HSBC Global Investment Research

12 March 2026

China Data Centres

OpenClaw brings more upside potential

Equities
IT Services

China

- Catalyst 1: We believe OpenClaw will benefit data centre operators due to inference demand boom
- Catalyst 2, fund flow: gas turbine/diesel engine rally y-t-d; we think DC stocks should catch up
- Raise TP by c34% on GDS, preferred Buy with DayOne future financing rounds/potential IPO catalyst; maintain Buy on VNET

OpenClaw's boom to benefit data centre stocks: We think OpenClaw might be the inflection point of China's mass market accelerated adoption of AI agents. We think recent AI model companies' rally can be partially attributed to OpenClaw gaining popularity in China. Many cloud service providers like Tencent, Alibaba, and ByteDance have launched cloud-based solutions for OpenClaw. We believe this should boost AI model usage and increase inference demand, which benefits data centre operators.

Rotation out of AI power to data centre operators: Gas turbine and diesel engine players have had a strong rally y-t-d: Weichai Power-H (+61%), Doosan Enerbility (+36%), GE Vernova (+24%), and Caterpillar (+20%). We believe the Middle East Conflict raises concern on energy cost and is driving rotation out of gas/diesel equipment suppliers. We think capital inflow to DC operators will continue. **First**, data centre operators are more direct beneficiaries from OpenClaw's inference boom. **Second**, data centre operators underperformed relative to equipment suppliers y-t-d (GDS/VNET up only 15%/23%), creating catch-up opportunity. **Third**, GDS/VNET's upcoming results announcements on order wins and the order outlook could be catalysts.

DayOne's potential IPO provides upside risk for GDS: DayOne (GDS holds c27% of equity share) completed Series C fundraising in January 2026 at a valuation of cUSD9.4bn. GDS's shareholding in DayOne translates to USD11.18 per GDS share, which implies the market values its China business at only 11x 2027e adjusted EBITDA (vs China DC private REIT issuance multiple of 13x). We believe DayOne's underlying demand remains strong and potential future rounds of fundraising or IPO boosting DayOne's valuation could be catalysts for GDS shares.

Prefer GDS to VNET: We raise our GDS target price to USD62.70 from USD46.90 as we roll forward valuation to 2027e from 2026e, using 21x/13x target EV/adjusted EBITDA for DayOne/GDS China. Our TP for VNET remains USD14.40 (10.3x 2027e EV/adjusted EBITDA). Now we prefer GDS to VNET given DayOne valuation upside and accelerating China demand growth driven by OpenClaw.

Helen Fang*
Head of Industrials Research, Asia Pacific
The Hongkong and Shanghai Banking Corporation Limited
helen.c.fang@hsbc.com.hk
+852 2996 6942

Kenneth Chin*, CFA
Associate, Asia Industrials
The Hongkong and Shanghai Banking Corporation Limited
kenneth.t.k.chin@hsbc.com.hk
+852 2822 4521

Bart Liu*
Associate
Guangzhou

** Employed by a non-US affiliate of HSBC Securities (USA) Inc, and is not registered/ qualified pursuant to FINRA regulations*

Key changes to ratings and estimates

Company	Ticker	Currency	Current price	TP Old	TP New	Rating (unchanged)	Upside/ downside	Market cap (USDbn)	3m ADTV (USDm)	Consensus EV / EBITDA 2025e	2026e	2027e
GDS	GDS US	USD	43.89	46.90	62.70	Buy	+42.9%	8.6	93.6	16.7x	15.4x	13.5x
VNET	VNET US	USD	11.23	14.40	14.40	Buy	+28.2%	3.0	67.5	13.6x	10.7x	8.3x

Source: LSEG Eikon, HSBC estimates. Note: Priced as of close at 10 March 2026.

Financials & valuation: GDS Holdings

Buy

Financial statements

Year to	12/2024a	12/2025e	12/2026e	12/2027e
Profit & loss summary (CNYm)				
Revenue	10,322	11,457	12,460	14,053
EBITDA	4,395	4,911	5,275	5,846
Depreciation & amortisation	-3,243	-3,422	-3,644	-3,966
Operating profit/EBIT	1,152	1,488	1,631	1,880
Net interest	-1,835	-1,594	-1,489	-1,489
PBT	-615	2,387	142	391
HSBC PBT	-615	2,387	142	391
Taxation	-156	-1,110	-575	-585
Net profit	3,371	1,214	-498	-259
HSBC net profit	3,371	1,214	-498	-259
Cash flow summary (CNYm)				
Cash flow from operations	1,938	3,184	3,424	3,946
Capex	-8,761	-2,543	-4,798	-4,798
Cash flow from investment	-8,761	-2,543	-4,798	-4,798
Dividends	0	0	0	0
Change in net debt	2	-3,663	1,374	853
FCF equity	-6,822	642	-1,374	-853
Balance sheet summary (CNYm)				
Intangible fixed assets	16,616	17,031	17,031	17,031
Tangible fixed assets	45,419	44,571	45,725	46,558
Current assets	11,613	17,217	16,104	15,770
Cash & others	7,868	13,144	11,770	10,917
Total assets	73,649	78,819	78,860	79,359
Operating liabilities	4,100	3,848	4,030	4,392
Gross debt	43,062	45,637	45,637	45,637
Net debt	35,194	31,532	32,906	33,758
Shareholders' funds	23,539	26,581	26,430	26,556
Invested capital	61,455	61,683	62,917	63,906

Ratio, growth and per share analysis

Year to	12/2024a	12/2025e	12/2026e	12/2027e
Y-o-y % change				
Revenue	5.5	11.0	8.8	12.8
EBITDA	278.5	11.7	7.4	10.8
Operating profit		29.2	9.6	15.3
PBT			-94.0	174.8
HSBC EPS		-65.2	-141.0	
Ratios (%)				
Revenue/IC (x)	0.2	0.2	0.2	0.2
ROIC	2.5	1.3	-7.9	-1.5
ROE	15.5	4.8	-1.9	-1.0
ROA	-1.0	1.7	-0.5	-0.2
EBITDA margin	42.6	42.9	42.3	41.6
Operating profit margin	11.2	13.0	13.1	13.4
EBITDA/net interest (x)	2.4	3.1	3.5	3.9
Net debt/equity	148.7	118.1	123.9	126.5
Net debt/EBITDA (x)	8.0	6.4	6.2	5.8
CF from operations/net debt	5.5	10.1	10.4	11.7
Per share data (CNY)				
EPS Rep (diluted)	2.29	0.80	-0.33	-0.17
HSBC EPS (diluted)	2.29	0.80	-0.33	-0.17
DPS	0.00	0.00	0.00	0.00
Book value	15.96	17.42	17.32	17.40

Key forecast drivers

Year to	12/2024a	12/2025e	12/2026e	12/2027e
Aggregate NFA In service (sqm)	613,583	685,585	762,139	860,188
Utilisation rates (%)	74	74	74	77
MSR (RMB / Sqm / Month)	2,011	1,970	1,931	1,892

Valuation data

Year to	12/2024a	12/2025e	12/2026e	12/2027e
EV/sales	9.1	7.9	7.4	6.6
EV/EBITDA	21.4	18.4	17.4	15.8
EV/IC	1.5	1.5	1.5	1.4
PE*	132.1	nm	nm	nm
PB	18.9	17.3	17.4	17.3
FCF yield (%)	nm	1.1	nm	nm
Dividend yield (%)	0.0	0.0	0.0	0.0

* Based on HSBC EPS (diluted)

ESG metrics

Environmental Indicators	12/2024a
GHG emission intensity*	1,012.5
Energy intensity*	5,859.7
CO_2 reduction policy	Yes
Social Indicators	**12/2024a**
Employee costs as % of revenues	n/a
Employee turnover (%)	13
Diversity policy	Yes

Governance Indicators	12/2025a
No. of board members	11
Average board tenure (years)	n/a
Female board members (%)	18.2
Board members independence (%)	45.5

Source: Company data, HSBC

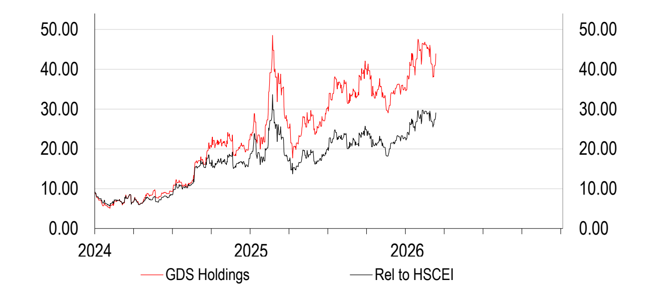
* GHG intensity and energy intensity are measured in kg and kWh respectively against revenue in USD '000s

