

Company Report: Shanghai Electric (02727 HK)

公司报告: 上海电气 (02727 HK)

Jun Zhu 朱俊杰

(852) 2509 7592

junjie.zhu@gtjas.com.hk

14 April 2021

Benefit from Surging Power Sector Investment, Maintain "Buy"

将受益于电力板块投资的攀升, 维持“买入”

- **2020 operating results met our expectation.** The revenue of Shanghai Electric in 2020 went up 7.7% YoY to RMB137.3 bn and net earnings to shareholders increased 7.3% YoY to RMB3,758 mn. The net profit of the Company in 2020 met our expectation and was approximately 97% of our full-year earnings forecast for 2020. Following recording 17.6% YoY decline in net earnings in 1H2020, 2H2020 net profit of Shanghai Electric surged 35.1% YoY or 46.9% HoH to RMB2,236 mn, successfully offsetting the impact brought by the COVID-19 pandemic in 2020. Consolidated gross margin of in 2020 fell YoY by 2.0 ppt to 17.0% while net margin in 2020 stayed flat at 2.7%.
- **New orders in 2020 hit RMB185.55 bn, up YoY by 8.7%.** In particular, new orders from energy equipment, industrial equipment and integrated services accounted for 40.8%, 24.7% and 34.5%, respectively. Orders on hand amounted to RMB276.09 bn at the end of 2020, up YoY by 14.7%. It is worth noting that wind power equipment contributed 15.7% of new orders and 12.9% of orders on hand, while energy storage equipment contributed 1.6% of new orders and 0.6% of orders on hand.
- **We reiterate the "Buy" investment rating and raise our TP to HK\$3.35.** We remain confident on the outlook of Shanghai Electric as it continues to evolve to capture new opportunities under the carbon neutrality national strategy. Our EPS estimates from 2021 to 2023 are RMB0.282, RMB0.328 and RMB0.362, respectively. The new TP of HK\$3.35 corresponds to 10.0x/ 8.5x/ 7.7x 2021-2023 PER or 0.6x/ 0.5x/ 0.5x 2021-2023 PBR, respectively.
- **2020 年业绩符合我们预期。**上海电气于 2020 年的收入同比升 7.7% 至人民币 1,373 亿元, 而股东净利润则同比上升 7.3% 至人民币 37.58 亿元。公司于 2020 年的盈利符合我们的预期, 并相当于我们 2020 年盈利预测值的 97%。继 2020 上半年净利润录得同比 17.6% 的下降之后, 公司在 2020 年下半年的净利润同比增长 35.1% 或环比增长 46.9% 至人民币 22.36 亿元, 成功弥补了年内新冠疫情所带来的影响。期内的综合毛利率同比降 2.0 个百分点至 17.0%, 而净利率则持平在 2.7%。
- **2020 年的新签订单同比增 8.7% 至人民币 1,855.5 亿元。**其中, 来自能源装备、工业装备以及集成服务的新增订单分别占总新增订单的 40.8%、24.7% 和 34.5%。截至 2020 年底, 在手订单总额为人民币 2,760.9 亿元, 同比增长 14.7%。值得注意的是, 风电设备贡献了期内总新增订单的 15.7% 和在手订单的 12.9%, 而储能设备贡献了新增订单的 1.6% 和在手订单的 0.6%。
- **我们重申“买入”的投资评级并上调目标价至 3.35 港元。**考虑到公司为把握住碳中和国策所带来的新机遇的持续转型, 我们对上海电气的未来依旧充满信心。我们经调整的 2021 至 2023 年的每股盈利预测为人民币 0.282 元、人民币 0.328 元和人民币 0.362 元。3.35 港元的新目标价相当于 10.0 倍/ 8.5 倍/ 7.7 倍的 2021 至 2023 年市盈率或 0.6 倍/ 0.5 倍/ 0.5 倍的 2021 至 2023 年的市净率。

Rating:

Buy

Maintained

评级:

买入 (维持)

6-18m TP 目标价:

HK\$3.35

Revised from 原目标价:

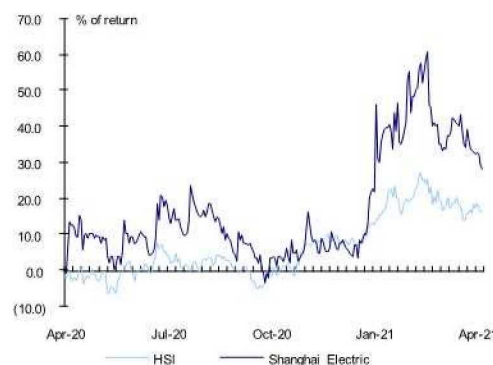
HK\$3.25

Share price 股价:

HK\$2.700

Stock performance

股价表现



Change in Share Price	1 M	3 M	1 Y
股价变动	1 个月	3 个月	1 年
Abs. %	(6.6)	(5.3)	26.2
绝对变动 %			
Rel. % to HS Index	(5.7)	(6.2)	8.9
相对恒指变动 %			
Avg. Share price(HK\$)	2.86	2.97	2.46
平均股价 (港元)			

Source: Bloomberg, Guotai Junan International.

