

Cafe De Coral (341 HK)

The worst is over and delivery the next focus

We are confident that the worst is over for HK, and China will rebound strongly. We adjust our EPS by +4%/ -5% in FY21E/ 22E, maintain BUY and lifted TP to HK\$ 19.07, based on 19x FY3/21E P/E unchanged, vs its 5 years avg. of 21x.

- **FY20 results inline with profit warning.** FY3/20 net profit fell by 87% YoY to HK\$ 74mn, inline with the pre-announced 85-90% and CMBIS est.'s 85% drop. Note that: 1) HK\$ 57mn pandemic subsidies granted from HK government was roughly offset by HK\$ 42mn fair value losses of investment property (HK\$ 20mn gains last year) and 2) a HK\$ 40mn one-off impairment was recorded due to change of accounting standard into IFRS 16.
- **CDC and fast food category outperformed.** CDC's fast food and casual dining sales declined by 12%/ 24% YoY during Oct 2019-Mar 2020, inline with/ outperformed HK fast food/ non-fast food sales drop of 11%/ 27%.
- **HK market: turn-around in sight, plus meaningful subsidies.** We believe the worst is over, as 2H20 was absolutely devastating, given 1) drastic drop in store traffic during the COVID-19, and 2) absence of sales from university and hospitals, etc, esp. when Asia Pacific catering had signed seven new contracts in 2019. We are confident that customers traffic will be better in 1H20E, thanks to 1) re-opening of stores, 2) resumption of schools since 27 May, 3) minimal local cases, 4) shift of demand from high-end to mass market and 5) better consumer sentiment with aids from government. Most importantly, CDC can receive a large scale one-off subsidies (HK\$ 57mn was booked in 2H20 and we raised our forecast to HK\$ 243mn in FY21E).
- **Delivery business could be the driver.** We believe CDC realizes the importance of delivery business, esp. after the virus outbreak. It will carry out more store remodeling, in order to become more delivery and take away friendly. We estimate that delivery sales mix is only at single-digit, hence implying huge potential. Cafe de Coral brand is now working with Foodpanda, while Mixian Sense and Shanghai Lao Lao Brand are already on Deliveroo.
- **China market: Likely a strong rebound.** We expect China sales to grow faster than HK in FY20E, due to its greater delivery sales mix (its key partner Meituan's active users even jumped 6% YoY in 1Q20) and rapid store expansion. We forecast 15 new stores in FY21E (+13% YoY, vs 7% in FY20).
- **Maintain BUY and raised TP to HK\$ 19.07.** We adjust our EPS by +4%/ -5% in FY21E/ 22E, to factor in better subsidies but slightly slower SSSG. We maintain BUY and lifted TP to HK\$ 19.07 based on 19x FY3/21E unchanged. As we believe the worst is over, its current valuation of 15x FY3/21E is attractive, vs 5 years avg. of 21x.

Earnings Summary

(YE 31 Mar)	FY19A	FY20A	FY21E	FY22E	FY23E
Revenue (HK\$ mn)	8,493.9	7,963.1	8,321.9	8,740.9	9,386.2
YoY growth (%)	0.8	(6.2)	4.5	5.0	7.4
Net income (HK\$ mn)	569.9	73.6	583.8	527.3	609.8
EPS (HK\$)	0.98	0.13	1.00	0.91	1.05
YoY growth (%)	24.3	(87.1)	692.8	(9.7)	15.6
Consensus EPS (HK\$)	n/a	n/a	0.96	0.95	1.10
P/E (x)	15.4	119.3	15.0	16.7	14.4
P/B (x)	2.8	3.3	2.7	2.6	2.4
Yield (%)	5.6	1.3	4.3	3.9	4.5
ROE (%)	17.5	2.5	19.9	16.0	17.3
Net gearing (%)	Net cash	Net cash	Net cash	Net cash	Net cash

Source: Company data, Bloomberg, CMBIS estimates

BUY (Maintain)

Target Price	HK\$19.07
(Previous TP	HK\$18.31)
Up/Downside	26.3%
Current Price	HK\$15.10

