

China / Hong Kong Market Focus

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Greater Bay Area plan: who are the beneficiaries?

Blueprint released for the Greater Bay Area development. The grand plan for the Greater Bay Area (GBA) was unveiled by the Chinese government on Monday. The detailed document sets out goals and directions on key development areas, aimed to transform Hong Kong and the cluster of 11 cities into a world-leading centre of innovation, technology and economic activity. The timetable to connect the various markets in the bay area would be 2035. The key areas of focus include (1) formation of an international innovation and technology hub in R&D, financing and commercialisation, (2) to foster stronger bonds between Hong Kong and mainland financial systems, (3) accelerate infrastructural, human resources, and financial connectivity, (4) building an international competitive modern industrial system, and (5) improve quality of life, work and travel, as well as (6) participation on "Belt and Road initiative".

Our view. The GBA plan has been brewing for years, and this blueprint is an overview of emphases and concrete definition of each city's role in the plan. Some are obvious, for example Hong Kong taking a central role in being a finance, trade and service centre, and Shenzhen being a technology innovative centre. Some are not so expected, for example, Shenzhen to take on the role of innovative area for insurance, and Guangzhou taking a central role in regional private equity, property rights and commodities market. Sustainability and environmental protection also featured heavily in the document. We believe clarity in the plan will help accelerate the GBA's deployment and increase conviction in investments.

Long term beneficiaries. From a stock standpoint, companies will be those with direct geographic revenue exposure to the GBA, particularly in segments like infrastructure, transportation, consumption and real estate. Highlighted segments in the plan such as infrastructure, logistics, innovative technology, tourism, advanced manufacturing, education, finance, environmental protection should also be beneficiaries. Challenges remain in which there are still substantial differences amongst legal systems, taxation rules, customs and currencies between Hong Kong, Macau and the 9 Chinese cities. Our analysts have identified the key beneficiaries of the blueprint of the Greater Bay Area development plan. (see more details on page 2)

HSI: 28,228

ANALYST

Dennis LAM +852 36684177 dennis_lam@dbs.com

Recommendation & valuation

Indices	As of % change				
	16-Feb-2019	1 week	1 month	QTD	YTD
HSI	28,347	0.7	4.7	9.8	9.8
HSCEI	11,149	1.3	5.2	10.5	10.5
Dow Jones	25,883	3.1	4.8	11.0	11.0
S&P	2,776	2.5	3.9	10.7	10.7
Nasdaq	7,472	2.4	4.4	12.6	12.6
Japan	21,282	2.1	3.1	6.4	6.4
Shanghai	2,754	3.3	6.4	10.7	10.7
Shenzhen	1,441	5.9	9.2	13.9	13.9
Taiwan	10,145	0.6	3.3	4.4	4.4
Korea	2,211	0.8	3.9	8.2	8.2
India	35,498	(1.6)	(2.2)	(1.3)	(1.3)
Singapore	3,266	2.1	1.4	6.6	6.6
Malaysia	1,693	0.9	0.6	0.7	0.7
Thailand	1,637	(0.1)	3.3	4.6	4.6
Indonesia	6,498	1.4	1.1	5.2	5.2
UK	7,237	1.3	3.6	7.3	7.3
France	5,153	3.1	6.0	9.3	9.3
Germany	11,300	2.6	0.8	7.0	7.0
Brazil	97,526	2.2	0.4	9.8	9.8
Russia	2,490	(1.5)	(0.0)	4.4	4.4

Source: Thomson Reuters, DBS Bank (Hong Kong) Limited ("DBS HK"), Bloomberg Finance L.P.



The Greater Bay Area beneficiaries

Sector	Best beneficiaries (stock picks)	Reasons
Automobile	GAC (2238 HK), BYD (1211 HK)	The GBA development plan will boost a fresh impetus to the economic development and household income. Taking the positive correlation of household affluence and automobile consumption into consideration, auto makers will benefit. Headquartered in GBA, Guangzhou Automobile and BYD will be the key beneficiaries of the GBA development. Foreseeing the improved transportation network connecting different cities in GBA, we expect the demand for automobiles to rise. The Green and High-Tech industry initiatives are generally positive to OEMs, particularly BYD and GAC as they have new energy vehicles business. Under the GBA development plan, we expect the EV market to grow at a faster pace.
Cement	CR Cement (1313 HK), Anhui Conch (914 HK)	The key beneficiary of the continuous urban integration and rural urbanization for the region. Based on the latest Guangdong government investment plan various transport and gridline construction projects are scheduled to commence towards 2023. CRC is the largest producer and has 18mtpa or 18% of Guangdong market total. CRC's plants are mainly located inside GBA at Zhaoqing and Huaizhou. Conch had also about 18mtpa or 7% of Conch's total capacity but little far away at Qingyuan.
China Bank	CMB (3968 HK), CCB (939 HK), ABC (1288 HK)	With GBA's more integrated and connected economic zone accompanied by its industry focus to transform in innovative and technology hub, we believe growth for various banking services and demand will continue to grow. Among major listed China banks, CMB, CCB and ABC has the highest loan exposure from the region at 17%/15%/15% and contributed pretax profit of 18%/14%/16% respectively. Thus, we expect CMB, CCB and ABC are better positioned to capture business opportunities from GBA.
China Insurance	China Taiping (966 HK) Ping An (2318 HK)	China insurers' per capita premium growth in Guangdong province has reached 22% Cagr during 2012-17. Among listed China insurance companies, Ping An generate 18% of its premium from Guangdong, which is the highest among China life insurers' peers, followed by China Life's 9%. For P&C insurance, Ping An P&C also derive 16% of premium from Guangdong province, followed by China Taiping P&C's 14% (include Taiping HK and Taiping Macau).
China Property	Yuexiu (123 HK), Yuexiu REIT (405 HK), CR Land (1109HK), Shenzhen Investment (604 HK)	Yuexiu and Yuexiu REIT will benefit from Guangzhou's role of building a regional trading centre for private equity, ppty rights and comdty; a futures exchange with carbon emissions as the first product. CR Land and Shenzhen Investment who are the major prime office developers in Shenzhen will benefit too.
China Property	Vanke (2202 HK), R&F (2777 HK), Kerry (636 HK)	Major players of warehouse sector headquartered in GBA area will benefit from the improving infrastructure
Discretionaries	Lifestyle (1212 HK), Chow Tai Fook (1929 HK), Luk Fook (590 HK), Chow Sang Sang (116 HK), Sa Sa (178 HK).	As the ease of commuting within Greater Bay Area continue to improve over the medium-term, and household affluence also picks up faster than other parts of Mainland China, key retailers based in HK and Macau should benefit given their tax differentials vs. the PRC. Should there be no significant changes in China taxes ahead, particularly the VAT, HK/Macau retailers might potentially cannibalize discretionary retail plays that locate in the Guangdong Province.

