

## Company Report: China Railway Group (00390 HK)

公司报告: 中国中铁 (00390 HK)

Gary Wong 黄家玮

(852) 2509 2616

gary.wong@gtjas.com.hk

8 October 2018

## Outlook Remains Positive, Maintain "Buy"

前景依旧正面, 维持“买入”

- China Railway Group's (00390 HK) 1H18 revenue increased 5.9% YoY to RMB316.1 billion. Shareholders' net profit increased 23.9% YoY to RMB8.3 billion. Results exceeded expectations. In 1H18, the Company received RMB634.7 billion in new contracts, up 13.0% YoY. As at 30 June 2018, the Company had a backlog of RMB2,769.6 billion, up 7.7% compared with 2017 end.
- Gross margin improvement in infrastructure construction business and robust performance of mining business were the two main causes for the strong 1H18 results. We expect infrastructure construction revenue to increase at a CAGR of 7.9% in 2017-2020, while mining business will continue to benefit from growing demand for cobalt due to the electric vehicle boom.
- The Company issued RMB11.7 billion worth of new shares to nine financial institution investors in an asset repurchase transaction which could lower the Company's gearing and strengthen the strategic relationship of the Company with the investors.
- Our EPS estimates for 2018/ 2019/ 2020 are RMB0.799, RMB0.910 and RMB1.058, respectively. We think that the Company can increase its market share in other construction markets in a deleveraging environment; current valuation does not fully reflect its growth outlook. **We raise the TP to HKD8.90, representing 9.6x/ 8.4x/ 7.2x 2018/ 2019/ 2020 PER. Maintain "Buy".**
- 中国中铁(00390 HK)2017 年上半年收入同比增长 5.9%至 3,161 亿元(人民币, 下同)。股东净利同比增长 23.9%至 83 亿元。业绩超出预期。2018 年上半年公司新签合同 6,347 亿元, 同比增长 13.0%。截至 2018 年 6 月 30 日, 公司在手订单为 27,696 亿元, 较 2017 年底增 7.7%。
- 基建建设业务的毛利率改善及采矿业务的强劲表现是上半年业绩强劲的两个主要原因。我们预计 2017 - 2020 年基建建设收入将以 7.9%的复合年增长率增长, 而采矿业务将继续受益于电动汽车热潮中钴需求的增长。
- 公司通过资产回购交易向 9 家金融机构投资者发行价值 117 亿元的新股, 将可降低负债率, 并加强公司与投资者的战略关系。
- 我们对 2018/2019/2020 年的每股盈利预测分别为人民币 0.799 元、0.910 元及 1.058 元。我们认为公司可于去杠杆的大环境下, 于其他工程建设市场争取到更多份额, 现估值并未完全反映其增长前景。我们将目标价调高至 8.90 港元, 对应 9.6/8.4/7.2 倍的 2018/2019/2020 年市盈率。维持“买入”评级。

Rating:

**Buy**

Maintained

评级:

买入 (维持)

6-18m TP 目标价:

**HK\$8.90**

Revised from 原目标价:

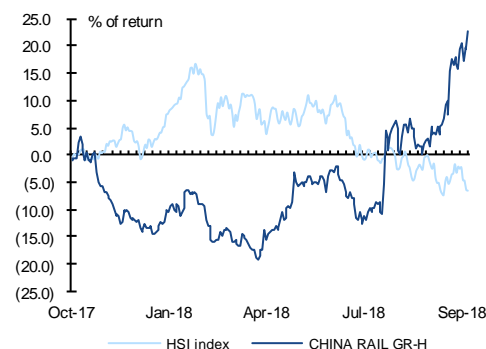
HK\$7.60

Share price 股价:

HK\$7.770

### 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 %	18.1	34.8	19.7
Rel. % to HS Index 相对恒指变动 %	20.6	40.5	26.1
Avg. Share price(HK\$) 平均股价 (港元)	7.3	6.7	6.0

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)	(△%)	(x)	(RMB)	(x)	(RMB)	(%)	(%)
2016A	632,856	11,808	0.517	(2.5)	13.6	6.522	1.1	0.088	1.3	9.6
2017A	688,773	15,280	0.669	29.4	10.3	7.422	0.9	0.113	1.6	11.3
2018F	739,372	18,477	0.799	19.4	8.5	8.805	0.8	0.130	1.9	11.8
2019F	805,219	22,341	0.910	13.9	7.5	9.240	0.7	0.150	2.2	12.4
2020F	869,270	25,971	1.058	16.2	6.4	10.351	0.7	0.176	2.6	13.0

