

## Capturing population growth in China

Rating	<b>Buy</b>	New initiation
Target price	<b>HKD 3.50</b>	
Current price	<b>HKD 2.50</b>	Upside +40%

### Low valuation; capturing population growth in China

We initiate coverage Zhongan Real Estate with a BUY rating. Zhongan is differentiated by 1) concentrated on the Yangtze River Delta (Hangzhou, Hefei GAV accounted for 83%), which offers the fastest population growth with 5yrs CAGR of 8.7% in Hefei, 5.5% in Hangzhou, much higher than China metro average of 2.4%; 2) harvesting in high growth stage (16-18E: contracted sales 41% CAGR) backed by its rich landbank (attributable 4.6msm GFA); 3) Low valuation with 5.3x FY18 PE and 67% discount to NAV.

### Deep roots in Yangtze river delta with attributable Rmb78b salable resources

With core focus on Yangtze river delta, Zhongan penetrates four metro cities with a quality 4.6msm GFA. We forecast total land salable resources to reach Rmb76b to sustain sales CAGR 41% during FY16-FY18 with a very defensive average land cost of Rmb1.2k vs ASP Rmb17k, with rising gross margin of 20%/30% in FY17/FY18.

### Leverage on Hangzhou's future CBD with attributable 1.33msm GFA in Qianjiang Century City

Hangzhou is building a brand CBD called Qianjiang New City in south of Hangzhou, Zhongan is leveraging on this development with its International Office Centre "IOC", total attributable GFA amounted to 1.33msm with land cost Rmb378 vs ASP Rmb25k.

### Stable property market in China bodes well for Zhongan

After price rally in China's property market in 2H16-1H17, property prices will likely stabilize at current level supported by low inventory level of 7.7 months, low growth in real estate investment as well as urbanization continues in China.

### Valuation attractive, initiate at BUY with target price HK\$3.50

Our target price for Zhongan of HK\$3.50 is set at 7.4x FY18 PE, a 20% discount to the average FY18 PE of listed China property companies. On a NAV basis, Zhongan is trading at 67% discount to FY17E NAV, our target price of HK\$3.50 implies 55% discount to our NAV of HK\$7.77/share, which is still lower than the sector average of 41% discount.

Rmb m (Dec-end)	FY14A	FY15A	FY16A	FY17E	FY18E
Revenue	1,550	2,883	5,007	5,226	7,310
Operating profit	-13	219	137	518	1,639
Net Profit	320	421	125	379	1,220
EPS (Rmb)	0.14	0.18	0.05	0.13	0.42
P/E (x)	16.7	12.6	41.2	16.9	5.3
Div yield (%)	-	-	-	1.0	3.3

Sources: Company, CIRC estimates

24 July 2017

#### Kenneth Li

kenneth.li@cinda.com.hk  
(852) 2235 7619

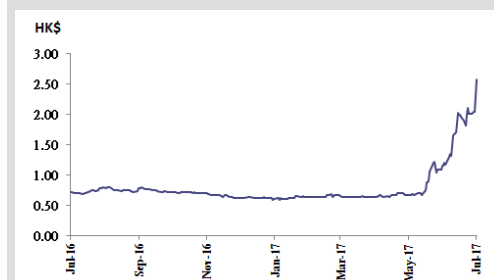
#### Trading data

52-Week Range (HK\$)	0.59/2.66
3 Mth Avg Daily Vol (m)	81
No of Shares (m)	2,918
Market Cap (HK\$m)	5,953
Major Shareholders (%)	KC Shi (55.8%)
Auditors	E&Y
Result Due	1H17: Aug

#### Company description

Established in 1997, Zhongan is a regional developer with a focus on Yangtze river delta. The company has land resources in Hangzhou, Hefei, Ningbo and Huaibei with attributable salable resources amounted to Rmb76b. The company's salable GAV accounted for 93% and investment property GAV accounted for 7%.

#### Price chart



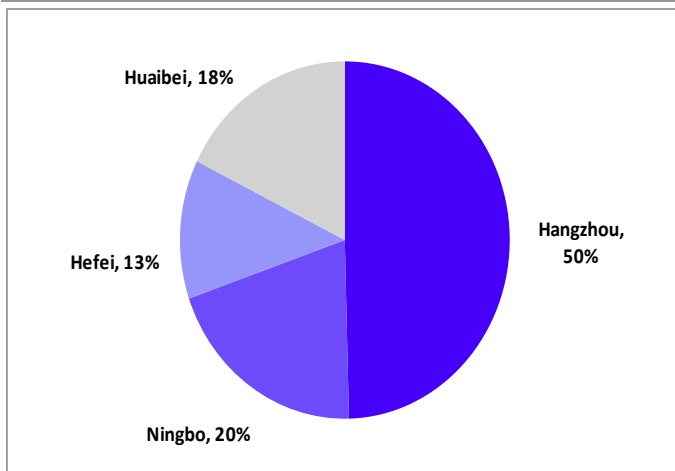
## Valuable landbanks in cities with high population growth

Landbank portfolio holds the key to developers being able to execute effectively on their business, Zhongan has built over 6msm GFA landbank (attributable 4.6msm GFA) land bank in four cities with around 17 projects in development at a defensive land costs of average Rmb1.2kpsm.

Zhongan mainly focuses on the Yangtze river delta cities namely Hangzhou, Hefei, Ningbo and Huaibei. Hefei and Hangzhou ranked 1<sup>st</sup> and 3<sup>rd</sup> among the fastest population growth cities in China with 8.7%/5.5% CAGR over the past 5 years compared to national city average population growth of 2.4% during the same period.

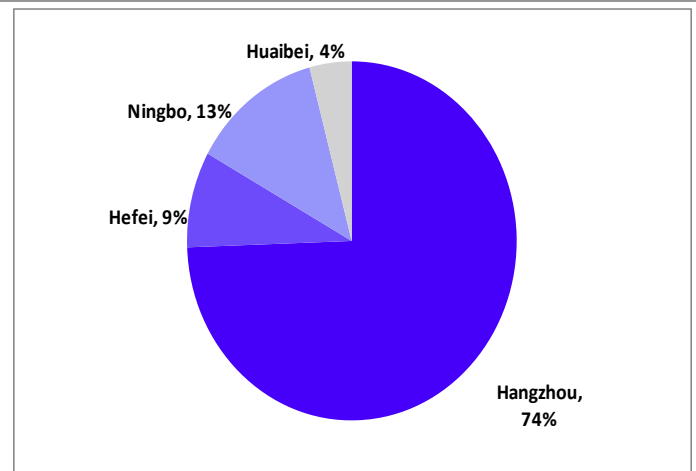
With a focus on Yangtze river delta cities with high population growth, Zhongan's total project in Hangzhou and Hefei accounted for 63% attributable landbank GFA and 83% of total Gross Asset Value.

