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KEY HIGHLIGHTS

Sector

Commodities

Page 2

Weekly: US dollar tumbles on easing Fed rate hike fears; industrial metals and iron ore prices spike on stimulus optimism.

Results

Xiaomi Corp (1810 HK/BUY/HK\$16.18/Target: HK\$21.60)

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3Q23: Another beat on solid execution.

TRADERS' CORNER

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Li Auto Inc. (2015 HK): Trading Buy range: HK\$153.00-160.00

JD.COM, Inc. (9618 HK): Trading Buy range: HK\$103.00-108.00

CORPORATE AND MACRO CALENDAR

Date	Country/Region	Economic Indicator
27 Nov	China	Oct Industrial Profits
30 Nov	China	Nov NBS PMI
01 Dec	China	Caixin Nov Manufacturing PMI
07 Dec	China	Nov Trade
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	35151.0	0.6	2.4	6.1	6.0
S&P 500	4547.4	0.7	3.1	7.7	18.4
FTSE 100	7496.4	(0.1)	0.9	1.3	0.6
AS30	7268.7	0.1	1.7	2.5	0.7
CSI 300	3576.3	0.2	(0.1)	1.9	(7.6)
FSSTI	3111.6	(0.4)	0.2	1.1	(4.3)
HSCEI	6103.3	2.2	1.9	3.9	(9.0)
HSI	17778.1	1.9	2.0	3.5	(10.1)
JCI	6994.9	0.2	2.3	2.1	2.1
KLCI	1456.9	(0.3)	0.8	1.1	(2.6)
KOSPI	2491.2	0.9	3.6	4.9	11.4
Nikkei 225	33388.0	(0.6)	2.5	6.8	28.0
SET	1419.4	0.3	2.3	1.4	(14.9)
TWSE	17210.5	0.0	2.2	4.7	21.7
BDI	1817	(0.2)	9.8	(11.2)	19.9
CPO (RM/mt)	3800	(1.2)	3.5	2.2	(6.1)
Brent Crude (US\$/bbl)	82	1.8	(0.6)	(11.0)	(4.5)

Source: Bloomberg

TOP TRADING TURNOVER

Company	Price (HK\$)	Chg (%)	5-day ADT (HK\$m)
XIAOMI CORP-W	16.18	1.5	2,785.9
KUAI SHOU-W	60.10	2.6	1,288.8
JD-SW	108.60	3.0	1,247.4
LI AUTO INC-A	160.90	2.4	1,114.6
WUXI BIOLOGICS C	48.00	1.6	1,063.5

TOP GAINERS

Company	Price (HK\$)	Chg (%)	5-day ADT (HK\$m)
CITIC	7.49	6.5	96.9
JD HEALTH	39.90	5.4	163.5
HAIDILAO INTERNA	16.98	5.3	228.2
XINYI SOLAR HLDS	5.24	5.2	129.3
KINGDEE INTL SFT	12.14	5.2	197.8

TOP LOSERS

Company	Price (HK\$)	Chg (%)	5-day ADT (HK\$m)
LINK REIT	38.80	(2.6)	371.7
BYD ELECTRONIC	37.80	(1.8)	268.4
CHINA STATE CONS	8.83	(1.5)	31.9
BRILLIANCE CHINA	4.19	(1.4)	119.9
CHINA POWER INTE	2.96	(1.0)	83.9

*ADT: Average daily turnover

KEY ASSUMPTIONS

GDP (% yoy)	2022	2023F	2024F
US	2.1	2.0	1.0
Euro Zone	3.5	0.5	0.8
Japan	1.0	1.5	1.0
Singapore	3.6	0.7	3.0
Malaysia	8.7	4.0	4.6
Thailand	2.6	3.1	3.5
Indonesia	5.4	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

Commodities – China

Weekly: Metal Prices Rebounded On Easing Fed Rate Hike Fears; Industrial Metals And Iron Ore Prices Rising On Stimulus Optimism

The US' weaker-than-expected Oct 23 CPI has eased market concerns of further rate hikes by the Fed, dragging the US dollar to a two-month low. Expectations of more stimulus measures from China are boosting demand outlook for industrial metals and iron ore. Steel mills' margins expansion continued on the rebound of steel prices, though consumption has slowed. Cement shipment slowed as the northern region entered the low season and the southern region encountered rainy weather.

