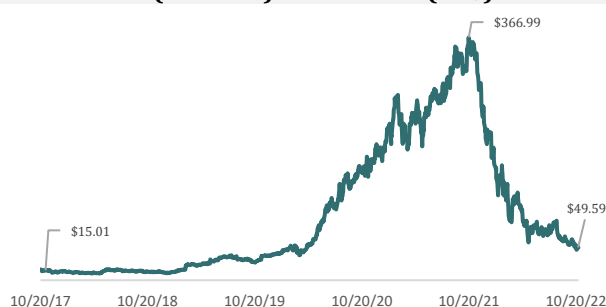


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Basic Issuer Information

Issuer	SEA Limited
Equity Ticker	NYSE: SE
Corporate Ticker	N/A
Credit Rating (M/S/F)	Unrated
Country of Risk	Singapore
Sector	TMT

Sea Limited (NYSE:SE) Share Price (US\$)

Company Description

Sea Limited ("Sea") was established in 2009 as Garena Interactive Holding Limited to venture into digital entertainment in Singapore and eventually Southeast Asia. Since then, Sea has expanded its businesses beyond gaming and digital entertainment, and into the fintech as well as e-commerce sectors.

Key Financials

(US\$b)	FY20A	FY21A	FY22E	FY23E
Revenue	4.38	9.96	10.95	12.59
Gr Rate (%)	101.1	127.5	10.0	15.0
EBITDA	-1.72	-2.21	-0.98	0.69
Margin (%)	-39.3	-22.2	-8.9	5.5
Debt/Op. Profit	-1.6x	-2.7x	-6.9x	3.1x
Op. Profit/Int	8.8x	11.4x	1.8x	5.1x
D/E Ratio	0.62x	0.58x	0.60x	0.59x

Key Executives

Forrest Li	CEO, Founder
Gang Yi	COO, Co-founder
Tong Hou	CFO

Steady Recovery and Resilience Ahead
Recommendations

We are initiating coverage of Sea Limited (NYSE:SE). We have given an issuer profile rating of **overweight** to Sea's credit outlook. We will be focusing on Sea Limited 2.375% 1-DEC-2025 and Sea Limited 2.25% 1-JUL-2023.

Recent Developments

- **Acquired Asuransi Mega Pratama, an Indonesian insurtech company, and Indonesian bank PT Bank Kesejahteraan Ekonomi** as part of its strategy to expand into the Indonesian insurance and fintech industries.
- **Downsizing of Shopee business in major regions** in an attempt to cut down on general & administrative expenses and improve the company's operational efficiency.
- **Ban of Garena's flagship game in India**, which was one of its largest markets to date.
- **Launch of SeaLabs in Indonesia** aims to improve the company's business as a whole by targeting pain points in its operations.

Key Credit Considerations

Sea is well-poised to overcome the strong macro headwinds in the upcoming years, and we believe that the company's credit strength is set to thrive in the long term given its large amount of cash holdings that can help to bolster operational efficiency even during market downturns.

Credit Positives

- **Strategic fundraising conducted to improve credit quality amid a risk-off environment** puts Sea at an advantage to capture a greater share of the market even during a volatile macro climate.
- **Highly diversified revenue streams allow Sea to differentiate itself from pure-play competitors** that may be affected during specific industry downturns.
- **Low gearing and strong repayment ability** reflects a lower probability of credit default.

Credit Negatives

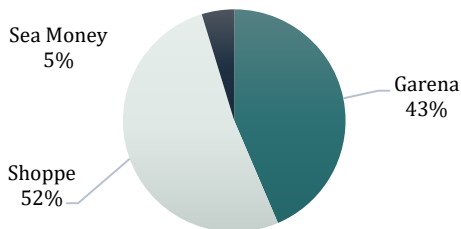
- **Uncertainty in business outlook given currently unstable financials** could potentially impede the company's growth. The company is highly dependent on future revenues for survival, which may not be guaranteed especially during market volatility.
- **Exorbitant operational expenses incurred in previous years** may burn into the company's assets much more quickly than predicted in the short term. It is vital to cut down on costs to remain afloat.

Figure 1: Overview of Sea's Business Segments



Source: Company website

Figure 2: Revenue by Business Segments



Source: Sea Limited Annual Report 2021

Figure 3: Sea Limited's Close Competitors

Top Competitors of Sea Limited
Alibaba
Tencent
Ruckus Media Group
DotEsports

Source: Owler Inc 2022

Company Overview

Sea Limited ("Sea") was established in 2009 as Garena Interactive Holding Limited to venture into digital entertainment in Singapore and eventually Southeast Asia. Since then, Sea has expanded its businesses beyond gaming and digital entertainment, into the fintech and e-commerce sectors.

Sea currently offers 3 distinct segments – Garena digital entertainment platform (alongside related eSports operations), Shopee e-commerce platform, and SeaMoney digital financial services. Garena allows users to access proprietary mobile and PC games, and other entertainment content including livestreaming of gameplay and social features such as user chats and online forums. Shopee, on the other hand, is a mobile-centric marketplace that provides integrated payment and logistics infrastructure and seller services. The last segment, SeaMoney, is the newest of the 3 businesses. It offers mobile wallet platforms and payment processing services, as well as other diversified fintech offerings across credit, insurtech, and digital banking under ShopeePay, SPayLater, SeaBank, etc.

Sea (NYSE:SE) was publicly listed on the New York Stock Exchange in October 2017, just 8 years after the company was incorporated. As of 7 December 2022, SE has a market capitalisation of US\$32.64b, with 561.7m outstanding shares. It is currently being traded at US\$58.10.

Since Sea provides highly diversified offerings, competitors with large overlap in business segments are few. This allows it to stand out in an increasingly saturated technology sector and develop a highly niche integrated ecosystem that consumers are dependent on. The top companies in Sea's competitive set include Alibaba Group, Tencent, Ruckus Media Group, and DotEsports. It is notable that Tencent is one of its largest shareholders, with an 18.56% stake in the company.

Revenue Drivers

Garena, which used to be Sea's largest revenue stream, is now being overtaken by Shopee. The e-commerce segment currently accounts for 51.5% of the Group's top line revenues, with Garena and SeaMoney contributing 43.4% and 4.7% respectively of its FY21's total revenue of US\$12.2b.

Shopee

Launched in early June of 2015 in Southeast and Taiwan, Shopee is Sea's fastest growing business segment and has expanded into emerging markets such as Brazil, Latin America, Mexico, Chile, Colombia, Poland, and Spain. Sea mainly monetises on Shopee by offering sellers paid advertising services, charging transaction-based fees, and charging for certain value-add services on sellers such as logistics management. Sea also purchases products from third-party manufacturers and sells them directly to buyers on the mobile platform. The business operates both B2B and B2C, but B2B contributes to a large majority of its total revenue.

Garena

Garena is currently the leader in esports and digital entertainment in Southeast Asia, Taiwan, and Brazil. They offer self-developed games and games licensed from third-party developers, which are mostly centric on users playing online in a virtual environment on servers that connect a large number of players simultaneously to interact with each other within the gameplay. In December 2017, Garena launched the first game developed entirely in-house, *Free Fire*, which is currently leads the gaming industry in many regions including Taiwan, Brazil, and more than 130 other markets globally.

Garena utilises a “freemium” model, whereby games are free to play, and revenue is generated from selling the players in-game credits which can be used to purchase virtual items such as digital representations of functional or decorative items, as well as season passes (this revenue is otherwise referred to as *bookings*). In 2021, the business generated a total of US\$4.6b in bookings.

SeaMoney

Sea began offering digital financial services back in 2014, however only in the fourth quarter of 2019 did the Group introduce SeaMoney as the overall brand for its digital financial services business. The business is mainly monetised by charging commissions to third-party merchants with respect to its mobile wallet services, and by charging fees to third-party financial institutions that offer financial products or provide lending to consumers on their platform. SeaMoney also earns interest from borrowers with respect to its consumer and merchant credit business.

