

China / Hong Kong Industry Focus

China Auto Sector

Refer to important disclosures at the end of this report

DBS Group Research . Equity

27 Apr 2022

Supportive measures to boost vehicle sales

- **Pandemic lockdown and macro uncertainty are slowing vehicle sales; government stimulus action to stem further decline**
- **Anticipate local governments to rollout stimulus such as subsidies to support vehicle sales, especially NEVs**
- **Lowered our 2022 PV sales growth estimates to 6%, but expect NEV market to remain robust at 50% expansion**
- **[BYD \(1211 HK\)](#) is our top pick**

Government actions to stem a slowing vehicle market. The slowing economy plus recent lockdown are expected to further drag the China PV market. The full impact of the lockdown has yet to be reflected in Mar-22 PV sales, which recorded a decline of only c.1% y-o-y. The current lockdown is affecting two major vehicle production hubs – Changchun and Shanghai (which houses the nation's largest auto OEMs like SAIC Motor and FAW Group) and the supply chain disruption is also affecting auto OEMs in other regions. Plus, the slowing down of the Chinese economy (1Q22 GDP growth of 4.8%) is also unfavourable on consumption. Estimates show that the lockdowns could potentially shave 20% off total vehicle production. To stem the negative impact, the central government has announced broad directives to boost the vehicle market, and we anticipate local governments to release more details largely covering sales subsidies and incentives to boost vehicle sales and support EV charging infrastructure development.

Lowering vehicle sales assumptions for 2022. The lockdown and challenging macro environment have led us to cut our 2022 PV sales growth assumption to 6%, down from 7.5% previously. Foreign brands' sales were down 15% y-o-y while the self-brand segment grew by 21% in Mar-22. High crude oil price continues to hurt the ICE vehicle market (sales contracted 6% in 1Q22), signalling greater challenges for the vehicle OEMs. Although auto manufacturers in the affected regions have resumed production, it could take some time to return to pre-lockdown levels. Hence, we estimate 2Q22 total PV sales to decline by 5-8% y-o-y.

NEV plays have better upside potential. BYD remains our favourite given its sterling 1Q22 NEV sales. The company is also the first auto OEM to exit from the ICE vehicle business to focus on NEVs, which should accelerate its valuation re-rating potential. The company's financials is expected to remain healthy given the strong NEV sales outlook. BYD's share price has recovered c.30% from its trough YTD. The stock is currently trading at 73x PE (FY22F), which is slightly above its historical average mean.

HSI: 19,946

ANALYST

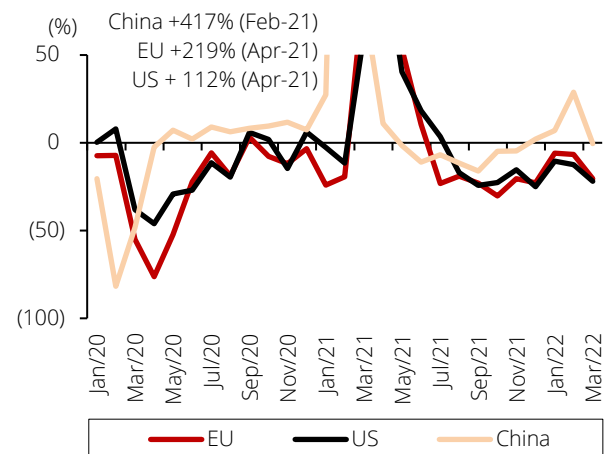
Rachel MIU +852 36684191 rachel_miu@db.com

Recommendation & valuation

Company	Price	Target Price	Recom	Mkt Cap	PE
	HK\$	HK\$		US\$m	22F x
BAIC Motor 'H' 1958 HK	2.32	2.90	HOLD	2,370	3.5
BYD 'H' 1211 HK	224.00	330.00	BUY	96,339	73.4
Dongfeng Motor 489 HK	5.30	6.40	HOLD	5,821	3.1
Great Wall Motor 2333 HK	10.48	24.00	BUY	25,309	8.0
Geely Automobile 175 HK	11.58	20.00	BUY	14,791	8.4
Guangzhou Automobile 2238 HK	6.24	9.00	BUY	14,741	4.7