WHAT'S NEW

- **Base metals (maintain MARKET WEIGHT):** The US dollar fell to a two-month low on easing Fed rate hike fears.
 - COMEX gold/LME copper three-month futures were +2.4%/+2.9% wow to US\$1,985 per t oz/US\$8,267 per mt.
 - US dollar index fell to a two-month low. US dollar index/10-year treasury yield was down 1.8%/17 bp wow to 103.92/4.44% last week. The release of the US' weaker-than-expected Oct 23 CPI at +3.20% (vs. consensus +3.30% yoy) has eased market concerns of further rate hikes by the Fed, lending support to metal prices denominated in US dollar.
 - Copper prices hit nine-week high on stimulus optimism. China's weak Oct 23 CPI initially dragged on the demand outlook of industrial metals, but market sentiment was later boosted by China's vow to roll out additional stimulus measures supporting the real estate sector which remains in the doldrums. China has kept both one-year/five-year loan prime rate (LPR) unchanged on 20 Nov 23 at 3.45%/4.20%.
 - According to CME FedWatch Tool, market is now pricing in 100% odds of the Fed maintaining interest rate in Dec 23's meeting. Market is expecting the Fed's first rate cut in May 24 with a slightly higher probability at 61.96%.
 - This week, the market's focus will be on: a) 20-year US treasury bond auction (20 Nov 23), and b) FOMC meeting minutes (22 Nov 23).
- **Steel (maintain UNDERWEIGHT):** Expanding margin despite soaring iron ore prices; consumption under pressure amid sharp rebound in steel prices and low season.
 - Iron ore prices continued rising on China's stimulus optimism. SGX iron ore futures have continued rising to US\$128.51 (+1.3% wow/+12.1% mom). Sentiment was partly boosted by the series of stimulus measures from the Chinese government intending to support the beleaguered property sector and easing local government liquidity tightness. Spot prices of rebar/hot-rolled coil (HRC)/cold-rolled coil (CRC) as at 17 Nov 23 saw wow changes of +1.3%/+1.2%/+0.4%.

PEER COMPARISON

Company	Ticker	Rec	Price @ 20 Nov 23 (lcy)	Target Price (lcy)	Upside/ (Downside) to TP (%)	Market Cap (lcy m)	PE 2023F (x)	PE 2024F (x)	P/B 2023F (x)	P/B 2024F (x)	EV/EBITDA 2023F (x)	EV/EBITDA 2024F (x)	ROE (%)
Anhui Conch	914 HK	BUY	19.10	28.20	47.6	126,648.5	8.2	7.1	0.5	0.5	7.8	6.6	6.1
Baosteel	600019 CH	BUY	6.18	7.10	14.9	136,700.7	13.3	9.9	0.7	0.6	5.6	4.8	5.2
CR Cement	1313 HK	HOLD	1.89	2.29	21.4	13,197.8	11.9	8.2	0.3	0.3	8.3	6.5	2.2
Zijin Mining	2899 HK	BUY	11.88	15.00	26.3	333,262.3	12.4	10.6	2.7	2.3	10.2	8.9	23.7

Source: Bloomberg, UOB Kay Hian

MARKET WEIGHT

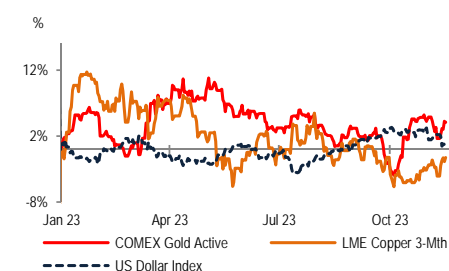
(Maintained)

SECTOR PICKS

Company	Ticker	Rec	Share Price (HK\$)	Target Price (HK\$)
Anhui Conch	914 HK	BUY	19.10	28.20

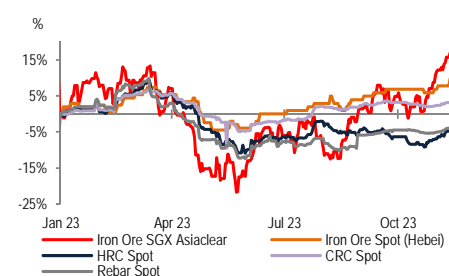
Source: UOB Kay Hian

METALS – YTD PRICE PERFORMANCE



Source: Bloomberg, UOB Kay Hian

STEEL – YTD PRICE PERFORMANCE



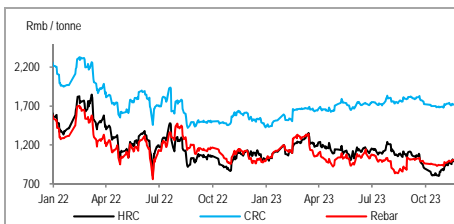
Source: Bloomberg, UOB Kay Hian

ANALYST(S)

