

China / Hong Kong Company Update

China Taiping Ins

Bloomberg: 966 HK EQUITY | Reuters: 0966.HK

Refer to important disclosures at the end of this report

DBS Group Research . Equity

20 Apr 2022

BUY

Last Traded Price (14 Apr 2022): HK\$9.64 (HSI : 21,518)
Price Target 12-mth: HK\$14.50 (50% upside) (Prev HK\$16.50)

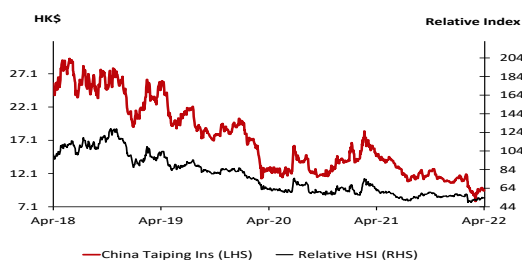
Analyst

Ken Shih +852 36684184 kenshih@db.com
Manyi Lu +852 36684186 manyilu@db.com
Sam Lu +852 36681253 samlu@db.com

What's New

- Increase in agent premium productivity a positive note
- Increased asset allocation to bond investment a testament toward a more prudent investment strategy
- Share price overhang due to former chairman's misconduct should gradually subside following management's clarification
- Factoring in FY21A, revise down FY22/23F earnings by 11%/9% and VNB assumption to -14%/+9% y-o-y. Trim TP to HK\$14.50 on lower multiple

Price Relative



Forecasts and Valuation

FY Dec (HK\$ m)	2020A	2021A	2022F	2023F
Net earned premiums	217,932	250,496	270,745	294,962
Net investment income	36,297	43,988	47,331	53,108
Net Profit	6,549	7,514	8,658	9,979
EPS (HK\$)	1.82	2.09	2.41	2.78
EPS (HK\$)	1.82	2.09	2.41	2.78
EPS Gth (%)	(27.3)	14.7	15.2	15.3
PE (X)	5.3	4.6	4.0	3.5
DPS (HK\$)	0.40	0.46	0.53	0.61
Net Div Yield (%)	4.1	4.8	5.5	6.3
BV Per Share (HK\$)	25.22	24.50	26.91	29.69
P/Book Value (X)	0.4	0.4	0.4	0.3
P/EV (X)	0.2	0.2	0.1	0.1
ROAE (%)	7.8	8.4	9.4	9.8

Earnings Rev (%): (11) (9)
Consensus EPS (HK\$) 2.46 2.69
Other Broker Recs: B:17 S:1 H:3

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

Overhang should gradually subside

Investment Thesis

VNB growth to reaccelerate in FY23F. China Taiping's VNB growth was +4% y-o-y in FY21, outperforming peers, mainly benefiting from the low base. While it may suffer less from the trimmed life agent headcount, we estimate its VNB to decline to -14% y-o-y in FY22F before recovering to +9% y-o-y in FY23F.

Improvement in agent premium productivity a positive note. The steady improvement in agent premium productivity has helped mitigate the impact on the VNB margin, resulting in a smaller decline in VNB growth in the agent channel compared to the company's peers. We expect the improvement in agent productivity to continue, driven by its agent channel reform effort.

Steady expansion in investment with recurring yield. Continuous improvements in asset allocation and the investment strategy to focus on more bond investment and high-dividend/value stocks will continue to expand recurring yield.

Valuation:

Our TP is based on a sum-of-the-parts (SOTP) valuation, where we apply a multiple of 0.2x (previously 0.3x) FY22F P/EV for China Taiping, 0.4x FY22F P/BV for CT P&C/reinsurance/other businesses, and a 15% conglomerate discount.

Where we differ:

We believe China Taiping is on the verge of turning structurally positive, given the new management's fresh strategic focus, recovery in China's bond yield, and pay-off from consistent critical illness/protection product focus. Trading at only a 0.2x FY22F P/EV, it remains the cheapest insurance company in China in terms of valuation.

Key Risks to Our View:

Intensified competition from peers, downward interest rate trend, declining bond yields, and a rise in A/H-share market volatility are some key risks.

