

# FIT Hon Teng (6088 HK)

## Recent sell-off looks overdone; AirPods production in Vietnam on track in 1H24E

We hosted a NDR call with FIT Hon Teng (FIT)'s mgmt. yesterday (11 Apr). Share price has been weak recently, partly due to investor concerns on Apple's TWS order ramp-up and allocation, in our view. Mgmt. stated that first production line of AirPods already started shipment in Vietnam in 1Q24, which we estimate to contribute 5-7% of sales in FY24E. By 2025, six more production lines will be added in its Indian plant. Overall, we believe recent stock price correction is overdone, and we maintain our positive view on FIT's growth drivers in 2024 (AirPods, AI server connectors, auto business). Maintain BUY with TP of HK\$ 2.42. Upcoming catalysts include 1Q24 update in late April, AirPods ramp-up, and AI server product launches.

- First AirPods production line in Vietnam started shipment in Feb 2024, accounting for 5-7% of FY24E sales.** Mgmt. stated that AirPods capacity expansion in Vietnam kicked off in 2023, and first batch of shipment already started in Feb 2024. Mgmt. expected related revenue to ramp up in 2H24E, which we estimate to account for 5-7% of sales in FY24E. By 2025, FIT plans to add six more production lines in India (vs one in Vietnam now). We believe FIT and Luxshare will become two largest AirPods suppliers with 30/70% share allocation in 2025.
- Solid outlook in 2024: AirPods, AI server connectors/cables and auto business.** Mgmt. reiterated positive outlook and maintained guidance for 2024: high-teens revenue growth, 15%+ GP YoY growth and 15%+ OP YoY growth, backed by AirPods share gain (5-7% of FY24E sales), AI server products in compute tray (7-9%) and Voltaira auto business consolidation (8%). Overall, we expect revenue/net profit to grow 12%/55% YoY in FY24E and 15%/27% YoY in FY25E.
- Recent correction offers buying opportunities; Reiterate BUY.** We believe recent share price correction related to Apple TWS order allocation provides good buying opportunities. Trading at 9.7x/7.6x FY24/25 P/E, we think valuation remains attractive (vs 15x 5-year hist. avg. P/E). Maintain BUY with TP of HK\$ 2.42, based on 11x FY24E P/E. Near-term catalysts include 1Q24 update in late April, AirPods ramp-up, and AI server product launches.

### Earnings Summary

(YE 31 Dec)	FY22A	FY23A	FY24E	FY25E	FY26E
Revenue (US\$ mn)	4,531	4,196	4,715	5,412	6,233
YoY growth (%)	0.9	(7.4)	12.4	14.8	15.2
Net profit (US\$ mn)	170.3	129.6	201.2	256.3	340.1
YoY growth (%)	24.5	(23.9)	55.3	27.4	32.7
EPS (Reported) (US\$ cents)	2.42	1.82	2.83	3.60	4.78
Consensus EPS (US\$)	N/A	N/A	2.30	3.07	4.20
P/E (x)	11.3	15.1	9.7	7.6	5.7
P/B (x)	0.8	0.8	0.7	0.7	0.6
Yield (%)	0.0	0.0	0.0	0.0	0.0
ROE (%)	7.2	5.4	7.9	9.3	11.1
Net gearing (%)	0.0	0.0	0.0	0.0	0.0

Source: Company data, Bloomberg, CMBIGM estimates

### BUY (Maintain)

Target Price	HK\$2.42
(Previous TP)	HK\$2.42)
Up/Downside	12.6%
Current Price	HK\$2.15

### China Technology

#### Alex NG

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

#### Claudia LIU

claudialiu@cmbi.com.hk

### Stock Data

Mkt Cap (HK\$ mn)	15,624.1
Avg 3 mths t/o (HK\$ mn)	22.9
52w High/Low (HK\$)	2.44/0.90
Total Issued Shares (mn)	7267.0

