

Xiaomi (1810 HK)

4Q24 strong beat; Positive on upbeat EV target and overseas AIoT upside

Xiaomi delivered strong 4Q24 revenue/adj. net profit growth of 49%/69% YoY, and adj. net profit is 18%/27% ahead of our/Bloomberg consensus estimates, thanks to stronger IoT/EV and other incomes. Xiaomi's EV GPM came in strong at 20.4% (vs. 3Q24 17.1%), and mgmt. raised 2025 EV delivery target to 350k units (vs. prior 300k) in view of strong demand. Looking ahead, we remain positive on Xiaomi's "Human x Car x Home" strategy, backed by smartphone premiumization and share gains, overseas expansion on AIoT, and EV YU7 upside into FY25-26E. Reiterate BUY with new SOTP-based TP of HK\$59.52, implying 35.9x FY25E P/E. Upcoming catalysts include YU7 launch, smartphone share gains, overseas store expansion and EV order/delivery/profitability updates.

- **A strong 2024: smartphone premiumization, large home appliances +48% YoY and 137k EV deliveries.** Xiaomi's 4Q24 global smartphone shipments grew 5% YoY and ASP improved 3% YoY thanks to global share gains and a rising premium smartphone mix. By segment, smartphone/AIoT/internet revenue grew 16%/52%/19% YoY, boosted by better smartphone mix, stronger large home appliances/wearables and retail network expansion. Smartphone GPM recovered QoQ to 12.0% (vs. 3Q 11.7%) given easing BOM cost, while AIoT/internet GPM are largely flattish QoQ. 4Q24 EV GPM continued to improve QoQ to 20.4% (vs. 3Q 17.1%).
- **2025 outlook: 350k EV delivery target, +5k retail stores, AIoT overseas expansion, RMB30bn R&D expense.** Mgmt. guided 180mn smartphone shipments in 2025 (vs 168mn in 2024), and raised 2025 EV delivery target to 350k units (vs. prior 300k) backed by strong demand and higher production efficiency. In terms of sales network, Xiaomi targets to expand retail network to 20k stores in 2025 (vs 15k in 2024), and accelerate AIoT overseas expansion with 10k Mi Home overseas store target in next 5 years. Looking ahead, mgmt. is confident that retail network expansion will further boost AIoT and EV sales in China and overseas. Overall, we estimate Xiaomi's revenue/adj. net profit to grow 30%/39% in FY25E.
- **Our FY25/26E EPS are 25%/19% above consensus; Reiterate BUY.** We believe Xiaomi's "Human x Car x Home" ecosystem will continue to drive global market share gains across segments amid AI upgrade cycle in FY25/26E. We are also positive on EV delivery upside following YU7 launch and capacity expansion. We slightly adjust FY26/26E forecasts to reflect 2024 results and better efficiency. Our new SOTP-based TP of HK\$ 59.52 implies 35.9x FY25E P/E.

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	270,970	365,903	477,234	575,958	663,767
YoY growth (%)	(3.2)	35.0	30.4	20.7	15.2
Adjusted net profit (RMB mn)	19,272.8	27,234.5	37,879.2	46,349.9	55,516.5
YoY growth (%)	126.3	41.3	39.1	22.4	19.8
EPS (Adjusted) (RMB)	0.77	1.10	1.53	1.87	2.24
Consensus EPS (RMB)	na	na	1.23	1.57	2.32
P/E (x)	67.1	47.4	34.1	27.8	23.2
P/B (x)	7.9	6.8	5.8	4.8	4.1
Yield (%)	0.0	0.0	0.0	0.0	0.0
ROE (%)	11.3	13.3	16.7	17.5	17.8
Net gearing (%)	76.9	95.3	82.2	56.6	41.8

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	HK\$59.52
(Previous TP)	HK\$54.53)
Up/Downside	6.7%
Current Price	HK\$55.80