Issuer information

Share price (USD)	43.89
Target price (USD)	62.70
RIC (Equity)	GDS.O
Bloomberg (Equity)	GDS US
Market cap (USDm)	8,555

Free float	94%
Sector	Internet Software & Services
Country/Region	China
Analyst	Helen Fang
Contact	+852 2996 6942

Price relative



Source: HSBC

Note: Priced at close of 10 Mar 2026

Financials & valuation: VNET Group

Buy

Financial statements

Year to	12/2024a	12/2025e	12/2026e	12/2027e
Profit & loss summary (CNYm)				
Revenue	8,259	9,818	11,496	14,424
EBITDA	2,268	3,422	3,966	4,913
Depreciation & amortisation	-1,598	-2,568	-2,982	-3,638
Operating profit/EBIT	669	854	984	1,275
Net interest	-373	-530	-594	-627
PBT	475	-226	462	739
HSBC PBT	475	-226	462	739
Taxation	-234	-231	-225	-223
Net profit	183	-559	104	349
HSBC net profit	183	-559	104	349
Cash flow summary (CNYm)				
Cash flow from operations	2,005	1,759	2,823	3,526
Capex	-4,924	-10,800	-9,197	-10,097
Cash flow from investment	-4,391	-10,800	-9,197	-10,097
Dividends	0	0	0	0
Change in net debt	3,226	6,998	6,374	6,571
FCF equity	-2,918	-9,041	-6,374	-6,571
Balance sheet summary (CNYm)				
Intangible fixed assets	1,404	1,404	1,404	1,404
Tangible fixed assets	24,133	30,366	36,581	43,039
Current assets	6,820	8,246	6,671	4,532
Cash & others	2,038	3,088	1,108	-1,737
Total assets	32,357	40,016	44,656	48,975
Operating liabilities	13,185	13,312	13,453	13,698
Gross debt	11,517	19,565	23,960	27,685
Net debt	9,479	16,477	22,851	29,423
Shareholders' funds	6,366	5,807	5,911	6,260
Invested capital	17,134	23,616	30,095	37,015

Ratio, growth and per share analysis

Year to	12/2024a	12/2025e	12/2026e	12/2027e
Y-o-y % change				
Revenue	11.4	18.9	17.1	25.5
EBITDA		50.9	15.9	23.9
Operating profit		27.6	15.2	29.6
PBT		-147.5		59.9
HSBC EPS		-405.1		234.7
Ratios (%)				
Revenue/IC (x)	0.5	0.5	0.4	0.4
ROIC	2.2	8.5	1.9	2.7
ROE	3.0	-9.2	1.8	5.7
ROA	0.8	-1.3	0.6	1.1
EBITDA margin	27.5	34.9	34.5	34.1
Operating profit margin	8.1	8.7	8.6	8.8
EBITDA/net interest (x)	6.1	6.5	6.7	7.8
Net debt/equity	137.0	259.0	353.4	431.7
Net debt/EBITDA (x)	4.2	4.8	5.8	6.0
CF from operations/net debt	21.2	10.7	12.4	12.0
Per share data (CNY)				
EPS Rep (diluted)	0.11	-0.32	0.06	0.20
HSBC EPS (diluted)	0.11	-0.32	0.06	0.20
DPS	0.00	0.00	0.00	0.00
Book value	3.65	3.33	3.39	3.59

Key forecast drivers

Year to	12/2024a	12/2025e	12/2026e	12/2027e
Retail cabinets in service (units)	48,705	0	0	0
Wholesale capacity in service (MW)	486	849	1,179	1,609

Valuation data

Year to	12/2024a	12/2025e	12/2026e	12/2027e
EV/sales	3.6	3.8	3.8	3.5
EV/EBITDA	13.2	10.8	10.9	10.2
EV/IC	1.7	1.6	1.4	1.3
PE*	nm	nm	nm	nm
PB	21.1	23.2	22.8	21.5
FCF yield (%)	nm	nm	nm	nm
Dividend yield (%)	0.0	0.0	0.0	0.0

* Based on HSBC EPS (diluted)

ESG metrics

Environmental Indicators	12/2024a
GHG emission intensity*	1,125.9
Energy intensity*	1,775.9
CO_2 reduction policy	Yes
Social Indicators	**12/2024a**
Employee costs as % of revenues	n/a
Employee turnover (%)	28
Diversity policy	Yes

Governance Indicators	12/2024a
No. of board members	6
Average board tenure (years)	6.3
Female board members (%)	0
Board members independence (%)	66.7

Source: Company data, HSBC

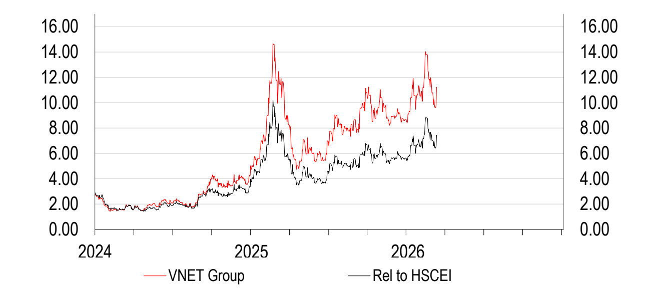
* GHG intensity and energy intensity are measured in kg and kWh respectively against revenue in USD '000s

Issuer information

Share price (USD)	11.23
Target price (USD)	14.40
RIC (Equity)	VNET.OQ
Bloomberg (Equity)	VNET US
Market cap (USDm)	2,980

Free float	93%
Sector	It Services
Country/Region	China
Analyst	Helen Fang
Contact	+852 2996 6942

Price relative



Source: HSBC

Note: Priced at close of 10 Mar 2026

GDS Holdings (GDS US, Buy, TP USD62.70)

Valuation and risks

GDS valuation

We continue to value GDS Holdings using a sum-of-the-parts (SOTP) approach.

- For DayOne, we use a target EV/EBITDA multiple of 21x, on par with Equinix's forward multiple over the past 12 months (unchanged). Applying our target multiple to DayOne's 2027e adjusted EBITDA (previously 2026e), subtracting net debt and FX conversion and considering GDS's 27.3% ownership (previously 35.6%) in DayOne, we arrive at a fair value of USD5,499m (previously USD3,682m) for GDS shareholders. Our DayOne per GDS Holdings ADS fair value is USD23.92 (previously USD16.01).
- For GDS's mainland China business, we use 13x forward EV/EBITDA as the target multiple (unchanged) to reflect the market discount on the Listco combining mature China DCs, ramping up China DCs, and minority interest in DayOne. C-REIT trades above 20x EV/EBITDA. Applying our target multiple to our latest 2027e GDS (previously 2026e) mainland China business adjusted EBITDA forecast renders an equity value per ADS of USD38.81 (previously USD30.85).

Adding the DayOne and GDS mainland China business valuations, we derive a rounded TP of USD62.70 (previously USD46.90). With c43% implied upside, we maintain our Buy rating.

Exhibit 1: GDS Holdings SOTP valuation – new

DayOne (International business)		GDS mainland China business		GDS Holdings	
2027e DayOne adjusted EBITDA (RMB)	7,271	2027e adjusted EBITDA (RMBm)…d	6,315	GDS Listco fair value per ADS…k=x+y	USD62.70 (rounded)
Target EV/EBITDA (x)	21.0	Target EV/adjusted EBITDA (x)…e	13x		
DayOne EV (RMB)	152,691	EV (RMBm)…f=d*e	82,094		
DayOne net debt (RMB)*	12,927	Net debt (RMBm)…g*	29,518		
DayOne equity value (RMB)	139,764	Equity value (RMBm)…h=f-g	52,576		
		Number of ADSs (m ADSs)…i^	195		
GDS Holdings ownership in DayOne (%)	27.3%	Equity value per ADS (RMB)…j=h/i	270		
DayOne equity value for GDS Holdings (USD)	5,499	USD/RMB FX rate**	6.95		
DayOne equity value per GDS Holdings ADS (USD)	23.92	Equity value per GDS Holdings ADS (USD)…y	38.81		

*Pro forma net debt as of 3Q25, ^Basic number of ADS estimate, **HSBC FX team 3Q26 forecast
Source: HSBC estimates