Source: FactSet

### Shareholding Structure

Foxconn Far East Ltd	71.1%
Lu Sung-Ching	5.5%

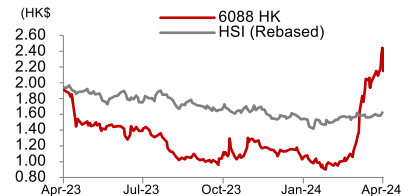
Source: HKEx

### Share Performance

	Absolute	Relative
1-mth	73.4%	68.2%
3-mth	106.7%	97.1%
6-mth	92.0%	100.9%

Source: FactSet

### 12-mth Price Performance

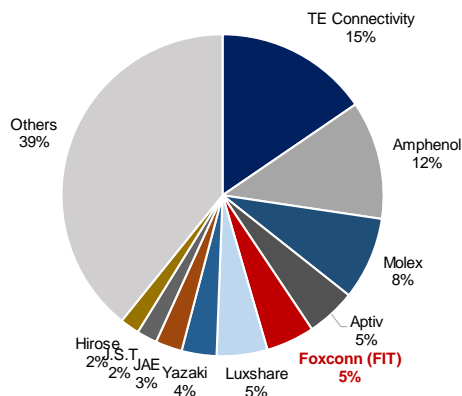


Source: FactSet

### Related Reports:

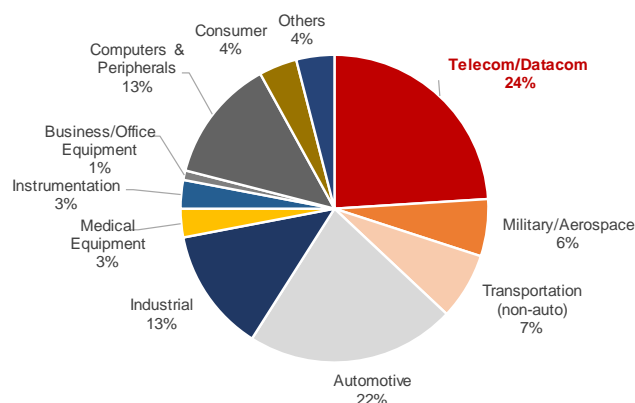
- FIT Hon Teng (6088 HK) - NDR takeaway: Opportunities in US\$ 1.7bn server connector/cable market; Lift TP to HK\$ 2.42 - 26<sup>th</sup> Mar 2024 ([link](#))
- FIT Hon Teng (6088 HK) - FY23 in line; upbeat FY24E outlook on AI server/networking, EV and AirPods upside - 14<sup>th</sup> Mar 2024 ([link](#))
- FIT Hon Teng (6088 HK) - FY23E preview: earnings recovery on track, multiple growth drivers in FY24/25E - 8<sup>th</sup> Feb 2024 ([link](#))

**Figure 1: Global connector industry market share (2020)**



Source: Bishop & Associates, CMBIGM

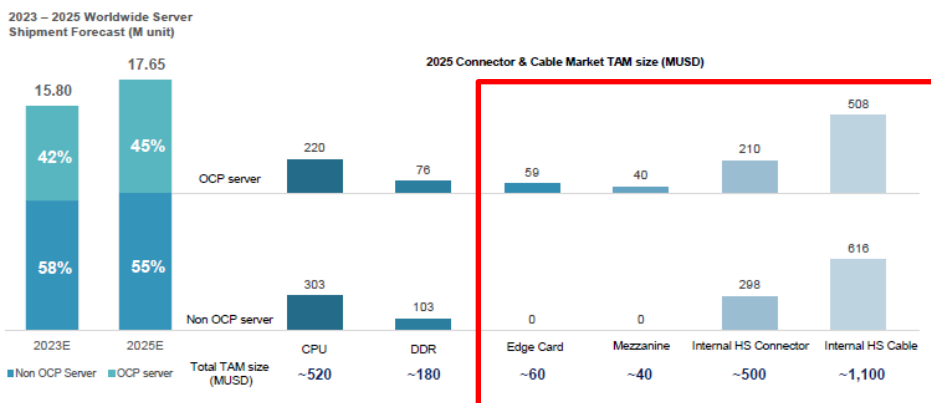
**Figure 2: Global connector industry end market mix (2022)**



