

PLEASE CLICK ON THE PAGE NUMBER TO MOVE TO THE RELEVANT PAGE.

### KEY HIGHLIGHTS

#### Sector

#### Automobile

Page 2

Weekly: PV sales spike on price cuts; lithium prices fell to two-year lows. Maintain UNDERWEIGHT. Top SELLS: BYD and Ganfeng Lithium.

#### TRADERS' CORNER

Page 5

China Telecom Corporation Ltd. (728 HK): Trading Buy range: HK\$3.48-3.55

Hengan International Group Co. Ltd. (1044 HK): Trading Buy range: HK\$27.00-27.50

### CORPORATE AND MACRO CALENDAR

Date	Country/Region	Economic Indicator
09 Dec	China	Nov Inflation
09-15 Dec	China	Nov Money Supply And Credit
15 Dec	China	Nov Economic Activities
20 Dec	China	Dec Loan Prime Rate
27 Dec	China	Nov Industrial Profits
30 Dec	China	Dec NBS PMI

### KEY INDICES

	Prev Close	1D %	1W %	1M %	YTD %
DJIA	36117.4	0.2	0.5	5.8	9.0
S&P 500	4585.6	0.8	0.4	4.7	19.4
FTSE 100	7513.7	(0.0)	0.8	1.4	0.8
AS30	7384.7	(0.0)	1.2	2.6	2.3
CSI 300	3391.3	(0.2)	(3.0)	(6.1)	(12.4)
FSSTI	3074.3	(0.4)	0.0	(1.8)	(5.4)
HSCEI	5615.8	(0.8)	(4.1)	(7.0)	(16.2)
HSI	16345.9	(0.7)	(4.1)	(7.0)	(17.4)
JCI	7134.6	0.7	0.8	4.9	4.1
KLCI	1442.9	(0.2)	(0.7)	(1.0)	(3.5)
KOSPI	2492.1	(0.1)	(1.7)	2.9	11.4
Nikkei 225	32858.3	(1.8)	(1.9)	2.2	25.9
SET	1378.7	(0.8)	(0.6)	(2.3)	(17.4)
TWSE	17278.7	(0.5)	(0.9)	3.2	22.2
BDI	2495	(12.4)	(15.0)	60.0	64.7
CPO (RM/mt)	3577	(2.1)	(3.8)	(1.5)	(11.6)
Brent Crude (US\$/bbl)	74	0.2	(10.1)	(8.8)	(13.4)

Source: Bloomberg

### TOP TRADING TURNOVER

Company	Price (HK\$)	Chg (%)	5-day ADT (HK\$m)
WUXI BIOLOGICS C	29.95	(2.4)	2,643.5
HKEX	250.80	(2.3)	2,240.6
LI AUTO INC-A	139.60	(1.4)	2,179.0
XIAOMI CORP-W	14.68	(1.3)	2,054.5
NETEASE INC	164.50	(0.4)	1,431.4

### TOP GAINERS

Company	Price (HK\$)	Chg (%)	5-day ADT (HK\$m)
PING AN HEALTHCA	18.08	3.6	80.5
CHINA LITERATURE	27.85	3.3	89.4
CHINA RES PHARM	4.87	2.3	32.7
JD HEALTH	37.70	2.2	190.3
NIO INC-CLASS A	60.45	2.1	112.4

### TOP LOSERS

Company	Price (HK\$)	Chg (%)	5-day ADT (HK\$m)
GDS HOLDING-CL A	9.00	(5.1)	35.6
XINYI SOLAR HLDS	4.18	(4.6)	113.5
HANSOH PHARMACEU	14.52	(4.2)	134.3
CSPC PHARMACEUTI	6.60	(3.6)	464.3
CHINA RES CEMENT	1.68	(2.9)	88.7

\*ADT: Average daily turnover

### KEY ASSUMPTIONS

GDP (% yoy)	2022	2023F	2024F
US	1.9	2.4	1.0
Euro Zone	3.5	0.5	0.6
Japan	0.9	1.5	1.0
Singapore	3.6	0.9	2.9
Malaysia	8.7	4.0	4.6
Thailand	2.6	2.3	3.6
Indonesia	5.3	5.1	5.2
Hong Kong	-3.5	4.6	3.0
China	3.0	5.0	4.6
CPO (RM/mt)	5,088	4,000	4,200
Brent (Average) (US\$/bbl)	99.0	81.0	84.0

