

China / Hong Kong Company Update

Far East Horizon

Bloomberg: 3360 HK EQUITY | Reuters: 3360.HK

Refer to important disclosures at the end of this report

DBS Group Research . Equity

30 Aug 2022

BUY

Last Traded Price (29 Aug 2022): HK\$6.06 (HSI : 20,023)
Price Target 12-mth: HK\$12.20 (101% upside) (Prev HK\$12.50)

Analysts

Ken Shih +852 36684184 kenshih@dbs.com
Edmond Fok +852 36681253 edmondfok@dbs.com

What's New

- 1H22 earnings grew 10% y-o-y to Rmb2,842m, in line with expectations, supported by strong NII growth
- Asset quality remained benign, with NPA ratio flattest h-o-h at 1.06% and special-mention loan ratio improving to 7.44%, down 65bps h-o-h
- Positive outlook on Horizon Construction remains intact, while margin contraction in Horizon Healthcare is considered temporary
- Revise down earnings by 5%-8% in FY22-23F. Rolling over valuation base to FY23F and lower TP to HK\$12.2. Reiterate BUY

Long-term outlook remains intact

Investment Thesis

Embracing upcoming cyclical upcycle. The reacceleration and normalisation of economic growth is expected to lead to a cyclical uptrend in financial leasing. Coupled with a benign asset quality outlook and strengthened provisioning, we expect earnings growth to reaccelerate.

Stable asset quality, leading to credit cost-saving cycle. With an improvement in 90-day overdue loans and the special-mention loan ratio and the continuous strengthening of provisioning, the lessor is riding on a credit cost-saving cycle.

Robust performance in equipment leasing business. Fixed assets of its equipment leasing business have grown 118%/77% y-o-y in FY20/FY21, respectively. Operating performance has remained robust.

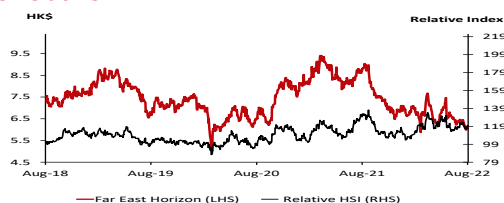
Valuation:

Our SOTP-based TP applies a 0.8x FY23F P/BV to the leasing business, 14x (previously at 16x) FY23F PE to hospital operations, and 2x (previously at 2.3x) FY23F P/BV to the operating lease business, and factors in a 20% conglomerate discount.

Where we differ:

The market has underestimated the value that can be unlocked from the separate listing of its equipment leasing business and our fair value nears the high-end of the street's estimates.

Price Relative



Forecasts and Valuation

FY Dec (RMB m)	2021A	2022F	2023F	2024F
Pre-prov. Profit	12,482	12,678	13,664	15,110
Pre-prov. Profit Gth (%)	16	2	8	11
Pretax Profit	10,013	9,894	10,883	12,301
Net Profit	5,512	6,106	6,749	7,673
EPS (RMB)	1.36	1.42	1.56	1.78
EPS (HK\$)	1.57	1.64	1.81	2.06
EPS Gth (%)	13	4	11	14
PE (X)	3.9	3.7	3.4	2.9
DPS (HK\$)	0.39	0.41	0.45	0.51
Div Yield (%)	6.4	6.7	7.5	8.5
BV Per Share (HK\$)	11.12	12.32	13.73	15.34
P/Book Value (x)	0.5	0.5	0.4	0.4
ROAE (%)	14.6	14.0	13.9	14.1
ROAE (ex-exceptional) (%)	14.6	14.0	13.9	14.1
ROA (%)	1.73	1.73	1.73	1.77
Earnings Rev (%)		(5)	New	New
Consensus EPS (RMB)		1.52	1.75	2.04
Other Broker Recs:		B:14	S:0	H:0

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

Key Risks to Our View:

Substantial growth slowdown in China economy, deterioration in asset quality, or increase in market competition.