As the financial services industry is highly regulated and heavy licensing that entail stringent procedures are required to operate their services in certain jurisdictions, SeaMoney currently only operates in the Southeast Asian region, in countries such as Indonesia, Malaysia, Singapore, Philippines, Thailand, etc.

Recent Earnings Review

Sea has been experiencing consistent negative losses of US\$1.5b, US\$1.6b, and US\$2.0b in 2019, 2020, and 2021 respectively. Net losses in 2021 were primarily attributable to the huge investments made to expand the business, in particular Sea’s e-commerce and digital financial services businesses. From FY19 to FY21, sales and marketing expenses made up 44.6%, 41.8%, and 38.5% of the company’s total revenue respectively, indicating the strong emphasis placed on growing the business organically.

Figure 4: Sea’s Prominent Managers & Directors

Prominent Managers and Directors of Sea Limited	
Chief Executive Officer & Founder	Forrest Li
Chief Operations Officer & Co-Founder	Gang Yi
Chief Finance Officer	Tong Hou
Independent Non-Executive Director	Chen Seng Heng
Independent Non-Executive Director	Khoo Hua Kuok
Member of Advisory Board	Archana Parekh
Member of Advisory Board	Taizo Son

Source: Capital IQ, 2022

Figure 5: Sea’s Main Shareholders

Main Shareholders of Sea Limited	
Tencent Holdings	18.56%
Capital Research & Management	7.41%
T.Rowe Price Group	4.69%
Li, Xiao Dong	8.22%
Ye, Gang	5.34%

Source: Capital IQ, 2022

Ownership & Management

Management of Sea

Sea Limited is currently led by Chairman and Group CEO Forrest Li, who is also the founder of the company. Li is currently on the board of directors of the Singapore Economic Development Board and serves as an independent non-executive director of Shangri-La Asia Limited. Members of Sea’s management team also include Chief Operating Officer Gang Ye and Group President Chris Feng, who had previously served in management roles at Zalora and Lazada, two leading e-commerce companies in Singapore.

Shareholders of Sea

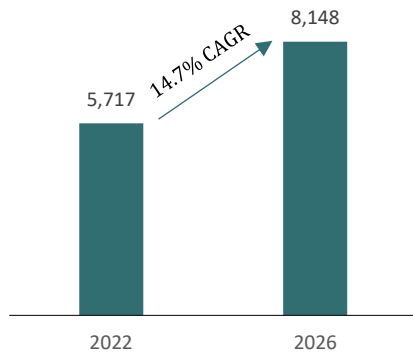
Some of the major shareholders of Sea Limited are Tencent Holdings Limited, which owns and develops many of the third-party games provided by Garena, Capital Research & Management, T.Rowe Price Associates, and a myriad of other institutional shareholders which total up to 33.27% of Sea’s ownership.

Subsidiaries of Sea

Sea’s most significant subsidiaries include the following entities: Garena Online Private Limited, Shopee Limited, Shopee Singapore Private Limited, and PT Shopee International Indonesia. The company conducts operations primarily through its subsidiaries, branch offices, and consolidated affiliated entities. The company’s ability to repay dividends therefore results from the dividends paid by its subsidiaries. If the current or newly formed subsidiaries incur debt on their behalf in the future, the instruments governing their debt may restrict their ability to pay dividends to shareholders.

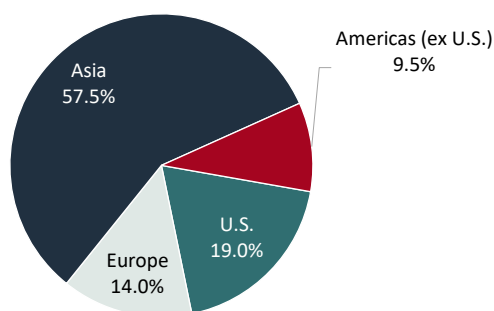
Figure 6: Forecasted Growth of E-commerce Market from 2022 to 2026

In US\$b



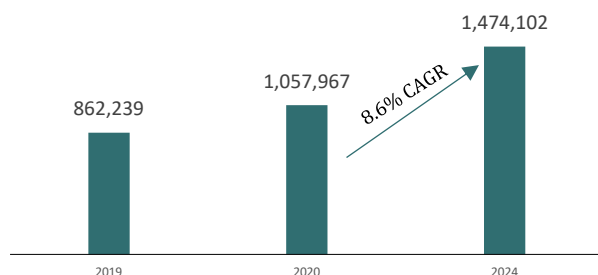
Source: Grand View Research, 2022

Figure 7: Global E-commerce Market Geographical Breakdown



Source: Statista 2022

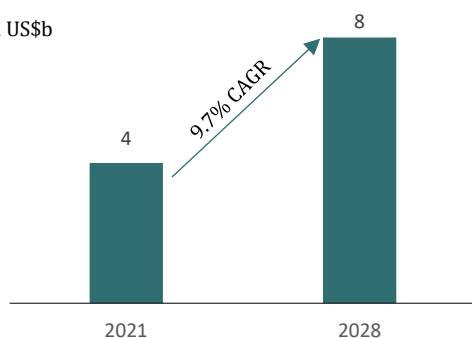
Figure 8: Forecasted Growth in China's E-commerce Market from 2020 to 2024



Source: Statista 2022

Figure 9: Forecasted Increase in Adoption of B2C Model from 2021 to 2028

In US\$b



Source: Grand View Research, 2022

Industry Outlook

E-commerce

Outlook for online retail market remains upbeat

The global retail e-commerce market is projected to grow from US\$5,717b in 2022 to US\$8,148b in 2026, at a CAGR of 14.7%. Given the relatively low capital required to generate a virtual business, there are little barriers to entry into the market which translates into an ever-growing number of online retailers, and therefore the greater need to diversify and dominate the increasingly saturated industry. New online stores and shopping platforms are popping up daily, and there are currently an estimated 12-24 million e-commerce sites across the globe - this exponential growth mostly results from the COVID-19 shutdowns across the globe, and this growth is unlikely to be impeded in future years due to consumers' increasing dependency on virtual platforms due to the convenience and accessibility it brings about.

In Singapore alone, the average revenue generated per user (ARPU) total to over US\$1,200, while the global average ARPU is \$1,028 – a high ARPU indicates a greater ability and willingness to spend more on online retail. Being headquartered and mostly operating in Singapore, Shopee is well-positioned to reap the benefits of a greater demand by the average Singaporean consumer.

Logistics and supply chain management may potentially remain impeded by catastrophic events

However, at the same time, the COVID-19 pandemic may also have a negative impact on these online businesses and virtual retail platforms. For instance, the global supply chain has been greatly disrupted, and sellers as well as merchant partners on Shopee's platform are not exempted from this. Regional and global logistics costs skyrocketed when the pandemic first impacted economies worldwide, and there have also been significant disruptions and delays relating to delivery fulfilment and shipments to and from certain markets. By early 2021, freight rates from China to South America – one of Shopee's major markets – had jumped 443% compared to just 2 years back.

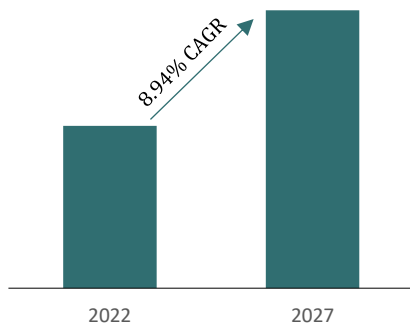
Imports in and out of China are particularly affected by this, especially due to the country's "zero Covid" policy and the industry's future remains uncertain as we are unable to predict the continuing duration and scope of this pandemic, including any potential future waves that may arise from new variants of the virus. However, given the gradual reopening of China's economy over the past few months, this pressure on the logistics market may start to ease in H2 2022 and revitalise the Asian economy, which could translate into stronger earnings for e-commerce companies in FY22.

