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Equity Research

BlueCity Holding Limited

Initiation of Coverage

Leading online LGBTQ community growing with the true demands of loyal customers

Leader in China LGBTQ market, initiate with Buy, PT of US\$20.1

The rainbow monsoon is here – along with the increasing openness and social acceptance to LGBTQ groups, each generation has a successively larger LGBTQ demographic which generally has active engagement. BlueCity has been serving this growing population since *Danlan.org* (founded in 2000), and its central hub - Blued, is the largest online LGBTQ community platform in China and is establishing a strong global presence. We like BlueCity, because of: 1) its specific attractiveness for LGBTQ users with high loyalty, stickiness and spending power; 2) NT: starting overseas markets monetization and steadily expanding to global new geographies; 3) LT: a broader product portfolio to diversify monetization incl. self-owned licensed offline pharmacy stores and family planning services. The company's total revenue reached RMB758.9mn in FY19, up 51.4% YoY, and we expect it will grow to RMB2,061.3mn in FY22E, with a CAGR of 39.5% in FY19-22E. We initiate BlueCity with Buy and derive our PT of US\$20.1 by applying 3.5x FY21E P/S, at a premium on mid-sized social platform peers' average 2.1x FY21E P/S, for: 1) its Blued's leading position in China market with loyal users; 2) its promising and diverse monetization.

Live streaming services start monetization in overseas markets

Live streaming is currently the main monetization channel of BlueCity. This segment revenue grew by 46.7%YoY to RMB671.4mn in FY19, contributing to 88.5% of total revenue. Coupled with BlueCity's continuous monetization efforts in overseas markets, we expect this sector will grow by 36.4%/23.5% YoY to RMB915.7mn/RMB1131.2mn in FY20/21E, driven by: 1) monetization in overseas markets is still in the early stage and live streaming services is gaining more popularity among users outside China; 2) Blued's total MAUs reached 6.4mn as of 2Q20, accounting for 11.9% of approx. 54mn registered users, indicating a big expansion room for the users' growth; 3) some new additional localized features and functionalities will be successively launched. On the ARPPU side, ARPPU by paying users came in RMB5,071 in FY19, and is expected to slightly decline to RMB4,767/RMB4,481 in FY20/21E. Paying ratio will steadily grow to 2.6%/2.7% in FY20/21E benefiting from the accelerating monetization.

Close-knit community attains users with a boarder product portfolio

Benefiting from the deep understanding of LGBTQ users, BlueCity is well-positioned to build an inclusive and close-knit community and deliver users a strong sense of belonging. BlueCity operates a wide range of targeted and tailored services, such as membership services, advertising services and others. We project that membership services and other services such as pharmacy services are both becoming more meaningful revenue contributors. Membership service and other services will grow at a FY19-22E CAGR of 126.8%/126.2% to RMB428.6mn/RMB177.8mn in FY22E, accounting for 20.8%/8.6% of total revenue, respectively, in our view.

Valuation and risks

Key risks to our PT include: 1) tight regulation and rules on the live-streaming services; 2) localization difficulties during its global expansion; 3) lower-than-expected performance of new businesses.

Stock code: BLCT.US

Rating: Buy

Price target (US\$)	20.1
Current price (US\$, 9 Sept 2020)	11.5
Total upside/downside %	75%
Market cap (US\$ m)	408
Avg daily turnover (US\$ m)	67

Source: Bloomberg, AMTD research estimates

Key forecasts

(RMB m)	2019	2020e	2021e	2022e
MAUs (mn)	5.9	7.4	9.4	11.8
yoy %	21%	25%	27%	27%
Revenue	759	1,075	1,470	2,061
yoy %	51%	42%	37%	40%
Gross profit	213	352	559	897
yoy %	88%	65%	59%	60%
EBIT	(61)	(57)	22	175
yoy %	n.a.	n.a.	n.a.	681%
EBIT margin	-8%	-5%	2%	8%

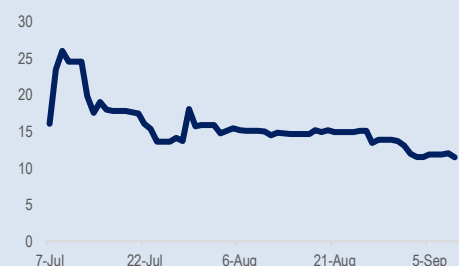
Source: Company data, AMTD research estimates

Valuation

	FY19	FY20e	FY21e	FY22e
P/S	7.0	5.0	3.6	2.6
P/E (adjusted)	n.a.	n.a.	194.2	33.6
EV/EBITDA	n.a.	n.a.	193.7	29.2
ROE	n.a.	n.a.	2%	11%

Source: Bloomberg, AMTD research estimates

Share price performance (US\$)



Source: Bloomberg

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Investment risks

Tight regulation and rules on the live-streaming services

The regulatory framework for live streaming and social networking services is increasingly tightening and remains uncertain in many countries where BlueCity operates its services. However, live streaming is currently the main monetization channel of BlueCity, contributing nearly 85% to the total revenue. There is a possibility that the company cannot comply with the stringent requirements, regulations or policy in each operating country and region, and the failure may result in inquiries and others by governmental authorities or others, as well as negative publicity and damage to its reputation and brand, each of which could have an adverse impact on BlueCity's business and results of operations.

Localization and customization difficulties during its global expansion

BlueCity began to expand their business operations overseas in 2017, and Blue app currently has users in more than 210 countries and regions. Overseas MAUs represented nearly 50% of total MAUs and accounted for 11.2% of total revenue in 1H20. As international operations continue to expand, the company may fail to develop localized functionalities and features in oversea markets, and consequently the company may not be able to sustain expected MAUs and paying users growth to generate sufficient revenue, adversely affecting the operations and monetization strategies.

Lower-than-expected performance of new businesses

Apart from live streaming services, BlueCity also launched multiple new businesses, including membership services, health-related and family planning services to address users' growing needs. In addition, the company acquired a Chinese lesbian dating app LESDO in 1H20, achieving more comprehensive coverage of LGBTQ community. If the company cannot integrate these products and services and create some synergies effects, it may lose some existing users and materially and adversely affect its business and financial condition.

Uncertainty in laws and regulation applicable to the ART industry

LGBTQ population has certain demand in ART services including surrogacy, use of a gestational carrier, directed gamete donation and collection, and embryo donation and collection, which are currently prohibited in China. As part of BlueCity's family planning service, Bluebaby provides consulting and administrative services related to ART such as translation, concierge and logistics. Thus, any negative perception of ART or actual or potential actions by relevant governmental authorities or other parties against ART service providers may adversely effect on BlueCity's brand, reputation and the other products and services.

Leading Online LGBTQ Community

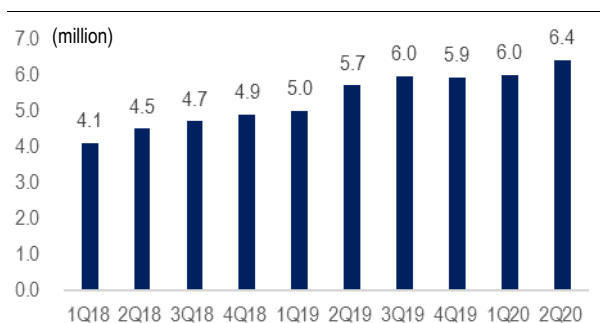
Leader in China LGBTQ market with a global expansion roadmap

BlueCity operates its central hub – Blued mobile app, a leading global LGBTQ platform, and providing diverse services to LGBTQ population to their lifetime needs, including social networking, entertainment, health-related and family planning services. Blued App is the dominant leader in China, according to Frost & Sullivan, in 2019, it had average MAUs and average DAUs over six and nearly seven times that of the next largest player in China, respectively.

Coupled with the leadership in China market, Blued App also have successfully expanded into a number of overseas markets. According to Frost & Sullivan, Blued is currently the largest online LGBTQ community in India, Korea, Thailand and Vietnam in terms of average MAUs in 2019, with overseas users spanning over 210 countries and regions. Overseas users’ contribution climbed to approx.50% of total MAUs in 2Q20, playing a more significant role in BlueCity’s global leadership in LGBTQ market.

