

China / Hong Kong Company Guide

Yanlord Land Group

Version 5 | Bloomberg: YLLG SP EQUITY | Reuters: YNLG.SI

Refer to important disclosures at the end of this report

DBS Group Research . Equity

29 Nov 2018

BUY

Last Traded Price (28 Nov 2018): S\$1.29 (STI : 3,094)
Price Target 12-mth: S\$1.62 (25.6% upside) (Prev S\$2.17)

Analyst

Danielle WANG CFA, +852 36684176 danielle_wang@db.com
Carol WU +852 36684168 carol_wu@db.com
Ken HE CFA, +86 21 6888 3375 ken_he@db.com
Jason LAM +852 36684179 jasonlamch@db.com

What's New

- **2019 to see decent growth after guided down 2018 presales growth**
- **Cut FY19F earnings to reflect lower unbooked sales and sluggish presales**
- **Expect a slower pace of land acquisition to control balance sheet**
- **Maintain BUY but with a lower TP of SGD1.62**

Price Relative



Forecasts and Valuation

FY Dec (RMB m)	2017A	2018F	2019F	2020F
Turnover	25,638	26,224	24,154	21,659
EBITDA	11,521	10,849	9,634	7,540
Pre-tax Profit	11,362	10,073	8,715	6,555
Core Profit	3,032	3,640	3,329	2,665
Core EPS (RMB)	1.57	1.88	1.72	1.38
Core EPS Gth (%)	32.5	20.1	(8.6)	(19.9)
Core PE (X)	4.2	3.5	3.8	4.7
EV/EBITDA (X)	3.3	5.4	6.1	8.1
DPS (S\$)	0.07	0.07	0.07	0.05
Div Yield (%)	5.1	5.8	5.3	4.2
Net Gearing (%)	46.8	86.8	78.3	76.8
ROE (%)	14.7	15.1	12.3	9.1
Book Value (S\$)	2.32	2.61	2.89	3.10
P/Book Value (X)	0.6	0.5	0.4	0.4
Earnings Rev (%)		(1.3)	(16.0)	NEW
Consensus EPS (RMB)		1.94	2.06	1.78
Other Broker Recs:		B:3	S:0	H:3

Source of all data on this page: Company, DBS Bank (Hong Kong) Limited ("DBS HK"), Thomson Reuters

More incentive to speed up presales

Maintain BUY on distressed valuations; TP lowered to SGD1.62 after earnings cut. Yanlord unveiled slower-than-expected 10M18 presales at Rmb20.3bn and lower unbooked revenue of Rmb11.3bn as at Sep-18. As such, with the decline in unbooked revenue at hand, we have cut our FY19F earnings by 16% and introduced new FY20F earnings. As gearing has reached historical high, Yanlord is likely to focus on presales acceleration in 4Q and 2019 compared with more efforts spent on land acquisition ytd. The counter is still trading at an attractive valuation after our earnings cuts at 3.8x FY19F PE, which is attractive compared with its historical trough level of 5.0x PE. We therefore maintain BUY on the stock, but with a lower TP of SGD1.62.

FY18F presales target guided down, but FY19 presales growth to speed up. Yanlord's presales in 10M18 arrived at Rmb20.3bn, up 2% y-o-y. The sell-through rate remained firm at c.73%. Yet, Yanlord only achieved c.68% of its full-year presales target of Rmb30bn. The shortfall was largely led by Yanlord's inability to secure presales approval for its Shenzhen project, which was estimated to generate Rmb3bn+ presales for the year. The Group has therefore guided down its presales target to Rmb27bn for the year. Presales target for FY19 is yet to be finalised but is expected to record decent growth as (1) Yanlord has plans to have c. Rmb80bn of saleable resources in 2019; (2) to deleverage, Yanlord has more incentive to launch projects at government guided price which are likely to achieve good sale through rate. Given Yanlord's current gross margin as high as 46% in 9M18, we believe Yanlord can afford some gross margin compression with limited impact on net profit margin given LAT buffer.

Likely to slow down land acquisitions. The gearing ratio edged up higher to 91.3% as at Sep-18 (vs. 78% as at Jun-18), higher-than-expected given larger prepayments made for land acquisitions and slower-than-expected presales. To-date, Yanlord has acquired c. 1.5m sm at an average land cost of c.Rmb18,000 psm, in Shenzhen, Nanjing, Suzhou, and Nantong which are cities Yanlord has had presence through mainly M&As. Admitting that this level of gearing is uncomfortable, alongside slower presales, Yanlord intends to moderate its land acquisition pace and take on a more conservative approach on landbanking near term.

Valuation:

Our new TP of S\$1.62 is based on 4.7x FY19F PE, the average forward PE among mid-cap developers in 2014, when there was a correction in the physical market.

