

# FIT Hon Teng (6088 HK)

## Weak 1Q23 as expected; Expect multiple drivers from iPhone/CPU socket/400G/EV in 2H23E

FIT Hon Teng announced 1Q23 results with net loss of US\$ 9.3mn, in-line with earlier preview and our estimates, mainly due to weak seasonality and US\$5mn expense on digital transformation. Despite near-term pressure for digitalization and overseas expansion, mgmt. maintained FY23E sales/earnings guidance, and expected earnings recovery in 2H23E, driven by new iPhone, 400G module, CPU socket and Prettl's M&A integration. We slightly revised FY23-25E EPS by 1-5% to reflect higher expense for business transformation. The stock now trades at 9.2x/7.5x FY23E/24E P/E. Reiterate BUY with new TP of HK\$2.18 based on same 11x FY24E P/E. Catalysts include M&A and TWS progress.

- **1Q23 dragged by weak CE demand and higher expense.** FIT 1Q23 results came in at revenue of US\$ 862mn (-18% YoY) and net profit of US\$ -9mn, in-line with its earlier announcement. By segment, smartphone/networking/computing/EV/system product revenue declined 20%/44%/19%/12%/0% YoY. Smartphone/computing suffered from high base and soft market demand, while networking segment was impacted by product optimization. 1Q23 earnings was also dragged by additional US\$5mn expense for FIT's digital transformation.
- **Overseas expansion on track; Multiple growth drivers to emerge in 2H23E.** In addition to land purchase plan in India as announced, FIT also planned to rent extra land of area 480,000 sqm in Vietnam for global manufacturing expansion. Despite short-term earnings pressure in 1H23E, we believe new iPhone launch, 400G optical module, new CPU socket ramp-up, MagSafe product for MR and Prettl M&A consolidation will lead to revenue recovery 2H23E. Mgmt. also guided double-digit gross profit growth driven by improved product mix in FY23E. Global manufacturing expansion will allow FIT to capture opportunities in US major client's TWS projects and expansion in EV business, which will be major growth drivers in FY24/25E.
- **Attractive risk/reward; Product rollouts and overseas expansion to boost growth in FY24/25E.** We trimmed our FY23-15E EPS by 1-5% to reflect higher investments and expenses in near term. Our new TP of HK\$2.18 is based on same 11x FY24E P/E (33% below 5-year hist. avg.). Trading at 9.2x/7.5x FY23E/24E P/E, we think risk-reward remains attractive. Upcoming catalysts include TWS order wins and Prettl M&A progress.

### Earnings Summary

(YE 31 Dec)	FY21A	FY22A	FY23E	FY24E	FY25E
Revenue (US\$ mn)	4,490	4,531	4,495	5,014	5,513
YoY growth (%)	4.1	0.9	(0.8)	11.5	9.9
Net profit (US\$ mn)	136.8	170.3	143.6	177.7	220.3
YoY growth (%)	221.3	24.5	(15.7)	23.8	23.9
EPS (Reported) (US\$ cents)	2.04	2.42	2.06	2.55	3.16
Consensus EPS (US\$)	na	2.42	2.46	2.62	3.30
P/E (x)	13.4	6.6	9.2	7.5	6.0
P/B (x)	0.8	0.5	0.5	0.5	0.5
Yield (%)	0.0	0.0	0.0	0.0	0.0
ROE (%)	6.0	7.2	5.9	6.9	7.9
Net gearing (%)	na	na	na	na	na

Source: Company data, Bloomberg, CMBIGM estimates

## BUY (Maintain)

Target Price	HK\$2.18
(Previous TP)	HK\$2.30)
Up/Downside	46.5%
Current Price	HK\$1.49

### 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)	10,827.8
Avg 3 mths t/o (HK\$ mn)	15.7
52w High/Low (HK\$)	2.46/0.92
Total Issued Shares (mn)	7267.0

