

CREDIT OPINION

7 May 2025

Update



RATINGS

Cape Town, City of

Domicile	Cape Town, South Africa
Long Term Rating	Ba2
Type	LT Issuer Rating - Dom Curr
Outlook	Stable

Please see the [ratings section](#) at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

Contacts

Kgothatso Moerane +27.64.757.9313
 Associate Lead Analyst
 kgothatso.moerane@moodys.com

Makasi Makasi +27.82.823.2668
 Ratings Associate
 makasi.makasi@moodys.com

Massimo Visconti, +39.02.9148.1124
 MBA
 VP-Sr Credit Officer/Manager
 massimo.visconti@moodys.com

CLIENT SERVICES

Americas 1-212-553-1653

Asia Pacific 852-3551-3077

Japan 81-3-5408-4100

EMEA 44-20-7772-5454

City of Cape Town (South Africa)

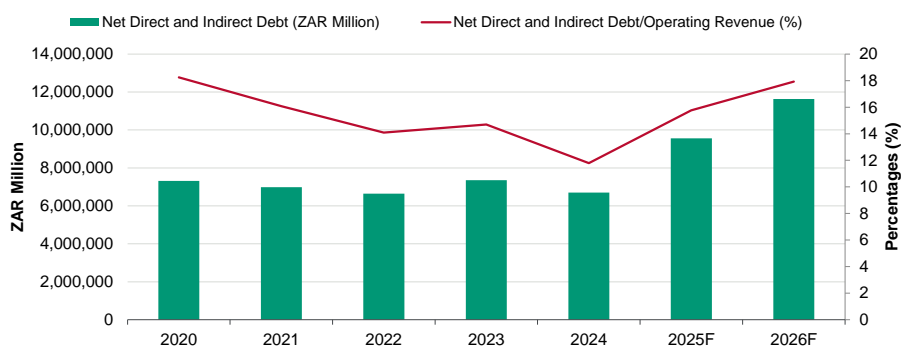
Update following rating upgrade, outlook changed to stable

Summary

The credit profile of the [City of Cape Town](#) (Ba2 stable) reflects its consistently strong operating and financial performances and a sound liquidity position. The city's moderate debt burden, which it can comfortably service, is expected to gradually increase over the medium term. We note a track record of solid management policies and practices, which should help the city to maintain sound financial metrics, despite constraints imposed by increasing pressure to spend on infrastructure to address social and environmental risks amid the country's structurally weak economic environment. The city itself enjoys a broad and diversified economic base.

Exhibit 1

Debt levels are expected to moderately rise, following the capital expenditure program



Fiscal year ending 30 June.

F=Moody's Forecast

Source: Moody's Ratings, City of Cape Town

Credit strengths

- » Robust financial performance, albeit challenged by low economic growth environment
- » Strong debt management practices and sturdy liquidity
- » Large and diversified economic base

Credit challenges

- » Rising debt, expected to remain affordable
- » Growing pressure to increase capital spending for social and environmental risks

Rating outlook

The stable outlook is underpinned by the city's capacity to continue posting strong operating surpluses through maintaining tight fiscal planning, thus preserving its moderate debt metrics over the medium term. The city's progress on improving revenue collection should contribute to consolidating its financial performance and mitigating the reliance on debt for its substantial investment program.

Factors that could lead to an upgrade

An upgrade of Cape Town's ratings will require a similar change of the sovereign rating, given Cape Town is rated at the same level as the sovereign, provided the city's operating and financial performance were to remain consistently sound over time.

Factors that could lead to a downgrade

A downgrade of the sovereign's rating will lead to a downgrade of Cape Town's rating. Additionally, significant financial deterioration driven by reduced operating margins and/or an unexpected sharp increase in debt as well as the emergence of liquidity risks, would also exert downward pressure on the city's rating.

