招银国际
CMB INTERNATIONAL

CMBI Research Focus List

Our best high conviction ideas

14 April 2023

CMBI Focus List – Long and short ideas

Company	Ticker	Sector	Rating	M cap (US$ bn)	3M ADTV (US$ mn)	Price (LC)	TP (LC)	Up/Down -side	P/E (x) FY23E	P/E (x) FY24E	P/B (x) FY23E	ROE FY23E	Yield FY23E	Analyst
Long Ideas														
Li Auto Inc.	LI US	Auto	BUY	25.2	160.8	24.2	44.0	82%	N/A	N/A	3.7	3.1	N/A	Shi Ji/ Dou Wenjing
Great Wall Motor	2333 HK	Auto	BUY	27.8	63.0	9.8	12.0	22%	12.1	10.9	1.1	9.2	3.0%	Shi Ji/ Dou Wenjing
S.C New Energy Technology	300724 CH	Capital Goods	BUY	5.7	123.0	111.8	187.0	67%	31.0	23.6	4.7	16.1	0.3%	Wayne Fung/ Katherine Ng
Zoomlion Heavy Industry	1157 HK	Capital Goods	BUY	7.3	5.1	4.2	6.4	50%	8.6	7.2	0.6	6.7	5.8%	Wayne Fung/ Katherine Ng
Yancoal Australia	3668 HK	Coal	BUY	5.2	8.7	30.9	48.0	55%	2.1	2.4	0.8	40.0	23.3%	Wayne Fung
CR Gas	1193 HK	Gas	BUY	7.8	12.5	26.6	39.0	47%	9.7	8.6	1.5	12.3	N/A	Megan Xia/ Jack Bai
XBXB	520 HK	Consumer Discretionary	BUY	0.9	13.8	6.6	11.2	71%	15.8	9.7	N/A	11.9	2.2%	Walter Woo
Yum China	9987 HK	Consumer Discretionary	BUY	26.8	19.2	502.5	554.6	10%	29.9	24.3	N/A	11.7	1.0%	Walter Woo
Xtep	1368 HK	Consumer Discretionary	BUY	3.3	14.1	9.9	11.8	19%	19.3	15.6	2.6	13.9	3.1%	Walter Woo
CR Beer	291 HK	Consumer Staples	BUY	25.7	56.2	62.3	77.4	24%	32.6	28.6	5.7	18.5	1.2%	Joseph Wong
Kweichow Moutai	600519 CH	Consumer Staples	BUY	314.3	637.3	1713.4	2440.0	42%	31.1	26.7	9.9	31.9	1.6%	Joseph Wong
CTGDF	601888 CH	Consumer Staples	BUY	52.6	331.7	174.8	255.0	46%	40.1	30.3	9.8	24.3	0.8%	Joseph Wong
Proya	603605 CH	Consumer Staples	BUY	7.6	39.6	183.2	184.0	0%	31.5	23.3	7.4	24.0	0.9%	Joseph Wong
Innovent Biologics	1801 HK	Healthcare	BUY	8.4	42.7	42.7	50.3	18%	N/A	N/A	N/A	N/A	N/A	Jill Wu/ Andy Wang
AK Medical	1789 HK	Healthcare	BUY	8.4	42.7	11.1	12.3	11%	32.1	23.8	N/A	11.1	80.0%	Jill Wu/ Cathy Wang
AIA	1299 HK	Insurance	BUY	1.6	3.7	84.6	118.0	40%	N/A	N/A	N/A	18.2	2.0%	Gigi Chen
Tencent	700 HK	Internet	BUY	125.4	231.7	365.4	455.0	25%	N/A	N/A	N/A	N/A	N/A	Saiyi He/ Wentao Lu/ Frank Tao
Pinduoduo	PDD US	Internet	BUY	445.5	1142.2	68.5	106.0	55%	24.4	17.4	4.9	23.4	N/A	Saiyi He/ Frank Tao/ Wentao Lu
Kuaishou	1024 HK	Internet	BUY	125.4	231.7	54.1	94.0	74%	199.0	41.0	N/A	N/A	0.0%	Sophie Huang
CR Land	1109 HK	Property	BUY	29.8	178.3	39.1	45.1	15%	8.2	7.4	1.1	13.3	3.8%	Jeffrey Zeng/ Miao Zhang
BOE Varitronix	710 HK	Technology	BUY	35.5	47.4	13.8	23.7	72%	15.0	11.7	1.2	16.6	2.0%	Alex Ng/ Lily Yang
Wingtech	600745 CH	Technology	BUY	1.4	4.0	66.2	88.6	34%	14.3	10.6	N/A	10.6	0.7%	Lily Yang/ Alex Ng
Kingdee	268 HK	Software & IT services	BUY	12.0	210.8	13.4	23.3	73%	N/A	N/A	N/A	-4	0.0%	Marley Ngan

Source: Bloomberg, CMBIGM, Price as of 14/4/2023

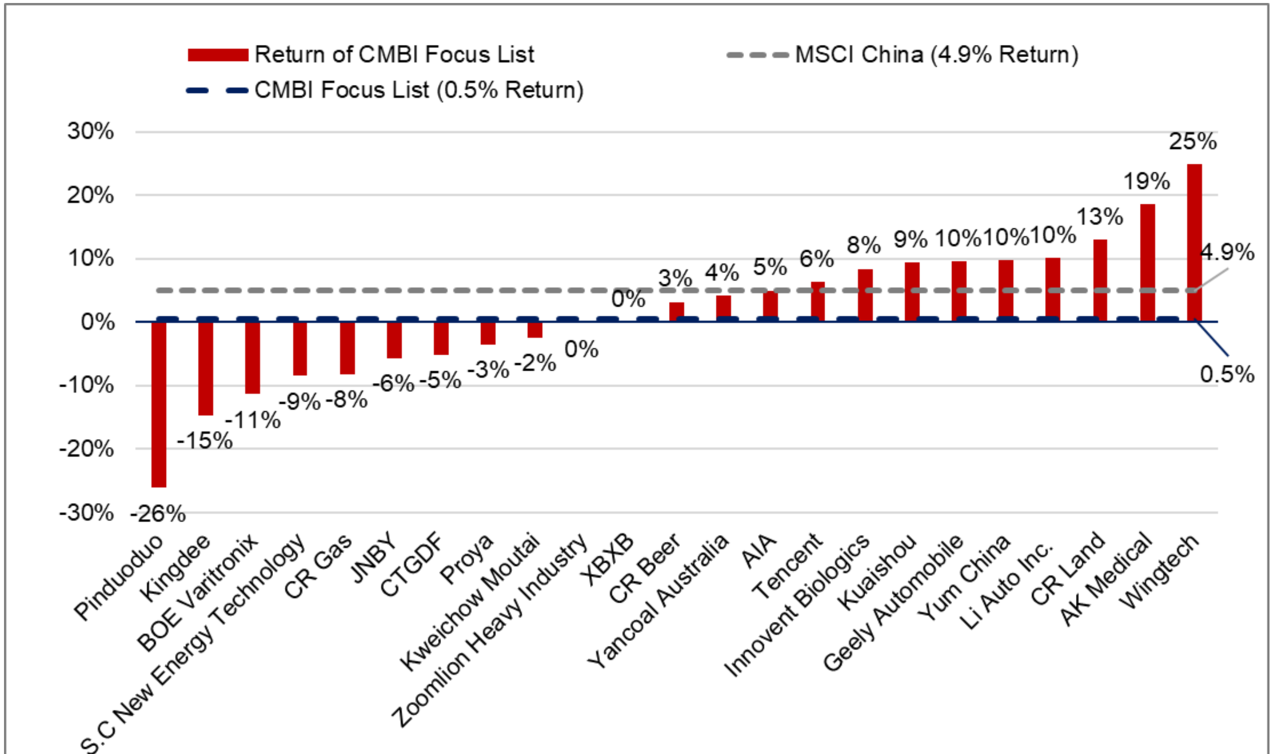
Latest additions/deletions from CMBI Focus List

Company	Ticker	Sector	Rating	Analyst	Rationale
Additions					
Great Wall Motor	2333 HK	Auto	BUY	Shi Ji/ Dou Wenjing	We believe most short-term negatives have been priced in. Its new PHEVs could be more competitive in terms of pricing. The upcoming Shanghai Auto Show could be a positive catalyst for its share price, if its new models are well received.
Xtep	1368 HK	Consumer Discretionary	BUY	Walter Woo	We find Xtep's 1Q23 impressive (20% YoY retail sales growth vs Anta and Li Ning's single digit), esp. when it faced increased competition in the running space and a high base last year. Going into the relatively easier base in 2Q23E, any concrete acceleration may lead to earnings upgrades and further re-rating.
Deletions					
Geely Automobile	175 HK	Auto	BUY	Shi Ji/ Dou Wenjing	Its rollout of new PHEVs is a bit slower than our prior expectation. It could be lack of catalyst over the short term.
JNBY	3306 HK	Consumer Discretionary	BUY	Walter Woo	We are still confident about its long-term growth, but we also think that short-term catalysts are limited after the annual results and ex-dividend.

Source: CMBIGM

Performance of our recommendations

- In our last report dated 14 March, we highlighted a list of 23 long ideas.
- The basket (equal weighted) of these 23 stocks underperformed MSCI China index by 4.4ppt, delivering 0.5% return (vs MSCI China 4.9%).
- 12 of these stocks delivered positive return, and 10 of our 23 long ideas outperformed the benchmark.



Source: Bloomberg, CMBIGM; Note: Stock performance from 14 Mar 2023 to 13 Apr 2023

Long Ideas

Li Auto Inc. (LI US): Still best positioned among NEV trio

Rating: BUY **|** TP: US$ 44.00 (82% upside)

Analysts: Shi Ji/ Dou Wenjing

- **Investment Thesis:** China's auto industry has been experiencing drastic changes as consumers pursue new values from vehicles, which needs pioneers but not followers, in our view. We are pessimistic about most incumbent automakers' tech transformation. While the NEV trio all has more than RMB 30bn net cash to support them throughout 2024, we are of the view that Li Auto probably has a higher chance to be a long-term winner, in terms of sales and profitability.

- **Our View:** The automaker targets to double its market share to 20% in the SUV segment priced between RMB 300,000-500,000 in FY23, which translates into about 280,000-300,000 units. Management targets a monthly sales volume of 30,000 units by the end of 2Q23, as the Air versions of the *L7* and the *L8* starts to deliver in Apr 2023.

- We maintain our FY23E sales volume forecast of 270,000 units. We are more conservative than the company, as we take possible sales cannibalization into consideration. We expect Li Auto to continue leading FY23E sales volume among the NEV trio. We still expect Li Auto to turn profitable in FY23E, the earliest among the NEV trio, thanks to the its superior product mix, cost control and management efficiency.

- **Catalysts:** 1) Strong sales volume YoY growth in 2Q23; 2) Possible milder sales cannibalization between the *L7* (delivery from Mar 2023), *L8* and *L9* than some investors' expectation; 2) first BEV (battery electric vehicle) model to be launched in 2023.

- **Valuation:** Our target price of US$ 44.00 is based on 3.0x FY23E P/S.

Link to latest reports:

Li Auto Inc. (LI US) – Well on track

China Auto Sector – 2023 Outlook: A critical year for long-term survival

Financials and Valuations

(YE 31 Dec)	FY21A	FY22A	FY23E	FY24E
Revenue (RMB mn)	27,010	45,287	96,925	119,550
YoY growth (%)	185.6	67.7	114.0	23.3
Net income (RMB mn)	(321)	(2,012)	1,280	1,248
EPS (RMB)	(0.2)	(1.0)	0.7	0.6
YoY growth (%)	N/A	N/A	N/A	(2.5)
P/S (x)	5.1	3.4	1.6	1.3
P/B (x)	3.3	3.9	3.7	3.6
Yield (%)	N/A	N/A	N/A	N/A
ROE (%)	(0.9)	(5.0)	3.1	2.9
Net gearing (%)	Net cash	Net cash	Net cash	Net cash

Source: Company data, Bloomberg, CMBIGM estimates

Great Wall Motor (2333 HK): Awaiting new PHEVs

Rating: BUY **|** TP: HK$ 12.00 (22% upside)

Analysts: Shi Ji/ Dou Wenjing

- **Investment Thesis:** We believe management has probably learnt some lessons from its previous PHEV failure and will prioritize its NEV market share over profitability as we had expected before. We are of the view that investors would also pay more attention to its NEV sales growth now than profitability. In our view, the key still lies in the competitiveness of its new PHEV models this year. The upcoming Shanghai Auto Show could be a positive catalyst for its share price, if its new models are well received.

