

Pinduoduo (PDD US)

3Q19 results missed; Focusing on user engagement

PDD delivered soft 3Q19 results, with revenue +123% YoY (2% below consensus) and non-GAAP net loss widened at -RMB1,660mn (vs. consensus at -RMB785mn). We think this mixed quarter will raise market concern on competition landscape and “11.11” S&M budget. Given PDD’s intensified competition in low-tier cities and merchants, we slightly lowered its revenue by 3.6%/1.3%/1.6% in FY19/20/21E, with unchanged TP of US\$35. Stock price would bear short-term pressure. Wait for more clear catalysts regarding 4Q19E momentum.

- **3Q19 results missed.** 3Q19 revenue grew 123% YoY, 2% below consensus. Non-GAAP net loss came in at RMB1,660mn (vs. consensus at -RMB785mn). Topline missed on GMV& take rate, while margin was soft on lower GPM and heavier opex. Given rising concern on competition and margin fluctuation, we expect PDD’s stock price to bear pressure in the short run.
- **Topline soft on GMV& take rate.** 3Q19 revenue grew 123% YoY, driven by ramp-up of active buyers (536mn, + 39% YoY; vs. our estimate 506mn) and ARPU (RMB1,567, +75% YoY; vs. our estimate RMB1,646). 3Q19 GMV came in at RMB249bn (+111% YoY, +7% QoQ), in line with sell-side estimates but well below buy-side expectation (+15% QoQ). Take rate was soft at 3.0% (vs. 3.1% in 2Q19). Quarterly take rate might see fluctuation, but annual take rate expectation remains intact. In terms of ARPU, we keep positive on its long-term ARPU upside from higher mix of top tier users, as its ARPU from top tier buyers was RMB5,000, as mgmt stated.
- **Margin fluctuated quarterly, while long-term improvement remains intact.** 3Q19 adj. net margin was -22%, 12ppts weaker than consensus, primarily dragged by higher opex. S&M/G&A/R&D ratios were 89%/3.1%/12%, higher than our estimates of 83%/2.0%/10%. Market concern lies in “11.11” marketing efforts. Mgmt restated dynamic and ROI-driven marketing efforts to continue. We expect its 4Q19E net loss to widen for seasonality.
- **Maintain BUY.** We cut its revenue by 3.6%/1.3%/1.6% in FY19/20/21E, and adjusted earnings to -RMB 5.3bn/ +RMB2.9bn/ +RMB9.6bn. Our TP of US\$35 barely changed, which is equivalent to 5.9x FY20E P/S. Despite quarterly fluctuation, we keep positive on its long-term user expansion and margin enhancement.

Earnings Summary

(YE 31 Dec)	FY17A	FY18A	FY19E	FY20E	FY21E
Revenue (RMB mn)	1,744	13,120	30,166	48,485	67,919
YoY growth (%)	245	652	130	61	40
Net income (RMB mn)	(372)	(3,456)	(5,347)	2,926	9,648
EPS (RMB)	(0.84)	(4.64)	(4.62)	2.49	8.14
YoY growth (%)	NA	NA	NA	NA	226
P/E (x)	NA	NA	NA	88	27
P/S (x)	145.3	19.3	8.4	5.2	3.7
Yield (%)	0.0	0.0	0.0	0.0	0.0
ROE (%)	(43.6)	(54.3)	(36.8)	0.1	22.8
Net gearing (%)	Net cash	Net cash	Net cash	Net cash	Net cash

Source: Company data, CMBIS estimates

BUY (Maintain)

Target Price	US\$34.7
(Previous TP	US\$34.7)
Up/Downside	+10.5%
Current Price	US\$31.4

China Internet Sector

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

Stock Data

Mkt Cap (US\$ mn)	47,331
Avg 3 mths t/o (US\$ mn)	266.8
52w High/Low (US\$)	45/18
Total Issued Shares (mn)	644
Source: Bloomberg	