Source: DBS HK

The Greater Bay Area beneficiaries

Sector	Best beneficiaries (stock picks)	Reasons
Education	Wisdom Education (6068 HK), China Education Group (839 HK)	Key schools are located in the GBA, with Wisdom in Dongguan and CEG in Guangzhou. The encouraged cooperation in the form of exchange and teacher mobility between schools between Hong Kong and the nine cities will lead to a bigger market and more opportunities
Environmental Protection	Canvest (1381 HK) Dongjiang Environment (895 HK)	The highest standard in ecology and environmental standard will be implemented in Great Bay Area to ensure sustainable development. This will lead to strong demand for environmental services, including water environment restoration, water resources protection, waste-to-energy services, solid waste treatment, etc. We reckon most environmental service providers will benefit but Canvest and Dongjiang Environment have the highest exposure in Guangdong province. We believe their good business relationship with the local governments and sound track record will allow them to win more projects in GBA.
Food & Beverage	Vitasoy (345 HK), Nissin Foods (1475 HK), Tsit Wing (2119 HK)	The following companies currently hold production facilities within the GBA region and will set to benefit from a rising consumption per capita within the region.
Food services	Cafe de Coral (341 HK)	Besides Hong Kong, Cafe de Coral store exposure in China is 100% focused on Guangdong region, supported by a central kitchen. It is set to benefit from rising consumption per capita within the region.
Healthcare	Guangdong Kanghua (3689 HK), UMP (722 HK), C-Mer eye care (3309 HK), Guangdong Zhongsheng (002317 CH), Xiangxue Pharm (300147 CH), Baiyunshan (874 HK), Zhongzhi Pharm (3737 HK)	UMP (722 HK) & C-Mer eye care (3309 HK): The policy supports medical institutes in Hong Kong and Macau to expand their network in the region. The above companies are already expanding their clinic network in Guangdong province. The policy can accelerate their expansion to capture the opportunity. Guangdong Kanghua (3689 HK): The company generates over 70% of its revenue from its flagship hospital in Dongguan. Thanks to the new policy, we expect the population and demand for hospital services there will increase rapidly because: 1) the policy targets to improve inter-cities transportation infrastructure between Dongguan and other cities; 2) the policy supports the development of high-end manufacturing industries, modern services industries, strategic emerging industries there. The policy will result in increasing population and demand for medical services there. Baiyunshan (874 HK), Guangdong Zhongsheng (002317 CH), Xiangxue Pharm (300147 CH), Zhongzhi Pharm (3737 HK): Generally speaking, thanks to the new policy, we expect increase in population, disposable income and demand for pharmaceutical products. These companies generate significant portion of revenue from Guangdong province. They should benefit from the new policy.
HK Bank	BOCHK (2388 HK)	The policy aims to progressively expand mutual access between China and Hong Kong financial market. With easier access to wealth management and funds products in HK, this could be positive for banks' fees income. Among banks within coverage, BOCHK has been more prepared for GBA developments.
HK Insurance	AIA (1299 HK)	With the promotion of cross-border insurance products purchases and better infrastructure (qualified companies allowed to set operating office in Shenzhen, Guangzhou and Zhuhai), this could be positive for HK insurers' sales.

Source: DBS HK

The Greater Bay Area beneficiaries

Sector	Best beneficiaries (stock picks)	Reasons
Home Appliance	Midea (000333 CH), Hisense Home Appliances (921 HK)	As major home appliance players headquartered in Foshan, Midea and Hisense should benefit from manufacturing upgrade. Midea should also benefit from policy supports for robotics development via its robotics subsidiary (KUKA).
Hardware	AAC (2018 HK)	AAC has production facilities in GBA and moved up supply chain upward. The company is the world's leading supplier of comprehensive smartphone components, including dynamics components (i.e. speakers and receivers), MEMS microphones, haptics & RF, to optics. The company has four major production facilities, including Changzhou & Shuyang (acoustics and haptics production), Shenzhen (microphone production), and Suzhou (optics production). AAC produces microphone in Shenzhen. Talent is foundation for AAC as higher valued-added hardware company. Favorable policy in talent in GBA can increase its capacity for innovation, favorable policy in financing can support its expansion.
Infrastructure Construction	CRCC (1186 HK), CRG (390 HK)	Under the target of rapid urbanization and regional integration, more infrastructure investments including port business, transportation network and government facilities in GBA are expected. Intercity railway links and subways are the key segments of transportation investments, which benefits to the Chinese infrastructure construction companies, such as CRCC and CRG. Under the backdrop of 1-Hour commuting target within GBA area, transportation network will become the top priority of infrastructure investments, for example Shenzhen government has approved to invest RMB26bn to develop the subway network this year.
Internet	Tencent (700 HK)	Tencent's headquarter is in GBA. Talent is foundation for Tencent as Internet company. Favorable policy in talent in GBA can increase its capacity for innovation, favorable policy in financing can support its expansion.
Telecoms (China)	China Mobile (941 HK), China Unicom (762 HK), China Telecom (728 HK)	Thanks to the improving cross border connectivity, Chinese telecom operators will be able to leverage on Hong Kong's strong international connectivity to provide stronger international access to enterprise customers. China Mobile, China Telecom and China Unicom will benefit from higher capacity and demand for cross border internet connection.
Telecoms (HK)	HKT (6823 HK), HKBN (1310 HK), SuneVision (1686 HK)	GBA will enhance the role of Hong Kong as a connecting point between China and the World, which will increase the demand for cross-border connectivity. Local fixed-line operators such as HKT (6823 HK) and HKBN (1310 HK) will benefit. This will also increase the value for HK data centres such as SUNEvision (1686 HK) for international companies expanding into China by setting up their servers in Hong Kong. HK telecom operators may also provide enterprise solutions to Chinese companies in Greater Bay Area. More smart city projects represent more opportunities for enterprise solutions business. This will also benefit HKT (6823 HK) and HKBN (1310 HK).
Telecom Hardware	ZTE (763 HK), CCS (552 HK)	Telecom equipment and services providers will be benefited from higher demand for project management, communications equipment and solutions. ZTE (763 HK) and CCS (552 HK) will be the major beneficiaries.

