

1 March 2017

Industrial | Misc. Manufacturer

Xinyi Glass Holdings

Buy (Maintained)

TP Rises On An Even More Promising Outlook

Target Price: HKD9.00
 Price: HKD7.04
 Market Cap: USD3,531m
 Bloomberg Ticker: 868 HK

We remain positive on Xinyi Glass' growth prospects given its continued margin expansion, improved industry supply discipline, and the ramp-up at its new plant in Malaysia. We maintain BUY call on the stock with a higher TP of HKD9.00 (from HKD8.40, 28% upside), still based on c.10x FY17F P/E, on par with its long-term average, after raising our FY17F-18F earnings by c.8%/2% respectively. The stock is currently trading at an undemanding 7.8x FY17F P/E (c.0.5SD below 10-year average) and offers an attractive 6.5% dividend yield.

Share Data

Avg Daily Turnover (HKD/USD) 69.3m/8.93m
 52-wk Price low/high (HKD) 3.97 - 7.53
 Free Float (%) 53
 Shares outstanding (m) 3,922
 Estimated Return 28%

Shareholders (%)

Chairman LEE Yin Yee 21.3
 Other management staff 25.6

Share Performance (%)

	YTD	1m	3m	6m	12m
Absolute	11.0	0.4	19.3	2.2	81.4
Relative	3.1	(1.2)	15.3	(1.4)	58.8

Source: Bloomberg

GPM strength to continue. We expect Xinyi Glass Holdings' (Xinyi Glass) overall GPM strength to continue on an improved industry supply/demand landscape, and continued ramp-up at its new plant in Malaysia (~7% of capacity at end-FY17F). For FY17, management has guided for 0-5% and 5-15% YoY increases in the cost of energy (~30% of COGS on our estimates) and soda ash (~10-15% of COGS) respectively, which we believe can be offset by ASP hikes. Based on our estimates, the national float glass price is up ~13% (YTD average vs 2016 average), which should help mitigate higher cost pressures.

Auto and construction glass sales to rebound. We expect auto and construction glass sales to rebound to single-digit growth levels in FY17, following the 1%/2% respective declines in FY16. This is because after flattish capacity growth in FY16, management guided for healthy effective capacity growth of 5-10% and ~10% for the auto and construction segments in FY17 respectively. Also, the negative impact on export auto glass orders due to the USD appreciation in FY16 may gradually fade, in our view.

FY16 earnings announced on 28 Feb were a modest beat due to margin strength

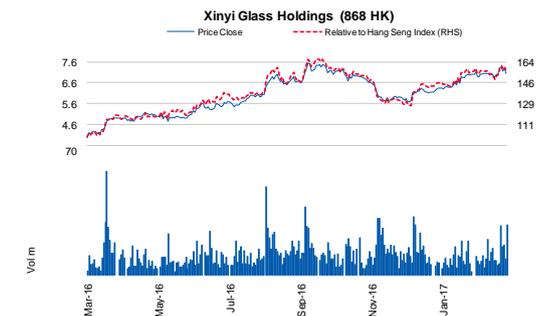
(HKDm)	2015	2016	YoY	2H16	YoY	Comments
Revenue	11,460	12,848	12%	6,963	13%	Strong growth in float glass sales.
Gross profit	3,133	4,659	49%	2,618	52%	
GPM (%)	27.3%	36.3%	8.9ppt	37.6%	9.7ppt	Lower material costs, energy costs and improved ASPs
Operating profit	2,113	3,338	58%	2,034	74%	
OPM (%)	18.4%	26.0%	7.5ppt	29.2%	10.3ppt	
PBT	2,380	3,823	61%	2,252	74%	
Reported NP	2,113	3,213	52%	1,844	58%	
NPM (%)	18.4%	25.0%	6.6ppt	26.5%	7.6ppt	GPM strength partially offset by a higher tax rate
Recurring NP	1,819	3,192	75%	1,839	88%	
Recurring NPM (%)	15.9%	24.8%	9.0ppt	26.4%	10.6ppt	

Source: Company data, RHB

Maintain BUY, with higher TP of HKD9.00. We increase our FY17F-18F earnings by ~8%/2% respectively and introduce our FY19 forecasts. Our higher TP of HKD9.00 is based on ~10x FY17F P/E (on par with ~10-year average), and supported by 2.4x FY17F P/BV (~1SD above 10-year average).

Forecasts and Valuations	Dec-15	Dec-16	Dec-17F	Dec-18F	Dec-19F
Total turnover (HKDm)	11,460	12,848	14,053	15,249	16,554
Reported net profit (HKDm)	2,113	3,188	3,546	3,893	4,227
Recurring net profit (HKDm)	1,819	3,192	3,546	3,893	4,227
Recurring net profit growth (%)	58.7	75.5	11.1	9.8	8.6
Recurring EPS (HKD)	0.46	0.81	0.90	0.99	1.08
DPS (HKD)	0.26	0.41	0.46	0.51	0.55
Recurring P/E (x)	15.2	8.6	7.8	7.1	6.5
P/B (x)	2.17	2.09	1.68	1.53	1.40
P/CF (x)	9.84	7.06	6.40	5.78	5.34
Dividend Yield (%)	3.7	5.9	6.5	7.2	7.8
EV/EBITDA (x)	11.3	6.7	6.5	6.0	5.6
Return on average equity (%)	16.9	24.6	24.0	22.6	22.4
Net debt to equity (%)	37.2	37.0	30.1	24.4	18.5
Our vs consensus EPS (adjusted) (%)			(0.7)	1.3	10.0

Source: Company data, RHB



Source: Bloomberg

Analyst

Cyrus Chong
 +852 2103 9424
cyrus.chong@rhbgroup.com



Financial Exhibits

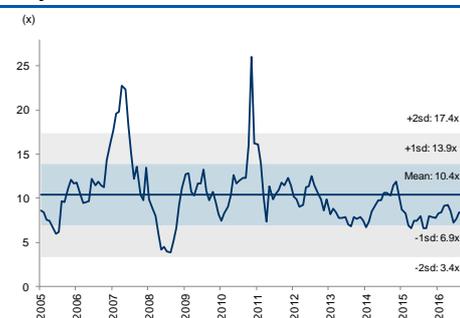
Financial model updated on : 2017-02-28.

Asia	
Hong Kong	
Industrial	
Xinyi Glass Holdings	
Bloomberg 868 HK	
Buy	
Valuation basis	
Long-term average P/E	
Key drivers	
i. Float glass price;	
ii. Natural gas cost.	
Key risks	
i. Weaker-than-expected glass demand;	
ii. Sharp rebound in raw material costs (in particular natural gas cost).	

Company Profile

Founded in 1988 and listed in 2005, Xinyi Glass is one of the largest glass producers in China. It has six major production bases – in Dongguan, Shenzhen, Jiangmen, Wuhu, Tianjin and Yingkou. It is also a one-stop maker of float glass, solar glass, auto glass and construction glass. The company's three major business segments – float glass, low-e construction glass and auto glass – accounted for 44%, 23% and 33% of total revenue in FY15. Xinyi Glass spun off its solar business arm, Xinyi Solar (968 HK, NR), in late 2013, and now holds a 26.6% stake in the latter. The company also has an overseas production base in Malacca, Malaysia.

