

China NPC Preview

New faces, unwavering pro-growth agenda

Free to View
Economics - China

- ◆ The National People’s Congress (NPC) and Chinese People’s Political Consultative Conference (CPPCC) will kick off the annual sessions in early March...
- ◆ ...which will announce appointments of the premier and vice-premiers, as well as new leaders at state institutions
- ◆ We expect a likely growth target of “above 5%” this year, and a pledge of more policy support at the meeting

Shaking off the impact of the pandemic, China is set to see a strong recovery this year (HSBCe: 5.6%) as consumers start spending again. But the recovery path isn’t guaranteed as headwinds from slowing external demand and ongoing domestic pressure from the weak labour market and property sector remain.

As policymakers gather on 5 March to set their economic and policy goals for the year at the first National People’s Congress since the 20th Party Congress last October, we expect a pro-growth mind-set to remain at the fore. We expect a likely overall GDP growth target of “above 5%”, which would mean policymakers will need to keep their foot on the pedal to solidify the recovery.

Namely, we see this coming from a stronger fiscal push: a larger official budget deficit of 3.2% (vs 2.8% target in 2022), a bigger special local government bond issuance target, more tax cuts and fee reductions. See Table 1 below for more details. Monetary policy will stay accommodative as it balances providing credit support and preventing financial risk.

Aside from targets, a key highlight of this year’s meetings will be the unveiling of new leadership in key economic and financial policymaking departments. As the recovery solidifies, there will be an increased focus on longer-term sustainable growth, particularly in the areas of technology, innovation and green development.

Table 1: HSBC forecasts for key policy targets in 2023

	HSBC forecast for 2023 targets	2022 actual	2022 target
Real GDP growth	Above 5.0%	3.0%	Around 5.5%
Urban job creation	At least 12m	12.06mn	At least 11m
Surveyed urban unemployment rate	<5.5%	5.5%	<5.5%
CPI	About 3.0%	2.0%	About 3.0%
M2 growth	Consistent with nominal GDP growth	11.8%	Consistent with nominal GDP growth
TSF growth	Consistent with nominal GDP growth	9.6%	Consistent with nominal GDP growth
Fiscal deficit, % of GDP	3.2%	-	2.8%
Special local government bond issuance	RMB4.0trn	RMB4.04trn	RMB3.65trn
Macro-leverage ratio (debt-to-GDP ratio)	Stable	-	Stable

Source: Government Work Report 2022, CEIC, HSBC. *Macro-leverage ratio refers to credit to the non-financial sector as a percentage of GDP.

This is a Free to View version of a report with the same title published on 24-Feb-23. Please contact your HSBC representative or email AskResearch@hsbc.com for more information.



Jing Liu
Chief Economist Greater China
The Hongkong and Shanghai Banking Corporation Limited

Erin Xin
Economist, Greater China
The Hongkong and Shanghai Banking Corporation Limited

Junyu Tan
Greater China Economist
The Hongkong and Shanghai Banking Corporation Limited

Disclosures & Disclaimer

This report must be read with the disclosures and the analyst certifications in the Disclosure appendix, and with the Disclaimer, which forms part of it.

Issuer of report: The Hongkong and Shanghai Banking Corporation Limited

View HSBC Global Research at:
<https://www.research.hsbc.com>

China NPC Preview

- ◆ The recovery is starting off strong, but persistent headwinds will mean the government still needs to provide pro-growth policies this year
- ◆ A stronger fiscal push is likely to be the highlight, supplemented by accommodative monetary policy
- ◆ New leaders will be unveiled at the top as the government also directs more focus towards longer-term high quality growth

Although China's economy has surpassed the most severe impact stemming from the COVID-19 pandemic, the economy still needs to tread a steady path towards recovery. At the upcoming NPC meeting, which kicks off on 5 March 2023, the recovery will take a front row seat in terms of policy making and economic targets. The event will also feature a changing of the guard in many key leadership positions, alongside the usual policy setting for the year ahead.

