

FIRST SPONSOR GROUP LIMITED

Dongguan projects see better sales

SINGAPORE | REAL ESTATE | 3Q22 RESULTS

- No financials provided in a voluntary 3Q22 business update.
- Housing policy relaxation measures in Dongguan drove sales higher. Time Zone saw faster sales in 3Q22 vs. 1H22.
- The Group's European property holdings (PH) segment saw stronger performances for both its office and hotel portfolio.
- Lower tax liabilities saw a higher recovery of Group's RMB330mn PRC defaulted loan. The Group's total tax liabilities for its Pudong Villa and Pudong Mall were settled at about RMB35mn lower than expected.
- Maintain ACCUMULATE with unchanged SOTP target price of S\$1.39.** Catalysts for a TP upgrade are a recovery in the Chinese property market and its China hotel portfolio.

The Positives

+ Time Zone saw faster sales in 3Q22 vs. 1H22. Residential sales of its 17.3%-owned Humen development saw sales accelerate in 3Q22 to 306 units vs. 329 units sold in 1H22. The better sales reflect the recent ease in housing policy restrictions in Dongguan as the Group released another 255 units during the quarter. Housing policy restrictions in Dongguan have been mostly lifted except for the five core districts, where some degree of restrictions are still in place.

+ European PH saw stronger performances for both its office and hotel portfolio. The Group's operating results in this segment came in at 77% of FY22e. Its Bilderberg hotel portfolio saw a strong recovery with occupancy increasing to 73.2% vs. 64% in the same period last year. The recovery in its hotel properties was driven by a combination of fewer Covid-19 restrictions and strong leisure and meeting business.

+ Group's PRC PF loanbook decline less than expected. During the quarter, the Group's PRC PF loan book stood at RMB1.2bn (-9% YoY) as at 30 Sept 2022, above our estimate of RMB1.09bn. The repayment came from the repayment from the S\$97mn and S\$89mn junior and senior convertible bonds which it hold for the purpose of financing the acquisition and conversion of the land parcel, and the development of Oasis Mansion.

+ Lower tax liabilities see higher recovery of Group's RMB330mn PRC defaulted loans. The Group's total tax liabilities for its Pudong Villa and Pudong Mall were settled at about RMB35mn lower than was initially projected. The net effect of this is an overall improvement in its overall net auction proceeds to RMB306mn from RMB271.6mn previously and an improvement to the overall book exposure to RMB80.9mn from RMB112.8mn

Figure 1: Update on the RMB330mn PRC defaulted loans

(RMB'mn)	Pudong Villa - RMB50mn	Pudong Mall - RMB280mn	Total RMB330mn defaulted loan
Gross proceeds	127.8	281.9	409.7
Less: Expected deductions	(60.7)	(42.9)	(103.7)
Estimated net auction proceeds	57.5	214.1	271.6
Outstanding debt (Principal + Interest)	62.1	360.7	422.7
Final shortfall	0	(116.7)	(116.7)
Book exposure to borrowers	0	(80.9)	(80.9)

Source: Company, PSR

2 November 2022

ACCUMULATE (Maintained)

LAST CLOSE PRICE	SGD 1.240
FORECAST DIV	SGD 0.035
TARGET PRICE	SGD 1.390
TOTAL RETURN	14.9%

COMPANY DATA

BLOOMBERG CODE:	FSG SP
O/S SHARES (MN):	913
MARKET CAP (USD mn / SGD mn):	964 / 1279
52 - WK HI/LO (SGD):	1.44 / 1.08
3M Average Daily T/O (mn):	0.03

MAJOR SHAREHOLDERS (%)

REPUBLIC HOT & RES LTD	31.7%
FIRST SPONSOR CAPITAL LTD	31.4%
TAI TAK ASIA PROPERTIES LTD	12.6%

PRICE PERFORMANCE (%)

