

Kuaishou (1024 HK)

Resilient growth with FY23E group breakeven

Kuaishou achieved another upbeat quarter, with topline +13% YoY (3% above consensus) and better-than-feared bottom line. Compared to other players, KS would be more defensive in 4Q22E due to: 1) rev acceleration (forecasting +10% YoY) on stronger ecommerce and ads recovery; and 2) better margin with narrowing loss. Stock price might see volatility for epidemic resurgence, short-term profit taking, and unsurprised bottom line guidance in 4Q22E. But we keep positive on its long-term share gain trend and profitability enhancement (forecasting group profit in FY23E). We slightly raised FY22E rev by 1%, but FY23-24E financials were barely changed. Maintain our TP at HK\$80.

- Another upbeat quarter.** Rev +13% YoY, 3%/5% above consensus/ our estimates, mainly on stronger ecommerce (+39% YoY, 12% above our estimate) and livestreaming (+16% YoY, 7% above our estimate). Ads was in line, in which external ads declined YoY (e.g. game vertical still under pressure). GPM improved 1ppts QoQ to 46%, backed by scale effect from bandwidth cost and content cost. Coupled with disciplined S&M, adj. net loss narrowed to -RMB672mn (vs. consensus of -RMB1.7bn), in which domestic biz kept positive profit. DAU climbed to 363mn (+13% YoY), largely in line.
- Ads & ecommerce to accelerate in 4Q22E, with narrowing loss.** We expect 4Q22E rev +10% YoY (unchanged), in which ecommerce and ads would accelerate. Thanks to “11.6” promotion and higher ecommerce penetration, we forecast GMV +31% YoY in 4Q22E (annual GMV target of RMB900bn intact). For conservative estimate, we assume insignificant contribution from local services and Tmall & JD link. Ads would rebound to +8% YoY in 4Q22E, backed by internal ads acceleration and external ads recovery, in our estimates. For livestreaming, we forecast this segment would slow down to +5% YoY (still above peers) due to high base. We expect 4Q22E to see continuous loss narrowing (forecasting at -RMB348mn), in which domestic biz sees higher margin while overseas loss stays stable QoQ.
- Looking into group breakeven in FY23E.** We reiterate our confidence on KS's share gain and margin improvement in the long run. Looking into FY23E, we expect ads to recover to double digit growth and ecommerce kept resilient momentum (forecasting GMV +25% YoY). Overseas net loss would continue to narrow, per. mgmt. Coupled with domestic biz operating leverage, we expect FY23E to deliver group-level positive profit.
- Maintain BUY.** Given resilient 4Q22E, we keep FY23-24E financials barely changed, with SOTP-based TP at HK\$80. Suggest to buy on dips.

Earnings Summary

(YE 31 Dec)	FY20A	FY21A	FY22E	FY23E	FY24E
Revenue (RMB mn)	58,776	81,082	92,656	105,946	119,716
YoY growth (%)	50.2	37.9	14.3	14.3	13.0
Adj. net income (RMB mn)	(7,864)	(18,852)	(6,054)	72	4,764
Adj. EPS (RMB)	(8.4)	(4.6)	(1.4)	0.0	1.0
YoY growth (%)	NA	NA	NA	NA	NA
Consensus EPS (RMB)	NA	NA	(2.1)	(0.4)	2.1
P/E (x)	NA	NA	NA	NA	42
P/S (x)	3.4	2.5	2.1	1.9	1.7
Yield (%)	0.0	0.0	0.0	0.0	0.0
Net gearing (%)	Net cash	Net cash	Net cash	Net cash	Net cash

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price **HK\$80**
 (Previous TP **HK\$80**)
 Up/Downside **+59.4%**
 Current Price **HK\$50.2**

China Internet Sector

Sophie HUANG
 (852) 3900 0889
 sophiehuang@cmbi.com.hk

Eason XU
 easonxu@cmbi.com.hk

Saiyi HE
 hesaiyi@cmbi.com.hk

Ye TAO
 franktao@cmbi.com.hk

Wentao LU
 luwentao@cmbi.com.hk

Stock Data

Mkt Cap (HK\$ mn)	233,552
Avg 3 mths t/o (HK\$ mn)	1,402.91
52w High/Low (HK\$)	108.8/31.75
Total Issued Shares (mn)	3,535

