

China / Hong Kong Company Update

Geely Automobile Holdings

Bloomberg: 175 HK EQUITY | Reuters: 0175.HK

Refer to important disclosures at the end of this report

DBS Group Research . Equity

29 Mar 2022

BUY

Last Traded Price (28 Mar 2022): HK\$11.60 (HSI : 21,685)
Price Target 12-mth: HK\$20.00 (72% upside)

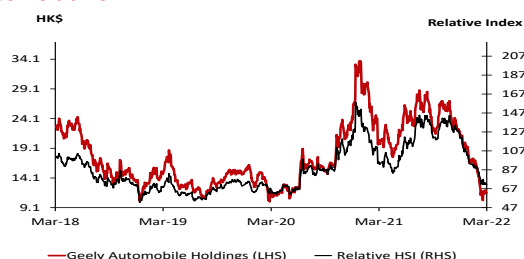
Analyst

Rachel Miu +852 36684191 rachel_miu@db.com

What's New

- 2022F sales budget of 1.65m units unchanged; auto-related services income a sustainable profit contributor
- High level of raw material inventory to buffer supply shortfall
- Improvement in product mix to enhance FY22F margins
- Maintain BUY; HK\$20 pegged to 18x FY22F PE

Price Relative



Forecasts and Valuation

FY Dec (RMBm)	2020A	2021A	2022F	2023F
Turnover	92,114	101,611	130,563	156,225
EBITDA	11,724	11,278	15,387	19,049
Pre-tax Profit	6,441	4,665	9,854	12,844
Net Profit	5,397	4,720	8,751	11,379
Net Pft (Pre Ex) (core profit)	5,397	4,720	8,751	11,379
Net Profit Gth (Pre-ex) (%)	(34.1)	(12.5)	85.4	30.0
EPS (RMB)	0.56	0.48	0.89	1.16
EPS (HK\$)	0.69	0.59	1.10	1.42
EPS Gth (%)	(37.4)	(14.9)	85.4	30.0
Diluted EPS (HK\$)	0.69	0.59	1.09	1.42
DPS (HK\$)	0.21	0.21	0.22	0.29
BV Per Share (HK\$)	7.75	8.16	9.06	10.28
PE (X)	16.7	19.6	10.6	8.1
P/Cash Flow (X)	56.4	6.0	9.8	8.3
P/Free CF (X)	nm	7.4	16.9	14.9
EV/EBITDA (X)	6.7	6.5	4.8	3.9
Net Div Yield (%)	1.8	1.8	1.9	2.5
P/Book Value (X)	1.5	1.4	1.3	1.1
Net Debt/Equity (X)	CASH	CASH	CASH	CASH
ROAE (%)	9.7	7.5	12.7	14.7
Earnings Rev (%)			Nil	Nil
Consensus EPS (RMB)			0.85	1.05
Other Broker Recs:		B:37	S:0	H:7

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

Better performance ahead

Investment Thesis

Post FY21 results conference call takeaways: management confident of meeting sales targets. Company reaffirmed its sales target for 2022 with improvements from the various brands. While supply chain disruptions remain a global issue, Geely's management believes they are in better control with a comfortable level of raw material stockpiles on hand. The chip shortage and sporadic lockdowns in certain cities had affected 1Q22 sales by 10%-15%, yet decent supply from the T2/3 chip suppliers should help support production volume for rest of the year. In addition, auto services is a sustainable income source with decent contributions to net earnings (FY21: ~Rmb1bn).

Better profit margins expected. While supply chain disruptions and expenses related to Zeekr's initial launch affected the group's FY21 GPM, FY22 profitability is expected to improve on account of a better revenue mix (high-end China Star series vehicle volume +30% y-o-y; 2-3x higher GP compared to normal Geely brands). In FY21, Zeekr's impact on the GPM was about 1.5ppt. A better margin is expected this year on the back of cost discipline and a better product mix.

Zeekr in a ramp-up phase; software upgrade expected to lift sentiment. Vehicle software functions have been upgraded to provide a better driving experience to customers. 2022 volume to be shipped is budgeted at 70k, vs. 8.4k last year.

Valuation:

Our HK\$20 TP is based on a 18x FY22F PE. The auto sector has been sold down recently and Geely is trading at FY22F 11x PE, which is 1SD below historical mean.