China Catering Sector

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Stock Data

Mkt Cap (HK\$ mn)	8,844
Avg 3 mths t/o (HK\$ mn)	31.82
52w High/Low (HK\$)	26.90/12.60
Total Issued Shares (mn)	585.7
Source: Bloomberg	

Shareholding Structure

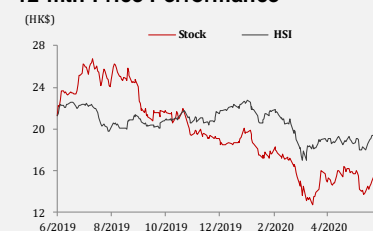
Lo Tak Shing	15.76%
Lo Hoi Chun	11.61%
Lo Hoi Kwong	11.00%
Invesco Hong Kong Ltd.	5.01%
Free float	56.62%
Source: HKEx	

Share Performance

	Absolute	Relative
1-mth	-1.9%	-3.8%
3-mth	1.3%	0.2%
6-mth	-18.3%	-6.9%
12-mth	-25.8%	-17.2%

Source: Bloomberg

12-mth Price Performance



Source: Bloomberg

Auditor: PricewaterhouseCoopers

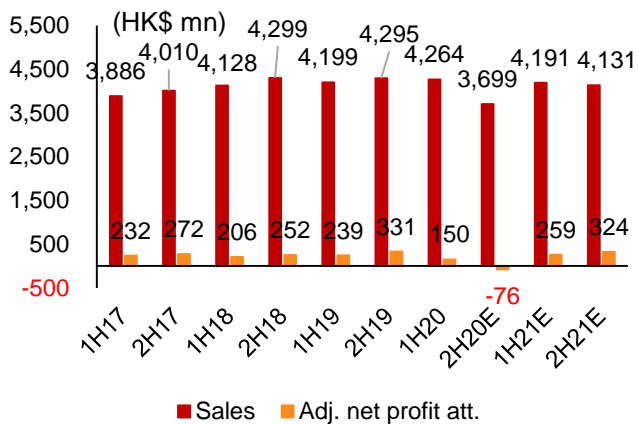
Related Reports

1. Café de Coral (341 HK, BUY) – Expect a massive subsidy and traffic recovery - 13 May 2020
2. Café de Coral (341 HK, HOLD) – Still a mixed bag right now - 23 Apr 2020

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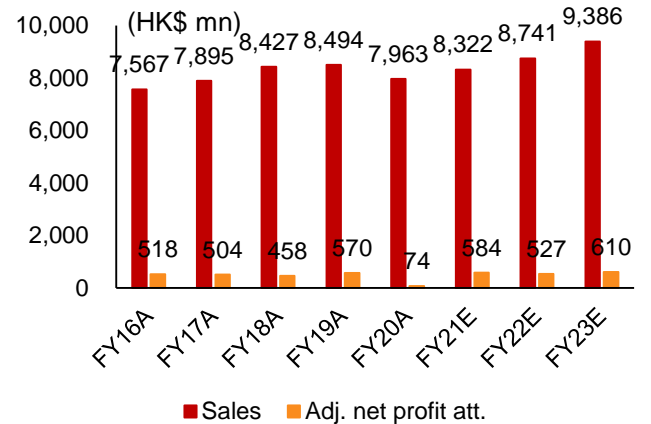
Focus Charts

