

# FIT Hon Teng (6088 HK)

## NDR takeaway: FY24E guidance on track; Expect 20% rev CAGR in FY25-27E

We hosted a series of NDR meetings with FIT's mgmt. this week, and we believe FIT is on track to deliver FY24E guidance of high single-digit revenue growth, 20%+ GPM, and 4.5% OPM. In 4Q24E, we expect FIT's AI server/networking products (compute tray connectivity/power busbar/CDU connectors) picked up meaningfully backed by GB200 ramp as well as optical modules shipment (400G/800G). Consolidation of Auto-Kabel Group deal is on track to boost FIT's topline growth in FY25/26E. Overall, we maintain our positive view on FIT's multiple growth drivers in FY24/25E backed by solid product roadmap and 3-year growth strategy. Maintain BUY with TP of HK\$ 4.38. Upcoming catalysts include Auto-Kabel deal progress, GB200/GB300 supply chain updates and GPU socket applications.

- 4Q24 AI server product shipment picked up.** During the call, mgmt. reiterated their FY24E guidance of AI server related revenue (7-9% of revenue mix, US\$ 500-1000 per compute tray) and 4Q mass production of power busbar and liquid cooling UQD products. 400G/800G optical modules is also on fast track to ramp up and expect next-gen product demand to pick up in 1H25E. Backplane cables/connectors are currently sampling and qualification results are expected in coming months. We also expect potential deployments of GPU sockets in next-gen GB300 AI servers to provide further upside in FY25-26E, considering its global dominant market position in CPU/GPU socket connectivity products.
- FY25/26E outlook: AI server products and auto business as key growth drivers.** Mgmt. announced FY25-27E 3-year guidance in recent 3Q24 earnings call, which demonstrated FIT's confidence in product roadmap and execution of "3+3" strategy. For AI server/networking segment, we expect potential revenue upside from backplane cable/connectors, switch tray connectivity and GPU sockets. For EV mobility, integration with Auto-Kabel is expected to close by end of 2024, and will contribute meaningful revenue in FY25E. For AirPods, first production line in India is on track to start mass production in early FY25E, and second line will begin construction in 1H25E.
- Multiple growth drivers in FY24-26E; Maintain BUY with TP of HK\$4.38.** The stock now trades at 15.8x/9.5x FY24/25E P/E, which we think is attractive compared to 42%/67% EPS growth in FY25/26E. Reiterate BUY with TP of HK\$ 4.38, based on 13x FY25E P/E. Upcoming catalysts include Auto-Kabel deal progress, GB200/GB300 supply chain updates and GPU socket order wins.

### Earnings Summary

(YE 31 Dec)	FY22A	FY23A	FY24E	FY25E	FY26E
Revenue (US\$ mn)	4,531	4,196	4,555	5,896	7,131
YoY growth (%)	0.9	(7.4)	8.6	29.4	20.9
Net profit (US\$ mn)	170.1	129.6	184.2	308.1	403.2
YoY growth (%)	24.5	(23.8)	42.2	67.2	30.9
EPS (Reported) (US\$ cents)	2.42	1.82	2.59	4.34	5.67
Consensus EPS (US\$)	N/A	N/A	2.58	3.98	4.74
P/E (x)	16.9	22.5	15.8	9.5	7.2
P/B (x)	1.2	1.1	1.1	1.0	0.9
Yield (%)	0.0	0.0	0.0	0.0	0.0
ROE (%)	7.2	5.4	7.3	11.1	12.9
Net gearing (%)	0.0	0.0	0.0	0.0	0.0

Source: Company data, Bloomberg, CMBIGM estimates

## BUY (Maintain)

Target Price **HK\$4.38**  
Up/Downside **37.5%**  
Current Price **HK\$3.19**

### China Technology

#### Alex NG

(852) 3900 0881

alexng@cmbi.com.hk

#### Claudia LIU

claudialiu@cmbi.com.hk

### Stock Data

Mkt Cap (HK\$ mn)	23,181.7
Avg 3 mths t/o (HK\$ mn)	122.3
52w High/Low (HK\$)	3.73/0.90
Total Issued Shares (mn)	7267.0