Where we differ:

Our FY23F net earnings are above the consensus as we believe its accelerated NEV development is expected to generate higher contributions to earnings.

Key Risks to Our View:

Product margin erosion on rising raw material costs and market share decline as a result of intense competition.

At A Glance

Issued Capital (m shrs)	10,018
Mkt Cap (HK\$/US\$m)	116,209 / 14,842
Major Shareholders (%)	
Proper Glory Holding, Inc.	26.3
Zhejiang Jirun Automobile Co., Ltd.	7.9
Free Float (%)	65.7
3m Avg. Daily Val. (US\$m)	115.06
GICS Industry: Consumer Discretionary / Automobiles & Components	



Watchlist the stock on Insights Direct to receive prompt updates



Geely Automobile Holdings

WHAT'S NEW

Anticipating better 2H

We hosted a post-2021 annual results group conference call with the Geely management recently. Below are the key takeaways.

Sales volume improvement and better revenue mix are possible

Q: Can management breakdown the 2022 sales volume target by technology?

A: In 2022, Geely plans to derive some 20% of total sales from NEEV. By brands, Zeekr: 70k units; Geometry: 160k; Leishen PHEV: 100k; and about 30k from exiting PHEV models. There are also plans to roll out the 3 HEV model later this year, which should generate about 50k in sales volume.

Q: How confident is the company in being able to achieve the 1.65m unit sales target given the current challenging environment?

A: We are confident of achieving a 24% increase in sales volume, as we have straightened some of the supply issues; and new technology such as Zeekr and Leishen should support vehicle shipment. Hence, Geely is confident that Zeekr/Leishen/Geometry are going to achieve strong sales growth this year.

Q: Vehicle ASP increased about 8% in FY21. How much was attributable to new models and how much was due to raw material cost increases?

A: Generally, Geely fixed the vehicle selling prices for dealers. Yes, we were able to price higher for our new models and offer lower rebates to dealers to protect product margins. For example, our Xinyue L model was priced at Rmb160k when it launched in Jul 21 and Xinrui at an ASP of Rmb130k. We are moving the higher ASP range, compared to the previous segment, of around Rmb100k. From 2H, Leishen will have one new model each month to support sales.

Q: GP margin comparison between export sales and domestic operations?

A: It depends on the overseas markets. For example, Malaysia GP margin is higher than China. Other markets are slightly lower.

We estimate overseas to achieve 160k units this year (excluding Lynk's 30k to western Europe). We are successful in Malaysia with Proton taking a market share of 20% since we entered that market in 2017.

Impact of chip shortage and rise in raw material costs

Q: How many auto chips are developed in-house and what is the self-sufficiency rate?

A: We focus on developing the advanced chips (such as MCU chips) to support infotainments, smart cockpit, autonomous driving, etc. The manufacturing activity will be outsourced.

Q: What is the impact of the geopolitical (Russia-Ukraine) conflict on raw materials and business?

A: We carry out spot trading of raw materials as well as lock in inventory (about two months of precious metals) to support our production. We noticed some volatility since 2H21 and have stockpiled some inventory.

Q: Can the company discuss the battery operations and the customer base?

A: We collaborate with CATL on battery cells and battery pack production. We also have a JV with Sunwoda (欣旺達 電動汽車電池有限公司) on battery development and sales. Our parent is also in discussion with Funeng (孚能電池) about battery cell development. We currently supply the battery products to Volvo and Lynk & Co. The battery collaborations are important, especially for Zeekr's EV development.

Zeekr business outlook expected to improve

Q: Zeekr derives revenue from two sources: Car sales and supply of auto components. Based on 8.4k unit sales in 2021, it managed to generate positive gross margins. In 2022, Zeekr targets a 70k volume shipment, hence, it should be favourable on the company, especially as we have good cost discipline.

Q: Any updates on the Zeekr business after last year's operational issues?

A: We have incorporated the feedback from customers and upgraded the software to provide a better driving experience to car owners. A lot of the interface has been upgraded. However, due to the shortage of auto chips, our Jan-Feb sales were not good. We expect the operation to improve.

Q: Any update on ADAS development?

A: Different brands have different strategies. We focus on the camera function as part of the facilitation solutions and it will be developed in-house. We have entered into collaborations with Waymo and Mobileye for L4 development. Zeekr, being a high-end brand, will follow its parent's ADAS development path.

