CMB International Global Markets | Equity Research | Company Update

Yongda Automobiles (3669 HK)

NEV to offset luxury, cost control to drive profit

Maintain BUY. Yongda's 2H24 net profit was largely in line despite unexpected impairment losses. We believe Yongda has established a first-mover advantage in the NEV dealership sector through years of trial and error and the partnership with NEV automakers. Better cost control in SG&A expenses in FY24 gives us more confidence in its FY25 earnings growth potential, as cost cuts could play a more important role than some investors could expect. Its dividend yield could reach 9% this year, assuming a payout ratio of 80% (vs. 122% in FY24).

- 2H24 core earnings beat with better cost control. Yongda's 2H24 revenue rose 4% HoH to RMB32.4bn, in line with our forecast. Its overall GPM remained flat HoH at 8.3% in 2H24, lower than our forecast by 0.3ppts. The GPM for new-car sales and related services (including auto finance commission and revenue from decoration products) only improved 0.2ppts HoH to 1.8% in 2H24 despite higher OEM rebates. However, the better-than-expected operating expenses were more than offset the slightly weaker gross profit. That, along with an unexpected impairment on goodwill and receivables of RMB85mn, resulted in an in-line net profit of RMB89mn in 2H24. In addition, the full-year proposed dividends of RMB244mn correspond a payout ratio of 122%, implying a dividend yield of 5.1%.
- Aggressive NEV network expansion plan to offset luxury decline. Yongda has been ambitious with a NEV sales target of 45,000 units this year, accounting for nearly 30% of total sales volume. Management targets 50 HIMA stores and 10 Xiaomi stores (including the no. of authorizations) by the end of 2025, versus 6 and 2 stores at the end of 2024, respectively. We are more cautious by projecting Yongda's NEV sales volume to rise 90% YoY to about 35,000 units in FY25E, which could largely offset the sales volume decline of traditional brands this year on our estimates. Even if we assume no improvement in new-car sales GPM for each brand segment, the overall GPM for new-car related businesses could improve 0.7ppts YoY to 2.4% in FY25E driven by a better brand mix. That, along with a stable contribution from after-sales services, could result in a GPM lift of 1.1ppts YoY to 9.4% in FY25E, or a gross profit improvement of RMB277mn.
- Earnings forecast/Valuation. We raise our FY25-26E net profit forecasts by 7-8% to RMB547mn/704mn, respectively, based on better cost control assumption. We assume Yongda's dividend payout ratio to be 80% in FY25-26E, equivalent to a dividend yield of 9-12%. We maintain our BUY rating and raise our TP to HK\$3.20, based on 10x (prior 6x) our revised FY25E EPS to reflect better market sentiment and higher payout ratios. Key risks to our rating and target price include lower sales volume and/or margins, more severe after-sales service declines, as well as a sector de-rating.

Earnings Summary (YE 31 Dec) FY22A FY23A FY24A FY25E FY26E 58,350 Revenue (RMB mn) 72,024 74,296 63,420 59,233 YoY growth (%) 3.2 (14.6)(6.6)(1.5) (7.6)Net profit (RMB mn) 1,411.8 572.6 200.8 546.5 703.7 YoY growth (%) 172.2 28.8 (43.1)(59.4)(64.9)P/E (x) 3.5 8.5 23.7 8.6 6.7 P/B (x) 0.3 0.3 0.3 0.3 0.3 Yield (%) 11.6 6.3 5.1 12.0 9.3 Net gearing (%) (7.8)(4.8)(14.2)(12.9)(8.0)

Source: Company data, Bloomberg, CMBIGM estimates



BUY (Maintain)

Target Price

(Previous TP Up/Downside Current Price HK\$3.20 HK\$1.80) 19.9% HK\$2.67

30.8%

8.9%

China Auto

Wenjing DOU, CFA (852) 6939 4751 douwenjing@cmbi.com.hk

Ji SHI, CFA (852) 3761 8728 shiji@cmbi.com.hk

Austin Liang (852) 3900 0856

austinliang@cmbi.com.hk

Stock Data

Mkt Cap (HK\$ mn)	5,051.4
Avg 3 mths t/o (HK\$ mn)	46.0
52w High/Low (HK\$)	3.24/1.24
Total Issued Shares (mn)	1891.9
Source: FactSet	

Shareholding Structure

Share Performance

	Absolute	Relative
1-mth	-1.5%	-3.5%
3-mth	9.0%	-6.5%
6-mth	57.1%	38.3%
Source: FactSet		

10 miles Dates



Related Report

"China Auto Sector - 2025 Outlook: Likely a replica of 2024, but more" - 6 Dec 2024

"Yongda Automobiles (3669 HK) - Cost control, sales cut, dividend as keys" - 2 Sep 2024



Figure 1: Quarterly results

RMB mn	1H22	2H22	1H23	2H23	1H24	2H24	YoY	НоН
New-car sales volume (units)	76,752	110,524	85,759	98,791	81,073	82,763	-16.2%	2.1%
Total revenue	31,392	40,632	35,684	38,611	31,036	32,384	-16.1%	4.3%
Gross profit	3,081	3,309	3,423	3,272	2,584	2,689	-17.8%	4.1%
Selling exp.	(1,660)	(2,140)	(1,853)	(2,189)	(1,571)	(1,817)	-17.0%	15.7%
Admin exp.	(968)	(867)	(1,021)	(829)	(849)	(651)	-21.4%	-23.3%
Operating profit	1,069	1,235	668	294	224	182	-38.2%	-19.0%
Net profit	673	739	407	166	111	89	-46.2%	-19.9%
Gross margin	9.8%	8.1%	9.6%	8.5%	8.3%	8.3%	-0.2 ppts	0.0 ppts
Operating margin	3.4%	3.0%	1.9%	0.8%	0.7%	0.6%	-0.2 ppts	-0.2 ppts
Net margin	2.1%	1.8%	1.1%	0.4%	0.4%	0.3%	-0.2 ppts	-0.1 ppts

