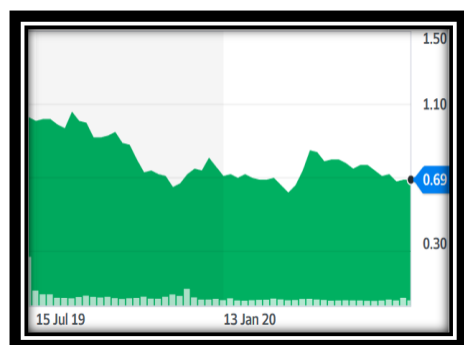


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Target Price	HK\$ 2.00
Current Price	HK\$ 0.69
Upside Potential	190%
Rating	BUY

Market Cap.	HK\$8.13 bn US\$1.05 bn
Shares Outstanding	11783 mn
Free Float (FF / %)	4902 mn / 41.61%
52 Week Range (HK\$)	0.41 / 1.33
Avg. Daily Value	HK\$45 bn US\$5.63 bn
HANG SENG Index Level	25,976
Insider Holding %	84.28%



Risk: Above Average

Forecasting and Valuations

(RMB mn except ratio)	FY2021E	FY2022E
Revenue	92217	106049
Net Income	810	1350
EPS	0.08	0.11
EPS Growth	714%	67%
PE	8.7	5.2
P/S	0.08	0.07
P/B	0.41	0.39

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Zall Smart Commerce Group Ltd. (2098_HK)
Business Update Note

Industry : Supply Chain Management

Opportunity in Disguise Amidst the pandemic

As China and Wuhan rapidly recover and rebound from the COVID-19, Zall Smart Commerce Group is also seeing a recovery in revenues on its platforms. Its online industrial internet business has been developing steadily since the outbreak of the virus. The Group's offline flagship project – North Hankou International Trade Center has resumed operations recently. It was the first major business and trading market to resume operation in Wuhan and has attracted attention across the community. With COVID-19 spreading across the world, the global supply chain will be impacted and the risk of fluctuation in prices will increase further. We believe that there is an opportunity in this crisis for the company just as the drastic changes that boosted e-commerce and changed the lifestyle of people amid "SARS" in 2003. The outbreak this time is very likely to result in explosive development of industrial internet which would change the trading and supply chain management systems of companies. The virus has forced people to adopt more contactless trading methods, and therefore more traditional companies will have a stronger focus on internet and information technology for supply chain management. It is expected that companies will actively implement these technologies in developing their businesses to improve their operating efficiency. Digital infrastructure such as artificial intelligence, big data management, industry 4.0 and blockchain will further improve the ability of businesses to survive online. Digital transformation is reshaping the supply chains across the world. We believe Zall has an opportunity at the moment to leverage on the implementation of industrial internet in its business in the global supply chain market.

Short Term Waiver of Rental Income due to COVID-19

The company has recently announced that the North Hankou Trade Market and Zall Investment Group entered into the supplemental agreement with Jiangsu Eastide to waive the rent payable for the period from 1 July 2020 to 31 December 2020 by Jiangsu Eastide. The total rent waived by the company would amount to approximately RMB231.85 million.

Jiangsu Eastide had indicated to the Zall Group that its business operations were not as good as expected and were seriously affected by the outbreak of the COVID-19 pandemic since early 2020, and had expressed its difficulties in fulfilling the original rental payment term of the lease agreement. In light of the challenging business environment resulting from the outbreak of the COVID-19 pandemic, the Zall Smart

Commerce Group decided to waive the rental income from Jiangsu Eastide. The reasons for the decisions were based on the following assessment: (1) The relatively short duration of the rental exemption period compared with the ten-year term of the lease agreement; (2) the assessment of the impact of the rental waiver on rental income of the Group in the long run was relatively minor and (3) it would have become difficult to replace the tenant who would be comparable to the existing one taking into account the large total area of the leased premises and the length of the term under the lease agreement.

We believe that the short-term waiver of the rent for Jiangsu Eastide is fair and reasonable in the current circumstances and it would not have any drastic adverse effect on the business, operations and financial position of the Group in the long run.

Leveraging on its Core Business to Develop Industrial Internet

The Group has already established a solid foundation for its industrial internet business by leveraging its core business of offline market trading, logistics and properties. Industrial internet as a domain has considerably improved the trading size and value of the B2B platforms for consumer goods, agricultural products, chemicals, plastics, steel, non-ferrous metals and seafood for the Group. The services provided based on the trading environment and transaction data such as finance, logistics, cross-border trading and supply chain management have gradually established a sound supply chain management system. Zall has accumulated hundreds of thousands of customers in its ecosphere. Also it has expanded its business operations in upstream and downstream supply chains and has enriched its vertical offerings for continuous increase in its influence over industry chains.

In recent years, the Group has been actively developing intelligent trading platform of a new generation and has gained satisfactory results. Through actively applying new technologies including blockchain, Internet of Things (IoT), big data and artificial intelligence and promoting the exchange of information, goods and capital on its platforms, Zall Group has fully connected the sections of data, supply and demand matching, logistics, warehousing, finance and supply chain management in its ecosphere. It has utilized new technologies to empower the development of industrial internet, with an aim to accomplish visualization, application of intelligence technology and digitization on trading. In 2019, “Zall Chain Alliance” (卓鏈聯盟) and “Z-Baas” became the first batch of registered domestic products of blockchain information services. Supervision of goods by the application of intelligence technology through cloud warehouse was accomplished. Real-time analysis and estimation of trading volume and prices were conducted through the images of customers. The improvement on management efficiency and risk control through the upgradation and reconstruction of IoT facilitated the connection between digitized assets and financial support.

