



Steady growth with attractive valuation

Rating	BUY	Initiate
Target price	HK\$ 9.60	
Current price	HK\$ 5.69	Upside : 68.7%

Consun segment achieved steady growth

In 1H18, Consun Pharma Group (CPG) achieved revenue of RMB 869mn, grew 13.0% YoY; gross profit margin was 75.0%, a slight decrease of 0.7 ppt; profit attributable to shareholders grew 18.5% YoY to RMB 219mn. Consun Pharm segment achieved revenue of RMB 589mn, an increase of 16.5% YoY, accounting for 65.7% of the group's total revenue; gross profit margin decreased 0.4 ppt YoY to 79.5%.

The main product uremic clearance granules (UCG) achieved revenue of RMB 444mn and accounted for 51.1% of the group's total revenue in 1H18, an increase of 15.7% YoY vs 12.4% CAGR in the past three years. Management said that the UCG will be extended from phase four and five patients to phase two and three patients. In addition, the current coverage of UCG in secondary and tertiary hospitals is 30% and 50% respectively, and there is room for improvement. In terms of women and children products, the income in 1H18 was RMB 6.79mn, an increase of 15.1% YoY (vs 27.4% decline in FY17). The group's Iron Dextran Oral Solution increased the adult dosage specification from 5ml to 10ml, which is focus on gynecology and is expected to maintain steady growth in 2H18.

Yulin segment expected to keep increasing

Consun is holding a 72.6% stake in Yulin. Yulin Pharm segment contributed RMB 280mn in 1H18, an increase of 6.1% YoY, accounting for 32.2% of CPG's total revenue (vs RMB 264mn in 1H17, accounting for 34.3% of total revenue). The slowdown was mainly affected by the sewage treatment problem in May and led gross profit margin decreased 2.0 ppt YoY to 65.6%. The sales layout of Yulin products has expanded from 6 provinces to 31 provinces and cities, and the sales team has increased to more than 500 persons in 1H18. The original price of main product 12ml Zheng Gu Shui is RMB 2.0-5.0, management said that the price will gradually increase to RMB 8.0 in the next 3-5 years. We expect Yulin's income to achieve RMB 364.1mn in 2H18, which implies 8.4% growth in 2H18 YoY.

Making steady progress in R&D

CPG's R&D costs were RMB 10.2mn in 1H18, accounting for 1.2% of total revenue, which is stable compared to 1H17. The kidney disease drug Lanthanum carbonate chewable tablet is expected to be in market by 2020, and Astragali power pellet is preparing for the 2nd phase of CFDA clinical trial and preparing to apply for the 2nd phase of the FDA clinical trial, which may become one of key products in medium term; the ultrasound microbubble medical imaging contrast agent has reported for clinical use in 2019 and to be listed in 2021; Secondary development of Zheng Gu Shui is planned for clinical use in 2020 and will be listed in 2024, which we believe to enhance its market share.

Attractive valuation, we initiate BUY with TP HK\$9.60

Without considering the contribution of new products that would be listed, we expect CPG's sales and EPS to grow 9.8%/9.7% CAGR in FY17-FY19E, driven by main products growth, while having stable GM and expense ratio. The group's cash flow is sufficient (1H18 operating cash flow: RMB 393mn, an increase of 427.8% YoY), we expect the group may seek for M&A opportunities in future.

Company Report

29 Nov 2018

Farica Li

farica.li@cinda.com.hk

(852) 2235 7617

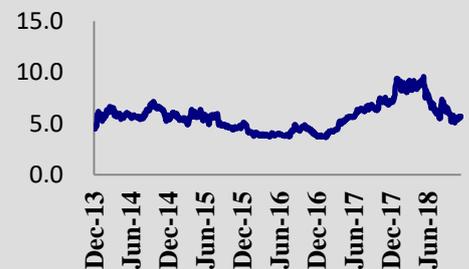
Trading data

52-Week Range (HK\$)	9.75/4.99
3 Mth Avg Daily Vol (m)	5.1
No of Shares (m)	875
Market Cap (HK\$m)	4,980
Major Shareholders (%)	AN YU BAO (23.55%) LI QIAN (15.23%)
Auditors	KPMG
Result Due	FY18: March 2019

Company description

Consun Pharmaceutical Group (CPG) is a modern pharmaceutical enterprise mainly engaged in the R&D, production and marketing of modern Chinese medicines and medical imaging contrast mediums. Its medicines are mainly applied in diagnostic imaging and treating diseases of kidney, skin, bone, hepatobiliary digestive systems etc.

Price chart



Source: Bloomberg

Consun is currently trading at 9.4x/12.4x FY18E/FY19E PE, compared with industry average 14.6x/21.0x FY18E/FY19E PE. We initiate CPG at BUY with TP HK\$9.60 based on the DCF model, which translates to 16.1x/14.1x FY18E/FY19E PE.