Xinyi Glass' P/E chart



Source: Bloomberg

Financial summary	Dec-15	Dec-16	Dec-17F	Dec-18F	Dec-19F
Recurring EPS (HKD)	0.46	0.81	0.90	0.99	1.08
EPS (HKD)	0.54	0.81	0.90	0.99	1.08
DPS (HKD)	0.26	0.41	0.46	0.51	0.55
BVPS (HKD)	3.24	3.36	4.18	4.60	5.05
Weighted avg adjusted shares (m)	3,922	3,922	3,922	3,922	3,922

Valuation metrics	Dec-15	Dec-16	Dec-17F	Dec-18F	Dec-19F
Recurring P/E (x)	15.2	8.6	7.8	7.1	6.5
P/E (x)	13.1	8.7	7.8	7.1	6.5
P/B (x)	2.17	2.09	1.68	1.53	1.40
FCF Yield (%)	3.0	7.4	6.6	10.4	11.8
Dividend Yield (%)	3.7	5.9	6.5	7.2	7.8
EV/EBITDA (x)	11.3	6.7	6.5	6.0	5.6
EV/EBIT (x)	17.1	8.7	8.4	7.8	7.2

Income statement (HKDm)	Dec-15	Dec-16	Dec-17F	Dec-18F	Dec-19F
Total turnover	11,460	12,848	14,053	15,249	16,554
Gross profit	3,133	4,659	5,111	5,549	6,019
EBITDA	2,282	3,656	4,034	4,384	4,714
Depreciation and amortisation	(763)	(820)	(890)	(1,000)	(1,062)
Operating profit	1,518	2,837	3,144	3,384	3,652
Net interest	(50)	(77)	(26)	(28)	(9)
Income from associates & JVs	317	563	670	806	865
Exceptional income - net	331	0	0	0	0
Pre-tax profit	2,380	3,798	4,209	4,605	4,988
Taxation	(266)	(607)	(661)	(709)	(758)
Minority interests	(0)	(3)	(3)	(3)	(3)
Recurring net profit	1,819	3,192	3,546	3,893	4,227

Cash flow (HKDm)	Dec-15	Dec-16	Dec-17F	Dec-18F	Dec-19F
Cash flow from operations	2,806	3,908	4,316	4,773	5,169
Capex	(1,967)	(1,853)	(2,500)	(1,900)	(1,900)
Cash flow from investing activities	(1,967)	(1,853)	(2,500)	(1,900)	(1,900)
Dividends paid	(608)	(1,622)	(1,666)	(1,830)	(1,987)
Cash flow from financing activities	(625)	24	(1,666)	(1,830)	(1,987)
Cash at beginning of period	831	1,298	2,763	2,720	3,265
Net change in cash	213	2,079	149	1,044	1,282
Ending balance cash	1,020	3,352	2,888	3,739	4,523

Balance sheet (HKDm)	Dec-15	Dec-16	Dec-17F	Dec-18F	Dec-19F
Total cash and equivalents	1,300	2,768	2,720	3,265	4,000
Tangible fixed assets	13,350	13,560	16,573	17,498	18,359
Intangible assets	75	72	72	72	72
Total investments	2,972	3,805	3,695	3,695	3,695
Total other assets	29	49	49	49	49
Total assets	21,422	24,022	27,148	28,962	30,933
Short-term debt	2,514	3,165	3,165	3,165	3,165
Total long-term debt	3,514	4,509	4,509	4,509	4,509
Other liabilities	63	48	48	48	48
Total liabilities	8,696	10,775	10,683	10,870	11,076
Shareholders' equity	12,718	13,181	16,399	18,026	19,791
Minority interests	7	66	66	66	66
Total equity	12,726	13,247	16,465	18,092	19,857
Net debt	4,729	4,906	4,954	4,409	3,675
Total liabilities & equity	21,422	24,022	27,148	28,962	30,933

Key metrics	Dec-15	Dec-16	Dec-17F	Dec-18F	Dec-19F
Revenue growth (%)	5.5	12.1	9.4	8.5	8.6
Recurrent EPS growth (%)	56.9	75.5	11.1	9.8	8.6
Gross margin (%)	27.3	36.3	36.4	36.4	36.4
Operating EBITDA margin (%)	19.9	28.5	28.7	28.8	28.5
Net profit margin (%)	18.4	24.8	25.2	25.5	25.5
Dividend payout ratio (%)	48.9	50.9	50.9	50.9	50.9
Capex/sales (%)	17.2	14.4	17.8	12.5	11.5
Interest cover (x)	16.8	22.2	25.6	27.6	29.7

Source: Company data, RHB

2016 Results Review

2H16 results beat estimates on higher margins

Net profit for the full year came in at HKD3.21bn (+52.1% YoY), which is at the high end of the indicated growth range of 40-55% YoY, as stated in the positive profit alert statement.

The reported full-year net profit is ahead of our and consensus expectations by ~7% and 3% respectively, mainly due to stronger-than-expected GPM expansion and solid opex control despite softer-than-expected topline growth in the auto glass (-1% YoY) and construction glass (-2% YoY) segments.

Looking at 2H16, the company's recurring net profit of HKD1.84bn (+88% YoY) beat our estimates by ~12%.

FY16 GPM improved by a staggering 8.9ppt to 36.3%, which beat our and consensus forecasts of 35.5% and 36.1% respectively, thanks to:

- i. Decreases in material and energy costs;
- ii. Improved production efficiency;
- iii. Improved product mix.

GPM in 2H16 for the three business segments improved on both YoY and HoH basis. In particular, GPM for the float glass segment reached 31.2% (up 18.3 ppts YoY and 8.9 ppts HoH), the highest since 2H10.

Contribution from associates also grew by 77% YoY, as Xinyi Solar (968 HK, NR) reported a ~78% YoY growth in profit for the year. Xinyi Solar accounted for ~15% of Xinyi Glass' pre-tax profit in FY16. The tax rate increased to 15.9% as the high-tech tax exemption status for two subsidiaries was under review by the local government, which would likely be completed in 2017.

Balance sheet and other items:

- i. Trade and other receivable days decreased by ~10 days to 68 days on better receivables management. Inventory turnover days decreased by 3 days to 57 days, while trade payable days increased by 9 days to 98 days;
- ii. Net gearing remained stable at 37.1% at end-FY16F (vs. 37.2% at end-FY15). Capex was stable at HKD1,853m in FY16 (vs. HKD1,967m in FY15). Management guided for capex of HKD2,500m for FY17F with the additional capex mainly for capacity expansion in Malaysia;
- iii. Net cash generated from operating activities improved to HKD3,565m in FY16 (vs HKD2,637m in FY15) as a result of the significant increase in net profit and efficient working capital management.

Figure 1: Xinyi Glass' actual results vs estimates

FYE Dec (HKDm)	2015	Actual 2016	YoY	RHB FY16	Actual vs RHB	Con. FY16	Act. vs Con.	1H16	Act. 2H16	YoY	RHB 2H16F	Act. vs RHB
Revenue												
Auto glass	3,787	3,748	-1%	4,014	-7%			1,990	1,758	-7%	2,024	-13%
Construction glass	2,651	2,590	-2%	2,931	-12%			1,220	1,370	-5%	1,711	-20%
Float glass	5,022	6,510	30%	6,188	5%			2,675	3,835	35%	3,513	9%
Total	11,460	12,848	12%	13,133	-2%	13,190	-3%	5,885	6,963	13%	7,248	-4%
COGS	(8,328)	(8,189)	-2%	(8,467)	-3%			(3,844)	(4,345)	-2%	(4,623)	-6%
Gross profit	3,133	4,659	49%	4,666	0%	4,763	-2%	2,041	2,618	52%	2,625	0%
GPM (%)	27.3%	36.3%	8.9ppt	35.5%	0.7ppt	36.1%	0.2ppt	34.7%	37.6%	9.7ppt	36.2%	1.4ppt
Other income	215	342	59%	158	117%			104	238	132%	54	344%
Other gains-net	379	159	-58%	92	73%			43	116	-43%	49	137%
Selling and mkt. costs	(680)	(620)	-9%	(775)	-20%			(351)	(269)	-27%	(424)	-37%
Administrative exp.	(935)	(1,202)	29%	(1,182)	2%			(533)	(669)	35%	(649)	3%
Opex% sales	(14.1%)	(14.2%)		(14.9%)				(15.0%)	(13.5%)		(14.8%)	
Operating profit	2,113	3,338	58%	2,959	13%			1,304	2,034	74%	1,655	23%
OPM (%)	18.4%	26.0%	7.5ppt	22.5%	3.4ppt			22.2%	29.2%	10.3ppt	22.8%	6.4ppt
Finance income	40	51	27%	45	12%			16	35	145%	29	18%
Finance costs	(90)	(128)	42%	(96)	32%			(60)	(67)	53%	(36)	86%
Share of profit of an associate	317	563	77%	560	0%			312	250	60%	248	1%
PBT	2,380	3,823	61%	3,468	10%	3,620	6%	1,572	2,252	74%	1,896	19%
Tax	(266)	(607)	128%	(451)	35%			(202)	(405)	217%	(249)	63%
Tax rate	11.2%	15.9%		13.0%				(12.9%)	(18.0%)		(13.1%)	
Minority interests	(0)	(3)		(0)				0	(3)		(0)	
Reported NP	2,113	3,213	52%	3,017	7%	3,109	3%	1,370	1,844	58%	1,647	12%
NPM (%)	18.4%	25.0%	6.6ppt	23.0%	2.0ppt			23.3%	26.5%	7.6ppt	22.7%	3.7ppt
Recurring NP	1,819	3,192	75%	3,017	6%			1,349	1,839	88%	1,647	12%
Recurring NPM (%)	15.9%	24.8%	9.0ppt	23.0%	1.9ppt			22.9%	26.4%	10.6ppt	22.7%	3.7ppt

Source: Company data, RHB

Other key takeaways from the results briefing

Management saw flattish effective capacity growth for the float glass industry in China in 2016 and expects potentially negative growth in 2017, thanks to continued supply-side reforms and tighter environmental protection requirements.