At A Glance

Issued Capital (m shrs)	4,314
Mkt Cap (HKm/US\$m)	26,143 / 3,331
Major Shareholders (%)	
Sinochem Group Co., Ltd.	21.3
Kong (Fan Xing)	18.1
Aim Future Ltd.	11.7
UBS Asset Management (HK) Limited	8.7
DCP Capital	8.5
Free Float (%)	31.8
3m Avg. Daily Val. (US\$m)	2.86
GICS Industry: Financials / Diversified Financials	



Watchlist the stock on Insights Direct to receive prompt updates



Live more, Bank less

Far East Horizon

WHAT'S NEW

Long-run outlook remains intact

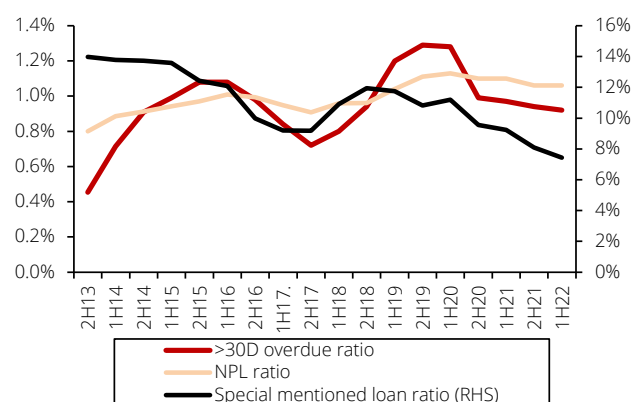
Far East Horizon (FEH) released its 1H22 results with net profit to shareholders improving by 10% y-o-y, reaching Rmb2,842m and in-line with expectation. The decent earnings growth amid the challenging environment was supported by (1) the strong growth in net interest income, which grew 24% y-o-y to reach Rmb6,092m and (2) continued robust growth in Horizon Construction's revenue, which increased by 47% y-o-y to reach Rmb3,565m, while being partially offset by (3) the sequential fall in service fee revenue, dropping 39% y-o-y to reach Rmb1,078m and (4) the 21% y-o-y surge in SG&A expenses, which reached Rmb3,981m.

The strong net interest income growth amid the downtrend in market rates was encouraging. Net interest margin went up by 53bps y-o-y/32bps h-o-h to 4.49% in 1H22, thanks to its stronger-than-peers pricing capability and timely service to clients, which kept its interest yield stable at 7.76%. On the other hand, its borrowing yield has benefitted from the increased market liquidity and was lowered by 41bps y-o-y. Management expects the NIM to remain stable in 2H, given its funding sources have been diversified between onshore/offshore, helping FEH navigate well around the US rate hike/onshore rate cut.

The fall in service fee revenue was within our expectations, as the demand for advisory services usually comes from newly onboarded clients, while FEH's client base has been maturing. We believe the healthy development of other non-interest income would compensate for it, which is further explained later. Management explained the surge in SG&A expenses was due to its proactive market expansion strategy, and we believe it could be justified given its 9%/10% y-o-y growth in its net interest-earning assets and revenue.

Asset quality remained benign despite prolonged lockdowns in major China cities in 1H. All key ratios have recorded sequential improvements, with the NPA ratio staying flat at 1.06%, special-mention loan ratio down by 65bp to 7.44%, and 30-day overdue interest-earning ratio improving slightly to 0.92%. The continued improvement in asset quality is attributed to FEH's deep understanding of the selected industries and strong asset management team with an extensive nationwide network, enabling the company to screen assets with good quality and address asset problems in a timely manner.

Fig 1. FEH's asset quality trend



Source: Company data, DBS HK

The development of industrial operations and the management segment was also on track. Horizon Constructions maintained the strong growth momentum and achieved 47% y-o-y growth, contributing Rmb3,565m in revenue. Profit grew at a more modest pace at 17% y-o-y to Rmb287m, as the fulfilment cost increased during the period of strict COVID control measures, as explained by the management. Horizon Healthcare's operation remained stable, with its top line growing mildly by 5% y-o-y. Yet, its profit contribution went down by 25% y-o-y, as more hospital beds were allocated for public usage during the pandemic outbreak, which earned a lower margin. Nonetheless, we believe the overall outlook remains intact and the squeeze in profit margin was temporary.

