

SECTOR UPDATE

Internet – China

The Bear Continues To Dominate

The Hang Sang Tech index has tumbled 23% ytd, just a mere 390 points or 9% to the low when the pandemic started in Mar 20. What makes the overall investment landscape different from 2020's is the sluggish retail data, a more stringent regulatory environment and heightened geopolitical risks. We maintain our MARKET WEIGHT view on the internet sector. We prefer JD.com and TCEL in such a challenging investment landscape.

WHAT'S NEW

- **Near-term headwinds persist.** The geopolitical tension which began on 24 Feb 22 has caused the HSTech Index to tumble by 17% (as at 8 Mar 22). While we reckon this may present attractive buying opportunities, other structural changes such as a stringent regulatory environment and sluggish retail sales data may continue to weigh on investors' sentiment.
 - Retail sales.** As guided during the recent earnings call with Alibaba, we understand that the company's gross merchandise value (GMV) growth during 3QFY22 had continued to grow at single digits (2QFY22 was single digits as well), although the company did not share its January/February online retail sales performance (while we are awaiting data from the National Bureau Statistic (NBS), we feel that the online retail sales performance will continue to be disappointing in 2022 given the recently guided slower GDP target of 5.5% and expected monetary easing to spur spending and investment activities.
 - Regulatory landscape.** The increased regulatory scrutiny to bolster the cybersecurity regulations was no stranger in the China market but also commonly seen in the global front especially with some of the infamous cases such as Facebook and Google being fined by France (source), the privacy violation by Facebook against the EU (source) etc. This had resulted in most of the local tech companies reporting slower online advertising revenue growth in the recent financial quarter. Reading across companies that had reported their Dec 21 results ie Baba, Weibo, Baidu and Bili, the large cap names especially Alibaba customer management revenue's (CMR) segment revenue for Dec 21 quarter had slowed to -1% vs Dec 20's +40% growth, whereas Bilibili also saw slowing growth of +119.8% vs +149.5% in 4Q20; the other two names -- Weibo and Baidu had shown marginal improvement growth of +21.5/+0.1% vs 4Q20's +11.7/-0.3%. Other than the potential slower online advertising growth, we could also see a slowdown in the online game segment driven by the seven-month long new game approval halt. There could be some improvement in investor sentiment if the new game approval resumes. However, this will not necessarily translate into meaningful revenue growth in the short term as a game needs at least 12 months after obtaining approval (for demo assessment, public testing, promotion and marketing) before it can be launched.
- **Quality growth and strong fundamentals will be crucial.** In the near term, we favour companies which should continue to deliver double-digit revenue growth as well as able to sustain robust earnings growth. Recall that Bili recently reported strong growth in their 4Q21 revenue (+51%); however, the widening net loss had resulted in heavy sell-down. In view of that, JD.com and Tongcheng e-Long are our top picks in the internet sector.

PEER COMPARISON

| Company | Tickers | Rec | Price @ | Target | Upside/ | Market | -----PE----- | | | -----EV/EBITDA----- | | | -----EV/Sales----- | | | ROE |
|------------------|---------|-----|----------|--------|------------|---------|--------------|-------|-------|---------------------|-------|-------|--------------------|-------|-------|-------|
| | | | 8 Mar 22 | Price | (Downside) | Cap | 2021 | 2022F | 2023F | 2021 | 2022F | 2023F | 2021 | 2022F | 2023F | 2022F |
| | | | (HK\$) | (HK\$) | To TP (%) | (US\$m) | (x) | (x) | (x) | (x) | (x) | (x) | (x) | (x) | (x) | (%) |
| JD.com | 9618 HK | BUY | 230.40 | 395.00 | 71.4 | 91,854 | 36.7 | 30.2 | 20.5 | 30.8 | 20.6 | 13.0 | 0.5 | 0.4 | 0.3 | 6.0 |
| Tongcheng Travel | 780 HK | BUY | 12.24 | 22.00 | 79.7 | 3,471 | 19.0 | 14.4 | 10.5 | 10.7 | 8.5 | 6.1 | 2.2 | 1.7 | 1.3 | 8.0 |