Gaining on Strength – North Hankou International Trade Center

After developing for almost 10 years, North Hankou International Trade Center has become the comprehensive standard market in Central China and even the whole country. Compared to the traditional markets, North Hankou has a more comprehensive traffic network and better warehousing and logistics facilities. Its market planning, hardware and facilities and overall environment even demonstrated scientific, rational and advanced features amid the outbreak of COVID-19. North Hankou is expected to step up its connections with e-commerce live broadcast and industrial internet platforms for developing its sales channels. As the old markets in city center are relocating, North Hankou will further develop the wholesale environment in Wuhan, boost the pace of its own trading and form a synergy of markets. North Hankou will deliver satisfactory performance in its general cross-border trading services. It will unblock the channels for inward and outward customs clearance as well as global logistics, and also do its best in countering the damage and impact of COVID-19 on imports and exports. LightInTheBox Holding Co., Ltd. (“LightInTheBox”) will continue its devotion in cross-border e-commerce. It will improve its product offerings and provide timely emergency medical supplies to countries that are its major markets, with an aim to increase its influence in the global emerging markets.

Zall’s Supply Chain Management in Emergency Medical Supplies got widely Recognized

Amid the outbreak of COVID-19, the capability of Zall Smart Commerce in purchasing and pooling emergency medical supplies was widely recognized. In its purchasing for the containment of virus, the supply chains of Zall have demonstrated good value, which further underpinned company’s confidence in further developing supply chains. The company will leverage this opportunity to strengthen its global business, particularly focusing on CIC and ZMA Smart Capital Pte. Ltd.

Property > Market Cap: Supply Chain for “Free”

Zall’s stock is in “deep value” territory, as the stock price does not even fully reflect the current value of hard property assets, so investors are effectively getting the company’s RMB73 billion [US\$10.3 billion] in revenues for “free”. The December 2019 balance sheet lists RMB29.1 billion [HK\$32 billion] in investment properties, which equates to HK\$2.73 per share.

Everything else, and the main Supply Chain business, which represents 97% of revenues, is thus effectively “free”. Of the HK\$2.50 per share in investment properties, 85% are fully developed, and only 15% [predominantly Tianjin] are under development.

The fact that vast majority of investment properties are already developed gives investors more confidence in the value and going-concern nature of these assets, as CAPX and development risk no longer exists.

For further clarification and details, and factoring in all property related debt, total property development segment assets as of December 2019 of RMB38.2 billion [HK\$42 billion] minus all liabilities/debt of RMB12.8 billion [HK\$14

billion] equated to RMB25.4 billion [HK\$28 billion, US\$3.6 billion], or HK\$2.38 per share. This figure is 245% higher than today's stock price!

Huge "Free" Call Option on Supply Chain

Put in another way, hard investment property assets, which contributes negligibly to the overall revenues of Zall but all of 2019 net income [but less of a percentage of going forward net income], fully explains the current stock price. This implies that small changes in the gross margin and net income contribution from the US\$11 billion in Supply Chain revenues can have a huge impact on the stock price going forward. Importantly, investors are not paying anything for this future "call option" on the likely success of the Supply Chain segment in generating positive net income and FCF. The optionality implied in Zall's stock price is huge, and it is effectively a "free option" given the stock price declines to the current levels.

Metric #1: Price to Book at Absolute Low Levels

On a price to book basis, Zall is trading at just 0.41x, and on a price to tangible book basis at 0.47x. Given that 95% of Zall's total assets are comprised of current assets plus investment properties, there is clearly a high percentage of hard property assets plus liquid current assets backing the book value of the company.

In addition, goodwill and intangibles, which is obviously excluded/deducted from the aforementioned tangible book value calculation mentioned, is relatively small for Zall, and comprises only 3% of total assets. In other words, there is strong asset backing for both the company's balance sheet stated assets and equity values. Trading at just 0.41x price/book, investors are valuing the company at less than liquidation value. The reality is that Zall generates US\$11 billion in technology driven Supply Chain revenues [which represents 98% of entire revenues] but only utilizes 10% of the firm's assets.

The price/book valuation further highlights that the Supply Chain business continues to be effectively ignored by investors, and is hardly reflected in the stock price. Our HK\$2.00 price target would suggest a P/B multiple of 1.1x on our 2021 estimate.

Metric #2 and #3 Attractive P/E and P/S

For rapidly growing revenue companies [read: Tencent, Alibaba, Amazon, Uber, etc] that are still early in its lifecycle in terms of earnings/FCF, investors are focused on revenue growth and price/sales as the principal valuation metric which really determines stock price. The company is currently trading at a price/sales ratio of 0.09x based on our forward 2020 sales estimate, 0.08x on 2021 expected, and 0.10x on actual/trailing 2019 reported. The average 5 year actual price/sales for Zall, excluding the large spike in late 2016, has been 3.0x times. When looking at other rapidly growing revenue stocks in China and globally, which trade at many [2x - 5x price/sales] times sales, Zall's multiple of less than 1x is extremely low. Our HK\$ 2.00 price target would still suggest a 0.22x price/sales multiple based on our 2021 estimate. Also the stock is attractively valued today trading at 8.7x on our 2021 and 5.2x on our 2022 EPS estimates. This level of price/earnings represent a huge discount to the Hang Seng and Mainland Chinese indices, as well as Zall's own history.

Business Aspirations for Industry Leader Zall, Focus on B2B and Supply Chain services

The company is involved in the business of Supply Chain Management and Trading, E-commerce and financial services and property development and related services for its suppliers and customers. The property segment develops, sells and operates large scale consumer product-focus wholesale shopping malls and provides related value-added business services such as warehousing and logistics to its suppliers and customers. The E-commerce and financial services provides financial services including supply chain finance, guarantees, financial leasing, factoring and assets management to suppliers and customers. The supply chain management and trading business segment operates trading of agricultural products, chemical materials, plastic raw materials, consumer goods, black and non-ferrous metals and provides trading related supply chain finance services. The business of Zall Smart Commerce Group basically originated from the offline wholesale market trading and has now transformed into an internet based ecosystem that consists of the integration of the online as well as the offline market place. The supporting business activities such as supply chain finance, guarantees, financial leasing, warehousing and logistics provide the much needed support to the customers and suppliers in order to conduct their business in an efficient and smooth manner. The scalability of this business model of the company is the highlight and this integration has endless possibilities in terms of the number of transactions that can happen. The online platform can propel the number of transactions in the offline platform, which in turn contributes to the flow and scale of the online platform. The increased number of transactions would have the potential to multiply revenues for the company along with reduction of costs as higher economies of scale are reached. The company's focus therefore continues to be in B2B and supply chain services to build an intelligent trading system with high efficiency and low cost in a win-win situation and connect global businesses intelligently.

