

# FIT Hon Teng (6088 HK)

## Strong 1H22 in-line; Positive outlook on “3+3 strategy”

FIT's 1H22 net profit of US\$85mn (+844% YoY) is in-line with positive profit alert earlier (US\$80-90mn), mainly driven by successful “3+3 strategy” execution and transformation into next-gen products with better product mix and higher ASP. Despite macro uncertainty and market concern over demand weakness, FIT delivered solid 1H22 growth across all segments with +27%/+17%/+13% YoY in smartphone/system products/ EV mobility, which offset weak networking revenue due to chip shortage on optical module shipments. Looking ahead, we are positive on FIT's “3+3 Strategy” execution (EV, 5G AIoT, Audio), and mgmt. also guided solid growth momentum in system product segment and strong orders from TWS related products in 2H22E. Maintain BUY with TP of HK\$1.78 (10x FY22E P/E, 1-sd below hist. avg).

- 1H22 in-line; Solid smartphone/system products/EV mobility offset networking weakness.** Revenue recovered at 6% YoY in 1H22, driven by 27%/17%/13% YoY growth of smartphone (lightning cables and connectors), system products (wired/ TWS earphones) and EV segment (Tesla CPD). Networking revenue declined 19.2% YoY due to chip shortage impact on optical module shipments. 1H22 GPM further recovered to pre-pandemic level of 16.7% (vs 16.2% in 2H21).
- “3+3 Strategy” to bear fruit with strong product pipeline.** Mgmt. believed solid growth and margin expansion in 1H22 was a result of successful execution of “3+3 strategy”. The Company expects “3+3 Strategy” segments to remain strong in 2H22E, backed by interconnection solutions for next-gen smart devices, micro speaker components, robust demand from EV/e-bike applications, and Belkin's new product launches. Overall, mgmt. expected “3+3” revenue mix will increase to 31% in F23E from 16% in 2021.
- Attractive risk/reward; Maintain BUY with TP of HK\$1.78 (53% upside).** Our TP of HK\$1.78 is based on 10x FY22E P/E (1-sd below 5-year hist. avg.). Trading at 6.5x/5.7x FY22E/23E P/E, we think risk-reward is attractive. Upcoming catalysts include iPhone14 launch, new products from Belkin/EV, M&A and improving margins.

### Earnings Summary

(YE 31 Dec)	FY20A	FY21A	FY22E	FY23E	FY24E
Revenue (US\$ mn)	4,314.7	4,490.2	4,671.8	5,107.6	5,635.0
YoY growth (%)	(1.3%)	4.1%	4.0%	9.3%	10.3%
Net profit (US\$ mn)	42.6	136.8	155.1	178.0	208.3
EPS (Reported)(US\$)	0.64	2.04	2.28	2.62	3.07
YoY growth (%)	(82.2%)	219.9%	12.0%	14.8%	17.0%
Consensus EPS (US\$)	NA	NA	1.68	1.97	2.33
P/E (x)	23.4	7.3	6.5	5.7	4.9
P/B (x)	1.1	0.8	0.4	0.4	0.4
ROE (%)	1.9%	5.7%	6.1%	6.7%	7.3%

Source: Company data, Bloomberg, CMBIGM estimates

## BUY (Maintain)

<b>Target Price</b>	<b>HK\$1.78</b>
(Previous TP)	HK\$1.78)
<b>Up/Downside</b>	<b>53.4%</b>
<b>Current Price</b>	<b>HK\$1.16</b>

### China Technology

#### Alex NG

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

#### Lily YANG, Ph.D

(852) 3916 3716  
lilyyang@cmbi.com.hk

#### Claudia LIU

claudialiu@cmbi.com.hk

### Stock Data

Mkt Cap (HK\$ mn)	8,429.7
Avg 3 mths t/o (HK\$ mn)	1.1
52w High/Low (HK\$)	1.80/0.88
Total Issued Shares (mn)	7267.0