Source: Company data, CMBIGM

Figure 2: Earnings revision

		New			Old			Diff (%)	
RMB mn	FY24A	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Revenue	63,420	59,233	58,350	63,651	61,638	59,484	-0.4%	-3.9%	-1.9%
Gross profit	5,273	5,551	6,077	5,397	5,695	5,849	-2.3%	-2.5%	3.9%
Operating profit	406	833	1,037	429	803	1,007	-5.3%	3.7%	3.0%
Net profit	201	547	704	205	510	654	-2.0%	7.2%	7.6%
Gross margin	8.3%	9.4%	10.4%	8.5%	9.2%	9.8%	-0.2 ppts	0.1 ppts	0.6 ppts
Operating margin	0.6%	1.4%	1.8%	0.7%	1.3%	17.2%	0.0 ppts	0.1 ppts	-15.4 ppts
Net margin	0.3%	0.9%	1.2%	0.3%	0.8%	64.9%	0.0 ppts	0.1 ppts	-63.7 ppts

Source: CMBIGM estimates

Figure 3: CMBI estimates vs consensus

		CMBIGM			Consensus			Diff (%)		
RMB mn	FY24A	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	
Revenue	63,420	59,233	58,350	65,706	67,080	71,268	-3.5%	-11.7%	-18.1%	
Gross profit	5,273	5,551	6,077	5,132	5,460	6,224	2.8%	1.7%	-2.4%	
Operating profit	406	833	1,037	478	689	861	-15.1%	20.8%	20.4%	
Net profit	201	547	704	216	379	496	-7.2%	44.2%	41.9%	
Gross margin	8.3%	9.4%	10.4%	7.8%	8.1%	8.7%	0.5 ppts	1.2 ppts	1.7 ppts	
Operating margin	0.6%	1.4%	1.8%	0.7%	1.0%	1.2%	-0.1 ppts	0.4 ppts	0.6 ppts	
Net margin	0.3%	0.9%	1.2%	0.3%	0.6%	0.7%	0.0 ppts	0.4 ppts	0.5 ppts	