Source: Bloomberg, UOB Kay Hian

MARKET WEIGHT (Maintained)

STOCK PICKS

| Company | Ticker | Rec | Share Price (LC) | Target Price (LC) |
|------------------|---------|-----|------------------|-------------------|
| JD.com | 9618 HK | BUY | 230.40 | 395.00 |
| Tongcheng Travel | 780 HK | BUY | 12.24 | 22.00 |

Source: Bloomberg, UOB Kay Hian

ANALYSTS

Julia Pan
+8621 5404 7225 ext 808
juliapan@uobkayhian.com

Oong Chun Sung
+603 2147 1988
chunsung@uobkayhian.com

- a) **JD.com** is our top pick from the e-commerce sector due to its robust omnichannel strategy, relatively less exposure to regulatory risks as well as potential further margin improvement driven by its expansion in the 3P segment. At this juncture, we believe JD.com deserves a valuation premium over Baba as the company was still able to record a 23% yoy growth in 3Q21 under its online direct sales segment vs Baba's CMR revenue growth of 3%.
- b) **Tongcheng e-Long**. We expect a bumpy recovery path for 2022; after seeing the recent COVID-19 regional outbreaks and lockdowns during 1Q22, we expect China's Zero Case Policy to persist into 2H22. Given the absence of border reopening catalysts, we prefer Tongcheng e-Long in the online travel agency (OTA) sector as: a) it is a proxy to the domestic tourism's recovery amid the absence of overseas tourists, b) OTA names are less susceptible to the regulatory risks, and c) its relatively asset-light business nature enables the company to deliver a robust and better-than-peers margin performance (TCEL's net margin was 16% in 2020 vs Trip.com's -5%).

ESSENTIALS

- In our peer comparison table below (sorted by 2022 revenue growth), China's internet sector revenue and net profit growth on average is still expected to outpace US peers (according to street's estimate) in 2022. In terms of valuation, China's tech sector appears to be relatively undervalued as compared with US peers with 2023E forward PE of 21x vs 27x from the US peers. As such, we believe the downside risk for China's internet sector should be limited as compared with US peers (not to mention the further downside risk when the Fed raises interest rates in 2022).

SECTOR CATALYST AND RISK

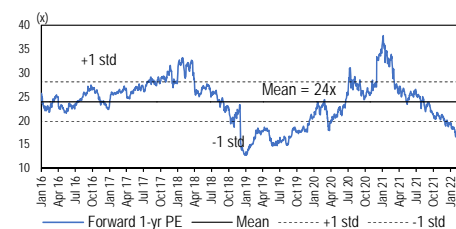
- Catalysts:** a) Supportive government policies, b) increasing online retail penetration driven by less developed areas and younger generations, and c) continued improvements in technology and e-commerce infrastructure.
- Risks:** a) Uncertain geopolitical risks, b) a challenging regulatory landscape, c) weak macro environment, d) high user acquisition expenses as well as increased competition as multiple players seek to increase market shares and heavy investments in new retail, and e) local services strategy dragging down e-commerce companies' margins and ROEs.

