

China / Hong Kong Company Update

HKT Trust

Bloomberg: 6823 HK Equity | Reuters: 6823.HK

Refer to important disclosures at the end of this report

23DBS Group Research . Equity

25 Feb 2022

BUY

Last Traded Price (24 Feb 2022): HK\$10.70 (HSI : 22,902)

Price Target 12-mth: HK\$13.30 (24% upside)

Analyst

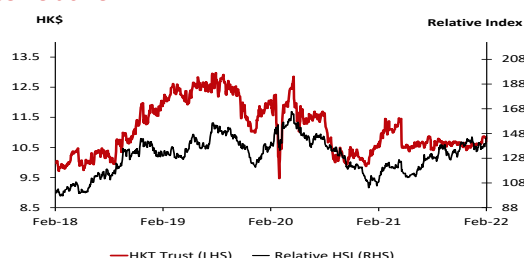
Tsz Wang Tam +852 36684195 tszwangtam@db.com

Harry Zhuang harryzhuang@db.com

What's New

- FY21 results in line; AFF increased by 2.4% y-o-y
- Resilient local TSS and mobile businesses with 1% and 2% growth, respectively
- Mobile roaming shrinkage unlikely; 5G penetration to drive mobile ARPU recovery
- Maintain BUY for its attractive dividend yield of c.7%, with TP unchanged at HK\$13.3

Price Relative



Forecasts and Valuation

FY Dec (HK\$m)	2020A	2021A	2022F	2023F
Turnover	32,389	33,961	35,366	36,528
EBITDA	12,527	12,733	13,298	13,826
Pre-tax Profit	6,174	5,819	6,193	6,165
Net Profit	5,303	4,808	5,157	5,134
Net Profit Gth (Pre-ex) (%)	1.6	(9.3)	7.3	(0.5)
EPS (HK\$)	0.70	0.63	0.68	0.68
EPS Gth (%)	1.6	(9.3)	7.3	(0.5)
Diluted EPS (HK\$)	0.70	0.63	0.68	0.68
DPS (HK\$)	0.70	0.72	0.75	0.77
BV Per Share (HK\$)	5.00	4.90	4.80	4.71
PE (X)	15.3	16.9	15.7	15.8
P/Cash Flow (X)	7.7	7.3	7.2	6.9
P/Free CF (X)	9.9	9.4	9.2	8.8
EV/EBITDA (X)	9.7	9.6	9.3	9.1
Net Div Yield (%)	6.6	6.7	7.0	7.2
P/Book Value (X)	2.1	2.2	2.2	2.3
Net Debt/Equity (X)	1.1	1.1	1.2	1.3
ROAE (%)	14.0	12.8	14.0	14.2
Earnings Rev (%)			(6)	(7)
Consensus EPS (HK\$)			0.71	0.71
Other Broker Recs:		B:9	S:0	H:2

Source of all data on this page: Company, DBS Bank (Hong Kong) Limited ("DBS HK"), Thomson Reuters

Still a trusted pick

Investment Thesis

Attractive dividend yield of c.7% with steady AFF growth at an expected compound annual growth rate (CAGR) of c.3% in FY21-FY23.

Further roaming revenue shrinkage unlikely. The COVID-19 outbreak has reduced the number of travellers. The roaming revenue only accounts for c.5% during the pandemic, vs. c.13% before COVID-19. Any roaming revenue recovery will be positive to AFF growth.

Expect higher 5G penetration to drive ARPU recovery. We forecast post-paid mobile ARPU to improve by 4% and 3% in FY22 and FY23, respectively.

Valuation:

Our TP of HK\$13.30 is based on a dividend discount model (DDM), assuming a 7.2% cost of equity.

Where we differ:

The market is concerned about the impact of lower IT spending in the enterprise market due to COVID-19. We believe that the impact is manageable, as demand for telecommunications services such as broadband is relatively stable.

Key Risks to Our View:

Irrational market competition. Hong Kong's mobile market is crowded with four major players. Irrational pricing may lead to a price war.

Interest rate upcycle. Any increase in interest rates will reduce the adjusted funds flow (AFF) and, therefore, dividend distribution.

At A Glance

Issued Capital (m shrs)	7,576
Mkt Cap (HK\$m/US\$m)	81,063 / 10,382
Major Shareholders (%)	
PCCW Ltd	51.9
Free Float (%)	48.1
3m Avg. Daily Val. (US\$m)	6.74
GICS Industry: Communication Services / Telecommunication Services	



Watchlist the stock on Insights Direct to receive prompt updates



WHAT'S NEW**FY21 results in line; local business remained resilient****FY21 results highlights**

Total revenue grew by 5% y-o-y to HK\$33,961m in FY21, mainly driven by strong demand for fixed broadband services, increasing 5G adoption, and a 51% growth in mobile product sales. Total revenue excluding mobile sales increased by 1% y-o-y, to HK\$30,031m.