Source: Bloomberg, CMBIGM estimates



Financial Summary

VE 31 Dec (NMB m.) Proveme 77,97 77,267 72,264 74,256 63,203 59,333 58,350 Costa profit 77,37 6,838 6,644 5,273 5,551 6,077 Operating segmese (3,944) (4,053) (1,030) (1,0450) (1,047) (1,017) (1,010) (1,17) (1,010) (1,	INCOME STATEMENT	2021A	2022A	2023A	2024A	2025E	2026E
Cost of pools asid (70, 164) (95, 83) </td <td>YE 31 Dec (RMB mn)</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>	YE 31 Dec (RMB mn)						
Gross-print 7.733 6.839 6.644 5.273 5.551 6.077 Selling expense (3.54) (3.000) (4.02) (3.338) (3.238) (7.338) Admin segmens (1.614) (1.630) (1.630) (1.640) (1.630) Admin segmens (1.614) (1.630) (1.600) (1.440) (1.601) Others 1.405 1.660 1.63 2.1 4.8 4.40 Operating profit 0 seeo (1.602) 1.00 1.01 1.101 1.01 1.101 Deproduction of NOL saccs 2.84 0.72 2.65 3.65	Revenue	77,917	72,024	74,296	63,420	59,233	58,350
Operating segmes (3,344) (4,085) (5,733) (4,868) (4,718) (5,640) Admin segmes (1,814) (1,830) (1,642) (1,380) (1,642) (1,380) (1,640) (1,601) Others 1,405 1,550 153 2.1 48 44 Operation 72 89 108 100 101 111 ENTOA 5,035 3,670 2,244 7,73 864 1,045 Deprodution of ROU assets 29 3,73 363 365 347 Deprodution of ROU assets 29 3,73 363 365 345 Intera toparase (500) (231) 1627 209 663 344 Intera toparase (500) (231) 1627 209 663 345 163 165 Intera toparase (500) (331) 35 10 10 10 10 10 10 10 10 10 10 10	Cost of goods sold	(70,164)	(65,635)	(67,601)	(58,147)	(53,683)	(52,273)
Selling spennes (3,534) (3,800) (4,042) (2,389) (3,384) Admin spennos (1,64) (1,635) (1,60) (1,60) (1,64) Operating profit 3,809 2,204 961 466 833 1,015 Shar of (0sess)/profits of associates/JV 72 80 100 101 111 ETTOA 5,056 3,670 2,246 91,03 103 101 <t< td=""><td>Gross profit</td><td>7,753</td><td>6,389</td><td>6,694</td><td>5,273</td><td>5,551</td><td>6,077</td></t<>	Gross profit	7,753	6,389	6,694	5,273	5,551	6,077
Admin segmes (1814) (1830) (1800) (1.600) (1.600) Others 1.405 1.550 158 2.21 48 4.4 Operating profit 3.809 2.304 961 406 833 1.037 Share of (0388-50)(offic d associates/LV 72 89 106 100 101 111 ENTO 5.036 3.670 2.246 7.23 884 1.016 Deprocation 792 384 302 7.29 884 1.016 Deprocation 79 101 112 121 106 107 ENTO 3.881 2.333 1.066 506 934 11.48 Interact optime (300) (101) (150) (201) </td <td>Operating expenses</td> <td>(3,944)</td> <td>(4,085)</td> <td>(5,733)</td> <td>(4,868)</td> <td>(4,718)</td> <td>(5,040)</td>	Operating expenses	(3,944)	(4,085)	(5,733)	(4,868)	(4,718)	(5,040)
Ohms 1,405 1,550 155 21 45 44 Operating profit 3,809 2,204 961 100 101 1111 Share of (lossens/profits of associates/JV 72 89 100 100 101 1111 Depreciation of ROU isasts 224 372 368 372 400 Other anontraston 79 101 112 121 106 1077 Bit of tespensition of ROU isasts 2333 1068 566 934 1,416 Pretax profit 3,375 2,373 740 209 683 915 Income is x (331) (651) 133 510 100 101 Ret ar profit 2,480 1,412 573 201 547 744 Montry interest (133) 1550 155 1560 100 100 10 100 Net ar profit 2,440 1,412 573 201 547 6744 6743	Selling expense	(3,534)	(3,800)	(4,042)	(3,389)	(3,286)	(3,394)
Operations profit 3.809 2.304 961 406 833 1.037 Share of (0ses)/profits of associates/JV 7.2 89 1.05 1.037 2.860 0.00 1.011 1.111 ENTA 5.036 3.670 2.246 7.23 8.64 1.016 Diprocation of ROU assis 2.244 3.72 2.665 3.685 3.72 4.060 1.017 ENT 3.861 2.333 1.0665 5.056 9.934 1.148 Interast profit 3.375 2.073 740 2.09 6.63 9.15 After tax profit 2.018 1.017 5.66 5.57 7.14 Montry Intrest 1.330 1.012 1.013 1.019 1.019 After tax profit 2.021 2.022A 2.024E 2.022E 2.	Admin expense	(1,814)	(1,835)	(1,850)	(1,500)	(1,480)	(1,691)
Share of losses/profils of associates/JV 72 89 106 100 101 111 Depreciation OR OU assets 79 804 802 729 864 1.016 Depreciation OR OU assets 79 101 112 121 106 107 Defree and profile 3.881 2.333 1.068 506 9.34 1.148 Interest sponts (060) (1271) (1277) (280) (250) (231) Pretax profit 3.375 2.073 740 209 663 9151 Incorn iax (837) (681) (15) (13) 35 10 (10) Inters profit 2.018 1.471 566 537 714 Rort (Marty Interst) 2.021 A 2022 A 2024 A 2024 E 2025 E 2026 E Cars at equivalents 2.09 1.412 573 201 44 476 Cars at equivalents 2.021 A 2.022 A 2.024 E 2.025 E 2.	Others	1,405	1,550	158	21	48	44
ENTRO 50.36 3.670 2.346 1.743 2.876 2.869 Depreciation of ROU assets 2.84 372 386 386 372 409 Depreciation of ROU assets 2.84 372 386 386 372 409 Depreciation of ROU assets 3.881 2.333 1.068 566 934 1,142 ENT 3.875 2.073 740 209 663 915 Interast exportit 3.375 2.073 740 209 663 915 After tax portit 2.480 na na na na na After tax portit 2.480 na na na na na Minorty interest (133) 570 303 2.44 437 553 SALANCE SHEET 2021A 2022A 2023A 2024E 2025E 2025E YE 31 Doc (NMB m) Doc 0 0 0 0 0 0 0 0	Operating profit	3,809	2,304	961	406	833	1,037
Depresidion 792 80.4 80.2 79 80.4 10.06 Depresidion 79 101 112 121 106 107 EHT 3.881 2.333 1068 506 93.61 11.48 Interest sports (606) (231) (337) (263) (255) (255) Pretax ports (337) (601) (155) (43) (147) (201) Others 80 na <	Share of (losses)/profits of associates/JV	72	89	106	100	101	111