Given that this industry which the company operates in, has other players focusing attention on a single commodity, Zall Smart Commerce Group has strategized to include multiple commodities and sectors that can scale the business to levels impossible for its competitors. The company plans to achieve this large scale business operations through organic as well as inorganic growth. For example, its Singapore based trading platform has increased business operations by three times in 2019 to RMB2.5 billion as compared to RMB821 million in 2018. As of December 2019, the CIC trading platform recorded accumulative transaction amount of nearly USD10.37 billion, over 4,600 registered users from China, Singapore, Australia, India, Malaysia and various countries in Asia, focusing on transactions of ferrous and non-ferrous metals, chemicals and plastics, agricultural products, oil products etc. In fact what attracts customers and suppliers to Zall Smart Commerce Group is the integrated online and offline platform which also provides other supporting services to generate higher efficiency in transactions thereby yielding better price discovery for buyers and sellers in the process.

5-year Price Chart



Security Ownership

2098 HK HKD ↓ .69 -- H.69 / .70H 21000x194k
 At 13:38 d Vol 18,426,000 0 .69H H .70H L .68H Val 12.713M

2098 HK Equity 25) Export Settings Security Ownership
 ZALL SMART COMMERCE GROUP LT ISIN KYG9888C1125

1) Current 2) Historical 3) Matrix 4) Ownership Summary 5) Insider Transactions 6) Options 7) Debt

Search Name All Holders, Sorted by Size 21) Save Search 22) Delete Search 23) Refine Search
 Text Search Holder Group All Holders Investment Manager View

30) Further Details: Yan Zhi / Zhall Development Investment Co
 24) Color Legend Shrs Out 11,782.8M % Out 69.01 Float/Shrs Out 38.59 SI % Out N.A.

Holder Name	Portfolio Name	Source	Opt	Position	% Out	Latest Chg
1. Yan Zhi		EXCH		6,976,517,268	59.21	36,068,000
2. Fullshare Holdings Ltd		ULT-AGG		1,009,453,000	8.57	60,229,000
3. Gang Yu		EXCH		112,890,840	0.96	40,000,000
4. EJC Group Ltd		Semi-Ann...		89,163,000	0.76	0
5. EJC Group Ltd		Short		-89,163,000	-0.76	0
6. Vision Knight Capital Management C...		Semi-Ann...		42,981,000	0.36	0
7. Vision Knight Capital Management C...		Short		-42,981,000	-0.36	0
8. Qi Zhiping		EXCH		9,966,097	0.08	0
9. Fortune SG Fund Management Co Lt...	Multiple Portfolios	MF-AGG		5,518,000	0.05	286,000
10. Allianz SE		ULT-AGG		4,712,000	0.04	4,712,000
11. State Street Corp		ULT-AGG		4,049,000	0.03	0
12. Cui Jinfeng		EXCH		3,612,500	0.03	0
13. FlexShares Trust	Multiple Portfolios	MF-AGG		2,117,000	0.02	0
14. Min Xueqin		EXCH		1,115,000	0.01	0
15. Government Pension Investment Fu...	Multiple Portfolios	MF-AGG		774,000	0.01	0
16. Neuberger Berman Group LLC	Multiple Portfolios	MF-AGG		571,000	0.00	0
17. Wells Fargo & Co		ULT-AGG		312,320	0.00	312,320
18. Invesco Ltd		ULT-AGG		13,000	0.00	13,000