Exhibit 1: Attributable landbank GFA by city



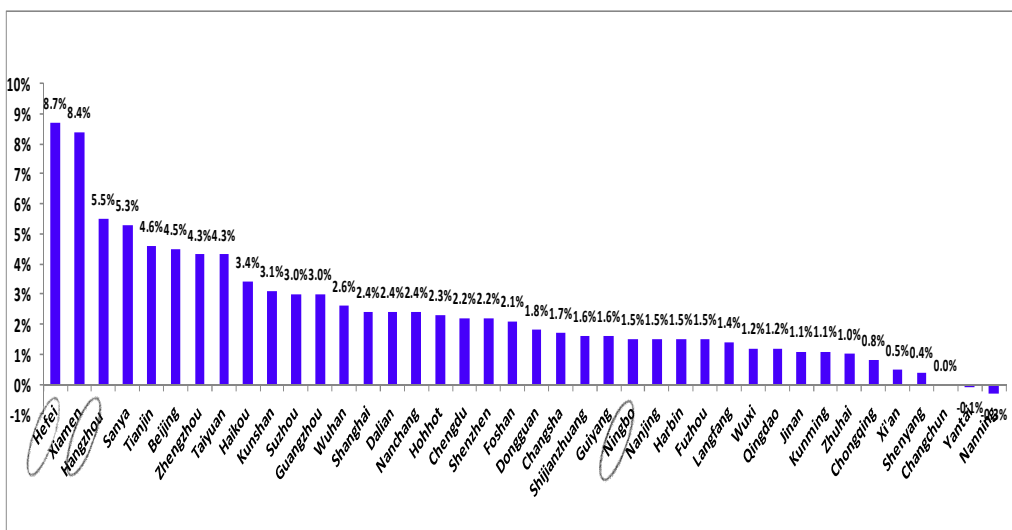
Source: Company, CIRL estimates

Exhibit 2: GAV breakdown by city



Source: Company, CIRL estimates

Exhibit 3: Key cities population growth (5-yr CAGR)

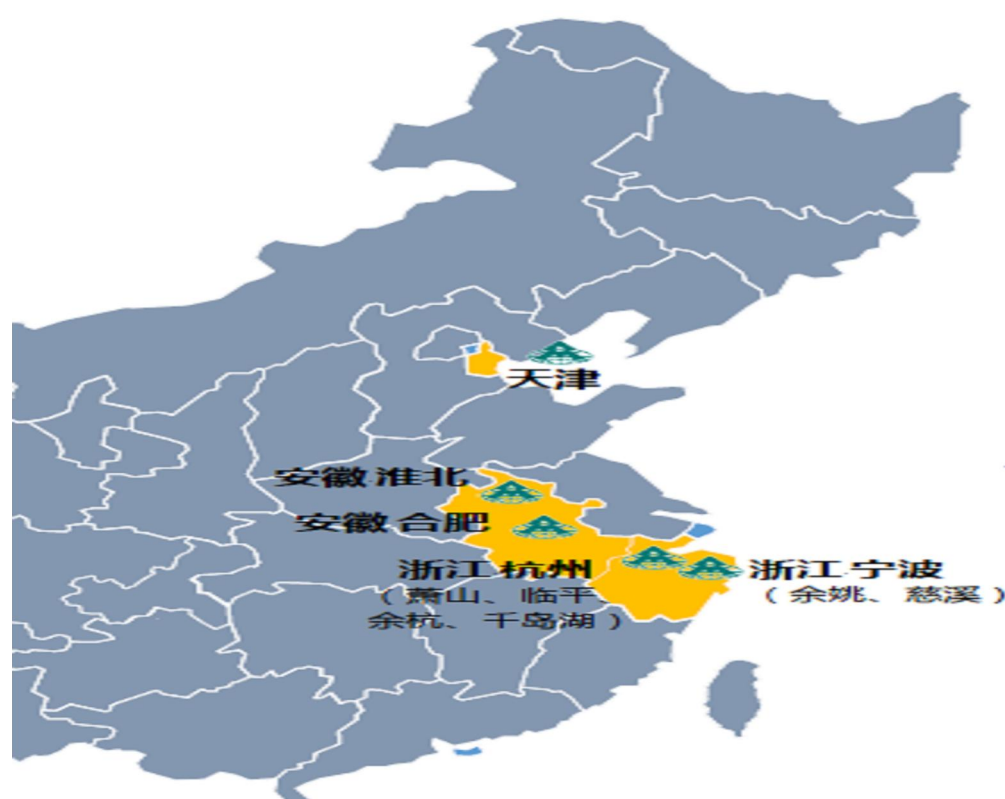


Source: Wind, CEIC, CIRL

**Exhibit 4: Zhongan – Landbank breakdown by cities**

City	GFA (sq m)	Attributable GFA (sqm)	No of projects	Average land costs (Rmb psm)	% of Attri. GFA
Hangzhou	3,213,133	2,221,829	11	1,294	50%
Ningbo	1,293,352	902,179	4	2,326	20%
Hefei	700,427	560,272	1	471	13%
Huaibei	837,849	795,957	1	34	18%
<b>Total</b>	<b>6,044,761</b>	<b>4,480,237</b>		<b>1,183</b>	<b>100%</b>

Source: Company data, CIRL

**Exhibit 5: Location of Zhongan's projects**


Source: Company data, CIRL

### Attributable Rmb78b salable resources available for sales

In our estimates, the attributable 2.8msm GFA in high population growth cities of Hangzhou and Hefei represent over 60b in salable resources. Adding Ningbo, the second largest city in Zhejiang province with nearly 8m inhabitant and Huaibei over 2m people, we believe the total attributable resources could reach Rmb78b. Based on our analysis, Zhongan has a project pipeline that could drive its sales growth of CAGR 41% during FY16-FY18.



