

FIT Hon Teng (6088 HK)

3Q22 beat on solid execution of “3+3 Strategy”; Raise TP to HK\$1.84

We spoke to FIT mgmt. last week and remain positive on its solid roadmap of “3+3 Strategy” in FY23/24E. We raised FY22-24E EPS by 8-15% and lifted TP to HK\$1.84 based on rollovered 8x FY23E P/E (1-sd below hist. avg). FIT’s 3Q22 net profit of US\$ 50mn (+35% YoY) and revenue of US\$ 1.28bn (+11% YoY) beat market expectations, driven by stronger lightening products, EV mobility and Belkin/TWS. Improving product mix, operational efficiency and solid progress of “3+3 Strategy” led to better NPM in 3Q22 (3.9%, vs 3.2% in 3Q21). Looking ahead, we believe “3+3 Strategy” execution (EV, 5G AIoT, Audio) will become major growth drivers in FY23-24E. The stock now trades at attractive valuation of 7.0x/6.2x FY22/23E P/E (vs. 34%/13% EPS growth in FY22/23E). Reiterate BUY.

- 3Q22 beat; Strong smartphone, EV mobility and Belkin/TWS products.**
 FIT delivered strong 3Q22 performance in smartphone (lightening cables) and system products (Belkin/TWS earbuds) with 23%/25% YoY growth. Mgmt. expected further share gain in both segments given clients orders shifting to leading suppliers. Slower networking and computing segments (-7%/-15% YoY) in 3Q22 was a result of removal of low-margin optical business and diminishing WFH/LFH demand.
- Raised FY22E guidance on “3+3 Strategy” execution; Multiple growth drivers in FY23E.** In view of better product mix and profitability, mgmt. raised FY22E guidance for gross profit growth to 5-15% YoY (vs flat prior) and net profit growth to 15%+ YoY (vs flat prior). By segment, FIT guided stronger revenue in smartphone, EV mobility and system products, offsetting weaker networking and computing segments. Mgmt. reiterated “3+3 Strategy” sales mix to reach 31% in FY23E, with EV mobility accounting for double-digit in FY23E. In addition, FIT achieved meaningful progress in EV connectivity products with other tier-one and traditional OEMs (3Q22 EV Mobility +19% YoY), apart from Tesla charging modules. For Audio segment, FIT is set to benefit from holiday season and accessories for new iPhone/iPad. For 2023, mgmt. expected new CPU sockets compatible with Eagle Stream and Genoa platforms will also help to drive higher content value and margins ahead.
- Our FY22-24E EPS are 24-32% above consensus; Raise TP to HK\$1.84.** We lifted our FY22-24E EPS by 8-15% for mainly better margins and product mix. We raised TP to HK\$1.84 based on rollovered 8x FY23E P/E (1-sd below 5-year hist. avg.). Trading at 7.0x/6.2x FY22/23E P/E, we think risk-reward is extremely attractive. Upcoming catalysts include new products from Belkin/EV, M&A and improving margins.

Earnings Summary

(YE 31 Dec)	FY20A	FY21A	FY22E	FY23E	FY24E
Revenue (US\$ mn)	4,315	4,490	4,578	4,998	5,504
YoY growth (%)	(1.3)	4.1	2.0	9.2	10.1
Net profit (US\$ mn)	42.6	136.8	183.0	206.6	231.2
YoY growth (%)	(81.8)	221.3	33.8	12.9	11.9
EPS (Reported) (US\$ cents)	0.64	2.04	2.63	2.96	3.32
Consensus EPS (US\$)	na	na	2.00	2.25	2.67
P/E (x)	55.1	13.4	7.0	6.2	5.6
P/B (x)	1.1	0.8	0.5	0.5	0.4
Yield (%)	39.9	164.4	312.1	352.4	394.4
ROE (%)	2.0	6.0	7.4	7.9	8.3

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	HK\$1.84
(Previous TP)	HK\$1.78
Up/Downside	27.2%
Current Price	HK\$1.45

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)	10,537.2
Avg 3 mths t/o (HK\$ mn)	1.1
52w High/Low (HK\$)	1.72/0.88
Total Issued Shares (mn)	7267.0