Key indicators

Exhibit 2

City of Cape Town

City of Cape Town	2020	2021	2022	2023	2024	2025F	2026F
Debt burden (Net Direct and Indirect Debt / Operating Revenue)	18.2	16.0	14.0	14.7	11.8	15.7	17.9
Interest Burden (Interest Payments/Operating Revenue)	2.0	1.9	1.6	1.5	1.5	1.8	2.1
Operating Margin (Primary Operating Balance / Operating Revenue)	8.8	8.9	10.8	11.2	13.3	10.1	10.1
Liquidity Ratio (Cash and Cash Equivalents / Operating Revenue)	29.4	25.4	23.5	25.0	22.4	22.6	21.2
Intergovernmental revenue/operating revenue	12.4	18.7	17.3	17.2	16.0	15.9	15.7
Capital expenses/total expenses (%) - CF	12.9	13.3	10.6	12.1	14.2	16.8	14.5

Fiscal year ending 30 June.

F=Moody's Forecast

Source: Moody's Ratings; City of Cape Town

Detailed credit considerations

On 2 May 2025, Moody's upgraded the long-term issuer and senior unsecured debt ratings of the City of Cape Town to Ba2 from Ba3, the senior unsecured MTN program rating to (P)Ba2 from (P)Ba3, the National Scale issuer, senior unsecured debt and senior unsecured MTN program ratings (NSR) to Aa2.za from Aa3.za. The Not Prime (NP) short term issuer rating and the P-1.za national scale short term issuer ratings have been affirmed. At the same time, the Baseline Credit Assessment (BCA) was also upgraded to ba2 from ba3. The outlook was changed to stable from positive.

The upgrade reflects Cape Town's strong financial management practices, which have enabled the city to maintain robust operating performance and very strong liquidity despite challenging financial conditions and a low-growth environment. The credit profile of the City of Cape Town, as expressed in its Ba2 rating, combines a Baseline Credit Assessment (BCA) of ba2 and a low likelihood of extraordinary support from the Government of South Africa (Ba2, stable) in the event that the city faced severe liquidity stress.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on <https://ratings.moody's.com> for the most updated credit rating action information and rating history.

Baseline credit assessment

Robust financial performance, albeit challenged by low economic growth environment

The city's operating margin improved to 13.3% in fiscal year 2024, up from 11.2% in previous fiscal year, primarily driven by service charge revenue increases which attributable to higher electricity consumption due to reduced load shedding. The improvement indicates robust collection rate of 98% in fiscal 2024, as well as contained operating expenditures. The city's high revenue collection capacity has ensured that the city maintained overall robust operating performance during the past 5 fiscal years. The city's proactive approach to tackle revenue collection challenges and control expenditure growth demonstrates its strong governance and effective budget management. This operating margin will be sustained going forward by an increase in operating revenue resulting from the city's new tariff strategy aimed at overhauling utility charges with an average of 10% between fiscal 2025 and 2026.

Strong financial and debt management practices and sturdy liquidity

We note that a track record of strong and improved financial management policies and practices should help the city to maintain sound financial metrics despite upcoming infrastructure spending over the medium term. The city has implemented initiatives to enhance revenue collection and manage expenditure growth, thereby strengthening its credit profile. The administration regularly monitors its budget execution and cash flow, and is committed to reinforcing internal controls. As in previous fiscal years, the city received an unqualified audit report for fiscal 2024.

The city's liquidity will remain stable at an average of 22% of operating revenues, sufficient to cover outstanding debt obligations and contribute to partially fund capital investments, with recent positive trends expected to continue in the coming years. Cape Town has been consistently efficient in managing its liquidity with the city cash and cash equivalents balances covering 1.9x of its net debt and indirect debt in fiscal 2024, and its strong liquidity will help to keep its debt burden moderate despite a sizeable capital expenditure plan.

Large and diversified economic base

Cape Town is the economic hub and the capital city of the Western Cape Province. The local economy is relatively diversified, with manufacturing and various business activities in the tertiary sector (including finance, insurance, tourism and retail) contributing significantly to regional GDP. Cape Town drives the provincial economy, contributing around 70%. As a result, its contribution to national economic output is significant. Cape Town performs relatively well when compared to the Western Cape and national unemployment rates, with the fiscal 2024 unemployment rate being 23.4% (which is still high and indicative of an economy where access to economic opportunities remains constrained). In addition to financial services, port activities and tourism contribute significantly to local output. Situated on one of the world's busiest trade routes, the port of Cape Town is one of the largest deep water harbours in Africa.

