

Singapore Company Update

AEM Holdings Ltd

Bloomberg: AEM SP | Reuters: AEM.SI

Refer to important disclosures at the end of this report

DBS Group Research . Equity

12 Jan 2021

DBS is supported by the Research Talent Development Grant Scheme which aims to groom research talent to expand research coverage of small-mid cap SGX listed companies

BUY

Last Traded Price (11 Jan 2021): S\$3.67 (STI : 2,983.90)
Price Target 12-mth: S\$5.16 (40% upside)

Analyst

Wei Le CHUNG +65 6878 7869 weilechung@dbs.com
Lee Keng LING +65 6682 3703 leekeng@dbs.com

What's New

- Proposed acquisition of CEI for S\$99.7m; we rate the acquisition neutral at best
- Acquisition price is fair at 15.6x PE which is the industry peer average
- Estimated to be 11-13% accretive to FY19 EPS
- Maintain BUY and TP of S\$5.16

Price Relative



Forecasts and Valuation

FY Dec (\$m)	2019A	2020F	2021F	2022F
Revenue	323	530	580	593
EBITDA	69.5	118	129	132
Pre-tax Profit	63.7	112	122	126
Net Profit	52.8	92.9	102	104
Net Pft (Pre Ex.)	52.8	92.9	102	104
Net Pft Gth (Pre-ex) (%)	57.5	76.2	9.2	2.7
EPS (S cts)	19.6	34.5	37.6	38.7
EPS Pre Ex. (S cts)	19.6	34.5	37.6	38.7
EPS Gth Pre Ex (%)	57	76	9	3
Diluted EPS (S cts)	19.6	34.5	37.6	38.7
Net DPS (S cts)	5.10	8.99	9.82	10.1
BV Per Share (S cts)	49.8	75.3	103	132
PE (X)	18.8	10.7	9.8	9.5
PE Pre Ex. (X)	18.8	10.7	9.8	9.5
P/Cash Flow (X)	14.6	8.0	8.3	8.6
EV/EBITDA (X)	12.7	6.7	5.4	4.6
Net Div Yield (%)	1.4	2.5	2.7	2.7
P/Book Value (X)	7.4	4.9	3.6	2.8
Net Debt/Equity (X)	CASH	CASH	CASH	CASH
ROAE (%)	47.1	55.1	42.2	32.9
Earnings Rev (%)	-	-	-	-
Consensus EPS (S cts):		34.3	37.7	39.0
Other Broker Recs:		B: 4	S: 0	H: 0

Source of all data on this page: Company, DBS Bank, Bloomberg Finance L.P.



Brain Box

(Our NEW Pilot Research Platform) is available to Institutional Investors on Demand. Please contact your DBSV Institutional Sales contact for a demonstration.

Proposed acquisition of CEI

Investment Thesis:

Undemanding valuations for a fundamentally strong company. AEM is in a strategic position to benefit from its key customer and industry uptrend. The stock is trading at 9.8x FY21F PE, undemanding to its peer average of 19.9x.

Semiconductor industry momentum remains strong. Various industry associations are forecasting accelerated growth for semiconductors in 2021. The US semiconductor equipment billings continues to rise, and recorded 40.4% y-o-y increase in September.

Proposed acquisition of CEI is neutral at best. While the acquisition price is fair (peer average TTM PE of 15.6x) and there is EPS accretion of 11-13%, we think that the acquisition does not directly complement AEM's business nor is it very helpful in advancing its technological capabilities.

Maintain financials. We are maintaining our financials as we await more clarity on the outcome of the offer.

Valuation:

Maintain BUY and TP of S\$5.16. We maintain our FY20F/21F earnings. Valuation peg is unchanged at 13.7x FY21F earnings, which is at a discount to its international peer market cap-weighted average of c.19.9x.

Where we differ:

We are more optimistic on AEM's earnings and the pick-up in momentum in the industry.

