



## Company Report: China Mobile (00941 HK)

公司报告: 中国移动 (00941 HK)

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# Headwinds from Handset Data Tariff Cuts, "Accumulate"

手机数据费的削减带来不利影响, "收集"

- **China Mobile's FY17 results met expectations, with 5.1% yoy growth in net profit.** Mobile service revenue was up 3.8% yoy in FY17, driven by larger 4G user base with moderate growth in ARPU.
- **We cut FY18-FY19 mobile ARPU by 3.5%/ 4.1%, respectively.** FY17 Mobile ARPU was RMB57.7, up 0.3% yoy. China Mobile lowered its data traffic fee by more than 42% in FY17; further lowering of more than 30% in FY18 is expected due to the launch of speed upgrade and tariff reduction policies. FY18-FY20 mobile ARPU is estimated to grow yoy by -0.5%/ 0.5%/ 0.7% to RMB57.4/ RMB57.7/ RMB58.1, respectively.
- **FY18-FY20 EBITDA/ service revenue is expected to improve by 0.8 ppt/ 0.9 ppt/ 0.5 ppt to 41.3%/ 42.1%/ 42.6%, respectively.** EBITDA/ service revenue improved by 0.7 ppt yoy to 40.5% in FY17. Interconnection expenses fell 0.1% thanks to weaker voice services demand. Apart from subsidizing subscribers for growth, China Mobile lowered its handset subsidies by 4% yoy in FY17 to RMB9.7 billion due to a change in business strategy.
- **Maintain the investment rating of "Accumulate" but cut the TP from HK\$89.00 to HK\$82.00.** We cut FY18-FY19 EPS by 4.5%/ 2.8%, respectively, with the adjustment of mobile ARPU estimations. The new TP represents 12.0x FY18 PER, 11.1x FY19 PER, 10.5x FY20 PER and 1.3x FY18 PBR.
- **中国移动 2017 财年的业绩符合预期, 净利润同比增长 5.1%。** 2017 财年移动业务收入同比增长 3.8%, 因较大 4G 用户规模及 ARPU 温和增长的推动。
- **我们将 2018 财年至 2019 财年的移动 ARPU 分别下调 3.5%/ 4.1%。** 2017 财年移动 ARPU 为人民币 57.7 元, 同比上升 0.3%。由于提速降费政策的推出, 中国移动于 2017 财年下调数据流量收费 42%, 并预计将于 2018 财年进一步降低 30% 以上。我们预计 2018 财年至 2020 年的移动 ARPU 将分别增长 -0.5%/ 0.5%/ 0.7% 至人民币 57.4 元/ 57.7 元/ 58.1 元。
- **预计 2018 财年至 2020 财年的 EBITDA/服务收入率将分别提升 0.8 个百分点/0.9 个百分点/0.5 个百分点至 41.3%/ 42.1%/ 42.6%。** 2017 财年 EBITDA/服务收入率同比提升 0.7 个百分点至 40.5%。得益于语音业务较弱的需求, 网间互联费用降低了 0.1%。中国移动于 2017 财年下调手机补贴 4% 至人民币 97 亿元, 因补贴用户来获得用户增长的业务战略已经转变。
- **维持公司的投资评级为"收集"及目标价从 89.00 港元下调至 82.00 港元。** 我们分别下调 2018-2019 年每股盈利预测 4.5%/ 2.8%, 是由于调整移动 ARPU 的预测。新目标价相当于 12.0 倍 2018 年市盈率、11.1 倍 2019 年市盈率、10.5 倍 2020 年市盈率及 1.3 倍 2018 年市净率。