It expects its overall float glass ASP growth to be positive in 2017 thanks to:

- i. Like-for-like increases in selling prices;
- ii. Continued product mix upgrade to higher-margin, ultra-clear float glass (ASP: ~CNY2,500/tonne) from traditional float glass (ASP: ~CNY1,800/tonne).

It also expects the pace of expansion at its production in Malaysia to accelerate. It expects to put two new float glass lines (~2,000 tpd in total) into operation by 2Q18, given the higher expected GPM vs plants in China.

Changes To Estimates

FY17F-18F earnings get a boost, and we introduce FY19F numbers

We lift FY17F-18F earnings by 8% and 2% respectively after factoring in higher GPM assumptions for the float glass segment, and paring down our profit forecasts for its associate, Xinyi Solar.

We also introduced FY19F numbers, which point to ~9% YoY top- and bottomline growth.

Figure 2: Changes to Xinyi Glass' key financial estimates

(HKDm)	FY17F			FY18F			FY19F		
	New	Old	Chg	New	Old	Chg	New	Old	Chg
Turnover									
Auto glass	3,786	4,255	-11.0%	4,013	4,510	-11.0%	4,254	N/A	N/A
Construction glass	2,691	3,197	-15.8%	2,854	3,488	-18.2%	3,027	N/A	N/A
Float glass	7,576	6,831	10.9%	8,381	7,728	8.5%	9,273	N/A	N/A
Total	14,053	14,283	-1.6%	15,249	15,725	-3.0%	16,554	N/A	N/A
GPM									
Auto glass	48.5%	48.0%	0.5 ppt	48.5%	48.0%	0.5 ppt	48.5%	N/A	N/A
Construction glass	39.2%	39.0%	0.2 ppt	39.5%	39.0%	0.5 ppt	39.6%	N/A	N/A
Float glass	29.3%	24.2%	5.1 ppt	29.5%	25.2%	4.3 ppt	29.7%	N/A	N/A
Blended	36.4%	34.6%	1.8 ppt	36.4%	34.8%	1.6 ppt	36.4%	N/A	N/A
Revenue	14,053	14,283	-1.6%	15,249	15,725	-3.0%	16,554	N/A	N/A
Gross profit	5,111	4,943	3.4%	5,549	5,473	1.4%	6,019	N/A	N/A
Operating profit	3,565	3,115	14.5%	3,826	3,492	9.6%	4,132	N/A	N/A
Share of profit of an associate	670	767	-12.7%	806	975	-17.3%	865	N/A	N/A
Profit before tax	4,209	3,830	9.9%	4,605	4,434	3.8%	4,988	N/A	N/A
Reported net profit	3,546	3,293	7.7%	3,893	3,813	2.1%	4,227	N/A	N/A
Recurring net profit	3,546	3,293	7.7%	3,893	3,813	2.1%	4,227	N/A	N/A
Gross margin	36.4%	34.6%	1.8 ppt	36.4%	34.8%	1.6 ppt	36.4%	N/A	N/A
Operating margin	25.4%	21.8%	3.6 ppt	25.1%	22.2%	2.9 ppt	25.0%	N/A	N/A
Net margin	25.2%	23.1%	2.2 ppt	25.5%	24.2%	1.3 ppt	25.5%	N/A	N/A
Recurring profit margin	25.2%	23.1%	2.2 ppt	25.5%	24.2%	1.3 ppt	25.5%	N/A	N/A

Source: Company data, RHB

Figure 3: Changes to Xinyi Glass' key assumptions

	2015	2016	2017F	New 2018F	2019F	2017F	Old 2018F	2019F	2017F	Change 2018F	2019F
Sales (HKDm)											
Auto glass	3,787	3,748	3,786	4,013	4,254	4,255	4,510	N/A	-11.0%	-11.0%	N/A
Construction glass	2,651	2,590	2,691	2,854	3,027	3,197	3,488	N/A	-15.8%	-18.2%	N/A
Float glass	5,022	6,510	7,576	8,381	9,273	6,831	7,728	N/A	10.9%	8.5%	N/A
Total	11,460	12,848	14,053	15,249	16,554	14,283	15,725	N/A	-1.6%	-3.0%	N/A
Sales Mix (%)											
Auto glass	33.0%	29.2%	26.9%	26.3%	25.7%	29.8%	28.7%	N/A			
Construction glass	23.1%	20.2%	19.2%	18.7%	18.3%	22.4%	22.2%	N/A			
Float glass	43.8%	50.7%	53.9%	55.0%	56.0%	47.8%	49.1%	N/A			
Revenue growth (%)											
Auto glass	5.4%	-1.0%	1.0%	6.0%	6.0%	6.0%	6.0%	N/A	-5.0 ppt	0.0 ppt	N/A
Construction glass	3.8%	-2.3%	3.9%	6.1%	6.1%	9.1%	9.1%	N/A	-5.2 ppt	-3.0 ppt	N/A
Float glass	6.6%	29.6%	16.4%	10.6%	10.6%	14.2%	13.1%	N/A	2.1 ppt	-2.5 ppt	N/A
Total	5.5%	12.1%	9.4%	8.5%	8.6%	10.5%	10.1%	N/A	-1.1 ppt	-1.6 ppt	N/A
Capacity growth (%)											
Auto glass	1%	1%	1%	1%	1%	3%	2%	N/A			
Construction glass	32%	19%	0%	2%	2%	5%	4%	N/A			
Float glass	0%	15%	7%	5%	5%	7%	5%	N/A			
Volume growth (%)											
Auto glass	5%	0%	-1%	6%	6%	6%	6%	N/A	-7.0 ppt	0.0 ppt	N/A
Construction glass	4%	0%	0%	5%	5%	8%	8%	N/A	-8.0 ppt	-3.0 ppt	N/A
Float glass	10%	20%	3%	9%	9%	11%	11%	N/A	-7.9 ppt	-1.9 ppt	N/A
ASP growth (%)											
Auto glass	0%	0%	1%	0%	0%	0%	0%	N/A	1.0 ppt	0.0 ppt	N/A
Construction glass	0%	1%	1%	1%	1%	1%	1%	N/A	0.0 ppt	0.0 ppt	N/A
Float glass	-3%	13%	8%	2%	2%	3%	2%	N/A	5.0 ppt	-0.5 ppt	N/A
Cost growth (%)											
Per-unit natural gas cost	-25%	-25%	5%	5%	5%	4%	4%	N/A	1.0 ppt	1.0 ppt	N/A
Gross margin (%)											
Auto glass	44.3%	49.0%	48.5%	48.5%	48.5%	48.0%	48.0%	N/A	0.5 ppt	0.5 ppt	N/A
Construction glass	33.9%	39.9%	39.2%	39.5%	39.6%	39.0%	39.0%	N/A	0.2 ppt	0.5 ppt	N/A
Float glass	11.1%	27.5%	29.3%	29.5%	29.7%	24.2%	25.2%	N/A	5.1 ppt	4.3 ppt	N/A
Total	27.3%	36.3%	36.4%	36.4%	36.4%	34.6%	34.8%	N/A	1.8 ppt	1.6 ppt	N/A