New faces at the top

The upcoming NPC will unveil members of the new economic policymaking team. In addition to a change in leadership at state level, many key institutions crafting economic and financial policies at ministry level will also appoint new heads. These include the National Development and Reform Commission (NDRC), the Ministry of Finance (MOF), the People's Bank of China (PBOC), the China Banking and Insurance Regulatory Commission (CBIRC) and the China Securities Regulatory Commission (CSRC).

The return of a pro-growth mind-set

The growth target: "above 5%"

We expect this year's growth target to be "above 5%". Policymakers have pledged to get the economy back on a reasonable growth trajectory. As the country emerges from the pandemic and policies refocus on growth, economic activity will recover steadily. A low base of 2022 also provides a favourable backdrop for a growth rebound this year. Recently, provincial level governments completed their "two sessions" (a pair of legislative meetings), where the majority of Chinese provinces made robust 2023 targets for key economic indicators from GDP to retail sales, setting an upbeat tone for economic recovery this year. Out of 31 provinces, autonomous regions and municipalities and regions, 21 set their growth targets of 5-6% and eight exceeded 6.5%. The only exceptions are Tianjin and Beijing, with growth targets lower than 5% (people.cn, 10 February).

Having said that, 21 provinces, autonomous regions and municipalities set their growth targets lower than last year. Among which, China's economic powerhouses including Shandong,

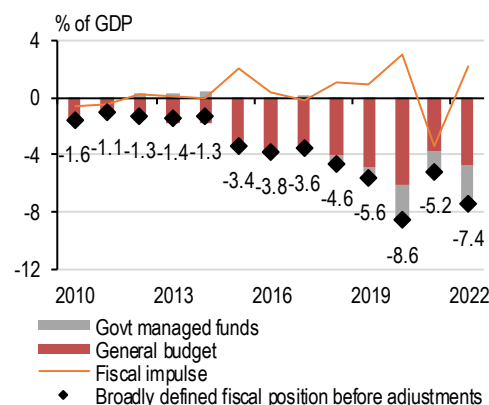
Guangdong, Zhejiang, Jiangsu and other economically important provinces all set their growth targets at “around 5%”, aligning with the policy direction of maintaining “stability in growth, employment and prices” set by the Central Economic Work Conference (CEWC). It also reflects the careful approach taken by local governments when considering potential scarring effects (for example, the negative impact of prolonged unemployment or underemployment on human capital) and transitional periods. Indeed, while we expect growth to rebound to 5.6% this year, there are still headwinds facing the economy: a slower external sector amid weakened demand from high inflation and tighter monetary conditions and internal pressure from persistent labour market stress, as well as the yet to stabilize property sector.

Looking back in history, except for 2020 when no growth target was set, China only missed its GDP target in a few years (1998, 2014, 2019 and 2022). The differences are usually marginal except for last year, where actual GDP turned out to be 3%, notably lower than the target of 5.5%. Therefore, we believe setting a deliverable target within a reasonable growth range is by itself helpful in boosting confidence.

The refocus on growth

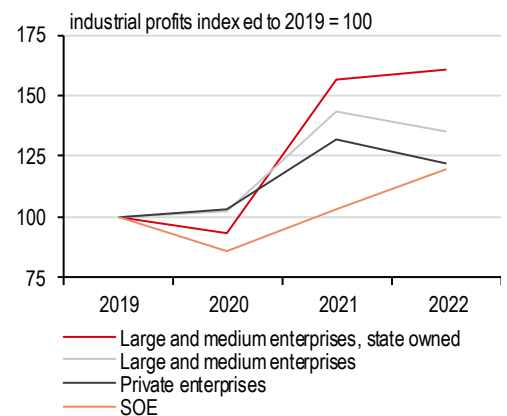
2022 was one of the most challenging of recent years, during which the balance sheets of governments, corporates, and households were simultaneously hit. We estimate the broadly-defined fiscal deficit – defined as the sum of the deficit under the general budget account and under the government managed fund budget account – reached 7.4% of GDP. The government managed fund accounts record revenues and expenditures of the funds collected, received or otherwise raised from specific objects within a certain period, specifically for development of certain public utilities. Two important items – land sale revenues and local government special bonds – go under the government managed fund account. So the augmented fiscal deficit accounting for this account reflects a full picture of the government’s budget status. Indeed, the past three years witnessed a most challenging period as the government stepped in to buffer the shock from the COVID-19 pandemic and related disruptions.