Rating: **Accumulate**  
Maintained

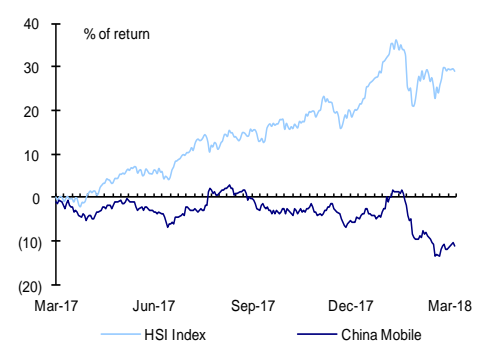
评级: **收集 (维持)**

6-18m TP 目标价: **HK\$82.00**  
Revised from 原目标价: HK\$89.00

Share price 股价: **HK\$70.550**

### Stock performance

股价表现



Change in Share Price	1 M	3 M	1 Y
股价变动	1 个月	3 个月	1 年
Abs. % 绝对变动 %	(5.4)	(9.4)	(15.9)
Rel. % to HS Index 相对恒指变动 %	(1.9)	(11.3)	(39.8)
Avg. Share price(HK\$) 平均股价 (港元)	72.5	76.4	78.7

Source: Bloomberg, Guotai Junan International.

Year End	Turnover	Net Profit	EPS	EPS	PER	BPS	PBR	DPS	Yield	ROE
年结	收入	股东净利	每股净利	每股净利变动	市盈率	每股净资产	市净率	每股股息	股息率	净资产收益率
12/31	(RMB m)	(RMB m)	(RMB)	(Δ %)	(x)	(RMB)	(x)	(RMB)	(%)	(%)
2016A	708,421	108,741	5.311	0.2	11.9	47.814	1.3	2.393	3.8	11.5
2017A	740,514	114,279	5.581	5.1	10.2	48.135	1.2	5.416	9.5	11.6
2018F	765,715	118,514	5.788	3.7	9.9	52.607	1.1	2.662	4.7	11.5
2019F	802,618	128,562	6.279	8.5	9.1	56.394	1.0	2.888	5.1	11.5
2020F	833,209	135,971	6.640	5.7	8.6	64.020	0.9	3.055	5.3	11.0
Shares in issue (m) 总股数 (m)			20,475.5		Major shareholder 大股东		China Mobile Group 74.2%			
Market cap. (HK\$ m) 市值 (HK\$ m)			1,444,546.5		Free float (%) 自由流通比率 (%)		25.8			
3 month average vol. 3 个月平均成交股数 ('000)			19,106.0		FY18 Net gearing (%) FY18 净负债/股东资金 (%)		Net cash			
52 Weeks high/low (HK\$) 52 周高/低 (HK\$)			87.640 / 70.000		FY18 Est. NAV (HK\$) FY18 每股估值 (港元)		87.0			

Source: the Company, Guotai Junan International.

**FY17 Results Review**

**China Mobile's FY17 results met expectations with 5.1% yoy growth in net profit.** Mobile services revenue grew 3.8% yoy in FY17 thanks to larger 4G user base with ARPU improvement. China Mobile lowered its data traffic fee by more than 42% in FY17. We expect that mobile ARPU will further be affected by the cut in data traffic tariff by more than 30% in FY18 to support the speed upgrade and tariff reduction strategy. China Mobile added 114.5 million 4G subscribers in FY17, down 48.6% yoy. 4G subscribers growth in FY18 is expected to slow down due to larger 4G user base. We will lower the Company's mobile ARPU and earnings estimations. China Mobile lowered its CAPEX by 5.2% yoy in FY17 by lowering spending for 4G network expansion. China Mobile was prudent in CAPEX spending with 6.4% yoy decline in FY18 CAPEX guidance (RMB166.1 billion), which is lower than expected. As 5G technology standards have not yet been finalized, China Mobile doesn't need to spend much for 5G network development in FY18 but carry out 5G scale tests and application demonstrations. In FY18, China Mobile will further improve its 4G network quality and construct fully fibre broadband networks to popularize 100Mbps products.