Key Risks to Our View:

Inability to obtain timely pre-sale approval at a reasonable price may pose downside risks on the Group's profit margins and affect its ability to achieve pre-sales targets.

At A Glance

Issued Capital (m shrs)	1,949
Mkt Cap (SG\$m/US\$m)	2,514 / 1,831
Major Shareholders (%)	
Zhong (Sheng Jian)	69.5
Free Float (%)	30.5
3m Avg. Daily Val. (US\$m)	0.3
ICB Industry: Financials / Real Estate Investment & Services	



Live more, Bank less

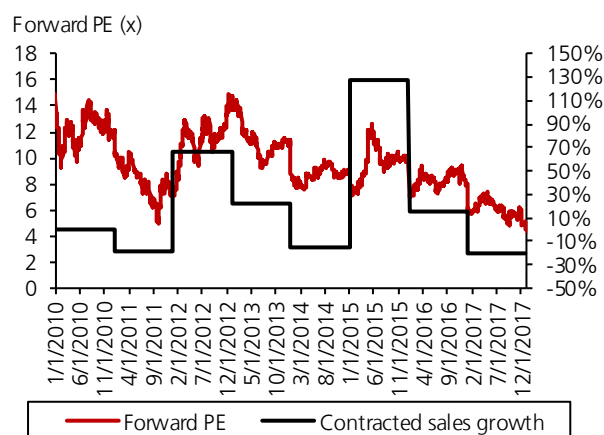
CRITICAL FACTORS TO WATCH

Critical Factors

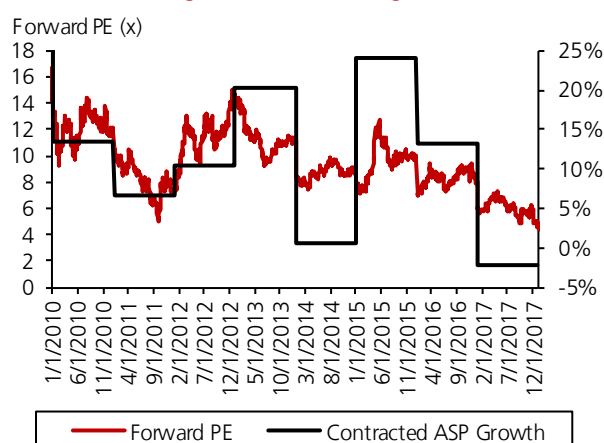
Contracted sales performances. Presales performance has always been seen as a key leading indicator that demonstrates a developer's ability to turn its land resources into property sales for recognition of revenue and earnings upon project deliveries. Such a rule applies to Yanlord as well, whose forward PE valuation is fairly correlated to its annual contracted sales growth. After an accelerated period of growth in annual contracted sales, Yanlord's contracted sales growth declined from 2013-2014 in tandem with the muted property market in China. Accordingly, Yanlord's forward PE multiple followed the trend and the counter de-rated until 2015, when contracted sales bottomed and the group posted strong y-o-y presales growth of 127%. However, Yanlord's valuation multiple had further de-rated again on slowing presales growth in 2016 and negative presales growth in 2017 led by the group's hesitation to launch saleable resources under restrictive pricing policies, which had capped selling prices and thus profit margins on its premium development projects. Looking forward, 2018 presales growth target has been guided down to a flattish 2.5% (Rmb27bn) from 2017's Rmb26.3bn as a result of delays in launches of saleable resources. As a result, Yanlord has a rich saleable resources pipeline that is expected to reach Rmb80bn in 2019. The group has yet to finalise the presales target for FY19, but we expect to see decent growth in terms of presales for the upcoming year.

Shanghai's residential ASP growth. Known as a premium residential property developer with good exposure in Shanghai (3Q18: c.10% of completed but unsold projects and c.5% land resources for future development in GFA terms are located in the city), Yanlord's forward PE multiple appears to have a correlation with Shanghai's annual residential ASP growth, which is somewhat natural given its direct impact on Yanlord's profit margins on its development projects in Shanghai. While Shanghai's residential ASP has decelerated since 2015 and was in negative territory in 2017 on the back of restrictive pricing policies implemented by the government, Yanlord's PE valuation was hit by another round of de-rating.