Source: DBS HK

DBS HK universe comparison table

Stock Code	Company	Mkt Cap (US\$m)	Price (HK\$)	12m target (HK\$)	Upside (%)	Rcmd	PE 18F (x)	PE 19F (x)	P/BV# 18F (x)	Div Yld 18F (%)	ROE 18F (%)
Airlines											
753	Air China	16,942	7.97	9.30	17	B	17.0	10.4	1.1	1.4	6.8
601111 CH	Air China-A@@@	16,942	8.36	10.60	27	B	20.4	12.5	1.3	1.2	6.8
293	Cathay Pacific	6,015	12.00	13.60	13	B	20.4	11.1	0.7	0.8	3.7
670	China Eastern Airlines	10,319	4.93	5.60	14	B	16.6	10.1	1.0	0.7	6.6
600115 CH	China Eastern Airlines-A@@@	10,319	5.10	6.70	31	B	19.6	11.9	1.1	0.6	6.6
1055	China Southern Airlines	11,800	5.67	7.60	34	B	12.4	9.0	0.9	1.7	7.6
600029 CH	China Southern Airlines-A@@@	11,800	7.20	8.90	24	B	18.1	13.1	1.3	1.1	7.6
Auto manufacturers & dealers											
1958	BAIC Motor Co	1,645	5.12	8.80	72	B	5.2	4.2	0.7	6.6	14.9
1114	Brilliance China	4,867	7.57	15.50	105	B	4.9	4.0	1.0	1.7	22.9
1211	BYD Company	19,628	49.60	60.00	21	B	41.8	28.1	2.1	0.4	5.1
002594 CH	BYD Company-A@@@	19,628	51.67	49.00	(5)	H	49.1	33.0	2.4	0.3	5.1
3669	China Yongda Automobiles	1,237	5.28	8.50	61	B	4.3	3.6	0.8	6.9	20.1
1728	China ZhengTong	1,378	4.41	6.30	43	B	6.0	5.1	0.7	4.0	13.6
1828	Dah Chong Hong	695	2.89	4.30	49	B	5.3	5.8	0.5	7.5	9.5
489	Dongfeng Motor Group	3,057	8.40	8.20	(2)	H	4.4	4.3	0.5	3.4	12.6
175	Geely Automobile	16,508	14.42	22.70	57	B	8.1	6.8	2.4	2.5	34.4
2333	Great Wall Motor	8,631	5.84	4.30	(26)	H	6.6	6.0	0.9	4.6	13.6
601633 CH	Great Wall Motor-A@@@	8,631	7.10	6.50	(8)	H	9.2	8.4	1.2	3.3	13.6
2238	Guangzhou Automobile	15,250	9.36	10.00	7	B	6.5	5.8	1.1	4.6	17.4
601238 CH	Guangzhou Automobile-A@@@	15,250	10.96	10.60	(3)	H	8.7	7.7	1.4	3.4	17.4
425	Minth Group	4,368	29.90	35.70	19	B	13.1	10.8	2.1	3.2	17.7
1316	Nexteer Automotive Group	3,653	11.44	12.00	5	B	10.6	9.7	2.2	1.9	22.4
1148	Xinchen China Power Hldgs	73	0.45	1.00	125	B	2.9	2.3	0.2	0.0	5.5
881	ZhongSheng	4,973	17.18	20.00	16	B	8.8	7.6	1.8	2.3	22.2
Banking and Finance (China)											
1288	Agricultural Bank of China	14,602	3.70	4.22	14	B	5.5	5.5	0.7	5.4	13.9
601288 CH	Agricultural Bank of China-A@@@	14,602	3.65	3.84	5	B	6.1	6.1	0.8	4.9	13.9
3988	Bank of China	151,834	3.58	3.89	9	B	5.4	5.3	0.6	5.8	12.1
601988 CH	Bank of China-A@@@	151,834	3.65	3.61	(1)	H	6.2	6.1	0.7	5.0	12.1
3328	Bank of Communications	64,534	6.56	7.29	11	B	6.1	5.7	0.7	5.2	11.2
601328 CH	Bank of Communications-A@@@	64,534	6.08	6.51	7	B	6.4	6.0	0.7	4.9	11.2
998	China Citic Bank	37,707	4.97	6.31	27	B	4.9	4.6	0.5	6.3	11.7
601998 CH	China Citic Bank-A@@@	37,707	5.62	5.86	4	H	6.2	5.9	0.7	4.9	11.7
939	China Construction Bank	221,076	6.90	9.20	33	B	6.0	5.7	0.8	5.1	14.3
601939 CH	China Construction Bank-A@@@	221,076	6.84	8.38	23	B	6.7	6.3	0.9	4.5	14.3
6818	China Everbright Bank	29,533	3.75	4.15	11	H	5.2	5.2	0.6	6.0	11.8
601818 CH	China Everbright Bank-A@@@	29,533	3.99	3.78	(5)	H	6.3	6.2	0.7	5.0	11.8
3968	China Merchants Bank	108,698	33.90	38.70	14	B	9.6	8.5	1.5	3.2	16.7
600036 CH	China Merchants Bank-A@@@	108,698	29.15	35.20	21	B	9.3	8.3	1.5	3.3	16.7
1988	China Minsheng Bank	37,437	5.90	5.59	(5)	H	4.0	4.4	0.5	4.3	13.2
600016 CH	China Minsheng Bank-A@@@	37,437	5.95	5.09	(14)	FV	4.6	5.0	0.6	3.8	13.2
3618	Chongqing Rural Com Bank	1,470	4.59	4.47	(3)	H	4.3	4.2	0.6	5.2	14.1
1398	ICBC	284,901	5.91	8.48	43	B	6.2	5.9	0.8	4.9	14.1
601398 CH	ICBC-A@@@	284,901	5.51	7.72	40	B	6.6	6.3	0.9	4.7	14.1
Banking and Finance (HK & Others)											
2388	Bank of China HK	43,178	32.05	42.00	31	B	10.1	9.4	1.2	4.9	12.8
23	Bank of East Asia	10,207	28.15	28.10	(0)	H	11.7	11.4	0.7	3.4	6.3
2356	Dah Sing Banking Group	2,705	15.10	19.90	32	B	7.3	7.0	0.7	3.7	10.6
11	Hang Seng Bank	45,214	185.60	186.00	0	H	15.6	14.7	2.2	4.2	14.8
3360	Far East Horizon	4,081	8.10	10.30	27	B	7.1	6.2	0.7	4.2	14.5
5871 TT	Chailease Holding Co Ltd	4,643	111.00	142.00	28	B	10.8	9.8	2.2	4.4	21.9

