

Dig in the F: An ESG survey of Chinese New Economy

- We built an ESG framework and surveyed leading Chinese New Economy Companies in breadth of disclosure and carbon emission;
- On balance, we found Tencent>BABA, BIDU>TCOM, Meituan>PDD and JD>BABA in terms of ESG disclosure and carbon emission;
- We found HKEX's mandatory ESG disclosure to be a main driver towards disclosure and compliance. We also found Chinese New Economy Companies to be lagging behind their US peers in carbon.

Tencent is the best, BABA lags behind

Tencent not only had the longest history of ESG reporting and richest details of Greenhouse Gas (GHG) emission, it also managed to reduce GHG per revenue continuously despite the addition of the cloud business. On the contrary, BABA retracted from early ESG reporting in 2018 and did not provide numeric values. Among newly listed companies, Meituan disclosed more than PDD. Among companies with long listing histories, BIDU performed better than TCOM in ESG.

Listing domicile plays an important role

We found HK listed or HK/US dual listed companies had better ESG disclosure than US listed companies. We believe this is due to HKEX has inserted mandatory and comply-or-explained ESG disclosure in Appendix 27 of mainboard listing requirement since July 2020.

Chinese New Economy lags behind US peers

Not only were GOOG and AAPL emitted ~1/5 of GHG per revenue of BIDU and Xiaomi, they also disclose ecosystem emissions (Scope 3), of which none of the Chinese New Economy Companies do. Cloud business emits 4x more GHG, which explains why Tencent emitted more than FB. Further, all US New Economy Companies managed to decrease their GHG per revenue over time but the same trend was not observed in Chinese New Economy Companies.

BUY HOLD SELL

Stocks mentioned

	Ticker	Rating	Target
Tencent.	700 HK	BUY	HKD\$ 852
Alibaba	BABA US	HOLD	USD\$ 255
JD.com, Inc.	JD US	BUY	USD\$ 110
Baidu	BIDU US	BUY	USD\$ 352
PDD	PDD US	BUY	USD\$ 210
Meituan	3690 HK	HOLD	HKD\$ 310
VIPS	VIPS US	BUY	USD\$ 45
TRIP	TCOM US	HOLD	USD\$ 39
Xiaomi	1810.HK	BUY	HKD\$ 30
iQiyi	IQ US	BUY	HKD\$ 20
Bilibili	BILI US	BUY	HKD\$ 170
Apple	AAPL US	NR	-
Google	GOOGL	NR	-
Amazon	AMZN US	NR	-
Facebook	FB US	NR	-
EBAY	EBAY US	NR	-

Source: Blue Lotus (May 03, 2021)

Key financial of stock covered

(RMB mn)	Revenues			Non-GAAP op.profit			Non-GAAP NI		
	2020	2021E	2022E	2020	2021E	2022E	2020	2021E	2022E
Tencent.	482,064	599,781	735,807	200,465	189,879	240,066	176,353	167,749	203,429
Alibaba	509,711	710,775	923,208	137,136	173,533	217,977	132,479	170,539	199,190
JD.com, Inc.	745,802	969,767	1,221,696	15,629	17,893	31,618	6,396	12,762	24,952
Baidu	107,074	124,272	144,037	21,069	24,181	40,857	22,021	25,088	33,538
PDD	59,492	112,988	174,582	(5,981)	(5,767)	(5,748)	(4,266)	(2,965)	(3,604)
Meituan	114,795	172,678	238,185	159	(11,538)	5,550	3,121	(6,205)	6,981
VIPS	101,858	124,351	142,593	6,847	9,681	12,985	6,281	8,733	12,147
TCOM	18,327	24,027	38,213	450	2,216	7,363	(1,374)	1,612	5,918
Xiaomi	245,866	334,362	404,838	11,538	14,004	20,324	8,459	15,218	20,072

Source: Blue Lotus (as of May 03, 2021)

Research team

Eric Wen

Head of Research

+852 21856112

research@blue-lotus.cn

Samuel Lau

See the last page of the report for important disclosures

Blue Lotus Capital Advisors Limited

All prices are those current at the end of the previous trading session unless otherwise indicated. Prices are sourced from local exchanges via Reuters, Bloomberg and other vendors. Data is sourced from Bloomberg, Blue Lotus Capital Advisors Limited and subject companies. Consensus forward estimates are used in analysis. Past performance is not indicative of future results. Investors should consider this report as only a single factor in making their investment decision.

