

China Suntien (956 HK)

Gas and new energy go hand in hand

Suntien announced its operational data in 1Q23 and Apr 2023, showing 3.57% YoY growth and 4.07%YoY rise in wind power generation. During the same period, solar power generation rebounded at 10%YoY and 7.13%YoY. Despite the gas segment recover slowly, we remain optimistic for 2023 as 1) wholesale gas sales recover owing to steady decline of gas costs; 2) Phase I of Tangshan LNG terminals is expected to put into operation in 2023, which may support the gas supply and improve dollar margin; 3) lower upstream wind turbine cost may boost installation willingness; and 4) more Suntien's projects will enter the compliance-fulfilled renewable project subsidy list. **Suntien trades at only 0.57x/0.53x PB for FY23/21E and offers an attractive yield at 6.54% for FY23E. Our SOTP-based TP is HK\$4.57, based on 0.8x target forward PB for renewable segment and 10x target PE for gas segment in FY23E. We transfer coverage with a BUY rating.**

- **Gas sales growth is expected to rebound to 8.27% YoY in 2023, and Phase I of Tangshan LNG terminals will put into operation.** By 2022, affected by the epidemic and higher gas costs, total gas sales volume was up by only 2.01% YoY. In particular, wholesale gas volume dropped by 5.9% YoY, and LNG sales volume declined by 62.3% YoY. However, the gas transmission volume for clients was up by 76.6% YoY. In 2023, we estimate that total gas sales growth will rebound 8% YoY, and the gas transmission volume for the client will stay rapid growth at 56% YoY. In addition, we believe that the dollar margin will slightly rise to RMB0.45cbm in 2023.
- **Suntien may have higher installation willingness of wind power as the upstream cost of wind turbines dropped; we expect its newly installed wind power capacity will be up to 480MW in 2023.** The growth of wind power generation in 2022 was lower than the previous year, caused by the weak resource in 2022 and lower newly installed capacity in 2021 due to lower subsidy. Meanwhile, the average on-grid tariff (ex-tax) dropped 5.22% YoY as more PPP projects were implemented. For 2023, the Group may have higher installation willingness, and we estimate that Suntien's newly installed wind power capacity will rise to 480MW in 2023.
- **Suntien continued to advance the development of other renewable energy.** The Pumped Storage Power Station Project in Hebei Fengning has completed the hoisting of the No.7 generator by 1H22. Besides, the Group added 1,200 MW of contracted pumped storage capacity. In Oct 2022, 67 renewable energy projects of China Suntien successfully entered the 1st batch of the compliance-fulfilled renewable project subsidy list. We believe the subsequent subsidy payments will bring a positive impact on the Group's financial resilience.
- **We transfer coverage and arrive at a SOTP-based TP of HK\$4.57 with BUY rating.** Suntien is trading at 0.57x/0.53x PB for FY23/24E, which is close to 5-year average PB of 0.59x and offer attractive yield at 6.54% for FY23. We arrive at a SOTP-based TP of HK\$4.57 with BUY rating, based on 0.8x FY23E PB of renewable segment and 10x FY23E PE of gas segment.

Earnings Summary

(YE 31 Dec)	FY21A	FY22A	FY23E	FY24E	FY25E
Revenue (RMB mn)	15,985	18,561	20,148	22,131	24,997
Net profit (RMB mn)	2,174.5	2,439.6	2,248.2	2,673.7	3,419.4
EPS (Reported) (RMB)	0.56	0.63	0.58	0.69	0.89
YoY growth (%)	49.1	12.2	(7.8)	18.9	27.9
Consensus EPS (RMB)	0.54	0.54	0.61	0.69	0.70
P/E (x)	6.2	5.4	5.2	4.5	3.8
P/B (x)	0.8	0.7	0.6	0.5	0.5
ROE (%)	10.7	10.0	8.6	9.6	11.2

Source: Company data, Bloomberg, CMBIGM estimates

BUY

Target Price **HK\$4.57**

Up/Downside **38%**

Current Price **HK\$3.31**

China Energy/China Wind

Megan Xia, CESGA

(852) 3761 0836

meganxia@cmbi.com.hk

Jack Bai, CFA

(852) 3900 0835

jackbai@cmbi.com.hk

Stock Data

Mkt Cap (HK\$ mn)	13859.0
Avg 3 mths t/o (HK\$ mn)	24.1
52w High/Low (HK\$)	4.65/2.69
Total Issued Shares (mn)	100.0

Source: FactSet

Shareholding Structure

Citygroup Inc	8.7%
Brown Brothers Harriman & Co.	7.2%

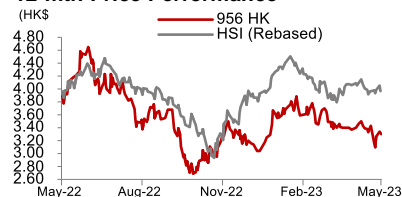
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	-2.1%	0.7%
3-mth	-9.1%	-2.5%
6-mth	-0.3%	-18.9%

Source: FactSet

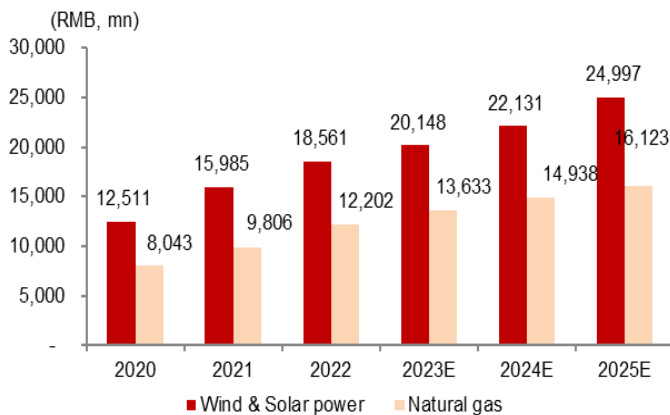
12-mth Price Performance



Source: FactSet

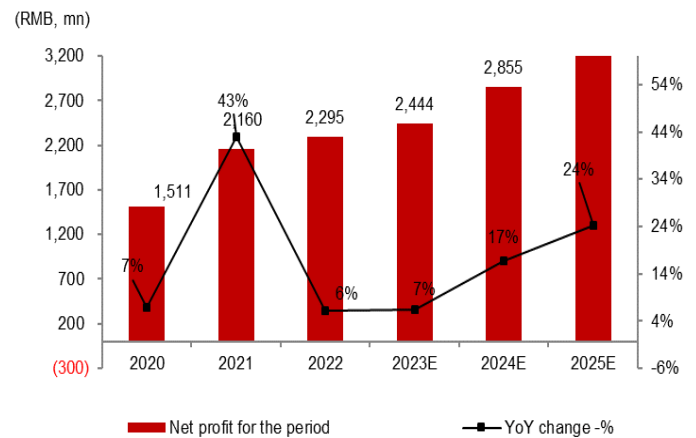
Focus charts

Figure 1: Suntien's revenue mix (2020-25E)



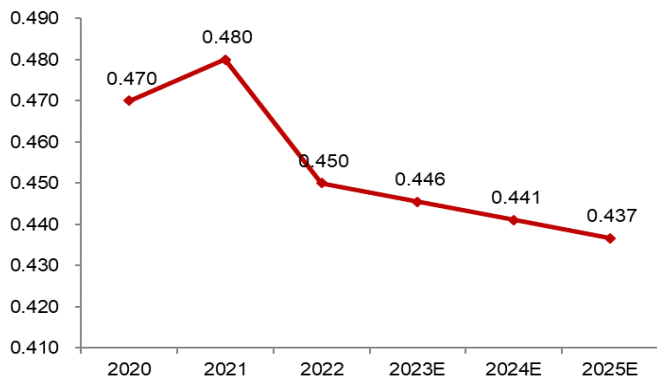
Source: Company data, CMBIGM estimates

Figure 2: Suntien's net profit (2020-25E)



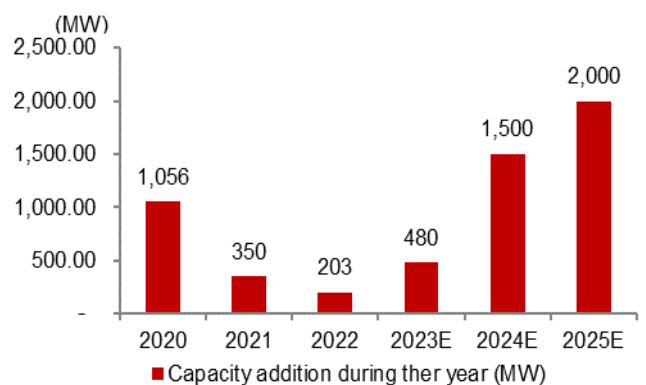
Source: Company data, CMBIGM estimates

Figure 3: Average tariff of wind & solar (RMB/kWh)