Contracted sales growth



Shanghai residential ASP growth



Source: Company, DBS HK

Results vs expectations

	Growth	% of our estimate	% of consensus forecast	Below or above expectation
Revenue	57%	82%	80%	In line
Core earnings	58%	87%	83%	In line
	9M18	9M17	Up/Down	Below or above expectation
Gross margin	46.3%	45.4%	Up	In line
Core net margin	14.2%	14.1%	Up	In line
	Sept-18	Jun-17	Up/Down	Below or above expectation
Cash level (Rmb m)	10,606	11,807	Up	In line
Net debt ratio	91.2%	78.3%	UP	Above
	9M17	9M16	Yield	Below or above expectation
DPS (HKD)	0%	0%	0.0%	In line

Source: Company, Bloomberg, DBS (HK)

9M18 key cashflow items

Key Cashflow items (Rmb m)	9M18
Cash inflow	11,000
Operating costs	(3,600)
Land premium paid	(1,500)
Deposits paid on JV projects	(1,000)
SG&A expenses	(870)
Tax expenses	(3,869)
Dividend paid	(1,597)

Source: Company, DBS (HK)

Results Summary

FY Dec (RMB mn)	9M18	9M17	y-o-y %	Comments
Revenue	22,563	14,362	57%	9M18: led mainly by a 52% growth in GFA delivered and 5% increment in ASP
COGS	(12,111)	(7,847)	54%	
Gross Profit	10,451	6,515	60%	
Finance income	432	355	22%	9M18: driven by an increase in interest-bearing balances on non-trade amounts due from JV and associates and other receivables versus the preceding period.
Other operating income	20	133	-85%	
Selling expenses	(245)	(222)	10%	9M18: higher intermediary agency fee incurred and consumable goods for a new hotel in Sanya
Administrative expenses	(691)	(546)	26%	9M18: led by increase in staff cost and professional fee to support growth of the company's business, including the opening of a new hotel in Sanya
Net forex gain (loss)	107	(122)	n.a.	
Other operating expenses	(10)	(9)	11%	
Finance costs	(479)	(447)	7%	
Share of loss of jointly controlled entities	100	341	-71%	9M18: mainly due to the decrease in profit sharing from Yanlord Perennial Investment, Tangshan Nanhu Eco-City and Sino-Singapore Nanjing Eco Hi-tech Island
Pre-tax income	9,687	5,997	62%	
Land Appreciation Tax (LAT)	(2,300)	(1,600)	44%	
Income tax expenses	(2,328)	(1,523)	53%	
Total Tax	(4,628)	(3,123)	48%	
Net income	5,058	2,875	76%	
Net income attributable to:				
- Minority Interests	1,771	851	108%	
- Shareholders	3,287	2,024	62%	
Core earning attributable to shareholders	3,199	2,022	58%	
Gross profit margin (%)	46.3%	45.4%	↑ 1 ppts	9M18: led by the booking of more profitable development projects
Core net profit margin (%)	14.2%	14.1%	↑ 0 ppts	
Reported net profit margin (%)	14.6%	14.1%	↑ 0 ppts	
SG&A as % of top line	4.1%	5.4%	↓ 1 ppts	
SG&A as % of contracted sales	4.6%	3.9%	↑ 1 ppts	
Effective tax rate (%)	48%	52%	↓ 4 ppts	
Reported EPS (RMB)	1.702	1.045	63%	
Core EPS (RMB)	1.656	1.044	59%	
Contracted sales (10M18 vs 10M17)	20,330	19,920	2%	
Sales target achieve rate	68%	80%	↓ 12 ppts	
ASP of contracted sales (Rmb/sm)	36,059	42,374	-15%	
GFA delivered ('000 sm)	595	391	52%	
ASP of sales delivered (Rmb /sm)	35,346	33,618	5%	
	Sept-18	Jun-18		
Net debt to total equity ratio	91%	78%	↑ 13 ppts	9M18: In part led by accelerated land acquisitions made during the period
Cash (Rmb m)	10,606	11,807	-10%	
S/T debt as % of total debt	15%	14%	↑ 1 ppts	

Source: Company, DBS (HK)

Yanlord Land Group

Balance Sheet:

Pressure on balance sheet from acquisition activities. With sluggish presales in 10M18, Yanlord's net debt to equity ratio rose further to c.91% as the Group continued to replenish its landbank. To-date, Yanlord has acquired c.1.5m sm of land by GFA at an average cost of c.Rmb18,000psm. Looking forward, with Yanlord's intention to keep the ratio under control through taking a more conservative approach on landbanking, we expect net gearing to stand at c.80%-100% by end-18. Average borrowing costs as at 9M18 stood at 5.64% and may edge mildly higher by year end.