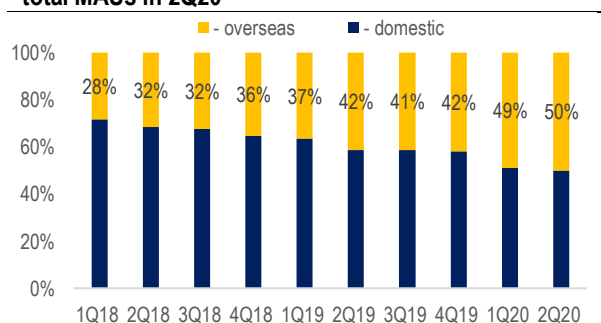
On the other hand, beyond serving gay community via Blued, BlueCity completed the acquisition a top3 lesbian dating app in China – LESDO in 2Q20 to serve lesbian community. This newly acquired LESDO app may contribute BlueCity’s revenue growth in FY21E. Benefiting from its well-round and tailored services for different sub-groups, BlueCity is dedicated to enhancing its leading position in LGBTQ markets.

Figure 1: MAUs increased by 11.2% YoY to 6.4mn in 2Q20



Source: Company data, AMTD Research

Figure 2: Overseas MAUs represented nearly 50% of total MAUs in 2Q20



Source: Company data, AMTD Research

Serve unique segment with higher loyalty and stickiness users

BlueCity has served LGBTQ population throughout the years since *Danlan.org* (founded in 2000), and built up close and stable connection with them via Blued. Benefiting from the deep understanding of LGBTQ users, Blued has established a close-knit community with a wide range of targeted and tailored services, cultivated a highly-trusted brand awareness, and delivered users a strong sense of belonging. Besides, Blued is particularly attractive as a predominant choice of social interaction between this population, fueling its user engagement and stickiness. According to Frost & Sullivan, the average next-month retention rate reached a high level of 71.0% in 2019, while average daily time per active user spent on Blued app is more than 60 minutes, and the average daily sessions per active user has over 16 times.

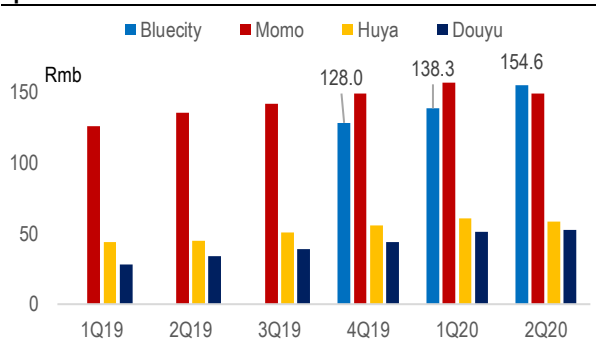
Attract different age groups of users with higher spending power

In terms of total ARPU by MAUs, BlueCity surpassed Momo to gain the top position among the mid-sized social platforms, such as Momo, Huya, Douyu, reaching RMB154.6 in 2Q20, on back of its outstanding usage penetration amongst the different age groups of LGBTQ people with a higher disposable income and spending power.

For live streaming services, BlueCity attained the highest ARPU compared to other mid-sized social platforms, recording RMB118.3 in 2Q20. We expect live streaming services, as the main monetization channels, will address the various needs of different age groups and generate more revenue, driven by:1) users’ substantial growth potential – Blued’s total MAUs reached 6.4mn in 2Q20, accounting for approx. 11.9% of over 54mn registered

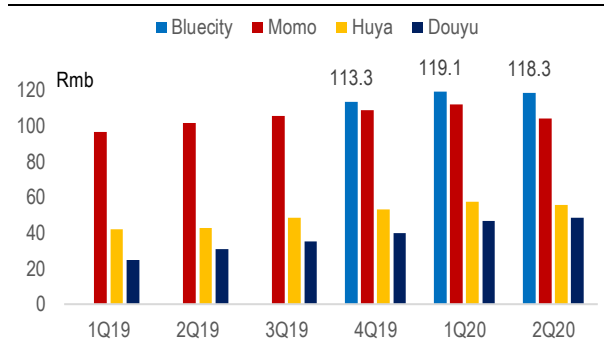
users; 2) more popularity among users outside China – it will be a new engine for users growth since monetization in overseas market is still in early stage; 3) content-oriented live streaming operations and social recommendations to attract more viewers; 4) successive new additional features and functionalities such as interactive games “Who is Spy”, “Draw Something”.

Figure 3: Bluecity’s ARPU, which defined as total revenue(TTM) / MAU, surpassed Momo to attain the top position in 2Q20



Source: Company data, AMTD Research

Figure 4: BlueCity ranked first in term of live streaming ARPU which defined as Rev.(TTM)/MAU in 2Q20



Source: Company data, AMTD Research

NT Growth driven by global expansion & rising lower-tier penetration

BlueCity intends to actively expand into new geographies. Currently, BlueCity app has successfully replicated its business models in China to India, Korea, Thailand and Vietnam LGBTQ markets, and will further actively enter Mexico, Japan, Brazil and other markets in near future. Although BlueCity started its monetization in overseas markets in late 4Q19, users outside China contributed approx. 11.2% to total revenue in 2Q20 and still have much room to scale globally, in our view.

In addition, BlueCity is expected to solidify its leading position in existing markets. The company will attract users from lower-tier cities and towns in China which make up more than 50% of China’s population based on our estimates, and most of them are out of social product offerings tailored for LGBTQ persons.

A broader product portfolio to boost LT monetization diversification

On top of live streaming services, BlueCity also operates various services, including membership services, advertising services, family planning services, men health-related services, etc., to enrich user experiences and monetization diversification.

The company received a license for offline pharmacy services in first quarter of 2020, coupled with online pharmacy services, we expect it will contribute meaningful revenue, and become a new driver of BlueCity’s monetization, thanks to: 1) it helps convert offline customers to online users and attain the vast traffic by leveraging the company’s partner network covering 37 major cities in China; 2) it operates as a compelling alternative to traditional hospitals and clinics since BlueCity closely serves the LGBTQ groups and pays much attention on users’ privacy.

Financial overview

Benefiting its leadership in LGBTQ market and high user stickiness, we expect Blued's MAUs will continue its strong momentum in following years, with a 24.7%/26.6% YoY growth in FY20/21E. The company's total revenue and gross profit will grow at a CAGR of 39.5%/61.5% in FY19-22E, respectively, while adj. Opex ratio is expected to decline to 35% in FY22E, which will result in an improving operating leverage. We expect EBIT and EBIT margin will turn positive in FY21E.

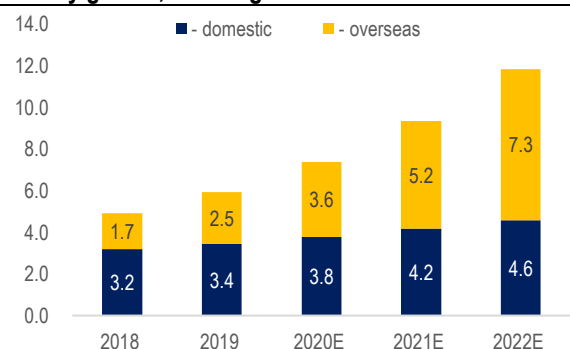
MAUs

Blued mobile app is the central hub of BlueCity's services and platforms. Blued's total MAUs experienced a solid growth and will grow at a FY19-22E CAGR of 25.9% to 11.9mn in FY22E.

Domestic MAUs is expected to grow by 10%/10% YoY to 3.8mn/4.2mn in FY20/21E, supported by its accelerated penetration into lower-tier cities and towns as well as Blued's value proposition's appeal as a predominant social platform for LGBTQ population.

