

CR Gas (1193 HK)

Eyes on 4Q gas dollar margin and solid comprehensive service growth

CRG's latest updates under mgmt.'s guidance are as follow: 1) retail gas sales vol. growth maintained at 8.2% YoY in Jan-Aug 2022 and targets at 8-10%YoY for FY22; 2) FY22 dollar margin aims to achieve RMB0.5/cbm; 3) gas connection segment maintained resilient growth in 2H22; 4) the robust growth momentum of value-added services will continue. CRG is now trading at 8.72x FY22 forward PE, closest to the 10-year lowest PE. **We resume coverage and revised down our TP to HK\$39.13 (based on 13x 2022E PE), reflecting prudent gas sales and dollar margin outlook. However, we are still confident in CRG's resilient comprehensive service growth and gas connection business. Maintain BUY.**

- **FY22 retail gas sales growth targets 8-10% YoY; followed closely by 4Q gas demand.** CRG's retail gas sales grew by 8.2%YoY in Jan-Aug 2022 due to the weaker economic data and lockdown under COVID controls; in particular, the gas sales volume of residential segment grew faster than that of C&I segment. As gas demand is generally expected to rise in the upcoming winter, CRG's full-year retail gas sales growth is likely to achieve its target at 8-10%.
- **Dollar margins of Jul-Aug improved to over RMB0.55/cbm respectively, whereas it remains a challenge to achieve CRG's full-year target of RMB0.5/cbm.** CRG's dollar margin narrowed by RMB0.13/cbm to RMB0.45/cbm in 1H22, dragged by higher upstream gas costs and longer cycle of residential pass-through measures. Yet, both dollar margins of Jul and Aug improved to over RMB0.55/cbm, thanks to the effects of several pass-through measures. While CRG guided the FY22 dollar margin to RMB0.5/cbm, to reach this target, the avg. dollar margin of Sep-Dec 2022 shall be around RMB0.55/cbm. Thus, we should keep an eye on CRG's Sep-Dec dollar margin, as the winter data may typically remain lower.
- **Impressive gas connection growth momentum may continue.** Given CRG's city gas projects are primarily located in economically developed areas, its gas connection business recorded stable growth in 1H22. CRG also raised its capex guidance from RMB10bn to RMB13bn in FY22, planning to invest in more M&A projects and sending strenuous support to gas connection growth. For FY22, CRG guided its newly-added residential users to reach 3.5mn. Thus, driven by high-quality city gas projects and client bases, the growth momentum of gas connection is expected to continue.
- **Resilient comprehensive service growth.** Leveraging CRG's extraordinary customers resources, the comprehensive service business revenue lifted by 81.5% YoY to RMB1.37bn, and its segment operating profit was up 157.4% YoY in 1H22. As CRG owns 97.4% of residential gas terminal users and over 70% of its residential users locate in first-tier and second-tier cities, CRG's comprehensive service business still has great growth potential. We believe the solid growth momentum will continue in FY22.

Earnings Summary

(YE 31 Dec)	FY20A	FY21A	FY22E	FY23E	FY24E
Revenue (HK\$ mn)	55,864	78,175	102,507	110,986	121,343
Net profit (HK\$ mn)	5,152.3	6,395.1	6,828.1	7,524.7	8,562.1
EPS (Reported) (HK\$)	2.31	2.82	3.01	3.32	3.77
Diluted EPS (HK\$)	2.31	2.82	3.01	3.32	3.77
Consensus EPS (HK\$)	na	na	2.77	3.03	3.39
P/E (x)	9.5	8.85	8.72	7.91	7.7
P/B (x)	1.5	1.48	1.34	1.2	1.1
ROE (%)	14.2	12.7	11.9	11.7	11.9

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	HK\$39.13
(Previous TP)	HK\$48.2)
Up/Downside	62.4%
Current Price	HK\$24.10

China Energy Sector/ China Gas Sector

Jack Bai, CFA

(852) 3900 0835

jackbai@cmbi.com.hk

Megan Xia

(852) 3761 0836

meganxia@cmbi.com.hk

Stock Data

Mkt Cap (HK\$ mn)	2,500.0
Avg 3 mths t/o (HK\$ mn)	31.1
52w High/Low (HK\$)	45.00/24.55
Total Issued Shares (mn)	100.0

