

Ming Yuan Cloud (909 HK)

Recovery not in sight yet

MYC hosted conf. call on 12 Jan to provide business updates. MYC toned down on FY22 outlook with SaaS growth of +35-45% YoY while ERP to be down 10-20% YoY as 1) ERP will partially undergo SaaS migration and 2) it may take over 6 months for property sector to recover although policy bottomed out. We think ERP SaaS transition could be slower than expected given system complexity. We trimmed target price to HK\$25.24 (prior HK\$35.75) on lower earnings visibility.

- FY21 SaaS beat but ERP target missed.** FY2H21 was affected by property sector policy headwinds, especially for the ERP segment as ASP is high. ERP achieved positive YoY growth but missed prior target (+15-20% YoY). Although SaaS slowed down in FY2H21, MYC achieved full year +50% YoY revenue target as 1) CRM Cloud ASP continued to increase and 2) Construction sites coverage increased to >7,000 (vs, 4,100 in FY20) for its Construction Cloud business. For FY22E, MYC guided SaaS to grow +35-45% YoY while ERP will be down 10-20% YoY.
- On-premise ERP will gradually change to SaaS.** ERP has been a stable business to MYC (~50% of revenue, consistent net margin at 36%). However, revenue growth correlates with property companies IT spending cycle given its license-based model. To mitigate the revenue fluctuation, MYC will start to migrate part of ERP to SaaS in FY22. Pricing will be around 25-30% of existing license model. The Company expects 10-20% of existing ERP clients will change to SaaS base. SaaS migration can be positive to cash flow but given the complexity of ERP system, migration pace could be slower than expected.
- Increasing focus on SOEs and Skyline PaaS.** MYC will maintain its product strategy to focus on standardized SaaS + Skyline PaaS that enables third-party IT service providers to develop customized products for property customers. At the same time, to support localization and better serve SOE customers, MYC products are compatible with Huawei ARM based ecosystem.
- Near term earnings visibility remains low.** We cut FY21-23E net profit by 6-18% mainly to reflect weaker ERP sales and a slow transition to SaaS model. Although MYC announced share buyback plan on 5 Jan (up to 10% of issued shares/ US\$100mn) and the stock is trading at 1-SD below mean valuation, we think near term earnings visibility remains low. Maintain BUY with lowered target price of HK\$25.24 (prior HK\$35.75), based on 16x FY22E P/S.

Earnings Summary

(YE 31 Dec)	FY19A	FY20A	FY21E	FY22E	FY23E
Revenue (RMB mn)	1,264	1,705	2,218	2,612	3,210
YoY growth (%)	38%	35%	30%	18%	23%
Core net profit (RMB mn)	216	328	363	474	631
EPS (RMB)	0.15	0.22	0.20	0.26	0.34
YoY growth (%)	40%	49%	11%	30%	33%
Consensus EPS (RMB)	0.15	0.22	0.17	0.26	0.39
PE (x)	100.3	67.4	77.1	59.1	44.4
PS (x)	23.8	17.7	13.6	11.5	9.4
Dividend Yield (%)	0.00	0.00	0.01	0.01	0.01
ROE (%)	n.a.	-11%	5%	7%	8%
Net debt to equity	net cash	net cash	net cash	net cash	net cash

Source: Company data, Bloomberg, CMBIS estimates

BUY (Maintain)

Target Price	HK\$25.24
(Previous TP)	HK\$35.75)
Up/Downside	+38.8%
Current Price	HK\$18.18

China Software & IT Services

Marley Ngan

(852) 3916 3719

marleyngan@cmbi.com.hk

Stock Data

Mkt Cap (HK\$ mn)	35,789
Avg 3 mths t/o (HK\$ mn)	156.22
52w High/Low (HK\$)	60.67/ 14.64
Total Issued Shares (mn)	1,969

Source: Bloomberg

Shareholding Structure

Mr. Gao Yu - Chairman	20.11%
Mr. Chen Xiaohui - VP	15.09%
Mr. Jiang Haiyang - CEO	9.49%