Chart 1. Broadly-defined government deficit stayed elevated 2020-2022, to buffer COVID-19 shock to the economy



Note: The broadly-defined government deficit/surplus refers to the sum of deficit/surplus in two accounts, namely, the general budget account and government managed fund account. Adjustments, such as across-account transfers, are not included to reflect difference of revenue and expenditure in two accounts.
Source: CEIC, HSBC

Chart 2. Private industrial profits fell by 7.2% in 2022



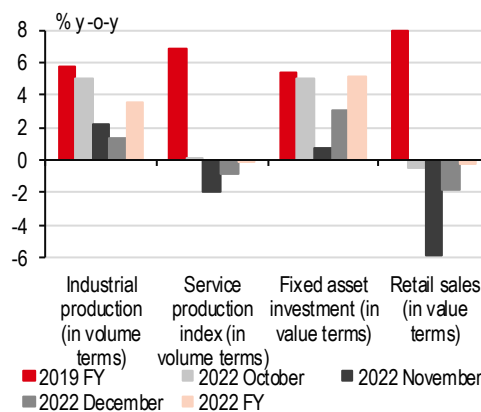
Source: CEIC, HSBC

Behind the weakness, some of the previous drivers of growth during the pandemic slowed. Export growth fell 6.6% in Q4 2022 and higher global commodity prices ate into the profits of industrial enterprises. Private industrial enterprises saw a decline of 7.2% in their profits in 2022.

Meanwhile, households faced ongoing uncertainty from COVID-19 waves, as shown by the large drops in consumer confidence in April and May 2022. Adding to the pain was pressure from the labour market and in turn, household incomes. Average disposable income per capita in urban areas rose by only 1.9% in real terms, far below the usual 5-6% growth seen in pre-pandemic years. This pressure contributed to higher precautionary savings, which we estimate may have reached RMB4.7trn during the pandemic. But despite all this, there are bright spots too. Some of the high frequency data in recent weeks has shown a pickup in mobility data such as subway ridership and traffic congestion, as well as in some services like box office revenues.

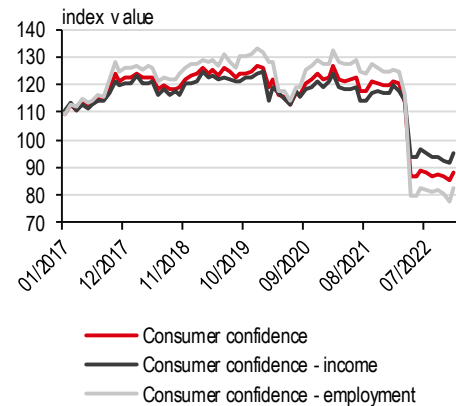
Although high frequency data is showing signs of a recovery, especially in the service sector, a broad-based sentiment improvement isn't quite here yet. For momentum to be sustained, we need to see the return of "animal spirits", for which steady policy support is imperative. As the reflationary pressure is likely to be benign this year, we anticipate policymakers will make a commitment at the NPC and sustain their support to the economy.

Chart 3. China's economic recovery will still need support



Source: CEIC, HSBC

Chart 4. Consumer confidence will still need time to rebound, but is showing encouraging signs of a pickup



Source: CEIC, HSBC

New stimulus likely on the table

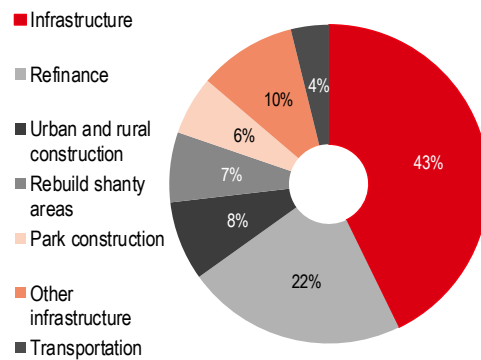
With policymakers likely to set a GDP growth target of "above 5%", stronger policy support from Beijing will be needed to lift domestic demand to make up for shortcomings from softer global growth.

