

China Hongqiao (1378 HK)

Raising earnings and TP on higher aluminium price

We maintain our positive stance on Hongqiao as our latest sector analysis suggest that the global aluminium deficit will continue in 2026-27 (see our [sector note](#) published today). We revise up our aluminium ASP forecast by 12%/7% in 2026E/27E, while revising down our bauxite price forecast by 16%/18% due to sufficient supply. Accordingly, we revise up our 2026E/27E earnings forecast by 27%/12%. We revise up our TP to HK\$45 (from HK\$39), based on 11x 2026E P/E which is equivalent to the historical average plus 2SD (methodology unchanged; premium to reflect the supply constraint-driven upcycle). We expect the share price will be driven more by earnings rather than multiple expansion, as 10-11x forward P/E is the ceiling over the past decade. Maintain **BUY**.

- **Global deficit to continue.** Our latest analysis on global aluminium supply and demand suggests that the global deficit will continue in 2026E, due to (1) almost full utilisation rate in China (~99% of the policy capacity cap of 45mt in Dec 2025), and (2) limited new capacity overseas. We forecast aluminium price to gain 15% YoY in 2026E. While we see more potential commencement of ex-China capacity in 2027E, we expect the aluminium price will continue to stay high as deficit will remain, though likely to narrow.
- **Earnings forecast.** We forecast Hongqiao to deliver RMB26.2bn of core net profit (excluding fair value change) in 2025E, up 7% YoY. We expect net profit growth to accelerate to 34% YoY in 2026E, driven largely by higher aluminium price.
- **Earnings sensitivity.** We estimate every 1% increase in aluminium price will boost 2026E earnings by 2.3%, while a 1% decrease in coal price will increase earnings by 0.3%.
- **Key risks:** (1) unexpected removal of capacity cap in China; (2) faster-than-expected overseas capacity ramp-up; (3) slowdown of global economy; (4) sharp increases in input costs such as bauxite and coal.

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	133,624	156,169	156,596	167,859	162,737
YoY growth (%)	1.5	16.9	0.3	7.2	(3.1)
Adjusted net profit (RMB mn)	11,460.7	24,564.8	26,262.3	36,049.2	32,879.0
EPS (Adjusted) (RMB)	1.21	2.59	2.71	3.63	3.31
Consensus EPS (RMB)	na	na	2.59	2.93	3.01
P/E (x)	26.0	13.3	12.7	8.7	9.5
P/B (x)	3.2	2.8	2.5	2.2	2.0
Yield (%)	1.8	4.7	4.6	6.9	6.3
Net gearing (%)	34.3	24.4	11.0	(1.9)	(12.1)

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	HK\$45.00
(Previous TP)	HK\$39.00)
Up/Downside	27.5%
Current Price	HK\$35.30

China Materials

Wayne FUNG, CFA

(852) 3900 0826

waynefung@cmbi.com.hk

Stock Data

Mkt Cap (HK\$ mn)	350,330.6
Avg 3 mths t/o (HK\$ mn)	1,565.4
52w High/Low (HK\$)	40.22/12.16
Total Issued Shares (mn)	9924.4

Source: FactSet

Shareholding Structure

Shipping Trust Company (Zhang's family)	61.6%
CITIC Group	5.7%

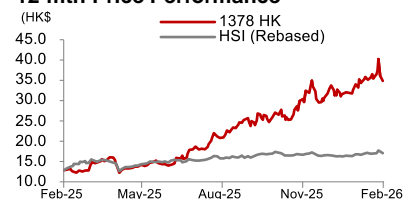
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	3.8%	1.8%
3-mth	16.0%	13.1%
6-mth	73.5%	58.4%

Source: FactSet

12-mth Price Performance



Source: FactSet

Related reports:

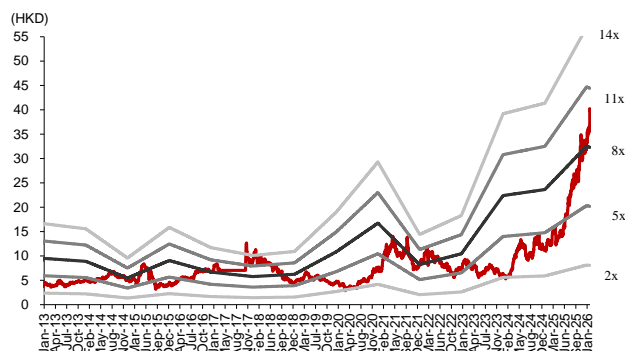
Material sector – Aluminium price to be fuelled by tight supply throughout 2026 – 4 Feb 2026 ([link](#))

China Hongqiao (1378 HK) – Further re-rating is possible – 12 Nov 2025 ([link](#))

China Hongqiao – Lack of Interim dividends but new buyback scheme to boost confidence – 18 Aug 2025 ([link](#))

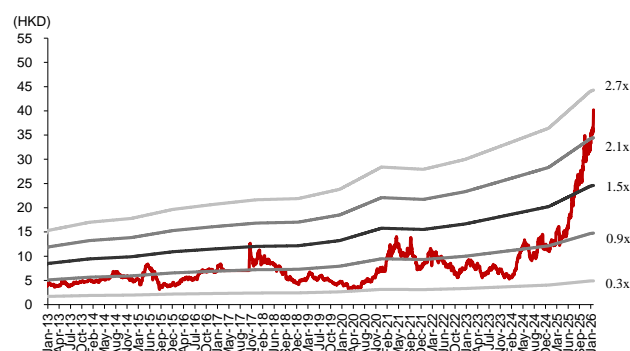
Valuation

Figure 1: Hongqiao's 12M forward P/E band



Source: Bloomberg, company data, CMBIGM estimates

Figure 2: Hongqiao's 12M forward P/B band



Source: Bloomberg, company data, CMBIGM estimates

Figure 3: Peers valuation table

Ticker	Company	Price (local currency)	Market cap (US\$ mn)	PE (x)		PB (x)		Yield (%)
				2025E	2026E	2025E	2026E	2025E
A share								
601600 CH Equity	CHALCO-A	13.14	31,614	15.6	12.3	2.5	2.1	2.3
000807 CH Equity	YUNNAN ALUM-A	32.54	16,245	17.8	15.0	3.0	2.6	1.7
002532 CH Equity	TIANSHAN ALUM-A	18.19	12,120	17.5	12.8	2.5	2.2	2.6
600219 CH Equity	SHANDONG NANSHAN-A	6.83	11,291	16.1	13.7	1.3	1.2	1.8
000933 CH Equity	HENAN SHENHUO-A	31.71	10,266	13.5	11.2	2.5	2.2	3.6
	Average			16.1	13.0	2.4	2.1	2.4
Hong Kong listed								
2600 HK Equity	CHALCO-H	13.14	31,691	13.9	11.0	2.5	2.1	2.6
1378 HK Equity	CHINA HONGQIAO	35.30	45,136	13.1	8.7	2.6	2.2	4.5
2788 HK Equity	CHUANGXIN IND	25.00	6,647	13.7	10.3	6.4	3.9	0.0
486 HK Equity	RUSAL	5.46	10,630	7.9	6.4	0.8	0.7	2.9
2610 HK Equity	NANSHAN ALUMINIUM INT	64.85	5,156	13.2	9.8	2.5	2.1	1.6
	Average			12.3	9.2	3.0	2.2	2.3
Overseas								
HNDL IN Equity	HINDALCO	961.15	23,204	12.9	11.8	1.4	1.2	0.6
VEDL IN Equity	VEDANTA	676.10	28,745	13.5	9.5	5.0	3.9	5.3
NACL IN Equity	NATIONAL ALUMINUM	369.65	7,381	12.3	11.5	2.8	2.3	2.7
AA US Equity	ALCOA CORP	58.21	15,074	13.0	11.2	1.9	1.6	0.7
CENX US Equity	CENTURY ALUMINUM	47.32	4,417	21.2	8.5	n/a	n/a	n/a
Rio AU Equity	RIO TINTO	152.87	159,958	16.1	13.8	3.6	3.3	3.7
S32 AU Equity	SOUTH32	4.51	14,316	17.2	13.9	1.9	1.8	2.4
NHY NO Equity	NORSK HYDRO	88.14	18,256	16.8	12.5	1.5	1.4	3.2
PMAN MK Equity	PRESS METAL	7.72	16,191	29.7	25.8	5.6	4.7	1.2
ALBH BI Equity	ALUMINIUM BAHRAIN	1.09	4,097	7.5	4.0	n/a	n/a	4.3
QAMC QD Equity	QATAR ALUMINUM	1.78	2,720	n/a	n/a	n/a	n/a	n/a
	Average			16.0	12.3	3.0	2.5	2.7