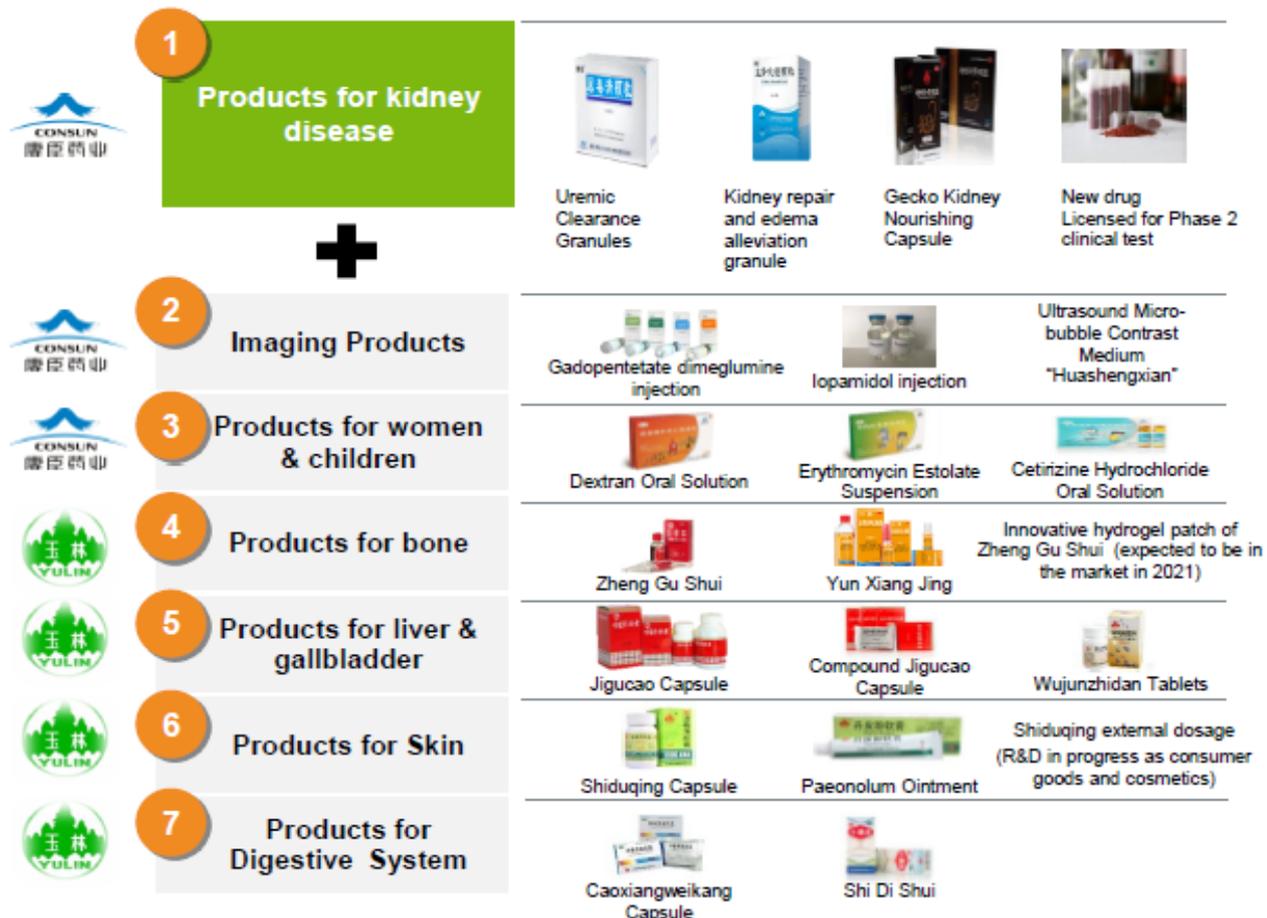
RMB mn (YE Dec)	FY15A	FY16A	FY17A	FY18E	FY19E
Revenue	831.1	1,223.5	1,660.2	1,909.3	2,195.7
Operating EBIT	319.9	401.1	559.7	638.4	731.7
Net profit	249.7	307.5	396.2	458.3	524.4
Consensus net profit	-	-	-	462.8	537.0
PE (x)	20.3	16.8	11.8	9.3	8.2
Dividend yield (%)	1.5	1.7	1.8	2.8	3.2

Sources: Bloomberg, CIRL estimates

Analysis of Consun segment's key product lines

Consun Pharma aims to form the "1+6" product structure (kidney disease products + 6 other products). Company will continue to drive the development of the renal department and diagnostic imaging department and expand the existing product range for women and children, bone, skin, and liver & gallbladder to grow into an industry-leading enterprise of Chinese medicine.

Exhibit 1: Strong and diversified product lines



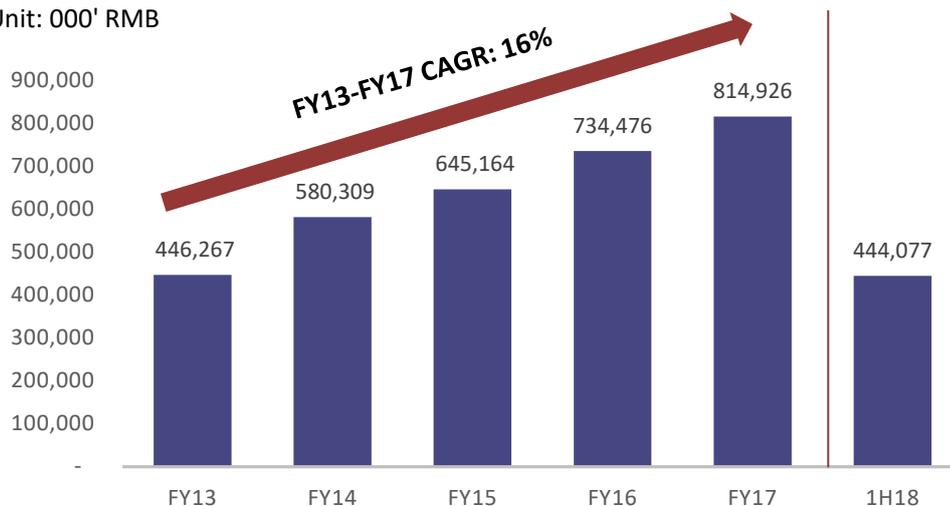
Source: The Company

Product lines – Products for kidney disease

Consun's key products, uremic clearance granules (UCG), ranks No.1 in the market share of oral Chinese patent medicine for kidney disease. The drug is mainly used for chronic kidney disease (CKD) and falls into the category of national secrecy. UCG achieved 16% CAGR in FY13-FY17, and its market share of all competing products in the hospital increased from 24% in FY16 to 27% in FY17, ranking No.2. In FY17, UCG was transferred from Class B of NDRI to Class A to achieve 100% medical insurance reimbursement. UCG accounted for 49% of the group's total revenue in FY17.