Source: FactSet

### Shareholding Structure

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

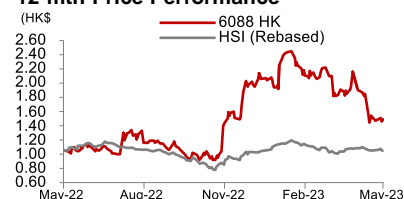
Source: HKEx

### Share Performance

	Absolute	Relative
1-mth	-23.2%	-20.3%
3-mth	-29.4%	-24.2%
6-mth	2.8%	-9.8%

Source: FactSet

### 12-mth Price Performance



Source: FactSet

### Related Reports:

1. FIT Hon Teng (6088 HK) – Recent correction overdone; Investment to accelerate “3+3 strategy” transition - 16 Mar 2023 ([link](#))
2. FIT Hon Teng (6088 HK) – FY22 Preview: Strong execution of “3+3 Strategy”; Raise TP to HK\$2.66 – 14 Mar 2023 ([link](#))

## Earnings Revision

**Figure 1: CMBIGM earnings revisions**

(US\$ mn)	New			Old			Change (%)		
	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Revenue	4,495	5,014	5,513	4,690	5,217	5,729	-4%	-4%	-4%
Gross profit	835	887	976	830	923	1,014	1%	-4%	-4%
Operating profit	263	275	326	239	287	338	10%	-4%	-4%
Net profit	144	178	221	146	188	231	-1%	-5%	-4%
EPS (USD cents)	2.06	2.55	3.16	2.08	2.69	3.30	-1%	-5%	-4%
Gross margin	18.6%	17.7%	17.7%	17.7%	17.7%	17.7%	0.9 ppt	0 ppt	0 ppt
Operating margin	5.8%	5.5%	5.9%	5.1%	5.5%	5.9%	0.8 ppt	0 ppt	0 ppt
Net Margin	3.2%	3.6%	4.0%	3.1%	3.6%	4.0%	0.1 ppt	0 ppt	0 ppt

Source: Company data, CMBIGM estimates

**Figure 2: CMBIGM estimates vs consensus**

(US\$ mn)	CMBI			Consensus			Diff (%)		
	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Revenue	4,495	5,014	5,513	4,658	5,027	5,480	-3%	0%	1%
Gross profit	835	887	976	816	889	978	2%	0%	0%
Operating profit	263	275	326	256	293	328	3%	-6%	-1%
Net profit	144	178	221	165	192	219	-13%	-7%	1%
EPS (USD cents)	2.06	2.55	3.16	2.46	2.62	3.30	-16%	-3%	-4%
Gross margin	18.6%	17.7%	17.7%	17.5%	17.7%	17.8%	1.1 ppt	0 ppt	-0.1 ppt
Operating margin	5.8%	5.5%	5.9%	5.5%	5.8%	6.0%	0.3 ppt	-0.3 ppt	-0.1 ppt
Net Margin	3.2%	3.6%	4.0%	3.6%	3.8%	4.0%	-0.3 ppt	-0.3 ppt	0 ppt

Source: Company data, CMBIGM estimates

**Figure 3: Revenue breakdown**

US\$ 000	FY21	FY22	FY23E	FY24E	FY25E
<b>Computing</b>	<b>803,167</b>	<b>819,708</b>	<b>860,693</b>	<b>946,763</b>	<b>1,069,842</b>
...YoY		2%	5%	10%	13%
<b>Smartphones</b>	<b>1,306,718</b>	<b>1,261,047</b>	<b>1,109,721</b>	<b>1,143,013</b>	<b>1,200,164</b>
...YoY		-3%	-12%	3%	5%
<b>Networking</b>	<b>879,468</b>	<b>753,854</b>	<b>633,237</b>	<b>664,899</b>	<b>698,144</b>
...YoY		-14%	-16%	5%	5%
<b>EV Mobility</b>	<b>138,894</b>	<b>152,814</b>	<b>366,286</b>	<b>593,464</b>	<b>724,959</b>
...YoY		10%	140%	62%	22%
EV business		152,814	175,736	193,310	212,641
Prettl SWH		-	190,550	400,155	512,318
<b>Systems Products</b>	<b>1,113,045</b>	<b>1,335,580</b>	<b>1,348,936</b>	<b>1,483,829</b>	<b>1,632,212</b>
...YoY		20%	1%	10%	10%
<b>Others</b>	<b>248,923</b>	<b>207,600</b>	<b>176,460</b>	<b>181,754</b>	<b>187,206</b>
...YoY		-17%	-15%	3%	3%
<b>Total</b>	<b>4,490,215</b>	<b>4,530,603</b>	<b>4,495,334</b>	<b>5,013,723</b>	<b>5,512,527</b>
...YoY		0.9%	-0.8%	11.5%	9.9%

