

# Tongcheng Travel (780 HK)

## 4Q earnings beat; likely another year of solid earnings growth ahead

Tongcheng Travel (TC) reported 4Q24 results: total revenue was RMB4.2bn, up 35% YoY (3Q24: 51% YoY), 5% better than Bloomberg consensus estimates, due to the beat in revenue of accommodation reservation and Tourism business; adjusted NP was RMB660mn, up 37% YoY, and was 7% better than consensus. OPM of core OTA businesses improved to 28.4% in 4Q24 (4Q23: 23.6%), driven by optimization of marketing strategies. For 2024, total revenue grew 46% YoY to RMB17.3bn, and non-GAAP net profit reached RMB2.8bn, up 27% YoY. Looking into 2025, although Tourism business likely faces some short-term headwinds, core OTA business could still deliver solid earnings growth, driven by: 1) resilient travel demand for both domestic and outbound travel, and TC's ability to drive for further operating efficiency improvement through refined marketing strategies and optimization in user subsidy provided; 2) international business turnaround from loss-making stage and start to contribute profits. We are looking for 25%/18% YoY growth for core OTA OP/total non-GAAP NP. Accounting for better-than-expected operating efficiency improvement, we lift 25/26E net profit forecasts by 2/3%, and revise up our DCF-based TP to HK\$24.0, which translates into 16x 2025E PE (non-GAAP). Maintain BUY.

### ■ Core OTA business delivered in line with consensus revenue growth.

In 4Q24, TC's core OTA business reached RMB3.5bn (82% of total revenue), up 20% YoY (3Q24: 22% YoY), and was in line with consensus, among which transportation ticketing services/ accommodation reservation services/others revenue achieved YoY revenue growth of 17%/29%/15% YoY (3Q24: 21%/22%/24%). The number of twelve-month accumulated number of travellers served reached 1.93bn by end-Dec, up 9% YoY, compared to annual paying users (APU) increase of 1.5% YoY during the same period. The cross-sell ratio between transportation ticketing and other business and products was largely stable QoQ at 12% in 4Q24, while TC targets to increase to 13-15% in the medium term.

### ■ 1Q25 outlook: healthy OTA business revenue growth driven by accommodation reservation.

For 1Q25E, we estimate TC to ink total revenue of RMB4.4bn, up 13% YoY, driven by 17% YoY revenue growth of Core OTA segment. Within the Core OTA business, we are looking for 14%/24% YoY revenue growth for transportation ticketing/accommodation reservation (AR) business. We see support for the robust revenue growth of AR to come from: 1) 12% YoY growth in hotel room night growth; and 2) increase in hotel take rate aided by optimization in user subsidy.

### ■ Expecting solid earnings growth in 2025E driven by operating efficiency improvement.

Driven by optimization in user subsidy and unleashing of operating leverage aided by solid revenue growth, OPM of core OTA business expanded to 26.9% in 2024 (2023: 25.4%), and we expect this positive trajectory to sustain in 2025 amid the backdrop of a stabilized industry competitive landscape. Combined with the impact of reversal of loss-making international business to profitability stage driven by user subsidy optimization, we are anticipating 25% YoY growth for OP of core OTA business, and expecting a further OPM expansion to 28.5% in 2025E. Our 2025E revenue is inline with consensus while non-GAAP NP forecast is 5% ahead of consensus.

**BUY (Maintain)**

**Target Price** **HK\$24.00**  
 (Previous TP) **HK\$23.50**  
**Up/Downside** **30.6%**  
**Current Price** **HK\$18.38**

#### China Internet

**Saiyi HE, CFA**  
 (852) 3916 1739  
 hesaiyi@cmbi.com.hk

**Ye TAO, CFA**  
 franktao@cmbi.com.hk

**Wentao LU, CFA**  
 luwentao@cmbi.com.hk

**Joanna Ma**  
 (852) 3761 8838  
 joannama@cmbi.com.hk

#### Stock Data

Mkt Cap (HK\$ mn)	42,283.1
Avg 3 mths t/o (HK\$ mn)	192.6
52w High/Low (HK\$)	22.30/12.70
Total Issued Shares (mn)	2300.5