Fiscal policy will ramp up

We expect fiscal policy to continue to take a leading role in supporting economic growth. In recent commentary, President Xi called on strengthening the domestic demand recovery, particularly in terms of consumption and investment (Qiu Shi, 15 February 2023). In the same vein, Finance Minister Liu Kun reiterated the importance of more proactive fiscal policy through increased fiscal expenditures and more efficient policy support (Qiu Shi, 15 February 2023).

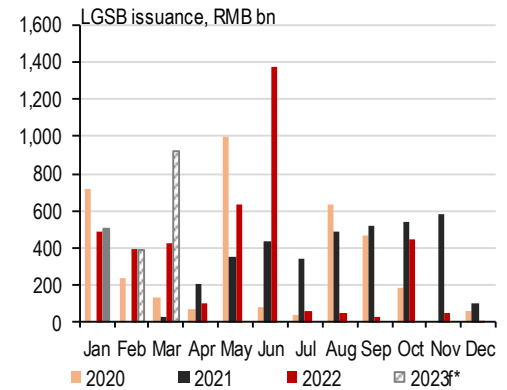
On the whole, we expect a more expansionary official budget deficit of 3.2% of GDP, driven by support from policies such as tax cuts and fee reductions and direct fiscal spending and funding. We expect the main beneficiaries of fiscal support to go to hard-hit sectors like SMEs as well as newer growth areas like manufacturing upgrading and green investment. Meanwhile, we also expect to see the special local government bond quota increase to RMB4.0trn (from the RMB3.65trn announced quota in 2022) as well as broader scope for the usage of these funds, which will help to support infrastructure investment this year.

Chart 5: Local government special bonds were invested more in infrastructure in 2022



Source: Wind, HSBC

Chart 6: LGSB issuance expected to increase to RMB4.0 trillion



Source: CEIC, HSBC

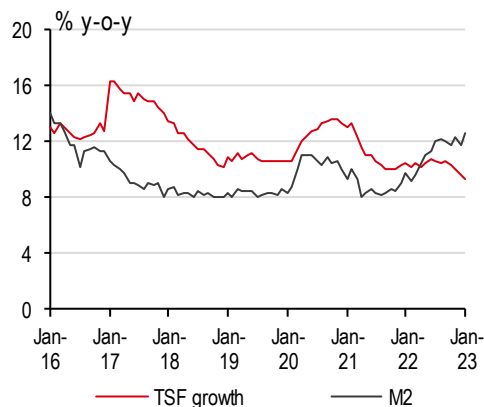
There will likely be more fiscal transfers from the central government to local governments in order to fund increased fiscal spending this year. As chart 1 shows, 2022 registered the second worst year in augmented government deficit since 2009 (7.4% of GDP), where the deficit in the local government general budget and government-managed funds actually amounted to 12.2% of GDP. The situation should be better in 2023. We expect to see some stabilization in land sale revenues alongside a stabilization in the housing market and relaxations to land sale limits to reduce supply pressure on land prices (Bloomberg, 20 February 2023), as well as more diversified land demand from internet companies (for logistics real estate, e.g. warehouses, distribution facilities, and fulfilment centres, and data centres) and elderly care providers (for nursing homes and hospitals). Tax revenue should also improve as the economy rebounds, but more financial resources would help local governments step up their social welfare provision, infrastructure spending, and more. Finance Minister Liu Kun, on several occasions, pledged to increase transfers from central to local governments (www.mof.gov.cn, 3 January and 22 February 2023).

Monetary policy will remain accommodative

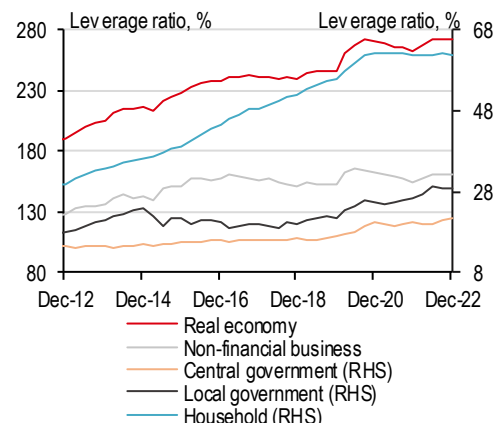
With the economic recovery ongoing, supportive monetary policy to encourage further credit growth will help to boost confidence and encourage investment. While China’s inflationary pressure may see upward pressure in the coming quarters amid the reopening and economic recovery, overall levels are likely to stay manageable. In particular, for CPI, growth may reach just over 3% by the end of this year, but we expect average CPI for the full year at 2.8% as ongoing labour market pressure and still-low consumer confidence may keep demand-pull factors more manageable.