Source: DBS HK

PNAV; @@@ denominated in RMB; ^^ Core profit and EPS

DBS HK universe comparison table

Stock Code	Company	Mkt Cap (US\$m)	Price (HK\$)	12m target (HK\$)	Upside (%)	Rcmd	PE 18F (x)	PE 19F (x)	P/BV# 18F (x)	Div Yld 18F (%)	ROE 18F (%)
Basic Materials											
347	Angang Steel	5,602	5.81	10.06	73	B	5.8	5.5	0.6	6.1	11.5
000898 CH	Angang Steel-A @@@	5,602	5.28	8.16	55	B	6.4	6.2	0.7	5.4	11.5
914	Anhui Conch Cement	27,265	44.50	44.00	(1)	H	7.0	7.8	2.0	5.7	30.3
600585 CH	Anhui Conch Cement-A @@@	27,265	33.66	37.00	10	B	6.0	6.6	1.7	6.7	30.3
1378	China Hongqiao Group	5,534	5.01	9.23	84	H	4.0	3.3	0.6	6.2	15.4
3993	China Molybdenum	12,575	3.42	8.62	152	B	11.6	10.5	1.4	5.0	12.7
603993 CH	China Molybdenum-A@@@	12,575	4.16	6.91	66	B	17.6	15.9	2.1	3.3	12.7
3323	China Nat'l Bldg Mat	3,101	6.29	5.80	(8)	FV	4.8	5.4	0.7	9.5	14.7
1313	China Resources Cement	7,483	8.41	9.00	7	B	7.4	7.0	1.5	6.6	22.2
358	Jiangxi Copper Co Ltd	6,029	10.30	9.70	(6)	H	12.5	15.5	0.6	2.3	5.1
600362 CH	Jiangxi Copper Co Ltd-A@@@	6,029	13.72	8.62	(37)	FV	23.9	25.4	1.0	1.5	4.1
323	Maanshan I & S	4,032	3.68	3.29	(11)	FV	6.5	7.1	0.9	6.2	14.3
600808 CH	Maanshan I & S-A @@@	4,032	3.65	4.06	11	H	7.0	7.2	1.1	0.0	16.1
1208	MMG Ltd	3,376	3.29	3.10	(6)	H	49.6	33.4	2.7	0.0	5.5
486	United Co RUSAL PLC	7,337	3.79	8.10	114	B	4.0	3.6	1.3	6.3	36.0
2899	Zijin Mining Group Co Ltd	10,638	3.19	3.20	0	B	17.0	20.4	1.8	3.2	10.6
601899 CH	Zijin Mining Group Co Ltd-A@@@	10,638	3.25	2.80	(14)	H	19.9	23.8	2.1	2.8	10.6
Education											
839	China Education Group	3,238	12.58	15.00	19	B	60.9	27.2	3.6	0.6	6.1
1317	China Maple Leaf Educational Syste	1,443	3.80	4.00	5	H	18.0	15.7	2.7	2.4	17.9
2001	China New Higher Education Group	939	5.15	5.30	3	B	23.4	15.7	3.1	1.4	15.5
6169	China Yuhua Education ^^	1,415	3.38	3.80	12	B	15.2	13.0	2.5	3.3	17.0
1569	Minsheng Education Group	916	1.79	2.00	12	B	17.4	13.7	1.7	0.0	10.1
EDU US	New Oriental@	12,303	77.53	85.00	10	B	41.4	42.5	5.6	0.0	15.3
1565	Virscend Education	1,519	3.86	5.10	32	H	23.1	16.4	3.3	1.7	15.1
6068	Wisdom Education	949	3.64	4.50	24	B	21.1	15.8	3.3	2.1	16.7
TAL US	TAL Education Group@	11,586	32.58	33.50	3	B	86.2	67.6	n.a.	0.0	17.5
Fintech											
LX US	LexinFintech@	1,663	10.04	21.00	109	B	8.9	5.0	3.9	0.0	55.7
YRD US	Yirendai@	747	12.31	24.00	95	B	6.5	4.2	1.4	0.0	23.9
6060	ZhongAn Online P&C	1,652	27.60	55.00	99	B	n.a.	n.a.	2.2	0.0	3.7
Food and Beverages											
600597 CH	Bright Dairy & Food@@@	1,567	8.66	9.40	9	B	22.8	20.3	1.9	1.4	8.5
506	China Foods ^^	1,158	3.25	4.52	39	B	19.7	17.0	1.9	1.7	9.7
2319	China Mengniu	12,863	25.70	28.70	12	B	28.2	24.0	3.4	0.8	12.8
1117	China Modern Dairy	773	0.99	1.08	9	H	n.a.	49.0	0.8	0.0	-2.5
291	China Resources Beer	12,918	31.25	35.01	12	B	62.5	41.9	4.5	0.6	7.4
1610	COFCO Meat Holdings	1,089	2.19	1.20	(45)	H	n.a.	23.9	1.6	0.0	-1.2
1475	Nissin Foods Co Ltd	515	3.76	4.10	9	B	21.8	19.3	1.1	1.8	5.3
322	Tingyi Holding	7,846	10.96	11.90	9	H	22.5	21.7	2.7	2.2	12.4
168	Tsingtao Brewery	6,909	35.55	39.23	10	B	29.2	25.0	2.4	1.5	8.4
600600 CH	Tsingtao Brewery-A @@@	6,909	38.33	35.67	(7)	H	35.7	30.6	3.0	1.3	8.4
2119	Tsit Wing International	145	1.49	2.04	37	B	15.5	11.8	2.3	3.1	20.5
220	Uni-President China	3,996	7.26	7.60	5	H	23.7	20.8	2.0	3.0	8.7
345	Vitasoy	4,538	33.55	29.00	(14)	B	60.5	47.7	12.2	1.0	21.8
151	Want Want China	10,295	6.49	6.40	(1)	B	22.9	20.7	4.9	3.5	22.1
288	WH Group	14,175	7.58	8.01	6	B	13.4	12.5	1.8	2.2	13.7