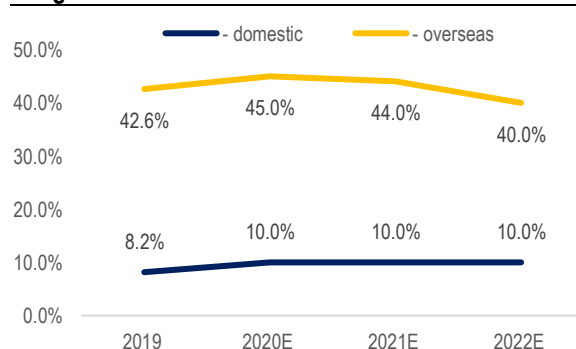
Overseas MAUs is expected to increase by 45%/44.0% YoY to 3.6mn/5.2mn in FY20/21E, primarily driven by: 1) its robust intention to strengthen performance in new geographies, firstly in India, Korea, Thailand, Vietnam, and further expanding to Mexico, Japan and others; 2) successive newly launched products and a broader product portfolio to address LGBTQ population beyond homosexual men; and 3) development of localized functionalities and features in overseas markets, such as American-customized products' promotion in the Latin American market.

Figure 5: Blued's average MAUs (mn) maintained a steady growth, reaching 7.4mn in FY20E



Source: Company data, AMTD Research estimates

Figure 6: Blued's overseas MAUs growth is expected to grow at a 45%YoY in FY20E



Source: Company data, AMTD Research estimates

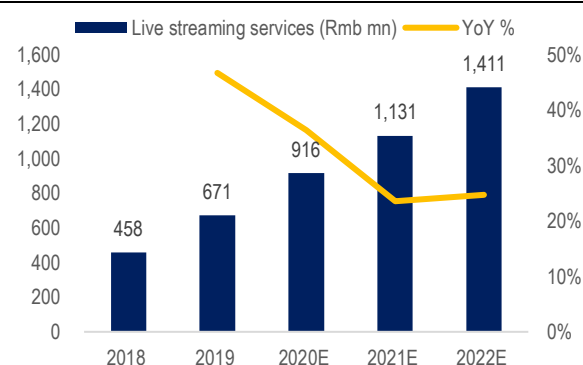
ARPU, paying ratio and segment revenue

Live streaming – improving paying ratio with modest ARPPU decline

Backed on strong paying ratio growth and modest ARPPU decline, we project revenue generated from live streaming services, the largest component of BlueCity's revenue, will grow by 36.4%/23.5% YoY to RMB915.7mn/ RMB1131.2mn in FY20/21E.

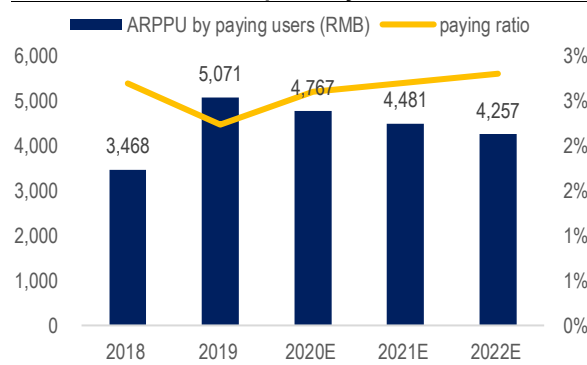
Paying ratio is expected to rise to 2.6%/2.7% in FY20/21E, implying that paying users for lives streaming services will reach 192k/252k in FY20/21E, respectively, thanks to: 1) BlueCity's continuous monetization efforts in overseas markets, where they provide free products and services and only generate passive income before; 2) high user activeness and stickiness in this close-knit community. On the ARPPU side, ARPPU by paying users will decline slightly by 6%/6% YoY to RMB4,767/RMB4,481 in FY20/21E due to rising promotion expenses.

Figure 7: BlueCity's live streaming services will grow by 36.4% YoY to RMB915.7mn in FY20E



Source: Company data, AMTD Research estimates

Figure 8: ARPPU and paying ratio (paying users/MAUs) of live streaming services reached RMB4,767 and 2.6% in FY20E, respectively



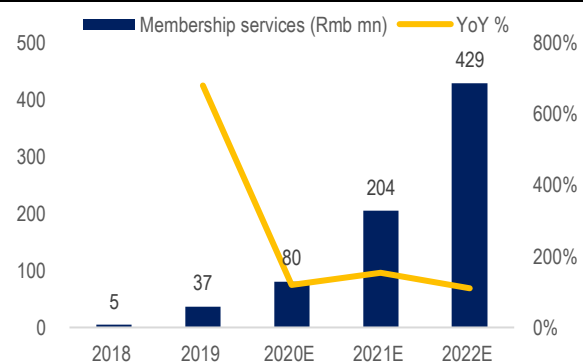
Source: Company data, AMTD Research estimates

Membership – rising paying ratio and ARPPU

In line with the expansion of its global footprints, BlueCity launched subscription-based membership services for the international version of Blued app in 4Q19, and therefore we expect revenue generated from recently launched membership service will grow quickly. Total revenue will grow by 118.6%/154.3% YoY to RMB80.3mn/RMB204.3mn in FY20/21E.

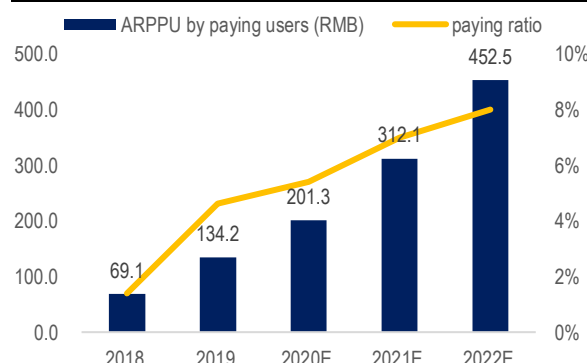
Paying ratio is expected to grow from 4.6% in FY19 to 8.0% in FY22E, while paying users for membership services will increase from 273.7k in FY19 to 947k in FY22E, driven by its rapid expansion to new geographies and penetration into lower-tier cities and towns in existing markets. ARPPU by paying users will experience a steady growth of 50%/55% YoY to RMB201.3/RMB312.1 in FY20/21E.

Figure 9: BlueCity's membership services revenue will sharply increase by 118.6% YoY to RMB80.3mn in FY20E



Source: Company data, AMTD Research estimates

Figure 10: ARPPU and paying ratio (paying users/MAUs) of membership services reached RMB201.3 and 5.4% in FY20E, respectively



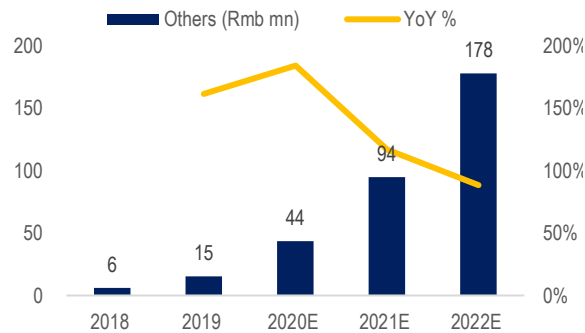
Source: Company data, AMTD Research estimates

Other services – keep steady growth

BlueCity also generates revenue from family planning services, online pharmacy related to BluedBaby, He Health and others. We believe this segment revenue will strongly grow at a CAGR of 126.2% to RMB177.8mn in FY19-FY22E. The strength comes from the new self-own licensed offline pharmacy operated in 1Q20, as well as close cooperation with the major licensed online pharmacy in China to provide their user access to a wide of OTC and prescription drugs and nutritional supplements related to Blued users' health.

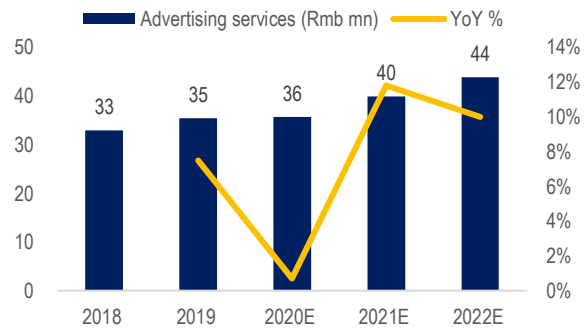
Besides, advertising also contributes to BlueCity's revenue growth. As Blued app is attracting more users and developing more innovative advertising formats and comprehensive marketing solutions, we believe advertising revenue will grow by 0.7%/11.8% YoY to RMB35.6mn/RMB39.8mn in FY20/21E.

