

30 March 2015

Buy
Unchanged

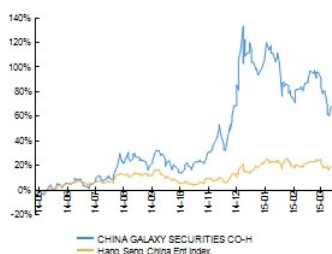
经纪业务维持领先地位

中国银河 (6881 HK)

Market Data: Mar,27

Closing Price (HK\$)	8.58
Price Target (HK\$)	10.67
HSCEI	11,920
HSCCI	4,515
52-week High/Low (HK\$)	11.50/4.40
Market Cap (USD Mn)	7,417
Market Cap (HK\$ Mn)	57,509
Shares Outstanding (Mn)	7,537
Exchange Rate (RMB-HK\$)	1.26

Price Performance Chart:



Source: Bloomberg

Analyst

Yi Zhang A0230514090002
BED999
zhangyi@swsresearch.com

Contact

Yi Zhang
(8621)23297818x7275

Related Reports

"CHINA GALAXY SECURITIES
(6881:HK) – Beta call" Feb 13,2015

The company does not hold any equities or derivatives of the listed company mentioned in this report ("target"), but then we shall provide financial advisory services subject to the relevant laws and regulations. Any affiliates of the company may hold equities of the target, which may exceed 1 percent of issued shares subject to the relevant laws and regulations. The company may also provide investment banking services to the target. The Company fulfills its duty of disclosure within its sphere of knowledge. The clients may contact compliance@swsresearch.com for relevant disclosure materials or log into www.swsresearch.com under disclosure column for further information. The clients shall have a comprehensive understanding of the disclosure and disclaimer upon the last page.

Financial summary and valuation

	2013	2014	2015E	2016E	2017E
Revenue (RMB million)	8403.33	12969.64	17338.52	21298.86	26735.14
YOY (%)	0.42	0.54	0.34	0.23	0.26
Net income (RMB million)	2154.93	3790.38	5794.99	7014.81	10803.35
YOY (%)	0.50	0.76	0.53	0.21	0.54
EPS (RMB)	0.31	0.50	0.61	0.73	1.13
Diluted EPS (RMB)	0.31	0.50	0.61	0.73	1.13
ROE (%)	8.48	12.92	15.97	16.65	20.98
Debt/asset (%)	67.53	83.70	82.20	81.64	80.36
Dividend Yield (%)	1.89	1.47	1.78	2.15	3.32
P/E (x)	22.14	13.61	11.25	9.29	6.03
P/B (x)	2.04	1.77	1.80	1.55	1.27

Note: Diluted EPS is calculated as if all outstanding convertible securities, such as convertible preferred shares, convertible debentures, stock options and warrants, were exercised. P/E is calculated as closing price divided by each year's EPS.

投资要点:

财报高于预期中国银河证券 2014 年净利润为人民币 37.7 亿元 (同比增长 76.6% 对比我们预计的 37.9 亿元和彭博预期的 35 亿元), 从而使 EPS 为人民币 0.5 元 (同比增长 61.3% 对比我们预计的 0.5 元与彭博预计的 0.46 元)。公司宣布每股分红为人民币 0.16 元 (同比增长 158%), 分红率为 32%。公司的杠杆率从 13 年年底的 1.66 倍增长至 14 年年底的 3.5 倍, 从而提升 ROE 4.44 个基点至 12.92%

经纪业务维持领先地位。在 2014 年, 公司经纪业务佣金同比增长 52.1% 至人民币 94 亿元, 为主营收入的 77.54%。主要是由于日均成交额同比增长 55% 所致。经纪业务的市场份额由 13 年年底的 5.16% 下滑至 14 年年底的 5.09%, 排名行业第二。证券客户账户的市场价值达到了人民币 2.57 万亿 (同比增长 39.7%), 市场份额 6.34%, 排名行业第二。

融资融券赶上同行竞争者。公司利息收入同比增长 126.7% 至人民币 25 亿元, 主要由于融资融券业务的超强增长, 该业务同比增长 239% 至人民币 603 亿元, 市场份额由原先的 5.13% 上涨至 14 年年末的 5.96%。融资融券业务强劲增长从而使公司信用账户同增加了 207% 至 227700, 基于 7.57% 的市场份额, 排名第一。信用账户的交易额为人民币 2.1 万亿, 市场份额 6.29%, 排名第二。承销收入同比增长 192.44% 至人民币 641 百万元, 主要是由于 2014 年的 IPO 重启和二级市场基金的增长。

