3
Total Liabilities	36,359.0	38,184.0	36,812.7	12,706.4	12,798.9
Shareholders Equity	57,873.0	63,035.0	66,787.6	126,210.8	127,706.3
Minority Interest	0.0	0.0	0.0	0.0	0.0
Total shareholders equity	57,873.0	63,035.0	66,787.6	126,210.8	127,706.3
Cash Flow					
Pretax profit	9,888.0	10,493.0	11,247.7	62,128.2	8,527.1
Depreciation & amortisation	1,835.0	1,918.0	1,861.7	0.0	0.0
Adj net interest (income)/exp	(780.0)	(775.0)	(797.5)	(1,145.8)	(1,091.7)
Change in working capital	530.0	(11.0)	186.8	(38.4)	(35.6)
Cash taxes paid	(542.0)	(566.0)	(1,012.3)	77.7	(426.4)
Other operating cash flow	(3,787.0)	(4,095.0)	(4,243.9)	(61,266.8)	(7,692.2)
Cash flow from operations	7,431.0	7,224.0	7,022.7	1,057.4	(31.5)
Capex	(2,480.0)	(2,605.0)	(1,622.0)	0.0	0.0
Free cash flow	4,951.0	4,619.0	5,400.7	1,057.4	(31.5)
Dividends paid	(4,503.0)	(4,951.0)	(5,228.9)	(5,228.9)	(5,228.9)
Equity raised / (purchased)	0.0	0.0	0.0	0.0	0.0
Change in Debt	(2,857.0)	497.0	0.0	0.0	0.0
OTH investing/financing cash flow	1,094.0	705.0	1,286.1	62,180.6	3,372.2
Effect of exch rate changes	0.0	(7.0)	0.0	0.0	0.0
Net cash flow	(1,315.0)	863.0	1,457.9	58,009.0	(1,888.3)

FYE 31 Dec (HKD m)	FY11A	FY12A	FY13E	FY14E	FY15E
Key Ratios					
Growth ratios (%)					
Revenue growth	(1.6)	2.1	4.0	(91.1)	(98.2)
EBITDA growth	(3.8)	3.0	1.8	(83.6)	(41.9)
EBIT growth	(5.5)	2.6	3.2	(79.0)	(41.9)
Pretax growth	20.7	6.1	7.2	452.4	(86.3)
Reported net profit growth	24.5	7.0	6.0	507.8	(87.0)
Core net profit growth	26.1	7.2	5.0	508.8	(87.0)
Profitability ratios (%)					
EBITDA margin	nm	nm	nm	nm	nm
EBIT margin	nm	nm	nm	nm	nm
Pretax profit margin	nm	nm	nm	nm	nm
Payout ratio	54.8	54.1	51.1	8.4	64.5
DuPont analysis					
Net profit margin (%)	nm	nm	nm	nm	nm
Revenue/Assets (x)	0.1	0.1	0.1	0.0	0.0
Assets/Equity (x)	1.6	1.6	1.6	1.1	1.1
ROAE (%)	15.9	16.1	15.7	nm	6.4
ROAA (%)	9.7	9.9	9.9	51.2	5.8
Liquidity & Efficiency					
Cash conversion cycle	nm	nm	nm	nm	nm
Days receivable outstanding	40.3	49.1	59.0	nm	nm
Days inventory outstanding	83.1	96.4	92.4	nm	nm
Days payables outstanding	230.0	311.9	319.0	nm	nm
Dividend cover (x)	1.8	1.8	2.0	11.9	1.5
Current ratio (x)	2.2	1.0	2.1	nm	nm
Leverage & Expense Analysis					
Asset/Liability (x)	2.6	2.7	2.8	nm	nm
Net debt/equity (%)	30.2	29.3	25.1	net cash	net cash
Net interest cover (x)	10.2	10.0	9.7	3.0	2.0
Debt/EBITDA (x)	2.9	2.9	2.8	7.5	12.8
Capex/revenue (%)	24.3	25.0	15.0	0.0	0.0
Net debt/ (net cash)	17,503.0	18,452.0	16,783.1	(54,374.3)	(52,486.0)

Research Offices

REGIONAL

WONG Chew Hann, CA
Regional Head of Institutional Research
(603) 2297 8686 wchewh@maybank-ib.com