Year End	Turnover	Net Profit	EPS	EPS	PER	BPS	PBR	DPS	Yield	ROE
年结	收入	股东净利	每股净利	每股净利变动	市盈率	每股净资产	市净率	每股股息	股息率	净资产收益率
12/31	(RMB m)	(RMB m)	(RMB)	(Δ %)	(x)	(RMB)	(x)	(RMB)	(%)	(%)
2019A	127,509	3,501	0.235	16.3	10.3	4.181	0.6	0.000	0.0	5.8
2020A	137,285	3,758	0.248	5.5	9.1	4.374	0.5	0.074	3.3	5.8
2021F	149,719	4,277	0.282	13.7	8.0	4.810	0.5	0.099	4.4	6.1
2022F	159,501	4,979	0.328	16.3	6.9	5.276	0.4	0.115	5.1	6.5
2023F	170,922	5,496	0.362	10.4	6.2	5.768	0.4	0.127	5.6	6.6
Shares in issue (m) 总股数 (m)				15,181.4	Major shareholder 大股东				SEC Group 57.8%	
Market cap. (HK\$ m) 市值 (HK\$ m)				40,989.8	Free float(%) 自由流通比率(%)				38.2	
3 month average vol. 3 个月平均成交股数 ('000)				25,021.0	FY21 Net gearing (%) FY21 净负债/股东资金 (%)				Net cash	
52 Weeks high/low (HK\$) 52 周高/低 (HK\$)				3.560 / 2.030	FY21 EV / EBITDA (x) FY21 企业值 / EBITDA (x)				6.8	

Source: the Company, Guotai Junan International.



2020 operating results met our expectation. Revenue of Shanghai Electric ("SHE", or the "Company") went up YoY by 7.7% to RMB137.3 bn and net earnings to shareholders increased 7.3% YoY to RMB3,758 mn. The net profit of the Company in 2020 met our expectation and was approximately 97% of our full-year earnings forecast for 2020. Following recording 17.6% YoY decline in net earnings in 1H2020, 2H2020 net profit of Shanghai Electric surged 35.1% YoY or 46.9% HoH to RMB2,236 mn, successfully offsetting the impact brought by the COVID-19 pandemic in 2020. Revenue from the domestic market in 2020 went up 4.9% YoY to RMB115.6 bn while that from overseas markets surged 25.6% YoY to RMB21.6 bn. During the period, energy equipment sales went up YoY by 21.3% to RMB55,960 mn, industrial equipment sales dropped 9.1% YoY to RMB42,177 mn, and integrated services sales jumped 17.9% YoY to RMB52,232 mn. Consolidated gross margin in 2020 fell YoY by 2.0 ppt to 17.0% due to the gross margin decline in all business segments. In which, gross margin of integrated services was down 4.9 ppt YoY to 12.0%. The gross margin of the other two business segments experienced mild decline in 2020, with each segment down YoY by between 0.7 ppt and 0.8 ppt. Net margin in 2020 stayed flat at 2.7%. Growth of Shanghai Electric is expected to be sustained amid the continued transformation of the Company to adjust to the new market environment. The spin-off and listing of its subsidiary, Shanghai Electric Wind Power Group, on the Science and Technology Innovation Board in Shanghai successfully passed listing approval by the Listing Committee of the Science and Technology Innovation Board of the Shanghai Stock Exchange on November 2020.