- **Our View:** NEV sales would be key to Great Wall in FY23E. The company plans to introduce over 10 new NEV models this year, with an independent sales channel for Haval's PHEV products. We are of the view that management has probably learnt some lessons from previous PHEV failure given its detailed approaches laid out during the earnings call.

- We forecast Great Wall's sales volume to rise 12% YoY to 1.2mn units in FY23E, with NEVs accounting for 25%. We project net profit to drop 24% YoY to RMB 6.2bn in FY23E, given intensified competition, as well as higher marketing and R&D expenses forecasts.

- **Valuation and Catalyst:** We maintain our BUY rating and target price of HK$12.00, based on 15x our FY23E P/E. Investors could keep an eye on the upcoming Shanghai Auto Show in mid Apr, as its new PHEV models' debut, including the *Xiaolong* and the *Xiaolong Max*, could be a positive catalyst.

Link to our report: Great Wall Motor (2333 HK) – Awaiting new PHEVs

Financials and Valuations

(YE 31 Dec)	FY21A	FY22A	FY23E	FY24E
Revenue (RMB mn)	136,405	137,340	176,585	200,446
YoY growth (%)	32.0	0.7	28.6	13.5
Net income (RMB mn)	6,726	8,266	6,242	6,936
EPS (RMB)	0.73	0.91	0.71	0.78
YoY growth (%)	25.4	22.9	(24.5)	11.1
P/E (x)	10.8	9.4	12.1	10.9
P/B (x)	1.2	1.2	1.1	1.0
Yield (%)	1.6	2.5	3.0	3.3
ROE (%)	11.3	13.0	9.2	9.4
Net gearing (%)	Net cash	Net cash	Net cash	Net cash

Source: Company data, Bloomberg, CMBIGM estimates

S.C New Energy Technology (300724 CH): Key beneficiary of the transformation of solar cell technology

Rating: BUY **| TP:** RMB187 (67% upside)

Analysts: Wayne Fung/ Katherine Ng

- **Investment Thesis:** SC is a leading solar power equipment supplier with a well-diversified product portfolio covering equipment with new technologies such as TOPCon, HJT and Perovskite solar cell (钙钛矿). Backed by the strong photovoltaics (PV) installation demand worldwide as well as the transformation from PERC technology, SC will continue to capture the capex up-cycle.

- **Our View:** SC won meaningful size of PE-poly route TOPCon turnkey contracts in overseas in 2022, which indicates that such technology has already gained client recognition. Key advantages of PE-Poly route include better solar cell efficiency, higher production efficiency and yield, which can help achieve mass scale production of TOPCon solar cell. Besides, we believe SC's early-mover advantage in developing HJT and Perovskite solar cell will enable it to enjoy the uptrend in equipment demand regardless of any potential change in technology.

- **Why do we differ vs consensus:** While our 2022E/23E/24E EPS estimates are 2%/-9%/-5% versus consensus, we see potential earnings upside given the faster-than-expected technological-driven equipment replacement.

- **Catalysts:** (1) Industry: Announcement of more solar cell capacity expansion plans; (2) Company: Breakthrough in HJT/ Perovskite solar cell technology.

- **Valuation:** Our TP of RMB187 is based on 52x P/E (1SD above the historical average of 36x to reflect the breakthroughs in the new equipment).

Link to latest report:

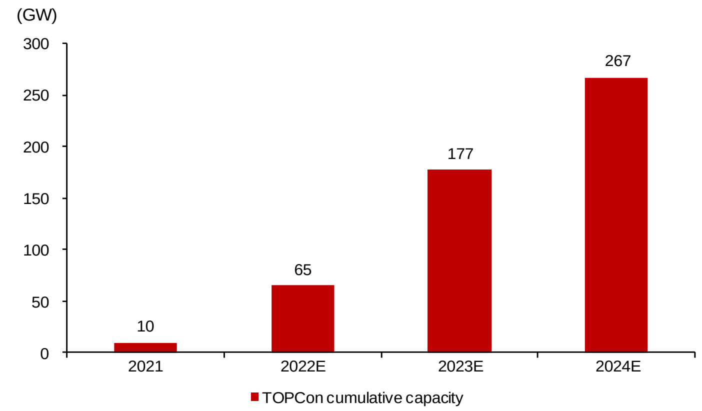
S.C New Energy Technology (300724 CH) – 3Q22 net profit +1.2x YoY; A clean beat

Financials and Valuations

(YE 31 Dec)	FY21A	FY22E	FY23E	FY24E
Revenue (RMB mn)	5,047	5,813	7,552	9,812
YoY growth (%)	25	15	30	30
Net income (RMB mn)	717	1,042	1,251	1,643
EPS (RMB)	2.14	2.99	3.59	4.72
YoY growth (%)	31	40	20	31
Consensus EPS (RMB)	N/A	2.93	3.92	5.03
P/E (x)	52.0	37.2	31.0	23.6
P/B (x)	6.3	5.4	4.7	3.9
Yield (%)	0.2	0.3	0.3	0.4
ROE (%)	15.5	15.6	16.1	18.1
Net gearing (%)	Net cash	Net cash	Net cash	Net cash

Source: Company data, Bloomberg, CMBIGM estimates

Fig: Planned TOPCon capacity in China (cumulative)



Source: CMBIGM estimates

Zoomlion Heavy Industry (1157 HK): Surprise on dividend; Recovery in sight

Rating: BUY | **TP:** HK$6.35 (50% upside)

Analysts: Wayne Fung/ Katherine Ng

- **Investment Thesis:** Zoomlion is a leading construction machinery manufacturer in China. The Company has identified construction machinery, agricultural machinery + intelligent agriculture, and materials as the key business lines. The diversification strategy on both product level (AWP & excavator) and industry level (materials) will help smooth the revenue stream.

- **Our View.** Zoomlion's net profit in 2022 came in at RMB2.35bn (-63% YoY), in the middle of the range of RMB2.25-4.45bn pre-announced in Jan. What surprised us is the final dividend of RMB0.32, which represents a 115% payout ratio. Zoomlion is set to benefit from the continuous growth of infrastructure spending and the reduction of property sector risk. We view Zoomlion as a strong recovery play in 2023E following the earnings decline in 2021 & 2022. . Besides, we believe the upcoming spin-off of Zoomlion Aerial Machinery, through asset injection into Shenzhen RoadRover Tech (002813 CH) can help Zoomlion unlock the value of the AWP business.

- **Why do we differ vs consensus:** Our 2023E/24E earnings forecast is 6%/3% above consensus.

- **Catalysts:** (1) Stabilization of property sector (+ve to tower crane & concrete machinery demand), (2) Spin-off of AWP unit.

- **Valuation:** Our TP of HK$6.35 is based on 13x 2023E P/E (1SD above the average of 9.5x since the upcycle starting 2019). We believe our target valuation is not excessive given (1) the potential earnings recovery; (2) the peak valuation of 18x.

Link to latest report:

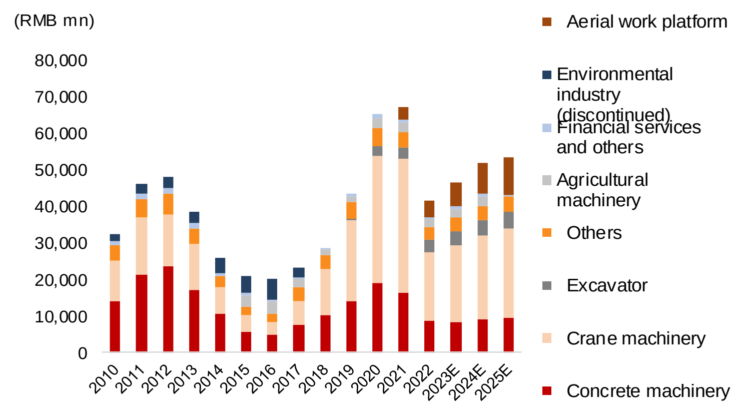
Zoomlion Heavy Industry (1157 HK) – Surprise on dividend; Recovery in sight

Financials and Valuations

(YE 31 Dec)	FY22A	FY23E	FY24E	FY25E
Revenue (RMB mn)	41,631	46,363	51,798	56,953
YoY growth (%)	(38.0)	11.4	11.7	10.0
Net income (RMB mn)	2,347	3,719	4,404	4,748
EPS (RMB)	0.28	0.43	0.51	0.55
YoY growth (%)	(63.3)	54.2	18.4	7.8
Consensus EPS (RMB)	N/A	0.40	0.49	0.00
EV/EBIDTA (x)	10.6	6.5	5.4	5.1
P/E (x)	13.2	8.6	7.2	6.7
P/B (x)	0.6	0.6	0.5	0.5
Yield (%)	8.4	5.8	6.9	7.4
ROE (%)	4.2	6.7	7.7	8.0
Net gearing (%)	7.1	10.7	11.7	11.1

Source: Company data, Bloomberg, CMBIGM estimates

Fig: Zoomlion's revenue breakdown



Source: Company data, CMBIGM estimates

Yancoal Australia (3668 HK) – Inclusion in Stock Connect a re-rating driver

Rating: BUY **| TP:** HK$48 (55% upside)

Analyst: Wayne Fung

- **Investment Thesis:** We expect a resilient demand for seaborne coal as many countries have put energy security top of the priority, while the coal supply has remained tight due to miners' capex discipline. The strong coal price helped Yancoal Australia (YAL), the largest pure coal producer in Australia, turn the net gearing dramatically from 69% in 2020 to a net cash position in Jul 2022, which paved the way for generous dividend distribution going forward.

- **Our View:** HKEx announced earlier the updated list of stock eligible for the Stock Connect. For the first time, foreign companies are included and YAL is one of them. The inclusion will come into effect on 13 Mar. We expect it will boost the trading volume and potentially trigger a re-rating, given that YAL offers scarcity value for Mainland investors who are looking for opportunities in seaborne coal sector, high yield and low multiple. Going forward, we expect the re-opening of China will continue to lend support to the regional coal price. Besides, we expect the improved relations between China and Australia (resumption of the import of Australian coal recently) will help Australian coal miners to gain market share.

- **Why do we differ vs consensus:** There is only limited number of analysts covering the stock. We believe the market has yet to realize the potential of the Company.

- **Catalysts:** (1) Recovery of coal production as a result of improved weather; (2) Reopening of China to support an increase in regional price; (3) Continuous buying from Southbound.

- **Valuation**. The stock is attractively trading at 23% 2023E yield, or 2.1x 2023E P/E. Maintain **BUY** with NPV-based TP of HK$48.

Link to latest report: Yancoal Australia (3668 HK) – Inclusion in Stock Connect a re-rating driver

Financials and Valuations

(YE 31 Dec)	FY21A	FY22A	FY23E	FY24E
Revenue (A$ mn)	5,403	10,548	10,386	9,576
YoY growth (%)	55.6	95.2	-1.5	-7.8
Net income (A$ mn)	791	3,587	3,576	3,143
EPS (A$)	0.60	2.72	2.71	2.38
YoY growth (%)	N/A	355.0	-0.3	-12.1
Consensus EPS (A$)	N/A	N/A	N/A	N/A
EV/EBITDA (x)	2.6	0.9	0.9	1.0
P/E (x)	8.8	2.1	2.1	2.4
P/B (x)	1.1	0.9	0.8	0.7
Yield (%)	9.4	21.5	23.3	20.5
ROE (%)	13.9	50.6	40.0	29.6
Net gearing (%)	31.6	Net cash	Net cash	Net cash

Source: Company data, Bloomberg, CMBIGM estimates
Note: Thermal coal price assumptions: A$300/250 per tonne in FY23E/24E.

Fig: NPV sensitivity to LT coal price and WACC

WACC	LT coal thermal coal price (A$/t)				
	80	100	**120**	140	160
4.6%	20	35	50	65	80
5.6%	22	36	49	63	76
6.6%	24	36	**48**	61	73
7.6%	25	36	47	59	70
8.6%	26	36	47	57	68

Note: Assuming LT thermal coal price = A$120/t

WACC	LT metallurgical coal price (A$/t)				
	120	140	**160**	180	200
4.6%	45	47	50	53	56
5.6%	44	47	49	52	54
6.6%	44	46	**48**	51	53
7.6%	43	45	47	50	52
8.6%	43	45	47	49	50

Note: Assuming LT metallurgical coal price = A$160/t
Source: CMBIGM estimates

CR Gas (1193 HK): Expect 2023 profit rebound ahead; attractive valuation

Rating: BUY **| TP:** HK$39.00 (47% upside)

Analysts: Megan Xia/ Jack Bai

- **Investment Thesis:** CRG is now trading at around 9.6x FY23E PE. The valuation is attractive in our view. We are still optimistic in 2023 about CRG, considering: 1) better C&I gas sales volume; 2) sustained M&A provides great support for the business scale; 3) robust growth momentum of CRG's value-added services and comprehensive energy segment continues; and 4) superior financial resilience. Maintain BUY.