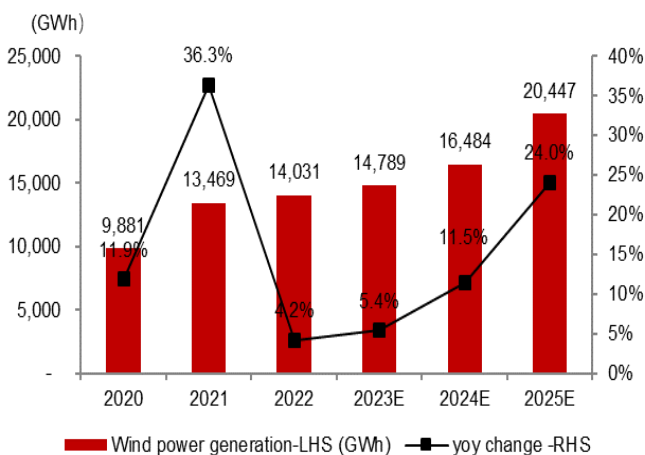
Source: Company data, CMBIGM estimates

Figure 4: Newly-added installed capacity of wind segment



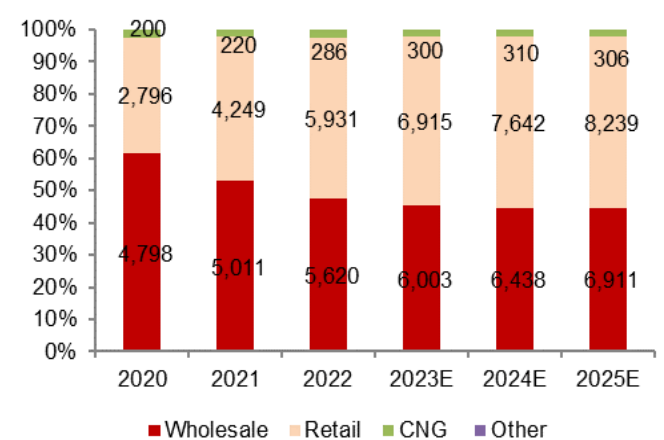
Source: Company data, CMBIGM estimates

Figure 5: Wind power generation (2020-25E)



Source: Company data, CMBIGM estimates

Figure 6: Gas segment revenue breakdown (2020-25E)



Source: Company data, CMBIGM estimates

Company background

Suntien Green Energy is the major player in Hebei Province's new energy and city gas sectors, with a focus on power generation and gas business.

Suntien was established on 9 Feb 2010 by HECIG(Hebei Construction & Investment Group Co., Ltd) and Hebei Water Affair Group, as a result of the restructuring of HECIG's wind power and natural gas sales businesses. Suntien was listed on the main boards of the SEHK and the SSE in Oct 2010 and Jun 2020, respectively. In 2014, Suntien completed the placing of additional shares on the SEHK and invested in important assets such as Hebei Fengning and Leting Wind Power in 2015 and 2016.

Figure 7: Suntien's development process



Source: Company data, CMBIGM estimates

HECIG holds 49.17% of the total share capital of Suntien until now and is the largest shareholder and actual controller. HECIG is a wholly-owned subsidiary of the Hebei State-owned Assets Supervision and Administration Commission. Due to its significant shareholding in Suntien, Suntien can benefit from the resources of HECIG platform.

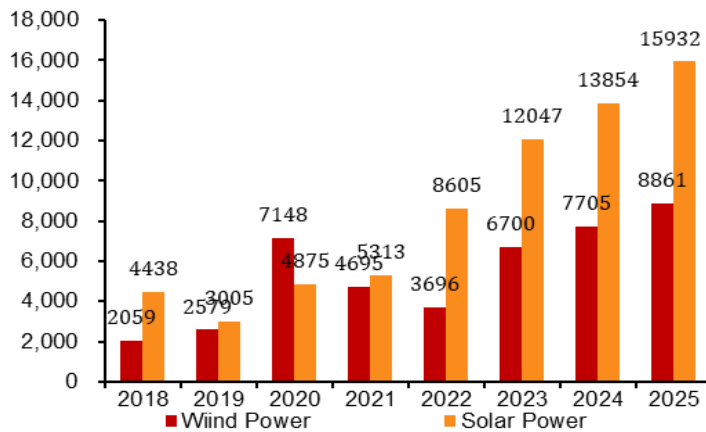
By 2022, Suntien reported revenue of RMB18.56bn, up by 15%YoY. Meanwhile, revenue in 2018-2021 maintained the growth CAGR of 16.96%. Affected by epidemic controls and higher gas costs, Suntien's attributable net profit dragged by 0.04% YoY to RMB2.29bn in 2022, even though the growth CAGR was 19.42% in 2018-2021. However, Suntien realized the consecutive and stable increase on revenue and net profit in past several years. We estimated Suntien will recover its resilient growth momentum in 2023.

Suntien's business is divided into two segments: the gas segment and the new energy power generation segment. Notably, the proportion of revenue from the new energy segment has been increasing in recent years. Specifically, from 2019 to 2022, Suntien's gas segment revenue accounted for 67%, 64%, 61%, and 66% respectively, and the wind and solar segment accounted for 33%, 36%, 39%, and 34%.

Suntien's wind power business is experiencing stable and consistent growth

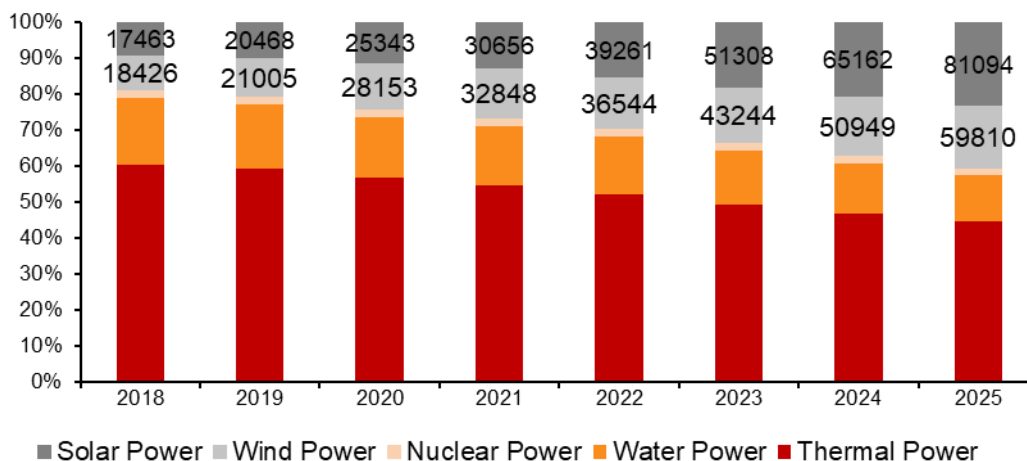
(1) National energy policy targets to support the future high-speed growth of the wind power generation industry

In 2022, China's cumulative installed wind power capacity reached 37GW, with a CAGR of 16.17% from 2016 to 2022. The wind and solar power installation plans for different regions in China during the 14th Five-Year Plan period are clear. We estimated China's wind power installed capacity to reach 620mn kW by 2025, with a CAGR of 17% from 2021 to 2025.

Figure 8: Newly-added wind power and solar power installed capacity in China (2018-25E)


Source: NBS, NEA, CMBIGM estimates

According to the data of Wind Daily and NEA, in 2022, wind power bidding exceeded 103.27 GW in China, newly-added installed capacity of wind power achieved 37 GW. Most of the bidding capacity is expected to be grid-connected in 2023, resulting in an estimated 67 GW of newly-added installed capacity and an increase of around 81%YoY. Thus, in 2023, we predicted cumulative installed wind power capacity to be around 432 GW in China. Additionally, the newly-added installed wind power capacity in 2024 and 2025 will be up by 15%YoY and reach 77 GW and 89 GW respectively, with a predicted cumulative installed wind power capacity of 509 GW and 598 GW, maintaining around 20%YoY growth each year.

Figure 9: Accumulated power installed capacity in China (2018-25E)


Source: NBS, NEA, CMBIGM estimates

For solar power, China's solar power installed capacity was 392 GW in 2022, and the solar bidding capacity for 2022 was about 155 GW. Based on the views of CPIA, China's conservative prediction for newly-added installed capacity of solar power in 2023 will be 95GW, and the optimistic prediction will be 120 GW. Meanwhile, according to data from the NEA, the newly-added installed capacity of solar power in 1Q23 was 33.66 GW, up by 154.81% YoY. As of Apr 2023, domestic PV component bids have exceeded approximately 82 GW.

Thus, we positively predicted the newly-added installed capacity of solar power in 2023 will reach 120 GW, with a total accumulative installed capacity of 513 GW for the year. Additionally, solar power will continue to maintain high growth in 2024 and 2025, and we estimated cumulative solar power installed capacity will reach 652 GW and 811 GW. By 2025, the cumulative installed capacity of wind and solar power will reach 1,409 GW, exceeding the national 14th Five-Year Plan target of 1,200 GW.

During the "14th Five-Year Plan" period, Hebei Province has also set an ambitious target of developing clean energy, with a plan to increase its wind and solar power installation capacity by 52 GW. The provincial government has emphasized the importance of new energy development and aims to add 20.26 GW of wind power capacity and 32.10 GW of solar power capacity in Hebei Province by the end of the "14th Five-Year Plan" period.