Figure 1: Sales/ net profit att., half year



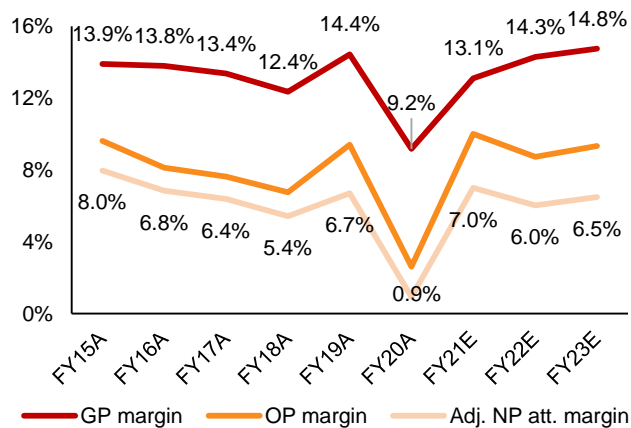
Source: Company data, CMBIS estimates

Figure 2: Sales/ net profit att., full year



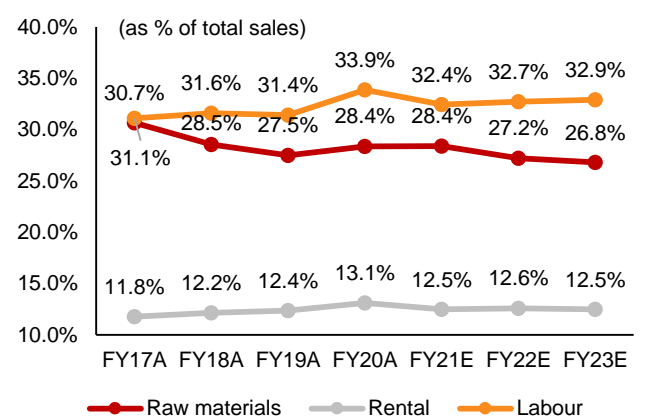
Source: Company data, CMBIS estimates

Figure 3: GP, OP and NP att. margin



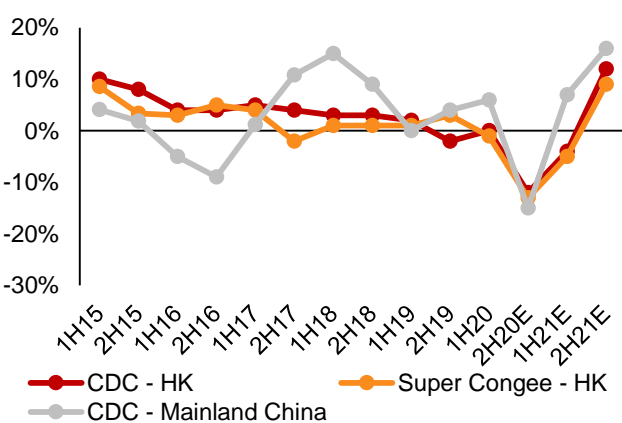
Source: Company data, CMBIS estimates

Figure 4: Major cost breakdown



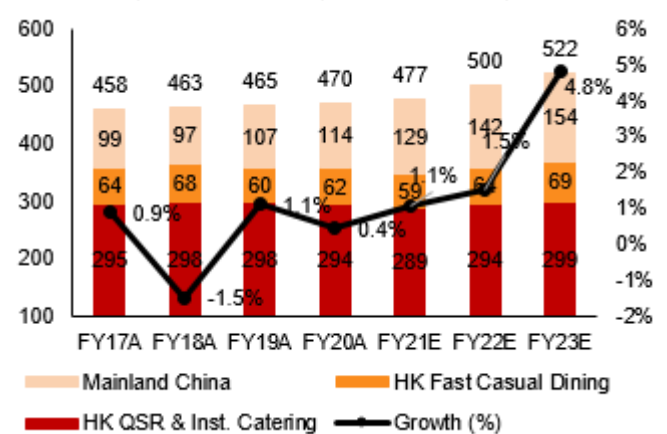
Source: Company data, CMBIS estimates

Figure 5: SSSG by segment and region



Source: Company data, CMBIS estimates

Figure 6: Store numbers, by segment and region



Source: Company data, CMBIS estimates

Figure 7: Results summary - Half Year

HK\$ mn	1H19	2H19	1H20	2H20	1H20 YoY	2H20 YoY	2H20E CMBI	Actual vs CMBI
Hong Kong	3,608	3,734	3,652	3,221	1%	-14%	3,148	2%
China	591	561	612	478	4%	-15%	451	6%
Total revenue	4,199	4,295	4,264	3,699	2%	-14%	3,599	3%
COGS	(3,683)	(3,583)	(3,765)	(3,468)	2%	-3%	(3,538)	-2%
Gross profit	515	712	499	232	-3%	-67%	61	280%
Other income and gains	9	9	(4)	(37)	-139%	-534%	(6)	514%
Administrative expenses	(240)	(205)	(317)	(165)	32%	-20%	(133)	24%
Operating profit	284	515	179	30	-37%	-94%	(78)	-138%
Share of results of Assos	0	0	0	0	n/a	n/a	0	n/a
Non-operating items	0	0	0	0	n/a	n/a	0	n/a
Net finance income	8	(107)	9	(104)	19%	-3%	(1)	8859%
Profit before tax	292	408	188	(74)	-36%	-118%	(79)	-7%
Income tax	(52)	(76)	(38)	(2)	-27%	-97%	14	-116%
Minority interest	1	1	1	0	-31%	-83%	(0)	-134%
Net profit att.	239	331	150	(76)	-37%	-123%	(65)	17%
FV change on investment properties	0	20	0	(42)			(5)	748%
Loss on disposal of other PP&E	(3)	(9)	(8)	(11)			(0)	2464%
Impairment loss of PP&E	0	(4)	(8)	(48)			(1)	7852%
Share-based compensation expenses	(13)	14	(13)	(11)			0	-2521%
Adj. pre-tax profit	308	386	218	38	-29%	-90%	(74)	-151%
GP margin	12.3%	16.6%	11.7%	6.3%	-0.6ppt	-10.3ppt	1.7%	4.6ppt
OP margin	6.8%	12.0%	4.2%	0.8%	-2.6ppt	-11.2ppt	-2.2%	3ppt
NP att. margin	5.7%	7.7%	3.5%	-2.1%	-2.2ppt	-9.8ppt	-1.8%	-0.2ppt