OVERVIEW OF CHINA TECH VS US TECH

| | | Last price | Revenue (LC\$) | | | PS | | | Earnings | | | PE | | | Cash per share (LC\$) | | | | | | | | |
|------------------|----------|-------------------|-------------------|-------------|--------------|-------------|--------------|--------------|--------------|-------------|--------------|--------------|--------------|--------------|-----------------------|--------------|--------------|--------------|-------------|-------------|-------------|-------------|------|
| China | Ticker | Market cap (US\$) | 4Q20 (RMB) | 4Q21E (RMB) | 2021E (RMB) | 2022E (RMB) | 2023E (RMB) | 4Q20 (RMB) | 4Q21E (RMB) | 2021E (RMB) | 2022E (RMB) | 2023E (RMB) | 2021E | 2022E | 2023E | 2022E | | | | | | | |
| Meituan | 3690 HK | 114,173.3 | 145.5 | 37,917.5 | 48,858.7 | 29% | 178,463.5 | 242,891.3 | 36% | 4.0 | 3.0 | 2.3 | -1,436.4 | -6,262.3 | n.a. | -17,898.1 | -5,989.7 | n.a. | n.a. | n.a. | 69.3 | 1.0 | |
| PDD | PDD US | 48,389.5 | 38.6 | 26,547.7 | 33,555.7 | 26% | 100,274.8 | 135,996.6 | 36% | 3.1 | 2.4 | 1.8 | -1,376.4 | -474.7 | n.a. | 674.5 | 3,498.1 | 418.6% | 54.3 | 29.1 | 15.6 | 3.2 | |
| Tongcheng e-Long | 780 HK | 3,471.2 | 12.2 | 1,812.9 | 1,795.2 | -1% | 7,486.4 | 10,074.0 | 35% | 2.9 | 2.2 | 1.8 | 307.3 | 267.2 | -13% | 1,313.2 | 1,718.5 | 30.9% | 19.0 | 14.4 | 10.5 | 1.2 | |
| JD.com | 9618 HK | 91,853.9 | 230.4 | 224,328.2 | 276,153.6 | 23% | 951,838.6 | 1,143,146.5 | 20% | 0.6 | 0.5 | 0.4 | 2,386.2 | 2,787.9 | 17% | 16,430.1 | 21,183.6 | 28.9% | 36.7 | 30.2 | 20.5 | 15.7 | |
| Alibaba | 9988 HK | 268,703.1 | 96.9 | 221,084.0 | 242,580.0 | 10% | 717,289.0 | 848,011.1 | 18% | 2.1 | 1.8 | 1.6 | 79,427.0 | 20,429.0 | -74% | 150,308.0 | 81,481.7 | -45.8% | 11.7 | 11.4 | 10.3 | 6.4 | |
| Trip.com | 9961 HK | 14,076.2 | 172.7 | 4,964.0 | 4,267.2 | -14% | 19,609.2 | 23,002.0 | 17% | 4.6 | 3.7 | 2.6 | 1,063.0 | -340.8 | n.a. | 706.2 | 3,506.5 | 396.6% | 149.7 | 39.6 | 16.2 | 5.4 | |
| Tencent | 700 HK | 470,578.3 | 383.2 | 133,669.0 | 150,240.9 | 12% | 566,170.9 | 640,530.0 | 13% | 5.3 | 4.6 | 3.9 | 33,207.0 | 30,800.1 | -7% | 129,708.1 | 144,019.0 | 11.0% | 23.2 | 20.7 | 17.2 | 28.4 | |
| Netease | 9999 HK | 55,465.4 | 129.3 | 19,761.7 | 24,373.6 | 23% | 94,177.5 | 100,236.0 | 6% | 4.0 | 3.5 | 3.1 | 1,597.9 | 6,518.3 | 308% | 19,641.9 | 18,294.9 | -6.9% | 21.0 | 18.1 | 13.5 | 8.0 | |
| Bili | BILI US | 9,077.3 | 23.4 | 3,673.8 | 5,741.9 | 56% | 19,337.9 | 26,119.1 | 35% | 3.0 | 2.2 | 1.7 | -730.0 | -1,729.4 | n.a. | -5,782.7 | -6,106.8 | n.a. | n.a. | n.a. | n.a. | -1.0 | |