Share Price Drivers:

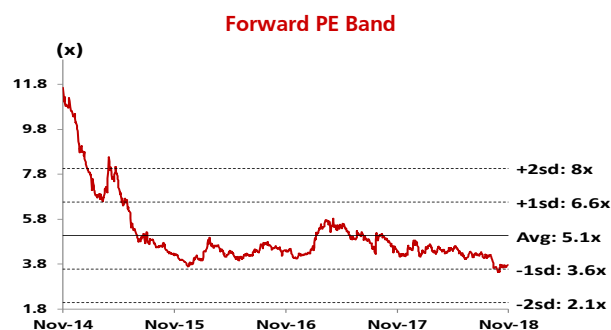
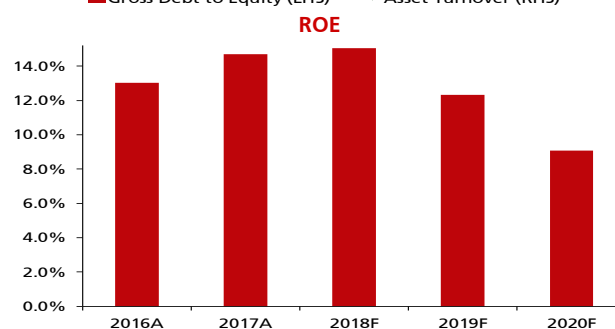
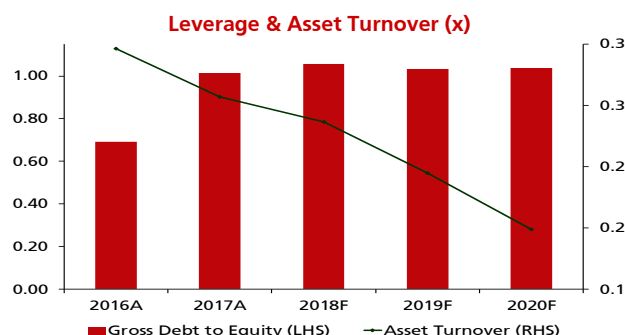
Better-than-expected presales growth. Yanlord's presales growth so far in 2018 has remained sluggish and fell short of its original presales target given its inability to secure presales approvals for its Shenzhen project. In turn, this translated into lower unbooked revenue, affecting its earnings visibility. Yet, in the case of better-than-expected presales performance, investors' sentiment may be lifted and share price would react positively.

Key Risks:

Policy adjustments in key Tier 1/2 cities. Yanlord's best-selling projects and majority of their landbank are located in key Tier 1/2 cities, which are currently subject to tight control by the government. We currently do not expect material changes from the current housing policy direction, at least not before the NPC and CPPCC meetings to be held in Mar-19. In the event that Yanlord fails to timely obtain pre-sale approvals from these key cities at favourable costs, its presales and earnings could be adversely impacted.

Company Background

Yanlord Land Group Ltd (Yanlord) is a real estate development company focusing on high-end and luxury residential developments. It has an established land bank in 14 major cities of over 6.71m sm as at 1Q18, including Shanghai, Nanjing, Tianjin, Chengdu, Suzhou, Shenzhen and Zhuhai.



Source: Company, DBS HK

Segmental Breakdown (RMB m)

FY Dec	2016A	2017A	2018F	2019F	2020F
Revenues (RMB m)					
Sales of properties	24,894	24,759	25,327	23,212	20,670
Rental income of investment	363	358	376	395	415
Others	407	521	521	547	574
Total	25,664	25,638	26,224	24,154	21,659

Source: Company, DBS HK

Income Statement (RMB m)

FY Dec	2016A	2017A	2018F	2019F	2020F
Turnover	25,664	25,638	26,224	24,154	21,659
Cost of Goods Sold	(17,645)	(13,594)	(13,904)	(12,918)	(12,655)
Gross Profit	8,020	12,044	12,320	11,236	9,004
Other Opg (Exp)/Inc	33	275	0	0	0
Operating Profit	7,061	11,179	10,773	9,484	7,097
Associates Inc	(5)	338	76	150	443
Net Interest (Exp)/Inc	(80)	(126)	(775)	(919)	(985)
Exceptional Gain/(Loss)	495	(29)	0	0	0
Pre-tax Profit	7,472	11,362	10,073	8,715	6,555
Tax	(3,495)	(5,742)	(5,357)	(4,352)	(3,267)
Minority Interest	(1,280)	(2,404)	(1,076)	(1,035)	(623)
Net Profit	2,697	3,216	3,640	3,329	2,665
Core Profit	2,301	3,032	3,640	3,329	2,665
Sales Gth (%)	54.8	(0.1)	2.3	(7.9)	(10.3)
Net Profit Gth (%)	83.7	19.2	13.2	(8.6)	(19.9)
Core Profit Gth (%)	151.6	31.8	20.1	(8.6)	(19.9)
Gross Mgn (%)	31.2	47.0	47.0	46.5	41.6
Core Profit Margin (%)	9.0	11.8	13.9	13.8	12.3
Tax Rate	46.8	50.5	53.2	49.9	49.8