Source: FactSet

### Shareholding Structure

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

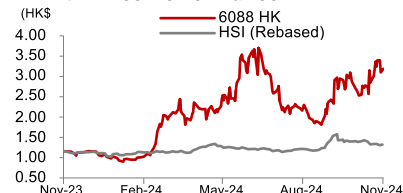
Source: HKEx

### Share Performance

	Absolute	Relative
1-mth	19.0%	26.9%
3-mth	47.7%	35.2%
6-mth	26.1%	19.9%

Source: FactSet

### 12-mth Price Performance



Source: FactSet

### Related Reports:

- FIT Hon Teng (6088 HK)-Upbeat 3-year guidance reaffirmed our positive view; Raise TP to HK\$ 4.38- 14 Nov 2024 ([link](#))
- FIT Hon Teng (6088 HK) first take: Earnings in-line with solid margin recovery; Focus on GB200 products in 4Q24E- 13 Nov 2024 ([link](#))
- FIT Hon Teng (6088 HK)-Beneficiary of GB200 server ramp in 4Q24E; Assessing the AI server opportunity- 23 Oct 2024 ([link](#))
- FIT Hon Teng (6088 HK)-2Q24 in-line; Upbeat guidance on power busbar and liquid cooling order wins- 14 Aug 2024 ([link](#))

## Earnings forecasts

Figure 1: Revenue breakdown

US\$ 000	FY22	FY23	1H24	2H24E	FY24E	FY25E	FY26E
<b>Smartphones</b>	<b>1,261,047</b>	<b>1,044,335</b>	<b>415,228</b>	<b>514,230</b>	<b>929,458</b>	<b>975,931</b>	<b>1,034,487</b>
...YoY	-3%	-17%	-7%	-14%	-11%	5%	6%
<b>Networking</b>	<b>753,854</b>	<b>424,793</b>	<b>260,729</b>	<b>414,692</b>	<b>675,421</b>	<b>938,453</b>	<b>1,313,773</b>
...YoY	-14%	-44%	19%	101%	59%	39%	40%
Traditional server		382,314			420,545	454,189	490,524
AI server		42,479			254,876	484,264	823,249
<b>Computing</b>	<b>819,708</b>	<b>773,285</b>	<b>378,226</b>	<b>410,525</b>	<b>788,751</b>	<b>851,851</b>	<b>937,036</b>
...YoY	2%	-6%	0%	4%	2%	8%	10%
<b>Mobility</b>	<b>152,814</b>	<b>305,098</b>	<b>227,270</b>	<b>247,884</b>	<b>475,154</b>	<b>929,234</b>	<b>978,175</b>
...YoY	10%	100%	217%	6%	56%	96%	5%
EV business	152,814	137,553	73,793	43,127	116,920	123,935	132,611
Voltaira	-	167,545	153,477	204,757	358,234	376,145	394,953
AK Group						429,153	450,611
<b>Systems Products</b>	<b>1,335,580</b>	<b>1,415,280</b>	<b>671,576</b>	<b>793,468</b>	<b>1,465,044</b>	<b>1,946,023</b>	<b>2,600,244</b>
...YoY	20%	6%	16%	-5%	4%	33%	34%
AirPods					233,750	591,600	1,178,100
Others					1,231,294	1,354,423	1,422,144
<b>Others</b>	<b>207,600</b>	<b>232,759</b>	<b>113,731</b>	<b>107,390</b>	<b>221,121</b>	<b>254,289</b>	<b>267,004</b>
...YoY	-17%	12%	24%	-24%	-5%	15%	5%
<b>Total</b>	<b>4,530,603</b>	<b>4,195,550</b>	<b>2,066,760</b>	<b>2,488,188</b>	<b>4,554,948</b>	<b>5,895,781</b>	<b>7,130,718</b>
...YoY	0.9%	-7.4%	15.8%	3.2%	8.6%	29.4%	20.9%