ESG disclosures vary...Regulation helps

We summarized the breadth of ESG disclosures of leading Chinese New Economy Companies into a collective framework. We found Tencent had the best disclosure record, followed by Baidu (BIDU) and Meituan, while Vipshop (VIPS), Bilibili (BILI) and iQiyi (IQ) had the poorest breadth of disclosure. Adjusted for years since public and market capitalization, we found BABA and TCOM also needed improvement in their ESG breadth of disclosures.

Tencent, Baidu and Meituan had good ESG breadth of disclosures while BABA, TCOM, VIPS, BILI and IQ needed improvements.

Chinese New Economy companies' ESG framework

Chinese New Economy Companies have rapidly adopted ESG disclosures in their annual filings. Based on disclosures of our studied companies, we collectively classified ESG disclosures of into three categories (Environment, Social and Governance), ten themes (Climate Change, Natural Capital, Pollution & Waste, Environment Opportunities, Human Capital, Product Liability, Stakeholder Opposition, Social Opportunities, Community, Corporate Governance and Corporate Behavior) and forty-four key issues (Exhibit 3). We measure the breadth of disclosure on these frameworks assuming equal weightings.

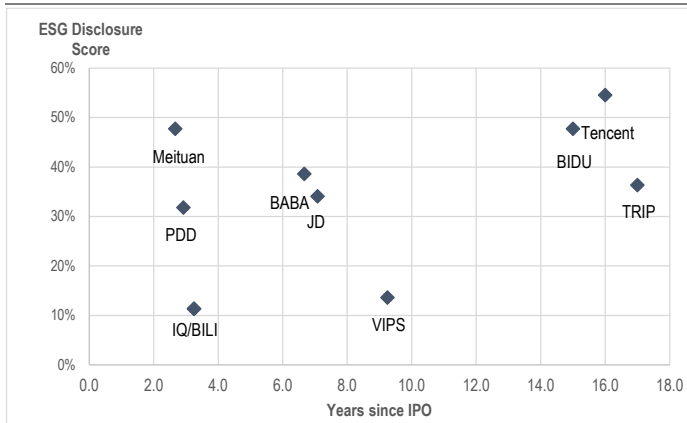
Listing domicile played an important role in ESG disclosure

Hong Kong Stock Exchange (HKEX) first proposed ESG report in 2011. It first put forward a voluntary disclosure document called <Appendix 27: Environmental, Social and Governance Reporting Guide> for mainboard listed companies on December 30, 2015. From December 30, 2015 to June 30, 2020 HKEX strengthened ESG disclosure requirement from voluntary to a mixture of <Recommended> and <Comply or explain>. From July 1, 2020 and onwards, HKEX further upgraded ESG disclosure requirement to <Mandatory> and <Comply or explain>, which means companies must now tell a reason for not complying.

HKEX-listed Chinese New Economy Companies have better ESG disclosure than their US counterparts, thanks to more stringent rules from HKEX.

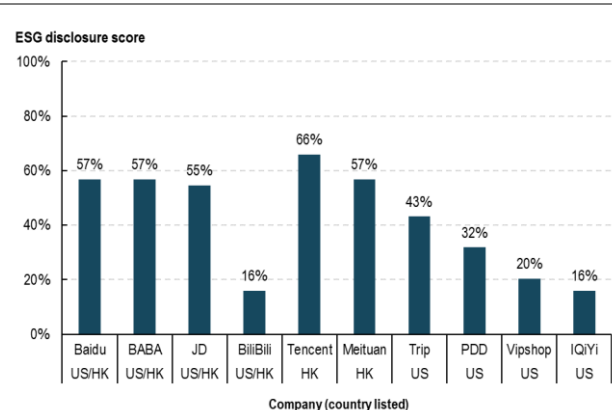
Based on our literature search, we believe HKEX's ESG disclosure requirement has surpassed that of NYSE and Nasdaq, which led to Chinese New Economy Companies listed on HKEX to score higher on ESG disclosures than their US counterparts (Exhibit 2).

