

Kuaishou (1024 HK)

Upbeat margin to continue

As stated in our preview notes, Kuaishou (KS) delivered upbeat margins and in-line rev in 3Q23. Looking into 4Q23E, we expect the resilient momentum to continue. We forecast 4Q23E rev +15% YoY (largely in line), and bottom line at RMB2.8bn (9% above consensus). We are positive on its long-term ecommerce upside, boosted by deeper MAC penetration, higher traffic efficiency, and shelf-based mall expansion. Thanks to 11.11 outperformance (highest GMV growth among key platforms), we expect its ecommerce GMV/others rev +29.5%/40% YoY in 4Q23E. Ads would see above-industry growth in 4Q23E (forecasting +20% YoY). We raise FY23-25E earnings by 7%-10%, and keep TP unchanged at HK\$97.

■ **3Q23 beat on earnings.** KS delivered upbeat 3Q23 results, with rev +21% YoY to RMB27.9bn (1%/1% above consensus/our estimates), and adj. net profit at RMB3.2bn (19%/15% above consensus/our estimates, adj. NPM at 11.4%). By segment, ecommerce GMV/rev rose 30%/37% YoY, supported by extensive brand participation and shelf-based e-commerce. In 3Q23, shopping mall GMV showed sequential growth and shelf-based GMV accounted for nearly 20% of total GMV. Ads rev grew 27% YoY (in line), attributable to external ads recovery (e.g. media info, education and training) and robust internal ads. Adj. NP beat on higher GPM, better opex control and other income. DAU climbed up to 386.6mn (+6% YoY, in line), while daily time spent was stable at 129.9mins, with lower TAC.

■ **Better margin outlook in 4Q23E, with resilient ads & ecommerce.** We expect KS to see a solid 4Q23E (forecasting rev +15% YoY), backed by strong ecommerce, resilient ads and better profit. KS delivered the highest GMV growth in 11.11 promotion among key platforms. We expect its ecommerce GMV/others rev +29.5%/40% YoY in 4Q23E, boosted by deeper MAC penetration and shelf-based mall contribution. There is still ample room for shelf-based mall GMV expansion (vs. ~30% mix of Douyin), with supply chain enrichment and higher purchase frequency. Ads would see above-industry growth in 4Q23E (forecasting +20% YoY), with internal ads to contribute around 50% of ads rev. We expect external ads recovery to continue, driven by resilient media (e.g. bite-sized shows), mini game, healthcare and education verticals. Given business adjustment, we forecast livestreaming rev flat YoY in 4Q23E. For the bottom line, we forecast adj. NP at RMB2.8bn in 4Q23E (9% above consensus, with adj. NPM at 9%), with domestic OP to be stable QoQ.

■ **Maintain BUY.** We lift our earnings forecast by 7-10% in FY23-25E, with an unchanged SOTP-based TP at HK\$97. Catalysts: 1) a solid 4Q23E; 2) shelf-based mall expansion; and 3) earnings upside.

Earnings Summary

(YE 31 Dec)	FY21A	FY22A	FY23E	FY24E	FY25E
Revenue (RMB mn)	81,082	94,183	113,527	129,143	145,562
YoY growth (%)	37.9	16.2	20.5	13.8	12.7
Adjusted net profit (RMB mn)	(18,852)	(5,751)	8,752	13,566	21,538
Diluted EPS (RMB cents)	(4.7)	(1.3)	1.9	2.9	4.6
YoY growth (%)	NA	NA	NA	55	59
Consensus EPS (RMB)	NA	NA	1.7	3.2	4.8
P/S (x)	2.9	2.5	2.0	1.8	1.6
P/E (x)	NA	NA	26	17	11
ROE (%)	na	(32.2)	7.7	13.5	20.8
Net gearing (%)	Net cash	Net cash	Net cash	Net cash	Net cash

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price HK\$97.00

(Previous TP HK\$97.00)