Source: HKEx

Share Performance

	Absolute	Relative
1-mth	-16.3%	-15.4%
3-mth	-33.9%	-29.4%
6-mth	-50.6%	-43.1%

Source: Bloomberg

12-mth Price Performance



Source: Bloomberg

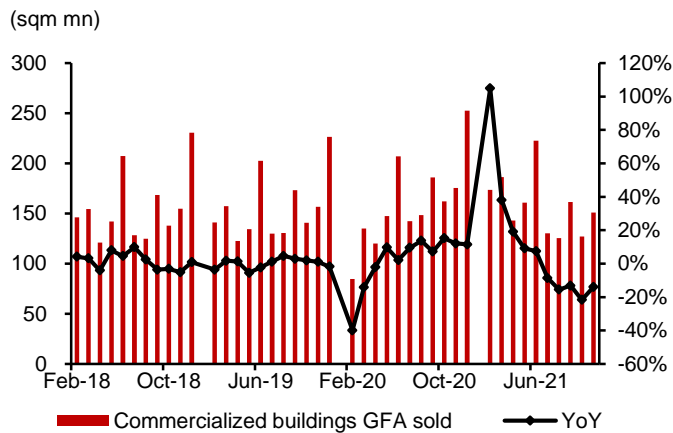
Auditor: PwC

Related Reports

- MYC (909 HK) – “Property policy bottomed but sales data still weak” – 16 Nov 2021
- China Software & IT Services – “Property weakness may slow digitalization pace” – 28 Oct 2021

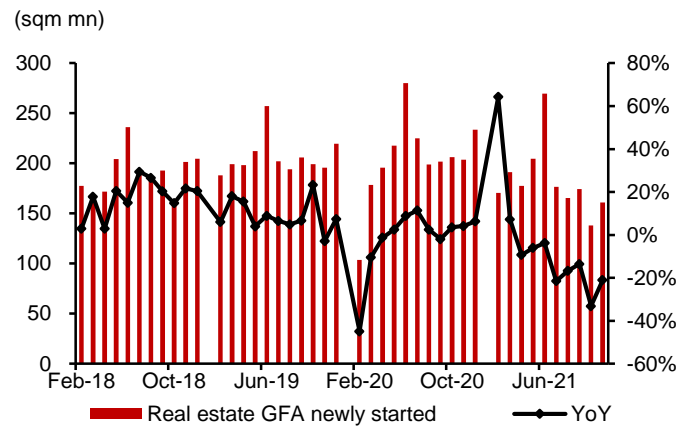
Focus Charts

Figure 1: China commercialized buildings GFA sold was down 14% YoY in Nov 2021



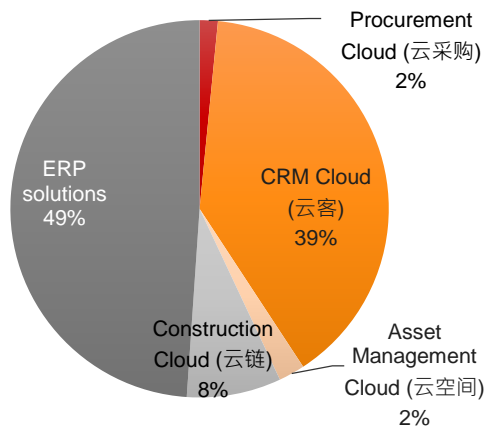
Source: NBS, CMBIS

Figure 2: China real estate GFA newly started was down 21% YoY in 2021



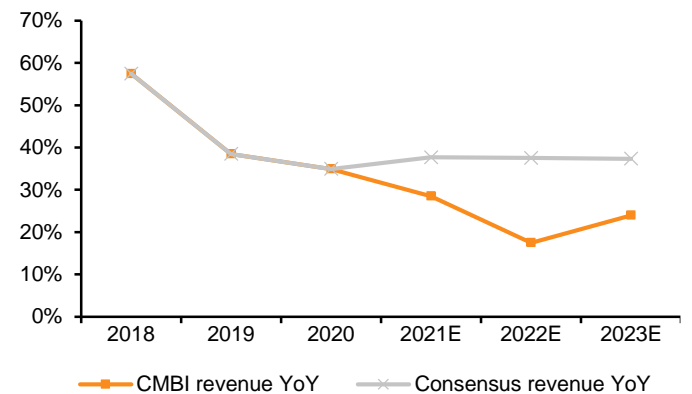
Source: NBS, CMBIS

Figure 3: CRM Cloud accounted for 39% of MYC FY20 revenue



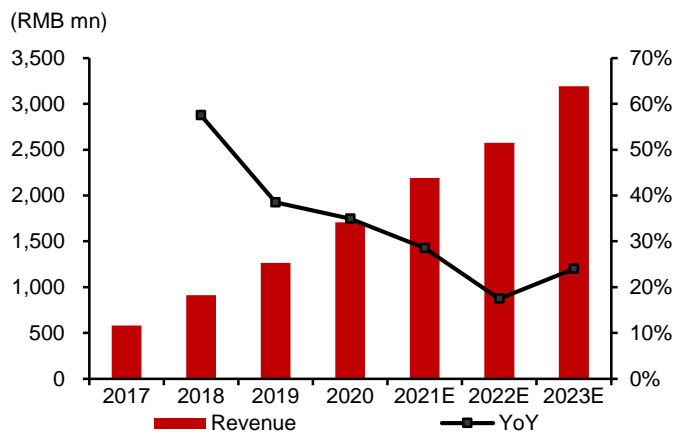
Source: Company data

Figure 4: We are more conservative in FY22E outlook (vs. consensus FY22E revenue +38% YoY)