China Technology

Alex NG

(852) 3900 0881
alexng@cmbi.com.hk

Hanqing LI

lihanqing@cmbi.com.hk

Stock Data

Mkt Cap (HK\$ mn)	1,135,083.6
Avg 3 mths t/o (HK\$ mn)	10,523.0
52w High/Low (HK\$)	56.30/14.50
Total Issued Shares (mn)	20342.0

Source: FactSet

Shareholding Structure

Lin Bin	8.6%
Smart Mobile Holdings Ltd	8.6%

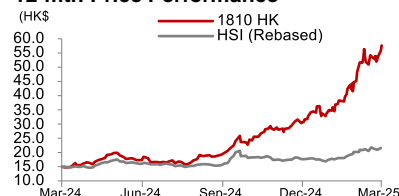
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	23.6%	15.8%
3-mth	86.3%	52.0%
6-mth	185.9%	109.1%

Source: FactSet

12-mth Price Performance



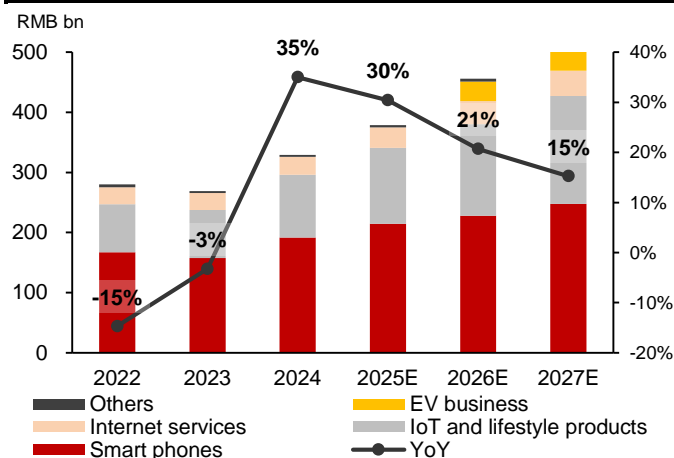
Source: FactSet

Related reports:

- 4Q24 Preview: Expect another strong beat; Raise TP to HK\$54.53 – 20 Feb 2025 ([link](#))
- 3Q24 beat on stronger EV/core business margin; Solid execution of "Human×Car×Home" strategy – 19 Nov 2024 ([link](#))
- 3Q24 preview: Continued strength in core business and EV upside; Raise TP to HK\$ 32.29-5 Nov 2024 ([link](#))
- 2Q24 beat on EV GPM and resilient core earnings; Reiterate BUY-22 Aug 2024 ([link](#))
- 52Q24E preview: expect resilient core earnings with better EV profitability; Reiterate BUY-5 Aug 2024 ([link](#))