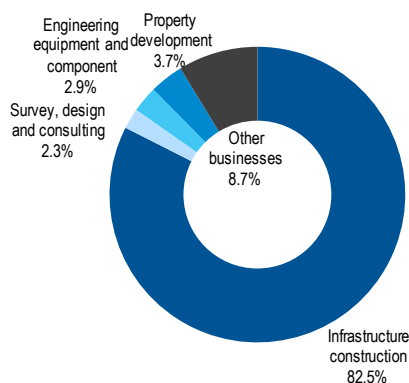
Shares in issue (m) 总股数 (m)	22,844.3	Major shareholder 大股东	CREC 54.4%
Market cap. (HK\$ m) 市值 (HK\$ m)	177,500.2	Free float (%) 自由流通比率 (%)	45.6
3 month average vol. 3 个月平均成交股数 ('000)	23,690.4	FY18 Net gearing (%) FY18 净负债/股东资金 (%)	13.4
52 Weeks high/low (HK\$) 52 周高/低 (HK\$)	7.940 / 5.250	FY18 Est. NAV (HK\$) FY18 每股估值 (港元)	8.9

Source: the Company, Guotai Junan International.

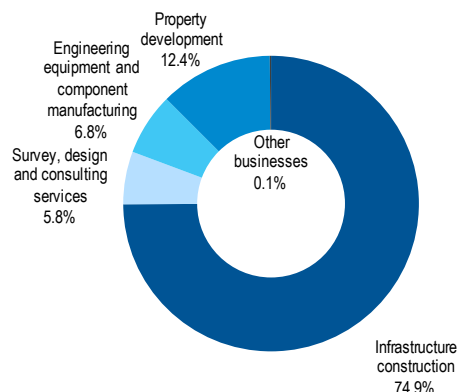
See the last page for disclaimer

Page 1 of 7

**1H18 shareholders' net profit increased 23.9% YoY to RMB8.3 billion; results exceeded expectations.** China Railway Group's (00390 HK, "CRG" or the "Company") 1H18 revenue increased 5.9% YoY to RMB316.1 billion. Shareholders' net profit increased 23.9% YoY to RMB8.3 billion. Results exceeded expectations. Selling expense ratio increased 0.1 ppts YoY to 0.5%, while administrative expense ratio increased 0.1 ppts YoY to 3.3% and finance costs ratio increased 0.2 ppts YoY to 0.9%. 1H18 new contracts signed amounted to RMB634.7 billion, up 13.0% YoY. As at 30 June, backlog amounted to RMB2,769.6 billion, up 7.7% compared with 2017 end.

**Figure 1: CRG's Revenue by Segment in 1H18**


Source: the Company.

**Figure 2: CRG's Profit Before Tax by Segment in 1H18**


Source: the Company.

**Gross margin improvement in infrastructure construction business and robust performance of mining business were the two main causes for the strong 1H18 results.** According to China Accounting Standards ("CAS"), revenue from infrastructure construction business was up 4.0% YoY only, while gross profit from infrastructure construction business was up 14.0% YoY, thanks mainly to the substantial improvement in gross margin by 0.6 ppts YoY to 7.6%, mainly due to the gross margin improvement for highways construction of 3.9 ppts YoY and railways construction of 0.2 ppts YoY. The Company attributed this increase to higher gross profit margin projects brought by the investment business and satisfactory results on adjustment claims work due to strengthened management on adjustment claims. In addition, we found that share of post-tax profits of associates increased 3.6x YoY to RMB0.7 billion. This was mainly due to the robust performance of its 41.7% owned Sicomines Copper-Cobalt Mine, one of the largest copper-cobalt mines in the world, which benefited substantially from the electric vehicles ("EV") boom as cobalt is a key component for building batteries for use in EVs. We expect share of post-tax profit from this mine (1H18: RMB554 million) to continue to increase as demand is still growing rapidly while supply of new cobalt mines is tight.