Source: Company data, RHB

1 March 2017

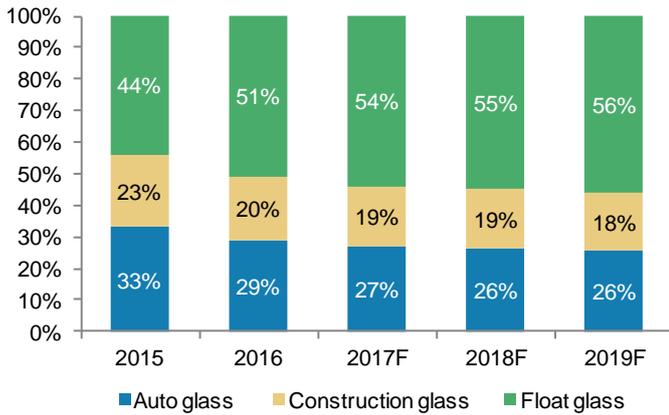
Industrial | Misc. Manufacturer

Figure 4: Xinyi Glass' detailed P&L

(HKDm)	1H15	2H15	1H16	2H16	2015	2016	2017F	2018F	2019F
Revenue									
Auto glass	1,897	1,890	1,990	1,758	3,787	3,748	3,786	4,013	4,254
Construction glass	1,206	1,445	1,220	1,370	2,651	2,590	2,691	2,854	3,027
Float glass	2,180	2,843	2,675	3,835	5,022	6,510	7,576	8,381	9,273
Total	5,283	6,177	5,885	6,963	11,460	12,848	14,053	15,249	16,554
% YoY									
Auto glass	6.5%	4.2%	4.9%	-7.0%	5.4%	-1.0%	1.0%	6.0%	6.0%
Construction glass	11.8%	-2.1%	1.1%	-5.2%	3.8%	-2.3%	3.9%	6.1%	6.1%
Float glass	0.2%	12.0%	22.7%	34.9%	6.6%	29.6%	16.4%	10.6%	10.6%
Total	4.9%	6.0%	11.4%	12.7%	5.5%	12.1%	9.4%	8.5%	8.6%
% Mix									
Auto glass	35.9%	30.6%	33.8%	25.2%	33.0%	29.2%	26.9%	26.3%	25.7%
Construction glass	22.8%	23.4%	20.7%	19.7%	23.1%	20.2%	19.2%	18.7%	18.3%
Float glass	41.3%	46.0%	45.5%	55.1%	43.8%	50.7%	53.9%	55.0%	56.0%
GPM									
Auto glass	44.1%	44.6%	48.7%	49.3%	44.3%	49.0%	48.5%	48.5%	48.5%
Construction glass	31.7%	35.6%	39.0%	40.6%	33.9%	39.9%	39.2%	39.5%	39.6%
Float glass	8.7%	12.9%	22.3%	31.2%	11.1%	27.5%	29.3%	29.5%	29.7%
Blended	26.7%	27.9%	34.7%	37.6%	27.3%	36.3%	36.4%	36.4%	36.4%
Revenue	5,283	6,177	5,885	6,963	11,460	12,848	14,053	15,249	16,554
% YoY	4.9%	6.0%	11.4%	12.7%	5.5%	12.1%	9.4%	8.5%	8.6%
COGS	(3,873)	(4,455)	(3,844)	(4,345)	(8,328)	(8,189)	(8,942)	(9,700)	(10,535)
Gross profit	1,410	1,723	2,041	2,618	3,133	4,659	5,111	5,549	6,019
GPM (%)	26.7%	27.9%	34.7%	37.6%	27.3%	36.3%	36.4%	36.4%	36.4%
Other income	112	103	104	238	215	342	267	274	298
Selling and marketing costs	(312)	(367)	(351)	(269)	(680)	(620)	(703)	(793)	(877)
Administrative expenses	(441)	(494)	(533)	(669)	(935)	(1,202)	(1,265)	(1,372)	(1,490)
Opex% sales	(14.2%)	(14.0%)	(15.0%)	(13.5%)	(14.1%)	(14.2%)	(14.0%)	(14.2%)	(14.3%)
Gain on spin off	--	--	--	--	--	--	--	--	--
Operating profit	944	1,168	1,304	2,034	2,113	3,338	3,565	3,826	4,132
OPM (%)	17.9%	18.9%	22.2%	29.2%	18.4%	26.0%	25.4%	25.1%	25.0%
% YoY	11.9%	79.7%	38.1%	74.1%	41.4%	58.0%	6.8%	7.3%	8.0%
Non-recurring items	178	190	21	4	331	25	--	--	--
Finance costs	(46)	(44)	(60)	(67)	(90)	(128)	(123)	(123)	(123)
Share of profit of an associate	161	157	312	250	317	563	670	806	865
PBT	1,085	1,295	1,572	2,252	2,380	3,823	4,209	4,605	4,988
Tax	(138)	(128)	(202)	(405)	(266)	(607)	(661)	(709)	(758)
Tax rate	(12.7%)	(9.9%)	(12.9%)	(18.0%)	11.2%	15.9%	15.7%	15.4%	15.2%
Minority interests	(2)	1	0	(3)	(0)	(3)	(3)	(3)	(3)
Reported NP	945	1,168	1,370	1,844	2,113	3,213	3,546	3,893	4,227
NPM (%)	17.9%	18.9%	23.3%	26.5%	18.4%	25.0%	25.2%	25.5%	25.5%
% YoY	24.0%	94.1%	45.0%	57.8%	55.0%	52.1%	10.3%	9.8%	8.6%
Recurring NP	766	978	1,349	1,839	1,819	3,192	3,546	3,893	4,227
Recurring NPM (%)	14.5%	15.8%	22.9%	26.4%	15.9%	24.8%	25.2%	25.5%	25.5%
% YoY	35.2%	92.7%	76.0%	88.0%	58.7%	75.5%	11.1%	9.8%	8.6%