At A Glance

Issued Capital (m shrs)	3,594
Mkt Cap (HKm/US\$m)	34,646 / 4,418
Major Shareholders (%)	
China Taiping Insurance Group Ltd.	61.0
Free Float (%)	39.0
3m Avg. Daily Val. (US\$m)	10.98
GICS Industry: Financials / Insurance	



Watchlist the stock on Insights Direct to receive prompt updates



WHAT'S NEW

Overhang should gradually subside

Improvement in agent premium productivity

Due to the relatively smaller agent force size compared to its peers, China Taiping has focused on three aspects in its agent channel reform effort since FY21: a) Helping life agents survive by focusing on new business premium productivity improvement, b) focusing on expanding high-performance agents' and managers' productivity and compensation, and c) empowering life agents with digital tools to simplify operation procedures and strengthen online-to-offline channels. As a result, China Taiping's agent headcount in FY21 was maintained at 385k, or +1% y-o-y, compared to a 35%-40% y-o-y decline experienced by its peers. New business premium (FYP) from the agent channel also grew by 22% y-o-y last year, whereas all its listed peers recorded a decline. On the other hand, new business premium per agent grew 29% y-o-y, in line with the trend from its peers.

Moving into FY22F, we believe a key aspect to watch is how the insurer can balance its growth and continuous improvement in agent premium productivity while moderately trimming its agent headcount. However, the product mix continues to shift focus toward the saving/annuity product, and we see further room for a mild contraction in the VNB margin. Overall, we estimate China Taiping's VNB growth to be -14% y-o-y in FY22F, but it should gradually stabilise and recover to +9% y-o-y in FY23F.

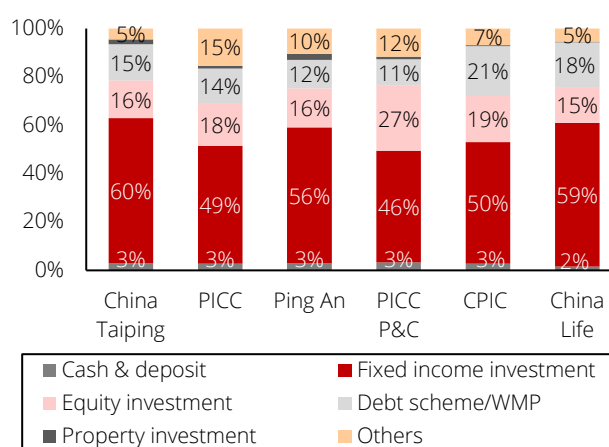
Continued shift toward prudent investment paying off

China Taiping has emphasised on adopting a prudent investment strategy since FY20, including to increase its asset allocation in long-duration bond and blue-chip/value stock investments and to lower its risk exposure toward non-standardised asset investment. The progress has thus far been satisfying, with bond investment in FY21 accounting for 60% of its asset allocation compared to 57% in FY20 (Fig 1). Its debt scheme/WMP investments also fell to 15% of its portfolio, compared to 18% in FY20. On the other hand, its net investment yield (recurring) has been steady at 4.07%, down 14bps, compared to its peers' average, which reduced by 21bps. Its total investment yield also landed steadily at 5.4%, down 4bps, compared to its peers' average of 68bps decline.

With the China-US 10-year bond yield spread recently entering negative territory and the expectation that the US interest rate upcycle will continue, we believe these will

provide downside support for China's bond yield, and see this as a positive sign for China's insurance sector in general. The DBS Economist team is also forecasting China's 10-year bond yield to reach 2.8%/3.0% by end-FY22/23. As 75% of China Taiping's investment assets are fixed income-related and highly correlate with bond yield movements, we believe these factors are positive for the insurer and should facilitate the further expansion of its net investment yield in the long term.