Exhibit 1. ESG disclosure score, by year listed



Source: Company report(as of May 03, 2021)

Exhibit 2. ESG disclosure score, by country listed



Source: Company report(as of May 03, 2021)

[See the last page of the report for important disclosures](#)

Exhibit 3. Chinese internet companies breadth of ESG disclosure score

ESG factors	Themes	Key Issues	Tencent	*BABA	JD	BIDU	PDD	TRIP	Meituan	VIPS	Xiaomi	
Environment (E)	Climate Change	Carbon Emissions	✓	✓	✓	✓		✓	✓	✓	✓	
		Product Carbon Footprint										
		Financing Environmental Impact										
		Climate Change Vulnerability				✓						✓
	Natural Capital	Water Stress	✓			✓				✓		✓
		Biodiversity & Land Use				✓	✓		✓			
		Raw Material Sourcing				✓	✓		✓			
	Pollution & Waste	Energy consumption	✓		✓	✓				✓		✓
		Toxic Emissions & Waste	✓		✓	✓				✓		✓
		Packaging Material & Waste		✓	✓	✓		✓		✓		✓
		Electronic Waste	✓	✓		✓						✓
		Opportunities in Clean Tech			✓	✓	✓		✓	✓		
	Environment Opportunities	Opportunities in Green Building	✓	✓		✓				✓		
		Opportunities in Renewable Energy	✓	✓		✓						
Social (S)	Human Capital	Labour Management	✓	✓	✓	✓		✓	✓	✓	✓	
		Health & Safety	✓	✓	✓	✓		✓	✓			
		Human Capital Development	✓	✓	✓	✓		✓	✓	✓	✓	
		Supply Chain Labour Standards	✓		✓	✓			✓	✓		
	Product Liability	Product Safety & Quality	✓					✓	✓	✓		✓
		Chemical Safety										✓
		Financial Product Safety	✓									
		Privacy & Data Security	✓	✓	✓	✓		✓	✓	✓		✓
		Responsible Investment				✓			✓			✓
	Stakeholder Opposition	Health & Demographic Risk							✓			
		Controversial Sourcing										
		Community Relations		✓				✓				✓
	Social Opportunities	Access to Communications	✓		✓					✓		
		Access to Finance		✓								
		Access to Health Care	✓									
Opportunities in Nutrition & Health		✓	✓									
Community	Public Benefit	✓	✓	✓	✓		✓	✓	✓			
	Poverty alleviation	✓	✓	✓			✓		✓			
	Volunteering	✓	✓	✓					✓			
Governance (G)	Corporate Governance	Ownership & Control	✓	✓	✓	✓		✓	✓	✓	✓	
		Pay	✓	✓	✓	✓		✓	✓	✓	✓	
		Board Diversity	✓	✓					✓		✓	
		Accounting	✓	✓	✓	✓		✓	✓	✓	✓	
		Risk Control & Compliance	✓	✓	✓	✓		✓	✓	✓	✓	
	Corporate Behaviour	Business Ethics	✓	✓	✓	✓		✓	✓	✓	✓	
		Anti-Competitive Practices										
		Tax Transparency										
		Corruption & Instability	✓	✓	✓			✓		✓		
		Financial System Instability	✓	✓	✓					✓		
Intellectual Property Rights	✓	✓	✓	✓		✓	✓	✓	✓	✓		
Years since IPO		16	6.7	7.1	15	2.9	17	2.7	9.3	2.9		
Breadth of Disclosure Score		66%	57%	55%	57%	32%	43%	57%	21%	43%		

Source: Company disclosure, Blue Lotus (as of May 03, 2021) * dated 2018

See the last page of the report for important disclosures

Bigger and older companies did not always disclose better

It should be the case that companies with bigger market capitalizations and longer histories of listing have better breadth of ESG disclosures. We found it actually not the case (Exhibit 3).

Meituan, for example, had a 57% breadth of disclosure score with only 2.7 years of listing history, same as BIDU and BABA. VIPS, had a 21% breadth of disclosure score despite being public for 9.3 years. We did find the breadth of ESG disclosure score improved in, for example, JD.com, after the companies dual listed in HKEX in June 2020. Similarly, we would expect Bilibili, which dual listed in HKEX in March 2021, to show improvement in breadth of ESG disclosure in 2021.

BABA's low breadth of ESG disclosure score comparing to Tencent and Baidu was due to its poor showing under the Environmental (E) category, particularly in Natural Capital and Pollution & Waste. Similarly, the low breadth of ESG disclosure scores in IQ, BILI and VIPS were also result of low scores in E, and also in Social (S). As listed companies, Governance (G) disclosure was relatively commonplace. This suggests the incremental efforts exist at becoming ESG compliant for the listed companies (Exhibit 4). Also, BABA's dual listing in HKEX didn't seem to improve its ESG disclosure, which is an anomaly.

Comparing to their global peers, both Tencent and BIDU beat their US counterparts, Facebook and Google, in terms of the breadth of disclosure while the showing of BABA, JD and PDD against AMZN and EBAY was unclear. Xiaomi also paled in comparison against AAPL by a wide margin as AAPL had the highest absolute breadth of ESG disclosure score in our survey.