Source: FactSet

Shareholding Structure

Foxconn Far East Ltd	71.2%
Lu Sung-Ching	5.9%

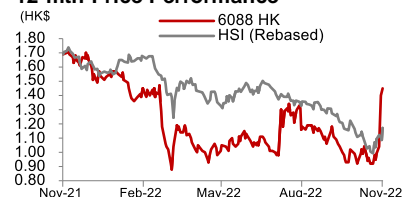
Source: HKEX

Share Performance

	Absolute	Relative
1-mth	49.5%	45.2%
3-mth	22.9%	42.4%
6-mth	38.1%	58.0%

Source: FactSet

12-mth Price Performance



Source: FactSet

Related Reports:

- [FIT Hon Teng \(6088 HK\) - Strong 1H22 in-line; Positive outlook on “3+3 strategy” - 11 Aug](#)
- [FIT Hon Teng \(6088 HK\) - 3+3 Strategy starts to bear fruit; Raise TP to HK\\$1.78 - 19 Jul](#)
- [FIT Hon Teng \(6088 HK\) - Corp Day Takeaways: “3+3 Strategy” to emerge as new growth driver – 16 Jun](#)

Results Review

Figure 1: 3Q22 results review

US\$ mn							CMBI		Consensus	
	3Q21	3Q22	YoY	9M21	9M22	YoY	FY22E	Track(%)	FY22E	Track (%)
Revenue	1,150	1,275	10.9%	3,132	3,376	7.8%	4,303	78%	4,602	73%
Gross profit	168	207	23.2%	436	558	28.0%	638	87%	693	77%
Operating profit	24	70	192%	20	158	690%	190	83%	165	87%
Net profit	40	50	25%	49	135	176%	135	100%	134	89%
EPS (USD cents)	0.59	0.71	20%	0.73	1.94	166%	2.42	80%	1.93	101%
Gross margin	14.6%	16.2%		13.9%	16.5%		14.8%		15.1%	
Operating margin	2.1%	5.5%		0.6%	4.7%		4.4%		3.6%	
Net margin	3.5%	3.9%		1.6%	4.0%		3.8%		2.9%	

Source: Company data, CMBIGM estimates

Earnings Revision

Figure 2: CMBIGM earnings revisions

(US\$ mn)	New			Old			Change (%)		
	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E
Revenue	4,578	4,998	5,504	4,672	5,108	5,635	-2%	-2%	-2%
Gross profit	723	791	877	705	790	884	3%	0%	-1%
Operating profit	220	246	274	187	213	247	18%	16%	11%
Net profit	182	205	230	154	177	207	18%	16%	11%
EPS (USD cents)	2.63	2.96	3.32	2.28	2.62	3.07	15%	13%	8%
Gross margin	15.8%	15.8%	15.9%	15.1%	15.5%	15.7%	0.7 ppt	0.4 ppt	0.2 ppt
Operating margin	4.8%	4.9%	5.0%	4.0%	4.2%	4.4%	0.8 ppt	0.8 ppt	0.6 ppt
Net Margin	4.0%	4.1%	4.2%	3.3%	3.5%	3.7%	0.7 ppt	0.6 ppt	0.5 ppt

Source: Company data, CMBIGM estimates

Figure 3: CMBIGM estimates vs consensus

(US\$ mn)	CMBI			Consensus			Diff (%)		
	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E
Revenue	4,578	4,998	5,504	4,596	4,809	5,101	0%	4%	8%
Gross profit	723	791	877	727	773	831	0%	2%	6%
Operating profit	220	246	274	182	223	229	21%	10%	20%
Net profit	182	205	230	152	162	171	20%	26%	34%
EPS (USD cents)	2.63	2.96	3.32	2.00	2.25	2.67	31%	32%	24%
Gross margin	15.8%	15.8%	15.9%	15.8%	16.1%	16.3%	0 ppt	-0.3 ppt	-0.4 ppt
Operating margin	4.8%	4.9%	5.0%	4.0%	4.6%	4.5%	0.8 ppt	0.3 ppt	0.5 ppt
Net Margin	4.0%	4.1%	4.2%	3.3%	3.4%	3.4%	0.7 ppt	0.7 ppt	0.8 ppt