Source: Company data, CMBIGM estimates

Figure 2: P&L forecast

US\$ mn	FY22	FY23	1H24	2H24E	FY24E	FY25E	FY26E
<b>Revenue</b>	<b>4,531</b>	<b>4,196</b>	<b>2,067</b>	<b>2,488</b>	<b>4,555</b>	<b>5,896</b>	<b>7,131</b>
...YoY	0.9%	-7.4%	15.8%	3.2%	8.6%	29.4%	20.9%
Cost of sales	-3,763	-3,388	-1,646	(1,968)	(3,613)	(4,651)	(5,603)
<b>Gross profit</b>	<b>768</b>	<b>807</b>	<b>421</b>	<b>521</b>	<b>942</b>	<b>1,245</b>	<b>1,528</b>
<b>GPM (%)</b>	<b>17%</b>	<b>19%</b>	<b>20%</b>	<b>21%</b>	<b>21%</b>	<b>21%</b>	<b>21%</b>
...YoY	14.1%	5.1%	48.8%	-0.6%	16.7%	32.2%	22.7%
SG&A	-223	-295	-180	(157)	(337)	(407)	(485)
...% of rev	-4.9%	-7.0%	-8.7%	-6.3%	-7.4%	-6.9%	-6.8%
R&D	-296	-308	-172	(181)	(353)	(430)	(513)
...% of rev	-6.5%	-7.3%	-8.3%	-7.3%	-7.8%	-7.3%	-7.2%
<b>Operating profit</b>	<b>307</b>	<b>263</b>	<b>93</b>	<b>227</b>	<b>321</b>	<b>479</b>	<b>601</b>
OPM (%)	6.8%	6.3%	4.5%	9.1%	7.0%	8.1%	8.4%
...YoY	74.0%	-14.4%	97.5%	5.5%	22.0%	49.2%	25.6%
<b>Net profit</b>	<b>169</b>	<b>129</b>	<b>33</b>	<b>151</b>	<b>184</b>	<b>307</b>	<b>402</b>
NPM (%)	3.7%	3.1%	1.6%	6.1%	4.0%	5.2%	5.6%
...YoY	23.2%	-23.9%	263.3%	9.6%	42.5%	67.1%	30.9%

Source: Company data, CMBIGM estimates

## Assessing FIT's AI server opportunity:

Figure 3: Scenario analysis of FIT NVDA AI server revenue (2025)