Fig 1: Listed lifer's investment asset allocation – FY21



Source: Company data, DBS HK

Share price overhang should gradually subside

China Taiping's share price has corrected by 20% since local media reported that its former Chairman, Wang Bin, misappropriated the insurers' investment fund, which resulted in a poor investment decision that may lead to billions of renminbi in investment losses for the insurer. The market was worried that the insurer may hide such losses in its balance sheet and not transparently disclose the information. However, China Taiping's management has clarified that they have long followed prudent investment principles and strictly abide by regulators' requirements. It added that its accountant has always provided an unqualified opinion in the audit reports, suggesting the legitimacy and accuracy of the company's financial reports. The insurer also replied to Hong Kong regulators' questions in a timely manner. China Taiping's independent auditor is KPMG.

China Taiping Ins

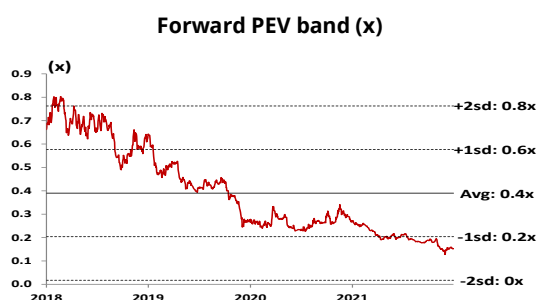
Lower TP to HK\$14.50. Maintain BUY

We revise down China Taiping's FY22/23F earnings to 11%/9%, mainly to factor in the actual number for FY21, less investment income due to the recent gloomy equity market performance, and the temporary impact from the resurgence of the global pandemic in China. We further lower our FY22/23F VNB assumption to -14%/+9% y-o-y and trim our TP to HK\$14.50 (from HK\$16) on a lower multiple (now at 0.2x P/EV with previously at 0.3x). Overall, we maintain BUY on China Taiping.

Company Background

China Taiping Ins (China Taiping), the former overseas insurance arm of PICC and the only China life insurance company set up outside China, was established in July 2003. It was listed on HKEX in November 2003. Its insurance products include that of life (individual and group life insurance, health and accident insurance, and annuities) and P&C (motor vehicle, commercial property, cargo, and liability). In FY20, its total assets and equity reached HK\$1,169bn and HK\$117bn, respectively.

Historical PEV and PB band



Source: Bloomberg Finance L.P. DBS HK

China Taiping Ins

Key Assumptions

FY Dec	2019A	2020A	2021A	2022F	2023F
Gross written premium growth	11.7	4.7	12.4	8.0	9.0
Agency growth	(24.8)	(1.1)	1.0	(2.0)	(2.0)
Agency productivity growth	(5.5)	(34.0)	30.5	12.0	12.0
Expense ratio	51.4	49.2	36.5	34.3	33.7
Loss ratio	50.3	55.2	70.9	69.9	69.4
Combined ratio	101.7	104.4	107.4	104.2	103.1
VNB margin	27.6	29.8	25.6	20.8	21.1
Net investment return	4.8	4.4	4.3	4.1	4.1
Total investment return	4.8	4.4	4.3	4.1	4.1
EV growth	14.8	18.8	14.3	13.3	7.9
Solvency ratio	214.5	204.2	142.5	134.8	122.8

Source: Company, DBS HK

Income Statement (HK\$ m)

FY Dec	2019A	2020A	2021A	2022F	2023F
Gross written premiums	223,019	233,535	262,549	283,536	308,924
Net earned premium	208,768	217,932	250,496	270,745	294,962
Investment income	30,533	36,297	43,988	47,331	53,108
Other operating income	5,227	15,885	21,374	16,789	17,359
Total income	244,528	270,113	315,858	334,865	365,429
Benefits and claims	(112,979)	(132,417)	(158,738)	(167,726)	(183,798)
Underwriting and policy acquisition costs	(59,282)	(55,396)	(58,526)	(60,570)	(65,114)
Finance cost	(2,328)	(2,190)	(2,382)	(2,284)	(2,238)
Other expenses	(58,374)	(65,274)	(85,908)	(90,919)	(99,112)
Total expenses	(232,963)	(255,277)	(305,553)	(321,500)	(350,263)
Share of profit of associated and JVs	1,761	(1,571)	609	758	870
Profit before tax	13,326	13,265	10,914	14,123	16,037
Income tax expense	(783)	(2,808)	39	(1,913)	(2,400)
Minority interest	(3,534)	(3,908)	(3,439)	(3,552)	(3,657)
Preferred dividend	0	0	0	0	0
Net income attributable to shareholders	9,009	6,549	7,514	8,658	9,979