Rising debt, expected to remain affordable

Our baseline forecasts project the city's debt burden to rise from 11.8% of operating revenues in 2024 to a still manageable 15.7% in 2025. Advancements in revenue collection could further limit the need for debt financing. The city's medium-term capital spending plans indicate additional long-term borrowing, but it is not planned to exceed a moderate level over the coming decade. The city has good access to funding with a more diverse pool of funders than other South African municipalities. Its strong liquidity will help to keep its debt burden moderate despite a sizeable capital expenditure plan, amounting to ZAR23 billion over the next two years, which will be invested in infrastructure projects, primarily in water and sanitation, urban mobility, and electricity access.

With the city's commitment to infrastructure-led growth we expect that a larger share of the city's revenues will be allocated to servicing debt in the coming years. Debt service as a percentage of total revenues is also projected to increase from 4.4% in 2024 to 6.5% in 2026. The interest expense as a percentage of operating revenues will increase from 1.5% in 2024 to a projected 2% in 2026. The city's operating efficiency is expected to continue improving, which will prevent deterioration of current debt affordability.

Growing pressure to increase capital spending for social and environmental risks

Significant investments in infrastructure, particularly in water and electricity projects, aim to bolster resilience against climate risks and reduce vulnerability. The energy projects aim to end load-shedding through the use of alternative energy sources, independent power producers (IPPs), and purchasing surplus energy from all producers, including commercial, industrial, and residential. Attention is also given to enhancing the city's safety and security with products like CCTV and drones.

The city finances its capital spending program using a mix of debt, grants, and its own source of revenue. Long-term capital investment projects, involving planned spending of approximately ZAR120 billion over a decade, are partly debt-funded.

The city successfully alleviated the water crisis in 2018 using a combination of demand reduction and water augmentation projects. The goal is to transform the city from a water-sensitive area to one with a diversified and sustainable water supply. The city's capital expenditure plan, including an additional ZAR10 billion in new borrowing for the medium term budget years 2025 to 2026, underscores its commitment to infrastructure-led growth.

The city's exposure to water management risks are a key driver of our environmental risk assessment. Moreover, rising electricity shortages as well as historically poorly maintained infrastructure – which, among inequality and labour market constraints, are key drivers of social risks – also place all South African municipalities under growing capital spending pressure.

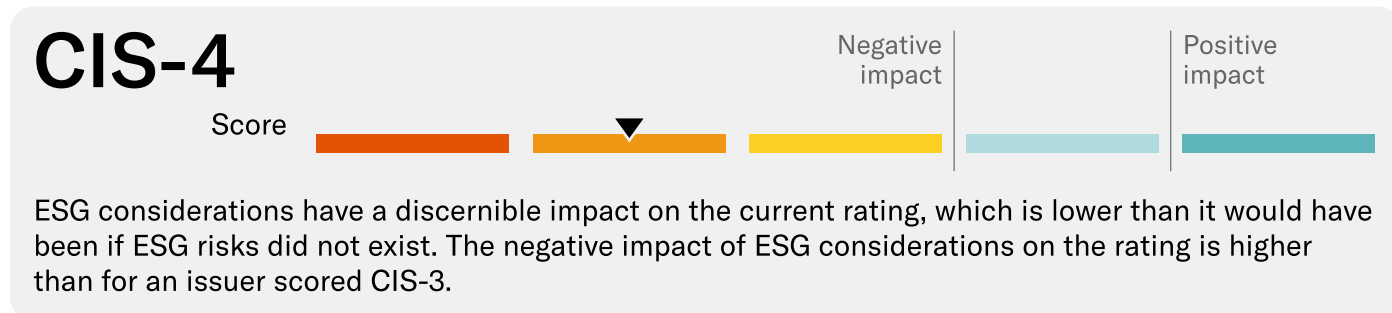
Extraordinary support considerations

The City of Cape Town has a low likelihood of extraordinary support from the national government, reflecting, at the jurisdictional level, the national government's policy stance of promoting greater accountability for South African municipalities. This assessment is in line with the national government's stance to encourage municipalities to be self-sustainable. Although the legal framework regulates the recovery of municipalities experiencing financial difficulties, it does not suggest timely extraordinary bailout actions to avoid defaults on debt obligations.