Source: Bloomberg, UOB ETR, UOB Kay Hian

## SECTOR UPDATE

### Automobile – China

Weekly: PV Sales Spike On Price Cuts; Lithium Prices Fall To Two-year Lows

Daily average PV retail sales volume surged 45-46% yoy/mom during 27-30 Nov 23 on price cuts. PEVs' market share plunged 6.1ppt wow to a recent low of 32.7% during the period. Despite price cuts and the debuts of Yuan Plus Champion Version and Bao 5, BYD's retail sales volume rebounded to only 58,300 units in the week ending 3 Dec 23, still 11% off the peak and much lower than wholesale shipment. Maintain UNDERWEIGHT. Top SELLS: BYD and Ganfeng Lithium.

#### WHAT'S NEW

- **CPCA: Daily average PV retail sales volume surged 45-46% yoy/mom during 27-30 Nov 23 on price cuts.** On a weekly basis, daily average retail sales volume of PVs surged 184% wow during 27-30 Nov 23. This brings Nov 23 passenger vehicle (PV) retail sales volume to 2.062m units (+25% yoy/+1% mom).
- **PEV market share flattened in Nov 23.** Retail sales volume of passenger electric vehicle (PEV) increased 2% mom to 783,000 units in Nov 23. PEV share in China's PV retail sales edged up 1.5ppt yoy/0.4ppt mom to 38% in Nov 23. On a weekly basis, PEV market share plummeted by 6.1ppt wow to a recent low of 32.7% in 27-30 Nov 23.
- **PEV inventories piling up in channel, especially BYD.** PEV wholesale shipment grew 7% mom to 945,000 units in Nov 23, outstripping the retail sales volume by 162,000 units. This gap cannot be fully matched by the expected export volume of 110,000-120,000 units, implying an increase of 40,000-50,000 units of inventory. These 40,000-50,000 units in additional inventory were primarily accumulated at BYD's dealers.
- **Top EV companies in China generally posted positive mom sales growth in Nov 23.** Among the 15 brands, Tesla, Changan and Aito were the outperformers, while BYD, XPeng, Nio and Zeekr continued to underperform.
- **BYD's insurance registrations rebounded 19.7% mom and 18.3% wow to 58,300 units in 27 Nov-3 Dec 23 on price cuts.** Despite the 5-10% price cuts announced on 24 Nov 23 and the kick-start of the deliveries of Yuan Plus Champion Version and Bao 5 on 10 Nov 23 and 24 Nov 23 respectively, BYD's insurance registration in the week ending 3 Dec 23 was still 11% off the peak of 65,500 units in the week ending 1 Oct 23. During 6 Nov-3 Dec 23, BYD's insurance registration remained flat mom at 212,900 units, much lower than wholesale shipment. Bao 5 sold only 626 units from 24-30 Nov 23, missing expectations.