Source: Company, DBS HK

Balance Sheet(HK\$ m)

FY Dec	2019A	2020A	2021A	2022F	2023F
Total Investment	706,738	932,354	1,099,337	1,201,035	1,393,519
Property, plant and equipment	20,126	23,023	32,945	36,542	41,663
Other assets	192,556	213,631	246,360	291,596	308,295
Total assets	919,420	1,169,008	1,378,642	1,529,174	1,743,477
Net life reserves - traditional	534,557	706,785	887,817	939,703	1,033,930
Net life reserves - investment contracts	56,219	77,039	86,491	99,518	124,194
Other Liabilities	234,587	268,570	290,878	364,287	446,051
Total liabilities	825,363	1,052,395	1,265,186	1,403,508	1,604,175
Shareholder's equity	76,308	90,647	88,067	96,725	106,704
Minority interest	17,749	25,966	25,389	28,941	32,598
Total equity	94,057	116,613	113,456	125,666	139,302

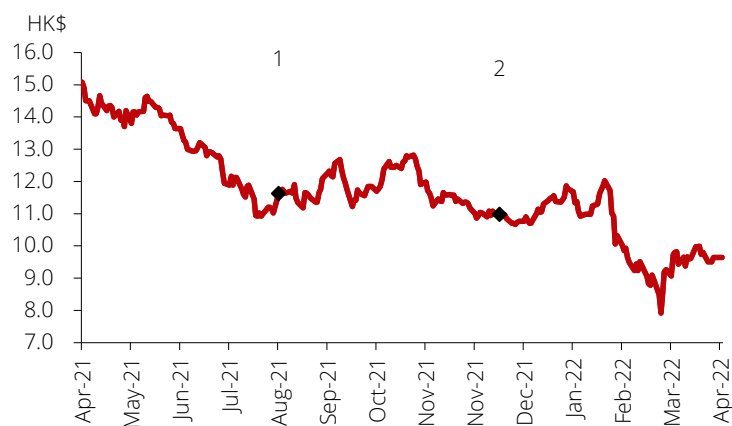
Source: Company, DBS HK

Key Financials & Ratios

FY Dec	2019A	2020A	2021A	2022F	2023F
Du Pont analysis (%)					
Net profit / premium income	4.3	3.0	3.0	3.2	3.4
Premium income / total asset	22.7	18.6	18.2	17.7	16.9
Total asset / total equity	10	10	12	12	13
Return on equity	12.7	7.8	8.4	9.4	9.8
Embedded value(HK\$ m)					
Book value	76,308	90,647	88,067	96,725	106,704
Adjusted items	33,229	43,007	75,920	56,985	67,526
Adjusted book value	109,536	133,654	163,986	153,710	174,230
Value-in-force	98,008	113,120	127,158	157,391	162,190
Adjustment (if any)	(47,379)	(56,501)	(73,575)	(64,563)	(70,502)
Group embedded value	160,166	190,274	217,569	246,538	265,918
Per share analysis(HK\$)					
EPS	2.51	1.82	2.09	2.41	2.78
BPS	21.23	25.22	24.50	26.91	29.69
DPS	0.30	0.40	0.46	0.53	0.61
EVPS	44.56	52.94	60.54	68.60	73.99
Capital Strength (%)					
Leverage ratio	10	10	12	12	13
Solvency ratio	214.5	204.2	142.5	134.8	122.8

Source: Company, DBS HK

Target Price & Ratings History



Source: DBS HK

Analyst: Ken Shih

Manyi Lu

Sam Lu

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: 20 Apr 2022 09:00:38 (HKT)

Dissemination Date: 20 Apr 2022 09:02:29 (HKT)

Sources for all charts and tables are DBS HK unless otherwise specified.

