

China / Hong Kong Company Update

China Unicom

Bloomberg: 762 HK EQUITY | Reuters: 0762.HK

Refer to important disclosures at the end of this report

DBS Group Research . Equity

7 Feb 2024

BUY

Last Traded Price (6 Feb 2024): HK\$5.39 (HSI : 16,137)

Price Target 12-mth: HK\$8.70 (61% upside)

Analysts

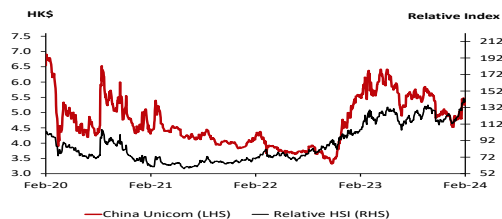
Tsz Wang Tam +852 36684195 tszwangtam@dbs.com

Andy Yu +852 3668 4194 andyyuakh@dbs.com

What's New

- Lowered earnings by 1%/0.5%/4% for FY23/24/25, as we edged down industry internet revenue on softer enterprise spending amidst a weak macro
- Expect earnings to grow by 11%/9%/10% in FY23/24/25, respectively
- Expect its payout ratio to reach 53% in FY23, up from 50% in FY22
- Maintain BUY for attractive dividend yield of 7%; TP of HK\$8.7

Price Relative



Forecasts and Valuation

FY Dec (RMBm)	2022A	2023F	2024F	2025F
Turnover	354,944	382,667	405,903	429,358
EBITDA	99,169	103,229	106,047	109,571
Pre-tax Profit	20,588	22,671	24,648	27,068
Net Profit	16,745	18,601	20,223	22,209
Net Profit Gth (Pre-ex) (%)	16.5	11.1	8.7	9.8
EPS (RMB)	0.55	0.61	0.66	0.73
EPS (HK\$)	0.60	0.66	0.72	0.79
EPS Gth (%)	16.5	11.1	8.7	9.8
Diluted EPS (HK\$)	0.60	0.66	0.72	0.79
DPS (HK\$)	0.30	0.35	0.40	0.44
BV Per Share (HK\$)	12.15	12.51	12.85	13.22
PE (X)	9.1	8.2	7.5	6.8
P/Cash Flow (X)	1.5	1.0	1.7	0.9
P/Free CF (X)	5.4	2.4	149.6	2.1
EV/EBITDA (X)	0.9	0.2	0.3	0.0
Net Div Yield (%)	5.5	6.6	7.5	8.2
P/Book Value (X)	0.4	0.4	0.4	0.4
Net Debt/Equity (X)	CASH	CASH	CASH	CASH
ROAE (%)	5.0	5.4	5.7	6.1
Earnings Rev (%)		(1)	(0.5)	(4)
Consensus EPS (RMB)		0.61	0.67	0.76
Other Broker Recs:		B:22	S:0	H:1

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

Catching up in network coverage and quality

Investment Thesis

An integrated player with strong presence in Northern China. The company co-built and co-shares a 5G network with China Telecom to narrow its competitive disadvantage against China Mobile in terms of network quality and coverage. In Nov 2022, the company also received approval from MIIT to re-farm its 900MHz frequency spectrum for 5G network use.

Industry internet business the key growth driver. Its industry internet business (including IDC, cloud computing etc.) is the key revenue growth driver, contributing c.60% of incremental service revenue growth and accounting for 25% of total service revenue in 1H23. We expect this business segment would maintain its high growth rate and continue to be the key revenue driver in the long term, supported by the national digitalisation initiatives.

Dividend hike to improve shareholder return. China Unicom is the only operator that has not committed to a dividend payout ratio. While the company mentioned that dividend growth will be largely supported by earnings growth, we expect the company would increase its payout ratio from 50% in FY22 to c.54% in FY23, which is still lower than that of its peers, at 70%.

BUY with TP of HK\$8.7. We maintain BUY on CU for its rapid industry internet expansion and attractive dividend yield of c.7%. We set our TP at HK\$8.7 (unchanged) based on 12x FY24F PE (unchanged), slightly above its historical average, as we expect ROE will continue its uptrend and reach >5% in FY23.

Key Risks

Policy risks. China's telecom sector is exposed to policy risks such as management reshuffles and tariff cuts. This could be unfavourable to the company's business performance.

Price war in the mobile market. Irrational competition for mobile subscriber market share could lead to higher ARPU pressure.