Exhibit 2: GDS Holdings SOTP valuation – old

DayOne (International business)		GDS mainland China business		GDS Holdings	
2026e DayOne adjusted EBITDA (RMBm)	3,869	2026e adjusted EBITDA (RMBm)…d	5,691	GDS Listco fair value per ADS…k=x+y	USD46.90 (rounded)
Target EV/EBITDA (x)	21.0	Target 2025e EV/adjusted EBITDA (x)…e	13x		
DayOne EV (RMBm)	81,254	EV (RMBm)…f=d*e	73,984		
DayOne net debt (RMBm)*	9,372	Net debt (RMBm)…g*	32,193		
DayOne equity value (RMBm)	71,881	Equity value (RMBm)…h=f-g	41,791		
		Number of ADSs (m ADSs)…i^	195		
GDS Holdings ownership in DayOne (%)	35.6%	Equity value per ADS (RMB)…j=h/i	214		
DayOne equity value for GDS Holdings (USDm)	3,682	USD/RMB FX rate**	6.95		
DayOne equity value per GDS Holdings ADS (USD)	16.01	Equity value per GDS Holdings ADS (USD)…y	30.85		

*Pro forma net debt as of 3Q25, ^Basic number of ADS estimate, **HSBC FX team 2Q26 forecast
Source: HSBC estimates

GDS Hong Kong-listed share (9698 HK) valuation

We derive GDS's Hong Kong-listed share (9698 HK) value using our US-listed share (GDS US) target price of USD62.70 (previously: USD46.90) multiplied by 7.8 (HSBC Global Research FX team's 3Q26e HKD-USD forecast) and divided by 8.0 (ADS/ordinary share conversion rate of 1/8). Our resulting target price is HKD61.10 (previously HKD45.70).

Exhibit 3: Hong Kong-listed share (9698 HK) valuation

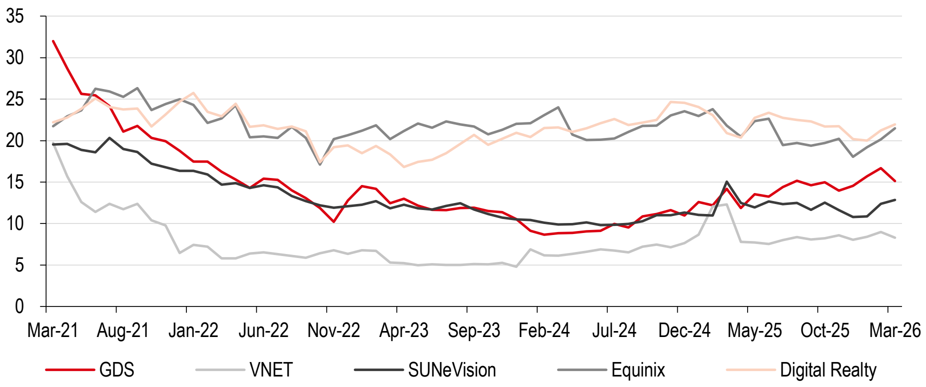
Item	Old	New
GDS US target price (USD)…a	46.90	62.70
USD/HKD…b	7.80	7.80
ADS/Ordinary share conversion…c	8.00	8.00
GDS Holdings fair value per share (HKD)…d=(a*b)/c	**45.70**	**61.10**

Source: HSBC estimates

Downside risks

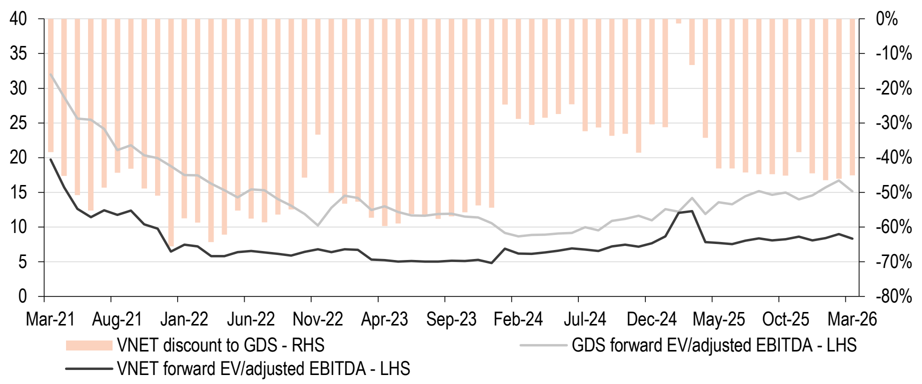
Failure to win large new orders; slowdown in DayOne's growth, resulting in de-rating and causing GDS Holdings' shareholding value in DayOne to decrease; chip shortage slowing data centre utilisation ramp-up or order growth; AI data centre investment slowdown; and failure to secure funding for capex or debt refinancing.

Exhibit 4: GDS forward EV/EBITDA multiple vs major peers



Source: LSEG Datastream, HSBC estimates. Note: SUNeVision (1686 HK, CMP HKD6.54 Buy), Equinix (EQIX US, CMP USD956.07 Buy), Digital Realty Trust Inc (DLR US, CMP USD180.86, Buy), VNET Group (VNET US, CMP USD11.23, Buy)

