

BYDE (285 HK)

1H22 weakness in-line; positive signs of earnings recovery in 2H22

BYDE's 1H22 revenue/net profit declined 2%/61% YoY, in-line with our estimate/consensus. GPM dropped 0.6ppts YoY to 5.3%, lower than consensus of 5.8%, mainly due to COVID-19 impact, weak demand and low UTR. While 2Q22 revenue/net profit declined 8%/46% YoY due to Shanghai lockdown, we believe 2Q NPM QoQ recovery (2%, vs 0.9% in 1Q) is a positive sign for earnings improvement in 2H22E. Looking ahead, mgmt. expects Android business in 3Q-4Q22E to steadily recover with margin improvement driven by high-end flagship product launch for major customers. We are also positive on new intelligent and new energy vehicle business to accelerate growth in 2H22E. We cut FY22-24E EPS by 10-16% to reflect 2Q22 results and lower margins. Our FY22-24E EPS are 10-31% below consensus. Maintain HOLD with rollovered TP of HK\$19.28.

■ **Weak 1H22 in-line; new intelligent products & NEV the bright spots.** Revenue in 1H22 reached RMB44bn, down 2% YoY and in-line with our estimate/consensus. By segment: 1) smartphone/PC business was down 12% YoY due to weak smartphone demand; 2) new intelligent products were up 38% YoY driven by unmanned aerial vehicles and HNM projects mass production for a major overseas customer; 3) new energy vehicle was up 150% YoY, driven by multi-media central control systems and communication modules. GPM dropped to 5.3% on weak demand and low UTR. Net profit was RMB 634mn, down 61% YoY and was largely in-line with consensus.

■ **2H22E outlook: Android business to recover QoQ; NEV growth to accelerate.** Mgmt. believes 2Q Android business was in trough due to Shanghai lockdown and Russia-Ukraine conflicts, and maintains optimistic view on 2H22E recovery driven by mid to high-end product ramp up and faster expansion into overseas customers. In addition, we are also positive on its NEV business in 2H22E driven by strong demand, mass production of new products and improving utilization in 2H22E.

■ **Our FY22-23E EPS are 10-31% below consensus; Maintain HOLD.** We remain positive on BYDE's market leadership, share gain upside in Apple OEM/ components and accelerated expansion into NEV segment. We cut FY22E EPS by 16% to reflect Android weakness and GPM pressure. Our new rollovered SOTP-based TP of HK\$19.28 implies 13.5x FY23E P/E. We think current valuation of 15.3x FY23E P/E is fair due to lower earnings visibility amid smartphone industry headwinds.

Earnings Summary

(YE 31 Dec)	FY20A	FY21A	FY22E	FY23E	FY24E
Revenue (RMB mn)	73,121	89,057	91,098	98,635	110,911
YoY growth (%)	37.9	21.8	2.3	8.3	12.4
Net profit (RMB mn)	5,441.4	2,309.9	1,505.2	2,668.7	3,793.7
YoY growth (%)	240.6	(57.5)	(34.8)	77.3	42.2
EPS (RMB)	2.41	1.03	0.67	1.18	1.68
Consensus EPS (RMB)	na	na	0.97	1.45	1.88
P/E (x)	9.1	32.2	27.1	15.3	10.8
P/B (x)	2.2	3.1	1.6	1.5	1.3
Yield (%)	1.1	0.3	0.4	0.7	0.9
ROE (%)	27.7	10.0	6.1	10.0	12.9
Net gearing (%)	0.0	0.0	0.0	0.0	0.0

Source: Company data, Bloomberg, CMBIGM estimates

HOLD (Maintain)

Target Price **HK\$19.28**

(Previous TP) **HK\$12.45**

Up/Downside **(6.2%)**

Current Price **HK\$20.55**

China Technology

Alex NG

(852) 3900 0881

alexng@cmbi.com.hk

Lily YANG, Ph.D

(852) 3916 3716

lilyyang@cmbi.com.hk

Hanqing LI

lihanqing@cmbi.com.hk

Stock Data

Mkt Cap (HK\$ mn)	46,303.4
Avg 3 mths t/o (HK\$ mn)	21.0
52w High/Low (HK\$)	36.75/13.60
Total Issued Shares (mn)	2253.2

