

MTR Corporation

Bloomberg: 66 HK EQUITY | Reuters: 0066.HK

Refer to important disclosures at the end of this report

DBS Group Research . Equity

9 Feb 2022

BUY

Last Traded Price (28 Jan 2022): HK\$42.45 (HSI : 23,550)
Price Target 12-mth: HK\$48.40 (14% upside) (Prev HK\$49.30)

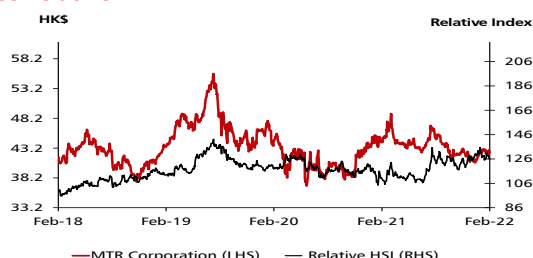
Analyst

Jeff YAU CFA, +852 36684180 jeff_yau@db.com

What's New

- Patronage of domestic service operations rebounded to >90% of pre-COVID levels
- Robust project pre-sales to unlock in development earnings
- Tender of the Tung Chung Traction Substation site was withdrawn
- BUY with HK\$48.40 TP

Price Relative



Forecasts and Valuation

FY Dec (HK\$ m)	2020A	2021F	2022F	2023F
Turnover	42,541	45,872	48,042	54,538
EBITDA	5,181	7,936	8,406	13,387
Pre-tax Profit	5,670	12,037	16,806	10,470
Underlying Profit	4,381	9,966	13,886	8,559
Underlying Profit Gth (%)	(58.5)	127.5	39.3	(38.4)
EPS (HK\$)	0.71	1.61	2.24	1.38
EPS Gth (%)	(58.6)	126.3	39.3	(38.4)
PE (X)	59.7	26.4	18.9	30.7
P/Cash Flow (X)	85.0	19.6	25.3	20.7
EV/EBITDA (X)	54.0	35.3	33.3	20.9
DPS (HK\$)	1.23	1.25	1.30	1.30
Div Yield (%)	2.9	2.9	3.1	3.1
Net Gearing (%)	23	16	17	18
ROE (%)	2.4	5.6	7.6	4.6
Est. NAV (HK\$):			49.5	52.8
Disc. to NAV (%)			(14)	(20)

Earnings Rev (%)		2	(46)	New
Consensus EPS (HK\$):		1.53	2.41	2.52
Other Broker Recs:		B:6	S:1	H:4

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

Significant railway expansion

Investment Thesis

BUY with HK\$48.40 TP. The counter is trading at a 14% discount to our estimated current NAV. Decent profits from property development should fuel earnings growth in the years ahead. Significant railway network expansion should bring in more property development opportunities to brighten its long-term earnings outlook and prompt NAV enhancement.

Residential launches were well received. The launch of Southland and La Marina at Wong Chuk Hang Station received encouraging sales responses. Both projects are substantially sold. Successful project pre-sales enable MTRC to lock in most of its near-term development profit.

Railway expansion brings in more property opportunities.

New rail lines including the Tung Chung Line Extension, Tuen Mun South Extension, Kwu Tung Station, and Northern Link projects are estimated to cost a total of HK\$96bn to construct. Under the "ownership" approach, we believe the government will grant MTRC development rights of the topside properties at the new railway stations to fund the construction of these new lines. The corresponding property development earnings should brighten the company's long-term profit growth prospects.

Valuation:

Our TP is based on target discounts of 10% and 20% to our Dec 2022 estimated valuations of development and investment properties, respectively.

Where we differ:

We are more positive on the outlook of the company's medium to long-term property development business led by the railway network expansion.

Key Risks to Our View:

The prolonged COVID-19 pandemic could drag the recovery of fare, station commercial, and rental income.

At A Glance

Issued Capital (m shrs)	6,181
Mkt Cap (HK\$m/US\$m)	265,165 / 34,047
Major Shareholders (%)	
Financial Secretary Inc.	74.8
Free Float (%)	25.2
3m Avg. Daily Val. (US\$m)	13.86
GICS Industry: Real Estate / Equity Real Estate Investment	



Watchlist the stock on Insights Direct to receive prompt updates



Live more, Bank less

WHAT'S NEWM**Patronage of domestic service operations recovered to >90% of pre-COVID level**

In 2H21, average weekday patronage of domestic service has recovered to >90% of the pre-COVID level. Supported by normalising economic activities, the patronage of domestic service operations jumped 31% in 2H21, bringing the full-year growth to 24%.

While retail sales of station kiosks grew broadly in line with the overall retail market, rental reversion remained in the negative territory. Due to the pandemic-led border closure, duty-free shops remained closed. On the other hand, advertising revenue continued its recovery in 2H21. Overall, we estimate that station commercial business recorded a 6% drop in revenue in FY21.