Such conditions will allow the PBoC to maintain an accommodative stance, which is likely to come mostly in the form of liquidity support (e.g. 50bp of cuts in the reserve requirement ratio in H1) as well as targeted support through increased relending quotas for growth drivers (e.g. clean carbon initiatives, manufacturing upgrading and SMEs). While the scope for a further interest cut is more limited amid divergent monetary policy cycles with other central banks, which have been tightening aggressively, we see scope for a 5bp cut in key policy rates (e.g. 1-year loan prime rate) to signal ongoing support for the recovery.

Continued monetary policy support will likely help to keep overall growth levels of total social financing (TSF) – a measure of overall credit – in double digits this year, but we expect continued emphasis on preventing financial risks, particularly from the property sector and from local government debt. Policymakers will likely be cautious about an aggressive rise in the macro leverage ratio (or credit to the non-financial sector as a percentage of GDP) – the overall macro leverage ratio at the end of 2022 is marginally higher than the recent peak in 2021.

Chart 7. Credit conditions will remain accommodative this year


Source: CEIC, HSBC

Chart 8. Macro-leverage ratio will likely stay stable in 2023


Source: Wind, HSBC

Prudential policies

In last year's NPC, policymakers unveiled they would set up a Financial Stability Fund to be used to help address financial systemic risk. Progress has been made over the course of the year, with a draft of the Financial Stability Law released in December aiming to consolidate the management and supervision of financial activities. This could help bring efficiencies in the regulation of financial services through increased collaboration and data access across departments, reducing duplicate work, and addressing the issue of conflicting regulatory implementation. On the whole, it should help further improve the financial sector's resilience.

In February, Chinese financial regulators also announced a new financial asset risk assessment framework that clarifies the risk classification requirements for commercial banks. The new rules will become effective July 2023 with a transition until end-2025. While the measures will deliberately increase the recognition of non-performing assets, HSBC's equities banking analyst Gary Lam thinks they should also discourage banks' excessive lending to restructured developers (Gary Lam and Michelle Kwok, *China Banks and Real Estate: New risk assessment framework – tighter, tougher*, 17 February 2023). In all, the new draft of the Financial Stability Law is a major update to the rules existing since 2007 that aims to address financial stability risks.

Preventing financial risks in the property market will require a careful balancing act. While the overarching theme of 'housing is for living in and not for speculation' is likely to be reiterated in policy speeches in the foreseeable future, there has also been a notable shift in policy towards stabilizing the housing sector since the end of last year. Policy easing to drive real housing growth has continued into this year and we see such support continuing into the coming quarters. Recently, 23 cities have lowered mortgage rates for first-time homebuyers on the back of new PBoC policy (announced on 5 January, mortgage rates can be lowered or removed following three consecutive months of home price decreases) (The Paper, 21 February 2023). Local governments have also been lifting home purchasing restrictions such as by increasing purchase quotas (e.g. Wuhan). While the high-frequency data have yet to show the full effects of the easing property policy filtering through to the home sales data, we expect the property market will see further stabilization in the coming months. On the whole, we expect property investment may rise by 3.9% this year, which may also be partly fuelled by government support for increased social housing building as well.

Meanwhile, Beijing is likely to also address longer standing issues such as hidden debt among local governments. This is likely to mean further reforms to the 'open the front door, close the back door' push aimed at bringing debt onto the balance sheet while closing loopholes that enable local governments to take on additional hidden debt. That said, further stabilization in the property sector and land sales can help to alleviate the pressure on local governments.