Adj. pre-tax margin	7.3%	9.0%	5.1%	1.0%	-2.2ppt	-8ppt	-2.1%	3.1ppt

Source: Company data, CMBIS estimates, IFRS 16 has been adopted for 2H20 and 2H19 was restated

Figure 8: Results summary - Full Year

HK\$ mn	FY19	FY20	FY20 YoY	FY20E CMBI	Actual vs CMBI
Hong Kong	7,342	6,873	-6%	6,799	1%
China	1,152	1,090	-5%	1,063	3%
Total revenue	8,494	7,963	-6%	7,863	1%
COGS	(7,267)	(7,232)	0%	(7,303)	-1%
Gross profit	1,227	731	-40%	560	31%
Other income and gains	18	(41)	-329%	(10)	321%
Administrative expenses	(445)	(481)	8%	(450)	7%
Operating profit	800	209	-74%	101	108%
Share of results of Assos	0	0	n/a	0	n/a
Non-operating items	0	0	n/a	0	n/a
Net finance income	(99)	(94)	-5%	8	-1259%
Profit before tax	700	114	-84%	109	5%
Income tax	(128)	(40)	-69%	(24)	67%
Minority interest	2	1	-57%	0	361%
Net profit att.	570	74	-87%	85	-13%
FV change on investment properties	20	(42)		(5)	748%
Loss on disposal of other PP&E	(11)	(19)		(9)	117%
Impairment loss of PP&E	(4)	(56)		(9)	535%
Share-based compensation expenses	1	(24)		(13)	90%
Adj. pre-tax profit	694	255	-63%	144	78%
GP margin	14.4%	9.2%	-5.3ppt	7.1%	2.1ppt
OP margin	9.4%	2.6%	-6.8ppt	1.3%	1.3ppt
NP att. margin	6.7%	0.9%	-5.8ppt	1.1%	-0.2ppt
Adj. pre-tax margin	8.2%	3.2%	-5ppt	1.8%	1.4ppt

Source: Company data, CMBIS estimates, IFRS 16 has been adopted for FY20 and FY19 was restated

Earnings revision

Figure 9: Earnings revision

HK\$ mn	New			Old			Diff (%)		
	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
Revenue	8,322	8,741	9,386	8,406	8,828	n/a	-1.0%	-1.0%	n/a
Gross profit	1,091	1,250	1,386	1,116	1,106	n/a	-2.2%	13.1%	n/a
EBIT	833	764	876	684	666	n/a	21.8%	14.8%	n/a
Net profit att.	584	527	610	560	553	n/a	4.2%	-4.6%	n/a
Diluted EPS (HK\$)	1.00	0.91	1.05	0.96	0.95	n/a	4.2%	-4.6%	n/a
Gross margin	13.1%	14.3%	14.8%	13.3%	12.5%	n/a	-0.2ppt	1.8ppt	n/a
EBIT margin	10.0%	8.7%	9.3%	8.1%	7.5%	n/a	1.9ppt	1.2ppt	n/a
Net profit att. margin	7.0%	6.0%	6.5%	6.7%	6.3%	n/a	0.3ppt	-0.2ppt	n/a