Source: Bishop & Associates, CMBIGM

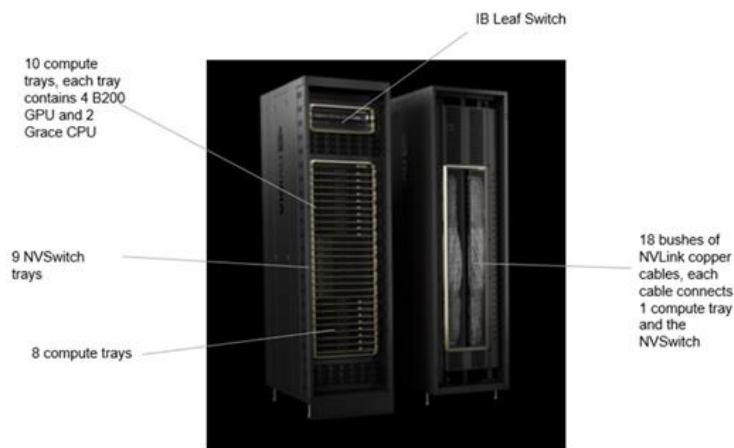
**Figure 3: FIT's Server connector & Cable TAM size (US\$ 1.7bn in 2025)**

AI Opens up OCP Market Opportunities



Source: Company data, CMBIGM

**Figure 4: NVIDIA GH200 topology: DAC copper cables in Level 1 NVLink Switches**



Source: Company data, CMBIGM

## Earnings forecasts

Figure 5: Revenue breakdown

US\$ 000	FY22	FY23	FY24E	FY25E	FY26E
<b>Computing</b>	<b>819,708</b>	<b>773,285</b>	<b>827,415</b>	<b>934,979</b>	<b>1,056,526</b>
...YoY	2%	-6%	7%	13%	13%
<b>Smartphones</b>	<b>1,261,047</b>	<b>1,044,335</b>	<b>960,788</b>	<b>1,008,828</b>	<b>1,059,269</b>
...YoY	-3%	-17%	-8%	5%	5%
<b>Networking</b>	<b>753,854</b>	<b>424,793</b>	<b>509,752</b>	<b>626,994</b>	<b>783,743</b>
...YoY	-14%	-44%	20%	23%	25%
<b>EV Mobility</b>	<b>152,814</b>	<b>305,098</b>	<b>558,341</b>	<b>694,232</b>	<b>865,122</b>
...YoY	10%	100%	83%	24%	25%
EV business	152,814	137,553	158,186	181,914	209,201
Prettl SWH	-	167,545	400,155	512,318	655,921
<b>System Products</b>	<b>1,335,580</b>	<b>1,415,280</b>	<b>1,579,127</b>	<b>1,853,283</b>	<b>2,160,230</b>
...YoY	20%	6%	12%	17%	17%
<b>Others</b>	<b>207,600</b>	<b>232,759</b>	<b>279,311</b>	<b>293,276</b>	<b>307,940</b>
...YoY	-17%	12%	20%	5%	5%
<b>Total</b>	<b>4,530,603</b>	<b>4,195,550</b>	<b>4,714,734</b>	<b>5,411,592</b>	<b>6,232,830</b>
...YoY	<b>0.9%</b>	<b>-7.4%</b>	<b>12.4%</b>	<b>14.8%</b>	<b>15.2%</b>