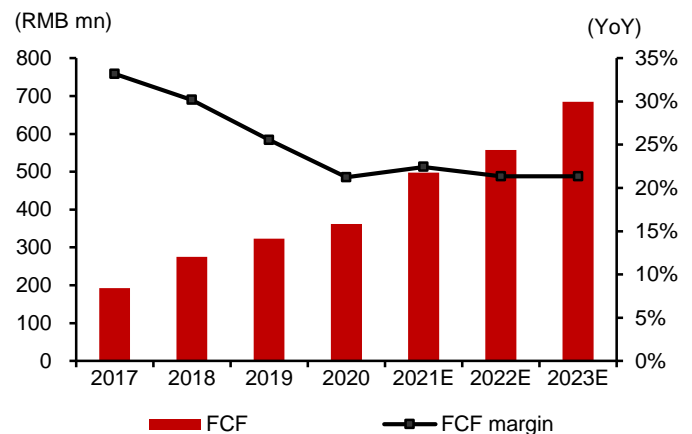
Source: Company data

Figure 5: MYC revenue and YoY



Source: Company data, CMBIS estimates

Figure 6: MYC FCF margin



Source: Company data, CMBIS estimates

Business update call takeaways

FY21 business review

FY2H21 was affected by tightening property sector regulations, especially the ERP business as ASP is high. New contract win and project delivery were being affected. ERP segment achieved positive growth YoY but could not meet full year target (+15-20% YoY). For SaaS, although FY2H21 growth rate slowed down, the Company was able to meet full year target of +50% YoY. Account receivable as % of revenue was at 10%, largest customer of account receivable was lower than RMB10mn (vs. FY21CMBI est. revenue size of RMB2.2bn).

Figure 7: MYC FY21 business review



Source: Company data, CMBIS

FY22E targets

Management no longer keeps its prior 3 year target guidance (SaaS +50% CAGR, ERP +15-20% CAGR) on lower business visibility. **For FY22E, SaaS is expected to grow at +35-45% YoY while ERP will decline 10-20% YoY** as 1) part of the ERP will migrate to SaaS base and 2) it takes time for property sector to recover although regulations are loosening.

Figure 8: MYC FY21 business review



Source: Company data, CMBIS

ERP – SaaS migration to begin

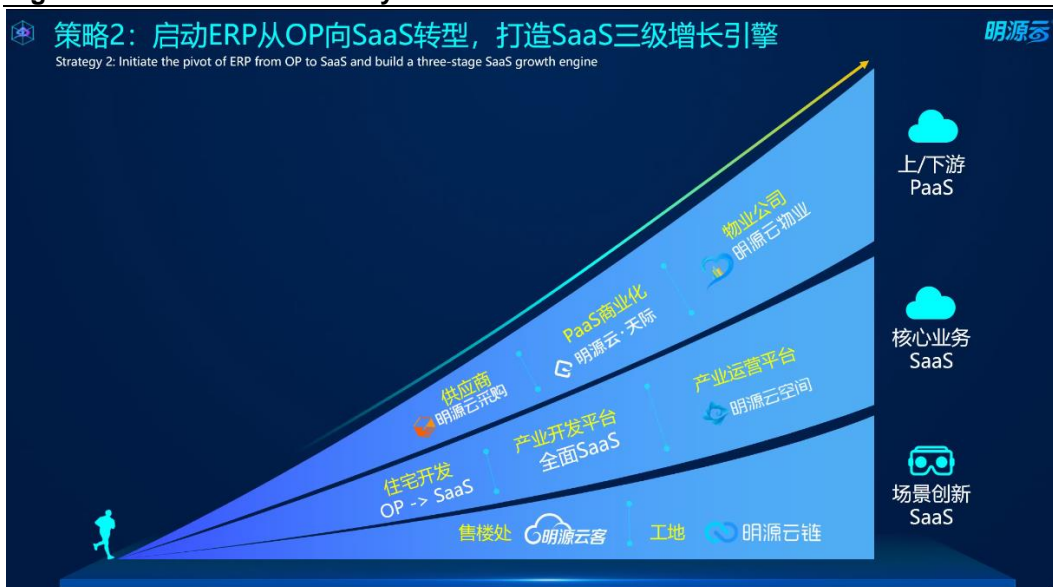
In Sep 2021, MYC started ERP SaaS transition plan. The pricing will be around 25-30% of existing license fee + maintenance fee model. Mgmt. expects 10-20% of existing ERP clients will change to SaaS model and will start with small to mid-sized customers. Only ERP for housing will be changed from on-premise to SaaS base while ERP for industrial purpose is always built upon SaaS model.