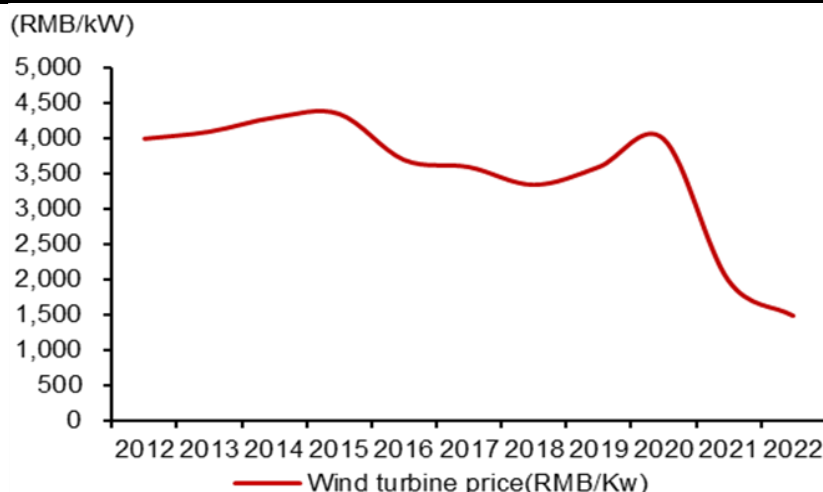
(2) Suntien has above-average utilization hours thanks to advanced wind resources in Hebei region

The province has an advantage in wind power generation due to its higher average utilization hours compared to the national average, and the government is actively promoting the construction of wind and solar power bases. Hebei Province is considered as one of the provinces in China with abundant wind energy resources. By 2022, Suntien's utilization hours reached 2,485, and was around 260 hours higher than the national average.

(3) Lowering upstream cost leads to higher IRR of the wind farm project, prompting Suntien's investment willingness

The wind power industry in China has entered the Grid Parity Era since 2021, leading to a reduction in upstream costs and a decline in wind turbine prices. According to Wind Power Headlines, the highest price for onshore wind turbines reached RMB4,200/kW in mid-2020 and fell to the lowest at RMB1,150/kW in Feb 2023, dropping by -73%. Therefore, lower upstream costs have resulted in an increase in the IRR of wind power projects, making more projects suitable for investment by Suntien. As a result, Suntien is expected to show a higher willingness to invest in wind power installation in 2023.

Figure 10: Wind turbine price (2012-2022)



Source: Wind news, CMBIGM estimates

Figure 11: Onshore wind power tariff

Date	I Resources Area	II Resources Area	III Resources Area	IV Resources Area	Embodiment
2015	0.51	0.54	0.58	0.61	Benchmark
2016	0.49	0.52	0.56	0.61	Benchmark
2017	0.47	0.50	0.54	0.60	Benchmark
2018	0.40	0.45	0.49	0.57	Benchmark
2019(after 1st Jan)	0.34	0.39	0.43	0.52	Benchmark
2019(after 1st Jul)	0.34	0.39	0.43	0.52	Bid
2020	0.29	0.34	0.38	0.47	Bid
2021			Grid Parity		Grid Parity

Source: NDRC, CMBIGM estimates

The optimization of the industrial chain in the wind power sector, leading to cost reduction and efficiency improvement, is driving long-term growth in IRR of the wind power project. For example, if the average tariff (ex-tax) for the project is RMB0.45/kWh, the construction cost of a 100MW onshore wind power project falls from RMB4,500/kWh to RMB4,000/kWh, the IRR of the project will increase from 11% to 14.3%. Additionally, if the construction cost decreases further to RMB3,800/kWh, the IRR will increase to 15.5%.

Figure 12: Sensitivity analysis of IRR

		capital cost (RMB/watt)				
		3.5	4.0	4.5	5.0	5.5
Tariff (RMB, Incl. VAT)	0.35	9%	7%	4%	2%	1%
	0.40	14%	11%	8%	6%	4%
	0.45	18%	14%	11%	9%	7%
	0.50	22%	18%	15%	12%	10%
	0.55	26%	21%	18%	15%	13%

Assuming utilization hours of 1400

Source: CMBIGM estimates

As the IRR for wind farm projects increases thanks to lower upstream cost, more projects will meet Suntien's investment criteria of an IRR of no less than 10% (specific project's IRR can be 8-10%). Therefore, a higher IRR of the wind power project is likely to boost Suntien's investment willingness in newly-added wind power installations.

In terms of wind power generation segment, Suntien's wind power projects maintain steady growth. As the wind power enters into the parity era, the declined cost of upstream wind power components will benefit the downstream wind power operators. Besides, Suntien relied on its main shareholders' resources, Suntien's wind power accumulated installed capacity was 5,677.85MW by 2022. Commercial operation project capacity was 5,567.25MW. Besides, the total designed capacity of wind power projects under construction was 673.3MW.

For solar power segment, the newly-added approved capacity of PV projects was 3,600MW in 2022. Thus, the accumulated solar power capacity was around 15,799MW.

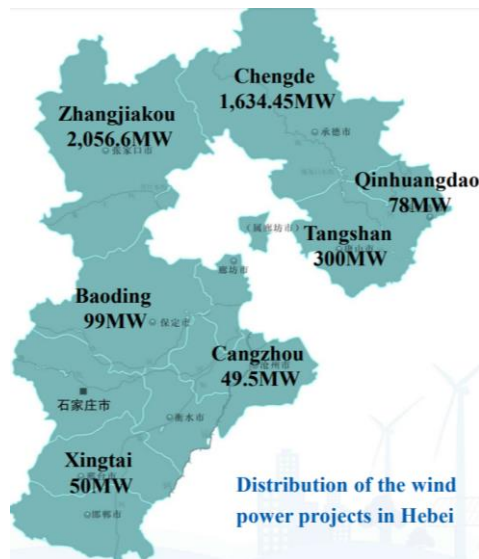
Suntien has a strong foothold in Hebei Province and is expanding its wind resources across the country

Between 2018 and 2020, Suntien's attributable capacity of wind power increased rapidly from 3.86GW to 5.47GW. However, with subsidies declining from 2021, the Company's growth in attributable installed capacity has slowed down to 5.67GW and 5.81GW respectively in 2021-2022. During 2018-2022, Suntien achieved growth of 15.23% YoY, 14.45% YoY, 23.92% YoY, 3.66% YoY, and 2.47% YoY. Meanwhile, the newly added attributable wind power installed capacity was 0.51GW, 0.56GW, 1.06GW, 0.35GW, and 0.20GW, with a varying year-on-year growth rate. By 2022, Suntien's wind power

attributable installed capacity was 138MW, with a cumulative attributable installed capacity of 5,811.85MW and a cumulative managed installed capacity of 6,072.45MW.

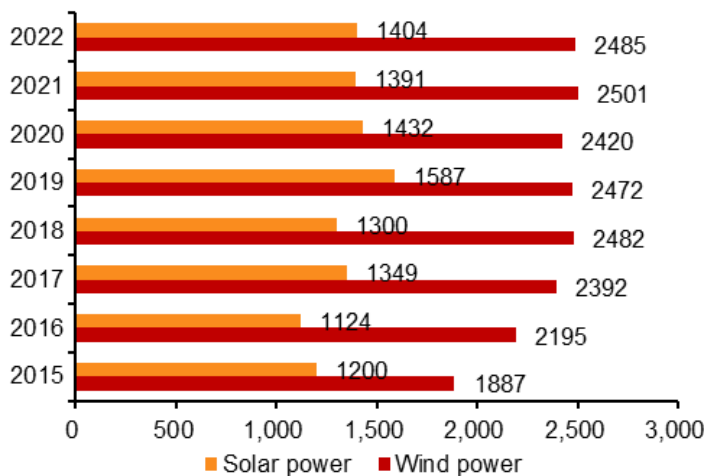
Additionally, Suntien has invested in and developed wind power projects in various regions across the country, with Hebei as its base. By 2022, the newly approved capacity was 771.5MW, and the cumulative approved but not yet started capacity was 2,020MW. The newly added agreed wind power capacity was 14,200MW. Suntien's cumulative projects are distributed in 16 provinces across the country, including Hebei, Henan, Shandong, Shanxi, Liaoning, Yunnan, and Anhui.

Figure 13: Distribution of wind power projects in Hebei



Source: Company data; CMBIGM estimates

Suntien's power generation has steadily increased over the past few years, with a significant improvement in utilization hours. Specifically, the Company's power generation increased from 7,676.13 GWh in 2018 to 14,031 GWh in 2022, representing growth rates of 13.93% YoY, 15.08% YoY, 11.86% YoY, 36.31% YoY, and 4.2% YoY. In 2021, Suntien's power generation saw remarkable growth, which was mainly attributed to the fast growth of wind power installed capacity by 2020 and the continuous improvement of utilization hours. However, in 2022, the growth rate of power generation slowed down due to the impact of wind resources and the decrease in the growth rate of newly added installed capacity in 2021.

Figure 14: Suntien's wind power and solar power utilization hours

Source: Company data

Suntien has a wealth of resources in wind power projects, and added a total of 15,571.5 MW of wind power capacity in 2022. This includes 14,200 MW of capacity from new agreements, 600 MW of capacity included in local development plans, and 771.5 MW of approved capacity. Notably, the cumulative approved installed capacity of wind power projects that have not yet started construction reaches 2,020 MW, which represents approximately half of the Company's current cumulative installed capacity. As Suntien continues to develop its wind resources, we expected it will sustain growth and continue to improve its operational performance.

