

2012/2013 Annual Results Presentation



廣東金葉二期廠房外觀

Outlook Appearance of Second Phase of Guangdong Jinye

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Financial highlights for the year

	As at 31 st March 2013 (HKD '000)	As at 31 st March 2012 (HKD '000)	Change in percentage (%)
Sales	3,645,940	3,311,304	+10.1%
Gross profit margin	69.1%	70.5%	
Operating profit	2,024,668	2,064,051	-1.9%
--- omit currency exchange gain	2,016,352	2,001,274	+0.8%
EBIT margin	55.5%	62.3%	
EBITDA margin *	59.4%	65.7%	
Profit attributable to equity holders of the Company	1,716,375	1,750,419	-1.9%
--- omit currency exchange gain	1,708,059	1,687,642	+1.2%
Basic EPS (HK cents)	54.53	55.48	-1.7%
Net cash generated from operating activities	1,615,626	1,540,158	+4.9%
Net cash **	1,858,349	1,359,077	+36.7%
Aggregated dividend per share (HK cents)	16.88	16.68	
Aggregated special dividend per share (HK cents)	5.28	5.18	
Total dividend payout ratio	41%	39%	

* EBITDA = EBIT + depreciation + intangible asset amortization + option expenses

** Net cash = short-term fixed deposits + cash and cash equivalents – short-term bank loans

Concerned about share price, determined to safeguard shareholders' value

Foundations of the Company since listing

■ Sales

From HKD779 million → HKD3,646 million

➤ Grew 4.68 times

■ Profit attributable to equity holders

From HKD283 million → HKD1,716 million

➤ Grew 6.06 times

■ Diluted EPS

From 9.53 HK cents → 54.49 HK cents

➤ Grew 5.72 times

■ Net cash generated from operating activities

From HKD319 million → HKD1,616 million

➤ Grew 5.06 times

Share buyback updates as of results

Days repurchased	Shares repurchased	Money spent	Avg. price repurchased
39 days	58.53mil shares	Over HKD200 mil	HKD3.768 per share

Share price of the Company since listing



■ Ever since the first round of short selling attack in 4th quarter of 2011, the company's share price has dropped approximately 50%

■ Management is very concerned about the share price and is determined to safeguard shareholders' values, fought back with solid foundations, ample dividends and actively buying back shares

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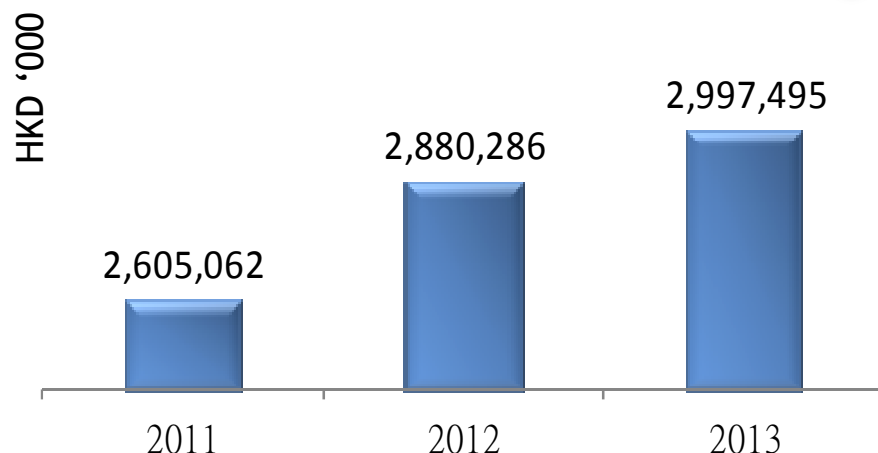
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Review on flavours

Graph 1: Sales in the past 3 years



Graph 2: Sector major operating margins

HKD '000	2013	2012
EBIT	1,887,719	1,980,782
EBIT margin	63.0%	68.8%
EBITDA	1,965,212	2,048,121
EBITDA margin	65.6%	71.1%