Source: FactSet

Shareholding Structure

CR Company Ltd	61.5%
The Capital Group	5.0%

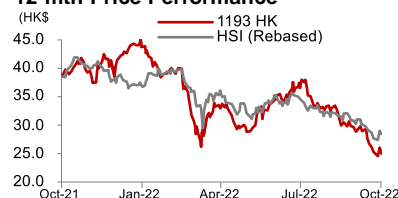
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	-15.3%	-9.0%
3-mth	-33.2%	-18.6%
6-mth	-23.7%	-5.0%

Source: FactSet

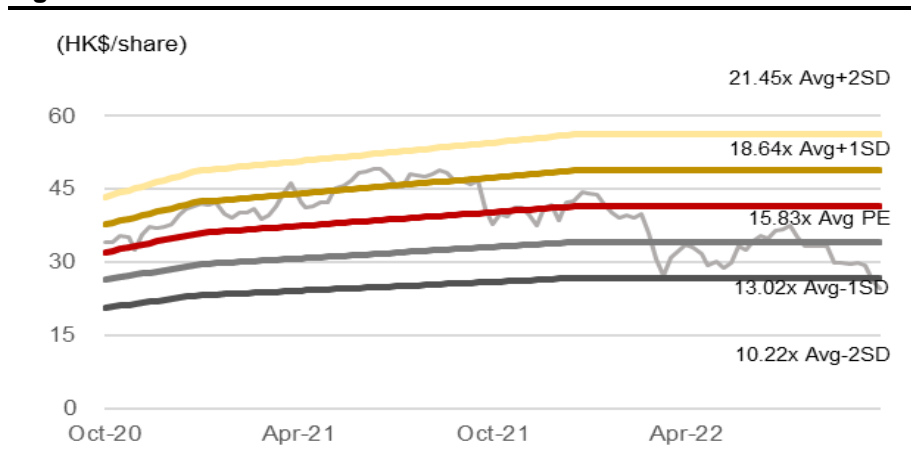
12-mth Price Performance



Source: FactSet

■ **We resume coverage and revised TP to HK\$39.13, maintain BUY.** To factor in prudent gas sales growth and challenging dollar margin targets in FY22, we set our TP at HK\$39.13, which is based on 13x FY22 forward PE (equivalent to around -1SD from its two-year historical average PE). However, we maintain BUY rating as CRG is now trading at 8.72x FY22 forward PE, which is closest to its 10-year lowest PE and slightly higher than its HK-listed peers' FY22 PE of 7.7x. The valuation is relatively attractive. Meanwhile, we are still optimistic about CRG's decent gas connection business and value-added services.

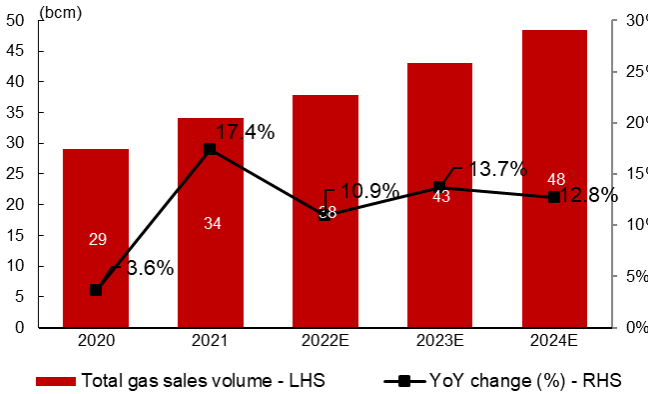
Figure 1: Forward PE band



Source: Company data, CMBIGM estimates

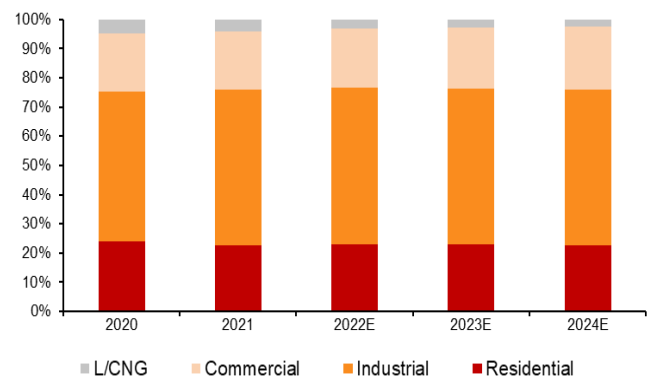
Focus charts

Figure 2: CRG's total gas sales volume (2020-24E)