Up/Downside 65.8%

Current Price HK\$58.50

China Entertainment

Sophie HUANG

(852) 3900 0889

sophiehuang@cmbi.com.hk

Eason XU

(852) 3900 0849

easonxu@cmbi.com.hk

Stock Data

Mkt Cap (HK\$ mn)	5,850.0
Avg 3 mths t/o (HK\$ mn)	1,124.8
52w High/Low (HK\$)	79.85/48.10
Total Issued Shares (mn)	100.0
Source: FactSet	

Shareholding Structure

Tencent Holdings	18.9%
Morningside Venture Capital	15.7%
Source: HKEx	

Share Performance

	Absolute	Relative
1-mth	3.4%	0.2%
3-mth	-4.8%	-5.4%
6-mth	16.9%	28.2%

Source: FactSet

12-mth Price Performance



Source: FactSet

Figure 1: 3Q23 financial review

RMB mn	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	QoQ	YoY	Consensus	Diff %	CMBI	Diff %
Revenue	19,139	20,493	24,430	21,067	21,695	23,128	28,292	25,217	27,744	27,948	1%	21%	27,708	1%	27,654	1%
Operating Profit	(7,215)	(7,404)	(5,790)	(5,643)	(3,059)	(2,612)	(1,243)	(698)	1,296	2,211	71%	NA	1,292	71%	1,562	42%
Net profit	(7,035)	(7,086)	(6,202)	(6,254)	(3,176)	(2,712)	(1,547)	(876)	1,481	2,182	47%	NA	1,358	61%	1,758	24%
Adj. net profit	(4,770)	(4,616)	(3,569)	(3,722)	(1,312)	(672)	(45)	42	2,694	3,173	18%	NA	2,660	19%	2,758	15%
Margin (%)																
Gross Margin	43.8%	41.5%	41.5%	41.7%	45.0%	46.3%	45.5%	46.4%	50.2%	51.7%			50.7%		50.6%	
Operating Margin	-37.7%	-36.1%	-23.7%	-26.8%	-14.1%	-11.3%	-4.4%	-2.8%	4.7%	7.9%			4.7%		5.6%	
Adj. net margin	-24.9%	-22.5%	-14.6%	-17.7%	-6.0%	-2.9%	-0.2%	0.2%	9.7%	11.4%			9.6%		10.0%	
Growth (%)																
Revenue (YoY)	48.8%	33.4%	35.0%	23.8%	13.4%	12.9%	15.8%	19.7%	27.9%	20.8%			19.8%		19.6%	
Revenue (QoQ)	12.5%	7.1%	19.2%	-13.8%	3.0%	6.6%	22.3%	-10.9%	10.0%	0.7%			-0.1%		-0.3%	
Operating Profit	NA	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		NA	

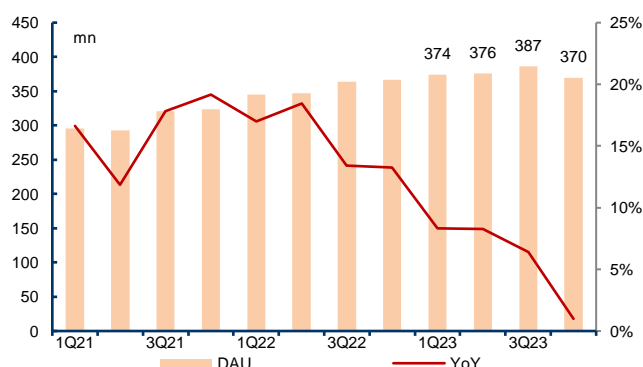
Source: Company data, Bloomberg, CMBIGM estimates

Figure 2: 3Q23 revenue breakdown

RMB mn	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	QoQ	YoY
Total revenue	19,139	20,493	24,430	21,067	21,695	23,128	28,292	25,217	27,744	27,948	1%	21%
Online marketing services	9,962	10,909	13,236	11,351	11,006	11,590	15,094	13,064	14,347	14,690	2%	27%
Live streaming	7,193	7,724	8,827	7,842	8,565	8,947	10,034	9,319	9,968	9,719	-2%	9%
Other services	1,983	1,860	2,367	1,873	2,124	2,592	3,164	2,834	3,429	3,539	3%	37%