Source: FactSet

Shareholding Structure

Golden Link Worldwide Ltd	65.8%
Gold Dragonfly Ltd	5.0%

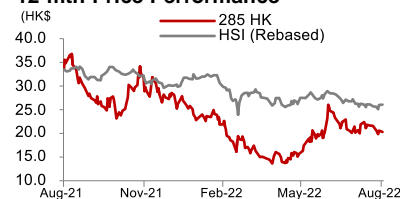
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	2.0%	3.0%
3-mth	26.1%	33.5%
6-mth	-6.2%	7.7%

Source: FactSet

12-mth Price Performance



Source: FactSet

2Q22 Results review

Figure 1: 1H22 results review

RMB mn	1H20	2H20	1H21	2H21	1H22	YoY	CMBI		Consensus	
							FY22E	% Track	FY22E	% Track
Revenue	31,386	41,735	44,531	44,526	43,694	-2%	89,906	49%	105,237	42%
Gross profit	4,100	5,529	3,061	2,968	2,328	-24%	5,934	39%	6,903	34%
Operating profit	2,587	3,218	1,043	362	42	-96%	957	4%	1,770	2%
Net profit	2,473	2,969	1,643	667	634	-61%	1,793	35%	2,214	29%
EPS (RMB)	1.10	1.32	0.73	0.30	0.28	-61%	0.80	35%	0.97	29%
Gross margin	13.1%	13.2%	6.9%	6.7%	5.3%	-1.5ppt	6.6%		6.6%	
Operating margin	8.2%	7.7%	2.3%	0.8%	0.1%	-2.2ppt	1.1%		1.7%	
Net margin	7.9%	7.1%	3.7%	1.5%	1.5%	-2.2ppt	2.0%		2.1%	

Source: Company data, Bloomberg, CMBIGM estimates

Figure 2: 2Q22 results review

RMB mn	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	YoY	QoQ
Revenue	19,890	24,641	21,404	23,122	20,933	22,761	-8%	9%
Gross profit	1282	1779	1543	1425	1,145	1,184	-33%	3%
Net profit	808	835	514	153	180	454	-46%	152%
EPS (RMB)	0.36	0.37	0.23	0.07	0.08	0.20	-45%	152%
Gross margin	6.4%	7.2%	7.2%	6.2%	5.5%	5.2%	-2 ppt	-0.3 ppt
Net margin	4.1%	3.4%	2.4%	0.7%	0.9%	2.0%	-1.4 ppt	1.1 ppt
Revenue (YoY)	132.2%	8.0%	6.3%	7.0%	5.2%	-7.6%		
Gross profit (YoY)	20.4%	-41.4%	-54.4%	-33.5%	-10.7%	-33.5%		
Net profit (YoY)	22.9%	-54.0%	-72.4%	-86.2%	-77.7%	-45.7%		

Source: Company data, Bloomberg, CMBIGM estimates

Earnings Revision

Figure 3: Earnings revision

RMB mn	New			Old			Change (%)		
	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E
Revenue	91,098	98,635	110,911	89,906	97,231	107,896	1%	1%	3%
Gross Profit	5,878	7,564	9,493	5,934	7,814	9,778	-1%	-3%	-3%
Operating Profit	957	2,336	3,615	1,298	2,660	4,059	-26%	-12%	-11%
Net profit	1,505	2,669	3,794	1,793	2,992	4,223	-16%	-11%	-10%
EPS (RMB)	0.67	1.18	1.68	0.80	1.33	1.87	-16%	-11%	-10%
Gross Margin	6.5%	7.7%	8.6%	6.6%	8.0%	9.1%	-0.1 ppt	-0.4 ppt	-0.5 ppt
Operating Margin	1.1%	2.4%	3.3%	1.4%	2.7%	3.8%	-0.4 ppt	-0.4 ppt	-0.5 ppt
Net Margin	1.7%	2.7%	3.4%	2.0%	3.1%	3.9%	-0.3 ppt	-0.4 ppt	-0.5 ppt