ONG Seng Yeow
Regional Head of Retail Research
(65) 6432 1453
ongsengyeow@maybank-ke.com.sg

Alexander GARTHOFF
Institutional Product Manager
(852) 2268 0638
alexgarthoff@kimeng.com.hk

ECONOMICS

Suhaimi ILIAS
Chief Economist
Singapore | Malaysia
(603) 2297 8682
suhaimi_ilias@maybank-ib.com

Luz LORENZO
Philippines
(63) 2 849 8836
luz_lorenzo@maybank-atrke.com

Tim LEELAHAPHAN
Thailand
(662) 658 1420 tim.l@maybank-ke.co.th

JUNIMAN
Chief Economist, BI
Indonesia
(62) 21 29228888 ext 29682
Juniman@bankbii.com

Josua PARDEDE
Economist / Industry Analyst, BI
Indonesia
(62) 21 29228888 ext 29695
JPardede@bankbii.com

MALAYSIA

WONG Chew Hann, CA Head of Research
(603) 2297 8686 wchewh@maybank-ib.com
• Strategy • Construction & Infrastructure

Desmond CH'NG, ACA
(603) 2297 8680
desmond.chng@maybank-ib.com
• Banking & Finance

LIAW Thong Jung
(603) 2297 8688 tjliaw@maybank-ib.com
• Oil & Gas - Regional • Shipping

ONG Chee Ting, CA
(603) 2297 8678 ct.ong@maybank-ib.com
• Plantations - Regional

Mohshin AZIZ
(603) 2297 8692 mohshin.aziz@maybank-ib.com
• Aviation - Regional • Petrochem

YIN Shao Yang, CPA
(603) 2297 8916 samuel.y@maybank-ib.com
• Gaming - Regional • Media

TAN Chi Wei, CFA
(603) 2297 8690 chiwei.t@maybank-ib.com
• Power • Telcos

WONG Wei Sum, CFA
(603) 2297 8679 weisum@maybank-ib.com
• Property & REITs

LEE Yen Ling
(603) 2297 8691 lee.yl@maybank-ib.com
• Building Materials • Glove Producers

CHAI Li Shin
(603) 2297 8684 lishin.c@maybank-ib.com
• Plantation • Construction & Infrastructure

KANG Chun Ee
(603) 2297 8675 chunee@maybank-ib.com
• Consumer

Ivan YAP
(603) 2297 8612 ivan.yap@maybank-ib.com
• Automotive

LEE Cheng Hooi Regional Chartist
(603) 2297 8694
chenghooi.lee@maybank-ib.com

Tee Sze Chiah Head of Retail Research
(603) 2297 6858 szechiah.t@maybank-ib.com

HONG KONG / CHINA

Howard WONG Head of Research
(852) 2268 0648
howardwong@kimeng.com.hk
• Oil & Gas - Regional

Alexander LATZER
(852) 2268 0647
alexanderlatzer@kimeng.com.hk
• Metals & Mining - Regional

Alison FOK
(852) 2268 0630 alisonfok@kimeng.com.hk
• Consumer

Jacqueline KO, CFA
(852) 2268 0633 jacquelineko@kimeng.com.hk
• Consumer

Karen KWAN
(852) 2268 0640 karenkwon@kimeng.com.hk
• Property & REITs

Osbert TK TANG, CFA
(86) 21 5096 8370
osberttang@kimeng.com.hk
• Transport & Industrials

Philip TSE, CFA FRM
(852) 2268 0643 philiptse@kimeng.com.hk
• Property & REITs

Ricky WK NG, CFA
(852) 2268 0689 rickyng@kimeng.com.hk
• Utilities & Renewable Energy

Simon QIAN, CFA
(852) 2268 0634
simonqian@kimeng.com.hk
• Telecom & Internet

Steven ST CHAN
(852) 2268 0645 stevenchan@kimeng.com.hk
• Banking & Financials

Warren Lau
(852) 2268 0644
warrenlau@kimeng.com.hk
• Technology - Regional

William YANG
(852) 2268 0675
williamyang@kimeng.com.hk
• Technology - Regional

INDIA

Jigar SHAH Head of Research
(91) 22 6623 2601
jigar@maybank-ke.co.in
• Oil & Gas • Automobile • Cement

Anubhav GUPTA
(91) 22 6623 2605
anubhav@maybank-ke.co.in
• Metal & Mining • Capital Goods • Property