Source: Bloomberg, company data, CMBIGM

Note: 1) Data as at 3 Feb 2026; 2) Year-end June for South32.

Operating assumptions

Figure 4: Change in earnings forecast

	Old			New			Change		
	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E
(RMB mn)									
Revenue									
Aluminum alloy products	106,969	109,643	111,836	106,969	123,015	119,324	0%	12%	7%
Alumina	37,693	34,301	34,301	35,709	29,281	27,817	-5%	-15%	-19%
Aluminum fabrication products	13,186	13,450	13,719	13,186	14,795	14,789	0%	10%	8%
Steam	731	768	806	731	768	806	0%	0%	0%
Total	158,579	158,162	160,662	156,596	167,859	162,737	-1%	6%	1%
Revenue growth							Change in ppt		
Aluminum alloy products	4.4%	2.5%	2.0%	4.4%	15.0%	-3.0%	0.0	12.5	(5.0)
Alumina	0.9%	-9.0%	0.0%	-4.4%	-18.0%	-5.0%	(5.3)	(9.0)	(5.0)
Aluminum fabrication products	-15.3%	2.0%	2.0%	-15.3%	12.2%	0.0%	0.0	10.2	(2.0)
Steam	-10.0%	5.0%	5.0%	-10.0%	5.0%	5.0%	0.0	0.0	0.0
Average	1.5%	-0.3%	1.6%	0.3%	7.2%	-3.1%	(1.3)	7.5	(4.6)
Gross profit									
Aluminum alloy products	29,178	32,296	33,465	28,685	47,682	44,007	-2%	48%	32%
Alumina	11,475	8,083	7,839	9,491	5,500	4,036	-17%	-32%	-49%
Aluminum fabrication products	3,033	3,094	3,155	3,033	3,403	3,402	0%	10%	8%
Steam	-88	-54	-40	-146	-115	-81	n/a	n/a	n/a
Total	43,599	43,418	44,419	41,063	56,469	51,364	-6%	30%	16%
Gross margin							Change in ppt		
Aluminum alloy products	27.3%	29.5%	29.9%	26.8%	38.8%	36.9%	-0.46	9.31	6.96
Alumina	30.4%	23.6%	22.9%	26.6%	18.8%	14.5%	-3.86	-4.78	-8.35
Aluminum fabrication products	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%	0.00	0.00	0.00
Steam	-12.0%	-7.0%	-5.0%	-20.0%	-15.0%	-10.0%	-8.00	-8.00	-5.00
Blended gross margin	27.5%	27.5%	27.6%	26.2%	33.6%	31.6%	-1.27	6.19	3.92
Net finance expense	-3,279	-2,991	-2,886	-3,285	-2,974	-2,829	0%	-1%	-2%
S&D expense ratio	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.0	0.0	0.0
Administrative expense ratio	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	0.0	0.0	0.0
Other expense ratio	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.0	0.0	0.0
Profit from JV/Associates (RMB mn)	2,615	1,844	2,058	2,457	1,478	1,806	-6%	-20%	-12%
Recurring net profit (RMB mn)	28,297	28,355	29,278	26,262	36,049	32,879	-7%	27%	12%