TSS revenue decreased by 2% y-o-y to HK\$21,812m, with a 1% y-o-y growth in local TSS services and 8% y-o-y decline in international telecommunications services. TSS EBITDA margin expanded 1ppt to 39%.

Mobile service revenue increased by 1% y-o-y to HK\$7,818m, as a 2% increase in the local core business offset the decline of the roaming business. Mobile service EBITDA margin decreased by 1ppt to 60%. Mobile post-paid subs base increased 45k y-o-y, to 3,297k, with the churn rate reaching an all-time low of 0.7%. 5G customer base reached 680k as of Dec 2021, representing 21% of the post-paid subs base. Mobile post-paid exit ARPU increased by 2% y-o-y, to HK\$187 in 1H21 from HK\$184 in FY21, driven by 5G service plan uplift. Mobile product sales increased by 51% y-o-y, to HK\$3,930m in FY21.

Total EBITDA increased by 2% y-o-y, to HK\$12,733m, with EBITDA margin contracting 2ppts to 47%.

AFF increased by 2.4% y-o-y to HK\$5,513m, attributable to a 2% increase in EBITDA, reduction in net finance costs, and tax payment.

The company proposed a final dividend of HK\$0.3070 per share staple unit (SSU), adding to a full-year dividend of HK\$0.7277 per SSU, representing a full payout of AFF and translating to a c.7% yield.

Outlook

For the fixed-line business, we expect growth to remain steady at a low single-digit rate, driven by continued upgrades to FTTH services, expanding uptake of home Wi-Fi services, as well as accelerated enterprise digital transformation.

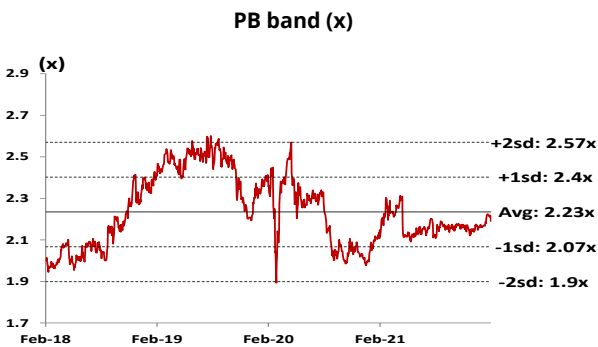
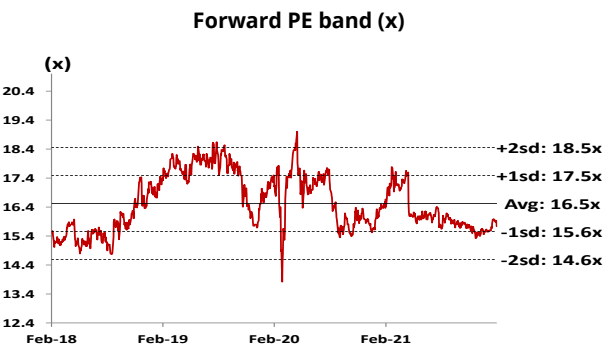
For the mobile business, the impact of COVID-19 has been longer than expected due to the outbreak of the COVID various variants and the fifth wave of COVID-19 in Hong Kong. We expect the mobile roaming business to remain sluggish, at least in 1H22, while further shrinkage is unlikely. Therefore, mobile ARPU will continue to recover, driven by higher 5G adoption. On average, upgrading to 5G services plans brings a HK\$70 ARPU uplift per subscriber. As of Jan 2022, the 5G penetration rate reached 23% for post-paid subscribers. Management expects the 5G penetration to reach at least 30% by FY22. We forecast mobile ARPU to improve by 3% each in FY22 and FY23.

We have kept our AFF forecast largely unchanged. We forecast AFF growth to increase by 3% each for FY22 and FY23. The company offers an attractive dividend yield of c.7% with a c.3% dividend CAGR over FY21-FY23. We maintain our BUY call with the TP unchanged at HK\$13.30, for its attractive dividend yield. Our TP is based on the DDM, assuming a 7.2% cost of equity.

Company Background

HKT is an integrated telecom service provider in Hong Kong, with the largest market share in the fixed-line and mobile markets. The company's broadband services are provided via the brand "Netvigator" and its mobile services are provided via the brands "csl.", "1010", and "SUN Mobile". HKT is 52% owned by PCCW (8 HK).