Increasing adoption of B2C model

The global e-commerce market can be broken down into Business-to-Business (B2B) and Business-to-Consumer (B2C) models. B2B currently dominates the global retail industry, being valued at more than double the size of the B2C market, at US\$780b, according to Forrester Research. The B2B market has also historically outpaced B2C in terms of y-o-y growth, at 19% per year. However, there has recently been a rising trend of greater B2C sales, and this can be attributed to consumers' growing disposable income and therefore an increasing global income per capita that translates to a higher ARPU. The global B2C e-commerce market is expected to grow at a CAGR of 9.7%, from US\$4.01 trillion in 2021 to US\$7.6 trillion in 2028.

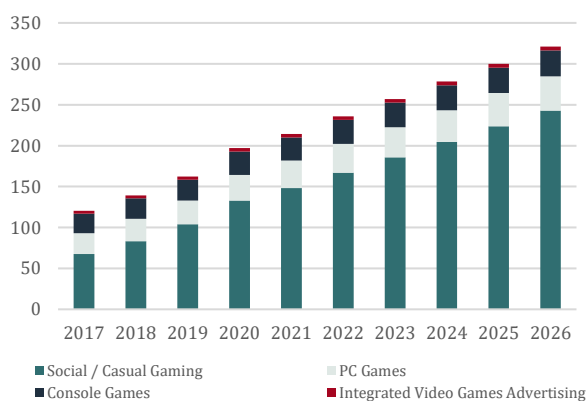
The most frequently occurring B2C model is the direct seller model, where consumers purchase goods directly from online retailers. The next most common model would be online intermediaries such as Amazon, eBay, and of course, Shopee. By charging a fee for every

Figure 10: Forecasted Growth in ASEAN's E-commerce Market from 2020 to 2024
Figure 11: Forecasted Growth in Global Gaming Market from 2022 to 2027



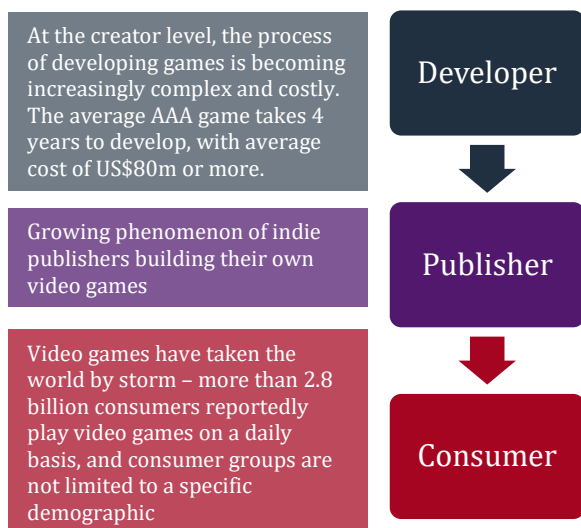
Source: Statista 2022

Figure 11: Total Global Video Games Revenue, by Segment (US\$b)



Source: Statista 2022

Figure 12: Value Chain of Gaming Industry



Source: ResearchGate 2022

transaction executed between the third-party seller and consumer on its platform, Shopee is able to capitalise on the growing number of transactions in the B2C market.

Southeast Asia is poised to grow and capture greater market share in the long run

APAC accounted for 57.4% of the global e-commerce market in 2019, with China being the leading market – China currently has more than 800 million internet users that contribute to its global market share of over 50%. Furthermore, Alibaba, which is headquartered in China, is currently the largest e-commerce retailer in the world, with total online sales valued at over US\$700b as of 2022.

The success found by this e-commerce giant can be attributed to the development of highly efficient systems and logistic networks to deal with the high influx of delivery orders – Alibaba manages a cross-country network of delivery firms that can process up to 30 million items per day.

At the same time, while China continues to lead the industry, we can see other APAC players outside of China starting to take the forefront of global e-commerce dynamism – China's pace of growth is slowing down, while the smaller Southeast Asian countries such as Singapore and Indonesia (which are a few of Sea's biggest markets) catch up and expand their market share. Some factors driving this rapid expansion, particularly in B2C markets, include:

1. More robust logistics networks
2. Rising middle class
3. Improving financial infrastructure (especially fintech)

Gaming

The gaming industry has evolved a great deal since the rapid onset of digitisation years ago. With the advent of mobile gaming, cloud gaming, and improvements to hardware devices, digital gaming has become a more viable option than ever for different segments of consumers across the globe. The Gaming Market was valued at US\$198.40 billion in 2021, and it is expected to reach a value of US\$339.95 billion by 2027, registering a CAGR of 8.94% over the next 5 years, from 2022 to 2027.

Rise in global internet connectivity

Rising internet connectivity, increasing adoption of smartphones, and the advent of high bandwidth network connectivity such as 5G, have further increased the demand of the gaming market across the globe. The number of internet users is forecasted to increase by 27% in 2027 compared to 2020. With the increasing usage of smartphones and consoles and cloud penetration, the gaming market shows high potential growth in the future.

Technological advances in the gaming industry

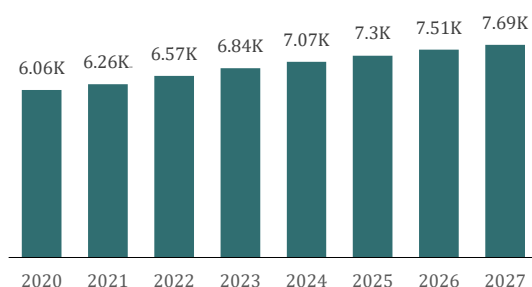
Continuous technological advancements in the gaming industry enhance the way games are created and seek to improve the overall gaming experience of the users. Game developers across emerging economies are continually striving to enhance the gaming experience by launching and rewriting codes for diverse console/platforms, such as PlayStation, Xbox, and Windows PC, incorporated into a standalone product provided to gamers through a cloud platform.

Financial Technology

Exponential growth in the fintech sector

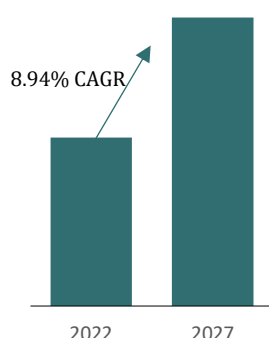
Fintech (financial technology) is the use of new technical breakthroughs to financial products and services with the goal of enhancing and automating the supply and usage of financial services.

Figure 13: Total Global Smartphone Users (in US\$m)



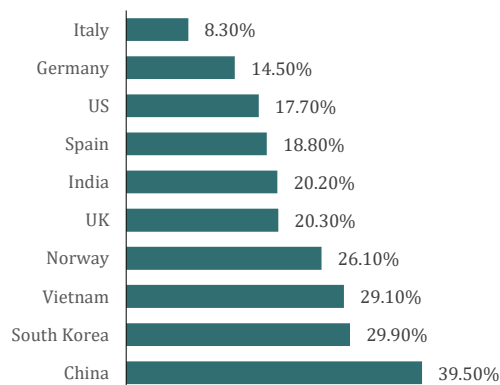
Source: Statista 2022

Figure 14: Forecasted Growth in Global Fin-Tech Market from 2022 to 2027



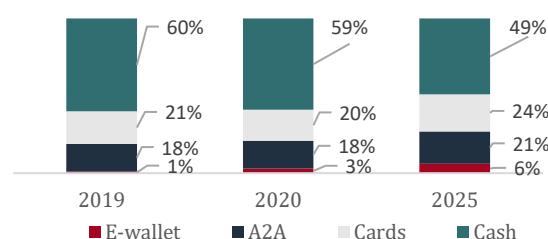
Source: Statista 2022

Figure 15: Mobile Wallet User Penetration in APAC Countries



Source: Statista 2022

Figure 16: Gross Transaction Value from Payment Methods Available (in US\$b)



Increased demand for online financing among customers, a surge in usage of advanced technologies in existing business operations of banks and financial institutions, and rapid growth in innovative technology such as AI in business decision-making capabilities are some factors that boost adoption of Fintech technologies post-Covid outbreak.