Tenants' sales growth of MTRC's shopping malls outperformed the broad market. Rental concession granted to its mall tenants were significantly reduced in 2H21, along with domestic consumption recovery. That said, negative rental reversion continued to work its way through its retail portfolio.

Launched for pre-sale in Aug 21, La Marina (Wong Chuk Hang Station Package 2), a joint venture with a consortium equally owned by Kerry Properties and Sino Land, drew strong market interest, particularly from property investors. About 483 units, or 81% of the total, have been taken up for HK\$11.7bn or HK\$35,700psf on average. Robust demand for Wong Chuk Hang Station Packages 1 & 2 should bode well for the sales response to other packages. With the aid of successful project pre-sales, MTRC has high visibility of its development earnings in FY22-23.

MTRC decided not to accept any tender for Tung Chung Traction Substation from any of the five developers that submitted the bid, as they failed to meet the company's

expectations. The tender outcome, however, does not come as a surprise. Reportedly, the land premium is fixed at HK\$4.765bn or HK\$5,072psf, which appears quite high in our view. Besides, the long construction period also increases investment risks. Tung Chung Traction Substation will provide a GFA of 0.94msf when completed. We believe MTRC will re-negotiate with the government to lower the land premium before retendering the project.

In 1Q22, MTRC plans to offer the Pak Shing Kok Ventilation Building project in Tseung Kwan O for tender. This project will provide 550 residential units upon completion.

In Oct 21, MTRC was invited to study the construction of a new Science Park/Pak Shek Kok Station of the East Rail Line.

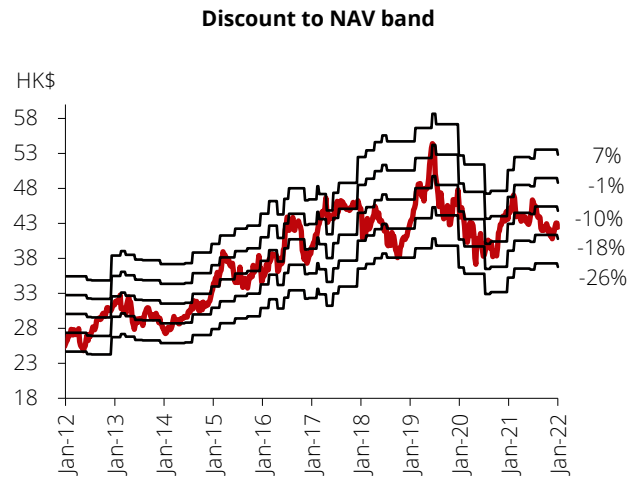
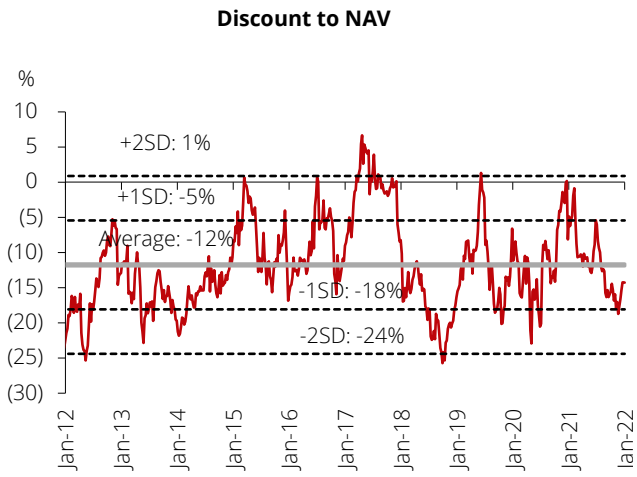
The stock is trading at a 14% discount to our appraised current NAV. While the spread of the Omicron variant may cast a shadow over the company's business recovery, significant rail network expansion should bring in more property opportunities to support its long-term profit growth. Maintain BUY with HK\$48.40 TP. This is derived by assigning target discounts of 20% and 10% to our estimated Dec 2022 valuations of investment and development properties, respectively.

Company Background

MTRC operates predominantly rail-based transportation systems, with exposure to the residential and commercial markets in Hong Kong. In recent years, the company has begun to expand its rail business to China and overseas.

