

# JOYY Inc. (YY US)

## Looking beyond 1Q23E soft seasonality

We expect JOYY to deliver in-line 4Q22E, with rev -9% YoY (unchanged) and bottom line at US\$2mn (margin diluted by Shipline loss). As a typical soft season, we expect 1Q23E rev declined 6% QoQ, dragged by CNY & Ramadan disruptions and competition pressure. With rising paying users and Middle East stabilization, Bigo would resume growth in 2H23E, in our view. Shipline's loss (US\$10mn per month in FY23E) might dilute short-term margin, but long-term trend remains intact. We expect FY23/24E adj. NPM at 6.1%/6.8%, backed by narrowing loss of Hago & Likee (expecting breakeven in FY23E). To factor in soft 1Q23E, we cut FY22-24E earnings by 0.0-2.6%, with new SOTP-based TP at US\$49 (by assigning 6x FY23E P/E to Bigo Live).

- **Expecting 4Q22E largely in line.** User metrics in 4Q22E trended well, with MAU at sequential growth, in our estimates. We expect 4Q22 rev -9% YoY, in which full-quarter Shipline's rev contribution to partially offset Bigo's rev decline. Bigo Live's rev would decline 3% QoQ in 4Q22E (-18% YoY), for soft momentum in the Middle East (FIFA World Cup disruption), while some developed regions resumed positive growth (e.g. Australia & New Zealand, UK). Given annual gala and Shipline loss, we expect 4Q22E adj. NPM to be diluted at 0.4%, in which BIGO Live's adj.OPM was estimated at 13%.
- **Looking beyond 1Q23E soft seasonality.** 1Q should be a typically soft quarter for Huya, given CNY and Ramadan disruptions. As such, we expect 1Q23E rev -6% QoQ, in which Feb recovered from Jan level while Jan declined from Dec level. By regions, US and European mkt might see the highest growth, followed by SEA mkt. For the Middle East (~25% rev mix), we expect the competition from Tiktok and Kuaishou to be gradually digested by the market. With rising paying user and Middle East stabilization, we expect Bigo Live to resume growth in 2H23E. We expect 1Q23E adj. NP at US\$20mn, with Bigo improving OP offset by Shipline loss (estimating US\$10mn per month) and FX loss. Likee and Hago might achieve a breakeven in FY23E, in our view. Looking ahead, we expect adj. NPM of Group at 6.1%/6.8% in FY23/24E, with continuous cost discipline, ROI-driven S&M and narrowing loss of Shipline.
- **Maintain BUY.** We slightly trimmed FY22E-24E rev by 0.0-2.6% to reflect 1Q23E softness and livestreaming headwinds (amid macro challenges and competition). JOYY might invest more in Bigo Live to boost its momentum in FY23E, but expenses could be manageable. Our SOTP-based TP was correspondingly adjusted from US\$50 to US\$49, by assigning 6x FY23E P/E to Bigo Live.

### Earnings Summary

(YE 31 Dec)	FY20A	FY21	FY22E	FY23E	FY24E
Revenue (US\$ mn)	1,918	2,619	2,409	2,461	2,527
YoY growth (%)	(48.2)	36.5	(8.0)	2.1	2.7
Net income (US\$ mn)	(162)	96	134	151	172
Adj. EPS (US\$)	(2.0)	1.2	1.9	2.1	2.4
YoY growth (%)	NA	NA	39.4	12.5	14.5
Consensus EPS	NA	(0.4)	2.2	2.2	2.6
P/E (x)	19.7	NA	19.4	17.2	15.1
P/S (x)	1.3	1.5	1.1	1.0	1.0
Yield (%)	3.9	7.5	7.6	8.3	9.1

Source: Company data, Bloomberg, CMBIGM estimates

### BUY (Maintain)

Target Price	US\$49.0
(Previous TP	US\$50.0)
Up/Downside	+36.5%
Current Price	US\$35.9