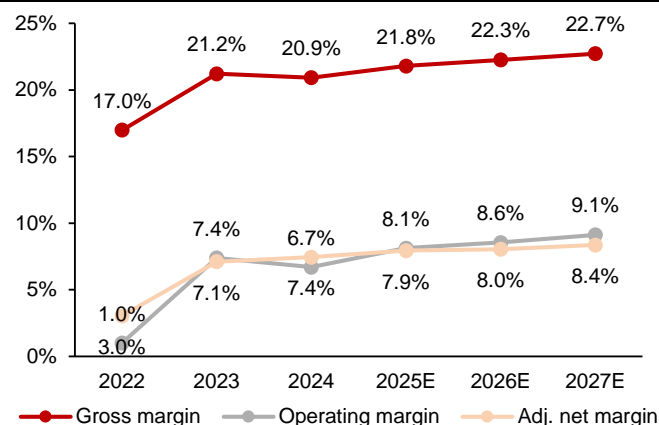
Focus Charts

Figure 1: Xiaomi revenue trend



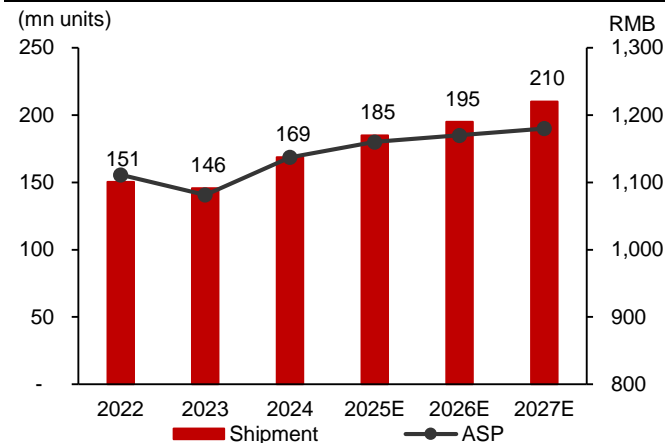
Source: Company data, CMBIGM estimates

Figure 2: Xiaomi margin trend



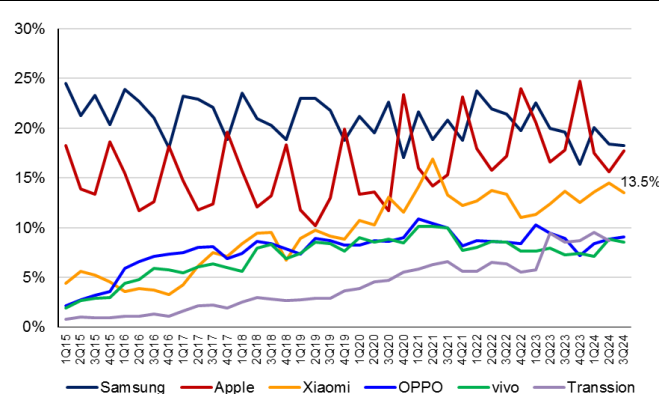
Source: Company data, CMBIGM estimates

Figure 3: Xiaomi smartphone shipment forecast



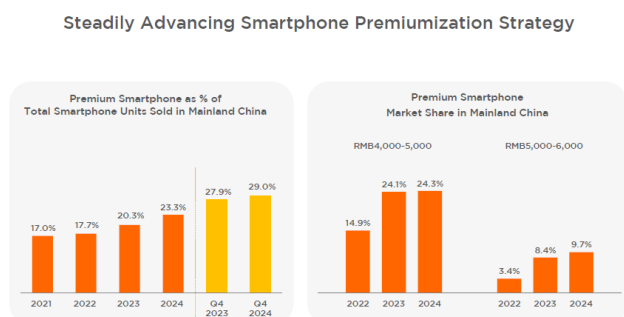
Source: Company data, CMBIGM estimates

Figure 4: Global smartphone market share



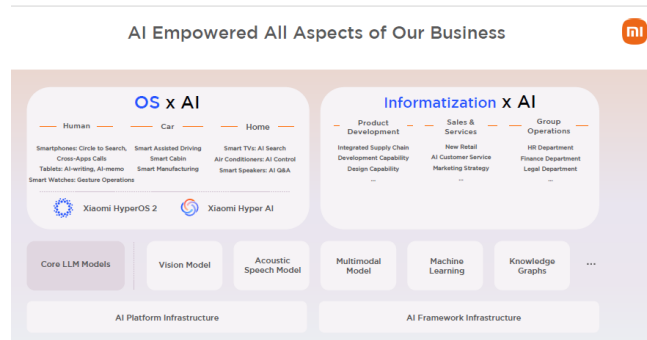
Source: IDC, CMBIGM

Figure 5: Xiaomi's smartphone premiumization



Source: Company data, CMBIGM

Figure 6: Xiaomi's AI strategy



Source: Company data, CMBIGM

4Q24 Review

Figure 7: 4Q24 results review

	4Q23	3Q24	4Q24	QoQ	YoY	Consensus		CMBIGM	
						4Q24E	Diff %	4Q24E	Diff %
Revenue	73,244	92,507	109,002	17.8%	49%	104,380	4%	103,889	5%
Gross profit	15,614	18,881	22,455	18.9%	44%	21,637	4%	21,830	3%
Operating profit	5,057	6,041	8,890	47.2%	76%	6,006	48%	6,739	32%
Adj. net profit	4,910	6,252	8,316	33.0%	69%	6,536	27%	7,034	18%
Adj. EPS (RMB)	0.20	0.25	0.33	32.9%	70%	0.25	33%	0.28	18%
Gross margin	21.3%	20.4%	20.6%	0.2 ppt	-0.7 ppt	20.7%	-0.1 ppt	21.0%	-0.4 ppt
Operating margin	6.9%	6.5%	8.2%	1.6 ppt	1.3 ppt	5.8%	2.4 ppt	6.5%	1.7 ppt
Adj. net margin	6.7%	6.8%	7.6%	0.9 ppt	0.9 ppt	6.3%	1.4 ppt	6.8%	0.9 ppt

Source: Company data, Bloomberg, CMBIGM estimates

Figure 8: Revenue breakdown

RMB mn	FY23	1Q24	2Q24	3Q24	4Q24	FY24	FY25E	FY26E
Smart phones	157,461	46,480	46,516	47,452	51,308	191,756	214,600	228,150
...YoY	-6%	33%	27%	14%	16%	22%	12%	6%
Shipments (000 units)	145,600	40,600	42,200	43,100	42,700	168,600	185,000	195,000
...YoY	-3%	34%	28%	3%	5%	16%	10%	5%
ASP (RMB)	1,081	1,145	1,102	1,101	1,120	1,137	1,160	1,170