Source: Company data, CMBIGM estimates

**Figure 4: P&L forecast**

US\$ mn	FY20	FY21	FY22	FY23E	FY24E	FY25E
<b>Revenue</b>	<b>4,315</b>	<b>4,490</b>	<b>4,531</b>	<b>4,495</b>	<b>5,014</b>	<b>5,513</b>
...YoY	-1.3%	4.1%	0.9%	-0.8%	11.5%	9.9%
Cost of sales	-3,735	-3,817	-3,763	-3,660	-4,127	-4,536
<b>Gross profit</b>	<b>580</b>	<b>673</b>	<b>768</b>	<b>835</b>	<b>887</b>	<b>976</b>
<b>GPM (%)</b>	<b>13%</b>	<b>15%</b>	<b>17%</b>	<b>19%</b>	<b>18%</b>	<b>18%</b>
...YoY	-23.1%	16.1%	14.1%	8.7%	6.2%	10.1%
SG&A	-230	-266	-223	-328	-326	-336
...% of rev	-5.3%	-5.9%	-4.9%	-7.3%	-6.5%	-6.1%
R&D	-235	-301	-296	-301	-336	-369
...% of rev	-5.4%	-6.7%	-6.5%	-6.7%	-6.7%	-6.7%
<b>Operating profit</b>	<b>125</b>	<b>177</b>	<b>307</b>	<b>263</b>	<b>275</b>	<b>326</b>
<b>OPM (%)</b>	<b>2.9%</b>	<b>3.9%</b>	<b>6.8%</b>	<b>5.8%</b>	<b>5.5%</b>	<b>5.9%</b>
...YoY	-54.7%	41.6%	74.0%	-14.5%	4.7%	18.3%
<b>Net profit</b>	<b>43</b>	<b>138</b>	<b>170</b>	<b>144</b>	<b>178</b>	<b>221</b>
<b>NPM (%)</b>	<b>1.0%</b>	<b>3.1%</b>	<b>3.7%</b>	<b>3.2%</b>	<b>3.6%</b>	<b>4.0%</b>
...YoY	-81.9%	223.8%	23.2%	-15.0%	23.8%	23.9%

Source: Company data, CMBIGM estimates

## Valuation

### Maintain BUY with new TP of HK\$2.18 (46.5% upside)

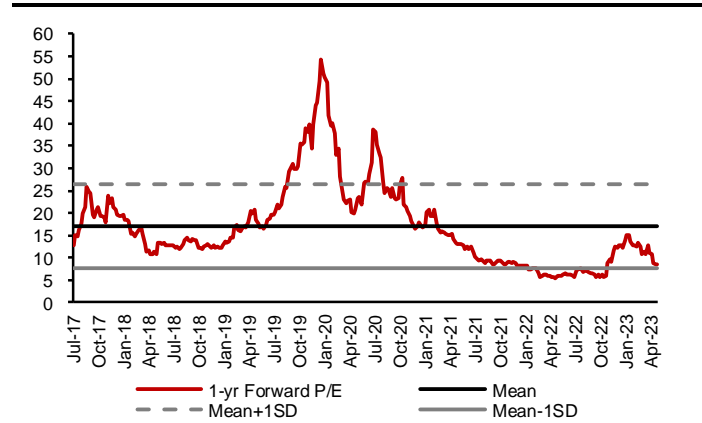
Our new 12m TP of HK\$ 2.18 is based on same 11x FY24E P/E (33% discount to 5-year hist. avg.), given accelerated growth on “3+3 Strategy” and probability recovery. Trading at 9.2x/7.5x FY23/24E P/E, we think risk-reward is attractive. Upcoming catalysts include Prettl acquisition progress, Apple share gain and improving margins.

