

# China / Hong Kong Company Update

## New World Development

Bloomberg: 17 HK Equity | Reuters: 0017.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\$31.65 (HSI : 23,550)  
Price Target 12-mth: HK\$39.25 (24% upside) (Prev HK\$39.70)

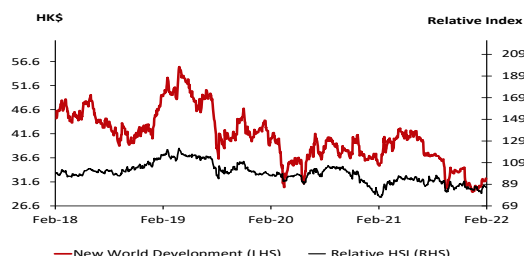
#### Analyst

Jeff YAU CFA, +852 36684180 | jeff\_yau@db.com

### What's New

- K11 Musea will see remarkable earnings improvement
- Portfolio expansion to boost rentals
- Decent returns from quick win projects expected
- BUY with HK\$39.25 TP

#### Price Relative



#### Forecasts and Valuation

FY 1un (HK\$ m)	2020A	2021A	2022F	2023F
Turnover	59,008	68,233	79,855	86,789
EBITDA	14,530	12,897	18,276	20,383
Pre-tax Profit	10,794	10,366	14,621	15,942
Underlying Profit	6,589	6,978	7,440	8,146
Underlying Profit Gth (%)	(25.2)	5.9	6.6	9.5
EPS (HK\$)	2.58	2.74	2.96	3.24
EPS Gth (%)	(25.3)	6.3	7.8	9.5
PE (X)	12.3	11.5	10.7	9.8
P/Cash Flow (X)	60.4	3.0	7.2	5.6
EV/EBITDA (X)	18.5	20.8	14.7	13.2
DPS (HK\$)	2.04	2.06	2.06	2.06
Div Yield (%)	6.4	6.5	6.5	6.5
Net Gearing (%)	42	36	37	37
ROE (%)	0.5	0.5	3.3	3.5
Est. NAV (HK\$):			78.6	87.2
Disc. to NAV (%)			(60)	(64)

Earnings Rev (%)			(1)	1
Consensus EPS (HK\$):			2.96	3.78
Other Broker Recs:	B:12	S:2	H:4	

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

### Good long-term value

#### Investment Thesis

**BUY with HK\$39.25 TP.** The stock is trading 60% below our appraised current NAV with dividend yield of 6.5% for FY22. We are positive on its long-term value in view of improving earnings quality led by growing recurrent income base. Major shareholder Chow Tai Fook Enterprises raised its stake in the company reflecting a vote of confidence over its prospects.

**Growing rental income stream.** During Jul-Nov 21, K11 malls in Hong Kong registered 23% growth in tenants' sales, outperforming the overall retail market. With improving turnover rents on one hand and efficient cost control on the other, K11 Musea should see noticeable earnings growth in FY22. The office portion of 11 Skies is scheduled to open in May-22. Rental portfolio expansion in Hong Kong and China should bolster the company's recurrent income, which is expected to make up of 50% of net earnings by FY24 from 39% in FY21.

**Decent return from quick win projects expected.** In Nov-21, New World Development joined hands with Far East Consortium to buy a residential site in Kai Tak from financially ridden Kaisa Group for HK\$7.95bn. This under-construction project should provide the company with a decent return on equity. In 4Q21, New World Development secured two urban renewal projects in Shenzhen and one in Guangzhou from distressed developers at attractive costs. These quick-win acquisitions should enable the company to accelerate returns and achieve better margins.

#### Valuation:

Our target price is derived from assigning a 55% discount to our Dec-2022 NAV estimate.

#### Where we differ:

We are more positive on the company's long-term growth led by an expanding recurring income base in Hong Kong and China.

#### Key Risks to Our View:

Any deterioration in residential demand in Hong Kong and China could drag the company's earnings and share price performance. Any further drop in leasing demand for office and retail properties in Hong Kong and China could impact its earnings and valuations.