Exhibit 2: Revenue of products for kidney diseases in FY13-1H18

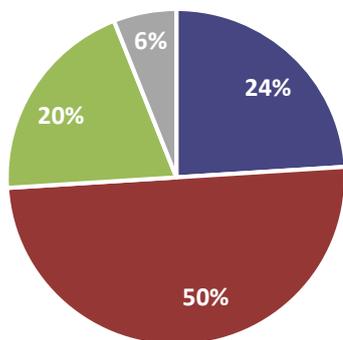
Unit: 000' RMB



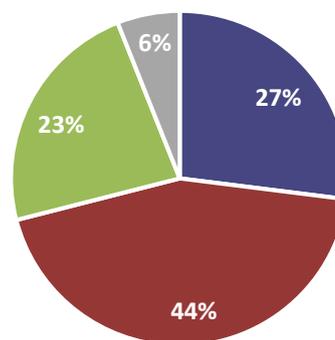
Source: The Company, CIRL

Exhibit 3: UCG ranks No.1 in the market share of oral Chinese patent medicine for kidney disease


Source: The Company

Exhibit 4: Market share of UCG in the hospital
Market share of UCG in 2016


■ uremic clearance granules ■ product A
 ■ product B ■ product C

Market share of UCG in 2017


■ uremic clearance granules ■ product A
 ■ product B ■ product C

Source: The Company, CIRL

Other product lines – Imaging products

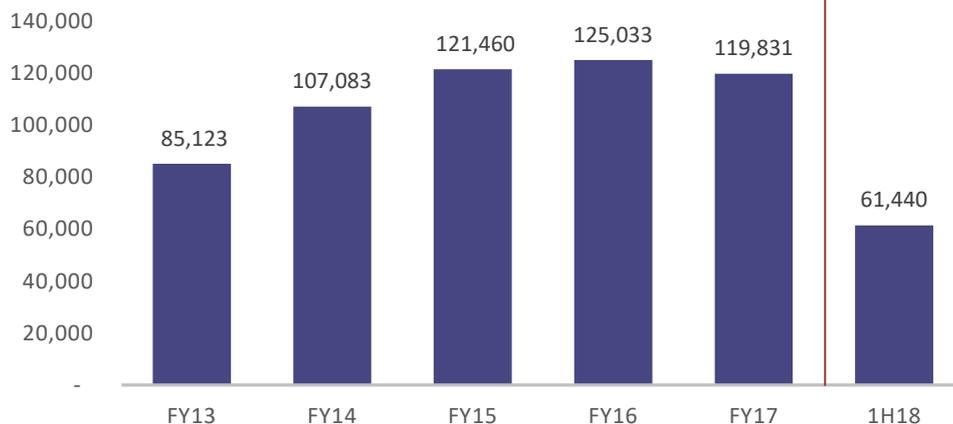
The main product of the group's imaging series is gadopentetate dimeglumine injection (GDI), which is used for whole-body MRI diagnosis and is only for intravenous administration. Based on data of sample hospitals for key cities by Chinese Pharma Association, CPG ranks No.3 in GDI market (23% market share) and achieved 9% CAGR from FY13 to FY17. In FY17, GDI accounted for 7.2% of the group's total revenue.

Exhibit 5: Gadopentetate dimeglumine injection


Source: The Company

Exhibit 6: Revenue from gadopentetate dimeglumine injection

Unit: 000' RMB



Source: The Company, CIRL

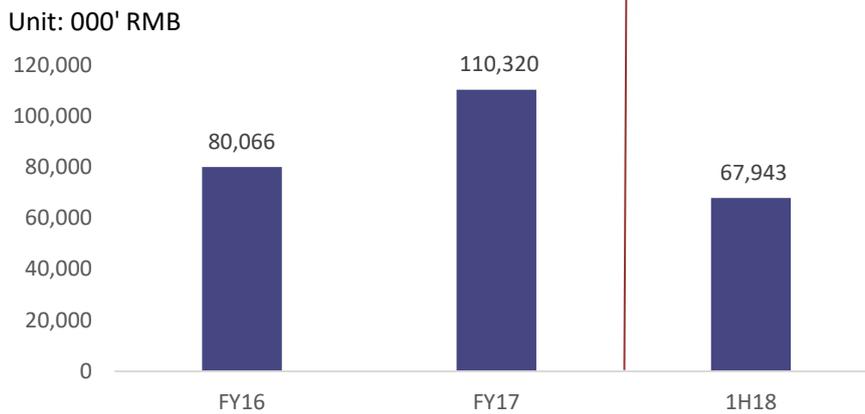
In addition, the imaging series product iopamiol injection is in-house for CT contrast medium. It was originally planned to be listed in FY18. Due to changes in drug declaration policies and regulations, the group needs to change the original and auxiliary materials according to the new regulations. We expect iopamiol to be listed in 2019.

Other product lines – Products for women & children

Dextran Oral Solution (Yuanlikang), the main product of women and children series, is used for perinatal pregnant women and children under 2 years old. It is the only oral liquid dosage form for the third generation of iron. In FY13-FY17, Yuanlikang's market share rose from 21% to 32%, ranking No.2. Products for women & children also include antiviral Erythromycin Estolate Suspension and hypoallergenic Cetirizine Hydrochloride Oral Solution. In FY17, products for women & children accounted for 6.6% of the group's total revenue.