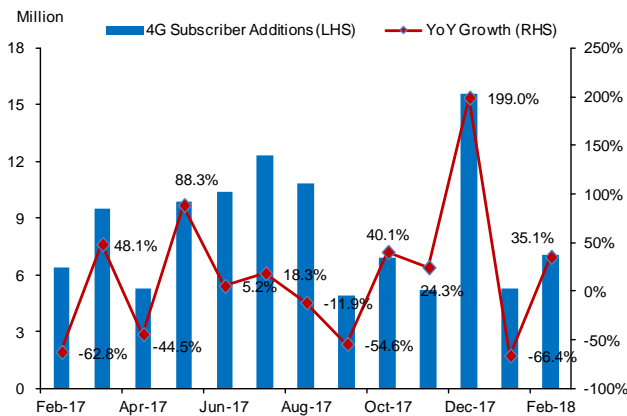
**Table-1: China Mobile's Income Statement Analysis**

RMB (Million)	FY17	FY16	YoY	Comments
Operating revenue	740,514	708,421	4.5%	
-Telecom services	668,351	623,422	7.2%	Driven by larger 4G user base with ARPU improvement
-Sales of products & others	72,163	84,999	(15.1%)	
Leased lines and network assets	46,336	39,083	18.6%	Due to RMB36.9 billion tower leasing fee
Interconnection expense	21,762	21,779	(0.1%)	Thanks to weaker demand for voice services
Depreciation expense	149,780	138,090	8.5%	
Employee benefit & related expenses	85,513	79,463	7.6%	
Selling expense	61,086	57,493	6.2%	
Cost of products sold	73,668	87,352	(15.7%)	Due to the lowering of handset subsidies (RMB9.7 billion, down 4% yoy)
Other operating expenses	182,243	167,073	9.1%	There was RMB10.5 billion impairment loss related to 2G assets
Profit from operations	120,126	118,088	1.7%	
Other gains	2,389	1,968	21.4%	
Interest income	15,883	16,005	(0.8%)	
Finance costs	(210)	(235)	(10.6%)	
Share of profit of investments	9.949	8.636	15.2%	
Net Profit	114,279	108,741	5.1%	
EBITDA	270,421	256,677	5.4%	
EPS (RMB)	5.58	5.31	5.1%	
Net profit margin (%)	15.4%	15.3%	0.1ppt	
EBITDA / service revenue (%)	40.5%	41.2%	0.7ppt	Contributed by handset subsidies reduction, service revenue improvement

Source: the Company, Guotai Junan International.

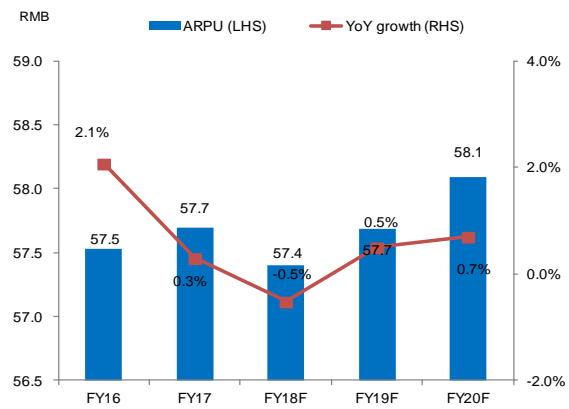
**We expect stronger headwinds from the launch of speed upgrades and tariff reduction.** Mobile services revenue grew 3.8% yoy in FY17, driven by larger 4G user base with ARPU improvement. Mobile ARPU slightly improved by 0.3% to RMB57.7 in FY17, contributed by handset data traffic usage and offset by the lowering of handset data tariff. Handset data tariff was affected by the launch of speed upgrade and tariff policies which decreased by 42% yoy in FY17 to RMB0.029 per MB. China Mobile is expected to further lower its handset data tariffs by 30% in FY18 and cancel data roaming fees by July 2018. The lowering of handset data tariffs helped to stimulate handset traffic usage and FY17 handset data traffic increased by 100.7% to 1.3GB. We trim FY18-FY19 mobile ARPU by 3.5%/ 4.1%, respectively. FY18-FY20 mobile ARPU is estimated to be RMB57.4/ RMB57.7/ RMB58.1, respectively. China Mobile added 114.5 million 4G subscribers in FY17, down 48.6% yoy, due to larger 4G user base. We expect that there is limited upside potential for 4G user expansions due to relatively large 4G user base and 4G subscribers growth in FY18 is expected to further slow down.

Figure-1: China Mobile's 4G Subscriber Net Additions and YoY Growth



Source: the Company.