The Global Fintech Market is valued at US\$112.5b in the year 2021 and is projected to reach a value of US\$332.5b by the year 2028 at a CAGR of 19.8%.

Low adoption rate of cashless payments in existing markets

Southeast Asia and emerging markets more broadly are significantly under-penetrated by both cashless payments and financial services. About 75% of the SEA adult population is either unbanked (defined as no access to basic bank accounts) or underbanked (defined as not well served by financial services such as credit cards, insurance, loans etc.). Similarly, these markets have relatively low penetration of digital/cashless payments, such as debit cards or credit cards. Other than Singapore which has ~75% penetration of cashless modes, the rest of the SEA countries is roughly at 50%.

Financial Analysis

Overview:

The table on the left (Figure 20) shows Sea's 3-year historical financial performance including key ratios which indicate their profitability, liquidity, and leverage positions. In the last 3 years, the company has been recording persistent negative earnings which, on the surface, translates into a struggling business. However, when we look at their financials in a deeper level, we can see that this may not necessarily indicate that the company is doing badly – we believe that this is part of a strategic move to expand the business rapidly. This is clearly seen from Sea's exponential revenue growth.

Persistent negative earnings

From 2019 to 2021, Sea faced consistent negative profit margins. The company's earnings were especially devastated in 2019, when they recorded a profit margin of -67%. This net loss is attributed to their heavy emphasis on operational expenses, such as sales and marketing, to grow their business over the past few years. From 2017 to 2021, sales and marketing expenses were constantly hovering above 30% of the company's gross profits.

We can also see that the company's topline revenues have significantly increased y-o-y, most likely due to this expenditure that boosted the company's sales. Therefore, Sea's persistent negative earnings is likely due to its heavy expenditure and investment into growing its sales, which we believe is a strong play that could potentially boost the business in future years.

Improving operational efficiency and strong topline growth

At the same time, while earnings remain negative, we can see a marked improvement in the absolute figures, as margins ease from -67% to -21% within just 2 years – this signals Sea's resilience and strong recovery during the post-pandemic era. This improvement can be attributed to its strong topline growth and operational efficiency (eased from -41% in 2017 to -15.9% in 2021, and projected to grow marginally to 9.2% by 2025), coupled with strong economic recovery of the global economy as a whole during 2021 as restrictions began easing and global consumption was stimulated. However, we recognise that this pattern may be sharply disrupted this FY2022, given the inflationary environment and interest rate hikes posing great macro risk to all industries, especially TMT, a highly cyclical sector. The company should begin cutting down on

Figure 17: Sea's Financial Ratios

	2019A	2020A	2021A	2022E	2023F	2024F	2025F
Profitability ratios							
Gross margin	27.8%	30.8%	39.1%	35.0%	37.1%	36.0%	36.5%
EBITDA margin	-66.4%	-39.3%	-22.2%	-10.9%	3.6%	2.6%	2.9%
Operating margin	-41.0%	-29.8%	-15.9%	-4.2%	9.7%	8.8%	9.2%
Net income margin	-67.0%	-37.1%	-20.5%	-7.7%	6.5%	5.6%	6.0%
ROA	-27.9%	-15.5%	-10.9%	-4.0%	3.0%	2.6%	2.9%
ROE	-124.4%	-47.5%	-27.5%	-15.6%	12.8%	14.3%	18.3%
Liquidity ratios							
Quick ratio	1.86	1.91	2.09	2.96	3.62	4.64	5.46
Current ratio	1.87	1.93	2.11	2.97	3.63	4.65	5.47
OCF ratio	0.03	0.12	0.03	-0.09	0.17	0.19	0.23
Solvency ratios							
Debt / Assets	0.31	0.20	0.23	0.15	0.14	0.11	0.09
Debt / Equity	1.38	0.62	0.58	0.60	0.59	0.59	0.59
LT debt / Equity	1.28	0.59	0.53	0.55	0.54	0.55	0.54
Interest coverage ratio	-30.0	-11.6	-15.9	-4.6	1.9	1.2	1.5
Cash coverage ratio	73.72	47.40	77.72	55.06	84.04	78.81	82.26

Source: NUS Investment Society

their operational expenses and focus on generating stable cash flows to survive an impending recession, which they have been beginning to do so as seen from the cutting of their employee headcount. We believe that Sea will cut down on marketing expenses as well during this volatile period, and by doing so, we predict that they will be able to mark net profits by 2023.

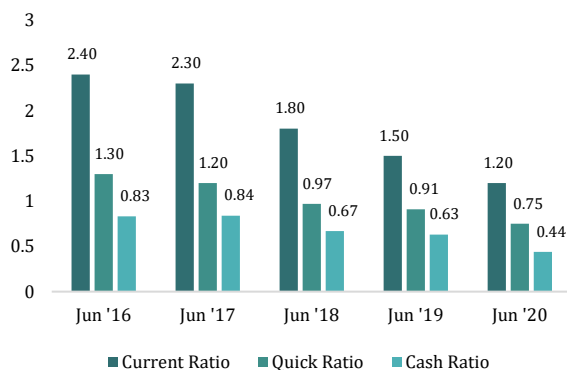
Stabilising solvency ratios and strong repayment ability

We can see a clear pattern of decreasing debt ratios from 2019 to 2021 – Sea is repaying its debt, while holding back from taking on further long-term liabilities. In 2020 and 2021, the company's long-term borrowings were at 0, and we project this to remain the case for the short term in an attempt to remain its solvency. As seen from the company's cash coverage ratios, Sea's immense cash holdings allow it to maintain its strong debt and interest repayment ability.

While this may be a positive sign for the company's credit rating, it could also signify the company's lacking use of leverage to grow its business. The average D/E ratio in the tech industry is 0.5, given that tech operations are generally not as capital-intensive as other sectors – Sea's debt ratios fall below this average, putting its credit at relatively safe levels. The company can afford to use slightly more leverage to its advantage and expand itself further.

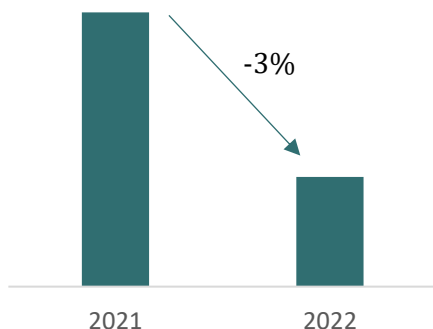
Historically, Sea's strengths lie in its large amount of cash holdings, which have bolstered the company's operations as a whole and allowing it to be able to afford its net losses in the short term. Net losses are solely due to the company's heavy expenditure into operational expenses, which have proven to be effective, as seen from its strong revenue and gross profit growth even during 2020 when most companies were hit hard by the pandemic. We believe that Sea's fundraise of US\$6.3b in late 2021, coupled with the cutting of its employee headcount, will boost the company's financial position and aid it in cutting costs during a volatile macro environment. The company is set to achieve strong profits in the long term whilst maintaining strong credit quality.

Figure 18: Sea's Liquidity Ratios



Source: NUS Investment Society

Figure 19: Shopee's Employee Headcount



Source: Sea Limited Annual Report 2021

Recent Developments

Downsizing of Shopee business in major regions

Shopee is seen to pivot from maintaining its growth mindset, which has been adopted in recent years, to that of cutting costs through rounds of staff layoff, as its external funding starts to dry up amid expectations of a volatile macro climate in the coming years. Sea is one of the many tech giants taking measures to downsize as Fed rate hikes push investors to undertake haven investments instead of risky tech companies.