Exhibit 7: Dextran oral solution (Yuanlikang)

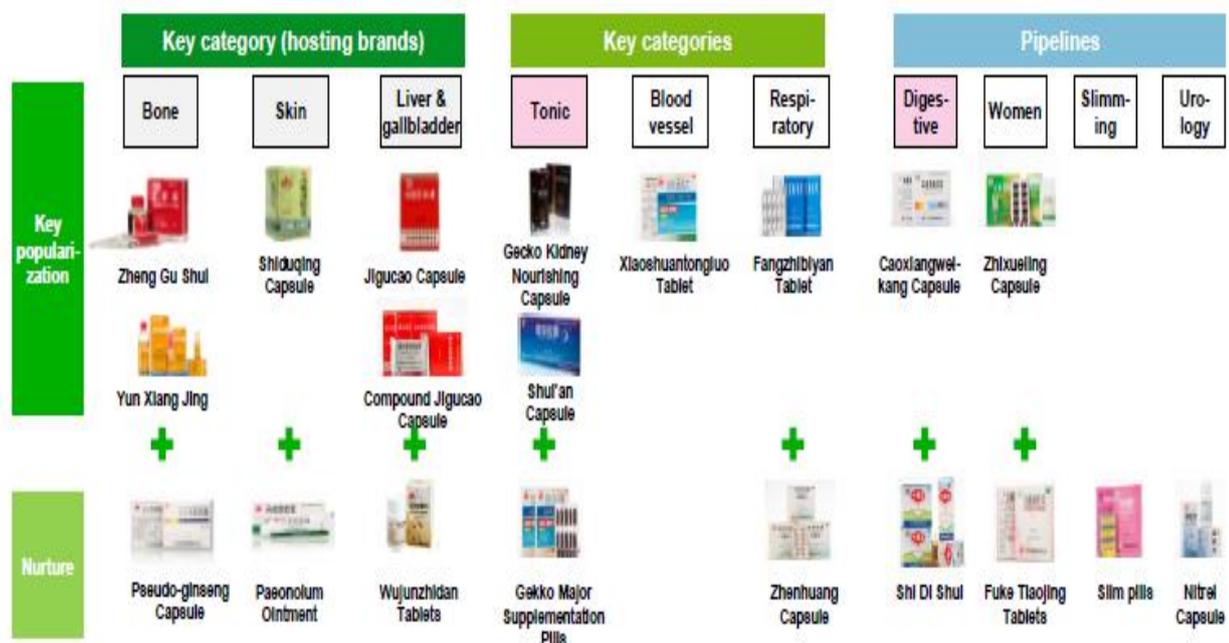

Source: The Company

Exhibit 8: Revenue from products for women and children


Source: The Company, CIRL

Analysis of Yulin segment's key product lines

CPG successfully acquired 15% equity interests in Guangxi Yulin Pharmaceutical Group Co., Ltd.* ("Yulin Pharma") on 6 August 2015 and continued to increase its stake in Yulin Pharma to 72.69% from 2015 to 2017. Yulin Pharma has developed a strong product mix covering different areas, such as bone, skin and liver & gallbladder diseases, with 73 references in 9 dosage forms, including 20 exclusive products, 1 product of geographical indication and 12 protected TCM products.

Exhibit 9: Mix of key product lines of Yulin Pharma


Source: The Company

Yulin's product lines –Bone products

According to sinohealth.cn, size of similar market for analgesic for external use in FY17 was RMB 6.3bn in China. The main product of Zheng Gu Shui is a pure Chinese traditional medicine with obvious efficacy for injuries from falls, fractures, contusions and strains and elimination of sports fatigue. In 1H18, the market share of Zheng Gu Shui increased 0.4 ppt to 1.7%, ranking No.3. Besides, Yunxiangjing, which is used for rheumatic bone pain, colds, headaches, abdominal pain, heart and stomach pains, frostbite, grew rapidly and its revenue increased 80.4% YoY to RMB 30mn in 1H18 and ranks No.5 (0.9% market share). Revenue from bone products accounted for 13.5% of the group's total revenue in FY17.

Exhibit 10: Zheng Gu Shui



Source: The Company

Exhibit 11: Revenue from bone products



Source: The Company, CIRL

Yulin's product lines –Skin products

According to sinohealth.cn, size of similar market for oral dermatologic medicine in 2017 was RMB1.3bn in China. The group's main product, Shiduqing Capsule, is a blood tonic with efficacy of enriching the blood and moistening dryness and dispelling wind and arresting itching. It is a blockbuster product for Yulin Pharma, occupying No.1 position for a long time in oral dermatologic medicine market, with market share of 21.6% in 1H18, up 3.9 ppt YoY. Revenue from skin products accounted for 13.3% of the group's total revenue in FY17.