...YoY	-2.7%	-0.6%	-0.9%	10.5%	2.5%	5.2%	2.0%	0.9%
IoT and lifestyle products	80,108	20,373	26,760	26,102	30,868	104,104	126,411	152,246
...YoY	0%	21%	20%	26%	52%	30%	21%	20%
Smart TVs and laptops	19,482	4,656	4,752	5,507	7,140	22,055	24,922	27,415
...YoY	-18%	-1%	-5%	8%	40%	13%	13%	10%
Other IoTs	60,626	15,717	22,009	20,595	22,870	81,191	101,489	124,831
...YoY	8%	30%	40%	35%	50%	34%	25%	23%
Internet services	30,107	8,048	8,266	8,463	9,339	34,115	38,235	42,059
...YoY	6%	15%	11%	9%	19%	13%	12%	10%
Advertising services	20,500	5,500	5,962	6,178	7,100	24,700	27,664	30,430
...YoY	11%	25%	17%	14%	27%	20%	12%	10%
Internet value-added	9,607	2,548	2,304	2,285	2,434	9,610	10,571	11,628
...YoY	-2%	-3%	-2%	-3%	7%	0%	10%	10%
Gaming	4,387	1,200	1,000	1,100	1,001	4,301	4,731	5,204
...YoY	7%	-11%	-1%	2%	5%	-2%	10%	10%
Other (incl. Youpin fintech, etc.)	5,220	1,348	1,304	1,185	1,432	5,309	5,840	6,424
...YoY	-9%	5%	-2%	-7%	8%	2%	10%	10%
EV Business	-	-	6,369	9,697	16,688	32,754	94,178	148,933
Shipments (units)	-	-	27,307	39,790	69,757	136,854	360,000	550,000
ASP (RMB)	-	-	228,644	238,650	234,322	234,447	257,892	270,787
Others	3,294	605	977	792	800	3,174	3,809	4,571
...YoY	-30%	-4%	-8%	-3%	2%	-4%	20%	20%
Total	270,970	75,507	88,888	92,507	109,002	365,903	477,234	575,958
...YoY	-3%	27%	32%	30%	49%	35%	30%	21%
Gross margin								
Smart phones	14.6%	14.8%	12.1%	11.7%	12.0%	12.6%	13.0%	13.3%
IoT and lifestyle products	16.3%	19.9%	19.7%	20.8%	20.5%	20.3%	20.5%	20.7%
Internet services	74.2%	74.2%	78.3%	77.5%	76.5%	76.6%	76.0%	75.0%
EV Business	-	-	15.4%	17.1%	20.4%	18.5%	22.0%	23.0%
Others	-27.8%	-11.9%	0.9%	-37.8%	-77.5%	-31.0%	11.0%	12.0%
Total	21.2%	22.3%	19.6%	20.8%	20.6%	21.2%	21.7%	22.0%