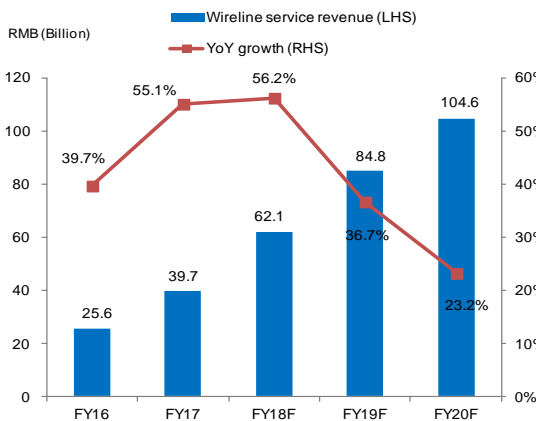
Figure-2: China Mobile's Mobile ARPU and YoY Growth



Source: the Company, Guotai Junan International.

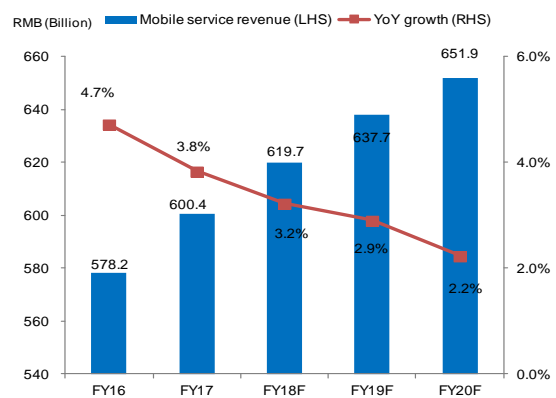
**Better fibre network coverage to improve wireline broadband ARPU.** FY17 wireline service revenue grew 55.1% yoy, driven by market share and ARPU improvement. Wireline broadband ARPU improved by 9.3% yoy to RMB35.1 in FY17, albeit the result of impact from speed upgrade and tariff reduction policy. We expect to see moderate improvement in wireline broadband ARPU in FY18 in light of transmission speed improvement and value-added services. High speed wireline broadband demand in China is growing, driven by high definition IPTV, PC online games and video content. Wireline users are seeking high transmission networks to improve video quality, achieve stable connection speeds and video subscriptions. FY18-FY20 wireline broadband ARPU is expected to grow by 56.2%/ 36.7%/ 23.2%, respectively. China Mobile is improving its fibre network coverage with better transmission speeds and IPTV services. China Mobile added 35.1 million wireline broadband subscribers in FY17, up 55.2% yoy, driven by the launch of bundled service plans, competitive pricing and value-added services. We expect FY18-FY20 fixed-line service revenue to grow by 56.2%/ 36.7%/ 23.2%, respectively.

Figure-3: China Mobile's Wireline Service Revenue and YoY Growth



Source: the Company, Guotai Junan International.

Figure-4: China Mobile's Mobile Service Revenue and YoY Growth



Source: the Company, Guotai Junan International.

**FY18-FY20 EBITDA/ service revenue is expected to improve by 0.8 ppt/ 0.9 ppt/ 0.5 ppt to 41.3%/ 42.1%/ 42.6%, respectively.** EBITDA/ service revenue improved by 0.7 ppt yoy to 40.5% in FY17. Interconnection expenses lowered by 0.1% thanks to weaker voice services demand. China Mobile lowered its handset subsidies by 4% yoy in FY17 to RMB9.7 billion, due to the change of business strategy, apart from subsidizing subscribers for growth. We expect handset subsidies to trend down in FY18 with the change of business strategy. We expected FY18-FY20 EBITDA/ service revenue to improve by 0.8 ppt/ 0.9 ppt/ 0.5 ppt to 41.3%/ 42.1%/ 42.6%, respectively, thanks to handset subsidy reduction, better service revenue growth and lower costs after Tower Company formation.