Urmil SHAH
(91) 22 6623 2606 urmil@maybank-ke.co.in
• Technology • Media

SINGAPORE

NG Wee Siang Head of Research
(65) 6432 1467 ngweesiang@maybank-ke.com.sg
• Banking & Finance

Gregory YAP
(65) 6432 1450 gyap@maybank-ke.com.sg
• SMID Caps - Regional
• Technology & Manufacturing • Telcos

Wilson LIEW
(65) 6432 1454 wilsonliew@maybank-ke.com.sg
• Property Developers

ONG Kian Lin
(65) 6432 1470 ongkianlin@maybank-ke.com.sg
• S-REITs

James KOH
(65) 6432 1431 jameskoh@maybank-ke.com.sg
• Consumer - Regional

YEAK Chee Keong, CFA
(65) 6432 1460
yeakcheekeong@maybank-ke.com.sg
• Offshore & Marine

Derrick HENG
(65) 6432 1446 derrickheng@maybank-ke.com.sg
• Transport (Land, Shipping & Aviation)

WEI Bin
(65) 6432 1455 weibin@maybank-ke.com.sg
• Commodity • Logistics • S-chips

John CHEONG
(65) 6432 1461 johncheong@maybank-ke.com.sg
• Small & Mid Caps • Healthcare

INDONESIA

Willianto IE Head of Research
(62) 21 2557 1125
willianto.ie@maybank-ke.co.id
• Strategy

Rahmi MARINA
(62) 21 2557 1128
rahmi.marina@maybank-ke.co.id
• Banking & Finance

Aurellia SETIABUDI
(62) 21 2953 0785
aurellia.setiabudi@maybank-ke.co.id
• Property

Anthony YUNUS
(62) 21 2557 1136
anthony.yunus@maybank-ke.co.id
• Consumer • Poultry

Isnaputra ISKANDAR
(62) 21 2557 1129
isnaputra.iskandar@maybank-ke.co.id
• Metals & Mining • Cement

Pandu ANUGRAH
(62) 21 2557 1137
pandu.anugrah@maybank-ke.co.id
• Infrastructure • Construction • Transport

Janni ASMAN
(62) 21 2953 0784
janni.asman@maybank-ke.co.id
• Cigarette • Healthcare • Retail

Lucky ARIESANDI, CFA
(62) 21 2557 1127
lucky.ariesandi@maybank-ke.co.id
• Telcos • Media

PHILIPPINES

Luz LORENZO Head of Research
(63) 2 849 8836
luz_lorenzo@maybank-atrke.com
• Strategy

Laura Dy-LIACCO
(63) 2 849 8840
laura_dyliacco@maybank-atrke.com
• Utilities • Conglomerates • Telcos

Lovell SARREAL
(63) 2 849 8841
lovell_sarreal@maybank-atrke.com
• Consumer • Media • Cement

Rommel RODRIGO
(63) 2 849 8839
rommel_rodrigo@maybank-atrke.com
• Conglomerates • Property • Gaming
• Ports/ Logistics

Katherine TAN
(63) 2 849 8843
kat_tan@maybank-atrke.com
• Banks • Construction

Ramon ADVIENTO
(63) 2 849 8845
ramon_adviento@maybank-atrke.com
• Mining

THAILAND

Maria LAPIZ Head of Institutional Research
Dir (66) 2257 0250 | (66) 2658 6300 ext 1399
Maria.L@maybank-ke.co.th
• Consumer / Materials

Jesada TECHAHUSDIN, CFA
(66) 2658 6300 ext 1394
Jesada.T@maybank-ke.co.th
• Financial Services

Kittisorn PRUITIPAT, CFA, FRM
(66) 2658 6300 ext 1395
Kittisorn.P@maybank-ke.co.th
• Real Estate

Sittichai DUANGRATTANACHAYA
(66) 2658 6300 ext 1393
Sittichai.D@maybank-ke.co.th
• Services Sector

Sukit UDOMSIRIKUL Head of Retail Research
(66) 2658 6300 ext 5090
Sukit.u@maybank-ke.co.th