Geely Automobile Holdings

Leading hybrid technology through Leishen Power

Q: What is Leishen Power's strengths compared to its peers in the hybrid segment?

A: Leishen is one of the best in the hybrid market. It can achieve fuel savings of about 40%, meaning for a 1.8L vehicle, the fuel consumption is about 4.3L/100km, so this is a very good achievement. Also, Leishen covers not only PHEV and HEV but also the extended range hybrid. Leishen was developed with dedicated engine/transmissions and a battery pack. Hence, it offers a lot of flexibility, as it is on a modular platform.

Q: What percentage of your model fleet will incorporate with Leishen Power solutions?

A: Most of the China Star series (high-end segment) will carry the Leishen technology while Lynk & Co. is expected to reach 100% of its models by 2023.

Lynk & Co. business outlook

Q: Lynk suffered a decline in net profit, although revenue was flat in 2H. Net margins also declined. What are the reasons?

A: Lynk is developing its business (subscription and direct sales channel) in Europe. About 80,000 subscription accounts were secured in 2021 and over 10,000 vehicles were shipped. Therefore, net margins were affected. We expect 30,000 unit shipments for 2022. Lynk expanded into the B segment in 2H21 after the launch of the new

model in Oct 21, leveraging on the Volvo platform. Hence, we expect 2022 would be better.

Financials

Q: We noticed selling expenses increased by 25%. What are the reasons?

A: The increase in selling expenses was due to the Zeekr sales network expansion. The company set up Zeekr Space and services centres (50 last year) and budgeted to have over 300 outlets this year.

Q: 2021 had an Rmb1.2bn share-based payment. Will this continue this year?

A: The Rmb1.2bn was a non-cash item. We expect this item to recur this year and expect it to narrow in 2023.

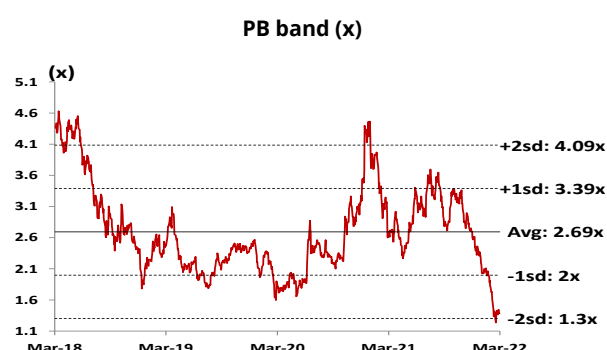
Q: What is the dividend policy this year?

A: We will maintain a 30% payout ratio for the long term. 2021 payout was 35% because of a record net cash level.

Company Background

Geely Automobile Holdings Limited (Geely), through its subsidiaries, manufactures and sells automobiles and related components under the Geely and Lynk brands. To broaden its new energy vehicle (NEV) product offerings, Geely introduced the Geometry brand in 2019.

Historical PE and PB band



Source: Thomson Reuters, DBS HK

Geely Automobile Holdings

Key Assumptions

FY Dec	2019A	2020A	2021A	2022F	2023F
Car sales ('000 units)	1,233.5	1,144.8	1,107.5	1,329.0	1,488.5
Blended ASP (RMB/unit)	74,457	73,216	79,183	84,725	89,809

Source: Company, DBS HK

Segmental Breakdown (RMB m)

FY Dec	2019A	2020A	2021A	2022F	2023F
Revenues (RMB m)					
Auto mobile sales	91,843	83,814	87,697	112,602	133,681
Parts & components	5,130	6,989	8,798	11,438	14,869
Licensing of IP	428	566	1,275	1,531	1,684
Others	N/A	745	3,840	4,992	5,990
Total	97,401	92,114	101,611	130,563	156,225

Source: Company, DBS HK

Income Statement (RMB m)