Income Statement (Renminbi million)	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY 2019	FY 2020E	FY 2021E	FY 2022E	FY 2023E	FY 2024E	CAGR 21 -24
Revenue	2,454.2	1,489.9	1,581.2	1,986.1	1,029.5	1,213.4	22,249.2	56,116.1	72,898.8	80,188.6	92,216.9	106,049.5	121,956.9	140,250.4	15%
y/y		-39.3%	6.1%	25.6%	-48.2%	17.9%	1733.7%	152.2%	29.9%	10.0%	15.0%	15.0%	15.0%	15.0%	
Cost of Revenue	-715.2	-407.0	-916.3	-1,010.0	-758.3	-852.1	-21,236.9	-54,556.5	-71,673.8	-78,584.9	-89,450.4	-102,337.7	-117,688.4	-135,341.7	
Gross Profit	1,739.0	1,082.9	664.8	976.1	271.2	361.3	1,012.3	1,559.6	1,224.9	1,603.8	2,766.5	3,711.7	4,268.5	4,908.8	
Gross margin (%)	70.9%	72.7%	42.0%	49.1%	26.3%	29.8%	4.5%	2.8%	1.7%	2.0%	3.0%	3.5%	3.5%	3.5%	
Other Operating Revenue	-39.4	-1.2	27.3	8.3	972.2	1,130.5	-39.9	-530.5	-756.3	109.5	126.0	106.0	122.0	140.3	
as a % of sales	-1.6%	-0.1%	1.7%	0.4%	94.4%	93.2%	-0.2%	-0.9%	-1.0%	0.1%	0.1%	0.1%	0.1%	0.1%	
Selling, General & Admin Expense	-153.5	-225.2	-356.0	-321.6	-294.8	-301.6	-709.4	-974.4	-859.1	-890.4	-1,024.0	-2,439.1	-3,048.9	-3,506.3	
as a % of sales	6.3%	15.1%	22.5%	16.2%	28.6%	24.9%	3.2%	1.7%	1.2%	1.1%	1.1%	2.3%	2.5%	2.5%	
Other Operating expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-524.9	-947.9	-1,090.1	0.0	0.0	0.0	
as a % of sales	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.7%	1.2%	1.2%	0.0%	0.0%	0.0%	
Operating Income	1,546.2	856.6	336.1	662.8	948.6	1,190.3	263.0	54.7	-915.3	-125.0	778.4	1,378.6	1,341.5	1,542.8	26%
y/y		-44.6%	-60.8%	97.2%	43.1%	25.5%	-77.9%	-79.2%	-1774.0%	-86.3%	722.8%	77.1%	-2.7%	15.0%	
Operating margin (%)	63.0%	57.5%	21.3%	33.4%	92.1%	98.1%	1.2%	0.1%	-1.3%	-0.2%	0.8%	1.3%	1.1%	1.1%	
Increase in fair value of investment properties	255.88	697.36	1742.16	2157.34	1237.74	1275.70	3021.33	3865.19	2533.08	700.00	1000.00	1200.00	1500.00	1500.00	
Interest Expense	-7.0	-5.5	-76.9	-122.1	-264.9	-192.3	-534.4	-697.2	-1,112.5	-1097.4	-1144.8	-1225.5	-1248.8	-1250.8	
Interest income	5.1	3.4	3.9	22.3	5.7	3.6	89.0	206.0	175.4	200.0	300.0	300.0	300.0	300.0	
Equity in (losses)/income of affiliates	-2.4	119.2	529.4	46.8	364.0	-24.6	-35.3	-175.2	6.4	0.0	0.0	0.0	0.0	0.0	
Other recurring (expenses)/income	0.0	0.0	12.7	-9.3	-17.0	95.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Amortization of intangibles	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Goodwill impairment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-613.9	0.0	0.0	0.0	0.0	0.0	0.0	
Other non recurring (expenses) income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-291.6	0.0	0.0	0.0	0.0	0.0	0.0	
Pretax Income (reported)	1,797.8	1,671.0	2,547.3	2,757.9	2,274.1	2,348.2	2,803.6	2,348.1	687.1	-322.4	933.6	1,653.2	1,892.7	2,092.0	31%
y/y		-7.1%	52.4%	8.3%	-17.5%	3.3%	19.4%	-16.2%	-70.7%	-146.9%	389.6%	77.1%	14.5%	10.5%	
Pretax Income (adjusted)	1797.8	1671.0	2547.3	2757.9	2274.1	2348.2	2803.6	2348.1	687.1	-322.4	933.6	1653.2	1892.7	2092.0	31%
y/y		-7.1%	52.4%	8.3%	-17.5%	3.3%	19.4%	-16.2%	-70.7%	-146.9%	389.6%	77.1%	14.5%	10.5%	
- Income Tax Expense	-613.9	-502.0	-918.3	-1147.1	-228.2	-291.6	-447.1	-1,074.2	-629.5	80.6	-233.4	-413.3	-473.2	-523.0	
effective tax rate (%)	34.1%	30.0%	36.0%	41.6%	10.0%	12.4%	15.9%	45.7%	91.6%	25.0%	25.0%	25.0%	25.0%	25.0%	
- Minority Interests	-10.857	18.022	45.273	37.905	8.261	7.6	-22.6	-97.4	-35.3	-110.0	-110.0	-110.0	-110.0	-110.0	
Income Before XO Items	1183.9	1169.0	1629.0	1610.7	2046.0	2,056.6	2,356.5	1,273.9	57.5	-108.6	958.8	1,239.9	1,419.5	1,569.0	18%
y/y		-1.3%	39.4%	-1.1%	27.0%	0.5%	14.6%	-45.9%	-95.5%	-288.9%	982.7%	29.3%	14.5%	10.5%	
- Extraordinary Loss Net of Tax	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Net Income (reported)	1183.9	1169.0	1629.0	1610.7	2046.0	2056.6	2356.5	1273.9	57.5	-108.6	958.8	1239.9	1419.5	1569.0	18%
y/y		-1.3%	39.4%	-1.1%	27.0%	0.5%	14.6%	-45.9%	-95.5%	-288.9%	982.7%	29.3%	14.5%	10.5%	
Exceptional (L)G	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Net Income (adjusted)	1,173.0	1,169.0	1,629.0	1,610.7	2,046.0	2,056.6	2,356.5	1,273.9	57.5	-131.8	810.2	1,349.9	1,529.5	1,679.0	27%
y/y		-0.3%	39.4%	-1.1%	27.0%	0.5%	14.6%	-45.9%	-95.5%	-329.2%	714.6%	66.6%	13.3%	9.8%	
Basic EPS (reported)	0.34	0.33	0.47	0.15	0.19	0.19	0.21	0.1096	0.0079	-0.01	0.08	0.11	0.12	0.13	
Basic EPS (adjusted)	0.34	0.33	0.47	0.15	0.19	0.19	0.21	0.1096	0.0079	-0.01	0.07	0.12	0.13	0.14	
Basic Weighted Avg Shares	3,500	3,500	3,500	10,500	10,574	10,746	11,204	11,628	11,696.78	11,696.78	11,696.78	11,696.78	11,696.78	11,696.78	
Diluted EPS (reported)	0.34	0.33	0.45	0.14	0.18	0.19	0.21	0.11	0.0079	-0.01	0.08	0.11	0.12	0.13	18%
y/y		-1.3%	33.5%	-68.3%	30.3%	4.0%	9.9%	-48.1%	-92.8%	-217.1%	-982.7%	29.3%	14.5%	10.5%	
Diluted EPS (adjusted)	0.34	0.33	0.45	0.14	0.18	0.19	0.21	0.11	0.0079	-0.01	0.07	0.12	0.13	0.14	27%
y/y		-0.3%	33.5%	-68.3%	30.3%	4.0%	9.9%	-48.1%	-92.8%	-242.1%	-714.6%	66.6%	13.3%	9.8%	
Diluted Weighted Avg Shares	3,500	3,500	3,653	11,411	11,123	10,746	11,207	11,665	11,729.02	11,729.02	11,729.02	11,729.02	11,729.02	11,729.02	