Historical PE and PB band



Source: Thomson Reuters, DBS HK

HKT Trust

Key Assumptions

FY Dec	2019A	2020A	2021A	2022F	2023F
Fixed-line sub growth (%)	(1.3)	(2.9)	(3.1)	(1.5)	(1.5)
Broadband sub growth (%)	0.3	0.5	0.3	0.7	0.7
Mobile sub growth (%)	8.2	(1.6)	3.6	2.3	2.0
Mobile ARPU	156.0	139.0	139.0	143.0	147.0
EBITDA margin (%)	38.7	38.7	37.5	37.6	37.9

Source: Company, DBS HK

Segmental Breakdown (HK\$m)

FY Dec	2019A	2020A	2021A	2022F	2023F
Revenues (HK\$ m)					
TSS	21,953	22,357	21,812	22,145	22,442
Mobile	11,814	10,366	11,748	12,196	12,600
PayTV	N/A	647	2,456	3,070	3,531
Other businesses	236	241	872	1,003	1,103
Eliminations	(900)	(1,222)	(2,927)	(3,048)	(3,148)
Total	33,103	32,389	33,961	35,366	36,528

Source: Company, DBS HK

Income Statement (HK\$m)

FY Dec	2019A	2020A	2021A	2022F	2023F
Revenue	33,103	32,389	33,961	35,366	36,528
Cost of Goods Sold	(15,787)	(15,703)	(16,729)	(17,307)	(17,794)
Gross Profit	17,316	16,686	17,232	18,059	18,734
Other Opng (Exp)/Inc	(9,622)	(9,498)	(10,127)	(10,381)	(10,575)
Operating Profit	7,694	7,188	7,105	7,678	8,159
Other Non Opg (Exp)/Inc	3	361	(8)	0	0
Associates & JV Inc	(51)	(79)	(130)	(130)	(130)
Net Interest (Exp)/Inc	(1,372)	(1,296)	(1,148)	(1,354)	(1,864)
Dividend Income	0	0	0	0	0
Exceptional Gain/(Loss)	0	0	0	0	0
Pre-tax Profit	6,274	6,174	5,819	6,193	6,165
Tax	(1,037)	(855)	(997)	(1,022)	(1,017)
Minority Interest	(20)	(16)	(14)	(14)	(14)
Preference Dividend	0	0	0	0	0
Net Profit	5,217	5,303	4,808	5,157	5,134
Net Profit before Except.	5,217	5,303	4,808	5,157	5,134
EBITDA	12,817	12,527	12,733	13,298	13,826
Growth					
Revenue Gth (%)	(5.9)	(2.2)	4.9	4.1	3.3
EBITDA Gth (%)	2.1	(2.3)	1.6	4.4	4.0
Opg Profit Gth (%)	6.6	(6.6)	(1.2)	8.1	6.3
Net Profit Gth (%)	8.1	1.6	(9.3)	7.3	(0.5)
Margins & Ratio					
Gross Margins (%)	52.3	51.5	50.7	51.1	51.3
Opg Profit Margin (%)	23.2	22.2	20.9	21.7	22.3
Net Profit Margin (%)	15.8	16.4	14.2	14.6	14.1
ROAE (%)	13.8	14.0	12.8	14.0	14.2
ROA (%)	5.3	5.2	4.5	4.7	4.6
ROCE (%)	7.5	7.0	6.4	6.8	7.1
Div Payout Ratio (%)	102.2	100.7	112.9	110.4	113.9
Net Interest Cover (x)	5.6	5.5	6.2	5.7	4.4

Source: Company, DBS HK

HKT Trust

Interim Income Statement (HK\$m)

FY Dec	2H2019	1H2020	2H2020	1H2021	2H2021
Revenue	17,994	14,606	17,783	15,643	18,318
Cost of Goods Sold	(8,837)	(6,941)	(8,762)	(7,550)	(9,179)
Gross Profit	9,157	7,665	9,021	8,093	9,139
Other Oper. (Exp)/Inc	(4,826)	(4,608)	(4,890)	(5,127)	(5,000)
Operating Profit	4,331	3,057	4,131	2,966	4,139
Other Non Opg (Exp)/Inc	2	(50)	411	0	(8)
Associates & JV Inc	(28)	(30)	(49)	(63)	(67)
Net Interest (Exp)/Inc	(710)	(658)	(638)	(561)	(587)
Exceptional Gain/(Loss)	0	0	0	0	0
Pre-tax Profit	3,595	2,319	3,855	2,342	3,477
Tax	(528)	(414)	(441)	(434)	(563)
Minority Interest	(12)	(7)	(9)	(8)	(6)
Net Profit	3,055	1,898	3,405	1,900	2,908
Net profit bef Except.	3,055	1,898	3,405	1,900	2,908