ESG considerations

Cape Town, City of's ESG credit impact score is CIS-4

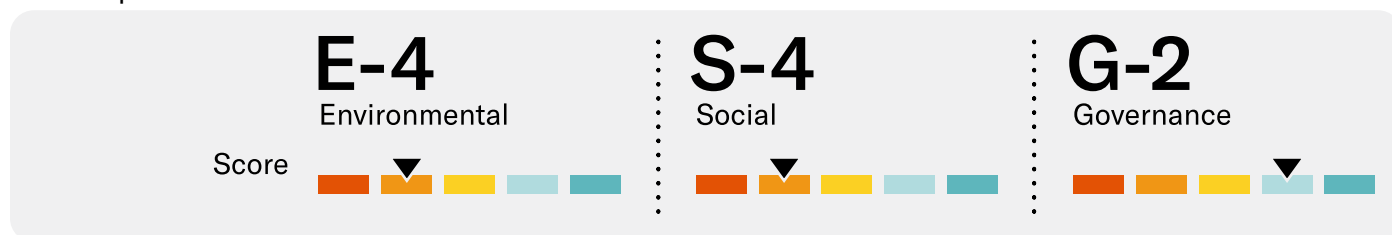
Exhibit 4
ESG credit impact score



Source: Moody's Ratings

City of Cape Town's ESG Credit Impact Score (**CIS-4**) reflects highly negative exposure to environmental and social risks that are largely driven by water stress and weak labor and income, and neutral-to-low governance risks.

Exhibit 5
ESG issuer profile scores



Source: Moody's Ratings

Environmental

The City of Cape Town's exposure to environmental risk (**E-4**) mainly relates to physical climate risk (4) and water management (4). The city's main exposures relate to water shortages. Droughts are the most frequent environmental constraint that directly affect the city's revenue. This challenge is managed through partnerships between the central government's department of water and the city. However, some of the financial burden of implementing and maintaining diverse water sources is borne by the city. A recent three-year drought caused Cape Town's dam system levels to deteriorate significantly, and the city has, in response, launched a new strategy to build an integrated water management system that will result in more diverse water sources.

Social

Exposure to social risk (**S-4**) mirrors high labor & income risks (4) as well as high exposure to health and safety risks (4), limited access to basic services (4) and housing shortages (4). The city has a high unemployment rate, which directly affects the ability of the city's residents to pay for services, and increases the number of households that are entirely dependent on the city for basic services. In addition, South Africa has one of the highest inequality rates in the world, and this also filters through to local governments, giving rise to risks of social unrest.

Governance

City of Cape Town's governance risk (**G-2**) reflects high data transparency, with all financial statements, along with medium-term budgets, published publicly on the city's and National Treasury's websites. We view improved management policies and practices, which should help the city to maintain sound financial metrics despite significant partly debt funded capital investments.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click [here](#) to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Rating methodology and scorecard factors

The assigned BCA of ba2 is close to the BCA scorecard-indicated outcome of ba3.

The principal methodology used is the [Regional and Local Governments](#) rating methodology, published 28 May 2024.

Exhibit 6

Cape Town, City of Regional & Local Governments

Baseline Credit Assessment – Scorecard	Score	Value	Sub-factor Weighting	Sub-factor Score	Factor Weighting	Total
Factor 1: Economy					25%	2.54
Regional Income [1]	11.96	18104.12	15%	1.79		
Economic Growth	12.00	ba	5%	0.60		
Economic Diversification	3.00	aa	5%	0.15		
Factor 2: Institutional Framework and Governance					30%	3.15
Institutional Framework	15.00	b	15%	2.25		
Governance	6.00	a	15%	0.90		
Factor 3: Financial Performance					20%	1.08
Operating Margin [2]	6.28	13.25%	10%	0.63		
Liquidity Ratio [3]	3.08	22.37%	5%	0.15		
Ease of Access to Funding	6.00	a	5%	0.30		
Factor 4: Leverage					25%	0.60
Debt Burden [4]	1.09	11.79%	15%	0.16		
Interest Burden [5]	4.38	1.46%	10%	0.44		
Preliminary BCA Scorecard-Indicated Outcome (SIO)						(7.38) a3
Idiosyncratic Notching						0.0
Preliminary BCA SIO After Idiosyncratic Notching						(7.38) a3
Sovereign Rating Threshold						Ba2
Operating Environment Notching						-1.0
BCA Scorecard-Indicated Outcome						(13.00) ba3
Assigned BCA						ba2