### China Internet Sector

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

**Eason Xu**  
 (852) 3900 0849  
 easonxu@cmbi.com.hk

### Stock Data

Mkt Cap (US\$ mn)	2,471
Avg 3 mths t/o (US\$ mn)	22.78
52w High/Low (US\$)	53.55/21.38
Total Issued Shares (mn)	55

Source: Bloomberg

### Shareholding Structure

T Rowe Price Group	9.60%
Capital Group	4.67%
BlackRock	4.65%

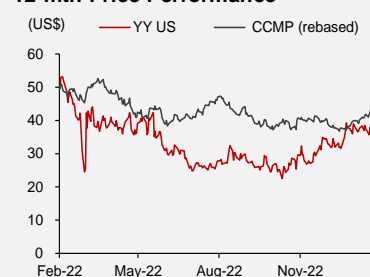
Source: Bloomberg

### Share Performance

	Absolute	Relative
1-mth	-3.1%	-9.1%
3-mth	17.6%	13.7%
6-mth	25.4%	39.6%

Source: Bloomberg

### 12-mth Price Performance



Source: Bloomberg

Auditor: PwC

**Figure 1: 4Q22E financial preview**

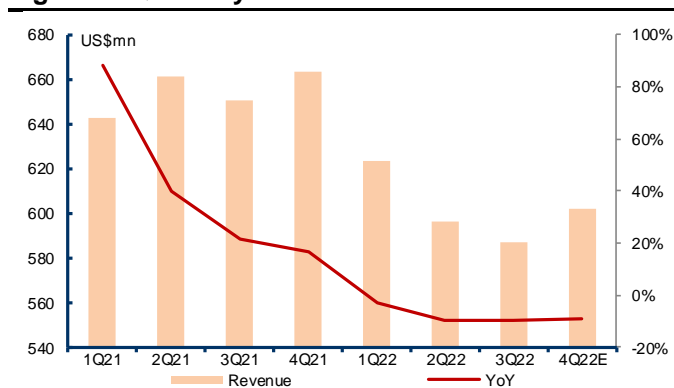
US\$ mn	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22E	QoQ	YoY	Consensus	Diff %
Revenue	643	662	651	664	624	596	587	602	2.7%	-9.2%	605	0%
Gross profit	200	203	211	224	201	218	220	210	-4.7%	-6.1%	220	-5%
Operating profit	(73)	(101)	7	61	6	39	20	(73)	NA	-220.1%	25	-396%
Adj. net profit	(26)	(4)	33	98	17	48	71	2	NA	-97.6%	30	-92%
Adj. EPS (US\$)	(0.30)	(0.04)	0.36	1.19	0.24	0.67	0.83	0.12	NA	-89.6%	0.35	-65%
<b>Margin (%)</b>												
Gross margin	31.1%	30.7%	32.4%	33.7%	32.2%	36.6%	37.5%	34.8%			36.5%	
Operating margin	-11.4%	-15.3%	1.1%	9.1%	1.0%	6.5%	3.4%	-12.1%			4.1%	
Adj. net margin	-4.0%	-0.5%	5.1%	14.7%	2.8%	8.1%	12.0%	0.4%			5.0%	
<b>Growth (%)</b>												
Revenue (YoY)	88.1%	39.7%	21.7%	16.8%	-3.0%	-9.9%	-9.8%	-9.2%			-8.9%	
Revenue (QoQ)	13.1%	2.9%	-1.7%	2.0%	-6.0%	-4.4%	-1.6%	2.7%			3.0%	
Operating profit	NA	NA	NA	NA	NA	NA	NA	NA			NA	
Adj. net profit	NA	NA	NA	NA	NA	NA	NA	NA			NA	