Growth

Revenue Gth (%)	(0.9)	(3.3)	(1.2)	7.1	3.0
Opg Profit Gth (%)	1.3	(9.1)	(4.6)	(3.0)	0.2
Net Profit Gth (%)	3.3	(12.2)	11.5	0.1	(14.6)

Margins

Gross Margins (%)	50.9	52.5	50.7	51.7	49.9
Opg Profit Margins (%)	24.1	20.9	23.2	19.0	22.6
Net Profit Margins (%)	17.0	13.0	19.1	12.1	15.9

Source: Company, DBS HK

Balance Sheet (HK\$m)

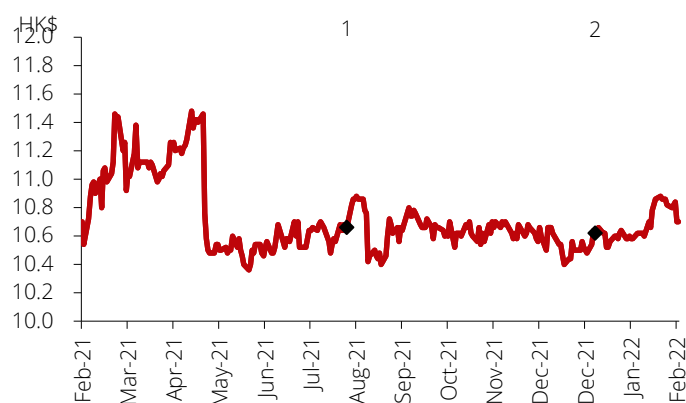
FY Dec	2019A	2020A	2021A	2022F	2023F
Net Fixed Assets	22,392	24,221	25,387	26,669	27,827
Invt in Associates & JVs	852	813	915	900	885
Other LT Assets	66,604	68,400	72,175	72,221	72,619
Cash & ST Invt	2,417	2,092	2,411	2,711	2,830
Inventory	803	820	1,218	1,258	1,295
Debtors	3,600	3,253	3,953	4,117	4,103
Other Current Assets	3,101	3,572	3,553	3,574	3,596
Total Assets	99,769	103,171	109,612	111,450	113,155
ST Debt	0	1,552	61	61	61
Creditors	2,342	3,945	5,250	5,690	5,850
Other Current Liab	10,749	9,872	10,892	10,892	10,892
LT Debt	40,358	40,719	43,628	45,628	47,628
Other LT Liabilities	8,350	9,183	12,584	12,759	12,926
Shareholder's Equity	37,912	37,838	37,141	36,350	35,714
Minority Interests	58	62	56	70	84
Total Cap. & Liab.	99,769	103,171	109,612	111,450	113,155
Non-Cash Wkg. Capital	(5,587)	(6,172)	(7,418)	(7,633)	(7,748)
Net Cash/(Debt)	(37,941)	(40,179)	(41,278)	(42,978)	(44,859)
Debtors Turn (avg days)	40.4	38.6	38.7	41.6	41.1
Creditors Turn (avg days)	70.6	110.7	152.7	172.8	175.6
Inventory Turn (avg days)	32.2	28.6	33.8	39.1	38.8
Asset Turnover (x)	0.3	0.3	0.3	0.3	0.3
Current Ratio (x)	0.8	0.6	0.7	0.7	0.7
Quick Ratio (x)	0.5	0.3	0.4	0.4	0.4
Net Debt/Equity (X)	1.0	1.1	1.1	1.2	1.3
Net Debt/Equity ex MI (X)	1.0	1.1	1.1	1.2	1.3
Capex to Debt (%)	6.5	5.6	5.6	5.4	5.1
Z-Score (X)	1.7	1.7	1.6	1.6	1.6

Source: Company, DBS HK

Cash Flow Statement (HK\$m)

FY Dec	2019A	2020A	2021A	2022F	2023F
Pre-Tax Profit	6,274	6,174	5,819	6,193	6,165
Dep. & Amort.	5,121	5,341	5,741	5,751	5,797
Tax Paid	(185)	(516)	(602)	(617)	(614)
Assoc. & JV Inc/(loss)	51	79	15	15	15
(Pft)/ Loss on disposal of FAs	0	0	0	0	0
Chg in Wkg. Cap.	(1,794)	(1,717)	(1,074)	(1,515)	(1,621)
Other Operating CF	1,617	1,179	1,185	1,402	1,932
Net Operating CF	11,084	10,540	11,084	11,229	11,674
Capital Exp. (net)	(2,642)	(2,377)	(2,450)	(2,450)	(2,450)
Other Invt. (net)	(2,487)	(2,391)	(1,964)	(1,964)	(1,964)
Invt in Assoc. & JV	(277)	(70)	0	0	0
Div from Assoc & JV	0	0	0	0	0
Other Investing CF	(32)	(1,781)	0	276	0
Net Investing CF	(5,438)	(6,619)	(4,414)	(4,138)	(4,414)
Div Paid	(5,238)	(5,336)	(5,383)	(5,949)	(5,769)
Chg in Gross Debt	378	1,818	1,678	2,000	2,000
Capital Issues	0	48	0	0	0
Other Financing CF	(887)	(809)	(2,647)	(2,842)	(3,372)
Net Financing CF	(5,747)	(4,279)	(6,351)	(6,791)	(7,141)
Currency Adjustments	(16)	33	0	0	0
Chg in Cash	(117)	(325)	319	300	119
Opg CFPS (HK\$)	1.70	1.62	1.60	1.68	1.75
Free CFPS (HK\$)	1.12	1.08	1.14	1.16	1.22