MTR Corporation

Discount to NAV



Source: Bloomberg Finance L.P., DBS HK

MTR Corporation

Key Assumptions (%)

	2022F	2023F
Residential price - HK	0	2
Office rental - HK	0	0
Retail rental (Shopping centre) - HK	5	5

Source: DBS HK

Segmental Breakdown (HK\$ m)

FY Dec	2019A	2020A	2021F	2022F	2023F
Revenues (HK\$ m)					
HK transportation operations	19,938	11,896	13,218	13,348	16,607
HK station commercial business	6,799	3,269	3,069	3,646	5,357
HK Property rental and management business	5,137	5,054	4,968	5,027	5,081
Mainland China and International subsidiaries	21,085	21,428	24,147	25,509	26,897
Other business	1,545	894	472	512	597
Total	54,504	42,541	45,872	48,042	54,538

Source: DBS HK

Income Statement (HK\$ m)

FY Dec	2019A	2020A	2021F	2022F	2023F
Turnover	54,504	42,541	45,872	48,042	54,538
EBITDA	15,326	5,181	7,936	8,406	13,387
Depr / Amort	(5,237)	(5,365)	(5,484)	(5,638)	(5,795)
EBIT	10,089	(184)	2,452	2,768	7,591
Profit on property developments	5,707	6,491	10,298	15,855	4,993
Variable cost paid to KCRC	(2,583)	(238)	(648)	(1,729)	(1,905)
Associates Inc	288	605	1,005	1,141	1,210
Interest (Exp)/Inc	(859)	(1,004)	(1,070)	(1,230)	(1,420)
Pre-tax Profit	12,642	5,670	12,037	16,806	10,470
Tax	(1,922)	(1,301)	(1,820)	(2,585)	(1,528)
Non-controlling interests	(160)	12	(250)	(335)	(384)
Underlying Profit	10,560	4,381	9,966	13,886	8,559
Sales Gth (%)	1	(22)	8	5	14
Net Profit Gth (%)	(6)	(59)	127	39	(38)
EBITDA Margins (%)	28	12	17	17	25
EBIT Margin (%)	19	0	5	6	14
Tax Rate (%)	15	23	15	15	15

Source: DBS HK

MTR Corporation

Balance Sheet (HK\$ m)

FY Dec	2019A	2020A	2021F	2022F	2023F
Fixed Assets	225,605	220,932	217,824	218,510	219,648
Long-term Investments	386	468	468	468	468
Other LT Assets	13,991	13,074	9,917	22,917	24,156
Intangibles Assets	56	63	63	63	63
Deferred Tax Asset	134	470	470	470	470
Associates/JVs	10,359	11,592	12,597	13,738	14,948
Bank Balance/Cash & Liquid	21,186	20,906	34,527	33,233	33,369
Inventory	3,089	3,814	3,814	3,814	3,814
Debtors	11,169	13,313	10,313	7,813	8,813
Other Non Cash Current	3,239	5,942	5,942	5,942	5,942
Total Assets	289,214	290,574	295,934	306,968	311,692
ST Debt	3,371	3,357	1,200	500	501
Creditors	33,315	36,837	39,337	38,837	39,137
Other Current Liab	5,566	1,996	1,996	1,996	1,996
LT Debt	36,085	46,983	51,140	54,840	55,839
Deferred Tax Liabilities	13,729	14,125	14,125	14,125	14,125
Other LT Liabilities	10,350	10,295	10,248	10,196	10,141
Non-controlling interests	192	193	443	778	1,162
Shareholder's Equity	186,606	176,788	177,445	185,696	188,791
Total Cap. & Liab.	289,214	290,574	295,934	306,968	311,692
Share Capital (m)	6,142	6,163	6,194	6,194	6,194
Net Cash/(Debt)	(28,764)	(39,887)	(28,218)	(32,462)	(33,270)
Working Capital	(3,569)	1,785	12,063	9,469	10,304
Net Gearing (%)	15	23	16	17	18

Source: DBS HK

Cash Flow Statement (HK\$ m)

FY Dec	2019A	2020A	2021F	2022F	2023F
EBIT	10,089	(184)	2,452	2,768	7,591
Tax Paid	(631)	(2,306)	(1,820)	(2,585)	(1,528)
Depr/Amort	5,237	5,365	5,484	5,638	5,795
Chg in Wkg.Cap	(67)	(4,165)	5,500	2,000	(700)
Other Non-Cash	2,415	2,062	0	0	0
Operating CF	17,043	772	11,616	7,822	11,159
Net Capex	(9,331)	(9,661)	(5,291)	(6,014)	(6,141)
Investments	0	0	0	0	0
Associates & JVs	(1,416)	(210)	0	0	0
Others	2,435	9,196	13,602	2,521	3,345
Investing CF	(8,312)	(675)	8,310	(3,493)	(2,795)
Net Chg in Debt	(1,513)	10,377	2,000	3,000	1,000
New Capital	96	77	0	0	0
Dividend	(6,774)	(6,808)	(7,588)	(7,742)	(8,052)
Other Financing CF	(937)	(802)	(717)	(881)	(1,175)
Financing CF	(9,128)	2,844	(6,305)	(5,623)	(8,227)
Chg in Cash	(397)	2,941	13,621	(1,295)	137

Source: DBS HK

MTR Corporation

Target Price & Ratings History



S.No.	Date	Closing Price	12-mth Target Price	Rating
1:	12-Mar-21	HK\$48.75	HK\$44.35	Hold
2:	9-Jul-21	HK\$44.10	HK\$49.30	Buy
3:	13-Aug-21	HK\$45.00	HK\$49.30	Buy

Source: DBS HK

Analyst: Jeff YAU CFA,

DBS HK recommendations are based on an 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 share price catalysts within this time frame)

*Share price appreciation + dividends

Completed Date: 8 Feb 2022 17:29:38 (HKT)

Dissemination Date: 9 Feb 2022 15:31:32 (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.