Source: Company data, Bloomberg, CMBIGM estimates

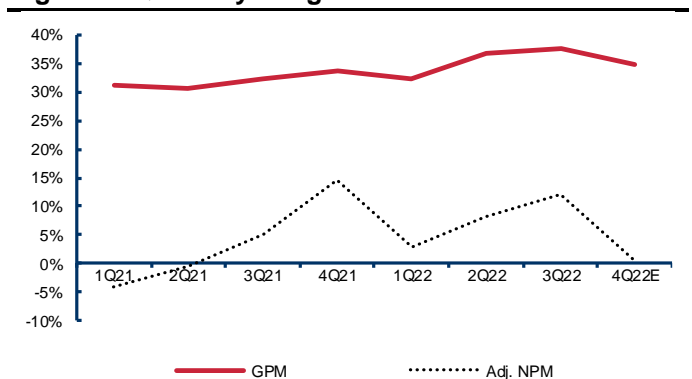
**Figure 2: Revenue breakdown**

US\$ mn	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22E	QoQ	YoY
<b>Total revenue</b>	<b>643</b>	<b>662</b>	<b>651</b>	<b>664</b>	<b>624</b>	<b>596</b>	<b>587</b>	<b>602</b>	<b>2.7%</b>	<b>-9.2%</b>
<b>by segment</b>										
Live broadcasting	614	630	612	621	590	565	543	525	-3.3%	-15.4%
Others	29	32	38	43	34	31	44	77	75.7%	80.4%
<b>by platform</b>										
Bigo	581	598	569	576	535	503	483	470	-2.8%	-18.4%
All other	62	64	82	88	89	93	103	132	28.0%	51.1%

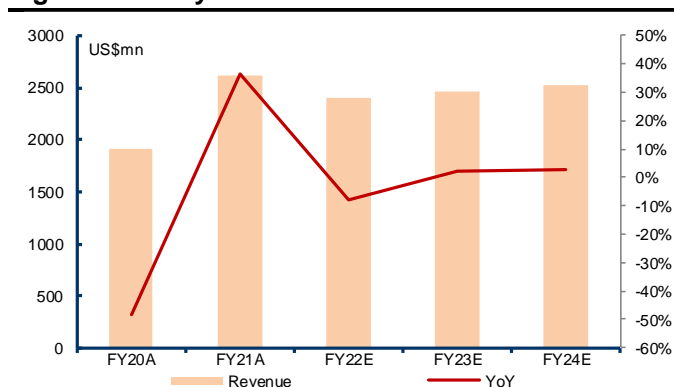
Source: Company data, CMBIGM estimates

**Figure 3: Quarterly rev estimates**

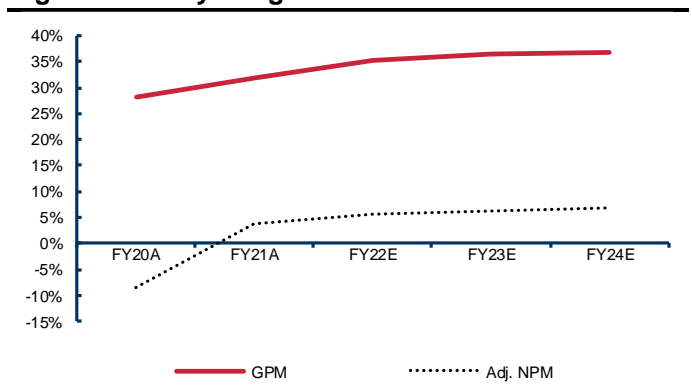
Source: Company data, CMBIGM estimates

**Figure 4: Quarterly margin estimates**

Source: Company data, CMBIGM estimates

**Figure 5: Yearly rev estimates**

Source: Company data, CMBIGM estimates

**Figure 6: Yearly margin estimates**

Source: Company data, CMBIGM estimates

We slightly trimmed FY22E-24E rev by 0.0-2.6% to reflect 1Q23E softness and livestreaming headwinds (amid macro challenges and competition). We suggest to look beyond 1Q23E soft seasonality, and expect Bigo Live to resume growth in 2H23E with Middle East stabilization. JOYY might invest more in Bigo Live to boost its momentum in FY23E, but expenses could be manageable. In the long run, we are positive on its better margin outlook, backed by narrowing loss of other biz.