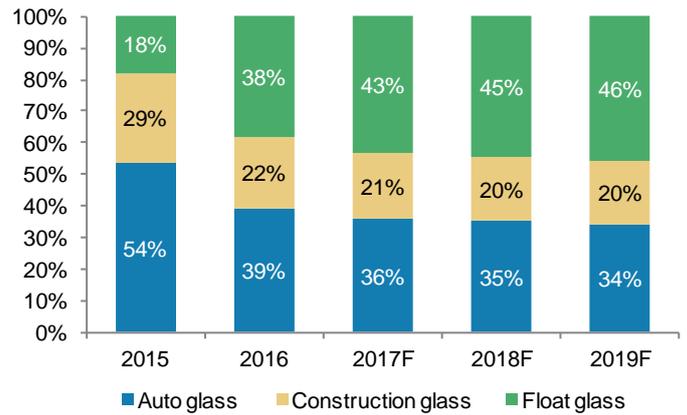
Source: Company data, RHB

Figure 5: Segmental revenue



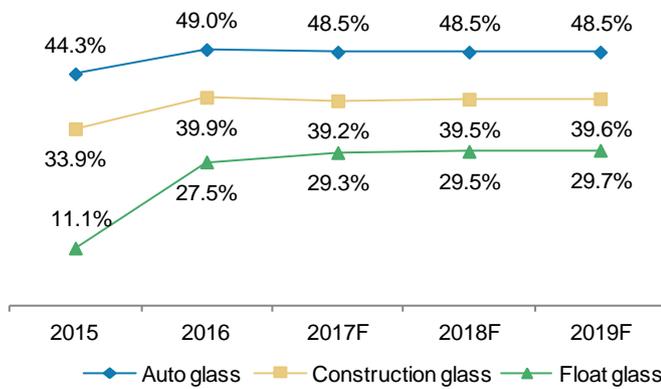
Source: Company data, RHB

Figure 6: Segmental gross profit



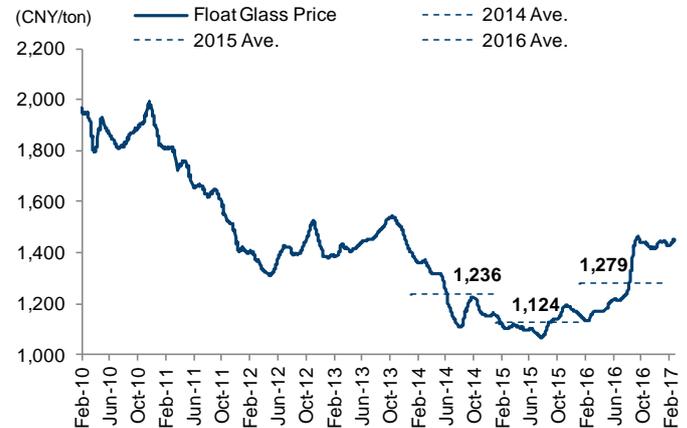
Source: Company data, RHB

Figure 7: Segmental gross margins



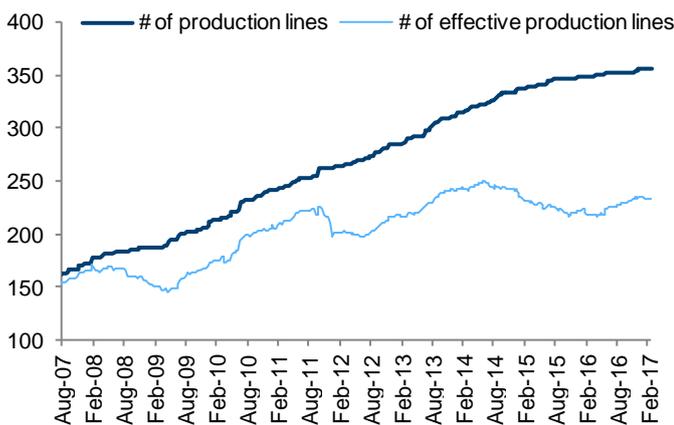
Source: Company data, RHB

Figure 8: National average float glass price in China



Source: Wind, RHB

Figure 9: Number of float glass production lines in China



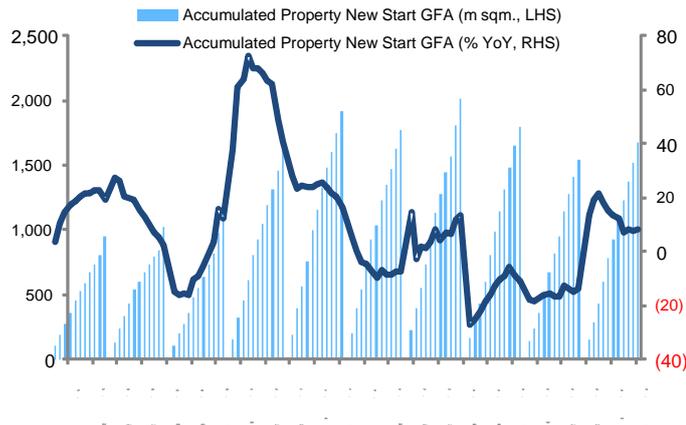
Source: Wind, RHB

Figure 10: Percentage of suspended production lines in China



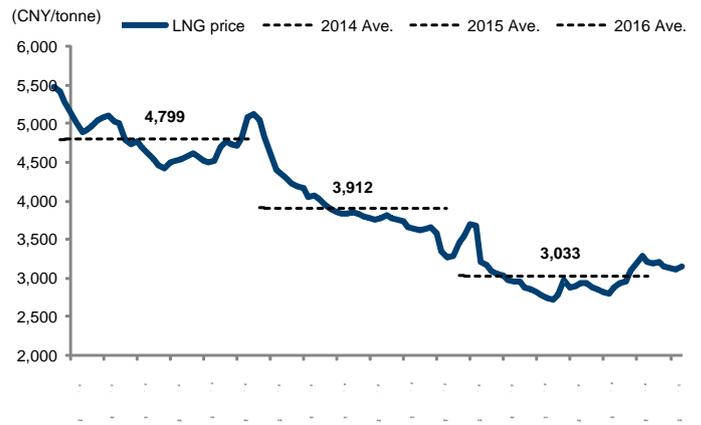
Source: Wind, RHB

Figure 11: China property – new start GFA



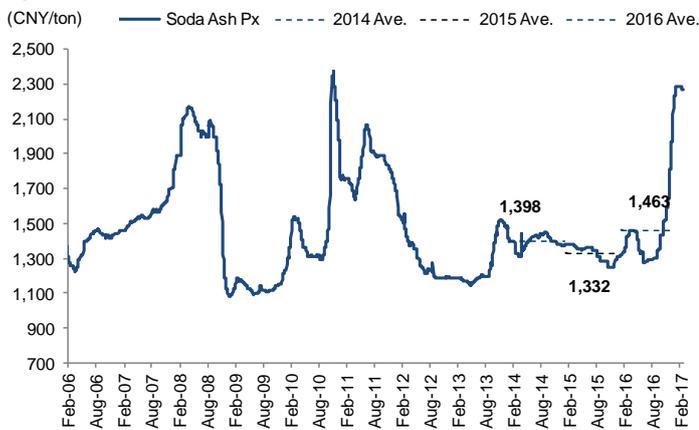
Source: Wind, RHB

Figure 12: Imported LNG price in China



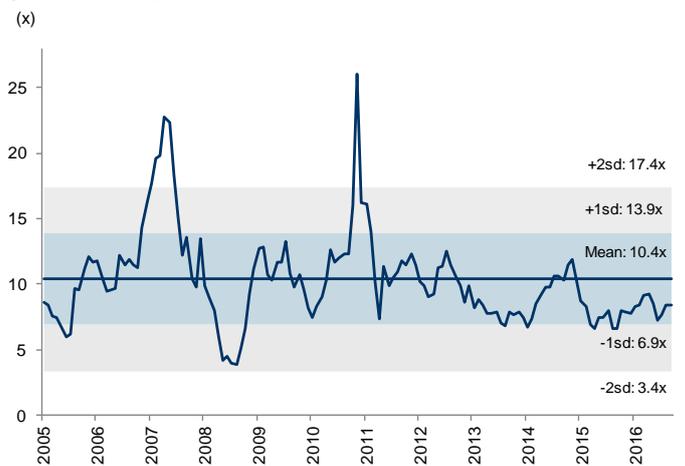
Source: Wind, RHB

Figure 13: Soda ash price in China



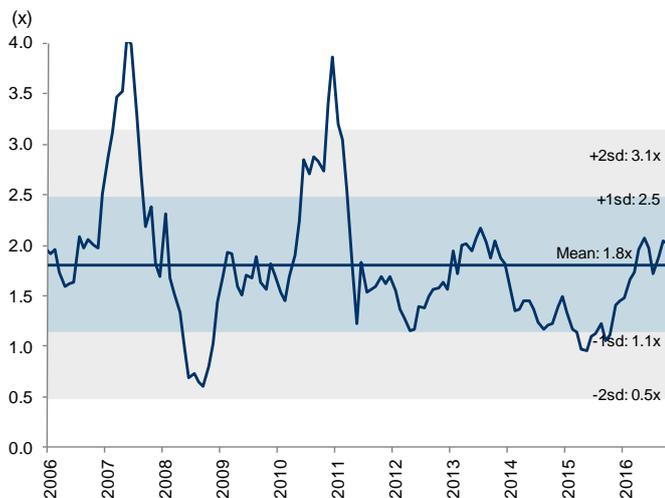
Source: Wind, RHB

Figure 14: Xinyi Glass' forward P/E chart



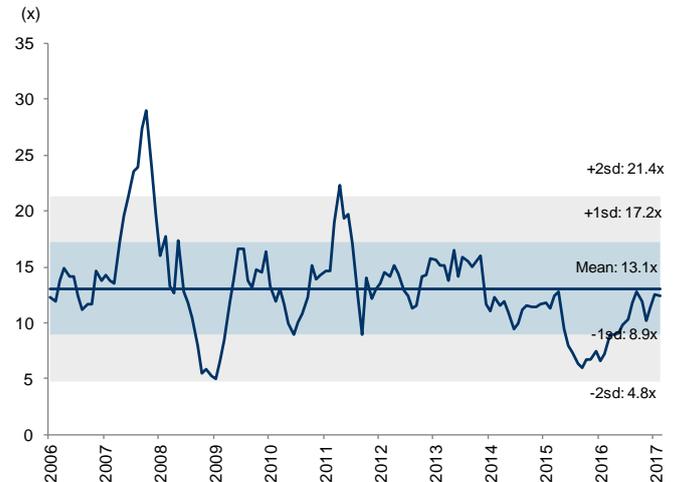
Source: Bloomberg, RHB

Figure 15: Xinyi Glass' forward P/BV chart



Source: Bloomberg, RHB

Figure 16: Xinyi Glass' (ex-Xinyi Solar) forward P/E for the past 10 years



Source: Bloomberg, RHB

Figure 17: Peer comparison I

Company	Ticker	Price	Mkt cap (USDm)	3-mth avg t/o (USDm)	P/E Hist (x)	P/E FY1 (x)	P/E FY2 (x)	EPS FY1 YoY%	EPS FY2 YoY%	3-Yr EPS Cagr (%)	PEG (x)	Div yld Hist (%)	Div yld FY1 (%)	P/B Hist (x)	P/B FY1 (x)
Xinyi Glass	868 HK	7.04	3,531	9.4	8.5	8.6	7.7	53.6	10.3	22.9	N/A	4.8	5.9	2.1	1.7
HK-listed peers															
Fuyao Glass In-H	3606 HK	24.20	7,276	6.6	17.1	15.6	14.2	10.1	9.7	10.1	1.5	3.7	N/A	3.0	N/A
Xinyi Solar Hlds	968 HK	2.73	2,374	4.3	9.3	7.6	6.7	22.0	13.6	N/A	N/A	4.6	N/A	3.0	N/A
Flat Glass Gro-H	6865 HK	1.69	392	0.1	4.8	4.6	4.5	4.5	3.1	9.6	0.5	8.6	5.4	1.0	0.7
Average					10.4	9.3	8.4	12.2	8.8	9.9	1.0	5.6	5.4	2.3	0.7
China A-shares peers															
Fuyao Glass-A	600660 CH	19.54	7,276	36.8	15.6	14.4	13.1	8.6	9.7	9.0	1.6	3.8	N/A	2.7	N/A
Csg Holding Co-A	000012 CH	11.63	2,807	72.4	38.8	25.8	23.3	50.0	11.1	N/A	N/A	2.6	N/A	3.0	N/A
Changzhou Alma-A	002623 CH	37.51	874	27.3	110.3	N/A	N/A	N/A	N/A	N/A	N/A	0.1	N/A	2.7	N/A
Zhuzhou Kibing-A	601636 CH	4.44	1,686	24.4	63.9	17.9	15.5	256.8	15.3	68.6	0.3	N/A	N/A	2.1	1.9
Average					57.2	19.4	17.3	105.1	12.1	38.8	0.9	2.2	#DIV/0!	2.6	1.9

Note: Data is as of 28 Feb 2017

Source: Bloomberg, Company, RHB

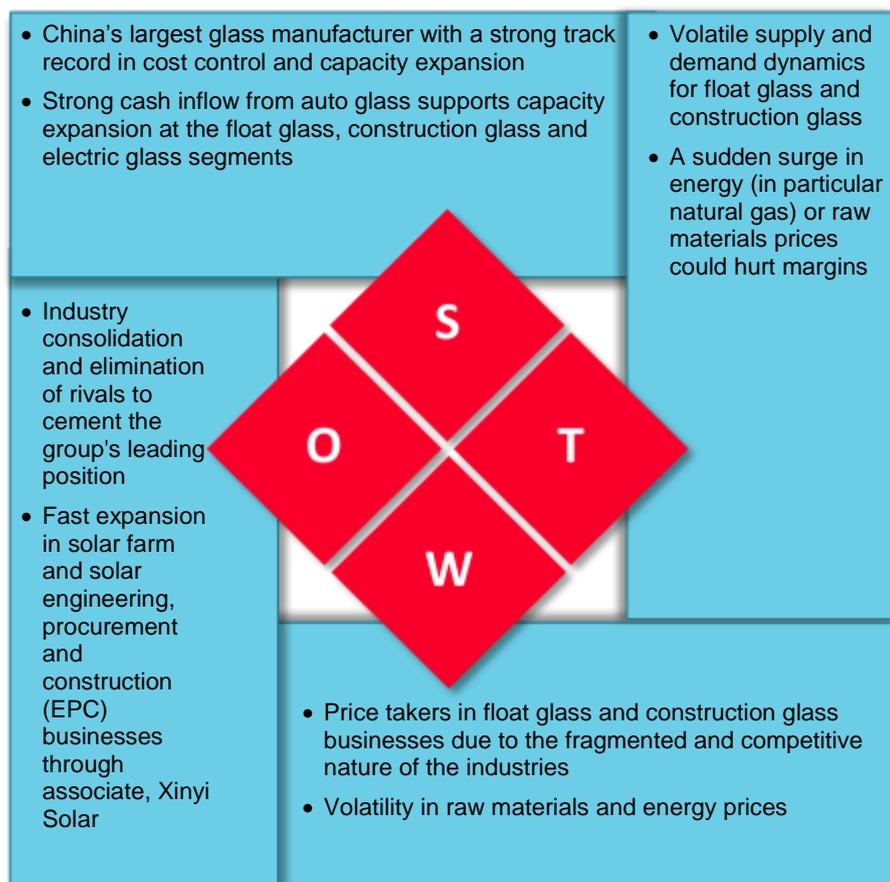
Figure 18: Peer comparison II