- **Our View:** CRG's 2023 guidance is relatively conservative but optimistic as it expects gas demand recovery and better gas cost-cross progress ahead. The improvement will be mainly driven by: 1) The growth of overall gas sales volume which is expected to rebound to the low-mid double digits as the C&I gas sales volume will recover, and we expect the total gas sales volume will achieve 12.6% YoY in 2023. 2) For dollar margin, the residential cost-cross measure is actively advancing, and the dollar margin is expected to improve to RMB0.5/cbm in 2023; 3) The guidance for new residential users is relatively conservative but inline, with an expectation of 3.5mn new household users. 4) The comprehensive service business maintains rapid growth. 5) CRG actively develops comprehensive energy business. Therefore, we stay optimistic on CRG and regard the valuation is attractive.

- **Valuation:** For 2023, considering the economic recovery and lower gas cost, we forecast the total gas sales volume will achieve low-double-digit growth and dollar margin will rebound to RMB0.5/cbm. Additionally, we expect CRG's comprehensive service to continue a solid growth. CRG is trading at around 9.6x PE in FY23E, close to -1SD of its 3-year historical average PE. The valuation is attractive. We maintain our TP at HK$39, based on 13x FY23E PE (~close to 3-year avg.PE) and rolling FY23E EPS of HK$2.99/share. Reiterate a BUY rating.

- **Risk:** 1) the progress of cost-cross measures are slower-than-expected; 2) fluctuation of upstream gas cost.

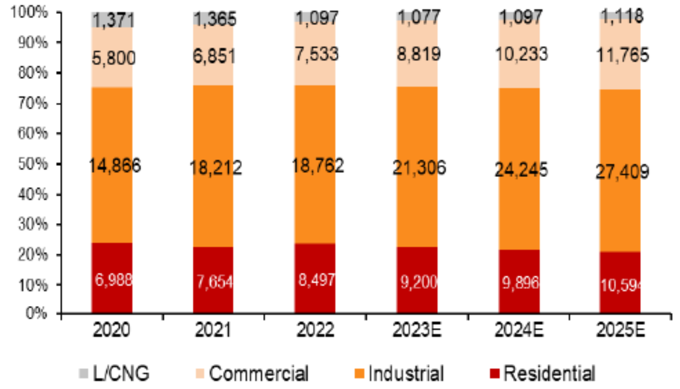
Link to latest report: CR Gas (1193 HK) – Expect 2023 profit rebound ahead; attractive valuation

Financials and Valuations

(YE 31 Dec)	FY22A	FY23E	FY24E	FY25E
Revenue (HK$ mn)	94,338	102,389	108,317	116,640
Net profit (HK$ mn)	4,733.5	6,775.4	7,661.9	8,384.5
EPS (Reported) (HK$)	2.09	2.99	3.38	3.70
Diluted EPS (HK$)	2.09	2.99	3.38	3.70
Consensus EPS (HK$)	2.77	3.03	3.39	3.61
P/E (x)	15.2	9.7	8.6	7.8
P/B (x)	1.8	1.5	1.4	1.3
ROE (%)	8.9	12.3	12.5	12.4

Source: Company data, Bloomberg, CMBIGM estimates

Fig: CRG's gas sales volume mix (2020-25E)



Source: Company data, CMBIGM

XBXB (520 HK): Both sales and margin recovery are on track

Rating: BUY **| TP:** HK$11.21 (71% upside)

Analyst: Walter Woo

- **Investment Thesis:** Xiabu Xiabu Catering is the 2nd largest hotpot restaurant group in China, with ~1.2% market shares in 2021. It has three brands (Xiabu Xiabu ("XBXB"), Cou Cou and Shao Hot). As at FY22, it had 801 XBXB/ 224 Cou Cou restaurants and generated RMB 4.7bn sales and RMB 353mn net loss. We believe it has multiple growth drivers such as: 1) transformation of XBXB brand, 2) margin improvements thru better store economics and new incentive scheme, 3) store expansion to the Southern China and even overseas, 4) ramp up of the new brand Shao Hot.

- **Our View:** Sales did miss a bit in FY22E, but we do think it was more like one-off and the outlook in FY23E is still good. While sales was not too good (For XBXB/ Cou Cou, recovery rate were ~90%/ ~76% and SSSG were ~25%/ ~9%) in Jan-Mar 2023, but we do think that was at least inline with management's expectation. And the margin expansion story is still intact (we may refer to significant improvement in 2H22). Especially after the recent share price retreat, it is fairly attractive at just 16x P/E.

- **Why do we differ vs consensus:** For FY23-25E, our sales forecasts are 5%-7% higher than consensus and our net profit forecasts are 32%-45% above street as we are more confident on its 1) SSSG recovery, 2) GP margin as well as 3) store productivity improvement.

- **Catalysts:** 1) better than expected SSS recovery, 2) better than expected reforms, 3) faster than expected store openings and 4) successful expansion for Shao Hot.

- **Valuation:** We derived our 12m TP of HK$11.21 based on SOTP valuation (21x/ 35x for XBXB/ Cou Cou), implying a 27x FY23E P/E, ~22% discount to industry average. We believe its current valuation at ~16x FY23E P/E is still cheap given the various reforms and recovery.

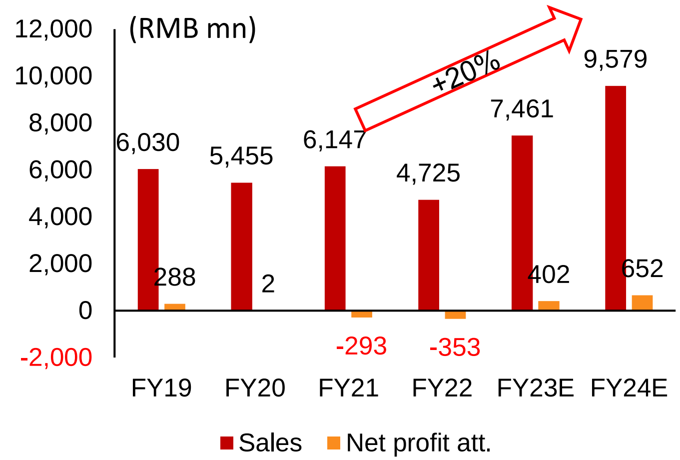
Link to latest report: XBXB (520 HK) – Both sales and margin recovery are on track

Financials and Valuations

(YE 31 Dec)	FY22A	FY23E	FY24E	FY25E
Sales (RMB mn)	4,725	7,461	9,579	11,441
YoY change (%)	(23.1)	57.9	28.4	19.4
Adj. Net profit (RMB mn)	(353)	402	652	837
EPS - Fully diluted (RMB)	(0.334)	0.370	0.600	0.771
YoY change (%)	11.8	(210.8)	62.1	28.3
Consensus EPS (RMB)	N/A	0.272	0.438	0.610
P/E (x)	(17.5)	15.8	9.7	7.6
P/S (x)	3.9	3.2	2.5	2.0
Yield (%)	0.9	2.2	4.1	5.9
ROE (%)	8.9	11.9	28.1	28.3
Net debt/ equity (%)	Net cash	Net cash	Net cash	Net cash

Source: Company data, Bloomberg, CMBIGM estimates

Fig: Sales and net profit



Source: Company data, CMBIGM estimates

Yum China (9987 HK): Robust recovery and store expansion ahead

Rating: BUY | **TP:** HK$554.61 (10% upside)

Analyst: Walter Woo

- **Investment Thesis:** YUMC is the largest restaurant group in China by sales. It owns 11,788 stores in FY21 (8,168 KFC/ 2,590 Pizza Hut/ 1,030 other brands) and generated USD 9.8bn sales and USD 990mn net profit in FY21. In our view, it is even benefiting from pandemic, thru market shares gains and structural margin improvements, driven by: 1) innovative and successful product launches, 2) more automations and efficient use of labour, 3) smaller-sized stores and 4) less depreciation due to lower capex.

- **Our View:** A soft 4Q22 was well expected and we are positive on FY23E outlook and turnaround, thanks to: 1) decent start in CNY (MSD SSSG) had by, better than Tai Er/ Cou Cou/ HDL's 3%/ 0%/ -10%, 2) refined store economics (can achieve breakeven even with just 80% of the same store sales in 2019 level, 2) decent room for upward revision on the opening plan (1,100 -1,300, implying 8% to 10% YoY growth, no acceleration from the 10% last year but many peers have already announced accelerated expansion plans). Moreover, greater buying power from 1) the stock connect programme (as it had competed its primary listing in HKEX) and 2) potential inclusion into the stock indices are all meaningful supports.

- **Why do we differ vs consensus:** For FY23-25E, our sales forecasts are 1%-3% below consensus and our net profit forecasts are 10%-17%% above street as we are more confident on its operational competitiveness and OP margin expansion.

- **Catalysts:** 1) better than expected product launches, 2) further improvement in store economics and 3) more policy relaxations.

- **Valuation:** Our new TP is based on 33x FY23E P/E (up from 30x), close to 2 s.d. above the 5 years average of 27x, given the upcycle and 32% NP CAGR during FY22-25E. The stock is trading at ~30x FY23E P/E.

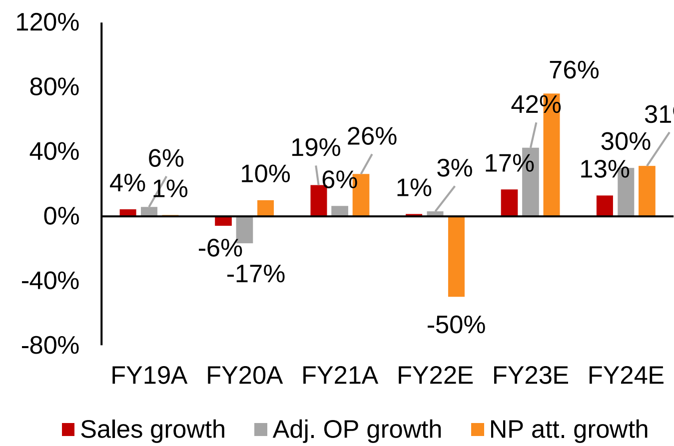
Link to latest report: Yum China (9987 HK) – Robust recovery and store expansion ahead

Financials and Valuations

(YE 31 Dec)	FY22A	FY23E	FY24E	FY25E
Sales (RMB mn)	9,569	11,072	12,414	13,938
YoY change (%)	(2.9)	15.7	12.1	12.3
Adj. net profit (RMB mn)	442	881	1,087	1,363
EPS - fully diluted (RMB)	1.04	2.17	2.68	3.36
YoY change (%)	(54.4)	108.6	23.4	25.4
Consensus EPS (RMB)	N/A	1.98	2.47	3.87
P/E (x)	62.4	29.9	24.3	19.3
P/S (x)	3.6	3.3	3.0	2.69
Yield (%)	0.8	1.0	1.2	1.6
ROE (%)	5.9	11.7	13.2	14.8
Net debt/ equity (%)	Net cash	Net cash	Net cash	Net cash

Source: Company data, Bloomberg, CMBIGM estimates

Fig: Sales and net profit growth



Source: Company data, CMBIGM estimates

Xtep (1368 HK): Strong 1Q23 with retail sales guidance raised

Rating: BUY **| TP:** HK$11.76 (19% upside)

Analyst: Walter Woo

- **Investment Thesis:** We believe Xtep can continue to outperform, thanks to its leadership in running and its expansion into the domestic fashion. Also, the partnership with Hillhouse could still provide them more meaningful industry connections and resources. It has the 3rd largest domestic sportswear brand (Xtep) in China with RMB 12.9bn sales and around 6,300 stores and other brands (K-Swiss, Saucony, etc.) in FY22.