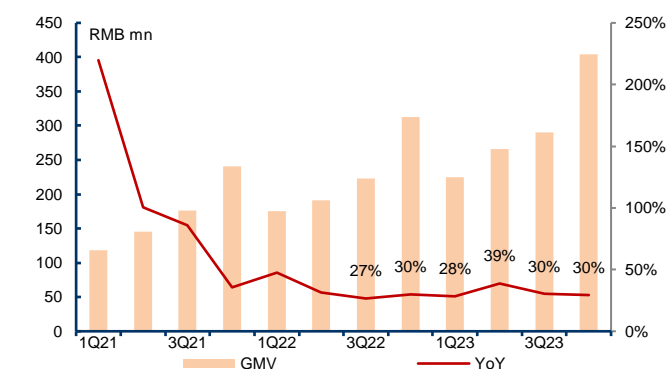
Source: Company data

Figure 3: Quarterly DAU estimates



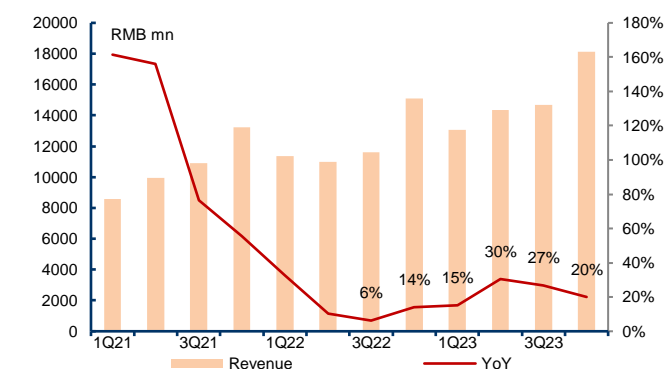
Source: Company data, CMBIGM estimates

Figure 4: Quarterly GMV estimates



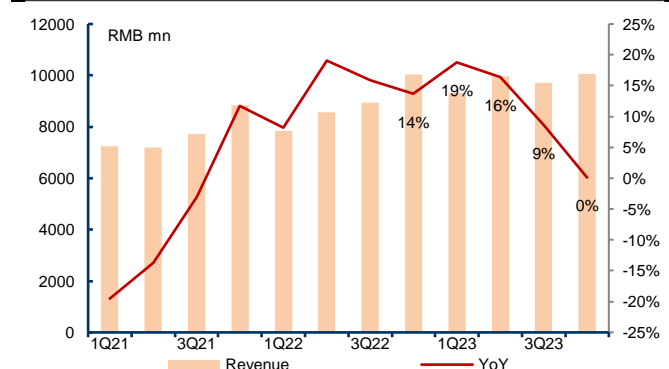
Source: Company data, CMBIGM estimates

Figure 5: Quarterly ads rev estimates



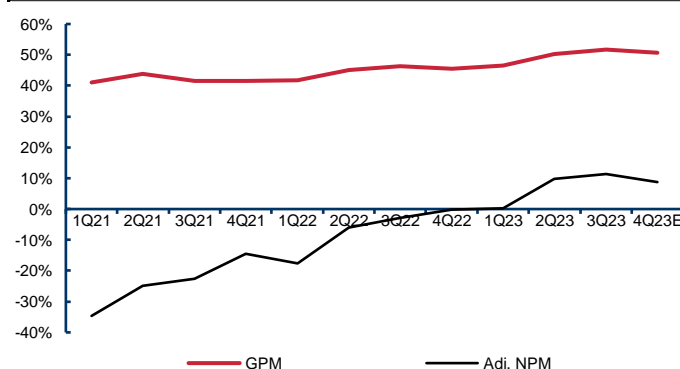
Source: Company data, CMBIGM estimates

Figure 6: Quarterly livestreaming rev estimates



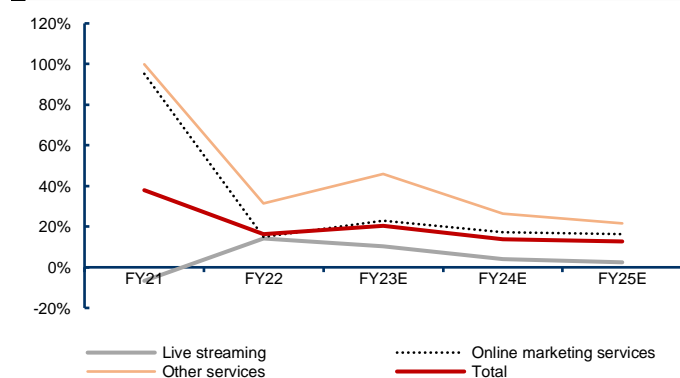
Source: Company data, CMBIGM estimates

Figure 7: Quarterly margin estimates



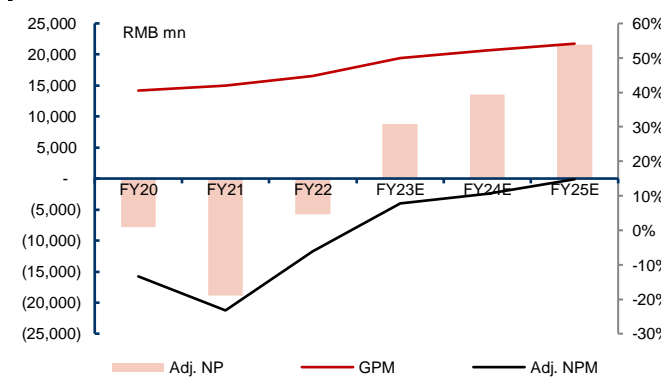
Source: Company data, CMBIGM estimates

Figure 8: Yearly revenue growth estimates



Source: Company data, CMBIGM estimates

Figure 9: Yearly margin estimates



Source: Company data, CMBIGM estimates

Figure 10: CMBIGM estimates vs consensus

RMB mn, Dec-YE	CMBIGM			Consensus			Diff (%)		
	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Revenue	113,527	129,143	145,562	113,382	130,335	146,753	0.1%	-0.9%	-0.8%
Gross Profit	56,664	67,432	78,781	56,370	67,460	78,875	0.5%	0.0%	-0.1%
Operating Profit	3,637	9,169	17,464	3,148	9,936	17,626	NA	-7.7%	-0.9%
Adj. net profit	8,752	13,566	21,538	7,558	13,970	21,288	15.8%	-2.9%	1.2%
Adj. EPS (RMB)	1.92	2.93	4.56	1.7	3.2	4.8	15.6%	-8.3%	-6.0%
Gross Margin	49.9%	52.2%	54.1%	49.7%	51.8%	53.7%	+0.2ppts	+0.5ppts	+0.4ppts
Operating Margin	3.2%	7.1%	12.0%	2.8%	7.6%	12.0%	+0.4ppts	-0.5ppts	-0.0ppts
Adj. net margin	7.7%	10.5%	14.8%	6.7%	10.7%	14.5%	+1.0ppts	-0.2ppts	+0.3ppts