Company	Rev Hist (USDm)	Rev FY1 (USDm)	NP Hist (USDm)	NP FY1 (USDm)	Net gearing Hist (%)	Net gearing FY1 (%)	Unlev beta	Gross margin Hist (%)	Net margin Hist (%)	Net margin FY1 (%)	ROE Hist (%)	ROE FY1 (%)	Sh px 1-mth %	Sh px 3-mth %
Xinyi Glass	1,655	1,647	414	412	36.8	37.1	0.8	36.3	25.0	24.8	24.8	24.7	0.4	21.8
HK-listed peers														
Fuyao Glass In-H	2,395	N/A	458	N/A	3.7	N/A	0.5	42.5	19.1	N/A	18.3	N/A	5.0	2.5
Xinyi Solar Hlds	774	N/A	256	N/A	78.4	N/A	0.6	45.8	33.1	N/A	33.2	N/A	1.5	3.0
Flat Glass Gro-H	424	456	63	84	5.4	N/A	N/A	29.3	14.9	18.4	20.5	18.7	(0.6)	(7.1)
Average					29.2	N/A	0.6	39.2	22.4	18.4	24.0	18.7	2.0	(0.5)
China A-shares peers														
Fuyao Glass-A	2,395	N/A	458	N/A	3.7	N/A	0.6	42.5	19.1	N/A	18.3	N/A	3.9	3.4
Csg Holding Co-A	1,076	N/A	91	N/A	64.6	N/A	0.6	21.2	8.5	N/A	N/A	N/A	2.3	(16.1)
Changzhou Alma-A	159	N/A	8	N/A	0.0	N/A	1.3	15.7	5.0	N/A	1.6	N/A	2.0	(21.0)
Zhuzhou Kibing-A	749	979	25	105	81.6	N/A	0.6	17.6	3.3	10.8	9.1	12.0	5.5	5.5
Average					37.5	N/A	0.8	24.2	9.0	10.8	9.6	12.0	3.4	(7.1)

Note: Data is as of 28 Feb 2017

Source: Bloomberg, Company, RHB

SWOT Analysis



Recommendation Chart



Source: RHB, Bloomberg

Date	Recommendation	Target Price	Price
2016-11-13	Buy	8.40	5.84
2016-09-14	Buy	8.40	7.23
2015-11-05	Buy	5.20	3.87
2015-07-29	Buy	5.50	3.62
2015-03-03	Buy	5.80	4.40
2015-02-25	Neutral	4.60	4.04
2014-07-24	Neutral	5.70	4.48
2014-02-27	Buy	8.95	6.44
2013-12-09	Buy	8.78	6.74
2013-10-16	Buy	9.33	6.47

Source: RHB, Bloomberg

RHB Guide to Investment Ratings

Buy: Share price may exceed 10% over the next 12 months

Trading Buy: Share price may exceed 15% over the next 3 months, however longer-term outlook remains uncertain

Neutral: Share price may fall within the range of +/- 10% over the next 12 months

Take Profit: Target price has been attained. Look to accumulate at lower levels

Sell: Share price may fall by more than 10% over the next 12 months

Not Rated: Stock is not within regular research coverage

Investment Research Disclaimers

RHB has issued this report for information purposes only. This report is intended for circulation amongst RHB and its affiliates' clients generally or such persons as may be deemed eligible by RHB to receive this report and does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may receive this report. This report is not intended, and should not under any circumstances be construed as, an offer or a solicitation of an offer to buy or sell the securities referred to herein or any related financial instruments.