Source: Company data, CMBIGM estimates

Earnings Revision

Our FY25/26E adj. NP are 16/12% above consensus

We lift FY25-26E adj. EPS by 2-3% to reflect 2024 results, higher smartphone shipments, better EV business outlook and improving operating efficiency. Our FY25-26E EPS are 19-25% above consensus given our more positive view on EV business profitability, AIoT overseas expansion, better smartphone mix and operating efficiency improvement.

Figure 9: CMBIGM earnings revision

RMB mn	New			Old			Change (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	477,234	575,958	663,767	469,093	567,734	na	2%	1%	na
Gross profit	104,009	128,206	150,840	102,402	126,615	na	2%	1%	na
Operating profit	38,805	49,262	60,579	35,212	46,109	na	10%	7%	na
Adj. net profit	37,879	46,350	55,516	36,688	45,514	na	3%	2%	na
Adj. EPS (RMB)	1.53	1.87	2.24	1.48	1.84	na	3%	2%	na
Gross margin	21.8%	22.3%	22.7%	21.8%	22.3%	na	0 ppt	0 ppt	na
Operating margin	8.1%	8.6%	9.1%	7.5%	8.1%	na	0.6 ppt	0.4 ppt	na
Adj. net margin	7.9%	8.0%	8.4%	7.8%	8.0%	na	0.1 ppt	0 ppt	na

Source: Company data, CMBIGM estimates

Figure 10: CMBIGM estimates vs consensus

RMB mn	CMBIGM			Consensus			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	477,234	575,958	663,767	446,023	530,954	615,280	7%	8%	8%
Gross profit	104,009	128,206	150,840	95,582	116,255	140,345	9%	10%	7%
Operating profit	38,805	49,262	60,579	32,181	41,954	57,191	21%	17%	6%
Adj. net profit	37,879	46,350	55,516	32,541	41,501	53,088	16%	12%	5%
Adj. EPS (RMB)	1.53	1.87	2.24	1.23	1.57	2.32	25%	19%	-4%
Gross margin	21.8%	22.3%	22.7%	21.4%	21.9%	22.8%	0.4 ppt	0.4 ppt	-0.1 ppt
Operating margin	8.1%	8.6%	9.1%	7.2%	7.9%	9.3%	0.9 ppt	0.7 ppt	-0.2 ppt
Adj. net margin	7.9%	8.0%	8.4%	7.3%	7.8%	8.6%	0.6 ppt	0.2 ppt	-0.3 ppt

Source: Bloomberg, CMBIGM estimates

Figure 11: P&L forecast

RMB mn	FY23	1Q24	2Q24	3Q24	4Q24	FY24	FY25E	FY26E
Revenue	270,970	75,507	88,888	92,507	109,002	365,903	477,234	575,958
...YoY	-3%	27%	32%	30%	49%	35%	30%	21%
Cost of sales	(213,494)	(58,677)	(70,494)	(73,625)	(86,547)	(289,343)	(373,224)	(447,752)
Gross profit	57,476	16,830	18,394	18,881	22,455	76,560	104,009	128,206
GPM (%)	21.2%	22.3%	20.7%	20.4%	20.6%	20.9%	21.8%	22.3%
...YoY	21%	45%	30%	17%	44%	33%	36%	23%
SG&A	(24,353)	(7,004)	(7,082)	(7,696)	(9,210)	(30,991)	(38,656)	(46,653)
...% of rev	-9.0%	-9.3%	-8.0%	-8.3%	-8.4%	-8.5%	-8.1%	-8.1%
R&D	(19,098)	(5,159)	(5,498)	(5,957)	(7,437)	(24,050)	(30,543)	(36,285)
...% of rev	-7.0%	-6.8%	-6.2%	-6.4%	-6.8%	-6.6%	-6.4%	-6.3%
Operating profit	20,009	3,683	5,889	6,041	8,890	24,503	38,805	49,262
OPM (%)	7.4%	4.9%	6.6%	6.5%	8.2%	6.7%	8.1%	8.6%
...YoY	610%	-38%	46%	21%	76%	22%	58%	27%
Adj. net profit	19,273	6,491	6,175	6,252	8,316	27,235	37,879	46,350
NPM (%)	7.1%	8.6%	6.9%	6.8%	7.6%	7.4%	7.9%	8.0%
...YoY	126%	101%	20%	4%	69%	41%	39%	22%