Neither DBS Bank Ltd nor DBS HK market makes in equity securities of the issuer(s) or company(ies) mentioned in this Research Report.

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 MTR Corp Ltd (66 HK) recommended in this report as of 04 Feb 2022.
2. **Compensation for investment banking services:**
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.
3. **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 on page 1 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	<p>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.</p> <p>DBS Bank Ltd, 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.</p> <p>Distribution of this report is intended only for "wholesale investors" within the meaning of the CA.</p>
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. DBS Bank Ltd., Hong Kong Branch is a limited liability company incorporated in Singapore.
Indonesia	This report is being distributed in Indonesia by PT DBS Vickers Sekuritas Indonesia.
Malaysia	<p>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.</p> <p style="text-align: right;"> Wong Ming Tek, Executive Director, ADBSR</p>
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 6878 8888 for matters arising from, or in connection with the report.
Thailand	<p>This report is being distributed in Thailand by DBS Vickers Securities (Thailand) Co Ltd.</p> <p>For any query regarding the materials herein, please contact [Chanpen Sirithanarattanaku] at [research@th.dbs.com]</p>
United Kingdom	<p>This report is produced by DBS HK which is regulated by the Hong Kong Monetary Authority</p> <p>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.</p> <p>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.</p>

Dubai International Financial Centre / United Arab Emirates	<p>This communication is provided to you as a Professional Client or Market Counterparty as defined in the DFSA Rulebook Conduct of Business Module (the "COB Module"), and should not be relied upon or acted on by any person which does not meet the criteria to be classified as a Professional Client or Market Counterparty under the DFSA rules.</p> <p>This communication is from the branch of DBS Bank Ltd operating in the Dubai International Financial Centre (the "DIFC") under the trading name "DBS Bank Ltd. (DIFC Branch)" ("DBS DIFC"), registered with the DIFC Registrar of Companies under number 156 and having its registered office at units 608 - 610, 6th Floor, Gate Precinct Building 5, PO Box 506538, DIFC, Dubai, United Arab Emirates.</p> <p>DBS DIFC is regulated by the Dubai Financial Services Authority (the "DFSA") with a DFSA reference number F000164. For more information on DBS DIFC and its affiliates, please see http://www.dbs.com/ae/our--network/default.page.</p> <p>Where this communication contains a research report, this research report is prepared by the entity referred to therein, which may be DBS Bank Ltd or a third party, and is provided to you by DBS DIFC. The research report has not been reviewed or authorised by the DFSA. Such research report is distributed on the express understanding that, whilst the information contained within is believed to be reliable, the information has not been independently verified by DBS DIFC.</p> <p>Unless otherwise indicated, this communication does not constitute an "Offer of Securities to the Public" as defined under Article 12 of the Markets Law (DIFC Law No.1 of 2012) or an "Offer of a Unit of a Fund" as defined under Article 19(2) of the Collective Investment Law (DIFC Law No.2 of 2010).</p> <p>The DFSA has no responsibility for reviewing or verifying this communication or any associated documents in connection with this investment and it is not subject to any form of regulation or approval by the DFSA. Accordingly, the DFSA has not approved this communication or any other associated documents in connection with this investment nor taken any steps to verify the information set out in this communication or any associated documents, and has no responsibility for them. The DFSA has not assessed the suitability of any investments to which the communication relates and, in respect of any Islamic investments (or other investments identified to be Shari'a compliant), neither we nor the DFSA has determined whether they are Shari'a compliant in any way.</p> <p>Any investments which this communication relates to may be illiquid and/or subject to restrictions on their resale. Prospective purchasers should conduct their own due diligence on any investments. If you do not understand the contents of this document you should consult an authorised financial adviser.</p>
United States	<p>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.</p>
Other jurisdictions	<p>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.</p>

DBS Bank (Hong Kong) Limited

13th Floor One Island East, 18 Westlands Road, Quarry Bay, Hong Kong

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

MTR Corporation

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

Co. Regn No. 198401015984 (128540-U)

SINGAPORE

DBS Bank Ltd

Contact: Janice Chua

12 Marina Boulevard,

Marina Bay Financial Centre Tower 3

Singapore 018982

Tel: 65 6878 8888

e-mail: groupresearch@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: indonesiaresearch@dbs.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

Securities and Exchange Commission, Thailand