

China / Hong Kong Company Update

China Merchants Bank

Bloomberg: 3968 HK EQUITY | 600036 CH Equity | Reuters: 3968.HK | 600036.SS

Refer to important disclosures at the end of this report

DBS Group Research . Equity

22 Apr 2022

H: BUY (Reinstating coverage)

Last Traded Price (H) (21 Apr 2022): HK\$50.80 (HSI : 20,682)

Price Target 12-mth (H): HK\$79.00 (55.5% upside)

A: BUY (Reinstating coverage)

Last Traded Price (A) (21 Apr 2022): RMB41.28 (CSI300 Index : 3,996)

Price Target 12-mth (A): RMB67.40 (63.3% upside)

Analyst

Manyi Lu +852 36684186 manyilu@db.com

Ken Shih +852 36684184 kenshih@db.com

What's New

- Expect management service fee to expand by c.20% CAGR in FY22-24F led by its extensive wealth management strategy
- Asset quality to remain resilient on optimized loan structure and upgraded risk management procedures
- Expect less impact on NIM with its strong retail arm
- Reinstate coverage with BUY and TP at HK\$ 79

Focus on enhancing value

Investment Thesis

Extensive wealth management to add further value. We expect CMB to maintain its leading position in wealth management with 20% fee income CAGR in FY22-24F driven by its capability to consolidate investment banking, commercial banking, private banking, and technology into its extensive wealth management system.

Benign asset quality. We expect NPL ratio to remain at a low level in FY22-24F vs 0.91% in FY21, supported by its strategy to 1) optimize client and loan structure; 2) expand its loans growth scale; and 3) further upgrade risk management process.

Prudent risk profile. The coverage ratio reached 483% in FY21, the highest within our China bank coverage. The risk exposure to property has dropped by c.Rmb 90bn in FY21.

Valuation:

We reinstate coverage with TP at HK\$ 79. Our valuation is based on DDM methodology, assuming 13% COE, 6% terminal growth, and 16% ROE. This implies 1.9x FY22F P/BV and 12x FY22F PE, which is justified given its earnings CAGR of 14.2% in FY22-24F.

Where we differ:

We are optimistic on its net interest income growth in FY22-24F, given its strong position in retail banking. We expect NIM to drop by only 0-3bps in FY22-24F from 2.48% in FY21, as CMB has demonstrated its capability to get low-costs deposits from its retail franchise and free cash in WM business.

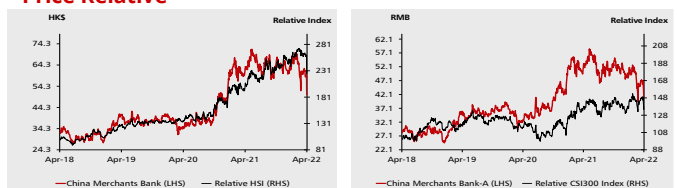
Key Risks to Our View:

Deterioration in asset quality, slowdown in China's economy, and tighter measures on WMPs, previous successful strategy cannot be fully executed with change of key senior management

At A Glance

Issued Capital - H shares (m shs)	4,591
- Non H shrs (m shs)	20,629
H shs as a % of Total	18
Total Mkt Cap (HK\$/US\$m)	1,270,895 / 162,057
Major Shareholders (%)	
China Merchants Steam Navigation Co. Ltd.	15.9
China Ocean Shipping Co., Ltd.	7.6
Shenzhen Yan Qing Investment Dev Co., Ltd.	6.1
Shenzhen Zhaorong Investment Holding Co. Ltd.	5.6
Hexie Health Insurance Co., Ltd.	5.5
Major H Shareholders (As % of H shares)	
China Merchants Union (BVI) Ltd.	10.4
China Merchants Group Limited	7.2
H Shares-Free Float (%)	82.4
3m Avg. Daily Val. (US\$m)	144.73
GICS Industry: Financials / Banks	

Price Relative



Forecasts and Valuation (H Shares)