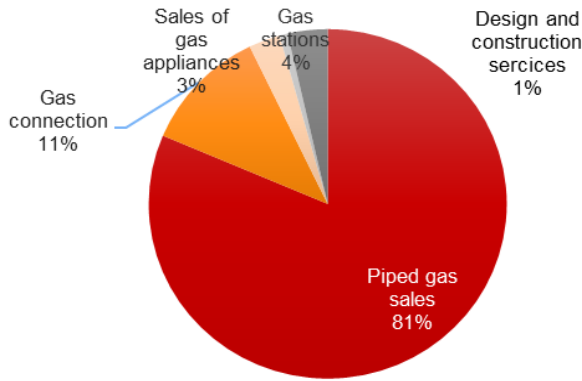
Source: Company data, CMBIGM estimates

Figure 3: CRG's gas sales volume mix (2020-24E)



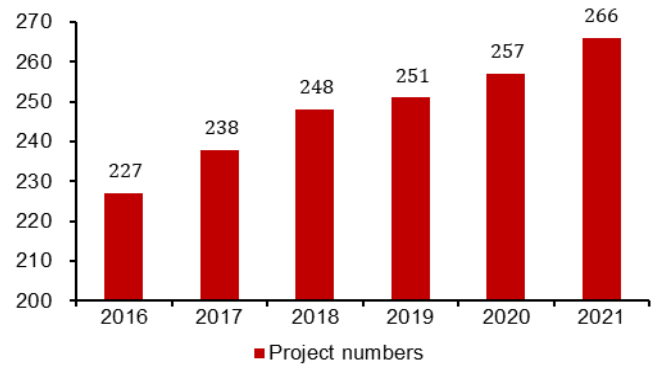
Source: Company data, CMBIGM estimates

Figure 4: 1H22 revenue mix



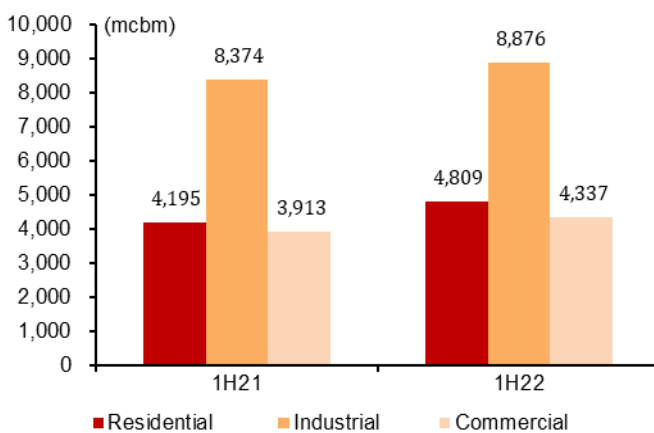
Source: Company data, CMBIGM estimates

Figure 5: Project numbers (2016-2021)



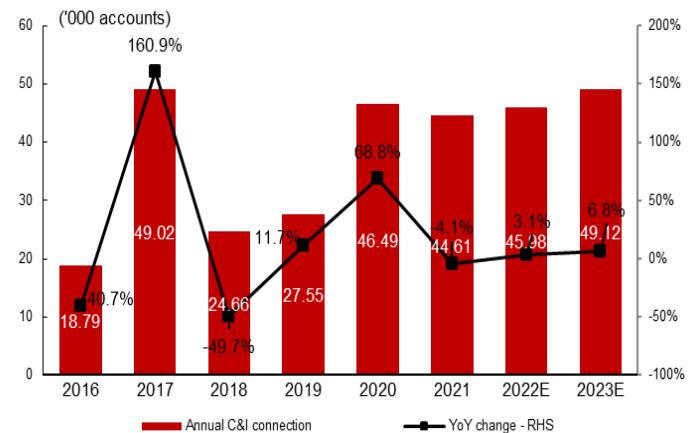
Source: Company data, CMBIGM estimates

Figure 6: Interim retail gas sales mix (1H22&2H22)