Exhibit 12: Shiduqing capsule



Source: The Company

Exhibit 13: Revenue from skin products



Source: The Company, CIRL

Yulin's product lines –Liver and gallbladder products

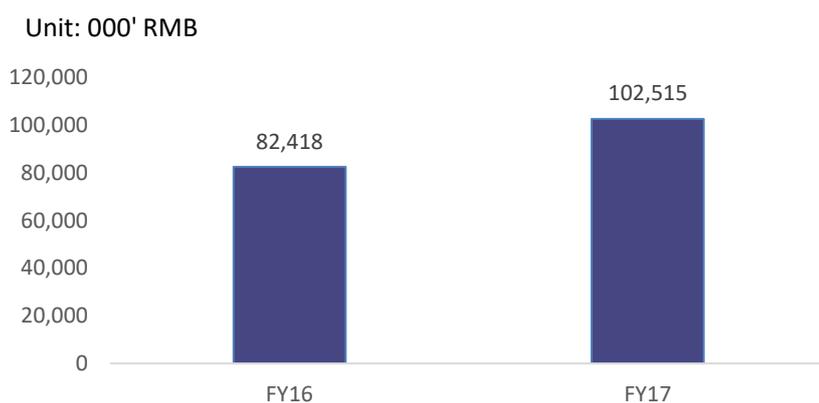
According to sinohealth.cn, size of similar market for drugs for liver and gallbladder diseases in FY17 was RMB140mn in China. The company's blockbuster product, Jigucuo Capsule, is used for liver protection with TCM, characterized of dispersing stagnated liver for promoting bile flow and clearing away heat and toxic material. It enjoys particular high reputation in northeast China and recorded over RMB 100mn sales in FY17. Revenue from liver and gallbladder products accounted for 6.2% of the group's total revenue in FY17.

Exhibit 14: Jigucuo capsule



Source: The Company

Exhibit 15: Revenue from liver and gallbladder products

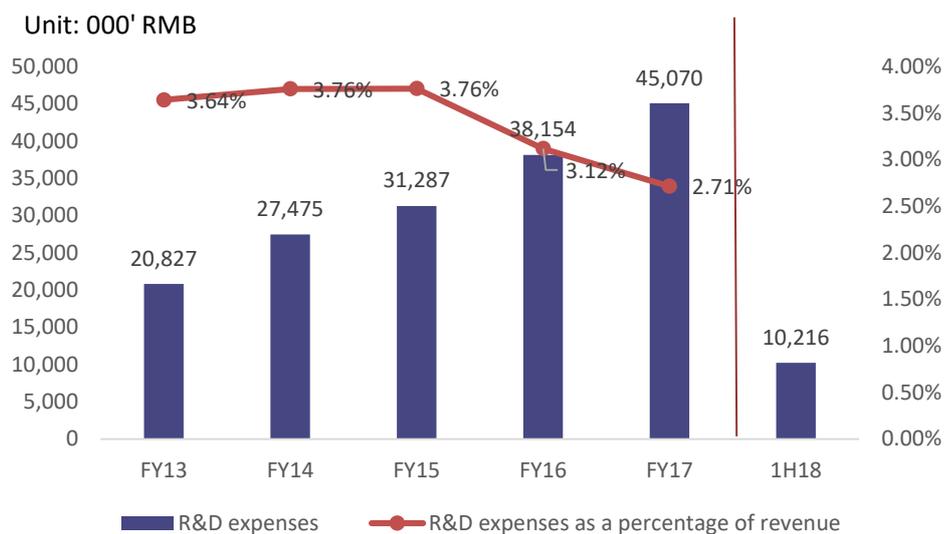


Source: The Company, CIRL

Progress of R&D projects

The group's R&D expenses have increased in the past five years, but the R&D expenses as percentage of revenue have decreased in the past two years. We expect R&D expenses ratio would be at 2.7%/2.6% in FY18E/ FY19E. The group currently has six kinds of products under R&D, including two kidney disease drugs, two medical imaging contrast drugs, and two OTC products.

Exhibit 16: R&D expense and R&D expenses as a percentage of revenue



Source: The Company, CIRL

Key research projects-Drugs for treatment of diabetic nephropathy “Astragali power pellet”

Astragali power pellet is used for patients in Phase 3 of CKD, and this new drug can be taken so long as micro-albumin appears. The project was granted subsidy of RMB1.8mn from the national “major innovative drug” project, which is the first time the Company obtained subsidy under national technology research projects. It is expected to be in market by 2024.

Exhibit 17: Drugs for treatment of diabetic nephropathy

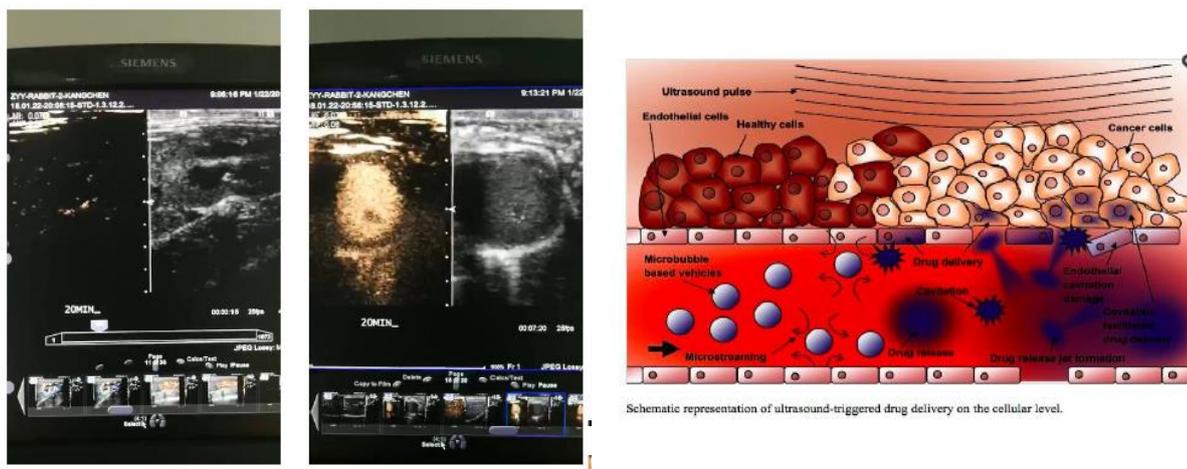


Source: The Company

Key research projects-Ultrasound microbubble contrast medium

Ultrasound microbubble contrast medium is used for UCG and TCD for vessels which is jointly developed by company and Institute of Ultrasound Imaging Science of Shanghai Jiaotong University. It is a hi-tech first-to-file project and expected to be in market by 2021. According to the data of the "Drug Prescription Analysis System" of China Medical Industry Information Center, the scale of China's X-ray contrast agent market in FY17 is about RMB 10.22bn. "Ultrasonic microbubble contrast agent" is expected to replace cardiovascular angiography and cardiac intubation in the X-ray field. The application is expected to account for 17.3% of the total number of hospital prescriptions, with a market size of approximately RMB 1.77bn.