#### At A Glance

Issued Capital (m shrs)	2,542
Mkt Cap (HK\$/US\$m)	82,234 / 10,559
Major Shareholders (%)	
Chow Tai Fook Enterprises, Ltd.	45.2
Free Float (%)	54.8
3m Avg. Daily Val. (US\$m)	13.66
GICS Industry: Real Estate / Real Estate Management & Development	



Watchlist the stock on Insights Direct to receive prompt updates



Live more, Bank less

## New World Development

---

### WHAT'S NEW

#### Major shareholder raising its stake

During Jul-Nov 2021, K11 malls in Hong Kong achieved retail sales growth of 23%, with average occupancy rate of 97%. This compared favourably with 8% for the overall retail market in the same period,

For K11 Musea, revenue grew 20% y-o-y and operating expense fell 30% in 1HFY22. This resulted in operating profit jumping 150% with operating margins expanding to >65%. This should make it the key rental earnings growth engine in the near term. In mid-2022, leases for >70 tenants, representing one-third of total, are scheduled for renewal. Besides, the company is also revamping the tenant mix at K11 Art Mall.

Three office towers at 11 Skies are expected to be partially opened in May 22. Currently, over 40% of office space has been pre-committed by tenants from the wealth management, wellness and medical sectors. By mid-2022, the commitment rate is expected to reach 65%. Given its close proximity to the Hong Kong-Zhu-Macau Bridge, these office towers should hold strong appeal to those tenants serving the Greater Bay Area after the border re-opens. New contributions from 11 Skies should further strengthen its rental income stream from Hong Kong.

Despite challenging market condition, New World achieved its half-year contracted sales target in China. The bulk of contracted sales (>80%) came from the Greater Bay Area where the projects are selling well. For example, in Dec-21, New World achieved contracted sales of Rmb1.17bn on the first day of pre-sale of The Glory of Legend (GFA: 87,000sm) in Guangzhou with ASP cap increased to Rmb68,000psm

In 4Q21, New World Development secured two urban renewal projects in Shenzhen and one in Guangzhou from distressed developers at attractive prices. These quick-win

acquisitions should enable the company to accelerate returns and achieve better margins. In Hong Kong, New World Development has also joined hands with Far East Consortium to buy a residential site in Kai Tak from financially ridden Kaisa Group for HK\$7.95bn.

In 2H21, the Town Planning Board has approved the development plan for its Sa Ha project in Sai Kung which will provide 972 units in 15 residential blocks with a GFA of 956,000sf subject to the land premium payment.

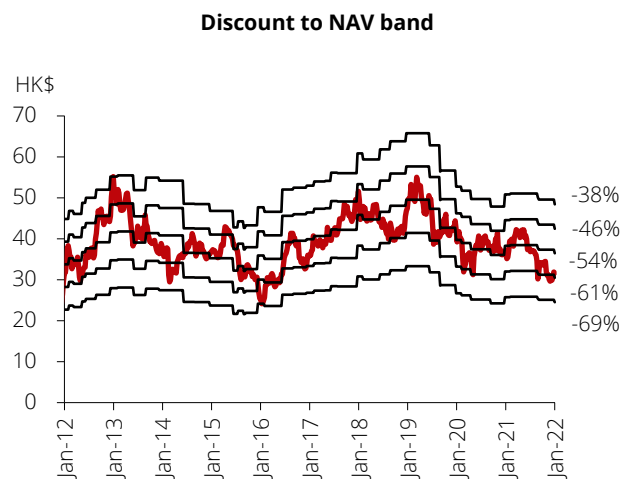
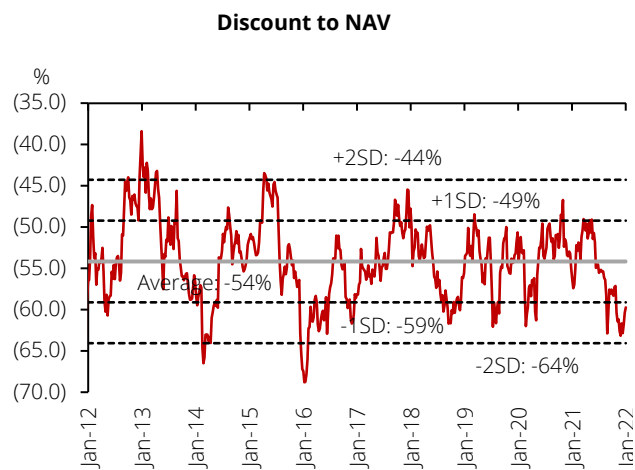
Major shareholder Chow Tai Fook Enterprises bought 1.62m shares from the market for HK\$48.9m or HK\$30.19/sh on average in late Dec 2021. This represents a vote of confidence over the company's prospects.

The stock is trading at a 60% discount to our assessed current NAV, 1SD below its 10-year average of 54%. Improving contributions from Victoria Dockside and portfolio expansion in Hong Kong/China should continue to drive the company's rental income thus improve the earnings quality. This should lead to better valuation over the long term. We reiterate our BUY rating with HK\$39.25 TP, based on target discount of 55% to our Dec-2022 NAV estimate.