Our SOTP-based TP was correspondingly adjusted from US\$50 to US\$49, implying 23.3x FY23E P/E. The new TP was derived from: 1) YY Live: US\$1.9bn, based on proceeds from Baidu (for conservative estimates); 2) Huya: based on market cap; and 3) Bigo Live: US\$1.7bn, by assigning 6x FY23E P/E (multiple below industrial average for its slower growth and competition pressure).

**Figure 7: CMBIGM estimates vs consensus**

US\$ mn, Dec-YE	CMBIGM			Consensus			Diff (%)		
	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E
Revenue	2,409	2,461	2,527	2,404	2,562	2,765	0.2%	-3.9%	-8.6%
Gross Profit	850	900	929	856	922	1,011	-0.7%	-2.4%	-8.1%
Operating Profit	81	154	176	120	120	188	-32.5%	28.7%	-6.1%
Net profit	134	151	172	180	164	206	-25.6%	-8.0%	-16.2%
Adj. EPS (RMB)	1.86	2.09	2.38	2.16	2.19	2.63	-14.1%	-4.4%	-9.5%
Gross Margin	35.3%	36.6%	36.8%	35.6%	36.0%	36.6%	-0.3ppts	+0.6ppts	+0.2ppts
Operating Margin	3.4%	6.3%	7.0%	5.0%	4.7%	6.8%	-1.6ppts	+1.6ppts	+0.2ppts
Net Margin	5.6%	6.1%	6.8%	7.5%	6.4%	7.4%	-1.9ppts	-0.3ppts	-0.6ppts

Source: CMBIGM estimates, Bloomberg

**Figure 8: Earnings revision**

US\$ mn, Dec-YE	New			Old			Diff (%)		
	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E
Revenue	2,409	2,461	2,527	2,409	2,531	2,618	0.0%	-2.8%	-3.5%
Gross Profit	850	900	929	850	927	966	0.0%	-3.0%	-3.8%
Operating Profit	81	154	176	81	158	181	0.0%	-2.6%	-2.7%
Net profit	134	151	172	134	154	177	0.0%	-2.5%	-2.6%
Adj. EPS (RMB)	1.86	2.09	2.38	1.86	2.15	2.45	0.0%	-2.5%	-2.6%
Gross Margin	35.3%	36.6%	36.8%	35.3%	36.6%	36.9%	0.0ppts	-0.1ppts	-0.1ppts
Operating Margin	3.4%	6.3%	7.0%	3.4%	6.3%	6.9%	0.0ppts	+0.0ppts	+0.1ppts
Net Margin	5.6%	6.1%	6.8%	5.6%	6.1%	6.8%	0.0ppts	+0.0ppts	+0.1ppts

Source: CMBIGM estimates

**Figure 9: SOTP valuation**

SOTP		Metrics		Multiple		Valuation
(US\$ mn)	Rev	Adj. NP		Shareholding		Valuation
YY Live	Based on US\$1.9bn from Baidu (transaction valuation of US\$3.6bn)			100%		1,900
Huya	Based on mkt cap			18%		216
Bigo Live	FY23E	1,970	286	6x FY23E P/E	100%	1,714
<b>Total</b>						<b>3,830</b>
Net cash (less: US\$1.9bn received from Baidu)						1,190
Holding discount						30%
<b>Equity Value (US\$ mn)</b>						<b>3,514</b>
<b>Target Price (US\$)</b>						<b>49</b>