Source: Company data, CMBIGM estimates

Figure 6: P&L forecast

US\$ mn	FY22	FY23	FY24E	FY25E	FY26E
<b>Revenue</b>	<b>4,531</b>	<b>4,196</b>	<b>4,715</b>	<b>5,412</b>	<b>6,233</b>
...YoY	0.9%	-7.4%	12.4%	14.8%	15.2%
Cost of sales	-3,763	(3,388)	(3,759)	(4,284)	(4,884)
<b>Gross profit</b>	<b>768</b>	<b>807</b>	<b>956</b>	<b>1,128</b>	<b>1,349</b>
<b>GPM (%)</b>	<b>17%</b>	<b>19%</b>	<b>20%</b>	<b>21%</b>	<b>22%</b>
...YoY	14.1%	5.1%	18.5%	18.0%	19.6%
SG&A	-223	(295)	(325)	(373)	(430)
...% of rev	-4.9%	-7.0%	-6.9%	-6.9%	-6.9%
R&D	-296	(308)	(342)	(392)	(452)
...% of rev	-6.5%	-7.3%	-7.3%	-7.3%	-7.3%
<b>Operating profit</b>	<b>307</b>	<b>263</b>	<b>352</b>	<b>422</b>	<b>529</b>
OPM (%)	6.8%	6.3%	7.5%	7.8%	8.5%
...YoY	74.0%	-14.5%	33.7%	19.9%	25.5%
<b>Net profit</b>	<b>170</b>	<b>129</b>	<b>200</b>	<b>255</b>	<b>339</b>
NPM (%)	3.7%	3.1%	4.3%	4.7%	5.4%
...YoY	23.2%	-24.0%	55.4%	27.4%	32.7%

Source: Company data, CMBIGM estimates

## Valuation

### Maintain BUY with TP of HK\$2.42

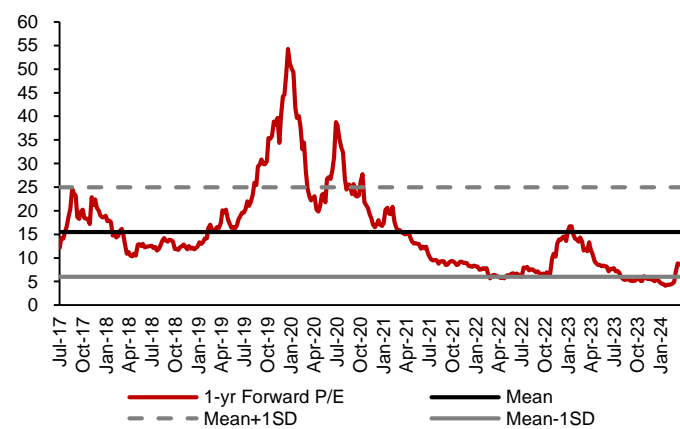
Our 12m TP of HK\$ 2.42 is based on 11x FY24E P/E (33% discount to 5-year hist. avg.), given accelerated growth on “3+3 Strategy” and probability recovery. Trading at 9.7x/7.6x FY24/25E P/E, we think risk-reward is attractive. Upcoming catalysts include TWS product shipment progress and AI server related product design wins.