Figure 15: Distribution of wind power projects in other provinces

Source: CMBIGM estimates

Furthermore, Suntien is actively expanding its footprint in the offshore wind power sector and pursuing projects beyond its home province Hebei. Since 2016, the Company has been developing plans for its offshore wind power layout, and in June 2020, it launched the Leting Puti Island 300 MW offshore wind power project. The Company is also exploring offshore wind power projects in other provinces and has already obtained approval for the Jiangsu Sheyang Offshore South Area 300 MW offshore wind power project. Going forward, Suntien plans to capitalize on its experience in Leting to continue developing

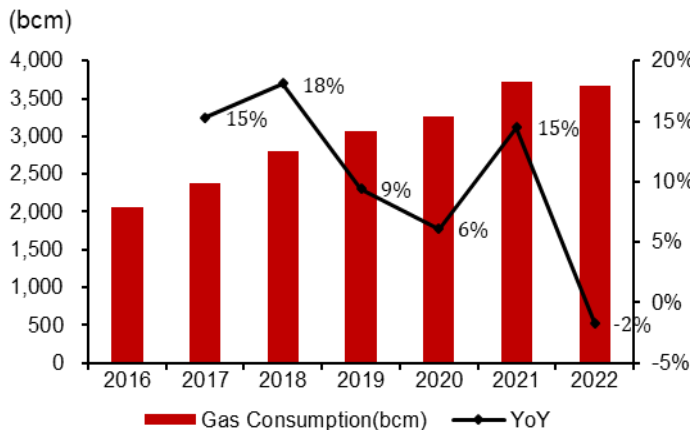
offshore wind power projects in Hebei Province while expanding its offshore wind power layout to other regions. This will enable Suntien to tap into the highly lucrative offshore wind power market. Specifically, the Company will rely on the Leting Puti Island offshore wind power project, to actively develop additional offshore wind power projects within Hebei Province.

The pioneer of gas transmission and urban gas distribution, actively layout gas storage and transportation, gas sales

3.1 China's gas market is expected to return to positive growth in 2023, and Hebei province implements positive strategies to support natural gas industry

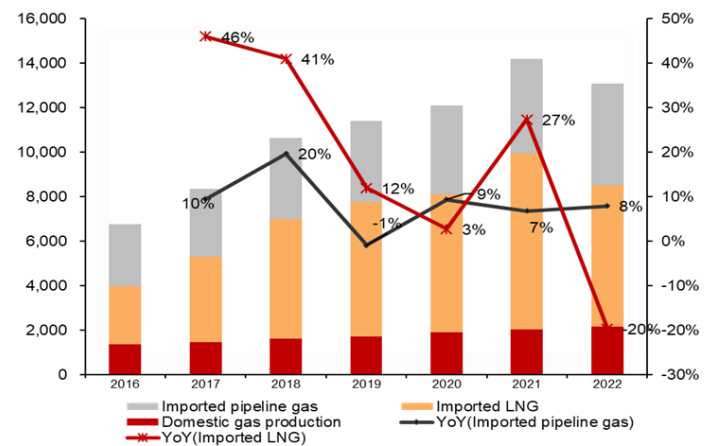
Hebei province is the major player in China's natural gas pipeline transport and urban gas distribution industries. To promote the healthy development of the natural gas market, the province is laying out strategies for gas peak-shaving storage and gas transportation. This will help optimize the natural gas industry, improve supply capacity, and meet market demand.

Figure 16: China gas consumption (2016-2022)



Source: NBS, NEA

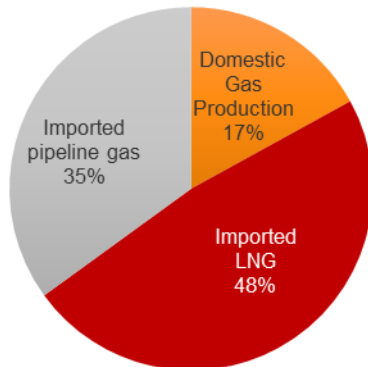
Figure 17: China gas production (2016-2022)



Source: NBS, NEA

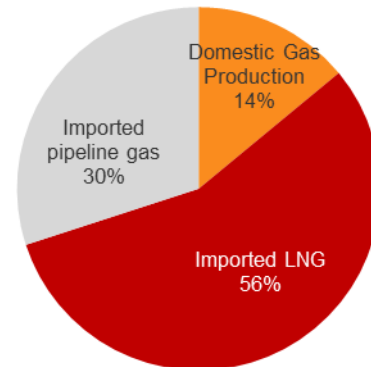
In 2022, China experienced negative growth in its natural gas consumption for the first time in nearly a decade due to the slowdown of the domestic economy and high international gas prices. Industrial gas consumption decreased, and the growth of residential gas consumption slowed as the mild winter and climbed gas cost in 2022. In addition, given the Russia-Ukraine conflict erupts, Europe is gradually reducing its natural gas imports from Russia, which has led to a tightening of global natural gas supply and higher prices for imported natural gas in China. However, it is predicted that the long-term consumption trend of natural gas in China will still return to the growth track in 2023, with an expected increase in domestic gas production and a return to positive growth in China's gas demand.

Figure 18: China gas source (2022)



Source: NBS, NEA

Figure 19: China gas source (2021)



Source: NBS, NEA

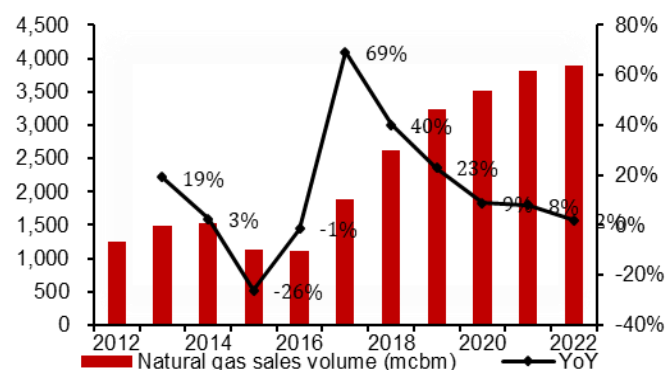
3.2 Suntien's gas business develops steadily, its Tangshan LNG project and gas pipeline construction achieve smooth progress

Suntien is a leading natural gas operator in Hebei Province, with a comprehensive business layout covering natural gas pipeline transportation, urban gas sales, and gas upstream infrastructure construction.

From 2018 to 2022, Suntien's natural gas sales volume was 2.63, 3.24, 3.53, 3.81bcm, and 3.89bcm, respectively. The growth rates were 40.01% YoY, 23.02% YoY, 8.90% YoY, 8.03% YoY, and 2.02% YoY, indicating a continuous increase in sales volume in 2018-2021. However, in 2022, due to high gas cost and economic weakness, the growth rate slowed down.

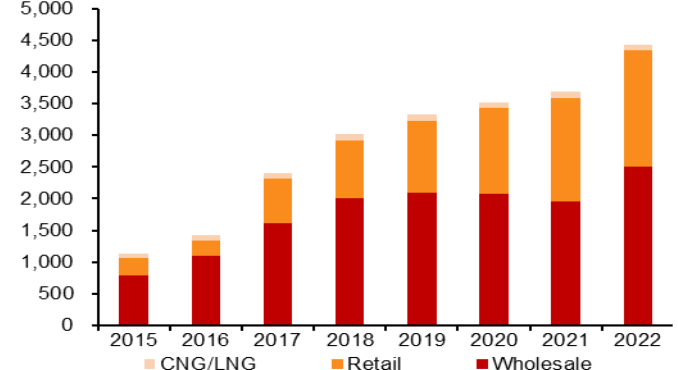
During the same period, wholesale gas sales volumes achieved 16.20, 20.03, 20.91, 20.81, and 19.57bcm, and retail gas sales volumes reached 9.20, 11.35, 13.51, 16.32, and 18.38bcm respectively. The Company has also sold CNG/LNG in volumes of 0.92, 0.98, 0.83, 0.95, and 0.89bcm respectively.

Figure 20: Suntien's gas sales volume (2012-2022)



Source: Company data, BBG, CMBIGM estimates

Figure 21: Suntien's gas sales composition (mcbm)



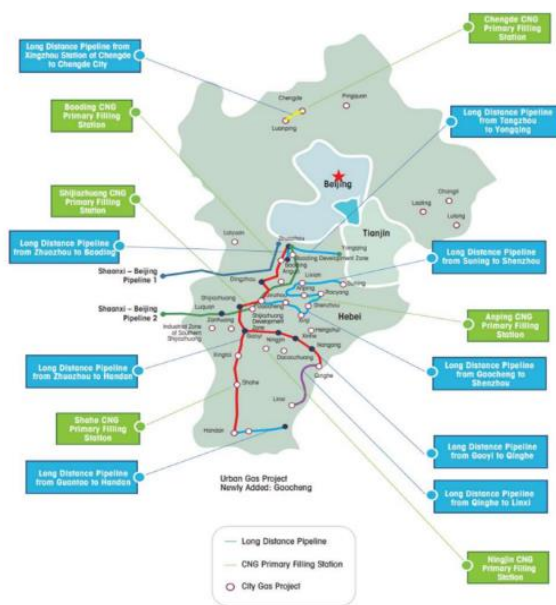
Source: Company data, CMBIGM estimates

For gas pipeline construction, Suntien's "Jingshihan" Dual Track Project (“京石邯”复线项目) is now undergoing trial operation, while other important projects such as the fourth phase of the The Centra Hebei Pipeline Network Phase IV Project (冀中管网四期工程), Qinhuangdao-Fengnan Gas Pipeline Project (秦皇岛-丰南沿海输气管道工程), and the South Baoding Connection Line Project of Sinopec ErdosAnping-Cangzhou Gas Pipeline and Beijing-Handan Pipeline (鄂安沧与京邯线保定南部联络线项目) are progressing

smoothly according to plan. In 2022, Suntien added 742.49km of new natural gas pipelines, resulting in a total operating pipeline length of 8,347.23km. This includes 1,260.67 km of long-distance pipelines and 7,086.56km of urban gas pipelines. Besides, Suntien has seen a significant increase in gas transmitted volume in 2022, rising by 8.27% YoY from 349mn cbm in 2021 to 616 mn cbm in 2022.