	1MTH	3MTH	YTD
COMPANY	(0.7)	11.0	8.5
STI RETURN	1.7	9.4	13.3

PRICE VS. STI



Source: Bloomberg, PSR

KEY FINANCIALS

Y/E Dec (\$'000)	FY20	FY21	FY22e	FY23e
Gross Rev	203,936	589,170	407,558	274,098
Gross Profit	171,906	241,316	154,284	111,953
EBITDA	143,423	217,064	172,076	104,669
PATMI	103,174	121,469	107,646	59,920
P/NAV (x)	0.68	0.57	0.55	0.54
P/E (x)	10.36	9.35	10.55	18.95
ROE (%)	5.90	6.14	5.21	2.84

Source: Company, PSR

VALUATION METHOD

SOTP (20% discount)

Terence Chua (+65 6212 1852)

Senior Research Analyst

terencechuat@phillip.com.sg

Potential recovery from the disposal of Pudong Mall. The legal title of the Pudong Mall as well as net auction proceeds of the Pudong Villa are expected to be transferred to the Group in 3Q22. As the Group managed to win the title of the mall through an auction process, we believe there is upside to the valuation of the mall at the end of the year when a valuation is done. We believe the Group will attempt to divest the mall to recover the shortfall, which we estimate to be in FY23e.

The Negatives

- **Primus Bay residential apartment blocks continue to see slower sales.** The pre-sales for the three residential blocks in Panyu, Guangzhou, with 177 units was launched on 26 May this year, with only 13% of the units sold as the weak macro backdrop weighed on sales. ASP of RMB26,200/sqm is on the lower end of the spectrum, but we expect pricing to remain stable as the Group will launch the smaller units in 2H22, which should support pricing.

Outlook

Two new property projects in Dongguan set for launch in FY2023. The Group has won four new residential projects in Dongguan. The first two are JVs to develop two residential projects in Dongguan, one in Dalingshan and the other in Wanjiang, both won in public tender exercises. Subsequently, it acquired another two more Dongguan residential development projects in Shilong and Shijie respectively. With most of the housing restrictions now lifted in Dongguan, except for its five core districts, we expect sales to be robust for its projects in Shilong and Shijie.

The Group's PRC PF loanbook is expected to see a further reduction in 4Q22, in line with our forecasts. We expect further repayments from the Group's 48.2%-owned Oasis Mansion as it is already under development and has generated healthy pre-sale results. For FY22, we expect the Group's PRC PF loanbook to be ~RMB1bn.

Strong balance sheet to capitalise on new opportunities. FSG is backed by a strong balance sheet, substantial unutilised committed credit facilities and potential equity infusion from the exercise of outstanding warrants. Its gearing improved to 0.18x in 1H22 vs. 0.38x for FY21, as it realised a substantial infusion of cash ~\$258mn in PRC loan repayment during the period. We continue to model for these repayments to continue in FY22e and FY23e against the banks more aggressive lending policy. All of this will further strengthen the cash resources of the Group and enable it to capitalise on any new business opportunities when they arise.

Maintain ACCUMULATE with unchanged SOTP-TP of \$1.39. We view the latest round of property relaxation measures in Dongguan positively. We believe the relaxation measures will provide support for the upcoming projects the Group will launch in 2H22. Catalysts for a TP upgrade are a recovery in the Chinese property market and its China hotel portfolio.

Dongguan projects

- Star of East River *
- Emerald of the Orient *
- The Pinnacle *
- Skyline Garden *
- Humen TOD **
- Fenggang **
- New Humen (NEW)