Shareholding Structure

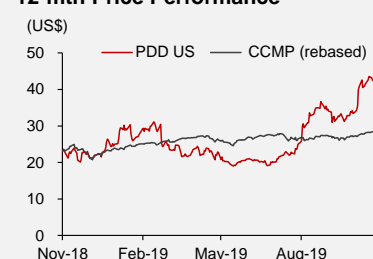
FMR LLC	3.48%
Banyan Partners	3.13%
Baillie Gifford	2.55%
Source: Bloomberg	

Share Performance

	Absolute	Relative
1-mth	22.0%	15.1%
3-mth	59.2%	48.7%
6-mth	79.4%	63.6%

Source: Bloomberg

12-mth Price Performance



Source: Bloomberg

Auditor: Ernst & Young

Related Reports

1. Eye-catching 2Q19; More to come – 22 Aug 2019
2. Initiation: Rising star with growing pains – 27 Jun 2019

Figure 1: Earnings revision

RMB mn, Dec-YE	New			Old			Diff (%)		
	FY19E	FY20E	FY21E	FY19E	FY20E	FY21E	FY19E	FY20E	FY21E
Revenue	30,166	48,485	67,919	31,289	49,143	69,056	-3.6%	-1.3%	-1.6%
Gross Profit	23,170	38,376	53,766	24,594	39,929	54,050	-5.8%	-3.9%	-0.5%
Operating Profit	(9,374)	(1,590)	5,511	(6,868)	942	7,575	36.5%	-268.8%	-27.3%
Net profit	(5,347)	2,926	9,648	(3,769)	5,035	10,951	41.9%	-41.9%	-11.9%
EPS (RMB)	(4.62)	2.49	8.14	(3.26)	4.29	9.24	41.8%	-41.9%	-11.9%
Gross Margin	76.8%	79.1%	79.2%	78.6%	81.3%	78.3%	-1.8ppts	-2.1ppts	+0.9ppts
Operating Margin	-31.1%	-3.3%	8.1%	-23.4%	2.0%	11.5%	-7.7ppts	-5.3ppts	-3.4ppts
Net Margin	-17.7%	6.0%	14.2%	-12.9%	10.7%	16.6%	-4.8ppts	-4.7ppts	-2.4ppts

Source: Company data, CMBIS estimates

Figure 2: CMBI estimates vs consensus

RMB mn, Dec-YE	CMBI			Consensus			Diff (%)		
	FY19E	FY20E	FY21E	FY19E	FY20E	FY21E	FY19E	FY20E	FY21E
Revenue	30,166	48,485	67,919	30,370	49,638	69,361	-0.7%	-2.3%	-2.1%
Gross Profit	23,170	38,376	53,766	23,686	38,826	54,483	-2.2%	-1.2%	-1.3%
Operating Profit	(9,374)	(1,590)	5,511	(7,249)	(601)	8,124	29.3%	164.4%	-32.2%
Net profit	(5,347)	2,926	9,648	(3,440)	4,958	9,929	55.4%	-41.0%	-2.8%
EPS (RMB)	(4.62)	2.49	8.14	(2.91)	3.16	8.17	58.6%	-21.2%	-0.4%
Gross Margin	76.8%	79.1%	79.2%	78.0%	78.2%	78.6%	-1.2ppt	+0.9ppts	+0.6ppts
Operating Margin	-31.1%	-3.3%	8.1%	-23.9%	-1.2%	11.7%	-7.2ppts	-2.1ppts	-3.6ppts
Net Margin	-17.7%	6.0%	14.2%	-11.3%	10.0%	14.3%	-6.4ppts	-4.0ppts	-0.1ppts