Source: Company, DBS HK

HKT Trust
Target Price & Ratings History


S.No.	Date	Closing Price	12-mth Target Price	Rating
1:	6-Aug-21	HK\$10.64	HK\$13.70	Buy
2:	5-Jan-22	HK\$10.64	HK\$13.30	Buy

Source: DBS HK

Analyst: Tsz Wang Tam

Harry Zhuang

DBS HK recommendations are based on an Absolute Total Return* Rating system, defined as follows:

STRONG BUY (>20% total return over the next 3 months, with identifiable share price catalysts within this time frame)

BUY (>15% total return over the next 12 months for small caps, >10% for large caps)

HOLD (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)

FULLY VALUED (negative total return, i.e., > -10% over the next 12 months)

SELL (negative total return of > -20% over the next 3 months, with identifiable share price catalysts within this time frame)

*Share price appreciation + dividends

Completed Date: 25 Feb 2022 08:29:38 (HKT)

Dissemination Date: 25 Feb 2022 10:57:29 (HKT)

Sources for all charts and tables are DBS HK unless otherwise specified.

GENERAL DISCLOSURE/DISCLAIMER

This report is prepared by DBS Bank (Hong Kong) Limited ("DBS HK"). This report is solely intended for the clients of DBS Bank Ltd., DBS HK, DBS Vickers (Hong Kong) Limited ("DBSV HK"), and DBS Vickers Securities (Singapore) Pte Ltd. ("DBSVS"), its respective connected and associated corporations and affiliates only and no part of this document may be (i) copied, photocopied or duplicated in any form or by any means or (ii) redistributed without the prior written consent of DBS HK.

The research set out in this report is based on information obtained from sources believed to be reliable, but we (which collectively refers to DBS Bank Ltd., DBS HK, DBSV HK, DBSVS, its respective connected and associated corporations, affiliates and their respective directors, officers, employees and agents (collectively, the "DBS Group") have not conducted due diligence on any of the companies, verified any information or sources or taken into account any other factors which we may consider to be relevant or appropriate in preparing the research. Accordingly, we do not make any representation or warranty as to the accuracy, completeness or correctness of the research set out in this report. Opinions expressed are subject to change without notice. This research is prepared for general circulation. Any recommendation contained in this document does not have regard to the specific investment objectives, financial situation and the particular needs of any specific addressee. This document is for the information of addressees only and is not to be taken in substitution for the exercise of judgement by addressees, who should obtain separate independent legal or financial advice. The DBS Group accepts no liability whatsoever for any direct, indirect and/or consequential loss (including any claims for loss of profit) arising from any use of and/or reliance upon this document and/or further communication given in relation to this document. This document is not to be construed as an offer or a solicitation of an offer to buy or sell any securities. The DBS Group, along with its affiliates and/or persons associated with any of them may from time to time have interests in the securities mentioned in this document. The DBS Group, may have positions in, and may effect transactions in securities mentioned herein and may also perform or seek to perform broking, investment banking and other banking services for these companies.

Any valuations, opinions, estimates, forecasts, ratings or risk assessments herein constitutes a judgment as of the date of this report, and there can be no assurance that future results or events will be consistent with any such valuations, opinions, estimates, forecasts, ratings or risk assessments. The information in this document is subject to change without notice, its accuracy is not guaranteed, it may be incomplete or condensed, it may not contain all material information concerning the company (or companies) referred to in this report and the DBS Group is under no obligation to update the information in this report.

This publication has not been reviewed or authorized by any regulatory authority in Singapore, Hong Kong or elsewhere. There is no planned schedule or frequency for updating research publication relating to any issuer.