Reiterate BUY with TP of HK\$12.2, implying 102% upside.

Factoring in the 1H margin pressure on its industrial operations and management segment and the higher cost base, we slightly cut FY22F/23F earnings by 5%/8%, respectively. Yet, the long-term growth outlook for FEH remains intact.

TP was slightly revised down to HK\$12.2 (from HK\$12.50) after rolling over the valuation base to FY23F with slightly lower multiples, mainly for Horizon Healthcare (at 14x PE, previously at 16x). We continue to refer 0.8x FY23F P/BV to the leasing business and 2x FY23F P/BV (from 2.3x) to the operating lease business (equivalent to 7x FY23F EV/EBITDA) and factor in a 20% conglomerate discount. With a 102% upside, we reiterate BUY on FEH.

Far East Horizon

FEH's share price has corrected by 17% from its recent peak in April, higher than the Hang Seng Index's 9% during the same period, primarily due to concerns over the impact of COVID on the Chinese economy. Yet, FEH's 1H result showed its resilience in earnings, growth momentum in its industrial operation, and stable asset quality, amid the challenging operating environment. Hence, we believe the market concern is overdone. With FEH's positive earnings outlook for the next two years, we see the current risk-reward as attractive and suggest investors BUY at the current level.

Key takeaways from earnings call

- Key reasons for FEH achieving an NIM expansion while its peers experienced contractions include: (1) Stable pricing ability due to diversified client coverage, customised products for clients, and timely service to clients during COVID disruptions and (2) diversified funding mix across onshore/offshore.
- Amid the US rate hike, the offshore funding cost has become less attractive, and the offshore funding

contribution has been lowered from the recent high of around 45% to 20%.

- Horizon Construction IPO was suspended due to the recent subdued sentiment in the HK stock market, despite having passed HKEX's hearing. Management would re-initiate the plan if market sentiment improves, which could happen by next year.

Some of the US-denominated perpetual securities were redeemed during 1H to optimise the funding cost structure, and we expect further redemptions in 2H, while the overall funding liquidity for FEH remains sufficient.

Company Background

Far East Horizon (FEH) is one of the largest independent lessors in China. FEH has more than 20 years of experience in the leasing industry and focuses on eight industries including healthcare, education, and infrastructure construction. In FY21, the group's total asset and equity reached Rmb336bn and Rmb53bn, respectively.

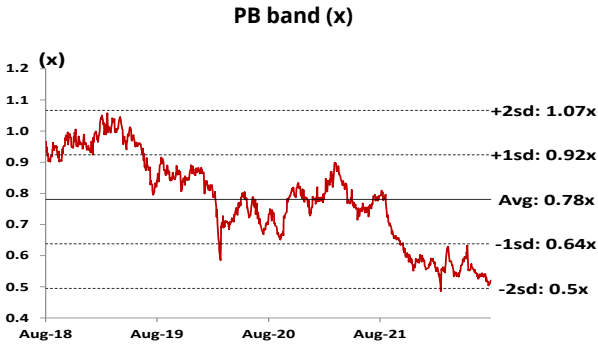
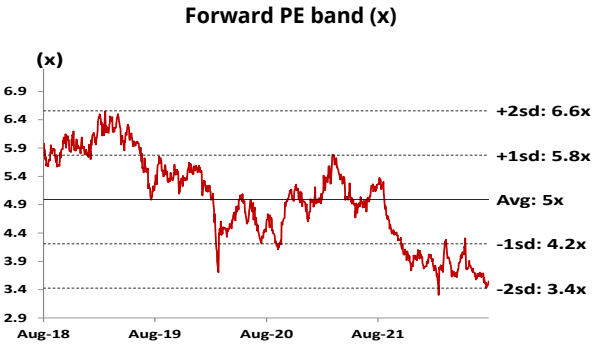
Fig 2: FEH's sum-of-the-parts valuation