Source: Company data, CMBIGM estimates

**Figure 10: Valuation comps**

Company	Ticker	Mkt cap (USD mn)	Currency	Price	CMBI Rating	CMBI TP	PE			PS			FY22-24 EPS CAGR
							FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	
<b>JOYY</b>	<b>YY US</b>	<b>2,471</b>	<b>USD</b>	<b>35</b>	<b>BUY</b>	<b>49</b>	<b>19.4</b>	<b>17.2</b>	<b>15.1</b>	<b>1.1</b>	<b>1.0</b>	<b>1.0</b>	<b>13%</b>
<b>Live Streaming</b>													
Hello Inc	MOMO US	1,965	USD	10	HOLD	14	7.3	6.8	6.3	1.0	1.0	1.0	7%
JOYY	YY US	2,471	USD	35	BUY	50	13.7	15.1	12.0	1.0	1.0	0.9	10%
Inke	3700 HK	326	HKD	1	NA	NA	7.5	8.4	6.9	0.3	0.2	0.2	15%
Douyu	DOYU US	479	USD	2	NA	NA	NA	40.4	21.5	0.5	0.5	0.5	126%
Huya	HUYA US	1,231	USD	5	BUY	8	NA	NA	58.0	0.9	1.0	0.9	NA
Average							9.5	10.1	11.7	0.8	0.7	0.7	11%
<b>Pan-entertainment</b>													
TME	TME US	13,900	USD	8	BUY	11	19.8	18.0	16.5	3.3	3.2	3.0	10%
iQIYI	IQ US	7,061	USD	7	BUY	4	NA	34.5	20.5	1.7	1.5	1.4	166%
China Literature	772 HK	4,999	HKD	39	NA	NA	25.0	21.2	18.6	4.1	3.7	3.4	18%
Bilibili	BILI US	8,863	USD	22	BUY	30	NA	NA	NA	2.8	2.3	1.9	NA
Kuaishou	1024 HK	33,813	HKD	61	BUY	94	NA	NA	24.6	2.5	2.1	1.8	NA
Zhihu	ZH US	1,125	USD	2	BUY	2	NA	NA	NA	2.1	1.6	1.3	NA
Average							22.4	19.6	20.1	2.8	2.4	2.1	14%
<b>Average</b>							<b>14.7</b>	<b>13.9</b>	<b>13.5</b>	<b>1.8</b>	<b>1.7</b>	<b>1.5</b>	<b>12%</b>

Source: Bloomberg, CMBIGM estimates

## Financial Summary

### Income statement

YE 31 Dec (US\$ mn)	FY20A	FY21A	FY22E	FY23E	FY24E
<b>Revenue</b>	1,918	2,619	2,409	2,461	2,527
Live broadcasting	1,816	2,477	2,223	2,175	2,182
Others	102	142	186	285	345
<b>COGS</b>	(1,378)	(1,781)	(1,559)	(1,561)	(1,598)
<b>Gross profit</b>	540	838	850	900	929
S&M	(303)	(280)	(322)	(346)	(342)
Admin. Exp.	(505)	(468)	(395)	(353)	(347)
R&D	(147)	(222)	(154)	(143)	(144)
Others	-	-	-	-	(0)
<b>Operating profit</b>	(407)	(107)	(8)	70	96
Financial income	89	91	96	96	96
Other income	8	25	13	13	(1)
<b>Pre-tax income</b>	14	(78)	569	149	175
Income tax	(28)	(26)	(28)	(28)	(29)
MI	(7)	14	15	-	-
Share of equity inv	(8)	(26)	(130)	-	-
<b>Net profit</b>	1,363	(90)	426	120	146
<b>Adj. net profit</b>	(162)	96	134	151	172

### Cash flow summary

YE 31 Dec (US\$ mn)	FY20A	FY21A	FY22E	FY23E	FY24E
<b>Net income</b>	(19)	(130)	411	120	146
D&A	82	88	105	121	135
Change in WC	(113)	(90)	27	(7)	(9)
Others	575	253	226	139	145
<b>Operating CF</b>	524	122	770	373	418
Capex	(160)	(158)	(163)	(168)	(173)
Associates	-	-	-	-	-
Others	990	(116)	(116)	(116)	(116)
<b>Investing CF</b>	830	(274)	(279)	(283)	(288)
Equity raised	-	-	-	-	-
Change of debts	1,076	-	-	-	-
Others	(1,356)	(724)	-	-	-
<b>Financing CF</b>	(279)	(724)	-	-	-
<b>Net change in cash</b>	986	(874)	491	90	129
Cash (beg of yr)	657	1,756	882	1,373	1,463
FX	-	-	-	-	-
<b>Cash (end of yr)</b>	1,850	882	1,373	1,463	1,592