Source: CMBIGM estimates, Bloomberg

Figure 11: Earnings revision

RMB mn, Dec-YE	New			Old			Diff (%)		
	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Revenue	113,527	129,143	145,562	111,959	127,322	143,471	1.4%	1.4%	1.5%
Gross Profit	56,664	67,432	78,781	55,740	66,346	77,481	1.7%	1.6%	1.7%
Operating Profit	3,637	9,169	17,464	2,145	7,807	15,872	69.6%	17.4%	10.0%
Adj. net profit	8,752	13,566	21,538	7,933	12,408	20,185	10.3%	9.3%	6.7%
Adj. EPS (RMB)	1.92	2.93	4.56	1.74	2.68	4.3	10.3%	9.3%	6.7%
Gross Margin	49.9%	52.2%	54.1%	49.8%	52.1%	54.0%	+0.1ppts	+0.1ppts	+0.1ppts
Operating Margin	3.2%	7.1%	12.0%	1.9%	6.1%	11.1%	+1.3ppts	+1.0ppts	+0.9ppts
Adj. net margin	7.7%	10.5%	14.8%	7.1%	9.7%	14.1%	+0.6ppts	+0.8ppts	+0.7ppts

Source: CMBIGM estimates, Bloomberg

Figure 12: SOTP valuation

Business (RMB mn)	'23E Rev or GMV	Methodology	Multiple	Valuation	Stakes	Value
Live streaming	39,054	EV/Sales	1.0x	39,054	100%	39,054
Advertising	60,227	EV/Sales	2.0x	120,454	100%	120,454
Ecommerce	1,185,021	P/GMV	0.16x	190,788	100%	190,788
Enterprise Value						350,297
(+) Net Cash						25,828
Equity Value						376,125
FX						0.9
Valuation (HK\$ mn)						422,612
TP (HK\$) based on SOTP						97

Source: CMBIGM estimates

Figure 13: Comps table

Company	Ticker	Mkt cap (USD mn)	Currency	Price	CMBI Rating	CMBI TP	PE			PS			FY23-25 CAGR
							FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	
Kuaishou	1024 HK	33,582	HKD	59	BUY	97	26.5	17.1	10.8	2.0	1.8	1.6	57%
Game													
Tencent	700 HK	398,446	HKD	327	BUY	460	18.3	15.6	13.8	4.7	4.2	3.8	15%
NetEase	NTES US	75,550	USD	117	BUY	125	17.4	16.8	15.2	5.2	4.7	4.2	6%
XD Inc.	2400 HK	826	HKD	13	NA	NA	29.6	15.8	11.0	1.5	1.3	1.1	65%
Average							17.9	16.0	13.3	3.8	3.4	3.0	10%
Livestreaming & VAS													
Bilibili	BILI US	5,810	USD	14	BUY	24	NA	NA	47.0	1.9	1.6	1.4	NA
Momo	MOMO US	1,316	USD	7	HOLD	14	4.6	4.4	4.2	0.8	0.8	0.8	5%
YY	YY US	2,578	USD	42	BUY	51	11.2	11.1	9.7	1.1	1.1	1.0	11%
Huya	HUYA US	911	USD	4	BUY	6	NA	51.8	19.7	1.0	1.0	0.9	NA
Douyu	DOYU US	298	USD	1	NA	NA	19.6	17.2	12.6	0.4	0.4	0.4	40%
TME	TME US	14,364	USD	8	NA	NA	17.4	15.9	14.3	3.8	3.7	3.3	12%
Mango	300413 CH	7,224	CNY	28	NA	NA	23.8	20.0	17.3	3.6	3.1	2.8	18%
IQIYI	IQ US	4,858	USD	5	BUY	9	14.1	10.2	8.4	1.1	1.0	1.0	26%
Average							15.1	13.1	12.3	1.7	1.6	1.4	19%
Advertising													
Baidu	BIDU US	37,791	USD	108	BUY	199	10.5	10.4	9.2	2.0	1.9	1.7	6%
Weibo	WB US	2,753	USD	12	BUY	25	5.5	5.1	4.7	1.6	1.5	1.4	8%
Average							8.0	7.8	7.0	1.8	1.7	1.6	7%
Ecommerce													
Alibaba	BABA US	197,370	USD	78	BUY	155	8.6	8.0	7.1	1.5	1.4	1.2	11%
JD.com	JD US	43,389	USD	28	BUY	57	9.5	8.5	7.3	0.3	0.3	0.2	11%
Pinduoduo	PDD US	145,594	USD	115	BUY	132	19.9	15.4	11.8	5.1	4.0	3.2	26%
Vipshop	VIPS US	8,408	USD	16	NA	NA	6.9	6.6	6.3	0.5	0.5	0.5	5%
Average							11.2	9.6	8.1	0.8	0.7	0.7	13%
Global entertainment													
Meta Platforms	META US	861,007	USD	335	NA	NA	23.0	18.4	16.4	6.4	5.7	5.1	16%
Netflix	NFLX US	203,919	USD	466	NA	NA	37.2	28.5	23.3	6.1	5.3	4.8	27%
Snapchat	SNAP US	19,576	USD	12	NA	NA	NA	97.5	74.4	4.3	3.8	3.3	98%
Average							30.1	23.5	19.9	5.6	4.9	4.4	22%
Average							16.3	13.4	11.8	2.6	2.4	2.1	15%