## Profit Revisions

**We cut FY18-FY19 EPS by 4.5%/ 2.8%, respectively.** Due to the adjustment of mobile ARPU and subscriber growth, we trim FY18-FY20 services revenue by 0.7%/ 1.2%, respectively. We lower FY18-FY19 mobile ARPU estimations by 3.5%/ 4.1%, respectively, to reflect impact from the launch of the speed upgrade and tariff reduction.

**Table-2: Financial Estimations Revisions**

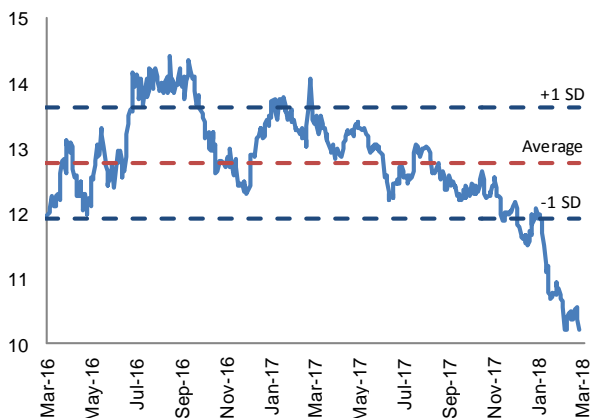
RMB (Million)	OLD			NEW			CHANGE		
	2018F	2019F	2020F	2018F	2019F	2020F	2018F	2019F	2020F
Total operating revenue	791,467	837,111	n.a.	765,715	802,618	833,209	(3.3%)	(4.1%)	n.a.
Service revenue	704,502	748,754	n.a.	699,325	739,548	772,976	(0.7%)	(1.2%)	n.a.
Sales of products & others	86,965	88,356	n.a.	66,390	63,070	60,232	(23.7%)	(28.6%)	n.a.
Net profit	124,098	132,265	n.a.	118,514	128,562	135,971	(4.5%)	(2.8%)	n.a.
EPS (RMB)	6.061	6.460	n.a.	5.788	6.279	6.640	(4.5%)	(2.8%)	n.a.

Source: Guotai Junan International.

## Valuation

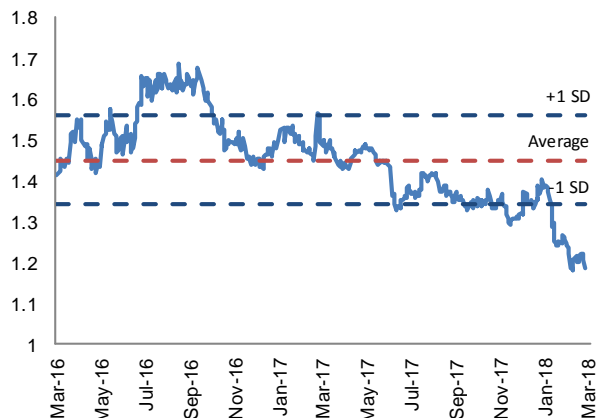
**Maintain the Company's investment rating of "Accumulate" but cut the TP from HK\$89.00 to HK\$82.00.** China Mobile is expected to face stronger headwinds from the speeding up of speed upgrade and tariff reduction policies. The lowering of data tariff fees is expected to stimulate handset data usage. China Mobile may refine its operating expenses to withstand the data tariff reduction impact. The new TP represents 12.0x FY18 PER, 11.1x FY19 PER, 10.5 x FY20 PER and 1.3x FY18 PBR.

**Figure-5: China Mobile's PE Graph**



Source: Bloomberg.

**Figure-6: China Mobile's PB Graph**



Source: Bloomberg.