Exhibit 6: Hangzhou - 理想湾



Source: Company, CIRL

Exhibit 7: Ningbo - 翡翠珑湾



Source: Company, CIRL

Exhibit 8: Hefei - 绿色港湾



Source: Company, CIRL

Exhibit 9: Ningbo - 白马山庄



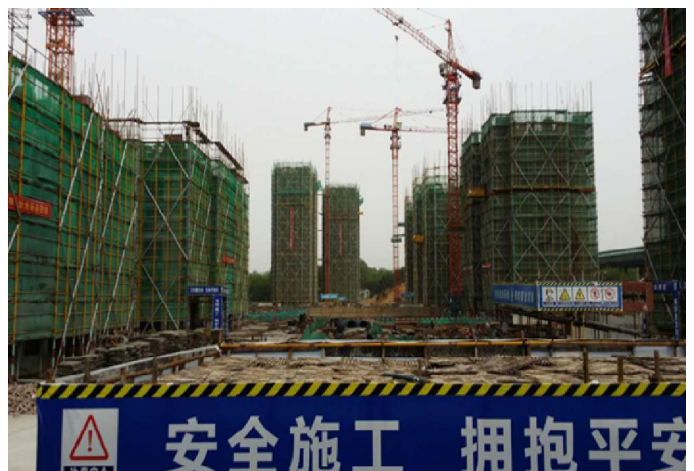
Source: Company, CIRL

Exhibit 10: Hangzhou - 景海湾



Source: Company, CIRL

Exhibit 11: Hangzhou - 学君里



Source: Company, CIRL



## Leverage on Hangzhou's future CBD with attributable 1.33msm GFA in Qianjiang Century City

Hangzhou is developing a brand new central business district (CBD) called Qianjiang Century City in south of Hangzhou. According to "Hangzhou City Overall Planning", the Qianjiang Century City has land area of 22km<sup>2</sup> and expected to house 160k citizens. It is planned as the future modern service centre of finance, high tech, sports & convention and tourism & leisure centre of Hangzhou. Zhongan is leveraging on this development with its International Office Centre "IOC", total attributable GFA amounted to 1.33msm with land cost Rmb378 vs ASP Rmb25k.

Exhibit 12: CG of future Qianjiang Century City



Source: Company, CIRL

Exhibit 13: Actual picture of Qianjiang Century City A



Source: Company, CIRL

Exhibit 14: Actual picture of Qianjiang Century City B

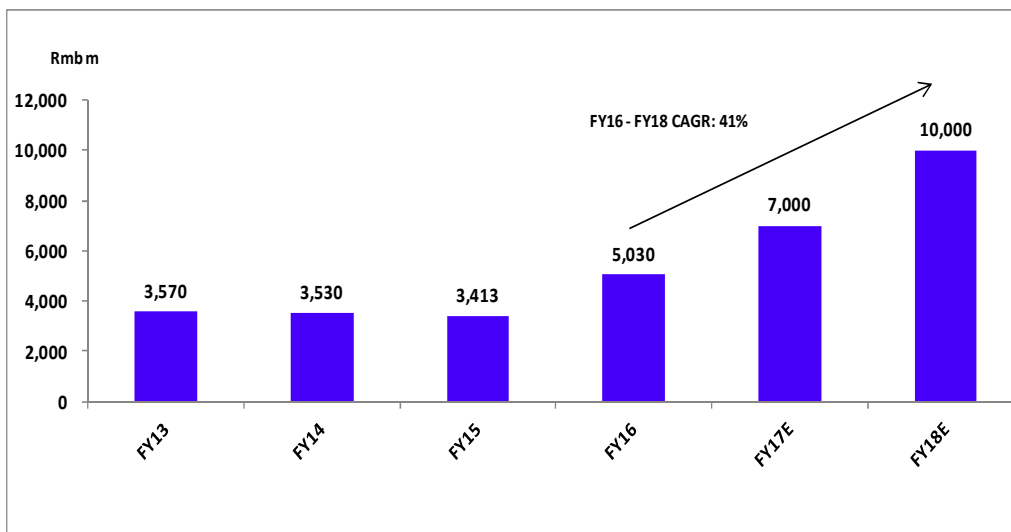


Source: Company, CIRL

## Sales – 41% CAGR achievable in FY16-FY18

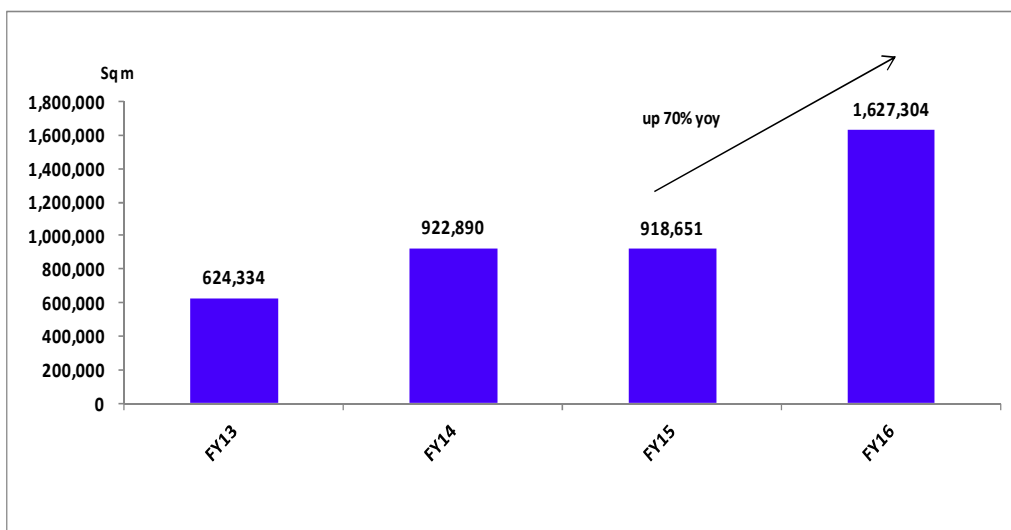
Zhongnan has been saving up its landbank and salable resource, and banking on average selling price to rise given high influx of migrants in the cities where it has landbanks. As such, its contracted sales during FY13-FY15 were relatively small and stable with average contracted sales of Rmb3.5b. However contracted sales started to pick up with 47% yoy rise to reach Rmb5,030m in FY16 given improvement in physical market conditions. With low land cost backed with plenty of salable resources in which GFA completed for sale was up 70% yoy in FY16, we expect Zhongnan to deliver 41% sales CAGR during FY16-FY18 with margin expansion with rising ASP in its respective markets.