Figure 9: Started ERP to SaaS migration



Source: Company data, CMBIS

Figure 10: Real estate industry market breakdown



Source: Company data, CMBIS

Comprehensive real estate products

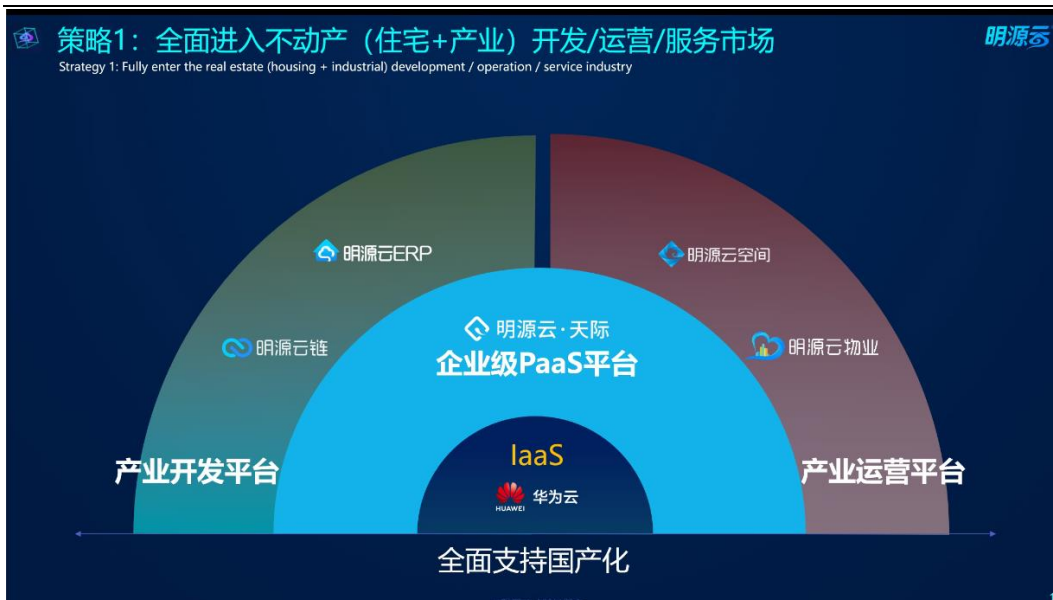
Residential housing only accounted for 31% of China’s real estate market. MYC is positioned to provide comprehensive products covering the whole value chain from development, operation to service industry in the residential housing and industrial property market. To better serve SOE clients, MYC supports localization and its SaaS products are built on Huawei IaaS.

Figure 11: MYC products cover whole real estate (residential + industrial) value chain from development, operation to service industry



Source: Company data, CMBIS

Figure 12: MYC SaaS is built on Huawei IaaS platform to support localization and to better serve SOE clients



Source: Company data, CMBIS

Focusing on Skyline Open Platform

MYC will maintain its product strategy to focus on standardized SaaS + Skyline PaaS that enables third-party IT service providers to develop customized products for property customers. Skyline Open Platform has accumulated 1,500 clients.

Figure 13: MYC continues to cultivate its Skyline ecosystem



Source: Company data, CMBIS

Figure 14: MYC will increase R&D on Skyline platform



Source: Company data, CMBIS

Earnings revision

Figure 15: Earnings revision

RMB mn	2021E			2022E			2023E		
	New	Old	%Diff	New	Old	%Diff	New	Old	%Diff
Sales	2,218	2,328	-5%	2,612	2,946	-11%	3,210	3,858	-17%
Gross profit	1,769	1,846	-4%	2,137	2,354	-9%	2,658	3,106	-14%
OP Profit	190	215	-12%	319	393	-19%	514	678	-24%
PBT	416	441	-6%	542	616	-12%	738	903	-18%
Net profit	363	384	-6%	474	538	-12%	631	772	-18%
EPS	0.20	0.21	-6%	0.26	0.29	-12%	0.34	0.42	-18%
Margins									
GM	79.8%	79.3%	47 bps	81.8%	79.9%	192 bps	82.8%	80.5%	228 bps
OPM	8.6%	9.2%	-66 bps	12.2%	13.3%	-112 bps	16.0%	17.6%	-155 bps
PBT margin	18.7%	18.9%	-18 bps	20.7%	20.9%	-17 bps	23.0%	23.4%	-44 bps
Net margin	16.4%	16.5%	-15 bps	18.1%	18.3%	-15 bps	19.6%	20.0%	-37 bps