#### PEER COMPARISON

Company	Ticker	Rec	Price @ 30 Nov 23 (lcy)	Target Price (lcy)	Upside/(Downside) to TP (%)	Market Cap (US\$m)	PE 2023F (x)	2024F (x)	P/B 2023F (x)	2024F (x)	ROE 2024F (%)	Net Gearing (Cash) (%)
BYD	1211 HK	SELL	213.00	140.00	(34.3)	618,900	18.5	19.9	4.1	3.5	17.5	(25.3)
Geely Automobile	175 HK	SELL	7.96	6.00	(24.6)	79,747	18.8	19.7	0.9	0.9	4.6	(26.9)
Great Wall Motors	2333 HK	BUY	10.38	13.50	30.1	90,976	13.3	9.2	1.1	1.0	11.5	(0.4)
Guangzhou Auto	2238 HK	SELL	3.47	3.20	(7.8)	36,036	7.1	8.6	0.3	0.3	3.3	(14.9)
Li Auto Inc	2015 HK	BUY	139.60	190.00	36.1	291,007	30.4	18.1	4.9	3.9	17.7	(103.0)
XPeng	9868 HK	SELL	64.10	18.00	(71.9)	110,598	Loss	Loss	4.2	6.3	(43.3)	(58.3)
Weichai Power	2338 HK	BUY	13.60	17.00	25.0	117,494	12.0	10.3	1.3	1.2	11.7	(57.1)
Fuyao Glass	3606 HK	BUY	35.55	45.00	26.6	92,776	15.0	13.0	2.7	2.5	17.7	(18.3)
Desay SV	002920 CH	HOLD	122.70	135.00	10.0	68,132	46.5	35.3	8.9	7.5	20.8	0.5
Nexteer	1316 HK	SELL	4.72	2.70	(42.8)	11,846	14.3	15.6	0.7	0.7	5.4	(10.1)
Mint	425 HK	BUY	15.72	33.00	109.9	18,264	8.4	7.0	0.9	0.8	11.0	17.9
Ningbo Tuopu	601689 CH	BUY	70.62	105.00	48.7	77,827	36.6	22.5	4.6	3.9	14.9	6.7
Ningbo Xusheng	603305 CH	HOLD	20.04	18.00	(10.2)	13,358	25.4	22.1	3.0	2.7	12.4	(9.9)
CATL	300750 CH	BUY	164.49	250.00	52.0	400,587	19.3	15.2	3.7	3.1	20.9	(46.1)
EVE Energy	300014 CH	SELL	42.13	36.00	(14.6)	85,940	21.0	21.1	2.5	2.3	10.5	37.2
Ganfeng Lithium	1772 HK	SELL	26.60	20.00	(24.8)	53,594	7.0	13.7	1.0	0.9	10.7	7.1
GEM	002340 CH	SELL	5.57	4.40	(21.0)	28,371	45.3	55.9	1.5	1.5	3.4	53.0
Tinci Materials	002709 CH	SELL	23.61	20.00	(15.3)	45,132	17.0	19.3	3.8	3.6	21.9	2.3
Zhongsheng Group	881 HK	SELL	17.36	14.00	(19.4)	41,865	6.7	7.5	0.8	0.7	13.0	38.8
Yadea Group	1585 HK	BUY	14.76	20.00	35.5	44,206	16.0	13.6	5.0	4.1	33.3	(139.1)

Source: Bloomberg, UOB Kay Hian

## UNDERWEIGHT

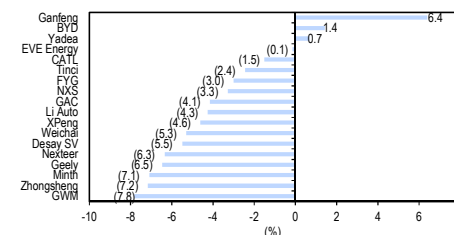
(Maintained)

#### TOP PICKS

Company	Ticker	Rec	Share Price (HK\$)	Target Price (HK\$)
BYD	1211 HK	SELL	213.00	140.00
Ganfeng Lithium	1772 HK	SELL	26.60	20.00

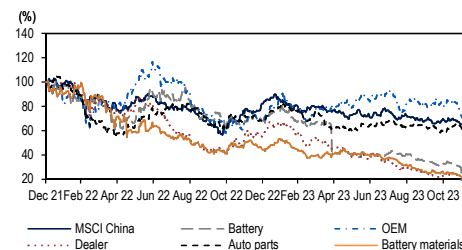
Source: UOB Kay Hian

#### WEEKLY STOCK PERFORMANCE



Source: Bloomberg

#### RELATIVE PERFORMANCE OF AUTO STOCKS



Source: Bloomberg

#### ANALYST(S)

**Ken Lee**  
+852 2236 6760  
ken.lee@uobkayhian.com.hk

**Bella Lu**  
+86 21 5404 7225 ext.810  
bellalu@uobkayhian.com

According to channel checks, BYD's channel inventory-to-sales ratio reached 2.5-3 months as of 30 Nov 23. As such, BYD extended the promotion from 30 Nov 23 to Dec 23, and further cut prices. Qin Plus DM-i Champion Version, for example, is selling at nearly Rmb80,000 in some regions, 11% below the latest MSRP of Rmb89,800 announced on 24 Nov 23 and 20% below the initial MSRP of Rmb99,800 set upon the debut of the model in Feb 23. Assuming a subsidy of Rmb5,000/vehicle for dealers in Dec 23, BYD would need to incur Rmb1.5b in additional sales and marketing expense in 4Q23.