Chengdu project

Millennium Waterfront

- Plot E **
- Plot F *

Guangzhou project

- Panyu **

*Launched and largely sold

** Not launched/ sold

Figure 1: New Humen project



Source: FSG

Financials
Income statement

Y/E Dec, (S\$'000)	FY19	FY20	FY21	FY22e	FY23e
Revenue	319,164	203,936	589,170	407,558	274,098
Cost of sales	(130,129)	(32,030)	(347,854)	(253,274)	(162,144)
Gross Profit	189,035	171,906	241,316	154,284	111,953
Net finance income	870	(3,588)	(9,804)	(9,687)	(9,546)
Administrative expenses	(38,206)	(28,726)	(36,138)	(43,731)	(29,411)
Share of profits from JVs and associates	71,222	(12,373)	11,075	59,973	11,822
Other items	(28,722)	(1,607)	(3,854)	(10,321)	(6,942)
Profit Before Tax	194,199	125,612	202,595	150,517	77,877
Taxation	(28,623)	(24,501)	(72,350)	(37,629)	(19,469)
Profit After Tax	165,576	101,111	130,245	112,888	58,408
PATMI	167,088	103,174	121,469	107,646	59,920
EBIT	194,841	131,263	203,623	154,962	88,935
EBITDA	205,197	143,423	217,064	172,076	104,669

Per share data

Y/E Dec	FY19	FY20	FY21	FY22e	FY23e
NAVPS (S\$)	1.97	1.83	2.16	2.26	2.30
NAVPS (S\$, diluted)	1.65	1.70	1.78	1.85	2.85
EPS (S\$ cents)	21.64	11.97	13.26	11.75	6.54
EPS (S\$ cents, diluted)	17.12	8.87	10.21	9.44	10.44
DPS (S\$ cents)	2.70	3.10	3.45	3.29	1.83
DPS (S\$ cents, diluted)	2.14	2.30	2.55	2.64	2.92

Cash Flow

Y/E Dec, (S\$'000)	FY19	FY20	FY21	FY22e	FY23e
CFO					
Profit for the year	165,576	101,111	130,245	112,888	58,408
Adjustments	(55,097)	120,193	33,896	(597)	(1,751)
WC changes	27,838	(18,512)	(277,398)	(134,166)	231,182
Cash generated from ops	138,317	202,792	(113,257)	(31,871)	294,761
Others	20,005	(32,947)	(39,654)	(16,058)	-
Cashflow from ops	158,322	169,845	(152,911)	(49,614)	294,761
CFI					
Acquisition of subsidiaries	(156,770)	(5,037)	(241,867)	-	-
Advances to associates (net)	(86,867)	(216,620)	(4,155)	-	-
Payment - other investments	(357)	(16,097)	-	-	-
Payment - additions to PPE	(37,482)	(16,496)	(7,867)	-	-
Payment - associates and JVs	(81,242)	(18,027)	(13,353)	-	-
Others	154,632	32,176	77,863	21,911	22,686
Cashflow from investments	(208,086)	(240,101)	(189,379)	21,911	22,686
CFF					
Advances from associates (net)	120,261	73,329	120,807	-	-
Dividends to the owners of FSG	(19,078)	(22,855)	(28,386)	(30,141)	(16,778)
Proceeds from issuance of MTN	-	100,000	-	-	-
Repayment of bank borrowings	(632,633)	(1,222,658)	(941,492)	(130)	(20)
Proceeds from bank borrowings	611,205	1,274,264	1,007,381	-	-
Others	164,773	16,952	(29,819)	(22,996)	8,262
Cashflow from financing	244,528	219,032	128,491	(53,267)	(8,536)
Net change in cash	194,764	148,776	(213,799)	(82,442)	307,732
Cash at the start of the period	125,711	313,389	476,304	343,967	261,525
Currency translation	(7,086)	14,139	(11,506)	-	-
Ending cash	313,389	476,304	262,505	250,019	569,257