<b>FIT NVDA AI server revenue (2025)</b>	<b>Bull</b>	<b>Base</b>	<b>Bear</b>
<b>NVDA AI server units</b>			
<b>GB200/GB300 rack shipment (NVL72-eq.)</b>	<b>50</b>	<b>40</b>	<b>30</b>
NVL36/72 mix	6:1	6:1	6:1
... NVL72 racks ('000)	10	10	10
... NVL36 racks ('000)	80	60	40
# of Compute Trays ('000)	900	720	540
<b>HGX/MGX AI server shipment (H100/H200/B200/B300A/B300)</b>			
# of GPUs (H100/H200/B200/B300A/B300) ('000)	2,800	2,800	2,800
# of AI Servers (H100/H200/B200/B300A/B300) ('000)	350	350	350
<b>GB200/GB300 AI Server revenue</b>			
<b>Compute tray: Connectors/cables (e.g. MCIO, MXIO, memory socket, PCIe)</b>			
FIT content value per compute tray (US\$)	1,000	800	600
FIT share allocation	20%	20%	20%
<b>Total revenue (US\$ '000)</b>	<b>180,000</b>	<b>115,200</b>	<b>64,800</b>
<b>Compute tray: components (e.g. power, thermal)</b>			
FIT content value per compute tray (US\$)	300	300	300
FIT share allocation	5%	5%	5%
<b>Total revenue (US\$ '000)</b>	<b>13,500</b>	<b>10,800</b>	<b>8,100</b>
<b>NVLink copper cables/connector</b>			
... Content value per NVL72 rack (US\$)	80,000	70,000	60,000
... Content value per NVL36 rack (US\$)	56,000	49,000	42,000
TAM - Backplane cables/connectors (US\$ '000)	5,280,000	3,640,000	2,280,000
FIT share allocation	13%	8%	5%
<b>Total revenue (US\$ '000)</b>	<b>686,400</b>	<b>291,200</b>	<b>114,000</b>
<b>Liquid Cooling: Components (e.g. cold plate, UQD, manifold)</b>			
FIT content value per rack (US\$)	300	300	300
FIT share allocation	5%	5%	5%
<b>Total revenue (US\$ '000)</b>	<b>750</b>	<b>600</b>	<b>450</b>
<b>GPU socket (GB300)</b>			
GB300 shipment (2xGPU) ('000)	220	220	220
ASP (US\$)	30	30	30
TAM - GPU sockets (US\$ '000)	6,600	6,600	6,600
FIT share allocation	80%	70%	60%
<b>Total revenue (US\$ '000)</b>	<b>5,280</b>	<b>4,620</b>	<b>3,960</b>
<b>FIT GB200/GB300 AI server revenue (US\$ '000)</b>	<b>885,930</b>	<b>422,420</b>	<b>191,310</b>
<b>HGX/MGX AI server (H100/H200/B200/B300A/B300) revenue</b>			
<b>Server connectors (e.g. MCIO, CPU/memory socket, PCIe)</b>			
FIT's content value per server (US\$)	1,000	800	600
FIT's share allocation	20%	20%	20%
<b>Total revenue (US\$ '000)</b>	<b>70,000</b>	<b>56,000</b>	<b>42,000</b>
<b>GPU sockets</b>			
B300A/B300 shipments ('000)	418	418	418
ASP (US\$)	20	20	20
TAM - GPU sockets (US\$ '000)	8,360	8,360	8,360
FIT share allocation	80%	70%	60%
<b>Total revenue (US\$ '000)</b>	<b>6,688</b>	<b>5,852</b>	<b>5,016</b>
<b>FIT HGX/MGX AI server revenue (US\$ '000)</b>	<b>76,688</b>	<b>61,852</b>	<b>47,016</b>
<b>Total NVDA AI server revenue (US\$ '000)</b>	<b>962,618</b>	<b>484,272</b>	<b>238,326</b>

Source: CMBIGM estimates

## Valuation

### Maintain BUY with TP of HK\$4.38

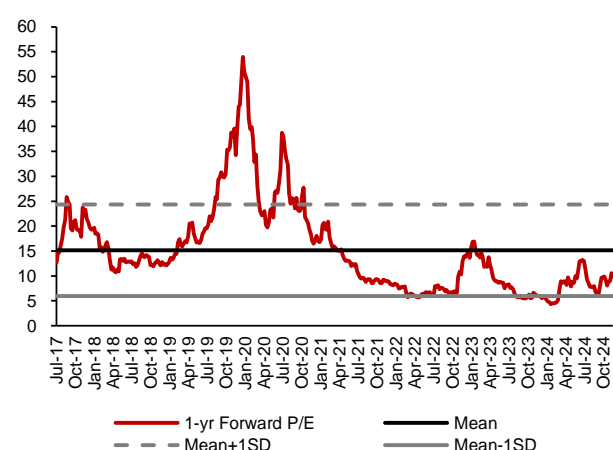
Our TP of HK\$ 4.38 is based on same 13x FY25E P/E, given accelerated growth on “3+3 Strategy” and profitability recovery. Trading at 9.5x/7.2x FY25/26E P/E, we think risk-reward is attractive. Upcoming catalysts include Auto-Kabel deal progress, GB200/GB300 supply chain updates and GPU socket applications.