**Table 1: CRG's Segmental Revenue and Profit Before Taxation (PBT) in 1H18**

Segment (RMB million)	Revenue	YoY	PBT	YoY
Infrastructure Construction	276,636	+6.0%	9,788	+12.6%
Survey, Design and Consulting Services	7,553	+11.9%	754	+4.1%
Engineering Equipment and Component Manufacturing	9,615	+3.2%	889	+10.0%
Property Development	12,411	+11.7%	1,615	+34.4%
Other Businesses	29,237	+20.8%	18	-96.3%
Inter-elimination	(19,350)		(351)	
<b>Total</b>	<b>316,102</b>	<b>+5.9%</b>	<b>12,713</b>	<b>+17.2%</b>

Source: the Company.

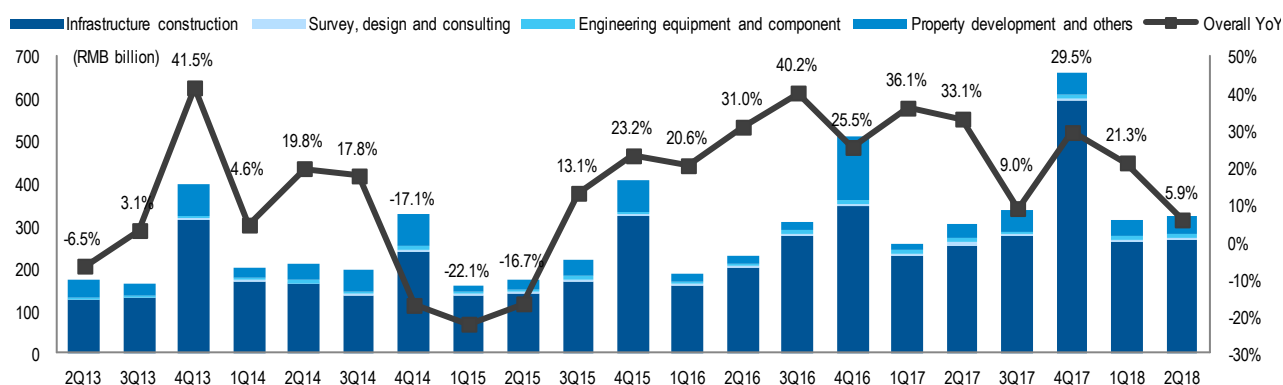
**Table 2: CRG's Infrastructure Construction Segmental Gross Profit and Gross Margin in 1H18**

Segment (RMB million)	Gross Profit	YoY	Gross Margin	YoY
Railways	4,571	-6.8%	4.9%	+0.2 ppts.
Highways	3,338	+99.9%	8.5%	+3.9 ppts.
Municipal Works and Others	12,557	+10.3%	9.3%	-0.5 ppts.
<b>Infrastructure Construction Total</b>	<b>20,467</b>	<b>+14.0%</b>	<b>7.6%</b>	<b>+0.6 ppts.</b>

Source: the Company.

Note: the figures are calculated based on half-year report disclosed according to China Accounting Standards, for illustration only.

**We expect infrastructure construction revenue to increase at a CAGR of 7.9% during 2017-2020.** Infrastructure construction revenue increased 6.0% YoY to RMB276.6 billion in 1H18, while revenue growth for railway construction, road construction and municipal works, and other construction amounted to -11.1%, +8.8% and +16.2%, respectively. With the planned railway investment target raised back to above RMB800 billion from RMB732 billion, we expect railway construction revenue to rebound in 1H18. Moreover, if the 13<sup>th</sup> Five-Year Plan (13<sup>th</sup> FYP) is to be accomplished, annual new railway mileage put into operation will amount to over 7,000 km in 2018, 2019 and 2020, compared with only 3,038 km in 2017, and railway construction revenue to remain at least stable in 2018, 2019 and 2020. In addition, highway construction benefited from the government's supportive policies in rural areas to eliminate poverty and stimulate economic growth in those areas. We expect highway construction revenue to increase at a CAGR of 8.0% in 2017-2020. Municipal works and others construction revenue increased the fastest at 15.2% among other construction businesses. Despite a slowdown in growth of urban rail transit construction, public housing and sponge city projects maintained fast growth. With an abundant backlog for municipal works projects (4 times annual revenue), we expect municipal works and others construction revenue to maintain a relatively fast CAGR of 13.0% in 2017-2020. Overall, we expect infrastructure construction revenue to increase at a CAGR of 7.9% during 2017-2020.