Source: Company data, CMBIS

Figure 16: CMBI estimates vs consensus

RMB mn	2021E			2022E			2023E		
	CMBI	Street	Diff	CMBI	Street	Diff	CMBI	Street	Diff
Sales	2,218	2,348	-6%	2,612	3,229	-19%	3,210	4,435	-28%
Gross profit	1,769	1,868	-5%	2,137	2,602	-18%	2,658	3,608	-26%
Operating profit	190	276	-31%	319	463	-31%	514	749	-31%
Profit before tax	416	346	20%	542	531	2%	738	832	-11%
Core net profit	363	355	2%	474	509	-7%	631	795	-21%
EPS	0.20	0.17	14%	0.26	0.26	-1%	0.34	0.39	-13%
Margins									
GM	79.8%	79.5%	22 bps	81.8%	80.6%	123 bps	82.8%	81.4%	143 bps
OPM	8.6%	11.8%	-320 bps	12.2%	14.3%	-211 bps	16.0%	16.9%	-88 bps
Profit before tax margin	18.7%	14.7%	402 bps	20.7%	16.5%	429 bps	23.0%	18.8%	422 bps
Net margin	16.4%	15.1%	125 bps	18.1%	15.8%	236 bps	19.6%	17.9%	171 bps

Source: Company data, CMBIS

Operating model

Figure 17: Operating model

RMB mn	2019	2020	2021E	2022E	2023E
Revenues	1,264	1,705	2,218	2,612	3,210
Cost of sales	(269)	(366)	(449)	(475)	(552)
Gross Profit	995	1,340	1,769	2,137	2,658
<i>Gross margin</i>	78.7%	78.6%	79.8%	81.8%	82.8%
R&D	(286)	(356)	(541)	(560)	(646)
SG&A	(550)	(798)	(1,038)	(1,257)	(1,498)
Operating Income	159	186	190	319	514
<i>Operating margin</i>	12.6%	10.9%	8.6%	12.2%	16.0%
Non-Operating Income	84	(836)	226	222	224
Profit Before Tax	242	(650)	416	542	738
Income tax (expense) gain	(11)	(18)	(19)	(43)	(74)
Minorities	15	36	34	25	33
Net Income to Shareholders	216	(704)	363	474	631
Core net income	216	328	363	474	631
<i>Net margin</i>	17.1%	19.3%	16.4%	18.1%	19.6%
Core EPS (RMB)	0.15	0.22	0.20	0.26	0.34
Revenue breakdown					
SaaS product	329	510	871	1,322	1,813
Procurement Cloud (云采购)	11	17	27	41	62
CRM Cloud (云客)	226	355	669	1,043	1,320
Asset Management Cloud (云空间)	18	27	38	55	78
Construction Cloud (云链)	74	111	138	183	263
ERP solutions	584	754	834	895	799
Gross margin breakdown					
SaaS product	91%	87%	87%	87%	87%
ERP solutions	70%	70%	70%	70%	70%
Growth YoY					
Revenues	38%	35%	30%	18%	23%
Gross profit	35%	35%	32%	21%	24%
Operating Income	67%	17%	2%	68%	61%
Core EPS	40%	49%	-13%	30%	33%

Source: Company data, CMBIS

Figure 18: Semi-annual Operating model

RMB mn	1H20	2H20	1H21	2H21E	1H22E	2H22E
Revenues	671	1,035	974	1,244	1,045	1,567
Gross Profit	529	810	774	995	868	1,269
Operating profit	78	108	53	137	86	233
Core net profit	146	244	194	216	161	312
EPS (RMB)	0.05	-0.53	0.09	0.12	0.09	0.17
Margins						
Gross margin	78.9%	78.3%	79.5%	80.0%	83.1%	81.0%
Operating margin	11.6%	10.4%	5.4%	11.0%	8.2%	14.9%
Net margin	10.4%	23.6%	19.9%	17.4%	15.4%	19.9%
Growth (HoH)						
Revenues	-14%	54%	-6%	28%	-16%	50%
Gross Profit	-14%	53%	-5%	29%	-13%	46%
Operating profit	-41%	38%	-51%	161%	-37%	171%
Core net profit	-15%	68%	-21%	12%	-26%	94%
Growth (YoY)						
Revenues	37%	33%	45%	20%	7%	26%
Gross Profit	40%	31%	46%	23%	12%	27%
Operating profit	194%	-19%	-32%	27%	63%	70%
Core net profit	165%	43%	33%	-11%	-17%	44%

Source: Company data, CMBIS

Valuation

MYC (909 HK, BUY, TP HK\$25.24)