Source: Company data, CMBIS estimates

Figure 10: CMBIS estimates vs consensus

HK\$ mn	CMBIS			Consensus			Diff (%)		
	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
Revenue	8,322	8,741	9,386	8,291	9,006	n/a	0.4%	-2.9%	n/a
Gross profit	1,091	1,250	1,386	1,023	1,168	n/a	6.7%	7.1%	n/a
EBIT	833	764	876	579	704	n/a	43.9%	8.6%	n/a
Net profit att.	584	527	610	422	528	n/a	38.4%	-0.2%	n/a
Diluted EPS (HK\$)	1.00	0.91	1.05	0.72	0.91	n/a	38.6%	-0.2%	n/a
Gross margin	13.1%	14.3%	14.8%	11.9%	12.9%	n/a	1.2ppt	1.4ppt	n/a
EBIT margin	10.0%	8.7%	9.3%	6.7%	7.8%	n/a	3.3ppt	1ppt	n/a
Net profit att. margin	7.0%	6.0%	6.5%	6.1%	6.5%	n/a	0.9ppt	-0.5ppt	n/a

Source: Company data, CMBIS estimates

Valuation

Figure 11: Peers' valuation

			12m TP	Price	Up/ Down-	Mkt. Cap	Year	P/E (x)		P/B (x)		ROE (%)	3yrs PEG (x)	Yield (%)
Company	Ticker	Rating	(LC)	(LC)	side	(HK\$ mn)	End	FY1E	FY2E	FY1E	FY2E	FY1E	FY1E	FY1E
Leading Greater China Restaurants and Food Ingredients														
Cafe De Coral	341 HK	BUY	19.07	15.10	26%	8,844	Mar-20	119.3	15.0	3.3	2.7	17.5	(46.7)	1.3
Haidilao Int'l	6862 HK	BUY	36.16	33.20	9%	175,960	Dec-19	98.7	36.7	13.4	10.0	24.4	3.0	0.3
Jiumaojiu Int'l	9922 HK	BUY	11.44	13.18	-13%	18,233	Dec-19	131.2	38.2	7.9	6.6	101.4	3.3	0.3
XBXB Catering	520 HK	NR	n/a	7.42	n/a	8,025	Dec-19	50.0	13.6	2.9	2.4	12.5	1.8	1.2
Yihai Int'l	1579 HK	NR	n/a	68.00	n/a	71,189	Dec-19	66.4	49.2	18.2	13.9	31.1	2.3	0.4
Yum China	YUMC US	NR	n/a	49.25	n/a	143,680	Dec-19	45.4	24.2	5.4	4.6	18.3	7.0	0.6
Gourmet Master	2723 TT	NR	n/a	102.00	n/a	4,791	Dec-19	26.6	16.9	1.7	1.6	6.4	2.2	2.0
Avg.								76.8	27.7	7.5	6.0	30.2	(3.9)	0.9
Med.								66.4	24.2	5.4	4.6	18.3	2.3	0.6
Other H-shares Restaurants and Food Ingredients														
Fairwood	52 HK	NR	n/a	16.56	n/a	2,145	Mar-19	11.4	19.7	3.0	2.8	18.3	8.1	2.5
Tai Hing	6811 HK	NR	n/a	1.30	n/a	1,300	Dec-19	11.8	8.7	1.3	1.2	11.5	0.4	4.3
Hop Hing	47 HK	NR	n/a	0.07	n/a	695	Dec-19	n/a	n/a	n/a	n/a	18.8	n/a	n/a
Tsui Wah	1314 HK	NR	n/a	0.31	n/a	437	Mar-19	n/a	n/a	n/a	n/a	(5.2)	n/a	n/a
Ajisen China	538 HK	NR	n/a	1.25	n/a	1,364	Dec-19	6.4	n/a	n/a	n/a	4.8	n/a	8.7
Tao Heung	573 HK	NR	n/a	0.99	n/a	1,006	Dec-19	n/a	n/a	n/a	n/a	7.6	n/a	n/a