- **Tesla's insurance registrations grew 4.2% wow to a 14-week high of 17,400 units during the week ending 3 Dec 23, only 7% lower than the record of 18,700 units.** Tesla China raised prices for the new Model Y/3 four times recently, and orders remained strong.
- **Li Auto's insurance registrations rebounded 2.1% wow to 9,600 units in the week ending 3 Dec 23.** Li Auto's weekly insurance registrations have hovered around 10,000 units since the week ending 15 Oct 23. On the other hand, Aito's insurance registration spiked from 2,400 units in the week ending 15 Oct 23 to a recent peak of 5,600 units in the week ending 3 Dec 23 (+40% mom/+19% wow). Aito's new model M7 should have taken some market share from Li L7 and other peers. Going forward, further sales growth of Li Auto will hinge on the upcoming new models in 2024, including the company's first battery electric vehicle (BEV) models Mega MPV and L6.
- **XPeng's insurance registration rebounded 6.8% wow to 4,700 units during the week ending 3 Dec 23.** During 6 Nov-3 Dec 23, XPeng's insurance registration tumbled by 6.5% mom to 17,200 units, missing estimates. We remain pessimistic on XPeng's earnings outlook, based on the weakening sales momentum, negative gross margin and aggressive price cuts. Additionally, XPeng's brand equity has been tarnished by its failure to deliver on its promise of providing Navigation Guided Pilot (NGP) for the old models and the unsatisfactory results in the recent Autonomous Emergency Braking (AEB) test conducted by Dongchedi.
- **Zeekr's insurance registration rebounded 31.8% wow to 2,900 units, but still down 27.5% mom.** During 6 Nov-3 Dec 23, Zeekr's insurance registration declined by 8.7% mom to 9,500 units. This can be attributed to the drop in sales of the flagship model Zeekr 001 under the increasing competition from Aito M7 and the disappointing sales of the new models Zeekr 009 and Zeekr X. Zeekr is under pressure to attain its full-year 2023 sales target of 140,000 units. Geely is planning to spin off Zeekr for listing in the US by Feb 24, and has denied reports that this IPO plan for Zeekr has been suspended.
- **The Shanghai-traded lithium carbonate future expiring in Jan 24 dropped below Rmb100,000/tonne on 4 Dec 23.** This week, both the spot price of lithium carbonate in China and the CIF price of imported spodumene concentrate also dropped by 8% wow to two-year lows of Rmb121,000/tonne and US\$1,650/tonne respectively on 6 Dec 23. Lithium carbonate price and imported spodumene concentrate price have plummeted by 23%/20% over the past month and 77%/70% ytd, due to the slowdown in EV battery production volume and increasing oversupply.

The drop in lithium carbonate prices hammers the margins of lithium carbonate producers like Ganfeng Lithium and Tinci Lithium, while saving cost for EV companies. However, given that lithium carbonate prices have fallen to low levels, the marginal benefit from further drops in lithium carbonate price is getting lesser. Given that 30kg of lithium carbonate is used in a 60kWh battery for a battery electric vehicle (BEV), the drop in lithium carbonate price from Rmb500,000/tonne at end-22 to Rmb100,000/tonne in Jan 24 would save Rmb12,000/vehicle in cost. However, the drop in lithium carbonate price from Rmb100,000/tonne to zero (which is impossible) would only save Rmb3,000/vehicle in cost.