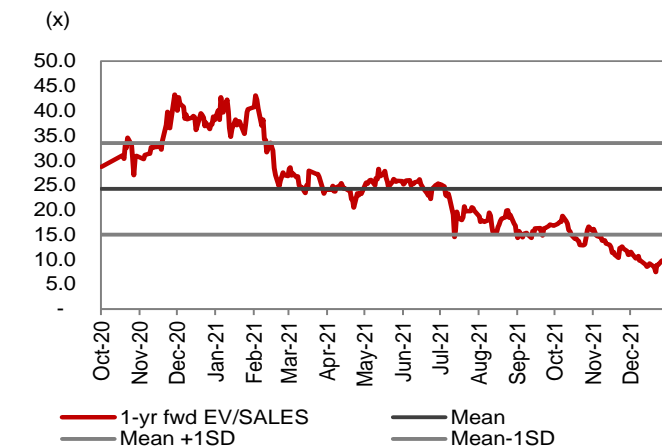
We cut FY21-23E net profit by 6-18% to reflect lower ERP sales and a slow SaaS transition process. We derived our new target price of HK\$25.24 (prior HK\$35.75), based on lowered 16x (prior 20x) FY22E fully diluted P/S as earnings visibility deteriorates. We use P/S as the valuation methodology as earnings cannot reflect operating profitability during SaaS ramp-up stage as operating leverage is not obvious with high S&M and R&D cost.

Figure 19: Peers' valuation

Company	Ticker	Rating	Market Cap (US\$ mn)	Price (LC)	TP (LC)	P/S (x)		FCF margin (%)		Sales CAGR FY20-23E	EPS CAGR FY20-23E	
						FY21E	FY22E	FY21E	FY22E			
MYC	909 HK	BUY	4,591	18.18	25.24	13.6	11.5	22%	21%	23%	15%	
Glodon	002410 CH	BUY	11,233	60.10	95.18	14.0	11.4	18%	21%	23%	54%	
Yonyou	600588 CH	NR	18,013	35.05	N/A	11.7	9.2	13%	11%	21%	25%	
Kingsoft Office	688111 CH	NR	18,873	260.55	N/A	35.4	26.0	63%	62%	39%	36%	
Kingdee	268 HK	NR	10,266	23.05	N/A	15.3	12.3	2%	6%	26%	N/A	
Adobe	ADBE US	NR	252,122	529.89	N/A	16.0	14.0	43%	42%	17%	18%	
Autodesk	ADSK US	NR	59,531	270.63	N/A	15.8	13.6	36%	33%	16%	35%	
CoStar	CSGP US	NR	29,735	75.29	N/A	15.3	13.4	22%	26%	16%	23%	
						Mean	17.1	13.9	27%	28%	23%	29%
						Median	15.3	12.9	22%	23%	22%	25%

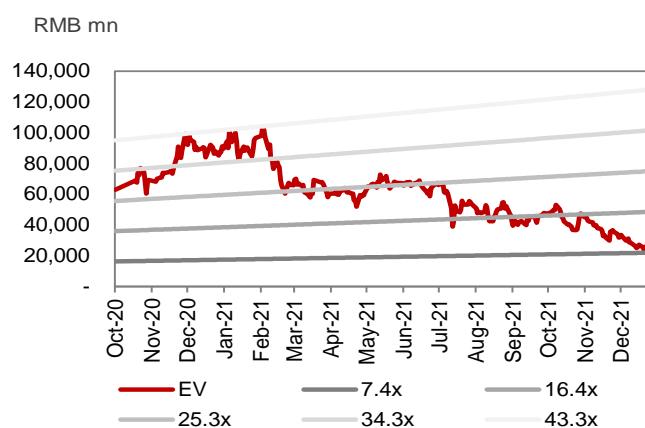
Source: Bloomberg, CMBIS

Figure 20: 12M forward P/S chart



Source: Bloomberg, CMBIS

Figure 21: 12M forward P/S band



Source: Bloomberg, CMBIS

Financial Summary

Income statement						Cash flow summary					
YE 31 Dec (RMB mn)	FY19A	FY20A	FY21E	FY22E	FY23E	YE 31 Dec (RMB mn)	FY19A	FY20A	FY21E	FY22E	FY23E
Revenue	1,264	1,705	2,218	2,612	3,210	Net profit	242	(650)	416	542	738
Cost of sales	(269)	(366)	(449)	(475)	(552)	Depreciation/amortization	28	34	11	12	13
Gross profit	995	1,340	1,769	2,137	2,658	Change in working capital	95	108	110	71	37
Selling exp	(441)	(590)	(832)	(1,004)	(1,223)	Others	(27)	914	(17)	(41)	(71)
Admin exp	(108)	(208)	(206)	(253)	(275)	Net cash from operating	339	406	520	583	717
R&D exp	(286)	(356)	(541)	(560)	(646)	Capex	(16)	(44)	(22)	(26)	(32)
Other operating exp.	0	0	0	0	0	Others	(67)	(2,007)	0	0	0
Operating profit	159	186	190	319	514	Net cash from investing	(83)	(2,051)	(22)	(26)	(32)
Finance income/ (costs)	(2)	12	96	102	108	Net borrowings	0	0	0	0	0
Other non-oper exp.	85	(848)	130	121	116	Dividend paid	0	0	(135)	(149)	(195)
Pre-tax profit	242	(650)	416	542	738	Others	30	5,889	(2)	(2)	(2)
Income tax expense	(11)	(18)	(19)	(43)	(74)	Net cash from financing	30	5,889	(137)	(151)	(197)
Minority interests	(15)	(36)	(34)	(25)	(33)	Net change in cash	286	4,243	360	406	488
Net profit to shareholders	216	(704)	363	474	631	Cash at beginning of the year	448	732	4,759	5,120	5,525
Core net profit	216	328	363	474	631	Exchange difference	(1)	(216)	0	0	0