- **Our View:** Firstly, we are impressed by Xtep's 1Q23 (20% YoY retail sales growth vs Anta and Li Ning's single digit), esp. when it face increased competition in running and a high base last year. Secondly, we believe the positives like: 1) individual sports like running, have gained more market shares during the pandemic, could still see huge growth in FY23E, thanks to re-open of many marathons, 2) Xtep's products are awards winning, record breakings and value for money (priced at RMB 1299 vs Li Ning's 1699 and Anta's 1299), 3) Xtep kid to take more group orders (as it is more value for money), shall continue to 2Q23E with an easier base. Thirdly, its multi-brand strategy is about to bear fruits, e.g. Sauncony selling good online is an important indicator for its offline store potential

- **Why do we differ vs consensus:** For FY23-25E, our net profit forecasts are higher than the street by 2%-3%, as we are more optimistic about its sales growth in FY23E and OP margins.

- **Catalysts:** 1) acceleration to continue in 2Q23E, 2) higher than expected popularity for its running products or Saucony and 3) potential consumption stimulus from government.

- **Valuation:** We derived our 12m TP of HK$11.76 based on a 23x FY23E P/E. We believe consistent outperformance can boost investors confident. The stock is not expensive, at 19x FY23E P/E.

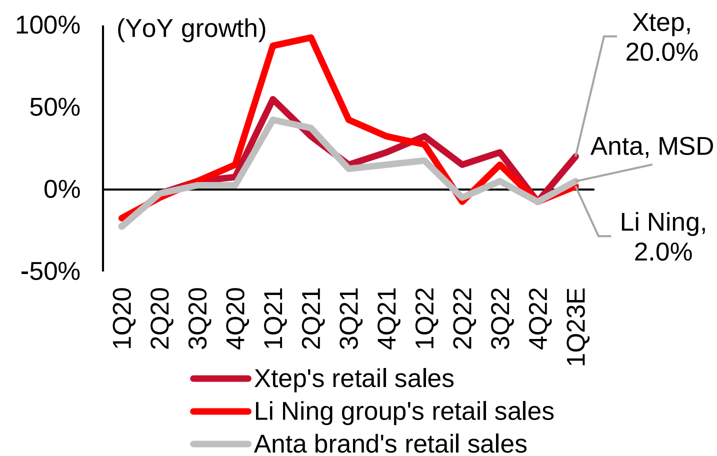
Link to latest report: Xtep (1368 HK) – Strong 1Q23 with retail sales guidance raised

Financials and Valuations

(YE 31 Dec)	FY22A	FY23E	FY24E	FY25E
Sales (RMBmn)	12,930	15,187	17,629	20,093
YoY change (%)	29.1	17.5	16.1	14.0
Adj. Net profit (RMBmn)	922	1,192	1,474	1,803
Adj. EPS - Fully diluted (RMB)	0.357	0.453	0.559	0.684
YoY change (%)	0.6	26.7	23.6	22.3
Consensus EPS (RMB)	N/A	0.440	0.547	0.677
Adj. P/E (x)	24.5	19.3	15.6	12.8
P/B (x)	2.8	2.6	2.4	2.2
Yield (%)	2.0	3.1	3.8	4.7
ROE (%)	11.3	13.9	16.0	18.2
Net debt/ equity (%)	Net cash	Net cash	4.7	9.2

Source: Company data, Bloomberg, CMBIS estimates

Fig: Retail sales growth, by domestic brands



Source: Company data, CMBIGM estimates

CR Beer (291 HK): Another positive year for 2023; our preferred pick for China's re-opening

Rating: BUY | **TP:** HK$77.4 (24% upside)

Analyst: Joseph Wong

- Initial 2023 outlook. Management remains confident in 2023, and guides for a HSD growth in revenue, contributed by 1) a LSD volume growth driven by ~20% sub-premium/ premium SKUs that accelerate from mid-teen growth in 2022, 2) a MSD to HSD ASP growth thanks to regional price hike and product mix upgrade. Meanwhile, input cost pressure is easing (~RMB500mn increase vs RMB1bn+ in 2022) and should fuel GPM to expand further from 2022. Opex ratio will continue to decline, as the company will continue to optimize production structure and focus on premium SKUs. More exercises on capacity optimization, in our view, is reasonable and looks to be ongoing within 2023.

- A lackluster 4Q22. Subsequent to a strong 3Q, 4Q volume has been unexciting partly due to slow season and lockdowns. Compared to a 0.7% y-y decline in 1H, management expects FY volume to hover at break-even. Premium/ sub-premium growth continued to outperform group average at ~10% within 2H (and hence FY) thanks to Heineken. ASP-wise, management expected a FY MSD increase y-y and this came in consistent to our expectation. The growth should also lead to a stable GPM for the period, when cost hike should have largely been mitigated, in our view. SG&A continued to decline in 2H, but at a slower pace than what we saw in 1H, due to expense incurred for capacity optimization.

- Earnings change and valuation. To reflect the above, we raise our 2022/23E revenue by 3.2/ 6.6%, GPM by 0.0/ 0.4pp, and these lead to a 2.6/ 8.1% increase in our net profits assumptions, respectively. Our new TP is based on an updated 26.0x (from previous 27.0x) roll-forward end-23E P/E which still represents +1sd above long-term average since 2018.

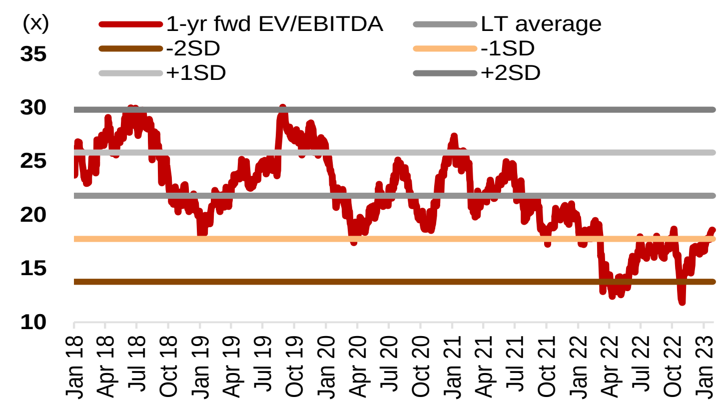
Link to latest report: CR Beer (291 HK) – Another positive year for 2023; our preferred pick for China's re-opening

Financials and Valuations

(YE 31 Dec)	FY21A	FY22E	FY23E	FY24E
Revenue (RMB mn)	33,387	35,617	38,825	42,619
YoY growth (%)	6.2	6.7	9.0	9.8
Net income (RMB mn)	4,587	4,299	5,024	5,736
EPS (RMB)	1.0	1.3	1.5	1.8
YoY growth (%)	21.0	20.0	16.9	14.2
Consensus EPS (RMB)	N/A	1.3	1.6	1.9
P/E (x)	N/A	38.1	32.6	28.6
P/B (x)	N/A	6.4	5.7	5.0
Div yield (%)	N/A	1.0	1.2	1.4
ROE (%)	14.1	17.2	18.5	18.7
Net gearing (%)	Net cash	Net cash	Net cash	Net cash

Source: Company data, Bloomberg, CMBIGM estimates

Fig: 1-year forward EV/EBITDA



Source: Company data, CMBIGM estimates

Kweichow Moutai (600519 CH): Proxy of China's consumption-led recovery; buying into any weakness for the next recovery wave

Rating: BUY | **TP:** RMB2,440 (42% upside) Analyst: Joseph Wong

- As the proxy of China consumption, we think Moutai is undoubtedly well-positioned to benefit from the current consumption-driven recovery. This will not only be underpinned by reopening of restaurants and resumption of social events, but also company specific catalysts. These include 1) platform extension through i-Moutai (with the launch of 100ml "Flying Fairy" a.k.a "Feitian" SKU) registering RMB15bn 2022 revenue (~16% of total) with 30mn active users, and 2) a more diversified sales mix from Series baijiu with core products such as Moutai 1935, Moutai Prince Classics (茅台王子酒酱香经典), Moutai Prince Gold (茅台金王子) etc. Meanwhile, we are wary of the capacity bottleneck of both Moutai/ Series baijiu, which has been a known drag to growth. That said, without a legit substitute, we view this an ongoing opportunity for Moutai to monetize this excess demand through gradual price hike, until the announced capacity expansion (Moutai/ Series baijiu to 71k/ 56k ton) completes. Compounding with our reopening thesis, this happening expansion improvises a multi-year growth story (in both price and volume) in which we project 16%/ 17% 3-year revenue/ net profits CARG between 2022-25E, respectively, with a steadily improving GPM. We are buy-rated with a refreshed TP at RMB2,440 upon coverage transfer. We think shares could take a breather after the bull-run but we would recommend buying into any weakness for the next recovery wave in which growth likely to re-accelerate from 2Q onwards.

- Valuation. Our TP is based on 41.0x end-23E P/E, which represents long-term average since 2019. Our methodology reflects our relative optimism (vis-a-vis other F&B diversified of which target multiples are based on -1sd below long term average) that Moutai is one of the core beneficiaries standing at the forefront of China's reopening with high certainty in earnings support.

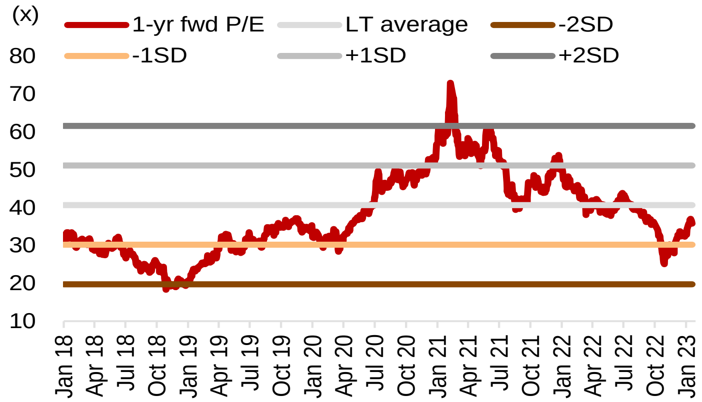
Link to latest report: Kweichow Moutai (600519 CH) – Proxy of China's consumption-led recovery; buying into any weakness for the next recovery wave

Financials and Valuations

(YE 31 Dec)	FY21A	FY22E	FY23E	FY24E
Revenue (RMB mn)	109,464	127,215	149,786	172,710
YoY growth (%)	11.7	16.2	17.7	15.3
Net income (RMB mn)	52,460	62,593	74,579	86,626
EPS (RMB)	41.8	49.8	59.4	69.0
YoY growth (%)	12.3	19.3	19.1	16.2
Consensus EPS (RMB)	N/A	50.0	62.0	70.0
P/E (x)	N/A	37.0	31.1	26.7
P/B (x)	N/A	10.3	9.9	8.2
Div Yield (%)	N/A	2.7	1.6	1.9
ROE (%)	27.7	27.9	31.9	30.7
Net gearing (%)	Net cash	Net cash	Net cash	Net cash

Source: Company data, Bloomberg, CMBIGM estimates

Fig: 1-year forward P/E



Source: Company data, CMBIGM estimates

CTGDF (601888 CH) – At the forefront of China's reopening

Rating: BUY | **TP:** RMB255 (46% upside)

Analyst: Joseph Wong

- Travel bans and any social distancing measures are likely to weigh on 4Q domestic travel momentum. That said, when the fatality rate associated with the pandemic gradually dies down and policy rhetoric is turning more liberal, we see scope for domestic travel to start normalizing into 1Q23, particularly when the quarter is clustered with the CNY break that catalyze family touristing. CTGDF is the largest domestic duty-free operator with c80% market share in 2022, and is therefore poised to be the major beneficiary of this recovery trajectory. The stock is trading at 40.0x end-23E P/E, still 25% below its 3-year average. We argue shares mean-reversion is likely to take place within 2023E, not to mention further value to be unlocked through its secondary H share listing on an expanded shareholder base. We maintain our Buy rating and CTGDF is our top pick for China's reopening along with CRB (291HK, Buy), and Proya (603605CH, Buy).
- The opening of the Haikou DFS mall on Oct 28. With a total of 280k sq m, the mall covers 800+ global luxury brands and 25 of them, including YSL, Prada, Burberry, BV, Moncler etc, had their first footstep in Hainan. On the other hand, according to our survey, customer could enjoy 20% for every 2 cosmetic items purchased. For other popular brands like Shisedo, La Mer, Dior, discount ranges from 28-32% off MSRP.
- Earnings change. Barring any fine-tune in housekeeping items, our forecasts are largely unchanged for now. Our current forecast implies 4Q22E revenue/ net profits to be RMB17.7bn/2.2bn, with a 37% GPM.
- Valuation. Our new TP of RMB255 is based on an updated 50.0x (from previously 45.0x) end-23E P/E, which still represents its average since June 2020, when market started to re-rate the stock for a series of policy tailwind. We believe our methodology has appropriately priced-in the recent market sentiment about China's gradual reopening progress.