Exhibit 18: Precise diagnosis & Integration of diagnosis and treatment



Source: The Company

Key research projects- Secondary development of Zheng Gu Shui

Secondary development of Zheng Gu Shui is used for promoting blood circulation to remove stasis, relaxing and activating the tendon, alleviating swelling and relieving pain. The group expects to complete preclinical research in 2019 and go public in 2024, and will expand to research of microneedle of hydrogel for external use in the future.

Exhibit 19: Precise diagnosis & Integration of diagnosis and treatment

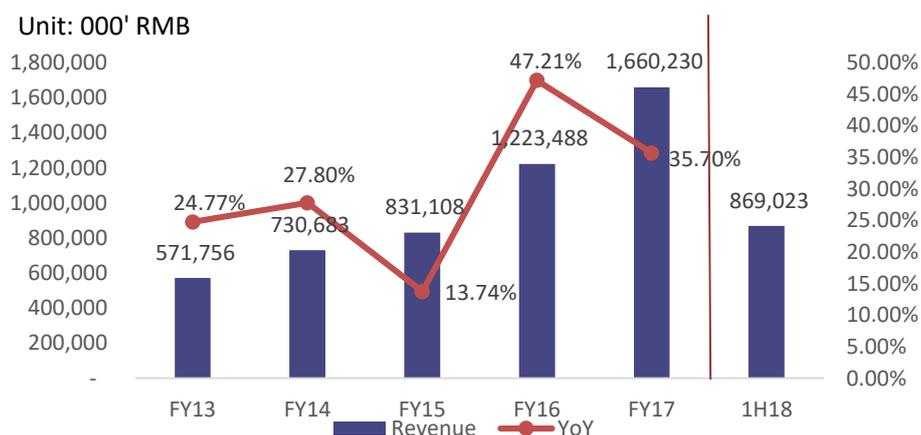


Source: The Company

Financials and valuation

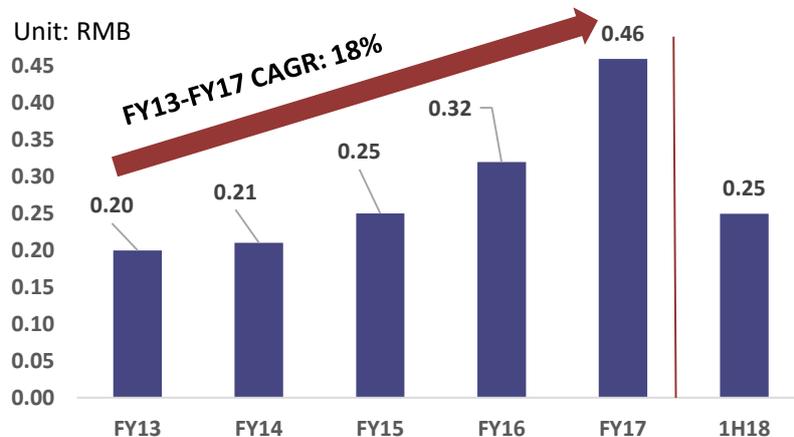
CPG's total revenue achieved 23.7% CAGR in FY13-FY17. The substantial growth in FY16 was mainly due to the successful acquisition of Yulin Pharma and improvement of its operations. We expect CPG to achieve sales growth of 15.0% in FY18E. While EPS growth came in at 18.0% CAGR in FY13-FY17, and is expected to achieve a growth of 15.5% in FY18E, hence representing 9.7% CAGR in FY17-FY19E.

Exhibit 20: Revenue and YoY



Source: The Company, CIRC

Exhibit 21: Basic earnings per share



Source: The Company, CIRC

Without considering the contribution of new products that would be listed, we expect CPG's sales and EPS to grow 9.8%/9.7% CAGR in FY17-FY19E, driven by main products growth, while having stable gross margin and expense ratio. The group's cash flow is sufficient (1H18 operating cash flow: RMB 393mn, an increase of 427.8% YoY), we expect the group may seek for M&A opportunities in future. Consun is currently trading at 9.4x/12.4x FY18E/FY19E PE, compared with industry average 14.6x/21.0x FY18E/FY19E PE. We initiate CPG at BUY with TP HK\$9.60 based on the DCF model, which translates to 16.1x/14.1x FY18E/FY19E PE.