**Table-3: Peers Comparison**

Company	Ticker	Currency	Price	PER			PBR			ROE(%)	D/Y (%)	EV/EBITDA	ROA(%)
				18F	19F	20F	18F	19F	20F	18F	18F	18F	18F
<b>HK Listed Companies</b>													
China Unicom Hong Kong Ltd	762 HK	HKD	9.320	25.3	16.1	11.4	0.7	0.7	0.7	2.7	1.7	2.6	1.4
China Mobile Ltd	941 HK	HKD	70.550	9.9	9.7	9.1	1.1	1.0	1.0	11.7	5.0	2.4	7.1
China Telecom Corp Ltd-H	728 HK	HKD	3.300	10.6	9.6	9.3	0.6	0.6	0.6	6.1	4.0	2.9	3.2
Pccw Ltd	8 HK	HKD	4.520	20.3	17.5	14.6	2.1	2.2	2.3	8.9	6.2	5.5	1.9
HKT	6823HK	HKD	9.790	14.4	14.0	13.5	1.9	1.9	1.9	13.0	6.7	8.3	5.5
Smartone Telecom	315 HK	HKD	8.200	14.7	15.2	15.2	1.9	1.9	1.9	13.1	5.5	4.8	7.9
Hutchison Telecomm Hong Kong	215 HK	HKD	2.750	34.8	34.8	36.2	0.8	0.8	0.9	2.5	2.1	3.9	1.4
Simple Average				18.6	16.7	15.6	1.3	1.3	1.3	8.3	4.4	4.3	4.0
Weighted Average				12.6	11.0	9.9	1.0	1.0	1.0	9.7	4.5	2.8	5.7
<b>US Listed Companies</b>													
AT&T Inc	T US	USD	34.700	10.0	9.9	9.9	1.5	1.4	1.3	15.0	5.8	6.1	4.6
Verizon Communications Inc	VZ US	USD	46.290	10.2	10.0	9.8	3.9	3.3	2.7	38.9	5.2	6.4	7.3
Centurylink Inc	CTL US	USD	15.520	16.0	11.3	12.7	0.7	0.8	0.8	3.9	13.9	6.2	1.2
Simple Average				12.1	10.4	10.8	2.0	1.9	1.6	19.3	8.3	6.2	4.4
Weighted Average				10.3	10.0	9.9	2.5	2.3	1.9	25.4	5.8	6.2	5.7
<b>JP Listed Companies</b>													
Nippon Telegraph & Telephone	9432 JP	JPY	4,883.000	11.1	10.7	10.2	1.0	0.9	0.9	9.2	3.1	5.0	4.7
Kddi Corp	9433 JP	JPY	2,675.500	11.4	10.7	10.3	1.7	1.6	1.5	15.6	3.4	5.1	9.1
Ntt Docomo Inc	9437 JP	JPY	2,684.000	13.7	13.8	13.2	1.7	1.6	1.5	12.7	3.7	6.7	9.6
Softbank Corp	9984 JP	JPY	8,080.000	8.8	12.0	6.0	1.8	1.5	1.2	18.2	0.5	8.1	3.8
Simple Average				11.3	11.8	9.9	1.6	1.4	1.3	13.9	2.7	6.2	6.8
Weighted Average				11.3	11.9	10.0	1.5	1.4	1.2	13.6	2.7	6.3	6.7
<b>EU Listed Companies</b>													
Vodafone Group Plc	VOD LN	GBP	193.600	20.5	19.3	16.3	0.9	0.9	0.9	3.7	6.8	6.3	2.1
Deutsche Telekom Ag-Reg	DTE GR	EUR	12.975	13.2	11.6	10.5	2.0	1.9	1.9	13.0	5.5	5.5	3.0
Telenor Asa	TEL NO	NOK	175.800	16.4	15.2	14.5	4.6	4.3	4.0	28.2	4.7	6.6	7.7
Telecom Italia Spa	TIT IM	EUR	0.781	10.6	9.6	8.9	0.7	0.7	0.6	7.1	0.6	5.0	3.5
Simple Average				15.2	13.9	12.6	2.0	1.9	1.9	13.0	4.4	5.8	4.1
Weighted Average				16.1	14.8	13.1	1.9	1.8	1.8	11.6	5.4	5.9	3.5
<b>Other Developed Market</b>													
Telstra Corp Ltd	TLS AU	AUD	3.200	10.6	10.0	11.4	2.5	2.3	2.2	23.9	6.9	5.3	9.7
Singapore Telecom Ltd	ST SP	SGD	3.360	13.7	13.8	12.7	1.8	1.8	1.7	14.4	6.0	12.7	8.9
Simple Average				12.1	11.9	12.1	2.2	2.1	2.0	19.1	6.5	9.0	9.3
Weighted Average				12.4	12.3	12.2	2.1	2.0	1.9	18.3	6.4	9.6	9.3
Overall Average				13.8	12.9	12.2	1.8	1.7	1.6	14.7	5.3	6.3	5.7
Overall Weighted Average				12.6	12.0	11.0	1.8	1.7	1.6	15.7	5.0	6.2	6.2

Source: Bloomberg.