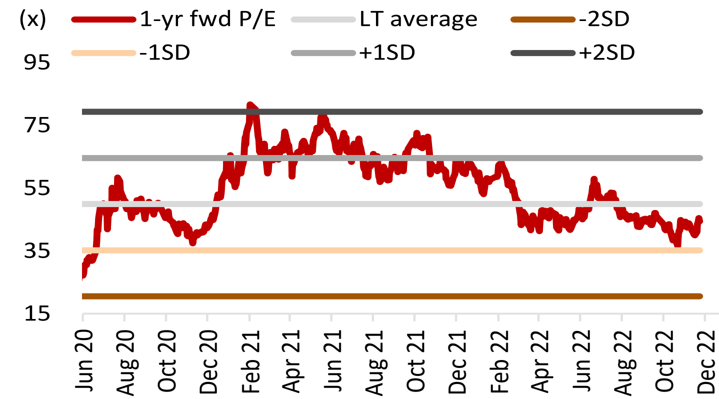
Link to latest report: CTGDF (601888 CH) – At the forefront of China's reopening

Financials and Valuations

(YE 31 Dec)	FY21A	FY22E	FY23E	FY24E
Revenue (RMB mn)	67,676	57,080	73,409	101,991
YoY growth (%)	28.7	(15.7)	28.6	38.9
Net income (RMB mn)	9,654	6,830	9,976	13,224
EPS (US$)	4.9	3.5	5.1	6.8
YoY growth (%)	57.2	(29.3)	44.7	32.5
Consensus EPS (RMB)	N/A	4.9	7.3	9.3
P/E (x)	N/A	58.6	40.1	30.3
P/B (x)	N/A	11.7	9.8	8.0
Div yield (%)	N/A	0.5	0.8	1.1
ROE (%)	32.6	20.0	24.3	26.4
Net gearing (%)	32.8	49.5	52.0	53.8

Source: Company data, Bloomberg, CMBIGM estimates

Fig: 1-year forward P/E



Source: Company data, CMBIGM estimates

Proya (603605 CH) – 3Q a small beat; but the implied 4Q numbers look unexciting given the current guidance

Rating: BUY | **TP:** RMB184

Analyst: Joseph Wong

- Proya pre-announced its 3Q operating data, with revenue and net profits growing at 14-23%/ 30-45% YoY to RMB1.25bn to RMB1.35bn/ RMB180mn to RMB200mn, respectively. The trajectory was in line with our expectation that 3Q sales moderate from 1H when part of July's demand has been pulled forward to 618, and momentum for Aug and Sep should have normalised to positive growth. On the other hand, net profits was a beat. Without much detail, and excluding any non-core items, we estimate this would likely be contributed by better margins, as a result of both mix upgrade and marketing cost savings.
- If 3Q22 results eventually kick-in at the high end of the announcement, 4Q revenue and net profit would grow at ~14% and ~7%, respectively, assuming management maintains its full year guidance (details see below). We consider this a bit low and we see possibilities that Proya could achieve higher growth, depending on the sales momentum of Double 11.
- Proya has announced 6 hero products during a top tier KOL live-streaming for the upcoming Double 11. Of note, the volume of gifts was comparable to that of last year, and we think the magnitude of discounts is unlikely to be undisciplined.
- During the 2Q earnings call, Proya management maintained its full-year guidance of 25% revenue/ net profits growth. Considering a 30-40% online sales growth for 2022E, the target implies offline sales growth would remain negative throughout 2H. Separately, Proya management has initiated a new ESOP plan in July this year with vesting condition stipulated to be no less than 25%/ 23%/ 22% revenue/ net profit growth YoY for 2022-24E. To-date, management remains confident to achieve the target.

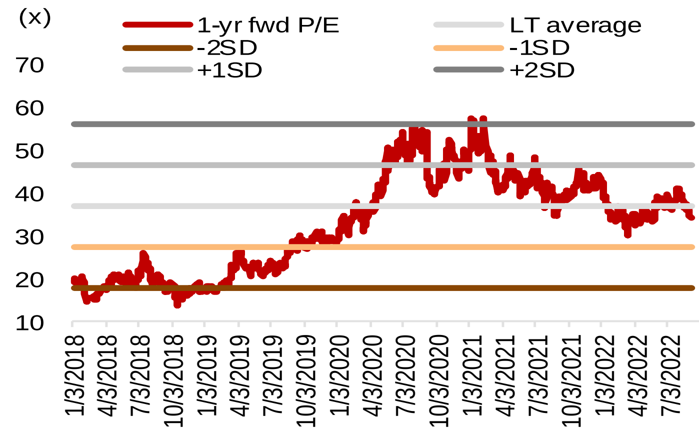
Link to latest report: Proya (603605 CH) – 3Q a small beat; but the implied 4Q looks unexciting given the current management guidance

Financials and Valuations

(YE 31 Dec)	FY21A	FY22E	FY23E	FY24E
Revenue (RMB mn)	4,633	5,812	7,337	9,181
YoY growth (%)	23.5	25.4	26.2	25.1
Net income (RMB mn)	627	724	976	1,249
EPS (US$)	2.9	3.6	4.9	6.2
YoY growth (%)	21.2	25.6	34.8	28.0
Consensus EPS (RMB)	N/A	2.6	3.5	4.4
P/E (x)	N/A	42.4	31.5	23.3
P/B (x)	N/A	9.0	7.4	6.1
Div yield (%)	0.5	0.7	0.9	1.2
ROE (%)	21.8	21.4	24.0	25.3
Net gearing (%)	Net cash	Net cash	Net cash	Net cash

Source: Company data, Bloomberg, CMBIGM estimates

Fig: 1-year forward P/E



Source: Company data, CMBIGM estimates

Innovent Biologics (1801 HK): Revenue growth to recover in 2023

Rating: BUY **| TP:** HK$50.34 (18% upside)

Analysts: Jill Wu/ Andy Wang

- **Investment Thesis:** To resume strong product sales growth from 2023E. Sintilimab has additional large indications (1L GC and 1L ESCC) added to the NRDL since Mar 2023. With stable pricing and better NRDL coverage, we expect sales of sintilimab to resume healthy growth in 2023E (+20% YoY). Innovent's three biosimilars contributed a significant proportion of total product revenue in FY22 (approximately 50%). We do not expect nationwide volume-based procurement (VBP) for biosimilars in 2023, while provincial VBP could lead to moderate price cuts. With COVID-19 impact diminishing and contribution from new products such as cyramza, pemigatinib and olverembatinib, we expect Innovent to regain solid sales growth in 2023 and beyond.

- **Our View:** Eyes on data readout of IBI362 (GLP-1R/GCGR). IBI362 is targeting an enormous underserved market of obesity and diabetes, with four ongoing clinical trials. The Ph3 trial (GLORY-1) of IBI362 (6mg) for obesity has completed enrolment in 1Q23, and is expected to release topline data by end-2023. The Ph1b trial for obesity (9mg) is expected to release updated data by end-2023, and Innovent plans to start a Ph3 trial of IBI362 (9mg) this year. One of the two Ph3 trials (DREAMS-1/2) for T2DM has been fully enrolled and the other is expected to complete enrolment in 2Q23. We expect IBI362 to be launched in 2025E. Additionally, Innovent is planning the trial of IBI362 for the treatment of NASH.

- **Why do we differ:** Expanding early-stage pipelines to be an engine for innovation. With positive PoC data observed, the Company will release updated data for IBI939 (TIGIT) and IBI110 (LAG-3) at the ASCO meeting. IBI363 (PD-1/IL-2 fusion protein) is expected to have preliminary internal data for PD-(L)1 resistant solid tumors in 2H23. In 2022, Innovent delivered 6 molecules into IND enabling stage. Innovent has established an integrated and differentiated ADC platform with 10+ ADC projects under development. The in-house developed IBI343 (CLDN18.2 ADC) is at Ph1 trial in Australia and China with tolerable safety and initial efficacy signals observed.

- **Valuation:** we derive our target price of HK$50.34 based on DCF valuation (WACC: 10.0%, terminal growth rate: 3.0%).

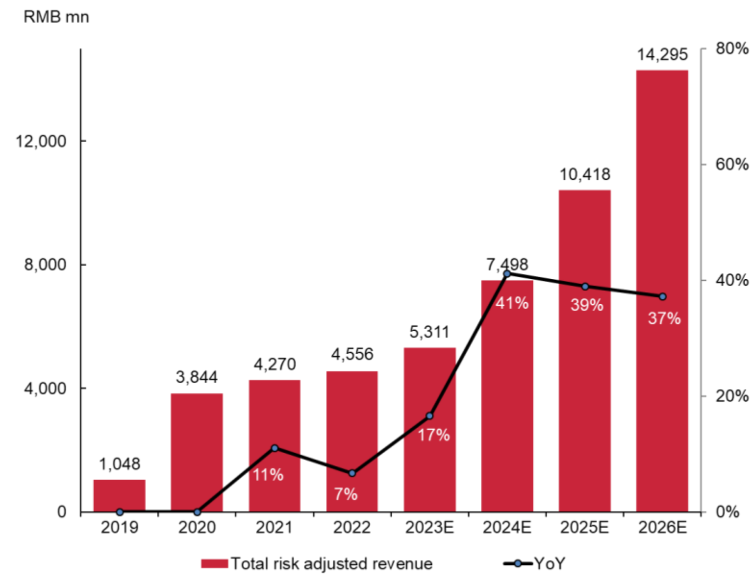
Link to latest report: Innovent Biologics (1801 HK) – Revenue growth to recover in 2023

Financials and Valuations

(YE 31 Dec)	FY23E	FY24E	FY25E
Revenue (RMB mn)	5,311	7,498	10,418
YoY growth (%)	17	41	39
Net loss (RMB mn)	(2,787)	(1,921)	(476)
EPS (RMB)	(1.82)	(1.25)	(0.31)
Consensus EPS (RMB)	(1.10)	(0.45)	0.19
R&D expenses (RMB mn)	(3,000)	(2,999)	(2,917)
Capex (RMB mn)	(300)	(300)	(300)

Source: Company data, Bloomberg, CMBIGM estimates

Fig: Revenue trend



Source: Company data, CMBIGM estimates

AK Medical (1789 HK): Higher growth certainty in 2023E

Rating: BUY **| TP:** HK$12.31 (11% upside)

Analysts: Jill Wu/ Cathy Wang

- **Investment Thesis:** AK Medical is the leading orthopedic joint manufacturer and the first mover in the 3D-printed orthopedic implant market in China with a comprehensive product portfolio including primary hip and knee system, revision products and 3D-printed customized implants etc. As the big winner of the national VBP of joint implants which was implemented in April 2022, AK Medical ranked first among all brands with an allocation of approximately 81,000 pieces, accounting for 15.1% of the total purchase volume of VBP. The tender wins lead to the expansion of hospital coverage and drive strong volume growth after VBP. In 2022, sales volume of primary hip system and primary knee system increased by 80% and 130% YoY respectively.

- **Our View:** AK Medical has demonstrated that the strong volume growth after VBP has more than offset the negative impact of price cuts. Driven by the strong demand of artificial joint after VBP, the revenue growth of AK Medical reached RMB1,052.0mn, up 38% YoY in 2022 and the attributable net profit increased by 101.3% YoY. Though the outbreak of COVID-19 in late 2022 negatively impacted the orthopedic surgery market, we believe the pent-up surgery demand would be unleashed in 2023E and lead to a rapid recovery of China's orthopedic implant market. Besides, since the gap of joint implant penetration rate between China and developed countries is still large, we think the price cut after VBP would accelerate the market growth. Moreover, the high-margin 3D-printed products, such as ICOS customized products, are safe from VBP and are expected to gradually unleash their growth potential. Therefore, we think AK Medical has high growth certainty in 2023E.

- **Why do we differ vs consensus:** Our FY23E/24E/25E revenue forecasts are largely in-line with consensus. We expect the VBP to boost AK Medical's market share. As market expands and share gains, we expect a solid growth of AK Medical's revenue at a CAGR of 31.2% from 2023E to 2025E.

- **Valuation:** We derive our target price of HK$12.31 based on a 9-year DCF model (WACC: 10.73%, terminal growth rate: 3.0%) .