Its Indonesian subsidiary, in particular, is laying off 180 employees, or 3% of its workforce as Indonesia is a highly volatile and unstable market. The business has also reportedly slashed its employee headcount in Singapore, where it is headquartered at, in its 3rd and latest round of layoffs just this year alone.

Earlier this year in March, Shopee also closed its office in India and laid off 300 staff members, and completely pulled out its operations in France, which was its sole presence in Europe. In early September, Shopee also announced of its plans to cut operations in Chile, Colombia, and Mexico, and is pulling out of Argentina completely. Following these changes, Shopee's biggest markets are Indonesia, Vietnam, and Taiwan, all of which have the greatest app visits per month as compared to other countries in Southeast Asia.

Wave of acquisition plays in the Indonesian fintech space

This comes as the company looks to expand its SeaMoney business segment into the highly lucrative Indonesian financial sector with less stringent licensing procedures compared to other markets

across the globe, thus accelerating Sea's plans to establish itself as a financial leader in Southeast Asia. Major competitors in this field include Gojek, Grab, and Tokopedia, all of which are superapps that currently dominate the fintech space in Asia.

Ban of Garena's flagship game in India

Garena's performance has been gradually declining over the past 2 years – analysts expect a greater decline in the business' adjusted EBITDA margins within the next few years. This could be further exacerbated by the abrupt ban of Garena's flagship game, *Free Fire*, in India, which is one of Garena's largest markets. The leading battle royale game was banned in India on 14 February earlier in 2022, alongside 53 other apps, by India's Ministry of Home Affairs as it was believed to be sending user data to servers in China.

Shortly after the ban, Sea Limited's market capitalisation in the New York Stock Exchange dropped by US\$16b in a single trading session as investors worry that India may extend this ban to Sea's e-commerce app, Shopee, which recently launched in the country and has quickly grown into a key contributor to its topline growth. At the same time, this ban also caused countries such as Singapore to flag concerns of national security issues, since Sea Limited is headquartered in Singapore.

Launch of SEA Labs in Indonesia

Sea has recently launched SEA Labs, which is the very first of its kind by the company. The purpose of this launch is to act as the tech force behind the company – SEA Labs aims to solve the pain points in all 3 of Sea's businesses, mainly focusing on Gaming, Payments, and Supply Chain issues.

SEA Labs is purely a cost centre, and it seeks to provide specific solutions to solve Sea Limited's business problems, thereby helping to improve margins and increase innovation in the respective business segments. The construction of such a centre would therefore contribute to worsening earnings reports and set Sea's financials back for the short term. However, if Sea is able to tide through the potentially rocky following few years, it will be well-positioned to achieve massive growth in the business due to greater R&D undertakings such as SEA Labs.

Issuer Credit Analysis

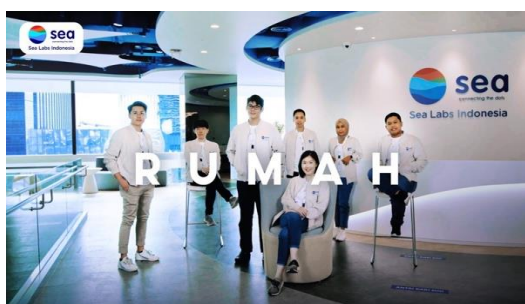
Positives

1. Strategic fundraising conducted to improve credit quality amid a risk-off environment

On 9 September 2021, Sea announced plans to raise over US\$6.3b to bolster its global expansion plans, offering 11 million depositary shares worth US\$3.8b, alongside US\$2.5b worth of equity-linked debt (convertible bonds). The funds raised was originally planned to go into Sea's expansion into Europe, starting from its current operations in Poland, as well as India. However, given the recent development in India as well as an increasingly volatile macro environment which developed after the fund raise, this amount raised would likely be put to serve another purpose – remaining afloat during this potential economic recession which brings about an ever-growing need for cash reserves.

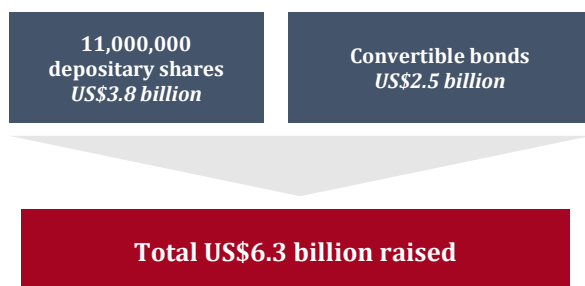
Before the fund raise, Sea had slightly over US\$7m of cash in its balance sheets. This deal will bolster that amount to nearly twice of this amount, to more than US\$13m in cash. We believe that the company was able to achieve strong organic growth whilst still maintaining a strong credit position over the past few years due to this – it is highly unlikely to go bankrupt even despite such exorbitant net losses. At this juncture with the current macroeconomic climate, having such a lofty amount of cash would also be ideal for Sea to remain afloat during this rocky financial

Figure 20: Launch of SEA Labs in Indonesia



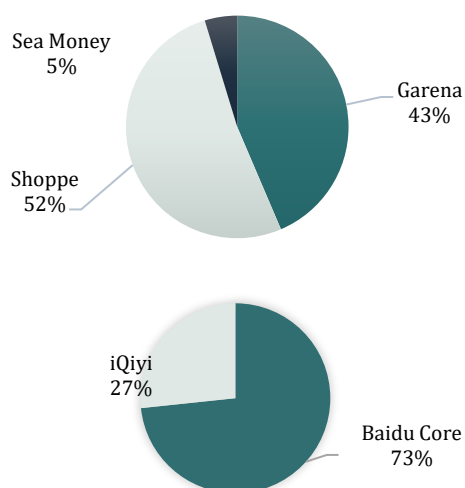
Source: Sea Limited Website

Figure 21: Sea's Fundraising



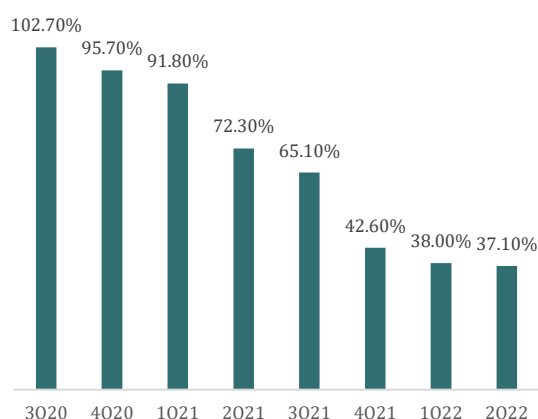
Source: Reuters 2021

Figure 22: Comparison of Sea's Revenue Streams and Competitor's Revenue Streams



Source: Sea Limited Annual Report 2021

Figure 23: Garena's EBITDA Margins over last 2 years



Source: Motley Fool, 2022

Figure 24: Sea Limited's Outstanding Bonds

Name	Currency	Maturity Date	Years	Spread to Treasury
SEALTD 1.0% 01/12/2024	USD	1/7/23	4	-9944.9
SEALTD 2.25% 01/07/2023	USD	1/12/24	4	-178.8
SEALTD 2.375% 01/12/2025	USD	1/12/25	4	85.2
SEALTD 0.25% 15/09/2026	USD	15/9/26	5	650.7

Source: Factset

period, and it will be well-poised to survive a recession if it undertakes the right strategic positioning and curbing measures.

We believe that this move came at the perfect timing, given the high interest rate environment. Sea Limited was able to obtain debt at a lower interest rate than it would at this current juncture, which could be a problem many major competitors are struggling with now. At the same time, it is important for Sea to move forward with greater prudence such that this cash holding does not deplete rapidly.