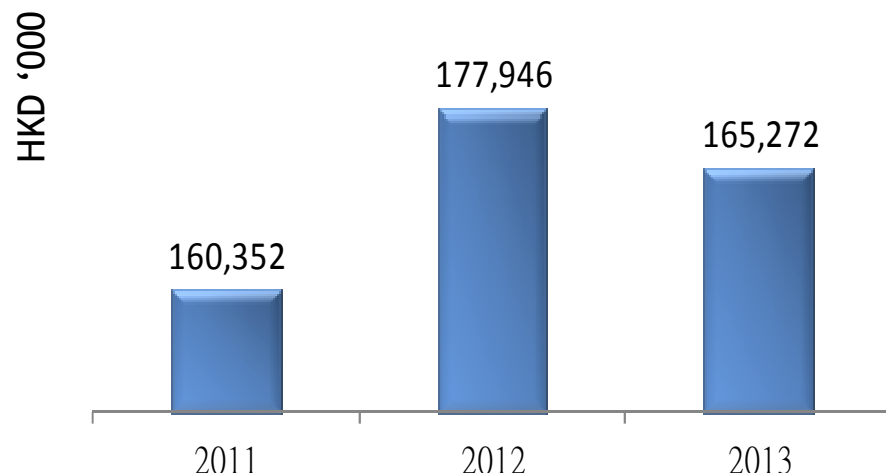
Results Analysis

- ◆ Downstream operating environment:
 - Tobacco industry entered into a mature stage, smoking population becoming saturated, consumption growth slowed down further
 - Affected by policy restriction on government spending and such, regulations risks start to show
 - Food subsidiaries faced with different operating factors thus performance varied
- ◆ Revenue steadily increased 4.1% to HKD2.99 billion
- ◆ EBIT margin and EBITDA margin decreased compared with last year, mainly due to decreased in other income, and increased in employee salary and benefits

EBITDA = EBIT + depreciation + intangible asset amortization + options expense

Review on fragrances

Graph 1: Sales in the past 3 years



Graph 2: Sector major operating margins

HKD '000	2013	2012
EBIT	9,074	8,016
EBIT margin	5.5%	4.5%
EBITDA	12,350	11,180
EBITDA率	7.5%	6.3%

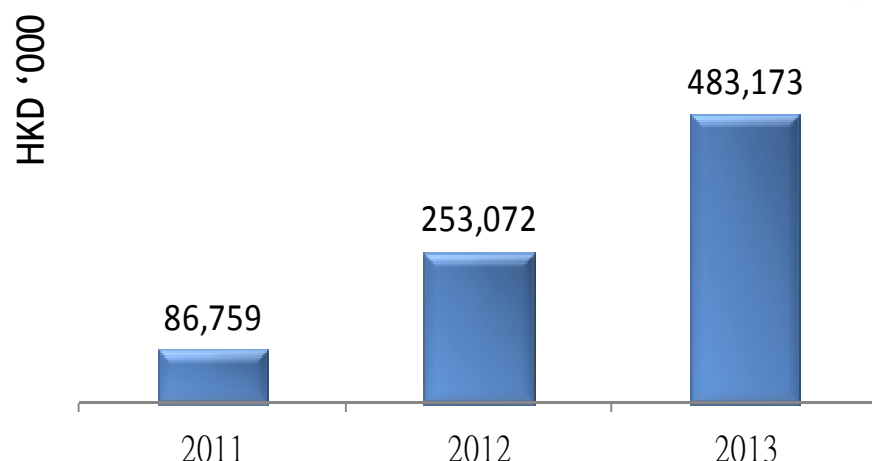
Results Analysis

- ◆ Operating environment and business streamlining:
 - ◆ Due to macro-economy factors, fragrances industry became more intense
 - ◆ Over-capacities begin to show in certain fragrances enterprises, which caused pricing pressures in mid to low-end markets
 - ◆ Xiamen Amber actively streamlined its overly-growth business in the past and optimized its raw material procurement system, both of GP and EBIT margins improved from last year
- ◆ Operating profit reached HKD165 million, EBIT and EBITDA margins both increased by 1 percentage point from last year
- ◆ To better control raw material fluctuation risk, the Group timely adjusted Yunnan Huaxiangyuan's management structure, Yunnan Huaxiangyuan is currently in a stage of adjustment transition period

EBITDA = EBIT + depreciation + intangible asset amortization + option expenses

Review on RTL

Graph 1: Sales in the past 3 years



Graph 2: Sector major operating margins

HKD '000	2013	2012
EBIT	152,523	85,316
EBIT margin	31.6%	33.7%
EBITDA	211,316	124,516
EBITDA率	43.7%	49.2%

Results Analysis

- ◆ 2nd phase of Guangdong Jinye production line completed in November 2012, the Group has entered a rapid growth stage
- ◆ Sales revenue reached HKD483 million, representing a growth of 90.9%
- ◆ EBIT margin reached 31.6%, EBITDA margin reached 43.7%
- ◆ Quality of the Group's RTL has reached a leading position in China and has penetrated into certain major brands' mid to high-end cigarette products
- ◆ As to external projects, the Group will continuously strive for Huangguoshu Jinye's production workmanship's design and implementation stage, as well as actively participate in China Tobacco Anhui RTL production line's trial operation