Reference Items	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY 2019	FY 2020E	FY 2021E	FY 2022E	FY 2023E	FY 2024E
EBITDA	1549.2	871.9	361.9	687.0	964.8	1218.8	314.3	154.2	-877.2	-83.0	824.5	1431.7	1402.5	1612.9
Dividends per Share	0.07	0.02	0.05	0.00	0.05	0.00	0.0004	0.02	0.0	0.0	0.00	0.00	0.00	0.00
Dividend payout ratio	20.7%	7.3%	10.3%	0.0%	28.5%	0.0%	0.2%	20.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Dep & Amor.	3.1	15.3	25.9	24.2	16.2	28.6	51.3	99.5	38.2	42.0	46.1	53.0	61.0	70.1
as a % of sales	0.1%	1.0%	1.6%	1.2%	1.6%	2.4%	0.2%	0.2%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Balance Sheet (Renminbi million)	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY 2019	FY 2020E	FY 2021E	FY 2022E	FY 2023E	FY 2024E
Assets														
+ Cash & Near Cash Items	989.9	1,017.6	1,157.8	603.5	685.1	823.7	3,837.6	4,184.9	5,924.3	698.6	1,014.1	3,770.2	7,034.5	8,994.0
+ Short-Term Investments	0.0	120.0	150.0	0.0	0.0	0.0	132.6	203.3	30.0	400.0	450.0	450.0	450.0	450.0
+ Accounts & Notes Receivable	903.7	853.7	1,381.8	973.8	827.1	2,830.4	4,756.0	8,604.4	11,733.9	8,128.7	10,358.6	11,621.9	13,365.1	15,369.9
+ Inventories	0.2	0.005	0.2	0.003	0.0	7,837.9	7,162.5	6,277.1	5,833.6	6,459.0	7,352.1	8,411.3	8,060.8	12,607.2
+ Other Current Assets	3,159.3	5,465.0	7,373.8	6,342.0	8,859.4	2,243.9	7,515.5	4,990.7	5,680.6	6,816.7	8,520.9	8,520.9	8,520.9	8,520.9
Total Current Assets	5,053.1	7,456.3	10,063.5	7,919.4	10,371.7	13,736.0	23,404.1	24,260.3	29,202.5	22,503.1	27,695.7	32,774.3	37,431.4	45,942.0
+ Long-Term Investments	3,773.1	4,707.8	7,140.8	8,445.1	12,519.2	14,624.1	20,206.7	25,456.4	29,168.6	34,825.2	36,427.3	36,427.3	36,427.3	36,427.3
+ Gross Fixed Assets	29.3	151.5	170.1	162.7	276.1	177.3	373.4	509.1	539.8	700.2	884.6	990.6	1,112.6	1,252.8
- Accumulated Depreciation	-8.7	-18.3	-28.2	-39.5	-51.7	-63.5	-156.4	-194.8	-208.3	-288.4	-334.6	-387.6	-448.6	-518.7
+ Net Fixed Assets	20.6	133.2	141.9	123.2	224.3	113.8	217.0	314.3	331.5	411.7	550.0	603.1	664.0	734.2
+ Other Long-Term Assets	237.1	371.8	935.4	5,682.6	654.4	1,258.0	1,010.3	1,042.7	1,080.9	1,343.6	1,409.6	1,409.6	1,409.6	1,409.6
+ Goodwill & other Intangible Assets	0.0	11.4	16.5	5.7	0.0	15.8	2,505.4	2,007.3	1,705.7	1,705.7	1,705.7	1,705.7	1,705.7	1,705.7
Total Long-Term Assets	4,030.9	5,224.1	8,234.6	14,256.6	13,397.9	16,011.7	23,939.5	28,820.8	32,286.8	38,286.3	40,092.7	40,145.7	40,206.7	40,276.8
Total Assets	9,084.0	12,680.4	18,298.1	22,176.0	23,769.6	29,747.7	47,343.6	53,081.1	61,489.2	60,789.4	67,788.4	72,920.0	77,638.1	86,218.8
Liabilities & Shareholders' Equity														
+ Accounts Payable	1,860.7	2,435.8	3,562.6	2,950.9	3,629.5	5,598.2	12,511.8	11,006.5	13,609.4	12,918.1	16,174.6	18,504.9	21,280.6	27,809.9
+ Short-Term Borrowings	374.5	545.2	2,012.8	997.2	1,682.1	2,332.7	5,572.1	9,255.1	14,017.1	14,717.9	16,189.7	16,513.5	16,513.5	16,513.5
+ Other Short-Term Liabilities	990.8	1,151.2	673.9	4,003.1	240.5	300.0	1,323.6	3,392.9	3,981.0	4,379.1	4,817.0	5,298.7	5,828.6	6,411.4
Total Current Liabilities	3,225.9	4,132.2	6,249.2	7,951.2	5,552.1	8,230.8	19,407.5	23,654.6	31,607.5	32,015.1	37,181.3	40,317.1	43,622.7	50,734.9
+ Long-Term Borrowings	1,003.9	2,426.5	3,085.0	3,424.5	4,712.7	6,061.3	5,422.4	4,970.8	4,473.5	3,373.0	3,879.0	4,266.9	4,333.0	4,333.0
+ Other Long-Term Liabilities	548.2	702.7	2,074.8	2,238.2	3,194.3	3,316.3	3,852.9	4,846.9	5,785.7	6,046.1	6,590.2	6,590.2	6,623.2	6,623.2
Total Liabilities	4,778.0	7,261.5	11,409.0	13,613.9	13,459.1	17,608.4	28,682.7	33,472.3	41,866.8	41,434.2	47,650.5	51,174.3	54,578.9	61,691.1
+ Total Preferred Equity	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
+ Share Capital & APIC	29.1	29.1	29.1	29.1	29.7	29.7	32.3	32.4	32.7	32.7	32.7	32.7	32.7	32.7
+ Retained Earnings & Other Equity	3,773.5	4,848.4	6,273.3	7,888.8	9,438.7	12,074.8	17,748.9	18,747.2	19,046.3	18,914.4	19,724.7	21,074.5	22,604.1	24,283.0
Total Shareholders' Equity	3,802.5	4,877.5	6,302.4	7,917.9	9,468.5	12,104.5	17,781.2	18,779.6	19,079.0	18,947.2	19,757.4	21,107.3	22,636.8	24,315.8
+ Minority Interest	503.4	541.5	586.7	644.2	842.1	34.7	879.7	829.2	543.5	408.0	380.5	638.5	422.3	212.0
Total Liabilities & Equity	9,084.0	12,680.4	18,298.1	22,176.0	23,769.6	29,747.6	47,343.6	53,081.1	61,489.2	60,789.4	67,788.4	72,920.0	77,638.0	86,218.9