GENERAL DISCLOSURE/DISCLAIMER

This report is prepared by DBS Bank (Hong Kong) Limited ("DBS HK"). This report is solely intended for the clients of DBS Bank Ltd., DBS HK, DBS Vickers (Hong Kong) Limited ("DBSV HK"), and DBS Vickers Securities (Singapore) Pte Ltd. ("DBSVS"), its respective connected and associated corporations and affiliates only and no part of this document may be (i) copied, photocopied or duplicated in any form or by any means or (ii) redistributed without the prior written consent of DBS HK.

The research set out in this report is based on information obtained from sources believed to be reliable, but we (which collectively refers to DBS Bank Ltd., DBS HK, DBSV HK, DBSVS, its respective connected and associated corporations, affiliates and their respective directors, officers, employees and agents (collectively, the "DBS Group") have not conducted due diligence on any of the companies, verified any information or sources or taken into account any other factors which we may consider to be relevant or appropriate in preparing the research. Accordingly, we do not make any representation or warranty as to the accuracy, completeness or correctness of the research set out in this report. Opinions expressed are subject to change without notice. This research is prepared for general circulation. Any recommendation contained in this document does not have regard to the specific investment objectives, financial situation and the particular needs of any specific addressee. This document is for the information of addressees only and is not to be taken in substitution for the exercise of judgement by addressees, who should obtain separate independent legal or financial advice. The DBS Group accepts no liability whatsoever for any direct, indirect and/or consequential loss (including any claims for loss of profit) arising from any use of and/or reliance upon this document and/or further communication given in relation to this document. This document is not to be construed as an offer or a solicitation of an offer to buy or sell any securities. The DBS Group, along with its affiliates and/or persons associated with any of them may from time to time have interests in the securities mentioned in this document. The DBS Group, may have positions in, and may effect transactions in securities mentioned herein and may also perform or seek to perform broking, investment banking and other banking services for these companies.

Any valuations, opinions, estimates, forecasts, ratings or risk assessments herein constitutes a judgment as of the date of this report, and there can be no assurance that future results or events will be consistent with any such valuations, opinions, estimates, forecasts, ratings or risk assessments. The information in this document is subject to change without notice, its accuracy is not guaranteed, it may be incomplete or condensed, it may not contain all material information concerning the company (or companies) referred to in this report and the DBS Group is under no obligation to update the information in this report.

This publication has not been reviewed or authorized by any regulatory authority in Singapore, Hong Kong or elsewhere. There is no planned schedule or frequency for updating research publication relating to any issuer.

The valuations, opinions, estimates, forecasts, ratings or risk assessments described in this report were based upon a number of estimates and assumptions and are inherently subject to significant uncertainties and contingencies. It can be expected that one or more of the estimates on which the valuations, opinions, estimates, forecasts, ratings or risk assessments were based will not materialize or will vary significantly from actual results. Therefore, the inclusion of the valuations, opinions, estimates, forecasts, ratings or risk assessments described herein IS NOT TO BE RELIED UPON as a representation and/or warranty by the DBS Group (and/or any persons associated with the aforesaid entities), that:

- (a) such valuations, opinions, estimates, forecasts, ratings or risk assessments or their underlying assumptions will be achieved, and
- (b) there is any assurance that future results or events will be consistent with any such valuations, opinions, estimates, forecasts, ratings or risk assessments stated therein.

Please contact the primary analyst for valuation methodologies and assumptions associated with the covered companies or price targets. Any assumptions made in this report that refers to commodities, are for the purposes of making forecasts for the company (or companies) mentioned herein. They are not to be construed as recommendations to trade in the physical commodity or in the futures contract relating to the commodity referred to in this report.

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

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

ANALYST CERTIFICATION

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


COMPANY-SPECIFIC / REGULATORY DISCLOSURES

1. DBS Bank Ltd, DBS HK, DBSVS or their subsidiaries and/or other affiliates have a proprietary position in China Taiping Insurance Holdings Co Ltd (966 HK) recommended in this report as of 15 Apr 2022.
2. **Compensation for investment banking services:**
DBSVUSA does not have its own investment banking or research department, nor has it participated in any public offering of securities as a manager or co-manager or in any other investment banking transaction in the past twelve months. Any US persons wishing to obtain further information, including any clarification on disclosures in this disclaimer, or to effect a transaction in any security discussed in this document should contact DBSVUSA exclusively.
3. **Disclosure of previous investment recommendation produced:**
DBS Bank Ltd, DBSVS, DBS HK, their subsidiaries and/or other affiliates of DBSVUSA may have published other investment recommendations in respect of the same securities / instruments recommended in this research report during the preceding 12 months. Please contact the primary analyst listed on page 1 of this report to view previous investment recommendations published by DBS Bank Ltd, DBS HK, DBSVS, their subsidiaries and/or other affiliates of DBSVUSA in the preceding 12 months.