#### Company Background

New World Development is engaged in property development, property investment and hotel businesses in Hong Kong and China. The company is focused on growing its China property business in the Greater Bay Area. The company also owns a 61% stake in NWS Holdings and 75% interest in New World Department Store.

Discount to NAV



Source: Bloomberg Finance L.P., DBS HK

## New World Development

### 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 lun	2019A	2020A	2021A	2022F	2023F
<b>Revenues (HK\$ m)</b>					
Property Investment	3,669	4,350	4,701	5,524	6,132
Property Development	38,512	19,208	22,582	32,379	35,387
Services	26,598	16,691	22,074	21,682	21,956
Infrastructure	2,699	2,071	3,033	3,230	3,424
Hotels	1,491	1,212	808	1,058	1,253
Department Stores & Others	3,795	15,477	15,036	15,982	18,637
<b>Total</b>	<b>76,764</b>	<b>59,008</b>	<b>68,233</b>	<b>79,855</b>	<b>86,789</b>

Source: DBS HK

### Income Statement (HK\$ m)

FY lun	2019A	2020A	2021A	2022F	2023F
Turnover	76,764	59,008	68,233	79,855	86,789
EBITDA	17,012	14,530	12,897	18,276	20,383
Depr / Amort	(2,454)	(3,695)	(3,850)	(4,158)	(4,491)
<b>EBIT</b>	<b>14,558</b>	<b>10,835</b>	<b>9,047</b>	<b>14,118</b>	<b>15,892</b>
Associates Inc	4,683	770	1,783	1,903	1,750
Interest (Exp)/Inc	(756)	(2,808)	(1,276)	(1,400)	(1,700)
Exceptionals	10,645	1,998	811	0	0
<b>Pre-tax Profit</b>	<b>29,129</b>	<b>10,794</b>	<b>10,366</b>	<b>14,621</b>	<b>15,942</b>
Tax	(7,490)	(7,528)	(5,662)	(3,815)	(4,258)
Non-controlling interests	(2,676)	(482)	(1,250)	(1,351)	(1,524)
Holders of Perpetual Securities	(803)	(1,688)	(2,283)	(2,015)	(2,015)
<b>Net Profit</b>	<b>18,160</b>	<b>1,096</b>	<b>1,172</b>	<b>7,440</b>	<b>8,146</b>
<b>Underlying Profit</b>	<b>8,814</b>	<b>6,589</b>	<b>6,978</b>	<b>7,440</b>	<b>8,146</b>
Sales Gth (%)	26	(23)	16	17	9
Net Profit Gth (%)	(22)	(94)	7	535	9
EBITDA Margins (%)	22	25	19	23	23
EBIT Margin (%)	19	18	13	18	18
Tax Rate (%)	26	70	55	26	27

Source: DBS HK

## New World Development

## Balance Sheet (HK\$ m)

FY Jun	2019A	2020A	2021A	2022F	2023F
Fixed Assets	215,538	222,337	240,582	242,342	243,847
Long-term Investments	13,591	54,774	61,919	61,919	61,919
Other LT Assets	45,372	68,966	51,654	51,654	51,654
Intangibles Assets	3,465	8,428	8,246	8,246	8,246
Deferred Tax Asset	764	1,120	1,742	1,742	1,742
Associates/JVs	76,197	64,157	61,239	61,142	60,892
Bank Balance/Cash & Liquid	63,732	67,436	61,955	68,316	69,884
ST Investments	819	10,722	14,253	14,253	14,253
Inventory	58,081	67,067	89,906	99,367	108,630
Debtors	25,722	35,189	34,683	34,783	34,883
Other Non Cash Current	7	1	898	898	898
<b>Total Assets</b>	<b>503,285</b>	<b>600,196</b>	<b>627,077</b>	<b>644,663</b>	<b>656,849</b>
ST Debt	41,776	56,601	38,188	33,619	33,620
Creditors	48,753	54,101	63,978	63,578	63,778
Other Current Liab	10,728	41,907	47,395	47,395	47,395
LT Debt	111,122	129,826	133,490	150,059	155,058
Deferred Tax Liabilities	10,371	11,546	11,129	11,129	11,129
Other LT Liabilities	5,171	26,470	28,705	28,705	28,705
Perpetual Securities	21,506	37,092	48,938	48,938	48,938
Non-controlling interests	29,995	29,630	31,925	31,780	31,809
Shareholder's Equity	223,865	213,023	223,329	229,459	236,417
<b>Total Cap. &amp; Liab.</b>	<b>503,285</b>	<b>600,196</b>	<b>627,077</b>	<b>644,663</b>	<b>656,849</b>
Share Capital (m)	2,556	2,555	2,545	2,517	2,517
Net Cash/(Debt)	(89,288)	(116,459)	(108,195)	(113,834)	(117,266)
Working Capital	47,103	27,805	52,133	73,025	83,755
Net Gearing (%)	32	42	36	37	37