FY Dec (RMB m)	2021A	2022F	2023F	2024F
Pre-prov. Profit	210,498	237,288	262,876	296,010
Pre-prov. Profit Gth (%)	14	13	11	13
Pretax Profit	148,173	171,615	192,988	222,556
Net Profit	116,309	135,281	152,579	176,510
EPS (RMB)	4.61	5.36	6.05	7.00
EPS (HK\$)	5.67	6.60	7.44	8.61
EPS Gth (%)	22	16	13	16
PE (X)	9.0	7.7	6.8	5.9
DPS (HK\$)	1.87	2.18	2.46	2.84
Div Yield (%)	3.7	4.3	4.8	5.6
BV Per Share (HK\$)	31.26	40.70	46.35	52.92
P/Book Value (x)	1.6	1.2	1.1	1.0
ROAE (%)	18.9	18.3	17.1	17.3
ROAE (ex-exceptional) (%)	18.9	18.3	17.1	17.3
ROA (%)	1.32	1.40	1.44	1.52
Earnings Rev (%)		New	New	New
Consensus EPS (RMB)		5.30	6.10	7.06
Other Broker Recs:		B:23	S:3	H:3

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



Watchlist the stock on Insights Direct to receive prompt updates

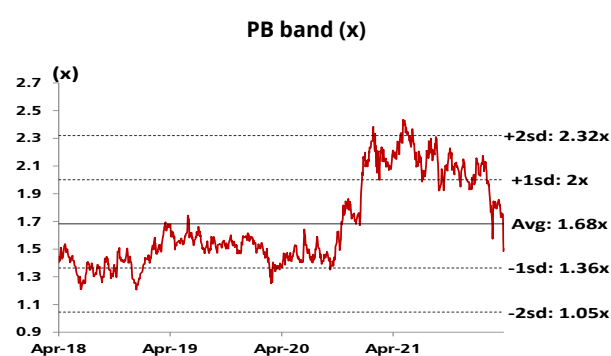
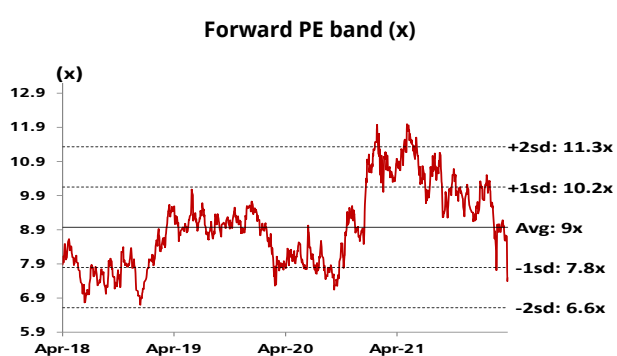


China Merchants Bank

Company Background

Founded in 1987 and headquartered in Shenzhen, CMB has a leading retail franchise and offers diversified wholesale and retail finance services. It was listed on the SSE in April 2002 and on the HKEX in September 2006. At end of FY21, CMB's total assets amounted to Rmb9.3tr, while gross loans and total deposits stood at Rmb5.6tr and Rmb6.4tr, respectively.

Historical PE and PB band



Source: Thomson Reuters, DBS HK

China Merchants Bank

Key Assumptions

FY Dec	2020A	2021A	2022F	2023F	2024F
NIM (%)	2.49	2.48	2.45	2.45	2.48
Loan growth (%)	12	11	9	8	9
Fee growth (%)	11	19	15	15	13
Cost-to-income (%)	35.8	35.7	35.0	35.1	34.4
Credit cost (%)	1.36	1.24	1.20	1.18	1.15
Customer Deposits Growth (%)	16	13	9	9	9
Yld. On Earnings Assets (%)	4.16	3.95	3.92	3.94	3.96
Avg Cost Of Funds (%)	1.73	1.59	1.61	1.63	1.64

Source: Company, DBS HK

Income Statement (RMB m)

FY Dec	2020A	2021A	2022F	2023F	2024F
Net Interest Income	185,031	203,919	223,124	243,335	269,750
Non-Interest Income	102,367	123,458	141,792	161,461	181,313
Operating Income	287,398	327,377	364,916	404,796	451,063
Operating Expenses	(102,814)	(116,879)	(127,628)	(141,919)	(155,053)
Pre-provision Profit	184,584	210,498	237,288	262,876	296,010
Provisions	(64,871)	(65,962)	(69,885)	(74,626)	(78,916)
Associates	2,727	3,637	4,212	4,737	5,463
Exceptionals	0	0	0	0	0
Pre-tax Profit	122,440	148,173	171,615	192,988	222,556
Taxation	(24,481)	(27,339)	(31,664)	(35,608)	(41,063)
Minority Interests	(617)	(912)	(1,056)	(1,188)	(1,370)
Preference Dividend	(1,651)	(3,613)	(3,613)	(3,613)	(3,613)
Net Profit	95,691	116,309	135,281	152,579	176,510
Net Profit bef Except	95,691	116,309	135,281	152,579	176,510