Source: FactSet

#### Shareholding Structure

Tencent	21.2%
Trip.com	20.7%

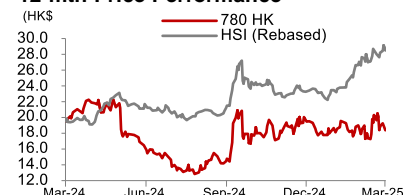
Source: HKEx

#### Share Performance

	Absolute	Relative
1-mth	2.6%	-4.4%
3-mth	-5.6%	-23.2%
6-mth	24.4%	-6.3%

Source: FactSet

#### 12-mth Price Performance



Source: FactSet

**Earnings Summary**

<b>(YE 31 Dec)</b>	<b>FY23A</b>	<b>FY24A</b>	<b>FY25E</b>	<b>FY26E</b>	<b>FY27E</b>
<b>Revenue (RMB mn)</b>	11,896	17,341	19,804	22,186	24,015
<b>YoY growth (%)</b>	80.7	45.8	14.2	12.0	8.2
<b>Adjusted net profit (RMB mn)</b>	2,192.1	2,785.4	3,299.0	3,792.6	4,201.7
<b>Diluted EPS (RMB)</b>	0.95	1.22	1.43	1.64	1.80
<b>Consensus EPS (RMB)</b>	na	na	1.31	1.56	1.61
<b>P/E (x)</b>	24.7	19.7	14.9	12.7	11.4

Source: Company data, Bloomberg, CMBIGM estimates

Figure 1: TC: quarterly results and comparison with consensus

(RMBmn)	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	4Q24E consensus	Diff%	4Q24E CMBI forecasts	Diff%
<b>Total revenue</b>	<b>2,586</b>	<b>2,866</b>	<b>3,299</b>	<b>3,145</b>	<b>3,866</b>	<b>4,245</b>	<b>4,991</b>	<b>4,238</b>	<b>4,040</b>	<b>4.9%</b>	<b>4,076</b>	<b>4.0%</b>
YoY growth (%)	50.5%	117.4%	61.1%	109.6%	49.5%	48.1%	51.3%	34.8%				
<b>1. Core OTA</b>	<b>2,586</b>	<b>2,866</b>	<b>3,299</b>	<b>2,877</b>	<b>3,203</b>	<b>3,526</b>	<b>4,013</b>	<b>3,457</b>	<b>3,450</b>	<b>0.2%</b>	<b>3,437</b>	<b>0.6%</b>
YoY growth (%)	50.5%	117.4%	61.1%	91.8%	23.9%	23.0%	21.6%	20.2%				
1.1 Transportation ticketing services	1,383	1,495	1,680	1,473	1,737	1,743	2,027	1,723	1,740	-1.0%	1,731	-0.5%
YoY growth (%)	35.9%	141.2%	70.3%	94.9%	25.6%	16.6%	20.6%	17.0%				
1.2 Accommodation reservation services	834	1,055	1,127	882	965	1,191	1,378	1,135	1,092	4.0%	1,083	4.8%
YoY growth (%)	53.6%	94.2%	37.7%	73.2%	15.6%	12.8%	22.2%	28.6%				
1.3 Others	369	316	492	522	502	592	609	599	618	-3.0%	623	-3.8%
YoY growth (%)	134.1%	103.3%	102.8%	122.0%	36.0%	87.3%	23.7%	14.8%				
<b>2. Tourism</b>				<b>267</b>	<b>663</b>	<b>719</b>	<b>979</b>	<b>780</b>	<b>590</b>	<b>32.2%</b>	<b>639</b>	<b>22.1%</b>
<b>Gross profit</b>	<b>1,941</b>	<b>2,163</b>	<b>2,460</b>	<b>2,175</b>	<b>2,515</b>	<b>2,744</b>	<b>3,165</b>	<b>2,690</b>	<b>2,638</b>	<b>2.0%</b>	<b>2,642</b>	<b>1.8%</b>
<b>Operating profit</b>	<b>465</b>	<b>417</b>	<b>599</b>	<b>388</b>	<b>455</b>	<b>517</b>	<b>977</b>	<b>474</b>	<b>559</b>	<b>15.1%</b>	<b>483</b>	<b>-1.9%</b>
<b>Adj. net profit</b>	<b>504</b>	<b>592</b>	<b>621</b>	<b>483</b>	<b>558</b>	<b>657</b>	<b>910</b>	<b>660</b>	<b>615</b>	<b>7.4%</b>	<b>610</b>	<b>8.2%</b>
YoY (%)	105.6%	428.9%	146.5%	1188.3%	10.9%	10.9%	46.6%	36.8%				
<b>Margin (%)</b>												
<b>GPM</b>	<b>75.0%</b>	<b>75.5%</b>	<b>74.5%</b>	<b>69.2%</b>	<b>65.0%</b>	<b>64.6%</b>	<b>63.4%</b>	<b>63.5%</b>	<b>65.3%</b>	<b>-1.8 ppt</b>	<b>64.8%</b>	<b>-1.4 ppt</b>
<b>OPM</b>	<b>18.0%</b>	<b>14.6%</b>	<b>18.2%</b>	<b>12.3%</b>	<b>11.8%</b>	<b>12.2%</b>	<b>19.6%</b>	<b>11.2%</b>	<b>13.8%</b>	<b>-2.6 ppt</b>	<b>11.9%</b>	<b>-0.7 ppt</b>
<b>Adj. NPM</b>	<b>19.5%</b>	<b>20.7%</b>	<b>18.8%</b>	<b>15.3%</b>	<b>14.4%</b>	<b>15.5%</b>	<b>18.2%</b>	<b>15.6%</b>	<b>15.2%</b>	<b>0.4 ppt</b>	<b>15.0%</b>	<b>0.6 ppt</b>