Figure 22: Suntien's distribution of natural gas projects

Distribution of Natural Gas Projects



Source: Company data, CMBIGM estimates

In terms of facilities construction, in Jan 2022, Suntien completed a non-public issuance of 337mn A-shares, raising a total of RMB4.596bn in funds. The net amount of funds raised was RMB4.545bn, which aim to finance the construction of Tangshan LNG receiving station, with RMB3.338 specifically allocated for the first phase of the project. By 2022, the Tangshan LNG Project Phase I Project (唐山 LNG 项目一阶段工程), the outbound pipeline (CaoFeidian-Baodi Section) and the outbound pipeline (Baodi-Yongqing Section) projects were substantially finished.

Additionally, the first phase of the Tangshan LNG project aims to build a terminal with a designed unloading capacity of 5mn tons per year. This includes the construction of four 200,000-cubic-meter LNG storage tanks, one 80,000-266,000cbm LNG auxiliary wharf, and related supporting facilities. The first phase of the project has been completed, and the facility is expected to be operational in 2023.

Figure 23: Tangshan LNG project

Serial number	Project		The construction content	Completion time	Total project investment (RMB mn)	Annual profit after completion	Latest development
1	Tangshan LNG project	Tangshan LNG Phase I Project	4 storage tanks of the receiving station project (200 thousand cbm) , 1 Auxiliary Wharf Project(8-266 thousand cbm)	Year 2022	18596.70	14.04	Wharf Project has been completed
		Tangshan LNG Phase II Project	8 storage tanks of the receiving station project(200 thousand cbm) , 1 Auxiliary Wharf Project (8-266 thousand cbm)	Year 2025			The Tangshan LNG Phase II Project has started.
2	Outbound pipelines (CaoFeidian-Baodi section)		176.18km length, annual gas transmission 11.2bn	Year 2022	6416.75	13.06	Outbound pipelines (CaoFeidian-Baodi section) and outbound pipelines (Baodi-Yongqingsection) projects have been basically completed.
3	Outbound pipelines (Baodi-Yongqingsection) projects		112km length, Annual gas transmission 11.2bn cb	Year 2022	2954.44	13.05	

Source: Company data, CMBIGM estimates

The second phase of the Tangshan LNG project has been started. It involves the construction of eight 200,000-cubic-meter LNG storage tanks, one 80,000-266,000-cubic-meter LNG auxiliary wharf, and related supporting facilities. Two of the eight storage tanks have already established investment contracts, and the second phase is scheduled to be completed in 2025.

Upon completion of both phases of the Tangshan LNG project, the Company will have a total LNG processing capacity of 10mn tons per year, and the project is expected to contribute an average annual profit of around RMB1.4bn.

Currently, the Caofeidian-Baodi and Baodi-Yongqing external pipeline projects have been completed, while the second phase of the Tangshan LNG project has already begun construction. The completion of the Tangshan LNG project is expected to significantly increase the Company's LNG processing capacity and contribute to its long-term growth.

Figure 24: Tangshan LNG project



Source: Company data, CMBIGM estimates

Suntien's solar power generation remains steady

In 2022, Suntien has added 320.08 MW of approved capacity for solar projects, bringing the accumulative approved capacity of projects not yet commenced to 607.2 MW. Additionally, the Company has added 7,260 MW of approved capacity for photovoltaic projects, while the cumulative operating capacity now stands at 120.32 MW, with a total installed capacity under management of 296.12 MW. In 2022, Suntien generated 167mn kWh of solar power, with utilization hour of 1,404 hours. Looking ahead, the Company plans to add even more approved capacity for solar power projects.

Overall, the stable development of solar power shows Suntien's continued commitment to expanding its presence in the solar power industry and renewable energy.

Key Updates

- **Phase I of Tangshan LNG Terminals is expected to put into operation in 2023, which will become the new business highlight for Suntien**

Tangshan LNG project is the largest LNG terminal with great unloading capacity in the Bohai region. The project will be built in three phases, planning to build 20 LNG storage tanks of 200,000cbm designed capacity and two auxiliary wharf. Once the project is put into operation, it will benefit the gas supply and gas peaking in Beijing, Tianjin and Hebei.

Suntien planned to invest RMB 28bn to build Tangshan LNG terminals. Its design capacity is 1,000 tons/year, targeted to be completed in 2025. We expect the first phase of the LNG terminal project will be operated in 2023, with a gas volume capacity of 2bn cbm. According to the Company's announcement, Suntien is expected to achieve RMB1.4bn revenue after the completion of two phases. By the end of Sep 2022, Tangshan LNG terminal has completed 93%.

We predicted that as Phase I of Tangshan LNG Terminals starts to run, it will start to deliver revenue in 2023 as LNG imported spot price was lower in 2023. However, due to the extremely high Asia LNG spot price following the outbreak of Russian-Ukraine conflict, we conservatively estimate the Phase I of Tangshan LNG Terminals may deliver around RMB10mn revenue in 2023.

Figure 25:#2 Storage tank



Source: Company data

■ The majority of Suntien's wind projects have entered the 1st batch of the subsidy compliance fulfilled project list

In 2022, Suntien's renewable energy projects received substantial subsidies totaling RMB38.58bn, which accounted for 63% of total subsidies for 2021. However, there is still an balance of RMB46.38bn renewable energy subsidies to be received. 67 renewable energy projects of Suntien have been included in the 1st batch of the compliance fulfilled renewable project subsidy list, except for 11 projects that were excluded in 2022. Of those 11 projects, 70% are currently undergoing further application to be included in the next batch of the compliance fulfilled renewable project subsidy list, accumulating around RMB0.1bn revenue.

Operating data

Due to weaker wind resources in 2022 and lower newly-added installation capacity in 2021, the Group generated lower-than-expected wind and solar power generation, up 4.13% YoY in 2022. For the gas segment, retail gas sales volume achieved a small rise of 2.01% YoY in FY22, while gas transmission for clients soared 76.61% YoY thanks to intense gas supply.

In 1Q23, the consolidated power generation for the Group surged by 3.64% YoY to 4,106,329MWh. On-grid wind power generation was 4,015,887.70 MWh, up 3.75% YoY. Suntien's 1Q23 accumulated power generation was also up by 3.64% YoY, while accumulated on-grid power generation was up 3.75%YoY. The operational data showed growth in wind power generation with 7.58% YoY due to better wind resources in Jan 2023, while wind generation slipped in Feb 2023.

However, Suntien announces April 2023 data, the Company and its subsidiaries generated a total of 1,513,624.12MWh of electricity, which represents a 5.39% increase compared to the same period last year. As of 30 April 2023, the cumulative electricity generation for the

year amounted to 5,619,953.12 megawatt-hours, a 4.10% increase compared to the same period last year.

The Company's average on-grid tariff (tax exclusive) for 1Q23 dropped by 3% YoY to RMB0.44/kWh. Suntien's transacted electricity volume in the electricity market was 1,288,241.88 MWh, representing 32.08% of the total transacted electricity volume and an increase of 14.30 ppts from 1Q22.

Despite the weak gas sales in Jan-Feb 2023 during the Spring Festival holidays, we stay optimistic about wholesale gas sales recovery as the gas price steadily declined and epidemic controls further relaxed. In addition, Phase I of Tangshan terminals LNG phase is expected to complete and put into operation in 2023, supporting gas supply. For the new energy segment, in the near future, as the upstream costs of wind turbine and solar equipment further decline, Suntien's wind power installed willingness may increase.

Figure 26: Wind and solar power generation

Power Generation	Accumulated in 2022(MWh)	YoY%	Jan-Feb2023	YoY%	1Q2023	YoY%
Wind Power Business	14,031,233.61	4.17	2,646,230.13	7.58	4,063,870.01	3.57
Hebei	10,504,375.99	3.46	1,972,317.64	3.75	3,022,160.63	0.66
Shanxi	391,369.10	-10.30	78,214.29	2.99	118,886.65	2.27
Xinjiang	241,721.23	17.11	23,863.07	26.93	43,400.87	-4.38
Yunnan	474,013.17	-8.73	115,832.12	-3.55	175,022.21	2.71
Shandong	77,533.92	-11.97	13,474.19	33.72	23,081.26	18.15
Inner Mongolia	862,858.45	15.43	168,327.54	23.11	250,747.56	16.78
Guangxi	249,082.68	-2.44	47,336.02	10.26	68,391.46	2.53
Jiangsu	306,273.44	-10.19	58,571.24	18.74	95,646.02	12.85
Henan	123,806.26	-18.76	22,506.62	50.52	33,404.22	22.88
Heilongjiang	310,855.83	4.91	49,346.14	36.39	82,672.48	20.67
Jiangxi	202,784.70	30.84	34,514.60	37.92	50,626.39	8.97
Hunan	122,985.87	12.97	34,826.88	196.79	58,255.71	119.97
Shaanxi	163,572.99	1564.07	27,099.78	61.28	41,574.55	19.26
Solar Power Business	166,854.63	0.86	24,981.11	1.62	42,458.99	10.16
Hebei	58,516.82	3.00	8,252.86	6.43	14,688.29	16.99
Xinjiang	31,016.48	-7.69	4,220.18	-7.58	7,248.27	-0.59
Heilongjiang	61,668.14	2.34	10,058.40	1.96	16,482.30	11.19
Liaoning	15,653.19	6.02	2,449.67	2.16	4,040.13	4.27
Total	14,198,088.24	5.03	2,671,211.24	9.20	4,106,329.00	3.64