Sources: Company data, CMBIGM estimates

Figure 4: CMBIGM estimates vs consensus

RMB mn	CMBIGM			Consensus			Diff (%)		
	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E
Revenue	91,098	98,635	110,911	105,237	121,666	135,620	-13%	-19%	-18%
Gross Profit	5,878	7,564	9,493	6,903	8,842	10,519	-15%	-14%	-10%
Operating Profit	957	2,336	3,615	1,770	3,183	4,335	-46%	-27%	-17%
Net profit	1,505	2,669	3,794	2,214	3,258	4,200	-32%	-18%	-10%
EPS (RMB)	0.67	1.18	1.68	0.97	1.45	1.88	-31%	-18%	-10%
Gross Margin	6.5%	7.7%	8.6%	6.6%	7.3%	7.8%	-0.1 ppt	0.4 ppt	0.8 ppt
Operating Margin	1.1%	2.4%	3.3%	1.7%	2.6%	3.2%	-0.6 ppt	-0.2 ppt	0.1 ppt
Net Margin	1.7%	2.7%	3.4%	2.1%	2.7%	3.1%	-0.5 ppt	0 ppt	0.3 ppt

Source: Company data, CMBIGM estimates

Figure 5: Revenue breakdown

RMB mn	FY20	FY21	1H22	2H22E	FY22E	FY23E	FY24E
Assembly	31,152	55,977	26,443	25,500	51,000	53,000	55,000
... YoY	16%	80%	-13%	0%	-9%	4%	4%
Component (metal/glass/plastic)	17,576	15,655	6,708	8,752	15,460	13,093	11,924
... YoY	-5%	-11%	-6%	2%	-1%	-15%	-9%
Metal	10,996	8,087	4,253	3,051	7,304	6,977	6,553
Plastic	4,566	3,789	1,132	2,089	3,221	2,803	2,383
Glass/ceramic	3,000	5,700	1,725	3,405	5,130	4,619	4,157
Masks	13,100	1,210	389	219	608	144	58
... YoY		-91%	-40%	-61%	-50%	-76%	-60%
New intelligent	9,476	12,445	6,917	9,660	16,577	21,219	27,160
... YoY	57%	31%	38%	30%	33%	28%	28%
E-cigarette	1,000	1,000	300	1,240	1,540	2,310	3,465
		0%	50%	55%	54%	50%	50%
Auto intelligent	1,817	3,770	3,237	4,216	7,453	11,180	16,769
... YoY	14%	107%	151%	70%	98%	50%	50%
Total	73,121	89,057	43,694	48,348	91,098	98,635	110,911
... YoY	38%	22%	-2%	9%	2%	8%	12%

Source: Company data, CMBIGM estimates

Figure 6: P&L forecast

RMB mn	FY20	FY21	1H22	2H22E	FY22E	FY23E	FY24E
Revenue	73,121	89,057	43,694	48,348	91,098	98,635	110,911
... YoY	37.9%	21.8%	-1.9%	8.6%	2.3%	8.3%	12.4%
Cost of sales	(63,492)	(83,028)	(41,365)	(44,830)	(85,220)	(91,071)	(101,418)
Gross profit	9,629	6,029	2,328	3,518	5,878	7,564	9,493
GPM (%)	13%	7%	5%	7%	6%	8%	9%
... YoY	143.3%	-37.4%	-23.9%	18.5%	-2.5%	28.7%	25.5%
SG&A	(910)	(1,316)	(771)	(749)	(1,520)	(1,480)	(1,664)
... % of rev	1%	1%	2%	2%	2%	2%	2%
R&D	(2,913)	(3,308)	(1,515)	(1,886)	(3,400)	(3,748)	(4,215)
... % of rev	4%	4%	3%	4%	4%	4%	4%
Operating profit	5,806	1,405	42	883	957	2,336	3,615
OPM (%)	8%	2%	0%	2%	1%	2%	3%
... YoY	484%	-76%	-96%	144%	-32%	144%	55%
Net profit	5,441	2,310	634	839	1,505	2,669	3,794
NPM (%)	7%	3%	1%	2%	2%	3%	3%
... YoY	241%	-58%	-61%	26%	-35%	77%	42%