Source: Company data, CMBIGM estimates

Figure 7: Annual C&I gas connection

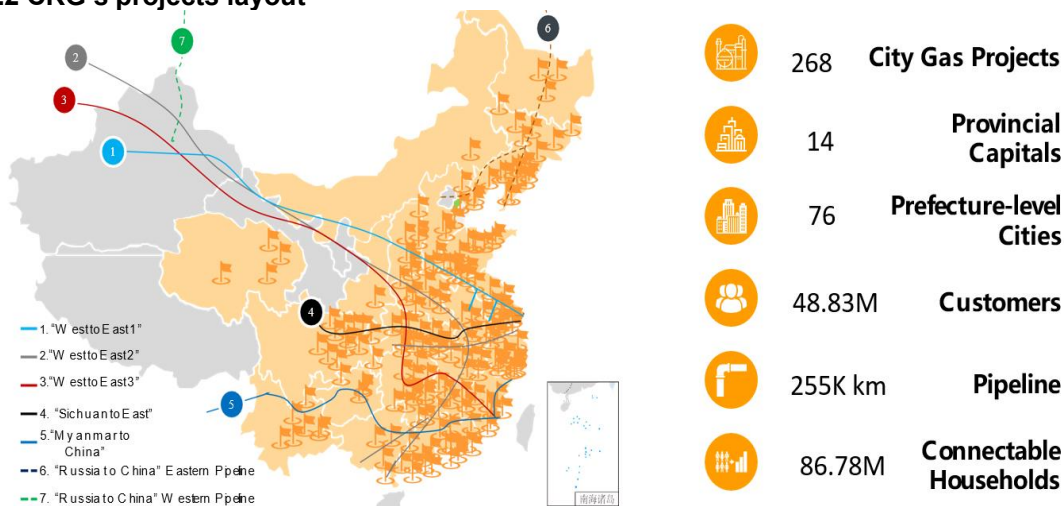


Source: Company data, CMBIGM estimates

1H22 Results Highlight:

- Revenue rose 38% YoY to HK\$48.1bn
- Core profit dragged by 7.4 YoY to HK\$3.93bn
- Retailed gas sales volume surged 8.2% YoY, and residential gas sales volume increased by 14.6% YoY
- Accumulated users reached 48.83mn, and 5.59mn residential connection were newly-added
- Gas dollar margin narrowed to RMB0.45/cbm
- Value-added services revenue soared 351% YoY to HK\$1.37bn
- Interim dividend payout ratio was 11%

Figure 8: 1H22 CRG’s projects layout



Source: The Company, CMBIGM estimates

Figure 9: 1H22 results summary

YE Dec 31 (HK\$ mn)	1H21	2H21	2021	1H22	2022E	1H22 YoY	2022E YoY
Revenue	34,415.83	43,759.31	78,175.14	48,100.63	102,506.79	40%	31%
Piped gas sales	27,808.81	33,516.04	61,324.85	39,148.05	84,015.00	41%	37%
Gas connection	4,295.93	7,680.47	11,976.40	5,504.54	11,955.91	28%	-0.2%
Sales of gas appliances	302.85	465.30	768.15	1,365.16	2,304.45	351%	200%
Design and construction services	280.69	325.38	606.07	346.23	671.80	23%	11%
Gas stations	1,727.55	1,772.11	3,499.66	1,736.65	3,559.62	1%	2%
Cost of sales	-25,630.79	-34,249.35	-59,880.14	-39,273.64	-83,482.36	53%	39%
Gross profit	8,785.04	9,509.96	18,295.00	8,826.98	19,024.43	0.5%	4%
<i>Gross profit margin</i>	<i>26%</i>	<i>22%</i>	<i>23%</i>	<i>18%</i>	<i>19%</i>	<i>-7.2ppt</i>	<i>-4.8ppt</i>
Other income	681.85	1,092.51	1,774.37	402.48	2,326.63	-41%	31%
Selling and distribution costs	-2,733.49	-3,024.55	-5,758.03	-2,879.16	-6,150.41	5%	7%
... as% to revenue	8%	7%	7%	6%	6%	-2.0ppt	-1.4ppt
Administrative expenses	-1,460.13	-2,364.98	-3,825.11	-1,560.58	-4,100.27	7%	7%
... as% to revenue	4%	5%	5%	3%	4%	-1.0ppt	-0.9ppt
Impairment losses on financial assets	-	-11.32	-11.32	-	-14.84	-	-
Share of results of JVs	419.26	283.10	702.35	370.49	969.50	-12%	38%
Share of results of Associates	179.69	208.88	388.57	210.47	509.51	17%	31%
EBIT	5,872.34	5,693.72	11,565.94	5,370.77	12,564.64	-9%	9%
<i>EBIT margin</i>	<i>17%</i>	<i>13%</i>	<i>15%</i>	<i>11%</i>	<i>12%</i>	<i>-5.9ppt</i>	<i>-2.5ppt</i>
Finance costs	-200.71	-181.67	-382.38	-223.78	-501.40	11%	31%
Profit before taxation	5,671.51	5,512.21	11,183.72	5,146.90	12,014.60	-9%	7%
Taxation	-1,429.14	-1,314.74	-2,743.89	-1,217.62	-3,003.65	-15%	9%
<i>effective tax rate</i>	<i>25%</i>	<i>24%</i>	<i>25%</i>	<i>24%</i>	<i>25%</i>	<i>-1.5ppt</i>	<i>0.5ppt</i>
Profit for the year	4,242.37	4,197.47	8,439.83	3,929.28	9,010.95	-7%	7%
Less: Non-controlling interests	992.05	1,052.41	2,044.46	883.90	2,182.88	-11%	7%
Net profit	3,250.31	3,145.06	6,395.37	3,045.380	6,828.070	-6%	7%
<i>Net margin</i>	<i>9%</i>	<i>7%</i>	<i>8%</i>	<i>6%</i>	<i>7%</i>	<i>-3.1ppt</i>	<i>-1.5ppt</i>
EPS-HK\$	1.43	1.39	2.82	1.34	3.01	-6%	7%
DPS-HK\$	0.15	0.78	0.93	0.15	1.10	0%	19%