Source: Company data, CMBIGM estimates

Figure 27: Gas segment's operating data

Gas Business	Total in 2022 (0,000 cubic meters)	YoY%	Jan-Feb 2023 (0,000 cubic meters)	YoY%	1Q2023 (0,000 cubic meters)	YoY%
Wholesale	195,743	-5.92	75,383	-1.73	87,346	-4.17
Retail	183,832	12.64	39,223	-7.85	53,116	-9.00
CNG	8,404	1.60	1,325	-6.02	2,025	-8.95
LNG	471	-62.26	53	-29.10	78	-47.03
Total sales volume of gas	388,451	2.01	115,983	-3.95	142,564	-6.14
Transmission for clients	61,626	76.61	19,814	39.68	24,034	26.66
Total transmission volume of gas	450,076	8.27	135,797	0.63	166,599	-2.49

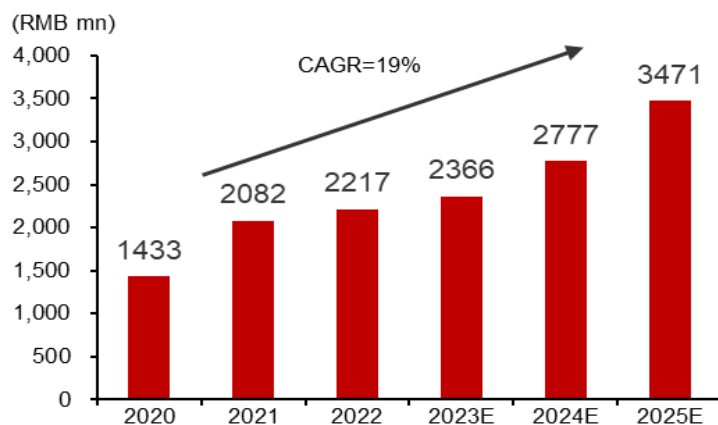
Source: Company data, CMBIGM estimates

Financial brief and vital assumption

During the period between 2018 and 2022, Suntien's revenue and net profit showed steady growth, which was primarily driven by the Company's wind power and natural gas business segments. Suntien achieved revenues of RMB 9.992bn, RMB 11.97bn, RMB 12.51 bn, RMB 15.99 bn, and RMB 18.56 bn, respectively, with year-over-year growth rates of 41%, 20%, 5%, 28%, and 15%, respectively. Suntien's net profit attributable to the parent company during this period was RMB 1.27 bn, RMB 1.42 bn, RMB 1.51 bn, RMB 2.16 bn, and RMB 2.30 bn, respectively, with growth rates of 12% YoY, 7% YoY, 43% YoY, 6% YoY, and -0.04% YoY, respectively.

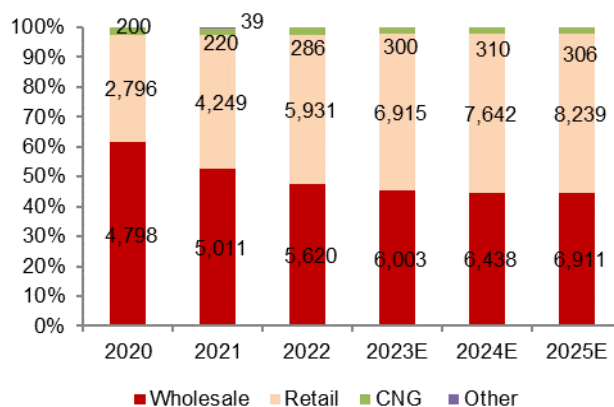
Suntien's robust performance in the wind power and natural gas business segments continued in 2021, with 27.77%YoY revenue growth and 43.00%YoY net profit growth. The wind power segment benefited from an increase in utilization hours and the increase of new commercial operation projects, while the natural gas segment benefited from an increase in gas sales volume and average gas sales price.

Figure 28: Suntien's reported attributable net profit



Source: Company data, BBG, CMBIGM estimates

Figure 29: Suntien's wind & solar and gas revenue

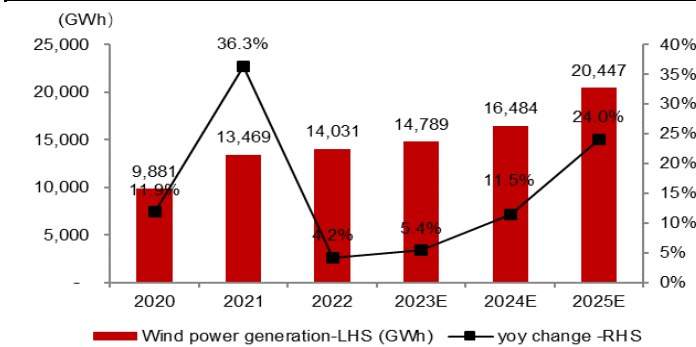


Source: Company data, CMBIGM estimates

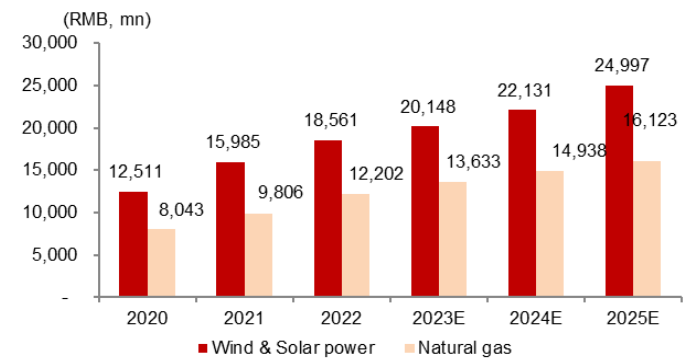
In 2022, Suntien recorded a revenue of RMB 18.561bn, up by 15.01% YoY. Its pre-tax profit was RMB 3.295bn, a slight rise of 0.73%YoY, while net profit attributable to the parent company dropped by 0.04% YoY to RMB 2.294bn. The main reasons for the increase in revenue but the drop in the new profit were attributed to:

- 1) The wind power and solar power segment's revenue (accounted for 34.19% of the company's total revenue), up by 0.34% YoY to RMB 6.35bn. The increase was mainly due to the climbed operating capacity of Suntien's wind power plants, which led to higher electricity sales volume and electricity sales revenue.
- 2) The natural gas business segment's revenue (accounting for 65.74% of the company's total revenue) was RMB 12.20bn, up by 24.43% YoY. The surge was mainly due to the higher company's natural gas sales volume and selling price.

For wind power and solar power segment, as of 2022, Suntien had a total wind power consolidated installed capacity of 5,811.85 MW, an installed capacity under management of 6,072.45 MW, and an attributable installed capacity of 5,482.49 MW. The Group's wind power generation increased by 4.17% YoY to 14,031mn kWh in 2022, with an average utilization hours of 2,485 for its consolidated wind farms. Suntien's commercial operation project capacity increased by 304.1 MW during the year, bringing its accumulated commercial operation project capacity to 5,667.25 MW. The total construction capacity of Suntien's wind power projects under construction reached 516.4 MW as of 2022. Besides, Suntien's average on-grid tariff was RMB0.45/kWh.

Figure 30: Suntien's wind power generation (2020-2025E)

Source: Company data, BBG, CMBIGM estimates

Figure 31: Suntien's wind & solar and gas revenue

Source: Company data, CMBIGM estimates

In 2022, Suntien had a photovoltaic consolidated installed capacity of 126.12 MW and an installed capacity under management of 296.12 MW. Suntien operated photovoltaic power generation projects with an accumulated capacity of 120.32 MW and an accumulated installed capacity under management of 296.12 MW. The utilization hour for photovoltaic projects was 1,404, which was 9 hours higher than the same period in the previous year and 67 hours higher than the national average.

In 2023, Suntien guided its newly-added wind power and solar power installed capacity will be 300-500 GW. Based on the mgmt.'s guidance, as the solar power installation plan maintain conservative, we expect an increase of 480 GW in wind power installed capacity in 2023. Thus, total installed capacity for wind power is expected to be 6,357 MW, up by 6.8% YoY, and the attributable installed capacity is predicted to be 5,877 MW in 2023. Otherwise, we estimated Suntien's utilization hour will increase slightly to 2,500 hours in 2023, and the expected power generation is 14,789 GWh, up by 5%YoY. For average tariff, we predicted it to slightly drop to RMB0.441/kWh.

Additionally, Suntien's photovoltaic installed capacity is expected to remain stable at about 130 MW, and the average utilization hour is expected to improve to 1,500 hours in 2023. The photovoltaic power generation is expected to lift by 9.1%YoY to 181.98 GWh.