Depresion of ROU assets 284 372 385 386 372 408 Depresion of ROU assets 79 101 112 121 106 107 ENT 3.84 2.333 1.068 506 934 1,448 Interest epenas (506) (231) (237) 749 209 683 915 Interest epenas (807) (001) (155) (43) (477) (201) Others 80 na na na na na na After tax profit 2.480 1.417 573 201 547 704 After tax profit 2.480 1.412 573 201 563 10 100 Caras & equivalents 499 570 303 2.44 437 663 163 163 163 163 163 163 163 163 163 163 163 163 163 163 163 163 163	EBITDA	5,036	3,670	2,346	1,743	2,275	2,680
Onler samptisation 79 101 112 121 106 107 ENT 3.881 2.393 1066 506 534 11.48 Interest exponse (500) (231) (237) (209) 683 915 Incorne tax (837) (601) (155) (43) (147) (201) Others 80 na	Depreciation	792	804	802	729	864	1,016
Ehr 3.881 2.383 1.068 506 9.34 1.148 Interest xprofit 3.375 2.073 7.40 2.080 (230) Income tax (637) (601) (155) (633) (147) (201) Others 80 na na na na na After tax profit 2.816 1.471 566 165 537 774 Manothy interest (133) 150 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 0	Depreciation of ROU assets	284	372	365	386	372	409
Interest seyones (000) (021) (137) (128) (127) (128) Income tax (837) (601) (115) (43) (117) (201) Others 201 147 566 155 537 714 Monchy interest (133) (50) (13) 35 10 (10) Monchy interest (133) (50) (13) 35 10 (10) Gross dividends 949 570 303 244 437 668 SALACE SHEET 2024 2023A 2024E 2025E 2026E Cash & sequineints 16,617 17,169 17,401 15,558 15,269 14,268 Cash & sequineints 2,208 3,599 1,389 1,408 1,428 Restricted cash 9,432 2,008 3,599 1,899 1,428 Restricted cash 9,433 4,555 4,303 3,893 3,677 3,899 Stast sequineints 9,439	Other amortisation	79	101	112	121	106	107
Pre-tax profit 3.375 2.073 7.40 209 res 1147 Income tax (837) (601) (155) (43) (147) (201) Others 80 na	EBIT	3,881	2,393	1,068	506	934	1,148
Income tax (B37) (C01) (155) (43) (147) (201) Others 80 na	•	(506)	(321)	(327)	(298)	(250)	(233)
Others na na na na na na na Alter tax profit 2418 1.471 566 165 537 774 Minotity interest (138) (69) (13) 35 10 (10) Net profit 2480 1.412 573 201 547 768 Coss dividends 949 570 303 244 437 653 SALANCE SHEET 2021A 2022A 2023A 2024E 2025E 2026E Variation of the instance 16.617 17.199 17.491 15.558 15.269 14.766 Carrent assets 16.259 2.186 2.201 3.989 4.279 4.041 Restricted cash 963 2.008 3.589 1.389 1.488 1.144 Account rescinables 9.127 8.018 7.83 3.807 3.880 Prepayment 0 0 0 0 0 0 Other current asset	Pre-tax profit	3,375	2,073	740	209	683	915
Arter tox portit 2,418 1,471 566 165 537 714 Minority interest: (193) (193) 35 10 010 Net profit 2,480 1,412 573 201 547 704 Gross dividends 949 570 303 244 437 563 SHALNCE SHEET 2020A 2023A 2024E 2025E 2020E VE 31 Dec (RMB m) Current assets 16,617 17,169 17,491 15,558 15,269 14,766 Cash A equivalents 2,201 3,089 4,279 4,041 Restricted cash 3,983 3,887 3,883 3,887 3,883 3,887 3,888 1,441 Acout receivales 9,1498 1,414 Acout receivales 9,00 0	Income tax	(837)	(601)	(155)	(43)	(147)	(201)
Minority interest. (13) 35 10 (10) Minory interest. (13) 35 10 (10) Gross dividends 949 570 303 244 437 563 BALANCE SHEET 2021A 2022A 2023A 2024E 2025E 2026E VE 31 Dec (MB mn) Current assets 15,691 17,491 15,558 15,269 14,766 Cash & equivalents 2,250 2,186 2,201 3,969 4,279 4,041 Restricted cash 963 2,008 3,589 1,389 1,498 1,141 Prepayment 0 0 0 0 0 0 0 0 0 Current assets 2,29 143 128 128 128 128 128 Prepayment 0 0 0 0 0 0 0 0 On-current assets 12,494 15,295 15,202 14,196 14,226 14,340 <th< td=""><td>Others</td><td>80</td><td>na</td><td>na</td><td>na</td><td>na</td><td>na</td></th<>	Others	80	na	na	na	na	na
Net profit Orros dividends 2,480 1,412 573 201 547 704 Orros dividends 949 570 303 244 437 563 BALANCE SHEET 2021A 2022A 2023A 2024E 2025E 2026E F3 1De (RMB mn) E 1 15,658 15,269 14,766 2,201 3,969 4,279 4,041 Assinted cash 9,63 2,008 3,989 1,389 1,486 1,414 Assinted cash 9,127 8,018 7,203 6,081 5,680 5,595 Inventories 4,038 4,555 4,4363 3,983 3,677 3,580 Prepsyment 0	After tax profit	2,618	1,471	586	165	537	714
Gross dividends 949 570 303 244 437 563 BALANCE SHEET 2021A 2022A 2023A 2024E 2025E 2026E E al Dee (RMB nm) Insert 17,199 17,491 15,558 15,269 20,369 4,279 4,041 Restricted cash 963 2,008 3,669 1,389 1,498 1,448 Account receivables 9,127 8,018 7,203 6,081 5,595 Inventories 4,038 4,555 3,869 3,869 3,677 3,580 Prepayment 0 <td>Minority interest</td> <td>(138)</td> <td>(59)</td> <td>(13)</td> <td>35</td> <td>10</td> <td>(10)</td>	Minority interest	(138)	(59)	(13)	35	10	(10)
BALANCE SHEET 2021A 2022A 2023A 2024E 2025E 2026E Verrent assets 16,617 17,169 17,491 15,558 15,269 14,766 Can & aquivalents 2,250 2,186 2,201 3,669 4,279 4,041 Restricted cash 963 2,008 3,689 1,389 1,448 1,414 Account receivables 9,127 8,018 7,203 6,081 5,680 5,595 Townkorjes 4,033 4,555 4,333 3,677 3,580 Prepayment 0 0 0 0 0 0 0 Doncurrent assets 229 143 128 128 128 128 Non-current assets 19,49 15,295 15,202 14,196 14,226 14,480 PPE 5,838 6,059 5,646 5,345 5,960 6,682 PRAE 5,838 6,059 5,041 1,03 1,202 1,391	Net profit	2,480	1,412	573	201	547	704