Mayuree CHOWWIKRAN
(66) 2658 6300 ext 1440
mayuree.c@maybank-ke.co.th
• Strategy

Padon VANNARAT
(66) 2658 6300 ext 1450
Padon.v@maybank-ke.co.th
• Strategy

Surachai PRAMUALCHAROENKIT
(66) 2658 6300 ext 1470
Surachai.p@maybank-ke.co.th
• Auto • Conmat • Contractor • Steel

Suttatip PEERASUB
(66) 2658 6300 ext 1430
suttatip.p@maybank-ke.co.th
• Media • Commerce

Sutthichai KUMWORACHAI
(66) 2658 6300 ext 1400
sutthichai.k@maybank-ke.co.th
• Energy • Petrochem

Termporn TANTIVIVAT
(66) 2658 6300 ext 1520
termporn.t@maybank-ke.co.th
• Property

Woraphon WIROONSRI
(66) 2658 6300 ext 1560
woraphon.w@maybank-ke.co.th
• Banking & Finance

Jaroopan WATTANAWONG
(66) 2658 6300 ext 1404
jaroopan.w@maybank-ke.co.th
• Transportation • Small cap

Chatchai JINDARAT
(66) 2658 6300 ext 1401
chatchai.j@maybank-ke.co.th
• Electronics

VIETNAM

LE Hong Lien, ACCA
Head of Institutional Research
(84) 844 55 58 88 x 8181
lien.le@maybank-kimeng.com.vn
• Strategy • Consumer • Diversified • Utilities

THAI Quang Trung, CFA, Deputy Manager,
Institutional Research
(84) 844 55 58 88 x 8180 trung.thai@maybank-
kimeng.com.vn
• Real Estate • Construction • Materials

TRUONG Thanh Hang
(84) 844 55 58 88 x 8085 hang.truong@maybank-
kimeng.com.vn
• Consumer

Le Nguyen Nhat Chuyen
(84) 844 55 58 88 x 8082 chuyen.le@maybank-
kimeng.com.vn
• Oil & Gas

NGUYEN Thi Ngan Tuyen, Head of Retail Research
(84) 844 555 888 x 8081
tuyen.nguyen@maybank-kimeng.com.vn
• Food & Beverage • Oil&Gas • Banking

NGUYEN Trung Hoa, Dy Head of Retail Research
(84) 844 555 888 x 8088
hoa.nguyen@maybank-kimeng.com.vn
• Macro • Steel • Real estate

TRINH Thi Ngoc Diep
(84) 4 44 555 888 x 8208
diep.trinh@maybank-kimeng.com.vn
• Technology • Utilities • Construction

TRUONG Quang Binh
(84) 4 44 555 888 x 8087
binh.truong@maybank-kimeng.com.vn
• Rubber plantation • Tyres and Tubes • Oil&Gas

PHAM Nhat Bich
(84) 844 555 888 x 8083
bich.pham@maybank-kimeng.com.vn
• Consumer • Manufacturing • Fishery

NGUYEN Thi Sony Tra Mi
(84) 844 555 888 x 8084
mi.nguyen@maybank-kimeng.com.vn
• Port operation • Pharmaceutical
• Food & Beverage

APPENDIX I: TERMS FOR PROVISION OF REPORT, DISCLAIMERS AND DISCLOSURES**DISCLAIMERS**

This research report is prepared for general circulation and for information purposes only and under no circumstances should it be considered or intended as an offer to sell or a solicitation of an offer to buy the securities referred to herein. Investors should note that values of such securities, if any, may fluctuate and that each security's price or value may rise or fall. Opinions or recommendations contained herein are in form of technical ratings and fundamental ratings. Technical ratings may differ from fundamental ratings as technical valuations apply different methodologies and are purely based on price and volume-related information extracted from the relevant jurisdiction's stock exchange in the equity analysis. Accordingly, investors' returns may be less than the original sum invested. Past performance is not necessarily a guide to future performance. This report is not intended to provide personal investment advice and does not take into account the specific investment objectives, the financial situation and the particular needs of persons who may receive or read this report. Investors should therefore seek financial, legal and other advice regarding the appropriateness of investing in any securities or the investment strategies discussed or recommended in this report.