Exhibit 5: VNET vs GDS trading discount



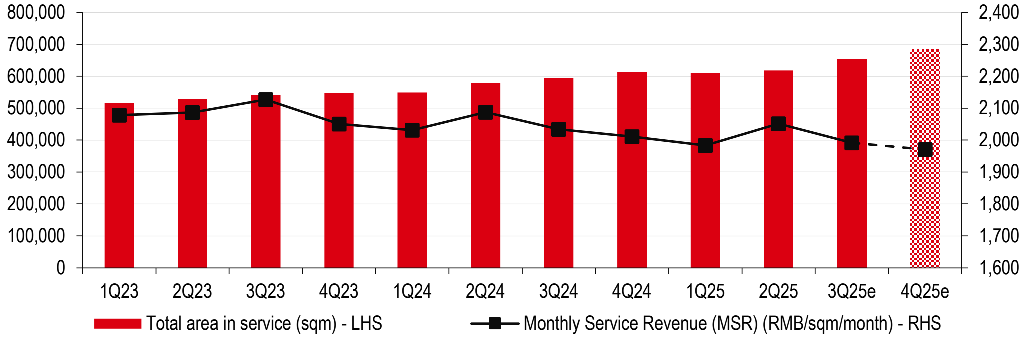
Source: Bloomberg, HSBC calculation

Exhibit 6: GDS earnings forecasts

RMBm	1Q25	2Q25	3Q25	4Q25e	2024	2025e	2026e	2027e
Service revenue	2,723	2,898	2,886	2,946	10,322	11,454	12,460	14,053
Equipment sales	0	2	1	0	0	3	0	0
Total net revenue	**2,723**	**2,900**	**2,887**	**2,946**	**10,322**	**11,457**	**12,460**	**14,053**
y-o-y	*12.0%*	*12.4%*	*10.2%*	*9.5%*	*5.5%*	*11.0%*	*8.8%*	*12.8%*
Cost of revenue	(2,078)	(2,211)	(2,248)	(2,276)	(8,099)	(8,813)	(9,572)	(10,783)
Gross profit	**645**	**689**	**639**	**671**	**2,223**	**2,644**	**2,888**	**3,270**
GP margin	*23.7%*	*23.8%*	*22.1%*	*22.8%*	*21.5%*	*23.1%*	*23.2%*	*23.3%*
Operating expenses								
Selling and marketing expenses	(33)	(34)	(40)	(33)	(116)	(140)	(153)	(158)
General and administrative expenses	(239)	(232)	(228)	(284)	(918)	(982)	(1,069)	(1,192)
Research and development expenses	(8)	(9)	(8)	(8)	(36)	(32)	(35)	(40)
Impairment losses of long-lived assets					-			
Income from operations	**365**	**415**	**362**	**346**	**1,152**	**1,488**	**1,631**	**1,880**
Other income (expenses):								
Net interest expenses	(441)	(405)	(375)	(372)	(1,835)	(1,594)	(1,489)	(1,489)
Foreign currency exchange gain (loss), net	1	1	(1)	0	19	2	0	0
Others, net	1,067	9	1,385	30	49	2,491	0	0
Loss before income taxes	**992**	**20**	**1,372**	**4**	**(615)**	**2,387**	**142**	**391**
Share of results of equity method investees	(28)	(26)	(461)	0		(515)	0	0
Income tax (expense)s / benefits	(200)	(65)	(182)	(149)	(156)	(595)	(575)	(585)
Net (loss) income from continuing operations	**764**	**(71)**	**729**	**(145)**	**(771)**	**1,277**	**(432)**	**(193)**
Net income from continuing operations attributable to non-controlling interests	1	2	3	3	6	8	11	11
Net loss from continuing operations attributable to GDS Holdings Limited shareholders	**763**	**(72)**	726	(148)	**(777)**	**1,269**	**(443)**	**(204)**
Loss from operations of discontinued operations, net of income taxes					(401)			
Gain on deconsolidation of subsidiaries					4,476			
(Loss) income from discontinued operations					**4,075**			
Net loss from discontinued operations attributable to non-controlling interests					(7)			
Net loss from discontinued operations attributable to redeemable non-controlling interest					(120)			
Net loss from discontinued operations attributable to redeemable non-controlling interests					**4,203**			
Net (loss) income attributable to GDS Holdings Limited shareholders	**763**	**(72)**	726	(148)	**3,425**	1,269	(443)	(204)
Cumulative dividend on redeemable preferred shares	(13)	(14)	(14)	(14)	(54)	(54)	(55)	(55)
Net (loss) income available to GDS Holdings Limited ordinary shareholders	**750**	**(86)**	**712**	**(162)**	**3,371***	**1,214**	**(498)**	**(259)**
EPS	0.49	(0.06)	0.46	(0.10)	2.29	0.80	(0.33)	(0.17)
Earnings per ADS	3.92	(0.48)	3.68	(0.84)	18.37*	6.37	(2.61)	(1.36)
Net loss	**764**	**(71)**	**729**	**(145)**	**3,304**	**1,277**	**(432)**	**(193)**
Loss (income) from discontinued operations	-				(4,075)			
Net loss from continuing operations	**764**	**(71)**	**729**	**(145)**	**(771)**	**1,277**	**(432)**	**(193)**
Net interest expenses	441	405	375	372	1,835	1,594	1,489	1,489
Income tax expenses	200	65	182	149	156	595	575	585
Depreciation & amortisation	857	857	861	848	3,243	3,422	3,644	3,966
Operating lease costs to prepaid land use rights	28	27	27	27	110	109	116	131
Accretion expenses for asset retirement costs	2	2	2	2	7	7	8	9
Share-based compensation expenses	62	61	75	62	296	260	292	329
Share of results of equity method investees	28	26	461	0		515	0	0
Others, net	(1,057)	0	(1,369)	0		(2,426)	0	0
Adjusted EBITDA	**1,324**	**1,372**	**1,342**	**1,316**	**4,876**	**5,353**	**5,691**	**6,315**
y-o-y	*16.1%*	*11.2%*	*11.4%*	*1.4%*	*3.0%*	*9.8%*	*6.3%*	*11.0%*
Adjusted EBITDA margin	*48.6%*	*47.3%*	*46.5%*	*44.7%*	*47.2%*	*46.7%*	*45.7%*	*44.9%*

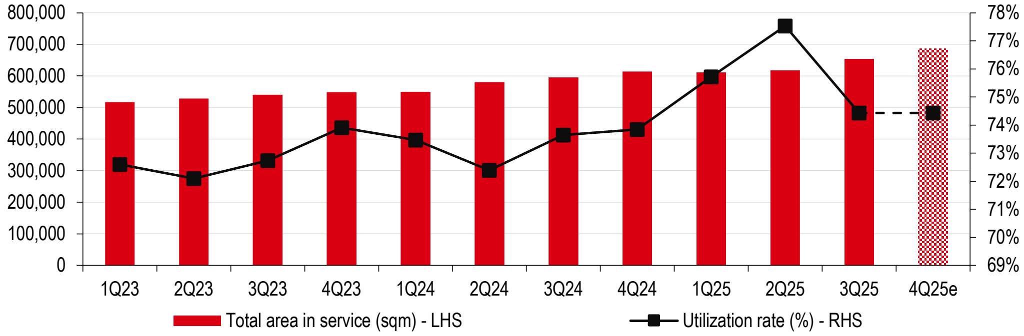
*RMB831m of net loss excluding discontinued operations; net loss per ADS of RMB4.51 excluding discontinued operations. Source: Company data, HSBC estimates

Exhibit 7: GDS total area in service and MSR estimates



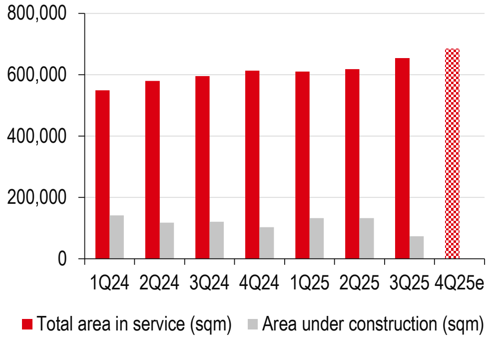
Source: Company data, HSBC estimates

Exhibit 8: GDS total area in service and utilisation rate forecast



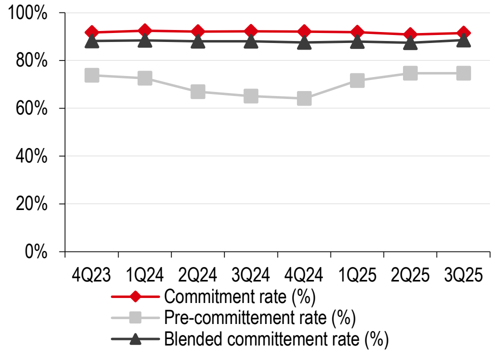
Source: Company data, HSBC estimates

Exhibit 9: GDS area in service and area under construction by quarter



Source: Company data, HSBC estimates

Exhibit 10: GDS commitment rate and pre-commitment rate by quarter



Source: Company data, HSBC

Exhibit 11: GDS mainland China IDC location breakdown, 3Q25 (sqm)

	Number of self-developed IDCs	Area in service	Area under construction	Total capacity
Beijing-Tianjin-Hebei	45	347,458	29,754	377,213
Yangtze River Delta	28	194,033	22,234	216,267
Greater Bay Area	14	80,216	13,356	93,572
Chengdu-Chongqing	3	18,988	4,190	23,177
Other (mainland China)	5	13,066	3,231	16,296
Total	**95**	**653,761**	**72,764**	**726,525**

Source: Company data

VNET (VNET US, Buy, TP USD14.40)

Valuation and risks

VNET valuation

We value VNET at a target EV/adjusted EBITDA multiple of 13x (unchanged), which is benchmarked vs the valuation multiple of private REIT projects. Applying this target multiple to our 2026 adjusted EBITDA estimate of RMB3,498m (unchanged) and an HSBCe 3Q26e USD/RMB exchange rate of 6.95 renders an equity value per ADR of USD14.40 (unchanged). With c28% implied upside, we maintain a Buy rating. We believe VNET offers pure exposure to China AI computing growth with undemanding valuation.

Exhibit 12: VNET valuation

Adjusted EBITDA, 2026e	3,498.26
Target EV/adjusted EBITDA multiple (x)	13.0x
Enterprise value (RMB)	45,477.39
Net debt (RMBm)	17,987.56*
Minority interest (RMBm)	596.40*
Equity value (RMB)	26,893.43
Equity value per share (RMB)	16.67
Equity value per ADR (RMB)	99.99
USD/RMB	6.95
Equity value per ADR (USD, rounded)	**14.40**

*Actual as of 3Q25. Source: HSBC estimates

Downside risks

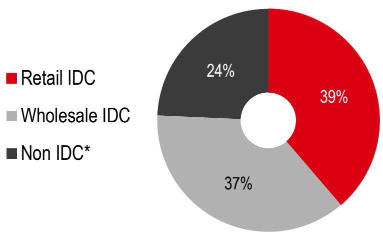
Failure to win new large orders from key customers; GPU supply constraints slowing utilisation ramp-up or order growth; pricing pressure for future wholesale projects; difficulty accessing bank loans or other financing channels, resulting in a delay in capex and the capacity delivery plan; higher financing costs due to an increasing leverage ratio; slower-than-expected move-in or weaker-than-expected demand from wholesale clients; slower capacity delivery for wholesale IDCs; difficulty acquiring new wholesale customers; and a delay in asset monetisation through REIT sales.