Source: Company data, Bloomberg

Figure 3: 3Q19 review

RMB mn	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	QoQ	YoY	Consensus	Diff %
Revenue	1,385	2,709	3,372	5,654	4,545	7,290	7,514	3.1%	122.8%	7,654	-2%
Operating profit	(253)	(6,636)	(1,269)	(2,641)	(2,121)	(1,490)	(2,792)	NA	NA	(1,630)	NA
Net profit	(282)	(6,494)	(1,098)	(2,424)	(1,878)	(1,003)	(2,335)	NA	NA	(1,224)	NA
Adj. net profit	(268)	(673)	(619)	(1,896)	(1,379)	(411)	(1,660)	NA	NA	(785)	NA
Adj. EPS (RMB)	(0.60)	(1.40)	(0.68)	(1.72)	(1.20)	(0.36)	(1.44)	NA	NA	(0.59)	NA
Margin (%)											
Gross margin	77.0%	85.7%	77.0%	74.9%	80.9%	78.2%	75.6%			77.3%	
Operating margin	18.4%	-245.0%	-37.6%	-46.7%	-46.7%	-20.4%	-37.2%			-21.3%	
Adj. net margin	-19.3%	-24.9%	-18.4%	-33.5%	-30.3%	-5.6%	-22.1%			-10.3%	
Growth (%)											
Revenue (YoY)	3640.3%	2489.5%	697.2%	379.4%	228.3%	169.1%	122.8%			127.0%	
Revenue (QoQ)	17.4%	95.7%	24.5%	67.7%	-19.6%	60.4%	3.1%			5.0%	
Operating profit	17.2%	5306.8%	441.6%	11531.9%	737.7%	-77.5%	119.9%			28.4%	
Adj. net profit	262.9%	531.2%	183.9%	-7319.9%	414.8%	-38.9%	168.2%			26.8%	

Source: Company data, Bloomberg

Figure 4: 3Q19 revenue breakdown

RMB mn	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	QoQ	YoY
Total revenue	3,249	3,773	4,100	4,641	4,545	7,290	7,514	3.1%	83.2%
Online marketing	1,115	2,371	2,974	5,062	3,948	6,467	6,711	3.8%	125.7%
Transaction services	270	338	398	592	597	823	802	-2.5%	101.5%
Merchant Sales	0	0	0	0	0	0	0	NA	NA

Source: Company data

Figure 5: DCF valuation

DCF valuation (RMB mn)										
	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E
EBIT	(1,590)	5,511	8,936	13,380	18,703	24,655	30,932	37,233	43,300	48,944
Tax	0	(1,378)	(2,234)	(3,345)	(4,676)	(6,164)	(7,733)	(9,308)	(10,825)	(12,236)
D&A	667	734	807	888	976	1,074	1,181	1,299	1,429	1,572
Working capital	7,078	7,786	8,564	9,421	10,363	11,399	12,539	13,793	15,172	16,689
CAPEX	(101)	(111)	(122)	(134)	(148)	(163)	(179)	(197)	(217)	(238)
FCF	6,054	12,541	15,951	20,209	25,218	30,802	36,741	42,820	48,860	54,732
FCF Growth		107%	27%	27%	25%	22%	19%	17%	14%	12%
Terminal Value										501,189
PV (FCF+ Terminal Value)	5,299	9,608	10,697	11,862	12,956	13,851	14,461	14,752	14,734	146,733

Assumptions

WACC	14.2%
Tax rate	25.0%
Risk free rate	3.6%
Cost of debt	0.0%
Beta	1.30
Market risk return	11.8%
Cost of equity	14.2%
Debt/Assets	0.0%
Terminal growth rate	3.0%
Debt value	0

Equity Value

PV	254,952
minus: Net cash	(26,141)
minus: Minority Interest	0
Equity Value	281,094
Shares (mn)	4,627
Target Price (US\$) based on DCF	34.7

		WACC					
Growth		12%	13%	14%	15%	16%	
	1.5%	41.4	37.0	32.6	30.3	27.8	
	2.0%	42.6	37.9	33.2	30.9	28.2	
	2.5%	43.8	38.9	33.9	31.5	28.7	
	3.0%	45.3	39.9	34.7	32.1	29.2	
	3.5%	46.9	41.1	35.6	32.8	29.7	
	4.0%	48.6	42.4	36.5	33.6	30.3	
4.5%	50.7	43.9	37.5	34.4	31.0		