Source: Company data, CMBIGM estimates

Figure 4: P&L forecast

US\$ mn	FY19	FY20	FY21	FY22E	FY23E	FY24E
Revenue	4,372	4,315	4,490	4,578	4,998	5,504
...YoY	9.2%	-1.3%	4.1%	2.0%	9.2%	10.1%
Cost of sales	(3,618)	(3,735)	(3,817)	(3,855)	(4,207)	(4,627)
Gross profit	754	580	673	723	791	877
GPM (%)	17%	13%	15%	16%	16%	16%
...YoY	6.5%	-23.1%	16.1%	7.5%	9.4%	10.8%
SG&A	(269)	(230)	(266)	(252)	(270)	(300)
...% of rev	-6.2%	-5.3%	-5.9%	-5.5%	-5.4%	-5.5%
R&D	(250)	(235)	(301)	(298)	(325)	(358)
...% of rev	-5.7%	-5.4%	-6.7%	-6.5%	-6.5%	-6.5%
Operating profit	275	125	177	220	246	274
OPM (%)	6.3%	2.9%	3.9%	4.8%	4.9%	5.0%
...YoY	-10.8%	-54.7%	41.6%	24.4%	12.1%	11.2%
Net profit	235	43	138	182	205	230
NPM (%)	5.4%	1.0%	3.1%	4.0%	4.1%	4.2%
...YoY	0.6%	-81.9%	223.8%	32.1%	12.9%	11.9%

Source: Company data, CMBIGM estimates

Figure 5: Revenue breakdown

US\$ mn	FY21	FY22E	FY23E	FY24E
Computing	880,770	819,116	860,072	903,076
...YoY		-7%	5%	5%
Smartphones	1,253,290	1,416,218	1,487,029	1,561,380
...YoY		13%	5%	5%
Networking	894,110	759,994	835,993	944,672
...YoY		-15%	10%	13%
EV Mobility	133,600	160,320	200,400	260,520
...YoY		20%	25%	30%
Systems Products	1,099,230	1,242,130	1,428,449	1,642,717
...YoY		13%	15%	15%
Others	200,210	180,189	185,595	191,163
...YoY		-10%	3%	3%
Total	4,490,215	4,577,966	4,997,537	5,503,527
...YoY		2.0%	9.2%	10.1%

Source: Company data, CMBIGM estimates

Valuation

Maintain BUY with new TP of HK\$ 1.84

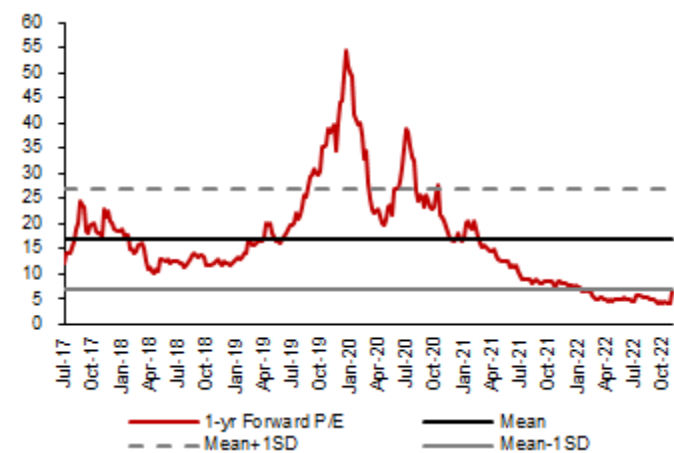
Our new 12m TP of HK\$ 1.84 is based on rollovered 8x FY23E P/E. Trading at 7.0x/6.2x FY22/23E P/E, we think risk-reward is extremely attractive. Upcoming catalysts include new products from Belkin/EV, M&A and improving margins.