Exhibit 13: VNET – earnings summary

RMBm		1Q25	2Q25	3Q25	4Q25e	2024a	2025e	2026e	2027e
Revenue		**2,246**	**2,434**	**2,582**	**2,557**	**8,259**	**9,818**	**11,496**	**14,424**
	y-o-y	*18.3%*	*22.1%*	*21.7%*	*13.8%*	*11.4%*	*18.9%*	*17.1%*	*25.5%*
Cost of goods sold		(1,681)	(1,886)	(2,043)	(1,975)	(6,427)	(7,584)	(8,880)	(11,105)
Gross profit		**565**	**548**	**539**	**582**	**1,832**	**2,234**	**2,616**	**3,319**
	y-o-y	*37.6%*	*28.9%*	*9.6%*	*15.2%*	*41.8%*	*21.9%*	*17.1%*	*26.9%*
	GPM	*25.2%*	*22.5%*	*20.9%*	*22.8%*	*22.2%*	*22.8%*	*22.8%*	*23.0%*
Sales and marketing expenses		(64)	(70)	(71)	(76)	(264)	(281)	(341)	(428)
General and administrative expenses		(180)	(212)	(186)	(210)	(659)	(788)	(980)	(1,226)
Research and development expenses		(44)	(68)	(71)	(64)	(247)	(247)	(289)	(363)
Other operating income/expense		(29)	(25)	(5)	(5)	7	(64)	(22)	(27)
Operating profit		**249**	**173**	**206**	**227**	**669**	**854**	**984**	**1,275**
	y-o-y	*435.4%*	*-11.1%*	*7.5%*	*-4.2%*	*-134.0%*	*27.6%*	*15.2%*	*29.6%*
	OPM	*11.1%*	*7.1%*	*8.0%*	*8.9%*	*8.1%*	*8.7%*	*8.6%*	*8.8%*
EBITDA		**735**	**649**	**848**	**869**	**2,268**	**3,422**	**3,966**	**4,913**
	y-o-y	*73.5%*	*11.2%*	*45.0%*	*28.6%*	*-1486.4%*	*50.9%*	*15.9%*	*23.9%*
	EBITDA margin	*32.7%*	*26.7%*	*32.9%*	*34.0%*	*27.5%*	*34.9%*	*34.5%*	*34.1%*
Adjusted EBITDA		**682**	**732**	**758**	**779**	**2,430**	**2,952**	**3,498**	**4,435**
	y-o-y	*26.4%*	*27.7%*	*27.5%*	*8.0%*	*19.1%*	*21.5%*	*18.5%*	*26.8%*
	Adjusted EBITDA margin	*30.4%*	*30.1%*	*29.4%*	*30.5%*	*29.4%*	*30.1%*	*30.4%*	*30.8%*
Interest income		7	17	9	7	28	11	9	0
Interest expense		(101)	(158)	(151)	(135)	(401)	(541)	(603)	(627)
FX gain/(loss)		10	9	16	16	(19)	51	72	90
Changes in fair value of financial instruments		(335)	70	(337)	-	(74)	(602)	-	-
Other gains/(losses)		-	5	-	-	246	-	-	-
Other income (expense), net		(1)	(5)	2	-	25	1	-	-
Profit /(loss) before tax		**(171)**	**112**	**(256)**	**115**	**475**	**(226)**	**462**	**739**
	y-o-y	*71.0%*	*-12.5%*	*-170.6%*	*36.2%*	*-119.1%*	*-147.5%*	*-304.9%*	*59.9%*
Tax expense		(52)	(95)	(21)	(63)	(234)	(231)	(225)	(223)
	effective tax rate	*-30.4%*	*85.0%*	*-8.4%*	*54.7%*	*49.3%*	*-102.6%*	*48.7%*	*30.2%*
Gain/(loss) from equity method investment		3	0	2	2	8	7	9	11
Minority interests		(17)	(29)	(32)	(31)	(65)	(109)	(141)	(177)
Net income /(loss) attributable to shareholders		**(238)**	**(12)**	**(307)**	**22**	**183**	**(559)**	**104**	**349**
	y-o-y	*27.0%*	*-118.7%*	*-196.7%*	*-293.1%*	*-106.9%*	*-405.1%*	*-118.6%*	*234.7%*
	Net margin	*-10.6%*	*-0.5%*	*-11.9%*	*0.9%*	*2.2%*	*-5.7%*	*0.9%*	*2.4%*

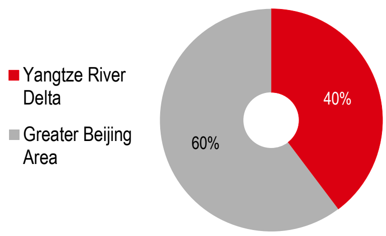
Source: Company data, HSBC estimates

Exhibit 14: VNET – revenue breakdown, 3Q25



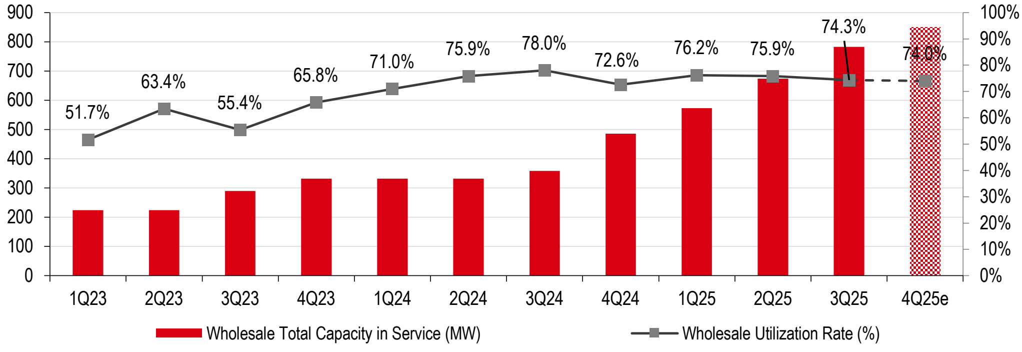
*Non-IDC business consists of cloud services and VPN services
Source: LSEG Datastream, HSBC

Exhibit 15: VNET – Wholesale IDC capacity breakdown, 3Q25



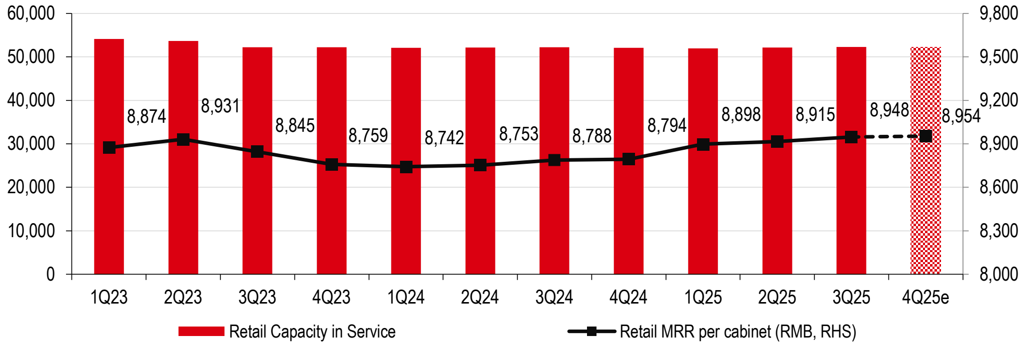
Source: LSEG Datastream, HSBC

Exhibit 16: VNET – wholesale capacity in service and utilisation rate



Source: Company data, HSBC estimates

Exhibit 17: VNET – retail capacity in service and retail monthly recurring revenue (MRR)



Source: Company data, HSBC estimates

Exhibit 18: VNET – 3Q25 resource pipeline to support IDC growth

IDC name	Type	Status	9M25Capacity (MW)	4Q25e-1Q26e Capacity (MW)	2Q26e-3Q26e Capacity (MW)	Next 12M Total (MW)
Greater Beijing Area						
N-HB Campus 01 A	Owned	In Service	35	-	-	-
N-HB Campus 03	Owned	Under Construction	-	29	-	29
N-HB04	Leased	Under Construction	14	21	-	21
N-OR Campus 01	Owned	Under Construction	119	9	9	17
N-OR Campus 02	Owned	Under Construction	57	64	45	109
N-OR Campus 03	Owned	Under Construction	-	-	54	54
N-OR07 A	Leased	In Service	19	-	-	-
N-OR08 A	Leased	Under Construction	9	9	-	9
Yangtze River Delta						
E-JS Campus 03	Owned	Under Construction	32	-	66	66
E-JS04	Leased	In Service	13	-	-	-
Total			**297**	**132**	**174**	**306**

Note: Parts may not sum to total due to rounding. Source: Company data, HSBC estimates