| Kuaishou | 1024 HK | 39,162.0 | 71.9 | 17,783.0 | 23,120.4 | 30% | 80,115.0 | 101,747.4 | 27% | 3.1 | 2.4 | 2.0 | -704.5 | -3,922.5 | n.a. | -19,136.3 | -12,149.6 | n.a. | n.a. | n.a. | n.a. | -0.8 | |
| Baidu | BIDU US | 48,160.9 | 138.4 | 30,055.6 | 32,227.6 | 7% | 123,803.4 | 135,055.4 | 9% | 2.5 | 2.3 | 2.0 | 5,778.9 | 2,942.9 | -49% | 17,188.1 | 17,139.0 | n.a. | 18.7 | 17.6 | 13.5 | 8.7 | |
| Average | | | | | | 18% | | | 23% | 3.2 | 2.6 | 2.1 | | | 30% | | | 119% | 41.8 | 22.7 | 20.7 | 6.9 | |
| US | Ticker | Market cap (US\$) | Last price (LC\$) | 4Q20 (US\$) | 4Q21E (US\$) | yoy | 2021E (US\$) | 2022E (US\$) | 2023E (US\$) | 4Q20 (US\$) | 4Q21E (US\$) | 2021E (US\$) | 2022E (US\$) | 2023E (US\$) | yoy | 2021E (US\$) | 2022E (US\$) | 2023E (US\$) | 2021E | 2021E | 2021E | 2022E | |
| Affirm | AFRM US | 9,546.4 | 33.6 | 189.3 | 332.5 | 76% | 835.2 | 1,313.0 | 57% | 8.9 | 5.9 | 4.2 | -82.7 | -85.3 | n.a. | -376.2 | -818.8 | n.a. | n.a. | n.a. | n.a. | n.a. | 0.1 |
| Sea | SE US | 49,944.5 | 90.0 | 1,970.4 | 3,077.1 | 56% | 9,913.4 | 13,785.2 | 39% | 5.0 | 3.6 | 2.7 | -358.6 | -506.9 | n.a. | -1,617.0 | -2,025.4 | 25.3% | n.a. | n.a. | n.a. | n.a. | -2.5 |
| Microsoft | MSFT US | 2,090,951.0 | 278.9 | 40,200.7 | 50,871.8 | 27% | 166,232.7 | 198,873.3 | 20% | 11.5 | 9.8 | 8.6 | 12,440.6 | 17,521.8 | 41% | 59,109.5 | 71,265.7 | 20.6% | 32.4 | 27.6 | 24.0 | 12.1 | |
| Google | GOOGL US | 1,671,232.5 | 2,527.6 | 44,116.2 | 59,371.1 | 35% | 209,450.1 | 249,932.6 | 19% | 8.0 | 6.7 | 5.8 | 12,271.3 | 20,077.6 | 64% | 77,094.1 | 82,678.0 | 7.2% | 22.1 | 20.2 | 17.1 | 138.6 | |
| Amazon | AMZN US | 1,398,843.8 | 2,749.1 | 119,699.0 | 137,823.7 | 15% | 470,209.3 | 541,216.5 | 15% | 3.0 | 2.6 | 2.2 | 6,106.3 | 4,102.5 | -33% | 29,292.4 | 34,808.1 | 18.8% | 47.8 | 40.4 | 29.4 | 144.2 | |
| Meta | FB US | 510,282.5 | 187.5 | 26,407.2 | 33,432.9 | 27% | 117,661.3 | 132,484.6 | 13% | 4.3 | 3.9 | 3.3 | 10,702.0 | 11,441.2 | 7% | 42,337.4 | 37,116.9 | n.a. | 12.5 | 13.4 | 11.6 | 19.6 | |
| Riblox | RBLX US | 24,274.5 | 41.3 | 0.0 | 783.6 | n.a. | 2,736.4 | 2,998.9 | 10% | 8.9 | 8.1 | 6.6 | 0.0 | -63.9 | n.a. | -416.9 | -221.1 | n.a. | n.a. | n.a. | n.a. | n.a. | 1.1 |
| Block Inc | SQ US | 56,561.5 | 97.5 | 3,221.3 | 4,011.1 | 25% | 17,589.5 | 18,952.5 | 8% | 3.2 | 3.0 | 2.5 | 118.9 | 115.1 | -3% | 867.5 | 741.3 | -14.6% | 58.1 | 78.4 | 44.8 | 18.1 | |
| Coinbase | COIN US | 35,366.9 | 161.1 | n.a. | 1,996.1 | n.a. | 7,302.2 | 7,402.4 | 1% | 4.8 | 4.7 | 4.1 | n.a. | 576.1 | n.a. | 3,268.6 | 308.5 | -90.6% | 11.5 | 51.1 | 33.6 | 17.4 | |
| Average | | | | | | 37% | | | 20% | 6.4 | 5.4 | 4.4 | | | 15% | | | -6% | 30.7 | 38.5 | 26.7 | 36.9 | |