**Exhibit 15: Zhongnan - Annual contracted sales in FY13-FY18**



Source: Company, CIRL estimates

**Exhibit 16: Zhongnan – GFA completed for sale**

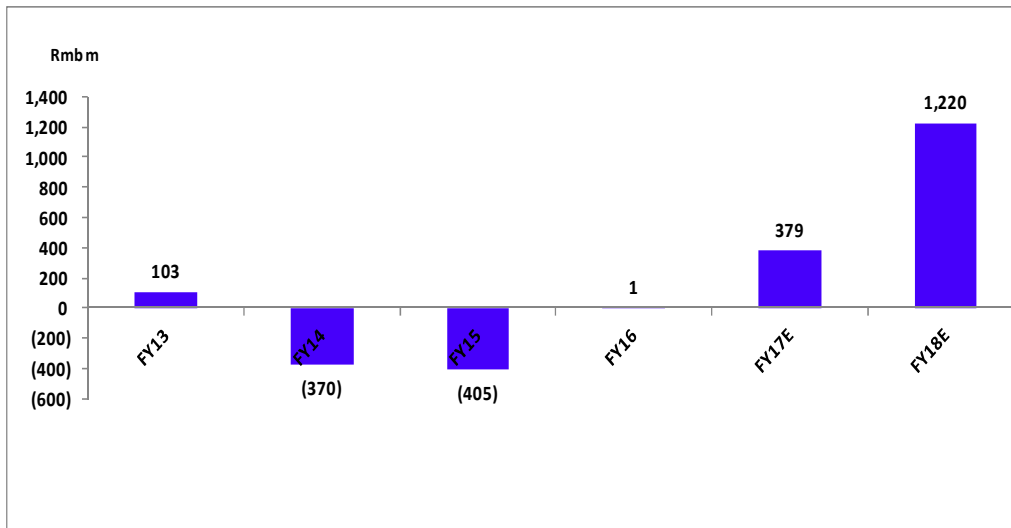


Source: Company, CIRL estimates

## Significant growth in earnings for FY17/FY18

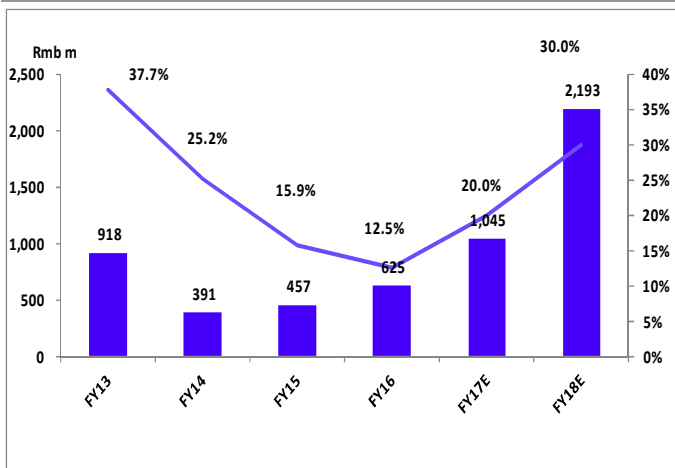
Due to limited contracted sales during FY13-FY15, core earnings were subpar in FY14-FY16. However, we believe Zhongan's earnings growth will accelerate. Besides estimated contracted sales growth of 41% CAGR during FY16-FY18, we believe the margin expansion will be derived by rising average selling price. Gross margin reached its trough in FY16 at 12.5%, it is expected to improve to 20% in FY17 and 30% in FY18. Thus, we forecast earnings to rise significantly to reach Rmb379m and Rmb1,220m respectively for FY17/FY18 based on the existing landbank.

**Exhibit 17: Zhongan – Core earnings in FY13-FY18**



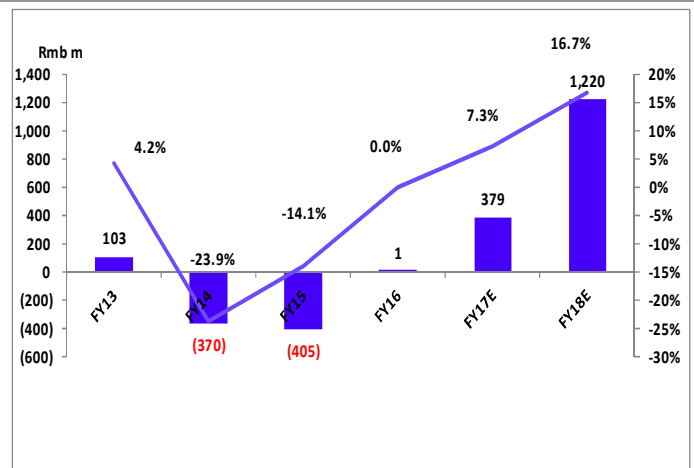
Source: Company, CIRL estimates

**Exhibit 18: Gross profit & gross margin**



Source: Company, CIRL estimates

**Exhibit 19: Core net profit & net margin**



Source: Company, CIRL estimates

## Healthy balance sheet

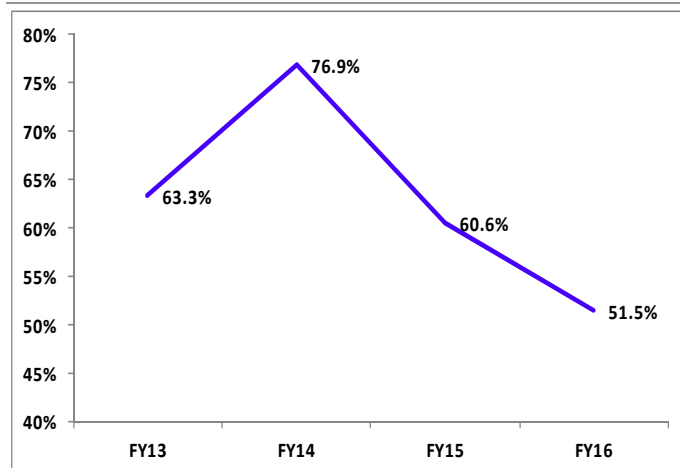
Zhongan's gearing is relatively healthy given its equity base of Rmb7.7b and disciplined development progress. Net gearing was 51.5% as at FY16 with Rmb1.3b cash on hand. With strong contracted sales and landbanking remains disciplined, we believe Zhongan will continue to maintain healthy cash flow in FY17. We expect net gearing to lower to 29% by FY18. Zhongan bank loans are mostly RMB which accounted for 93% of total loan, and the remaining 7% are denominated in foreign currencies.