Balance sheet						Key ratios					
YE 31 Dec (RMB mn)	FY19A	FY20A	FY21E	FY22E	FY23E	YE 31 Dec	FY19A	FY20A	FY21E	FY22E	FY23E
Current assets	988	7,210	7,702	8,285	9,036	Revenue mix					
Cash & equivalents	732	4,759	5,120	5,525	6,013	SaaS product	36%	40%	51%	60%	69%
Account receivables	21	30	33	39	48	Procurement Cloud	1%	2%	2%	2%	3%
Contract acquisition cost	103	191	322	491	735	CRM Cloud	28%	39%	47%	51%	57%
Contract assets	25	48	52	46	44	Asset Management Cloud	2%	2%	2%	3%	3%
Other receivables	16	51	44	51	63	Construction Cloud	9%	8%	8%	10%	10%
Others	91	2,130	2,131	2,132	2,132	ERP solutions	60%	49%	40%	31%	24%
Non-current assets	246	262	274	288	307	Growth (%)					
PPE	118	150	162	176	194	Revenue	38%	35%	30%	18%	23%
Intangible assets	2	3	3	3	3	Operating profit	67%	17%	2%	68%	61%
Other non-current assets	126	109	109	109	109	Core net profit	40%	49%	11%	30%	33%
Total assets	1,235	7,472	7,975	8,573	9,343	Profit & loss ratio (%)					
Current liabilities	915	843	1,075	1,313	1,603	Gross margin	78.7%	78.6%	79.8%	81.8%	82.8%
ST borrowings	0	0	0	0	0	Operating margin	12.6%	10.9%	8.6%	12.2%	16.0%
Account payables	24	43	41	43	50	Core net profit margin	17.1%	19.3%	16.4%	18.1%	19.6%
Contract liabilities	378	549	760	981	1,221	Balance sheet ratio					
Others	513	252	275	289	332	Receivable turnover days	5	5	5	5	5
Non-current liabilities	49	59	69	79	90	Payable turnover days	21	33	33	33	33
LT borrowings	0	0	0	0	0	Current ratio (x)	1.08	8.55	7.16	6.31	5.64
Contract liabilities	18	25	35	45	56	Net debt to equity	net cash	net cash	net cash	net cash	net cash
Other non-current liabilities	31	34	34	34	34	Profitability (%)					
Total liabilities	964	903	1,144	1,393	1,693	FCF margin	26%	21%	22%	21%	21%
Share capital	0.1	0.2	0.2	0.2	0.2	ROE	n.a.	-11%	5%	7%	8%
Capital surplus	0.0	0.0	0.0	0.0	0.0	Per share data (RMB)					
Retained earnings	254	(463)	(235)	90	526	Core EPS (RMB)	0.15	0.22	0.20	0.26	0.34
Other reserves	13	7,001	7,001	7,001	7,001	DPS (RMB)	0.00	0.07	0.08	0.10	0.14
Minority interest	254	(463)	(235)	90	526	BVPS (RMB)	0.18	4.48	3.68	3.87	4.12
Total equity	271	6,570	6,831	7,180	7,650						
Total liabilities and equity	1,235	7,472	7,975	8,573	9,343						

Source: Company data, CMBIS estimates

Disclosures & Disclaimers

Analyst Certification

The research analyst who is primary responsible for the content of this research report, in whole or in part, certifies that with respect to the securities or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about the subject securities or issuer; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific views expressed by that analyst in this report.

Besides, the analyst confirms that neither the analyst nor his/her associates (as defined in the code of conduct issued by The Hong Kong Securities and Futures Commission) (1) have dealt in or traded in the stock(s) covered in this research report within 30 calendar days prior to the date of issue of this report; (2) will deal in or trade in the stock(s) covered in this research report 3 business days after the date of issue of this report; (3) serve as an officer of any of the Hong Kong listed companies covered in this report; and (4) have any financial interests in the Hong Kong listed companies covered in this report.