Source: Company, DBS HK

Balance Sheet (RMB m)

FY Dec	2016A	2017A	2018F	2019F	2020F
Fixed Assets	18,307	31,909	31,875	31,842	31,809
Invt in Assocs & JVs	1,811	5,127	5,127	5,127	5,127
Other LT Assets	2,720	5,948	5,948	5,948	5,948
Cash & ST Invt	18,104	17,838	4,027	7,255	8,711
Other Current Assets	52,506	45,380	68,526	82,721	106,345
Total Assets	93,448	106,201	115,503	132,893	157,940
ST Debt	8,311	2,557	2,557	2,557	2,557
Creditors	32,016	29,359	29,031	39,723	59,016
Other Current Liab	6,671	5,661	5,661	5,661	5,661
LT Debt	12,438	30,576	36,217	39,217	42,217
Other LT Liabilities	4,002	5,346	5,346	5,346	5,346
Minority Interests	8,963	9,972	11,049	12,084	12,706
Shareholder's Equity	21,047	22,731	25,643	28,305	30,437
Total Capital	93,448	106,201	115,503	132,893	157,940
Share Capital (m)	1,947	1,936	1,936	1,936	1,936
Net Cash/(Debt)	(2,646)	(15,295)	(34,747)	(34,519)	(36,063)
Working Capital	13,820	10,360	33,834	37,336	41,668
Net Gearing (%)	15.2	46.8	86.8	78.3	76.8

Source: Company, DBS HK

Cash Flow Statement (RMB m)

FY Dec	2016A	2017A	2018F	2019F	2020F
Profit Before Tax	7,472	11,362	10,073	8,715	6,555
Assoc. & JV Inc/(loss)	5	(338)	76	150	443
Tax Paid	(2,951)	(4,072)	(5,357)	(4,352)	(3,267)
Depr/Amort	32	33	33	33	33
Chg in Wkg.Cap.	7,533	3,954	(24,551)	(4,537)	(4,955)
Other Non-Cash	(1,787)	(21,581)	(76)	(150)	(443)
Operating CF	10,289	(10,647)	(19,801)	(141)	(1,634)
Net chg in inv.	0	(3)	0	0	0
Assoc, MI, Invsmt	(8,133)	(4,628)	0	0	0
Investing CF	(8,133)	(4,631)	0	0	0
Net Chg in Debt	1,498	17,294	5,641	3,000	3,000
New Capital	0	0	0	0	0
Dividend	(142)	(416)	(728)	(666)	(533)
Other Financing CF	(3,065)	(1,641)	1,076	1,035	623
Financing CF	(1,709)	15,237	5,989	3,369	3,090
Chg in Cash	66	215	(13,812)	3,228	1,456
Chg in Net Cash	(3,819)	(12,649)	(19,453)	228	(1,544)

Source: Company, DBS HK

Target Price & Ratings History



S.No.	Date	Closing Price	12-mth Target Price	Rating
1:	18-May-18	S\$1.74	S\$2.27	Buy
2:	17-Aug-18	S\$1.51	S\$2.17	Buy

Source: DBS HK

Analyst: Danielle WANG CFA,
 Carol WU
 Ken HE CFA,
 Jason LAM

DBS HK recommendations are based on Absolute Total Return* Rating system, defined as follows:

STRONG BUY (>20% total return over the next 3 months, with identifiable share price catalysts within this time frame)

BUY (>15% total return over the next 12 months for small caps, >10% for large caps)

HOLD (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)

FULLY VALUED (negative total return i.e. > -10% over the next 12 months)

SELL (negative total return of > -20% over the next 3 months, with identifiable catalysts within this time frame)

**Share price appreciation + dividends*

Completed Date: 29 Nov 2018 12:12:06 (HKT)

Dissemination Date: 29 Nov 2018 13:27:41 (HKT)

Sources for all charts and tables are DBS HK unless otherwise specified.

GENERAL DISCLOSURE/DISCLAIMER

This report is prepared by DBS Bank (Hong Kong) Limited ("DBS HK"). This report is solely intended for the clients of DBS Bank Ltd., DBS HK, DBS Vickers (Hong Kong) Limited ("DBSV HK"), and DBS Vickers Securities (Singapore) Pte Ltd. ("DBSVS"), its respective connected and associated corporations and affiliates only and no part of this document may be (i) copied, photocopied or duplicated in any form or by any means or (ii) redistributed without the prior written consent of DBS HK.