At A Glance

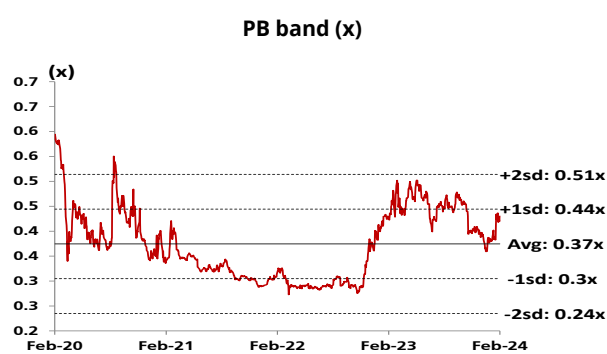
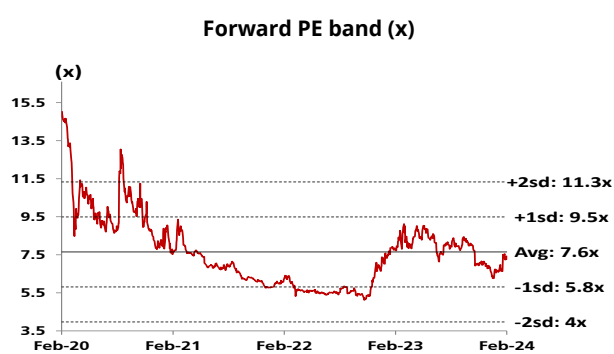
Issued Capital (m shrs)	30,598
Mkt Cap (HKm/US\$m)	164,923 / 21,083
Major Shareholders (%)	
China Unicom (BVI) Ltd.	53.5
China United Network Comm. Group Co., Ltd.	26.4
Free Float (%)	20.1
3m Avg. Daily Val. (US\$m)	17.84
GICS Industry: Communication Services / Telecommunication Services	

China Unicom

Company Background

China Unicom (CU) is an integrated telecom operator in Mainland China. It provides 2G/3G services based on GSM/WCDMA technologies and 4G services mainly based on FD-LTE technology, as well as a 5G service based on the 5G SA network, which are widely adopted by other countries. Its fixed-line business mainly covers Northern China.

Historical PE and PB band



Source: Thomson Reuters, DBS HK

China Unicom

Key Assumptions

FY Dec	2021A	2022A	2023F	2024F	2025F
Mobile sub net add (m)	11.3	5.6	4.0	4.0	3.0
Mobile ARPU (Rmb)	43.9	44.3	45.0	45.6	46.3
EBITDA margin (%)	29.4	27.9	27.0	26.1	25.5
Broadband sub net add (m)	9.0	8.6	4.0	2.0	1.8
Fixed-line sub net add (m)	(0.1)	0.5	0.0	0.0	0.0

Source: Company, DBS HK

Segmental Breakdown (RMB m)

FY Dec	2021A	2022A	2023F	2024F	2025F
Revenues (RMB m)					
Fixed-line	129,600	149,285	164,752	178,898	193,008
Mobile	164,100	170,063	175,200	180,018	184,664
Terminal sales	31,701	35,596	42,715	46,987	51,685
Others	2,453	0	0	0	0
Total	327,854	354,944	382,667	405,903	429,358

Source: Company, DBS HK

Income Statement (RMB m)

FY Dec	2021A	2022A	2023F	2024F	2025F
Revenue	327,854	354,944	382,667	405,903	429,358
Cost of Goods Sold	(95,327)	(102,092)	(112,809)	(120,952)	(129,381)
Gross Profit	232,527	252,852	269,858	284,951	299,976
Other Opng (Exp)/Inc	(221,859)	(240,512)	(255,746)	(269,999)	(280,363)
Operating Profit	10,668	12,340	14,111	14,952	19,613
Other Non Opg (Exp)/Inc	4,119	3,850	4,500	4,000	2,000
Associates & JV Inc	3,310	3,746	3,746	3,746	3,746
Net Interest (Exp)/Inc	(170)	652	314	1,949	1,709
Dividend Income	0	0	0	0	0
Exceptional Gain/(Loss)	0	0	0	0	0
Pre-tax Profit	17,927	20,588	22,671	24,648	27,068
Tax	(3,420)	(3,751)	(3,967)	(4,313)	(4,737)
Minority Interest	(139)	(92)	(102)	(111)	(122)
Preference Dividend	0	0	0	0	0
Net Profit	14,368	16,745	18,601	20,223	22,209
Net Profit before Except.	14,368	16,745	18,601	20,223	22,209
EBITDA	96,320	99,169	103,229	106,047	109,571
Growth					
Revenue Gth (%)	7.9	8.3	7.8	6.1	5.8
EBITDA Gth (%)	2.3	3.0	4.1	2.7	3.3
Opg Profit Gth (%)	(4.1)	15.7	14.4	6.0	31.2
Net Profit Gth (%)	15.0	16.5	11.1	8.7	9.8
Margins & Ratio					
Gross Margins (%)	70.9	71.2	70.5	70.2	69.9
Opg Profit Margin (%)	3.3	3.5	3.7	3.7	4.6
Net Profit Margin (%)	4.4	4.7	4.9	5.0	5.2
ROAE (%)	4.4	5.0	5.4	5.7	6.1
ROA (%)	2.5	2.7	2.7	2.7	2.8
ROCE (%)	2.4	2.6	2.9	3.0	3.8
Div Payout Ratio (%)	46.0	50.1	53.5	56.0	56.0
Net Interest Cover (x)	62.8	NM	NM	NM	NM