Figure 11: BlueCity's other services revenue will grow by 183.9% YoY to RMB43.6mn in FY20E



Source: Company data, AMTD Research estimates

Figure 12: BlueCity's advertising services revenue will slightly increase by 0.7% YoY to RMB35.6mn in FY20E

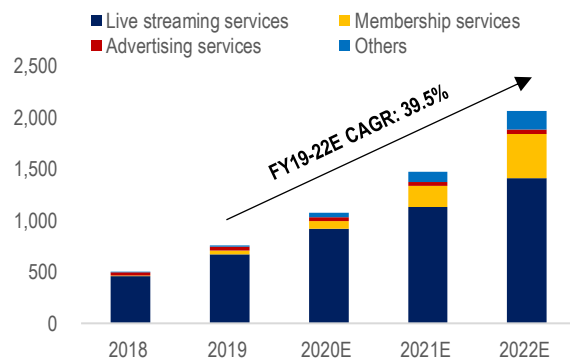


Source: Company data, AMTD Research estimates

Total revenue and gross margin

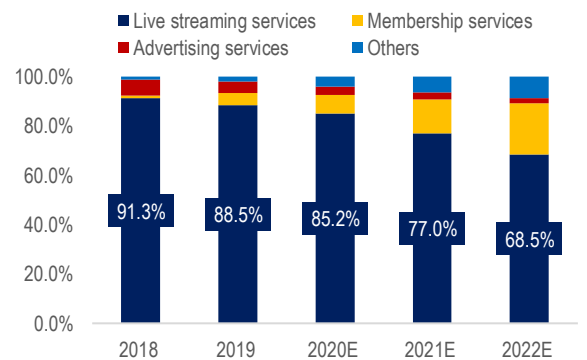
BlueCity's total revenue is expected to grow by 41.7%/36.7% YoY to RMB1.08bn/RMB1.47bn in FY20/21E. Live streaming services has been the largest component of total revenue, accounting for 85.2%/77.0% of total revenue in FY20/21E, respectively. However, we project that membership services and other services will contribute more meaningful revenue, accounting for 20.8%/8.6% of total revenue in FY22E, respectively, benefiting from user's rapid growth in line with BlueCity's expansion roadmap and online-with-offline pharmacy services development.

Figure 13: BlueCity's revenue (Rmb mn) breakdown - live streaming services is the main monetization way



Source: Company data, AMTD Research estimates

Figure 14: Revenue generated from live streaming services will account for 85.2% of total rev. in FY20E

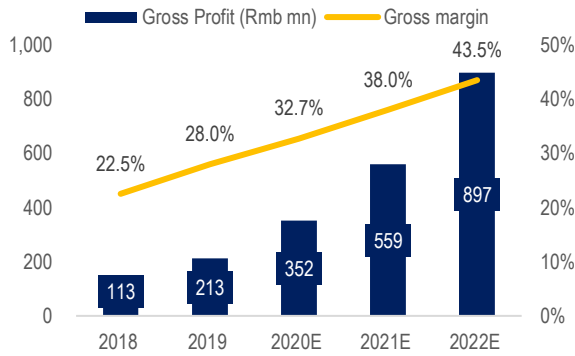


Source: Company data, AMTD Research estimates

On the cost side, revenue sharing fee to broadcasters through talent agencies channels accounted for roughly 66% of live streaming revenue in FY19, and is expected to shrink to 60.5% in FY20-22E, as the platform enhances its bargain power with more and more traffic acquisition.

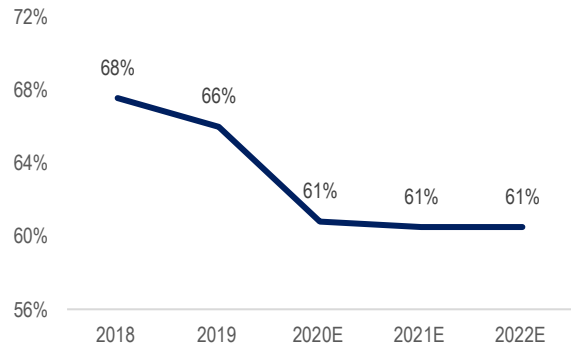
Gross profit is expected to reach RMB352mn/RMB559mn in FY20/21E, with a CAGR of 61.5% in FY19-22E, and gross margin will rise to 32.7% and 38.0% in FY20/21E, respectively, helped by revenue mix shift to higher-margin membership service and other services segments.

Figure 15: BlueCity's gross profit will reach RMB 351.9mn in FY20E, implying a 32.7% of GM



Source: Company data, AMTD Research estimates

Figure 16: BlueCity's revenue-sharing cost will account for 61% of live streaming rev in FY20-22E



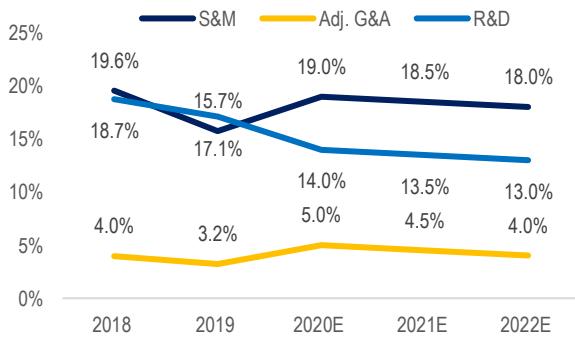
Source: Company data, AMTD Research estimates

Expenses and EBIT

The S&M expenses as a share of revenue will reach at 19%/18.5% in FY20-21E, since BlueCity will increase investment in marketing activities to attract and retain users, as well as to sharpen its market leadership on its expansion roadmap. Adj. G&A expenses and R&D expenses to revenue ratios will keep decline to 5.0%/4.5% and 14%/13.5% in FY20/21E, respectively, indicating an improving operating leverage.

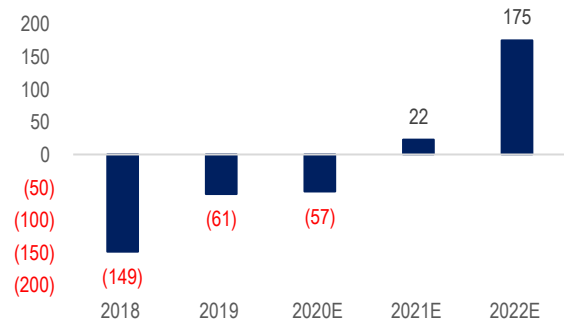
EBIT will turn positive in FY21E, and is expected to reach RMB22.4mn in FY21E, supported by progressive expansion and continuous efforts in diverse monetization.