**Figure 3: CRG's Quarterly New Contracts**


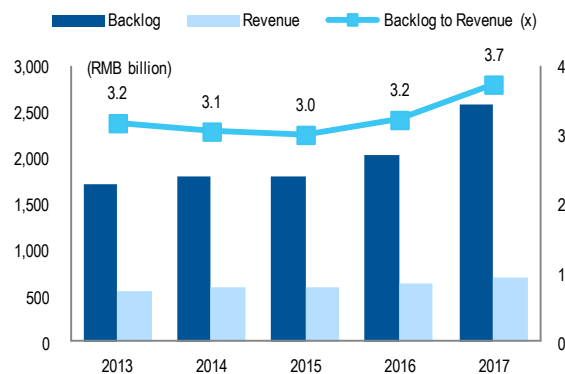
Source: the Company.

**Table 2: CRG's New Contracts and Backlog by Segment in 1H18**

(RMB hundred million)	New Contracts	YoY	Backlog	HoH*
Infrastructure construction	5,2680.0	+9.1%	23,178.7	+7.5%
- Railways	889.2	+10.4%	5,287.6	-3.6%
- Highways	937.8	-14.5%	4,368.9	+8.4%
- Municipal Works and Others	3,441.0	+17.5%	13,522.3	+12.2%
Of which Urban Rail Transit	1,101.6	-4.9%	4,632.4	+7.2%
Survey, Design and Consulting Services	130.9	+8.4%	405.7	+16.7%
Engineering Equipment and Component Manufacturing	168.6	+5.7%	378.4	+9.5%
Property Development	240.2	+53.7%	/	/
Other Businesses	539.3	+53.8%	3,733.0	+7.9%
<b>Total</b>	<b>6,347.0</b>	<b>+13.0%</b>	<b>27,695.8</b>	<b>+7.7%</b>

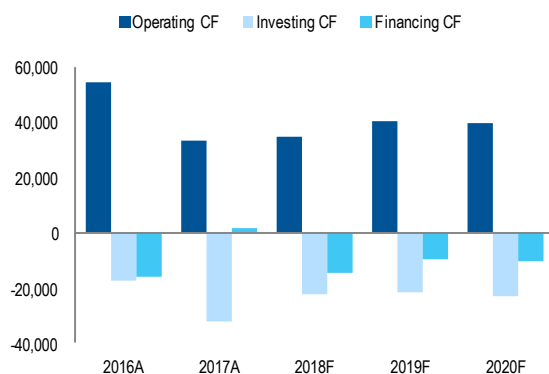
Source: the Company.

\*HoH growth was end of 30 June 2018 data compared with end of 31 December 2017 data.

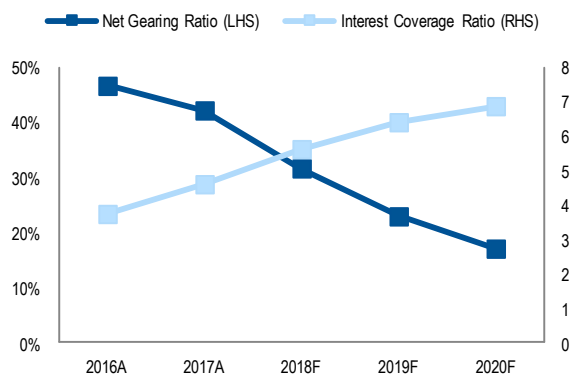
**Figure 4: CRG's Contract Backlog vs. Revenue**


Source: the Company.

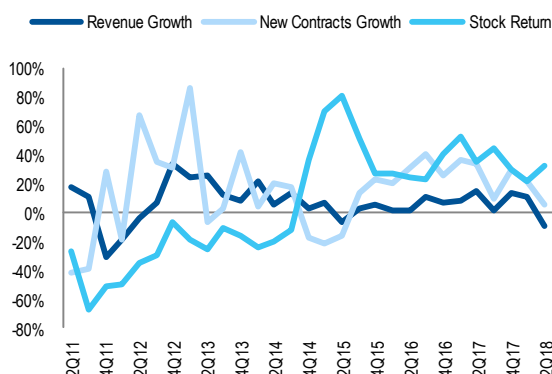
**The Company raised RMB11.6 billion through new shares placement to nine financial institution investors.** On 13 June, the Company entered into investment agreements and debt conversion agreements with nine investors, of which they agreed to make capital contributions to the four subsidiaries of CRG, namely, Erju Engineering, China Railway No. 3 Engineering, China Railway No. 5 Engineering, and China Railway No. 8 Engineering, in the form of cash and to settle debts owed by those subsidiaries. The capital contribution amounted to RMB11,596.60 million. Before the transaction, CRG held 100% share in all of the four subsidiaries. After the capital injection, the nine investors will together hold 25.3%, 29.4%, 27.0% and 23.8%, respectively. On 6 August, the Company repurchased those shares from the nine investors for RMB11,654 million, by issuing 1,696,319,023 consideration shares at RMB6.87 per share. After the two transactions, the Company effectively issued new shares to raise the RMB11.6 billion for the nine financial institution investors. The share issuance could lower overall gearing and strengthen its strategic cooperation with these investors in later projects.