¹ An associate is defined as (i) the spouse, or any minor child (natural or adopted) or minor step-child, of the analyst; (ii) the trustee of a trust of which the analyst, his spouse, minor child (natural or adopted) or minor step-child, is a beneficiary or discretionary object; or (iii) another person accustomed or obliged to act in accordance with the directions or instructions of the analyst.

² Financial interest is defined as interests that are commonly known financial interest, such as investment in the securities in respect of an issuer or a new listing applicant, or financial accommodation arrangement between the issuer or the new listing applicant and the firm or analysis. This term does not include commercial lending conducted at arm's length, or investments in any collective investment scheme other than an issuer or new listing applicant notwithstanding the fact that the scheme has investments in securities in respect of an issuer or a new listing applicant.

RESTRICTIONS ON DISTRIBUTION

General	This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation.
Australia	<p>This report is being distributed in Australia by DBS Bank Ltd, DBSVS or DBSV HK. DBS Bank Ltd holds Australian Financial Services Licence no. 475946.</p> <p>DBS Bank Ltd, DBSVS and DBSV HK are exempted from the requirement to hold an Australian Financial Services Licence under the Corporation Act 2001 ("CA") in respect of financial services provided to the recipients. Both DBS Bank Ltd and DBSVS are regulated by the Monetary Authority of Singapore under the laws of Singapore, and DBSV HK is regulated by the Hong Kong Securities and Futures Commission under the laws of Hong Kong, which differ from Australian laws.</p> <p>Distribution of this report is intended only for "wholesale investors" within the meaning of the CA.</p>
Hong Kong	This report is being distributed in Hong Kong by DBS Bank Ltd, DBS Bank (Hong Kong) Limited and DBS Vickers (Hong Kong) Limited, all of which are registered with or licensed by the Hong Kong Securities and Futures Commission to carry out the regulated activity of advising on securities. DBS Bank Ltd., Hong Kong Branch is a limited liability company incorporated in Singapore.
Indonesia	This report is being distributed in Indonesia by PT DBS Vickers Sekuritas Indonesia.
Malaysia	<p>This report is distributed in Malaysia by AllianceDBS Research Sdn Bhd ("ADBSR"). Recipients of this report, received from ADBSR are to contact the undersigned at 603-2604 3333 in respect of any matters arising from or in connection with this report. In addition to the General Disclosure/Disclaimer found at the preceding page, recipients of this report are advised that ADBSR (the preparer of this report), its holding company Alliance Investment Bank Berhad, their respective connected and associated corporations, affiliates, their directors, officers, employees, agents and parties related or associated with any of them may have positions in, and may effect transactions in the securities mentioned herein and may also perform or seek to perform broking, investment banking/corporate advisory and other services for the subject companies. They may also have received compensation and/or seek to obtain compensation for broking, investment banking/corporate advisory and other services from the subject companies.</p> <p style="text-align: right;">  Wong Ming Tek, Executive Director, ADBSR </p>
Singapore	This report is distributed in Singapore by DBS Bank Ltd (Company Regn. No. 196800306E) or DBSVS (Company Regn No. 198600294G), both of which are Exempt Financial Advisers as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. DBS Bank Ltd and/or DBSVS, may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, DBS Bank Ltd accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact DBS Bank Ltd at 6878 8888 for matters arising from, or in connection with the report.
Thailand	<p>This report is being distributed in Thailand by DBS Vickers Securities (Thailand) Co Ltd.</p> <p>For any query regarding the materials herein, please contact [Chanpen 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>

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

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