CMBIS Ratings

BUY : Stock with potential return of over 15% over next 12 months
HOLD : Stock with potential return of +15% to -10% over next 12 months
SELL : Stock with potential loss of over 10% over next 12 months
NOT RATED : Stock is not rated by CMBIS

OUTPERFORM : Industry expected to outperform the relevant broad market benchmark over next 12 months
MARKET-PERFORM : Industry expected to perform in-line with the relevant broad market benchmark over next 12 months
UNDERPERFORM : Industry expected to underperform the relevant broad market benchmark over next 12 months

CMB International Securities Limited

Address: 45/F, Champion Tower, 3 Garden Road, Hong Kong, Tel: (852) 3900 0888 Fax: (852) 3900 0800

CMB International Securities Limited ("CMBIS") is a wholly owned subsidiary of CMB International Capital Corporation Limited (a wholly owned subsidiary of China Merchants Bank)

Important Disclosures

There are risks involved in transacting in any securities. The information contained in this report may not be suitable for the purposes of all investors. CMBIS does not provide individually tailored investment advice. This report has been prepared without regard to the individual investment objectives, financial position or special requirements. Past performance has no indication of future performance, and actual events may differ materially from that which is contained in the report. The value of, and returns from, any investments are uncertain and are not guaranteed and may fluctuate as a result of their dependence on the performance of underlying assets or other variable market factors. CMBIS recommends that investors should independently evaluate particular investments and strategies, and encourages investors to consult with a professional financial advisor in order to make their own investment decisions.

This report or any information contained herein, have been prepared by the CMBIS, solely for the purpose of supplying information to the clients of CMBIS or its affiliate(s) to whom it is distributed. This report is not and should not be construed as an offer or solicitation to buy or sell any security or any interest in securities or enter into any transaction. Neither CMBIS nor any of its affiliates, shareholders, agents, consultants, directors, officers or employees shall be liable for any loss, damage or expense whatsoever, whether direct or consequential, incurred in relying on the information contained in this report. Anyone making use of the information contained in this report does so entirely at their own risk.

The information and contents contained in this report are based on the analyses and interpretations of information believed to be publicly available and reliable. CMBIS has exerted every effort in its capacity to ensure, but not to guarantee, their accuracy, completeness, timeliness or correctness. CMBIS provides the information, advices and forecasts on an "AS IS" basis. The information and contents are subject to change without notice. CMBIS may issue other publications having information and/ or conclusions different from this report. These publications reflect different assumption, point-of-view and analytical methods when compiling. CMBIS may make investment decisions or take proprietary positions that are inconsistent with the recommendations or views in this report.

CMBIS may have a position, make markets or act as principal or engage in transactions in securities of companies referred to in this report for itself and/or on behalf of its clients from time to time. Investors should assume that CMBIS does or seeks to have investment banking or other business relationships with the companies in this report. As a result, recipients should be aware that CMBIS may have a conflict of interest that could affect the objectivity of this report and CMBIS will not assume any responsibility in respect thereof. This report is for the use of intended recipients only and this publication, may not be reproduced, reprinted, sold, redistributed or published in whole or in part for any purpose without prior written consent of CMBIS.

Additional information on recommended securities is available upon request.

For recipients of this document in the United Kingdom

This report has been provided only to persons (I) falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended from time to time) ("The Order") or (II) are persons falling within Article 49(2) (a) to (d) ("High Net Worth Companies, Unincorporated Associations, etc.") of the Order, and may not be provided to any other person without the prior written consent of CMBIS.

For recipients of this document in the United States

CMBIS is not a registered broker-dealer in the United States. As a result, CMBIS is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. The research analyst who is primary responsible for the content of this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA"). The analyst is not subject to applicable restrictions under FINRA Rules intended to ensure that the analyst is not affected by potential conflicts of interest that could bear upon the reliability of the research report. This report is intended for distribution in the United States solely to "major US institutional investors", as defined in Rule 15a-6 under the US, Securities Exchange Act of 1934, as amended, and may not be furnished to any other person in the United States. Each major US institutional investor that receives a copy of this report by its acceptance hereof represents and agrees that it shall not distribute or provide this report to any other person. Any U.S. recipient of this report wishing to effect any transaction to buy or sell securities based on the information provided in this report should do so only through a U.S.-registered broker-dealer.

For recipients of this document in Singapore

This report is distributed in Singapore by CMBI (Singapore) Pte. Limited (CMBISG) (Company Regn. No. 201731928D), an Exempt Financial Adviser as defined in the Financial Advisers Act (Cap. 110) of Singapore and regulated by the Monetary Authority of Singapore. CMBISG may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, as defined in the Securities and Futures Act (Cap. 289) of Singapore, CMBISG accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact CMBISG at +65 6350 4400 for matters arising from, or in connection with the report.