Source: Thomson Reuters, DBS Bank (Hong Kong) Limited ("DBS HK")

Light vehicle monthly sales growth by markets



Source: CEIC



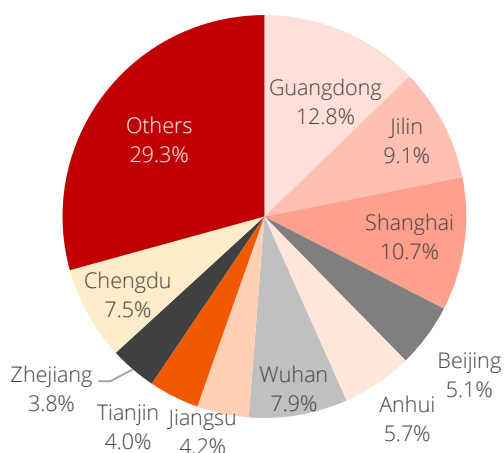
Live more, Bank less

Pandemic impact and supply chain disruption; cut PV sales growth

Vehicle market showing signs of slowing down, lowering 2022 PV sales growth forecast. The Mar-22 total vehicle sales declined by 11.6% y-o-y (with the passenger vehicle (PV) volume sales eased slightly by c.1% y-o-y), but we believe it has yet to reflect the full impact of the pandemic lockdown.

The lockdowns in Changchun and Shanghai are causing production halts, (both estimated to account for around 20% in total production) and the full impact is expected to reflect in the 2Q22 sales numbers. The lockdowns are not only affecting auto OEMs production in those areas but could have a chain reaction on auto OEMs in other regions, due to supply shortages of auto parts and components from the affected factories. The key auto production hubs, as shown in the chart below, make up about 70% of total production. Therefore, any lockdown in one of these production hubs could have a chain reaction on the entire vehicle ecosystem. Based on preliminary projections, we estimate 1Q22 total PV sales to record 5-8% decline.

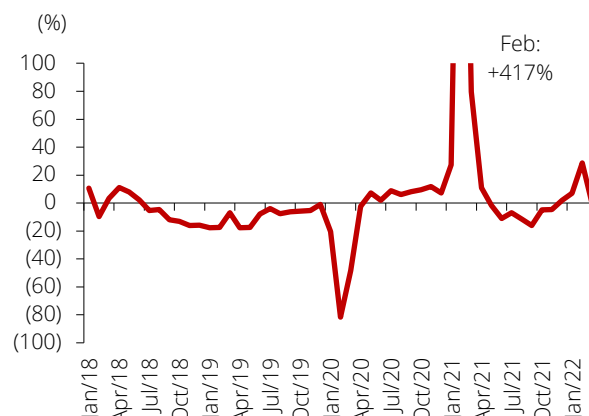
Vehicle production by region (2021)



Source: NBS

In view of the headwinds from supply chain disruption and pandemic lockdown which are dragging the growth in the Chinese economy and consumer market, we have revised down our 2022 PV sales growth forecast from 7.5% to 6% and premium car sales to 9% (prev: 12%). The commercial vehicle (CV) market is expected to remain weak, and projected to contract by 6% in 2022.

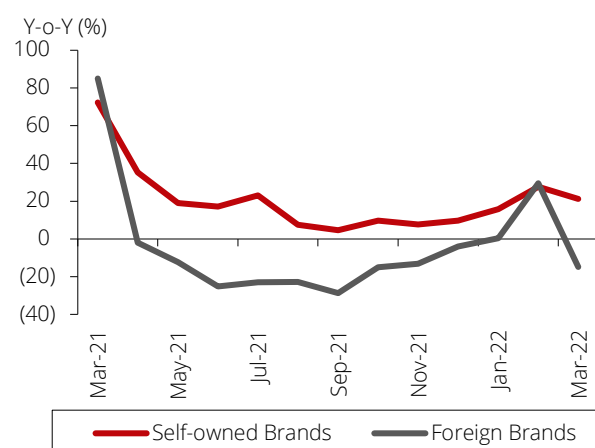
Total PV monthly sales growth



Source: CEIC

Impact of pandemic lockdown on foreign auto brands is more substantial. The drop in production on the foreign auto brands is greater. Foreign brand PV sales fell by 15% y-o-y in Mar-22, dragging 1Q22 sales growth to only 1%.