This report may further consist of, whether in whole or in part, summaries, research, compilations, extracts or analysis that has been prepared by RHB's strategic, joint venture and/or business partners. No representation or warranty (express or implied) is given as to the accuracy or completeness of such information and accordingly investors should make their own informed decisions before relying on the same.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to the applicable laws or regulations. By accepting this report, the recipient hereof (i) represents and warrants that it is lawfully able to receive this document under the laws and regulations of the jurisdiction in which it is located or other applicable laws and (ii) acknowledges and agrees to be bound by the limitations contained herein. Any failure to comply with these limitations may constitute a violation of applicable laws.

All the information contained herein is based upon publicly available information and has been obtained from sources that RHB believes to be reliable and correct at the time of issue of this report. However, such sources have not been independently verified by RHB and/or its affiliates and this report does not purport to contain all information that a prospective investor may require. The opinions expressed herein are RHB's present opinions only and are subject to change without prior notice. RHB is not under any obligation to update or keep current the information and opinions expressed herein or to provide the recipient with access to any additional information. Consequently, RHB does not guarantee, represent or warrant, expressly or impliedly, as to the adequacy, accuracy, reliability, fairness or completeness of the information and opinion contained in this report. Neither RHB (including its officers, directors, associates, connected parties, and/or employees) nor does any of its agents accept any liability for any direct, indirect or consequential losses, loss of profits and/or damages that may arise from the use or reliance of this research report and/or further communications given in relation to this report. Any such responsibility or liability is hereby expressly disclaimed.

Whilst every effort is made to ensure that statement of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable and must not be construed as a representation that the matters referred to therein will occur. Different assumptions by RHB or any other source may yield substantially different results and recommendations contained on one type of research product may differ from recommendations contained in other types of research. The performance of currencies may affect the value of, or income from, the securities or any other financial instruments referenced in this report. Holders of depositary receipts backed by the securities discussed in this report assume currency risk. Past performance is not a guide to future performance. Income from investments may fluctuate. The price or value of the investments to which this report relates, either directly or indirectly, may fall or rise against the interest of investors.

This report does not purport to be comprehensive or to contain all the information that a prospective investor may need in order to make an investment decision. The recipient of this report is making its own independent assessment and decisions regarding any securities or financial instruments referenced herein. Any investment discussed or recommended in this report may be unsuitable for an investor depending on the investor's specific investment objectives and financial position. The material in this report is general information intended for recipients who understand the risks of investing in financial instruments. This report does not take into account whether an investment or course of action and any associated risks are suitable for the recipient. Any recommendations contained in this report must therefore not be relied upon as investment advice based on the recipient's personal circumstances. Investors should make their own independent evaluation of the information contained herein, consider their own investment objective, financial situation and particular needs and seek their own financial, business, legal, tax and other advice regarding the appropriateness of investing in any securities or the investment strategies discussed or recommended in this report.

This report may contain forward-looking statements which are often but not always identified by the use of words such as "believe", "estimate", "intend" and "expect" and statements that an event or result "may", "will" or "might" occur or be achieved and other similar expressions. Such forward-looking statements are based on assumptions made and information currently available to RHB and are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievement to be materially different from any future results, performance or achievement, expressed or implied by such forward-looking statements. Caution should be taken with respect to such statements and recipients of this

report should not place undue reliance on any such forward-looking statements. RHB expressly disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or circumstances after the date of this publication or to reflect the occurrence of unanticipated events.

The use of any website to access this report electronically is done at the recipient's own risk, and it is the recipient's sole responsibility to take precautions to ensure that it is free from viruses or other items of a destructive nature. This report may also provide the addresses of, or contain hyperlinks to, websites. RHB takes no responsibility for the content contained therein. Such addresses or hyperlinks (including addresses or hyperlinks to RHB own website material) are provided solely for the recipient's convenience. The information and the content of the linked site do not in any way form part of this report. Accessing such website or following such link through the report or RHB website shall be at the recipient's own risk.

This report may contain information obtained from third parties. Third party content providers do not guarantee the accuracy, completeness, timeliness or availability of any information and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such content. Third party content providers give no express or implied warranties, including, but not limited to, any warranties of merchantability or fitness for a particular purpose or use. Third party content providers shall not be liable for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including lost income or profits and opportunity costs) in connection with any use of their content.

The research analysts responsible for the production of this report hereby certifies that the views expressed herein accurately and exclusively reflect his or her personal views and opinions about any and all of the issuers or securities analysed in this report and were prepared independently and autonomously. The research analysts that authored this report are precluded by RHB in all circumstances from trading in the securities or other financial instruments referenced in the report, or from having an interest in the company(ies) that they cover.

RHB and/or its affiliates and/or their directors, officers, associates, connected parties and/or employees, may have, or have had, interests in the securities or qualified holdings, in subject company(ies) mentioned in this report or any securities related thereto and may from time to time add to or dispose of, or may be materially interested in, any such securities. Further, RHB and/or its affiliates may have, or have had, business relationships with the subject company(ies) mentioned in this report and may from time to time seek to provide investment banking or other services to the subject company(ies) referred to in this research report. As a result, investors should be aware that a conflict of interest may exist.

The contents of this report is strictly confidential and may not be copied, reproduced, published, distributed, transmitted or passed, in whole or in part, to any other person without the prior express written consent of RHB and/or its affiliates. This report has been delivered to RHB and its affiliates' clients for information purposes only and upon the express understanding that such parties will use it only for the purposes set forth above. By electing to view or accepting a copy of this report, the recipients have agreed that they will not print, copy, videotape, record, hyperlink, download, or otherwise attempt to reproduce or re-transmit (in any form including hard copy or electronic distribution format) the contents of this report. RHB and/or its affiliates accepts no liability whatsoever for the actions of third parties in this respect.

The contents of this report are subject to copyright. Please refer to Restrictions on Distribution below for information regarding the distributors of this report. Recipients must not reproduce or disseminate any content or findings of this report without the express permission of RHB and the distributors.

The securities mentioned in this publication may not be eligible for sale in some states or countries or certain categories of investors. The recipient of this report should have regard to the laws of the recipient's place of domicile when contemplating transactions in the securities or other financial instruments referred to herein. The securities discussed in this report may not have been registered in such jurisdiction. Without prejudice to the foregoing, the recipient is to note that additional disclaimers, warnings or qualifications may apply based on geographical location of the person or entity receiving this report.

RESTRICTIONS ON DISTRIBUTION

Malaysia

This report is issued and distributed in Malaysia by RHB Research Institute Sdn Bhd. The views and opinions in this report are our own as of the date hereof and is subject to change. If the Financial Services and Markets Act of the United Kingdom or the rules of the Financial Conduct Authority apply to a recipient, our obligations owed to such recipient therein are unaffected. RHB Research Institute Sdn Bhd has no obligation to update its opinion or the information in this report.

Thailand

This report is issued and distributed in the Kingdom of Thailand by RHB Securities (Thailand) PCL, a licensed securities company that is authorised by the Ministry of Finance, regulated by the Securities and Exchange Commission of Thailand and is a member of the Stock Exchange of Thailand. The Thai Institute of Directors Association has disclosed the Corporate Governance Report of Thai Listed Companies made pursuant to the policy of the Securities and Exchange Commission of Thailand. RHB Securities (Thailand) PCL does not endorse, confirm nor certify the result of the Corporate Governance Report of Thai Listed Companies.

Indonesia

This report is issued and distributed in Indonesia by PT RHB Securities Indonesia. This research does not constitute an offering document and it should not be construed as an offer of securities in Indonesia. Any securities offered or sold, directly or indirectly, in Indonesia or to any Indonesian citizen or corporation (wherever located) or to any Indonesian resident in a manner which constitutes a public offering under Indonesian laws and regulations must comply with the prevailing Indonesian laws and regulations.