Source: Company data, CMBIGM estimates

Valuation

Maintain BUY with new SOTP-based TP of HK\$59.52

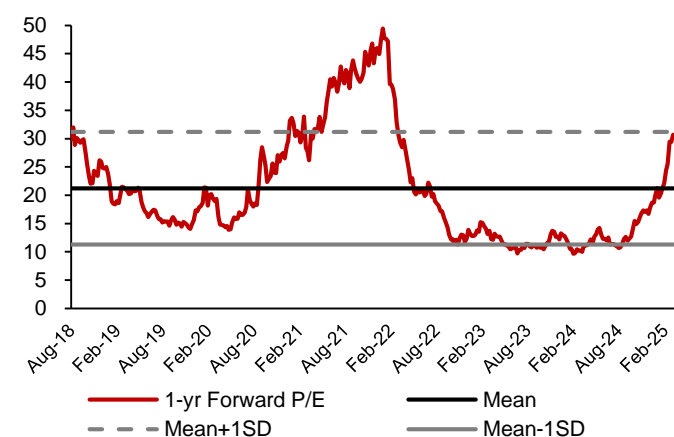
We derive our TP of HK\$59.52 based on the SOTP methodology in order to reflect different growth profiles of Xiaomi's various businesses. We assign same 28x/28x/25x FY25E P/E to its smartphone/AIoT/Internet businesses, which we think are justified given Xiaomi's accelerated share gains in smartphone/IoT market, overseas expansion of its ecosystem, improving profitability across smartphone/AIoT/Internet segments and sector re-rating for edge AI upcycle. For EV business, we assign 2.0x FY26E P/S. In addition, we believe our implied target multiple of 35.9x FY25E P/E is justified, when compared to 1) valuation of 34x FY25E P/E for global industry leader, Apple, and 2) valuation of 31.2x P/E for its 1-sd above 6-year historical forward P/E, given upcoming product upcycles for its AI smartphone, IoT overseas expansion and EV product launches in 2025. Upcoming catalysts include SUV model launch, smartphone/AIoT share gains, overseas store expansion and EV order/delivery/profitability updates.

Figure 12: Xiaomi – SOTP valuation

Business segment	FY25E Rev (RMB mn)	% of FY25E Core NP	FY25E Core NP (RMB mn)	Valuation methodology	Target Multiple (x)	Valuation (RMB mn)
Smart phones	214,600	33%	12,221	P/E	28.0	342,194
AIoT and lifestyle products	126,411	31%	11,352	P/E	28.0	317,861
Internet services	38,235	35%	12,730	P/E	25.0	318,243
Others	3,809	1%	184	P/E	25.0	4,589
Smart EV	148,933			P/S	2.00	297,865
						1,280,752
Cash (RMB mn)						40,900
Debt (RMB mn)						(30,603)
Investment (RMB mn)						68,300
Total (RMB mn)						1,359,349
No. of shares (mn)						24,825
TP (RMB)						54.76
TP (HK\$)						59.52