**Figure 5: CRG's Cash Flow**


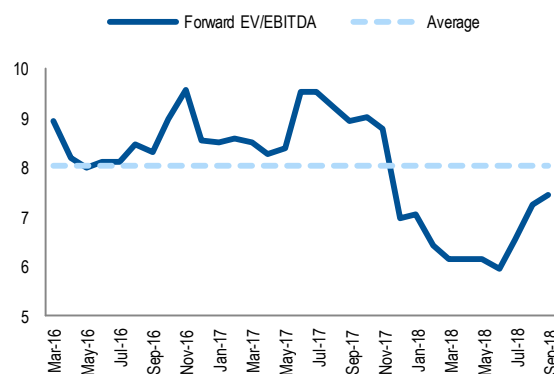
Source: the Company.

**Figure 6: CRG's Net Gearing and Interest Coverage**


Source: the Company.

**Figure 7: CRG's Revenue Growth, Net Contracts Growth and Stock Return**


Source: the Company.

**Figure 8: CRG's Monthly Forward EV/EBITDA**


Source: the Company.

**We raise the TP to HKD8.90, maintain "Buy".** Our EPS estimates for 2018/ 2019/ 2020 are RMB0.799, RMB0.910 and RMB1.058, respectively. Despite that infrastructure spending growth in China is slowing down, we expect that transportation infrastructure spending, especially for road construction, will maintain steady growth over the next three years. In addition, if cobalt price continues to rise, the mining business might produce a positive surprise, which provides a medium-term catalyst to stock price. As for valuation, we think that constructors focusing on projects which sources funding directly from the central government level (railway projects), instead of local government level (municipal projects), deserve a premium considering the environment of deleveraging and piling up in local government debts. Being one of the two largest railway constructors and a state-owned background constructor, we think that the Company's cash reserve may benefit from such an environment and even increase its market share in other infrastructure construction markets such as municipal works engineering projects market, by receiving low-cost bank loans more easily compared with competitors. With its strong backlog, we think current valuation is still low compared with its growth outlook. We raise our TP to HKD8.90, representing 9.6x/ 8.4x/ 7.2x 2018/ 2019/ 2020 PER, maintain "Buy" rating.

**Table 3: Peers Comparison**

Company	Stock Code	Currency	Last price	Market cap(mn)	PE (fiscal year)				PB (fiscal year)				ROE(%) D/Y(%)	
					17A	18F	19F	20F	17A	18F	19F	20F	18F	18F
China Railway Group Ltd-H	00390 HK	HKD	7.77	195,106	9.5	8.4	7.4	6.5	1.0	1.0	0.9	0.8	11.2	1.8
China Railway Construction-H	01186 HK	HKD	10.3	166,241	7.7	6.6	5.9	5.2	0.8	0.8	0.7	0.6	12.0	2.3
China Communications Const-H	01800 HK	HKD	7.97	206,487	5.3	5.5	4.8	4.3	0.6	0.6	0.5	0.5	11.3	3.6
China State Construction Int	03311 HK	HKD	8.32	42,009	7.0	6.7	5.7	4.9	1.1	1.0	0.9	0.8	16.3	4.7
China Railway Signal & Com-H	03969 HK	HKD	5.47	48,102	12.5	11.0	9.4	8.2	1.7	1.6	1.4	1.3	14.6	3.3
China Energy Engineering C-H	03996 HK	HKD	0.86	31,273	2.9	2.2	1.9	1.3	0.2	0.2	0.2	0.2	3.7	1.7
Metallurgical Corp Of Chin-H	01618 HK	HKD	2.1	63,130	10.0	9.1	8.4	7.8	1.1	0.9	0.9	0.7	24.2	10.7
Inner Mongolia Energy Engi-H	01649 HK	HKD	1.29	3,671	4.9	n.a.	n.a.	n.a.	0.8	n.a.	n.a.	n.a.	n.a.	n.a.
China Machinery Engineerin-H	01829 HK	HKD	3.76	15,513	7.9	5.9	5.6	5.2	0.8	0.8	0.7	0.7	13.1	6.3
Simple Average					7.5	6.9	6.1	5.4	0.9	0.9	0.8	0.7	13.3	4.3
Weighted Average					7.8	7.0	6.2	5.5	0.9	0.8	0.7	0.7	12.6	3.4

Source: Bloomberg, Guotai Junan International.