Neither NYSE nor Nasdaq mandated ESG disclosure for their listed companies.

Most of the disclosure shortfalls for Chinese New Economy Companies happened in Environmental (E) and Social (S).

Exhibit 4. Chinese New Economy companies' breadth of ESG disclosure score

ESG Key Issues	Tencent	BABA	JD	BIDU	PDD	IQ	BILI	TCOM	Meituan	VIPS	Xiaomi	FB	AMZN	EBAY	GOOG	AAPL
"E" score	7	6	7	12	1	0	0	4	7	1	7	3	7	7	7	14
"S" score	13	10	9	7	6	0	0	9	10	2	6	3	10	5	4	11
"G" score	9	9	8	6	7	7	7	6	8	6	6	8	8	8	8	8
Total score	29	25	24	25	14	7	7	19	25	9	19	14	25	20	19	33
Full score	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44
ESG Disclosure Score	66%	57%	55%	57%	32%	16%	16%	43%	57%	20%	43%	32%	57%	45%	43%	75%

Source: Company disclosure, Blue Lotus (as of May 03, 2021)

BABA's consistency problem is likely to be fixed soon

BABA is the only company that experience a drop in ESG breadth of disclosure score within our 4-year tracking period. Early in 2018, BABA published a detailed ESG report describing the ESG effort in both e-commerce and cloud, but short of providing numerical values. However, BABA discontinued the publication in subsequent years, even though Alibaba Foundation has been actively involved in charity work and community services.

On 29th April 2021, BABA published its "Towards zero carbon era" report which included the company's goal to achieve lowering carbon emission in the entire Alibaba ecosystem. A detailed roadmap has yet to be disclosed. We expect BABA to catch up with on ESG disclosure following the tighter ESG disclosure regulation by HKEX and Chinese government's continued emphasis on carbon emission.

BABA's response to ESG disclosure and GHG emission has yet to be forthcoming. We believe BABA still has room to differentiate.

[See the last page of the report for important disclosures](#)

Carbon is the most important ESG criterion

Without saying, carbon emission is the most quantifiable and also most meaningful element of ESG compliance. We use the measure of greenhouse gas (GHG) emission per revenue to compare out surveyed companies. According to Greenhouse Gas Protocol (<https://ghgprotocol.org/>), the most widely recognized accounting standard for GHG, GHG emission can be defined in three scopes.

- **Scope 1: Direct GHG emissions** - Direct GHG emissions occur from sources that are owned or controlled by the company;
- **Scope 2: Electricity indirect GHG emissions** - GHG emissions from the generation of purchased electricity consumed by the company. Scope 2 emissions physically occur at the facility where electricity is generated;
- **Scope 3: Other indirect emissions** - Scope 3 emissions are a consequence of the activities of the company but occur from sources not owned or controlled by the company. Scope 3 is an optional reporting category.

BABA hasn't disclosed its GHG emission yet while Tencent has disclosed for four consecutive years.

While TCOM and VIPS disclosed insufficiently in breadth, both have good disclosure records in carbon emissions. But BABA continued to lag.

Tencent led in GHG disclosure, followed by BIDU/TCOM/VIPS

Tencent has been disclosing both Scope 1 and 2 GHG emission continuously since 2017 while BABA hasn't disclosed yet. BIDU and TCOM both disclosed Scope 1 and 2 for 2019 and 2020 while JD started disclosing both in 2020. VIPS has been disclosing Scope 1 GHG emission since 2017 and added Scope 2 starting from 2019. Meituan started disclosing Scope 1 GHG emission in 2019 and continued in 2020.

Exhibit 5. Chinese New Economy companies' Green House Gas (GHG) emission disclosures and levels

	Tencent	BABA	JD	BIDU	PDD	IQ	BILI	TCOM	Meituan	VIPS	Xiaomi	FB	AMZN	EBAY	GOOG	AAPL
GHG emission (Scope 1) disclosing year	4	0	1	2	0	0	0	2	1	1	2	8	3	5	5	9
GHG (Scope 2) discl. yr.	4	0	1	2	0	0	0	2	0	1	2	8	3	5	5	9
GHG (Scope 3) discl. yr.	0	0	0	0	0	0	0	0	0	0	0	8	3	3	5	9
GHG (Scope 1+2)/revenue latest (tonne/mn US\$)	12.9	NA	8.77	30.7	NA	NA	NA	2.84	2.02	10.07	0.85	3.56	40.1	10.2	5.32	0.17