New orders in 2020 reached RMB185.55 bn, up YoY by 8.7%. In particular, new orders from energy equipment, industrial equipment and integrated services accounted for 40.8%, 24.7% and 34.5%, respectively. Among the newly signed orders in 2020, wind power/ nuclear power/ energy storage/ coal power/ energy engineering & services contributed 15.7%/ 4.0%/ 1.6%/ 7.5%/ 25.1%, respectively. Orders on hand amounted to RMB276.09 bn as at the end of 2020, up YoY by 14.7%. In particular, orders on hand from energy equipment, industrial equipment and integrated services accounted for 48.2%, 4.4% and 47.5%, respectively. Among the backlog orders at the end of 2020, wind power/ nuclear power/ energy storage/ coal power/ energy engineering & services made up 12.9%/ 7.9%/ 0.6%/ 20.3%/ 41.3%, respectively. Under the 2060 carbon neutrality long-term objective of China, we expect domestic investment on renewables, energy storage and power grids to continue to witness robust growth in the coming decade. We believe domestic power sector investment will continue to grow rapidly in 2021 following the record breaking investments seen in 2020. As a leader in the domestic power equipment industry, we trust that Shanghai Electric is certain to benefit from China's surging investment on renewables and power grids over next few years.

Domestic power sector investment in 2021 is expected to be no less than RMB1.6 trillion. During the first 2 months of 2021, power sector investment amounted to RMB70.7 bn, up YoY by 99.2%. In which, power engineering and power grid investment in 1M-2M2021 reached RMB48 bn (+117.1% YoY) and RMB22.7 bn (+64.9% YoY), respectively. Wind power engineering in 1M-2M2021 reached RMB17.1 bn, up YoY by 109.7%. Newly installed power capacity in 1M-2M2021 reached 15.59 GW, up 97.3% YoY. All power sources recorded growth in new installations during the period. As at the end of February 2021, nationwide cumulative installed power generating capacity reached 2,220 GW, up YoY by 15.9%. Of the total cumulative installed power capacity, thermal, hydro, nuclear, wind and solar made up 56.6%, 16.7%, 2.3%, 12.8% and 11.6%, respectively. The share of thermal power in the power structure of China dropped 9.2 ppt from that in December 2015 (i.e. 65.8%) and the declining trend is expected to continue amid the carbon neutrality long-term objective of China. In an effort to further spur economic growth and optimize the energy structure of China during the 14th Five-Year Plan period, we expect domestic power sector investment in 2021 to be between RMB1.6 trn and RMB1.9 trn. Precisely, approximately RMB600 bn to RMB700 bn will be spent on power engineering and approximately RMB1 trn to RMB1.2 trn to be invested on power grids. We are confident about this aggressive forecast and 1M-2M2021 power sector investment statistics are supportive to our bullish projection. We remain optimistic on the outlook of the power equipment industry in China and do foresee rising opportunities for domestic power equipment makers amid the carbon neutrality national strategy of China.

We expect total net earnings to grow at a CAGR of 13.5% from 2020 to 2023 amid stable revenue growth and gradual margin recovery. We expect total revenue of Shanghai Electric to grow at a CAGR of 7.6% from 2020 to 2023. Segment-wise, we expect the revenue CAGR of energy equipment, industrial equipment and integrated services from 2020 to 2023 to be 7.5%/ 4.1%/ 7.7%, respectively. We expect consolidated gross margin of the Company to increase from 17.0% in 2020 to 17.8%/ 18.0%/ 18.1% from 2021 to 2023, respectively. Gross margin recovery was mainly to be driven by the gradual margin improvement expected from the industrial equipment segment and integrated services segment. As the profitability of thermal equipment may remain under pressure in the years to come, the gross margin of the energy equipment segment is projected to fall from 17.0% in 2020 to 16.9%/ 16.7%/ 16.6% from 2021 to 2023, respectively. With the operating expenses expected to remain stable throughout our 3-year forecast period, the net profit of Shanghai Electric is thus projected to be RMB4,277 mn/ RMB4,979 mn/ RMB5,496 mn, respectively, representing YoY growth of 13.8%/ 16.4%/ 10.4%. Our revised EPS estimates from 2021 to 2023 are RMB0.282,



RMB0.328 and RMB0.362, respectively.