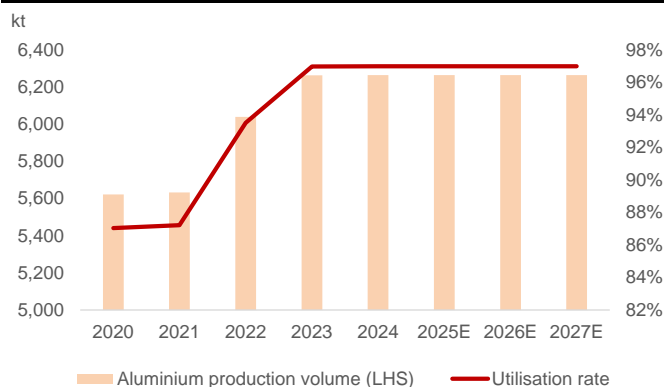
Source: Company data, CMBIGM estimates

Note: Our recurring net profit excluded impairment loss.

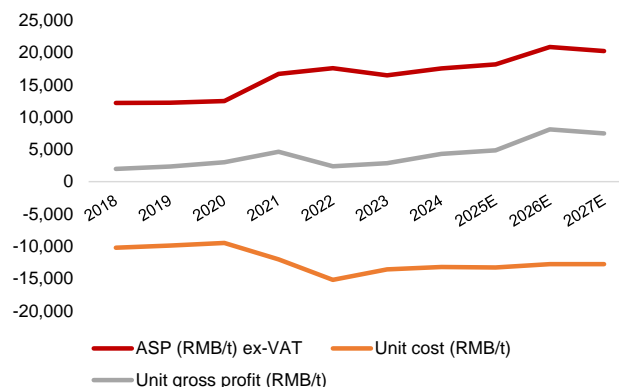
Figure 5: Key operating assumptions

	2021	2022	2023	2024	2025E	2026E	2027E
Sales volume ('000 tonnes)							
Aluminum alloy products	5,052	5,473	5,748	5,837	5,889	5,889	5,889
Alumina	7,163	8,298	10,374	10,921	11,601	11,601	11,601
Aluminum fabrication products	657	609	580	766	636	649	662
Change YoY							
Aluminum alloy products	-0.2%	8.3%	5.0%	1.5%	0.9%	0.0%	0.0%
Alumina	6.4%	15.8%	25.0%	5.3%	6.2%	0.0%	0.0%
Aluminum fabrication products	9.3%	-7.3%	-4.8%	32.1%	-17.0%	2.0%	2.0%
ASP (RMB/t) ex-VAT							
Aluminum alloy products	16,689	17,582	16,465	17,549	18,163	20,888	20,261
Alumina	2,369	2,580	2,560	3,420	3,078	2,524	2,398
Aluminum fabrication products	19,062	21,843	19,835	20,328	20,734	22,808	22,352
Change YoY							
Aluminum alloy products	33.5%	5.4%	-6.4%	6.6%	3.5%	15.0%	-3.0%
Alumina	18.3%	8.9%	-0.8%	33.6%	-10.0%	-18.0%	-5.0%
Aluminum fabrication products	30.5%	14.6%	-9.2%	2.5%	2.0%	10.0%	-2.0%
Unit cost (RMB/t)							
Aluminum alloy products	-12,035	-15,212	-13,602	-13,232	-13,293	-12,791	-12,789
Alumina	-1,812	-2,186	-2,275	-2,208	-2,260	-2,050	-2,050
Aluminum fabrication products	-14,160	-17,930	-17,016	-15,369	-15,965	-17,562	-17,211
Change YoY							
Aluminum alloy products	26.7%	26.4%	-10.6%	-2.7%	0.5%	-3.8%	0.0%
Alumina	8.2%	20.6%	4.1%	-2.9%	2.4%	-9.3%	0.0%
Aluminum fabrication products	24.3%	26.6%	-5.1%	-9.7%	3.9%	10.0%	-2.0%
Unit gross profit (RMB/t)							
Aluminum alloy products	4,654	2,370	2,863	4,317	4,871	8,096	7,472
Alumina	556	394	285	1,212	818	474	348
Aluminum fabrication products	4,902	3,913	2,819	4,959	4,769	5,246	5,141
Change YoY							
Aluminum alloy products	55.1%	-49.1%	20.8%	50.8%	12.8%	66.2%	-7.7%
Alumina	69.6%	-29.2%	-27.6%	324.9%	-32.5%	-42.1%	-26.6%
Aluminum fabrication products	52.3%	-20.2%	-28.0%	75.9%	-3.8%	10.0%	-2.0%