Exhibit 22: Financial statement

Income statement						Cash flow					
Year to Dec (RMB mn)	FY15A	FY16A	FY17A	FY18E	FY19E	Year to Dec (RMB mn)	FY15A	FY16A	FY17A	FY18E	FY19E
Sales	831	1,223	1,660	1,909	2,196	Pretax income	315	403	545	625	720
Cost of goods sold, excluding depreciation	142	288	397	458	527	Income taxes	(65)	(84)	(123)	(134)	(155)
Gross profit	689	935	1,263	1,451	1,669	Depreciation	19	24	35	40	53
SG&A expenses, excluding amortization	381	500	671	745	856	Amortization	1	16	33	28	28
Other operating (income) / expenses	(31)	(6)	(35)	-	-	(Increase) / decrease in working capital	-	70	(54)	(29)	(38)
EBITDA	339	442	627	706	812	Others	(85)	19	(183)	(40)	(60)
Depreciation	19	24	35	40	53	Cash Flow from Operating Activities:	184	449	252	489	548
Amortization	1	16	33	28	28	Capital expenditures	(15)	(19)	(43)	(57)	(66)
EBIT	320	401	560	638	732	Others	(441)	111	(17)	8	19
Interest expense	0	2	15	14	11	Cash Flow from Investing Activities:	(456)	92	(60)	(49)	(47)
Interest (income)	-	-	-	-	-	Issuance of long-term debt	-	-	374	-	-
Other non-operating (income) / expense	5	(4)	-	-	-	(Repayment) of long-term debt	-	-	-	(60)	(60)
Pretax income	315	403	545	625	720	Repurchase of equity	(9)	(84)	(490)	-	(10)
Income taxes	65	84	123	134	155	Dividends	(74)	(153)	(135)	(138)	(157)
Non-controlling interests	-	12	26	32	41	Option proceeds	-	-	5	12	12
Net income	250	308	396	458	524	Others	1	(121)	373	-	-
Balance sheet						Cash Flow from Financing Activities:	(82)	(358)	128	(186)	(215)
Year to Dec (RMB mn)	FY15A	FY16A	FY17A	FY18E	FY19E	Net change in cash	(354)	183	319	254	285
Cash	490	673	990	1,244	1,529	Beginning cash balance	844	490	673	990	1,244
Accounts Receivable, net	399	576	995	1,151	1,323	Ending cash balance	490	673	991	1,244	1,529
Inventories	71	141	200	228	263	Ratios					
Other Current Assets	-	-	-	-	-	Year to Dec	FY15A	FY16A	FY17A	FY18E	FY19E
Total Current Assets:	960	1,390	2,185	2,623	3,115	EBITDA	21%	30%	42%	13%	15%
PP&E, net	224	393	401	418	431	EBIT	21%	25%	40%	14%	15%
Intangibles	-	490	460	432	404	Net profit	18%	23%	29%	16%	14%
Goodwill	-	321	321	321	321	Fully diluted EPS	19%	28%	43%	16%	14%
Other Long-term Assets	734	166	206	206	206	Margins (%)					
Total Assets:	1,918	2,759	3,572	3,999	4,477	Gross margin	80%	83%	76%	76%	76%
Accounts Payable	201	483	680	785	902	EBITDA	38%	41%	36%	38%	37%
Loans and borrowings	-	-	194	229	263	EBIT	36%	38%	33%	34%	33%
Deferred income	0	1	2	2	2	Net margin	29%	30%	25%	24%	24%
Accrued Income Taxes	28	62	95	110	126	Other ratios					
Other Current Liabilities	-	-	-	-	-	ROE (%)	16%	18%	23%	24%	24%
Total Current Liabilities:	229	547	970	1,125	1,294	ROA (%)	14%	13%	13%	12%	12%
Long-Term Debt	-	-	374	314	254	Net gearing (%)	-30%	-33%	-20%	-39%	-46%
Deferred Tax Liability	40	130	142	142	142	Interest coverage (x)	663	264	36	46	64
Other Long-term Liabilities	12	22	21	21	21	Effective tax rate (%)	21%	21%	23%	22%	22%
Total Liabilities:	281	698	1,508	1,603	1,711						
Non-controlling interests	-	301	317	340	380						
Shareholder's equity	1,637	1,761	1,747	2,057	2,386						
Total Equity:	1,637	2,061	2,064	2,397	2,766						
Total Liabilities and Equity:	1,918	2,759	3,572	3,999	4,477						