Source: Bloomberg, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2020A	2021A	2022A	2023E	2024E	2025E
YE 31 Dec (RMB mn)						
Revenue	58,776	81,082	94,183	113,527	129,143	145,562
Cost of goods sold	(34,961)	(47,052)	(52,051)	(56,863)	(61,711)	(66,781)
Gross profit	23,815	34,030	42,131	56,664	67,432	78,781
Operating expenses	(34,135)	(61,731)	(54,689)	(53,027)	(58,263)	(61,317)
Selling expense	(26,615)	(44,176)	(37,121)	(37,171)	(40,218)	(42,142)
Admin expense	(1,677)	(3,400)	(3,921)	(3,803)	(4,293)	(4,500)
R&D expense	(6,548)	(14,956)	(13,784)	(12,652)	(14,252)	(15,175)
Operating profit	(10,320)	(27,701)	(12,558)	3,637	9,169	17,464
Other income	528	1,027	1,547	500	500	500
Gain/loss on financial assets at FVTPL	176	(225)	(1,410)	100	0	0
Income tax	566	1,025	(1,158)	(380)	(2,133)	(3,422)
Net profit	(116,635)	(78,074)	(13,689)	3,342	7,186	14,289
Adjusted net profit	(7,864)	(18,852)	(5,751)	8,752	13,566	21,538

BALANCE SHEET	2020A	2021A	2022A	2023E	2024E	2025E
YE 31 Dec (RMB mn)						
Current assets	31,528	53,011	45,859	52,407	65,962	85,277
Cash & equivalents	20,392	32,612	13,274	18,878	31,008	48,827
Restricted cash	4	2	59	59	59	59
Account receivables	2,428	4,450	6,288	7,579	8,622	9,718
Prepayment	2,285	3,278	4,106	4,486	4,868	5,268
ST bank deposits	2,729	3,825	8,318	8,318	8,318	8,318
Financial assets at FVTPL	3,690	8,842	13,087	13,087	13,087	13,087
Non-current assets	20,619	39,505	43,449	48,859	50,924	54,699
PP&E	7,206	11,051	13,215	11,728	14,759	19,774
Right-of-use assets	5,200	12,562	10,806	18,700	18,199	17,425
Intangibles	1,248	1,172	1,123	1,336	1,413	1,489
Financial assets at FVTPL	3,843	3,301	3,626	3,626	3,626	3,626
Other non-current assets	3,122	11,420	14,680	13,468	12,927	12,385
Total assets	52,147	92,515	89,307	101,266	116,886	139,976
Current liabilities	23,185	37,256	40,710	44,336	47,871	51,571
Account payables	11,544	20,021	22,868	24,982	27,113	29,340
Tax payable	488	1,080	936	936	936	936
Other current liabilities	9,053	12,626	13,430	14,942	16,347	17,820
Lease liabilities	2,099	3,529	3,475	3,475	3,475	3,475
Non-current liabilities	189,012	10,164	8,760	8,760	8,760	8,760
Convertible bonds	185,373	0	0	0	0	0
Deferred income	32	28	23	23	23	23
Other non-current liabilities	3,608	10,135	8,737	8,737	8,737	8,737
Total liabilities	212,197	47,419	49,470	53,096	56,630	60,331
Capital surplus	0	274,408	274,473	274,473	274,473	274,473
Retained earnings	(172,062)	(250,172)	(263,883)	(260,540)	(253,355)	(239,065)
Other reserves	12,012	20,854	29,239	33,109	38,009	43,109
Total shareholders equity	(160,050)	45,096	39,838	47,050	59,136	78,525
Minority interest	0	7	8	8	8	8
Total equity and liabilities	52,147	92,515	89,307	100,146	115,766	138,856