Source: Company data, CMBIGM estimates

Valuation

Maintain HOLD with new TP of HK\$19.28

We retain HOLD with new TP of HK\$ 19.28 to reflect lowered EPS forecasts. We derive our TP based on SOTP valuation to reflect BYDE's business diversification with different growth profiles and visibility.

Our TP is based on weighted-average target P/E multiple of 13.5x FY23E EPS. We assign 10x P/E to its assembly EMS business and 10x P/E for component/e-cigarette business, in-line with TW/HK-listed peers. We assign 8x for mask business to reflect its near-term growth potential amid COVID-19 outbreak.

Figure 7: BYDE – SOTP valuation

Business segment	% of FY23E Profit	FY23E EPS (RMB)	Target P/E
Assembly	10%	0.11	10x
Components	20%	0.24	10x
Masks	0.2%	0.00	8x
Others (smart, auto)	70%	0.83	15x
Total (RMB) /Implied P/E		1.18	13.5x
TP (HK\$)			19.28

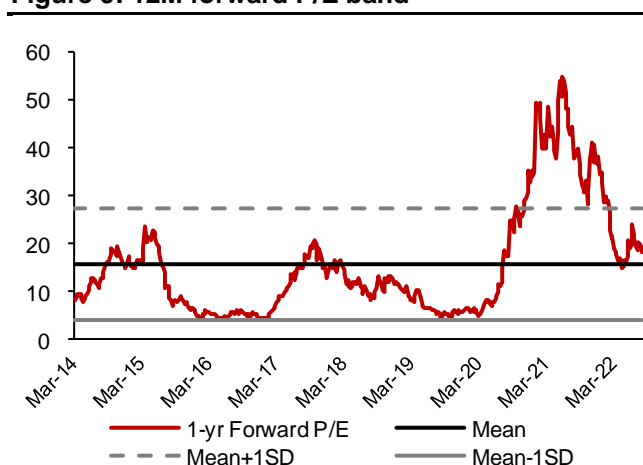
Sources: Company data, CMBIGM estimates

Figure 8: Peers' valuation

Company	Ticker	Rating	Market Cap (US\$ mn)	Price (LC)	TP (LC)	Up/Down -side	P/E (x) FY22E	P/E (x) FY23E	P/B (x) FY22E	P/B (x) FY23E	ROE (%) FY22E	ROE (%) FY23E
BYDE	285 HK	Hold	5,899	20.55	19.28	-6%	27.1	15.3	1.6	1.5	6.1	10.0
Tongda	698 HK	Buy	151	0.12	0.22	80%	3.1	2.0	0.1	0.1	3.1	4.5
AAC Tech	2018 HK	Hold	2,251	14.62	14.0	-4%	17.3	12.0	0.7	0.7	4.0	5.6
TK Group	2283 HK	Buy	192	1.81	3.4	87%	4.4	3.5	0.8	0.7	18.6	20.7
Ju Teng	3336 HK	NR	214	1.40	NA	NA	7.0	4.8	0.2	0.2	3.5	5.0
Everwin	300115 CH	NR	2,506	14.42	NA	NA	40.4	20.7	2.8	2.6	7.1	10.7
Lens Tech	300433 CH	NR	7,880	10.95	NA	NA	24.9	14.9	1.2	1.2	6.2	7.8
Foxconn	2354 TT	NR	2,352	50.60	NA	NA	11.6	10.9	0.5	0.5	5.8	6.5
Catcher	2474 TT	NR	4,388	183.00	NA	NA	15.3	17.1	0.9	0.9	5.6	4.8
Average							16.4	11.0	1.0	0.9	6.8	8.5