维持买入评级。我们将日均交易额预计从 15 年的原先人民币 4000 亿元提升至 5000 亿元, 16 年的 5000 亿元提升至 6500 亿元并且增加 17 的预计为人民币 8450 亿元。我们依然看好银河作为一个优秀的 A 股券商, 在蓬勃市场下增长收入与金融业务的增长。为了反映较低佣金所导致的市场份额的快速下降, 我们下调了银河的净利预测。我们下调 15E 的 EPS 预测, 从人民币 0.73 元上涨至 0.66 元 (同比增加 21%), 下调 16 年预计从原先的人民币 0.81 元调至人民币 0.73 元 (同比增加 21.1%) 并且我们预计 17 年的 EPS 为人民币 1.13 元 (同比增加 54.2%)。因此这将根据 EVA 估值方法下调我们的目标价格从原先港币 11.38 元至目前的 10.67 元, 反映了 2.26 倍的市净率。基于 24.45 的上行空间, 我们维持买入评级。

Solid results. China Galaxy Securities reported 2014 net profit of Rmb3.77bn (+76.6% YoY vs our forecast of Rmb3.79bn and consensus forecast of Rmb3.50bn), resulting in EPS of Rmb0.50 (+61.3% YoY, in line with our forecast and above consensus forecast of Rmb0.46). The company proposed a final dividend of Rmb0.16 (+158% YoY), representing a 32% payout ratio. Leverage rose from 1.66x at end-2013 to 3.50x by end-2014, driving ROE up 4.44ppts YoY to 12.92%.

Brokerage business in leading position. In 2014, brokerage commission was up 52.1% YoY to Rmb9.4bn, representing 77.54% of total revenue, mainly driven by 55% YoY growth in turnover volume. However, brokerage market share slid from 5.16% at end-2013 to 5.09% at end-2014, making it the second-largest player in the market. Market value of securities in clients' accounts reached Rmb2.57tn (+39.7% YoY), giving it a 6.34% market share.

Margin financing catching up with peers. Interest income increased 126.7% YoY to Rmb2.5bn mainly due to robust growth from margin financing, which was up 239.0% YoY to Rmb60.3bn, market share increased from 5.13% to 5.96% at end-2014. Margin financing business grew robustly with credit accounts increased by 207% YoY to 227,700, with a 7.57% market share, ranking first. Trading turnover for credit accounts reached Rmb2.1tn with a 6.29% market share, ranking 2nd. Underwriting fee income increased by 192.44% YoY to Rmb641mn, mainly due to re-launch of IPO in 2014 and increased secondary market fund raising.

Maintain BUY. We raise our average daily turnover forecasts from Rmb400bn to Rmb500bn in 15E, from Rmb500bn to Rmb650bn in 16E and forecast 17E turnover of Rmb845bn. We continue to believe Galaxy offers a good proxy for China's buoyant A-share market turnover and booming financing business growth. We decrease our forecast for Galaxy's profit to reflect faster-than-expected contraction in market share due to lowered commission rates. We thus downgrade our EPS forecast from Rmb0.73 to Rmb0.66 in 15E (+21.0% YoY), from Rmb0.87 to Rmb0.73 in 16E (+21.1% YoY) and introduce 2017E EPS of Rmb1.13 (+54.2% YoY). This will lower our EVA-approached target price from HK\$11.38 to HK\$10.67, representing 2.26x 15E PB. With 24.4% upside, we maintain our BUY recommendation.