Source: DBS HK

@@@ denominated in RMB; ^^ Valuation based on US-listed share

DBS HK universe comparison table

Stock Code	Company	Mkt Cap (US\$m)	Price (HK\$)	12m target (HK\$)	Upside (%)	Rcmd	PE 18F (x)	PE 19F (x)	P/BV# 18F (x)	Div Yld 18F (%)	ROE 18F (%)
Gas Utilities											
384	China Gas Holdings	16,608	25.70	34.00	32	B	20.9	16.5	4.5	1.3	24.9
1193	China Resources Gas Group	9,479	33.45	31.50	(6)	H	16.7	15.7	2.9	2.1	18.6
1600	China Tian Lun Gas Holdings	1,058	8.39	9.70	16	B	10.9	7.5	2.2	2.5	21.6
2688	ENN Energy Holdings	11,078	77.35	95.00	23	B	18.6	15.3	3.7	2.7	21.4
1083	Towngas China	2,306	6.44	6.90	7	B	12.6	11.4	1.1	2.7	8.6
Hardware & Equipment											
552	China Comm Services	2,575	8.45	8.00	(5)	B	17.4	15.1	1.7	2.1	10.1
600498 CH	FiberHome Telecom	5,159	29.87	38.80	30	B	35.8	28.5	3.3	1.2	9.1
6869	Yangtze Optical Fibre and Cable	3,731	27.95	39.10	40	B	11.6	10.2	2.2	4.6	23.4
763	ZTE	13,581	19.72	13.90	(30)	H	n.a	20.3	2.1	0.0	-14.1
000063 CH	ZTE -A @@@	13,581	23.00	15.40	(33)	FV	n.a	26.8	2.8	0.0	-14.1
Household/Personal (China/HK)											
2111	Best Pacific Int'l Hldgs	298	2.25	3.80	69	B	7.8	5.9	0.9	2.6	12.3
1169	Haier Electronics	8,162	22.85	24.54	7	B	14.7	7.8	2.4	1.4	17.4
1044	Hengan	9,558	63.05	84.30	34	B	16.5	15.2	3.7	3.6	23.8
2331	Li Ning	2,768	9.91	7.70	(22)	B	27.2	20.5	3.5	0.0	13.8
311	Luen Thai	117	0.89	3.36	278	B	n.a	n.a	n.a.	0.0	0.0
000333 CH	Midea Group Co Ltd@@@	43,940	45.27	43.25	(4)	H	14.8	13.1	3.8	3.0	26.6
1982	Nameson Holdings Ltd	232	0.80	1.36	70	B	5.1	6.5	0.7	7.0	16.3
1382	Pacific Textiles	1,323	7.18	10.50	46	B	14.0	10.7	3.1	6.3	22.8
1913	Prada	9,129	28.00	36.54	31	B	29.7	22.9	2.8	2.4	9.4
600690 CH	Qingdao Haier@@@	14,289	15.78	15.91	1	H	12.8	11.9	2.5	2.3	20.8
1910	Samsonite Int'l ^^	4,768	26.15	34.47	32	B	16.5	15.1	2.4	1.9	12.1
1836	Stella International	1,091	10.78	13.00	21	H	11.6	10.8	1.1	6.2	9.3
2678	Texhong Textile Group	1,243	10.66	15.40	44	B	6.4	5.6	1.3	4.7	21.0
321	Texwinca	539	3.06	3.40	11	H	13.9	13.0	0.8	11.4	5.7
Industrials											
517	Cosco SHIPPING International	557	2.85	4.32	52	B	11.7	10.9	0.5	6.3	4.6
2314	Lee and Man Paper	4,018	7.20	9.50	32	B	5.2	5.8	1.2	5.7	24.9
2689	Nine Dragons	5,202	8.70	10.50	21	B	4.5	5.2	1.0	6.6	23.9
1478	Q Technology	740	5.13	5.60	9	H	191.6	13.4	2.2	0.1	1.2
2283	T K Group	465	4.38	8.30	89	B	9.1	7.8	3.1	5.1	38.4
698	Tongda Group	710	0.86	2.50	191	B	3.9	3.0	0.8	8.3	21.4
3393	Wasion Group	525	4.12	2.95	(28)	FV	12.1	10.1	0.8	3.7	6.8
Insurance											
1299	AIA	114,494	74.40	87.00	17	B	20.9	18.4	2.4	1.6	12.1
2628	China Life Insurance	87,303	19.18	18.00	(6)	H	26.6	14.8	1.5	1.3	5.3
601628 CH	China Life Insurance-A@@@	87,303	22.46	14.91	(34)	S	23.9	20.2	1.9	1.4	7.9
2601	China Pacific Insurance	38,742	28.90	38.00	31	B	14.1	11.9	1.6	3.6	20.7
601601 CH	China Pacific Insurance-A@@@	38,742	30.70	33.34	9	B	16.9	14.3	1.9	3.0	20.7
1508	China Reinsurance	1,464	1.72	1.50	(13)	H	10.0	8.2	0.7	3.8	7.5
966	China Taiping	10,373	22.65	39.00	72	B	11.0	8.1	1.1	0.9	10.5
945	Manulife	32,060	128.50	163.00	27	B	8.6	7.7	1.0	3.8	11.6
1339	PICC Group	3,614	3.25	3.10	(5)	H	6.8	6.8	0.6	1.5	11.1
2328	PICC P&C	7,508	8.54	6.60	(23)	FV	8.8	8.3	1.1	2.9	13.6
2318	Ping An Insurance	175,039	77.75	112.00	44	B	13.1	9.8	2.3	2.4	18.5
601318 CH	Ping An Insurance-A@@@	175,039	63.25	101.00	60	B	10.9	9.1	2.1	2.8	20.7