**Figure 5: Peers' valuation**

			Market Cap	Price	TP	Up/ Down	P/E (x)		P/B (x)		ROE (%)	
Company	Ticker	Rating	US\$(mn)	(LC)	(LC)	-side	FY23E	FY24E	FY23E	FY24E	FY23E	FY24E
Global Connectors												
TE	TEL US	NR	37,697	119.63	NA	NA	18.2	15.9	3.3	3.0	18.5	20.0
Amphenol	APH US	NR	44,560	74.85	NA	NA	25.6	23.2	5.7	5.1	24.5	24.5
Fabrinet	FN US	NR	3,314	91.39	NA	NA	12.0	11.6	2.2	2.0	20.6	18.2
Aviat	6807 JP	NR	1,691	2462	NA	NA	14.5	14.4	1.3	1.2	9.4	9.5
Hirose	6806 JP	NR	5,137	18540	NA	NA	18.2	19.1	1.8	1.8	10.1	9.4
Luxshare	002475 CH	BUY	27,226	26.53	48.0	81%	17.6	14.3	1.8	1.6	10.5	11.4
Cheng Uei	2392 TT	NR	678	40.70	NA	NA	9.4	-	0.8	-	8.8	-
Foxconn	2354 TT	NR	2,411	52.40	NA	NA	14.0	12.0	0.7	0.7	5.0	5.6
Hon Hai	2317 TT	NR	47,352	105.00	NA	NA	10.0	8.7	0.9	0.9	9.8	10.7
Average							15.5	14.9	2.1	2.0	13.0	13.7
China technology												
FIT Hon Teng	6088 HK	BUY	1,386	1.49	2.18	46%	9.3	7.5	0.5	0.5	5.6	6.7
AAC Tech	2018 HK	HOLD	2,649	17.32	15.6	-10%	15.9	14.3	0.8	0.8	5.2	5.7
Sunny Optical	2382 HK	HOLD	11,610	82.95	86.8	5%	25.3	21.9	3.4	3.1	13.4	14.1
Tongda	698 HK	BUY	124	0.10	0.2	100%	2.8	2.5	0.1	0.1	2.9	4.7
BYDE	285 HK	HOLD	6,987	24.30	24.5	1%	16.6	13.6	1.7	1.6	10.4	11.4
Q tech	1478 HK	BUY	549	3.63	5.2	43%	7.6	5.6	0.7	0.7	9.8	12.0
TK Group	2283 HK	BUY	175	1.65	3.4	105%	3.2	4.2	0.7	0.7	20.7	17.8
FIH	2083 HK	NR	859	0.85	NA	NA	21.7	10.8	0.5	0.5	2.2	4.4
YOFC	6869 HK	NR	379	0.94	NA	NA	-	-	-	-	-	-
Cowell	1415 HK	NR	NR	1,762	16.36	NA	NA	17.4	12.1	3.9	3.0	23.6
Average								12.6	9.9	1.3	1.2	10.5