**Exhibit 20: Zhongan – Financial position**

Rmb m	Dec-13	Dec-14	Dec-15	Dec-16
Short term borrowings	836	2,046	2,213	2,132
Long term borrowings	4,620	4,921	3,982	3,137
Total cash	1,537	1,589	1,617	1,301
<b>Net debt</b>	<b>3,920</b>	<b>5,377</b>	<b>4,578</b>	<b>3,968</b>
Equities	6,190	6,993	7,553	7,711
<b>Net debt/Equity</b>	<b>63.3%</b>	<b>76.9%</b>	<b>60.6%</b>	<b>51.5%</b>

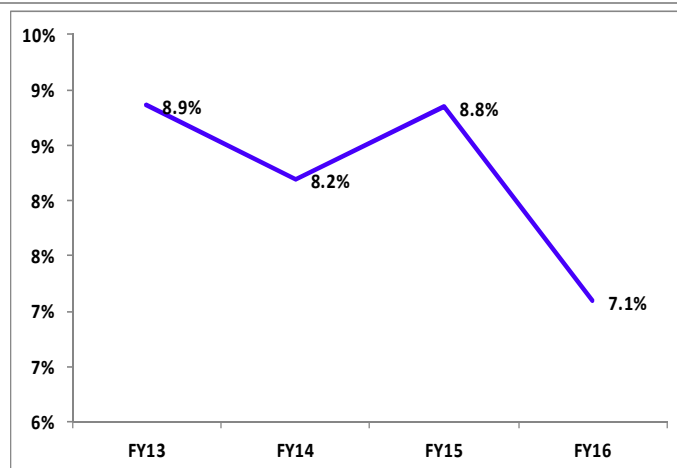
Source: Company, CIRL

**Exhibit 21: Net gearing FY13-FY16**



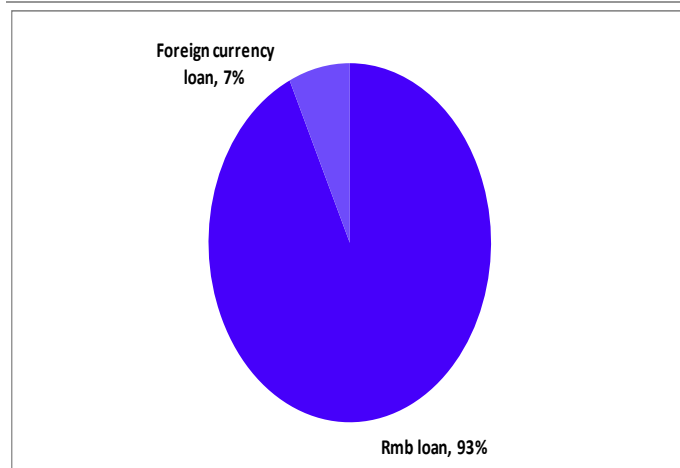
Source: Company, CIRL

**Exhibit 22: Average Funding cost FY13-FY16**



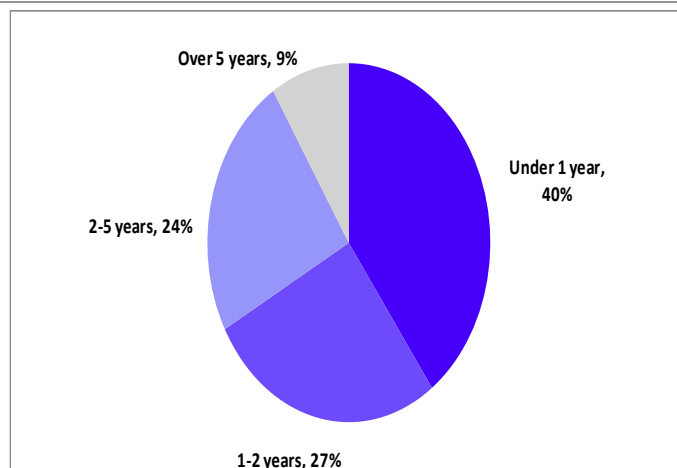
Source: Company, CIRL

**Exhibit 23: bank loan composition in FY16**



Source: Company, CIRL

**Exhibit 24: Bank loan term structure in FY16**



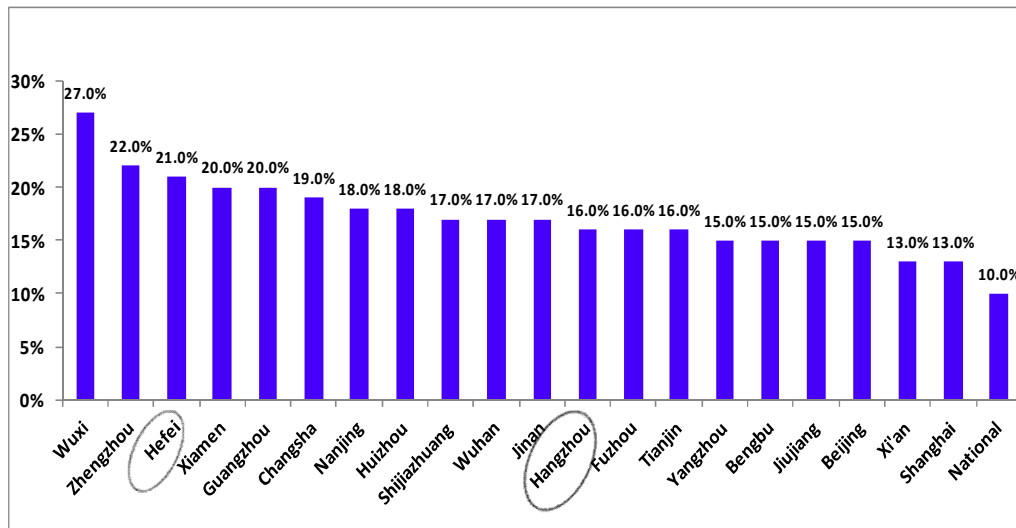
Source: Company, CIRL



## Stable property market in China

Property market was over heating in tiered 1 and selected tiered 2 cities since 2H16, but the Government has stabilised prices as tier 1 cities ASP was up 14% yoy in 1H17 with overall tight supply of land. The wave of ASP rise has thus transferred to lower tiered cities in 1H17, Hefei and Hangzhou where Zhongan has the majority of its salable resources in, ASP rose by 21%/16% respectively in 1H17. However we believe will start to stabilize in 2H17 due to increase supply and Government price control.