CASH FLOW	2020A	2021A	2022A	2023E	2024E	2025E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	(117,201)	(79,102)	(12,531)	3,722	9,318	17,711
Depreciation & amortization	4,863	6,885	6,306	7,105	8,195	8,910
Tax paid	(830)	1,025	(1,158)	(380)	(2,133)	(3,422)
Change in working capital	6,898	2,444	(2,631)	1,955	2,110	2,205
Others	109,389	62,204	7,407	4,250	7,033	8,522
Net cash from operations	3,119	(6,544)	(2,607)	16,652	24,523	33,926
Investing						
Capital expenditure	(5,908)	(5,789)	(9,181)	(11,210)	(10,802)	(13,227)
Acquisition of subsidiaries/ investments	0	(859)	0	0	0	0
Net proceeds from disposal of short-term investments	3,440	0	0	0	0	0
Others	(2,399)	(11,713)	(8,367)	47	47	47
Net cash from investing	(4,867)	(18,361)	(17,548)	(11,163)	(10,755)	(13,179)
Financing						
Net borrowings	19,310	56	0	0	0	0
Proceeds from share issues	0	39,386	0	0	0	0
Net cash from financing	19,290	36,500	(4,482)	0	0	0
Net change in cash						
Cash at the beginning of the year	16,711	12,620	(19,841)	5,109	11,636	17,325
Exchange difference	(316)	(399)	494	494	494	494
Cash at the end of the year	20,392	32,612	13,274	18,878	31,008	48,827
GROWTH	2020A	2021A	2022A	2023E	2024E	2025E
YE 31 Dec						
Revenue	na	37.9%	16.2%	20.5%	13.8%	12.7%
Gross profit	na	42.9%	23.8%	34.5%	19.0%	16.8%
Operating profit	na	na	na	na	152.1%	90.5%
Net profit	na	na	na	na	115.0%	98.9%
Adj. net profit	na	na	na	na	55.0%	58.8%
PROFITABILITY	2020A	2021A	2022A	2023E	2024E	2025E
YE 31 Dec						
Gross profit margin	40.5%	42.0%	44.7%	49.9%	52.2%	54.1%
Operating margin	(17.6%)	(34.2%)	(13.3%)	3.2%	7.1%	12.0%
Adj. net profit margin	(13.4%)	(23.3%)	(6.1%)	7.7%	10.5%	14.8%
Return on equity (ROE)	na	na	(32.2%)	7.7%	13.5%	20.8%
GEARING/LIQUIDITY/ACTIVITIES	2020A	2021A	2022A	2023E	2024E	2025E
YE 31 Dec						
Net debt to equity (x)	na	(0.8)	(0.5)	(0.6)	(0.7)	(0.7)
Current ratio (x)	1.4	1.4	1.1	1.2	1.4	1.7
Receivable turnover days	15.1	15.5	20.8	22.3	22.9	23.0
Payable turnover days	120.5	122.4	150.4	153.6	154.1	154.3
VALUATION	2020A	2021A	2022A	2023E	2024E	2025E
YE 31 Dec						
P/E	na	na	na	26.7	17.6	11.3
P/E (diluted)	na	na	na	28.0	18.4	11.8

Source: Company data, CMBIGM estimates. Note: The calculation of net cash includes financial assets.

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.