Source: FactSet

### Shareholding Structure

Foxconn Far East Ltd	71.3%
Lu Sung-Ching	5.8%

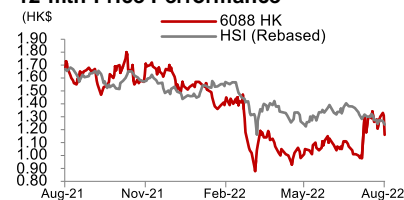
Source: HKEx

### Share Performance

	Absolute	Relative
1-mth	14.9%	27.2%
3-mth	14.9%	15.0%
6-mth	-20.0%	1.7%

Source: FactSet

### 12-mth Price Performance



Source: FactSet

## Results Review

Figure 1: 1H22 results review

US\$ mn	1H21	1H22	YoY	CMBI		Consensus	
				FY22E	Track(%)	FY22E	Track (%)
Revenue	1,982	2,101	6.0%	4,303	49%	4,585	46%
Gross profit	268	351	31.0%	638	55%	689	51%
Operating profit	16	120	652.9%	190	63%	169	71%
Net profit	9	85	818.8%	135	63%	120	71%
EPS (USD cents)	0.14	1.23	786.7%	2.42	51%	1.68	73%
Gross margin	13.5%	16.7%		14.8%		15.0%	
Operating margin	0.8%	5.7%		4.4%		3.7%	
Net margin	0.5%	4.1%		3.8%		2.6%	

Source: Company data, CMBIGM estimates

Figure 2: P&L forecast

US\$ mn	FY19	FY20	FY21	FY22E	FY23E	FY24E
<b>Revenue</b>	<b>4,372</b>	<b>4,315</b>	<b>4,490</b>	<b>4,672</b>	<b>5,108</b>	<b>5,635</b>
...YoY	9.2%	-1.3%	4.1%	4.0%	9.3%	10.3%
Cost of sales	(3,618)	(3,735)	(3,817)	(3,966)	(4,318)	(4,751)
<b>Gross profit</b>	<b>754</b>	<b>580</b>	<b>673</b>	<b>705</b>	<b>790</b>	<b>884</b>
GPM (%)	17%	13%	15%	15%	15%	16%
...YoY	6.5%	-23.1%	16.1%	4.8%	12.0%	11.9%
SG&A	(269)	(230)	(266)	(262)	(296)	(327)
...% of rev	-6.2%	-5.3%	-5.9%	-5.6%	-5.8%	-5.8%
R&D	(250)	(235)	(301)	(304)	(332)	(366)
...% of rev	-5.7%	-5.4%	-6.7%	-6.5%	-6.5%	-6.5%
<b>Operating profit</b>	<b>275</b>	<b>125</b>	<b>177</b>	<b>187</b>	<b>213</b>	<b>247</b>
OPM (%)	6.3%	2.9%	3.9%	4.0%	4.2%	4.4%
...YoY	-10.8%	-54.7%	41.6%	5.8%	13.8%	16.1%
<b>Net profit</b>	<b>235</b>	<b>43</b>	<b>138</b>	<b>154</b>	<b>177</b>	<b>207</b>
NPM (%)	5.4%	1.0%	3.1%	3.3%	3.5%	3.7%
...YoY	0.6%	-81.9%	223.8%	12.0%	14.8%	17.0%

Source: Company data, CMBIGM estimates

Figure 3: Revenue breakdown

US\$ mn	FY21	FY22E	FY23E	FY24E
<b>Computing</b>	853,610	853,610	896,291	941,105
...YoY		0%	5%	5%
<b>Smartphones</b>	1,270,090	1,282,791	1,346,930	1,414,277
...YoY		1%	5%	5%
<b>Networking</b>	890,670	846,137	930,750	1,051,748
...YoY		-5%	10%	13%
<b>EV Mobility</b>	134,680	161,616	202,020	262,626
...YoY		20%	25%	30%
<b>Systems Products</b>	1,097,510	1,317,012	1,514,564	1,741,748
...YoY		20%	15%	15%
<b>Others</b>	200,650	210,683	217,003	223,513
...YoY		5%	3%	3%
<b>Total</b>	<b>4,490,215</b>	<b>4,671,848</b>	<b>5,107,558</b>	<b>5,635,017</b>
...YoY		4.0%	9.3%	10.3%