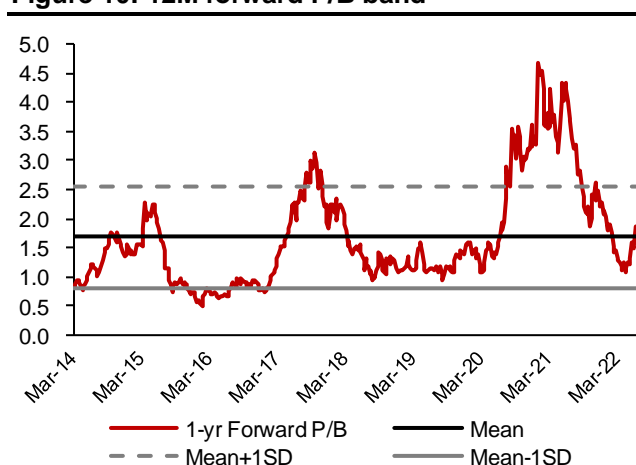
Source: Bloomberg, CMBIGM estimates

Figure 9: 12M forward P/E band



Source: Bloomberg, CMBIGM estimates

Figure 10: 12M forward P/B band



Source: Bloomberg, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2019A	2020A	2021A	2022E	2023E	2024E
YE 31 Dec (RMB mn)						
Revenue	53,028	73,121	89,057	91,098	98,635	110,911
Cost of goods sold	(49,071)	(63,492)	(83,028)	(85,220)	(91,071)	(101,418)
Gross profit	3,957	9,629	6,029	5,878	7,564	9,493
Selling expense	(257)	(237)	(275)	(372)	(395)	(444)
Admin expense	(619)	(673)	(1,041)	(1,148)	(1,085)	(1,220)
R&D expense	(2,088)	(2,913)	(3,308)	(3,400)	(3,748)	(4,215)
Operating profit	994	5,806	1,405	957	2,336	3,615
Other income/expense	734	487	1,104	740	740	740
Pre-tax profit	1,696	6,221	2,465	1,654	3,033	4,311
Income tax	(99)	(779)	(155)	(148)	(364)	(517)
Minority interest	0	0	0	0	0	0
Net profit	1,598	5,441	2,310	1,505	2,669	3,794
Adjusted net profit	1,598	5,441	2,310	1,505	2,669	3,794

BALANCE SHEET	2019A	2020A	2021A	2022E	2023E	2024E
YE 31 Dec (RMB mn)						
Current assets	17,082	26,069	27,630	28,865	31,059	35,624
Cash & equivalents	1,651	3,466	2,825	3,587	3,010	5,465
Account receivables	9,567	14,391	9,240	13,534	11,125	16,603
Inventories	5,453	6,891	10,567	6,477	11,737	8,546
ST bank deposits	0	0	0	0	0	0
Other current assets	411	1,320	4,998	4,998	4,998	4,998
Non-current assets	9,950	10,825	12,314	13,559	14,853	16,291
PP&E	8,617	9,693	11,182	12,552	13,975	15,556
Deferred income tax	159	0	201	201	201	201
Other non-current assets	1,173	1,132	931	806	677	533
Total assets	27,032	36,894	39,944	42,425	45,913	51,915
Current liabilities	10,399	14,840	16,220	17,121	17,892	20,077
Short-term borrowings	0	0	0	0	0	0
Account payables	7,340	8,146	11,724	12,625	13,396	15,581
Tax payable	108	57	184	184	184	184
Other current liabilities	2,951	6,636	4,312	4,312	4,312	4,312
Non-current liabilities	639	864	928	928	928	928
Deferred income	122	147	150	150	150	150
Other non-current liabilities	18	313	404	404	404	404
Total liabilities	11,038	15,704	17,148	18,049	18,820	21,005
Share capital	4,052	4,052	4,052	4,052	4,052	4,052
Other reserves	12,937	18,220	19,975	21,330	23,731	27,146
Total shareholders equity	16,989	22,272	24,027	25,382	27,784	31,198
Minority interest	0	0	0	0	0	0
Total equity and liabilities	28,027	37,976	41,175	43,431	46,604	52,203