We reiterate the investment rating of "Buy" and raise our TP to HK\$3.35. We expect Shanghai Electric to continue to benefit from the ongoing SOE reform, its further transformation (to penetrate into more new and emerging industries), and the expected rise in domestic investment on renewable energies, energy storage, environmental protection (i.e. waste treatment and garbage incineration, etc.), EV-related power equipment (i.e. electric motors, battery packs and charging stations, etc.) and power grids during the 14th Five Year Plan. We are confident that the market share of Shanghai Electric in wind power, energy storage and power grids will continue to be strengthened over time as the Company continues to invest in these fields. We expect Shanghai Electric to capture the new opportunities brought by the 2060 carbon neutrality national strategy given its continued transformation and further penetration into new and emerging businesses that are in line with the new market environment and market demand. We are optimistic about the outlook of the Company amid China's determination to further ramp up the renewables in the share of its primary energy consumption over next 10 years (i.e. China is currently targeting to achieve 20% non-fossil fuel in its primary energy consumption by 2030) as well as the expected surge in domestic power sector investment (i.e. no less than RMB1.6 trillion per year) during the 14th Five-Year Plan. In terms of shipment capacity, the Company was ranked the 7th largest wind turbine maker in the world in 2020 according to BloombergNEF. We expect Shanghai Electric's wind power global market share may continue to expand following the spin-off and separate listing of Shanghai Electric Wind Power Group on the Science and Technology Innovation Board in Shanghai. Since we are quite bullish on the outlook of Shanghai Electric, we reiterate our investment rating of "Buy" and raise our TP to HK\$3.35. The new TP corresponds to 10.0x/ 8.5x/ 7.7x 2021-2023 PER or 0.6x/ 0.5x/ 0.5x 2021-2023 PBR, respectively.

Table-1: 2020 Operating Results and Brief Comments

(RMB mn)	2020	2019	YoY Δ	Comments
Revenue	137,285	127,509	+7.7%	All business segments recorded growth in revenue
COGS	(114,028)	(103,357)	+10.3%	
Gross profit	23,257	24,152	-3.7%	Gross margin was down by 2.0ppt YoY
Selling expense	(4,873)	(4,064)	+19.9%	
Admin expense	(8,102)	(8,192)	-1.1%	
R&D expense	(4,854)	(4,088)	+18.7%	
EBIT	5,427	7,808	-30.5%	
Other income and gains	2,506	590	+325.0%	Investment income surged 290% YoY to RMB1,678 mn
Finance income / (cost)	(1,870)	(1,470)	+27.2%	
Share of affiliate / JV	283	164	+72.9%	
Profit before tax	6,346	7,092	-10.5%	
Income tax	(1,080)	(1,279)	-15.5%	
Minority interest	(1,508)	(2,312)	-34.8%	
Net income	3,758	3,501	+7.3%	
Basic EPS (RMB)	0.2477	0.2348	+5.5%	
Margins (YoY)				YoY ppt Δ
Gross margin	16.9%	18.9%	-2.0 ppt	Gross margin of integrated services retreated YoY by 4.6ppt
EBIT margin	4.0%	6.1%	-2.1 ppt	
PBT margin	4.6%	5.6%	-1.0 ppt	
Net margin	2.7%	2.7%	Unchanged	

Source: the Company, Guotai Junan International.

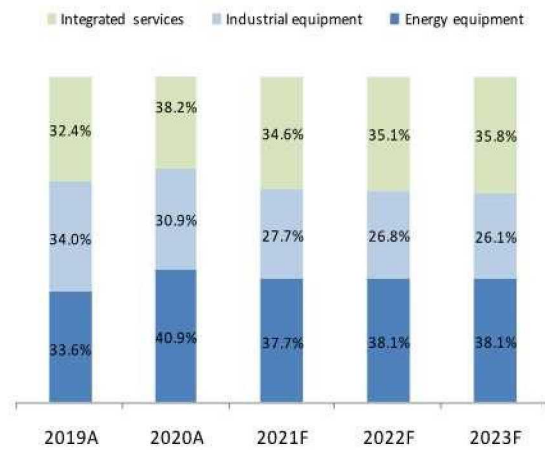


Figure-1: Historical and Projected Revenues – SHE



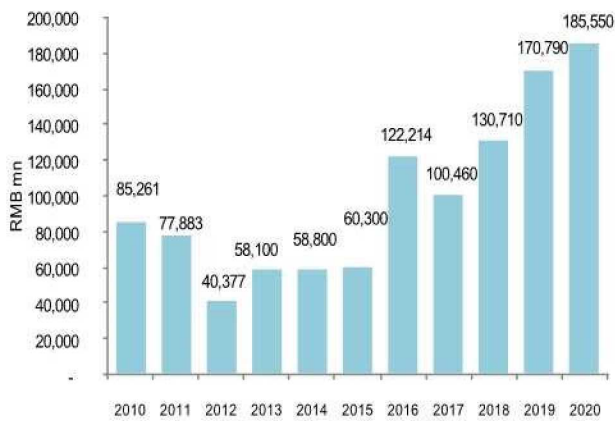
Source: the Company, Guotai Junan International.