Source: Company, Phillip Securities Research (Singapore) Estimates

Balance Sheet

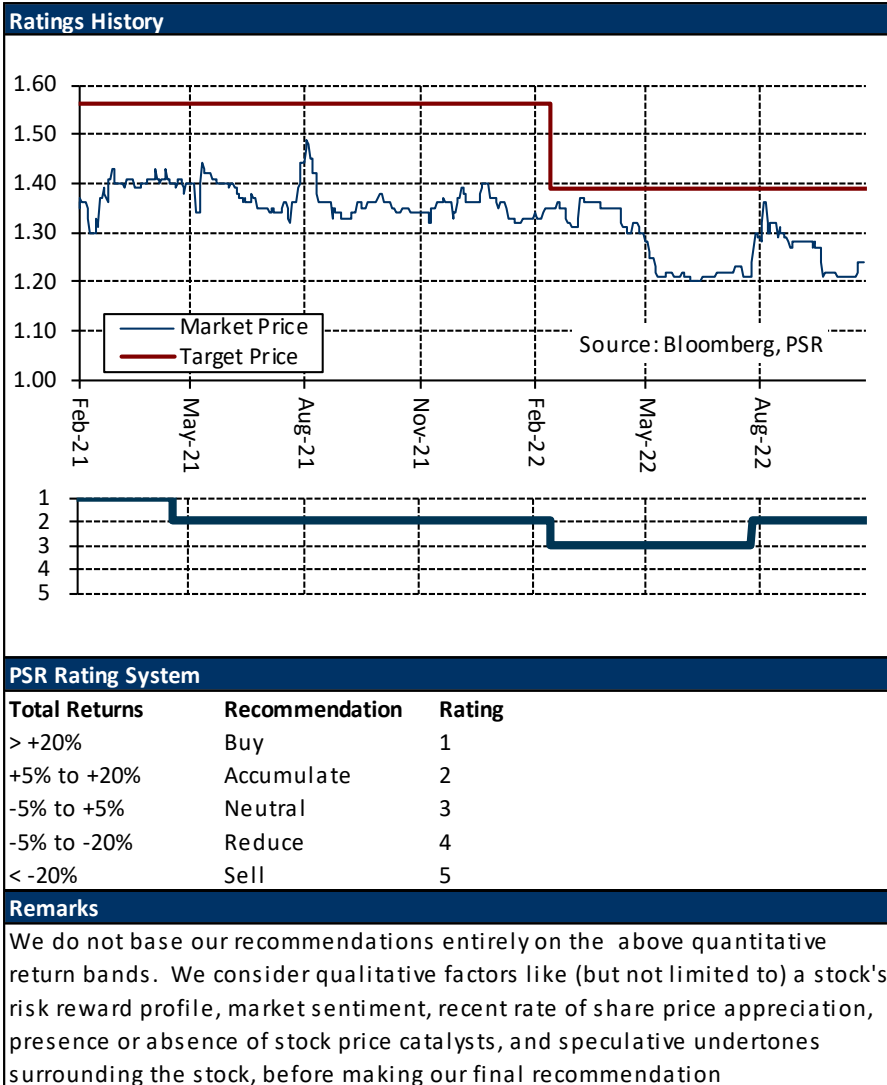
Y/E Dec, (S\$'000)	FY19	FY20	FY21	FY22e	FY23e
ASSETS					
PPE and IP	440,674	469,324	481,262	470,888	460,817
Interest in assoc and JVs	298,062	549,943	1,027,535	1,087,168	1,098,954
Others	971,690	862,040	777,395	777,395	777,395
Total non-current assets	1,710,426	1,881,307	2,286,192	2,335,508	2,337,214
Development properties	390,046	530,542	704,679	754,007	806,787
Trade receivables	315,255	482,401	946,133	1,020,682	776,743
CCE	313,389	476,304	343,932	261,525	569,258
Inventories	550	394	376	406	439
Others	30,830	53,633	22,203	22,203	22,203
Total current assets	1,050,070	1,543,274	2,017,323	2,075,090	2,189,094
Total Assets	2,760,496	3,424,581	4,303,515	4,410,597	4,526,307
LIABILITIES					
Trade payables	307,085	348,603	840,864	831,439	861,124
ST borrowings	251,220	124,560	151,158	151,028	151,008
Contract liabilities	39,288	372,236	173,904	173,199	183,591
Others	65,663	49,432	101,315	101,315	101,315
Total current liabilities	663,256	894,831	1,267,241	1,256,981	1,297,038
LT borrowings	369,943	615,012	937,749	937,749	937,749
Others	128,708	167,419	116,448	116,448	116,448
Total non-current liabilities	498,651	782,431	1,054,197	1,054,197	1,054,197
Total liabilities	1,161,907	1,677,262	2,321,438	2,311,178	2,351,235
Represented by:					
Share Capital	101,251	117,329	118,357	118,357	118,357
Reserves	1,320,670	1,553,818	1,744,725	1,827,472	1,869,102
Others	176,668	76,172	115,772	120,629	120,629
Total equity	1,598,589	1,747,319	1,978,854	2,066,458	2,108,088