The same medium-term goals reemphasised

While the recovery is ongoing, the strength of the rebound should help give policymakers more space to turn towards medium and longer-term goals. Namely, we expect policymakers to emphasize sustainable growth drivers such as manufacturing upgrading and green transition. Direct fiscal and monetary support for these areas, along with continued policy guidance and reforms, are likely to help sustain strong investment growth in these areas. For example, structural monetary policy tools designed to provide cheap funding to facilitate bank lending in certain targeted areas could be upsized in quota or rolled over. On 29 January 2023, the PBoC announced a rollover of carbon reduction and clean coal re-lending schemes to the end of 2023 and 2024, respectively. Considering more than half the quota for scientific innovation, carbon reduction and clean coal re-lending schemes (RMB200/400bn, RMB490.3/800bn, RMB218.9/300bn) had been tapped by banks by the end of 2022, the PBoC could increase quotas for existing tools along with an extension of deadlines, or could introduce new tools.

Overall manufacturing investment growth is likely to moderate to 5.5% in 2023 on the back of slowing exports and a higher base, but we expect momentum in medium and high-tech manufacturing development to be sustained. General Secretary Xi has urged the establishment of a new "national innovation system" during the 20th Party Congress to support longer-term sustainable growth. Thus, manufacturing upgrading will remain a focus, complemented by increased R&D spending and increased policy support for core technology areas.

Regarding China's energy transition, we see green investment picking up by over 30% per annum in the coming years, with power and industrial sectors likely to take the lead. We expect more developments in the national carbon pricing scheme to better incentivize reductions in carbon emissions. For example, this can include more sectors and more efficient allocation of emission allowances to enhance the liquidity of the carbon market. But the emphasis on energy security in the 20th Party Congress and the Central Economic Work Conference indicate the government is leaning towards a pragmatic approach and is seeking a careful balance between economic growth, energy security and longer-term carbon reduction targets. We do not expect an annual target on energy consumption reduction this year, as was the case in 2022. That said, the longer-term goal to lower energy intensity by 13.5% over the 14th Five Year Plan could be reemphasised.

Additionally, while global demand is likely to remain under near-term pressure amid slower growth and a domestic growth recovery will be the focus, we expect policymakers will continue to implement opening and reform measures to complement domestic growth. Implementation of reforms such as better intellectual property rights protections, reductions to the negative list (a list of industries with restrictions on foreign investment), and implementation of the registered IPO system should help to attract further investment into China.

Table 2. 2022 NPC Dates for reference

Date	Event/Agenda
4 March	Preparatory meeting for the NPC (National People's Congress) The CPPCC (Chinese People's Political Consultative Conference) started at 3pm
5 March	The NPC started at 9am and participants reviewed the Government Work Report , the report on Economic and Social Development Plan, and the central and local budgets, listened to the explanations on the amended draft of the Organic Law and Procedural Rules of the NPC, as well as the draft resolution of the electoral system of the HKSAR (Hong Kong Special Administrative Region) and Macao SAR (Macao Special Administrative Region). 3pm: Delegates reviewed the Government Work Report
6 March	9am: Delegates reviewed the Government Work Report 3pm: Delegates reviewed the report on Development Plans, as well as the Budgets
7 March	9am: Delegates reviewed the report on Development Plans, as well as the Budgets 3pm: Delegates reviewed the amended draft of the Organic Law and Procedural Rules of NPC, as well as the draft resolution of the electoral system of the HKSAR and Macao SAR Press conference on "China's foreign policy and foreign relations" with Wang Yi, State Councillor and Minister of Foreign Affairs
8 March	9am: Listened to the NPCSC's (National People's Congress Standing Committee) work report from Li Zhanshu (NPCSC Chairman); the SPC's (Supreme People's Court) work report from Zhou Qiang (SPC President); the SPP's (Supreme People's Procuratorate) work report from Zhang Jun (SPP Chief Procurator) 3pm: Delegates reviewed the NPCSC's work report
9 March	9am: Delegates reviewed the amended drafts of the Organic Law and Procedural Rules of NPC, the draft resolution of the electoral system of the HKSAR, as well as the SPC's and the SPP's work reports 3pm: Delegates reviewed the SPC's and the SPP's work reports
10 March	9am: Delegates reviewed the draft resolutions of the Government Work Report, the Development Plans, and the Budgets 3pm: Delegates reviewed the draft resolutions of the NPCSC's (National People's Congress Standing Committee) work report, the SPC's (Supreme People's Court) work report, and the SPP's (Supreme People's Procuratorate) work report
11 March	9am: Delegates approved the draft resolutions on the Government Work Report, the Development Plans, the Budgets, as well as the NPCSC's, the SPC's, and the SPP's work reports 10:15am: The NPC ended. Press conference with Li Keqiang, Premier of the State Council