FY Dec	2019A	2020A	2021A	2022F	2023F
Revenue	97,401	92,114	101,611	130,563	156,225
Cost of Goods Sold	(80,485)	(77,377)	(84,199)	(107,584)	(127,323)
Gross Profit	16,917	14,737	17,412	22,979	28,902
Other Opng (Exp)/Inc	(8,052)	(9,380)	(14,232)	(15,320)	(19,032)
Operating Profit	8,864	5,357	3,180	7,659	9,869
Other Non Opng (Exp)/Inc	0	0	0	0	0
Associates & JV Inc	664	875	1,205	1,803	2,671
Net Interest (Exp)/Inc	108	208	280	392	303
Dividend Income	0	0	0	0	0
Exceptional Gain/(Loss)	0	0	0	0	0
Pre-tax Profit	9,636	6,441	4,665	9,854	12,844
Tax	(1,375)	(866)	(312)	(886)	(1,221)
Minority Interest	(72)	(41)	494	(90)	(116)
Preference Dividend	0	(137)	(127)	(127)	(127)
Net Profit	8,190	5,397	4,720	8,751	11,379
Net Profit before Except.	8,190	5,397	4,720	8,751	11,379
EBITDA	13,261	11,724	11,278	15,387	19,049
Growth					
Revenue Gth (%)	(8.6)	(5.4)	10.3	28.5	19.7
EBITDA Gth (%)	(23.3)	(11.6)	(3.8)	36.4	23.8
Opg Profit Gth (%)	(38.6)	(39.6)	(40.6)	140.9	28.9
Net Profit Gth (%)	(34.8)	(34.1)	(12.5)	85.4	30.0
Margins & Ratio					
Gross Margins (%)	17.4	16.0	17.1	17.6	18.5
Opg Profit Margin (%)	9.1	5.8	3.1	5.9	6.3
Net Profit Margin (%)	8.4	5.9	4.6	6.7	7.3
ROAE (%)	17.1	9.7	7.5	12.7	14.7
ROA (%)	8.2	4.9	3.9	6.3	7.6
ROCE (%)	14.0	7.2	4.1	8.7	10.0
Div Payout Ratio (%)	25.1	30.3	36.0	20.3	20.2
Net Interest Cover (x)	NM	NM	NM	NM	NM

Source: Company, DBS HK

Geely Automobile Holdings

Interim Income Statement (RMB m)

FY Dec	2H2019	1H2020	2H2020	1H2021	2H2021
Revenue	49,843	36,820	55,294	45,032	56,579
Cost of Goods Sold	(41,395)	(30,518)	(46,859)	(37,273)	(46,926)
Gross Profit	8,448	6,302	8,435	7,759	9,653
Other Oper. (Exp)/Inc	(3,951)	(4,196)	(5,184)	(5,645)	(8,587)
Operating Profit	4,497	2,106	3,251	2,114	1,066
Other Non Opg (Exp)/Inc	0	0	0	1	1
Associates & JV Inc	315	446	430	706	499
Net Interest (Exp)/Inc	59	89	120	101	179
Exceptional Gain/(Loss)	0	0	0	0	0
Pre-tax Profit	4,872	2,640	3,801	2,923	1,747
Tax	(657)	(320)	(546)	(512)	199
Minority Interest	(34)	(23)	(18)	(28)	522
Net Profit	4,180	2,297	3,237	2,381	2,466
Net profit bef Except.	4,180	2,298	3,238	2,385	2,470
Growth					
Revenue Gth (%)	(5.8)	(22.6)	10.9	22.3	2.3
Opg Profit Gth (%)	(33.0)	(51.8)	(27.7)	0.4	(67.2)
Net Profit Gth (%)	(28.9)	(42.7)	(22.6)	3.7	(23.8)
Margins					
Gross Margins (%)	16.9	17.1	15.3	17.2	17.1
Opg Profit Margins (%)	9.0	5.7	5.9	4.7	1.9
Net Profit Margins (%)	8.4	6.2	5.9	5.3	4.4

Source: Company, DBS HK

Geely Automobile Holdings

Balance Sheet (RMB m)