Source: DBS HK

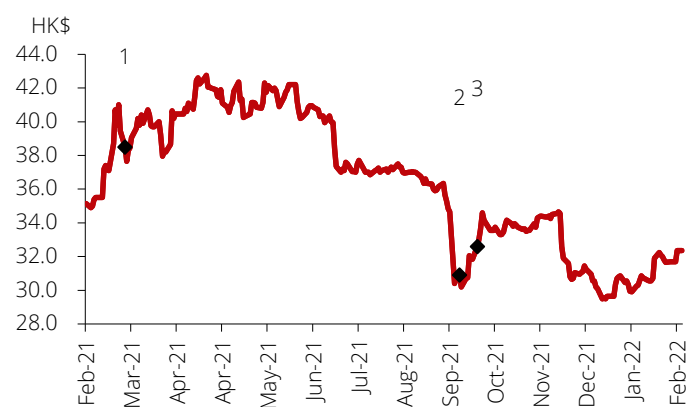
## Cash Flow Statement (HK\$ m)

FY Jun	2019A	2020A	2021A	2022F	2023F
EBIT	14,558	10,835	9,047	14,118	15,892
Tax Paid	(5,182)	(8,799)	(8,262)	(3,815)	(4,258)
Depr/Amort	2,454	3,695	3,850	4,158	4,491
Profit or loss on disposal of FAs/subsidiaries/investment	(978)	(4,568)	(13,473)	0	0
Chg in Wkg.Cap	(4,765)	(15,414)	7,789	(7,161)	(6,063)
Other Non-Cash	923	3,960	10,695	0	0
<b>Operating CF</b>	<b>7,011</b>	<b>(10,290)</b>	<b>9,646</b>	<b>7,299</b>	<b>10,062</b>
Net Capex	(9,762)	(12,457)	(4,249)	(2,000)	(2,000)
Investments	(1,199)	(540)	(1,513)	0	0
Associates & JVs	(2,983)	1,886	(4,851)	0	0
Associates' Dividends	2,944	2,849	1,480	2,000	2,000
Others	(8,155)	(8,812)	12,176	1,600	1,500
<b>Investing CF</b>	<b>(19,156)</b>	<b>(17,074)</b>	<b>3,042</b>	<b>1,600</b>	<b>1,500</b>
Net Chg in Debt	13,585	28,308	(14,402)	12,000	5,000
New Capital	27	(264)	(232)	0	0
Dividend	(6,207)	(6,370)	(6,328)	(6,723)	(6,679)
Other Financing CF	5,289	6,860	3,056	(7,815)	(8,315)
<b>Financing CF</b>	<b>12,694</b>	<b>28,533</b>	<b>(17,905)</b>	<b>(2,538)</b>	<b>(9,994)</b>
Chg in Cash	549	1,169	(5,217)	6,361	1,568

Source: DBS HK

## New World Development

### Target Price & Ratings History



Source: DBS HK

Analyst: Jeff YAU CFA,

## New World Development

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 15:38:12 (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.

**New World Development**

---

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 associate<sup>1</sup> 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 interests<sup>2</sup> 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 New World Development Co Ltd (17 HK) recommended in this report as of 4 Feb 2022.

2. **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 Far East Consortium International Ltd/HK (35 HK) as of 31 Dec 2021.

3. 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 Far East Consortium International Ltd/HK (35 HK) in the past 12 months, as of 31 Dec 2021.

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.

4. **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.


---

<sup>1</sup> 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.

<sup>2</sup> 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

<b>General</b>	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.
<b>Australia</b>	<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>
<b>Hong Kong</b>	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.
<b>Indonesia</b>	This report is being distributed in Indonesia by PT DBS Vickers Sekuritas Indonesia.
<b>Malaysia</b>	<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>
<b>Singapore</b>	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.
<b>Thailand</b>	<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 Sirithanarattanakul] at [research@th.dbs.com]</p>
<b>United Kingdom</b>	<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 <a href="http://www.dbs.com/ae/our--network/default.page">http://www.dbs.com/ae/our--network/default.page</a>.</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

13<sup>th</sup> 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

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