[1] Regional GDP per capita in terms of purchasing power parity (PPP) terms, in international dollars

[2] Primary Operating Balance / Operating Revenue

[3] Cash and Cash Equivalents / Operating Revenue

[4] Net Direct and Indirect Debt / Operating Revenue

[5] Interest Payments / Operating Revenue

Source: Moody's Ratings; Fiscal 2024.

Ratings

Exhibit 7

Category	Moody's Rating
CAPE TOWN, CITY OF	
Outlook	Stable
Baseline Credit Assessment	ba2
Issuer Rating -Dom Curr	Ba2
NSR Issuer Rating	Aa2.za
Senior Unsecured MTN -Dom Curr	(P)Ba2
NSR Senior Unsecured MTN	Aa2.za
ST Issuer Rating -Dom Curr	NP
NSR ST Issuer Rating	P-1.za

Source: Moody's Ratings

© 2025 Moody's Corporation, Moody's Investors Service, Inc., Moody's Analytics, Inc. and/or their licensors and affiliates (collectively, "MOODY'S"). All rights reserved. CREDIT RATINGS ISSUED BY MOODY'S CREDIT RATINGS AFFILIATES ARE THEIR CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES, AND MATERIALS, PRODUCTS, SERVICES AND INFORMATION PUBLISHED OR OTHERWISE MADE AVAILABLE BY MOODY'S (COLLECTIVELY, "MATERIALS") MAY INCLUDE SUCH CURRENT OPINIONS. MOODY'S DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT OR IMPAIRMENT. SEE APPLICABLE MOODY'S RATING SYMBOLS AND DEFINITIONS PUBLICATION FOR INFORMATION ON THE TYPES OF CONTRACTUAL FINANCIAL OBLIGATIONS ADDRESSED BY MOODY'S CREDIT RATINGS. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS, NON-CREDIT ASSESSMENTS ("ASSESSMENTS"), AND OTHER OPINIONS INCLUDED IN MOODY'S MATERIALS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. MOODY'S MATERIALS MAY ALSO INCLUDE QUANTITATIVE MODEL-BASED ESTIMATES OF CREDIT RISK AND RELATED OPINIONS OR COMMENTARY PUBLISHED BY MOODY'S ANALYTICS, INC. AND/OR ITS AFFILIATES. MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND MATERIALS DO NOT CONSTITUTE OR PROVIDE INVESTMENT OR FINANCIAL ADVICE, AND MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND MATERIALS ARE NOT AND DO NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND MATERIALS DO NOT COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MOODY'S ISSUES ITS CREDIT RATINGS, ASSESSMENTS AND OTHER OPINIONS AND PUBLISHES OR OTHERWISE MAKES AVAILABLE ITS MATERIALS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL, WITH DUE CARE, MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS, AND MATERIALS ARE NOT INTENDED FOR USE BY RETAIL INVESTORS AND IT WOULD BE RECKLESS AND INAPPROPRIATE FOR RETAIL INVESTORS TO USE MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS OR MATERIALS WHEN MAKING AN INVESTMENT DECISION. IF IN DOUBT YOU SHOULD CONTACT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT. FOR CLARITY, NO INFORMATION CONTAINED HEREIN MAY BE USED TO DEVELOP, IMPROVE, TRAIN OR RETRAIN ANY SOFTWARE PROGRAM OR DATABASE, INCLUDING, BUT NOT LIMITED TO, FOR ANY ARTIFICIAL INTELLIGENCE, MACHINE LEARNING OR NATURAL LANGUAGE PROCESSING SOFTWARE, ALGORITHM, METHODOLOGY AND/OR MODEL.

MOODY'S CREDIT RATINGS, ASSESSMENTS, OTHER OPINIONS AND MATERIALS ARE NOT INTENDED FOR USE BY ANY PERSON AS A BENCHMARK AS THAT TERM IS DEFINED FOR REGULATORY PURPOSES AND MUST NOT BE USED IN ANY WAY THAT COULD RESULT IN THEM BEING CONSIDERED A BENCHMARK.