Valuation Ratios

Y/E Dec	FY19	FY20	FY21	FY22e	FY23e
P/NAV (x)	0.6	0.7	0.6	0.5	0.5
P/E (x)	5.7	10.4	9.4	10.6	19.0
Dividend yield (%)	2.2	2.5	2.8	2.7	1.5

Growth & Margins (%)

	FY19	FY20	FY21	FY22e	FY23e
Growth					
Revenue	15.1%	-36.1%	188.9%	-30.8%	-32.7%
Gross profit	17.0%	-9.1%	40.4%	-36.1%	-27.4%
EBITDA	48.4%	-30.1%	51.3%	-20.7%	-39.2%
EBIT	47.5%	-32.6%	55.1%	-23.9%	-42.6%
Margins					
Gross profit margin	59.2%	84.3%	41.0%	37.9%	40.8%
EBITDA margin	64.3%	70.3%	36.8%	41.3%	37.2%
EBIT margin	61.0%	64.4%	34.6%	38.0%	32.4%
Key Ratios					
ROE	10.5%	5.9%	6.1%	5.2%	2.8%
ROA	6.1%	3.0%	2.8%	2.6%	1.4%
Net Gearing	19.3%	15.1%	37.6%	40.1%	24.6%



Contact Information (Research Team)

Head of Research

Paul Chew – paulchewkl@phillip.com.sg

Research Admin

Qystina Azli – gystina@phillip.com.sg

Construction | Industrial | Conglomerates

Terence Chua – terencechuatl@phillip.com.sg

Property | REITs

Darren Chan – darrenchanrx@phillip.com.sg

Banking & Finance

Glenn Thum – glenthumjc@phillip.com.sg

Credit Analyst

Shawn Sng – shawnsngkh@phillip.com.sg

US Technology Analyst (Internet)

Jonathan Woo – jonathanwookj@phillip.com.sg

US Technology Analyst (Software/Services)

Ambrish Shah – amshah@phillipcapital.in

US Technology Analyst (Hardware)

Maximilian Koeswoyo – maximilian@phillip.com.sg

Technical Analyst

Zane Aw – zaneawyx@phillip.com.sg

Contact Information (Regional Member Companies)

SINGAPORE

Phillip Securities Pte Ltd
Raffles City Tower
250, North Bridge Road #06-00
Singapore 179101
Tel +65 6533 6001
Fax +65 6535 6631
Website: www.poems.com.sg

MALAYSIA

Phillip Capital Management Sdn Bhd
B-3-6 Block B Level 3 Megan Avenue II,
No. 12, Jalan Yap Kwan Seng, 50450
Kuala Lumpur
Tel +603 2162 8841
Fax +603 2166 5099
Website: www.poems.com.my

HONG KONG

Phillip Securities (HK) Ltd
11/F United Centre 95 Queensway
Hong Kong
Tel +852 2277 6600
Fax +852 2868 5307
Websites: www.phillip.com.hk

JAPAN

Phillip Securities Japan, Ltd.
4-2 Nihonbashi Kabuto-cho Chuo-ku,
Tokyo 103-0026
Tel +81-3 3666 2101
Fax +81-3 3666 6090
Website: www.phillip.co.jp

INDONESIA

PT Phillip Securities Indonesia
ANZ Tower Level 23B,
Jl Jend Sudirman Kav 33A
Jakarta 10220 – Indonesia
Tel +62-21 5790 0800
Fax +62-21 5790 0809
Website: www.phillip.co.id