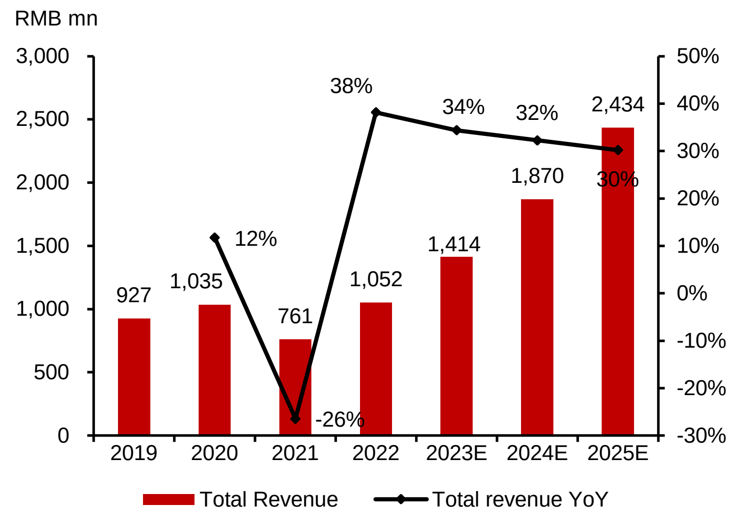
Link to latest report: AK Medical – Higher growth certainty in 2023E

Financials and Valuations

(YE 31 Dec)	FY23E	FY24E	FY25E
Revenue (RMB mn)	1,414	1,870	2,434
YoY growth (%)	34.4	32.3	30.2
Net profit (RMB mn)	272	367	491
YoY growth (%)	32.7	35.1	33.7
EPS (Reported) (RMB)	0.24	0.33	0.44
YoY growth (%)	32.0	35.1	33.7
P/E (x)	32.1	23.8	17.8
Yield (%)	0.8	1.1	1.4
ROE (%)	11.1	13.5	15.9
Net gearing (%)	Net cash	Net cash	Net cash

Source: Company data, Bloomberg, CMBIGM estimates

Fig: Revenue trend



Source: Company data, CMBIGM estimates

AIA (1299 HK): Upbeat trend in HK and mainland China

Rating: BUY **| TP:** HK$118 (40% upside) Analyst: Gigi Chen

- **Investment Thesis:** Following the mild recovery in 2H22, we expect the VNB growth of the group will rebound to ~20% in FY23E, primarily driven by 1) the recovery of MCV (mainland visitors) business in HK on the back of pent-up demand post border reopening, and 2) robust growth of AIA China fueled by geographical expansion. The management indicated that the VNB from MCV business in HK more than trebled in 2022, with strong momentum sustained into 2M23, as AIA has retained its premier agency with a MCV-specialized team of 6,800 agents, similar in scale to that of 2018, which enabled it to well capture the pent-up demands post the border reopening. In Mainland China, AIA saw double-digit VNB growth in Jul-Nov 2022. Despite an occasional interruption given resurgence of COVID cases in Dec 2022-Jan 2023, the new business momentum of AIA China immediately bounced back to double digit once again in Feb, turning the 2M23 VNB growth to positive. With smooth transition to IFRS 9&17 and sound capital position under PCR basis, we expect the recovery of VNB growth will drive a upward re-rating of AIA.
- **Catalysts:** AIA will report 1Q23 operating performance in late April. We expect to see strong quarterly VNB growth in HK/China markets.
- **Valuation:** The stock is trading at 1.6x P/EV FY24E, below a 2-year/5-year historical average P/EV at 1.7x/1.9x. Looking forward, we expect the uptick in HK and mainland China business will continue underpin a strong VNB growth for AIA throughout FY23. Reiterate BUY.

Link to latest reports:

AIA Group Ltd. (1299 HK) – 2H22 recovery in line; Upbeat trend in HK and China in 2M23

AIA Group Ltd. (1299 HK) – Pent-up demands to boost HK growth; Raise TP

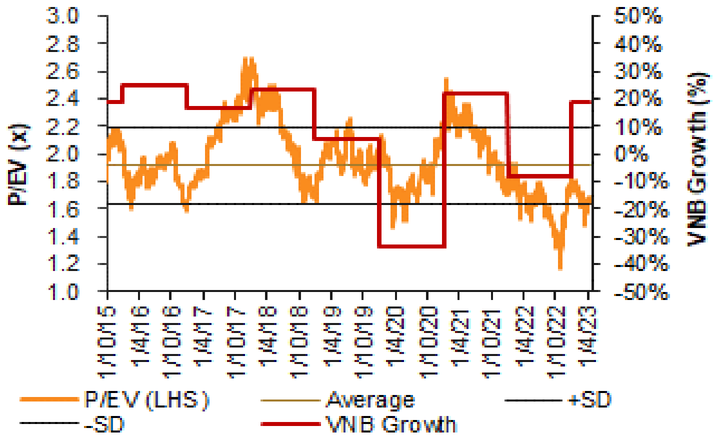
AIA Group Ltd. (1299 HK) – Initiation: Long-term growth intact, expect 2H22 recovery

Financials and Valuations

(YE 31 Dec)	FY22A	FY23E	FY24E	FY25E
VNB/share (US$)	0.26	0.32	0.38	0.45
YoY growth (%)	(18.5)	22.6	20.2	18.7
Group embedded value / share (US$)	5.9	6.3	6.9	7.8
Net profit (US$ mn)	282	7,442	8,266	9,198
EPS (Reported)(US$)	0.02	0.64	0.73	0.83
Consensus EPS (US$)	N/A	0.60	0.68	0.75
P/BV (x)	3.3	2.8	2.6	2.3
P/EV (x)	1.8	1.7	1.6	1.4
Yield (%)	1.8	2.0	2.3	2.5
ROE (%)	0.6	18.2	18.4	18.7

Source: Company data, Bloomberg, CMBIGM estimates

Fig: AIA VNB growth driving valuation multiples



Source: CMBIGM estimates

Tencent (700 HK): Steady ship and aim for sustainable growth

Rating: BUY **| TP:** HK$455.0 (25% upside) Analysts: Saiyi He/ Wentao Lu/ Frank Tao

- **Investment Thesis:** We are upbeat on Tencent's earnings rebound in FY23 driven by improved fundamental of its core business lines: 1) recovering gaming business on resilient performance of legacy titles and strong game pipeline (15+ titles with licenses approved); 2) >15% online ad revenue growth supported by enhanced Video Account monetization and macro tailwind; 3) reaccelerating revenue growth and expanding margin of FBS segment thanks to improved consumption sentiment and strategic adjustment of cloud business.

- **Our View:** We forecast Tencent's FY23 non-IFRS net income to grow 20% YoY (FY22: -7% YoY) driven by reacceleration of revenue growth and optimized operating efficiency. Its current valuation of 21x FY23 PE (or 18x FY23 PE if excluding strategic investment) offers attractive risk-reward given its robust earnings growth. Maintain BUY.

- **Why do we differ:** Some investors are overconcerned on the recent development of Prosus disposal of Tencent's share, which remains consistent with Prosus' disposal program announced in June 2022 (sales of Tencent share shares will represent less than 3-5% daily traded volume of Tencent). ST share price correction shall offer additional value.

- **Catalysts:** 1) accelerating monetization of Weixin Video Account; 2) normalization of Banhao approval accelerates game revenue growth; 3) macro recovery supports rebound of ad, fintech and enterprise services businesses; 4) re-rating of fintech business under normalized regulatory environment; 5) stronger than expected operating leverage;

- **Valuation:** Our SOTP-derived target price of HK$455.0 comprises: HK$184/29/40/102/24 for gaming/SNS/advertising/fintech/cloud business and HK$62/15 for strategic investment/net cash.

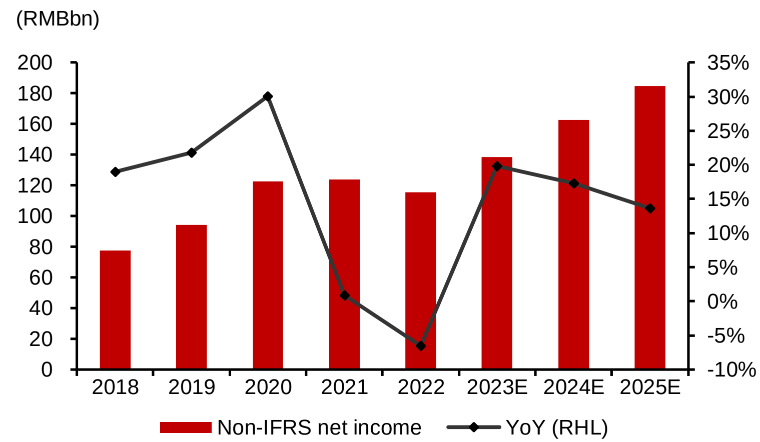
Link to latest report: Tencent (700 HK) – Steady ship and aim for sustainable growth

Financials and Valuations

(YE 31 Dec)	FY22A	FY23E	FY24E	FY25E
Revenue (RMB mn)	554,552	615,381	669,040	721,216
YoY growth (%)	(1.0)	11.0	8.7	7.8
Gross margin (%)	43.1	43.7	44.5	45.5
Adj. net profit (RMB mn)	115,649	138,541	162,485	184,624
YoY growth (%)	(6.6)	19.8	17.3	13.6
EPS (Adjusted) (RMB)	12.13	14.31	16.78	19.06
Consensus EPS (RMB)	12.13	14.57	17.10	21.62
P/S (x)	5.2	4.7	4.3	4.0
Non-GAAP P/E (x)	25.5	21.3	18.2	16.0

Source: Company data, Bloomberg, CMBIGM estimates

Fig: Non-IFRS net income growth



Source: Company data, CMBIGM estimates

Pinduoduo (PDD US): Investment to enhance long-term development prospect

Rating: BUY **| TP:** US$106.0 (55% upside)

Analysts: Saiyi He/ Frank Tao/ Wentao Lu

- **Investment Thesis:** 1) PDD has established strong consumer mindshare in FMCG and fresh grocery categories, and is expanding its branded products pool, which could drive resilient GMV growth in 2023; 2) strong user stickiness could support optimization in operating expenses and aid margin expansion; 3) leveraging strong domestic supply chain, overseas expansion is on track to support PDD's long-term revenue and earnings growth.

- **Our View:** Maintain BUY as we remain positive on PDD's established consumer mindshare in domestic market, which should aid steady GMV growth in 2023 and international expansion potential over the long-run.

- **Why do we differ vs consensus:** market has been concerned on the pace and potential of PDD's monetization rate expansion, we think it is more a proactive move for PDD to control the pace of expansion for the near term to cope with intensified competition, while the long-term expansion potential remains unchanged. We are also more positive than consensus on PDD's GMV growth potential supported by its well established consumer mindshare on value for money products.

- **Catalysts:** 1) stronger than expected GMV and earnings growth driven by enhanced user stickiness; 2) more rapid than expected ramp up of international business.

- **Valuation:** DCF based valuation of US$106.0, which translates into 26x 2023E PE.

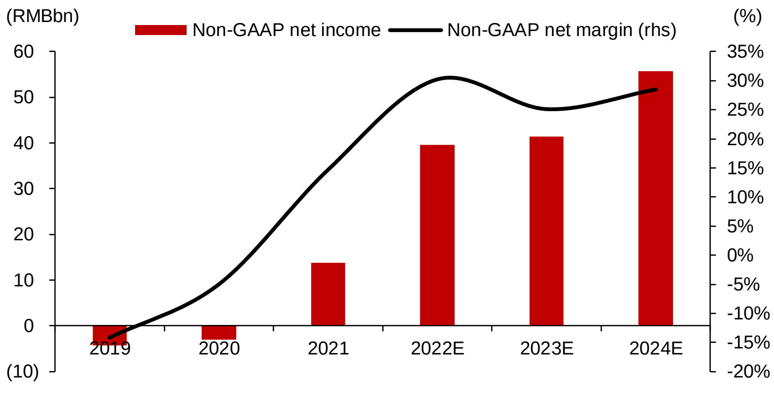
Link to latest report: Pinduoduo (PDD US) – Investment to enhance long-term development prospect

Financials and Valuations

(YE 31 Dec)	FY22A	FY23E	FY24E	FY25E
Revenue (RMB mn)	130,558	164,496	195,189	223,878
YoY growth (%)	39.0	26.0	18.7	14.7
Net profit (RMB mn)	31,538.1	32,788.9	45,911.2	55,936.0
Adjusted net profit (RMB mn)	39,529.7	41,394.4	55,722.3	66,733.9
EPS (Adjusted) (RMB)	N/A	28.74	38.69	46.33
Consensus EPS (RMB)	N/A	29.35	36.49	43.14
P/E (x)	15.4	24.4	17.4	14.3
P/B (x)	4.1	4.9	3.7	2.8
ROE (%)	32.7	23.4	24.1	22.3

Source: Company data, Bloomberg, CMBIGM estimates

Fig: PDD's adjusted net profit and adjusted NPM



Source: Company data, CMBIGM estimates

Kuaishou (1024 HK): A solid start into 2023E

Rating: BUY | **TP:** HK$94 (74% upside)

Analyst: Sophie Huang

- **Investment Thesis:** We are confident on KS's ads recovery, and share gain in ecommerce and livestreaming. After price correction, it would be a good time to accumulate, for: 1) resilient 1Q23E guidance (forecasting rev +15% YoY), with decent ads and livestreaming; 2) external ads demand to recover in 2Q23E; and 3) group breakeven in sight. We believe its solid guidance in FY23E would alleviate market concern on ecommerce slowdown and ads recovery pace.