Figure-2: Historical and Projected Revenue – SHE



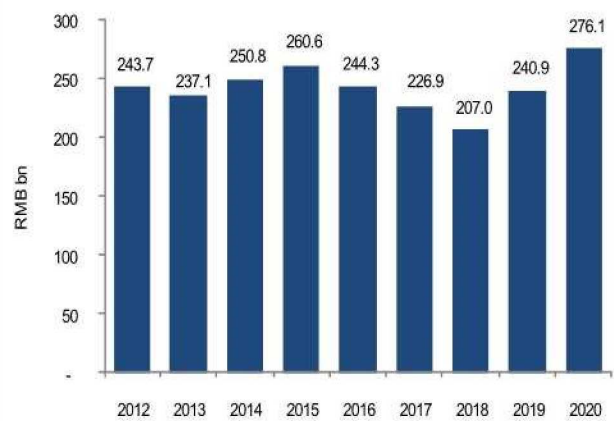
Source: the Company, Guotai Junan International.

Figure-3: Historical New Orders – SHE



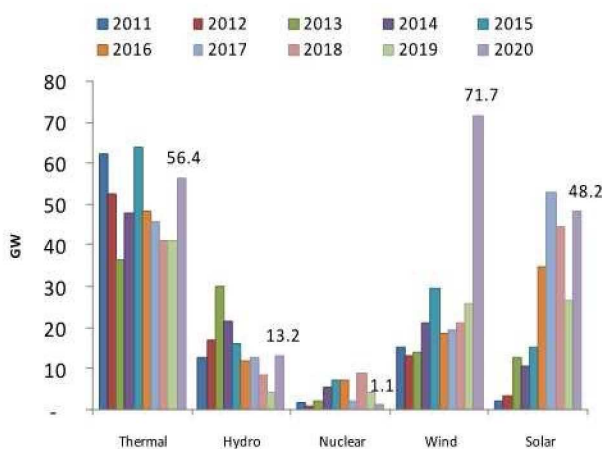
Source: the Company, Guotai Junan International.

Figure-4: Historical Orders Backlog – SHE



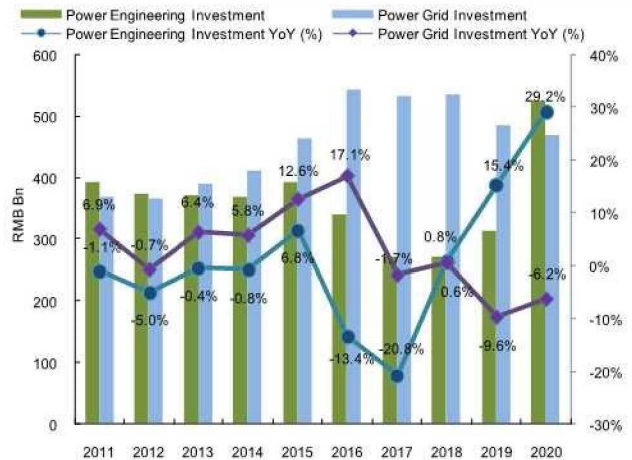
Source: the Company, Guotai Junan International.

Figure-5: Historical Power Installations in PRC



Source: NEA, China Electricity Council, Guotai Junan International.

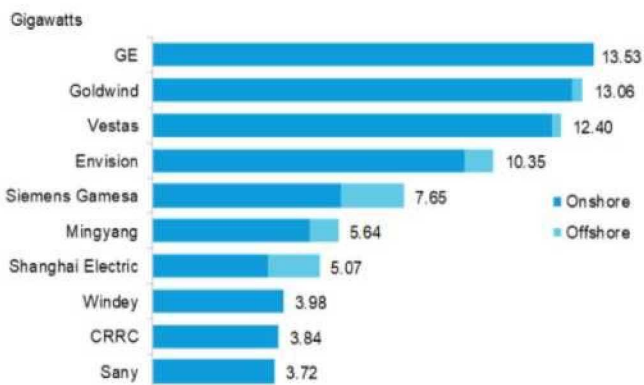
Figure-6: Historical Power Sector Investment in PRC



Source: NEA, China Electricity Council, Guotai Junan International.

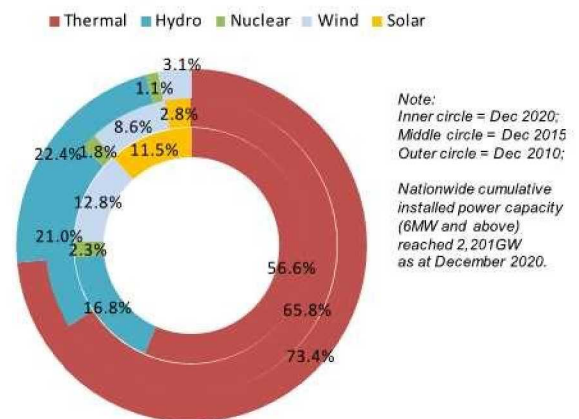


Figure-7: Top 10 Global Wind Turbine Makers in 2020



Source: BloombergNEF, Guotai Junan International.