YE 31 Doc (RMB mn) Current assets 16,617 17,169 17,1491 15,558 15,269 14,766 Cash A equivalents 2,250 2,186 2,201 3,969 4,279 4,041 Restricted cash 963 2,008 3,589 1,389 1,448 1,144 Account receivables 9,127 8,018 7,203 6,081 5,680 5,585 Inventories 4,038 4,555 4,363 3,983 3,677 3,580 Prepayment 0	Gross dividends	949	570	303	244	437	563
YE 31 Doc (RMB mn) Current assets 16,617 17,169 17,1491 15,558 15,269 14,766 Cash A equivalents 2,250 2,186 2,201 3,969 4,279 4,041 Restricted cash 963 2,008 3,589 1,389 1,448 1,144 Account receivables 9,127 8,018 7,203 6,081 5,680 5,585 Inventories 4,038 4,555 4,363 3,983 3,677 3,580 Prepayment 0	BALANCE SHEET	2021A	2022A	2023A	2024E	2025E	2026E
Current assets 16,617 17,169 17,491 15,585 15,299 14,766 Cash & equivalents 2,250 2,186 2,201 3,969 4,279 4,041 Restricted cash 963 2,008 3,589 1,389 1,488 1,448 Account receivables 9,127 8,018 7,203 6,001 5,595 Inventories 4,038 4,555 4,363 3,983 3,677 3,580 Prepayment 0 0 0 0 0 0 0 ST bank deposits 8 5 8 8 8 8 8 Prepayment 2 255 0 0 0 0 0 Onc-urrent assets 1749 15295 15,202 14,196 14,226 14,426 Prepayment in Jvs & assos 714 802 2,901 2,417 1,820 1,301 Defered income tax 187 719 305 345 345 345							
Cash & equivalents 2,250 2,186 2,201 3,989 4,79 4,441 Restincted cash 963 2,008 3,589 1,389 1,498 1,414 Account receivables 9,127 8,018 7,203 6,081 6,680 5,959 Inventories 4,038 4,555 4,363 3,983 3,677 3,800 Prepayment 0		16.617	17,169	17,491	15.558	15,269	14,766
Restrictor 963 2.08 3.589 1.389 1.488 1.414 Account receivables 9,127 8.018 7.203 6.081 5.680 5.585 Iventories 4.038 4.555 4.363 3.893 3.677 3.580 Prepayment 0 0 0 0 0 0 0 0 ST bark deposits 8 5 8 8 8 8 8 Financial assets at FVTPL 2 255 15,202 14,196 14,226 14,480 PRE 5,338 6,609 5,845 5,345 5,950 6,582 Right-of-use assets 3,129 2,996 2,901 2,417 1,820 1,391 Deferred income tax 187 319 395 395 395 395 1395 Investiment in JVs & assos 714 802 2,841 1,303 1,500 1,500 1,500 Investiment in JVs & assos 714 802 <		-	-	-	-	-	-
Account receivables 9,127 8,018 7,203 6,681 5,680 5,595 Inventories 4,033 4,555 4,363 3,983 3,677 3,580 Prepayment 0 0 0 0 0 0 0 0 0 ST bank deposits 8 5 8 8 8 8 8 Financial assets at FVTPL 2 255 0 <	•						
Inventories 4,038 4,555 4,363 3,983 3,677 3,580 Prepayment 0 0 0 0 0 0 0 0 ST bank deposits 8 5 8 8 8 8 Financial assets at FVTPL 2 255 0 0 0 0 Other current assets 14,949 15,295 15,202 14,196 14,226 14,480 PP&E 5,838 6,059 5,845 5,345 5,950 6,562 Investment in JVs & assos 714 802 9266 1,014 1,103 1,202 Intangibies 2,860 2,817 2,954 2,883 2,817 2,770 Goodwill 1,572 1,672 1,6131 1,590 1,590 1,590 Intancial assets at FVTPL 350 32,465 32,693 29,763 29,495 29,246 Other one-current assets 198 3146 24,693 24,61 21,69							
Prepayment 0 0 0 0 0 0 ST bank deposits 8 5 8 8 8 8 Enancial assets at FVTPL 2 255 0 0 0 Other current assets 229 14.3 128 128 128 128 Non-current assets 14,949 15,295 15,202 14,196 14,226 14,480 PAE 5,838 6,059 5,845 5,345 5,950 6,582 Right-of-use assets 3,129 2,996 2,901 2,417 1,820 1,391 Deferred income tax 187 1,692 926 1,014 1,103 1,202 Intangibles 2,860 2,817 2,954 2,883 2,817 2,770 Goodwill 1,672 1,672 1,631 1,590 1,590 1,590 Financial assets at FVTPL 350 31,87 32,493 24,945 26,945 Current itabilitis 13,567 <td></td> <td>,</td> <td></td> <td></td> <td></td> <td></td> <td></td>		,					
ST bank deposits 8 8 8 8 8 Financial assets at FVTPL 2 255 0 0 0 0 Other current assets 12,8 128 128 128 128 Non-current assets 14,949 15,295 15,202 14,196 14,226 14,480 PAE 5,838 6,059 5,845 5,950 6,682 1,391 Defered income tax 187 319 395 395 395 1,391 Defered income tax 187 2,966 2,801 2,411 1,103 1,202 Intangibes 2,860 2,817 2,945 2,863 2,817 2,847 2,843 3345 3456 2,482 2,							
Financial assets at FVTPL 2 255 0 0 0 0 Other current assets 229 143 128 128 128 128 PRAC 5.838 6.059 5.845 5.345 5.550 6.582 Right-of-use assets 3.129 2.996 2.901 2.417 1.820 1.919 Deferred income tax 167 3.19 9.395 3.955 3.955 3.955 Investment in JVs & assos 7.14 802 2.861 2.883 2.817 2.954 2.883 2.817 2.770 Goodwill 1.672 1.631 1.900 1.590 1							
Other current assets 229 143 128 128 128 128 Non-current assets 14,949 15,295 15,202 14,196 14,226 14,480 PRAE 5,838 6,059 5,845 5,345 5,345 5,936 6,858 Right-of-use assets 3,129 2,996 2,901 2,417 1,820 1,391 Deferred income tax 187 319 395 395 395 395 Investment in JVs & assos 714 802 926 1,014 1,03 1,202 Intangibles 2,860 2,817 2,954 2,883 2,817 2,770 Goodwill 1,672 1,672 1,672 1,631 1,599 1,599 Financial assets at FVTPL 350 318 3246 22,68 29,753 29,495 29,249 Current liabilities 13,328 14,339 14,559 11,339 10,550 9,792 Short-tern borowings 3,596 2,284 <	•						
Non-current assets 14,949 15,295 15,202 14,196 14,226 14,480 PP&E 5,838 6,059 5,845 5,345 5,446 1,439 1,439 343 344 344 344 344 500 500 0 0 0 0 0 0 0 0 0							