Cash Flow (Renminbi million)	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY 2019	FY 2020E	FY 2021E	FY 2022E	FY 2023E	FY 2024E
+ Net Income	1,183.9	1,169.0	1,629.0	1,610.7	2,046.0	2,056.6	2,356.5	1,273.9	57.5	-108.6	958.8	1,239.9	1,419.5	1,569.0
+ Depreciation & Amortization	3.1	15.3	25.9	24.2	16.2	28.6	51.3	99.5	38.2	42.0	46.1	53.0	61.0	70.1
+ Other Non-Cash Adjustments	-202.2	-802.8	-2,281.6	-2,144.7	-2,257.7	-2,290.4	-2,385.8	-1,556.0	974	370	654	110	143	110
+ Changes in Non-Cash Capital	-1,823.2	-1,820.9	-1,601.2	-1,955.8	-1,362.9	-307.4	-2,542.1	-1,259.1	-185.0	1,550.4	-1132.7	489.5	1,912.8	561.1
Cash From Operating Activities	-838.5	-1,439.4	-2,227.9	-2,465.6	-1,558.4	-512.6	-2,520.1	-1,441.7	884.8	1,854.2	526.4	1,892.4	3,536.3	2,310.2
+ Disposal of Fixed Assets	0.0	0.2	0.0	0.0	562.0	125.7	1.3	1.3	0.0	0.0	0.0	0.0	0.0	0.0
+ Capital Expenditures	-475.3	-5.3	-4.4	-10.0	-116.8	-16.2	-42.7	-152.0	-72.9	-80.2	-92.2	-106.0	-122.0	-140.3
+ Increase in Investments	0.0	-120.0	-30.0	0.0	-31.0	-1,715.7	-122.6	-193.3	271.0	-160.4	-184.4	-106.0	-122.0	-140.3
+ Decrease in Investments	0.0	0.0	0.0	150.0	0.0	0.0	0.0	122.6	0.0	0.0	0.0	0.0	0.0	0.0
+ Other Investing Activities	-4.9	3.4	-55.9	22.3	-166.5	10.4	2,054.9	-656.9	-3,466.0	-5,999.5	-1,806.4	-53.0	-61.0	-70.1
Cash From Investing Activities	-480.1	-121.7	-90.3	162.3	247.6	-1,595.8	1,890.8	-878.3	-3,267.9	-6,240.1	-2,083.1	-265.1	-304.9	-350.6
+ Dividends Paid	-242.4	-85.0	-167.3	0.0	-583.3	0.0	-4.2	-260.0	0.0	0.0	0.0	0.0	0.0	0.0
+ Change in Short-Term Borrowings	813.9	1,590.2	2,126.1	1,061.1	2,159.9	2,164.2	960.5	2,251.6	4,762.0	700.9	1,471.8	323.8	0.0	0.0
+ Increase in Long-Term Borrowing	0.0	0.0	598.3	0.0	0.0	0.0	0.0	0.0	938.8	260.4	544.1	0.0	33.0	0.0
+ Decrease in Long-term Borrowing	0.0	0.0	0.0	0.0	-60.3	-264.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
+ Increase in Capital Stocks	1,289.3	0.0	0.0	19.6	123.3	0.0	1,306.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
+ Decrease in Capital Stocks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
+ Other Financing Activities	-216.0	-141.9	-760.6	-248.7	-414.2	92.4	-1,041.8	-868.4	0.0	0.0	-2,718.0	0.0	0.0	0.0
Cash from Financing Activities	1,644.9	1,363.3	1,796.4	832.0	1,225.5	1,992.0	1,221.0	1,123.2	5,700.8	961.2	-702.1	323.8	33.0	0.0
Net Changes in Cash	326.3	-197.9	-521.8	-1,471.3	-85.3	-116.4	591.7	-1,196.8	3,317.7	-3,424.7	-2,258.8	1,951.1	3,264.3	1,959.5
Opening cash				1,157.8	603.5	685.1	823.7	3,837.6	4,184.9	7,502.5	4,077.8	1,819.1	3,770.2	7,034.5
Closing cash				603.5	685.1	823.7	3,837.6	4,184.9	7,502.5	4,077.8	1,819.1	3,770.2	7,034.5	8,994.0