Exhibit 19: VNET – wholesale projects in-service

IDC code	Tenure	Capacity in service (MW)
Greater Beijing Area		
BJ15	Owned	9
N-HB02 Phase 1	Owned	28
N-HB Campus 01 A	Owned	35
N-HB Campus 01 B	Owned	36
N-OR Campus 01	Owned	143
N-OR Campus 02	Owned	57
N-HB02 Phase 2	Leased	19
N-HB03	Leased	12
N-HB04	Leased	14
N-OR02	Leased	29
N-OR04	Leased	14
N-OR05	Leased	16
N-OR06	Leased	32
N-OR07 A	Leased	19
N-OR08 A	Leased	9
Yangtze River Delta		
E-JS Campus 01 Phase 1	Owned	28
E-JS Campus 01 Phase 2	Owned	16
E-JS Campus 02 A	Owned	25
E-JS Campus 02 B	Owned	24
E-JS Campus 02 C	Owned	26
E-JS Campus 02 D	Owned	26
E-JS Campus 02 E	Owned	64
E-JS Campus 03	Owned	32
E-JS02 A	Leased	13
E-JS02 B	Leased	13
E-JS02 C	Leased	13
E-JS03	Leased	15
E-JS04	Leased	15
Total in service		**783**

Source: Company data, HSBC

Exhibit 20: VNET – wholesale projects under construction

IDC code	Tenure	Capacity under construction (MW)	Total capacity pre-committed (MW)*	Ready for service
Yangtze River Delta				
E-JS Campus 03	Owned	66	0	2H26
Greater Beijing Area				
N-HB Campus 03	Owned	29	29	2H25
N-HB04	Leased	21	21	1H26
N-OR Campus 01	Owned	17	17	2H26
N-OR Campus 02	Owned	109	64	2H26
N-OR Campus 03	Owned	54	0	2H26
N-OR08 A	Leased	9	9	2H25
Total		**306**	**141**	

Note: *Total capacity pre-committed is the capacity under construction which is pre-committed to customers pursuant to customer agreements remaining in effect.

Source: Company data, HSBC

Exhibit 21: VNET – large customer order wins

IDC code	Capacity contracted/under MOU (MW)	Signing time	Client type
Greater Beijing Area			
N-OR05	14	2Q22	Internet
N-OR06	33	4Q22	Internet
N-HB01	7	2Q23	Local Service
N-HB01	1.5	1Q24	Local Service
N-OR Campus 01	200	2Q24	Internet
N-OR Campus 01	19	3Q24	IT Services
N-OR Campus 01	16	3Q24	IT Services
N-OR Campus 01	32	3Q24	Internet
N-HB03	14	3Q24	Internet
N-HB01	1.2	3Q24	Semiconductor
N-OR07 & 08	100	4Q24	Internet
N-OR Campus 02	55	1Q25	Cloud Services
JV project	64	1Q25	Internet
N-HB Campus 01	6	1Q25	Intelligent Driving
JV project	20	3Q25	Cloud Service
N-HB Campus 01 A	3	3Q25	Intelligent Driving
N-HB Campus 03	40	3Q25	Internet
Yangtze River Delta			
E-JS03	15	3Q22	Cloud Service
E-JS Campus 02	115	1Q23	Internet
E-JS Campus 02	45	3Q23	Internet
E-JS04	15	1Q24	Cloud Service
E-JS Campus 01 Phase 2	2.5	1Q24	Local Service
E-JS Campus 03	32	4Q24	Internet
E-JS Campus 03	32	4Q25	Internet
Other Regions			
N-OR03	1.8	3Q24	ICT Services
GZ03	1.5	4Q24	Intelligent Driving
Greater Beijing Area, Yangtze River Delta, Greater Bay Area, and Other Region			
Multiple Retail IDCs	4	1Q25	Internet, Finance, Local Services, Intelligent Driving, and Gaming
Multiple Retail IDCs	4	2Q25	IT services, Internet, AIoT, and Financial Services
Multiple Retail IDCs	2	3Q25	Cloud Services, Local Services and Financial Services, etc.

Source: Company data, HSBC

Disclosure appendix

Analyst Certification

The following analyst(s), economist(s), or strategist(s) who is(are) primarily responsible for this report, including any analyst(s) whose name(s) appear(s) as author of an individual section or sections of the report and any analyst(s) named as the covering analyst(s) of a subsidiary company in a sum-of-the-parts valuation certifies(y) that the opinion(s) on the subject security(ies) or issuer(s), any views or forecasts expressed in the section(s) of which such individual(s) is(are) named as author(s), and any other views or forecasts expressed herein, including any views expressed on the back page of the research report, accurately reflect their personal view(s) and that no part of their compensation was, is or will be directly or indirectly related to the specific recommendation(s) or views contained in this research report: Helen Fang and Kenneth Chin, CFA

Important disclosures

Equities: Stock ratings and basis for financial analysis

HSBC and its affiliates, including the issuer of this report ("HSBC") believes an investor's decision to buy or sell a stock should depend on individual circumstances such as the investor's existing holdings, risk tolerance and other considerations and that investors utilise various disciplines and investment horizons when making investment decisions. Ratings should not be used or relied on in isolation as investment advice. Different securities firms use a variety of ratings terms as well as different rating systems to describe their recommendations and therefore investors should carefully read the definitions of the ratings used in each research report. Further, investors should carefully read the entire research report and not infer its contents from the rating because research reports contain more complete information concerning the analysts' views and the basis for the rating.

From 23rd March 2015 HSBC has assigned ratings on the following basis:

The target price is based on the analyst's assessment of the stock's actual current value, although we expect it to take six to 12 months for the market price to reflect this. When the target price is more than 20% above the current share price, the stock will be classified as a Buy; when it is between 5% and 20% above the current share price, the stock may be classified as a Buy or a Hold; when it is between 5% below and 5% above the current share price, the stock will be classified as a Hold; when it is between 5% and 20% below the current share price, the stock may be classified as a Hold or a Reduce; and when it is more than 20% below the current share price, the stock will be classified as a Reduce.

Our ratings are re-calibrated against these bands at the time of any 'material change' (initiation or resumption of coverage, change in target price or estimates).

Upside/Downside is the percentage difference between the target price and the share price.

Prior to this date, HSBC's rating structure was applied on the following basis:

For each stock we set a required rate of return calculated from the cost of equity for that stock's domestic or, as appropriate, regional market established by our strategy team. The target price for a stock represented the value the analyst expected the stock to reach over our performance horizon. The performance horizon was 12 months. For a stock to be classified as Overweight, the potential return, which equals the percentage difference between the current share price and the target price, including the forecast dividend yield when indicated, had to exceed the required return by at least 5 percentage points over the succeeding 12 months (or 10 percentage points for a stock classified as Volatile*). For a stock to be classified as Underweight, the stock was expected to underperform its required return by at least 5 percentage points over the succeeding 12 months (or 10 percentage points for a stock classified as Volatile*). Stocks between these bands were classified as Neutral.

*A stock was classified as volatile if its historical volatility had exceeded 40%, if the stock had been listed for less than 12 months (unless it was in an industry or sector where volatility is low) or if the analyst expected significant volatility. However, stocks which we did not consider volatile may in fact also have behaved in such a way. Historical volatility was defined as the past month's average of the daily 365-day moving average volatilities. In order to avoid misleadingly frequent changes in rating, however, volatility had to move 2.5 percentage points past the 40% benchmark in either direction for a stock's status to change.

Rating distribution for long-term investment opportunities

As of 31 December 2025, the distribution of all independent ratings published by HSBC is as follows:

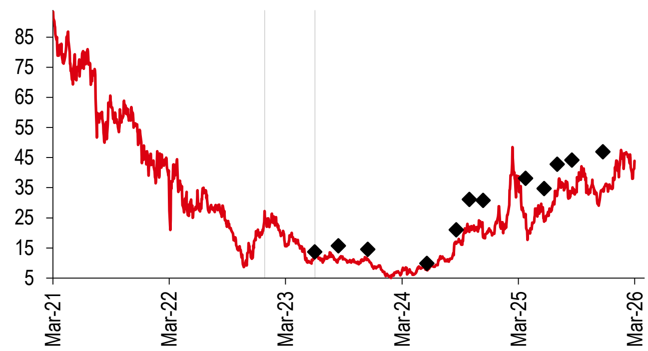
Buy	57%	(12% of these provided with Investment Banking Services in the past 12 months)
Hold	37%	(13% of these provided with Investment Banking Services in the past 12 months)
Sell	6%	(5% of these provided with Investment Banking Services in the past 12 months)

For the purposes of the distribution above the following mapping structure is used during the transition from the previous to current rating models: under our previous model, Overweight = Buy, Neutral = Hold and Underweight = Sell; under our current model Buy = Buy, Hold = Hold and Reduce = Sell. For rating definitions under both models, please see "Stock ratings and basis for financial analysis" above.