PP&E 5,838 6,059 5,845 5,345 5,950 6,582 Right-of-use assets 3,129 2,996 2,901 2,417 1,820 1,331 Deterred income tax 187 319 395 395 395 395 Investment in JVs & assos 714 802 926 1,014 1,103 1,202 Intangibles 2,860 2,817 2,954 2,883 2,817 2,770 Goodwill 1,672 1,631 1,590 1,590 1,590 1,590 Financial assets at FVTPL 350 312 334 334 334 334 Other oncurrent assets 198 318 216 216 216 216 Short-term binorwings 3,567 32,665 32,693 29,753 29,495 29,246 Short-term binorwings 3,566 2,811 1,755 1,339 1,503 Account payables 2,6569 2,181 1,724 1,609 1,573							
Right-of-use assets 3,129 2,996 2,901 2,417 1,820 1,391 Deferred income tax 187 319 395 395 395 395 Investment in JVs & assos 714 802 926 1,014 1,103 1,202 Intrangibles 2,860 2,817 2,954 2,883 2,817 2,770 Goodwill 1,672 1,672 1,631 1,590 1,590 1,590 Financial assets at FVTPL 350 312 334 334 334 334 Other non-current assets 198 318 216 216 216 216 Total assets 31,567 32,465 32,693 29,753 29,495 29,495 Short-term borrowings 3,596 2,288 2,434 500 500 0 Account payables 2,650 2,181 1,795 1,709 1,609 1,573 Lease liabilities 2,650 2,181 1,724 1,638 1,539 <td></td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td></td> <td></td>		-	-	-	-		
Deferred income tax187319395395395395Investment in JVs & assos7148029261,0141,1031,202Intangibles2,8602,8172,9542,8832,8172,770Godwill1,6721,6721,6311,5901,5901,590Financial assets at FVTPL350312334334334334Other non-current assets198318216216216216Total assets13,56732,46532,69329,75329,49529,246Current liabilities13,32814,33914,55911,33910,5609,792Short-term borrowings3,5962,2882,4345005000Account payables5,5698,3919,1257,9657,3547,161Tax payable1,2771,206963963963963Other current liabilities2,4601,7241,7241,6381,5391,503Lease liabilities2,4801,7241,7241,6381,5391,503Non-current liabilities3,9503,4033,7353,8873,9464,159Long-term borrowings9111,0801,5271,9672,4072,487Bond payables0000000Contract liabilities2,6702,3232,2091,5291,5391,313Total liabilities2,6702,323<							,
Investment in JVs & assos 714 802 926 1,014 1,103 1,202 Intangibles 2,860 2,817 2,954 2,883 2,817 2,770 Goodwill 1,672 1,672 1,631 1,590 1,590 1,590 Financial assets at FVTPL 350 312 334 334 334 334 Other non-current assets 198 318 216 216 216 216 Total assets 198 318 216 216 216 29,495 Short-term borrowings 3,596 2,285 2,693 29,753 29,495 7,965 Account payable 1,277 1,206 963	0						
Intangibles 2,860 2,817 2,954 2,883 2,817 2,770 GoodWill 1,672 1,672 1,631 1,590 1,590 1,590 Financial assets at FVTPL 350 312 334 334 334 334 Other non-current assets 198 318 216 216 216 216 Total assets 31,567 32,465 32,693 29,753 29,495 29,246 Current liabilities 3,596 2,288 2,434 500 500 0 Account payables 5,569 8,391 9,125 7,965 7,354 7,161 Tax payable 1,277 1,206 963 963 963 963 Other current liabilities 2,650 2,181 1,795 1,709 1,609 1,573 Lease liabilities 2,480 1,724 1,638 1,539 1,503 Contract liabilities 2,480 1,724 1,638 1,539 1,503							
Goodwill 1.672 1.672 1.631 1.590 1.590 Financial assets at FVTPL 350 312 334 334 334 334 Other non-current assets 198 318 216 216 216 216 Total assets 31,567 32,465 32,693 29,753 29,495 29,246 Current liabilities 13,328 14,339 14,559 11,339 10,560 9,792 Short-term borrowings 3,596 2,246 2,434 500 500 0 Account payables 5,569 8,391 9,125 7,965 7,354 7,161 Tax payable 1,277 1,206 963							
Financial assets at FVTPL 350 312 334 334 334 334 Other non-current assets 198 318 216 216 216 29,495 29,296 Total assets 31,567 32,465 32,693 29,753 29,495 29,246 Current liabilities 13,328 14,339 14,559 11,339 10,560 9,792 Short-term borrowings 3,596 2,288 2,434 500 500 0 Account payables 5,569 8,391 9,125 7,965 7,354 7,161 Tax payable 1,277 1,206 963 963 963 963 Contract liabilities 2,650 2,181 1,795 1,709 1,609 1,573 Lease liabilities 2,480 1,724 1,633 1,539 1,503 Non-current liabilities 2,480 1,724 1,638 1,539 1,503 Non-current liabilities 3,950 3,403 3,735 3,887	0						
Other non-current assets 198 318 216 216 216 216 Total assets 31,567 32,665 32,693 29,753 29,945 29,246 Current liabilities 13,328 14,339 14,559 11,339 10,560 9,792 Short-term borrowings 3,596 2,288 2,434 500 500 0 Account payables 5,569 8,391 9,125 7,965 7,354 7,161 Tax payable 1,277 1,206 963		·	·	·	·	·	·
Total assets 31,567 32,465 32,693 29,753 29,495 29,246 Current liabilities 13,328 14,339 14,559 11,339 10,560 9,792 Short-term borrowings 3,596 2,288 2,434 500 500 0 Account payables 5,569 8,391 9,125 7,965 7,354 7,161 Tax payable 1,277 1,206 963 963 963 963 963 01573 Lease liabilities 2,650 2,181 1,795 1,709 1,609 1,573 Lease liabilities 2,480 1,724 1,638 1,539 1,503 Contract liabilities 2,480 1,724 1,638 1,539 1,503 Long-term borrowings 911 1,080 1,527 1,967 2,407 2,847 Long-term borrowings 911 1,080 1,527 1,967 2,407 2,847 Long-term borrowings 2,670 2,323 2,209 1,92							