### Balance sheet

YE 31 Dec (US\$ mn)	FY20A	FY21A	FY22E	FY23E	FY24E
<b>Non-current assets</b>	4,194	4,236	4,164	4,211	4,248
Fixed asset	402	470	528	575	613
Long-term investments	1,239	1,213	1,083	1,083	1,083
Intangible assets	344	344	344	344	344
Others	2,208	2,208	2,208	2,208	2,208
<b>Current assets</b>	3,901	3,117	3,581	3,677	3,815
Cash	1,756	882	1,373	1,463	1,592
Deposit over 3 months	1,357	1,357	1,357	1,357	1,357
Account receivable	143	195	180	183	188
Others	645	683	672	674	678
<b>Current liabilities</b>	944	807	747	734	731
Borrowings	-	-	-	-	-
Account payable	21	21	19	18	18
Tax payable	61	61	61	61	61
Accrued expenses	484	492	442	427	422
Other	378	232	225	227	229
<b>Non-current liabilities</b>	837	668	668	668	668
Convertible debt	779	609	609	609	609
Other long-term liabilities	58	59	59	59	59
MI	5	(88)	(88)	(88)	(88)
<b>Total net assets</b>	6,314	5,878	6,330	6,486	6,665
<b>Shareholders' equity</b>	6,308	6,346	6,813	6,969	7,147

### Key ratios

YE 31 Dec	FY20A	FY21A	FY22E	FY23E	FY24E
<b>Sales mix (%)</b>					
Live broadcasting	94.7	94.6	92.3	88.4	86.3
Others	5.3	5.4	7.7	11.6	13.7
<b>Total</b>	100.0	100.0	100.0	100.0	100.0
<b>Growth rate (%)</b>					
Revenue	(48.2)	36.5	(8.0)	2.1	2.7
Gross profit	(55.7)	55.2	1.4	5.9	3.3
EBIT	NA	NA	NA	NA	37.2
Net profit	NA	NA	39.4	12.5	14.5
<b>P&amp;L ratios (%)</b>					
Operating margin	(21.2)	(4.1)	(0.3)	2.9	3.8
Pre-tax margin	0.7	(3.0)	23.6	6.0	6.9
Adj. net margin	(8.4)	3.7	5.6	6.1	6.8
Effective tax rate	NA	33.2	(4.9)	(19.1)	(16.4)
<b>Returns (%)</b>					
ROE	NA	1.5	2.0	2.2	2.4
ROA	NA	1.2	1.8	1.9	2.2
<b>Per share</b>					
EPS (RMB)	17.0	(1.1)	5.9	1.7	2.0
DPS (RMB)	0.0	0.0	0.0	0.0	0.0
BVPS (RMB)	78.8	81.2	94.7	96.8	98.8

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

<b>BUY</b>	: Stock with potential return of over 15% over next 12 months
<b>HOLD</b>	: Stock with potential return of +15% to -10% over next 12 months
<b>SELL</b>	: Stock with potential loss of over 10% over next 12 months
<b>NOT RATED</b>	: Stock is not rated by CMBIGM
<b>OUTPERFORM</b>	: Industry expected to outperform the relevant broad market benchmark over next 12 months
<b>MARKET-PERFORM</b>	: Industry expected to perform in-line with the relevant broad market benchmark over next 12 months
<b>UNDERPERFORM</b>	: 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 (CMBIGMG) (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. CMBIGMG 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, CMBIGMG accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact CMBIGMG at +65 6350 4400 for matters arising from, or in connection with the report.