Source: Bloomberg

Shareholding Structure

Tencent	20.6%
Morningside Venture Cap	16.0%
Employee shareholding Plan	7.4%

Source: Bloomberg

Share Performance

	Absolute	Relative
1-mth	14.0%	4.6%
3-mth	-26.6%	-19.4%
6-mth	-20.0%	-10.5%

Source: Bloomberg

12-mth Price Performance



Source: Bloomberg

Auditor: PwC

Related reports:

- Share gain intact with enhanced ecosystem – 10 Nov 2022

3Q22 beat on livestreaming, ecommerce and margin

3Q22 user metrics remained on track, with DAU up to 363mn (+13% YoY). Rev grew 13% YoY, 3%/5% above consensus/ our estimates, mainly on stronger livestreaming and ecommerce. Livestreaming rev +16% YoY (7% above our estimate), with limited regulatory impact, rising paying user and enhanced cooperation with agents. Ecommerce performed well, with “other service” rev +39% YoY (12% above our estimate). Its repurchase rate, orders per buyer and AOV recorded healthy growth in 3Q22, coupled with higher engagement of merchants and brands. Ads rev +6% YoY (largely in line), in which external ads still declined YoY (e.g. game vertical still under pressure). GPM improved 1ppts QoQ to 46%, backed by scale effect from bandwidth cost and content cost. Coupled with disciplined S&M, adj. net loss narrowed to -RMB672mn (vs. consensus of -RMB1.7bn), in which domestic biz kept positive profit.

Figure 1: 3Q22 financial review

RMB mn	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	QoQ	YoY	Consensus	Diff %	CMBI	Diff %
Revenue	15,357	18,099	17,019	19,139	20,493	24,430	21,067	21,695	23,128	7%	13%	22,560	3%	22,105	5%
Operating Profit	(1,377)	(1,378)	(7,292)	(7,215)	(7,404)	(5,790)	(5,643)	(3,059)	(2,612)	NA	NA	(3,319)	NA	(3,455)	NA
Net profit	(29,280)	(19,264)	(57,750)	(7,035)	(7,086)	(6,202)	(6,254)	(3,176)	(2,712)	NA	NA	(3,729)	NA	(3,675)	NA
Adj. net profit	(1,044)	(459)	(5,896)	(4,770)	(4,616)	(3,569)	(3,722)	(1,312)	(672)	NA	NA	(1,743)	NA	(1,843)	NA
Margin (%)															
Gross Margin	43.1%	47.0%	41.1%	43.8%	41.5%	41.5%	41.7%	45.0%	46.3%			45.5%		44.8%	
Operating Margin	-9.0%	-7.6%	-42.8%	-37.7%	-36.1%	-23.7%	-26.8%	-14.1%	-11.3%			-14.7%		-15.6%	
Adj. net margin	-6.8%	-2.5%	-34.6%	-24.9%	-22.5%	-14.6%	-17.7%	-6.0%	-2.9%			-7.7%		-8.3%	
Growth (%)															
Revenue (YoY)	50.7%	52.7%	36.6%	48.8%	33.4%	35.0%	23.8%	13.4%	12.9%			10.1%		7.9%	
Revenue (QoQ)	19.4%	17.9%	-6.0%	12.5%	7.1%	19.2%	-13.8%	3.0%	6.6%			4.0%		1.9%	
Operating Profit	NA	NA	NA	NA	NA	NA	NA	NA	NA			NA		NA	
Adj. net profit	NA	NA	NA	NA	NA	NA	NA	NA	NA			NA		NA	

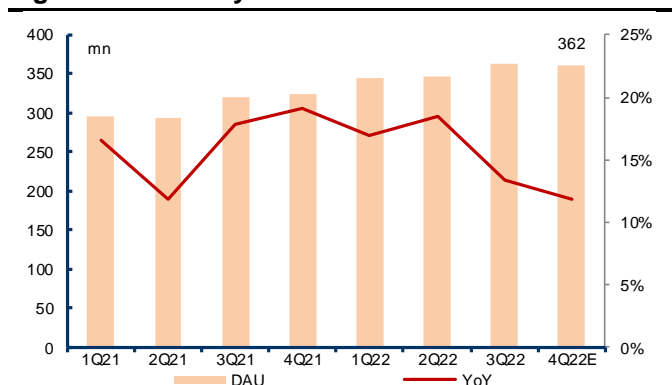
Source: Company data, Bloomberg, CMBIGM estimates