All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. MOODY'S adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources MOODY'S considers to be reliable including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the credit rating process or in preparing its Materials.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability to any person or entity for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers is advised in advance of the possibility of such losses or damages, including but not limited to: (a) any loss of present or prospective profits or (b) any loss or damage arising where the relevant financial instrument is not the subject of a particular credit rating assigned by MOODY'S.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability for any direct or compensatory losses or damages caused to any person or entity, including but not limited to by any negligence (but excluding fraud, willful misconduct or any other type of liability that, for the avoidance of doubt, by law cannot be excluded) on the part of, or any contingency within or beyond the control of, MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers, arising from or in connection with the information contained herein or the use of or inability to use any such information.

NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY CREDIT RATING, ASSESSMENT, OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

Moody's Investors Service, Inc., a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by Moody's Investors Service, Inc. have, prior to assignment of any credit rating, agreed to pay Moody's Investors Service, Inc. for credit ratings opinions and services rendered by it. MCO and all MCO entities that issue ratings under the "Moody's Ratings" brand name ("Moody's Ratings"), also maintain policies and procedures to address the independence of Moody's Ratings' credit ratings and credit rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold credit ratings from Moody's Investors Service, Inc. and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at ir.moody.com under the heading "Investor Relations — Corporate Governance — Charter and Governance Documents - Director and Shareholder Affiliation Policy."

Moody's SF Japan K.K., Moody's Local AR Agente de Calificación de Riesgo S.A., Moody's Local BR Agência de Classificação de Risco LTDA, Moody's Local MX S.A. de C.V., I.C.V., Moody's Local PE Clasificadora de Riesgo S.A., and Moody's Local PA Clasificadora de Riesgo S.A. (collectively, the "Moody's Non-NRSRO CRAs") are all indirectly wholly-owned credit rating agency subsidiaries of MCO. None of the Moody's Non-NRSRO CRAs is a Nationally Recognized Statistical Rating Organization.

Additional terms for Australia only: Any publication into Australia of this document is pursuant to the Australian Financial Services License of MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657 AFSL 336969 and/or Moody's Analytics Australia Pty Ltd ABN 94 105 136 972 AFSL 383569 (as applicable). This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client" and that neither you nor the entity you represent will directly or indirectly disseminate this document or its contents to "retail clients" within the meaning of section 761G of the Corporations Act 2001. MOODY'S credit rating is an opinion as to the creditworthiness of a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail investors.

Additional terms for India only: Moody's credit ratings, Assessments, other opinions and Materials are not intended to be and shall not be relied upon or used by any users located in India in relation to securities listed or proposed to be listed on Indian stock exchanges.

Additional terms with respect to Second Party Opinions and Net Zero Assessments (as defined in Moody's Ratings Rating Symbols and Definitions): Please note that neither a Second Party Opinion ("SPO") nor a Net Zero Assessment ("NZA") is a "credit rating". The issuance of SPOs and NZAs is not a regulated activity in many jurisdictions, including Singapore. JAPAN: In Japan, development and provision of SPOs and NZAs fall under the category of "Ancillary Businesses", not "Credit Rating Business", and are not subject to the regulations applicable to "Credit Rating Business" under the Financial Instruments and Exchange Act of Japan and its relevant regulation. PRC: Any SPO: (1) does not constitute a PRC Green Bond Assessment as defined under any relevant PRC laws or regulations; (2) cannot be included in any registration statement, offering circular, prospectus or any other documents submitted to the PRC regulatory authorities or otherwise used to satisfy any PRC regulatory disclosure requirement; and (3) cannot be used within the PRC for any regulatory purpose or for any other purpose which is not permitted under relevant PRC laws or regulations. For the purposes of this disclaimer, "PRC" refers to the mainland of the People's Republic of China, excluding Hong Kong, Macau and Taiwan.

REPORT NUMBER 1441648

CLIENT SERVICES

Americas	1-212-553-1653
Asia Pacific	852-3551-3077
Japan	81-3-5408-4100
EMEA	44-20-7772-5454