Key Risks to Our View:

Single-customer concentration risk, escalation of geopolitical events, protraction of the COVID-19 pandemic, and FX risk.

At A Glance

Issued Capital (m shrs)	275
Mkt. Cap (\$m/US\$m)	1,011 / 762
Major Shareholders (%)	
Toh Ban Leng	5.2
Employees Provident Fund Board	5.1
UBS AG	5.0
Free Float (%)	74.9
3m Avg. Daily Val (US\$m)	11.2

GIC Industry : Information Technology / Technology Hardware &



Live more, Bank less

WHAT'S NEW

Proposed acquisition of CEI Limited

Proposed acquisition of CEI Limited for S\$99.7m. AEM announced a proposed acquisition of CEI Limited for S\$99.7m (S\$1.15 per share), representing a 15% premium to its last traded price of S\$1.00 (or a 20.63% premium to its 3-month volume-weighted average price ("VWAP")).

CEI Limited is a contract manufacturer in the semiconductor industry. CEI Limited was incorporated in Singapore on 28 August 1999 and listed on the Main Board of SGX in March 2000. It is a high mix, low volume contract manufacturer for printed circuit board assembly ("PCBA"), box build, and semiconductor equipment manufacturing. CEI's has operations in Singapore, Indonesia, and Vietnam.

Mix of all cash or partial cash-shares offering. The acquisition will be funded by internal resources. For each offer share of CEI, the shareholder may elect to receive either one of the following:

1. S\$1.15 in cash ("Cash Consideration");
2. S\$0.9775 in cash and 0.0486 New AEM Holdings Shares ("85/15 Cash Shares Consideration") – 2.56% of AEM's share if all elect this option; or
3. S\$0.8050 in cash and 0.0972 New AEM Holdings Shares ("70/30 Cash Shares Consideration") – 2.49% of AEM.

23.68% have accepted. Key shareholders who have tendered their shares include Mr. Tien Sing Cheong (Executive Chairman of CEI), Mr. Tan Ka Huat (Managing Director), and TIHT Investment Holdings. The tendered shares aggregate 23.68%.

Key shareholders who have tendered their shares

Key Shareholder	Tendered Amount	Offer Elected
Mr. Tien Sing Cheong	10.0%	85/15 Cash Shares Consideration
Mr. Tan Ka Huat	4.63%	85/15 Cash Shares Consideration
TIHT Investment Holdings	9.04%	Cash Consideration

Source: Company, DBS Bank

Rationale for the offer: Strategic fit and synergistic benefits. CEI's PCBA capabilities will allow AEM to improve on its upstream capabilities and provide its customers with some supply chain diversification. It also provides AEM with a wider customer reach and potential for cross selling and making improvements to its manufacturing process to raise efficiency through sharing of know-how.

11-13% EPS accretion. Assuming 100% acceptance, the acquisition is expected to increase AEM's FY19 EPS by 11-13%.

Acquisition's Financial Impact on FY19 earnings

	Pre	Post-acquisition		
		All Cash	All 85/15	All 70/30
Net profit (S\$m)	52.8	59.9	59.9	59.9
Basic EPS (Scts)	19.48	22.08 (+13.3%)	21.82 (+12.0%)	21.57 (+10.7%)

Source: Company, DBS Bank

Our Thoughts

We think AEM's proposed acquisition of CEI is neutral at best. The acquisition price is fair, at the Singapore industry peer average of 15.6x. While there is EPS accretion of 11-13% based on FY19 earnings, we think that CEI's business is not directly complementary to AEM's business nor is it very helpful in advancing its technological capabilities.