Foreign and self-brand PV sales growth

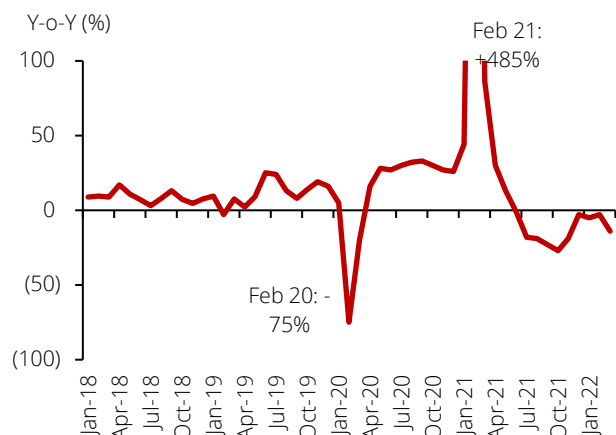


Source: CEIC

The production slowdown of the foreign brands also has a negative implication on the high-end and premium segment. Premium auto brand retail volume posted weaker sales numbers in 1Q22 (down 8% y-o-y), which we believe is largely due to the lockdown, affecting footfall to distributors' stores in Shanghai and other markets as well as reduction in supply of premium cars to the dealerships. We believe the impact on the auto dealerships will be reflected in Apr-22 sales.

China Auto Sector

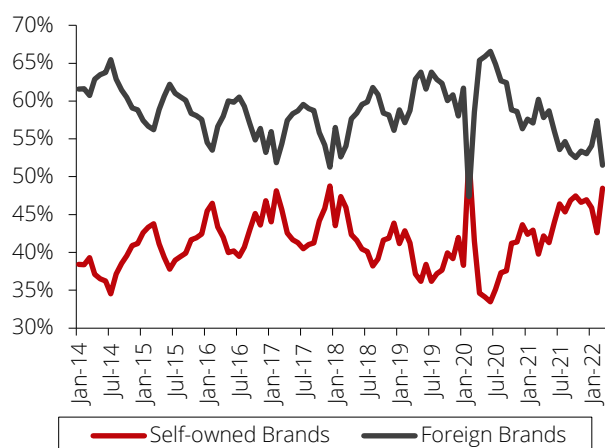
Premium car retail sales growth



Source: CPCA

Self-brand PV segment taking market share. On the other hand, self-brand PV volume sales has increased by 21% in Mar-22. This is largely attributable to the strong sales in the NEV market, which expanded by about 140% each in Mar-22 and 1Q22. Hence, the self-brand segment has been winning market share and we anticipate the Chinese OEMs to increase their share to about 50% in the foreseeable future, based on the current growth momentum.

Market share split between self and foreign auto brands

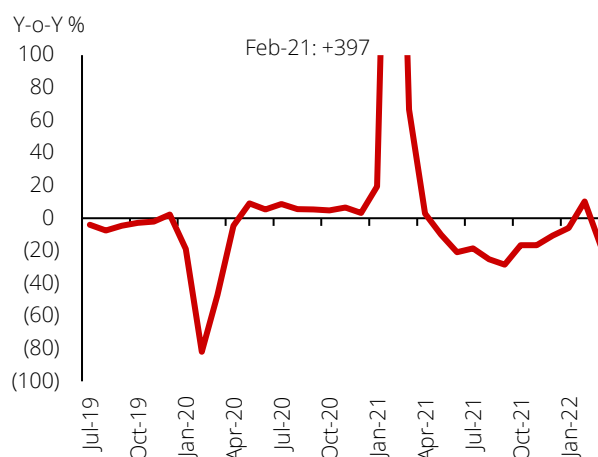


Source: CEIC

ICE vehicle market share has further shrunk. The weak Mar-22 PV sales was largely attributable to a sharp decline in ICE vehicle sales (down c.17%). The average gasoline price in China has jumped by c.40% YTD given the high crude oil price. As a result, in terms of sales, the market share of ICE

vehicles to total PV market has fallen from c.93% in 2020 to 77% in 1Q22. We anticipate the downward pressure on the ICE vehicle market to continue.