Source: Company data, CMBIGM estimates

Figure 10: Operating summary

YE Dec 31 (HK\$ mn)	1H21	2H21	2021	1H22	2022E	1H22 YoY	2022E YoY
Operating figures							
City gas sales (mcbm)	17,162	16,920	34,082	18,562	37,805	8%	11%
Residential	4,195	3,459	7,654	4,809	8,699	15%	14%
Industrial	8,374	9,838	18,212	8,876	20,261	6%	11%
Commercial	3,913	2,938	6,851	4,337	7,673	11%	12%
Vehicle(LNG+CNG)	680	685	1,365	540	1,172	-21%	-14%
Gas dollar margin (RMB/cbm)	0.58	0.46	0.52	0.45	0.50	-22%	-4%

Source: CMBIGM estimates

Figure 11: Revision Table

	Old			New			Change(%)		
	2022E	2023E	2024E	2022E	2023E	2024E	2022E	2023E	2024E
Total gas sales volume (mcbm)	39,158	42,687	na	37,805	42,990	48,471	-3.5%	0.7%	na
Residential connection (CTG incl. mm HH)	3.35	3.32	na	6.00	6.18	6.14	79.2%	86.1%	na
Revenue (HK\$, mn)	80,029	85,989	na	102,507	110,986	121,343	28.1%	29.1%	na
Net Income (HK\$,mn)	6,856	7,497	na	6,828	7,525	8,562	-0.4%	0.4%	na
EPS (HK\$)	3.08	3.37	na	3.01	3.32	3.77	-2.3%	-1.6%	na
Consensus estimates							CMBIS vs. Consensus		
Net Income (HK\$,mn)				6,402	7,044	7,701	6.7%	6.8%	11.2%
EPS (HK\$)				2.77	3.03	3.39	8.7%	9.5%	11.4%

Source: CMBIGM estimates

Figure 12: Peers table price

Company	Ticker	Closing Price (HK\$)	Mkt cap (HK\$m)	EPS				21-23E CAGR	PER			PBR		
				21A	22E	23E	FY0		FY1	FY2	FY0	FY1	FY2	
CHINA RES GAS	1193 HK	24.10	55767.71	2.72	2.76	3.05	5.8%	8.85	8.72	7.91	1.38	1.25	1.12	
TIAN LUN GAS HOL	1600 HK	3.16	3191.69	1.04	0.58	0.76	-14.6%	2.78	4.98	3.81	0.52	0.50	0.45	
CHINA GAS HOLDIN	384 HK	8.63	46950.10	2.07	1.53	1.49	-15.1%	4.17	5.66	5.78	0.92	0.72	0.68	
ENN ENERGY	2688 HK	102.20	115547.37	6.32	6.89	7.68	10.2%	14.73	13.52	12.12	2.96	2.57	2.25	
TOWNGAS SMART EN	1083 HK	2.99	9743.26	0.57	0.42	0.49	-7.8%	5.21	7.14	6.13	0.41	0.39	0.40	
KUNLUN ENERGY	135 HK	5.60	48489.29	0.58	0.71	0.76	14.0%	8.78	7.15	6.75	0.78	0.73	0.69	
Average								7.1	7.7	6.9	1.1	1.0	0.9	