## ACTION

- **Maintain UNDERWEIGHT on China's automobile sector,** based on the expected decline in China's ICE-car sales, slowdown in EV sales and intensifying price war. We expect growth in China's EV sales volume to slow from over 30% in 2023 to 17% in 2024, based on the high comparison base and rollback of stimulus. OEMs will face looming margin pressure in 2024, due to stiffening price competition, falling capacity utilisation and less room for cost reduction from a further drop in lithium carbonate prices. Our top SELLs are BYD and Ganfeng Lithium.

## CHINA WEEKLY PV SALES VOLUME (NOV 23)

('000 units)	----- Retail sales -----			-- Wholesale shipment --		
	Total	PEV	ICE-car	Total	PEV	ICE-car
<b>Daily average</b>						
1-12 Nov 23	45	19	26	48	20	28
13-19 Nov 23	62	26	37	69	28	41
20-26 Nov 23	59	23	36	76	34	42
27-30 Nov 23	168	55	113	244	67	178
yoy % chg	46	23	60	43	5	65
mom % chg	45	36	51	40	30	44
wow % chg	184	139	212	221	94	326
<b>Total</b>						
Nov 23	2,062	783	1,279	2,572	945	1,627
yoy % chg	25	30	22	27	29	26
mom % chg	1	2	0	5	7	4

Source: CPCA

## MONTHLY SALES VOLUME BY BRAND

(units)	Nov 23	yoy % chg	mom % chg	11M23	yoy % chg
BYD	301,903	31.0	0.0	2,683,374	64.3
GAC	227,124	19.3	1.2	2,244,036	0.7
- EV	50,231	48.9	7.4	490,758	80.3
- Aion	41,567	44.5	0.2	433,934	81.4
Geely	200,079	37.9	10.7	1,536,062	19.4
- EV	65,034	87.7	4.7	427,014	50.3
- Zeekr	13,104	19.0	0.2	105,209	73.6
- Galaxy	13,770	n.a.	0.4	71,409	n.a.
Great Wall Motor	122,849	40.3	(6.4)	1,118,028	12.9
- EV	31,248	142.9	2.3	232,015	92.2
- Ora	10,025	47.9	(7.4)	98,492	1.5
Li Auto	41,030	172.9	1.5	325,677	190.7
XPeng	20,041	244.9	0.2	121,486	11.0
Aito	18,827	127.9	48.2	n.a.	n.a.
Leapmotor	18,508	130.0	1.7	125,492	22.2
Nio	15,959	12.6	(0.7)	142,026	33.1

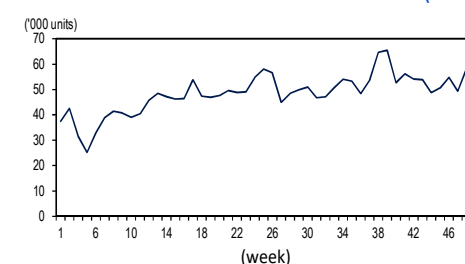
Note: The sales figures of BYD, GAC, Geely and GWM refer to the wholesale shipment; while those of the others refer to retail sales volume.  
Source: cnevpost.com, Dongchedi

## WEEKLY INSURANCE REGISTRATIONS BY BRAND

	27 Nov 3 Dec	mom % chg	wow % chg	6 Nov 3 Dec	mom % chg
BYD (excl Denza)	54.8	17.3	16.3	203.6	(0.4)
Denza	3.5	75.0	59.1	9.3	9.4
BYD (incl Denza)	58.3	19.7	18.3	212.9	(0.0)
Tesla	17.4	24.3	4.2	62.9	55.3
Wuling	12.4	37.8	7.8	47.9	28.4
Aion	9.7	6.6	n.a.	n.a.	n.a.
Changan	9.5	53.2	(1.0)	31.0	64.9
Li Auto	9.6	11.6	2.1	39.0	1.8
VW	6.7	17.5	19.6	22.5	(0.4)
Aito	5.6	40.0	19.1	18.3	39.7
XPeng	4.7	-	6.8	17.2	(6.5)
Leapmotor	4.3	-	4.9	16.9	11.9
Nio	3.7	(11.9)	12.1	13.6	(18.6)
Neta	3.1	40.9	n.a.	n.a.	n.a.
Deepal	2.9	-	(9.4)	12.8	(5.2)
Zeekr	2.9	(27.5)	31.8	9.5	(8.7)