ICE vehicle sales growth



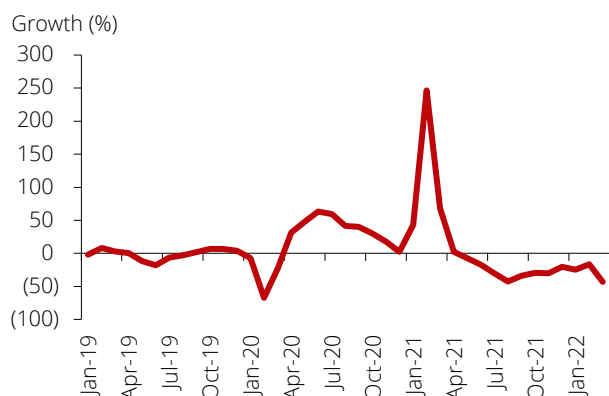
Source: CEIC

Macro environment is challenging, affecting consumption. China's 1Q22 GDP grew by 4.8% and the lockdown could have an adverse impact on the economic outlook, affecting consumer sentiment and car sales eventually, as the nation's consumption power falls. Our bank has revised down China's 2022 GDP growth to 4.8% from 5.3%.

The Chinese government is trying to support the economy and while the fiscal policy is a potential driver for commercial vehicles sales, the outlook is expected to remain challenging. We believe sales will continue to be weak as the 1Q22 CV sales have plunged by almost 30% y-o-y.

China Auto Sector

Commercial vehicle market looks challenging



Source: CEIC

Government policy to support auto market

Stimulus measures to support auto market sales. The Central government has recently reiterated its stance to support the auto market (particularly NEVs), hoping to stem the deceleration of the Chinese economy. The major areas of support are: 1) to boost automobile sales with replacement options; 2) NEV subsidies; 3) incentive to support building of EV charging infrastructure points; and 4) removal of sales restrictions and to relax sales quota and vehicle usage. We anticipate more local governments to follow the central government's initiatives with details on the stimulus measures in the coming months.

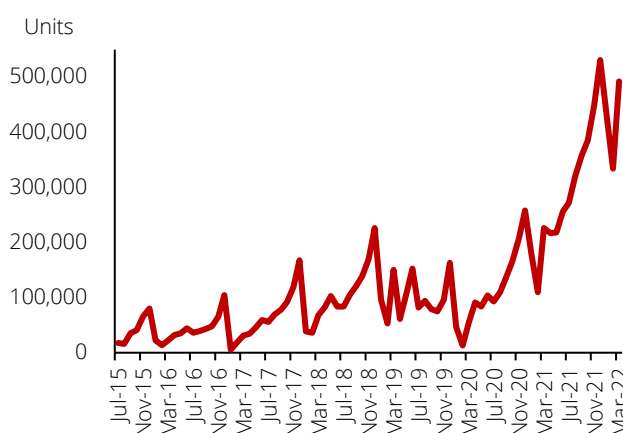
As a reference, the Shenzhen government has rolled out an auto replacement programme in Mar-22 to encourage vehicles sales, with subsidies of Rmb5,000 per NEV and Rmb3,000-5,000 per gasoline car (depending on value of vehicle).

The Guangdong government has also pushed out an EV charging infrastructure programme in Mar-22, aimed at accelerating the rollout of EV charging points from 2022-2023. The Guangdong government has allocated some Rmb240m as incentives to EV charging operators and service providers in 2021. The new programme is expected to further enhance the EV charging infrastructure coverage in Guangdong province.