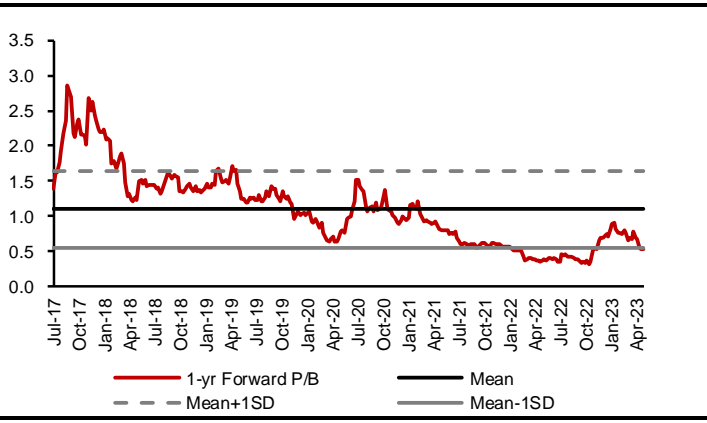
Source: Bloomberg, CMBIGM

Figure 6: 12M forward P/E band



Source: Company data, CMBIGM

Figure 7: 12M forward P/B band



Source: Company data, CMBIGM

## Financial Summary

INCOME STATEMENT	2020A	2021A	2022A	2023E	2024E	2025E
YE 31 Dec (US\$ mn)						
<b>Revenue</b>	<b>4,315</b>	<b>4,490</b>	<b>4,531</b>	<b>4,495</b>	<b>5,014</b>	<b>5,513</b>
Cost of goods sold	(3,735)	(3,817)	(3,763)	(3,660)	(4,127)	(4,536)
<b>Gross profit</b>	<b>580</b>	<b>673</b>	<b>768</b>	<b>835</b>	<b>887</b>	<b>976</b>
Selling expense	(97)	(105)	(93)	(148)	(135)	(143)
Admin expense	(134)	(161)	(130)	(180)	(191)	(193)
R&D expense	(235)	(301)	(296)	(301)	(336)	(369)
Others	11	70	58	57	50	55
<b>Operating profit</b>	<b>125</b>	<b>177</b>	<b>307</b>	<b>263</b>	<b>275</b>	<b>326</b>
Share of (losses)/profits of associates/JV	(9)	(8)	(46)	(46)	(46)	(46)
Interest expense	1	(2)	(14)	(12)	(10)	(8)
<b>Pre-tax profit</b>	<b>117</b>	<b>167</b>	<b>248</b>	<b>205</b>	<b>219</b>	<b>272</b>
Income tax	(74)	(31)	(78)	(62)	(42)	(52)
Minority interest	0	(1)	1	(1)	(1)	(1)
<b>Net profit</b>	<b>43</b>	<b>137</b>	<b>170</b>	<b>144</b>	<b>178</b>	<b>220</b>

BALANCE SHEET	2020A	2021A	2022A	2023E	2024E	2025E
YE 31 Dec (US\$ mn)						
<b>Current assets</b>	<b>2,848</b>	<b>3,034</b>	<b>2,764</b>	<b>2,563</b>	<b>2,875</b>	<b>3,193</b>
Cash & equivalents	766	769	914	421	721	641
Account receivables	872	1,033	720	1,019	921	1,212
Inventories	944	982	967	959	1,070	1,176
ST bank deposits	126	98	66	66	66	66
<b>Non-current assets</b>	<b>1,791</b>	<b>1,973</b>	<b>1,783</b>	<b>2,238</b>	<b>2,255</b>	<b>2,235</b>
PP&E	728	823	753	1,208	1,225	1,205
Deferred income tax	135	133	131	131	131	131
Investment in JVs & assos	24	172	123	123	123	123
Intangibles	709	634	601	601	601	601
Other non-current assets	195	211	175	175	175	175
<b>Total assets</b>	<b>4,639</b>	<b>5,007</b>	<b>4,547</b>	<b>4,801</b>	<b>5,130</b>	<b>5,428</b>
<b>Current liabilities</b>	<b>1,790</b>	<b>1,937</b>	<b>1,539</b>	<b>1,649</b>	<b>1,801</b>	<b>1,879</b>
Short-term borrowings	604	690	453	453	453	453
Account payables	1,032	1,138	971	1,081	1,232	1,310
Tax payable	129	94	98	98	98	98
Other current liabilities	26	15	18	18	18	18
<b>Non-current liabilities</b>	<b>659</b>	<b>674</b>	<b>661</b>	<b>661</b>	<b>661</b>	<b>661</b>
Long-term borrowings	575	576	575	575	575	575
Obligations under finance leases	29	46	43	43	43	43
Other non-current liabilities	55	52	43	43	43	43
<b>Total liabilities</b>	<b>2,449</b>	<b>2,611</b>	<b>2,200</b>	<b>2,310</b>	<b>2,462</b>	<b>2,540</b>
Share capital	135	139	142	142	142	142
Other reserves	2,145	2,348	2,295	2,439	2,616	2,836
<b>Total shareholders equity</b>	<b>2,190</b>	<b>2,396</b>	<b>2,347</b>	<b>2,491</b>	<b>2,668</b>	<b>2,888</b>
Minority interest	3	1	2	2	2	2
<b>Total equity and liabilities</b>	<b>4,639</b>	<b>5,007</b>	<b>4,547</b>	<b>4,801</b>	<b>5,130</b>	<b>5,428</b>