Source: DBS HK

P/NAV; @@@ denominated in RMB; ^^ Core profit and EPS

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Media											
752	Pico Far East	471	2.99	3.50	17	B	13.6	12.8	1.9	4.5	14.2
511	TVB ^^	870	15.58	35.50	128	B	13.6	10.5	1.0	5.1	7.2
Oil & Gas											
386	China Petroleum & Chem	102,039	6.41	7.80	22	B	10.7	9.5	0.9	8.3	8.6
883	CNOOC	77,827	13.68	14.50	6	B	10.0	10.8	1.3	4.9	13.4
857	PetroChina	192,280	5.21	5.50	6	H	13.3	14.2	0.7	4.5	5.1
3337	Anton Oilfield Services Group	367	0.96	1.21	26	B	9.9	5.4	0.8	0.0	8.9
Pharmaceutical & Health Care											
1858	Beijing Chunlizhengda Medical Instr	66	26.95	29.20	8	B	16.1	13.7	2.6	1.2	17.3
2877	China Shinyway	906	8.60	13.60	58	B	10.2	9.2	1.0	4.4	10.3
570	China Traditional Chinese Medicine	3,529	5.50	8.00	45	B	16.0	13.8	1.4	1.9	10.2
1681	Consun Pharmaceutical	662	5.94	10.30	73	B	9.9	8.5	2.2	1.7	23.8
1515	CR Phoenix Healthcare	912	5.52	11.80	114	B	16.2	17.0	1.1	1.8	7.0
000999 CH	CR Sanjiu Medical & Pharm@@@	3,384	23.39	26.40	13	B	14.9	n.a	2.1	2.4	15.1
1093	CSPC Pharmaceutical	11,173	14.06	20.00	42	B	24.3	19.6	4.9	1.3	21.6
853	Microport Scientific	1,672	8.19	6.90	(16)	H	29.2	25.1	3.6	0.9	13.1
1066	Shandong Weigao	4,016	6.97	8.40	21	H	18.3	14.6	2.1	1.6	11.4
1099	Sinopharm Group	5,411	35.60	41.00	15	B	14.9	13.3	2.2	2.0	15.3
600535 CH	Tasly Pharmaceutical Group@@@	4,350	19.46	32.00	64	H	n.a	n.a	n.a.	0.0	0.0
2666	Genertec Universal Medical	1,533	7.01	7.60	8	B	7.6	6.5	1.2	3.9	16.9
2120	Wenzhou Kangning Hospital	95	36.70	45.00	23	B	23.7	19.8	2.0	1.3	8.7
2393	Yestar International	567	1.85	3.40	84	H	11.8	9.2	2.7	3.4	24.6
002603 CH	Yiling Pharmaceutical@@@	1,991	11.17	14.20	27	H	n.a	n.a	n.a.	0.0	0.0
603368 CH	Guangxi Liuzhou Pharmaceutical Co	1,050	27.43	34.00	24	B	13.5	11.0	1.8	2.2	14.2
Properties (China)											
3383	Agile Property #	5,121	10.26	10.74	5	B	5.2	4.5	0.7	8.7	15.2
832	Central China #	1,138	3.27	3.72	14	B	9.0	4.7	0.9	3.3	9.8
3333	China Evergrande Group #	40,048	23.95	40.81	70	B	5.6	4.7	2.2	14.4	40.3
817	China Jinmao Holdings #	5,771	3.92	3.20	(18)	H	9.9	n.a	1.1	4.0	11.1
688	China Overseas #	40,346	28.90	34.58	20	B	8.6	6.7	1.1	3.3	12.6
81	China Overseas Grand Oceans #	1,348	3.09	3.60	17	B	6.2	4.4	0.5	2.4	9.9
1109	China Resources Land #	26,009	29.45	34.66	18	B	9.0	7.6	1.3	3.3	14.4
2202	China Vanke #	43,181	30.00	35.40	18	B	8.6	6.9	1.9	4.1	23.7
000002 CH	China Vanke-A @@@	43,181	26.55	30.80	16	B	8.5	6.9	1.9	4.1	23.7
2007	Country Garden #	29,129	10.56	13.95	32	B	5.5	4.4	1.7	6.0	34.8
207	Joy City #	1,668	0.92	1.77	92	B	6.0	9.3	0.4	8.3	6.8
3380	Logan Property Holdings #	7,545	10.78	12.13	13	B	7.5	5.7	2.1	5.4	31.1
960	Longfor Properties	17,645	23.30	25.63	10	B	9.8	7.6	1.5	4.1	16.3
813	Shimao Property #	8,666	20.60	29.76	44	B	6.6	5.2	1.0	5.4	15.2
272	Shui On Land #	2,014	1.96	2.05	5	H	18.3	n.a	0.4	3.3	2.0
410	Soho China #	2,160	3.26	3.28	1	H	100.1	75.5	0.5	0.0	0.5
YLLG SP	Yanlord Land # @@	2,011	1.40	1.62	16	B	3.8	4.1	0.5	5.3	15.1
123	Yuexiu Property #	2,449	1.55	2.08	34	B	7.1	5.7	0.5	5.7	7.2
1628	Yuzhou Properties	2,318	3.79	4.82	27	B	4.1	3.6	0.8	8.7	21.3