Figure 17: BlueCity's S&M, Adj. G&A and R&D to revenue ratios keep decline



Source: Company data, AMTD Research estimates

Figure 18: BlueCity's EBIT (Rmb mn) will turn positive in FY21E



Source: Company data, AMTD Research estimates

Financials

Figure 19: BlueCity's operating data

MAU	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	2018	2019	2020E	2021E	2022E
Total															
avg. MAUs (mn)	4.10	4.50	4.70	4.90	5.00	5.70	5.96	5.93	6.00	6.40	4.90	5.93	7.39	9.35	11.84
avg. DAUs (mn)	2.00	2.10	2.20	2.20	2.30	2.40	2.50	2.60	2.50		2.20	2.60	3.24	4.10	5.19
Live streaming services															
paying users ('000)	156.9	135.9	125.6	132.0	136.9	128.3	129.2	132.4	177.9	174.0	132.0	132.4	192.1	252.4	331.5
paying ratio					2.7%	2.3%	2.2%	0.0%	3.0%	2.7%	2.7%	2.2%	2.6%	2.7%	2.8%
ARPPU by paying users (RMB)			1,080		3,981				4,039	4,832	3,468	5,071	4,767	4,481	4,257
Membership services															
paying users ('000)		10.1	43.4	68.3	121.5	186.6	242.6	273.7	284.0	327.0	68.3	273.7	399.0	654.5	947.1
paying ratio		0.2%	0.9%	1.4%	2.4%	3.3%	4.1%	4.6%	4.7%	5.1%	1.4%	4.6%	5.4%	7.0%	8.0%
ARPPU by paying users (RMB)					100.7				211.5	193.3	69.1	134.2	201.3	312.1	452.5
QoQ %															
Total															
avg. MAUs (mn)		9.8%	4.4%	4.3%	2.0%	14.0%	4.5%	-0.5%	1.2%	6.7%					
avg. DAUs (mn)		5.0%	4.8%	0.0%	4.5%	4.3%	4.2%	4.0%	-3.8%						
Live streaming services															
paying users ('000)		-13.4%	-7.6%	5.1%	3.7%	-6.3%	0.7%	2.5%	34.4%	-2.2%					
Membership services															
paying users ('000)			329.7%	57.4%	77.9%	53.6%	30.0%	12.8%	3.8%	15.1%					
YoY %															
Total															
avg. MAUs (mn)					22.0%	26.7%	26.7%	21.0%	20.0%	12.3%		21%	25%	27%	27%
avg. DAUs (mn)					15.0%	14.3%	13.6%	18.2%	8.7%	n.a.		18%	25%	27%	27%
Live streaming services															
paying users ('000)					-12.7%	-5.6%	2.9%	0.3%	29.9%	35.6%		0.3%	45.1%	31.4%	31.3%
ARPPU by paying users (RMB)									1.5%	n.a.		46.2%	-6.0%	-6.0%	-5.0%
Membership services															
paying users ('000)						1747.5%	459.0%	300.7%	133.7%	75.2%		300.7%	45.8%	64.1%	44.7%
ARPPU by paying users (RMB)									109.9%	n.a.		94.4%	50.0%	55.0%	45.0%

Source: Company data, AMTD Research estimates

Figure 20: BlueCity's P&L (RMB' 000)

P&L	2018	2019	2020E	2021E	2022E	2QFY19	2QFY20
Live streaming services	457,778	671,411	915,654	1,131,178	1,411,093	167,891	210,200
Membership services	4,717	36,738	80,327	204,257	428,592	6,882	15,800
Advertising services	32,920	35,384	35,631	39,836	43,819	9,083	10,700
Others	5,877	15,355	43,589	94,419	177,756	3,285	10,700
Total Revenue	501,292	758,888	1,075,200	1,469,690	2,061,261	187,141	247,439
Revenue-sharing costs	(309,250)	(443,106)	(556,717)	(684,362)	(853,711)		
Commission costs	(51,361)	(70,711)	(95,693)	(119,045)	(148,411)		
Staff costs	(15,159)	(17,445)	(28,708)	(41,445)	(48,646)		
Others	(12,615)	(14,949)	(42,148)	(65,989)	(113,988)		
Cost of Goods Sold	(388,385)	(546,211)	(723,266)	(910,842)	(1,164,756)	(130,998)	(170,256)
Gross Profit	112,907	212,677	351,934	558,848	896,505	56,142	77,183
<i>Gross margin</i>	22.5%	28.0%	32.7%	38.0%	43.5%	30%	31%
S&M	(98,011)	(119,437)	(204,288)	(271,893)	(371,027)	(30,846)	(40,964)
<i>S&M as % of total sales</i>	19.6%	15.7%	19.0%	18.5%	18.0%	16.5%	16.6%
G&A	(70,072)	(24,439)	(53,760)	(66,136)	(82,450)	(3,511)	(10,334)
<i>G&A as % of total sales</i>	14.0%	3.2%	5.0%	4.5%	4.0%	1.9%	4.2%
R&D	(93,985)	(129,652)	(150,528)	(198,408)	(267,964)	(32,224)	(31,336)
<i>R&D as % of total sales</i>	18.7%	17.1%	14.0%	13.5%	13.0%	17.2%	12.7%
Operating expenses	(262,068)	(273,528)	(408,576)	(536,437)	(721,441)	(66,581)	(82,634)
<i>Opex ratio</i>	52.3%	36.0%	38.0%	36.5%	35.0%	35.6%	33.4%
EBIT	(149,161)	(60,851)	(56,642)	22,411	175,064	(10,439)	(5,451)
<i>EBIT margin</i>	-29.8%	-8.0%	-5.3%	1.5%	8.5%	-5.6%	-2.2%
EBITDA	(146,732)	(58,231)	(52,930)	27,485	182,179	(10,439)	(5,451)
Financial Income	8,645	8,890	8,753	8,753	8,753	2,294	1,946
Fair value change	(4,044)	(9,024)	0	0	0	(4,011)	(0)
Profit Before Income Taxes	(144,560)	(51,999)	(47,888)	31,165	183,817	(12,156)	(3,506)
Income Tax Expense (Benefit)	0	(931)	1,437	(4,675)	(27,573)	(29)	156
Minority/Non Controlling Interest	0	0	0	0	0	0	0
Net Income	(144,560)	(52,930)	(46,452)	26,490	156,245	(12,185)	(3,350)
Exceptionals	(54,311)	(38)	0	0	0	(4,011)	(0)
Core net Profit	(90,249)	(52,891)	(46,452)	26,490	156,245	(8,174)	(3,349)

Source: Company data, AMTD Research estimates

Figure 21: BlueCity's P&L, YoY

YoY %	2019	2020E	2021E	2022E	2QFY20
Live streaming services	46.7%	36.4%	23.5%	24.7%	25.2%
Membership services	678.9%	118.6%	154.3%	109.8%	129.6%
Advertising services	7.5%	0.7%	11.8%	10.0%	17.8%
Others	161.3%	183.9%	116.6%	88.3%	225.8%
Total Revenue	51%	42%	37%	40%	32.2%
Revenue-sharing costs	43.3%	25.6%	22.9%	24.7%	
Commission costs	37.7%	35.3%	24.4%	24.7%	
Staff costs	15.1%	64.6%	44.4%	17.4%	
Others	18.5%	181.9%	56.6%	72.7%	
Cost of Goods Sold	40.6%	32.4%	25.9%	27.9%	30.0%
Gross Profit	88%	65%	59%	60%	37.5%
S&M	21.9%	71.0%	33.1%	36.5%	32.8%
G&A	-65.1%	120.0%	23.0%	24.7%	194.3%
R&D	37.9%	16.1%	31.8%	35.1%	-2.8%
Operating expenses	4.4%	49.4%	31.3%	34.5%	24.1%
EBIT	-59.2%	-6.9%	-139.6%	681.1%	-47.8%
EBITDA	-60.3%	-9.1%	-151.9%	562.8%	-47.8%
Financial Income	2.8%	-1.5%	0.0%	0.0%	-15.2%
Fair value change	123.2%	-100.0%			-100.0%
Profit Before Income Taxes	-64.0%	-7.9%	-165.1%	489.8%	-71.2%
Net Income	-63.4%	-12.2%	-157.0%	489.8%	-72.5%
Core net Profit	-41.4%	-12.2%	-157.0%	489.8%	-59.0%

Source: Company data, AMTD Research estimates

Figure 22: BlueCity's balance sheet (RMB' 000)