Ratio Analysis	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY 2019	FY 2020E	FY 2021E	FY 2022E	FY 2023E	FY 2024E
Per Share Data (RMB)														
Basic EPS (adjusted)	0.34	0.33	0.47	0.15	0.19	0.19	0.21	0.11	0.01	-0.01	0.07	0.12	0.13	0.14
Diluted EPS (adjusted)	0.34	0.33	0.45	0.14	0.18	0.19	0.21	0.11	0.01	-0.01	0.07	0.12	0.13	0.14
Dividend per share (DPS)	0.07	0.02	0.05	0.00	0.05	0.00	0.00	0.02	0.00	0.00	0.00	0.00	0.00	0.00
Book Value per share (BVPS)	1.09	1.39	1.72	0.69	0.85	1.12	1.36	1.44	1.48	1.47	1.54	1.65	1.78	1.93
Margins (%)														
Gross Margin	70.9%	72.7%	42.0%	49.1%	26.3%	29.8%	4.5%	2.8%	1.7%	2.0%	3.0%	3.5%	3.5%	3.5%
Operating Margin	63.0%	57.5%	21.3%	33.4%	92.1%	98.1%	1.2%	0.1%	-1.3%	-0.2%	0.8%	1.3%	1.1%	1.1%
EBITDA Margin	63.1%	58.5%	22.9%	34.6%	93.7%	100.5%	1.4%	0.3%	-1.2%	-0.1%	0.9%	1.4%	1.2%	1.2%
Pre-Tax Margin (adjusted)	73.3%	112.2%	161.1%	138.9%	220.9%	193.5%	12.6%	4.2%	0.9%	-0.4%	1.0%	1.6%	1.6%	1.5%
Net Income Margin (adjusted)	47.8%	78.5%	103.0%	81.1%	198.7%	169.5%	10.6%	2.3%	0.1%	-0.2%	0.9%	1.3%	1.3%	1.2%
Growth (%)														
Sales growth	0%	-39.3%	6.1%	25.6%	-48.2%	17.9%	1733.7%	152.2%	29.9%	10.0%	15.0%	15.0%	15.0%	15.0%
EBIT growth	0%	-44.6%	-60.8%	97.2%	43.1%	25.5%	-77.9%	-79.2%	-1774.0%	-86.3%	722.8%	77.1%	-2.7%	15.0%
Net Income (adjusted) growth	0%	-0.3%	39.4%	-1.1%	27.0%	0.5%	14.6%	-45.9%	-95.5%	-329.2%	714.6%	66.6%	13.3%	9.8%
EPS (adjusted) growth	0%	-0.3%	33.5%	-68.3%	30.3%	4.0%	9.9%	-48.1%	-92.8%	-242.1%	-714.6%	66.6%	13.3%	9.8%
Accounts Receivables	0%	-5.5%	61.9%	-29.5%	-15.1%	242.2%	68.0%	80.9%	36.4%	-30.7%	27.4%	12.2%	15.0%	15.0%
Inventory	0%	-98.0%	3020%	-98.1%	0.0%	0.0%	-8.6%	-12.4%	-7.1%	10.7%	13.8%	14.4%	-4.2%	56.4%
Fixed Assets	0%	29.6%	57.6%	73.1%	-6.0%	19.5%	49.5%	20.4%	12.0%	18.6%	4.7%	0.1%	0.2%	0.2%
Total Assets	0%	39.6%	44.3%	21.2%	7.2%	25.1%	59.2%	12.1%	15.8%	-1.1%	11.5%	7.6%	6.5%	11.1%
Working Capital	0%	81.9%	14.7%	-101%	-15276%	14.2%	-27.4%	-84.8%	-497.0%	296%	-0.3%	-20.5%	-17.9%	-22.6%
Accounts Payable	0%	30.9%	46.3%	-17.2%	23.0%	54.2%	123.5%	-12.0%	23.6%	-5.1%	25.2%	14.4%	15.0%	30.7%
Short Term Debt	0%	45.6%	269.2%	-50.5%	68.7%	38.7%	138.9%	66.1%	51.5%	5.0%	10.0%	2.0%	0.0%	0.0%
Long Term Debt	0%	141.7%	27.1%	11.0%	37.6%	28.6%	-10.5%	-8.3%	-10.0%	-24.6%	15.0%	10.0%	1.6%	0.0%
Total Equity	0%	28.3%	29.2%	25.6%	19.6%	27.8%	46.9%	5.6%	1.6%	-0.7%	4.3%	6.8%	7.2%	7.4%
Free Cash Flow	0%	-10.0%	-54.5%	-10.9%	32.3%	68.4%	-384.6%	37.8%	107.3%	118.5%	-75.5%	311.5%	91.1%	-36.4%