A promising NEV market outlook. Although there could be some slight fluctuations in monthly NEV sales due to the lockdown, the NEV market outlook remains robust this year. In fact, we are maintaining our full year sales estimate of 5.3m units, or growth of 50% y-o-y. In 1Q22, total NEV sales reached about 1.2m units, 144% y-o-y higher. More

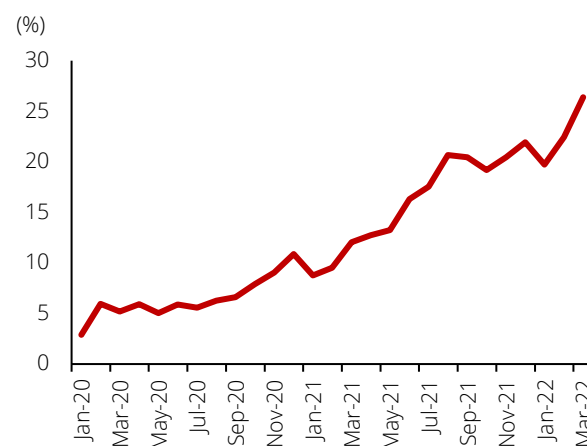
importantly, NEV penetration is rising steadily, and strong sales momentum is expected to stay despite the current market challenges.

China NEV monthly sales



Source: CEIC

NEV penetration rate

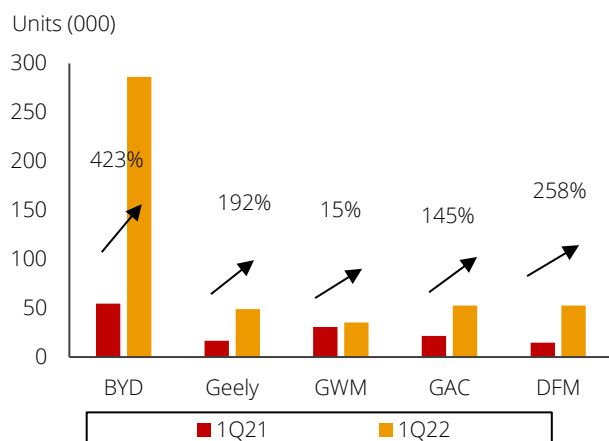


Source: CEIC; DBS HK

Among the Chinese OEMs, BYD has reported the best sales growth for 1Q22.

China Auto Sector

Chinese OEMs 1Q22 NEV sales



Source: Company

Accumulate NEV names

NEV players have better fundamentals. The NEV players are expected have better earnings fundamentals as they are riding on the EV market uptrend. As such, many Chinese NEV proxies are accelerating their vehicle electrification transition as shown in the above chart.

BYD remains our top pick. Its share price has recovered from the trough this year, and is currently trading at 73x FY22F PE, which is slightly above its historical average mean. BYD's financial position is expected to stay healthy given the strong NEV sales outlook (1Q22: NEV sales +400%; net earnings expected to increase by 174%-300% based on positive profit alert). The strong financial performance is remarkable, as the company is rolling out more NEV models

especially under its Marine series to boost future sales. We are maintaining our NEV sales CAGR at 60% (FY21-23F) to support earnings growth of c.90% over the same period. The company is the first traditional auto OEM to exit the ICE vehicle market (since Mar-22) to focus on expanding the NEV operations. This should further strengthen its market position. Lately, BYD has proposed a Rmb1.85bn A-share repurchase programme to support its employee share ownership scheme. In the longer-term, we believe the employee share ownership programme is crucial to incentivise staff engagement and propel the company to the next level of development, especially in the highly competitive NEV market. Maintain BUY with HK\$330 TP (based on SOTP methodology).

BYD vs Tesla share price performance



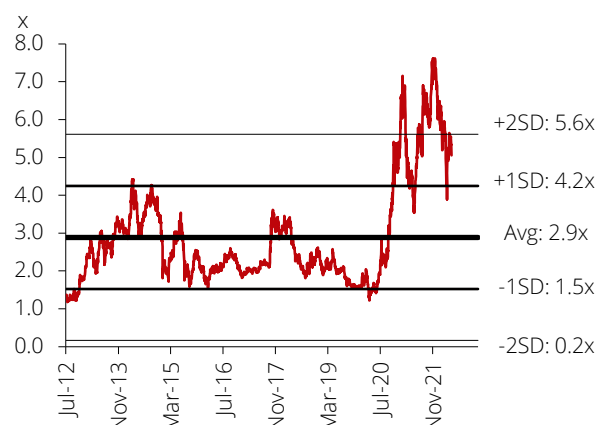
Source: Thomson Reuters

BYD - PE band chart



Source: Thomson Reuters, DBS Vickers

BYD - PB band chart



Source: Thomson Reuters, DBS Vickers

Peers' comparison table (Auto Parts)