FY Dec	2019A	2020A	2021A	2022F	2023F
Net Fixed Assets	27,070	26,574	30,859	32,842	35,632
Invt in Associates & JVs	8,837	9,689	10,205	12,008	14,678
Other LT Assets	22,006	23,618	27,982	29,075	29,776
Cash & ST Invt	19,322	19,151	28,018	27,988	28,521
Inventory	4,821	3,691	5,522	6,350	7,302
Debtors	19,764	24,557	27,032	30,094	33,515
Other Current Assets	6,108	3,536	4,657	4,883	5,120
Total Assets	107,928	110,816	134,341	143,305	154,611
ST Debt	0	0	1,907	1,907	1,907
Creditors	31,525	29,861	31,549	31,864	32,183
Other Current Liab	17,002	12,026	26,895	27,474	27,815
LT Debt	4,149	3,909	1,901	2,701	3,501
Other LT Liabilities	327	806	1,869	1,869	1,869
Shareholder's Equity	54,436	63,631	68,606	75,786	85,516
Minority Interests	489	582	1,615	1,705	1,821
Total Cap. & Liab.	107,928	110,816	134,341	143,305	154,611
Non-Cash Wkg. Capital	(17,834)	(10,103)	(21,233)	(18,011)	(14,060)
Net Cash/(Debt)	15,172	15,242	24,210	23,380	23,114
Debtors Turn (avg days)	70.9	87.8	92.7	79.9	74.3
Creditors Turn (avg days)	134.9	155.8	145.0	113.8	96.7
Inventory Turn (avg days)	21.2	21.6	21.7	21.3	20.6
Asset Turnover (x)	1.0	0.8	0.8	0.9	1.0
Current Ratio (x)	1.0	1.2	1.1	1.1	1.2
Quick Ratio (x)	0.8	1.0	0.9	0.9	1.0
Net Debt/Equity (X)	CASH	CASH	CASH	CASH	CASH
Net Debt/Equity ex MI (X)	CASH	CASH	CASH	CASH	CASH
Capex to Debt (%)	69.2	71.8	74.4	86.8	92.5
Z-Score (X)	3.2	3.2	3.4	3.4	3.4

Source: Company, DBS HK

Cash Flow Statement (RMB m)

FY Dec	2019A	2020A	2021A	2022F	2023F
Pre-Tax Profit	9,636	6,441	4,665	9,854	12,844
Dep. & Amort.	3,733	5,491	6,893	5,926	6,510
Tax Paid	(1,949)	(1,371)	(1,197)	(312)	(886)
Assoc. & JV Inc/(loss)	(664)	(875)	(1,205)	(1,803)	(2,671)
(Pft)/Loss on disposal of FAs	0	0	0	0	0
Chg in Wkg. Cap.	1,977	(9,784)	5,161	(3,795)	(4,287)
Other Operating CF	(195)	1,695	1,031	(393)	(304)
Net Operating CF	12,538	1,597	15,348	9,477	11,206
Capital Exp. (net)	(2,873)	(2,807)	(2,833)	(4,000)	(5,000)
Other Invt. (net)	(1,589)	819	0	0	0
Invt in Assoc. & JV	0	0	0	0	0
Div from Assoc & JV	0	0	0	0	0
Other Investing CF	(6,330)	(3,443)	(4,326)	(4,440)	(4,496)
Net Investing CF	(10,791)	(5,430)	(7,159)	(8,440)	(9,496)
Div Paid	(2,806)	(2,058)	(1,677)	(1,699)	(1,776)
Chg in Gross Debt	688	800	0	800	800
Capital Issues	639	5,838	0	0	0
Other Financing CF	3,242	(819)	2,593	(168)	(200)
Net Financing CF	1,763	3,761	916	(1,068)	(1,176)
Currency Adjustments	34	(232)	(68)	0	0
Chg in Cash	3,544	(304)	9,037	(31)	533
Opg CFPS (RMB)	1.16	1.19	1.04	1.35	1.58
Free CFPS (RMB)	1.06	(0.13)	1.27	0.56	0.63

Source: Company, DBS HK

Geely Automobile Holdings

Target Price & Ratings History



S.No.	Date	Closing Price	12-mth Target Price	Rating
1:	7-Jul-21	HK\$24.05	HK\$30.00	Buy
2:	19-Aug-21	HK\$26.25	HK\$34.00	Buy
3:	11-Nov-21	HK\$25.85	HK\$34.00	Buy
4:	19-Jan-22	HK\$19.24	HK\$29.00	Buy

Source: DBS HK

Analyst: Rachel Miu

Geely Automobile Holdings

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: 29 Mar 2022 17:29:38 (HKT)

Dissemination Date: 29 Mar 2022 18:12:55 (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.

Geely Automobile Holdings

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 Geely Automobile Holdings Ltd (175 HK) recommended in this report as of 23 Mar 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.

Geely Automobile Holdings

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>

Geely Automobile Holdings

<p>Dubai International Financial Centre</p>	<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>
<p>United States</p>	<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>
<p>Other jurisdictions</p>	<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

Geely Automobile Holdings

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

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