Exhibit 25: Property price growth in 1H17 by city

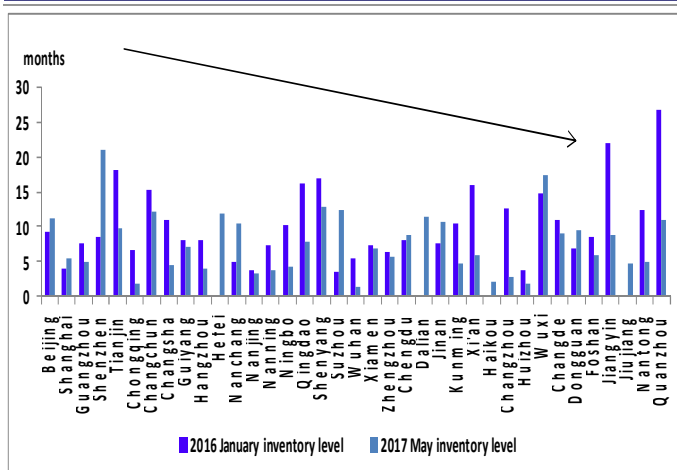


Source: NBS, CIRL

### Low inventory level – key cities stabilize at 7.7 months

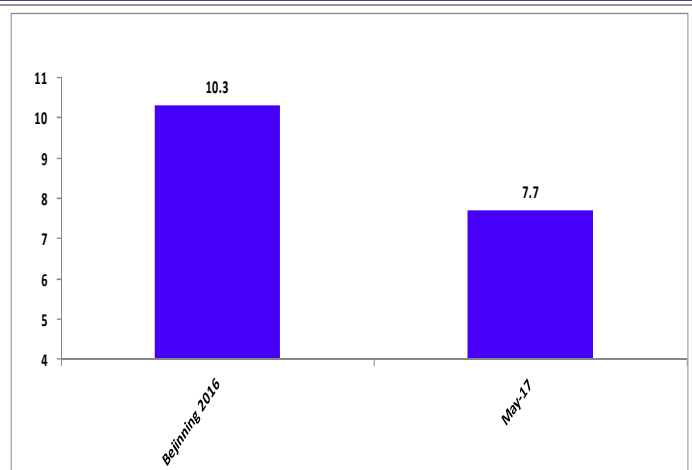
Property price has had a high negative correlation with inventory levels, which indicates that lower inventory levels should provide good ASP support. The inventory level further declined to 7.7 months by May 2017 from 10.3 months from the beginning of 2017. Compared to beginning of 2016 which stand at 10.3 months, inventory level has been substantially decreases. In particular, Hangzhou's inventory has decreased from 8.1 months in January 2016 to 4.2 months in May 2017, and Ningbo's inventory level decreased from 10.3 month to 6.4 month during the same period.

Exhibit 26: Months of inventory by city



Source: CRIC, CIRL

Exhibit 27: Months of inventory on average

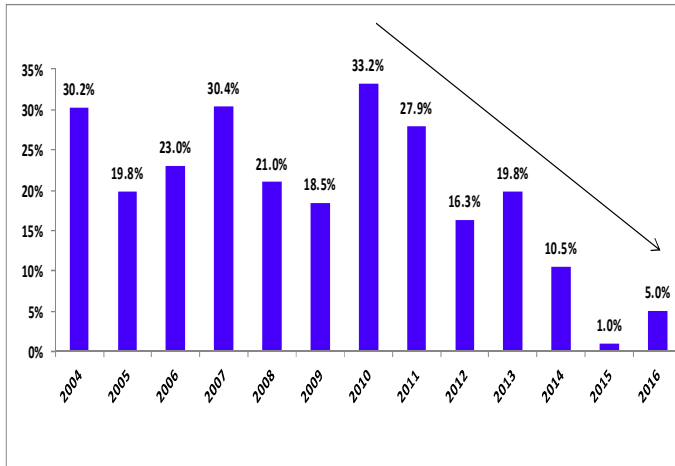


Source: CRIC, CIRL

## Deceleration in real estate investment growth and urbanization continues to support property prices

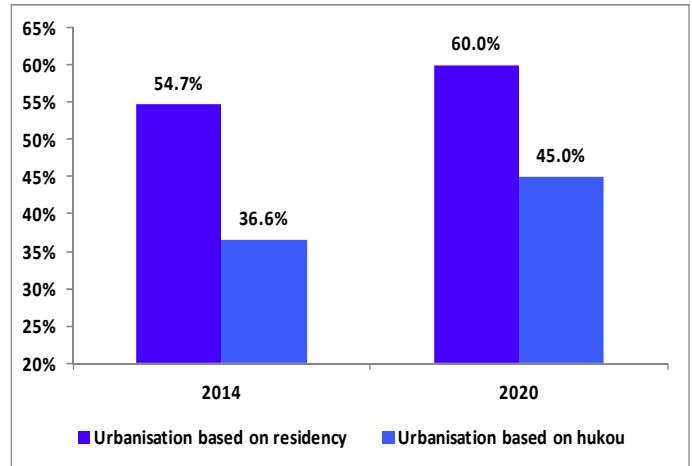
Real estate investment (REI) growth has been decelerating rapidly from 33.2% in 2010 to just 5% in 2016. In addition, urbanization rate is expected to further increase from 54.7% in 2014 to 60% by 2020 also fuel population growth in metropolitan cities in China.

**Exhibit 30: Rapid deceleration in real estate investment**



Source: NBS, CIRC

**Exhibit 31: urbanization trend continues**



Source: NBS, CIRC

## Attractive valuation

Our target price for Zhongan of HK\$3.50 is set at 7.4x FY18 PE, a 20% discount to the average FY18 PE of listed China property companies. On a NAV basis, Zhongan is trading at 67% discount to FY17E NAV, our target price of HK\$3.50 implies 55% discount to our NAV of HK\$7.77/share, which is still lower than the sector average of 41% discount.

**Exhibit 32: Zhongan – NAV breakdown**

Development properties	NAV (HK\$ m)	NAV (HK\$/share)	% of NAV	% of GAV
Salable GFA	25,660	8.79	113%	93%
Investment properties	1,890	0.65	8%	7%
<b>Gross asset value (GAV)</b>	<b>27,550</b>	<b>9.44</b>	<b>122%</b>	<b>100%</b>
Net debt	(4,884)	(1.67)	-22%	
<b>Net asset value (NAV)</b>	<b>22,666</b>	<b>7.77</b>	<b>100%</b>	