The valuations, opinions, estimates, forecasts, ratings or risk assessments described in this report were based upon a number of estimates and assumptions and are inherently subject to significant uncertainties and contingencies. It can be expected that one or more of the estimates on which the valuations, opinions, estimates, forecasts, ratings or risk assessments were based will not materialize or will vary significantly from actual results. Therefore, the inclusion of the valuations, opinions, estimates, forecasts, ratings or risk assessments described herein IS NOT TO BE RELIED UPON as a representation and/or warranty by the DBS Group (and/or any persons associated with the aforesaid entities), that:

- (a) such valuations, opinions, estimates, forecasts, ratings or risk assessments or their underlying assumptions will be achieved, and
- (b) there is any assurance that future results or events will be consistent with any such valuations, opinions, estimates, forecasts, ratings or risk assessments stated therein.

Please contact the primary analyst for valuation methodologies and assumptions associated with the covered companies or price targets. Any assumptions made in this report that refers to commodities, are for the purposes of making forecasts for the company (or companies) mentioned herein. They are not to be construed as recommendations to trade in the physical commodity or in the futures contract relating to the commodity referred to in this report.

DBS Vickers Securities (USA) Inc ("DBSVUSA"), a US-registered broker-dealer, does not have its own investment banking or research department, has not participated in any public offering of securities as a manager or co-manager or in any other investment banking transaction in the past twelve months and does not engage in market-making.

Neither DBS Bank Ltd nor DBS HK market makes in equity securities of the issuer(s) or company(ies) mentioned in this Research Report.

ANALYST CERTIFICATION

The research analyst(s) primarily responsible for the content of this research report, in part or in whole, certifies that the views about the companies and their securities expressed in this report accurately reflect his/her personal views. The analyst(s) also certifies that no part of his/her compensation was, is, or will be, directly or indirectly, related to specific recommendations or views expressed in the report. The research analyst(s) primarily responsible for the content of this research report, in part or in whole, certifies that he or his associate¹ does not serve as an officer of the issuer or the new listing applicant (which includes in the case of a real estate investment trust, an officer of the management company of the real estate investment trust; and in the case of any other entity, an officer or its equivalent counterparty of the entity who is responsible for the management of the issuer or the new listing applicant) and the research analyst(s) primarily responsible for the content of this research report or his associate does not have financial interests² in relation to an issuer or a new listing applicant that the analyst reviews. DBS Group has procedures in place to eliminate, avoid and manage any potential conflicts of interests that may arise in connection with the production of research reports. The research analyst(s) responsible for this report operates as part of a separate and independent team to the investment banking function of the DBS Group and procedures are in place to ensure that confidential information held by either the research or investment banking function is handled appropriately. There is no direct link of DBS Group's compensation to any specific investment banking function of the DBS Group.

COMPANY-SPECIFIC / REGULATORY DISCLOSURES

1. DBS Bank Ltd, DBS HK, DBSVS or their subsidiaries and/or other affiliates have a proprietary position in HKT Trust & HKT Ltd (6823 HK) recommended in this report as of 21 Feb 2022.
2. DBS Bank Ltd, DBS HK, DBSVS, their subsidiaries and/or other affiliates have a net long position exceeding 0.5% of the total issued share capital in HKT Trust & HKT Ltd (6823 HK) recommended in this report as of 21 Feb 2022.
3. **Compensation for investment banking services:**
DBS Bank Ltd, DBS HK, DBSVS, their subsidiaries and/or other affiliates of DBSVUSA have received compensation, within the past 12 months for investment banking services from PCCW Ltd (8 HK) as of 31 Jan 2022.
4. DBS Bank Ltd, DBS HK, DBSVS, their subsidiaries and/or other affiliates of DBSVUSA have managed or co-managed a public offering of securities for PCCW Ltd (8 HK) in the past 12 months, as of 31 Jan 2022.


DBSVUSA does not have its own investment banking or research department, nor has it participated in any public offering of securities as a manager or co-manager or in any other investment banking transaction in the past twelve months. Any US persons wishing to obtain further information, including any clarification on disclosures in this disclaimer, or to effect a transaction in any security discussed in this document should contact DBSVUSA exclusively.

5. **Disclosure of previous investment recommendation produced:**
DBS Bank Ltd, DBSVS, DBS HK, their subsidiaries and/or other affiliates of DBSVUSA may have published other investment recommendations in respect of the same securities / instruments recommended in this research report during the preceding 12 months. Please contact the primary analyst listed on page 1 of this report to view previous investment recommendations published by DBS Bank Ltd, DBS HK, DBSVS, their subsidiaries and/or other affiliates of DBSVUSA in the preceding 12 months.

¹ An associate is defined as (i) the spouse, or any minor child (natural or adopted) or minor step-child, of the analyst; (ii) the trustee of a trust of which the analyst, his spouse, minor child (natural or adopted) or minor step-child, is a beneficiary or discretionary object; or (iii) another person accustomed or obliged to act in accordance with the directions or instructions of the analyst.