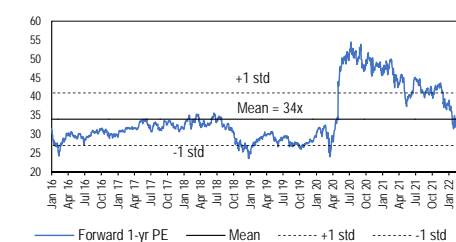
Source: Bloomberg, UOB Kay Hian

MSCI CHINA IT INDEX



Source: Bloomberg, UOB Kay Hian

NASDAQ CTA INTERNET TECH INDEX



Source: Bloomberg, UOB Kay Hian

PEER COMPARISON

| Company | Ticker | Currency | Year end | Price (LC) | Mkt Cap (US\$m) | ----- Calendarised PE ----- | Calendarised EV/EBITDA | -- Calendarised EV/Sales -- | ROE | EPS 22-25 | PEG | | | | | | |
|------------------|----------|----------|----------|------------|-----------------|-----------------------------|------------------------|-----------------------------|-------------|-------------|-------------|------------|------------|------------|-------------|------------|------|
| | | | | | | 2021 | 2022E | 2023E | 2021 | 2022E | 2023E | 2021 | 2022E | 2023E | 2022E | 3-yr CAGR | 22 |
| China | | | | | | | | | | | | | | | | | |
| MEITUAN-B | 3690 HK | HKD | 12/2020 | 145.5 | 114,173 | n.a. | n.a. | 69.3 | n.a. | n.a. | 34.8 | 3.7 | 2.7 | 2.1 | -10.4 | n.a. | n.a. |
| PINDUODUO IN-ADR | PDD US | USD | 12/2020 | 38.6 | 48,389 | 54.3 | 29.1 | 15.6 | 53.6 | 25.8 | 9.7 | 2.3 | 1.7 | 1.3 | 12.0 | 68% | 0.4 |
| TONGCHENG TRAVEL | 780 HK | HKD | 12/2020 | 12.2 | 3,471 | 19.0 | 14.4 | 10.5 | 10.7 | 8.5 | 6.1 | 2.2 | 1.7 | 1.3 | 8.0 | 19% | 0.8 |
| JD.COM INC-CL A | 9618 HK | HKD | 12/2020 | 230.4 | 91,854 | 36.7 | 30.2 | 20.5 | 30.8 | 20.6 | 13.0 | 0.5 | 0.4 | 0.3 | 6.0 | 41% | 0.7 |
| ALIBABA GROUP HO | 9988 HK | HKD | 03/2021 | 96.9 | 268,703 | 11.7 | 11.4 | 10.3 | 7.5 | 7.2 | 6.1 | 1.5 | 1.3 | 1.1 | 10.0 | 16% | 0.7 |
| TRIP.COM GROUP L | 9961 HK | HKD | 12/2020 | 172.7 | 14,076 | 149.7 | 39.6 | 16.2 | n.a. | 44.4 | 15.0 | 4.6 | 3.7 | 2.7 | 1.7 | 66% | 0.6 |
| TENCENT | 700 HK | HKD | 12/2020 | 383.2 | 470,578 | 23.2 | 20.7 | 17.2 | 17.7 | 15.9 | 13.9 | 5.5 | 4.8 | 4.1 | 15.2 | 21% | 1.0 |
| NETEASE INC | 9999 HK | HKD | 12/2021 | 129.3 | 55,465 | 21.0 | 18.1 | 13.5 | 14.4 | 12.4 | 10.4 | 3.2 | 2.8 | 2.4 | 17.6 | 16% | 1.1 |
| BILIBILI INC-ADR | BILI US | USD | 12/2021 | 23.4 | 9,077 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | 2.8 | 2.1 | 1.6 | -40.2 | n.a. | n.a. |
| KUAISHOU TECHNOL | 1024 HK | HKD | 12/2020 | 71.9 | 39,162 | n.a. | n.a. | n.a. | n.a. | n.a. | 53.1 | 2.6 | 2.1 | 1.7 | -36.7 | n.a. | n.a. |
| BAIDU INC-SP ADR | BIDU US | USD | 12/2021 | 138.4 | 48,161 | 18.7 | 17.6 | 13.5 | 9.4 | 9.7 | 7.5 | 1.8 | 1.7 | 1.5 | 6.4 | 29% | 0.6 |