Source: Company disclosure, Blue Lotus (as of May 03, 2021)

Chinese New Economy Companies lag behind US peers in GHG

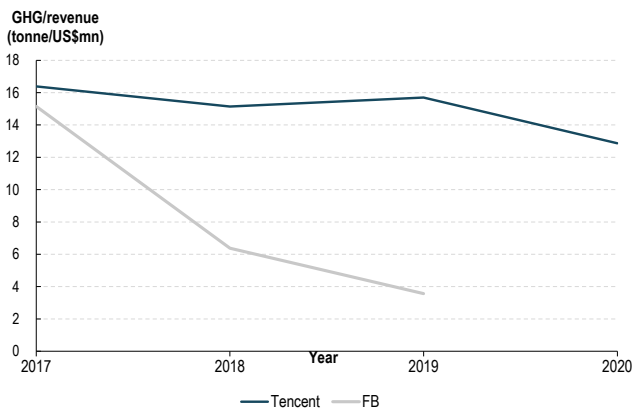
In general, GHG emission per revenue showed Chinese New Economy Companies' performance paled in comparison against their US counterparts, despite improvement, by a wide margin. This is evident from three aspects.

[See the last page of the report for important disclosures](#)

- **Absolute levels:** For example, BIDU’s 2020 GHG emission per revenue was 31 tonne/US\$mn, vs. GOOG’s 2019 GHG emission per million US\$ revenue of 5.3. Tencent’s 2020 GHG emission per revenue was 12.9, vs. FB’s 2019 GHG emission per revenue of 3.56 (partially due to TenCloud, in our view). Only JD outperformed AMZN in GHG per revenue, likely because AMZN’s cloud business (AWS) tends to be hugely carbon consumptive. This was proved by the similar GHG emission per revenue of VIPS and EBAY as JD. Xiaomi’s 2020 GHG emission per revenue was also 5x of AAPL’s (Exhibit 5);
- **Improvement trends:** Not only were Chinese New Economy Companies’ GHG per revenue lagging behind their US counterparts in absolute numbers, their improvements were also less consistent (Exhibit 6-9);
- **Scope 3 disclosures:** Further, all five US tech stalwarts voluntarily disclosed Scope 3 emissions while none of the Chinese New Economy Companies did so.

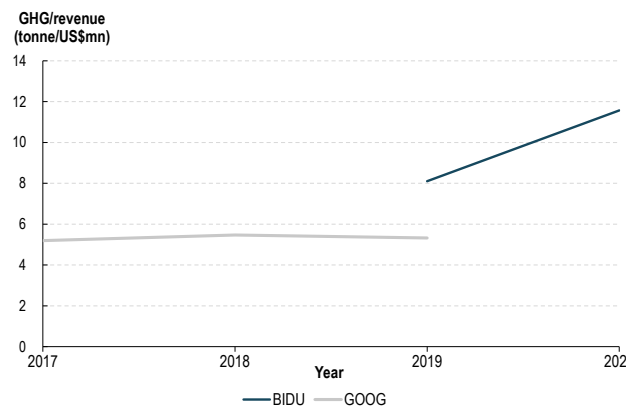
US Tech Stalwarts also disclosed their ecosystem emissions while none of the Chinese New Economy Companies did so.

Exhibit 6. GHG emission/revenue, Tencent vs. Facebook



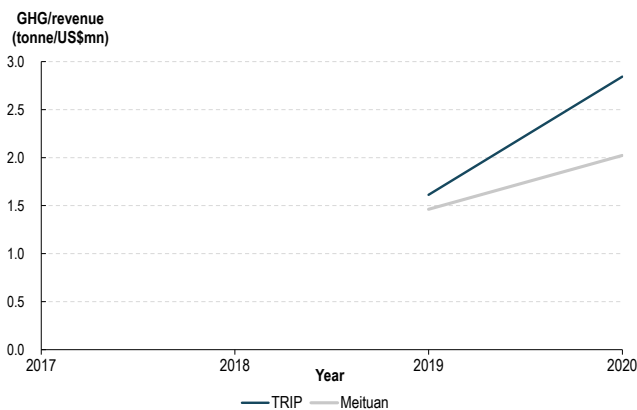
Source: Company disclosure, Blue Lotus (as of May 03, 2021)