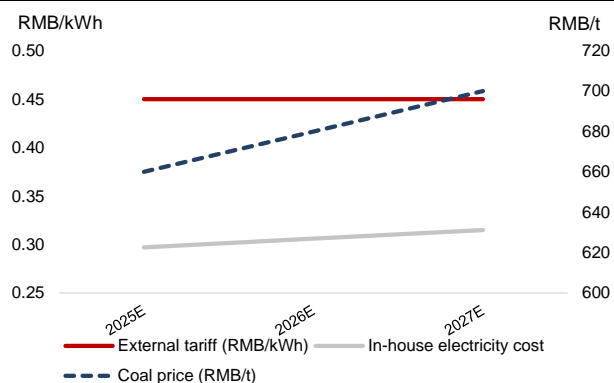
Source: Company data, CMBIGM estimates

Figure 6: Aluminum production volume, utilisation rates

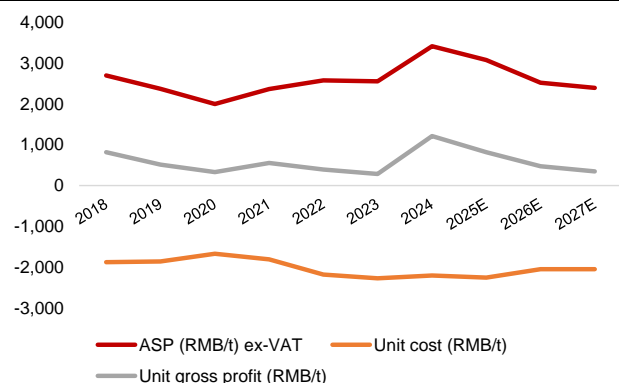
Source: Company data, CMBIGM estimates

Figure 7: Aluminum ASP, unit cost & margin

Source: Company data, CMBIGM estimates

Figure 8: Electricity and coal costs

Source: Company data, CMBIGM estimates

Figure 9: Alumina ASP, unit cost & margin

Source: Company data, CMBIGM estimates

Earnings sensitivity

Figure 10: Earnings sensitivity (annualized) to 5% change in aluminium ASP & coal cost

2026E net profit (RMB mn)		Al ASP (RMB/t)				
		18,799	19,843	20,888	21,932	22,977
Coal cost	612	28,689	32,920	37,150	41,380	45,610
	646	28,139	32,369	36,600	40,830	45,060
	680	27,589	31,819	36,049	40,279	44,510
	RMB/t	714	27,038	31,269	35,499	39,729
	748	26,488	30,718	34,949	39,179	43,409

Source: CMBIGM estimates

Figure 11: Earnings sensitivity (annualized) to 5% change in aluminium ASP & external tariff

2026E net profit (RMB mn)		Al ASP (RMB/t)				
		18,799	19,843	20,888	21,932	22,977
External tariff	0.41	28,870	33,100	37,331	41,561	45,791
	0.43	28,229	32,460	36,690	40,920	45,150
	0.45	27,589	31,819	36,049	40,279	44,510
	RMB/kWh	0.47	26,948	31,178	35,408	39,639
	0.50	26,307	30,537	34,768	38,998	43,228