EBITDA = EBIT + depreciation + intangible asset amortization + option expenses

Review on R&D

- ◆ R&D expense reached approximately HKD213 million, represent 5.9% of overall sales
- ◆ During the reporting period, R&D team has achieved fruitful results:
 - more than 20 invention patents were being recognized
 - 3 subsidiaries were award High-tech Enterprise certifications
 - cooperated and discussed more than 20 R&D subjects with major domestic tobacco groups, regional universities and strategic cooperation partners
 - joint laboratories established with key customers have obtained progressive results on a number of joint projects' research and experiments
 - to establish an U.S.-based R&D center in February 2013, to further elevate the Group's international scope and R&D capabilities
 - introduced several advanced devices from abroad to further improve the hardware for its research and development
 - an R&D team with international scope consists of over 400 professionals as of now



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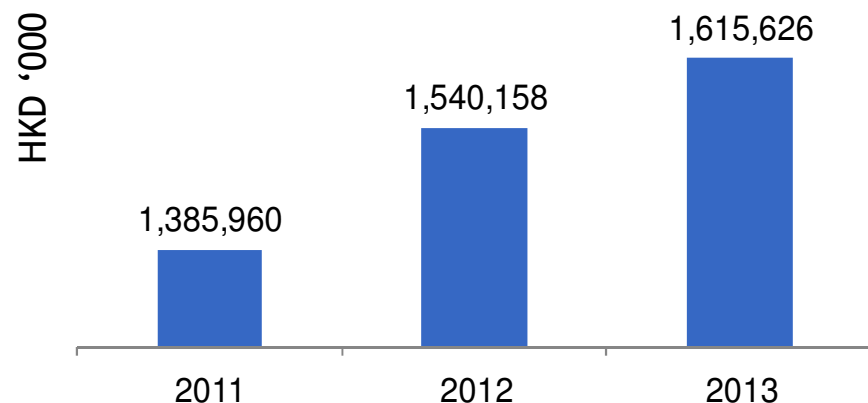
Stable revenue growth, operation efficiency remained stable

(HKD '000)	As at 31 March 2013	As at 31 March 2012
Sales revenue	3,645,940	3,311,304
Breakdown: Flavours (82.2%)	2,997,495	2,880,286
Fragrances (4.5%)	165,272	177,946
RTL (13.3%)	483,173	253,072
Gross Profit margin	69.1%	70.5%
EBIT margin *	55.5%	62.3%
Breakdown: Flavours	63.0%	68.8%
Fragrances	5.5%	4.5%
RTL	31.6%	33.7%
SG&A to revenue	18.4%	16.0%
Breakdown: R&D to Sales	5.9%	5.6%
Tax rate	15.4%	15.1%



Ample cash flow, capital expenditure, and focused on shareholders return

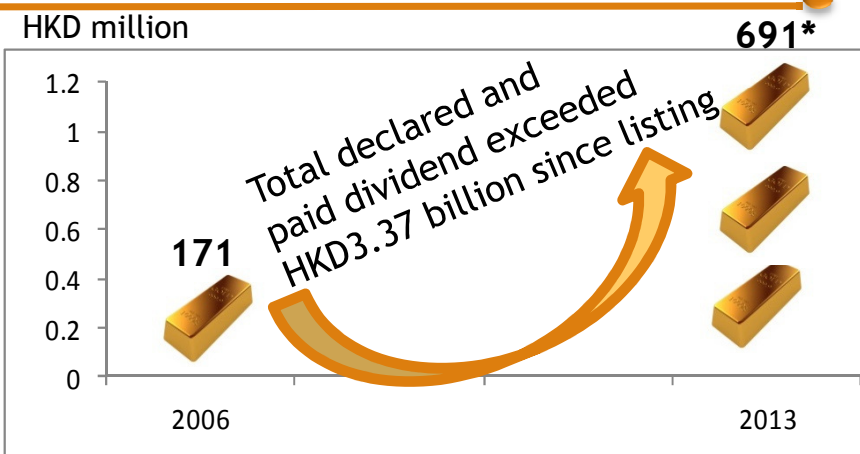
Net cash generated from operating activities



Use of cash and capital structure (HKD)

- ◆ Capex for the past financial year: 335 million
- ◆ Second half last year and first half this year dividend payout: 490 million
- ◆ Cash balance of 2.32 billion as at end of March 2013, clean loan of 465 million, net cash of 1.86 billion
- ◆ Internal estimation of capex this year around 500 million