CASH FLOW	2019A	2020A	2021A	2022E	2023E	2024E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	1,696	6,221	2,465	1,654	3,033	4,311
Depreciation & amortization	2,059	1,760	1,717	1,937	2,175	2,442
Change in working capital	(3,596)	(4,745)	(2,228)	697	(2,080)	(102)
Others	219	(27)	(187)	(135)	(396)	(579)
Net cash from operations	379	3,209	1,768	4,288	3,388	6,978
Investing						
Capital expenditure	(2,722)	(2,795)	(3,206)	(3,280)	(3,551)	(3,993)
Others	(131)	(186)	0	0	0	0
Net cash from investing	(2,852)	(2,981)	(3,206)	(3,280)	(3,551)	(3,993)
Financing						
Dividend paid	(439)	(160)	(231)	(151)	(267)	(379)
Others	(184)	1,730	(43)	(43)	(43)	(43)
Net cash from financing	(623)	1,570	(274)	(194)	(310)	(423)
Net change in cash						
Cash at the beginning of the year	4,741	1,651	3,466	2,825	3,587	3,010
Exchange difference	0	16	1,071	0	0	0
Cash at the end of the year	1,651	3,466	2,825	3,587	3,010	5,465
GROWTH	2019A	2020A	2021A	2022E	2023E	2024E
YE 31 Dec						
Revenue	29.2%	37.9%	21.8%	2.3%	8.3%	12.4%
Gross profit	(5.1%)	143.3%	(37.4%)	(2.5%)	28.7%	25.5%
Operating profit	(45.4%)	484.3%	(75.8%)	(31.9%)	144.0%	54.7%
Net profit	(25.5%)	240.6%	(57.5%)	(34.8%)	77.3%	42.2%
Adj. net profit	(25.5%)	240.6%	(57.5%)	(34.8%)	77.3%	42.2%
PROFITABILITY	2019A	2020A	2021A	2022E	2023E	2024E
YE 31 Dec						
Gross profit margin	7.5%	13.2%	6.8%	6.5%	7.7%	8.6%
Operating margin	1.9%	7.9%	1.6%	1.1%	2.4%	3.3%
Adj. net profit margin	3.0%	7.4%	2.6%	1.7%	2.7%	3.4%
Return on equity (ROE)	9.7%	27.7%	10.0%	6.1%	10.0%	12.9%
GEARING/LIQUIDITY/ACTIVITIES	2019A	2020A	2021A	2022E	2023E	2024E
YE 31 Dec						
Net debt to equity (x)	0.0	0.0	0.0	0.0	0.0	0.0
Current ratio (x)	1.6	1.8	1.7	1.7	1.7	1.8
Receivable turnover days	57.7	52.1	48.7	45.6	45.6	45.6
Inventory turnover days	38.0	40.6	38.4	36.5	36.5	36.5
Payable turnover days	56.6	52.1	52.1	52.1	52.1	52.1
VALUATION	2019A	2020A	2021A	2022E	2023E	2024E
YE 31 Dec						
P/E	14.5	9.1	32.2	27.1	15.3	10.8
P/B	1.4	2.2	3.1	1.6	1.5	1.3
Div yield (%)	0.7	1.1	0.3	0.4	0.7	0.9
EV	16,989.5	22,272.3	24,027.1	25,381.8	27,783.6	31,198.0
EV/Sales	0.3	0.3	0.3	0.3	0.3	0.3

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

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.