Source: NPC, HSBC

Disclosure appendix

The following analyst(s), who is(are) primarily responsible for this document, certifies(y) that the opinion(s), views or forecasts expressed herein 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: Jing Liu, Erin Xin and Junyu Tan

This document has been issued by the Research Department of HSBC.

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.

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.

Additional disclosures

- 1 This report is dated as at 24 February 2023.
- 2 All market data included in this report are dated as at close 23 February 2023, 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.

Disclaimer

Issuer of report

The Hongkong and Shanghai Banking Corporation Limited

This document has been issued by The Hongkong and Shanghai Banking Corporation Limited, which has based this document on information obtained from sources it believes to be reliable but which it has not independently verified. Neither The Hongkong and Shanghai Banking Corporation Limited nor any member of its group companies ("HSBC") make any guarantee, representation or warranty nor accept any responsibility or liability as to the accuracy or completeness of this document and is not responsible for errors of transmission of factual or analytical data, nor is HSBC liable for damages arising out of any person's reliance on this information. The information and opinions contained within the report are based upon publicly available information at the time of publication, represent the present judgment of HSBC and are subject to change without notice.

This document is not and should not be construed as an offer to sell or solicitation of an offer to purchase or subscribe for any investment or other investment products mentioned in it and/or to participate in any trading strategy. It does not constitute a prospectus or other offering document. Information in this document is general and should not be construed as personal advice, given it has been prepared without taking account of the objectives, financial situation or needs of any particular investor. Accordingly, investors should, before acting on it, consider the appropriateness of the information, having regard to their objectives, financial situation and needs. If necessary, seek professional investment and tax advice.

The decision and responsibility on whether or not to purchase, subscribe or sell (as applicable) must be taken by the investor. In no event will any member of the HSBC group be liable to the recipient for any direct or indirect or any other damages of any kind arising from or in connection with reliance on any information and materials herein.

Past performance is not necessarily a guide to future performance. The value of any investment or income may go down as well as up and you may not get back the full amount invested. Where an investment is denominated in a currency other than the local currency of the recipient of the research report, changes in the exchange rates may have an adverse effect on the value, price or income of that investment. In case of investments for which there is no recognised market it may be difficult for investors to sell their investments or to obtain reliable information about its value or the extent of the risk to which it is exposed. Some of the statements contained in this document may be considered forward looking statements which provide current expectations or forecasts of future events. Such forward looking statements are not guarantees of future performance or events and involve risks and uncertainties. Actual results may differ materially from those described in such forward-looking statements as a result of various factors.

This document is for information purposes only and may not be redistributed or passed on, directly or indirectly, to any other person, in whole or in part, for any purpose. The distribution of this document in other jurisdictions may be restricted by law, and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. By accepting this report, you agree to be bound by the foregoing instructions. If this report 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. 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.

Certain investment products mentioned in this document may not be eligible for sale in some states or countries, and they may not be suitable for all types of investors. Investors should consult with their HSBC representative regarding the suitability of the investment products mentioned in this document.

HSBC and/or its officers, directors and employees may have positions in any securities in companies mentioned in this document. HSBC may act as market maker or may have assumed an underwriting commitment in the securities of companies discussed in this document (or in related investments), may sell or buy securities and may also perform or seek to perform investment banking or underwriting services for or relating to those companies and may also be represented on the supervisory board or any other committee of those companies.

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.

The Hongkong and Shanghai Banking Corporation Limited is regulated by the Hong Kong Monetary Authority.

© Copyright 2023, The Hongkong and Shanghai Banking Corporation Limited, ALL RIGHTS RESERVED. No part of this publication may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without the prior written permission of the issuer. MCI (P) 017/01/2023, MCI (P) 027/10/2022

[1208875]