The research set out in this report is based on information obtained from sources believed to be reliable, but we (which collectively refers to DBS Bank Ltd., DBS HK, DBSV HK, DBSVS, its respective connected and associated corporations, affiliates and their respective directors, officers, employees and agents (collectively, the "DBS Group") have not conducted due diligence on any of the companies, verified any information or sources or taken into account any other factors which we may consider to be relevant or appropriate in preparing the research. Accordingly, we do not make any representation or warranty as to the accuracy, completeness or correctness of the research set out in this report. Opinions expressed are subject to change without notice. This research is prepared for general circulation. Any recommendation contained in this document does not have regard to the specific investment objectives, financial situation and the particular needs of any specific addressee. This document is for the information of addressees only and is not to be taken in substitution for the exercise of judgement by addressees, who should obtain separate independent legal or financial advice. The DBS Group accepts no liability whatsoever for any direct, indirect and/or consequential loss (including any claims for loss of profit) arising from any use of and/or reliance upon this document and/or further communication given in relation to this document. This document is not to be construed as an offer or a solicitation of an offer to buy or sell any securities. The DBS Group, along with its affiliates and/or persons associated with any of them may from time to time have interests in the securities mentioned in this document. The DBS Group, may have positions in, and may effect transactions in securities mentioned herein and may also perform or seek to perform broking, investment banking and other banking services for these companies.

Any valuations, opinions, estimates, forecasts, ratings or risk assessments herein constitutes a judgment as of the date of this report, and there can be no assurance that future results or events will be consistent with any such valuations, opinions, estimates, forecasts, ratings or risk assessments. The information in this document is subject to change without notice, its accuracy is not guaranteed, it may be incomplete or condensed, it may not contain all material information concerning the company (or companies) referred to in this report and the DBS Group is under no obligation to update the information in this report.

This publication has not been reviewed or authorized by any regulatory authority in Singapore, Hong Kong or elsewhere. There is no planned schedule or frequency for updating research publication relating to any issuer.

The valuations, opinions, estimates, forecasts, ratings or risk assessments described in this report were based upon a number of estimates and assumptions and are inherently subject to significant uncertainties and contingencies. It can be expected that one or more of the estimates on which the valuations, opinions, estimates, forecasts, ratings or risk assessments were based will not materialize or will vary significantly from actual results. Therefore, the inclusion of the valuations, opinions, estimates, forecasts, ratings or risk assessments described herein IS NOT TO BE RELIED UPON as a representation and/or warranty by the DBS Group (and/or any persons associated with the aforesaid entities), that:

- (a) such valuations, opinions, estimates, forecasts, ratings or risk assessments or their underlying assumptions will be achieved, and
- (b) there is any assurance that future results or events will be consistent with any such valuations, opinions, estimates, forecasts, ratings or risk assessments stated therein.

Please contact the primary analyst for valuation methodologies and assumptions associated with the covered companies or price targets. Any assumptions made in this report that refers to commodities, are for the purposes of making forecasts for the company (or companies) mentioned herein. They are not to be construed as recommendations to trade in the physical commodity or in the futures contract relating to the commodity referred to in this report.

DBS Vickers Securities (USA) Inc ("DBSVUSA"), a US-registered broker-dealer, does not have its own investment banking or research department, has not participated in any public offering of securities as a manager or co-manager or in any other investment banking transaction in the past twelve months and does not engage in market-making.

ANALYST CERTIFICATION

The research analyst(s) primarily responsible for the content of this research report, in part or in whole, certifies that the views about the companies and their securities expressed in this report accurately reflect his/her personal views. The analyst(s) also certifies that no part of his/her compensation was, is, or will be, directly or indirectly, related to specific recommendations or views expressed in the report. The research analyst (s) primarily responsible for the content of this research report, in part or in whole, certifies that he or his associate¹ does not serve as an officer of the issuer or the new listing applicant (which includes in the case of a real estate investment trust, an officer of the management company of the real estate investment trust; and in the case of any other entity, an officer or its equivalent counterparty of the entity who is responsible for the management of the issuer or the new listing applicant) and the research analyst(s) primarily responsible for the content of this research report or his associate does not have financial interests² in relation to an issuer or a new listing applicant that the analyst reviews. DBS Group has procedures in place to eliminate, avoid and manage any potential conflicts of interests that may arise in connection with the production of research reports. The research analyst(s) responsible for this report operates as part of a separate and independent team to the investment banking function of the DBS Group and procedures are in place to ensure that confidential information held by either the research or investment banking function is handled appropriately. There is no direct link of DBS Group's compensation to any specific investment banking function of the DBS Group.