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 (%)	
							FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
<b>Global Connectors</b>												
TE	TEL US	NR	45,218	151.15	NA	NA	20.0	18.7	3.7	3.6	19.1	18.9
Amphenol	APH US	NR	87,696	72.74	NA	NA	39.4	33.4	9.1	7.7	24.9	25.2
Fabrinet	FN US	NR	8,191	225.85	NA	NA	25.9	22.6	4.8	4.0	18.2	19.0
Aviat	6807 JP	NR	1,222	2607.00	NA	NA	17.1	13.9	1.3	1.3	7.5	9.6
Hirose	6806 JP	NR	4,283	17990.00	NA	NA	23.4	19.6	1.7	1.6	7.4	8.3
Luxshare	002475 CH	BUY	38,633	38.68	55.09	42%	20.6	16.8	3.3	2.8	16.0	16.4
Foxconn	2354 TT	NR	3,499	80.40	NA	NA	27.8	19.6	0.7	0.7	3.8	5.3
Hon Hai	2317 TT	NR	83,378	195.50	NA	NA	17.0	13.0	1.6	1.5	9.6	11.4
<b>Average</b>							<b>23.9</b>	<b>19.7</b>	<b>3.3</b>	<b>2.9</b>	<b>13.3</b>	<b>14.3</b>
<b>China technology</b>												
FIT Hon Teng	6088 HK	BUY	2,988	3.19	4.38	37.3%	15.8	9.5	1.1	1.0	7.3	11.1
AAC Tech	2018 HK	BUY	5,390	35.00	40.83	17%	20.9	16.5	1.6	1.5	7.4	8.8
Tongda	698 HK	BUY	104	0.08	0.12	47%	27.7	4.2	0.1	0.1	0.4	2.7
BYDE	285 HK	BUY	10,003	34.55	44.41	29%	15.7	11.5	3.8	3.1	24.2	26.8
Q tech	1478 HK	BUY	907	5.96	6.43	8%	17.8	11.9	1.2	1.1	6.9	9.6
YOFC	6869 HK	NR	2,141	11.62	NA	NA	10.7	8.1	0.7	0.6	7.3	9.0
Cowell	1415 HK	NR	2,777	25.15	NA	NA	28.6	16.7	5.5	4.1	21.0	26.9
<b>Average</b>							<b>18.7</b>	<b>11.5</b>	<b>1.9</b>	<b>1.6</b>	<b>11.1</b>	<b>13.7</b>

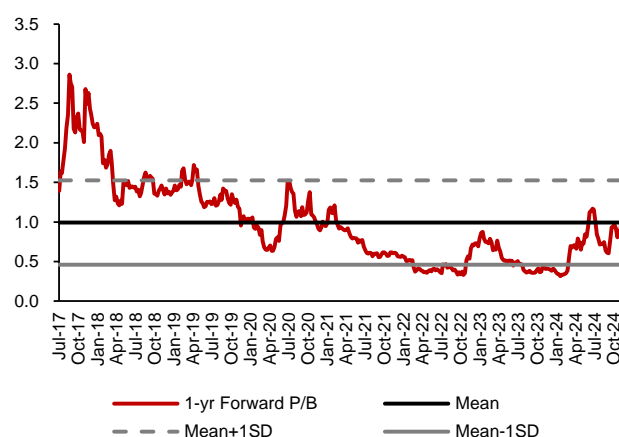
Source: Bloomberg, CMBIGM estimates

Figure 5: 12M forward P/E band



Source: Company data, Bloomberg, CMBIGM estimates

Figure 6: 12M forward P/B band



Source: Company data, Bloomberg, CMBIGM estimates

## Financial Summary

INCOME STATEMENT	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec (US\$ mn)						
Revenue	4,490	4,531	4,196	4,555	5,896	7,131
Cost of goods sold	(3,817)	(3,763)	(3,388)	(3,613)	(4,651)	(5,603)
Gross profit	673	768	807	942	1,245	1,528
Selling expense	(105)	(93)	(105)	(128)	(147)	(178)
Admin expense	(161)	(130)	(191)	(210)	(259)	(307)
R&D expense	(301)	(296)	(308)	(353)	(430)	(513)
Others	70	58	61	69	71	71
Operating profit	177	307	263	321	479	601
Share of (losses)/profits of associates/JV	(8)	(46)	(50)	(38)	(38)	(38)
Interest expense	(2)	(14)	(33)	(33)	(30)	(26)
Pre-tax profit	167	248	179	250	411	538
Income tax	(31)	(78)	(50)	(65)	(103)	(134)
Minority interest	(1)	1	1	0	1	1
Net profit	137	170	130	184	308	403