Figure 2: 3Q22 revenue breakdown

RMB mn	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	QoQ	YoY
Total revenue	15,357	18,099	17,019	19,139	20,493	24,430	21,067	21,695	23,128	7%	13%
Online marketing servc	6,181	8,511	8,558	9,962	10,909	13,236	11,351	11,006	11,590	5%	6%
Live streaming	7,960	7,900	7,250	7,193	7,724	8,827	7,842	8,565	8,947	4%	16%
Other services	1,215	1,688	1,211	1,983	1,860	2,367	1,873	2,124	2,592	22%	39%

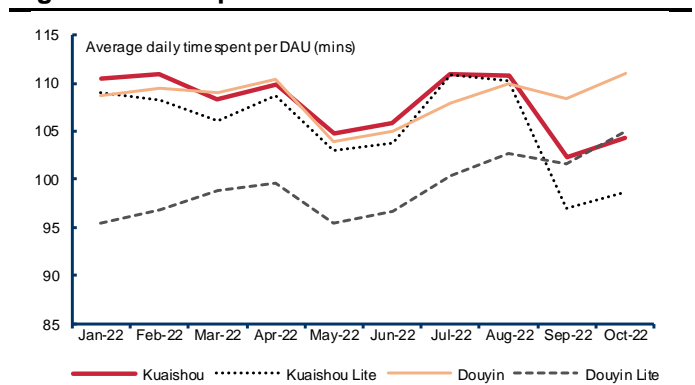
Source: Company data

Figure 3: Quarterly DAU estimates



Source: Company data, CMBIGM estimates

Figure 4: Time spent trend



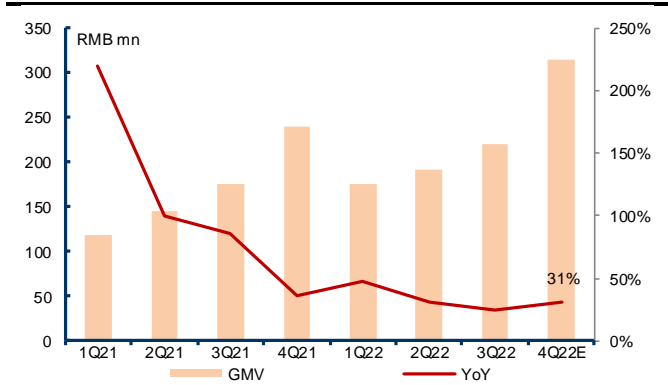
Source: QuestMobile

Moving into rev acceleration and narrowing loss in 4Q22E

We think KS is one of the few companies that would achieve rev acceleration and better margin in 4Q22E, as epidemic resurgence should dampen industrial growth. We expect 4Q22E rev +10% YoY (unchanged), in which ecommerce and ads would accelerate. We forecast bottom line at -RMB348mn (implying adj. NPM at -1.3%, improving 1.6ppts QoQ), in which domestic biz sees higher margin while overseas loss stays stable QoQ.

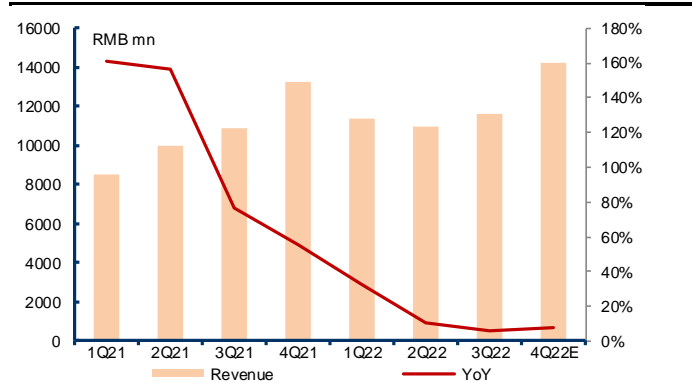
By segment, we expect ecommerce GMV +31% YoY in 4Q22E, backed by “11.6” promotion and higher ecommerce penetration (for covid control). Annual GMV target of RMB900bn would be intact, with enhanced ecommerce ecosystem. For conservative estimate, we assume insignificant contribution from local services and Tmall & JD link. Shopping mall should take more time to enhance before its launch. We expect Kuaishou to continuously gain share in ecommerce (forecasting 5%/6% mkt share in FY22/23E), with enhanced ecosystem, algorithm optimization and trusted users. Ads would rebound to +8% YoY in 4Q22E, backed by internal ads acceleration and external ads recovery, in our estimates. For livestreaming, we forecast this segment would slow down to +5% YoY (still above peers) due to a high base.