Source: Company data, Bloomberg, CMBIS estimates

Figure 6: Peers valuation

Company	Ticker	Mkt cap (USD mn)	Currency	Price	PE			PS			EV/EBITDA			FY0-2 EPS CAGR
					FY0	FY1	FY2	FY0	FY1	FY2	FY0	FY1	FY2	
China Ecommerce														
Pinduoduo	PDD US	47,331	USD	40.7	NA	90.5	35.0	11.0	6.7	4.8	NA	1097.1	42.0	NA
Alibaba	BABA US	483,660	USD	185.3	25.3	21.2	17.5	6.6	5.1	4.1	20.3	16.1	12.8	20%
JD.com	JD US	47,167	USD	32.4	32.6	23.5	17.6	0.6	0.5	0.4	21.7	15.2	11.9	36%
Vipshop	VIPS US	8,202	USD	12.3	13.1	10.7	10.0	0.6	0.6	0.6	9.5	7.6	7.2	15%
Suning.com	002024 CH	13,352	CNY	10.1	7.0	33.6	22.9	0.3	0.3	0.2	18.4	24.2	21.8	-45%
Baozun	BZUN US	2,727	USD	43.8	38.9	26.8	19.0	2.6	2.0	1.6	31.5	21.2	15.6	43%
Meituan	3690 HK	71,418	USD	96.3	NA	66.1	31.6	5.4	4.0	3.2	249.0	50.0	26.8	NA
Average					23.4	38.9	21.9	3.9	2.7	2.1	58.4	175.9	19.7	14%
Global Ecommerce														
Amazon	AMZN US	869,028	CNY	1,752.8	55.9	44.8	30.8	3.1	2.6	2.3	22.1	18.0	14.4	35%
eBay	EBAY US	28,522	CNY	35.1	12.7	12.1	10.8	2.6	2.6	2.4	9.0	8.7	7.9	8%
Groupon	GRPN US	1,604	CNY	2.8	12.5	12.3	10.5	0.7	0.7	0.7	5.2	4.7	4.4	9%
Average					27.0	23.1	17.4	2.1	2.0	1.8	12.1	10.5	8.9	17%
Total Average					24.7	34.2	20.6	3.3	2.5	2.0	42.9	126.3	16.5	15%
Social platform														
Tencent	700 HK	408,126	HKD	334.4	30.7	25.3	20.8	7.6	6.2	5.1	22.3	18.4	15.4	21%
Weibo	WB US	9,377	USD	41.7	15.3	14.5	12.6	5.3	4.8	4.3	13.0	11.7	10.4	10%
Momo	MOMO US	7,867	USD	37.9	14.6	11.9	10.4	3.3	2.8	2.4	12.2	8.6	7.2	18%
Facebook	FB US	568,410	USD	199.3	21.8	18.9	16.4	8.1	6.6	5.5	13.5	11.8	9.8	15%
Average					20.6	17.7	15.1	6.1	5.1	4.3	15.2	12.6	10.7	16%
Total Average					23.4	29.4	19.0	4.1	3.2	2.7	34.4	93.8	14.8	16%

Source: Bloomberg

Note: Data updated by 21 Nov 2019

Financial Summary

Income statement

YE 31 Dec (RMB mn)	FY17A	FY18A	FY19E	FY20E	FY21E
Revenue	1,744	13,120	30,166	48,485	67,919
Online marketing	1,208	11,522	26,773	43,525	61,457
Transaction	533	1,598	3,393	4,961	6,462
Merchant Sales	3	-	-	-	-
COGS	(723)	(2,905)	(6,996)	(10,109)	(14,153)
Gross profit	1,021	10,215	23,170	38,376	53,766
S&M	(1,345)	(13,442)	(27,445)	(32,804)	(38,839)
Admin.Exp.	(133)	(6,457)	(1,353)	(1,803)	(2,300)
R&D	(129)	(1,116)	(3,747)	(5,359)	(7,117)
Others	(10)	-	-	-	-
Operating profit	(596)	(10,800)	(9,374)	(1,590)	5,511
Financial Cost	81	585	1,379	1,607	2,243
Associates	(10)	(2)	132	-	-
Pre-tax Income	(525)	(10,217)	(7,863)	17	7,754
Income Tax	-	-	-	-	(1,502)
Convertible preferred shares	26	(80)	-	-	-
Net profit	(499)	(10,298)	(7,863)	17	6,252
Adj. net profit	(372)	(3,456)	(5,347)	2,926	9,648