Figure 7: Peers' valuation

Company	Ticker	Rating	Market Cap US\$(mn)	Price (LC)	TP (LC)	Up/ Down -side	P/E (x)		P/B (x)		ROE (%)	
							FY23E	FY24E	FY23E	FY24E	FY23E	FY24E
<b>Global Connectors</b>												
TE	TEL US	NR	45,304	146.71	NA	NA	21.9	19.3	4.0	3.4	19.1	18.6
Amphenol	APH US	NR	69,710	115.88	NA	NA	39.1	35.1	8.7	7.3	24.4	22.9
Fabrinet	FN US	NR	6,480	178.48	NA	NA	23.4	21.5	4.4	3.8	20.6	18.2
Aviat	6807 JP	NR	1,449	2405.00	NA	NA	14.1	16.6	1.3	1.2	9.4	7.4
Hirose	6806 JP	NR	3,749	15840.00	NA	NA	15.6	20.3	1.6	1.5	10.1	7.5
Luxshare	002475 CH	BUY	28,071	28.30	47.0	66%	18.3	14.4	2.0	1.8	10.9	12.3
Foxconn	2354 TT	NR	2,569	58.60	NA	NA	13.5	10.8	0.5	0.5	5.8	7.0
Hon Hai	2317 TT	NR	65,308	152.00	NA	NA	16.0	13.4	1.4	1.2	8.8	9.5
<b>Average</b>							<b>19.2</b>	<b>18.9</b>	<b>2.8</b>	<b>2.6</b>	<b>13.0</b>	<b>12.9</b>
<b>China technology</b>												
FIT Hon Teng	6088 HK	BUY	1,898	2.15	2.42	13%	15.1	9.7	0.8	0.7	5.4	7.9
AACTech	2018 HK	HOLD	3,992	26.10	22.4	-14%	37.2	20.4	1.2	1.2	3.3	5.8
Sunny Optical	2382 HK	HOLD	5,836	41.70	47.3	13%	37.0	30.2	1.8	1.7	4.8	5.7
Tongda	698 HK	BUY	92	0.07	0.2	130%	4.1	2.6	0.1	0.1	2.3	3.5
BYDE	285 HK	BUY	7,777	27.05	46.5	72%	13.6	9.9	1.9	2.9	13.7	29.0
Q tech	1478 HK	BUY	511	3.38	3.9	16%	12.1	9.2	0.7	0.7	6.1	7.6
TK Group	2283 HK	BUY	159	1.50	2.8	86%	6.0	4.4	0.7	0.7	12.3	15.3
YOFC	6869 HK	NR	1,963	8.91	NA	NA	5.2	5.8	0.6	0.5	11.8	10.1
Cowell	1415 HK	NR	1,842	16.92	NA	NA	28.0	18.0	4.3	3.6	14.4	21.9
<b>Average</b>							<b>17.5</b>	<b>12.2</b>	<b>1.3</b>	<b>1.3</b>	<b>8.2</b>	<b>11.8</b>