Figure-8: Power Structure of China (2010 to 2020)



Source: CEC, NEA, Guotai Junan International.

Figure-9: Forward PER of Shanghai Electric



Source: Bloomberg, Guotai Junan International.

Figure-10: Forward PBR of Shanghai Electric



Source: Bloomberg, Guotai Junan International.

Table-2: Peers Comparison

Company	Stock Code	Currency	Last price (in local \$)	PE (fiscal year)				PB (fiscal year)				ROE (%)	D/Y (%)	Market Cap HKD mn
				20A	21F	22F	23F	20A	21F	22F	23F	21F	21F	
HK Listed Peers														
Dongfang Electric Corp - H	01072 HK	HKD	7.01	10.4	9.7	9.0	7.1	0.6	0.6	0.5	0.5	8.0	3.7	42,168
Harbin Electric	01133 HK	HKD	2.10	n.a.	17.8	10.4	7.4	0.2	0.2	0.2	0.2	1.1	0.8	3,584
Shanghai Electric – H	02727 HK	HKD	2.70	9.6	9.3	8.4	7.2	0.5	0.5	0.5	0.5	5.5	2.8	88,445
Xinjiang Goldwind - H	02208 HK	HKD	13.86	18.3	13.6	12.3	11.6	1.6	1.4	1.3	1.2	9.5	2.4	64,219
Simple Average				12.8	12.6	10.1	8.3	0.7	0.7	0.6	0.6	6.0	2.4	
Weighted Average				12.6	10.9	9.8	8.6	0.9	0.8	0.7	0.7	7.2	2.8	
Global Peers														
Alstom	ALO.FP	EUR	45.30	23.5	26.8	21.8	16.6	3.4	2.1	2.0	1.9	8.8	1.0	155,603
Bharat Heavy Electricals	BHEL	INR	45.10	n.a.	n.a.	21.2	13.5	0.5	0.6	0.6	0.5	(5.2)	1.2	16,275
Doosan Heavy Industries	034020 KS	KRW	13,450.00	n.a.	n.a.	n.a.	n.a.	1.6	n.a.	n.a.	n.a.	n.a.	n.a.	34,845
General Electric	GE US	USD	13.59	23.4	55.2	26.5	18.1	3.4	6.6	7.1	6.0	7.4	0.3	928,027
Hyundai Heavy Industries	009540 KS	KRW	133,000.00	n.a.	41.2	33.7	22.6	0.9	0.8	0.8	0.8	1.8	0.6	65,092
Mitsubishi Heavy Industries	7011 JT	JPY	3,386.00	13.1	54.5	14.0	11.5	0.9	1.0	0.9	0.9	1.6	2.2	81,242
Siemens Ag	SIE GY	EUR	139.24	27.8	20.9	18.6	16.9	3.1	2.8	2.6	2.4	13.3	2.6	1,095,198
Wartsila Oyj Abp	WRT1V FH	EUR	9.26	40.3	24.2	18.5	15.0	2.5	2.4	2.3	2.1	10.1	2.8	50,693
Simple Average				25.6	37.1	22.0	16.3	2.0	2.3	2.3	2.1	5.4	1.5	
Weighted Average				25.5	36.5	22.2	17.3	3.0	4.1	4.2	3.7	9.8	1.5	

Source: Bloomberg, Guotai Junan International. Prices as at April 13th, 2021.