**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
Total Revenue	632,856	688,773	739,372	805,219	869,270	Property, Plant and Equipment	54,778	59,769	64,425	69,706	75,752
Cost of Sales	(583,067)	(626,044)	(671,386)	(730,464)	(787,733)	Intangible Assets	36,821	35,995	35,889	35,769	35,633
Gross Profit	49,789	62,729	67,987	74,756	81,538	LT Receivables	12,185	23,532	25,496	27,638	29,973
						LT Investments	11,482	21,002	22,883	25,198	28,051
Other Income and Gains	(7,932)	(17,764)	(13,982)	(13,620)	(13,532)	Lease Prepayments	11,986	11,952	12,436	12,885	13,293
Selling and Distribution Expenses	(2,560)	(2,852)	(3,179)	(3,462)	(3,738)	Other Non-current Assets	31,946	31,350	32,574	34,105	35,813
Administrative Expenses	(17,680)	(20,119)	(22,181)	(24,157)	(26,078)	Total Non-current Assets	159,198	183,600	193,704	205,302	218,515
Operating Profit	21,617	21,994	28,644	33,517	38,189						
						Inventories	28,737	30,946	33,187	36,108	38,938
Finance Costs	(3,577)	(2,698)	(3,327)	(3,378)	(3,610)	Trade and Bills Receivables	234,229	264,402	282,531	313,111	329,911
Share of Profits of Associates / JVs	732	1,532	1,881	2,315	2,853	Amounts Due from Contract Customers	111,791	114,459	148,879	137,911	171,692
Profit Before Tax	18,772	20,828	27,199	32,454	37,433	Cash & Cash Equivalents	114,830	116,688	126,188	135,411	141,816
Income Tax	(6,069)	(6,624)	(8,160)	(9,736)	(11,230)	Other Current Assets	105,560	133,827	133,627	133,858	134,527
Profit After Tax	12,703	14,204	19,039	22,718	26,203	Total Current Assets	595,147	660,322	724,412	756,398	816,885
						Total Assets	754,345	843,922	918,116	961,700	1,035,399
Non-controlling Interest	(895)	1,076	(562)	(377)	(232)						
Shareholders' Profit / Loss	11,808	15,280	18,477	22,341	25,971	Trade and Bills Payables	407,418	471,896	521,387	539,286	582,963
						Advances from Customers	12,952	14,964	16,460	18,106	19,917
Basic EPS	0.517	0.669	0.799	0.910	1.058	ST Borrowings	80,017	88,483	88,483	88,483	88,483
DPS	0.088	0.113	0.130	0.150	0.176	Other Current Liabilities	6,216	6,373	6,845	7,446	8,038
						Total Current Liabilities	506,603	581,716	633,175	653,321	699,401
						LT Borrowings	92,308	85,451	73,854	73,854	73,854
						Other Non-current Liabilities	6,438	7,197	7,449	7,761	8,122
						Total Non-current Liabilities	98,746	92,648	81,304	81,615	81,977
						Total Liabilities	605,349	674,364	714,479	734,936	781,377
						Total Shareholders' Equity	128,131	143,179	170,305	188,955	210,619
						Minority Interest	20,865	26,379	33,333	37,808	43,403
						Total Equity	148,996	169,558	203,637	226,764	254,022
						Total Equity and Liabilities	754,345	843,922	918,116	961,700	1,035,399
						BVPS	6.522	7.422	8.805	9.240	10.351
Cash Flow Statement						Financial Ratios					
Year end 31 Dec (RMB m)	2016A	2017A	2018F	2019F	2020F		2016A	2017A	2018F	2019F	2020F
Profit Before Tax	18,772	20,828	27,199	32,454	37,433	Gross Margin (%)	7.9	9.1	9.2	9.3	9.4
Depreciation and Amortization	8,761	9,057	8,858	9,081	9,307	Operating Margin (%)	3.4	3.2	3.9	4.2	4.4
Change in Working Capitals	27,212	(738)	(1,443)	(921)	(6,150)	Net Margin (%)	1.9	2.2	2.5	2.8	3.0
Other Operating Activities	(250)	4,031	494	(330)	(797)	ROA (%)	1.6	1.9	2.1	2.4	2.6
Cash from Operating Activities	54,495	33,178	35,108	40,283	39,793	ROE (%)	9.6	11.3	11.8	12.4	13.0
						Net Gearing Ratio (%)	39.2	32.1	13.4	5.8	1.1
Capital Expenditure	(29,816)	(30,231)	(28,647)	(31,620)	(34,621)	Interest Coverage (x)	3.7	4.6	5.6	6.4	6.9
Other Investing Activities	12,338	(2,146)	6,044	10,038	11,817						
Cash from Investing Activities	(17,478)	(32,377)	(22,603)	(21,582)	(22,804)						
Net Borrowings	(3,151)	2,796	(11,597)	0	0						
Interests	(8,430)	(7,773)	(6,108)	(6,275)	(6,665)						
Dividends	(3,207)	(3,018)	(2,581)	(3,005)	(3,690)						
Other Financing Activities	(982)	9,536	17,280	(198)	(228)						
Cash from Financing Activities	(15,770)	1,541	(3,006)	(9,479)	(10,583)						
Cash at Beg of Year	93,304	114,830	116,688	126,188	135,411						
Net Changes in Cash	21,247	2,342	9,500	9,223	6,406						
Forex Changes	279	(484)	0	0	0						
Cash at End of Year	114,830	116,688	126,188	135,411	141,816						