- **Our View:** KS is well positioned to capture ads recovery post reopening, and deliver above-industrial growth of livestreaming & ecommerce. 1Q23E would be a good start, with rev +15% YoY and bottom line at -RMB502mn. By segment, we forecast ads +15%/20% YoY in 1Q23E/FY23E, in which external ads recovery might need time, but internal ads and brand ads kept strong momentum. For ecommerce, despite macro uncertainty and fierce competition, we see high visibility for KS to deliver high-twenties YoY growth for GMV in 1Q23E/FY23E.

- **Why do we differ vs consensus:** Market concern lies on e-commerce slowdown after reopening and Tencent Video Accounts threat on ads. We think short-term impact from Tencent Video would be limited, as KS focus more on performance-based ads with high ROI, while Tencent Video Accounts prioritize on brands ads. Ecommerce momentum would be resilient, and might see upside from shopping mall function.

- **Catalysts:** 1) launch of online shopping mall, 2) FY23E group breakeven, and 3) better-than-expected ads recovery with reopening.

- **Valuation:** Maintain BUY with SOTP-based TP at HK$94 (implying 3.3x FY23E P/S), by assigning 1x/2x FY23E EV/sales to livestreaming/ad biz, and 0.16x P/GMV to ecommerce biz. Valuation is not demanding.

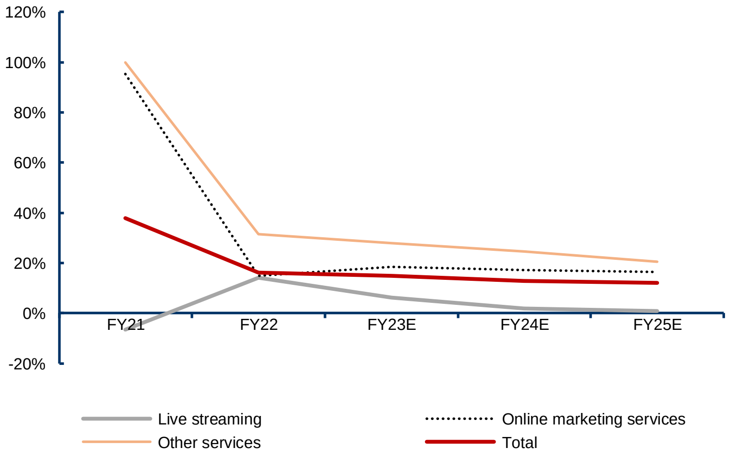
Link to latest report: Kuaishou (1024 HK) – A solid start into 2023E

Financials and Valuations

(YE 31 Dec)	FY22A	FY23E	FY24E	FY25E
Revenue (RMB mn)	94,183	108,212	122,005	136,669
YoY growth (%)	16.2	14.9	12.7	12.0
Net income (RMB mn)	(5,751)	1,076	5,262	11,273
EPS (RMB)	(1.3)	0.2	1.1	2.4
YoY growth (%)	N/A	N/A	389	114
Consensus EPS (RMB)	N/A	0.1	2.1	4.6
P/E (x)	N/A	199	41	19
P/S (x)	2.3	2.0	1.8	1.6
Yield (%)	0.0	0.0	0.0	0.0
Net gearing (%)	Net cash	Net cash	Net cash	Net cash

Source: Company data, Bloomberg, CMBIGM estimates

Fig: KS's revenue growth estimates



Source: Company data, CMBIGM estimates

CR Land (1109 HK): Outperforming FY22E, promising FY23E and not-far-fetching FY25E target

Rating: BUY | **TP:** HK$45.10 (15% upside)

Analysts: Jeffrey Zeng/ Miao Zhang

- **Investment Thesis:** We suggest investors to accumulate CR Land after the recent pull back. its visible earnings growth acceleration (9.8%/11%/12.8% YoY in 2023-25E) driven by robust rental income (20-30% CAGR) and sales back to teens growth in 2023E. This would help not widen its gap with others (FY22 -20% YoY on average), but also make its 14th Five Year target closer to reach on the contracted sales side (+15% 2020-2025E CAGR), especially with the chance of policy relaxation in Tier 1 cities. If so, it may further drive its valuation to 8-10x long-term PE range as the clear winner of this crisis.

- **Our View:** We expect CR Land to deliver a 2023 sales to grow double digit: CR Land finished 2022 with only 5% sales YoY decline, the second best among all major developers. It is mainly attributed to 85% of its sellable resources in Tier 1-2 cities. Looking into 2023E, we expect 10-15% YoY gross sales growth to reach RMB330-350bn due to 1) strong anti-land acquisitions in 2022 with land/sales at 42%, one of the highest in the industry to provide enough sellable resources in high-tier cities. 2) Gradually recovering market sentiment after reopening. 3) Potential policy relaxation in Tier 1 cities to benefit CR Land most.

- **How do we differ:** ST Risks include:1) liability/asset ratio is slightly over SASAC's redline of 70%; 2) oversea traveling and Daigo after reopen to bring impacts on high-end malls development.

- **Valuation:** The company currently trades at 6.9x 2023E P/E vs. historical 5-YR average of 8x. We raised TP by 1% to reflect the ASP increase (mixed change) in our NAV calculation with target discount unchanged at 50%.

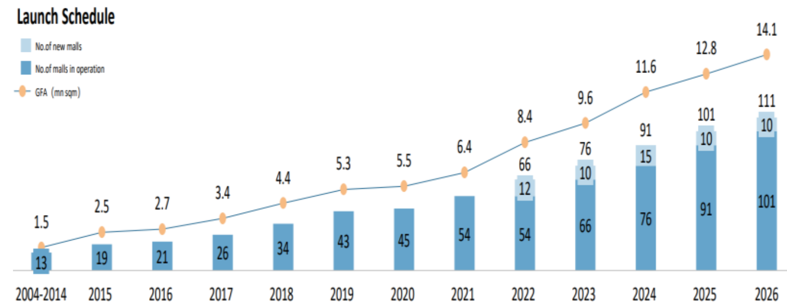
Link to latest report: CR Land (1109 HK) – Outperforming FY22E, promising FY23E and not-far-fetching FY25E target

Financials and Valuations

(YE 31 Dec)	FY21A	FY22A	FY23E	FY24E
Revenue (RMB mn)	212,108	207,061	227,400	252,488
YoY growth (%)	18.1	(2.4)	9.8	11.0
Net income (RMB mn)	32,401	28,092	32,199	35,462
EPS (RMB)	4.54	3.94	4.52	4.97
YoY growth (%)	8.69	(13.30)	14.62	10.13
Consensus EPS (RMB)	N/A	N/A	4.2	4.5
P/E (x)	8.1	9.4	8.2	7.4
P/B (x)	1.2	1.1	1.1	1.0
Yield (%)	3.7	3.7	3.8	4.3
ROE (%)	14.3	11.5	13.3	13.8
Net gearing (%)	24.4	35.0	38.6	47.3

Source: Company data, Bloomberg, CMBIGM estimates

Fig: CR Land's malls opening plan



Source: Company data, CMBIGM

BOE Varitronix (710 HK): Beneficiary of smart-cockpit and auto intelligence

Rating: BUY | **TP:** HK$23.7 (72% upside)

Analysts: Alex Ng/ Lily Yang

- **Investment Thesis:** BOE Varitronix (BOEVx) is the global largest automotive display leader capturing 18% market share in 1H22 (by shipment area). Leveraging BOE Group's leading technology and strong client base, BOEVx is rapidly transforming into an integrated automotive smart cockpit display solution provider. Backed by its industry leadership and solid product roadmap, we believe BOEVx is well positioned to benefit from upgrade trend in the booming smart cockpit market.

- **Our View:** BOEVx is our top pick for H-share tech sector, due to secular trend of auto display upgrade, Chengdu plant capacity expansion and client base expansion. Mgmt. are positive on automotive intelligence and smart-cockpit, and expected limited impact from China NEV subsidy expiry and Tesla price cut, thanks to its focus on both traditional and NEV customers, pricing strategy and cost advantage. We estimate revenue/ earnings to grow at 21%/25% CAGR over 2022-25E, driven by 23% CAGR in automotive display.

- **Why do we differ vs consensus:** Our FY22-24E EPS are 5-8% above consensus, and current valuation of 15.0x/11.7x FY23/24E is attractive, compared to 21%/29% EPS growth in FY23/24E.

- **Catalysts:** Upcoming catalysts include capacity expansion, technology upgrade and product penetration.

- **Valuation:** We derived our 12m TP of HK$23.7 based on 25x FY23E P/E, given 25% 2021-24E EPS CAGR and improving ROE to 19% in 2024E (vs 16% in 2022).

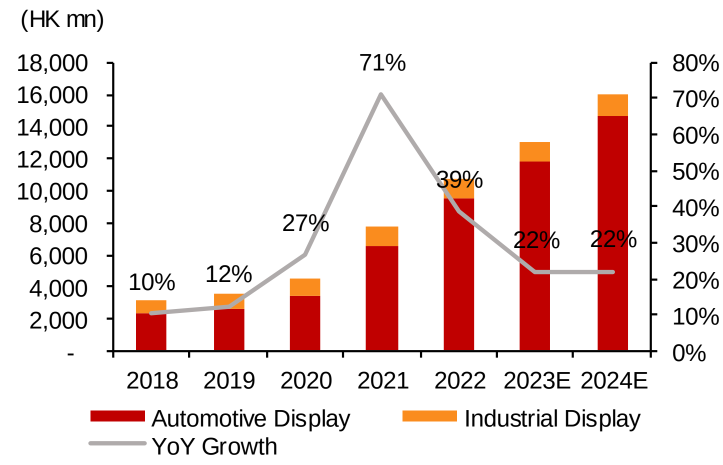
Link to latest report: BOE Varitronix (710 HK) - Strong FY22 results; Multiple drivers from Chengdu expansion, CMS and US market

Financials and Valuations

(YE 31 Dec)	FY22A	FY23E	FY24E	FY25E
Revenue (HK$ mn)	10,722	13,078	15,977	19,117
YoY growth (%)	38.6	22.0	22.2	19.7
Net income (HK$ mn)	582.5	703.9	904.8	1,129.7
EPS (HK$)	0.78	0.95	1.22	1.52
YoY growth (%)	77.7	20.9	28.5	24.9
Consensus EPS (HK$)	N/A	0.99	1.35	1.98
P/E (x)	18.1	15.0	11.7	9.3
P/B (x)	1.3	1.2	1.0	0.9
Yield (%)	1.7	2.0	2.6	3.2
ROE (%)	15.6	16.6	19.3	21.0
Net gearing (%)	1.3	5.4	15.7	11.6

Source: Company data, Bloomberg, CMBIGM estimates

Fig: BOEVx Revenue trend



Source: Company data, CMBIGM estimates

Wingtech (600745 CH): Diversified hardware play with bright outlook

Rating: BUY | **TP:** RMB88.6 (34% upside)

Analysts: Lily Yang/ Alex Ng

- **Investment Thesis:** We hold an optimistic view as Wingtech has expanded into the semi IDM and optical imaging module market successfully in recent years, transitioning from a top ODM manufacturer. Wingtech emerges as a more resilient hardware play with more diversified and lucrative businesses. We believe Wingtech can enjoy synergies created from integration of three business segments (Semi IDM, optical imaging module and ODM).
- **Our View:** 3Q22 results confirmed the resilience of Wingtech's power semi business. Riding the tailwind of vehicle electrification, the Company's power semi unit will continue to be the growth engine in 2023.
- The latest NWF divesture order will have trivial impact on operation. The order would reinforce China's semiconductor self-sufficiency trend, which makes Wingtech's semi IDM business more valuable as future acquisitions of global semi assets by Chinese companies seem impossible. Following the localization trend, we think Wingtech's semi IDM business is more valuable due to supply chain security and resource scarcity.
- **Why do we differ vs consensus:** In our Oct. report (link), we have pointed out that "**the market is overly concerned** on Wingtech's performance, which is valid and understandable given some of its business units are still in transition…**the share is mispriced** at 12.1x 2023E P/E, significantly low compared to its peers. **This represents attractive buying opportunity**."
- **Catalysts:** 1) new 12-inch factory to begin production; 2) ODM and optical modules' new projects to begin mass production.
- **Valuation:** Our TP is RMB88.6, based on 25x 2023E P/E, close to 1-SD below its 2-year mean.