Ziv Ang Sze Champ
+603 2147 1826
zivang@uobkayhian.com

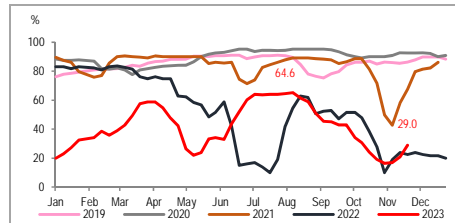
- China's National Development and Reform Commission (NDRC) is tightening its supervision on speculation activities for iron ore futures. Dalian Commodity Exchange has set iron ore futures trading limits at no more than 500 lots on contracts for January to May 24 deliveries.
- **Expansion of steel mills' margin despite rising costs.** Despite fast-rising iron ore prices, the uptick in domestic steel products' prices has been able to offset the impacts of higher costs. Weekly average of HRC steel-raw materials spread expanded by another 2.4% w/w to Rmb983 per tonne. Mysteel's survey indicated that 28.99% (+8.23ppt w/w) out of the 247 sampled steel mills are currently profit-making.

STEEL-RAW MATERIAL SPREADS



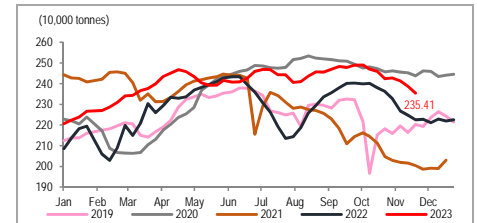
Source: Bloomberg, UOB Kay Hian

RATIO OF PROFIT-MAKING OUT OF 247 SAMPLED STEEL MILLS



Source: Wind, UOB Kay Hian

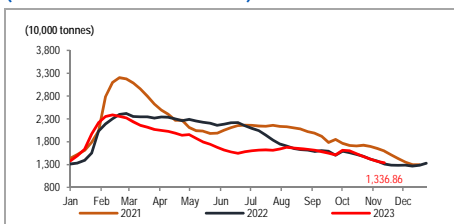
247 SAMPLED STEEL MILLS DAILY AVERAGE MOLTEN IRON OUTPUT



Source: Wind, UOB Kay Hian

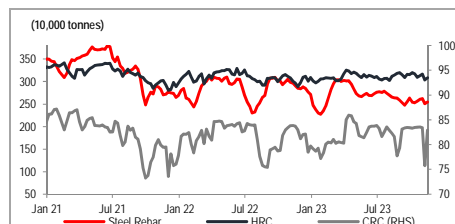
- **Steel production set to rebound on improving margins.** According to Mysteel's survey on 247 sampled steel mills, daily average molten iron production (for the week ended 17 Nov 23) was 2.3541m tonnes (-1.4% w/w), and blast furnace capacity utilisation ratio was down 1.22ppt w/w to 87.99%. Weekly output of five major steel products has rebounded to 8.9508m tonnes (+2.5% w/w/-3.6% yoy). Steel mills are gradually resuming production from maintenance amid improving profitability, and are expected to add on inventory pressure given the lacklustre downstream demand.
- **Steel consumption under pressure.** Overall steel inventory based on Mysteel's survey was down 2.28% w/w to 13.37 tonnes (+1.7% yoy). Weekly steel apparent consumption has slowed as we enter the low season. Apparent consumption was flattish w/w at 9.2633m last week, but was still 4.2% lower compared with last month, pressured by the rising steel prices and the start of the winter season in the northern region.