CHINA

Phillip Financial Advisory (Shanghai) Co Ltd
No 550 Yan An East Road,
Ocean Tower Unit 2318,
Postal code 200001
Tel +86-21 5169 9200
Fax +86-21 6351 2940
Website: www.phillip.com.cn

THAILAND

Phillip Securities (Thailand) Public Co. Ltd
15th Floor, Vorawat Building,
849 Silom Road, Silom, Bangrak,
Bangkok 10500 Thailand
Tel +66-2 6351700 / 22680999
Fax +66-2 22680921
Website www.phillip.co.th

FRANCE

King & Shaxson Capital Limited
3rd Floor, 35 Rue de la Bienfaisance 75008
Paris France
Tel +33-1 45633100
Fax +33-1 45636017
Website: www.kingandshaxson.com

UNITED KINGDOM

King & Shaxson Capital Limited
6th Floor, Candlewick House,
120 Cannon Street,
London, EC4N 6AS
Tel +44-20 7426 5950
Fax +44-20 7626 1757
Website: www.kingandshaxson.com

UNITED STATES

Phillip Capital Inc
141 W Jackson Blvd Ste 3050
The Chicago Board of Trade Building
Chicago, IL 60604 USA
Tel +1-312 356 9000
Fax +1-312 356 9005
Website: www.phillipusa.com

AUSTRALIA

Phillip Capital Limited
Level 10, 330 Collins Street
Melbourne, Victoria 3000, Australia
Tel +61-03 8633 9803
Fax +61-03 8633 9899
Website: www.phillipcapital.com.au

CAMBODIA

Phillip Bank Plc
Ground Floor of B-Office Centre, #61-64,
Norodom Blvd Corner Street 306, Sangkat
Boeung Keng Kang 1, Khan Chamkamorn,
Phnom Penh, Cambodia
Tel: 855 (0) 7796 6151/855 (0) 1620 0769
Website: www.phillipbank.com.kh

INDIA

PhillipCapital (India) Private Limited
No.1, 18th Floor, Urmi Estate
95, Ganpatrao Kadam Marg
Lower Parel West, Mumbai 400-013
Maharashtra, India
Tel: +91-22-2300 2999 / Fax: +91-22-2300 2969
Website: www.phillipcapital.in

TURKEY

PhillipCapital Menkul Degerler
Dr. Cemil Bengü Cad. HakIs Merkezi
No. 2 Kat. 6A Caglayan
34403 Istanbul, Turkey
Tel: 0212 296 84 84
Fax: 0212 233 69 29
Website: www.phillipcapital.com.tr

DUBAI

Phillip Futures DMCC
Member of the Dubai Gold and
Commodities Exchange (DGX)
Unit No 601, Plot No 58, White Crown Bldg,
Sheikh Zayed Road, P.O.Box 212291
Dubai-UAE
Tel: +971-4-3325052 / Fax: + 971-4-3328895

Important Information

This report is prepared and/or distributed by Phillip Securities Research Pte Ltd ("Phillip Securities Research"), which is a holder of a financial adviser's license under the Financial Advisers Act, Chapter 110 in Singapore.

By receiving or reading this report, you agree to be bound by the terms and limitations set out below. Any failure to comply with these terms and limitations may constitute a violation of law. This report has been provided to you for personal use only and shall not be reproduced, distributed or published by you in whole or in part, for any purpose. If you have received this report by mistake, please delete or destroy it, and notify the sender immediately.

The information and any analysis, forecasts, projections, expectations and opinions (collectively, the "Research") contained in this report has been obtained from public sources which Phillip Securities Research believes to be reliable. However, Phillip Securities Research does not make any representation or warranty, express or implied that such information or Research is accurate, complete or appropriate or should be relied upon as such. Any such information or Research contained in this report is subject to change, and Phillip Securities Research shall not have any responsibility to maintain or update the information or Research made available or to supply any corrections, updates or releases in connection therewith.

Any opinions, forecasts, assumptions, estimates, valuations and prices contained in this report are as of the date indicated and are subject to change at any time without prior notice. Past performance of any product referred to in this report is not indicative of future results.