For the distribution of non-independent ratings published by HSBC, please see the disclosure page available at *http://www.hsbcnet.com/gbm/financial-regulation/investment-recommendations-disclosures*.

Share price and rating changes for long-term investment opportunities

GDS Holdings (GDS.O) share price performance USD Vs HSBC rating history



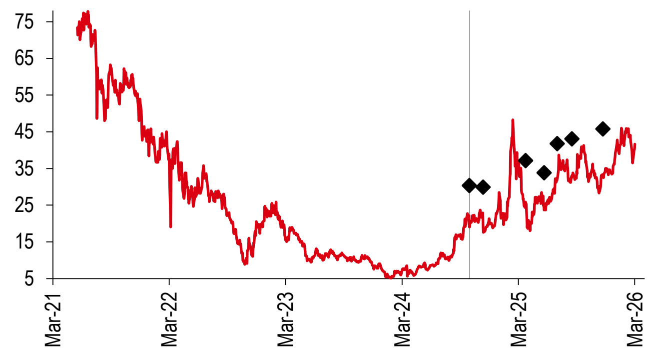
Source: HSBC

Rating & target price history

From	To	Date	Analyst
Buy	Restricted	04 Jan 2023	
Restricted	Buy	11 Jun 2023	Helen Fang
Target price	**Value**	**Date**	**Analyst**
Price 1	Restricted	04 Jan 2023	
Price 2	13.60	11 Jun 2023	Helen Fang
Price 3	15.70	24 Aug 2023	Helen Fang
Price 4	14.50	24 Nov 2023	Helen Fang
Price 5	9.80	27 May 2024	Helen Fang
Price 6	21.00	28 Aug 2024	Helen Fang
Price 7	31.10	08 Oct 2024	Helen Fang
Price 8	30.70	20 Nov 2024	Helen Fang
Price 9	38.10	02 Apr 2025	Helen Fang
Price 10	34.70	30 May 2025	Helen Fang
Price 11	42.80	10 Jul 2025	Helen Fang
Price 12	44.10	26 Aug 2025	Helen Fang
Price 13	46.90	01 Dec 2025	Helen Fang

Source: HSBC

GDS Holdings (9698.HK) share price performance HKD Vs HSBC rating history



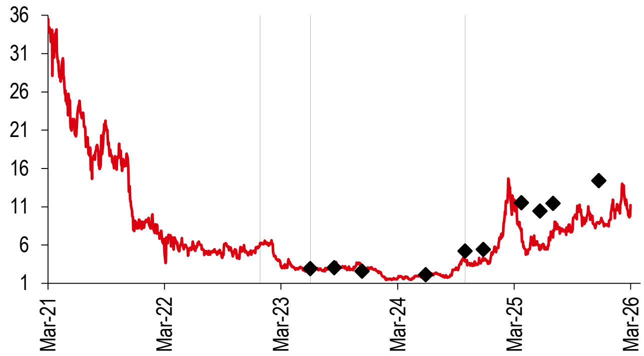
Source: HSBC

Rating & target price history

From	To	Date	Analyst
N/A	Buy	08 Oct 2024	Helen Fang
Target price	**Value**	**Date**	**Analyst**
Price 1	30.30	08 Oct 2024	Helen Fang
Price 2	29.90	20 Nov 2024	Helen Fang
Price 3	37.10	02 Apr 2025	Helen Fang
Price 4	33.80	30 May 2025	Helen Fang
Price 5	41.70	10 Jul 2025	Helen Fang
Price 6	43.00	26 Aug 2025	Helen Fang
Price 7	45.70	01 Dec 2025	Helen Fang

Source: HSBC

VNET Group (VNET.OQ) share price performance USD Vs HSBC rating history



Source: HSBC

Rating & target price history

From	To	Date	Analyst
Buy	Restricted	04 Jan 2023	
Restricted	Hold	11 Jun 2023	Helen Fang
Hold	Buy	08 Oct 2024	Helen Fang
Target price	**Value**	**Date**	**Analyst**
Price 1	Restricted	04 Jan 2023	
Price 2	2.90	11 Jun 2023	Helen Fang
Price 3	3.00	25 Aug 2023	Helen Fang
Price 4	2.55	20 Nov 2023	Helen Fang
Price 5	2.09	06 Jun 2024	Helen Fang
Price 6	5.20	08 Oct 2024	Helen Fang
Price 7	5.40	04 Dec 2024	Helen Fang
Price 8	11.50	02 Apr 2025	Helen Fang
Price 9	10.40	30 May 2025	Helen Fang
Price 10	11.40	10 Jul 2025	Helen Fang
Price 11	14.40	01 Dec 2025	Helen Fang

Source: HSBC

To view a list of all the independent fundamental ratings/recommendations disseminated by HSBC during the preceding 12-month period, and the location where we publish our quarterly distribution of non-fundamental recommendations (applicable to Fixed Income and Currencies research only), please use the following links to access the disclosure page:

Clients of HSBC Private Bank: *www.research.privatebank.hsbc.com/Disclosures*

All other clients: *www.research.hsbc.com/A/Disclosures*

HSBC & Analyst disclosures

Disclosure checklist

Company	Ticker	Recent price	Price date	Disclosure
GDS HOLDINGS	GDS.O	43.89	10 Mar 2026	11
VNET GROUP	VNET.OQ	11.23	10 Mar 2026	–

Source: HSBC

1 HSBC has managed or co-managed a public offering of securities for this company within the past 12 months.

2 HSBC expects to receive or intends to seek compensation for investment banking services from this company in the next 3 months.

3 At the time of publication of this report, HSBC Securities (USA) Inc. is a Market Maker in securities issued by this company.

4 As of 28 February 2026, HSBC beneficially owned 1% or more of a class of common equity securities of this company.

5 This company was a client of HSBC or had during the preceding 12 month period been a client of and/or paid compensation to HSBC in respect of investment banking services.

6 This company was a client of HSBC or had during the preceding 12 month period been a client of and/or paid compensation to HSBC in respect of non-investment banking securities-related services.

7 This company was a client of HSBC or had during the preceding 12 month period been a client of and/or paid compensation to HSBC in respect of non-securities services.

8 A covering analyst/s has received compensation from this company in the past 12 months.

9 A covering analyst/s or a member of his/her household has a financial interest in the securities of this company, as detailed below.

10 A covering analyst/s or a member of his/her household is an officer, director or supervisory board member of this company, as detailed below.

11 At the time of publication of this report, HSBC is a non-US Market Maker in securities issued by this company and/or in securities in respect of this company.

12 As of 06 March 2026, HSBC beneficially held a net long position of more than 0.5% of this company’s total issued share capital, calculated according to the SSR methodology.

13 As of 06 March 2026, HSBC beneficially held a net short position of more than 0.5% of this company's total issued share capital, calculated according to the SSR methodology.

14 HSBC Qianhai Securities Limited holds 1% or more of a class of common equity securities of this company.

HSBC and its affiliates will from time to time sell to and buy from customers the securities/instruments, both equity and debt (including derivatives) of companies covered in HSBC Research on a principal or agency basis or act as a market maker or liquidity provider in the securities/instruments mentioned in this report.

Analysts, economists, and strategists are paid in part by reference to the profitability of HSBC which includes investment banking, sales & trading, and principal trading revenues.

Whether, or in what time frame, an update of this analysis will be published is not determined in advance.

Non-U.S. analysts may not be associated persons of HSBC Securities (USA) Inc, and therefore may not be subject to FINRA Rule 2241 or FINRA Rule 2242 restrictions on communications with the subject company, public appearances and trading securities held by the analysts.

Economic sanctions laws imposed by certain jurisdictions such as the US, the EU, the UK, and others, may prohibit persons subject to those laws from making certain types of investments, including by transacting or dealing in securities of particular issuers, sectors, or regions. This report does not constitute advice in relation to any such laws and should not be construed as an inducement to transact in securities in breach of such laws.

For disclosures in respect of any company mentioned in this report, please see the most recently published report on that company available at *www.hsbcnet.com/research*. HSBC Private Bank clients should contact their Relationship Manager for queries regarding other research reports. In order to find out more about the proprietary models used to produce this report, please contact the authoring analyst.

Additional disclosures

1 This report is dated as at 12 March 2026.

2 All market data included in this report are dated as at close 10 March 2026, unless a different date and/or a specific time of day is indicated in the report.