BALANCE SHEET	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec (US\$ mn)						
Current assets	3,034	2,764	3,112	2,794	3,793	4,266
Cash & equivalents	769	914	1,316	886	1,184	1,416
Account receivables	1,033	720	807	851	1,295	1,300
Inventories	982	967	802	870	1,127	1,363
ST bank deposits	98	66	4	4	4	4
Non-current assets	1,973	1,783	1,982	2,498	2,426	2,317
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
Total assets	5,007	4,547	5,094	5,291	6,219	6,583
Current liabilities	1,937	1,539	2,563	2,577	3,196	3,157
Short-term borrowings	690	453	1,383	1,383	1,383	1,383
Account payables	1,138	971	1,095	1,108	1,727	1,688
Tax payable	94	98	70	70	70	70
Other current liabilities	15	18	17	17	17	17
Non-current liabilities	674	661	93	93	93	93
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
Total liabilities	2,611	2,200	2,656	2,670	3,289	3,250
Share capital	139	142	142	142	142	142
Other reserves	2,348	2,295	2,384	2,569	2,877	3,280
Total shareholders equity	2,396	2,347	2,437	2,622	2,930	3,333
Minority interest	1	2	3	3	3	3
Total equity and liabilities	5,007	4,547	5,094	5,291	6,219	6,583

CASH FLOW	2021A	2022A	2023A	2024E	2025E	2026E
<b>YE 31 Dec (US\$ mn)</b>						
<b>Operating</b>						
Profit before taxation	167	248	179	250	411	538
Depreciation & amortization	251	232	220	434	472	509
Tax paid	(91)	(79)	(75)	(65)	(103)	(134)
Change in working capital	(257)	93	146	(99)	(82)	(280)
Others	15	63	103	0	0	0
<b>Net cash from operations</b>	<b>85</b>	<b>556</b>	<b>574</b>	<b>519</b>	<b>698</b>	<b>632</b>
<b>Investing</b>						
Capital expenditure	(216)	(113)	(243)	(950)	(400)	(400)
Acquisition of subsidiaries/ investments	0	0	0	0	0	0
Others	(4)	47	(167)	0	0	0
<b>Net cash from investing</b>	<b>(220)</b>	<b>(66)</b>	<b>(410)</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)	(1)	0	0	0
Others	121	(268)	250	0	0	0
<b>Net cash from financing</b>	<b>120</b>	<b>(270)</b>	<b>249</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	886	1,184
Exchange difference	19	(75)	(10)	0	0	0
<b>Cash at the end of the year</b>	<b>769</b>	<b>914</b>	<b>1,316</b>	<b>886</b>	<b>1,184</b>	<b>1,416</b>
GROWTH	2021A	2022A	2023A	2024E	2025E	2026E
<b>YE 31 Dec</b>						
Revenue	4.1%	0.9%	(7.4%)	8.6%	29.4%	20.9%
Gross profit	16.1%	14.1%	5.1%	16.7%	32.2%	22.7%
Operating profit	41.2%	74.0%	(14.4%)	22.0%	49.2%	25.6%
Net profit	219.3%	24.5%	(23.8%)	42.2%	67.2%	30.9%
PROFITABILITY	2021A	2022A	2023A	2024E	2025E	2026E
<b>YE 31 Dec</b>						
Gross profit margin	15.0%	16.9%	19.2%	20.7%	21.1%	21.4%
Operating margin	3.9%	6.8%	6.3%	7.0%	8.1%	8.4%
Return on equity (ROE)	6.0%	7.2%	5.4%	7.3%	11.1%	12.9%
GEARING/LIQUIDITY/ACTIVITIES	2021A	2022A	2023A	2024E	2025E	2026E
<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	1.4
Receivable turnover days	84.0	58.0	70.2	68.2	80.2	66.6
Inventory turnover days	93.9	93.8	86.4	87.9	88.4	88.8
Payable turnover days	108.8	94.2	117.9	111.9	135.6	110.0
VALUATION	2021A	2022A	2023A	2024E	2025E	2026E
<b>YE 31 Dec</b>						
P/E	20.1	16.9	22.5	15.8	9.5	7.2
P/B	1.1	1.2	1.1	1.1	1.0	0.9
Div yield (%)	109.3	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

**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 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.