COMPANY-SPECIFIC / REGULATORY DISCLOSURES

1. DBS Bank Ltd, DBS HK, DBSVS or their subsidiaries and/or other affiliates have a proprietary position in Yanlord Land Group Limited (YLLG SP) recommended in this report as of 31 Oct 2018.
2. Neither DBS Bank Ltd nor DBS HK market makes in equity securities of the issuer(s) or company(ies) mentioned in this Research Report.
3. **Compensation for investment banking services:**
DBS Bank Ltd, DBS HK, DBSVS, their subsidiaries and/or other affiliates of DBSVUSA have received compensation, within the past 12 months for investment banking services from Yanlord Land Group Limited (YLLG SP) as of 31 Oct 2018.
4. DBS Bank Ltd, DBS HK, DBSVS, their subsidiaries and/or other affiliates of DBSVUSA have managed or co-managed a public offering of securities for Yanlord Land Group Limited (YLLG SP) in the past 12 months, as of 31 Oct 2018.


DBSVUSA does not have its own investment banking or research department, nor has it participated in any public offering of securities as a manager or co-manager or in any other investment banking transaction in the past twelve months. Any US persons wishing to obtain further information, including any clarification on disclosures in this disclaimer, or to effect a transaction in any security discussed in this document should contact DBSVUSA exclusively.

5. **Disclosure of previous investment recommendation produced:**
DBS Bank Ltd, DBSVS, DBS HK, their subsidiaries and/or other affiliates of DBSVUSA may have published other investment recommendations in respect of the same securities / instruments recommended in this research report during the preceding 12 months. Please contact the primary analyst listed in the first page of this report to view previous investment recommendations published by DBS Bank Ltd, DBS HK, DBSVS, their subsidiaries and/or other affiliates of DBSVUSA in the preceding 12 months.

¹ An associate is defined as (i) the spouse, or any minor child (natural or adopted) or minor step-child, of the analyst; (ii) the trustee of a trust of which the analyst, his spouse, minor child (natural or adopted) or minor step-child, is a beneficiary or discretionary object; or (iii) another person accustomed or obliged to act in accordance with the directions or instructions of the analyst.

² Financial interest is defined as interests that are commonly known financial interest, such as investment in the securities in respect of an issuer or a new listing applicant, or financial accommodation arrangement between the issuer or the new listing applicant and the firm or analysis. This term does not include commercial lending conducted at arm's length, or investments in any collective investment scheme other than an issuer or new listing applicant notwithstanding the fact that the scheme has investments in securities in respect of an issuer or a new listing applicant.

RESTRICTIONS ON DISTRIBUTION

General	This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation.
Australia	This report is being distributed in Australia by DBS Bank Ltd, DBSVS or DBSV HK. DBS Bank Ltd holds Australian Financial Services Licence no. 475946. DBSVS and DBSV HK are exempted from the requirement to hold an Australian Financial Services Licence under the Corporation Act 2001 ("CA") in respect of financial services provided to the recipients. Both DBS Bank Ltd and DBSVS are regulated by the Monetary Authority of Singapore under the laws of Singapore, and DBSV HK is regulated by the Hong Kong Securities and Futures Commission under the laws of Hong Kong, which differ from Australian laws. Distribution of this report is intended only for "wholesale investors" within the meaning of the CA.
Hong Kong	This report is being distributed in Hong Kong by DBS Bank Ltd, DBS Bank (Hong Kong) Limited and DBS Vickers (Hong Kong) Limited, all of which are registered with or licensed by the Hong Kong Securities and Futures Commission to carry out the regulated activity of advising on securities.
Indonesia	This report is being distributed in Indonesia by PT DBS Vickers Sekuritas Indonesia.
Malaysia	This report is distributed in Malaysia by AllianceDBS Research Sdn Bhd ("ADBSR"). Recipients of this report, received from ADBSR are to contact the undersigned at 603-2604 3333 in respect of any matters arising from or in connection with this report. In addition to the General Disclosure/Disclaimer found at the preceding page, recipients of this report are advised that ADBSR (the preparer of this report), its holding company Alliance Investment Bank Berhad, their respective connected and associated corporations, affiliates, their directors, officers, employees, agents and parties related or associated with any of them may have positions in, and may effect transactions in the securities mentioned herein and may also perform or seek to perform broking, investment banking/corporate advisory and other services for the subject companies. They may also have received compensation and/or seek to obtain compensation for broking, investment banking/corporate advisory and other services from the subject companies.  Wong Ming Tek, Executive Director, ADBSR
Singapore	This report is distributed in Singapore by DBS Bank Ltd (Company Regn. No. 196800306E) or DBSVS (Company Regn No. 198600294G), both of which are Exempt Financial Advisers as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. DBS Bank Ltd and/or DBSVS, 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, DBS Bank Ltd accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact DBS Bank Ltd at 6327 2288 for matters arising from, or in connection with the report.
Thailand	This report is being distributed in Thailand by DBS Vickers Securities (Thailand) Co Ltd.
United Kingdom	This report is produced by DBS HK which is regulated by the Hong Kong Monetary Authority This report is disseminated in the United Kingdom by DBS Vickers Securities (UK) Ltd ("DBSVUK"). DBSVUK is authorised and regulated by the Financial Conduct Authority in the United Kingdom. In respect of the United Kingdom, this report is solely intended for the clients of DBSVUK, its respective connected and associated corporations and affiliates only and no part of this document may be (i) copied, photocopied or duplicated in any form or by any means or (ii) redistributed without the prior written consent of DBSVUK. This communication is directed at persons having professional experience in matters relating to investments. Any investment activity following from this communication will only be engaged in with such persons. Persons who do not have professional experience in matters relating to investments should not rely on this communication.
Dubai International Financial Centre	This research report is being distributed by DBS Bank Ltd., (DIFC Branch) having its office at units 608-610, 6th Floor, Gate Precinct Building 5, PO Box 506538, Dubai International Financial Centre (DIFC), Dubai, United Arab Emirates. DBS Bank Ltd., (DIFC Branch) is regulated by The Dubai Financial Services Authority. This research report is intended only for professional clients (as defined in the DFSA rulebook) and no other person may act upon it.