Business entity	Fair value (HK\$ m)	% of total	Multiple	Valuation method
Leasing business	45,142	69%	0.8	0.8x FY23F adjusted PB; In-line with past 5-year mean
Hospital operation (Horizon Health)	2,913	4%	14.0	14x FY23F PE; Mid end of listed hospital peers
Operating lease (Horizon Cont.)	17,736	27%	2.0	2x FY23F PB (equivalent to 7x FY23F EV/EBITDA)
Sub-total	65,791			
Conglomerate discount	20%			
Total fair value (HK\$m)	52,633			
No. of shares (m)	4,314			
Fair value per share (HK\$)	12.20			

Source: Company data, DBS HK

Far East Horizon

Historical PE and PB band



Source: Thomson Reuters, DBS HK

Far East Horizon

Key Assumptions

FY Dec	2020A	2021A	2022F	2023F	2024F
NIM (%)	3.83	4.06	4.33	4.28	4.25
Loan growth (%)	12	7	8	9	10
Net fee growth (%)	(16)	(17)	(10)	(2)	(2)
Cost-to-income (%)	35.6	36.4	39.4	39.8	39.6
Credit cost (%)	0.12	0.05	0.10	0.19	0.18
Customer Deposits Growth (%)	N/A	N/A	N/A	N/A	N/A
Yld. On Earnings Assets (%)	7.48	7.62	7.71	7.66	7.71
Avg Cost Of Funds (%)	4.63	4.41	4.11	4.01	4.01

Source: Company, DBS HK

Income Statement (RMB m)

FY Dec	2020A	2021A	2022F	2023F	2024F
Net Interest Income	8,452	10,231	11,737	12,582	13,800
Non-Interest Income	8,277	9,405	9,191	10,107	11,238
Operating Income	16,729	19,636	20,928	22,689	25,038
Operating Expenses	(5,947)	(7,155)	(8,250)	(9,026)	(9,927)
Pre-provision Profit	10,781	12,482	12,678	13,664	15,110
Provisions	(3,741)	(3,130)	(3,479)	(3,545)	(3,650)
Associates	468	662	695	764	841
Exceptionals	0	0	0	0	0
Pre-tax Profit	7,508	10,013	9,894	10,883	12,301
Taxation	(2,475)	(3,785)	(3,166)	(3,483)	(3,936)
Minority Interests	(2)	(332)	(354)	(384)	(423)
Preference Dividend	(455)	(384)	(268)	(268)	(268)
Net Profit	4,576	5,512	6,106	6,749	7,673
Net Profit bef Except	4,576	5,512	6,106	6,749	7,673

Growth (%)

Net Interest Income Gth	8.32	21.05	14.72	7.20	9.68
Net Profit Gth	5.49	20.47	10.77	10.53	13.69

Margins, Costs & Efficiency (%)

Spread	2.85	3.21	3.60	3.65	3.70
Net Interest Margin	3.83	4.06	4.33	4.28	4.25
Cost-to-Income Ratio	35.6	36.4	39.4	39.8	39.6

Business Mix (%)

Net Int. Inc / Opg Inc.	50.5	52.1	56.1	55.5	55.1
Non-Int. Inc / Opg inc.	49.5	47.9	43.9	44.5	44.9
Fee Inc / Opg Income	22.9	16.2	13.7	12.4	11.0
Oth Non-Int Inc/Opg Inc	26.5	31.7	30.2	32.2	33.9

Profitability (%)

ROAE Pre Ex.	14.2	14.6	14.0	13.9	14.1
ROAE	14.2	14.6	14.0	13.9	14.1
ROA Pre Ex.	1.8	2.0	1.9	1.9	1.9
ROA	1.6	1.7	1.7	1.7	1.8

Source: Company, DBS HK

Far East Horizon

Balance Sheet (RMB m)