Source: Company, CIRL estimates

**Exhibit 33: Peers comparison**

	Bloomberg code	Mkt Cap (HKD mn)	NAV discount	PER (x)			P/B (x)		
				FY16A	FY17E	FY18E	FY16A	FY17E	FY18E
AGILE GROUP HOLD	3383 HK	33,608	-38%	11.6	7.9	6.9	0.8	0.7	0.7
BJ CAPITAL LAN-H	2868 HK	12,505	-43%	9.4	6.4	4.6	0.8	0.7	0.6
CHINA SCE PROPER	1966 HK	12,839	-49%	9.8	6.8	4.4	1.5	1.1	0.9
CIFI HOLDINGS GR	884 HK	26,458	-32%	8.2	6.3	5.2	1.5	1.3	1.1
CHINA OVERSEAS G	81 HK	10,270	-64%	8.9	6.8	5.7	0.8	0.8	0.7
CHINA OVERSEAS	688 HK	285,409	-32%	8.3	8.1	7.2	1.2	1.1	1.0
COUNTRY GARDEN	2007 HK	204,870	-39%	17.8	12.0	9.2	2.6	2.2	1.8
CHINA RES LAND	1109 HK	168,422	-29%	10.2	8.8	7.6	1.3	1.3	1.1
CHINA EVERGRAND	3333 HK	226,258	-5%	37.5	14.4	9.5	4.0	3.4	2.4
FANTASIA HOLDING	1777 HK	6,511	-63%	7.2	7.2	5.3	0.5	0.5	0.5
GREENLAND HONG K	337 HK	8,381	-55%	7.9	5.2	4.3	-	0.8	0.7
GREENTOWN CHINA	3900 HK	22,119	-13%	14.1	10.2	9.4	0.8	0.7	0.7
GUANGZHOU R&F -H	2777 HK	43,953	-39%	6.1	5.1	4.6	0.9	0.8	0.7
HOPSON DEV	754 HK	17,115	-41%	24.8	22.0	20.2	-	-	-
CHINA JINMAO HOL	817 HK	37,788	-36%	12.6	9.7	7.9	0.9	1.0	0.9
JOY CITY PPT	207 HK	17,077	-53%	27.9	14.6	11.5	0.6	0.6	0.5
KWG PROPERTY	1813 HK	17,651	-53%	5.0	4.5	4.1	0.6	0.6	0.5
LOGAN PPT	3380 HK	36,825	-38%	10.6	7.7	5.9	2.0	1.4	1.2
LONGFOR PPT	960 HK	117,278	-31%	13.0	10.5	9.0	1.7	1.5	1.3
POLY PROPERTY	119 HK	13,987	-49%	-	37.8	22.0	0.5	0.6	0.5
POWERLONG REAL	1238 HK	14,830	-41%	6.3	5.4	4.6	0.6	0.5	0.5
RED STAR MACAL-H	1528 HK	30,477	-63%	8.5	9.3	8.3	0.6	0.6	0.6
SHENZHEN INVEST	604 HK	27,845	-58%	9.7	8.6	7.1	0.8	0.8	0.7
SHIMAO PROPERTY	813 HK	50,128	-24%	7.4	6.4	5.6	0.8	0.7	0.7
SINO-OCEAN GROUP	3377 HK	31,419	-42%	8.5	7.5	6.4	0.6	0.6	0.5
SOHO CHINA	410 HK	22,098	-44%	39.0	58.2	51.2	0.6	0.6	0.6
SUNAC	1918 HK	77,048	-29%	39.7	23.9	11.5	3.1	2.3	2.0
TIMES PROPERTY H	1233 HK	10,902	-52%	5.5	4.4	3.3	1.1	0.9	0.7
YUEXIU PROPERTY	123 HK	18,106	-24%	11.5	9.8	8.2	0.5	0.5	0.5
YUZHOU PROPERTIE	1628 HK	17,447	-46%	7.9	6.1	5.0	1.4	1.2	1.0
<b>AVERAGE</b>		<b>53,988</b>	<b>-41%</b>	<b>13.2</b>	<b>11.7</b>	<b>9.2</b>	<b>1.1</b>	<b>1.0</b>	<b>0.9</b>
<b>Zhongan</b>	<b>672 HK</b>	<b>7,500</b>	<b>-67%</b>	<b>42.4</b>	<b>17.4</b>	<b>5.4</b>	<b>1.0</b>	<b>1.2</b>	<b>1.1</b>