| Average | | | | | | 41.8 | 22.7 | 20.7 | 20.6 | 18.1 | 17.0 | 2.8 | 2.3 | 1.8 | -0.9 | 35% | |
| US | | | | | | | | | | | | | | | | | |
| AFFIRM HOLDINGS | AFRM US | USD | 06/2021 | 33.6 | 9,546 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | 8.7 | 5.8 | 4.1 | -31.4 | n.a. | n.a. |
| SEA LTD-ADR | SE US | USD | 12/2021 | 90.0 | 49,944 | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | 4.4 | 3.2 | 2.4 | -41.8 | n.a. | n.a. |
| MICROSOFT CORP | MSFT US | USD | 06/2021 | 278.9 | 2,090,951 | 32.4 | 27.6 | 24.0 | 22.9 | 19.2 | 16.4 | 11.2 | 9.6 | 8.4 | 43.2 | 13% | 2.1 |
| ALPHABET INC-A | GOOGL US | USD | 12/2021 | 2,527.6 | 1,671,233 | 22.1 | 20.2 | 17.1 | 14.7 | 12.9 | 11.2 | 7.4 | 6.2 | 5.4 | 27.7 | 20% | 1.0 |
| AMAZON.COM INC | AMZN US | USD | 12/2021 | 2,749.1 | 1,398,844 | 47.8 | 40.4 | 29.4 | 20.7 | 17.5 | 13.7 | 3.1 | 2.7 | 2.3 | 17.2 | 30% | 1.3 |
| META PLATFORMS-A | FB US | USD | 12/2021 | 187.5 | 510,282 | 12.5 | 13.4 | 11.6 | 7.6 | 8.0 | 6.8 | 4.1 | 3.6 | 3.1 | 26.2 | 18% | 0.7 |
| ROBLOX CORP - A | RBLX US | USD | 12/2021 | 41.3 | 24,274 | n.a. | n.a. | n.a. | 32.8 | 43.7 | 33.4 | 8.2 | 7.5 | 6.1 | -53.3 | n.a. | n.a. |
| BLOCK INC | SQ US | USD | 12/2021 | 97.5 | 56,561 | 58.1 | 78.4 | 44.8 | 57.8 | 65.9 | 40.3 | 3.2 | 3.0 | 2.4 | 4.5 | 49% | 1.6 |
| COINBASE GLOBA-A | Coin US | USD | 12/2021 | 161.1 | 35,367 | 11.5 | 51.1 | 33.6 | 8.7 | 17.1 | 13.3 | 4.4 | 4.3 | 3.7 | 17.5 | 1% | 58.1 |
| Average | | | | | | 30.7 | 38.5 | 26.7 | 23.6 | 26.3 | 19.3 | 6.1 | 5.1 | 4.2 | 1.1 | 22% | |

Source: Bloomberg, UOB Kay Hian

Disclosures/Disclaimers

This report is prepared by UOB Kay Hian Private Limited (“UOBKH”), which is a holder of a capital markets services licence and an exempt financial adviser in Singapore.

This report is provided for information only and is not an offer or a solicitation to deal in securities or to enter into any legal relations, nor an advice or a recommendation with respect to such securities.

This report is prepared for general circulation. It does not have regard to the specific investment objectives, financial situation and the particular needs of any recipient hereof. Advice should be sought from a financial adviser regarding the suitability of the investment product, taking into account the specific investment objectives, financial situation or particular needs of any person in receipt of the recommendation, before the person makes a commitment to purchase the investment product.