2. Highly diversified revenue streams allow Sea to differentiate itself from pure-play competitors

While originally incorporated as a gaming company, Sea has gradually expanded its offering over the years to the fintech and e-commerce sectors, both of which are booming industries. While these are highly competitive and saturated industries, they are mostly filled with pure play companies that only focus on one segment. Having its revenue streams distributed amongst a diversified range of business segments allows Sea to remain relatively unaffected when one industry faces a downturn.

3. Low gearing and strong repayment ability reflects a lower probability of credit default

Despite the negative macroeconomic outlook due to COVID-19 pandemic, Sea's debt levels continue to remain within relatively safer levels as compared to competitors like Alibaba and Tencent. Over the past few years, Sea has been repaying its debt while at the same time, holding back from taking on further long-term liabilities. In 2020 and 2021, the company's long-term borrowings were at 0, and we project this to remain the case for the short term in an attempt to remain its solvency. As mentioned under our financial analysis, we believe that Sea's strong cash holdings will be crucial to ensure that the business remains afloat even despite their net losses.

Negatives

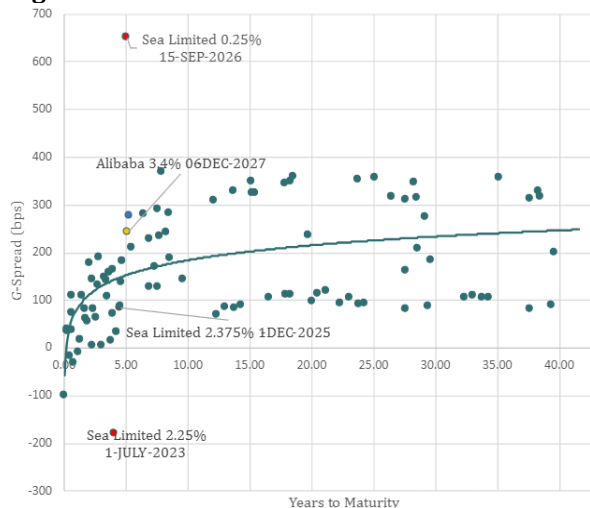
1. Uncertainty in business outlook especially given currently deteriorating financials

While it remains true that the company has been able to mark strong revenue growth over the past few years, this may be strongly attributed to the revitalising economy in 2021. The company's historically consistent net losses put it at a huge disadvantage against competitors as they would have to depend largely on generating greater future revenue y-o-y to cover the previous years' losses. At the same time, this revenue growth may be strongly impeded due to a decline in consumer spending which results from a high interest rate environment. It is imperative for Sea to execute greater measures to hedge against such risks brought about by external volatility, or the business may be set to dwindle when their sales fall.

2. Exorbitant operational expenses incurred in previous years may burn the company's cash quicker than expected

While we predict that the company is able achieve net profits by FY23, this hinges on the assumption that operational efficiency is improved through a huge cut in marketing expenses from 38.5% of revenue in FY21, to 25% and 12.5% in FY22 and 23. If the company fails to do so, it may not be able to achieve profits within the next few years, and such consistent negative earnings may quickly drain its cash holdings in the near future.

Figure 25: Relative Valuation of Sea's Bonds



Source: Factset, NUS Investment Society

Issuance Analysis

Overweight Sea Limited 2.375% 1-DEC-2025 vs Sea Limited 2.25% 1-JUL-2023

Sea Limited 2.375% 1-DEC-2025 and Sea Limited 2.25% 1-JUL-2023 have similar years to maturity, yet Sea Limited 2.25% 1-JUL-2023 has a far lower spread than Sea Limited 2.375% 1-DEC-2025. Between these two bonds, Sea Limited 2.375% 1-DEC-2025 has a spread that is 263 bps greater than Sea Limited 2.25% 1-JUL-2023 despite having the same interest rate risk. As such, Sea Limited 2.375% 1-DEC-2025 bond presents an investment opportunity.

Underweight Sea Limited 2.25% 1-JULY-2023

This bond is under the fair yield curve with a negative G-spread of -178.bps but still trading at a premium, which suggests overpricing.

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Appendix:

Balance Sheet

NUS Investment Society Fixed Income Department (TMT Team) Sea Limited (NYSE:SE) Projected Financials, in US\$m										
FYE 31 December	2017A	2018A	2019A	2020A	2021A	2022E	2023E	2024E	2025E	2026E
Balance Sheet										
Assets										
Current assets										
Cash, cash equivalents, and restricted cash		1,256.94	3,553.93	7,026.07	10,799.40	14,999	21,262	27,349	33,820	40,550
Accounts receivable, net of allowance for credit losses		97.78	187.04	363.00	388.31	375.65	381.98	378.82	380.40	379.61
Prepaid expenses and other assets		312.39	535.19	1,054.23	1,401.86	1,228.05	1,314.95	1,271.50	1,293.23	1,282.36
Loans receivable, net of allowance for credit losses		-	-	285.94	1,500.95	893.45	1,197.20	1,045.32	1,121.26	1,083.29
Inventories, net		37.69	26.93	64.22	117.50	90.86	104.18	97.52	100.85	99.18
Short-term investments		0.69	102.32	126.10	911.28	518.69	714.99	616.84	665.91	641.37
Amounts due from related parties		5.22	4.74	19.45	16.10	17.77	16.93	17.35	17.14	17.25
Total current assets		1,710.71	4,410.14	8,939.00	15,135.40	18,123.28	24,992.02	30,776.31	37,398.95	44,053.43
Non-current assets										
Property and equipment, net		192.36	318.62	386.40	1,029.96	1,029.96	1,029.96	1,029.96	1,029.96	1,029.96
Operating lease right-of-use assets, net		-	182.97	234.56	649.68	649.68	649.68	649.68	649.68	649.68
Intangible assets, net		12.89	15.02	39.77	52.52	52.52	52.52	52.52	52.52	52.52
Long-term investments		111.02	113.80	190.48	1,052.86	1,052.86	1,052.86	1,052.86	1,052.86	1,052.86
Prepaid expenses and other assets		69.07	65.68	204.80	124.52	124.52	124.52	124.52	124.52	124.52
Loans receivable, net of allowance for credit losses		-	-	117.15	28.96	28.96	28.96	28.96	28.96	28.96
Restricted cash		2.37	16.65	27.32	38.74	38.74	38.74	38.74	38.74	38.74
Deferred tax assets		63.30	70.34	99.90	103.76	103.76	103.76	103.76	103.76	103.76
Goodwill		30.95	30.95	216.28	539.62	539.62	539.62	539.62	539.62	539.62
Total non-current assets		481.96	814.03	1,516.67	3,620.63	3,620.63	3,620.63	3,620.63	3,620.63	3,620.63
Total assets		2,192.67	5,224.17	10,455.67	18,756.03	21,743.91	28,612.64	34,396.94	41,019.58	47,674.06