Financial Statements and Ratios

Income Statement						Balance Sheet					
Year end 31 Dec (RMB m)	2019A	2020A	2021F	2022F	2023F	Year end 31 Dec (RMB m)	2019A	2020A	2021F	2022F	2023F
Total Revenue	127,509	137,285	149,719	159,501	170,922	PPE	24,039	27,112	28,723	29,629	30,617
COGS	(103,357)	(114,028)	(123,055)	(130,816)	(139,964)	Investment in affiliates	15,119	13,714	14,674	15,701	16,800
Gross profit	24,152	23,257	26,664	28,685	30,958	Intangible & goodwill	11,506	13,687	13,288	12,913	12,549
Selling expense	(4,064)	(4,873)	(5,779)	(6,300)	(7,008)	Other non-current assets	30,659	32,944	34,434	35,843	37,392
Admin expense	(8,192)	(8,102)	(9,732)	(10,894)	(11,452)	Total Non-current Assets	81,323	87,457	91,119	94,087	97,358
R&D expense	(4,088)	(4,854)	(4,851)	(4,974)	(5,035)	Cash & Cash Equivalents	21,461	24,244	17,216	18,454	19,761
Operating Profit	7,808	5,427	6,302	6,517	7,463	Cash placed with banks	33,340	36,594	34,967	35,780	35,374
Other income	590	2,506	1,548	2,027	1,788	Inventories	27,004	29,986	28,303	27,471	29,393
Gain from affiliates & JVs	164	283	306	331	380	Trade receivable	35,559	41,276	42,670	45,936	49,226
Finance income	(1,470)	(1,870)	(1,190)	(1,068)	(998)	Other current assets	81,837	95,846	101,062	104,878	108,076
Profit Before Tax	7,092	6,346	6,966	7,807	8,633	Total Current Assets	199,201	227,946	224,217	232,520	241,829
Income Tax	(1,279)	(1,080)	(1,083)	(1,118)	(1,316)	Total Assets	280,524	315,403	315,337	326,607	339,187
Profit After Tax	5,813	5,266	5,883	6,689	7,317	Short-term debts	16,734	15,627	8,642	9,487	8,957
Non-controlling Interest	(2,312)	(1,508)	(1,606)	(1,710)	(1,821)	Current portion of LT debt	8,407	8,260	8,010	7,760	7,510
Shareholders' Profit / Loss	3,501	3,758	4,277	4,979	5,496	Trade payable	66,430	77,937	73,833	75,873	78,380
						Advances & deposits	11,384	9,477	10,929	12,282	13,161
Basic EPS (RMB)	0.235	0.248	0.282	0.328	0.362	Others	61,106	72,190	70,574	73,241	73,622
DPS (RMB)	0.000	0.074	0.099	0.115	0.127	Total Current Liabilities	164,061	183,492	171,989	178,643	181,630
						Long-term debts	11,268	15,408	17,908	12,908	12,408
						Corporate bond	6,918	2,485	2,985	3,485	3,985
						Deferred income	1,632	1,775	1,703	1,739	1,721
						Others	5,055	5,393	5,674	5,968	6,284
						Total Non-current Liabilities	24,873	25,061	28,271	24,101	24,399
						Total Liabilities	188,934	208,553	200,259	202,744	206,029
						Total Shareholders' Equity	63,346	66,401	73,023	80,099	87,572
						Minority Interest	28,243	40,449	42,054	43,765	45,586
						Total Equity	91,589	106,849	115,078	123,863	133,158
						BPS (RMB)	4.181	4.374	4.810	5.276	5.768

Cash Flow Statement						Financial Ratios					
Year end 31 Dec (RMB m)	2019A	2020A	2021F	2022F	2023F		2019A	2020A	2021F	2022F	2023F
Operating activities						Gross margin	18.9%	16.9%	17.8%	18.0%	18.1%
Net income	3,501	3,758	4,277	4,979	5,496	EBIT margin	6.1%	4.0%	4.2%	4.1%	4.4%
D&A	2,274	2,503	2,716	2,947	3,198	EBITDA margin	7.9%	5.8%	6.0%	5.9%	6.2%
Change in working capital	(44,116)	(5,968)	(8,345)	(1,537)	(4,679)	Net margin	2.7%	2.7%	2.9%	3.1%	3.2%
Others	48,846	4,403	5,050	5,388	5,550	ROE	5.8%	5.8%	6.1%	6.5%	6.6%
Cash from Operating Activities	10,505	4,696	3,698	11,776	9,564	ROA	1.4%	1.3%	1.4%	1.6%	1.7%
Investing activities						Net gearing	NetCash	NetCash	NetCash	NetCash	Net Cash
Capital expenditure	(6,845)	(6,409)	(5,240)	(5,583)	(5,982)	Inventory turnover (day)	95.7	90.0	82.8	75.6	75.6
Proceeds from PPE disposal	2,383	1,858	1,491	2,298	2,370	AR turnover (day)	85.0	100.7	102.6	103.7	103.7
Others	(7,814)	946	(2,391)	(2,384)	(2,568)	AP turnover (day)	194.5	227.9	216.0	208.8	201.6
Cash from Investing Activities	(12,276)	(3,605)	(6,140)	(5,668)	(6,180)	EV/EBITDA(x)	5.1	7.0	6.8	6.1	5.4
Financing activities						Quick ratio (x)	0.3	0.4	0.3	0.4	0.4
Debt raised / (repaid)	16,469	2,887	(4,735)	(4,404)	(1,280)	Current ratio (x)	1.2	1.2	1.3	1.3	1.3
Dividend paid	(905)	0	(1,127)	(1,497)	(1,742)						
Bonds issued / (repaid)	(5,832)	(4,433)	500	500	500						
Others	2,550	4,013	778	531	445						
Cash from Financing Activities	12,283	2,468	(4,585)	(4,870)	(2,077)						
Net Changes in Cash	10,512	3,559	(7,028)	1,238	1,307						
Adjustments	(20,893)	(21,747)	0	0	0						
Cash at Beg of Year	31,842	42,431	24,244	17,216	18,454						
Cash at End of Year	21,461	24,244	17,216	18,454	19,761						