Tang Palace	1181 HK	NR	n/a	0.72	n/a	775	Dec-19	4.7	n/a	n/a	n/a	19.8	n/a	n/a
Avg.								8.6	14.2	2.2	2.0	10.8	4.3	5.2
Med.								8.9	14.2	2.2	2.0	11.5	4.3	4.3
Leading Greater China Restaurants and Food Ingredients														
Yum! Brands	YUM US	NR	n/a	91.28	n/a	212,923	Dec-19	31.6	24.3	n/a	n/a	n/a	(754.5)	2.0
Mcdonald'S	MCD US	NR	n/a	189.17	n/a	1,090,104	Dec-19	34.3	24.0	n/a	n/a	n/a	13.0	2.7
Starbucks Corp	SBUX US	NR	n/a	76.38	n/a	691,569	Sep-19	78.6	28.9	n/a	n/a	n/a	34.2	2.2
Rest. Brands	QSR US	NR	n/a	55.76	n/a	200,240	Dec-19	27.4	20.5	9.3	9.1	33.3	3.8	3.7
Chipotle Mexican	CMG US	NR	n/a	991.83	n/a	214,387	Dec-19	110.4	52.6	14.6	12.0	21.4	4.5	0.0
Darden Rest.	DRI US	NR	n/a	75.94	n/a	76,438	May-19	27.9	30.2	4.1	3.7	27.3	(10.6)	3.5
Domino'S Pizza	DPZ US	NR	n/a	378.15	n/a	114,641	Dec-19	33.3	30.9	n/a	n/a	n/a	2.9	0.8
Dunkin' Brands	DNKN US	NR	n/a	64.66	n/a	41,147	Dec-19	25.2	21.1	n/a	n/a	n/a	7.1	1.0
Wendy'S Co	WEN US	NR	n/a	21.74	n/a	37,520	Dec-19	40.1	32.4	8.9	9.4	21.9	4.8	1.3
Shake Shack	SHAK US	NR	n/a	54.60	n/a	17,472	Dec-19	n/a	189.6	6.2	5.9	6.1	n/a	0.0
Wingstop	WING US	NR	n/a	117.38	n/a	26,912	Dec-19	113.3	95.2	n/a	n/a	n/a	3.7	0.4
Jollibee Foods	JFC PM	NR	n/a	144.20	n/a	24,586	Dec-19	1716.7	28.3	2.5	2.3	4.7	756.4	0.9
Avg.								203.5	48.2	7.6	7.1	19.1	5.9	1.5
Med.								34.3	29.6	7.6	7.5	21.7	4.5	1.1
H-shares Consumer Staples														
UPC	220 HK	NR	n/a	7.88	n/a	34,036	Dec-19	21.3	19.7	2.3	2.2	10.2	3.3	4.6
Tingyi	322 HK	NR	n/a	12.80	n/a	71,987	Dec-19	21.5	19.7	3.4	3.2	17.0	10.8	4.1
Want Want China	151 HK	NR	n/a	5.54	n/a	68,780	Mar-19	16.9	15.8	3.9	3.7	27.2	3.6	4.8
China Mengniu	2319 HK	NR	n/a	29.15	n/a	114,735	Dec-19	30.9	21.1	3.3	2.9	15.1	2.6	0.7
Vitasoy	345 HK	NR	n/a	28.75	n/a	30,586	Mar-19	58.7	49.3	9.4	8.8	23.0	16.0	1.2
Tsingtao Brewery	168 HK	NR	n/a	53.10	n/a	83,234	Dec-19	35.3	27.8	3.2	3.0	8.3	2.9	1.1
CR Beer	291 HK	NR	n/a	42.15	n/a	136,742	Dec-19	54.0	35.3	5.9	5.3	6.8	1.1	0.7
Budweiser Brew	1876 HK	NR	n/a	22.30	n/a	295,328	Dec-19	50.5	32.3	3.6	3.4	9.0	4.8	0.7
Dali Foods	3799 HK	NR	n/a	4.87	n/a	66,690	Dec-19	15.5	14.2	3.6	3.3	24.2	2.9	4.4
Avg.								33.8	26.1	4.3	4.0	15.6	5.3	2.5
Med.								30.9	21.1	3.6	3.3	15.1	3.3	1.2