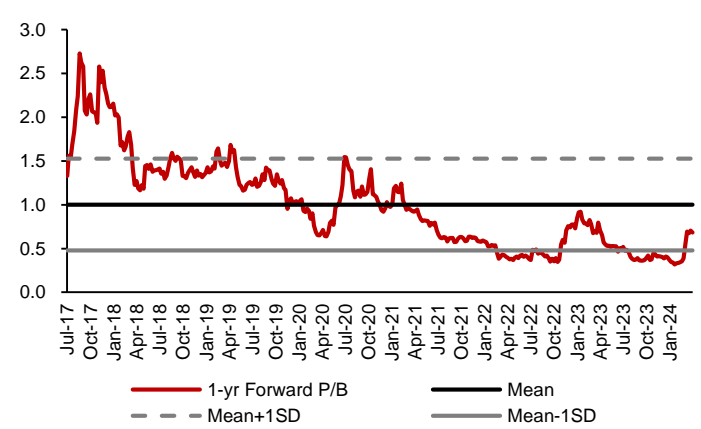
Source: Bloomberg, CMBIGM

Figure 8: 12M forward P/E band



Source: Company data, CMBIGM

Figure 9: 12M forward P/B band



Source: Company data, CMBIGM

## Financial Summary

INCOME STATEMENT	2021A	2022A	2023A	2024E	2025E	2026E
<b>YE 31 Dec (US\$ mn)</b>						
<b>Revenue</b>	<b>4,490</b>	<b>4,531</b>	<b>4,196</b>	<b>4,715</b>	<b>5,412</b>	<b>6,233</b>
Cost of goods sold	(3,817)	(3,763)	(3,388)	(3,759)	(4,284)	(4,884)
<b>Gross profit</b>	<b>673</b>	<b>768</b>	<b>807</b>	<b>956</b>	<b>1,128</b>	<b>1,349</b>
Selling expense	(105)	(93)	(105)	(118)	(135)	(156)
Admin expense	(161)	(130)	(191)	(207)	(238)	(274)
R&D expense	(301)	(296)	(308)	(342)	(392)	(452)
Others	70	58	61	63	60	62
<b>Operating profit</b>	<b>177</b>	<b>307</b>	<b>263</b>	<b>352</b>	<b>422</b>	<b>529</b>
Share of (losses)/profits of associates/JV	(8)	(46)	(50)	(50)	(50)	(50)
Interest expense	(2)	(14)	(33)	(33)	(30)	(26)
<b>Pre-tax profit</b>	<b>167</b>	<b>248</b>	<b>179</b>	<b>268</b>	<b>342</b>	<b>454</b>
Income tax	(31)	(78)	(50)	(67)	(85)	(113)
Minority interest	(1)	1	1	1	1	1
<b>Net profit</b>	<b>137</b>	<b>170</b>	<b>130</b>	<b>201</b>	<b>256</b>	<b>340</b>
<b>BALANCE SHEET</b>						
<b>YE 31 Dec (US\$ mn)</b>						
<b>Current assets</b>	<b>3,034</b>	<b>2,764</b>	<b>3,112</b>	<b>2,899</b>	<b>3,445</b>	<b>4,042</b>
Cash & equivalents	769	914	1,316	903	1,164	1,457
Account receivables	1,033	720	807	909	1,061	1,208
Inventories	982	967	802	901	1,034	1,191
ST bank deposits	98	66	4	4	4	4
<b>Non-current assets</b>	<b>1,973</b>	<b>1,783</b>	<b>1,982</b>	<b>2,498</b>	<b>2,426</b>	<b>2,317</b>
PP&E	823	753	900	1,416	1,344	1,235
Deferred income tax	133	131	126	126	126	126
Investment in JVs & assos	172	123	73	73	73	73
Intangibles	634	601	700	700	700	700
Other non-current assets	211	175	182	182	182	182
<b>Total assets</b>	<b>5,007</b>	<b>4,547</b>	<b>5,094</b>	<b>5,397</b>	<b>5,871</b>	<b>6,359</b>
<b>Current liabilities</b>	<b>1,937</b>	<b>1,539</b>	<b>2,563</b>	<b>2,666</b>	<b>2,884</b>	<b>3,031</b>
Short-term borrowings	690	453	1,383	1,383	1,383	1,383
Account payables	1,138	971	1,095	1,197	1,415	1,563
Tax payable	94	98	70	70	70	70
Other current liabilities	15	18	17	17	17	17
<b>Non-current liabilities</b>	<b>674</b>	<b>661</b>	<b>93</b>	<b>93</b>	<b>93</b>	<b>93</b>
Long-term borrowings	576	575	0	0	0	0
Obligations under finance leases	46	43	41	41	41	41
Other non-current liabilities	52	43	52	52	52	52
<b>Total liabilities</b>	<b>2,611</b>	<b>2,200</b>	<b>2,656</b>	<b>2,758</b>	<b>2,976</b>	<b>3,124</b>
Share capital	139	142	142	142	142	142
Other reserves	2,348	2,295	2,384	2,586	2,842	3,182
<b>Total shareholders equity</b>	<b>2,396</b>	<b>2,347</b>	<b>2,437</b>	<b>2,639</b>	<b>2,895</b>	<b>3,235</b>
Minority interest	1	2	3	3	3	3
<b>Total equity and liabilities</b>	<b>5,007</b>	<b>4,547</b>	<b>5,094</b>	<b>5,397</b>	<b>5,871</b>	<b>6,359</b>