Source: CMBIGM estimates

Financial Summary

INCOME STATEMENT	2020A	2021A	2022E	2023E	2024E
YE 31 Dec (HK\$ mn)					
Revenue	55,864	78,175	102,507	110,986	121,343
Cost of goods sold	40,837	59,880	83,482	90,156	98,586
Gross profit	15,027	18,295	19,024	20,830	22,757
Operating expenses	(7,900)	(9,594)	(10,266)	(11,115)	(11,545)
Selling expense	(4,664)	(5,758)	(6,150)	(6,659)	(6,674)
Admin expense	(3,167)	(3,825)	(4,100)	(4,439)	(4,854)
Others	(69)	(11)	(15)	(16)	(18)
Operating profit	7,128	8,701	8,759	9,715	11,212
Other income	1,398	1,774	2,327	2,519	2,754
EBITDA	10,644	13,144	13,858	14,703	16,075
Depreciation	2,054	2,592	2,687	2,387	2,030
Other amortisation	65	77	85	82	78
EBIT	8,525	10,475	11,086	12,234	13,966
Interest income	(449)	(382)	(501)	(543)	(594)
Others	915	1,091	1,430	1,549	1,693
Pre-tax profit	8,991	11,183	12,015	13,240	15,066
Income tax	(2,278)	(2,744)	(3,004)	(3,310)	(3,766)
After tax profit	6,713	8,440	9,011	9,930	11,299
Minority interest	(1,561)	(2,044)	(2,183)	(2,406)	(2,737)
Net profit	5,152	6,395	6,828	7,525	8,562
BALANCE SHEET					
YE 31 Dec (HK\$ mn)					
Current assets	30,641	30,565	33,949	38,033	42,563
Cash & equivalents	13,442	7,563	8,525	10,712	12,928
Restricted cash	12	2,527	2,527	2,527	2,527
Account receivables	12,646	15,705	20,593	22,297	24,378
Inventories	1,007	1,142	(1,593)	(1,720)	(1,881)
Prepayment	0	0	0	0	0
Other current assets	0	0	0	0	0
Contract assets	3,534	3,628	3,895	4,217	4,611
Non-current assets	63,229	75,571	86,733	94,112	103,090
PP&E	40,933	47,349	51,040	55,567	61,098
Right-of-use assets	2,816	3,254	3,678	4,128	4,613
Deferred income tax	345	463	607	658	719
Investment in JVs & assos	12,115	12,992	17,035	18,444	20,166
Intangibles	2,816	3,254	3,678	4,128	4,613
Goodwill	904	1,274	1,671	1,809	1,978
Financial assets at FVTPL	153	165	216	234	256
Other non-current assets	3,147	6,820	8,807	9,145	9,648
Total assets	93,871	106,136	120,681	132,145	145,653
Current liabilities	39,023	48,698	55,981	60,013	65,041
Short-term borrowings	2,548	616	616	616	616
Account payables	20,193	26,185	30,877	33,345	36,463
Tax payable	934	969	1,271	1,376	1,505
Other current liabilities	74	5,620	5,631	5,635	5,640
Lease liabilities	99	122	161	174	190
Contract liabilities	15,174	15,186	17,426	18,868	20,628
Non-current liabilities	7,980	3,401	4,157	4,421	4,743
Long-term borrowings	299	296	296	296	296
Deferred income	1,196	1,317	1,727	1,870	2,045
Other non-current liabilities	6,486	1,788	2,134	2,255	2,402
Total liabilities	47,002	52,099	60,138	64,434	69,784
Share capital	36,274	41,257	45,579	50,342	55,762
Total shareholders equity	46,868	54,038	60,543	67,712	75,869
Minority interest	10,594	12,781	14,964	17,369	20,106
Total equity and liabilities	93,871	106,136	120,681	132,145	145,653