Growth (%)

Net Interest Income Gth	6.90	10.21	9.42	9.06	10.86
Net Profit Gth	4.93	21.55	16.31	12.79	15.68

Margins, Costs & Efficiency (%)

Spread	2.43	2.37	2.32	2.31	2.32
Net Interest Margin	2.51	2.47	2.44	2.44	2.47
Cost-to-Income Ratio	35.8	35.7	35.0	35.1	34.4

Business Mix (%)

Net Int. Inc / Opg Inc.	64.4	62.3	61.1	60.1	59.8
Non-Int. Inc / Opg inc.	35.6	37.7	38.9	39.9	40.2
Fee Inc / Opg Income	27.7	28.8	29.7	30.8	31.2
Oth Non-Int Inc/Opg Inc	8.0	8.9	9.1	9.1	8.9

Profitability (%)

ROAE Pre Ex.	16.4	18.9	18.3	17.1	17.3
ROAE	16.4	18.9	18.3	17.1	17.3
ROA Pre Ex.	1.2	1.4	1.4	1.5	1.6
ROA	1.2	1.3	1.4	1.4	1.5

Source: Company, DBS HK

China Merchants Bank

Quarterly Income Statement (RMB m)

FY Dec	4Q2020	1Q2021	2Q2021	3Q2021	4Q2021
Net Interest Income	46,496	49,524	49,817	51,297	53,281
Non-Interest Income	21,467	34,666	32,638	30,785	25,369
Operating Income	67,963	84,190	82,455	82,082	78,650
Operating Expenses	(31,952)	(24,206)	(26,406)	(27,943)	(38,324)
Pre-Provision Profit	36,011	59,984	56,049	54,139	40,326
Provisions	(12,350)	(20,545)	(21,350)	(14,379)	(9,688)
Associates	874	654	1,531	573	879
Exceptionals	0	0	0	0	0
Pretax Profit	24,535	40,093	36,230	40,333	31,517
Taxation	(3,646)	(7,844)	(6,831)	(7,625)	(5,039)
Minority Interests	(150)	(234)	(264)	(243)	(171)
Net Profit	19,088	32,015	29,135	32,465	22,694

Growth (%)

Net Interest Income Gth	11.1	8.2	10.4	7.6	14.6
Net Profit Gth	36.8	15.2	32.5	21.1	18.9

Source: Company, DBS HK

Interim Income Statement (RMB m)

FY Dec	2H2019	1H2020	2H2020	1H2021	2H2021
Net Interest Income	85,683	90,873	94,158	99,341	104,578
Non-Interest Income	44,752	56,108	46,259	67,304	56,154
Operating Income	130,435	146,981	140,417	166,645	160,732
Operating Expenses	(51,096)	(44,882)	(57,932)	(50,612)	(66,267)
Pre-Provision Profit	79,339	102,099	82,485	116,033	94,465
Provisions	(28,002)	(40,443)	(24,428)	(41,895)	(24,067)
Associates	922	1,182	1,545	2,185	1,452
Exceptionals	0	0	0	0	0
Pretax Profit	52,259	62,838	59,602	76,323	71,850
Taxation	(9,694)	(12,760)	(11,721)	(14,675)	(12,664)
Minority Interests	(310)	(290)	(327)	(498)	(414)
Net Profit	40,585	49,788	45,903	61,150	55,159

Growth (%)

Net Interest Income Gth	2.8	4.0	9.9	9.3	11.1
Net Profit Gth	19.1	(1.6)	13.1	22.8	20.2

Source: Company, DBS HK

China Merchants Bank

Balance Sheet (RMB m)