CASH FLOW	2020A	2021A	2022A	2023E	2024E	2025E
<b>YE 31 Dec (US\$ mn)</b>						
<b>Operating</b>						
Profit before taxation	117	167	248	205	219	272
Depreciation & amortization	241	146	270	345	383	420
Tax paid	(39)	(31)	(78)	(62)	(42)	(52)
Change in working capital	(279)	(93)	161	(182)	140	(320)
Others	74	(104)	0	0	0	0
<b>Net cash from operations</b>	<b>115</b>	<b>85</b>	<b>602</b>	<b>307</b>	<b>700</b>	<b>320</b>
<b>Investing</b>						
Capital expenditure	(335)	(241)	(200)	(800)	(400)	(400)
Acquisition of subsidiaries/ investments	0	0	0	0	0	0
Others	(21)	461	0	0	0	0
<b>Net cash from investing</b>	<b>(356)</b>	<b>220</b>	<b>(200)</b>	<b>(800)</b>	<b>(400)</b>	<b>(400)</b>
<b>Financing</b>						
Dividend paid	0	(30)	0	0	0	0
Net borrowings	0	86	0	0	0	0
Proceeds from share issues	0	0	0	0	0	0
Share repurchases	(1)	0	0	0	0	0
Others	73	65	0	0	0	0
<b>Net cash from financing</b>	<b>71</b>	<b>120</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	892	766	769	914	421	721
Exchange difference	43	0	0	0	0	0
<b>Cash at the end of the year</b>	<b>766</b>	<b>769</b>	<b>914</b>	<b>421</b>	<b>721</b>	<b>641</b>
GROWTH	2020A	2021A	2022A	2023E	2024E	2025E
<b>YE 31 Dec</b>						
Revenue	(1.3%)	4.1%	0.9%	(0.8%)	11.5%	9.9%
Gross profit	(23.1%)	16.1%	14.1%	8.7%	6.2%	10.1%
Operating profit	(54.7%)	41.6%	74.0%	(14.5%)	4.7%	18.3%
Net profit	(81.8%)	221.3%	24.5%	(15.7%)	23.8%	23.9%
PROFITABILITY	2020A	2021A	2022A	2023E	2024E	2025E
<b>YE 31 Dec</b>						
Gross profit margin	13.4%	15.0%	16.9%	18.6%	17.7%	17.7%
Operating margin	2.9%	3.9%	6.8%	5.8%	5.5%	5.9%
Return on equity (ROE)	2.0%	6.0%	7.2%	5.9%	6.9%	7.9%
GEARING/LIQUIDITY/ACTIVITIES	2020A	2021A	2022A	2023E	2024E	2025E
<b>YE 31 Dec</b>						
Net debt to equity (x)	na	na	na	0.0	na	na
Current ratio (x)	1.6	1.6	1.8	1.6	1.6	1.7
Receivable turnover days	73.7	84.0	58.0	82.8	67.0	80.3
Inventory turnover days	92.3	93.9	93.8	95.7	94.6	94.6
Payable turnover days	100.8	108.8	94.2	107.8	109.0	105.4
VALUATION	2020A	2021A	2022A	2023E	2024E	2025E
<b>YE 31 Dec</b>						
P/E	55.1	13.4	6.6	9.2	7.5	6.0
P/B	1.1	0.8	0.5	0.5	0.5	0.5
Div yield (%)	39.9	164.4	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 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.