CASH FLOW	2020A	2021A	2022E	2023E	2024E
YE 31 Dec (HK\$ mn)					
Operating					
Profit before taxation	6,713	8,440	9,011	9,930	11,299
Depreciation & amortization	2,118	2,669	2,772	2,469	2,109
Change in working capital	(642)	221	4,863	2,134	2,715
Others	(3,153)	(4,214)	(6,222)	(2,168)	(2,649)
Net cash from operations	5,036	7,115	10,424	12,365	13,474
Investing					
Capital expenditure	(5,613)	(5,978)	(6,800)	(7,363)	(8,050)
Net cash from investing	(5,613)	(5,978)	(6,800)	(7,363)	(8,050)
Financing					
Dividend paid	(2,076)	(2,347)	(2,506)	(2,762)	(3,142)
Others	(38)	(30)	(155)	(54)	(66)
Net cash from financing	(2,114)	(2,377)	(2,661)	(2,816)	(3,208)
Net change in cash					
Cash at the beginning of the year	13,237	13,442	7,563	8,525	10,712
Others	206	(5,879)	963	2,186	2,216
Cash at the end of the year	13,442	7,563	8,525	10,712	12,928
GROWTH	2020A	2021A	2022E	2023E	2024E
YE 31 Dec					
Revenue	-2.0%	39.9%	31.1%	8.3%	9.3%
Gross profit	26.9%	21.7%	4.0%	9.5%	9.3%
Operating profit	6.9%	22.1%	0.7%	10.9%	15.4%
EBITDA	5.0%	23.5%	5.4%	6.1%	9.3%
EBIT	3.8%	22.9%	5.8%	10.4%	14.2%
Net profit	1.6%	24.1%	6.8%	10.2%	13.8%
PROFITABILITY	2020A	2021A	2022E	2023E	2024E
YE 31 Dec					
Gross profit margin	26.9%	23.4%	18.6%	18.8%	18.8%
Operating margin	12.8%	11.1%	8.5%	8.8%	9.2%
EBITDA margin	19.1%	16.8%	13.5%	13.2%	13.2%
Return on equity (ROE)	14.2%	12.7%	11.9%	11.7%	11.9%
GEARING/LIQUIDITY/ACTIVITIES	2020A	2021A	2022E	2023E	2024E
YE 31 Dec					
Current ratio (x)	0.8	0.6	0.6	0.6	0.7
Receivable turnover days	82.6	73.3	73.3	73.3	73.3
Inventory turnover days	9.0	7.0	7.0	7.0	7.0
Payable turnover days	180.5	159.6	135.0	135.0	135.0
VALUATION	2020A	2021A	2022E	2023E	2024E
YE 31 Dec					
P/E	16.9	15.5	8.2	7.4	6.5
P/E (diluted)	16.9	15.5	8.2	7.4	6.5
P/B	2.4	2.4	1.2	1.1	1.0

Source: Company data, CMBIGM estimates. Note: The calculation of net cash includes financial assets.

Disclosures & Disclaimers

Analyst Certification

The research analyst who is primary responsible for the content of this research report, in whole or in part, certifies that with respect to the securities or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about the subject securities or issuer; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific views expressed by that analyst in this report.

Besides, the analyst confirms that neither the analyst nor his/her associates (as defined in the code of conduct issued by The Hong Kong Securities and Futures Commission) (1) have dealt in or traded in the stock(s) covered in this research report within 30 calendar days prior to the date of issue of this report; (2) will deal in or trade in the stock(s) covered in this research report 3 business days after the date of issue of this report; (3) serve as an officer of any of the Hong Kong listed companies covered in this report; and (4) have any financial interests in the Hong Kong listed companies covered in this report.