Appendix

Fig 1: Forecast Income Statement

Rmbm	2013	2014	2015E	2016E	2017E	2016E
Revenue						
Commission and fee income	5039.50	7134.99	9225.61	11839.38	15016.01	9676.21
Interest income	2666.40	4181.99	6909.06	7871.91	9751.94	7871.91
Net investment gains	697.43	1652.67	1203.85	1587.57	1967.20	1725.58
Total revenue	8403.33	12969.64	17338.52	21298.86	26735.14	19273.70
Other income and gains	22.90	46.92	26.58	28.41	27.49	28.41
Total revenue and other income	8426.64	13016.56	17365.10	21327.27	26762.63	19302.32
Depreciation and amortization	218.79)	(187.24)	(205.96)	(226.56)	(249.22)	(291.21)
Staff costs	(2490.50)	(4191.29)	(5448.67)	(7083.27)	(9208.25)	(5471.63)
Commission and fee expenses	(171.22)	(201.10)	(326.32)	(437.37)	0.00	(356.76)
Interest expenses	(684.63)	(1377.23)	(1269.12)	(1594.20)	0.00	(1594.20)
Other operating expenses	(1775.57)	(2016.13)	(2318.55)	(2550.40)	(2805.44)	(2695.32)
Impairment losses	(192.17)	(40.62)	(69.82)	(82.39)	(96.25)	(129.75)
Total expenses	(5532.88)	(8013.61)	(9638.44)	(11974.20)	(12359.17)	(10538.88)
Share of result of an associate	(0.33)	0.35	0.00	0.00	1.00	0.00
Profit before income tax	2893.43	5003.30	7726.65	9353.08	14404.47	8763.45
Income tax expense	(738.09)	(1212.92)	(1931.66)	(2338.27)	(3601.12)	(2190.86)
Profit for the year	2155.35	3790.38	5794.99	7014.81	10803.35	6572.59
Attributable to:						
Owners of the Company	2135.66	3770.73	5772.39	6988.81	10773.46	6542.65
Non-controlling interests	19.68	19.66	22.60	26.00	29.89	29.94
Basic EPS	0.31	0.50	0.61	0.73	1.13	0.87
Diluted EPS	0.31	0.50	0.61	0.73	1.13	0.87

Source : Company data, SWS Research

Fig2: Forecast Balance Sheet

Rmbm	2013	2014	2015E	2016E	2017E
Non-current assets					
Property and equipment	515.60	379.57	398.55	418.48	439.40
Goodwill	223.28	223.28	223.28	223.28	223.28
Other intangible assets	362.81	355.16	355.16	355.16	355.16
Investment in an associate	0.00	20.01	19.86	20.01	19.86
Available-for-sale financial assets	742.98	511.86	665.42	865.05	1124.56
Deferred tax assets	174.39	347.65	347.65	347.65	347.65
Total non-current assets	2019.05	2177.19	2009.92	2229.62	2509.91
Current assets					
Advances to customers	5438.67	61442.66	86019.72	111825.64	145373.33
Accounts receivable	202.88	458.26	504.08	554.49	609.94
Prepaid taxes	268.14	0.00	14.95	7.47	11.21
Other receivables and prepayments	433.47	1116.67	1228.34	1351.17	1486.29
Loan investment	0.00	0.00	90.00	0.00	90.00
Available-for-sale financial assets	5908.00	11071.67	14393.17	18711.13	24324.47
Financial assets held under resale agreements	809.52	7315.17	9143.97	10972.76	13167.31
Financial assets held for trading	4622.02	5961.26	7749.63	10074.52	13096.88
Financial assets designated as at fair value through profit or loss	831.04	1360.85	1769.10	2299.83	2989.78
Derivative financial assets	0.00	0.00	2.28	0.00	2.28
Deposits with exchanges and a non-bank financial institution	2614.32	6050.02	6655.02	7320.52	8052.57
Clearing settlement funds	4541.48	31260.37	34386.41	37825.05	41607.55
Bank balances	36607.01	51811.60	39862.20	26278.97	8961.16
Total current assets	62276.54	177848.52	201818.87	227221.55	259772.77
Total assets	64295.59	180025.71	203828.78	229451.17	262282.68
Current liabilities					
Subordinated bonds	0.00	20700.00	22770.00	25047.00	27551.70
Due to banks and a non-bank financial institution	318.86	1812.12	1993.34	2192.67	2411.94
Accounts payable to brokerage clients	39745.63	78407.51	86248.26	94873.09	104360.39
Accrued staff costs	1104.84	2932.67	3225.94	3548.54	3903.39
Other payables and accruals	363.71	1901.19	2091.30	2300.44	2530.48
Current tax liabilities	20.27	354.38	389.81	428.79	471.67
Derivative financial liabilities	0.00	24.08	26.49	29.14	32.06
Financial assets sold under repurchase agreements	5183.44	30164.93	34689.66	39893.11	45877.08
Total current liabilities	46736.74	5417.91	6230.60	7165.19	8239.96
Net current assets	15539.80	141714.79	157665.41	175477.96	195378.67
Net assets	17558.85	36133.73	44153.46	51743.59	64394.10
Equity					
Share capital	6000.00	7537.26	9537.26	9537.26	9537.26
Reserves	6268.23	13232.15	13232.15	13232.15	13232.15
Retained profits	5161.63	8254.39	13272.63	19106.96	28482.65
Equity attributable to owners of the company	17429.86	29023.80	36042.04	41876.37	51252.07
Non-controlling interests	128.99	312.12	248.84	249.84	250.84
Total equity	17558.85	29335.92	36290.88	42126.21	51502.90
Total Liabilities & Equity	64295.59	78284.37	88517.35	101223.88	117262.56