Source: Company data, Bloomberg

We cut 2025E/2026E revenue forecasts by 3/4% due to short-term headwinds of Tourism business, as outbound package tour business to some of the popular destinations in Southeast Asia was hurt in 1Q25, although the business was seeing some recovery trend, it likely takes time to recover. However, we lift our 2025E/2026E non-GAAP net profit forecasts by 2/3% considering better-than-expected operating efficiency improvement.

Figure 2: TC: CMBI forecast vs previous forecast

RMB bn	Current			Previous forecast			Diff (%)		
	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E
Revenue	19,804	22,186	24,015	20,384	23,197	-	-2.8%	-4.4%	-
Gross profit	12,916	14,570	15,866	13,454	15,294	-	-4.0%	-4.7%	-
Operating profit	3,169	3,716	4,142	3,060	3,512	-	3.5%	5.8%	-
Non-GAAP net profit	3,299	3,793	4,202	3,233	3,697	-	2.1%	2.6%	-
Gross margin	65.2%	65.7%	66.1%	66.0%	65.9%	-	-0.8 ppt	-0.3 ppt	-
Operating profit margin	16.0%	16.7%	17.2%	15.0%	15.1%	-	1.0 ppt	1.6 ppt	-
Non-GAAP net margin	16.7%	17.1%	17.5%	15.9%	15.9%	-	0.8 ppt	1.2 ppt	-

Source: Bloomberg, CMBIGM estimates

**Figure 3: TC: CMBI forecast vs Bloomberg consensus**

RMB bn	Current			Consensus			Diff (%)		
	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E
Revenue	19,804	22,186	24,015	19,813	22,613	22,709	-0.1%	-1.9%	5.8%
Gross profit	12,916	14,570	15,866	12,997	14,942	15,288	-0.6%	-2.5%	3.8%
Operating profit	3,169	3,716	4,142	3,104	3,748	3,646	2.1%	-0.9%	13.6%
Non-GAAP net profit	3,299	3,793	4,202	3,147	3,695	3,776	4.8%	2.6%	11.3%
Gross margin	65.2%	65.7%	66.1%	65.6%	66.1%	67.3%	-0.4 ppt	-0.4 ppt	-1.3 ppt
Operating profit margin	16.0%	16.7%	17.2%	15.7%	16.6%	16.1%	0.3 ppt	0.2 ppt	1.2 ppt
Non-GAAP net margin	16.7%	17.1%	17.5%	15.9%	16.3%	16.6%	0.8 ppt	0.8 ppt	0.9 ppt

Source: Bloomberg, CMBIGM estimates

**Figure 4: TC: DCF valuation (WACC of 13.0%; terminal growth of 1.0%)**

(RMBmn)	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Total revenue	19,804	22,186	24,015	25,376	26,401	27,188	27,809	28,308	28,720
NPV of FCF	25,716								
Discounted terminal value	17,175								
Total equity valuation	51,556								
No. of shares (diluted, mn)	2,300								
Valuation per share (HKD)	24.0								

Source: Bloomberg, CMBIGM estimates

Note: our assumption for terminal growth has been lowered to 1.0% (was 2.0%), while assumption for WACC remains unchanged.

## Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Revenue	6,585	11,896	17,341	19,804	22,186	24,015
Cost of goods sold	(1,807)	(3,158)	(6,227)	(6,888)	(7,616)	(8,149)
Gross profit	4,778	8,738	11,113	12,916	14,570	15,866
Operating expenses	(4,802)	(6,869)	(8,690)	(9,747)	(10,854)	(11,725)
Selling expense	(2,801)	(4,473)	(5,621)	(6,423)	(7,191)	(7,784)
Admin expense	(701)	(711)	(1,206)	(1,225)	(1,322)	(1,407)
Other rental related expenses	(1,414)	(1,821)	(2,001)	(2,217)	(2,474)	(2,678)
Others	114	136	138	119	133	144
Operating profit	(24)	1,869	2,423	3,169	3,716	4,142
Interest income	58	175	195	217	290	368
Interest expense	(137)	(157)	(231)	(232)	(232)	(232)
Others	(14)	(33)	11	12	18	19
Pre-tax profit	(117)	1,854	2,398	3,165	3,791	4,295
Income tax	(46)	(288)	(410)	(541)	(686)	(820)
After tax profit	(164)	1,566	1,988	2,624	3,105	3,475
Minority interest	(18)	11	14	14	14	14
Net profit	(146)	1,554	1,974	2,610	3,091	3,461
Adjusted net profit	646	2,192	2,785	3,299	3,793	4,202
BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	10,384	14,900	18,241	21,651	25,470	29,443
Cash & equivalents	3,547	5,192	8,020	10,724	13,618	16,882
Restricted cash	88	145	136	156	174	189
Account receivables	888	1,218	1,728	1,973	2,210	2,393
Prepayment	2,697	4,370	5,450	6,065	6,735	7,247
Financial assets at FVTPL	3,163	3,974	2,907	2,733	2,733	2,733
Non-current assets	14,651	16,817	19,537	16,858	16,651	16,448
PP&E	1,598	2,495	3,147	2,573	2,609	2,645
Right-of-use assets	111	589	909	909	909	909
Intangibles	8,581	9,580	10,814	8,877	8,575	8,292
Financial assets at FVTPL	758	1,039	957	957	957	957
Other non-current assets	3,602	3,113	3,709	3,541	3,599	3,644
Total assets	25,035	31,717	37,777	38,509	42,121	45,891
Current liabilities	6,117	11,887	11,597	12,288	12,861	13,291
Short-term borrowings	443	2,540	1,359	1,359	1,359	1,359
Account payables	2,522	4,131	4,467	4,822	5,179	5,378
Tax payable	3,040	4,939	5,154	5,490	5,707	5,937
Other current liabilities	60	166	342	342	342	342
Contract liabilities	51	111	274	274	274	274
Non-current liabilities	2,928	1,283	5,218	2,558	2,688	2,788
Long-term borrowings	1,858	11	2,794	0	0	0
Obligations under finance leases	88	420	680	680	680	680
Other non-current liabilities	982	852	1,743	1,878	2,008	2,108
Total liabilities	9,044	13,170	16,815	14,846	15,550	16,079
Share capital	8	8	8	8	8	8
Capital surplus	19,877	20,116	20,762	20,673	20,673	20,673
Other reserves	(4,153)	(2,421)	(768)	2,053	4,947	8,173
Total shareholders equity	15,732	17,703	20,001	22,734	25,628	28,854
Minority interest	258	844	961	975	989	1,003
Total equity and liabilities	25,035	31,717	37,777	38,554	42,166	45,936