B&S	2018	2019	2020E	2021E	2022E
Cash and Equivalents	63,047	297,274	1,210,174	1,240,387	1,403,001
Term deposits	371,766	83,017	218,757	218,757	218,757
Trade Receivables	9,490	1,218	7,585	10,369	14,542
Inventories	0	0	0	0	0
Prepayments and other assets	38,746	52,486	83,866	111,696	152,533
Current assets	483,049	433,994	1,520,382	1,581,208	1,788,833
Property Plant & Equipment	4,696	7,942	9,606	10,412	9,480
Intangible asset, net	0	0	3,700	0	0
Investment securities	21,888	23,579	24,701	24,701	24,701
Deferred Tax Asset	844	1,360	1,360	1,360	1,360
Non-current assets	27,427	32,882	39,368	36,473	35,542
Total assets	510,476	466,876	1,559,749	1,617,681	1,824,374
Amount due to related parties	6,863	0	0	0	0
Trade payables	9,522	18,634	59,447	74,864	95,733
Other payables and accruals	58,005	71,769	96,597	96,597	96,597
Deferred revenue	23,757	32,555	53,760	73,484	103,063
Income tax payable	0	940	0	0	0
Current liabilities	98,147	123,898	209,804	244,945	295,393
Convertible debt	22,450	0	0	0	0
Deferred tax liability	0	0	0	0	0
Non-current liabilities	22,450	0	0	0	0
Total Share Capital	3	3	3	3	3
Additional paid-in capital	0	0	1,049,720	1,049,720	1,049,720
Retained Earnings (Accumulated Deficit)	(662,466)	(1,346,402)	(1,392,853)	(1,366,363)	(1,210,119)
Other Reserves	(22,574)	(41,102)	(41,102)	(41,102)	(41,102)
Attributable shareholders' equity	(685,037)	(1,387,500)	(384,232)	(357,742)	(201,497)
Minority/Non Controlling Int (Stckhldrs Eqty)	1,074,916	1,730,478	1,730,478	1,730,478	1,730,478
Total Shareholders Equity	389,879	342,978	1,346,246	1,372,736	1,528,981

Source: Company data, AMTD Research estimates

Valuation

We derive our PT of US\$20.1 by applying 3.5x FY21E P/S, at a premium on mid-sized social platform peers' average 2.1x FY21E P/S, for: 1) Blued app is the largest online LGBTQ community in this unique segment in China, and its users has high stickiness, loyalty and spending power; 2) successive new services and a broader product portfolio including family planning services, online pharmacy and self-own licensed offline pharmacy stores, men health related services, will boost monetization diversification.

Figure 23: BlueCity's valuation summary

Company	Method	Financials & Assumptions		No. of shares (mn)	Per share (RMB)	Per share (US\$)
BlueCity	P/S	FY21E Rev (Rmb mn)	Multiple			
		1,470	3.5x	37.2	138.4	20.1

Source: AMTD Research estimates, assuming USD/CNY of 6.90

Comparables

Figure 24: Comparables

Date	9/9/2020	Price (LC)	Mkt cap (USD mn)	EV/Sales				P/S				Sales CAGR FY19-22	P/E				PEG '19-20
				FY19	FY20E	FY21E	FY22E	FY19	FY20E	FY21E	FY22E		FY19	FY20E	FY21E	FY22E	
BLCT US	BlueCity*	11.45	408	3.3x	2.4x	1.8x	1.3x	3.7x	2.7x	2.0x	1.4x	37%	n.a.	n.a.	n.a.	n.a.	n.a.
Social platform																	
Large-sized																	
MTCH US	Match Group	105.56	27,447	6.5x	13.2x	11.2x	9.9x	5.8x	11.8x	10.0x	8.8x	-13%	24.1x	62.9x	41.5x	33.8x	(1.0)
Mid-sized																	
MOMO US	MoMo	14.63	3,053	0.8x	0.9x	0.8x	0.7x	1.2x	1.3x	1.2x	1.0x	6%	7.6x	7.8x	6.0x	5.2x	(3.3)
HUYA US	Huya	27.05	6,016	3.6x	2.7x	2.2x	1.9x	5.0x	3.7x	3.0x	2.5x	25%	92.6x	35.0x	25.6x	19.9x	0.2
DOYU US	Douyu	16.07	5,102	3.7x	2.6x	2.1x	1.9x	4.8x	3.4x	2.8x	2.4x	26%	593.0x	30.6x	22.5x	17.8x	0.0
YY US	Joyy	77.16	6,235	1.2x	1.2x	1.1x	0.9x	1.7x	1.7x	1.5x	1.3x	9%	30.5x	21.4x	14.5x	11.0x	0.5
Mean				2.3x	1.9x	1.5x	1.3x	3.2x	2.5x	2.1x	1.8x	17%	180.9x	23.7x	17.2x	13.5x	(0.6)
Median				2.4x	1.9x	1.6x	1.4x	3.3x	2.6x	2.1x	1.9x	17%	61.5x	26.0x	18.5x	14.4x	0.1
Content provider																	
BILI US	Bilibili	45.10	15,579	15.6x	9.5x	6.7x	5.0x	15.9x	9.6x	6.8x	5.1x	46%	n.a.	n.a.	n.a.	291.0x	(0.6)
NFLX US	Netflix	500.19	220,592	11.5x	9.3x	7.9x	6.8x	10.9x	8.9x	7.5x	6.5x	19%	121.0x	75.2x	52.6x	40.2x	1.2
SPOT US	Spotify	244.93	45,502	5.5x	4.7x	3.9x	3.2x	6.0x	4.9x	4.0x	3.3x	22%	n.a.	n.a.	n.a.	n.a.	(0.4)
TME US	Tencent Music	16.35	27,428	6.9x	6.0x	4.8x	3.9x	7.4x	6.4x	5.2x	4.2x	21%	93.5x	40.4x	30.1x	24.0x	0.3
IQ US	iQiyi	21.08	15,465	4.0x	3.8x	3.3x	2.9x	3.7x	3.5x	3.0x	2.7x	11%	n.a.	n.a.	n.a.	n.a.	0.6
Mean				8.7x	6.7x	5.3x	4.4x	8.8x	6.7x	5.3x	4.4x	24%	107.3x	57.8x	41.4x	118.4x	0.2
Median				6.9x	6.0x	4.8x	3.9x	7.4x	6.4x	5.2x	4.2x	21%	107.3x	57.8x	41.4x	40.2x	0.3
Mean				5.9x	5.4x	4.4x	3.7x	6.2x	5.5x	4.5x	3.8x	17%	137.5x	39.0x	27.6x	55.4x	(0.2)
Median				4.8x	4.3x	3.6x	3.1x	5.4x	4.3x	3.5x	3.0x	20%	92.6x	35.0x	25.6x	22.0x	0.1

Priced as of 9 Sept 2020; Source: Bloomberg, *AMTD Research Estimates for AMTD Coverage Stocks

DCF

We cross check with 10-year DCF to value BlueCity. We think DCF is appropriate as it take into account the cash flow. We derive BlueCity's equity value of US\$19.7 per share, in line with our PT from P/S multiple. Key business assumptions are: 1) revenue will grow at a 10-year CAGR of 26% in FY19-28E; 2) gross margin will rise slightly to 43.5% in FY28E and adj. EBITDA margin turn positive in FY21E and will grow steadily to 24.7% in FY28E; 3) FCF will turn positive in FY21E, and grow rapidly at a 8-year CAGR of 82% in FY21E-28E; 4) long-term growth rate of 3.0%; 5) WACC of 15.0%.

Figure 25: DCF valuation

DCF	2018	2019	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E
('000 RMB)											
revenue	501,292	758,888	1,075,200	1,469,690	2,061,261	2,679,639	3,349,549	4,019,459	4,742,961	5,454,406	6,272,566
YoY %		51.4%	41.7%	36.7%	40.3%	30.0%	25.0%	20.0%	18.0%	15.0%	15.0%
Gross profit	112,907	212,677	351,934	558,848	896,505	1,165,457	1,456,821	1,748,185	2,062,858	2,372,287	2,728,130
Gross margin %	22.5%	28.0%	32.7%	38.0%	43.5%	43.5%	43.5%	43.5%	43.5%	43.5%	43.5%
EBITDA	(96,465)	(58,231)	(52,930)	27,485	182,179	267,964	401,946	602,919	853,733	1,199,969	1,549,324
EBITDA margin %				1.9%	8.8%	10.0%	12.0%	15.0%	18.0%	22.0%	24.7%
(-) tax	0	(931)	1,437	(4,675)	(27,573)	(34,835)	(40,195)	(60,292)	(85,373)	(119,997)	(154,932)
Change of OWC	(8,969)	19,767	48,158	4,528	5,438	6,525	7,700	9,086	10,721	12,437	14,427
(-) Capex	(3,500)	(5,866)	(5,376)	(5,879)	(6,184)	(6,493)	(6,818)	(7,090)	(7,374)	(7,521)	(7,672)
Free cash flow	(108,935)	(45,264)	(8,710)	21,458	153,861	233,161	362,634	544,623	771,707	1,084,888	1,401,146
('000 RMB)											
Terminal value			11,676,220								
Long-term growth rate			3.0%								
WACC			15.0%								
Total present value of free cash flows			1,507,898								
Present value of terminal value			3,816,977								
Enterprise value			5,324,875								
(+) Cash and short-term investments			1,459,143								
(-) Noncontrolling interests			1,730,478								
(-) Total debt			0								
Implied equity value- Dec 2021 ('000 RMB)			5,053,541								
Implied equity value - Dec 2021 ('000 USD)			732,397								
No. of shares (thousands)			37,175								
Valuation per share (USD)			19.7								