INVENTORY OF FIVE MAJOR STEEL PRODUCTS (TRADERS & STEEL MILLS)



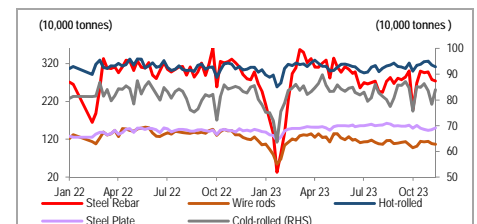
Source: Wind, UOB Kay Hian

WEEKLY PRODUCTION OUTPUT OF MAJOR STEEL PRODUCTS



Source: Wind, UOB Kay Hian

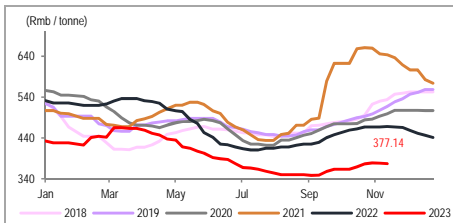
STEEL PRODUCTS WEEKLY APPARENT CONSUMPTION



Source: Wind, UOB Kay Hian

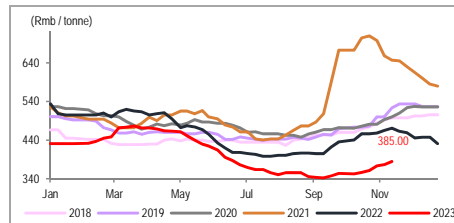
- **NBS: 10M23 China excavator production volume down 34.6%.** According to China Bureau of Statistics (NBS), Oct 23's domestic excavator production volume slowed further by 34.6% yoy to 17,186 units. 10M23 production volume was down 24.6% yoy to 195,124 units.
- **Cement (maintain MARKET WEIGHT):** Price rebound continued; margin recovering on easing coal prices.
 - **Ninth consecutive week of price rebound.** National average PO42.5 cement prices (bulk) continued its upward trend, rising 0.4% w/w to Rmb375.67 per tonne. Average cement prices for the eastern/central/southern regions saw changes of -0.4%/+1.8%/+2.6% w/w. Cement-coal spread expanded further by 1.5% w/w last week to Rmb253.99 per tonne, partly boosted by the 1.7% w/w decline of thermal coal prices.

AVERAGE CEMENT PRICES- EAST CHINA



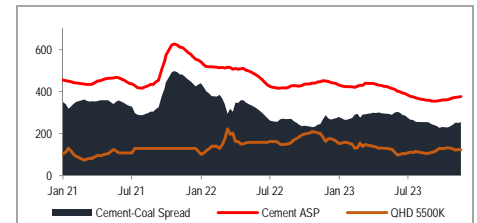
Source: Wind, UOB Kay Hian

AVERAGE CEMENT PRICES- CENTRAL SOUTH CHINA



Source: Wind, UOB Kay Hian

CEMENT-COAL SPREAD

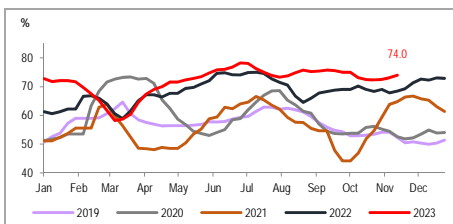


Source: Wind, UOB Kay Hian

- **Shipments amid winter season and rainy weather.** According to 100NJZ's survey conducted on 250 cement enterprises, weekly cement shipment volume for the week of 8-14 Nov 23 was 6.0285m tonnes (-1.6% wow/-30.0% yoy). By region, the eastern/central/southern regions' shipment volumes were +11.8%/-4.8%/+1.5% mom (-26.8%/-32.2%/-42.0% yoy) respectively. Shipment for infrastructure projects was 2.39m tonnes (-1.2% wow/-8.8% yoy). Majority of the projects in northern regions have halted operations as they enter the winter season, whereas southern regions were hit by rainy weather despite improving project liquidity.

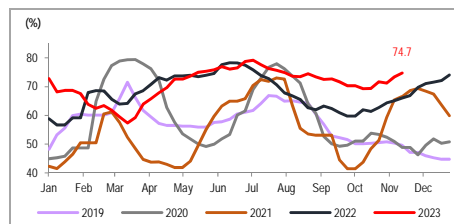
- **Rising inventory pressure despite slowing output.** Based on 100NJZ's survey on 274 cement enterprises, clinker production capacity utilisation was down 7.48ppt wow to 60.79% for the week ended 16 November. Average cement storage capacity ratio for the eastern/central south region was up 1.2ppt wow to 74.7%/76.6%.