This report is confidential. This report may not be published, circulated, reproduced or distributed in whole or in part by any recipient of this report to any other person without the prior written consent of UOBKH. This report is not directed to or intended for distribution to or use by any person or any entity who is a citizen or resident of or located in any locality, state, country or any other jurisdiction as UOBKH may determine in its absolute discretion, where the distribution, publication, availability or use of this report would be contrary to applicable law or would subject UOBKH and its connected persons (as defined in the Financial Advisers Act, Chapter 110 of Singapore) to any registration, licensing or other requirements within such jurisdiction.

The information or views in the report (“Information”) has been obtained or derived from sources believed by UOBKH to be reliable. However, UOBKH makes no representation as to the accuracy or completeness of such sources or the Information and UOBKH accepts no liability whatsoever for any loss or damage arising from the use of or reliance on the Information. UOBKH and its connected persons may have issued other reports expressing views different from the Information and all views expressed in all reports of UOBKH and its connected persons are subject to change without notice. UOBKH reserves the right to act upon or use the Information at any time, including before its publication herein.

Except as otherwise indicated below, (1) UOBKH, its connected persons and its officers, employees and representatives may, to the extent permitted by law, transact with, perform or provide broking, underwriting, corporate finance-related or other services for or solicit business from, the subject corporation(s) referred to in this report; (2) UOBKH, its connected persons and its officers, employees and representatives may also, to the extent permitted by law, transact with, perform or provide broking or other services for or solicit business from, other persons in respect of dealings in the securities referred to in this report or other investments related thereto; (3) the officers, employees and representatives of UOBKH may also serve on the board of directors or in trustee positions with the subject corporation(s) referred to in this report. (All of the foregoing is hereafter referred to as the “Subject Business”); and (4) UOBKH may otherwise have an interest (including a proprietary interest) in the subject corporation(s) referred to in this report.

As of the date of this report, no analyst responsible for any of the content in this report has any proprietary position or material interest in the securities of the corporation(s) which are referred to in the content they respectively author or are otherwise responsible for.

IMPORTANT DISCLOSURES FOR U.S. PERSONS

This research report was prepared by UOBKH, a company authorized, as noted above, to engage in securities activities in Singapore. UOBKH is not a registered broker-dealer in the United States and, therefore, is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. This research report is provided for distribution by UOBKH (whether directly or through its US registered broker dealer affiliate named below) to “major U.S. institutional investors” in reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”). All US persons that receive this document by way of distribution from or which they regard as being from UOBKH by their acceptance thereof represent and agree that they are a major institutional investor and understand the risks involved in executing transactions in securities.

Any U.S. recipient of this research report wishing to effect any transaction to buy or sell securities or related financial instruments based on the information provided in this research report should do so only through UOB Kay Hian (U.S.) Inc (“UOBKHUS”), a registered broker-dealer in the United States. Under no circumstances should any recipient of this research report effect any transaction to buy or sell securities or related financial instruments through UOBKH.

UOBKHUS accepts responsibility for the contents of this research report, subject to the terms set out below, to the extent that it is delivered to and intended to be received by a U.S. person other than a major U.S. institutional investor.

The analyst whose name appears in this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority (“FINRA”) and may not be an associated person of UOBKHUS and, therefore, may not be subject to applicable restrictions under FINRA Rules on communications with a subject company, public appearances and trading securities held by a research analyst account.

Analyst Certification/Regulation AC

Each research analyst of UOBKH who produced this report hereby certifies that (1) the views expressed in this report accurately reflect his/her personal views about all of the subject corporation(s) and securities in this report; (2) the report was produced independently by him/her; (3) he/she does not carry out, whether for himself/herself or on behalf of UOBKH or any other person, any of the Subject Business involving any of the subject corporation(s) or securities referred to in this report; and (4) he/she has not received and will not receive any compensation that is directly or indirectly related or linked to the recommendations or views expressed in this report or to any sales, trading, dealing or corporate finance advisory services or transaction in respect of the securities in this report. However, the compensation received by each such research analyst is based upon various factors, including UOBKH's total revenues, a portion of which are generated from UOBKH's business of dealing in securities.