NUS Investment Society Fixed Income Department (TMT Team) Sea Limited (NYSE:SE) Projected Financials, in US\$m										
FYE 31 December	2017A	2018A	2019A	2020A	2021A	2022E	2023E	2024E	2025E	2026E
Liabilities and equity										
Current liabilities										
Accounts payable		37.16	69.37	121.64	213.58	167.61	190.59	179.10	184.85	181.97
Accrued expenses and other payables		636.88	980.81	2,033.46	3,531.19	2,782.32	3,156.76	2,969.54	3,063.15	3,016.34
Advances from customers		29.36	65.06	161.38	244.57	202.98	223.78	213.38	218.58	215.98
Amounts due to related parties		46.03	34.99	42.61	74.74	58.68	66.71	62.69	64.70	63.70
Bank borrowings		0.86	1.26	-	100.00	50.00	75.00	62.50	68.75	65.63
Operating lease liabilities		-	56.32	74.51	186.49	130.50	158.50	144.50	151.50	148.00
Deferred revenue		426.68	1,097.87	2,150.17	2,644.46	2,397.31	2,520.89	2,459.10	2,489.99	2,474.55
Convertible notes		-	29.48	-	-	-	-	-	-	-
Income tax payable		9.54	27.21	52.31	181.40	116.85	149.13	132.99	141.06	137.02
Total current liabilities		1,186.49	2,362.37	4,636.07	7,176.44	5,906.25	6,541.34	6,223.80	6,382.57	6,303.18
Non-current liabilities										
Accrued expenses and other payables		7.89	25.80	36.16	76.23	56.20	66.22	61.21	63.71	62.46
Long-term borrowings		1.03	0.36	-	-	-	-	-	-	-
Operating lease liabilities		-	144.00	177.87	491.31	334.59	412.95	373.77	393.36	383.57
Deferred revenue		171.26	160.71	343.30	104.83	224.06	164.44	194.25	179.35	186.80
Convertible notes		1,061.80	1,356.33	1,840.41	3,475.71	2,658.06	3,066.88	2,862.47	2,964.68	2,913.57
Deferred tax liabilities		0.68	0.98	1.53	6.99	4.26	5.63	4.94	5.28	5.11
Unrecognised tax benefits		2.97	0.98	0.11	0.11	0.11	0.11	0.11	0.11	0.11
Total non-current liabilities		1,245.63	1,689.15	2,399.37	4,155.18	3,277.27	3,716.23	3,496.75	3,606.49	3,551.62
Total liabilities		2,432.12	4,051.52	7,035.43	11,331.62	9,183.52	10,257.57	9,720.55	9,989.06	9,854.80
Equity										
Class A Ordinary shares		0.09	0.15	0.18	0.20	0.19	0.20	0.19	0.20	0.20
Class B Ordinary shares		0.08	0.08	0.08	0.07	0.08	0.07	0.07	0.07	0.07
Additional paid-in capital		1,809.23	4,687.28	8,526.57	14,622.29	11,574.43	13,098.36	12,336.40	12,717.38	12,526.89
Accumulated other comprehensive income/(loss)		15.20	5.45	4.68	(28.52)	(11.92)	(20.22)	(16.07)	(18.14)	(17.11)
Statutory reserves		0.05	0.05	2.36	6.14	4.25	5.20	4.73	4.96	4.84
Accumulated deficit		(2,067.79)	(3,530.59)	(5,150.96)	(7,201.50)	(6,176.23)	(6,688.86)	(6,432.55)	(6,560.70)	(6,496.62)
Total equity (excl. minority interests)		(243.14)	1,162.42	3,382.91	7,398.70	5,390.80	6,394.75	5,892.78	6,143.76	6,018.27
Non-controlling interests		3.68	10.23	37.33	25.71	25.71	25.71	25.71	25.71	25.71
Total shareholders equity		(239.46)	1,172.65	3,420.24	7,424.41	5,416.52	6,420.46	5,918.49	6,169.48	6,043.98
Total liabilities and equity		2,192.67	5,224.17	10,455.67	18,756.03	14,600.04	16,678.03	15,639.04	16,158.53	15,898.79

Income Statement

NUS Investment Society										
Fixed Income Department (TMT Team)										
Sea Limited (NYSE:SE) Projected Financials, in US\$m										
FYE 31 December	2017A	2018A	2019A	2020A	2021A	2022E	2023E	2024E	2025E	2026E
Income Statement										
Total revenue	414.19	826.97	2,175.38	4,375.66	9,955.19	10,950.71	12,593.32	15,111.98	18,889.97	24,556.96
% Growth	NA	99.7%	163.1%	101.1%	127.5%	10.0%	15.0%	20.0%	25.0%	30.0%
Cost of sales	326.88	812.21	1,570.46	3,026.76	6,059.46	7,120.14	7,926.69	9,668.91	11,988.09	15,648.25
Gross profit	87.31	14.76	604.92	1,348.91	3,895.74	3,830.57	4,666.63	5,443.07	6,901.89	8,908.72
Gross profit margin (%)	21.1%	1.8%	27.8%	30.8%	39.1%	35.0%	37.1%	36.0%	36.5%	36.3%
Operating expenses:										
Other operating income/(expense)	3.50	9.80	15.90	189.60	287.90	290.41	414.61	445.11	559.76	753.16
Margin (% of revenue)	0.8%	1.2%	0.7%	4.3%	2.9%	2.7%	3.3%	2.9%	3.0%	3.1%
General & administrative expense	(137.87)	(240.78)	(385.87)	(657.22)	(1,105.30)	(985.56)	(1,265.80)	(1,439.52)	(1,849.05)	(2,371.49)
Margin (% of revenue)	-33.3%	-29.1%	-17.7%	-15.0%	-11.1%	-9.0%	-10.1%	-9.5%	-9.8%	-9.7%
Sales & marketing expense	(425.97)	(705.02)	(969.54)	(1,830.88)	(3,829.74)	(2,737.68)	(1,574.16)	(1,889.00)	(2,361.25)	(3,069.62)
Margin (% of revenue)	-102.8%	-85.3%	-44.6%	-41.8%	-38.5%	-25.0%	-12.5%	-12.5%	-12.5%	-12.5%
R&D expense	(29.32)	(67.53)	(156.63)	(353.79)	(831.70)	(862.92)	(1,020.89)	(1,226.14)	(1,517.51)	(1,985.33)
Margin (% of revenue)	-7.1%	-8.2%	-7.2%	-8.1%	-8.4%	-7.9%	-8.1%	-8.1%	-8.0%	-8.1%
Depreciation & amortisation	-	-	-	-	-	-	-	-	-	-
Total operating expense	(591.09)	(1,004.74)	(1,496.83)	(2,652.88)	(5,479.39)	(4,295.75)	(3,446.24)	(4,109.54)	(5,168.05)	(6,673.27)
Total operating profit/(loss)	(503.78)	(989.98)	(891.91)	(1,303.98)	(1,583.66)	(465.18)	1,220.39	1,333.52	1,733.84	2,235.44
Interest expense	(26.50)	(31.30)	(48.21)	(148.24)	(138.95)	(261.92)	(238.49)	(323.82)	(381.25)	(510.91)
Margin (%)	-6.4%	-3.8%	-2.2%	-3.4%	-1.4%	-2.4%	-1.9%	-2.1%	-2.0%	-2.1%
Interest income	36.51	20.12	33.94	24.80	36.08	30.44	33.26	31.85	32.56	32.21
Gain/(loss) on sale of investment	-	-	11.79	(17.82)	(43.50)	(43.50)	(43.50)	(43.50)	(43.50)	(43.50)
Changes in fair value of convertible note	(51.95)	41.26	(472.88)	(0.09)	-	-	-	-	-	-
Currency exchange gain/(loss)	(4.22)	4.80	(2.03)	(38.57)	14.24	14.24	14.24	14.24	14.24	14.24
Net income before tax and share of results from affiliates	(549.99)	(955.13)	(1,369.32)	(1,483.92)	(1,715.79)	(725.94)	985.89	1,012.28	1,355.86	1,727.46
Income tax expense	(10.75)	(4.09)	(85.86)	(141.64)	(332.87)	(123.41)	(167.60)	(172.09)	(230.50)	(293.67)
Income/(loss) from affiliates	(1.91)	(3.07)	(3.24)	0.72	5.02	5.02	5.02	5.02	5.02	5.02
Net profit/(loss) after tax	(562.65)	(962.28)	(1,458.42)	(1,624.84)	(2,043.64)	(844.33)	823.31	845.21	1,130.39	1,438.81
Net profit margin (%)	-135.8%	-116.4%	-67.0%	-37.1%	-20.5%	-7.7%	6.5%	5.6%	6.0%	5.9%