CEMENT STORAGE CAPACITY RATIO – NATIONAL AVERAGE



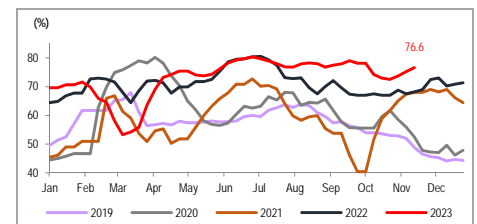
Source: Wind, UOB Kay Hian

CEMENT STORAGE CAPACITY RATIO – EAST CHINA



Source: Wind, UOB Kay Hian

CEMENT STORAGE CAPACITY RATIO – CENTRAL-SOUTH CHINA



Source: Wind, UOB Kay Hian

ESSENTIALS

- **We maintain MARKET WEIGHT on the base metals sector.** Although fears of further rate hikes have eased and thus helped to support metals prices, we are still concerned on global copper demand given the prospects of a prolonged high interest rate environment and gloomy global economic outlook, especially with China's property sector remaining in the doldrums. The downcycle is likely to last until 2H24, while the rebound in crude oil prices would also inflate miners' production costs and erode margins.
- **We maintain MARKET WEIGHT on the cement sector.** Cement shipment volume is reversing down as we enter the winter season, whereby projects in the northern region are gradually halting operations. We have yet to witness significant acceleration in construction progress, with demand to be mainly driven by existing projects while most of the new projects have been deferred to next year. Cement manufacturers and distributors are now focussing on receivables collection and inventory digestion.
- **We maintain UNDERWEIGHT on the steel sector.** Growing production output amid weakening downstream demand during the low season will add on inventory, and steel prices are likely to be under pressure in Dec 23. Steel mills are also generally pessimistic on demand prospects for 4Q23, especially with the intensifying competition between industry players. We are still monitoring the price movement of iron ore futures and doubt the effectiveness of NDRC's recent intervention.

COMPANY RESULTS

Xiaomi Corp (1810 HK)

3Q23: Another Beat On Solid Execution

Xiaomi's 3Q23 results beat expectations, with adjusted net profit 20% above our and consensus estimates on the back of better-than-expected margins for its smartphone business. The recovery in consumer spending is on track, and the implementation of AI in smartphones can bolster replacement demand going forward. Maintain BUY. Raise target price to HK\$21.60 as we factor in the EV business' valuation.

3Q23 RESULTS

Year to 31 Dec	3Q22	2Q23	3Q23	yoy%	qoq %	9M22	9M23	yoy%
Revenue	70,474	67,355	70,894	0.6	5.3	213,997	197,726	(7.6)
Smartphones	42,514	36,596	41,649	(2.0)	13.8	130,545	113,229	(13.3)
IoT & Lifestyle products	19,059	22,254	20,673	8.5	(7.1)	58,348	59,761	2.4
Internet services	7,067	7,444	7,756	9.7	4.2	21,150	22,228	5.1
Other	1,835	1,061	817	(55.5)	(23.1)	3,954	2,509	(36.6)
Gross Profit	11,722	14,161	16,110	37.4	13.8	36,200	41,862	15.6
Adjusted Net Profit	2,117	5,140	5,990	182.9	16.5	7,057	14,363	103.5
GPM (%)	16.6	21.0	22.7	6.1	1.7	16.9	21.2	4.3
Smartphones	8.9	13.3	16.6	7.7	3.3	9.2	13.9	4.7
IoT & Lifestyle products	13.5	17.6	17.8	4.3	0.3	14.5	17.1	2.7
Internet services	72.1	74.1	74.4	2.4	0.3	71.9	73.6	1.7

Source: Xiaomi, UOB Kay Hian

RESULTS

- **3Q23 results another strong beat.** Xiaomi Corp's (Xiaomi) 3Q23 results was largely in line at Rmb70.9b (+0.6% yoy and +5.3% qoq). However, the margin of the smartphone business was a big beat at 16.6% (2.6ppt above our estimates), driven by a better profit mix (more new products) and a recovery in impairment costs. With operating expenses well-controlled at 15.6% of revenue (+0.5ppt qoq, in line), adjusted net profit surged 1.8x yoy and 16.5% qoq to Rmb5,990m, which is 19.8% above our estimates.

STOCK IMPACT

- **Better outlook for smartphones in 2024; AI to bolster replacement demand going forward.** Management highlighted that the strong recovery in sales in the past month showcased that consumers' appetite for new features in smartphones remained high. The development of AI and LLMs in smartphones will bring a lot of new features to smartphones in the coming years which can bolster replacement demand going forward.