United Arab Emirates	This report is provided by DBS Bank Ltd (Company Regn. No. 196800306E) which is an Exempt Financial Adviser as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. This report is for information purposes only and should not be relied upon or acted on by the recipient or considered as a solicitation or inducement to buy or sell any financial product. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situation, or needs of individual clients. You should contact your relationship manager or investment adviser if you need advice on the merits of buying, selling or holding a particular investment. You should note that the information in this report may be out of date and it is not represented or warranted to be accurate, timely or complete. This report or any portion thereof may not be reprinted, sold or redistributed without our written consent.
United States	This report was prepared by DBS HK. DBSVUSA did not participate in its preparation. The research analyst(s) named on this report are not registered as research analysts with FINRA and are not associated persons of DBSVUSA. The research analyst(s) are not subject to FINRA Rule 2241 restrictions on analyst compensation, communications with a subject company, public appearances and trading securities held by a research analyst. This report is being distributed in the United States by DBSVUSA, which accepts responsibility for its contents. This report may only be distributed to Major U.S. Institutional Investors (as defined in SEC Rule 15a-6) and to such other institutional investors and qualified persons as DBSVUSA may authorize. Any U.S. person receiving this report who wishes to effect transactions in any securities referred to herein should contact DBSVUSA directly and not its affiliate.
Other jurisdictions	In any other jurisdictions, except if otherwise restricted by laws or regulations, this report is intended only for qualified, professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions.

DBS Bank (Hong Kong) Limited11th Floor The Centre, 99 Queen's Road Central, Central, Hong Kong

Tel: (852) 3668-4181, Fax: (852) 2521-1812

DBS Regional Research Offices

HONG KONG

DBS Bank (Hong Kong) Ltd

Contact: Carol Wu

11th Floor The Centre
99 Queen's Road Central
Central, Hong Kong
Tel: 852 3668 4181
Fax: 852 2521 1812
e-mail: dbsvhk@dbs.com

MALAYSIA

AllianceDBS Research Sdn Bhd

Contact: Wong Ming Tek (128540 U)

19th Floor, Menara Multi-Purpose,
Capital Square,
8 Jalan Munshi Abdullah 50100
Kuala Lumpur, Malaysia.
Tel.: 603 2604 3333
Fax: 603 2604 3921
e-mail: general@alliancedbs.com

SINGAPORE

DBS Bank Ltd

Contact: Janice Chua

12 Marina Boulevard,
Marina Bay Financial Centre Tower 3
Singapore 018982
Tel: 65 6878 8888
Fax: 65 65353 418
e-mail: equityresearch@dbs.com
Company Regn. No. 196800306E

INDONESIA

PT DBS Vickers Sekuritas (Indonesia)

Contact: Maynard Priajaya Arif

DBS Bank Tower
Ciputra World 1, 32/F
Jl. Prof. Dr. Satrio Kav. 3-5
Jakarta 12940, Indonesia
Tel: 62 21 3003 4900
Fax: 6221 3003 4943
e-mail: research@id.dbsvickers.com

THAILAND

DBS Vickers Securities (Thailand) Co Ltd

Contact: Chanpen Sirithanarattanakul

989 Siam Pivat Tower Building,
9th, 14th-15th Floor
Rama 1 Road, Pathumwan,
Bangkok Thailand 10330
Tel. 66 2 857 7831
Fax: 66 2 658 1269
e-mail: research@th.dbs.com
Company Regn. No 0105539127012
Securities and Exchange Commission, Thailand