Source: The Company, CIRL estimates

Exhibit 23: Peers comparison

Company	Ticker	Mkt cap (HKD mn)	Price (HKD)	P/E(x)		P/B(x)		Dividend yield(%)	
				FY 18E	FY 19E	FY 18E	FY 19E	FY 18E	FY 19E
BAIYUNSHAN PH-H	874 HK Equity	63,263	30.50	13.0	24.1	2.0	2.3	1.7	1.2
TRAD CHI MED	570 HK Equity	27,244	5.41	15.7	20.5	1.5	1.6	2.2	0.9
TONG REN TANG-H	1666 HK Equity	14,294	11.16	17.4	21.5	2.0	2.8	1.8	1.5
CHINA SHINEWAY	2877 HK Equity	8,146	9.85	12.5	17.9	1.2	1.4	5.1	2.3
AVERAGE				14.6	21.0	1.7	2.0	2.7	1.5
CONSUN PHARMA	1681 HK Equity	4,980	5.69	9.4	12.4	1.9	2.6	2.8	1.7
YUNNAN BAIYAO-A	000538 CH Equity	85,535	82.13	22.0	27.2	3.7	4.5	1.7	1.8
KANGMEI PHARMA-A	600518 CH Equity	60,105	12.08	10.6	14.5	1.5	1.9	2.8	1.9
GUANGZHOU BAIY-A	600332 CH Equity	63,263	40.23	16.8	31.7	2.7	3.0	1.7	0.9
ZHANGZHOU PIEN-A	600436 CH Equity	54,554	90.42	43.6	67.5	9.5	11.6	0.7	0.5
TASLY PHARMAC-A	600535 CH Equity	35,315	23.35	19.5	25.7	3.0	3.4	1.7	1.2
JILIN AODONG P-A	000623 CH Equity	20,193	17.37	N/A	10.9	N/A	1.0	N/A	1.7
CHINA RESOURCE-A	000999 CH Equity	26,404	26.97	15.9	20.3	2.1	2.5	1.5	1.7
GUIZHOU BAILIN-A	002424 CH Equity	14,081	9.98	19.3	27.0	N/A	3.8	N/A	0.8
HENGKANG MEDIC-A	002219 CH Equity	8,760	4.70	4.1	43.2	N/A	2.3	N/A	0.0
SHIJIAZHANG Y-A	002603 CH Equity	13,993	11.60	18.7	25.8	1.6	1.8	1.2	0.9
ZHEJIANG CONBA-A	600572 CH Equity	18,294	6.86	18.4	24.5	N/A	3.1	N/A	2.2
HARBIN GLORIA-A	002437 CH Equity	8,491	3.86	N/A	27.4	N/A	1.9	N/A	0.4
TIBET CHEEZHEN-A	002287 CH Equity	12,163	29.96	31.8	40.4	4.8	6.2	N/A	1.4
GUANGXI WUZHOU-A	600252 CH Equity	10,567	3.04	N/A	17.9	N/A	1.9	N/A	2.0
TIANJIN CHASE-A	300026 CH Equity	11,191	3.72	18.3	24.8	1.5	1.7	0.9	0.5
HEILONGJIANG Z-A	603567 CH Equity	11,495	13.54	N/A	22.1	N/A	2.4	N/A	1.4
GUILIN SANJIN -A	002275 CH Equity	8,774	14.87	14.9	18.8	N/A	3.2	N/A	2.7
MAYINGLONG PHA-A	600993 CH Equity	6,364	14.76	16.9	20.0	2.3	2.9	1.8	1.6
JIANGSU KANION-A	600557 CH Equity	7,727	12.53	17.3	20.5	1.8	2.1	0.7	0.5
GUIZHOU YIBAI-A	600594 CH Equity	5,289	6.68	10.3	13.7	1.0	1.2	0.7	0.7
SHANGHAI KAIBA-A	300039 CH Equity	5,430	5.07	14.5	20.0	N/A	2.2	N/A	2.0
LANZHOU FOCI P-A	002644 CH Equity	4,860	9.52	N/A	65.6	N/A	3.4	N/A	0.1
ZHUZHOU QIANJI-A	600479 CH Equity	4,082	9.75	13.5	19.6	N/A	2.1	N/A	2.6
AVERAGE				18.1	27.3	3.0	3.0	1.4	1.3

Source: Bloomberg, CIRC

Exhibit 24: DCF key assumptions

Year to Dec (RMB mn)	FY18E	FY19E	FY20E	FY21E	FY22E
Unlevered Free Cash Flow	439.2	499.7	573.6	658.5	756.2
Weighted average cost of capital:					14.2%
Net present value of free cash flow (A)					2,054.3
Growth rate of FCF after FY22E					5.0%
Terminal value					9,174.2
Present value of the terminal value (B)					4,716.9
Enterprise Value (A+B)					6,771.2
LESS: Net Debt					615.1
Equity Value					7,386.3
				Diluted shares (mn):	867.1
				Equity Value/Share (RMB)	8.52
				Equity Value/Share (HKD)	9.60

Source: Bloomberg, CIRL estimates

Exhibit 25: WACC assumptions

Weighted average cost of capital	
Beta	1.2
Risk free rate(%)	3.4
Country risk premium(%)	10.2
Cost of equity(%)	15.2
Cost of debt(%)	3.1
After tax cost of debt(%)	2.4
<u>Weights</u>	
Equity market capitalization(%)	92%
Debt(%)	8%
WACC(%)	14.2

Source: Bloomberg, CIRL estimates

Rating Policy

	Rating	Definition
Stock Rating	Buy	Outperform HSI by 15%
	Neutral	Between -15% ~ 15% of the HSI
	Sell	Underperform HSI by -15%
Sector Rating	Accumulate	Outperform HSI by 10%
	Neutral	Between -10% ~ 10% of the HSI
	Reduce	Underperform HSI by -10%

Analysts List

Hayman Chiu	Research Director	(852) 2235 7677	hayman.chiu@cinda.com.hk
Lewis Pang	Associate Director	(852) 2235 7847	lewis.pang@cinda.com.hk
Kenneth Li	Senior Research Analyst	(852) 2235 7619	kenneth.li@cinda.com.hk
Farica Li	Research Analyst	(852) 2235 7617	farica.li@cinda.com.hk
Leanna Xiao	Research Analyst	(852) 2235 7719	Leanna.xiao@cinda.com.hk
Chloe Chan	Research Analyst	(852) 2235 7170	chloe.chan@cinda.com.hk
Edith Li	Research Analyst	(852) 2235 7515	edith.li@cinda.com.hk

Analyst Certification

I, Farica Li hereby certify that all of the views expressed in this report accurately reflect my personal views about the subject company or companies and its or their securities. I also certify that no part of my compensation was / were, is / are or will be directly or indirectly, related to the specific recommendations or views expressed in this report / note.

Disclaimer

This report has been prepared by the Cinda International Research Limited. Although the information and opinions contained in this report have been compiled or arrived at from sources believed to be reliable, Cinda International cannot and does not warrant the accuracy or completeness of any such information and analysis. The report should not be regarded by recipients as a substitute for the exercise of their own judgment. Recipients should understand and comprehend the investment objectives and its related risks, and where necessary consult their own financial advisers prior to any investment decision. The 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. Any opinions expressed in this report are subject to change without notice. The report is published solely for information purposes, it does not constitute any advertisement and should not be construed as an offer to buy or sell securities. Cinda International will not accept any liability whatsoever for any direct or consequential loss arising from any use of the materials contained in this report. This document is for the use of intended recipients only, the whole or a part of this report should not be reproduced to others.