Company Name	Code	Currency	Price Local\$	Mkt Cap US\$m	Fiscal Yr	PE 22F x	PE 23F x	Yield 22F %	Yield 23F %	P/Bk 22F x	P/Bk 23F x	EV/EBITDA 22F x	EV/EBITDA 23F x	ROE 22F %	ROE 23F %
Hong Kong															
Fuyao Glass Industry Gp. Co.'H'	3606 HK	HKD	31.20	12,937	Dec	16.5	13.5	3.9	4.6	2.5	2.3	8.3	7.2	15.6	17.8
Minth Group*	425 HK	HKD	17.72	2,597	Dec	8.9	6.8	4.6	5.8	1.0	0.9	6.4	5.2	11.4	13.7
Nexteer*	1316 HK	HKD	4.13	1,321	Dec	5.8	4.4	3.5	4.6	0.6	0.5	1.8	1.1	11.1	13.2
Weichai Power 'H'	2338 HK	HKD	10.40	13,822	Dec	7.6	6.6	4.1	4.7	1.0	0.9	3.1	2.8	12.8	13.1
Xinyi Glass Holdings	868 HK	HKD	16.90	8,677	Dec	6.8	6.5	7.1	7.8	1.7	1.4	5.7	5.6	26.1	24.2
Average						9.1	7.6	4.6	5.5	1.3	1.2	5.1	4.4	15.4	16.4
China															
Fangda Special Stl.Tech. 'A'	600507 CH	CNY	8.16	2,683	Dec	6.2	6.0	13.8	13.5	1.6	1.5	n.a.	n.a.	26.3	24.6
Fuyao Glss.Ind.Group 'A'	600660 CH	CNY	34.45	12,937	Dec	21.4	17.5	3.0	3.5	3.3	3.0	13.2	11.4	15.5	17.8
Huayu Automotive Sys.'A'	600741 CH	CNY	18.06	8,684	Dec	7.8	6.9	5.7	6.3	0.9	0.9	3.7	3.3	12.3	12.4
Jiangsu Pac.Precn.Frgg. 'A'	300258 CH	CNY	8.00	588	Dec	12.7	10.5	2.6	n.a.	1.1	1.0	11.5	10.8	9.2	9.8
Lingyun Industrial 'A'	600480 CH	CNY	7.28	1,018	Dec	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Ningbo Huaxiang Elt.'A'	002048 CH	CNY	13.53	1,680	Dec	7.1	6.1	4.3	4.8	0.9	0.8	5.4	4.7	13.1	13.3
Weifu High Tech.Gp.'B'	200581 CH	HKD	15.91	2,046	Dec	4.9	4.5	10.8	11.7	0.7	0.6	6.1	5.5	13.3	13.5
Zhejiang Wanliyang Tnsm. 'A'	002434 CH	CNY	6.38	1,277	Dec	8.8	7.3	10.0	n.a.	1.2	1.1	10.9	9.4	12.6	13.6
Weifu High Tech.Gp.'A'	000581 CH	CNY	20.09	3,091	Dec	8.4	7.8	6.5	6.7	1.0	0.9	6.4	5.9	12.2	12.2
Zhejiang Yinlun Mch.'A'	002126 CH	CNY	7.89	953	Dec	15.6	11.8	1.2	1.6	1.3	1.2	11.1	8.9	8.7	10.6
Changzhou Xingyu Autv. Ltg.'A'	601799 CH	CNY	110.70	4,823	Dec	22.9	17.6	1.3	1.6	3.6	3.0	18.5	14.3	16.1	18.0
Average						14.5	11.7	5.4	5.6	1.7	1.5	9.6	8.2	13.3	14.0

Source: Thomson Reuters, *DBS HK

China Auto Sector

Peers' comparison table (Automakers)