Source: Company data, CMBIGM estimates

## Valuation

### Maintain BUY with TP of HK1.78

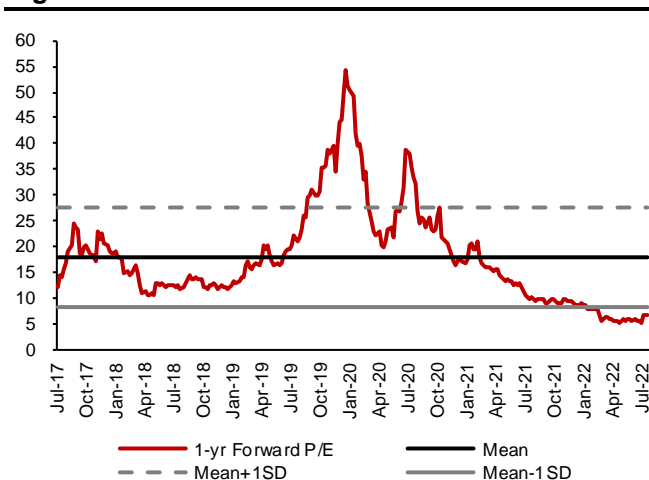
Our 12m TP of HK\$ 1.78 is based on 10x FY22E P/E. Trading at 6.5 FY22E P/E, we think risk-reward is extremely attractive. Upcoming catalysts include new products from Belkin/EV, M&A and improving margins.

Figure 4: Peers' valuation

Company	Ticker	Rating	Market Cap US\$(mn)	Price (LC)	TP (LC)	Up/ Down -side	P/E (x)		P/B (x)		ROE (%)	
							FY22E	FY23E	FY22E	FY23E	FY22E	FY23E
<b>Global Connectors</b>												
TE	TEL US	NR	42,782	133.76	NA	NA	18.4	17.5	4.0	3.6	21.9	21.7
Amphenol	APH US	NR	46,391	77.99	NA	NA	26.6	25.5	6.8	6.0	27.5	26.4
Fabrinet	FN US	NR	3,540	96.23	NA	NA	16.1	14.8	2.8	2.4	18.7	17.2
Aviat	6807 JP	NR	1,633	2344.00	NA	NA	15.7	12.6	1.4	1.3	9.2	10.5
Hirose	6806 JP	NR	5,507	19600.00	NA	NA	24.0	20.2	2.1	2.0	8.8	9.7
Luxshare	002475 CH	BUY	36,556	34.69	NA	NA	25.0	18.9	5.3	4.2	21.8	22.8
Cheng Uei	2392 TT	NR	554	32.50	NA	NA	12.4	-	0.7	-	5.5	-
Foxconn	2354 TT	NR	2,345	49.80	NA	NA	11.5	10.7	0.5	0.5	5.8	6.5
Hon Hai	2317 TT	NR	50,773	110.00	NA	NA	10.2	9.2	1.0	0.9	10.2	10.7
<b>Average</b>							<b>17.8</b>	<b>16.2</b>	<b>2.7</b>	<b>2.6</b>	<b>14.4</b>	<b>15.7</b>
<b>China technology</b>												
FIT Hon Teng	6088 HK	BUY	1,074	1.16	1.78	53%	6.5	5.7	0.4	0.4	6.0	5.9
AAC Tech	2018 HK	HOLD	2,245	14.58	14.0	-4%	17.2	12.0	0.7	0.7	4.0	5.6
Sunny Optical	2382 HK	HOLD	15,556	111.30	108.6	-2%	31.2	25.7	4.6	4.0	14.7	15.6
Tongda	698 HK	BUY	152	0.12	0.2	79%	3.1	2.1	0.1	0.1	3.1	4.5
BYDE	285 HK	HOLD	6,072	21.15	12.5	-41%	24.0	14.3	1.7	1.5	6.9	10.6
Q tech	1478 HK	BUY	622	4.12	5.6	36%	16.1	7.9	0.9	0.8	5.5	10.3
TK Group	2283 HK	BUY	188	1.77	3.4	91%	4.3	3.4	0.8	0.7	18.6	20.7
FIH	2038 HK	NR	1,004	0.99	NA	NA	-	21.0	0.6	0.5	2.7	2.8
Truly	732 HK	NR	647	1.55	NA	NA	3.9	3.1	0.4	0.4	10.6	12.4
YOFC	6869 HK	NR	2,665	13.98	NA	NA	9.7	8.8	0.9	0.8	9.1	9.7
Ju Teng	3336 HK	NR	214	1.40	NA	NA	7.0	4.8	0.2	0.2	3.5	5.0
Cowell	1415 HK	NR	1,700	15.96	NA	NA	22.9	16.9	4.1	3.4	20.3	23.2
<b>Average</b>							<b>13.3</b>	<b>10.5</b>	<b>1.3</b>	<b>1.1</b>	<b>9.0</b>	<b>10.5</b>