Exhibit 7. GHG emission/revenue, BIDU vs. Google



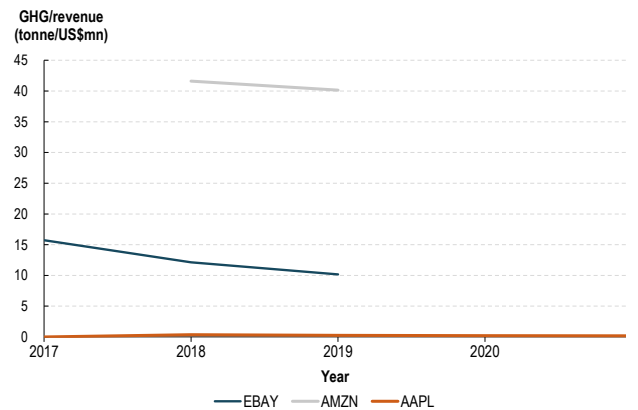
Source: Company disclosure, Blue Lotus (as of May 03, 2021)

Exhibit 8. GHG emission/revenue, Meituan and TRIP



Source: Company disclosure, Blue Lotus(as of May 03, 2021)

Exhibit 9. GHG emission/revenue, AMZN, EBAY, AAPL



Source: Company disclosure, Blue Lotus (as of May 03, 2021)

[See the last page of the report for important disclosures](#)

Tencent should be commended for declining GHG despite cloud

Although Tencent's GHG per revenue showed slower improvement than Facebook, we should take note that Tencent had remarkable growth in its cloud business which tends to be hugely carbon emissive, as shown in Amazon. This accomplishment is viewed in light of increasing unit carbon emission in most other Chinese New Economy Companies.

Tencent deployed various new technologies to reduce its GHG emission, including High Voltage Direct Current (HVDC) technology for electricity generation, indirect evaporative cooling units and proprietary IDC smart maintenance and control systems.

On "E": Cloud business & Koomey's law

From a cross-company environmental ("E") aspect, we observe that cloud emits a lot more GHG compared to non-cloud. Cloud's Infrastructure-As-A-Service (IaaS) business in particular, is an energy-intensive business which requires the purchase of stacks and facilities to cool down the database. Average GHG emission of the companies with a cloud business is 17.4 ton per million USD revenue, higher than that of non-cloud companies at 3.95.

However, we did observe GHG emission per ton per revenue has been trending downwards for US New Economy Companies. We believe the major reason is increase in energy consumption efficiency.

An IEA study in 2020 showed that despite a twelve-fold increase in internet traffic over the past decade and eight-fold increase in data centre workloads, energy consumption has remained constant at 1% of global worldwide electricity use. The phenomenon is consistent with the Koomey's law proposed by Stanford professor Jonathan Koomey, which suggested that energy efficiency of computers doubles roughly every 18 months. According to Professor Masanet's estimate, traditional small-scale data centers carry out 79% of the world-wide calculation in 2010. In 2018, cloud data centers account for 89% of the worldwide calculations. Compared to traditional small-scale, isolated data centers, cloud data centers can better manage energy consumption and optimize calculating power and cooling.

However, we have yet to see Koomey's law applies to Chinese New Economy Companies except maybe Tencent (while BABA hasn't reported).

Tencent had declining unit carbon emission despite rapid growth in its cloud business.

Cloud business requires purchase of stacks and has the highest Greenhouse gas emission among all internet sub-sectors

Koomey's law suggested that energy efficiency of computers doubles roughly every 18 months

Koomey's law has yet applies to Chinese New Economy Companies.

Chinese New Economy excels in S more than G

We found Chinese New Economy Companies generally excelled in gender diversity and employee training. However, we observe that Chinese New Economy tends to provide vocational training while US New Economy tends to place extra resources on cultural diversity and social curricula.

TCOM leads in gender diversity...JD and Tencent drag down

TCOM has the best gender diversity ratio with 61% of the employees being female, including a female CEO.

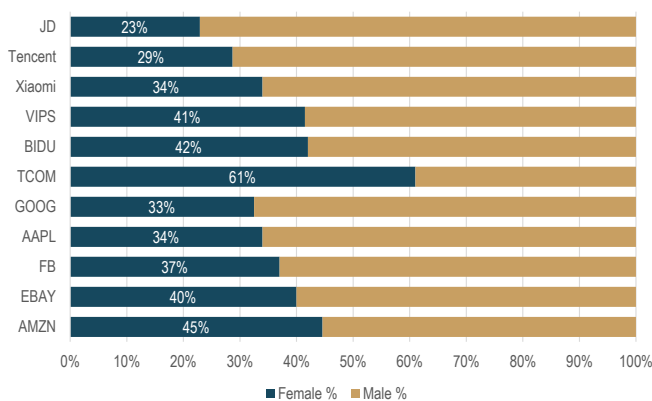
61% of TCOM employees are female.