Link to latest reports:

Wingtech (600745 CH) – Mispriced business represents attractive buying opportunity

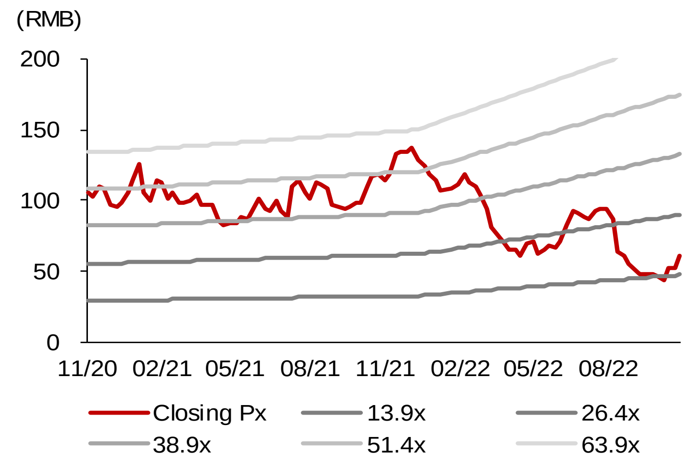
Wingtech (600745 CH) – NWF divesture order will have trivial impact on operation; Will reinforce self-sufficiency trend

Financials and Valuations

(YE 31 Dec)	FY21A	FY22A	FY23E	FY24E
Revenue (RMB mn)	52,729	56,400	70,609	88,943
YoY growth (%)	2.0	7.0	25.2	26.0
Gross margin (%)	16.2	18.9	19.0	19.2
Net profit (RMB mn)	2,612	2,926	4,416	5,892
EPS (RMB)	2.11	2.35	3.54	4.73
YoY growth (%)	2.4	11.3	50.9	33.4
Consensus EPS (RMB)	N/A	2.83	4.01	4.92
P/E (x)	24.0	21.6	14.3	10.6
Yield (%)	0.4	0.5	0.7	0.9
ROE (%)	7.7	7.9	10.6	12.3
Net gearing (%)	Net cash	5.6	9.2	9.4

Source: Company data, Bloomberg, CMBIGM estimates

Fig: 1-year forward P/E band



Source: Company data, CMBIGM estimates

Kingdee (268 HK): Domestic ERP SaaS leader

Rating: BUY **| TP:** HK$23.28 (73% upside)

Analyst: Marley Ngan

- **Investment Thesis:** Kingdee is the largest enterprise resource management (ERM) vendor in China with 14.26% market share in 1H21, according to IDC. We like Kingdee for its continuous SaaS transition in SME market while new opportunities in large enterprise market are emerging with domestic substitution trend. We expect Kingdee to deliver 18% revenue CAGR in FY22-25E reaching RMB7,962mn.

- **Our View:** Kingdee reported in-line FY22 results with strong growth in subscription ARR (+31.2% YoY). Compared to Yonyou's weaker than expected performance, we are encouraged to see Kingdee's better SaaS migration progress. This reaffirmed our view that Kingdee's SaaS product is more standardized and earnings visibility (and thus valuation) should be higher than Yonyou.

- **Why do we differ vs consensus:** Media reported that Huawei may launch self-developed ERP (MetaERP) in Apr. This is negative to the China ERP market as competition heats up but the impacts to Yonyou and Inspur will be larger than Kingdee as the formers are more large-enterprises/ SOEs focused. Also, Huawei has to consider the potential implications to its Cloud business as Kingdee/ Yonyou/ Inspur may scale down their cloud resources usage with Huawei Cloud given direct competition in ERP.

- **Catalysts:** 1Q SaaS operating data, Winning large SOEs Xinchuang bidding. Supportive policies related to "Xinchuang" implementation.

- **Valuation:** We derive our target price of HK$23.28 on 11.0x FY23E EV/sales, in-line with its 3-year mean.

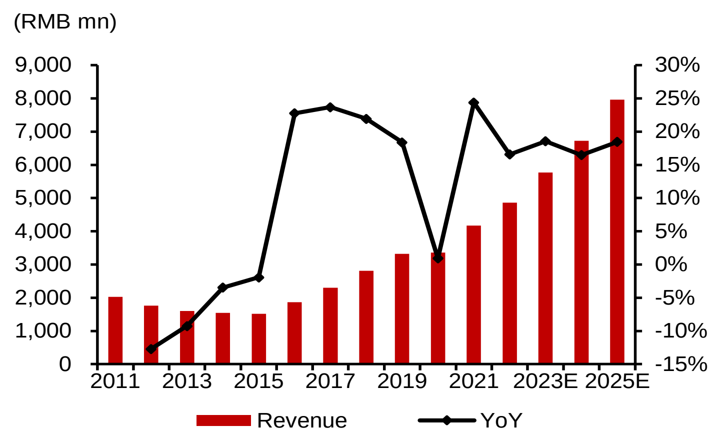
Link to latest report: Kingdee (268 HK) – SaaS and Xinchuang both in good shape

Financials and Valuations

(YE 31 Dec)	FY22A	FY23E	FY24E	FY25E
Revenue (RMB mn)	4,866	5,769	6,720	7,962
YoY growth (%)	17	19	16	18
Net profit (RMB mn)	(389)	(257)	(174)	(3)
EPS (RMB)	(0.11)	(0.07)	(0.05)	0.00
YoY growth (%)	34	(33)	(32)	(98)
Consensus EPS (RMB)	(0.11)	(0.08)	0.00	0.00
EV/sales (x)	7.2	6.1	5.2	4.3
P/E (x)	(94.1)	(142.6)	(211.1)	(13,531.7)
Dividend Yield (%)	0.00	0.00	0.00	0.00
ROE (%)	(5)	(4)	(3)	0
Net debt to equity	Net cash	Net cash	Net cash	Net cash

Source: Company data, Bloomberg, CMBIGM estimates

Fig: Kingdee revenue and YoY



Source: Company data, CMBIGM estimates

Disclosures & Disclaimers

Analyst Certification

The research analyst who is primary responsible for the content of this research report, in whole or in part, certifies that with respect to the securities or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about the subject securities or issuer; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific views expressed by that analyst in this report.

Besides, the analyst confirms that neither the analyst nor his/her associates (as defined in the code of conduct issued by The Hong Kong Securities and Futures Commission) (1) have dealt in or traded in the stock(s) covered in this research report within 30 calendar days prior to the date of issue of this report; (2) will deal in or trade in the stock(s) covered in this research report 3 business days after the date of issue of this report; (3) serve as an officer of any of the Hong Kong listed companies covered in this report; and (4) have any financial interests in the Hong Kong listed companies covered in this report.

CMBIGM Ratings

BUY	: Stock with potential return of over 15% over next 12 months
HOLD	: Stock with potential return of +15% to -10% over next 12 months
SELL	: Stock with potential loss of over 10% over next 12 months
NOT RATED	: Stock is not rated by CMBIGM

OUTPERFORM	: Industry expected to outperform the relevant broad market benchmark over next 12 months
MARKET-PERFORM	: Industry expected to perform in-line with the relevant broad market benchmark over next 12 months
UNDERPERFORM	: Industry expected to underperform the relevant broad market benchmark over next 12 months

CMB International Global Markets Limited

Address: 45/F, Champion Tower, 3 Garden Road, Hong Kong, Tel: (852) 3900 0888 Fax: (852) 3900 0800

CMB International Global Markets Limited ("CMBIGM") is a wholly owned subsidiary of CMB International Capital Corporation Limited (a wholly owned subsidiary of China Merchants Bank)

Disclosures & Disclaimers

Important Disclosures

There are risks involved in transacting in any securities. The information contained in this document may not be suitable for the purposes of all investors. CMBIGM does not provide individually tailored investment advice. This document has been prepared without regard to the individual investment objectives, financial position or special requirements. Past performance has no indication of future performance, and actual events may differ materially from that which is contained in the report. The value of, and returns from, any investments are uncertain and are not guaranteed and may fluctuate as a result of their dependence on the performance of underlying assets or other variable market factors. CMBIGM recommends that investors should independently evaluate particular investments and strategies, and encourages investors to consult with a professional financial advisor in order to make their own investment decisions.

This report or any information contained herein, have been prepared by the CMBIGM, solely for the purpose of supplying information to the clients of CMBIGM or its affiliate(s) to whom it is distributed. This report is not and should not be construed as an offer or solicitation to buy or sell any security or any interest in securities or enter into any transaction. Neither CMBIGM nor any of its affiliates, shareholders, agents, consultants, directors, officers or employees shall be liable for any loss, damage or expense whatsoever, whether direct or consequential, incurred in relying on the information contained in this report. Anyone making use of the information contained in this report does so entirely at their own risk.

The information and contents contained in this report are based on the analyses and interpretations of information believed to be publicly available and reliable. CMBIGM has exerted every effort in its capacity to ensure, but not to guarantee, their accuracy, completeness, timeliness or correctness. CMBIGM provides the information, advices and forecasts on an "AS IS" basis. The information and contents are subject to change without notice. CMBIGM may issue other publications having information and/ or conclusions different from this report. These publications reflect different assumption, point-of-view and analytical methods when compiling. CMBIGM may make investment decisions or take proprietary positions that are inconsistent with the recommendations or views in this report.

CMBIGM may have a position, make markets or act as principal or engage in transactions in securities of companies referred to in this report for itself and/or on behalf of its clients from time to time. Investors should assume that CMBIGM does or seeks to have investment banking or other business relationships with the companies in this document. As a result, recipients should be aware that CMBIGM may have a conflict of interest that could affect the objectivity of this document and CMBIGM will not assume any responsibility in respect thereof. This document is for the use of intended recipients only and this publication, may not be reproduced, reprinted, sold, redistributed or published in whole or in part for any purpose without prior written consent of CMBIGM.

Additional information on recommended securities is available upon request.

For recipients of this document in the United Kingdom

This report has been provided only to persons (I)falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended from time to time)("The Order") or (II) are persons falling within Article 49(2) (a) to (d) ("High Net Worth Companies, Unincorporated Associations, etc.,) of the Order, and may not be provided to any other person without the prior written consent of CMBIGM.

For recipients of this document in the United States

CMBIGM is not a registered broker-dealer in the United States. As a result, CMBIGM is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. The research analyst who is primary responsible for the content of this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA"). The analyst is not subject to applicable restrictions under FINRA Rules intended to ensure that the analyst is not affected by potential conflicts of interest that could bear upon the reliability of the research report. This report is intended for distribution in the United States solely to "major US institutional investors", as defined in Rule 15a-6 under the US, Securities Exchange Act of 1934, as amended, and may not be furnished to any other person in the United States. Each major US institutional investor that receives a copy of this report by its acceptance hereof represents and agrees that it shall not distribute or provide this report to any other person. Any U.S. recipient of this report wishing to effect any transaction to buy or sell securities based on the information provided in this report should do so only through a U.S.-registered broker-dealer.

For recipients of this document in Singapore

This report is distributed in Singapore by CMBI (Singapore) Pte. Limited (CMBISG) (Company Regn. No. 201731928D), an Exempt Financial Adviser as defined in the Financial Advisers Act (Cap. 110) of Singapore and regulated by the Monetary Authority of Singapore. CMBISG may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, as defined in the Securities and Futures Act (Cap. 289) of Singapore, CMBISG accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact CMBISG at +65 6350 4400 for matters arising from, or in connection with the report.

CMBIGM or its affiliate(s) have investment banking relationship with the issuers covered in this report in preceding 12 months.