The information contained herein has been obtained from sources believed to be reliable but such sources have not been independently verified by Maybank Investment Bank Berhad, its subsidiary and affiliates (collectively, "MKE") and consequently no representation is made as to the accuracy or completeness of this report by MKE and it should not be relied upon as such. Accordingly, MKE and its officers, directors, associates, connected parties and/or employees (collectively, "Representatives") shall not be liable for any direct, indirect or consequential losses or damages that may arise from the use or reliance of this report. Any information, opinions or recommendations contained herein are subject to change at any time, without prior notice.

This report may contain forward looking statements which are often but not always identified by the use of words such as "anticipate", "believe", "estimate", "intend", "plan", "expect", "forecast", "predict" and "project" and statements that an event or result "may", "will", "can", "should", "could" or "might" occur or be achieved and other similar expressions. Such forward looking statements are based on assumptions made and information currently available to us and are subject to certain risks and uncertainties that could cause the actual results to differ materially from those expressed in any forward looking statements. Readers are cautioned not to place undue relevance on these forward-looking statements. MKE expressly disclaims any obligation to update or revise any such forward looking statements to reflect new information, events or circumstances after the date of this publication or to reflect the occurrence of unanticipated events.

MKE and its officers, directors and employees, including persons involved in the preparation or issuance of this report, may, to the extent permitted by law, from time to time participate or invest in financing transactions with the issuer(s) of the securities mentioned in this report, perform services for or solicit business from such issuers, and/or have a position or holding, or other material interest, or effect transactions, in such securities or options thereon, or other investments related thereto. In addition, it may make markets in the securities mentioned in the material presented in this report. MKE may, to the extent permitted by law, act upon or use the information presented herein, or the research or analysis on which they are based, before the material is published. One or more directors, officers and/or employees of MKE may be a director of the issuers of the securities mentioned in this report.

This report is prepared for the use of MKE's clients and may not be reproduced, altered in any way, transmitted to, copied or distributed to any other party in whole or in part in any form or manner without the prior express written consent of MKE and MKE and its Representatives accepts no liability whatsoever for the actions of third parties in this respect.

This report is not directed to or intended for distribution to or use by any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for distribution only under such circumstances as may be permitted by applicable law. The securities described herein may not be eligible for sale in all jurisdictions or to certain categories of investors. Without prejudice to the foregoing, the reader is to note that additional disclaimers, warnings or qualifications may apply based on geographical location of the person or entity receiving this report.

Malaysia

Opinions or recommendations contained herein are in the form of technical ratings and fundamental ratings. Technical ratings may differ from fundamental ratings as technical valuations apply different methodologies and are purely based on price and volume-related information extracted from Bursa Malaysia Securities Berhad in the equity analysis.

Singapore

This report has been produced as of the date hereof and the information herein may be subject to change. Maybank Kim Eng Research Pte. Ltd. ("Maybank KERPL") in Singapore has no obligation to update such information for any recipient. For distribution in Singapore, recipients of this report are to contact Maybank KERPL in Singapore in respect of any matters arising from, or in connection with, this report. If the recipient of this report is not an accredited investor, expert investor or institutional investor (as defined under Section 4A of the Singapore Securities and Futures Act), Maybank KERPL shall be legally liable for the contents of this report, with such liability being limited to the extent (if any) as permitted by law.

Thailand

The disclosure of the survey result of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information. The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey may be changed after that date. Maybank Kim Eng Securities (Thailand) Public Company Limited ("MBKET") does not confirm nor certify the accuracy of such survey result.

Except as specifically permitted, no part of this presentation may be reproduced or distributed in any manner without the prior written permission of MBKET. MBKET accepts no liability whatsoever for the actions of third parties in this respect.

US

This research report prepared by MKE is distributed in the United States ("US") to Major US Institutional Investors (as defined in Rule 15a-6 under the Securities Exchange Act of 1934, as amended) only by Maybank Kim Eng Securities USA Inc ("Maybank KESUSA"), a broker-dealer registered in the US (registered under Section 15 of the Securities Exchange Act of 1934, as amended). All responsibility for the distribution of this report by Maybank KESUSA in the US shall be borne by Maybank KESUSA. All resulting transactions by a US person or entity should be effected through a registered broker-dealer in the US. This report is not directed at you if MKE is prohibited or restricted by any legislation or regulation in any jurisdiction from making it available to you. You should satisfy yourself before reading it that Maybank KESUSA is permitted to provide research material concerning investments to you under relevant legislation and regulations.