Source: cnevpost.com, Dongchedi

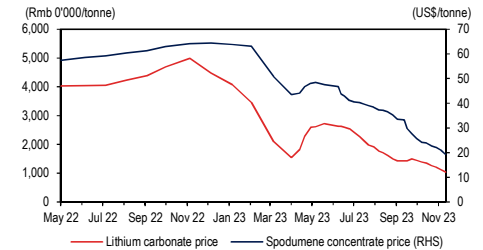
## BYD'S WEEKLY INSURANCE REGISTRATION (2023)



Source: cnevpost.com, Dongchedi

- We have a contrarian **SELL** call on **BYD (1211 HK/SELL/Target: HK\$140.00)** on the back of peaking retail sales volume, mounting inventory pressure, falling capacity utilisation rate and further price cuts. Its 4Q23 earnings will probably disappoint the market, as the company is slashing prices to clear inventories. Going into 2024, the upcoming destocking will likely drag on wholesale shipments in 1H24, taking the market by surprise. Our target price of HK\$140.00 is based on our 10-year DCF (WACC: 19.6%/terminal growth: 4%).
- **Maintain SELL** on **Ganfeng Lithium (1772 HK/SELL/Target: HK\$20.00)**, based on the cyclical downturn of lithium carbonate prices over the next 1-2 years.
- **Our BUY calls are in the following order of preference:** CATL, Li Auto, Ningbo Tuopu, Great Wall Motor, Fuyao Glass, Minth, Weichai Power, Yadea.

#### LITHIUM CARBONATE PRICE AND SPODUMENE CONCENTRATE PRICE (CIF)



Source: oilchem.net

## TRADERS' CORNER



Chart by Bloomberg

### China Telecom Corporation Ltd. (728 HK)

Trading Buy range: HK\$3.48-3.55

Last price: HK\$3.57

Target price: HK\$3.68/HK\$3.76

Protective stop: Breaks below HK\$3.38

#### Stock Highlights:

According to Tianyancha, the group has established China Telecom Digital Governance Technology Company Limited, which engages in businesses such as software development, big data services, basic software development for artificial intelligence, cloud computing equipment technology services, network technology services, electronic products sales, and network connection services.

#### Technical View:

Share price formed a double-bottom pattern in November and then rebounded. It has risen to near its 10-day (light blue) and 20-day (orange) moving averages, but is currently restricted by its 50-day moving average (red). The 14-day RSI rebounded from the oversold zone (below 30) to the midline level at 50. The MACD line is higher than the signal line, showing a bullish crossover. If it breaks above its 50-day moving average, it may continue to rebound.

Average timeframe: Around two weeks.



Chart by Bloomberg

### Hengan International Group Co. Ltd. (1044 HK)

Trading Buy range: HK\$27.00-27.50

Last price: HK\$27.55

Target price: HK\$28.50/HK\$29.00

Protective stop: Breaks below HK\$26.30

#### Stock Highlights:

In 1H23, the group's revenue increased 9.0% yoy to Rmb12.2b.

#### Technical View:

Share price formed a double-bottom pattern in Oct 23, and then rebounded from mid-November. It is now near its 10-day (light blue) and 20-day (orange) moving averages, and is higher than its 50-day moving average (red). The 14-day RSI rebounded from the oversold zone (below 30) to the overbought zone (above 70), showing a strong trend. It has now retreated to around 49. Although the MACD line is slightly lower than the signal line, both lines are in the bullish zone. Hence, the uptrend of share price remains unchanged. If share price breaks above its 10-day moving average, it may extend its uptrend.

Average timeframe: Around two weeks.

#### ANALYST(S)

Terence Chiu

+852 2236 6716

terence.chiu@uobkayhian.com.hk

## Disclosures/Disclaimers

This report is prepared by UOB Kay Hian (Hong Kong) Limited ("UOBKHHK"), which is a licensed corporation providing securities brokerage and securities advisory services in Hong Kong.