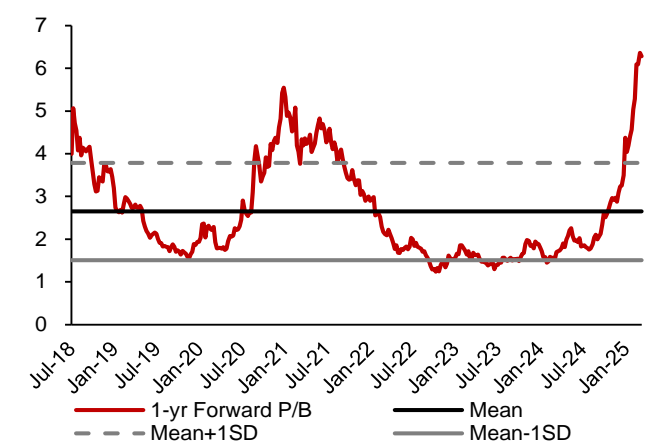
Source: Company data, CMBIGM estimates

Figure 13: 12M forward P/E band



Source: Bloomberg, CMBIGM

Figure 14: 12M forward P/B band



Source: Bloomberg, CMBIGM

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Revenue	280,044	270,970	365,903	477,234	575,958	663,767
Cost of goods sold	(232,467)	(213,494)	(289,343)	(373,224)	(447,752)	(512,927)
Gross profit	47,577	57,476	76,560	104,009	128,206	150,840
Selling expense	(21,323)	(19,227)	(25,390)	(31,975)	(38,589)	(43,809)
Admin expense	(5,114)	(5,127)	(5,601)	(6,681)	(8,063)	(9,293)
R&D expense	(16,028)	(19,098)	(24,050)	(30,543)	(36,285)	(41,154)
Other income	1,136	740	1,667	1,667	1,667	1,667
Gain/loss on financial assets at FVTPL	(1,662)	3,501	1,051	1,051	1,051	1,051
Investment gain/loss	(400)	46	277	277	277	277
EBIT	2,816	20,009	24,503	38,805	49,262	60,579
Net Interest income/(expense)	1,117	2,002	3,624	3,624	3,624	3,624
Foreign exchange gain/loss	(1,369)	1,697	(10)	1,000	1,000	1,000
Others	0	0	0	0	0	0
Pre-tax profit	3,934	22,011	28,127	42,429	52,886	64,203
Income tax	(1,431)	(4,537)	(4,548)	(8,061)	(10,048)	(12,199)
Minority interest	29	(1)	(80)	(116)	(145)	(176)
Net profit	2,503	17,474	23,578	34,367	42,838	52,004
Adjusted net profit	8,518	19,273	27,235	37,879	46,350	55,516
Net dividends	0	0	0	0	0	0
BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	160,415	199,053	225,709	266,219	327,603	385,167
Cash & equivalents	27,607	33,631	33,661	40,900	97,847	126,753
Account receivables	19,625	21,924	26,850	35,852	34,748	42,876
Inventories	50,438	44,423	62,510	86,780	92,321	112,850
Prepayment	18,578	20,079	29,100	29,100	29,100	29,100
ST bank deposits	29,875	52,798	36,350	36,350	36,350	36,350
Financial assets at FVTPL	9,846	20,194	28,124	28,124	28,124	28,124
Other current assets	4,446	6,005	9,113	9,113	9,113	9,113
Non-current assets	113,092	125,195	177,447	182,089	187,438	193,213
PP&E	9,138	13,721	18,088	22,730	28,080	33,854
Deferred income tax	2,278	2,161	2,782	2,782	2,782	2,782
Investment in JVs & assos	7,932	6,922	6,151	6,151	6,151	6,151
Intangibles	4,630	8,629	8,153	8,153	8,153	8,153
Financial assets at FVTPL	55,980	60,200	62,112	62,112	62,112	62,112
Other non-current assets	33,134	33,562	80,161	80,161	80,161	80,161
Total assets	273,507	324,247	403,155	448,308	515,042	578,380
Current liabilities	89,628	115,588	175,385	186,171	210,066	221,400
Short-term borrowings	2,151	6,183	13,327	13,327	13,327	13,327
Account payables	53,094	62,099	98,281	109,066	132,962	144,296
Tax payable	1,384	1,838	3,822	3,822	3,822	3,822
Other current liabilities	32,999	45,467	59,955	59,955	59,955	59,955
Non-current liabilities	39,957	44,398	38,565	38,565	38,565	38,565
Long-term borrowings	21,493	21,674	17,276	17,276	17,276	17,276
Deferred income	983	1,494	1,282	1,282	1,282	1,282
Other non-current liabilities	17,480	21,230	20,007	20,007	20,007	20,007
Total liabilities	129,584	159,986	213,950	224,736	248,631	259,966
Share capital	406	407	407	407	407	407
Other reserves	143,658	163,995	188,737	223,221	266,203	318,383
Total shareholders equity	143,923	164,262	189,205	223,572	266,410	318,415
Minority interest	265	266	467	351	206	31
Total equity and liabilities	273,507	324,247	403,155	448,308	515,042	578,380