UK

This document is being distributed by Maybank Kim Eng Securities (London) Ltd ("Maybank KESL") which is authorized and regulated, by the Financial Services Authority and is for Informational Purposes only. This document is not intended for distribution to anyone defined as a Retail Client under the Financial Services and Markets Act 2000 within the UK. Any inclusion of a third party link is for the recipients convenience only, and that the firm does not take any responsibility for its comments or accuracy, and that access to such links is at the individuals own risk. Nothing in this report should be considered as constituting legal, accounting or tax advice, and that for accurate guidance recipients should consult with their own independent tax advisers.

DISCLOSURES

Legal Entities Disclosures

Malaysia: This report is issued and distributed in Malaysia by Maybank Investment Bank Berhad (15938-H) which is a Participating Organization of Bursa Malaysia Berhad and a holder of Capital Markets and Services License issued by the Securities Commission in Malaysia. **Singapore:** This material is issued and distributed in Singapore by Maybank KERPL (Co. Reg No 197201256N) which is regulated by the Monetary Authority of Singapore. **Indonesia:** PT Kim Eng Securities (“PTKES”) (Reg. No. KEP-251/PM/1992) is a member of the Indonesia Stock Exchange and is regulated by the BAPEPAM LK. **Thailand:** MBKET (Reg. No.0107545000314) is a member of the Stock Exchange of Thailand and is regulated by the Ministry of Finance and the Securities and Exchange Commission. **Philippines:** Maybank ATRKES (Reg. No.01-2004-00019) is a member of the Philippines Stock Exchange and is regulated by the Securities and Exchange Commission. **Vietnam:** Maybank Kim Eng Securities JSC (License Number: 71/UBCK-GP) is licensed under the State Securities Commission of Vietnam. **Hong Kong:** KESHK (Central Entity No AAD284) is regulated by the Securities and Futures Commission. **India:** Kim Eng Securities India Private Limited (“KESI”) is a participant of the National Stock Exchange of India Limited (Reg No: INF/INB 231452435) and the Bombay Stock Exchange (Reg. No. INF/INB 011452431) and is regulated by Securities and Exchange Board of India. KESI is also registered with SEBI as Category 1 Merchant Banker (Reg. No. INM 000011708) **US:** Maybank KESUSA is a member of/ and is authorized and regulated by the FINRA – Broker ID 27861. **UK:** Maybank KESL (Reg No 2377538) is authorized and regulated by the Financial Services Authority.

Disclosure of Interest

Malaysia: MKE and its Representatives may from time to time have positions or be materially interested in the securities referred to herein and may further act as market maker or may have assumed an underwriting commitment or deal with such securities and may also perform or seek to perform investment banking services, advisory and other services for or relating to those companies.

Singapore: As of 4 February 2014, Maybank KERPL and the covering analyst do not have any interest in any companies recommended in this research report.

Thailand: MBKET may have a business relationship with or may possibly be an issuer of derivative warrants on the securities /companies mentioned in the research report. Therefore, Investors should exercise their own judgment before making any investment decisions. MBKET, its associates, directors, connected parties and/or employees may from time to time have interests and/or underwriting commitments in the securities mentioned in this report.

Hong Kong: KESHK may have financial interests in relation to an issuer or a new listing applicant referred to as defined by the requirements under Paragraph 16.5(a) of the Hong Kong Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission.

As of 4 February 2014, KESHK and the authoring analyst do not have any interest in any companies recommended in this research report.

MKE may have, within the last three years, served as manager or co-manager of a public offering of securities for, or currently may make a primary market in issues of, any or all of the entities mentioned in this report or may be providing, or have provided within the previous 12 months, significant advice or investment services in relation to the investment concerned or a related investment and may receive compensation for the services provided from the companies covered in this report.

OTHERS

Analyst Certification of Independence

The views expressed in this research report accurately reflect the analyst’s personal views about any and all of the subject securities or issuers; and no part of the research analyst’s compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.

Reminder

Structured securities are complex instruments, typically involve a high degree of risk and are intended for sale only to sophisticated investors who are capable of understanding and assuming the risks involved. The market value of any structured security may be affected by changes in economic, financial and political factors (including, but not limited to, spot and forward interest and exchange rates), time to maturity, market conditions and volatility and the credit quality of any issuer or reference issuer. Any investor interested in purchasing a structured product should conduct its own analysis of the product and consult with its own professional advisers as to the risks involved in making such a purchase.