² Financial interest is defined as interests that are commonly known financial interest, such as investment in the securities in respect of an issuer or a new listing applicant, or financial accommodation arrangement between the issuer or the new listing applicant and the firm or analysis. This term does not include commercial lending conducted at arm's length, or investments in any collective investment scheme other than an issuer or new listing applicant notwithstanding the fact that the scheme has investments in securities in respect of an issuer or a new listing applicant.

RESTRICTIONS ON DISTRIBUTION

General	This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation.
Australia	<p>This report is being distributed in Australia by DBS Bank Ltd, DBSVS or DBSV HK. DBS Bank Ltd holds Australian Financial Services Licence no. 475946.</p> <p>DBS Bank Ltd, DBSVS and DBSV HK are exempted from the requirement to hold an Australian Financial Services Licence under the Corporation Act 2001 ("CA") in respect of financial services provided to the recipients. Both DBS Bank Ltd and DBSVS are regulated by the Monetary Authority of Singapore under the laws of Singapore, and DBSV HK is regulated by the Hong Kong Securities and Futures Commission under the laws of Hong Kong, which differ from Australian laws.</p> <p>Distribution of this report is intended only for "wholesale investors" within the meaning of the CA.</p>
Hong Kong	This report is being distributed in Hong Kong by DBS Bank Ltd, DBS Bank (Hong Kong) Limited and DBS Vickers (Hong Kong) Limited, all of which are registered with or licensed by the Hong Kong Securities and Futures Commission to carry out the regulated activity of advising on securities. DBS Bank Ltd., Hong Kong Branch is a limited liability company incorporated in Singapore.
Indonesia	This report is being distributed in Indonesia by PT DBS Vickers Sekuritas Indonesia.
Malaysia	<p>This report is distributed in Malaysia by AllianceDBS Research Sdn Bhd ("ADBSR"). Recipients of this report, received from ADBSR are to contact the undersigned at 603-2604 3333 in respect of any matters arising from or in connection with this report. In addition to the General Disclosure/Disclaimer found at the preceding page, recipients of this report are advised that ADBSR (the preparer of this report), its holding company Alliance Investment Bank Berhad, their respective connected and associated corporations, affiliates, their directors, officers, employees, agents and parties related or associated with any of them may have positions in, and may effect transactions in the securities mentioned herein and may also perform or seek to perform broking, investment banking/corporate advisory and other services for the subject companies. They may also have received compensation and/or seek to obtain compensation for broking, investment banking/corporate advisory and other services from the subject companies.</p> <p style="text-align: right;">  Wong Ming Tek, Executive Director, ADBSR </p>
Singapore	This report is distributed in Singapore by DBS Bank Ltd (Company Regn. No. 196800306E) or DBSVS (Company Regn No. 198600294G), both of which are Exempt Financial Advisers as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. DBS Bank Ltd and/or DBSVS, 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, DBS Bank Ltd accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact DBS Bank Ltd at 6878 8888 for matters arising from, or in connection with the report.
Thailand	<p>This report is being distributed in Thailand by DBS Vickers Securities (Thailand) Co Ltd.</p> <p>For any query regarding the materials herein, please contact [Chanpen Sirithanarattanakul] at [research@th.dbs.com]</p>
United Kingdom	<p>This report is produced by DBS HK which is regulated by the Hong Kong Monetary Authority</p> <p>This report is disseminated in the United Kingdom by DBS Vickers Securities (UK) Ltd ("DBSVUK"). DBSVUK is authorised and regulated by the Financial Conduct Authority in the United Kingdom.</p> <p>In respect of the United Kingdom, this report is solely intended for the clients of DBSVUK, its respective connected and associated corporations and affiliates only and no part of this document may be (i) copied, photocopied or duplicated in any form or by any means or (ii) redistributed without the prior written consent of DBSVUK. This communication is directed at persons having professional experience in matters relating to investments. Any investment activity following from this communication will only be engaged in with such persons. Persons who do not have professional experience in matters relating to investments should not rely on this communication.</p>