Singapore

This report is issued and distributed in Singapore by RHB Research Institute Singapore Pte Ltd and it may only be distributed in Singapore to accredited investors, expert investors and institutional investors as defined in the Financial Advisers Regulations and the Securities and Futures Act (Chapter 289), as amended from time to time. By virtue of distribution to these categories of investors, RHB Research Institute Singapore Pte Ltd and its representatives are not required to comply with Section 36 of the Financial Advisers Act (Chapter 110) (Section 36 relates to disclosure of RHB Research Institute Singapore Pte Ltd's interest and/or its representative's interest in securities). Recipients of this report in Singapore may contact RHB Research Institute Singapore Pte Ltd in respect of any matter arising from or in connection with the report.

Hong Kong

This report is issued and distributed in Hong Kong by RHB Securities Hong Kong Limited (興業金融證券有限公司) (CE No.: ADU220) ("RHBSHK") which is licensed in Hong Kong by the Securities and Futures Commission for Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities. Any investors wishing to purchase or otherwise deal in the securities covered in this report should contact RHB Securities Hong Kong Limited.

United States

This report was prepared by RHB and is being distributed solely and directly to "major" U.S. institutional investors as defined under, and pursuant to, the requirements of Rule 15a-6 under the U.S. Securities and Exchange Act of 1934, as amended (the "Exchange Act"). RHB is not registered as a broker-dealer in the United States and does not offer brokerage services to U.S. persons. Any order for the purchase or sale of the securities discussed herein that are listed on Bursa Malaysia Securities Berhad must be placed with and through Auerbach Grayson ("AG"). Any order for the purchase or sale of all other securities discussed herein must be placed with and through such other registered U.S. broker-dealer as appointed by RHB from time to time as required by the Exchange Act Rule 15a-6.

This report is confidential and not intended for distribution to, or use by, persons other than the recipient and its employees, agents and advisors, as applicable.

Additionally, where research is distributed via Electronic Service Provider, the analysts whose names appear in this report are not registered or qualified as research analysts in the United States and are not associated persons of Auerbach Grayson AG or such other registered U.S. broker-dealer as appointed by RHB from time to time and therefore may not be subject to any applicable restrictions under Financial Industry Regulatory Authority ("FINRA") rules on communications with a subject company, public appearances and personal trading.

Investing in any non-U.S. securities or related financial instruments discussed in this research report may present certain risks. The securities of non-U.S. issuers may not be registered with, or be subject to the regulations of, the U.S. Securities and Exchange Commission. Information on non-U.S. securities or related financial instruments may be limited. Foreign companies may not be subject to audit and reporting standards and regulatory requirements comparable to those in the United States.

The financial instruments discussed in this report may not be suitable for all investors.

Transactions in foreign markets may be subject to regulations that differ from or offer less protection than those in the United States.

OWNERSHIP AND MATERIAL CONFLICTS OF INTEREST**Malaysia**

RHB does not have qualified shareholding (1% or more) in the subject company (ies) covered in this report except for:

a) -

RHB and/or its subsidiaries are not liquidity providers or market makers for the subject company (ies) covered in this report except for:

a) -

RHB and/or its subsidiaries have not participated as a syndicate member in share offerings and/or bond issues in securities covered in this report in the last 12 months except for:

a) -

RHB has not provided investment banking services to the company/companies covered in this report in the last 12 months except for:

a) -

Thailand

RHB Securities (Thailand) PCL and/or its directors, officers, associates, connected parties and/or employees, may have, or have had, interests and/or commitments in the securities in subject company(ies) mentioned in this report or any securities related thereto. Further, RHB Securities (Thailand) PCL may have, or have had, business relationships with the subject company(ies) mentioned in this report. As a result, investors should exercise their own judgment carefully before making any investment decisions.

Indonesia

PT RHB Securities Indonesia is not affiliated with the subject company(ies) covered in this report both directly or indirectly as per the definitions of affiliation above.

Pursuant to the Capital Market Law (Law Number 8 Year 1995) and the supporting regulations thereof, what constitutes as affiliated parties are as follows:

1. Familial relationship due to marriage or blood up to the second degree, both horizontally or vertically;
2. Affiliation between parties to the employees, Directors or Commissioners of the parties concerned;
3. Affiliation between 2 companies whereby one or more member of the Board of Directors or the Commissioners are the same;
4. Affiliation between the Company and the parties, both directly or indirectly, controlling or being controlled by the Company;
5. Affiliation between 2 companies which are controlled, directly or indirectly, by the same party; or
6. Affiliation between the Company and the main Shareholders.

PT RHB Securities Indonesia is not an insider as defined in the Capital Market Law and the information contained in this report is not considered as insider information prohibited by law.

Insider means:

- a. a commissioner, director or employee of an Issuer or Public Company;
- b. a substantial shareholder of an Issuer or Public Company;
- c. an individual, who because of his position or profession, or because of a business relationship with an Issuer or Public Company, has access to inside information; and
- d. an individual who within the last six months was a Person defined in letters a, b or c, above.

Singapore

RHB Research Institute Singapore Pte Ltd and/or its subsidiaries and/or associated companies do not make a market in any securities covered in this report, except for:

- (a) -

The staff of RHB Research Institute Singapore Pte Ltd and its subsidiaries and/or its associated companies do not serve on any board or trustee positions of any issuer whose securities are covered in this report, except for:

- (a) -

RHB Research Institute Singapore Pte Ltd and/or its subsidiaries and/or its associated companies do not have and have not within the last 12 months had any corporate finance advisory relationship with the issuer of the securities covered in this report or any other relationship (including a shareholding of 1% or more in the securities covered in this report) that may create a potential conflict of interest, except for:

- (a) -

Hong Kong

RHBSHK or any of its group companies may have financial interests in relation to an issuer or a new listing applicant (as the case may be) the securities in respect of which are reviewed in the report, and such interests aggregate to an amount equal to or more than (a) 1% of the subject company's market capitalization (in the case of an issuer as defined under paragraph 16 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the "Code of Conduct"); and/or (b) an amount equal to or more than 1% of the subject company's issued share capital, or issued units, as applicable (in the case of a new listing applicant as defined in the Code of Conduct). Further, the analysts named in this report or their associates may have financial interests in relation to an issuer or a new listing applicant (as the case may be) in the securities which are reviewed in the report.

RHBSHK or any of its group companies may make a market in the securities covered by this report.

RHBSHK or any of its group companies may have analysts or their associates, individual(s) employed by or associated with RHBSHK or any of its group companies serving as an officer of the company or any of the companies covered by this report.

RHBSHK or any of its group companies may have received compensation or a mandate for investment banking services to the company or any of the companies covered by this report within the past 12 months.

Note: The reference to "group companies" above refers to a group company of RHBSHK that carries on a business in Hong Kong in (a) investment banking; (b) proprietary trading or market making; or (c) agency broking, in relation to securities listed or traded on The Stock Exchange of Hong Kong Limited.

Kuala Lumpur	Hong Kong	Singapore
RHB Research Institute Sdn Bhd Level 3A, Tower One, RHB Centre Jalan Tun Razak Kuala Lumpur 50400 Malaysia Tel : +(60) 3 9280 8888 Fax : +(60) 3 9200 2216	RHB Securities Hong Kong Ltd. 12 th Floor World-Wide House 19 Des Voeux Road Central, Hong Kong Tel : +(852) 2525 1118 Fax : +(852) 2810 0908	RHB Research Institute Singapore Pte Ltd. 10 Collyer Quay #09-08 Ocean Financial Centre Singapore 049315 Tel : +(65) 6533 1818 Fax : +(65) 6532 6211
Jakarta	Shanghai	Bangkok
PT RHB Securities Indonesia Wisma Mulia, 20th Floor Jl. Jenderal Gatot Subroto No. 42 Jakarta 12710, Indonesia Tel : +(6221) 2783 0888 Fax : +(6221) 2783 0777	RHB (China) Investment Advisory Co. Ltd. Suite 4005, CITIC Square 1168 Nanjing West Road Shanghai 20041 China Tel : +(8621) 6288 9611 Fax : +(8621) 6288 9633	RHB Securities (Thailand) PCL 10th Floor, Sathorn Square Office Tower 98, North Sathorn Road, Silom Bangrak, Bangkok 10500 Thailand Tel: +(66) 2 862 9999 Fax : +(66) 2 862 9799