Source: DBS HK

P/NAV; @@@ denominated in RMB; @ denominated in USD; % - Fully Diluted EPS

DBS HK universe comparison table

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Properties (HK)											
1113	CK Asset Holdings	30,638	65.10	71.60	10	B	7.2	9.4	n.a.	2.9	10.8
497	CSI Properties	505	0.40	0.41	3	B	3.9	3.8	n.a.	3.5	8.4
35	Far East Consortium	1,074	3.61	4.76	32	B	5.2	6.6	n.a.	6.1	13.2
41	Great Eagle	3,295	37.00	37.15	0	H	13.3	12.6	n.a.	2.1	2.9
101	Hang Lung Properties	10,545	18.40	18.22	(1)	B	20.2	19.9	n.a.	4.1	3.0
12	Henderson Land	25,181	44.90	48.00	7	B	10.5	15.4	n.a.	3.9	6.3
HKL SP	Hongkong Land @	16,594	7.11	7.86	11	B	16.3	16.3	n.a.	3.0	2.7
14	Hysan Development	5,574	41.80	42.55	2	B	17.4	16.3	n.a.	3.3	3.6
173	K. Wah Intl	1,672	4.20	4.62	10	B	5.2	4.7	n.a.	4.8	7.0
683	Kerry Properties	5,267	28.40	29.60	4	H	9.2	7.9	n.a.	4.6	4.6
488	Lai Sun Development	1,002	12.96	14.02	8	B	41.6	7.3	n.a.	0.8	15.0
66	MTR	34,422	44.00	41.90	(5)	H	25.3	23.9	n.a.	2.5	6.2
16	SHK Properties	49,284	133.50	135.80	2	B	12.7	11.8	n.a.	3.5	5.8
83	Sino Land	12,559	14.58	15.70	8	B	8.5	23.8	n.a.	6.7	8.2
1972	Swire Properties	22,922	30.75	32.00	4	B	19.3	8.5	n.a.	2.6	3.6
88	Tai Cheung	641	8.14	8.95	10	B	14.2	7.7	n.a.	4.3	5.1
4	Wharf Holdings #	9,629	24.80	23.30	(6)	H	11.2	10.7	n.a.	2.7	4.7
1997	Wharf REIC	21,201	54.80	55.00	0	B	17.1	16.6	n.a.	3.8	4.6
20	Wheelock #	13,674	52.40	57.50	10	B	8.5	7.7	n.a.	2.7	5.1
369	Wing Tai Properties	1,048	6.08	7.18	18	B	7.9	12.4	n.a.	4.7	3.8
Railway & Construction											
1800	China Comm Construction	24,061	8.43	9.00	7	B	5.8	5.2	0.7	3.5	12.3
601800 CH	China Comm Construction-A @@@	24,061	11.12	12.50	12	H	8.6	7.8	1.0	2.3	12.3
1186	China Railway Construction	20,603	11.24	12.90	15	B	7.3	6.6	0.8	2.0	11.7
601186 CH	China Railway Construction-A @@@	20,603	10.37	11.70	13	H	7.6	6.8	0.9	2.0	11.7
390	China Railway Group	22,990	7.64	8.80	15	B	8.4	8.0	1.0	2.0	12.2
601390 CH	China Railway Group-A @@@	22,990	6.86	7.90	15	H	8.5	8.1	1.0	2.0	12.2
3311	China State Construction	5,089	7.91	10.10	28	B	6.3	5.4	0.9	4.8	15.8
1766	CRRC Corp	36,315	8.01	8.30	4	B	16.5	14.1	1.6	2.4	9.8
601766 CH	CRRC Corp-A @@@	36,315	8.86	9.30	5	H	20.6	17.6	2.0	1.9	9.8
Real Estate Investment Trust											
2778	Champion REIT	4,448	5.97	6.00	1	B	n.a	n.a	0.5	4.3	2.3
778	Fortune REIT	2,366	9.63	10.76	12	B	n.a	n.a	0.6	5.3	20.3
6139	Jinmao Investment	1,167	4.58	5.41	18	B	n.a	n.a	1.3	8.0	5.9
1270	Langham Hospital Investments	841	3.13	3.58	14	B	n.a	n.a	0.5	6.2	7.1
823	Link REIT	23,437	87.20	83.60	(4)	B	n.a	n.a	1.0	2.9	30.1
808	Prosperity REIT	608	3.20	3.44	8	B	n.a	n.a	0.6	5.5	2.4
1881	Regal Real Estate Investment Trust	984	2.37	2.53	7	B	n.a	n.a	0.5	6.3	3.0
435	Sunlight REIT	1,198	5.71	6.00	5	B	n.a	n.a	0.6	4.6	10.0
405	Yuexiu REIT	2,165	5.47	5.91	8	B	n.a	n.a	1.0	6.1	3.6

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^^ Core profit and EPS @@@ denominated in RMB