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	3,934	22,011	28,127	42,429	52,886	64,203
Depreciation & amortization	3,707	(1,383)	1,874	2,516	3,290	4,182
Tax paid	(3,420)	(4,083)	(2,564)	(8,061)	(10,048)	(12,199)
Change in working capital	(21,255)	25,862	(27,493)	(22,486)	19,458	(17,323)
Others	12,644	(1,107)	39,352	0	0	0
Net cash from operations	(4,390)	41,300	39,295	14,397	65,586	38,863
Investing						
Capital expenditure	(5,800)	(3,200)	(5,489)	(7,159)	(8,639)	(9,957)
Acquisition of subsidiaries/ investments	(25)	0	0	0	0	0
Net proceeds from disposal of short-term investments	23,136	0	0	0	0	0
Others	(1,763)	(31,969)	(29,898)	0	0	0
Net cash from investing	15,549	(35,169)	(35,386)	(7,159)	(8,639)	(9,957)
Financing						
Net borrowings	(2,791)	0	0	0	0	0
Proceeds from share issues	0	0	0	0	0	0
Share repurchases	(2,386)	0	0	0	0	0
Others	(2,677)	(505)	(3,999)	0	0	0
Net cash from financing	(7,855)	(505)	(3,999)	0	0	0
Net change in cash						
Cash at the beginning of the year	24,339	27,607	33,631	33,661	40,900	97,847
Exchange difference	398	120	0	0	0	0
Cash at the end of the year	27,607	33,631	33,661	40,900	97,847	126,753
GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Revenue	(14.7%)	(3.2%)	35.0%	30.4%	20.7%	15.2%
Gross profit	(18.3%)	20.8%	33.2%	35.9%	23.3%	17.7%
EBIT	(89.2%)	610.4%	22.5%	58.4%	26.9%	23.0%
Net profit	(87.0%)	598.3%	34.9%	45.8%	24.6%	21.4%
Adj. net profit	(61.4%)	126.3%	41.3%	39.1%	22.4%	19.8%
PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Gross profit margin	17.0%	21.2%	20.9%	21.8%	22.3%	22.7%
Adj. net profit margin	3.0%	7.1%	7.4%	7.9%	8.0%	8.4%
Return on equity (ROE)	1.8%	11.3%	13.3%	16.7%	17.5%	17.8%
GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Net debt to equity (x)	0.7	0.8	1.0	0.8	0.6	0.4
Current ratio (x)	1.8	1.7	1.3	1.4	1.6	1.7
Receivable turnover days	19.4	16.1	13.3	12.0	12.0	12.0
Inventory turnover days	80.7	81.1	67.4	45.4	45.4	45.4
Payable turnover days	100.3	98.5	101.2	94.6	94.6	94.6
VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
P/E	151.5	67.1	47.4	34.1	27.8	23.2
P/E (diluted)	151.5	67.1	47.4	34.1	27.8	23.2
P/B	9.0	7.9	6.8	5.8	4.8	4.1
Div yield (%)	0.0	0.0	0.0	0.0	0.0	0.0

Source: Company data, CMBIGM estimates. Note: The calculation of net cash includes financial assets.

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CMB International Global Markets Limited

Address: 45/F, Champion Tower, 3 Garden Road, Hong Kong, Tel: (852) 3900 0888 Fax: (852) 3900 0800

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