Reports are distributed in the respective countries by the respective entities and are subject to the additional restrictions listed in the following table.

| | |
|-----------------------------------|---|
| General | This report is not intended for distribution, publication to or use by any person or entity who is a citizen or resident of or located in any country or jurisdiction where the distribution, publication or use of this report would be contrary to applicable law or regulation. |
| Hong Kong | This report is distributed in Hong Kong by UOB Kay Hian (Hong Kong) Limited ("UOBKHHK"), which is regulated by the Securities and Futures Commission of Hong Kong. Neither the analyst(s) preparing this report nor his associate, has trading and financial interest and relevant relationship specified under Para. 16.4 of Code of Conduct in the listed corporation covered in this report. UOBKHHK does not have financial interests and business relationship specified under Para. 16.5 of Code of Conduct with the listed corporation covered in this report. Where the report is distributed in Hong Kong and contains research analyses or reports from a foreign research house, please note: (i) recipients of the analyses or reports are to contact UOBKHHK (and not the relevant foreign research house) in Hong Kong in respect of any matters arising from, or in connection with, the analysis or report; and (ii) to the extent that the analyses or reports are delivered to and intended to be received by any person in Hong Kong who is not a professional investor, or institutional investor, UOBKHHK accepts legal responsibility for the contents of the analyses or reports only to the extent required by law. |
| Indonesia | This report is distributed in Indonesia by PT UOB Kay Hian Sekuritas, which is regulated by Financial Services Authority of Indonesia ("OJK"). Where the report is distributed in Indonesia and contains research analyses or reports from a foreign research house, please note recipients of the analyses or reports are to contact PT UOBKH (and not the relevant foreign research house) in Indonesia in respect of any matters arising from, or in connection with, the analysis or report. |
| Malaysia | Where the report is distributed in Malaysia and contains research analyses or reports from a foreign research house, the recipients of the analyses or reports are to contact UOBKHM (and not the relevant foreign research house) in Malaysia, at +603-21471988, in respect of any matters arising from, or in connection with, the analysis or report as UOBKHM is the registered person under CMSA to distribute any research analyses in Malaysia. |
| Singapore | This report is distributed in Singapore by UOB Kay Hian Private Limited ("UOBKH"), which is a holder of a capital markets services licence and an exempt financial adviser regulated by the Monetary Authority of Singapore. Where the report is distributed in Singapore and contains research analyses or reports from a foreign research house, please note: (i) recipients of the analyses or reports are to contact UOBKH (and not the relevant foreign research house) in Singapore in respect of any matters arising from, or in connection with, the analysis or report; and (ii) to the extent that the analyses or reports are delivered to and intended to be received by any person in Singapore who is not an accredited investor, expert investor or institutional investor, UOBKH accepts legal responsibility for the contents of the analyses or reports only to the extent required by law. |
| Thailand | This report is distributed in Thailand by UOB Kay Hian Securities (Thailand) Public Company Limited, which is regulated by the Securities and Exchange Commission of Thailand. |
| United Kingdom | This report is being distributed in the UK by UOB Kay Hian (U.K.) Limited, which is an authorised person in the meaning of the Financial Services and Markets Act and is regulated by The Financial Conduct Authority. Research distributed in the UK is intended only for institutional clients. |
| United States of America ('U.S.') | This report cannot be distributed into the U.S. or to any U.S. person or entity except in compliance with applicable U.S. laws and regulations. It is being distributed in the U.S. by UOB Kay Hian (US) Inc, which accepts responsibility for its contents. Any U.S. person or entity receiving this report and wishing to effect transactions in any securities referred to in the report should contact UOB Kay Hian (US) Inc. directly. |

Copyright 2022, UOB Kay Hian Pte Ltd. All rights reserved.

<http://research.uobkayhian.com>

RCB Regn. No. 197000447W