Source: Company, DBS HK

China Unicom

Interim Income Statement (RMB m)

FY Dec	1H2021	2H2021	1H2022	2H2022	1H2023
Revenue	164,174	163,680	176,261	178,683	191,833
Cost of Goods Sold	(45,162)	(50,165)	(46,726)	(55,366)	(55,043)
Gross Profit	119,012	113,515	129,535	123,317	136,790
Other Oper. (Exp)/Inc	(110,899)	(110,960)	(120,022)	(120,490)	(125,662)
Operating Profit	8,113	2,555	9,513	2,827	11,128
Other Non Opg (Exp)/Inc	1,101	3,018	1,035	2,815	1,213
Associates & JV Inc	2,249	1,061	2,660	1,086	2,871
Net Interest (Exp)/Inc	(174)	4	208	444	108
Exceptional Gain/(Loss)	0	0	0	0	0
Pre-tax Profit	11,289	6,638	13,416	7,172	15,320
Tax	(2,081)	(1,339)	(2,420)	(1,331)	(2,820)
Minority Interest	(41)	(98)	(39)	(53)	(109)
Net Profit	9,167	5,201	10,957	5,788	12,391
Net profit bef Except.	9,167	5,201	10,957	5,788	12,391

Growth

Revenue Gth (%)	9.2	6.7	7.4	9.2	8.8
Opg Profit Gth (%)	(0.3)	(14.3)	17.3	10.6	17.0
Net Profit Gth (%)	21.1	5.6	19.5	11.3	13.1

Margins

Gross Margins (%)	72.5	69.4	73.5	69.0	71.3
Opg Profit Margins (%)	4.9	1.6	5.4	1.6	5.8
Net Profit Margins (%)	5.6	3.2	6.2	3.2	6.5

Source: Company, DBS HK

China Unicom

Balance Sheet (RMB m)

FY Dec	2021A	2022A	2023F	2024F	2025F
Net Fixed Assets	387,897	411,660	444,593	475,480	507,458
Invt in Associates & JVs	48,416	51,051	54,797	58,543	62,289
Other LT Assets	28,535	33,709	25,048	16,244	7,440
Cash & ST Invt	46,248	69,996	135,427	125,803	184,581
Inventory	1,846	1,882	1,846	2,256	2,249
Debtors	35,882	47,486	46,383	58,696	59,118
Other Current Assets	42,252	26,879	26,879	26,879	26,879
Total Assets	591,076	642,663	734,973	763,901	850,015
ST Debt	10,675	5,724	5,724	5,724	5,724
Creditors	144,370	160,649	205,374	197,322	244,941
Other Current Liab	81,140	84,497	120,697	146,862	173,647
LT Debt	1,835	1,528	1,528	1,528	1,528
Other LT Liabilities	19,623	46,729	47,722	48,840	50,100
Shareholder's Equity	332,337	341,619	351,909	361,494	371,822
Minority Interests	1,096	1,917	2,019	2,130	2,252
Total Cap. & Liab.	591,076	642,663	734,973	763,901	850,015
Non-Cash Wkg. Capital	(145,530)	(168,899)	(250,963)	(256,353)	(330,341)
Net Cash/(Debt)	33,738	62,744	128,175	118,551	177,329
Debtors Turn (avg days)	37.9	42.9	44.8	47.2	50.1
Creditors Turn (avg days)	5,362.6	3,647.1	2,819.5	2,461.4	2,047.3
Inventory Turn (avg days)	71.6	44.6	28.7	25.1	20.9
Asset Turnover (x)	0.6	0.6	0.6	0.5	0.5
Current Ratio (x)	0.5	0.6	0.6	0.6	0.6
Quick Ratio (x)	0.3	0.5	0.5	0.5	0.6
Net Debt/Equity (X)	CASH	CASH	CASH	CASH	CASH
Net Debt/Equity ex MI (X)	CASH	CASH	CASH	CASH	CASH
Capex to Debt (%)	575.9	999.3	1,252.1	1,248.4	1,239.8
Z-Score (X)	1.1	1.0	1.0	NA	NA