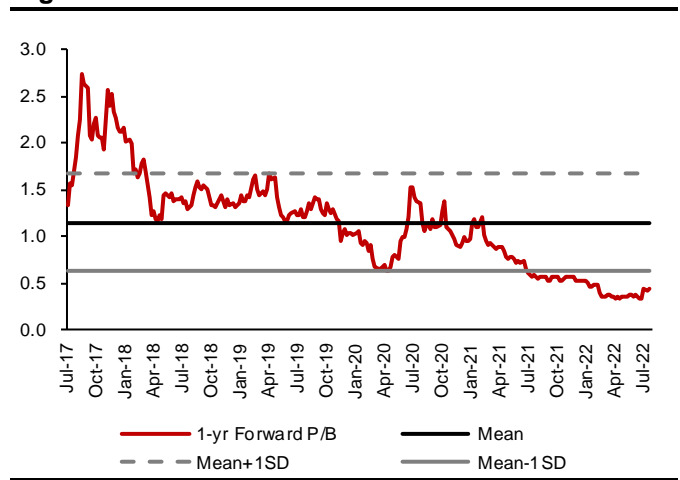
Source: Bloomberg, CMBIGM, \* TP under review

Figure 5: 12M forward P/E band



Source: Company data, CMBIGM

Figure 6: 12M forward P/B band



Source: Company data, CMBIGM

## Financial Summary

INCOME STATEMENT	2019A	2020A	2021A	2022E	2023E	2024E
<b>YE 31 Dec (US\$ mn)</b>						
<b>Revenue</b>	<b>4,372</b>	<b>4,315</b>	<b>4,490</b>	<b>4,672</b>	<b>5,108</b>	<b>5,635</b>
Cost of goods sold	(3,618)	(3,735)	(3,817)	(3,966)	(4,318)	(4,751)
<b>Gross profit</b>	<b>754</b>	<b>580</b>	<b>673</b>	<b>705</b>	<b>790</b>	<b>884</b>
Selling expense	(111)	(97)	(105)	(103)	(117)	(130)
Admin expense	(159)	(134)	(161)	(159)	(179)	(197)
R&D expense	(250)	(235)	(301)	(304)	(332)	(366)
Others	39	11	70	47	51	56
<b>Operating profit</b>	<b>275</b>	<b>125</b>	<b>177</b>	<b>187</b>	<b>213</b>	<b>247</b>
Share of (losses)/profits of associates	(2)	(9)	(8)	(4)	(4)	(4)
Interest expense	(7)	1	(2)	(1)	1	2
<b>Pre-tax profit</b>	<b>266</b>	<b>117</b>	<b>167</b>	<b>182</b>	<b>209</b>	<b>245</b>
Income tax	(33)	(74)	(31)	(27)	(31)	(37)
<b>Net profit</b>	<b>233</b>	<b>43</b>	<b>137</b>	<b>155</b>	<b>178</b>	<b>208</b>
Minority interest	(2)	0	(1)	1	1	1
<b>Net profit to shareholders</b>	<b>235</b>	<b>43</b>	<b>138</b>	<b>154</b>	<b>177</b>	<b>207</b>
BALANCE SHEET	2019A	2020A	2021A	2022E	2023E	2024E
<b>YE 31 Dec (US\$ mn)</b>						
<b>Current assets</b>	<b>2,742</b>	<b>2,848</b>	<b>3,034</b>	<b>3,029</b>	<b>3,392</b>	<b>3,598</b>
Cash & equivalents	892	766	769	809	807	944
Account receivables	930	872	1,033	949	1,218	1,172
Inventories	703	944	982	1,022	1,117	1,233
ST bank deposits	118	126	98	98	98	98