Figure 5: Quarterly GMV estimates



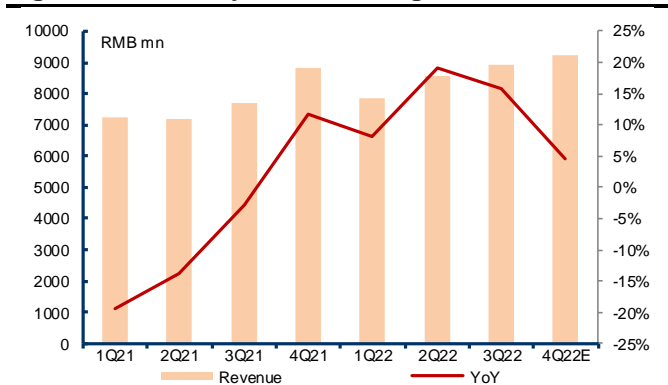
Source: Company data, CMBIGM estimates

Figure 6: Quarterly ads rev estimates



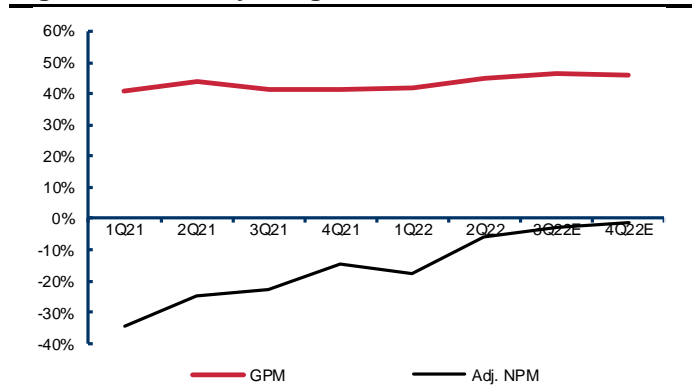
Source: Company data, CMBIGM estimates

Figure 7: Quarterly livestreaming rev estimates



Source: Company data, CMBIGM estimates

Figure 8: Quarterly margin estimates



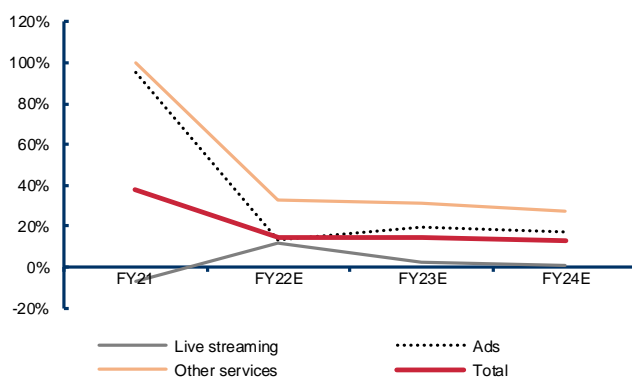
Source: Company data, CMBIGM estimates

FY23E to achieve group breakeven, with cost discipline

We forecast KS rev +14% YoY in FY23E, in which ads would recover to double digit growth and ecommerce keep resilient momentum (estimating GMV +25% YoY). Overseas net loss would continue to narrow, per. mgmt. Coupled with domestic biz operating leverage, we expect FY23E to deliver group-level positive profit.

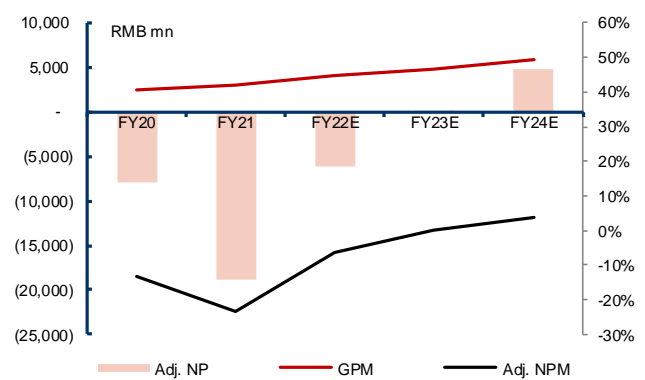
We reiterate our confidence in its resilient growth, share gain and narrowing loss in the long run. Market concern might lie on potential selling from pre-IPO investors and slower ads recovery in FY23E. We think PE potential selling would be partially anticipated, and might be digested by 1-2 quarters. We see high visibility for FY23E to see ads reacceleration and resilient GMV, with full-year positive profit.