Source: CMBIGM estimates

Figure 12: Earnings sensitivity (annualized) to 5% change in alumina ASP & bauxite cost

2026E net profit (RMB mn)		Alumina ASP (RMB/t)				
		2,272	2,398	2,524	2,650	2,776
Bauxite	450	36,267	36,879	37,491	38,103	38,715
	475	35,546	36,158	36,770	37,382	37,994
	500	34,825	35,437	36,049	36,661	37,273
	RMB/t	525	34,104	34,716	35,328	35,940
	550	33,383	33,995	34,607	35,219	35,831

Source: CMBIGM estimates

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Revenue	131,699	133,624	156,169	156,596	167,859	162,737
Cost of goods sold	(113,460)	(112,669)	(114,006)	(115,533)	(111,389)	(111,373)
Gross profit	18,239	20,955	42,163	41,063	56,469	51,364
Selling expense	(598)	(755)	(661)	(626)	(671)	(651)
Admin expense	(5,934)	(4,953)	(4,993)	(4,698)	(5,036)	(4,882)
R&D expense	(329)	(945)	(2,899)	(783)	(839)	(814)
Other income	3,736	3,405	2,632	2,349	3,021	2,929
Other gains/(losses)	(185)	(49)	(2,192)	(2,349)	0	0
Share of (losses)/profits of associates/JV	503	1,193	1,758	2,457	1,478	1,806
EBITDA	21,836	24,619	42,479	43,895	59,785	54,989
Depreciation	6,721	6,912	6,237	6,590	6,841	7,043
EBIT	15,115	17,707	36,242	37,305	52,944	47,947
Interest income	193	308	353	415	709	844
Interest expense	(3,020)	(3,268)	(3,363)	(3,700)	(3,683)	(3,673)
Net Interest income/(expense)	(2,826)	(2,960)	(3,011)	(3,285)	(2,974)	(2,829)
Pre-tax profit	12,607	15,890	32,797	34,128	51,447	46,923
Income tax	(2,798)	(3,393)	(8,252)	(7,849)	(11,833)	(10,792)
Minority interest	(1,107)	(1,037)	(2,173)	(2,365)	(3,565)	(3,252)
Adjusted net profit	8,702	11,461	24,565	26,262	36,049	32,879
Gross dividends	4,386	5,411	14,094	14,348	21,630	19,727

BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	87,568	87,395	109,825	114,149	136,227	146,083
Cash & equivalents	27,385	31,721	44,770	57,134	73,100	89,001
Account receivables	4,611	5,489	9,774	4,813	8,984	5,284
Inventories	37,268	33,958	37,344	35,457	35,344	35,447
ST bank deposits	1,720	1,827	2,797	2,797	2,797	2,797
Other current assets	16,585	14,400	15,139	13,947	16,003	13,554
Non-current assets	98,174	112,925	119,340	129,222	133,874	136,652
PP&E	68,061	70,200	75,393	82,768	85,894	86,819
Deferred income tax	2,605	2,990	2,622	2,622	2,622	2,622
Investment in JVs & assos	10,297	11,034	13,222	15,679	17,157	18,963
Intangibles	34	43	45	51	56	59
Goodwill	278	278	278	278	278	278
Financial assets at FVTPL	1,543	13,127	12,233	12,233	12,233	12,233
Other non-current assets	15,356	15,253	15,546	15,590	15,634	15,678
Total assets	185,742	200,320	229,165	243,371	270,101	282,735
Current liabilities	71,373	74,029	76,983	73,843	75,306	73,439
Short-term borrowings	43,434	49,118	45,104	44,604	44,404	44,204
Account payables	14,911	11,648	14,931	12,291	13,954	12,287
Tax payable	618	2,586	3,674	3,674	3,674	3,674
Other current liabilities	12,410	10,677	13,274	13,274	13,274	13,274
Non-current liabilities	18,063	20,035	33,569	33,569	33,569	33,569
Long-term borrowings	16,236	13,792	25,781	25,781	25,781	25,781
Other non-current liabilities	1,827	6,243	7,788	7,788	7,788	7,788
Total liabilities	89,436	94,064	110,552	107,412	108,875	107,008
Total shareholders equity	84,499	92,245	107,800	122,781	144,482	155,731
Minority interest	11,807	14,012	10,814	13,179	16,744	19,996
Total equity and liabilities	185,742	200,320	229,165	243,371	270,101	282,735