The average percentage of females working at Chinese New Economy Companies was the same as that of US New Economy companies at 38% at the latest year (Exhibit 10). The high female employee percentage at TCOM (61%), BIDU (42%) and VIPS (42%) was averaged down by JD (23%) and Tencent (29%).

Chinese New Economy likes to train their employees for work

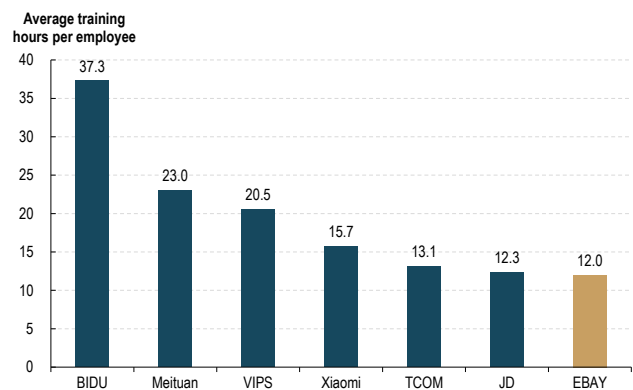
Among Chinese New Economy companies, BIDU offers the most average training hours per employee at 37.3 hours while the average training hours is 17 (Exhibit 11). All Chinese New Economy Companies provide training statistics, while we found US New Economy Companies generally do not report training hours. Upon further research, we found Chinese and US companies define training differently. Employee training for Chinese New Economy Companies was more vocational-oriented, with the goal being to increase employee productivity. US New Economy Companies tend to invest extra resources to provide work culture and diversity-oriented training programs.

Exhibit 10. Gender diversity of Chinese New Economy



Source: Company disclosure, Blue Lotus(as of May 03, 2021)

Exhibit 11. Hours of training per employee in 2019



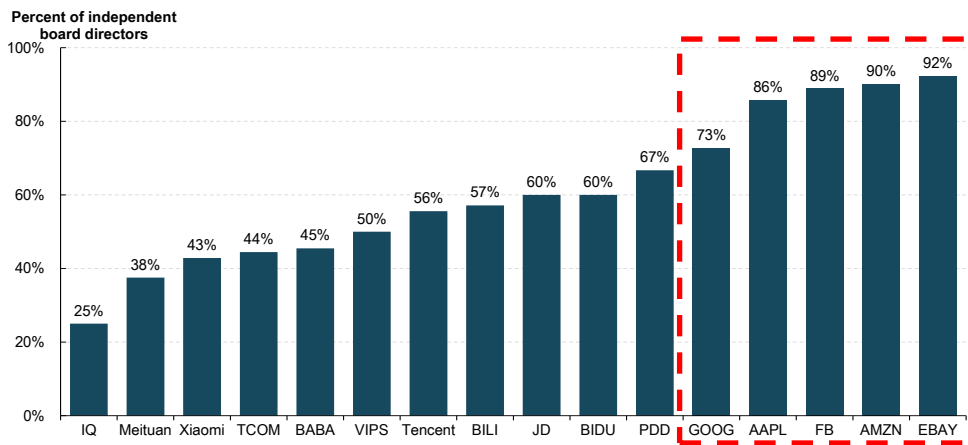
Source: Company report

In terms of board independence, US New Economy Companies performs far better than Chinese New Economy Companies.

EBAY led with twelve out of its thirteen board members being independent. On a cross-country basis, US New Economy Companies had 86% of their board member being independent while that for Chinese New Economy Companies was 50% at the latest year. IQ has the least board independence as independent board member constituted only 25% of total (Exhibit 12).

[See the last page of the report for important disclosures](#)

Exhibit 12. Percent of board member being independent



Source: Company disclosure, Blue Lotus(as of May 03, 2021)

See the last page of the report for important disclosures

Important Information

This publication has been produced by Blue Lotus Capital Advisors Limited (Blue Lotus), which is authorized and regulated by The Securities and Futures Commission (SFC), registered institution under the Securities and Futures Ordinance (SFO) (Chapter 571 of the Laws of Hong Kong SAR) to carry on Type 4 (advising on securities) regulated activities with Central Entity number BFT 876. This document must not be issued, circulated or distributed in Hong Kong other than to ‘professional investors’ as defined in the SFO. The contents of this publication have not been reviewed by any regulatory authority. Information on financial instruments and issuers is updated irregularly or in response to important events.