Figure 9: Yearly revenue growth estimates



Source: Company data, CMBIGM estimates

Figure 10: Yearly margin estimates



Source: Company data, CMBIGM estimates

Maintain BUY with TP unchanged at HK\$80

To factor in its better-than-feared 3Q22, we slightly raised FY22E rev by 1% and margin by 0.8ppts. We keep FY23-24E financials barely changed, for its relative defensive. Maintain our SOTP-based TP at HK\$80 (implying 3.0x FY23E P/S). Further catalysts: 1) 4Q acceleration of ecommerce and ads; 2) better margin outlook; and 3) enhanced ecosystem and monetization after mgmt. change. Risks: 1) slower ads recovery with epidemic resurgence and macro uncertainty; and 2) potential tightening regulation on short video time spent.

Figure 11: CMBIGM estimates vs consensus

RMB mn, Dec-YE	CMBIGM			Consensus			Diff (%)		
	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E
Revenue	92,656	105,946	119,716	92,597	109,479	126,132	0.1%	-3.2%	-5.1%
Gross Profit	41,559	49,458	58,891	41,253	51,920	63,674	0.7%	-4.7%	-7.5%
Operating Profit	(12,960)	(7,870)	(2,173)	(14,684)	(6,612)	1,519	NA	NA	NA
Adj. net profit	(6,054)	72	4,764	(7,623)	348	9,472	NA	-79.3%	-49.7%
Adj. EPS (RMB)	(1.35)	0.02	1.03	(2.1)	(0.4)	2.1	NA	NA	-52.0%
Gross Margin	44.9%	46.7%	49.2%	44.6%	47.4%	50.5%	+0.3ppts	-0.7ppts	-1.3ppts
Operating Margin	-14.0%	-7.4%	-1.8%	-15.9%	-6.0%	1.2%	+1.9ppts	-1.4ppts	-3.0ppts
Adj. net margin	-6.5%	0.1%	4.0%	-8.2%	0.3%	7.5%	+1.7ppts	-0.2ppts	-3.5ppts

Source: CMBIGM estimates, Bloomberg

Figure 12: Earnings revision

RMB mn, Dec-YE	New			Old			Diff (%)		
	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E
Revenue	92,656	105,946	119,716	91,636	105,665	119,976	1.1%	0.3%	-0.2%
Gross Profit	41,559	49,458	58,891	40,595	49,360	59,095	2.4%	0.2%	-0.3%
Operating Profit	(12,960)	(7,870)	(2,173)	(13,233)	(7,849)	(2,198)	NA	NA	NA
Adj. net profit	(6,054)	72	4,764	(6,711)	72	4,757	NA	0.0%	0.1%
EPS (RMB)	(1.35)	0.02	1.03	(1.50)	0.02	1.03	NA	0.0%	0.1%
Gross Margin	44.9%	46.7%	49.2%	44.3%	46.7%	49.3%	+0.6ppts	-0.0ppts	-0.1ppts
Operating Margin	-14.0%	-7.4%	-1.8%	-14.4%	-7.4%	-1.8%	+0.4ppts	-0.0ppts	-0.0ppts
Net Margin	-6.5%	0.1%	4.0%	-7.3%	0.1%	4.0%	+0.8ppts	-0.0ppts	-0.0ppts