FY Dec	2020A	2021A	2022F	2023F	2024F
Cash/Bank Balance	11,877	15,659	16,603	20,063	22,781
Government Securities	0	0	0	0	0
Inter Bank Assets	0	0	0	0	0
Total Net Loans & Adv.	229,397	252,218	277,805	301,384	333,215
Investment	0	0	0	0	0
Associates	7,291	7,291	7,291	7,291	7,291
Fixed Assets	16,872	24,531	31,284	37,110	42,104
Goodwill	0	0	0	0	0
Other Assets	34,489	36,181	38,285	44,261	52,006
Total Assets	299,927	335,880	371,269	410,110	457,398
Customer Deposits	0	0	0	0	0
Inter Bank Deposits	0	0	0	0	0
Debts/Borrowings	202,292	226,880	255,434	286,619	325,448
Others	52,368	55,947	55,947	55,947	55,947
Minorities	2,670	4,017	6,387	8,786	11,225
Shareholders' Funds	42,598	49,037	53,502	58,758	64,778
Total Liab& S/H's Funds	299,927	335,880	371,269	410,110	457,398

Source: Company, DBS HK

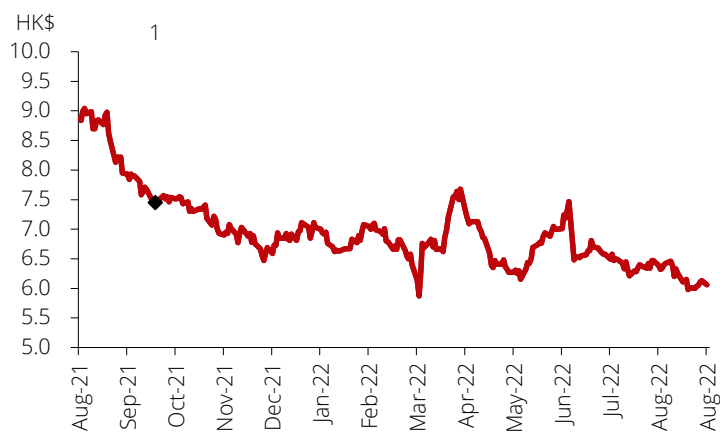
Financial Stability Measures (%)

FY Dec	2020A	2021A	2022F	2023F	2024F
Balance Sheet Structure					
Loan-to-Deposit Ratio	0.0	0.0	0.0	0.0	0.0
Net Loans / Total Assets	76.5	75.1	74.8	73.5	72.9
Investment / Total Assets	12.2	12.7	12.2	13.2	14.2
Cust. Dep./Int. Bear. Liab.	0.0	0.0	0.0	0.0	0.0
Interbank Dep / Int. Bear.	0.0	0.0	0.0	0.0	0.0
Asset Quality					
NPL / Total Gross Loans	1.1	1.0	1.1	1.1	1.1
NPL / Total Assets	0.9	0.8	0.9	0.9	0.8
Loan Loss Reserve Coverage	392.9	489.5	278.8	284.8	288.4
Provision Charge-Off Rate	1.6	1.2	1.2	1.1	1.1
Capital Strength					
Total CAR	0.0	0.0	0.0	0.0	0.0
Tier-1 CAR	0.0	0.0	0.0	0.0	0.0

Source: Company, DBS HK

Far East Horizon

Target Price & Ratings History



S.No.	Date	Closing Price	12-mth Target Price	Rating
1:	13-Oct-21	HK\$7.45	HK\$12.50	Buy

Source: DBS HK

Analyst: Ken Shih

Edmond Fok

Far East Horizon

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: 30 Aug 2022 08:43:17 (HKT)

Dissemination Date: 30 Aug 2022 10:01:02 (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.

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 do not have a proprietary position in the securities recommended in this report as of 25 Aug 2022.
2. **Compensation for investment banking services:**
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.
3. **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 Sirithanarattanaku] 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 Bank Ltd, London Branch ("DBS UK"). DBS Bank Ltd is regulated by the Monetary Authority of Singapore. DBS UK is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of our regulation by the Prudential Regulation Authority are available from us on request.</p> <p>In respect of the United Kingdom, this report is solely intended for the clients of DBS UK, 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 UK. 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	<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

Far East Horizon

DBS Regional Research Offices

HONG KONG

DBS Bank (Hong Kong) Ltd

Contact: Dennis Lam

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

SINGAPORE

DBS Bank Ltd

Contact: Paul Yong

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