Source: the Company, Guotai Junan International.



Company Rating Definition

The Benchmark: Hong Kong Hang Seng Index

Time Horizon: 6 to 18 months

Rating		Definition
Buy	买入	Relative Performance>15%; or the fundamental outlook of the company or sector is favorable.
Accumulate	收集	Relative Performance is 5% to 15%; or the fundamental outlook of the company or sector is favorable.
Neutral	中性	Relative Performance is -5% to 5%; or the fundamental outlook of the company or sector is neutral.
Reduce	减持	Relative Performance is -5% to -15%; or the fundamental outlook of the company or sector is unfavorable.
Sell	卖出	Relative Performance <-15%; or the fundamental outlook of the company or sector is unfavorable.

Sector Rating Definition

The Benchmark: Hong Kong Hang Seng Index

Time Horizon: 6 to 18 months

Rating		Definition
Outperform	跑赢大市	Relative Performance>5%; or the fundamental outlook of the sector is favorable.
Neutral	中性	Relative Performance is -5% to 5%; or the fundamental outlook of the sector is neutral.
Underperform	跑输大市	Relative Performance<-5%; Or the fundamental outlook of the sector is unfavorable.

DISCLOSURE OF INTERESTS

- (1) The Analysts and their associates do not serve as an officer of the issuer mentioned in this Research Report.
- (2) The Analysts and their associates do not have any financial interests in relation to the issuer mentioned in this Research Report.
- (3) Except for GUOTAI JUNAN I (01788 HK), JINSHANG BANK (02558 HK), HAITIAN ANTENNA (08227 HK), Guotai Junan and its group companies do not hold equal to or more than 1% of the market capitalization of the issuer mentioned in this Research Report.
- (4) Guotai Junan and its group companies have not had investment banking relationships with the issuer mentioned in this Research Report within the preceding 12 months.
- (5) Guotai Junan and its group companies are not making a market in the securities in respect of the issuer mentioned in this Research Report.
- (6) Guotai Junan and its group companies have not employed an individual serving as an officer of the issuer mentioned in this Research Report. There is no officer of the issuer mentioned in this Research Report associated with Guotai Junan and its group companies.

DISCLAIMER

This Research Report does not constitute an invitation or offer to acquire, purchase or subscribe for securities by Guotai Junan Securities (Hong Kong) Limited ("Guotai Junan"). Guotai Junan and its group companies may do business that relates to companies covered in research reports, including investment banking, investment services, etc. (for example, the placing agent, lead manager, sponsor, underwriter or invest proprietarily).

Any opinions expressed in this report may differ or be contrary to opinions or investment strategies expressed orally or in written form by sales persons, dealers and other professional executives of Guotai Junan group of companies. Any opinions expressed in this report may differ or be contrary to opinions or investment decisions made by the asset management and investment banking groups of Guotai Junan.

Though best effort has been made to ensure the accuracy of the information and data contained in this Research Report, Guotai Junan does not guarantee the accuracy and completeness of the information and data herein. This Research Report may contain some forward-looking estimates and forecasts derived from the assumptions of the future political and economic conditions with inherently unpredictable and mutable situation, so uncertainty may contain. Investors should understand and comprehend the investment objectives and its related risks, and where necessary consult their own financial advisers prior to any investment decision.

This Research Report is not directed at, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any jurisdiction where such distribution, publication, availability or use would be contrary to applicable law or regulation or which would subject Guotai Junan and its group companies to any registration or licensing requirement within such jurisdiction.

© 2021 Guotai Junan Securities (Hong Kong) Limited. All Rights Reserved.
27/F., Low Block, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong.
Tel.: (852) 2509-9118 Fax: (852) 2509-7793
Website: www.gtja.com.hk