Balance sheet

YE 31 Dec (RMB mn)	FY17A	FY18A	FY19E	FY20E	FY21E
Non-current assets	177	2,791	5,046	7,390	9,886
Fixed asset	9	29	69	122	180
Associates	162	-	-	-	-
Intangible assets	-	2,579	4,978	7,268	9,706
Others	5	183	-	-	-
Current assets	13,138	40,391	55,848	64,899	81,593
Cash	3,058	14,160	26,141	33,802	48,559
Restricted cash	9,371	16,379	16,379	16,379	16,379
Account receivable	88	248	525	767	999
Others	621	9,604	12,802	13,951	15,656
Current liabilities	12,110	24,359	39,499	47,968	57,510
Amounts due to related parties	76	478	697	1,008	1,412
Customer advances	56	191	268	435	615
Payable to merchants	9,839	17,276	24,985	29,222	34,260
Accrued expenses	360	2,226	5,554	7,075	8,852
Merchant deposits	1,778	4,188	7,995	10,228	12,372
Non-current liabilities	-	-	-	-	-
Borrowings	-	-	-	-	-
Others	-	-	-	-	-
MI	2,197	-	-	-	-
Total Equity	1,205	18,823	21,395	24,321	33,969
Shareholders' equity	(992)	18,823	21,395	24,321	33,969

Source: Company data, CMBIS estimates

Cash flow summary

YE 31 Dec (RMB mn)	FY17A	FY18A	FY19E	FY20E	FY21E
Net income	(525)	(10,217)	(7,863)	17	6,252
D&A	2	497	641	667	701
Change in WC	817	3,716	11,847	7,078	7,605
Others	9,392	13,772	2,516	2,909	3,396
Operating CF	9,686	7,768	7,141	10,671	17,954
Capex	(9)	(27)	(63)	(101)	(141)
Associates	(160)	160	-	-	-
Others	240	(7,681)	(3,017)	(2,909)	(3,056)
Investing CF	72	(7,549)	(3,079)	(3,010)	(3,198)
Equity raised	1,447	17,705	7,919	-	-
Change of Debts	(15)	(4)	-	-	-
Others	(33)	(356)	-	-	-
Financing CF	1,399	17,344	7,919	-	-
Net change in cash	11,109	18,111	11,981	7,661	14,756
Cash (beg of yr)	1,320	12,429	30,540	42,521	50,181
FX	(48)	547	-	-	-
Cash (end of yr)	12,429	30,540	42,521	50,181	64,938

Key ratios

YE 31 Dec	FY17A	FY18A	FY19E	FY20E	FY21E
Sales mix (%)					
Online marketing	69.3	87.8	88.8	89.8	90.5
Transaction services	30.5	12.2	11.2	10.2	9.5
Merchant Sales	0.2	0.0	0.0	0.0	0.0
Total	100.0	100.0	100.0	100.0	100.0
Growth rate (%)					
Revenue	245.5	652.3	129.9	60.7	40.1
Gross profit	NA	900.2	126.8	65.6	40.1
EBIT	NA	NA	NA	NA	NA
Net profit	NA	NA	NA	NA	229.7
P&L ratios (%)					
Operating margin	(34.2)	(82.3)	(31.1)	(3.3)	8.1
Pre-tax margin	(30.1)	(77.9)	(26.1)	0.0	11.4
Net margin	(21.3)	(26.3)	(17.7)	6.0	14.2
Effective tax rate	-	-	-	-	(2.2)
Returns (%)					
ROE	(43.6)	(54.3)	(36.8)	0.1	22.8
ROA	(4.9)	(12.2)	(10.3)	4.4	11.8
Per share					
EPS (RMB)	(0.84)	(4.64)	(4.62)	2.49	8.14
DPS (RMB)	0.00	0.00	0.00	0.00	0.00
BVPS (RMB)	0.66	10.67	7.21	5.26	7.23

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

This report is intended for distribution in the United States to "major US institutional investors", as defined in Rule 15a-6 under the US, Securities Exchange Act of 1934, and may not be furnished to any other person in the United States. Each major US institutional investor that receives a copy of this research report by its acceptance hereof represents and agrees that it shall not distribute or provide this research report to any other person.

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.