<b>CASH FLOW</b>	<b>2022A</b>	<b>2023A</b>	<b>2024A</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>
<b>YE 31 Dec (RMB mn)</b>						
<b>Operating</b>						
Profit before taxation	(117)	1,854	2,398	3,165	3,791	4,295
Depreciation & amortization	840	911	964	1,026	1,075	1,121
Tax paid	(50)	(192)	(410)	(541)	(686)	(820)
Change in working capital	(1,001)	947	286	(89)	(261)	(209)
Others	630	485	(268)	383	389	421
<b>Net cash from operations</b>	<b>302</b>	<b>4,003</b>	<b>2,970</b>	<b>3,944</b>	<b>4,308</b>	<b>4,808</b>
<b>Investing</b>						
Capital expenditure	(515)	(772)	(292)	(329)	(366)	(394)
Others	118	(991)	(543)	(415)	(462)	(495)
<b>Net cash from investing</b>	<b>(397)</b>	<b>(1,762)</b>	<b>(834)</b>	<b>(745)</b>	<b>(828)</b>	<b>(888)</b>
<b>Financing</b>						
Net borrowings	0	(2)	(374)	(495)	(586)	(656)
Proceeds from share issues	0	0	0	0	0	0
Others	1,535	(590)	1,053	0	0	0
<b>Net cash from financing</b>	<b>1,535</b>	<b>(592)</b>	<b>679</b>	<b>(495)</b>	<b>(586)</b>	<b>(656)</b>
<b>Net change in cash</b>						
Cash at the beginning of the year	2,046	3,547	5,192	8,020	10,724	13,618
Exchange difference	61	(4)	13	0	0	0
Others	0	0	0	0	0	0
<b>Cash at the end of the year</b>	<b>3,547</b>	<b>5,192</b>	<b>8,020</b>	<b>10,724</b>	<b>13,618</b>	<b>16,882</b>
<b>GROWTH</b>	<b>2022A</b>	<b>2023A</b>	<b>2024A</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>
<b>YE 31 Dec</b>						
Revenue	(12.6%)	80.7%	45.8%	14.2%	12.0%	8.2%
Gross profit	(15.4%)	82.9%	27.2%	16.2%	12.8%	8.9%
Operating profit	na	na	29.6%	30.8%	17.3%	11.5%
Net profit	na	na	27.0%	32.2%	18.4%	12.0%
Adj. net profit	(50.6%)	239.3%	27.1%	18.4%	15.0%	10.8%
<b>PROFITABILITY</b>	<b>2022A</b>	<b>2023A</b>	<b>2024A</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>
<b>YE 31 Dec</b>						
Gross profit margin	72.6%	73.5%	64.1%	65.2%	65.7%	66.1%
Operating margin	(0.4%)	15.7%	14.0%	16.0%	16.7%	17.2%
Adj. net profit margin	9.8%	18.4%	16.1%	16.7%	17.1%	17.5%
Return on equity (ROE)	(0.9%)	9.3%	10.5%	12.2%	12.8%	12.7%
<b>GEARING/LIQUIDITY/ACTIVITIES</b>	<b>2022A</b>	<b>2023A</b>	<b>2024A</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>
<b>YE 31 Dec</b>						
Net debt to equity (x)	(0.1)	(0.1)	(0.2)	(0.4)	(0.5)	(0.5)
Current ratio (x)	1.7	1.3	1.6	1.8	2.0	2.2
Receivable turnover days	43.2	32.3	31.0	34.1	34.4	35.0
Payable turnover days	477.6	384.5	252.0	246.1	239.6	236.4
<b>VALUATION</b>	<b>2022A</b>	<b>2023A</b>	<b>2024A</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>
<b>YE 31 Dec</b>						
P/E	ns	24.7	19.7	14.9	12.7	11.4
P/E (diluted)	58.9	17.9	14.1	11.9	10.5	9.5
P/B	2.4	2.2	2.0	1.7	1.5	1.4
P/CFPS	ns	12.2	14.6	10.9	10.1	9.0

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; and (4) have any financial interests in the Hong Kong listed companies covered in this report.

## CMBIGM Ratings

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

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

## CMB International Global Markets Limited

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

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

## Important Disclosures

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

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

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

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

Additional information on recommended securities is available upon request.

### For recipients of this document in the United Kingdom

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

### For recipients of this document in the United States

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

### For recipients of this document in Singapore

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