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Renewable Energy											
1250	Beijing Enterprises Clean Energy %	1,222	0.15	0.13	(17)	H	7.9	7.3	1.0	0.0	13.3
1381	Canvest Environment Protection	1,251	4.00	5.80	45	B	14.3	11.9	1.8	1.0	13.1
1816	CGN Power	2,987	2.10	3.04	45	B	8.9	n.a	1.1	3.4	13.5
916	China Longyuan Power	2,511	5.90	7.10	20	B	8.5	7.3	0.8	2.4	9.9
451	GCL New Energy	924	0.38	0.34	(11)	B	11.0	6.8	1.0	0.0	9.5
958	Huaneng Renewables Corp	1,545	2.41	2.70	12	B	5.9	5.4	0.8	2.5	14.0
002202 CH	Xinjiang Goldwind-A@@@	6,518	13.33	12.10	(9)	H	14.4	14.3	1.9	1.7	13.7
2208	Xinjiang Goldwind-H	6,518	9.58	8.60	(10)	H	8.8	8.8	1.2	2.7	13.7
Restaurant											
341	Cafe de Coral	1,571	21.05	21.60	3	B	26.9	23.4	3.5	5.5	13.0
Retailers											
BABA US	Alibaba Group ^^@	430,691	166.15	198.00	19	B	44.9	44.8	7.8	0.0	19.7
814	Beijing Jingkelong	36	1.55	2.56	65	H	11.5	10.2	0.3	3.8	2.8
116	Chow Sang Sang	1,044	12.10	15.19	26	B	8.1	8.0	0.8	4.9	9.7
709	Giordano	803	3.99	5.10	28	B	11.2	10.5	2.1	8.9	19.3
3308	Golden Eagle	1,798	8.40	12.17	45	B	10.4	9.1	1.9	5.3	18.7
493	GOME Retail Holdings	2,170	0.79	0.59	(25)	S	n.a	n.a	0.9	0.0	-3.1
JD US	JD.com Inc@	28,848	23.96	25.00	4	H	n.a	n.a	4.8	0.0	-8.0
1212	Lifestyle	2,484	12.98	14.65	13	B	12.5	10.7	5.0	4.9	40.7
590	Luk Fook	1,807	24.15	24.48	1	B	10.4	9.3	1.4	4.5	14.5
178	Sa Sa	1,097	2.78	3.62	30	B	18.0	16.4	3.4	6.3	19.8
1700	Springland Int'l	408	1.58	1.73	9	H	9.3	8.7	0.6	5.5	6.5
6808	Sun Art Retail Group	10,077	8.29	8.80	6	H	24.2	22.8	2.9	2.1	12.5
2858	Yixin	1,745	2.15	2.60	21	B	n.a	20.1	0.8	0.0	-0.5
601933 CH	Yonghui Superstores-A@@@	12,107	8.56	11.13	30	B	36.4	30.0	3.4	2.5	10.1
Software & Computer Services											
2018	AAC Technology	8,142	52.70	80.00	52	B	13.1	10.9	2.8	3.1	23.0
GDS US	GDS Holdings Ltd@	3,392	28.88	51.70	79	B	n.a	n.a	0.8	0.0	-9.0
268	Kingdee ^^	3,417	8.12	7.20	(11)	H	60.0	43.1	4.8	0.0	8.3
3888	Kingsoft Corp ^^	2,638	15.08	18.00	19	B	n.a	23.2	1.4	0.7	-0.7
777	NetDragon Websoft	1,085	16.06	33.00	105	B	60.0	25.5	1.5	1.3	2.5
1686	SUNeV ision	1,677	5.66	7.50	33	B	29.5	33.5	5.8	2.7	20.4
700	Tencent^^	412,215	339.80	404.00	19	B	36.3	29.1	8.4	0.3	28.7
600588 CH	Yonyou Network Tech@@@	7,460	26.32	13.00	(51)	FV	76.3	60.6	8.3	0.9	11.0
Telecom Services (China)											
941	China Mobile	218,768	83.85	93.70	12	B	13.2	13.1	1.4	3.6	11.3
728	China Telecom	7,692	4.35	4.80	10	B	15.8	14.4	0.9	2.7	5.9
762	China Unicom	36,377	9.33	11.40	22	B	28.5	19.0	0.8	1.2	2.9

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% - Fully Diluted EPS; @@@ denominated in RMB, ^^ Core Profit and EPS

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Telecom Services (HK)											
1883	CITIC Telecom	1,321	2.89	3.30	14	B	11.1	10.6	1.2	5.8	10.7
1310	HKBN Ltd.	1,602	12.50	15.60	25	B	31.7	25.8	12.1	4.5	36.7
6823	HKT Trust	11,636	12.06	14.90	24	B	18.4	17.2	2.4	5.6	12.8
215	Hutchison Telecom	1,946	3.17	3.30	4	H	40.0	42.0	1.0	1.9	2.4
315	SmarTone	1,323	9.26	11.80	27	B	16.7	15.7	2.2	4.4	13.1
Transportation - Ports & Airports											
694	Beijing Capital Intl Airport ^^	1,741	7.27	11.10	53	B	9.6	10.8	1.2	4.1	12.7
2588	BOC Aviation	6,058	68.50	68.00	(1)	B	9.8	8.7	1.4	3.6	15.3
1848	China Aircraft Leasing Group	761	8.82	11.70	33	B	7.5	6.4	1.6	7.4	22.7
144	China Merchants Port Hldgs	7,120	16.78	25.00	49	B	6.7	10.3	0.7	7.0	10.9
1199	COSCO SHIPPING Ports ^^	3,285	8.28	9.30	12	B	10.5	9.8	0.6	3.8	5.8
Warehouses											
925	Beijing Properties	231	0.26	0.44	69	B	n.a	n.a	0.4	0.0	-1.7
600340 CH	China Fortune Land Dev@@@	12,796	28.83	41.45	44	B	8.4	6.8	2.2	3.6	29.5
1668	China South City	1,231	1.19	2.77	133	B	8.3	7.2	0.3	6.4	4.0
Water Infrastructure, Environmental											
371	Beijing Enterprises Water %	5,589	4.66	5.70	22	B	9.1	8.2	1.6	3.3	19.5
300070 CH	Beijing Originwater@@@	3,809	8.18	23.50	187	B	8.7	7.4	1.3	1.2	15.4
1257	China Everbright Greentech	1,724	6.55	7.50	15	B	10.1	8.0	1.4	4.0	14.4
257	China Everbright Intl	6,426	8.21	8.40	2	B	9.0	9.0	1.4	3.3	15.6
SIIC SP	SIIC Environment @@	682	0.36	0.32	(10)	H	9.5	8.4	0.6	0.0	6.2
807	SIIC Environment	697	2.10	1.80	(14)	H	9.7	8.6	0.6	0.0	6.2

Source: DBS HK

% - Fully Diluted EPS; @@@ denominated in RMB, ^^ Core Profit and EPS

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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

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DBS Bank (Hong Kong) Limited13th Floor One Island East, 18 Westlands Road, Quarry Bay, Hong Kong

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

DBS Regional Research Offices

HONG KONG

DBS Bank (Hong Kong) Ltd
Contact: Carol Wu
13th Floor One Island East,
18 Westlands Road,
Quarry Bay, 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 Piwat 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
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