Source : Company data, SWS Research

Information Disclosure :

The views expressed in this report accurately reflect the personal views of the analyst. The analyst declares that neither he/she nor his/her associate serves as an officer of nor has any financial interests in relation to the listed corporation reviewed by the analyst. None of the listed corporations reviewed or any third party has provided or agreed to provide any compensation or other benefits in connection with this report to any of the analyst, the Company or the group company(ies). A group company(ies) of the Company confirm that they, whether individually or as a group (i) are not involved in any market making activities for any of the listed corporation reviewed; or (ii) do not have any individual employed by or associated with any group company(ies) of the Company serving as an officer of any of the listed corporation reviewed; or (iii) do not have any financial interest in relation to the listed corporation reviewed or (iv) do not, presently or within the last 12 months, have any investment banking relationship with the listed corporation reviewed.

Undertakings of the Analyst

I (We) am (are) conferred the Professional Quality of Securities Investment Consulting Industry by the Securities Association of China and have registered as the Securities Analyst. I hereby issue this report independently and objectively with due diligence, professional and prudent research methods and only legitimate information is used in this report. I am also responsible for the content and opinions of this report. I have never been, am not, and will not be compensated directly or indirectly in any form for the specific recommendations or opinions herein.

Disclosure with respect to the Company

The company is a subsidiary of Shenwan Hongyuan Securities. The company is a qualified securities investment consulting institute approved by China Securities Regulatory Commission with the code number ZX0065.

Releasing securities research reports is the basic form of the securities investment consulting services. The company may analyze the values or market trends of securities and related products or other relevant affecting factors, provide investment analysis advice on securities valuation/ investment rating, etc. by issuing securities research reports solely to its clients.

The Company fulfills its duty of disclosure within its sphere of knowledge. The clients may contact compliance@swsresearch.com for the relevant disclosure materials or log into www.swsresearch.com for the analysts' qualifications · the arrangement of the quiet period and the affiliates' shareholdings.

Introduction of Share Investment Rating

Security Investment Rating :

When measuring the difference between the markup of the security and that of the market's benchmark within six months after the release of this report, we define the terms as follows:

Trading BUY: Share price performance is expected to generate more than 20% upside over a 6-month period.

BUY: Share price performance is expected to generate more than 20% upside over a 12-month period.

Outperform: Share price performance is expected to generate between 10-20% upside over a 12-month period.

Hold: Share price performance is expected to generate between 10% downside to 10% upside over a 12-month period.

Underperform: Share price performance is expected to generate between 10-20% downside over a 12-month period.

SELL: Share price performance is expected to generate more than 20% downside over a 12-month period.

Industry Investment Rating:

When measuring the difference between the markup of the industry index and that of the market's benchmark within six months after the release of the report, we define the terms as follows:

Overweight : Industry performs better than that of the whole market ;

Equal weight : Industry performs about the same as that of the whole market ;

Underweight : Industry performs worse than that of the whole market.

We would like to remind you that different security research institutions adopt different rating terminologies and rating standards. We adopt the relative rating method to recommend the relative weightings of investment. The clients' decisions to buy or sell securities shall be based on their actual situation, such as their portfolio structures and other necessary factors. The clients shall read through the whole report so as to obtain the complete opinions and information and shall not rely solely on the investment ratings to reach a conclusion. The Company employs its own industry classification system. The industry classification is available at our sales personnel if you are interested.

HSCEI is the benchmark employed in this report.

Disclaimer :

This report is to be used solely by the clients of SWS Research Co., Ltd. (subsidiary of Shenwan Hongyuan Securities, hereinafter referred to as the "Company"). The Company will not deem any other person as its client notwithstanding his receipt of this report.