KEY FINANCIALS

Year to 31 Dec (Rmbm)	2021	2022	2023F	2024F	2025F
Net turnover	328,309	280,044	276,907	317,384	356,111
EBITDA	23,263	9,955	20,174	23,634	25,137
Operating profit	20,201	6,247	16,317	19,508	20,727
Net profit (rep./act.)	19,339	2,474	16,311	17,065	17,824
Net profit (adj.)	22,040	8,518	17,432	17,065	17,824
EPS (Fen)	88.4	34.3	69.8	68.3	71.3
PE (x)	15.3	42.9	19.3	20.8	19.9
P/B (x)	3.9	2.9	2.4	2.5	2.2
EV/EBITDA (x)	12.9	30.1	14.9	12.7	11.9
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
Net margin (%)	5.9	0.9	5.9	5.4	5.0
Net debt/(cash) to equity (%)	(20.6)	(23.6)	(45.7)	(45.5)	(38.9)
Interest cover (x)	12.5	(5.6)	(8.6)	(6.4)	(7.3)
ROE (%)	16.9	6.1	11.5	10.1	9.6
Consensus adjusted net profit	-	-	15,635	14,748	16,912
UOBKH/Consensus (x)	-	-	1.11	1.16	1.05

Source: Xiaomi, Bloomberg, UOB Kay Hian

BUY

(Maintained)

Share Price	HK\$16.18
Target Price	HK\$21.60
Upside	30.4%
(Previous TP	HK\$ 16.80)

COMPANY DESCRIPTION

Xiaomi Corporation manufactures communication equipment and parts. The company produces and sells mobile phones, smart phone software, set-top boxes and related accessories. Xiaomi markets its products worldwide.

STOCK DATA

GICS sector	Communications Equipment
Bloomberg ticker:	1810 HK
Shares issued (m):	24,988
Market cap (HK\$m):	404,310
Market cap (US\$m):	59,457
3-mth avg daily t'over (US\$m):	167.7

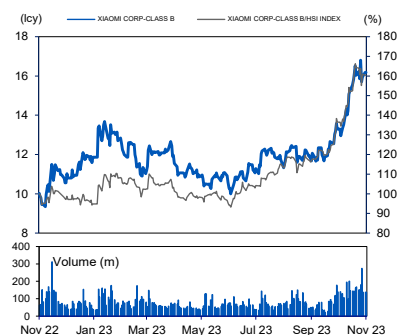
Price Performance (%)

52-week high/low			HK\$17.00/HK\$9.00	
1mth	3mth	6mth	1yr	YTD
21.7	37.8	49.0	57.1	47.9

Major Shareholders

	%
Lin Bin	8.78
FY23 NAV/Share (RMB)	7.28
FY23 Net Cash/Share (RMB)	3.32

PRICE CHART



Source: Bloomberg

ANALYST(S)

Johnny Yum
+852 2236 6706
johnny.yum@uobkayhian.com.hk

- **Premiumisation remains key focus; contribution from offline channels further expanded.** Thanks to improving supply chain efficiency, Xiaomi's offline-store GMV increased 28% yoy during the quarter, and its contribution to premium smartphone sales in China expanded from 46% in 2Q23 to 55% in 3Q23.
- **Growth in internet service business could accelerate** as Xiaomi expands its monetisation for its overseas user base with the introduction of more overseas partners to Xiaomi's internet service platform. At the same time, we expect Xiaomi to benefit from accelerated share gain in the overseas market, as well as the recovery in China's advertising spending and gaming industry.

EARNING REVISION/RISK

- **We raise our smartphone shipment assumption to 147m/156m/162m units** (from 145m/155m/162m units) as we are now more optimistic on Xiaomi's share gains in the overseas market.
- **We raise our internet service business sales assumption by 2.1%/0.2%/0.2%** for 2023-25 to factor in a faster-than-expected growth in the overseas market.
- **We introduce our 2023-25 EV sales assumptions** with sales at Rmb12.5b/30b/40b and margins at -15%/-5%/10% respectively. Our sales assumption implies shipment of 50,000/120,000/160,000 units, and an ASP of Rmb250,000.
- **We adjust our blended margins assumption by +0.7ppt/-0.9ppt/-1.7ppt in 2023-25**, as we factor in a higher margin assumption for smartphones, which is more than offset by contribution from the low-margin EV business in 2024-25. Note that we still expect smartphone margins to moderate to 14.2%/13.8%/13.0% in 4Q23/2024/2025 from a higher material costs.
- **Our 2023-25 adjusted net profit estimates are lifted by 7.3%/11.8%/18.5% to Rmb17.4b/17.1b/17.8b respectively.**

VALUATION/RECOMMENDATION

- **Maintain BUY and raise target price to HK\$21.60.** We factor in Xiaomi's EV business and utilise SOTP valuation with the following components: a) HK\$21.1 for the core business, which is based on 21.3x 2024F PE, largely on a par with five-year average historical forward mean; and b) HK\$0.5 for the EV business which is based on 10-year DCF valuation based on a WACC of 16%. The valuation for the EV business also implies 1x 2024F P/S.