This report is provided for information only and is not an offer or a solicitation to deal in securities or to enter into any legal relations, nor an advice or a recommendation with respect to such securities.

**This report is prepared for general circulation.** It does not have regard to the specific investment objectives, financial situation and the particular needs of any recipient hereof. Advice should be sought from a financial adviser regarding the suitability of the investment product, taking into account the specific investment objectives, financial situation or particular needs of any person in receipt of the recommendation, before the person makes a commitment to purchase the investment product.

This report is confidential. This report may not be published, circulated, reproduced or distributed in whole or in part by any recipient of this report to any other person without the prior written consent of UOBKHHK. This report is not directed to or intended for distribution to or use by any person or any entity who is a citizen or resident of or located in any locality, state, country or any other jurisdiction as UOBKHHK may determine in its absolute discretion, where the distribution, publication, availability or use of this report would be contrary to applicable law or would subject UOBKHHK and its associates (as defined in the Securities and Futures Ordinance, Chapter 571 of Hong Kong) to any registration, licensing or other requirements within such jurisdiction.

The information or views in the report ("Information") has been obtained or derived from sources believed by UOBKHHK to be reliable. However, UOBKHHK makes no representation as to the accuracy or completeness of such sources or the Information and UOBKHHK accepts no liability whatsoever for any loss or damage arising from the use of or reliance on the Information. UOBKHHK and its associates may have issued other reports expressing views different from the Information and all views expressed in all reports of UOBKHHK and its associates are subject to change without notice. UOBKHHK reserves the right to act upon or use the Information at any time, including before its publication herein.

Except as otherwise indicated below, (1) UOBKHHK, its associates and its officers, employees and representatives may, to the extent permitted by law, transact with, perform or provide broking, underwriting, corporate finance-related or other services for or solicit business from, the subject corporation(s) referred to in this report; (2) UOBKHHK, its associate and its officers, employees and representatives may also, to the extent permitted by law, transact with, perform or provide broking or other services for or solicit business from, other persons in respect of dealings in the securities referred to in this report or other investments related thereto; (3) the officers, employees and representatives of UOBKHHK may also serve on the board of directors or in trustee positions with the subject corporation(s) referred to in this report. (All of the foregoing is hereafter referred to as the "Subject Business"); and (4) UOBKHHK may otherwise have an interest (including a proprietary interest) in the subject corporation(s) referred to in this report.

As of the date of this report, no analyst responsible for any of the content in this report has any proprietary position or material interest in the securities of the corporation(s) which are referred to in the content they respectively author or are otherwise responsible for.

## IMPORTANT DISCLOSURES FOR U.S. PERSONS

This research report is prepared by UOBKHHK, a company authorized, as noted above, to engage in securities activities in Hong Kong. UOBKHHK is not a registered broker-dealer in the United States and, therefore, is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. This research report is provided for distribution by UOBKHHK (whether directly or through its US registered broker dealer affiliate named below) to "major U.S. institutional investors" in reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"). All US persons that receive this document by way of distribution from or which they regard as being from UOBKHHK by their acceptance thereof represent and agree that they are a major institutional investor and understand the risks involved in executing transactions in securities.

Any U.S. recipient of this research report wishing to effect any transaction to buy or sell securities or related financial instruments based on the information provided in this research report should do so only through UOB Kay Hian (U.S.) Inc ("UOBKHUS"), a registered broker-dealer in the United States. Under no circumstances should any recipient of this research report effect any transaction to buy or sell securities or related financial instruments through UOBKHHK.

UOBKHUS accepts responsibility for the contents of this research report, subject to the terms set out below, to the extent that it is delivered to and intended to be received by a U.S. person other than a major U.S. institutional investor.

The analyst whose name appears in this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA") and may not be an associated person of UOBKHUS and, therefore, may not be subject to applicable restrictions under FINRA Rules on communications with a subject company, public appearances and trading securities held by a research analyst account.