**Financial Statements and Ratios**

Income Statement						Balance Sheet					
Year end 31 Dec (RMB m)	2016A	2017A	2018F	2019F	2020F	Year end 31 Dec (RMB m)	2016A	2017A	2018F	2019F	2020F
Services revenue	623,422	668,351	699,325	739,548	772,976	PP&E	622,356	648,029	731,620	791,362	921,809
Others	84,999	72,163	66,390	63,070	60,232	Construction in progress	89,853	78,112	68,415	66,963	73,481
<b>Total Revenue</b>	<b>708,421</b>	<b>740,514</b>	<b>765,715</b>	<b>802,618</b>	<b>833,209</b>	Land lease prepayments	26,720	28,322	29,738	31,225	32,786
Leased lines & network assets	39,083	46,336	49,006	52,170	54,159	Goodwill	35,343	35,343	35,343	35,344	35,345
Interconnection	21,779	21,762	20,280	19,968	20,097	Interest in associates and JCE	124,039	132,499	142,334	152,660	163,502
Depreciation	138,090	149,780	157,348	167,138	175,466	Deferred tax assets	29,767	33,343	35,010	36,761	38,599
Personnel	79,463	85,513	89,514	94,662	98,941	Others	6,271	8,269	8,857	9,213	9,588
Selling expenses	57,493	61,086	62,939	65,820	68,022	<b>Total Non-current Assets</b>	<b>934,349</b>	<b>963,917</b>	<b>1,051,316</b>	<b>1,123,528</b>	<b>1,275,111</b>
Cost of products sold	87,352	73,668	65,086	57,788	51,659	Inventories	8,832	10,222	10,733	11,055	11,387
Other operating expenses	167,073	182,243	192,631	203,226	213,793	Accounts receivable	19,045	24,153	26,085	27,650	28,756
<b>Operating Profit</b>	<b>118,088</b>	<b>120,126</b>	<b>128,911</b>	<b>141,846</b>	<b>151,072</b>	Prepayment and other current assets	16,801	24,552	26,762	29,170	31,796
Non-operating net income	1,968	2,389	2,062	2,162	2,244	Deposits with banks	335,297	279,371	268,196	257,468	247,170
Interest income	16,005	15,883	16,000	15,925	16,071	Cash & Cash Equivalents	90,413	120,636	129,917	144,308	161,590
Finance costs	(235)	(210)	(260)	(218)	(178)	Others	116,257	99,262	114,010	124,263	133,744
Share of profit of investments	8,636	9,949	10,247	10,555	10,872	<b>Total Current Assets</b>	<b>586,645</b>	<b>558,196</b>	<b>575,703</b>	<b>593,915</b>	<b>614,443</b>
<b>Profit Before Tax</b>	<b>144,462</b>	<b>148,137</b>	<b>156,961</b>	<b>170,269</b>	<b>180,081</b>	<b>Total Assets</b>	<b>1,520,994</b>	<b>1,522,113</b>	<b>1,627,019</b>	<b>1,717,443</b>	<b>1,889,554</b>
Income Tax	(35,623)	(33,723)	(38,307)	(41,555)	(43,950)	Accounts payable	250,838	233,169	221,511	210,435	199,913
<b>Profit After Tax</b>	<b>108,839</b>	<b>114,414</b>	<b>118,654</b>	<b>128,714</b>	<b>136,131</b>	Deferred revenue, current portion	84,289	85,282	89,546	94,023	98,725
Non-controlling Interest	(98)	(135)	(140)	(152)	(161)	Accrued expenses and other payables	180,950	190,866	208,044	226,768	247,177
Shareholders' Profit / Loss	108,741	114,279	118,514	128,562	135,971	Current taxation	8,545	8,716	9,152	9,701	10,283
Basic EPS	5.311	5.581	5.788	6.279	6.640	Others	11,767	11,949	14,748	14,645	15,091
						<b>Total Current Liabilities</b>	<b>536,389</b>	<b>529,982</b>	<b>543,000</b>	<b>555,572</b>	<b>571,189</b>