DCF ASSUMPTIONS FOR EV BUSINESS

(Rmbm)	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Revenue											
EV	-	12,500	30,000	40,000	50,000	60,000	70,000	87,500	105,000	115,000	125,000
Service	-	5	85	264	530	924	1,575	2,520	3,822	5,472	7,506
Total revenue	-	12,505	30,085	40,264	50,530	60,924	71,575	90,020	108,822	120,472	132,506
EV	-	(1,875)	(1,500)	4,000	7,500	10,800	13,300	17,500	21,000	23,000	25,000
GPM (%)	-	(15)	(5)	10	15	18	19	20	20	20	20
Internet service	-	-	60	185	371	647	1,103	1,764	2,675	3,830	5,254
GPU (%)	-	-	70	70	70	70	70	70	70	70	70
Total GP	-	(1,875)	(1,441)	4,185	7,871	11,447	14,403	19,264	23,675	26,830	30,254
Opex	(6,000)	(7,000)	(8,000)	(9,000)	(9,000)	(9,000)	(9,000)	(8,000)	(8,000)	(8,000)	(8,000)
Operating profit	(6,000)	(8,875)	(9,441)	(4,815)	(1,129)	2,447	5,403	11,264	15,675	18,830	22,254
Tax expenses	-	-	-	-	-	-	810	1,690	2,351	2,825	3,338
Capex	(5,000)	(4,500)	(4,000)	(3,500)	(3,000)	(3,000)	(3,000)	(2,500)	(2,500)	(2,000)	(2,000)
FCF	(11,000)	(13,375)	(13,441)	(8,315)	(4,129)	(553)	2,403	8,764	13,175	16,830	20,254
Terminal value											160,971
Cashflow	(11,000)	(13,375)	(13,441)	(8,315)	(4,129)	(553)	2,403	8,764	13,175	16,830	181,225
----- EV ----- Core -----											
Intrinsic value (Rmb)	\$11,538		EPS (Rmb)		0.90						
CNY to HKD	1.1		CNY to HKD		1.10						
Intrinsic value (HK\$)	\$12,691		EPS (HK\$)		0.99						
Valuation	\$0.5		Valuation		21.10						
EV/Sales (2024) (x)	1.0		PE Multiple (x)		21.30						

Source: Xiaomi, UOB Kay Hian *core EPS excludes operating expenses into EV business.

PROFIT & LOSS

Year to 31 Dec (Rmbm)	2022	2023F	2024F	2025F
Net turnover	280,044	276,907	317,384	356,111
EBITDA	9,955	20,174	23,634	25,137
Deprec. & amort.	(3,707)	(3,857)	(4,126)	(4,410)
EBIT	6,247	16,317	19,508	20,727
Total other non-operating income	(3,431)	3,422	-	-
Associate contributions	(400)	74	-	-
Net interest income/(expense)	1,117	1,887	3,058	2,844
Pre-tax profit	3,934	21,570	22,566	23,571
Tax	(1,431)	(5,177)	(5,416)	(5,657)
Minorities	(29)	(82)	(86)	(90)
Net profit	2,474	16,311	17,065	17,824
Net profit (adj.)	8,518	17,432	17,065	17,824

BALANCE SHEET

Year to 31 Dec (Rmbm)	2022	2023F	2024F	2025F
Fixed assets	9,138	14,828	20,326	24,115
Other LT assets	103,954	102,407	100,784	99,084
Cash/ST investment	27,607	67,016	74,500	99,515
Other current assets	132,808	117,921	137,519	139,826
Total assets	273,507	302,337	332,909	362,817
ST debt	2,151	2,293	2,293	2,293
Other current liabilities	87,477	99,607	113,341	124,967
LT debt	21,493	21,493	21,493	21,493
Other LT liabilities	18,463	18,463	18,463	18,463
Shareholders' equity	143,658	160,014	177,077	194,903
Minority interest	265	347	432	522
Total liabilities & equity	273,507	302,336	332,981	362,760