Figure 6: 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
Global Connectors												
TE	TEL US	NR	39,477	124.11	NA	NA	17.0	17.6	3.7	3.4	22.0	20.1
Amphenol	APH US	NR	47,203	79.32	NA	NA	26.7	26.1	7.1	6.3	28.1	26.7
Fabrinet	FN US	NR	4,625	126.42	NA	NA	21.1	16.7	3.6	3.2	18.7	21.0
Aviat	6807 JP	NR	1,540	2316.00	NA	NA	15.5	11.7	1.4	1.2	9.2	11.0
Hirose	6806 JP	NR	4,946	18440.00	NA	NA	22.6	17.0	2.0	1.8	8.8	10.7
Luxshare	002475 CH	BUY	31,436	31.43	52.3	66%	22.3	18.1	4.1	3.4	18.2	18.6
Cheng Uei	2392 TT	NR	570	34.70	NA	NA	-	-	-	-	-	-
Foxconn	2354 TT	NR	2,215	48.85	NA	NA	11.9	11.1	0.5	0.5	5.3	5.7
Hon Hai	2317 TT	NR	44,436	100.00	NA	NA	9.5	8.7	0.9	0.9	10.0	10.5
Average							18.3	15.9	2.9	2.6	15.0	15.5
China technology												
FIT Hon Teng	6088 HK	BUY	1,347	1.45	1.84	27%	7.0	6.2	0.5	0.5	7.4	7.9
AAC Tech	2018 HK	HOLD	2,752	17.90	15.4	-14%	24.3	15.0	0.9	0.8	3.5	5.6
Sunny Optical	2382 HK	HOLD	12,583	89.90	102.3	14%	32.3	21.9	3.8	3.3	11.8	15.3
Tongda	698 HK	BUY	112	0.09	0.2	144%	3.0	2.3	0.1	0.1	2.3	3.0
BYDE	285 HK	HOLD	7,059	24.55	20.4	-17%	30.2	17.9	1.9	1.8	6.4	9.9
Q tech	1478 HK	BUY	585	3.87	5.6	45%	15.1	7.4	0.8	0.8	5.5	10.3
TK Group	2283 HK	BUY	168	1.58	3.4	114%	3.9	3.0	0.7	0.6	18.6	20.7
FIH	2038 HK	NR	800	0.79	NA	NA	-	16.8	-	-	-	2.8
Truly	732 HK	NR	488	1.19	NA	NA	4.1	3.4	0.3	0.3	8.2	9.2
YOFC	6869 HK	NR	2,585	13.36	NA	NA	8.1	6.8	0.9	0.8	10.6	11.3
Ju Teng	3336 HK	NR	196	1.28	NA	NA	-	-	-	-	-	-
Cowell	1415 HK	NR	1,449	13.56	NA	NA	18.0	13.3	3.5	2.8	22.2	24.6
Average							14.6	10.4	1.3	1.2	9.8	10.9

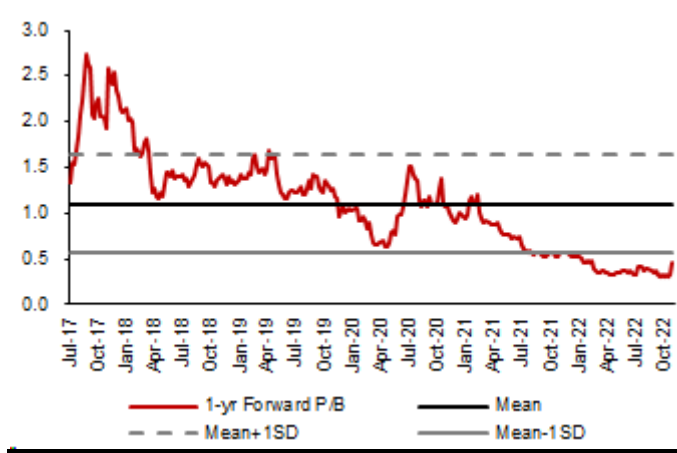
Source: Bloomberg, CMBIGM, * TP under review