Dubai International Financial Centre / United Arab Emirates	<p>This communication is provided to you as a Professional Client or Market Counterparty as defined in the DFSA Rulebook Conduct of Business Module (the "COB Module"), and should not be relied upon or acted on by any person which does not meet the criteria to be classified as a Professional Client or Market Counterparty under the DFSA rules.</p> <p>This communication is from the branch of DBS Bank Ltd operating in the Dubai International Financial Centre (the "DIFC") under the trading name "DBS Bank Ltd. (DIFC Branch)" ("DBS DIFC"), registered with the DIFC Registrar of Companies under number 156 and having its registered office at units 608 - 610, 6th Floor, Gate Precinct Building 5, PO Box 506538, DIFC, Dubai, United Arab Emirates.</p> <p>DBS DIFC is regulated by the Dubai Financial Services Authority (the "DFSA") with a DFSA reference number F000164. For more information on DBS DIFC and its affiliates, please see http://www.dbs.com/ae/our--network/default.page.</p> <p>Where this communication contains a research report, this research report is prepared by the entity referred to therein, which may be DBS Bank Ltd or a third party, and is provided to you by DBS DIFC. The research report has not been reviewed or authorised by the DFSA. Such research report is distributed on the express understanding that, whilst the information contained within is believed to be reliable, the information has not been independently verified by DBS DIFC.</p> <p>Unless otherwise indicated, this communication does not constitute an "Offer of Securities to the Public" as defined under Article 12 of the Markets Law (DIFC Law No.1 of 2012) or an "Offer of a Unit of a Fund" as defined under Article 19(2) of the Collective Investment Law (DIFC Law No.2 of 2010).</p> <p>The DFSA has no responsibility for reviewing or verifying this communication or any associated documents in connection with this investment and it is not subject to any form of regulation or approval by the DFSA. Accordingly, the DFSA has not approved this communication or any other associated documents in connection with this investment nor taken any steps to verify the information set out in this communication or any associated documents, and has no responsibility for them. The DFSA has not assessed the suitability of any investments to which the communication relates and, in respect of any Islamic investments (or other investments identified to be Shari'a compliant), neither we nor the DFSA has determined whether they are Shari'a compliant in any way.</p> <p>Any investments which this communication relates to may be illiquid and/or subject to restrictions on their resale. Prospective purchasers should conduct their own due diligence on any investments. If you do not understand the contents of this document you should consult an authorised financial adviser.</p>
United States	<p>This report was prepared by DBS HK. DBSVUSA did not participate in its preparation. The research analyst(s) named on this report are not registered as research analysts with FINRA and are not associated persons of DBSVUSA. The research analyst(s) are not subject to FINRA Rule 2241 restrictions on analyst compensation, communications with a subject company, public appearances and trading securities held by a research analyst. This report is being distributed in the United States by DBSVUSA, which accepts responsibility for its contents. This report may only be distributed to Major U.S. Institutional Investors (as defined in SEC Rule 15a-6) and to such other institutional investors and qualified persons as DBSVUSA may authorize. Any U.S. person receiving this report who wishes to effect transactions in any securities referred to herein should contact DBSVUSA directly and not its affiliate.</p>
Other jurisdictions	<p>In any other jurisdictions, except if otherwise restricted by laws or regulations, this report is intended only for qualified, professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions.</p>

DBS Bank (Hong Kong) Limited

13th Floor One Island East, 18 Westlands Road, Quarry Bay, Hong Kong

Tel: (852) 3668-4181, Fax: (852) 2521-1812

DBS Regional Research Offices

HONG KONG

DBS Bank (Hong Kong) Ltd

Contact: Carol Wu

13th Floor One Island East,

18 Westlands Road, Quarry Bay, Hong Kong

Tel: 852 3668 4181

Fax: 852 2521 1812

e-mail: dbsvhk@dbs.com

MALAYSIA

AllianceDBS Research Sdn Bhd

Contact: Wong Ming Tek (128540 U)

19th Floor, Menara Multi-Purpose, Capital Square,

8 Jalan Munshi Abdullah 50100, Kuala Lumpur, Malaysia.

Tel.: 603 2604 3333

Fax: 603 2604 3921

e-mail: general@alliancedbs.com

Co. Regn No. 198401015984 (128540-U)

SINGAPORE

DBS Bank Ltd

Contact: Janice Chua

12 Marina Boulevard,

Marina Bay Financial Centre Tower 3

Singapore 018982

Tel: 65 6878 8888

e-mail: groupresearch@dbs.com

Company Regn. No. 196800306E

INDONESIA

PT DBS Vickers Sekuritas (Indonesia)

Contact: Maynard Priajaya Arif

DBS Bank Tower

Ciputra World 1, 32/F

Jl. Prof. Dr. Satrio Kav. 3-5

Jakarta 12940, Indonesia

Tel: 62 21 3003 4900

Fax: 6221 3003 4943

e-mail: indonesiaresearch@dbs.com

THAILAND

DBS Vickers Securities (Thailand) Co Ltd

Contact: Chanpen Sirithanarattanakul

989 Siam Piwat Tower Building,

9th, 14th-15th Floor

Rama 1 Road, Pathumwan,

Bangkok Thailand 10330

Tel. 66 2 857 7831

Fax: 66 2 658 1269

e-mail: research@th.dbs.com

Company Regn. No 0105539127012

Securities and Exchange Commission, Thailand