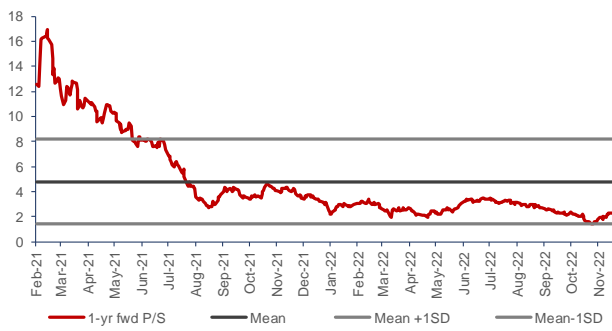
Source: Company data, CMBIGM estimates

Figure 13: SOTP Valuation

Business (RMB mn)	'23E Rev or GMV	Methodology	Multiple	Valuation	Stakes	Value
Live streaming	35,282	EV/Sales	1.0x	35,282	100%	35,282
Advertising	57,746	EV/Sales	1.5x	89,218	100%	89,218
Ecommerce	1,126,310	P/GMV	0.15x	168,947	100%	168,947
Enterprise Value						293,447
(+) Net Cash						28,437
Equity Value						321,885
FX						0.92
Valuation (HK\$ mn)						351,786
TP (HK\$) based on SOTP						80

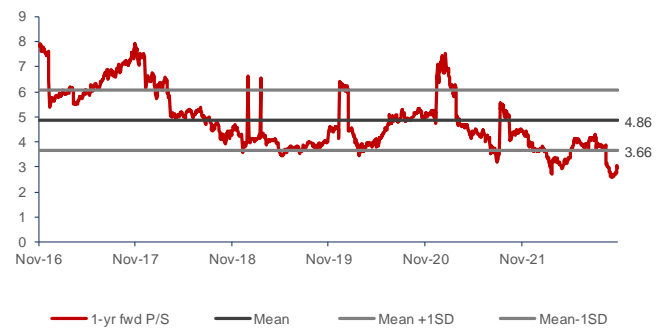
Source: CMBIGM estimates

Figure 14: KS historical P/S



Source: Bloomberg, CMBIGM estimates

Figure 15: Core Internet historical P/S



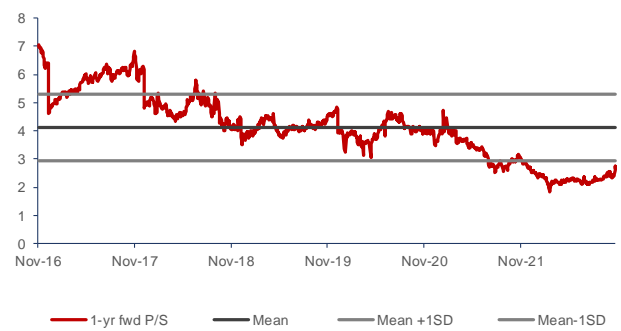
Source: Bloomberg, CMBIGM estimates

Figure 16: Core Internet historical P/E



Source: Bloomberg, CMBIGM estimates

Figure 17: Entertainment historical P/S



Source: Bloomberg, CMBIGM estimates

Financial Summary

Income statement

YE 31 Dec (RMB mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Revenue	58,776	81,082	92,656	105,946	119,716
Live streaming	33,209	30,995	34,591	35,282	35,635
Online marketing services	21,855	42,665	48,210	57,746	67,624
Other services	3,712	7,421	9,855	12,917	16,456
COGS	(47,052)	(51,097)	(56,488)	(60,825)	(67,174)
Gross profit	11,724	29,985	36,168	45,120	52,542
S&M	(26,615)	(44,176)	(37,188)	(39,034)	(41,285)
Admin.Exp.	(1,677)	(3,400)	(3,790)	(4,179)	(4,301)
R&D	(6,548)	(14,956)	(13,356)	(14,963)	(16,316)
Other gains	704	801	(185)	848	838
Operating profit	(22,410)	(31,746)	(18,351)	(12,208)	(8,522)
Other income/(exp)	(106,881)	(51,314)	(9)	-	-
Pre-tax Income	(117,201)	(79,102)	(13,050)	(7,882)	(2,177)
Income Tax	566	1,025	(793)	8	(841)
Net profit	(116,635)	(78,077)	(13,843)	(7,874)	(3,018)
Adj. net profit	(7,864)	(18,852)	(6,054)	72	4,764