<b>Non-current assets</b>	<b>1,665</b>	<b>1,791</b>	<b>1,973</b>	<b>2,016</b>	<b>2,049</b>	<b>2,071</b>
PP&E	566	728	823	867	900	921
Deferred income tax	115	135	133	133	133	133
Investment in JVs & assos	22	24	172	172	172	172
Intangibles	745	709	634	634	634	634
Other non-current assets	218	195	211	211	211	211
<b>Total assets</b>	<b>4,407</b>	<b>4,639</b>	<b>5,007</b>	<b>5,045</b>	<b>5,441</b>	<b>5,669</b>
<b>Current liabilities</b>	<b>1,662</b>	<b>1,790</b>	<b>1,937</b>	<b>1,855</b>	<b>2,111</b>	<b>2,177</b>
Short-term borrowings	494	604	690	629	664	705
Account payables	1,086	1,032	1,138	1,116	1,338	1,363
Tax payable	63	129	94	94	94	94
Other current liabilities	20	26	15	15	15	15
<b>Non-current liabilities</b>	<b>668</b>	<b>659</b>	<b>674</b>	<b>674</b>	<b>674</b>	<b>674</b>
Long-term borrowings	574	575	576	576	576	576
Obligations under finance leases	23	29	46	46	46	46
Other non-current liabilities	71	55	52	52	52	52
<b>Total liabilities</b>	<b>2,330</b>	<b>2,449</b>	<b>2,611</b>	<b>2,529</b>	<b>2,785</b>	<b>2,850</b>
Share capital	134	135	139	139	139	139
Other reserves	2,025	2,145	2,348	2,468	2,606	2,768
<b>Total shareholders equity</b>	<b>2,077</b>	<b>2,190</b>	<b>2,396</b>	<b>2,517</b>	<b>2,656</b>	<b>2,819</b>
Minority interest	11	3	1	2	3	4
<b>Total equity and liabilities</b>	<b>4,407</b>	<b>4,639</b>	<b>5,007</b>	<b>5,045</b>	<b>5,441</b>	<b>5,669</b>
CASH FLOW	2019A	2020A	2021A	2022E	2023E	2024E
<b>YE 31 Dec (US\$ mn)</b>						
<b>Operating</b>						
<b>Profit before taxation</b>	<b>266</b>	<b>117</b>	<b>167</b>	<b>182</b>	<b>209</b>	<b>245</b>
Depreciation & amortization	255	241	146	156	167	178
Tax paid	(74)	(39)	(31)	(27)	(31)	(37)