Company Name	Code	Currency	Price Local\$	Mkt Cap US\$m	Fiscal Yr	PE 22F x	PE 23F x	Yield 22F %	Yield 23F %	P/Bk 22F x	P/Bk 23F x	EV/EBITDA 22F x	EV/EBITDA 23F x	ROE 22F %	ROE 23F %
Hong Kong															
Guangzhou Automobile 'H'*	2238 HK	HKD	6.24	14,741	Dec	5.6	4.7	5.3	6.4	0.6	0.5	3.4	3.1	10.1	11.3
Sinotruk (Hong Kong)	3808 HK	HKD	8.5	2,991	Dec	4.4	4.0	7.7	8.1	0.5	0.5	0.8	0.7	10.9	11.0
Dongfeng Motor Gp.'H'*	489 HK	HKD	5.3	5,821	Dec	3.1	2.9	9.6	10.5	0.2	0.2	0.5	0.7	8.1	8.3
Great Wall Motor 'H'*	2333 HK	HKD	10.48	25,309	Dec	8.0	5.9	6.3	8.5	1.2	1.0	4.5	3.6	15.4	18.7
BYD 'H'*	1211 HK	HKD	224	96,339	Dec	73.4	46.9	0.1	0.2	5.3	4.8	18.4	14.6	7.5	10.8
Geely Automobile Hdg.*	175 HK	HKD	11.58	14,791	Dec	10.9	8.4	1.9	2.4	1.3	1.2	4.8	4.0	12.7	14.7
BAIC Motor 'H'*	1958 HK	HKD	2.32	2,370	Dec	3.9	3.5	7.7	8.6	0.2	0.3	0.5	0.4	7.4	7.8
Average^						5.7	4.7	6.1	6.8	0.7	0.6	(1.6)	(4.0)	12.1	13.0
China															
Saic Motor 'A'	600104 CH	CNY	15.14	26,979	Dec	6.3	5.5	5.5	7.6	0.6	0.6	5.0	4.5	9.8	10.0
Faw Jiefang Group 'A'	000800 CH	CNY	7.69	5,459	Dec	9.0	8.3	5.8	6.4	1.3	1.1	3.1	2.8	14.2	14.2
CQ Changan Auto 'A'*	000625 CH	CNY	9.16	10,663	Dec	n.a.	n.a.	0.0	0.0	n.a.	n.a.	0.0	0.0	0.0	0.0
CQ Changan Auto 'B'	200625 CH	HKD	3.26	3,171	Dec	4.0	3.1	7.9	10.1	0.3	0.3	6.0	4.9	8.9	10.4
Anhui Jianghuai Auto 'A'	600418 CH	CNY	7.62	2,538	Dec	45.6	25.8	1.0	1.0	1.1	1.0	12.3	10.1	2.3	4.0
Yutong Bus 'A'	600066 CH	CNY	7.36	2,540	Dec	16.2	11.6	3.5	5.1	1.1	1.1	7.9	5.8	6.7	9.3
Great Wall Motor 'A'	601633 CH	CNY	22.82	25,309	Dec	21.0	15.4	2.4	3.2	3.1	2.7	12.5	9.6	15.4	18.7
Guangzhou Auto 'A'*	601238 CH	CNY	10.95	14,741	Dec	11.9	9.8	2.5	3.1	1.2	1.1	7.0	6.2	10.1	11.3
BYD 'A'*	002594 CH	CNY	235.01	96,339	Dec	92.1	58.9	0.1	0.2	6.7	6.1	22.7	17.9	7.5	10.8
Average						25.7	17.3	3.2	4.1	1.9	1.7	8.5	6.9	8.3	9.9

Source: Thomson Reuters, *DBS HK

Peers' comparison table (Auto Dealers)