Source: Bloomberg, CIRL estimates

**Exhibit 34: Financial summary**

<b>Income statement</b>						<b>Cash flow</b>					
<b>Year to Dec (Rmb mn)</b>	<b>FY14A</b>	<b>FY15A</b>	<b>FY16A</b>	<b>FY17E</b>	<b>FY18E</b>	<b>Year to Dec (Rmb mn)</b>	<b>FY14A</b>	<b>FY15A</b>	<b>FY16A</b>	<b>FY17E</b>	<b>FY18E</b>
<b>Revenue</b>	<b>1,550</b>	<b>2,883</b>	<b>5,007</b>	<b>5,226</b>	<b>7,310</b>	Pre-tax profit	639	1,009	249	506	1,627
Gross profit (reported)	391	457	625	1,045	2,193	Taxes paid	(249)	(112)	(45)	(202)	(651)
<b>EBITDA</b>	<b>7</b>	<b>237</b>	<b>158</b>	<b>543</b>	<b>1,669</b>	Depreciation	19	18	21	25	30
Depreciation	(19)	(18)	(21)	(25)	(30)	Associates	6	7	8	9	10
<b>EBIT</b>	<b>(13)</b>	<b>219</b>	<b>137</b>	<b>518</b>	<b>1,639</b>	CFO bef. WC change	6	235	158	543	1,669
Net interest income (exp.)	0	0	0	0	0	Change in working cap	(1,253)	822	869	(126)	367
Associates	0	0	0	0	0	<b>Cashflow from operation</b>	<b>(1,247)</b>	<b>1,057</b>	<b>1,027</b>	<b>417</b>	<b>2,035</b>
Exceptionals/others	690	826	124	0	0	CAPEX	(5)	(14)	(131)	(150)	(150)
<b>Profit before tax</b>	<b>639</b>	<b>1,009</b>	<b>249</b>	<b>506</b>	<b>1,627</b>	<b>Free cash flow</b>	<b>(1,252)</b>	<b>1,043</b>	<b>896</b>	<b>267</b>	<b>1,885</b>
Tax expenses	(238)	(415)	(88)	(202)	(651)	Dividends	(43)	0	0	0	0
Minority interest	(82)	(173)	(36)	76	244	Balance sheet adj.	6	7	8	9	10
<b>Net profit</b>	<b>320</b>	<b>421</b>	<b>125</b>	<b>379</b>	<b>1,220</b>	Share issued	0	0	0	355	0
Dividends	0	0	0	76	244	Others	6	7	8	9	10
<b>Balance sheet</b>						<b>Net cash flow</b>	<b>(268)</b>	<b>477</b>	<b>(516)</b>	<b>420</b>	<b>1,223</b>
<b>Year to Dec (Rmb mn)</b>	<b>FY14A</b>	<b>FY15A</b>	<b>FY16A</b>	<b>FY17A</b>	<b>FY18A</b>	Net cash (debt) start	1,235	969	1,454	947	1,367
Cash & equiv	1,589	1,617	1,301	1,721	2,943	Net cash (debt) at year-end	967	1,446	938	1,367	2,589
Trade receivables	17	72	78	105	146	<b>Ratios</b>					
Other receivables	433	538	479	479	479	<b>Year to Dec (Rmb mn)</b>	<b>FY14A</b>	<b>FY15A</b>	<b>FY16A</b>	<b>FY17E</b>	<b>FY18E</b>
Inventories	10	11	16	17	20	<b>Growth rate (%)</b>					
Other current assets	5,583	9,198	8,696	8,696	8,696	Revenue	(36.4)	86.0	73.7	4.4	39.9
Fixed assets	188	183	1,362	1,449	1,535	EBITDA	(98.8)	3417.1	(33.3)	243.6	207.4
Intangible assets	81	359	410	410	410	EBIT	(102.4)	(1852.6)	(37.5)	277.9	216.4
Investment, associates etc	12,860	10,111	7,928	7,928	7,928	Net profit	(24.0)	31.6	(70.2)	202.9	221.6
<b>Total assets</b>	<b>20,761</b>	<b>22,089</b>	<b>20,270</b>	<b>20,804</b>	<b>22,158</b>	Fully diluted EPS	(23.9)	32.6	(70.2)	143.8	221.6
Account payables	1,785	2,320	1,939	1,839	2,251	<b>Margins (%)</b>					
Other payables	508	783	603	603	603	Gross margin (reported)	25.2	15.9	12.5	20.0	30.0
Short-term debt	2,046	2,213	2,132	2,132	2,132	EBITDA	0.4	8.2	3.2	10.4	22.8
Other current liabs	3,745	4,247	3,720	3,720	3,720	EBIT	(0.8)	7.6	2.7	9.9	22.4
Long-term debts	5,684	4,974	4,165	4,165	4,165	Net margin	20.6	14.6	2.5	7.3	16.7
Deferred tax and others	764	992	1,029	1,029	1,029	<b>Other ratios</b>					
Other long-term liabs	(764)	(992)	(1,029)	(1,029)	(1,029)	ROE (%)	5.3	6.6	1.9	5.3	15.0
<b>Total liabilities</b>	<b>13,767</b>	<b>14,537</b>	<b>12,559</b>	<b>12,460</b>	<b>12,872</b>	ROA (%)	1.5	1.9	0.6	1.8	5.5
Share capital	221	221	221	221	221	Net gearing (%)	76.9	60.6	51.5	49.5	28.7
Reserves	5,782	6,189	6,318	6,596	7,894	Interest coverage (x)	0.2	6.9	13.5	45.2	139.1
<b>Shareholders' equity</b>	<b>6,003</b>	<b>6,410</b>	<b>6,539</b>	<b>7,172</b>	<b>8,114</b>	Receivables days	4.7	5.6	5.5	6.4	6.3
Minorities	991	1,143	1,172	1,172	1,172	Payables days	563.3	308.8	177.4	164.9	145.9
<b>Total equity</b>	<b>6,993</b>	<b>7,553</b>	<b>7,711</b>	<b>8,344</b>	<b>9,287</b>	Inventory days	3.1	1.5	1.1	1.4	1.3
Net cash (debt)	(5,377)	(4,578)	(3,968)	(3,548)	(2,325)	Effective tax rate (%)	37.2	41.2	35.4	40.0	40.0

Source: Bloomberg, CIRC



---

## Risk factors

### **Economic slowdown**

Rapid deterioration of economic growth in China or global economic growth may affect business conditions. These factors might affect the company including financing its working capitals and meeting its liquidity needs.

### **Property sector policies**

The Government has strong influence on the development the PRC property market. Restriction on land available for property developments, taxes or change in interest rate could also impact the property market.

### **Concentration risk**

Zhongan's projects are mainly located in Hangzhou, Ningbo, Hefei and Huaibei, any property market downturn in these cities will affect the company's business and results.

## Rating Policy

	Rating	Definition
<b>Stock Rating</b>	Buy	Outperform HSI by 15%
	Neutral	Between -15% ~ 15% of the HSI
	Sell	Underperform HSI by -15%
<b>Sector Rating</b>	Accumulate	Outperform HSI by 10%
	Neutral	Between -10% ~ 10% of the HSI
	Reduce	Underperform HSI by -10%

## Analysts List

Hayman Chiu	Research Director	(852) 2235 7677	hayman.chiu@cinda.com.hk
Kenneth Li	Senior Research Analyst	(852) 2235 7619	kenneth.li@cinda.com.hk
Lewis Pang	Senior Research Analyst	(852) 2235 7847	lewis.pang@cinda.com.hk
Wilfred Yuen	Research Analyst	(852) 2235 7653	johnny.yum@cinda.com.hk
Chloe Chan	Research Analyst	(852) 2235 7170	chloe.chan@cinda.com.hk
Johnny Yam	Research Assistant	(852) 2235 7653	johnny.yum@cinda.com.hk

## Analyst Certification

I, Kenneth Li hereby certify that all of the views expressed in this report accurately reflect my personal views about the subject company or companies and its or their securities. I also certify that no part of my compensation was / were, is / are or will be directly or indirectly, related to the specific recommendations or views expressed in this report / note.

## Disclaimer

This report has been prepared by the Cinda International Research Limited. Although the information and opinions contained in this report have been compiled or arrived at from sources believed to be reliable, Cinda International cannot and does not warrant the accuracy or completeness of any such information and analysis. The report should not be regarded by recipients as a substitute for the exercise of their own judgment. Recipients should understand and comprehend the investment objectives and its related risks, and where necessary consult their own financial advisers prior to any investment decision. The report may contain some forward-looking estimates and forecasts derived from the assumptions of the future political and economic conditions with inherently unpredictable and mutable situation, so uncertainty may contain. Any opinions expressed in this report are subject to change without notice. The report is published solely for information purposes, it does not constitute any advertisement and should not be construed as an offer to buy or sell securities. Cinda International will not accept any liability whatsoever for any direct or consequential loss arising from any use of the materials contained in this report. This document is for the use of intended recipients only, the whole or a part of this report should not be reproduced to others.