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	12,607	15,890	32,797	34,128	51,447	46,923
Depreciation & amortization	6,721	6,912	6,237	6,590	6,841	7,043
Tax paid	(6,148)	(1,686)	(6,367)	(7,849)	(11,833)	(10,792)
Change in working capital	(8,660)	(983)	(4,459)	5,400	(4,449)	4,378
Others	20,693	11,647	37,386	29,988	60,888	46,294
Net cash from operations	7,622	22,402	33,983	39,096	43,503	48,575
Investing						
Capital expenditure	(8,798)	(5,662)	(12,311)	(14,000)	(10,000)	(8,000)
Acquisition of subsidiaries/ investments	(3,550)	(3,700)	200	0	0	0
Others	(4,425)	(8,526)	(446)	400	694	829
Net cash from investing	(16,773)	(17,889)	(12,557)	(13,600)	(9,306)	(7,171)
Financing						
Dividend paid	(8,226)	(3,786)	(7,659)	(8,933)	(14,348)	(21,630)
Net borrowings	(681)	3,240	7,975	(500)	(200)	(200)
Proceeds from share issues	0	0	0	0	0	0
Others	(3,884)	347	(8,747)	(3,700)	(3,683)	(3,673)
Net cash from financing	(12,790)	(200)	(8,431)	(13,132)	(18,231)	(25,503)
Net change in cash						
Cash at the beginning of the year	49,227	27,385	31,721	44,770	57,134	73,100
Exchange difference	98	22	54	0	0	0
Cash at the end of the year	27,385	31,721	44,770	57,134	73,100	89,001
GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Revenue	15.0%	1.5%	16.9%	0.3%	7.2%	(3.1%)
Gross profit	(40.1%)	14.9%	101.2%	(2.6%)	37.5%	(9.0%)
EBITDA	(32.8%)	12.7%	72.5%	3.3%	36.2%	(8.0%)
EBIT	(41.9%)	17.1%	104.7%	2.9%	41.9%	(9.4%)
Adj. net profit	(45.9%)	31.7%	114.3%	6.9%	37.3%	(8.8%)
PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Gross profit margin	13.8%	15.7%	27.0%	26.2%	33.6%	31.6%
EBITDA margin	16.6%	18.4%	27.2%	28.0%	35.6%	33.8%
Adj. net profit margin	6.6%	8.6%	15.7%	16.8%	21.5%	20.2%
GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Net debt to equity (x)	0.4	0.3	0.2	0.1	(0.0)	(0.1)
Current ratio (x)	1.2	1.2	1.4	1.5	1.8	2.0
Receivable turnover days	16.5	13.8	17.8	17.0	15.0	16.0
Inventory turnover days	96.5	115.4	114.1	115.0	116.0	116.0
Payable turnover days	54.1	43.0	42.5	43.0	43.0	43.0
VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
P/E	33.6	26.0	13.3	12.7	8.7	9.5
P/B	3.5	3.2	2.8	2.5	2.2	2.0
Div yield (%)	1.5	1.8	4.7	4.6	6.9	6.3

Source: Company data, CMBIGM estimates. Note: The calculation of net cash includes financial assets.

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

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)

Important Disclosures

There are risks involved in transacting in any securities. The information contained in this report may not be suitable for the purposes of all investors. CMBIGM does not provide individually tailored investment advice. This report 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 report. As a result, recipients should be aware that CMBIGM may have a conflict of interest that could affect the objectivity of this report and CMBIGM will not assume any responsibility in respect thereof. This report 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.