Company Name	Code	Currency	Price Local\$	Mkt Cap US\$m	Fiscal Yr	PE 22F x	PE 23F x	Yield 22F %	Yield 23F %	P/Bk 22F x	P/Bk 23F x	EV/EBITDA 22F x	EV/EBITDA 23F x	ROE 22F %	ROE 23F %
Zhongsheng*	881 HK	HKD	50.7	15,607	Dec	10.3	8.3	1.9	2.4	2.1	1.7	5.8	4.5	22.3	22.9
China Zhengtong	1728 HK	HKD	0.54	189	Dec	2.1	3.5	0.0	0.0	1.6	1.1	13.8	12.4	42.2	36.4
Grand Baoxin Auto	1293 HK	HKD	0.51	184	Dec	1.7	1.6	n.a.	n.a.	0.1	0.1	1.7	1.5	7.2	7.6
China Yongda Auto*	3669 HK	HKD	6.52	1,635	Dec	3.6	3.2	10.5	12.0	0.7	0.6	2.6	2.2	20.1	20.1
China Meidong Auto	1268 HK	HKD	24.90	4,032	Dec	15.3	11.9	4.0	5.4	5.3	4.8	11.2	8.5	37.5	38.9
China Harmony	3836 HK	HKD	3.45	687	Dec	5.5	4.9	6.1	6.9	0.5	0.5	4.2	3.8	9.8	10.9
Average						6.4	5.6	4.5	5.3	1.7	1.5	6.5	5.5	23.2	22.8
Tan Chong Motor Holdings	TCM MK	MYR	1.12	173	Dec	28.0	17.5	2.1	2.3	0.3	0.3	n.a.	n.a.	1.1	1.6
Wuchan Zhongda 'A'	600704 CH	CNY	4.8	3,804	Dec	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Offcn Education Tech 'A'	002607 CH	CNY	4.45	4,186	Dec	20.1	12.5	4.1	5.0	6.3	4.2	22.4	15.4	35.2	37.5
Chd.Autv.Ssgp.'A'	600297 CH	CNY	2.1	2,598	Dec	6.2	5.3	3.0	2.9	0.4	0.3	6.4	5.7	6.5	7.0
Wuxi Coml.Mansion 'A'	600327 CH	CNY	4.77	644	Dec	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Average						18.1	11.7	3.1	3.4	2.3	1.6	14.4	10.6	14.3	15.4

Source: Thomson Reuters, *DBS HK

China Auto Sector

Peers' comparison table (NEV)

Company Name	Code	Price		Mkt	PE	PE	P/S	P/S	P/Bk	P/Bk	EV/EBITDA		ROE	ROE
		Local\$	US\$m	Cap	22F	23F	22F	23F	22F	23F	22F	23F	22F	23F
					x	x	x	x	x	x	x	x	%	%
BYD 'H'*	1211 HK	224	96,339		73.4	46.9	2.0	1.6	5.3	4.8	18.4	14.6	7.5	10.8
Nio Adr 1:1	NIO US	16.36	29,785		n.a.	n.a.	3.1	1.9	6.6	6.9	(33.9)	60.3	(20.1)	(4.6)
Tesla	TSLA US	876.42	907,980		72.7	56.4	10.5	7.9	21.4	16.5	39.7	29.5	32.9	31.4
Xpeng Adr 1:2	XPEV US	22.71	21,723		n.a.	n.a.	3.3	2.0	3.4	3.9	(20.1)	(47.8)	(17.3)	(10.1)
Li Auto Adr 2 1:2	LI US	21.15	21,554		n.a.	66.8	2.7	1.6	3.7	3.4	(1673.4)	37.0	0.9	5.1
Average					73.0	51.7	4.3	3.0	8.1	7.1	(333.9)	18.7	0.8	6.5

Source: Thomson Reuters, *DBS HK

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: 27 Apr 2022 11:07:38 (HKT)

Dissemination Date: 27 Apr 2022 17:35:28 (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 proprietary positions in Xinyi Glass Holdings Ltd (868 HK), Guangzhou Automobile Group Co Ltd (2238 HK), Sinotruk Hong Kong Ltd (3808 HK), Dongfeng Motor Group Co Ltd (489 HK), Great Wall Motor Co Ltd (2333 HK), BYD Co Ltd (1211 HK) and Geely Automobile Holdings Ltd (175 HK) recommended in this report as of 25 Apr 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 Dongfeng Motor Group Co Ltd (489 HK) as of 31 Mar 2022.
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 Dongfeng Motor Group Co Ltd (489 HK) in the past 12 months, as of 31 Mar 2022.


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.

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 Sirithanarattanakul] 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>

<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

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