Analyst certification

The following analysts hereby certify that views about the companies discussed in this report accurately reflect their personal view about the companies and securities. They further certify that no part of their compensation was, is, or will be directly or indirectly linked to the specific recommendations or views in this report:

Tianli Wen, is employed by Blue Lotus Capital Advisors Limited, which is authorized and regulated by the Securities and Futures Commission (SFC).

Blue Lotus rating system:

Buy: The stock is expected to have an absolute return of more than 15-20% within 12 months

Hold: The stock is expected to have an absolute return of between 0-15% within 12 months

Sell: The stock is expected to have negative absolute return within 12 months

Blue Lotus equity research rating system is a relative system indicating expected performance against a specific benchmark identified for each individual stock.

Disclaimer

General: The information and opinions expressed in this publication were produced as of the date of writing and are subject to change without notice. This publication is intended for information purposes only and does not constitute an offer or an invitation by, or on behalf of, Blue Lotus to buy or sell any securities or related financial instruments or to participate in any particular trading strategy in any jurisdiction. Opinions and comments of the authors reflect their current views, but not necessarily of other Blue Lotus entities or any other third party. Other Blue Lotus entities may have issued, and may in the future issue, other publications that are inconsistent with, and reach different conclusions from, the information presented in this publication. Blue Lotus assumes no obligation to ensure that such other publications are brought to the attention of any recipient of this publication.

Suitability: Investments in the asset classes mentioned in this publication may not be suitable for all recipients. This publication has been prepared without taking account of the objectives, financial situation or needs of any particular investor. Before entering into any transaction, investors should consider the suitability of the transaction to individual circumstances and objectives. Any investment or trading or other decision should only be made by the client after a thorough reading of the relevant product term sheet, subscription agreement, information memorandum, prospectus or other offering document relating to the issue of the securities or other financial instruments. This publication should not be read in isolation without reference to the full research report (if available) which may be provided upon request. Nothing in this publication constitutes investment, legal, accounting or tax advice, or a representation that any investment or strategy is suitable or appropriate to individual circumstances, or otherwise constitutes a personal recommendation to any specific investor. Blue Lotus recommends that investors independently assess with a professional advisor, the specific financial risks as well as legal, regulatory, credit, tax and accounting consequences.

Information / forecasts referred to: Although the information and data herein are obtained from sources believed to be reliable, no representation is made that the information is accurate or complete. In particular, the information provided in this publication may not cover all material information on the financial instruments or issuers of such instruments. Blue Lotus, its subsidiaries and affiliated companies do not accept liability for any loss arising from the use of this publication. Important sources for the production of this publication are e.g. national and international media, information services, publicly available databases, economic journals and newspapers, publicly available company information, publications of rating agencies. Ratings and appraisals contained in this publication are clearly marked as such. All information and data used for this publication relate to past or present circumstances and may change at any time without prior notice. Statements contained in this publication regarding financial instruments or issuers of financial instruments relate to the time of the production of this publication. Such statements are based on a multitude of factors which are subject to continuous change. A statement contained in this publication may, thus, become inaccurate without this being published. Potential risk regarding statements and expectations expressed in this publication may result from issuer specific and general developments.

Risk: The price and value of, and income from investments in any asset class mentioned in this publication may fall as well as rise and investors may not get back the amount invested. Risks involved in any asset class mentioned in this publication may include but are not necessarily limited to market risks, credit risks, currency risks, political risks and economic risks. Past performance is not a reliable indicator of future results. Performance forecasts are not a reliable indicator of future performance. Particular risks in connection with specific investments featured in this publication are disclosed prominently hereinabove in the text of this publication. Any investment should only be made after a thorough reading of the current prospectuses and/or other documentation/information available.

Miscellaneous: Blue Lotus has the right to terminate or change the contents, product or service provided by this report, requiring no separate notice. Blue Lotus and its staffs, analysts or directors may provide investment, consultancy, or other services to the companies mentioned in the contents, or trade (no matter whether he/ she is on behalf of trustees) or possess the securities of the mentioned companies. Any person, who read the information in this report, has their own responsibility to comply with their applicable laws and regulations of their jurisdiction area. If investors have any questions on the contents of this report, please consult their lawyers, accountants or other professional consultants.

© Blue Lotus Capital Advisors Limited, 2021