This report does not constitute, and should not be used as a substitute for, tax, legal or investment advice. This report should not be relied upon exclusively or as authoritative, without further being subject to the recipient's own independent verification and exercise of judgment. The fact that this report has been made available constitutes neither a recommendation to enter into a particular transaction, nor a representation that any product described in this report is suitable or appropriate for the recipient. Recipients should be aware that many of the products, which may be described in this report involve significant risks and may not be suitable for all investors, and that any decision to enter into transactions involving such products should not be made, unless all such risks are understood and an independent determination has been made that such transactions would be appropriate. Any discussion of the risks contained herein with respect to any product should not be considered to be a disclosure of all risks or a complete discussion of such risks.

Nothing in this report shall be construed to be an offer or solicitation for the purchase or sale of any product. Any decision to purchase any product mentioned in this report should take into account existing public information, including any registered prospectus in respect of such product.

Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, may provide an array of financial services to a large number of corporations in Singapore and worldwide, including but not limited to commercial / investment banking activities (including sponsorship, financial advisory or underwriting activities), brokerage or securities trading activities. Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, may have participated in or invested in transactions with the issuer(s) of the securities mentioned in this report, and may have performed services for or solicited business from such issuers. Additionally, Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, may have provided advice or investment services to such companies and investments or related investments, as may be mentioned in this report.

Phillip Securities Research or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report may, from time to time maintain a long or short position in securities referred to herein, or in related futures or options, purchase or sell, make a market in, or engage in any other transaction involving such securities, and earn brokerage or other compensation in respect of the foregoing. Investments will be denominated in various currencies including US dollars and Euro and thus will be subject to any fluctuation in exchange rates between US dollars and Euro or foreign currencies and the currency of your own jurisdiction. Such fluctuations may have an adverse effect on the value, price or income return of the investment.

To the extent permitted by law, Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, may at any time engage in any of the above activities as set out above or otherwise hold an interest, whether material or not, in respect of companies and investments or related investments, which may be mentioned in this report. Accordingly, information may be available to Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, which is not reflected in this report, and Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, may, to the extent permitted by law, have acted upon or used the information prior to or immediately following its publication. Phillip Securities Research, or persons associated with or connected to Phillip Securities Research, including but not limited to its officers, directors, employees or persons involved in the issuance of this report, may have issued other material that is inconsistent with, or reach different conclusions from, the contents of this report.

The information, tools and material presented herein are not directed, intended for distribution to or use by, any person or entity in any jurisdiction or country where such distribution, publication, availability or use would be contrary to the applicable law or regulation or which would subject Phillip Securities Research to any registration or licensing or other requirement, or penalty for contravention of such requirements within such jurisdiction.

This report is intended for general circulation only and does not take into account the specific investment objectives, financial situation or particular needs of any particular person. The products mentioned in this report may not be suitable for all investors and a person receiving or reading this report should seek advice from a professional and financial adviser regarding the legal, business, financial, tax and other aspects including the suitability of such products, taking into account the specific investment objectives, financial situation or particular needs of that person, before making a commitment to invest in any of such products.

This report is not intended for distribution, publication to or use by any person in any jurisdiction outside of Singapore or any other jurisdiction as Phillip Securities Research may determine in its absolute discretion.

IMPORTANT DISCLOSURES FOR INCLUDED RESEARCH ANALYSES OR REPORTS OF FOREIGN RESEARCH HOUSES

Where the report contains research analyses or reports from a foreign research house, please note:

- (i) recipients of the analyses or reports are to contact Phillip Securities Research (and not the relevant foreign research house) in Singapore at 250 North Bridge Road, #06-00 Raffles City Tower, Singapore 179101, telephone number +65 6533 6001, in respect of any matters arising from, or in connection with, the analyses or reports; and
- (ii) to the extent that the analyses or reports are delivered to and intended to be received by any person in Singapore who is not an accredited investor, expert investor or institutional investor, Phillip Securities Research accepts legal responsibility for the contents of the analyses or reports.