CMBIGM Ratings

BUY : Stock with potential return of over 15% over next 12 months
HOLD : Stock with potential return of +15% to -10% over next 12 months
SELL : Stock with potential loss of over 10% over next 12 months
NOT RATED : Stock is not rated by CMBIGM

OUTPERFORM : Industry expected to outperform the relevant broad market benchmark over next 12 months
MARKET-PERFORM : Industry expected to perform in-line with the relevant broad market benchmark over next 12 months
UNDERPERFORM : Industry expected to underperform the relevant broad market benchmark over next 12 months

CMB International Global Markets Limited

Address: 45/F, Champion Tower, 3 Garden Road, Hong Kong, Tel: (852) 3900 0888 Fax: (852) 3900 0800

CMB International Global Markets Limited ("CMBIGM") is a wholly owned subsidiary of CMB International Capital Corporation Limited (a wholly owned subsidiary of China Merchants Bank)

Important Disclosures

There are risks involved in transacting in any securities. The information contained in this report may not be suitable for the purposes of all investors. CMBIGM does not provide individually tailored investment advice. This report has been prepared without regard to the individual investment objectives, financial position or special requirements. Past performance has no indication of future performance, and actual events may differ materially from that which is contained in the report. The value of, and returns from, any investments are uncertain and are not guaranteed and may fluctuate as a result of their dependence on the performance of underlying assets or other variable market factors. CMBIGM recommends that investors should independently evaluate particular investments and strategies, and encourages investors to consult with a professional financial advisor in order to make their own investment decisions.

This report or any information contained herein, have been prepared by the CMBIGM, solely for the purpose of supplying information to the clients of CMBIGM or its affiliate(s) to whom it is distributed. This report is not and should not be construed as an offer or solicitation to buy or sell any security or any interest in securities or enter into any transaction. Neither CMBIGM nor any of its affiliates, shareholders, agents, consultants, directors, officers or employees shall be liable for any loss, damage or expense whatsoever, whether direct or consequential, incurred in relying on the information contained in this report. Anyone making use of the information contained in this report does so entirely at their own risk.

The information and contents contained in this report are based on the analyses and interpretations of information believed to be publicly available and reliable. CMBIGM has exerted every effort in its capacity to ensure, but not to guarantee, their accuracy, completeness, timeliness or correctness. CMBIGM provides the information, advices and forecasts on an "AS IS" basis. The information and contents are subject to change without notice. CMBIGM may issue other publications having information and/ or conclusions different from this report. These publications reflect different assumption, point-of-view and analytical methods when compiling. CMBIGM may make investment decisions or take proprietary positions that are inconsistent with the recommendations or views in this report.

CMBIGM may have a position, make markets or act as principal or engage in transactions in securities of companies referred to in this report for itself and/or on behalf of its clients from time to time. Investors should assume that CMBIGM does or seeks to have investment banking or other business relationships with the companies in this report. As a result, recipients should be aware that CMBIGM may have a conflict of interest that could affect the objectivity of this report and CMBIS will not assume any responsibility in respect thereof. This report is for the use of intended recipients only and this publication, may not be reproduced, reprinted, sold, redistributed or published in whole or in part for any purpose without prior written consent of CMBIGM.

Additional information on recommended securities is available upon request.

For recipients of this document in the United Kingdom

This report has been provided only to persons (I) falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended from time to time) ("The Order") or (II) are persons falling within Article 49(2) (a) to (d) ("High Net Worth Companies, Unincorporated Associations, etc.") of the Order, and may not be provided to any other person without the prior written consent of CMBIGM.

For recipients of this document in the United States

CMBIGM is not a registered broker-dealer in the United States. As a result, CMBIGM is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. The research analyst who is primary responsible for the content of this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA"). The analyst is not subject to applicable restrictions under FINRA Rules intended to ensure that the analyst is not affected by potential conflicts of interest that could bear upon the reliability of the research report. This report is intended for distribution in the United States solely to "major US institutional investors", as defined in Rule 15a-6 under the US, Securities Exchange Act of 1934, as amended, and may not be furnished to any other person in the United States. Each major US institutional investor that receives a copy of this report by its acceptance hereof represents and agrees that it shall not distribute or provide this report to any other person. Any U.S. recipient of this report wishing to effect any transaction to buy or sell securities based on the information provided in this report should do so only through a U.S.-registered broker-dealer.

For recipients of this document in Singapore

This report is distributed in Singapore by CMBI (Singapore) Pte. Limited (CMBISG) (Company Regn. No. 201731928D), an Exempt Financial Adviser as defined in the Financial Advisers Act (Cap. 110) of Singapore and regulated by the Monetary Authority of Singapore. CMBISG 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, as defined in the Securities and Futures Act (Cap. 289) of Singapore, CMBISG accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact CMBISG at +65 6350 4400 for matters arising from, or in connection with the report.