Yearly dividend amount



*calculated based on total shares issued 3,101,317,961 shares as at June 18th

Working capital overview

HKD '000	As at March 31 2013	As at September 30 2012	Change in percentage (%)
Inventory (a)	702,316	656,396	+7.0%
Trade and other receivables	1,059,769	1,010,101	+4.9%
-trade receivable (b)	815,507	700,344	+16.4%
-note receivable (b)	118,196	129,331	-8.6%
-pre-payment and others	90,317	148,049	-39.0%
Trade and other payables	585,683	884,387	-33.8%
-trade payable (c)	378,162	326,967	+15.7%
-dividend payable	2,652	310,961	
-others	28,486	47,265	-39.7%
Working capital employed (a+b-c)	1,257,857	1,159,104	+8.5%



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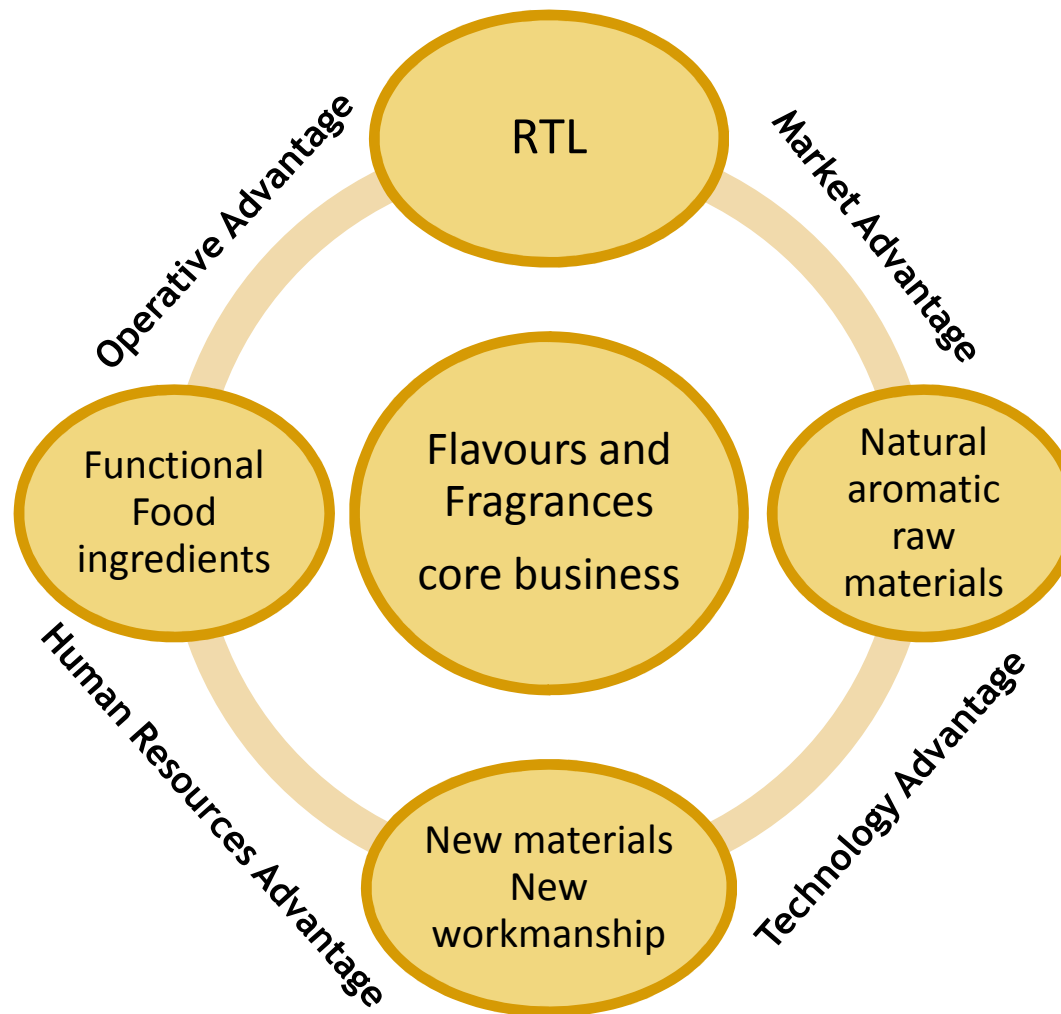
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Adhere to “Multi-pronged, focus growth” strategy, to construct a natural, green, and healthy production chain



To develop into a China-focused leading player in tasty life