Ratios	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY 2019	FY 2020E	FY 2021E	FY 2022E	FY 2023E	FY 2024E
Dupont ROE (%)	30.8%	24.0%	25.8%	20.3%	21.6%	17.0%	13.3%	6.8%	0.3%	-0.7%	4.1%	6.4%	6.8%	6.9%
Margin (%)	47.8%	78.5%	103.0%	81.1%	198.7%	169.5%	10.6%	2.3%	0.1%	-0.2%	0.9%	1.3%	1.3%	1.2%
Turnover (x)	0.27	0.12	0.09	0.09	0.04	0.04	0.47	1.06	1.19	1.32	1.36	1.45	1.57	1.63
Leverage (x)	2.4	2.6	2.9	2.8	2.5	2.5	2.7	2.8	3.2	3.2	3.4	3.5	3.4	3.5
Return on Assets	12.9%	9.2%	8.9%	7.3%	8.6%	6.9%	5.0%	2.4%	0.1%	-0.2%	1.2%	1.9%	2.0%	1.9%
Return on Equity	30.8%	24.0%	25.8%	20.3%	21.6%	17.0%	13.3%	6.8%	0.3%	-0.7%	4.1%	6.4%	6.8%	6.9%
Return on Capital Employed	112.2%	28.8%	6.6%	15.0%	14.8%	14.2%	2.4%	0.4%	-5.0%	-0.7%	3.9%	6.6%	6.4%	7.4%
Net cash / equity	-10.2%	-37.6%	-60.1%	-48.2%	-60.3%	-62.5%	-39.5%	-52.4%	-65.7%	-89.7%	-94.2%	-78.5%	-59.0%	-46.9%
FCF Calculation														
Op. cash	-838.5	-1,439.4	-2,227.9	-2,465.6	-1,558.4	-512.6	-2,520.1	-1,441.7	884.8	1,854.2	526.4	1,892.4	3,536.3	2,310.2
capex	-475.3	-5.3	-4.4	-10.0	-116.8	-16.2	-42.7	-152.0	-72.9	-80.2	-92.2	-106.0	-122.0	-140.3
FCF (RMB million)	-1,313.7	-1,444.7	-2,232.3	-2,475.6	-1,675.2	-528.8	-2,562.8	-1,593.6	811.9	1,774.0	434.2	1,786.4	3,414.3	2,169.9
FCF margin (%)	-53.5%	-97.0%	-141.2%	-124.6%	-162.7%	-43.6%	-11.5%	-2.8%	1.1%	2.2%	0.5%	1.7%	2.8%	1.5%
FCF per share	-0.38	-0.41	-0.61	-0.22	-0.15	-0.05	-0.23	-0.14	0.07	0.15	0.04	0.15	0.29	0.19
Price/FCF per share	-2.60	-2.20	-1.32	-3.57	-11.57	-107.29	-32.86	-27.31	10.17	4.65	19.02	4.62	2.42	3.81
FCF Yield	-38.4%	-45.5%	-75.5%	-28.0%	-8.6%	-0.9%	-3.0%	-3.7%	9.8%	21.5%	5.3%	21.6%	41.3%	26.3%
Net Cash calculation														
Cash + short term investments	989.9	1,137.6	1,307.8	603.5	685.1	823.7	3,970.2	4,388.1	5,954.3	1,098.6	1,464.1	4,220.2	7,484.5	9,444.0
Less: long term debt + Short Term Debt	-1,378.4	-2,971.7	-5,097.8	-4,421.7	-6,394.8	-8,393.9	-10,994.4	-14,225.9	-18,490.6	-18,091.0	-20,068.7	-20,780.4	-20,846.6	-20,846.6
Net Cash	-388.5	-1,834.1	-3,790.0	-3,818.1	-5,709.6	-7,570.2	-7,024.3	-9,837.8	-12,536.3	-16,992.3	-18,604.6	-16,560.2	-13,362.1	-11,402.5
Net cash per share	-0.1	-0.5	-1.0	-0.3	-0.5	-0.7	-0.6	-0.8	-1.1	-1.4	-1.6	-1.4	-1.1	-1.0

Valuation ratio's	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY 2019	FY 2020E	FY 2021E	FY 2022E	FY 2023E	FY 2024E
P/B	0.90	0.65	0.47	1.12	2.05	4.69	5.51	2.60	0.41	0.41	0.39	0.37	0.34	0.31
P/E	2.91	2.71	1.82	5.49	9.47	27.59	35.74	34.17	76.75	-54.02	8.79	5.28	4.66	4.24
P/S	1.39	2.13	1.87	4.45	18.83	46.76	3.79	0.78	0.10	0.09	0.08	0.07	0.06	0.05
EV/sales	1.76	3.72	4.64	6.70	25.19	53.03	4.14	0.97	0.28	0.25	0.22	0.19	0.17	0.14
EV/EBITDA (on today's B/S)	2.78	6.36	20.26	19.36	26.88	52.79	293.12	351.46	-22.99	-242.93	24.45	14.08	14.38	12.50
EV/EBITDA (on forward estimates)	2.78	6.36	20.26	19.36	26.88	52.79	293.12	351.46	-22.99	-294.98	31.62	16.96	14.88	0.00
EV/EBIT	2.79	6.48	21.82	20.07	27.34	54.06	350.31	991.11	-22.03	-161.31	25.90	14.63	15.03	13.07
EV/FCF	-3.28	-3.84	-3.29	-5.37	-15.48	-121.67	-35.95	-34.01	24.84	11.37	46.44	11.29	5.91	9.29
Dividend Yield (%)	11.40%	4.00%	7.54%	0.00%	8.64%	0.00%	0.06%	3.67%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Div payout on FCF	-18.4%	-5.9%	-7.5%	0.0%	-34.8%	0.0%	-0.2%	-16.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Working Capital Ratios

Receivable days	134	215	258	216	319	550	62	43	51	37	41	40	40	40
Inventory days	0	0	0	0	0	1,679	129	45	31	30	30	30	25	34
payables days	950	1,926	1,195	1,177	1,584	1,976	156	79	63	60	66	66	66	75
Current ratio	1.6	1.8	1.6	1.0	1.9	1.7	1.2	1.0	0.9	0.7	0.7	0.8	0.9	0.9

Leverage Ratios

Debt / Equity	0.10	0.38	0.60	0.48	0.60	0.63	0.40	0.52	0.66	0.90	0.94	0.78	0.59	0.47
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Coverage Ratios

Interest coverage [EBIT]	221.0	155.5	4.4	5.4	3.6	6.2	0.5	0.1	-0.8	-0.1	0.7	1.1	1.1	1.2
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Enterprise Value Calculation	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	Current
Market Cap.	3,418.8	3,172.4	2,957.5	8,837.0	19,380.7	56736.6518	84220.0432	43525.698	7083.19141
+ Minority Interest	503.4	541.5	586.7	644.2	842.1	34.7	879.7	829.2	543.5
+Total Debt (ST & LT Debt)	1,378.4	2,971.7	5,097.8	4,421.7	6,394.8	8,393.9	10,994.4	14,225.9	18,490.6
- Cash & Equivalents	990	1,138	1,308	604	685	824	3,970	4,388	5,954
Enterprise Value	4,311	5,548	7,334	13,299	25,932	64,342	92,124	54,193	20,163

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