FY Dec	2020A	2021A	2022F	2023F	2024F
Cash/Bank Balance	538,446	567,208	417,589	455,172	496,138
Government Securities	0	0	0	0	0
Inter Bank Assets	616,516	799,372	919,278	965,242	1,013,504
Total Net Loans & Adv.	4,804,361	5,335,391	5,780,441	6,253,763	6,772,444
Investment	1,572,972	1,828,874	2,103,205	2,418,686	2,781,489
Associates	14,922	23,654	23,654	23,654	23,654
Fixed Assets	69,776	80,393	92,625	106,719	122,957
Goodwill	19,665	18,756	18,756	18,756	18,756
Other Assets	724,790	595,373	763,309	844,752	936,872
Total Assets	8,361,448	9,249,021	10,118,857	11,086,744	12,165,813
Customer Deposits	5,664,135	6,385,154	6,959,818	7,586,201	8,268,960
Inter Bank Deposits	1,341,468	1,241,315	1,340,620	1,447,870	1,563,699
Debts/Borrowings	325,677	433,826	457,229	481,974	508,143
Others	299,814	323,045	395,630	488,317	607,044
Minorities	6,604	6,936	4,060	4,903	5,884
Shareholders' Funds	723,750	858,745	961,500	1,077,479	1,212,083
Total Liab& S/H's Funds	8,361,448	9,249,021	10,118,857	11,086,744	12,165,813

Source: Company, DBS HK

Financial Stability Measures (%)

FY Dec	2020A	2021A	2022F	2023F	2024F
Balance Sheet Structure					
Loan-to-Deposit Ratio	89.0	87.4	87.2	86.8	86.4
Net Loans / Total Assets	57.5	57.7	57.1	56.4	55.7
Investment / Total Assets	18.8	19.8	20.8	21.8	22.9
Cust. Dep./Int. Bear. Liab.	76.1	77.1	78.5	78.9	79.3
Interbank Dep / Int. Bear.	17.5	17.6	15.9	15.7	15.5
Asset Quality					
NPL / Total Gross Loans	1.1	0.9	0.9	0.9	0.9
NPL / Total Assets	0.6	0.5	0.5	0.5	0.5
Loan Loss Reserve Coverage	437.7	483.9	522.7	561.1	586.0
Provision Charge-Off Rate	1.3	1.2	1.2	1.1	1.1
Capital Strength					
Total CAR	16.5	17.6	18.3	18.8	19.3
Tier-1 CAR	12.3	12.8	13.8	14.5	15.3

Source: Company, 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: 22 Apr 2022 15:15:01 (HKT)

Dissemination Date: 22 Apr 2022 15:19:20 (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.

China Merchants Bank

DBS Vickers Securities (USA) Inc ("DBSVUSA"), a US-registered broker-dealer, does not have its own investment banking or research department, has not participated in any public offering of securities as a manager or co-manager or in any other investment banking transaction in the past twelve months and does not engage in market-making.

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

ANALYST CERTIFICATION

The research analyst(s) primarily responsible for the content of this research report, in part or in whole, certifies that the views about the companies and their securities expressed in this report accurately reflect his/her personal views. The analyst(s) also certifies that no part of his/her compensation was, is, or will be, directly or indirectly, related to specific recommendations or views expressed in the report. The research analyst (s) primarily responsible for the content of this research report, in part or in whole, certifies that he or his associate¹ does not serve as an officer of the issuer or the new listing applicant (which includes in the case of a real estate investment trust, an officer of the management company of the real estate investment trust; and in the case of any other entity, an officer or its equivalent counterparty of the entity who is responsible for the management of the issuer or the new listing applicant) and the research analyst(s) primarily responsible for the content of this research report or his associate does not have financial interests² in relation to an issuer or a new listing applicant that the analyst reviews. DBS Group has procedures in place to eliminate, avoid and manage any potential conflicts of interests that may arise in connection with the production of research reports. The research analyst(s) responsible for this report operates as part of a separate and independent team to the investment banking function of the DBS Group and procedures are in place to ensure that confidential information held by either the research or investment banking function is handled appropriately. There is no direct link of DBS Group's compensation to any specific investment banking function of the DBS Group.

COMPANY-SPECIFIC / REGULATORY DISCLOSURES

1. DBS Bank Ltd, DBS HK, DBSVS or their subsidiaries and/or other affiliates have a proprietary position in China Merchants Bank Co Ltd (3968 HK) recommended in this report as of 19 Apr 2022.
2. DBS Bank Ltd, DBS HK, DBSVS, their subsidiaries and/or other affiliates have a net long position exceeding 0.5% of the total issued share capital in China Merchants Bank Co Ltd (3968 HK) recommended in this report as of 19 Apr 2022.
3. **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 China Merchants Bank Co Ltd (3968 HK) and China Merchants Bank Co Ltd (600036 CH) as of 31 Mar 2022.