This report is based on public information, however, the authenticity, accuracy or completeness of such information is not warranted by the Company. The materials, tools, opinions and speculations contained herein are for the clients' reference only, and are not to be regarded or deemed as an invitation for the sale or purchase of any security or other investment instruments.

The clients understand that the text message reminder and telephone recommendation are no more than a brief communication of the research opinions, which are subject to the complete report released on the Company's website (<http://www.swsresearch.com>). The clients may ask for follow-up explanations if they so wish.

The materials, opinions and estimates contained herein only reflect the judgment of the Company on the day this report is released. The prices, values and investment returns of the securities or investment instruments referred to herein may fluctuate. At different periods, the Company may release reports which are inconsistent with the materials, opinions and estimates contained herein.

Save and except as otherwise stipulated in this report, the contactor upon the first page of the report only acts as the liaison who shall not provide any consulting services.

The clients shall consider the Company's possible conflict of interests which may affect the objectivity of this report, and shall not base their investment decisions solely on this report. The clients should make investment decisions independently and solely at your own risk. Please be reminded that in any event, the company will not share gains or losses of any securities investment with the clients. Whether written or oral, any commitment to share gains or losses of securities investment is invalid. The investment and services referred to herein may not be suitable for certain clients and shall not constitute personal advice for individual clients. The Company does not ensure that this report fully takes into consideration of the particular investment objectives, financial situations or needs of individual clients. The Company strongly suggests the clients to consider themselves whether the opinions or suggestions herein are suitable for the clients' particular situations; and to consult an independent investment consultant if necessary.

Under no circumstances shall the information contained herein or the opinions expressed herein forms an investment recommendation to anyone. Under no circumstances shall the Company be held responsible for any loss caused by the use of any contents herein by anyone. Please be particularly cautious to the risks and exposures of the market via investment.

Independent investment consultant should be consulted before any investment decision is rendered based on this report or at any request of explanation for this report where the receiver of this report is not a client of the Company.

The Company possesses all copyrights of this report which shall be treated as non-public information. The Company reserves all rights related to this report. Unless otherwise indicated in writing, all the copyrights of all the materials herein belong to the Company. In the absence of any prior authorization by the Company in writing, no part of this report shall be copied, photocopied, replicated or redistributed to any other person in any form by any means, or be used in any other ways which will infringe upon the copyrights of the Company. All the trademarks, service marks and marks used herein are trademarks, service marks or marks of the Company, and no one shall have the right to use them at any circumstances without the prior consent of the Company.

This report may be translated into different languages. The Company does not warrant that the translations are free from errors or discrepancies.

This report is for distribution in Hong Kong only to persons who fall within the definition of professional investors whether under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO") or the Securities and Futures (Professional Investor) Rules (Chapter 571D of the laws of the Hong Kong under the SFO).

This report is for distribution in the United Kingdom only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) order 2001 (as amended) (the "Order") or (ii) are persons falling within Article 49(2)(a) to (d) ("High Net Worth Companies, Unincorporated Associations, etc") of the Order (All such persons together being referred to as "Relevant Persons"). This document is directed only at Relevant Persons. Other Persons who are not Relevant Persons must not act or rely upon this document or any of its contents.

Disclaimer

This report was prepared, approved, published and distributed by the SWS Research Co., Ltd (subsidiary of Shenwan Hongyuan Securities) located outside of the United States (a "non-US Group Company"). This report is distributed in the U.S. by Enclave Capital LLC, a U.S. registered broker dealer, on behalf of SWS Research Co., Ltd only to major U.S. institutional investors (as defined in Rule 15a-6 under the U.S. Securities Exchange Act of 1934 (the "Exchange Act")) pursuant to the exemption in Rule 15a-6 and any transaction effected by a U.S. customer in the securities described in this report must be effected through Enclave Capital LLC (19 West 44th Street, suite 1700, New York, NY 10036).