Source: AMTD Research estimates, assuming USD/CNY of 6.9

Appendix

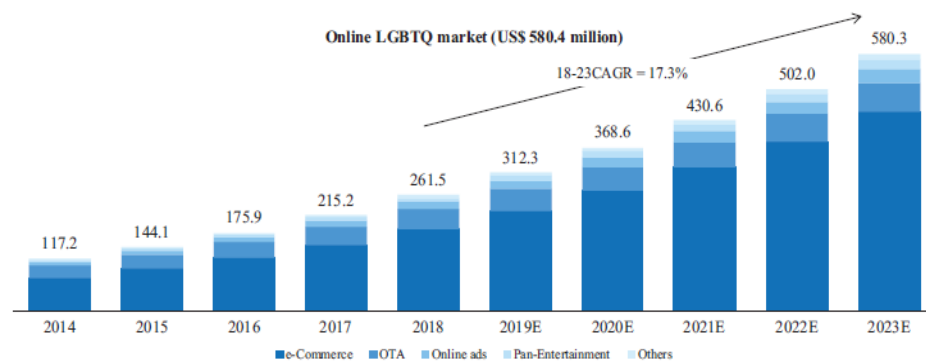
Industry overview

According to F&S, the global LGBTQ population increased rapidly in recent years, and is expected to keep going from approx. 450mn in 2018 to approx. 591mn in 2023 at a CAGR of 5.6%, on the back of the increasing social acceptance of the LGBTQ population and more openness and willingness of the younger generation to identify themselves as LGBTQ. Asia and North America together have the largest LGBTQ population, representing over 70%/75% of the total population in 2018/2023, respectively.

Benefiting from increasing number of the LGBTQ population with a higher average income and willingness to pay, LGBTQ market experienced a solid growth. In particular, online LGBTQ market, which is defined as the sum of online consumer expenditures by the LGBTQ population and online marketing expenditures towards the LGBTQ population, has also grown rapidly, driven by: 1) the development of mobile internet; 2) advanced technology adoption, such as location-based services, video streaming, mobile payment, etc., allowing customers to enjoy various products and services.

The market size of the global online LGBTQ market was US\$261.5bn in 2018, and is expected to reach US\$580.4bn in 2023, representing a CAGR of 17.3% between 2018 and 2023. More specially, eCommerce contributes most to online LGBTQ market, accounting for over 70% of total market.

Figure 26: Global online LGBTQ market (US\$ million)

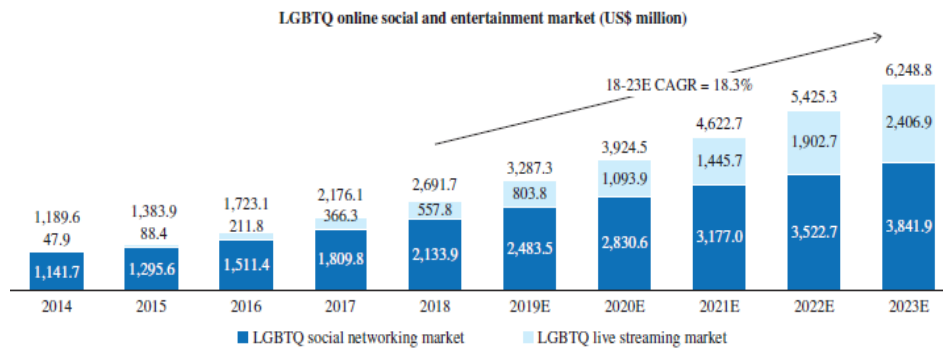


Source: Frost & Sullivan

Well positioned in this niche market, LGBTQ platforms operate social and entertainment services, including social networking and live-streaming services, to address users' evolving needs and capture the significant growth potential of the online LGBTQ market, since LGBTQ live streaming market is still at its early stage of development. Powered by the growing social needs of LGBTQ community, more tailored LGBTQ-focused live streaming contents, users' stronger willingness to pay and increasing acceptance of the LGBTQ, LGBTQ online social and entertainment market will keep growing rapidly.

The global LGBTQ online social and entertainment market had a total global revenue of US\$2.7bn in 2018, and is expected to grow at a CAGR of 18.3% to US\$6.2bn in 2023. More specially, the LGBTQ online social networking market revenue reached US\$2.1bn in 2018, consisting of revenues from membership fees and advertising, and will reach US\$3.8 bn in 2023, representing a CAGR of 12.5%. The LGBTQ live streaming market had a total global revenue of US\$557.8 mn in 2018, and is projected to reach US\$2.4 bn in 2023.

Figure 27: LGBTQ global online social and entertainment market (US\$ million)

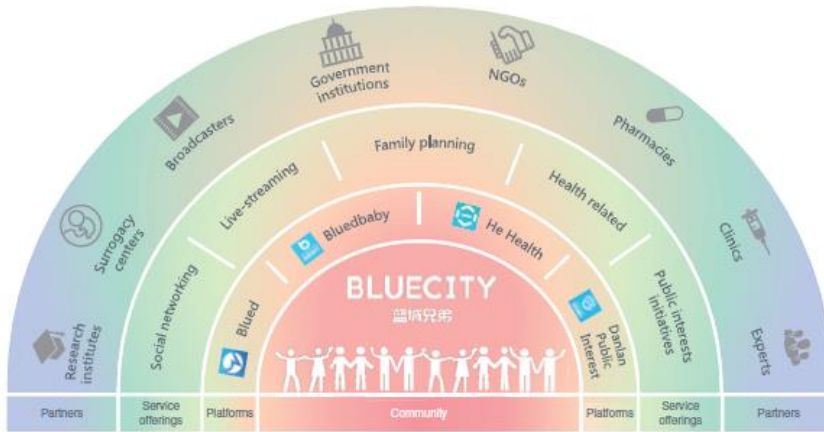


Source: Frost & Sullivan

Business overview

BlueCity, deeply rooted in LGBTQ community primarily in China and the rest of Asia, is dedicated to providing a full suite of services such as live streaming, membership, advertising and others, with its social networking platform Blued, health platform He Health, family planning services platform Bluedbaby and its public interest arm Danlan Public Interest, to empower LGBTQ persons in all aspects of their daily lives.

Figure 28: BlueCity's business model



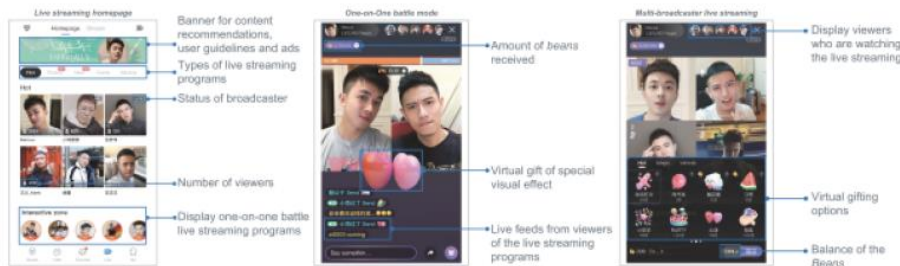
Source: Company Data, AMTD Research

Live streaming services

BlueCity provides live streaming services via Blued for broadcasters to reach a large targeted audience. Blued provides a wide variety of content and interactive activities including talent shows, matchmaking shows, game shows, storytelling shows, comedy shows and casual chats for users to engage and socialize, and enable broadcasters to solo operate live streaming sessions or collaborate with each other to conduct one-on-one battle and multi-broadcaster sessions. Blued also provides various interactive features such as customized filters, virtual gifts and special visual effects, to facilitate community-driven user stickiness and sustained willingness to pay.