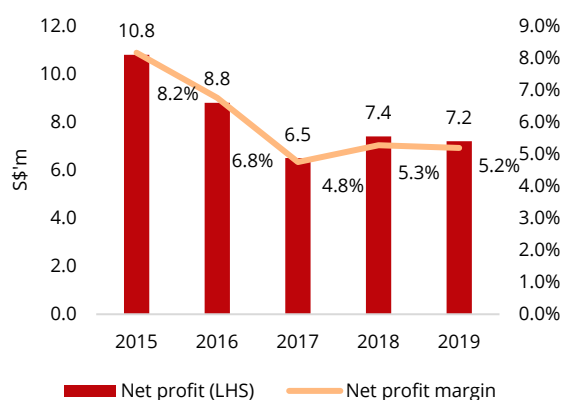
(-/Neutral) Potential synergies. Potential synergies include cross selling of products and services and sharing of know-how to improve operational efficiencies. However, as the businesses are not directly complementary, we think that it may be difficult to realise any substantial synergies.

(Neutral) Acquisition price is at fair, at the Singapore industry peer average. The acquisition price is at a TTM PE of 15.6x, which is at the Singapore semiconductor equipment makers' peer average of 15.6x.

(-) CEI's business is commoditised and ex-growth. CEI's services (PCBA and box-build assembly) are on the lower-value added range in the industry and command lower net profit margins (c.5% in the last three years). Its net profit has also declined by 33% from 2015 to 2019.

AEM Holdings Ltd

CEI's Net Profit and Net Profit Margins



Source: CEI Limited, DBS Bank

Maintain our financials. We are maintaining our financials as we lack clarity on the deal – whether the deal will be successful, percentage of shares tendered, and the mix of cash and cash-shares offering elected.

Maintain BUY and TP of S\$5.16 as we remain positive on AEM's longer-term outlook. In the longer term, we are positive on AEM's key customer, Intel's focus and developments. We believe that its ramp up of its 10-nm

semiconductor chips will continue to be driven by 1) development of new technology (5G, IoT, autonomous driving, AI and quantum computing) and 2) pandemic-induced structural changes (cloud computing and notebook).

The pandemic has increased work-from-home and study-from-home arrangements and we believe that this is a structural change. Companies are considering remote working arrangements as they will be able to save on rent. Given the limited visibility but strong industry momentum, we do not rule out further earnings upgrade for AEM as seen in FY20F.

We maintain our valuation peg at 13.7x FY21F earnings (same as its previous peak in 2018), which is at a discount to its international peer market cap-weighted average of c.19.9x.

Company Background

AEM is a solutions provider for the back-end testing of the semiconductor manufacturing process. It works closely with its key customer, Intel, to design, engineer, and manufacture the test handlers. AEM then provides field support and post-sales replacements.

CEI's Peer Comparison Table

Bloomberg Ticker	Company Name	Market Data		Financial Data				Valuation				
		Primary Exchange	Market Cap (US\$m)	Sales (US\$m)	Net Profit (US\$m)	Net Profit Margin (%)	Debt (US\$m)	EV/EBITDA FY20F	EV/EBITDA FY21F	TTM	P/E FY20F	P/E FY21F
Semiconductor Equipment/Service Providers (Singapore)												
UMSH SP Equity	UMS Holdings Ltd	Singapore	468.7	96.7	24.6	25.4%	9.9	10.4x	9.0x	14.0x	13.4x	11.9x
AEM SP Equity	AEM Holdings Ltd	Singapore	765.1	236.9	38.7	16.3%	1.6	7.1x	6.5x	9.9x	10.1x	9.3x
AVIT SP Equity	Avi-Tech Electronics Ltd	Singapore	57.2	21.3	4.3	20.3%	1.1	4.7x	4.1x	12.7x	11.7x	10.3x
MMH SP Equity	Micro-Mechanics Holdings Ltd	Singapore	309.1	46.4	10.6	22.8%	0.0	12.3x	11.5x	25.7x	19.7x	18.5x
FRKN SP Equity	Frencken Group Ltd	Singapore	426.5	483.2	31.1	6.4%	51.1	7.0x	6.1x	13.6x	13.7x	12.1x
Average			405.3	176.9	21.9	18.3%	12.7	8.4x	7.5x	15.6x	13.9x	12.5x
End Electronic Goods Producers (Singapore)												
FUYU SP Equity	Fu Yu Corp Ltd	Singapore	149.9	142.3	9.3	6.5%	7.0	3.7x	3.3x	13.3x	13.9x	12.0x
SUNN SP Equity	Sunningdale Tech Ltd	Singapore	221.3	494.0	5.9	1.2%	94.6	N/A	N/A	17.7x	N/A	N/A
SPE SP Equity	Spindex Industries Ltd	Singapore	81.9	108.2	8.8	8.1%	2.2	N/A	N/A	8.9x	N/A	N/A
VMS SP Equity	Venture Corp Ltd	Singapore	4,356.2	2,663.1	266.2	10.0%	21.6	13.1x	11.1x	18.5x	19.1x	16.1x
VALUE SP Equity	Valuetronics Holdings Ltd	Singapore	212.3	301.2	22.9	7.6%	0.3	2.3x	2.5x	N/A	10.1x	12.8x
Average			1,038.0	785.2	62.0	6.6%	39.3	6.7x	6.0x	15.7x	15.7x	14.3x