Source: Company, DBS HK

Cash Flow Statement (RMB m)

FY Dec	2021A	2022A	2023F	2024F	2025F
Pre-Tax Profit	17,927	20,588	22,671	24,648	27,068
Dep. & Amort.	85,652	86,829	89,117	91,095	89,958
Tax Paid	(3,669)	(3,425)	(3,967)	(4,313)	(4,737)
Assoc. & JV Inc/(loss)	(3,310)	(3,746)	(3,746)	(3,746)	(3,746)
(Pft)/ Loss on disposal of FAs	2,923	1,348	3,451	3,519	3,566
Chg in Wkg.Cap.	7,871	(7,777)	46,713	(19,656)	48,463
Other Operating CF	3,242	6,720	0	0	0
Net Operating CF	110,636	100,537	154,239	91,546	160,572
Capital Exp.(net)	(72,047)	(72,470)	(90,800)	(90,532)	(89,912)
Other Invt.(net)	(93,095)	(43,217)	0	0	0
Invt in Assoc. & JV	(2,365)	(1)	0	0	0
Div from Assoc & JV	813	1,148	0	0	0
Other Investing CF	91,910	58,428	0	0	0
Net Investing CF	(74,784)	(56,112)	(90,800)	(90,532)	(89,912)
Div Paid	(8,690)	(7,986)	(8,311)	(10,638)	(11,881)
Chg in Gross Debt	(17,050)	(18,182)	8,812	(1,491)	(1,491)
Capital Issues	0	0	0	0	0
Other Financing CF	1,161	2,358	1,491	1,491	1,491
Net Financing CF	(24,579)	(23,810)	1,992	(10,638)	(11,881)
Currency Adjustments	(78)	402	0	0	0
Chg in Cash	11,195	21,017	65,431	(9,624)	58,779
Opg CFPS (RMB)	3.36	3.54	3.51	3.63	3.66
Free CFPS (RMB)	1.26	0.92	2.07	0.03	2.31

Source: Company, DBS HK

China Unicom

Target Price & Ratings 12-mth History



S.No.	Date	Closing Price	12-mth Target Price	Rating
1:	16-Feb-23	HK\$5.79	HK\$7.30	Buy
2:	9-Mar-23	HK\$6.24	HK\$8.50	Buy
3:	10-Aug-23	HK\$5.49	HK\$8.70	Buy

Source: DBS HK

Analyst: Tsz Wang Tam
Andy Yu

DBS Group Research 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: 7 Feb 2024 09:05:51 (HKT)

Dissemination Date: 7 Feb 2024 09:38:12 (HKT)

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

GENERAL DISCLOSURE/DISCLAIMER

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

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

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

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

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

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

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

On 3 June 2021, President J. Biden issued Executive Order 14032 ("the EO"), superseding Executive Order 13959 of 12 November 2020. The EO, which takes effect on 2 August 2021, prohibits US persons from investing in publicly traded securities or derivatives thereof from firms

China Unicom

listed as Chinese Military-Industrial Complex Companies ("CMICs"). The list of CMICs can be found on the US Department of the Treasury's website at <https://home.treasury.gov/policy-issues/financial-sanctions/consolidated-sanctions-list/ns-cmic-list>.

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.

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 Unicom Hong Kong Ltd (762 HK) recommended in this report as of 31 Jan 2024.
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	<p>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.</p> <p>For any query regarding the materials herein, please contact Dennis Lam (Reg No. AH 8290) at dbsvhk@dbs.com.</p>
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 Bank Ltd, London Branch ("DBS UK"). DBS Bank Ltd is regulated by the Monetary Authority of Singapore. DBS UK is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of our regulation by the Prudential Regulation Authority are available from us on request.</p> <p>In respect of the United Kingdom, this report is solely intended for the clients of DBS UK, 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 UK. 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

China Unicom

DBS Regional Research Offices

HONG KONG

DBS Bank (Hong Kong) Ltd

Contact: Dennis Lam

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: Andy Sim

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 Pivat 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