Source: Bloomberg, CMBIS estimates

Assumptions

Figure 12: Major assumptions

Major assumptions	FY19A	FY20A	FY21E	FY22E	FY23E
Sales by segment (HK\$ mn)					
HK QSR & Institutional Catering	6,264	5,939	6,051	6,238	6,669
HK Fast Casual & Casual Dining	906	779	834	905	968
Food Processing & Distribution	172	155	168	176	185
Mainland China	1,152	1,090	1,270	1,422	1,564
Total	8,494	7,963	8,322	8,741	9,386
Growth (%)					
HK QSR & Institutional Catering	-1%	-5%	2%	3%	7%
HK Fast Casual & Casual Dining	3%	-14%	7%	9%	7%
Food Processing & Distribution	3%	-10%	8%	5%	5%
Mainland China	7%	-5%	16%	12%	10%
Total	1%	-6%	5%	5%	7%
GP margin	14.4%	9.2%	13.1%	14.3%	14.8%
Costs breakdown					
Costs of raw materials	27.5%	28.4%	28.4%	27.2%	26.8%
Depreciation	4.0%	4.5%	4.9%	4.9%	4.9%
Operating lease rentals	12.4%	13.1%	12.5%	12.6%	12.5%
Employee benefit expenses	31.4%	33.6%	32.1%	32.4%	32.6%
OP margin	9.4%	2.6%	10.0%	8.7%	9.3%
Effective tax rate	18.3%	34.9%	19.0%	18.0%	18.0%
NP att. margins	6.7%	0.9%	7.0%	6.0%	6.5%
NP att. growth (%)	24.4%	-87.1%	692.8%	-9.7%	15.6%
Sales network by region					
HK QSR & Institutional Catering	298	294	289	294	299
HK Fast Casual Dining	60	62	59	64	69
Mainland China	107	114	129	142	154
Total	465	470	477	500	522
SSSG by segment					
HK Café de Coral	0.0%	-6.0%	4.0%	3.5%	4.0%
HK Super Super Congee & Noodles	2.0%	-7.0%	2.0%	2.5%	3.0%
Mainland China Café de Coral	2.0%	-5.0%	11.5%	6.5%	4.0%

Source: Company data, CMBIS estimates

Financial Summary

Income statement						Cash flow summary					
YE 31 Mar (HK\$ mn)	FY19A	FY20A	FY21E	FY22E	FY23E	YE 31 Mar (HK\$ mn)	FY18A	FY19A	FY20E	FY21E	FY22E
Revenue	8,494	7,963	8,322	8,741	9,386	EBIT	800	209	833	764	876
HK QSR & Institutional Catering	6,264	5,939	6,051	6,238	6,669	D & A	342	358	407	429	458
HK Fast Casual & Casual Dining	906	779	834	905	968	Change in working capital	23	(67)	(41)	17	25
Food Processing & Distribution	172	155	168	176	185	Income tax paid	(116)	(40)	(137)	(116)	(134)
Mainland China	1,152	1,090	1,270	1,422	1,564	Others	845	957	910	911	913
Cost of goods sold	(7,267)	(7,232)	(7,231)	(7,491)	(8,000)	Net cash from operating CF	1,893	1,417	1,973	2,006	2,140
Gross profit	1,227	731	1,091	1,250	1,386	Capex & investments	(277)	(450)	(445)	(469)	(504)
Other income	18	(41)	229	1	1	Associated companies	-	-	-	-	-
Operating expenses	(445)	(481)	(486)	(487)	(511)	Interest received	15	(94)	(112)	(121)	(132)
D & A	-	-	-	-	-	Others	63	64	(317)	46	46
Staff costs	-	-	-	-	-	Net cash from investing CF	(199)	(480)	(875)	(544)	(591)
S & D costs (ex-staff, D&A)	-	-	-	-	-	Equity raised	-	-	-	-	-
Admin exp. (ex-staff, D&A)	(445)	(481)	(486)	(487)	(511)	Net change in bank loans	-	-	-	-	-
Other operating expenses	-	-	-	-	-	Dividend paid	(680)	(492)	(83)	(371)	(355)
EBIT	800	209	833	764	876	Others	(952)	(936)	(936)	(936)	(936)
Finance costs, net	(99)	(94)	(112)	(121)	(132)	Net cash from financing CF	(1,632)	(1,427)	(1,019)	(1,307)	(1,290)
JVs & associates	-	-	-	-	-	Net change in cash	63	(490)	79	155	259
Exceptional	-	-	-	-	-	Beginning cash balance	801	836	345	424	580
Pre-tax profit	700	114	721	643	744	Exchange difference	(29)	-	-	-	-
Income tax	(128)	(40)	(137)	(116)	(134)	Cash at the end of the year	836	345	424	580	838
Less: Minority interests	2	1	0	0	0						
Net profit	570	74	584	527	610						