### Analyst Certification/Regulation AC

Each research analyst of UOBKHHK who produced this report hereby certifies that (1) the views expressed in this report accurately reflect his/her personal views about all of the subject corporation(s) and securities in this report; (2) the report was produced independently by him/her; (3) he/she does not carry out, whether for himself/herself or on behalf of UOBKHHK or any other person, any of the Subject Business involving any of the subject corporation(s) or securities referred to in this report; and (4) he/she has not received and will not receive any compensation that is directly or indirectly related or linked to the recommendations or views expressed in this report or to any sales, trading, dealing or corporate finance advisory services or transaction in respect of the securities in this report. However, the compensation received by each such research analyst is based upon various factors, including UOBKHHK's total revenues, a portion of which are generated from UOBKHHK's business of dealing in securities.

Reports are distributed in the respective countries by the respective entities and are subject to the additional restrictions listed in the following table.

General	This report is not intended for distribution, publication to or use by any person or entity who is a citizen or resident of or located in any country or jurisdiction where the distribution, publication or use of this report would be contrary to applicable law or regulation.
Hong Kong	This report is distributed in Hong Kong by UOB Kay Hian (Hong Kong) Limited ("UOBKHHK"), which is regulated by the Securities and Futures Commission of Hong Kong. Neither the analyst(s) preparing this report nor his associate, has trading and financial interest and relevant relationship specified under Para. 16.4 of Code of Conduct in the listed corporation covered in this report. UOBKHHK does not have financial interests and business relationship specified under Para. 16.5 of Code of Conduct with the listed corporation covered in this report. Where the report is distributed in Hong Kong and contains research analyses or reports from a foreign research house, please note: (i) recipients of the analyses or reports are to contact UOBKHHK (and not the relevant foreign research house) in Hong Kong in respect of any matters arising from, or in connection with, the analysis or report; and (ii) to the extent that the analyses or reports are delivered to and intended to be received by any person in Hong Kong who is not a professional investor, or institutional investor, UOBKHHK accepts legal responsibility for the contents of the analyses or reports only to the extent required by law.
Indonesia	This report is distributed in Indonesia by PT UOB Kay Hian Sekuritas, which is regulated by Financial Services Authority of Indonesia (OJK). Where the report is distributed in Indonesia and contains research analyses or reports from a foreign research house, please note recipients of the analyses or reports are to contact PT UOBKH (and not the relevant foreign research house) in Indonesia in respect of any matters arising from, or in connection with, the analysis or report.
Malaysia	Where the report is distributed in Malaysia and contains research analyses or reports from a foreign research house, the recipients of the analyses or reports are to contact UOBKHM (and not the relevant foreign research house) in Malaysia, at +603-21471988, in respect of any matters arising from, or in connection with, the analysis or report as UOBKHM is the registered person under CMSA to distribute any research analyses in Malaysia.
Singapore	This report is distributed in Singapore by UOB Kay Hian Private Limited ("UOBKH"), which is a holder of a capital markets services licence and an exempt financial adviser regulated by the Monetary Authority of Singapore. Where the report is distributed in Singapore and contains research analyses or reports from a foreign research house, please note: (i) recipients of the analyses or reports are to contact UOBKH (and not the relevant foreign research house) in Singapore in respect of any matters arising from, or in connection with, the analysis or report; and (ii) to the extent that the analyses or reports are delivered to and intended to be received by any person in Singapore who is not an accredited investor, expert investor or institutional investor, UOBKH accepts legal responsibility for the contents of the analyses or reports only to the extent required by law.
Thailand	This report is distributed in Thailand by UOB Kay Hian Securities (Thailand) Public Company Limited, which is regulated by the Securities and Exchange Commission of Thailand.
United Kingdom	This report is being distributed in the UK by UOB Kay Hian (U.K.) Limited, which is an authorised person in the meaning of the Financial Services and Markets Act and is regulated by The Financial Conduct Authority. Research distributed in the UK is intended only for institutional clients.
United States of America ('U.S.')	This report cannot be distributed into the U.S. or to any U.S. person or entity except in compliance with applicable U.S. laws and regulations. It is being distributed in the U.S. by UOB Kay Hian (US) Inc, which accepts responsibility for its contents. Any U.S. person or entity receiving this report and wishing to effect transactions in any securities referred to in the report should contact UOB Kay Hian (US) Inc. directly.