3 HSBC has procedures in place to identify and manage any potential conflicts of interest that arise in connection with its Research business. HSBC's analysts and its other staff who are involved in the preparation and dissemination of Research operate and have a management reporting line independent of HSBC's Investment Banking business. Information Barrier procedures are in place between the Investment Banking, Principal Trading, and Research businesses to ensure that any confidential and/or price sensitive information is handled in an appropriate manner.

4 You are not permitted to use, for reference, any data in this document for the purpose of (i) determining the interest payable, or other sums due, under loan agreements or under other financial contracts or instruments, (ii) determining the price at which a financial instrument may be bought or sold or traded or redeemed, or the value of a financial instrument, and/or (iii) measuring the performance of a financial instrument or of an investment fund.

Production & distribution disclosures

1. This report was produced and signed off by the author on 11 Mar 2026 14:05 GMT.
2. In order to see when this report was first disseminated please see the disclosure page available at https://www.research.hsbc.com/R/34/6QQgk9n

Disclaimer

Legal entities as at 7 December 2024:	Issuer of report
HSBC Bank plc; HSBC Continental Europe; HSBC Continental Europe SA, Germany; HSBC Bank Middle East Limited, DIFC; HSBC Bank Middle East Limited, UAE branch; HSBC Yatirim Menkul Degerler AS, Istanbul; The Hongkong and Shanghai Banking Corporation Limited, Hong Kong; The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch; The Hongkong and Shanghai Banking Corporation Limited, Seoul Securities Branch; The Hongkong and Shanghai Banking Corporation Limited, Seoul Branch; HSBC Qianhai Securities Limited; HSBC Securities (Taiwan) Corporation Limited; HSBC Securities and Capital Markets (India) Private Limited, Mumbai; HSBC Bank Australia Limited; HSBC Securities (USA) Inc., New York; HSBC México, SA, Institución de Banca Múltiple, Grupo Financiero HSBC; Banco HSBC SA	**The Hongkong and Shanghai Banking Corporation Limited** Level 16, 1 Queen's Road Central Hong Kong SAR Telephone: +852 2843 9111 Fax: +852 2596 0200 Website: www.research.hsbc.com

This document has been issued by The Hongkong and Shanghai Banking Corporation Limited ("HSBC") in the conduct of its Hong Kong regulated business for the information of its institutional and professional investor (as defined by Securities and Future Ordinance (Chapter 571)) customers; it is not intended for and should not be distributed to retail customers in Hong Kong, unless permitted otherwise. The Hongkong and Shanghai Banking Corporation Limited is regulated by the Hong Kong Monetary Authority. All enquires by recipients in Hong Kong must be directed to your HSBC contact in Hong Kong. If it is received by a customer of an affiliate of HSBC, its provision to the recipient is subject to the terms of business in place between the recipient and such affiliate. This document is not and should not be construed as an offer to sell or the solicitation of an offer to purchase or subscribe for any investment. HSBC has based this document on information obtained from sources it believes to be reliable but which it has not independently verified; HSBC makes no guarantee, representation or warranty and accepts no responsibility or liability as to its accuracy or completeness. Expressions of opinion are those of the Research Division of HSBC only and are subject to change without notice. From time to time research analysts conduct site visits of covered issuers. HSBC policies prohibit research analysts from accepting payment or reimbursement for travel expenses from the issuer for such visits. HSBC and its affiliates and/or their officers, directors and employees may have positions in any securities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such securities (or investment). HSBC and its affiliates may act as market maker or have assumed an underwriting commitment in the securities of companies discussed in this document (or in related investments), may sell them to or buy them from customers on a principal basis and may also perform or seek to perform investment banking or underwriting services for or relating to those companies. The document is intended to be distributed in its entirety. Unless governing law permits otherwise, you must contact a HSBC Group member in your home jurisdiction if you wish to use HSBC Group services in effecting a transaction in any investment mentioned in this document.

In the UK, this publication is distributed by HSBC Bank plc for the information of its Clients (as defined in the Rules of FCA) and those of its affiliates only. Nothing herein excludes or restricts any duty or liability to a customer which HSBC Bank plc has under the Financial Services and Markets Act 2000 or under the Rules of FCA and PRA. A recipient who chooses to deal with any person who is not a representative of HSBC Bank plc in the UK will not enjoy the protections afforded by the UK regulatory regime. HSBC Bank plc is regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

In the European Economic Area, this publication has been distributed by HSBC Continental Europe or by such other HSBC affiliate from which the recipient receives relevant services.

In Japan, this publication has been distributed by HSBC Securities (Japan) Co., Ltd.. It may not be further distributed in whole or in part for any purpose. In Korea, this publication is distributed by either The Hongkong and Shanghai Banking Corporation Limited, Seoul Securities Branch ("HBAP SLS") or The Hongkong and Shanghai Banking Corporation Limited, Seoul Branch ("HBAP SEL") for the general information of professional investors specified in Article 9 of the Financial Investment Services and Capital Markets Act ("FSCMA"). This publication is not a prospectus as defined in the FSCMA. It may not be further distributed in whole or in part for any purpose. Both HBAP SLS and HBAP SEL are regulated by the Financial Services Commission and the Financial Supervisory Service of Korea. In Singapore, this publication is distributed by The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch for the general information of institutional investors or other persons specified in Sections 274 and 304 of the Securities and Futures Act (Chapter 289) ("SFA") and accredited investors and other persons in accordance with the conditions specified in Sections 275 and 305 of the SFA. Only Economics or Currencies reports are intended for distribution to a person who is not an Accredited Investor, Expert Investor or Institutional Investor as defined in SFA. The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch accepts legal responsibility for the contents of reports. This publication is not a prospectus as defined in the SFA. It may not be further distributed in whole or in part for any purpose. The Hongkong and Shanghai Banking Corporation Limited Singapore Branch is regulated by the Monetary Authority of Singapore. Recipients in Singapore should contact a "Hongkong and Shanghai Banking Corporation Limited, Singapore Branch" representative in respect of any matters arising from, or in connection with this report. Please refer to The Hongkong and Shanghai Banking Corporation Limited Singapore Branch's website at www.business.hsbc.com.sg for contact details. In Australia, this publication has been distributed by The Hongkong and Shanghai Banking Corporation Limited (ABN 65 117 925 970, AFSL 301737) for the general information of its "wholesale" customers (as defined in the Corporations Act 2001). Where distributed to retail customers, this research is distributed by HSBC Bank Australia Limited (ABN 48 006 434 162, AFSL No. 232595). These respective entities make no representations that the products or services mentioned in this document are available to persons in Australia or are necessarily suitable for any particular person or appropriate in accordance with local law. No consideration has been given to the particular investment objectives, financial situation or particular needs of any recipient.

HSBC Securities (USA) Inc. accepts responsibility for the content of this research report prepared by its non-US foreign affiliate. The information contained herein is under no circumstances to be construed as investment advice and is not tailored to the needs of the recipient. All US persons receiving and/or accessing this report and wishing to effect transactions in any security discussed herein should do so with HSBC Securities (USA) Inc. in the United States and not with its non-US foreign affiliate, the issuer of this report. HSBC México, S.A., Institución de Banca Múltiple, Grupo Financiero HSBC is authorized and regulated by Secretaría de Hacienda y Crédito Público and Comisión Nacional Bancaria y de Valores (CNBV). In Brazil, this document has been distributed by Banco HSBC SA ("HSBC Brazil"), and/or its affiliates. As required by Resolution No. 20/2021 of the Securities and Exchange Commission of Brazil (Comissão de Valores Mobiliários), potential conflicts of interest concerning (i) HSBC Brazil and/or its affiliates; and (ii) the analyst(s) responsible for authoring this report are stated on the chart above labelled "HSBC & Analyst Disclosures".

If you are a customer of HSBC International Wealth & Premier Banking ("IWPB"), including HSBC Private Bank, you are eligible to receive this publication only if: (i) you have been approved to receive relevant research publications by an applicable HSBC legal entity; (ii) you have agreed to the applicable HSBC entity's terms and conditions and/or customer declaration for accessing research; and (iii) you have agreed to the terms and conditions of any other internet banking, online banking, mobile banking and/or investment services offered by that HSBC entity, through which you will access research publications (collectively with (ii), the "Terms"). If you do not meet the above eligibility requirements, please disregard this publication and, if you are a IWPB customer, please notify your Relationship Manager or call the relevant customer hotline. Distribution of this publication is the sole responsibility of the HSBC entity with whom you have agreed the Terms. Receipt of research publications is strictly subject to the Terms and any other conditions or disclaimers applicable to the provision of the publications that may be advised by IWPB.

[1275116]