Source: Bloomberg Finance L.P., DBS Bank

Historical PE and PB band



Source: Bloomberg Finance L.P., DBS Bank estimates



Source: Bloomberg Finance L.P., DBS Bank estimates

Income Statement (\$m)

FY Dec	2018A	2019A	2020F	2021F	2022F
Revenue	262	323	530	580	593
Cost of Goods Sold	(173)	(192)	(318)	(348)	(356)
Gross Profit	89.1	131	212	232	237
Other Opng (Exp)/Inc	(49.4)	(67.9)	(101)	(110)	(113)
Operating Profit	39.8	62.9	111	122	124
Other Non Opng (Exp)/Inc	0.0	0.0	0.0	0.0	0.0
Associates & JV Inc	0.0	0.46	0.0	0.0	0.0
Net Interest (Exp)/Inc	0.26	0.36	0.60	0.60	1.27
Exceptional Gain/(Loss)	0.0	0.0	0.0	0.0	0.0
Pre-tax Profit	40.0	63.7	112	122	126
Tax	(6.5)	(11.0)	(19.0)	(20.8)	(21.4)
Minority Interest	0.0	0.0	0.0	0.0	0.0
Preference Dividend	0.0	0.0	0.0	0.0	0.0
Net Profit	33.5	52.8	92.9	102	104
Net Profit before Except.	33.5	52.8	92.9	102	104
EBITDA	41.6	69.5	118	129	132
Growth					
Revenue Gth (%)	18.4	23.2	64.1	9.4	2.2
EBITDA Gth (%)	8.9	67.0	69.8	9.4	2.7
Opg Profit Gth (%)	5.7	58.3	77.0	9.3	2.2
Net Profit Gth (Pre-ex) (%)	4.1	57.5	76.2	9.2	2.7
Margins & Ratio					
Gross Margins (%)	34.0	40.5	40.0	40.0	40.0
Opg Profit Margin (%)	15.2	19.5	21.0	21.0	21.0
Net Profit Margin (%)	12.8	16.3	17.5	17.5	17.6
ROAE (%)	45.5	47.1	55.1	42.2	32.9
ROA (%)	26.5	29.0	35.1	29.0	23.6
ROCE (%)	44.7	46.3	54.7	42.1	33.1
Div Payout Ratio (%)	27.4	26.1	26.1	26.1	26.1
Net Interest Cover (x)	NM	NM	NM	NM	NM

Source: Company, DBS Bank

AEM Holdings Ltd
Balance Sheet (\$\$m)