Current liabilities13,32814,33914,55911,33910,5609,792Short-term borrowings3,5962,2882,4345005000Account payables5,5698,3919,1257,9657,3547,161Tax payable1,2771,206963963963963063Other current liabilities2,6502,1811,7951,7091,6091,573Lease liabilities2,4801,72424320213595Contract liabilities2,4801,7241,7241,6381,5391,503Non-current liabilities2,4801,7241,7241,6381,5391,503Long-term borrowings9111,0801,5271,9672,4072,847Bond payables369000000Other non-current liabilities2,6702,3232,2091,9201,5391,313Total liabilities17,27817,74218,29515,22514,50613,951Share capital16161616161616Other reserves13,69214,20013,92414,06114,52414,824Total liabilities13,70814,21613,94014,07714,54014,824Minority interest580507458451449451							
Short-term borrowings 3,596 2,288 2,434 500 500 0 Account payables 5,569 8,391 9,125 7,965 7,354 7,161 Tax payable 1,277 1,206 963 963 963 963 Other current liabilities 2,650 2,181 1,795 1,709 1,609 1,573 Lease liabilities 2,366 274 243 202 135 95 Contract liabilities 2,480 1,724 1,638 1,539 1,503 Non-current liabilities 2,480 1,724 1,733 3,887 3,946 4,159 Long-term borrowings 911 1,080 1,527 1,967 2,407 2,847 Bond payables 369 0		• ,,•••	,	,		_0,.00	
Account payables5,5698,3919,1257,9657,3547,161Tax payable1,2771,206963963963963963Other current liabilities2,6502,1811,7951,7091,6091,573Lease liabilities23627424320213595Contract liabilities2,4801,7241,7241,6381,5391,503Non-current liabilities3,9503,4033,7353,8873,9464,159Long-term borrowings9111,0801,5271,9672,4072,847Bond payables36900000Convertible bonds000000Other non-current liabilities2,6702,3232,2091,9201,5391,313Total liabilities161616161616Other reserves13,69214,20013,92414,06114,52414,828Total shareholders equity13,70814,21613,94014,07714,54014,844Minority interest580507458451449451	Current liabilities	13,328	14,339	14,559	11,339	10,560	9,792
Tax payable1,2771,206963963963963963Other current liabilities2,6502,1811,7951,7091,6091,573Lease liabilities23627424320213595Contract liabilities2,4801,7241,7241,6381,5391,503Non-current liabilities2,4801,7241,7241,6381,5391,503Long-term borrowings9111,0801,5271,9672,4072,847Bond payables369000000Convertible bonds0000000Other non-current liabilities2,6702,3232,2091,9201,5391,313Total liabilities161616161616Other reserves13,69214,20013,92414,06114,52414,828Total shareholders equity13,70814,21613,94014,07714,54014,844Minority interest580507458451449451	Short-term borrowings	3,596	2,288	2,434	500	500	0
Other current liabilities 2,650 2,181 1,795 1,709 1,609 1,573 Lease liabilities 236 274 243 202 135 95 Contract liabilities 2,480 1,724 1,724 1,638 1,539 1,503 Non-current liabilities 3,950 3,403 3,735 3,887 3,946 4,159 Long-term borrowings 911 1,080 1,527 1,967 2,407 2,847 Bond payables 369 0 1,539 1,313 1,313 1,525 14	Account payables	5,569	8,391	9,125	7,965	7,354	7,161
Lease liabilities 236 274 243 202 135 95 Contract liabilities 2,480 1,724 1,724 1,638 1,539 1,503 Non-current liabilities 3,950 3,403 3,735 3,887 3,946 4,159 Long-term borrowings 911 1,080 1,527 1,967 2,407 2,847 Bond payables 369 0 1,313 1,313 1,313 1,313 1,313 1,314 1,452 14,828	Tax payable	1,277	1,206	963	963	963	963
Contract liabilities 2,480 1,724 1,724 1,638 1,539 1,503 Non-current liabilities 3,950 3,403 3,735 3,887 3,946 4,159 Long-term borrowings 911 1,080 1,527 1,967 2,407 2,847 Bond payables 369 0 0 0 0 0 0 0 Convertible bonds 0	Other current liabilities	2,650	2,181	1,795	1,709	1,609	1,573
Non-current liabilities 3,950 3,403 3,735 3,887 3,946 4,159 Long-term borrowings 911 1,080 1,527 1,967 2,407 2,847 Bond payables 369 0 </td <td>Lease liabilities</td> <td>236</td> <td>274</td> <td>243</td> <td>202</td> <td>135</td> <td>95</td>	Lease liabilities	236	274	243	202	135	95
Long-term borrowings 911 1,080 1,527 1,967 2,407 2,847 Bond payables 369 0	Contract liabilities	2,480	1,724	1,724	1,638		1,503
Bond payables 369 0	Non-current liabilities	3,950	3,403	3,735	3,887	3,946	4,159
Convertible bonds 0	Long-term borrowings	911	1,080	1,527	1,967	2,407	2,847
Other non-current liabilities 2,670 2,323 2,209 1,920 1,539 1,313 Total liabilities 17,278 17,742 18,295 15,225 14,506 13,951 Share capital 16 16 16 16 16 16 16 16 16 16 16 16 16 16 16 16 14,524 14,828 Total shareholders equity 13,708 14,216 13,940 14,077 14,540 14,844 Minority interest 580 507 458 451 449 451	Bond payables	369	0	0	0	0	0
Total liabilities 17,278 17,742 18,295 15,225 14,506 13,951 Share capital 16	Convertible bonds	0	0	0	0	0	0
Share capital 16 16 16 16 16 16 16 Other reserves 13,692 14,200 13,924 14,061 14,524 14,828 Total shareholders equity 13,708 14,216 13,940 14,077 14,540 14,844 Minority interest 580 507 458 451 449 451	Other non-current liabilities	2,670	2,323	2,209	1,920	1,539	1,313
Other reserves 13,692 14,200 13,924 14,061 14,524 14,828 Total shareholders equity 13,708 14,216 13,940 14,077 14,540 14,844 Minority interest 580 507 458 451 449 451	Total liabilities	17,278	17,742	18,295	15,225	14,506	13,951
Other reserves 13,692 14,200 13,924 14,061 14,524 14,828 Total shareholders equity 13,708 14,216 13,940 14,077 14,540 14,844 Minority interest 580 507 458 451 449 451	Share capital	16	16	16	16	16	16
Total shareholders equity 13,708 14,216 13,940 14,077 14,540 14,844 Minority interest 580 507 458 451 449 451							
Minority interest 580 507 458 451 449 451							
•		-		-	-		-
	•						