Cash Flow Statement

NUS Investment Society										
Fixed Income Department (TMT Team)										
Sea Limited (NYSE:SE) Projected Financials, in US\$m										
FYE 31 December	2017A	2018A	2019A	2020A	2021A	2022E	2023E	2024E	2025E	2026E
Cash Flow Statement										
Cash flow from operations										
Net income/(loss) after tax	(562.65)	(962.28)	(1,458.42)	(1,624.84)	(2,043.64)	(844.33)	823.31	845.21	1,130.39	1,438.81
Adjustments:										
Allowance for credit losses	-	-	3.58	57.51	117.43	-	-	-	-	-
Amortisation of discount on convertible notes	-	14.15	33.33	88.20	100.14	94.17	97.16	95.66	96.41	96.04
Amortisation of intangible assets	17.57	23.83	4.85	11.69	18.35	15.02	16.69	15.85	16.27	16.06
Changes in fair value of convertible notes	51.95	(41.26)	472.88	0.09	-	-	-	-	-	-
Deferred income tax	(8.75)	(19.80)	(4.33)	(27.45)	(0.98)	(14.21)	(7.59)	(10.90)	(9.25)	(10.08)
Depreciation of property and equipment	23.35	54.90	116.78	169.07	260.68	214.87	237.78	226.33	232.05	229.19
Gain on disposal of subsidiaries	-	-	-	(62.12)	(1.60)	-	-	-	-	-
Gain on re-measurement of equity interests	(10.88)	-	(4.50)	(3.00)	-	-	-	-	-	-
Impairment loss on intangible assets	0.92	5.17	-	5.71	-	-	-	-	-	-
Impairment loss on inventories	-	-	2.18	4.71	6.20	5.46	5.83	5.64	5.74	5.69
Impairment loss on investments	1.15	3.42	1.16	61.24	-	-	-	-	-	-
Net (gain) loss on disposal of investments	(23.86)	(7.69)	(0.13)	(0.08)	12.21	6.06	9.14	7.60	8.37	7.99
Net foreign exchange differences	5.21	(10.23)	(0.29)	11.30	(45.21)	(16.96)	(31.09)	(24.02)	(27.55)	(25.79)
Net loss on debt extinguishment	-	-	-	24.40	2.07	-	-	-	-	-
Net unrealized loss on equity securities	-	-	-	24.15	30.45	-	-	-	-	-
Share-based compensation	28.64	58.12	117.07	290.25	470.32	380.29	425.30	402.79	414.05	408.42
Share of results of equity investees	1.91	3.07	3.24	(0.72)	(5.02)	(2.87)	(3.94)	(3.41)	(3.68)	(3.54)
Prepaid licensing fees written off	-	4.54	-	-	-	-	-	-	-	-
Unrecognised tax benefits	2.33	-	-	-	-	-	-	-	-	-
Others	2.57	4.78	(0.29)	(1.08)	10.41	4.66	7.54	6.10	6.82	6.46
Operating cash flow before changes in working capital	(470.53)	(869.28)	(712.90)	(970.98)	(1,068.18)	(157.84)	1,580.11	1,566.86	1,869.61	2,169.25
Add: net change in working capital	209.82	372.81	782.06	1,526.17	1,276.22	208.05	191.39	199.72	195.55	197.63
Net cash generated from operations	(260.71)	(496.47)	69.17	555.18	208.04	50.21	1,771.50	1,766.58	2,065.16	2,366.88

NUS Investment Society Fixed Income Department (TMT Team) Sea Limited (NYSE:SE) Projected Financials, in US\$m										
FYE 31 December	2017A	2018A	2019A	2020A	2021A	2022E	2023E	2024E	2025E	2026E
Cash flow from investing										
Purchase of property and equipment	(67.36)	(177.34)	(239.84)	(336.27)	(772.18)	(554.23)	(663.20)	(608.71)	(635.96)	(622.34)
Purchase of intangible assets and capitalised software costs	(12.39)	(1.14)	(7.25)	(20.78)	(35.00)	(27.89)	(31.44)	(29.67)	(30.56)	(30.11)
Purchase of investments	(23.43)	(69.64)	(118.46)	(219.55)	(2,505.36)	(1,362.45)	(1,933.91)	(1,648.18)	(1,791.04)	(1,719.61)
Acquisition of businesses, net of cash acquired	(18.09)	-	-	(92.19)	(22.76)	(22.76)	-	-	-	-
Disposal of subsidiaries, net of cash disposed	-	-	-	15.01	(11.78)	(11.78)	-	-	-	-
Loan to related parties	(0.40)	-	-	-	-	-	-	-	-	-
Repayment of loans from related parties	2.74	-	-	-	-	-	-	-	-	-
Proceeds from disposal of property and equipment	0.31	0.67	1.24	1.73	0.62	1.18	0.90	1.04	0.97	1.00
Proceeds from disposal of intangible assets	0.01	0.25	-	-	-	-	-	-	-	-
Proceeds from sale and maturity of investments	-	22.69	0.64	19.54	798.18	408.86	603.52	506.19	554.85	530.52
Distributions from investments	-	-	0.47	1.29	1.63	1.46	1.55	1.51	1.53	1.52
Change in loans receivable	-	-	-	(255.70)	(1,220.63)	-	-	-	-	-
Net cash used in investing activities	(118.61)	(224.53)	(363.22)	(886.91)	(3,767.27)	(1,567.61)	(2,022.59)	(1,777.83)	(1,900.21)	(1,839.02)
Cash flow from financing										
Repayment of borrowings and finance lease obligations	(3.89)	(2.70)	(2.87)	(31.83)	(1.25)	(16.54)	(8.89)	(12.72)	(10.81)	(11.76)
Proceeds from borrowings	3.89	2.06	0.87	1.22	115.28	58.25	86.77	72.51	79.64	76.07
Proceeds from issuance of convertible notes, net	674.30	564.94	1,138.50	1,141.36	2,846.25	1,993.81	2,420.03	2,206.92	2,313.47	2,260.19
Transaction with non-controlling interests	-	-	-	(20.74)	-	-	-	-	-	-
Purchase of capped call	-	-	(97.06)	(135.70)	-	-	-	-	-	-
Contribution by non-controlling interest	-	-	1.36	4.63	0.34	2.49	1.41	1.95	1.68	1.81
Payments for exchange and conversion of convertible notes	-	-	-	(50.01)	(1.94)	-	-	-	-	-
Proceeds from issuance of ordinary shares, net	960.92	4.57	1,538.80	2,970.25	4,050.06	3,510.15	3,780.10	3,645.13	3,712.62	3,678.87
Change in deposits payable	-	-	-	(146.06)	392.85	123.40	258.12	190.76	224.44	207.60
Acquisition of non-controlling interests	(11.38)	(25.77)	-	-	-	-	-	-	-	-
Proceeds from partial disposal of a subsidiary without a loss in control	-	3.53	-	-	-	-	-	-	-	-
Net cash generated from financing activities	1,623.84	546.63	2,579.60	3,733.13	7,401.59	5,671.55	6,537.54	6,104.54	6,321.04	6,212.79
Effect of foreign exchange rate changes on cash, cash equivalents and restricted cash	8.15	-12.55	25.03	80.73	-58.22	11.25	-23.48	-6.11	-14.80	-10.46
Beginning cash balance	190.82	1,443.49	1,256.58	3,567.14	7,049.27	10,833.41	14,998.82	21,261.78	27,348.96	33,820.16
Net change in cash flow	1,244.52	(174.37)	2,285.54	3,401.40	3,842.36	4,154.15	6,286.45	6,093.29	6,486.00	6,740.66
Ending cash balance	1,443.49	1,256.58	3,567.14	7,049.27	10,833.41	14,998.82	21,261.78	27,348.96	33,820.16	40,550.36