FY Dec	2018A	2019A	2020F	2021F	2022F
Net Fixed Assets	5.73	8.44	7.01	4.90	2.09
Invts in Associates & JVs	4.15	4.57	4.57	4.57	4.57
Other LT Assets	17.8	17.0	16.1	15.2	14.2
Cash & ST Invts	58.9	108	203	292	376
Inventory	27.4	57.5	35.2	38.5	39.4
Debtors	18.0	28.0	30.3	39.5	41.7
Other Current Assets	4.49	4.86	4.86	4.86	4.86
Total Assets	136	228	301	400	483
ST Debt	0.0	0.0	0.0	0.0	0.0
Creditor	33.1	73.1	70.5	92.0	97.2
Other Current Liab	10.6	18.2	25.6	27.3	27.9
LT Debt	0.05	0.05	0.05	0.05	0.05
Other LT Liabilities	3.21	2.30	2.30	2.30	2.30
Shareholder's Equity	89.5	134	203	278	355
Minority Interests	0.0	0.0	0.0	0.0	0.0
Total Cap. & Liab.	136	228	301	400	483
Non-Cash Wkg. Capital	6.22	(1.0)	(25.6)	(36.5)	(39.1)
Net Cash/(Debt)	58.8	108	203	292	376
Debtors Turn (avg days)	28.9	25.9	20.1	22.0	25.0
Creditors Turn (avg days)	90.9	104.1	84.1	87.0	99.3
Inventory Turn (avg days)	67.4	83.2	54.3	39.5	40.9
Asset Turnover (x)	2.1	1.8	2.0	1.7	1.3
Current Ratio (x)	2.5	2.2	2.8	3.1	3.7
Quick Ratio (x)	1.8	1.5	2.4	2.8	3.3
Net Debt/Equity (X)	CASH	CASH	CASH	CASH	CASH
Net Debt/Equity ex MI (X)	CASH	CASH	CASH	CASH	CASH
Capex to Debt (%)	27,632.7	6,751.0	8,646.9	8,646.9	8,646.9

Source: Company, DBS Bank

Cash Flow Statement (\$\$m)

FY Dec	2018A	2019A	2020F	2021F	2022F
Pre-Tax Profit	40.0	63.7	112	122	126
Dep. & Amort.	1.87	6.08	6.53	7.28	8.04
Tax Paid	(5.2)	(6.7)	(11.6)	(19.0)	(20.8)
Assoc. & JV Inc/(loss)	0.04	(0.5)	0.0	0.0	0.0
Chg in Wkg.Cap.	(4.7)	(2.2)	17.3	9.07	2.11
Other Operating CF	2.02	7.20	0.0	0.0	0.0
Net Operating CF	34.1	67.7	124	120	115
Capital Exp.(net)	(13.5)	(3.3)	(4.2)	(4.2)	(4.2)
Other Invts.(net)	0.0	0.0	0.0	0.0	0.0
Invts in Assoc. & JV	0.0	0.0	0.0	0.0	0.0
Div from Assoc & JV	0.0	0.0	0.0	0.0	0.0
Other Investing CF	0.30	0.52	0.0	0.0	0.0
Net Investing CF	(13.2)	(2.8)	(4.2)	(4.2)	(4.2)
Div Paid	(8.4)	(10.5)	(24.3)	(26.5)	(27.2)
Chg in Gross Debt	(0.3)	(0.2)	0.0	0.0	0.0
Capital Issues	0.0	0.0	0.0	0.0	0.0
Other Financing CF	(0.6)	(4.5)	0.0	0.0	0.0
Net Financing CF	(9.2)	(15.2)	(24.3)	(26.5)	(27.2)
Currency Adjustments	1.17	(0.9)	0.0	0.0	0.0
Chg in Cash	12.8	48.8	95.7	88.9	83.6
Opg CFPS (S cts)	14.4	25.9	39.6	41.0	41.9
Free CFPS (S cts)	7.64	23.9	44.5	42.8	41.1

Source: Company, DBS Bank

Target Price & Ratings History



S.No.	Date of Report	Closing Price	12-mth Target Price	Rating
1:	24 Jan 20	2.11	2.38	BUY
2:	27 Feb 20	2.24	2.52	BUY
3:	01 Apr 20	1.64	2.29	BUY
4:	30 Apr 20	2.45	2.47	HOLD
5:	08 May 20	3.08	2.87	HOLD
6:	29 Jun 20	2.93	3.53	BUY
7:	05 Aug 20	4.18	4.96	BUY
8:	18 Aug 20	4.00	4.96	BUY
9:	05 Nov 20	3.54	5.16	BUY

Note: Share price and Target price are adjusted for corporate actions.