Change in working capital	(169)	(279)	(93)	23	(143)	(45)
Others	34	74	(104)	1	(1)	(2)
<b>Net cash from operations</b>	<b>313</b>	<b>115</b>	<b>85</b>	<b>335</b>	<b>202</b>	<b>339</b>
<b>Investing</b>						
Capital expenditure	(240)	(335)	(241)	(200)	(200)	(200)
Acquisition of subsidiaries/ investments	0	0	0	0	0	0
Others	(178)	(21)	461	12	13	15
<b>Net cash from investing</b>	<b>(417)</b>	<b>(356)</b>	<b>220</b>	<b>(188)</b>	<b>(187)</b>	<b>(185)</b>
<b>Financing</b>						
Dividend paid	(59)	0	(30)	(34)	(39)	(46)
Net borrowings	0	0	86	(61)	35	41
Proceeds from share issues	0	0	0	0	0	0
Share repurchases	(26)	(1)	0	0	0	0
Others	20	73	65	(13)	(13)	(13)
<b>Net cash from financing</b>	<b>(64)</b>	<b>71</b>	<b>120</b>	<b>(107)</b>	<b>(17)</b>	<b>(18)</b>
<b>Net change in cash</b>						
Cash at the beginning of the year	1,065	892	766	769	809	807
Exchange difference	(4)	43	0	0	0	0
<b>Cash at the end of the year</b>	<b>892</b>	<b>766</b>	<b>769</b>	<b>809</b>	<b>807</b>	<b>944</b>
<b>GROWTH</b>	<b>2019A</b>	<b>2020A</b>	<b>2021A</b>	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>
<b>YE 31 Dec</b>						
Revenue	9.2%	(1.3%)	4.1%	4.0%	9.3%	10.3%
Gross profit	6.5%	(23.1%)	16.1%	4.8%	12.0%	11.9%
Operating profit	(10.8%)	(54.7%)	41.6%	5.8%	13.8%	16.1%
Net profit	0.3%	(81.8%)	221.3%	13.4%	14.8%	17.0%
<b>PROFITABILITY</b>	<b>2019A</b>	<b>2020A</b>	<b>2021A</b>	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>
<b>YE 31 Dec</b>						
Gross profit margin	17.2%	13.4%	15.0%	15.1%	15.5%	15.7%
Operating margin	6.3%	2.9%	3.9%	4.0%	4.2%	4.4%
Net profit margin	5.4%	1.0%	3.1%	3.3%	3.5%	3.7%
Return on assets (ROA)	5.3%	0.9%	2.7%	3.1%	3.3%	3.7%
Return on equity (ROE)	11.3%	1.9%	5.7%	6.1%	6.7%	7.3%
<b>GEARING/LIQUIDITY/ACTIVITIES</b>	<b>2019A</b>	<b>2020A</b>	<b>2021A</b>	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>
<b>YE 31 Dec</b>						
Current ratio (x)	1.6	1.6	1.6	1.6	1.6	1.7
Receivable turnover days	77.7	73.7	84.0	74.1	87.0	75.9
Inventory turnover days	70.9	92.3	93.9	94.1	94.5	94.7
Payable turnover days	109.6	100.8	108.8	102.7	113.1	104.7
<b>VALUATION</b>	<b>2019A</b>	<b>2020A</b>	<b>2021A</b>	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>
<b>YE 31 Dec</b>						
P/E	0.1	0.6	0.1	0.1	0.1	0.0
P/B	1.3	1.1	0.8	0.4	0.4	0.4
Div yield (%)	0.0%	39.9%	164.4%	339.9%	390.2%	456.6%

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

# Disclosures & Disclaimers

## Analyst Certification

The research analyst who is primary responsible for the content of this research report, in whole or in part, certifies that with respect to the securities or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about the subject securities or issuer; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific views expressed by that analyst in this report.

Besides, the analyst confirms that neither the analyst nor his/her associates (as defined in the code of conduct issued by The Hong Kong Securities and Futures Commission) (1) have dealt in or traded in the stock(s) covered in this research report within 30 calendar days prior to the date of issue of this report; (2) will deal in or trade in the stock(s) covered in this research report 3 business days after the date of issue of this report; (3) serve as an officer of any of the Hong Kong listed companies covered in this report; and (4) have any financial interests in the Hong Kong listed companies covered in this report.

## CMBIGM Ratings

**BUY** : Stock with potential return of over 15% over next 12 months  
**HOLD** : Stock with potential return of +15% to -10% over next 12 months  
**SELL** : Stock with potential loss of over 10% over next 12 months  
**NOT RATED** : Stock is not rated by CMBIGM

**OUTPERFORM** : Industry expected to outperform the relevant broad market benchmark over next 12 months  
**MARKET-PERFORM** : Industry expected to perform in-line with the relevant broad market benchmark over next 12 months  
**UNDERPERFORM** : Industry expected to underperform the relevant broad market benchmark over next 12 months