Figure 32: Key assumption table

	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E
Power Generation									
WIND POWER									
Utilization hours	2,482	2,472	2,420	2,501	2,485	2,500	2,500	2,500	2,500
yoy change -RHS	3.8%	-0.4%	-2.1%	3.3%	-0.6%	0.6%	0.0%	0.0%	0.0%
Wind power generation-LHS (GWh)	7,676	8,834	9,881	13,469	14,031	14,789	16,484	20,447	24,776
yoy change -RHS	13.9%	15.1%	11.9%	36.3%	4.2%	5.4%	11.5%	24.0%	21.2%
Net power sales (GWh)	7,489	8,446	9,233	13,000	13,610	14,419	16,072	19,936	24,157
yoy change -RHS	12.5%	12.8%	9.3%	40.8%	4.7%	5.9%	11.5%	24.0%	21.2%
Sales to gross generation	97.6%	95.6%	93.4%	96.5%	97.0%	97.5%	97.5%	97.5%	97.5%
Effective capacity (MW)	3,093	3,574	4,083	5,385	5,646	5,944	6,626	8,219	9,959
Effective capacity growth	9.8%	15.5%	14.3%	31.9%	4.8%	5.3%	11.5%	24.0%	21.2%
SOLAR POWER									
Utilization hours	1,300	1,587	1,432	1,391	1,404	1,500	1,500	1,500	1,500
Solar power generation (GWh)	139.20	162.56	169.79	165.00	166.74	181.98	210.00	360.00	510.00
yoy change -RHS	45.3%	16.8%	4.5%	-2.8%	1.1%	9.1%	15.4%	71.4%	41.7%
Solar power sales - GWh	136.42	155.84	164.39	140.32	163.41	178.34	205.80	352.80	499.80
Sales to gross generation	98.0%	95.9%	96.8%	85.0%	98.0%	98.0%	98.0%	98.0%	98.0%
Effective capacity	101.0	102.4	118.6	118.6	118.8	121.3	140.0	240.0	340.0
Total power generation -GWh	7,815	8,996	10,051	13,634	14,198	14,970	16,694	20,807	25,286
yoy change	14.4%	15.1%	11.7%	35.7%	4.1%	5.4%	11.5%	24.6%	21.5%
Total Power sales - GWh	7,625	8,602	9,398	13,140	13,773	14,597	16,278	20,288	24,657
Tariff & Revenue									
Segment revenue(wind & solar excluded others)	3,422	3,949	4,463	6,171	6,346	6,511	7,188	8,869	10,671
yoy change -RHS	10.4%	15.4%	13.0%	38.3%	2.8%	2.6%	10.4%	23.4%	20.3%
Sales of electricity - LHS	3,414	3,939	4,417	6,307	6,198	6,503	7,179	8,859	10,658
yoy change -RHS	10.3%	15.4%	12.1%	42.8%	-1.7%	4.9%	10.4%	23.4%	20.3%
Average tariff Rmb/KWh, tax excl	0.457	0.459	0.470	0.480	0.450	0.446	0.441	0.437	0.432

Source: Company data, CMBIGM estimates

Revenue of the gas business segment was RMB 12.20bn, increased by 24.43% YoY, accounting for 65.74% of the Group's total operating income. The main reason for the increase in revenue was due to the rise in natural gas sales volume and sales price.

In 2022, total gas transmission volume was 4.501bn cbm, up by 8.27%YoY. Among them, the gas sales volume reached 3.885 bn cbm, an increase of 2.01%YoY, including (i) wholesale gas sales volume of 1.957bn cbm, a decrease of 5.9%YoY; (ii) retail gas volume of 1.838 bn cbm, an increase of 12.6% YoY; (iii) CNG sales volume of 0.084bn cbm, an increase of 1.6% YoY; (iv) LNG sales volume of 0.005 bn cbm, a decrease of 62.3% YoY; and transmission gas volume of 0.616 bn cbm, an increase of 76.6% YoY.

In 2023, we expect the following for Suntien: (1) wholesale gas volume growth rate is expected to recover from -6% YoY in 2022 to 5% YoY in 2023, reaching 205.57mn cbm; (2) retail gas sales volume is expected to maintain the same growth rate as in 2022, growing 13% YoY to 207.7mn cbm; (3) CNG/LNG sales volume is expected to recover and grow by a low single-digit percentage, reaching 92.4 mn cbm; (4) transmission gas volume is expected to increase by 56% YoY, reaching 961mn cbm. Due to pipeline transmission fee adjustments, we expect the revenue of gas transmission to be RMB 208mn.

Figure 33: Key assumption table

	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E
Natural gas segment									
Natural gas sales volume (mcbm)									
	2,631	3,237	3,525	3,808	3,883	4,225	4,705	5,290	5,951
YoY change	40.0%	23.0%	8.9%	8.0%	2.0%	8.0%	11.4%	12.4%	12.5%
Wholesale	1,619.70	2,003.48	2,091.33	2,081.00	1,957.80	2,055.70	2,220.15	2,442.17	2,686.38
YoY change	48.32%	23.69%	4.39%	-0.49%	-6%	5%	8%	10%	10%
Retail	919.80	1,135.08	1,350.93	1,632.00	1,837.63	2,076.52	2,388.00	2,746.20	3,158.13
YoY change	31.6%	23.4%	19.0%	20.8%	13%	13%	15%	15%	15%
CNG/LNG	91.60	98.31	82.62	95.00	88.00	92.40	97.02	101.87	106.96
	4.1%	7.3%	-16.0%	15.0%	-7.4%	5.0%	5.0%	5.0%	5.0%

Source: Company data, CMBIGM estimates

Valuation

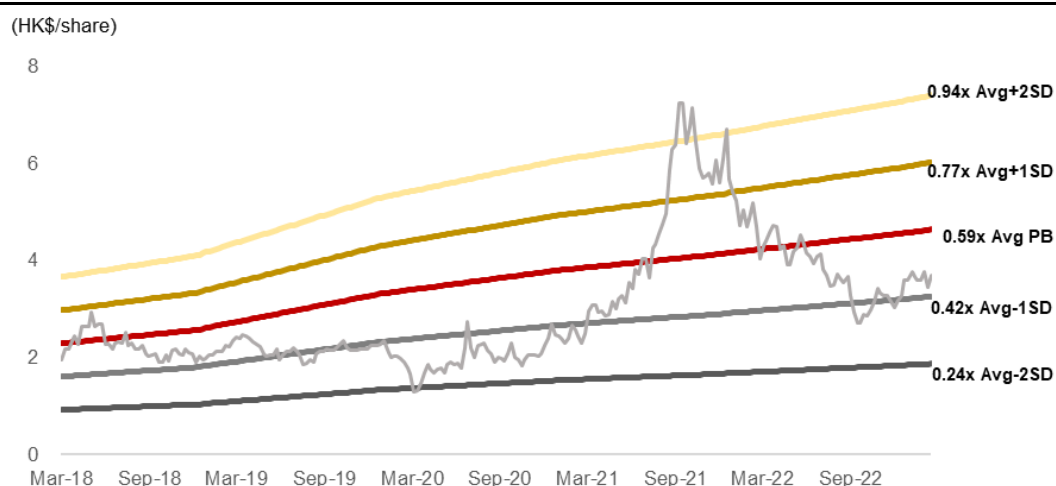
Suntien is trading at 0.57x/0.53x PB for FY23/24E, which is lower than its peers' avg. PB of 0.8x for FY23E. The valuation is attractive. We arrive at a SOTP-based TP of HK\$4.57 with BUY rating, based on 0.8x FY23E PB of renewable segment (~peers avg. PB of 0.8x in FY23E) and 10x FY23 forward PE of gas segment (~peers avg. PE of around 10x in FY23E).

Figure 34: SOTP-based target price

	FY23E Estimation	Target Multiple	Per share (RMB)
Wind & Solar segment -PBR	BVPS (Rmb) -5.15	0.8x	1.67
Piped gas supply segment - PER	Gas segment earnings(Rmb,mn) -1008	10x	2.41
Total value			4.08
Per share value (HKD)			4.57

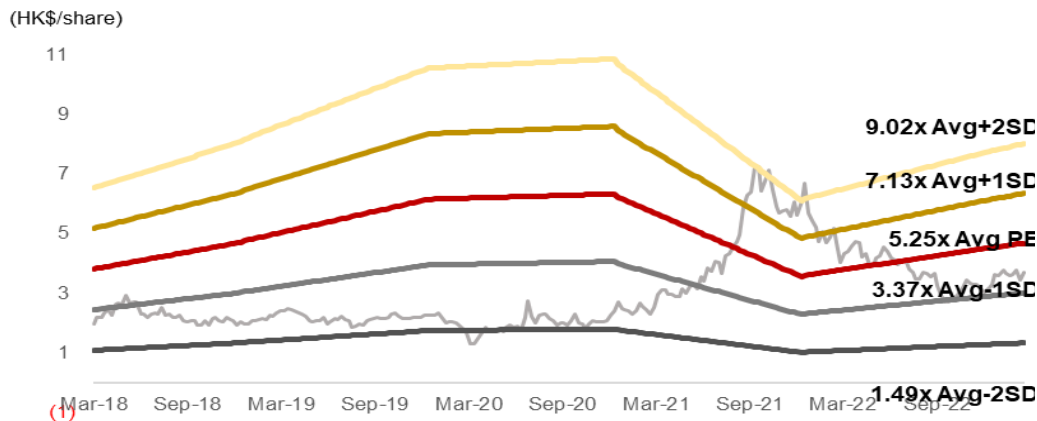
Source: Company data, CMBIGM estimates

Figure 35: Suntien's PB band



Source: Company data, CMBIGM estimates

Figure 36: Suntien's PE band



Source: Company data, CMBIGM estimates

Figure 37: Peers tables (Wind power operators)