Cash flow summary

YE 31 Dec (RMB mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Net income	(116,635)	(78,077)	(13,843)	(7,874)	(3,018)
D&A	4,863	6,885	6,512	7,662	8,842
Change in WC	6,898	2,444	2,023	2,721	2,115
Others	107,163	63,229	6,440	7,946	7,782
Operating CF	2,289	(5,519)	1,131	10,455	15,721
Capex	(5,908)	(5,789)	(9,181)	(11,210)	(10,802)
Purchase of investments	5,400	-	-	-	-
Others	(4,359)	(12,572)	47	47	47
Investing CF	(4,867)	(18,361)	(9,134)	(11,163)	(10,755)
Equity raised	-	39,386	-	-	-
Change of Debts	-	-	-	-	-
Cash from CB raised	20,957	-	-	-	-
Others	(1,666)	(2,885)	-	-	-
Financing CF	19,290	36,500	-	-	-
Net change in cash	16,711	12,620	(8,003)	(708)	4,966
Cash (beg of yr)	3,996	20,392	32,612	24,610	23,902
FX	(316)	(399)	-	-	-
Cash (end of yr)	20,392	32,612	24,610	23,902	28,868

Balance sheet

YE 31 Dec (RMB mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Non-current assets	20,619	39,505	42,126	45,627	47,539
Property and equipment	7,206	11,051	11,042	11,268	14,125
Right-of-use assets	5,200	12,562	15,155	18,397	17,422
Intangible assets	1,248	1,172	1,256	1,336	1,413
Others	6,966	14,720	14,673	14,625	14,578
Current assets	31,528	53,011	45,925	46,323	52,347
Cash	20,392	32,612	24,610	23,902	28,868
Prepayments	2,285	3,278	3,560	3,936	4,238
Financial assets at fair value through profit or loss	3,301	1,250	1,298	1,345	1,393
Trade receivables	2,428	4,450	5,085	5,815	6,571
Others	3,122	11,420	11,372	11,325	11,277
Current liabilities	23,185	37,256	40,196	44,021	47,194
Accounts payables	11,544	20,021	21,742	24,036	25,882
Other payables and accruals	5,763	9,123	9,908	10,953	11,794
Advances from customers	3,290	3,503	3,937	4,424	4,910
Others	2,587	4,608	4,608	4,608	4,608
Non-current liabilities	189,012	10,108	10,108	10,108	10,108
Convertible redeemable preferred shares	185,373	-	-	-	-
Others	3,640	10,108	10,108	10,108	10,108
MI	-	-	-	-	-
Total Equity	(160,050)	45,096	37,692	37,764	42,528
Shareholders' equity	(160,050)	45,096	37,692	37,764	42,528

Key ratios

YE 31 Dec	FY20A	FY21A	FY22E	FY23E	FY24E
Sales mix (%)					
Live streaming	56.5	38.2	37.3	33.3	29.8
Online marketing services	37.2	52.6	52.0	54.5	56.5
Other services	6.3	9.2	10.6	12.2	13.7
Total	100.0	100.0	100.0	100.0	100.0
Growth rate (%)					
Revenue	50.2	37.9	14.3	14.3	13.0
Gross profit	68.9	42.9	22.1	19.0	19.1
EBIT	NA	NA	NA	NA	NA
Adj. net profit	NA	NA	NA	NA	NA
P&L ratios (%)					
Operating margin	(38.1)	(39.2)	(19.8)	(11.5)	(7.1)
Pre-tax margin	(199.4)	(97.6)	(14.1)	(7.4)	(1.8)
Adj. net margin	(13.4)	(23.3)	(6.5)	0.1	4.0
Effective tax rate	(0.5)	(1.3)	6.1	(0.1)	38.6
Returns (%)					
ROE	NA	NA	NA	NA	11.9

Source: Company data, CMBIGM 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.

CMBIGM or its affiliate(s) have investment banking relationship with the issuers covered in this report in preceding 12 months

CMBIGM 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 CMBIGM

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 Global Markets Limited

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

CMB International Global Markets Limited ("CMBIGM") 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. CMBIGM 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. CMBIGM 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 CMBIGM, solely for the purpose of supplying information to the clients of CMBIGM 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 CMBIGM 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. CMBIGM has exerted every effort in its capacity to ensure, but not to guarantee, their accuracy, completeness, timeliness or correctness. CMBIGM provides the information, advices and forecasts on an "AS IS" basis. The information and contents are subject to change without notice. CMBIGM 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. CMBIGM may make investment decisions or take proprietary positions that are inconsistent with the recommendations or views in this report.

CMBIGM 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 CMBIGM 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 CMBIGM may have a conflict of interest that could affect the objectivity of this report and CMBIGM 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 CMBIGM.

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 CMBIGM.

For recipients of this document in the United States

CMBIGM is not a registered broker-dealer in the United States. As a result, CMBIGM 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.