DBS Bank Ltd, DBS HK, DBSVS, their subsidiaries and/or other affiliates of DBSVUSA, within the next 3 months, will receive or intend to seek compensation for investment banking services from China Merchants Bank Co Ltd (3968 HK) and China Merchants Bank Co Ltd (600036 CH) 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 Sirithanarattanaku] at [research@th.dbs.com]</p>
United Kingdom	<p>This report is produced by DBS HK which is regulated by the Hong Kong Monetary Authority</p> <p>This report is disseminated in the United Kingdom by DBS Vickers Securities (UK) Ltd ("DBSVUK"). DBSVUK is authorised and regulated by the Financial Conduct Authority in the United Kingdom.</p> <p>In respect of the United Kingdom, this report is solely intended for the clients of DBSVUK, its respective connected and associated corporations and affiliates only and no part of this document may be (i) copied, photocopied or duplicated in any form or by any means or (ii) redistributed without the prior written consent of DBSVUK. This communication is directed at persons having professional experience in matters relating to investments. Any investment activity following from this communication will only be engaged in with such persons. Persons who do not have professional experience in matters relating to investments should not rely on this communication.</p>

Dubai International Financial Centre	<p>This communication is provided to you as a Professional Client or Market Counterparty as defined in the DFSA Rulebook Conduct of Business Module (the "COB Module"), and should not be relied upon or acted on by any person which does not meet the criteria to be classified as a Professional Client or Market Counterparty under the DFSA rules.</p> <p>This communication is from the branch of DBS Bank Ltd operating in the Dubai International Financial Centre (the "DIFC") under the trading name "DBS Bank Ltd. (DIFC Branch)" ("DBS DIFC"), registered with the DIFC Registrar of Companies under number 156 and having its registered office at units 608 - 610, 6th Floor, Gate Precinct Building 5, PO Box 506538, DIFC, Dubai, United Arab Emirates.</p> <p>DBS DIFC is regulated by the Dubai Financial Services Authority (the "DFSA") with a DFSA reference number F000164. For more information on DBS DIFC and its affiliates, please see http://www.dbs.com/ae/our--network/default.page.</p> <p>Where this communication contains a research report, this research report is prepared by the entity referred to therein, which may be DBS Bank Ltd or a third party, and is provided to you by DBS DIFC. The research report has not been reviewed or authorised by the DFSA. Such research report is distributed on the express understanding that, whilst the information contained within is believed to be reliable, the information has not been independently verified by DBS DIFC.</p> <p>Unless otherwise indicated, this communication does not constitute an "Offer of Securities to the Public" as defined under Article 12 of the Markets Law (DIFC Law No.1 of 2012) or an "Offer of a Unit of a Fund" as defined under Article 19(2) of the Collective Investment Law (DIFC Law No.2 of 2010).</p> <p>The DFSA has no responsibility for reviewing or verifying this communication or any associated documents in connection with this investment and it is not subject to any form of regulation or approval by the DFSA. Accordingly, the DFSA has not approved this communication or any other associated documents in connection with this investment nor taken any steps to verify the information set out in this communication or any associated documents, and has no responsibility for them. The DFSA has not assessed the suitability of any investments to which the communication relates and, in respect of any Islamic investments (or other investments identified to be Shari'a compliant), neither we nor the DFSA has determined whether they are Shari'a compliant in any way.</p> <p>Any investments which this communication relates to may be illiquid and/or subject to restrictions on their resale. Prospective purchasers should conduct their own due diligence on any investments. If you do not understand the contents of this document you should consult an authorised financial adviser.</p>
United States	<p>This report was prepared by DBS HK. DBSVUSA did not participate in its preparation. The research analyst(s) named on this report are not registered as research analysts with FINRA and are not associated persons of DBSVUSA. The research analyst(s) are not subject to FINRA Rule 2241 restrictions on analyst compensation, communications with a subject company, public appearances and trading securities held by a research analyst. This report is being distributed in the United States by DBSVUSA, which accepts responsibility for its contents. This report may only be distributed to Major U.S. Institutional Investors (as defined in SEC Rule 15a-6) and to such other institutional investors and qualified persons as DBSVUSA may authorize. Any U.S. person receiving this report who wishes to effect transactions in any securities referred to herein should contact DBSVUSA directly and not its affiliate.</p>
Other jurisdictions	<p>In any other jurisdictions, except if otherwise restricted by laws or regulations, this report is intended only for qualified, professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions.</p>

DBS Bank (Hong Kong) Limited

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

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

China Merchants Bank

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