Balance sheet						Key ratios					
YE 31 Mar (HK\$ mn)	FY18A	FY19A	FY20E	FY21E	FY22E	YE 31 Mar	FY18A	FY19A	FY20E	FY21E	FY22E
Non-current assets	5,662	5,346	5,752	5,796	5,846	Sales mix (%)					
Fixed asset	1,532	1,609	1,999	2,047	2,100	HK QSR & Institutional Catering	73.7	74.6	72.7	71.4	71.1
Intangible assets & goodwill	2	1	3	2	2	HK Fast Casual & Casual Dining	10.7	9.8	10.0	10.3	10.3
Prepaid lease payments	-	-	70	68	65	Food Processing & Distribution	2.0	1.9	2.0	2.0	2.0
Interest in joint ventures	-	-	-	-	-	Mainland China	13.6	13.7	15.3	16.3	16.7
Other non-current assets	4,128	3,736	3,680	3,680	3,680	Total	100.0	100.0	100.0	100.0	100.0
Current assets	1,303	875	1,025	1,205	1,505	P&L ratios (%)					
Cash and cash equivalents	836	345	424	580	838	Gross margin	14.4	9.2	13.1	14.3	14.8
Inventories	241	261	261	270	288	Operating margin	9.4	2.6	10.0	8.7	9.3
Trade and other receivables	165	167	174	183	196	Pre-tax margin	8.2	1.4	8.7	7.4	7.9
Prepayments	38	61	125	131	141	Net margin	6.7	0.9	7.0	6.0	6.5
Other current assets	23	41	41	41	41	Effective tax rate	18.3	34.9	19.0	18.0	18.0
Current liabilities	1,681	1,616	1,646	1,688	1,755	Balance sheet ratios					
Bank loans	-	-	-	-	-	Current ratio (x)	1.3	1.8	1.6	1.4	1.2
Trade payables	220	172	172	178	190	Quick ratio (x)	0.6	0.4	0.5	0.6	0.7
Accruals & other payables	648	675	706	741	796	Cash ratio (x)	49.7	21.4	25.8	34.3	47.8
Tax payables	39	13	13	13	13	Inventory turnover days	12	13	13	13	13
others	774	755	755	755	755	Trade receivables days	7	8	8	8	8
Non-current liabilities	2,104	1,934	1,934	1,934	1,934	Trade payables days	11	9	9	9	9
Bank loans	-	-	-	-	-	Total debt / total equity ratio (%)	-	-	-	-	-
Deferred income	45	49	49	49	49	Net debt / equity ratio (%)	Net	Net	Net	Net	Net
Deferred tax	28	29	29	29	29	Returns (%)					
Others	2,031	1,856	1,856	1,856	1,856	ROE	18.0	2.8	18.3	15.6	16.7
Minority Interest	5	5	5	5	5	ROA	8.2	1.2	8.6	7.5	8.3
Total net assets	3,175	2,667	3,192	3,374	3,657	Per share					
Shareholders' equity	3,175	2,667	3,192	3,374	3,657	EPS (HK\$)	0.98	0.13	1.00	0.91	1.05
						DPS (HK\$)	0.85	0.19	0.65	0.59	0.68
						BVPS (HK\$)	5.47	4.59	5.50	5.81	6.30

Source: Company data, CMBIS estimates

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