Source: DBS Bank

Analyst: Wei Le CHUNG

Lee Keng LING

DBS Bank 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: 12 Jan 2021 16:10:17 (SGT)

Dissemination Date: 12 Jan 2021 16:25:03 (SGT)

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

GENERAL DISCLOSURE/DISCLAIMER

This report is prepared by DBS Bank Ltd. This report is solely intended for the clients of DBS Bank Ltd, DBS Vickers Securities (Singapore) Pte Ltd, 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 Bank Ltd.

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, 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.

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, DBS Vickers Securities (Singapore) Pte Ltd ("DBSVS") or their subsidiaries and/or other affiliates do not have a proprietary position in Venture Corporation, recommended in this report as of 31 Dec 2020.
2. Neither DBS Bank Ltd nor DBS HK market makes in equity securities of the issuer(s) or company(ies) mentioned in this Research Report.

Compensation for investment banking services:

3. 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.


Disclosure of previous investment recommendation produced:

4. DBS Bank Ltd, DBS Vickers Securities (Singapore) Pte Ltd ("DBSVS"), their subsidiaries and/or other affiliates 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 in the first page of this report to view previous investment recommendations published by DBS Bank Ltd, DBS Vickers Securities (Singapore) Pte Ltd ("DBSVS"), their subsidiaries and/or other affiliates 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>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	<p>This report has been prepared by a person(s) who is not licensed by the Hong Kong Securities and Futures Commission to carry on the regulated activity of advising on securities in Hong Kong pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). This report is being distributed in Hong Kong and is attributable to DBS Bank (Hong Kong) Limited, a registered institution registered with the Hong Kong Securities and Futures Commission to carry on the regulated activity of advising on securities pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). DBS Bank Ltd., Hong Kong Branch is a limited liability company incorporated in Singapore.</p> <p>For any query regarding the materials herein, please contact Carol Wu (Reg No. AH8283) at dbsvhk@dbs.com</p>
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 6327 2288 for matters arising from, or in connection with the report.

Thailand	This report is being distributed in Thailand by DBS Vickers Securities (Thailand) Co Ltd.
United Kingdom	<p>This report is produced by DBS Bank Ltd which is regulated by the Monetary Authority of Singapore.</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	This research report is being distributed by DBS Bank Ltd., (DIFC Branch) having its office at units 608 - 610, 6 th Floor, Gate Precinct Building 5, PO Box 506538, DIFC, Dubai, United Arab Emirates. DBS Bank Ltd., (DIFC Branch) is regulated by The Dubai Financial Services Authority. This research report is intended only for professional clients (as defined in the DFSA rulebook) and no other person may act upon it.
United Arab Emirates	This report is provided by DBS Bank Ltd (Company Regn. No. 196800306E) which is an Exempt Financial Adviser as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. This report is for information purposes only and should not be relied upon or acted on by the recipient or considered as a solicitation or inducement to buy or sell any financial product. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situation, or needs of individual clients. You should contact your relationship manager or investment adviser if you need advice on the merits of buying, selling or holding a particular investment. You should note that the information in this report may be out of date and it is not represented or warranted to be accurate, timely or complete. This report or any portion thereof may not be reprinted, sold or redistributed without our written consent.
United States	This report was prepared by DBS Bank Ltd. 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.
Other jurisdictions	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.

DBS Regional Research Offices

HONG KONG

DBS (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
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

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

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