Company	Ticker	Closing Price (HK\$)	Mkt cap (HK\$mn)	EPS			23-25E CAGR	PER			PBR		
				23E	24E	25E		23E	24E	25E	23E	24E	25E
CHINA SUNTIEN-H	956 HK	3.33	30792.44	0.57	0.66	0.77	16.0%	5.17	4.45	3.84	0.57	0.53	0.49
CHINA POWER INTE	2380 HK	3.17	39213.38	0.30	0.41	0.54	33.9%	9.26	6.88	5.17	0.72	0.67	0.63
CHINA RES POWER	836 HK	18.50	88993.21	2.44	2.87	3.30	16.3%	7.57	6.45	5.60	0.97	0.88	0.79
CGN NEW ENERGY H	1811 HK	2.55	10941.60	0.06	0.06	0.07	14.4%	5.92	5.09	4.52	na	na	na
CHINA LONGYUAN-H	916 HK	8.75	135790.88	0.94	1.12	1.29	16.8%	8.22	6.92	6.02	0.86	0.78	0.70
CHINA DATANG C-H	1798 HK	3.05	22184.79	0.37	0.43	0.50	16.0%	7.24	6.22	5.38	1.07	0.93	0.80
DATANG INTL PO-H	991 HK	1.57	55384.52	0.15	0.25	0.30	41.4%	9.27	5.56	4.63	0.87	0.82	0.73
HUANENG POWER-H	902 HK	4.83	142466.63	0.53	0.72	0.90	30.0%	8.05	5.96	4.76	0.61	0.60	0.54
HUADIAN POWER-H	1071 HK	3.72	65206.16	0.51	0.67	0.75	21.0%	6.43	4.92	4.39	0.63	0.58	0.51
CONCORD NE	182 HK	0.73	6299.96	0.12	0.15	0.18	20.8%	5.39	4.46	3.69	0.60	0.56	0.46
Average								7.3	5.7	4.8	0.8	0.7	0.6

Source: Company data, CMBIGM estimates

Figure 38: Peers tables (City gas companies)

Company	Ticker	Closing Price (HK\$)	Mkt cap (HK\$mn)	EPS			23-25E CAGR	PER			PBR		
				23E	24E	25E		23E	24E	25E	23E	24E	25E
CHINA GAS HOLDIN	384 HK	10.68	58102.78604	1.26	1.44	1.60	27%	8.47	7.44	6.69	0.85	0.79	0.74
ENN ENERGY	2688 HK	111.1	125665.585	7.63	8.48	9.24	21%	12.90	11.60	11.60	2.45	2.16	1.92
TIAN LUN GAS HOL	1600 HK	5.79	5685.114775	0.85	0.77	0.94	10%	6.01	6.66	6.66	1.03	0.74	na
CHINA RES GAS	1193 HK	28.85	66759.27133	2.57	2.89	3.21	25%	11.23	10.00	10.00	1.53	1.39	1.30
TOWNGAS SMART EN	1083 HK	3.92	12774.20406	0.40	0.51	0.59	47%	9.78	7.70	7.70	0.58	0.56	0.54
KUNLUN ENERGY	135 HK	7.45	64508.07272	0.78	0.83	0.87	11%	8.41	7.95	7.95	0.89	0.83	0.77
Average								9.5	8.6	8.4	1.2	1.1	0.9

Source: Company data, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2020A	2021A	2022A	2023E	2024E	2025E
YE 31 Dec (RMB mn)						
Revenue	12,511	15,985	18,561	20,148	22,131	24,997
Cost of goods sold	(9,099)	(11,231)	(13,313)	(14,909)	(16,092)	(17,666)
Gross profit	3,412	4,754	5,248	5,240	6,038	7,331
Operating expenses	(608)	(766)	(842)	(869)	(918)	(1,003)
Selling expense	(1)	(1)	(1)	(1)	(1)	(1)
Admin expense	(590)	(722)	(801)	(829)	(866)	(929)
Others	(18)	(43)	(41)	(39)	(51)	(74)
Operating profit	2,803	3,988	4,406	4,370	5,120	6,328
Other expense	(925)	(1,131)	(1,152)	(1,229)	(1,306)	(1,421)
Share of (losses)/profits of associates/JV	213	263	287	312	345	381
EBITDA	2,091	3,120	3,540	3,453	4,159	5,288
Pre-tax profit	2,243	3,297	3,743	3,643	4,338	5,464
Income tax	(370)	(551)	(633)	(623)	(750)	(956)
After tax profit	1,873	2,747	3,111	3,020	3,588	4,508
Minority interest	379	494	593	694	836	1,010
Others	78	78	78	78	78	78
Net profit	1,433	2,174	2,440	2,248	2,674	3,419
Core net profit	1,433	2,174	2,440	2,248	2,674	3,419

BALANCE SHEET	2020A	2021A	2022A	2023E	2024E	2025E
YE 31 Dec (RMB mn)						
Current assets	8,634	16,006	15,085	11,088	12,141	9,592
Cash & equivalents	1,898	7,648	7,326	1,611	1,997	(1,801)
Account receivables	5,287	7,152	5,957	8,462	9,074	10,249
Inventories	58	214	105	70	74	77
Prepayment	1,391	979	534	932	984	1,054
Contract assets	0	0	0	13	13	13
Non-current assets	48,623	55,912	62,323	68,189	75,684	88,240
PP&E	39,601	45,935	51,937	58,884	65,997	78,102
Right-of-use assets	1,981	2,018	1,839	1,849	1,859	1,869
Deferred income tax	175	187	191	196	196	196
Investment in JVs & assos	27	26	25	22	21	19
Intangibles	2,210	2,179	2,150	2,017	1,952	1,886
Goodwill	39	55	97	39	39	39
Other non-current assets	4,589	5,512	6,085	5,181	5,620	6,128
Total assets	57,258	71,918	77,409	79,277	87,826	97,832
Current liabilities	13,536	17,062	19,209	16,938	19,952	22,979
Account payables	181	473	416	292	321	363
Tax payable	136	159	203	140	150	160
Other current liabilities	13,218	15,643	18,589	16,505	19,481	22,456
Lease liabilities	0	0	0	0	0	0
Accrued expenses	0	787	0	0	0	0
Non-current liabilities	27,026	31,092	33,014	35,485	38,853	43,007
Long-term borrowings	25,922	29,706	30,429	31,347	33,897	37,097
Bond payables	0	0	0	0	0	0
Other non-current liabilities	1,104	1,386	2,585	4,138	4,955	5,910
Total liabilities	40,562	48,153	52,223	52,423	58,805	65,986
Share capital	3,850	4,187	4,187	4,187	4,187	4,187
Capital surplus	1,494	1,946	1,039	1,039	1,039	1,039
Other reserves	7,821	13,552	15,239	16,633	18,520	21,003
Total shareholders equity	16,695	23,764	25,185	26,854	29,021	31,847
Minority interest	3,531	4,080	4,720	4,994	5,275	5,617
Total equity and liabilities	57,258	71,918	77,409	79,277	87,826	97,832

CASH FLOW	2020A	2021A	2022A	2023E	2024E	2025E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	2,243	3,297	3,743	3,643	4,338	5,464
Depreciation & amortization	1,461	2,029	2,484	2,925	3,323	3,767
Tax paid	(368)	(539)	(592)	(691)	(740)	(946)
Change in working capital	1,453	(364)	2,096	(4,053)	1,622	850
Others	(891)	0	52	(13)	(0)	0
Net cash from operations	3,899	4,423	7,784	1,811	8,542	9,135
Investing						
Capital expenditure	(11,332)	(6,334)	(6,002)	(6,948)	(7,113)	(12,105)
Net proceeds from disposal of short-term investments	(173)	(581)	(335)	74	(340)	(377)
Others	1,691	(2,062)	(3,469)	(1,363)	(3,268)	(3,711)
Net cash from investing	(9,814)	(8,977)	(9,805)	(8,237)	(10,721)	(16,193)
Financing						
Dividend paid	(331)	(852)	(1,202)	(1,274)	(1,342)	(1,605)
Net borrowings	7,218	5,107	4,034	2,071	3,908	4,864
Proceeds from share issues	423	4,801	497	0	0	0
Others	(1,872)	452	(906)	0	0	0
Net cash from financing	5,438	9,507	2,422	797	2,565	3,260
Net change in cash						
Cash at the beginning of the year	2,358	1,887	6,839	7,240	1,611	1,997
Exchange difference	6	0	0	0	0	0
Cash at the end of the year	(8,580)	(4,542)	(871)	(7,808)	(2,179)	(7,058)
GROWTH	2020A	2021A	2022A	2023E	2024E	2025E
YE 31 Dec						
Revenue	4.8%	27.8%	16.1%	8.6%	9.8%	13.0%
Gross profit	3.2%	39.3%	10.4%	(0.2%)	15.2%	21.4%
Operating profit	4.8%	42.3%	10.5%	(0.8%)	17.2%	23.6%
EBITDA	3.9%	49.2%	13.5%	(2.5%)	20.5%	27.1%
Net profit	6.6%	51.8%	12.2%	(7.8%)	18.9%	27.9%
PROFITABILITY	2020A	2021A	2022A	2023E	2024E	2025E
YE 31 Dec						
Gross profit margin	27.3%	29.7%	28.3%	26.0%	27.3%	29.3%
Operating margin	22.4%	24.9%	23.7%	21.7%	23.1%	25.3%
EBITDA margin	16.7%	19.5%	19.1%	17.1%	18.8%	21.2%
Return on equity (ROE)	9.1%	10.7%	10.0%	8.6%	9.6%	11.2%
GEARING/LIQUIDITY/ACTIVITIES	2020A	2021A	2022A	2023E	2024E	2025E
YE 31 Dec						
Current ratio (x)	0.6	0.9	0.8	0.7	0.6	0.4
Receivable turnover days	135.2	142.0	128.9	130.6	144.6	141.1
VALUATION	2020A	2021A	2022A	2023E	2024E	2025E
YE 31 Dec						
P/E	4.6	6.2	5.4	5.1	4.5	3.8
P/B	0.5	0.8	0.7	0.6	0.5	0.5

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

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CMB International Global Markets Limited

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

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