<b>CASH FLOW</b>	<b>2021A</b>	<b>2022A</b>	<b>2023A</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>
<b>YE 31 Dec (US\$ mn)</b>						
<b>Operating</b>						
<b>Profit before taxation</b>	<b>167</b>	<b>248</b>	<b>179</b>	<b>268</b>	<b>342</b>	<b>454</b>
Depreciation & amortization	251	232	345	434	472	509
Tax paid	(91)	(79)	(50)	(67)	(85)	(113)
Change in working capital	(257)	93	201	(99)	(67)	(156)
Others	15	62	0	0	0	0
<b>Net cash from operations</b>	<b>85</b>	<b>556</b>	<b>676</b>	<b>537</b>	<b>661</b>	<b>693</b>
<b>Investing</b>						
Capital expenditure	(216)	(113)	(800)	(950)	(400)	(400)
Acquisition of subsidiaries/ investments	0	0	0	0	0	0
Others	(4)	47	0	0	0	0
<b>Net cash from investing</b>	<b>(220)</b>	<b>(66)</b>	<b>(800)</b>	<b>(950)</b>	<b>(400)</b>	<b>(400)</b>
<b>Financing</b>						
Dividend paid	0	0	0	0	0	0
Net borrowings	0	0	0	0	0	0
Proceeds from share issues	0	0	0	0	0	0
Share repurchases	(1)	(2)	0	0	0	0
Others	121	(268)	0	0	0	0
<b>Net cash from financing</b>	<b>120</b>	<b>(270)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net change in cash</b>						
Cash at the beginning of the year	766	769	914	1,316	903	1,164
Exchange difference	19	(75)	0	0	0	0
<b>Cash at the end of the year</b>	<b>769</b>	<b>914</b>	<b>1,316</b>	<b>903</b>	<b>1,164</b>	<b>1,457</b>
<b>GROWTH</b>	<b>2021A</b>	<b>2022A</b>	<b>2023A</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>
<b>YE 31 Dec</b>						
Revenue	4.1%	0.9%	(7.4%)	12.4%	14.8%	15.2%
Gross profit	16.1%	14.1%	5.1%	18.5%	18.0%	19.6%
Operating profit	41.6%	74.0%	(14.5%)	33.7%	19.9%	25.5%
Net profit	221.3%	24.5%	(23.9%)	55.3%	27.4%	32.7%
<b>PROFITABILITY</b>	<b>2021A</b>	<b>2022A</b>	<b>2023A</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>
<b>YE 31 Dec</b>						
Gross profit margin	15.0%	16.9%	19.2%	20.3%	20.8%	21.6%
Operating margin	3.9%	6.8%	6.3%	7.5%	7.8%	8.5%
Return on equity (ROE)	6.0%	7.2%	5.4%	7.9%	9.3%	11.1%
<b>GEARING/LIQUIDITY/ACTIVITIES</b>	<b>2021A</b>	<b>2022A</b>	<b>2023A</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>
<b>YE 31 Dec</b>						
Net debt to equity (x)	na	na	0.0	0.0	0.0	na
Current ratio (x)	1.6	1.8	1.2	1.1	1.2	1.3
Receivable turnover days	84.0	58.0	70.2	70.4	71.6	70.7
Inventory turnover days	93.9	93.8	86.4	87.5	88.1	89.0
Payable turnover days	108.8	94.2	117.9	116.2	120.5	116.8
<b>VALUATION</b>	<b>2021A</b>	<b>2022A</b>	<b>2023A</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>
<b>YE 31 Dec</b>						
P/E	13.5	11.3	15.1	9.7	7.6	5.7
P/B	0.8	0.8	0.8	0.7	0.7	0.6
Div yield (%)	163.5	0.0	0.0	0.0	0.0	0.0

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

# 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

<b>BUY</b>	: Stock with potential return of over 15% over next 12 months
<b>HOLD</b>	: Stock with potential return of +15% to -10% over next 12 months
<b>SELL</b>	: Stock with potential loss of over 10% over next 12 months
<b>NOT RATED</b>	: Stock is not rated by CMBIGM
<b>OUTPERFORM</b>	: Industry expected to outperform the relevant broad market benchmark over next 12 months
<b>MARKET-PERFORM</b>	: Industry expected to perform in-line with the relevant broad market benchmark over next 12 months
<b>UNDERPERFORM</b>	: 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 CMBIGM 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.