Neither the report nor any analyst who prepared or approved the report is subject to U.S. legal requirements or the Financial Industry Regulatory Authority, Inc. ("FINRA") or other regulatory requirements pertaining to research reports or research analysts. No non-US Group Company is registered as a broker-dealer under the Exchange Act or is a member of the Financial Industry Regulatory Authority, Inc. or any other U.S. self-regulatory organization. The information has been compiled or arrived from sources believed to be reliable and in good faith, but no representation or warranty, express or implied is made as to their accuracy, completeness or correctness. SWS Research Co., Ltd has not verified the factual accuracy, assumptions, calculations or completeness of the information. Accordingly, SWS Research Co., Ltd. (subsidiary of Shenwan Hongyuan Securities) accepts no liability whatsoever for any direct or consequential loss or damage arising from (i) the use of this communication (ii) reliance of any information contained herein, (iii) any error, omission or inaccuracy in any such Information or (iv) any action resulting there from. SWS Research Co., Ltd. (subsidiary of Shenwan Hongyuan Securities) provides the information for the purpose of the intended recipient's analysis and review. Accordingly you are advised to verify the factual accuracy, assumptions, calculations or completeness of the information.

Analyst Certification

Each of the analysts identified in this report certifies, with respect to the companies or securities that the individual analyses, that (1) the views expressed in this report reflect his or her personal views about all of the subject companies and securities and (2) no part of his or her compensation was, is or will be directly or indirectly dependent on the specific recommendations or views expressed in this report.

Important US Regulatory Disclosures on Subject Companies

This material was produced by SWS Research Co., Ltd. (subsidiary of Shenwan Hongyuan Securities) solely for information purposes and for the use of the recipient. It is not to be reproduced under any circumstances and is not to be copied or made available to any person other than the recipient. It is distributed in the United States of America by Enclave Capital LLC and elsewhere in the world by SWS Research Co., Ltd. (subsidiary of Shenwan Hongyuan Securities) or an authorized affiliate of SWS Research Co., Ltd. (subsidiary of Shenwan Hongyuan Securities). This document does not constitute an offer of, or an invitation by or on behalf of SWS Research Co., Ltd. (subsidiary of Shenwan Hongyuan Securities) or its affiliates or any other company to any person, to buy or sell any security. The information contained herein has been obtained from published information and other sources, which SWS Research Co., Ltd. (subsidiary of Shenwan Hongyuan Securities) or its Affiliates consider to be reliable. None of SWS Research Co., Ltd. (subsidiary of Shenwan Hongyuan Securities) accepts any liability or responsibility whatsoever for the accuracy or completeness of any such information. All estimates, expressions of opinion and other subjective judgments contained herein are made as of the date of this document. Emerging securities markets may be subject to risks significantly higher than more established markets. In particular, the political and economic environment, company practices and market prices and volumes may be subject to significant variations. The ability to assess such risks may also be limited due to significantly lower information quantity and quality. By accepting this document, you agree to be bound by all the foregoing provisions.

1. SWS Research Co., Ltd. (subsidiary of Shenwan Hongyuan Securities) or its Affiliates have not recently been the beneficial owners of 1% or more of the securities mentioned in this report.
2. SWS Research Co., Ltd. (subsidiary of Shenwan Hongyuan Securities) or its Affiliates have not managed or co-managed a public offering of the securities mentioned in the report in the past 12 months.
3. SWS Research Co., Ltd. (subsidiary of Shenwan Hongyuan Securities) or its Affiliates have not received compensation for investment banking services from the issuer of these securities in the past 12 months and do not expect to receive compensation for investment banking services from the issuer of these securities within the next three months.
4. However, one or more person of SWS Research Co., Ltd. (subsidiary of Shenwan Hongyuan Securities) or its affiliates may, from time to time, have a long or short position in any of the securities mentioned herein and may buy or sell those securities or options thereon either on their own account or on behalf of their clients.
5. As of the publication of this report Enclave Capital LLC, does not make a market in the subject securities.
6. SWS Research Co., Ltd. (subsidiary of Shenwan Hongyuan Securities) or its Affiliates may, to the extent permitted by law, act upon or use the above material or the conclusions stated above or the research or analysis on which they are based before the material is published to recipients and from time to time provide investment banking, investment management or other services for or solicit to seek to obtain investment banking, or other securities business from, any entity referred to in this report

Distribution in Singapore

If distributed in Singapore, this report is meant only for Accredited Investors and Institutional Investors as defined under Section 4A of the Securities and Futures Act of Singapore. If you are not an Accredited Investor or an Institutional Investor, you shall ignore the report and its contents. The Singapore recipients of the report are to contact the Singapore office of Shenyin Wanguo Singapore Private Limited at 65-6323-5208, or 65-6323-5209 in respect of any matters arising from, or in connection with, the report.