No part of this material may be copied, photocopied or duplicated in any form by any means or redistributed without the prior consent of MKE.

Definition of Ratings

Maybank Kim Eng Research uses the following rating system

BUY	Return is expected to be above 10% in the next 12 months (excluding dividends)
HOLD	Return is expected to be between - 10% to +10% in the next 12 months (excluding dividends)
SELL	Return is expected to be below -10% in the next 12 months (excluding dividends)

Applicability of Ratings

The respective analyst maintains a coverage universe of stocks, the list of which may be adjusted according to needs. Investment ratings are only applicable to the stocks which form part of the coverage universe. Reports on companies which are not part of the coverage do not carry investment ratings as we do not actively follow developments in these companies.

 **Malaysia**

Maybank Investment Bank Berhad
(A Participating Organisation of
Bursa Malaysia Securities Berhad)
33rd Floor, Menara Maybank,
100 Jalan Tun Perak,
50050 Kuala Lumpur
Tel: (603) 2059 1888;
Fax: (603) 2078 4194

Stockbroking Business:
Level 8, Tower C, Dataran Maybank,
No. 1, Jalan Maarof
59000 Kuala Lumpur
Tel: (603) 2297 8888
Fax: (603) 2282 5136

 **Philippines**

Maybank ATR Kim Eng Securities Inc.
17/F, Tower One & Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City, Philippines 1200

Tel: (63) 2 849 8888
Fax: (63) 2 848 5738

 **South Asia Sales Trading**

Kevin FOY
kevinfoy@maybank-ke.com.sg
Tel: (65) 6336-5157
US Toll Free: 1-866-406-7447

 **Singapore**

Maybank Kim Eng Securities Pte Ltd
Maybank Kim Eng Research Pte Ltd
9 Temasek Boulevard
#39-00 Suntec Tower 2
Singapore 038989

Tel: (65) 6336 9090
Fax: (65) 6339 6003

 **Hong Kong**

Kim Eng Securities (HK) Ltd
Level 30,
Three Pacific Place,
1 Queen's Road East,
Hong Kong

Tel: (852) 2268 0800
Fax: (852) 2877 0104

 **Thailand**

Maybank Kim Eng Securities
(Thailand) Public Company Limited
999/9 The Offices at Central World,
20th - 21st Floor,
Rama 1 Road Pathumwan,
Bangkok 10330, Thailand

Tel: (66) 2 658 6817 (sales)
Tel: (66) 2 658 6801 (research)

 **North Asia Sales Trading**

Alex TSUN
alextsun@kimeng.com.hk
Tel: (852) 2268 0228
US Toll Free: 1 877 837 7635

 **London**

Maybank Kim Eng Securities
(London) Ltd
6/F, 20 St. Dunstan's Hill
London EC3R 8HY, UK

Tel: (44) 20 7621 9298
Dealers' Tel: (44) 20 7626 2828
Fax: (44) 20 7283 6674

 **Indonesia**

PT Maybank Kim Eng Securities
Plaza Bapindo
Citibank Tower 17th Floor
JI Jend. Sudirman Kav. 54-55
Jakarta 12190, Indonesia

Tel: (62) 21 2557 1188
Fax: (62) 21 2557 1189

 **Vietnam**

Maybank Kim Eng Securities Limited
4A-15+16 Floor Vincom Center Dong
Khoi, 72 Le Thanh Ton St. District 1
Ho Chi Minh City, Vietnam

Tel : (84) 844 555 888
Fax : (84) 8 38 271 030

 **New York**

Maybank Kim Eng Securities USA
Inc
777 Third Avenue, 21st Floor
New York, NY 10017, U.S.A.

Tel: (212) 688 8886
Fax: (212) 688 3500

 **India**

Kim Eng Securities India Pvt Ltd
2nd Floor, The International 16,
Maharishi Karve Road,
Churchgate Station,
Mumbai City - 400 020, India

Tel: (91).22.6623.2600
Fax: (91).22.6623.2604

 **Saudi Arabia**

In association with
Anfaal Capital
Villa 47, Tujjar Jeddah
Prince Mohammed bin Abdulaziz
Street P.O. Box 126575
Jeddah 21352

Tel: (966) 2 6068686
Fax: (966) 26068787