CASH FLOW	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	3,491	2,073	740	209	683	915
Depreciation & amortization	1,154	1,277	1,279	1,237	1,341	1,532
Tax paid	(674)	(695)	(499)	(43)	(147)	(201)
Change in working capital	652	1,348	164	2,456	(112)	36
Others	391	230	148	222	132	105
Net cash from operations	5,015	4,232	1,832	4,080	1,898	2,387
Investing						
Capital expenditure	(1,120)	(1,775)	(1,431)	(1,400)	(1,340)	(1,260)
Acquisition of subsidiaries/ investments	(668)	(41)	(6)	0	0	0
Net proceeds from disposal of short-term investments	0	0	0	0	0	0
Others	1,506	361	899	1,177	(98)	(382)
Net cash from investing	(282)	(1,455)	(538)	(223)	(1,438)	(1,642)
Financing						
Dividend paid	(569)	(949)	(782)	(100)	(131)	(437)
Net borrowings	(3,920)	(1,255)	597	(1,494)	440	(60)
Proceeds from share issues	0	0	0	0	0	0
Share repurchases	(74)	(69)	(99)	0	0	0
Others	(999)	(569)	(994)	(494)	(458)	(486)
Net cash from financing	(5,562)	(2,842)	(1,279)	(2,088)	(149)	(984)
Net change in cash						
Cash at the beginning of the year	3,080	2,250	2,186	2,201	3,969	4,279
Cash at the end of the year	2,250	2,186	2,201	3,969	4,279	4,041
GROWTH	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec						
Revenue	14.2%	(7.6%)	3.2%	(14.6%)	(6.6%)	(1.5%)
Gross profit	26.4%	(17.6%)	4.8%	(21.2%)	5.3%	9.5%
Operating profit	37.5%	(39.5%)	(58.3%)	(57.8%)	105.2%	24.5%
EBITDA	28.8%	(27.1%)	(36.1%)	(25.7%)	30.5%	17.8%
EBIT	37.9%	(38.3%)	(55.4%)	(52.6%)	84.5%	22.9%
Net profit	52.6%	(43.1%)	(59.4%)	(64.9%)	172.2%	28.8%
PROFITABILITY	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec						
Gross profit margin	9.9%	8.9%	9.0%	8.3%	9.4%	10.4%
Operating margin	4.9%	3.2%	1.3%	0.6%	1.4%	1.8%
EBITDA margin	6.5%	5.1%	3.2%	2.7%	3.8%	4.6%
Return on equity (ROE)	19.4%	10.1%	4.1%	1.4%	3.8%	4.8%
GEARING/LIQUIDITY/ACTIVITIES	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec						
Net debt to equity (x)	(0.1)	(0.1)	(0.0)	(0.1)	(0.1)	(0.1)
Current ratio (x)	1.2	1.2	1.2	1.4	1.4	1.5
Receivable turnover days	42.9	40.7	35.5	35.0	35.0	35.0
Inventory turnover days	21.1	25.4	23.6	25.0	25.0	25.0
Payable turnover days	29.0	46.8	49.4	50.0	50.0	50.0
VALUATION	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec						
P/E	2.0	3.5	8.5	23.7	8.6	6.7
P/E (diluted)	2.0	3.5	8.5	23.7	8.6	6.7
P/B	0.4	0.3	0.3	0.3	0.3	0.3
P/CFPS	1.0	1.2	2.6	1.2	2.5	2.0
Div yield (%)	19.3	11.6	6.3	5.1	9.3	12.0

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.

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 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.