### *CMB International Global Markets Limited*

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

CMB International Global Markets Limited ("CMBIGM") is a wholly owned subsidiary of CMB International Capital Corporation Limited (a wholly owned subsidiary of China Merchants Bank)

## Important Disclosures

There are risks involved in transacting in any securities. The information contained in this report may not be suitable for the purposes of all investors. CMBIGM does not provide individually tailored investment advice. This report has been prepared without regard to the individual investment objectives, financial position or special requirements. Past performance has no indication of future performance, and actual events may differ materially from that which is contained in the report. The value of, and returns from, any investments are uncertain and are not guaranteed and may fluctuate as a result of their dependence on the performance of underlying assets or other variable market factors. CMBIGM recommends that investors should independently evaluate particular investments and strategies, and encourages investors to consult with a professional financial advisor in order to make their own investment decisions.

This report or any information contained herein, have been prepared by the CMBIGM, solely for the purpose of supplying information to the clients of CMBIGM or its affiliate(s) to whom it is distributed. This report is not and should not be construed as an offer or solicitation to buy or sell any security or any interest in securities or enter into any transaction. Neither CMBIGM nor any of its affiliates, shareholders, agents, consultants, directors, officers or employees shall be liable for any loss, damage or expense whatsoever, whether direct or consequential, incurred in relying on the information contained in this report. Anyone making use of the information contained in this report does so entirely at their own risk.

The information and contents contained in this report are based on the analyses and interpretations of information believed to be publicly available and reliable. CMBIGM has exerted every effort in its capacity to ensure, but not to guarantee, their accuracy, completeness, timeliness or correctness. CMBIGM provides the information, advices and forecasts on an "AS IS" basis. The information and contents are subject to change without notice. CMBIGM may issue other publications having information and/ or conclusions different from this report. These publications reflect different assumption, point-of-view and analytical methods when compiling. CMBIGM may make investment decisions or take proprietary positions that are inconsistent with the recommendations or views in this report.

CMBIGM may have a position, make markets or act as principal or engage in transactions in securities of companies referred to in this report for itself and/or on behalf of its clients from time to time. Investors should assume that CMBIGM does or seeks to have investment banking or other business relationships with the companies in this report. As a result, recipients should be aware that CMBIGM may have a conflict of interest that could affect the objectivity of this report and CMBIS will not assume any responsibility in respect thereof. This report is for the use of intended recipients only and this publication, may not be reproduced, reprinted, sold, redistributed or published in whole or in part for any purpose without prior written consent of CMBIGM.

Additional information on recommended securities is available upon request.

For recipients of this document in the United Kingdom

This report has been provided only to persons (I) falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended from time to time) ("The Order") or (II) are persons falling within Article 49(2) (a) to (d) ("High Net Worth Companies, Unincorporated Associations, etc.") of the Order, and may not be provided to any other person without the prior written consent of CMBIGM.

For recipients of this document in the United States

CMBIGM is not a registered broker-dealer in the United States. As a result, CMBIGM is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. The research analyst who is primary responsible for the content of this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA"). The analyst is not subject to applicable restrictions under FINRA Rules intended to ensure that the analyst is not affected by potential conflicts of interest that could bear upon the reliability of the research report. This report is intended for distribution in the United States solely to "major US institutional investors", as defined in Rule 15a-6 under the US, Securities Exchange Act of 1934, as amended, and may not be furnished to any other person in the United States. Each major US institutional investor that receives a copy of this report by its acceptance hereof represents and agrees that it shall not distribute or provide this report to any other person. Any U.S. recipient of this report wishing to effect any transaction to buy or sell securities based on the information provided in this report should do so only through a U.S.-registered broker-dealer.

For recipients of this document in Singapore

This report is distributed in Singapore by CMBI (Singapore) Pte. Limited (CMBISG) (Company Regn. No. 201731928D), an Exempt Financial Adviser as defined in the Financial Advisers Act (Cap. 110) of Singapore and regulated by the Monetary Authority of Singapore. CMBISG may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, as defined in the Securities and Futures Act (Cap. 289) of Singapore, CMBISG accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact CMBISG at +65 6350 4400 for matters arising from, or in connection with the report.