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.

### DISCLOSURE OF INTERESTS

- (1) The Analysts and their associates do not serve as an officer of the issuer mentioned in this Research Report.
- (2) The Analysts and their associates do not have any financial interests in relation to the issuer mentioned in this Research Report.
- (3) Except for ALI PICTURES (01060 HK), KAISA GROUP (01638 HK), GUOTAI JUNAN I (01788 HK), BINHAI INVESTMENT (02886 HK), VALUE A SHARE (03095 HK), CAM SCSMALLCAP (03157 HK), MR CSI300 ETF-R (CNY) (83127 HK), Guotai Junan and its group companies do not hold equal to or more than 1% of the market capitalization of the issuer mentioned in this Research Report.
- (4) Guotai Junan and its group companies have not had investment banking relationships with the issuer mentioned in this Research Report within the preceding 12 months.
- (5) Guotai Junan and its group companies are not making a market in the securities in respect of the issuer mentioned in this Research Report.
- (6) Guotai Junan and its group companies have not employed an individual serving as an officer of the issuer mentioned in this Research Report. There is no officer of the issuer mentioned in this Research Report associated with Guotai Junan and its group companies.

### DISCLAIMER

This Research Report does not constitute an invitation or offer to acquire, purchase or subscribe for securities by Guotai Junan Securities (Hong Kong) Limited ("Guotai Junan"). Guotai Junan and its group companies may do business that relates to companies covered in research reports, including investment banking, investment services, etc. (for example, the placing agent, lead manager, sponsor, underwriter or invest proprietarily).

Any opinions expressed in this report may differ or be contrary to opinions or investment strategies expressed orally or in written form by sales persons, dealers and other professional executives of Guotai Junan group of companies. Any opinions expressed in this report may differ or be contrary to opinions or investment decisions made by the asset management and investment banking groups of Guotai Junan.

Though best effort has been made to ensure the accuracy of the information and data contained in this Research Report, Guotai Junan does not guarantee the accuracy and completeness of the information and data herein. This Research Report may contain some forward-looking estimates and forecasts derived from the assumptions of the future political and economic conditions with inherently unpredictable and mutable situation, so uncertainty may contain. Investors should understand and comprehend the investment objectives and its related risks, and where necessary consult their own financial advisers prior to any investment decision.

This Research Report is not directed at, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any jurisdiction where such distribution, publication, availability or use would be contrary to applicable law or regulation or which would subject Guotai Junan and its group companies to any registration or licensing requirement within such jurisdiction.

© 2018 Guotai Junan Securities (Hong Kong) Limited. All Rights Reserved.  
 27/F., Low Block, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong.  
 Tel.: (852) 2509-9118 Fax: (852) 2509-7793  
 Website: www.gtja.com.hk