Figure 7: 12M forward P/E band



Source: Company data, CMBIGM

Figure 8: 12M forward P/B band



Source: Company data, CMBIGM

Financial Summary

INCOME STATEMENT	2019A	2020A	2021A	2022E	2023E	2024E
YE 31 Dec (US\$ mn)						
Revenue	4,372	4,315	4,490	4,578	4,998	5,504
Cost of goods sold	(3,618)	(3,735)	(3,817)	(3,855)	(4,207)	(4,627)
Gross profit	754	580	673	723	791	877
Selling expense	(111)	(97)	(105)	(101)	(110)	(124)
Admin expense	(159)	(134)	(161)	(151)	(160)	(176)
R&D expense	(250)	(235)	(301)	(298)	(325)	(358)
Others	39	11	70	46	50	55
Operating profit	275	125	177	220	246	274
Share of (losses)/profits of associates/JV	(2)	(9)	(8)	(4)	(4)	(4)
Interest expense	(7)	1	(2)	(1)	1	2
Pre-tax profit	266	117	167	215	243	272
Income tax	(33)	(74)	(31)	(32)	(36)	(41)
Minority interest	(2)	0	(1)	1	1	1
Net profit	233	43	137	183	207	231
BALANCE SHEET	2019A	2020A	2021A	2022E	2023E	2024E
YE 31 Dec (US\$ mn)						
Current assets	2,742	2,848	3,034	2,993	3,447	3,605
Cash & equivalents	892	766	769	833	894	1,028
Account receivables	930	872	1,033	909	1,211	1,123
Inventories	703	944	982	1,002	1,093	1,204
ST bank deposits	118	126	98	98	98	98
Non-current assets	1,665	1,791	1,973	2,016	2,049	2,071
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
Total assets	4,407	4,639	5,007	5,009	5,496	5,676
Current liabilities	1,662	1,790	1,937	1,797	2,122	2,121
Short-term borrowings	494	604	690	635	675	720
Account payables	1,086	1,032	1,138	1,053	1,338	1,292
Tax payable	63	129	94	94	94	94
Other current liabilities	20	26	15	15	15	15
Non-current liabilities	668	659	674	674	674	674
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
Total liabilities	2,330	2,449	2,611	2,470	2,796	2,795
Share capital	134	135	139	139	139	139
Other reserves	2,025	2,145	2,348	2,490	2,650	2,829
Total shareholders equity	2,077	2,190	2,396	2,539	2,700	2,881
Minority interest	11	3	1	2	3	5
Total equity and liabilities	4,407	4,639	5,007	5,009	5,496	5,676
CASH FLOW	2019A	2020A	2021A	2022E	2023E	2024E
YE 31 Dec (US\$ mn)						
Operating						
Profit before taxation	266	117	167	215	243	272
Depreciation & amortization	255	241	146	156	167	178
Tax paid	(74)	(39)	(31)	(32)	(36)	(41)
Change in working capital	(169)	(279)	(93)	20	(108)	(70)
Others	34	74	(104)	1	(1)	(2)
Net cash from operations	313	115	85	360	265	338
Investing						
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
Net cash from investing	(417)	(356)	220	(188)	(187)	(185)
Financing						
Dividend paid	(59)	0	(30)	(40)	(45)	(51)
Net borrowings	0	0	86	(55)	40	45

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)
Net cash from financing	(64)	71	120	(108)	(18)	(18)
Net change in cash						
Cash at the beginning of the year	1,065	892	766	769	833	894
Exchange difference	(4)	43	0	0	0	0
Cash at the end of the year	892	766	769	833	894	1,028
GROWTH	2019A	2020A	2021A	2022E	2023E	2024E
YE 31 Dec						
Revenue	9.2%	(1.3%)	4.1%	2.0%	9.2%	10.1%
Gross profit	6.5%	(23.1%)	16.1%	7.5%	9.4%	10.8%
Operating profit	(10.8%)	(54.7%)	41.6%	24.4%	12.1%	11.2%
Net profit	0.3%	(81.8%)	221.3%	33.8%	12.9%	11.9%
PROFITABILITY	2019A	2020A	2021A	2022E	2023E	2024E
YE 31 Dec						
Gross profit margin	17.2%	13.4%	15.0%	15.8%	15.8%	15.9%
Operating margin	6.3%	2.9%	3.9%	4.8%	4.9%	5.0%
Return on equity (ROE)	11.6%	2.0%	6.0%	7.4%	7.9%	8.3%
GEARING/LIQUIDITY/ACTIVITIES	2019A	2020A	2021A	2022E	2023E	2024E
YE 31 Dec						
Current ratio (x)	1.6	1.6	1.6	1.7	1.6	1.7
Receivable turnover days	77.7	73.7	84.0	72.5	88.4	74.5
Inventory turnover days	70.9	92.3	93.9	94.8	94.9	95.0
Payable turnover days	109.6	100.8	108.8	99.7	116.1	101.9
VALUATION	2019A	2020A	2021A	2022E	2023E	2024E
YE 31 Dec						
P/E	12.1	55.1	13.4	7.0	6.2	5.6
P/B	1.3	1.1	0.8	0.5	0.5	0.4
Div yield (%)	0.0	39.9	164.4	312.1	352.4	394.4

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.