CASH FLOW

Year to 31 Dec (Rmbm)	2022	2023F	2024F	2025F
Operating	(4,390)	45,307	12,555	28,487
Pre-tax profit	3,934	21,570	22,566	23,571
Tax	(3,420)	(5,177)	(5,416)	(5,657)
Deprec. & amort.	3,707	3,857	4,126	4,410
Associates	400	(74)	-	-
Working capital changes	(21,255)	26,944	(5,663)	9,007
Non-cash items	12,244	(1,813)	(3,058)	(2,844)
Other operating cashflows	-	-	-	-
Investing	15,549	(8,000)	(8,000)	(6,500)
Capex (growth)	(5,800)	(8,000)	(8,000)	(6,500)
Investments	(80,563)	-	-	-
Proceeds from sale of assets	98,068	-	-	-
Others	3,843	-	-	-
Financing	(7,855)	2,029	3,058	2,844
Dividend payments	-	-	-	-
Issue of shares	84	-	-	-
Proceeds from borrowings	19,858	20,000	20,000	20,000
Loan repayment	(22,649)	(19,858)	(20,000)	(20,000)
Others/interest paid	(5,147)	1,887	3,058	2,844
Net cash inflow (outflow)	3,304	39,337	7,613	24,831
Beginning cash & cash equivalent	23,512	27,607	67,016	74,500
Changes due to forex impact	791	-	-	-
Ending cash & cash equivalent	27,607	66,944	74,629	99,331

KEY METRICS

Year to 31 Dec (%)	2022	2023F	2024F	2025F
Profitability				
Gross margin	17.0	21.3	19.9	18.6
Pre-tax margin	1.9	7.7	7.1	6.6
Net margin	0.9	5.9	5.4	5.0
ROA	3.0	6.1	5.4	5.1
ROE	6.1	11.5	10.1	9.6
Growth				
Turnover	(14.7)	(1.1)	14.6	12.2
EBITDA	(18.3)	23.9	7.2	4.9
Pre-tax profit	(83.9)	448.3	4.6	4.5
Net profit	(87.2)	559.3	4.6	4.5
Net profit (adj.)	(61.4)	104.6	(2.1)	4.5
EPS	(61.2)	103.3	(2.1)	4.5
Leverage				
Debt to total capital	8.6	7.9	7.1	6.6
Debt to equity	16.5	14.9	13.4	12.2
Net debt/(cash) to equity	(23.6)	(45.7)	(45.5)	(38.9)
Interest cover (x)	(5.6)	(8.6)	(6.4)	(7.3)

TRADERS' CORNER



Chart by Bloomberg

Li Auto Inc. (2015 HK)

Trading Buy range: HK\$153.00-160.00

Last price: HK\$160.90

Target price: HK\$168.00/HK\$180.00

Protective stop: Breaks below HK\$140.00

Stock Highlights:

Li Auto started taking pre-orders for Li MEGA last Friday. The car will be priced below Rmb600,000 and orders exceeded 10,000 units within two hours.

Technical View:

Share price saw an adjustment between August and October. Price has risen above its 10-day (light blue), 20-day (orange), 50-day (red) and 100-day (pink) moving averages, but is restricted by the 200-day moving average (purple). The 14-day RSI is above the midline level of 50 and is currently around 62, indicating strong momentum. The MACD line is higher than the signal line, showing a double bullish signal.

Average timeframe: Around two weeks.



Chart by Bloomberg

JD.COM, Inc. (9618 HK)

Trading Buy range: HK\$103.00-108.00

Last price: HK\$108.60

Target price: HK\$113.00/HK\$115.00

Protective stop: Breaks below HK\$98.00

Stock Highlights:

In 3Q23, net income attributable to the company's ordinary shareholders increased 31.7% to Rmb7.9b.

Technical View:

Share price recovered from 24 Oct 23's low, and has now risen above its 10-day (light blue), 20-day (orange), 50-day (red), 100-day (pink), and 200-day (purple) moving averages. The 14-day RSI is above the midline level of 50 and is currently around 55, with increasing momentum. The MACD line is higher than the signal line, showing a bullish crossover.

Average timeframe: Around two weeks.

ANALYST(S)

Terence Chiu

+852 2236 6716

terence.chiu@uobkayhian.com.hk

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