Cash Flow Statement						Financial Ratios					
Year end 31 Dec (RMB m)	2016A	2017A	2018A	2019A	2020A		2016A	2017A	2018F	2019F	2020F
Profit before taxation	144,462	148,137	156,961	170,269	180,081	EBITDA margin (%)	41.2	40.5	41.3	42.1	42.6
Depreciation and amortization	139,032	150,170	157,740	167,530	175,859	Operating margin (%)	16.7	16.2	16.8	17.7	18.1
Others	(52,564)	(75,466)	(78,793)	(81,466)	(84,324)	Net profit margin (%)	15.3	15.4	15.5	16.0	16.3
Change in working capital	22,960	(11,337)	5,745	5,390	8,471	ROE (%)	11.5	11.6	11.5	11.5	11.0
Tax paid	(236)	(33,723)	(38,307)	(41,555)	(43,950)	ROA (%)	7.4	7.5	7.5	7.7	7.5
<b>Cash from Operating Activities</b>	<b>253,654</b>	<b>177,781</b>	<b>203,346</b>	<b>220,168</b>	<b>236,137</b>	Net gearing	Net cash	Net cash	Net cash	Net cash	Net cash
CAPEX	(188,209)	(177,500)	(166,100)	(177,727)	(188,391)						
Bank deposit change	(12,102)	55,432	11,157	10,701	10,275						
Others	5,835	75,273	15,281	20,212	21,571						
<b>Cash from Investing Activities</b>	<b>(194,476)</b>	<b>(46,795)</b>	<b>(139,663)</b>	<b>(146,814)</b>	<b>(156,545)</b>						
Dividends paid	(46,991)	(100,909)	(54,516)	(59,139)	(62,546)						
Others	(1,967)	(223)	(273)	(231)	(191)						
<b>Cash from Financing Activities</b>	<b>(48,958)</b>	<b>(101,132)</b>	<b>(54,790)</b>	<b>(59,370)</b>	<b>(62,737)</b>						
<b>Net Changes in Cash</b>	<b>10,220</b>	<b>29,854</b>	<b>8,894</b>	<b>13,985</b>	<b>16,856</b>						
Cash at Beg of Year	79,842	90,413	120,636	129,917	144,308						
FX change	351	369	387	406	427						
<b>Cash at End of Year</b>	<b>90,413</b>	<b>120,636</b>	<b>129,917</b>	<b>144,308</b>	<b>161,590</b>						

Source: the Company, Guotai Junan International.

### Company Rating Definition

The Benchmark: Hong Kong Hang Seng Index

Time Horizon: 6 to 18 months

Rating		Definition
Buy	买入	Relative Performance > 15%; or the fundamental outlook of the company or sector is favorable.
Accumulate	收集	Relative Performance is 5% to 15%; or the fundamental outlook of the company or sector is favorable.
Neutral	中性	Relative Performance is -5% to 5%; or the fundamental outlook of the company or sector is neutral.
Reduce	减持	Relative Performance is -5% to -15%; or the fundamental outlook of the company or sector is unfavorable.
Sell	卖出	Relative Performance < -15%; or the fundamental outlook of the company or sector is unfavorable.

### Sector Rating Definition

The Benchmark: Hong Kong Hang Seng Index

Time Horizon: 6 to 18 months

Rating		Definition
Outperform	跑赢大市	Relative Performance > 5%; or the fundamental outlook of the sector is favorable.
Neutral	中性	Relative Performance is -5% to 5%; or the fundamental outlook of the sector is neutral.
Underperform	跑输大市	Relative Performance < -5%; Or the fundamental outlook of the sector is unfavorable.

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