It generates revenue primarily through sales of virtual gifts, including decorations and other consumable special effect in the price range of less than RMB1 to RMB8,500, that viewers purchase for the broadcasters. Under the revenue-sharing arrangements with talent agencies that manage broadcasters, the company paid certain percentage of revenue derived from virtual gift sales with talent agencies.

Figure 29: live streaming services on Blued app



Source: Company Data, AMTD Research

Membership services

BlueCity offers membership services on Blued’s domestic/international version in Jun 2018 and Nov 2019, mainly in the form of subscription-based membership services and pay-per-use enhancement functions, to further enhance users’ social experiences. Users can enjoy additional services and privileges by paying membership fees to subscribe the membership program, and better promote themselves and raise their profile.

Advertising services

Despite Blued’s high-quality users with high willingness to pay is particularly attractive to advertisers in various industries, BlueCity operates advertising services, primarily including 1) display advertising placement on the full screen and banners in the App; 2) native advertising placement on location-based social homepage and recent visitor page. Currently, BlueCity provides advertising services primarily on the domestic version of Blued.

Other services

- **Family planning services**

BlueCity launched Bluedbaby family planning service in 2017 to provide personalized assisted reproduction consultation services for all people who are in need of the service beyond LGBTQ population. The company recommends to the users a customized ART services plan provided by third-party ART service providers overseas, and collects relevant consulting service fees to generate revenue.

- **HIV-related services & Men’s health services**

In 2019, BlueCity launched He Health. Closely cooperating with a major online pharmacy in China, it delivers access to timely and professional HIV screening, various OTC drugs and nutritional supplements related to men’s health, and provides online referrals to specialists for consulting. Besides, as a significant initiative of Danlan Public Interest, BlueCity enables the users to search for HIV testing locations in China and makes appointments directly via Blued. The company currently has a network of nearly 7,000 testing locations and establishes 18 express testing centers. Thus, BlueCity generates revenue primarily from this consultation services bundled with HIV-related screening kits, medications and drugs in solution packages.

Figure 30: Health-related services on He Health app



Source: Company Data, AMTD Research

Company background

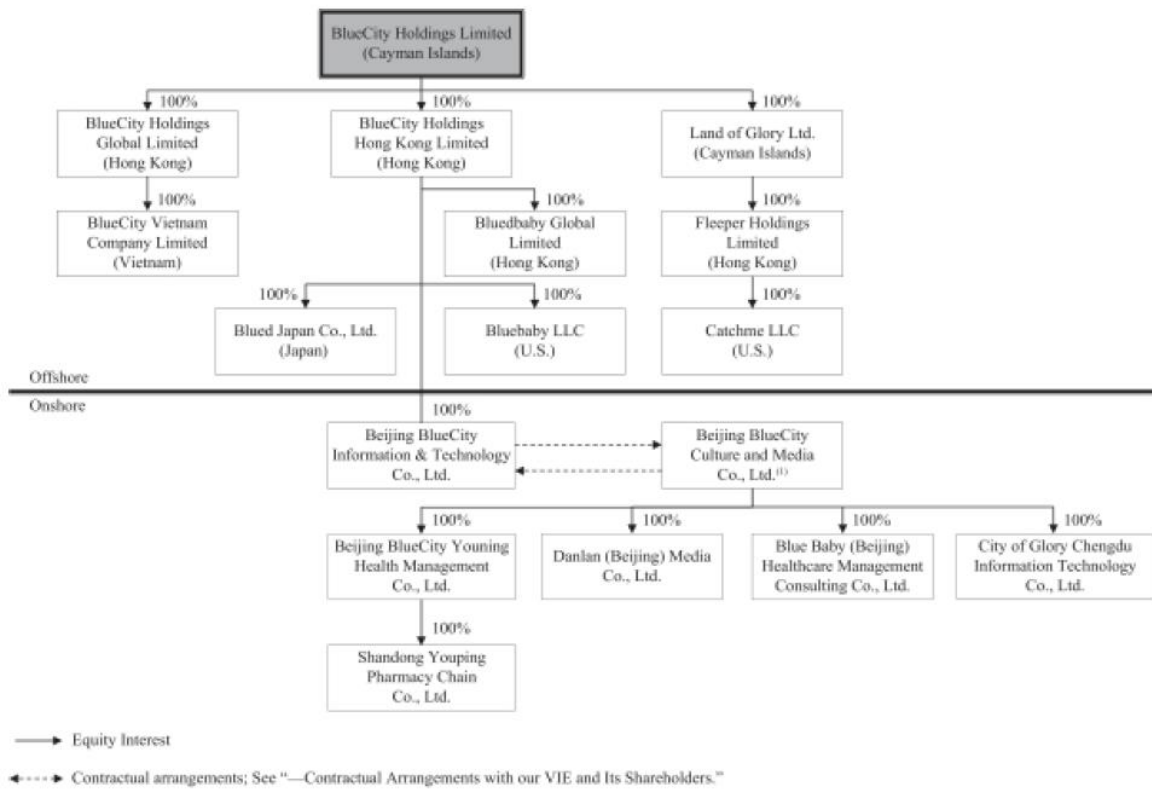
Founded in 2011 and headquartered in Beijing, BlueCity is an internet company providing a full suite of high-quality services empowering a diverse group of people around the world. Its central hub – Blued is the largest online LGBTQ community in terms of MAUs in China as well as overseas markets, such as India, South Korea, Thailand and Vietnam, and has approx. 54mn registered users spanning over 210 countries and regions as of 1H20. In addition, BlueCity also operates He Health, Bluedbaby apps to provide health-related services and family planning services.

Key milestones in the company's business

2012	<ul style="list-style-type: none"> Launched online social network Blued Danlan established the 1st "Happy Testing Office" in Beijing
2013	<ul style="list-style-type: none"> Angel round
2014	<ul style="list-style-type: none"> Series A&B
2015	<ul style="list-style-type: none"> Blued launched international version Blued sponsored 7 couples to go for same-sex weddings in US, together with Taobao, Beijing LGBT Center, etc.
2016	<ul style="list-style-type: none"> Launched live-streaming services and accelerated monetization efforts Launched personalized family planning services Introduced "Internet + HIV prevention" concept in the 21st International AIDS Conference Series C
2017	<ul style="list-style-type: none"> Launched Bluedbaby Series D
2018	<ul style="list-style-type: none"> Launched membership services
2019	<ul style="list-style-type: none"> Launched He Health
2020	<ul style="list-style-type: none"> Listed on NASDAQ Global Market

Shareholding structure

Figure 31: Blued shareholding structure



Source: Company Data, AMTD Research

Board of directors and management team profile

Figure 32: Board of directors and management team profile

Name	Age	Position	Date of Joining	Experience
Mr. Baoli Ma	42	Founder, Director and Chief Executive Officer	2011	Mr. Baoli Ma is the founder and chairman and has served as the director and chief executive officer since the inception. Prior to funding the company, Mr. Ma served as deputy director of information research at Qinhuangdao Public Security Bureau from 1997 to 2012. Mr. Ma studied public security in Qinhuangdao People's Police School from 1992 to 1996, public security management in Chinese People's Armed Police Force Academy from 2002 to 2003, and received his Bachelor of Laws degree in public security management from People's Public Security University of China in 2006. Mr. Ma is currently attending "Lakeside University," a senior executive training program founded by Jack Ma, founder of Alibaba Group.
Mr. Zhe (David) Wei	49	Director	Jun. 2016	Mr. Zhe (David) Wei has over 20 years of experience in both investment and operational management in China. Prior to launching Vision Knight Capital, a private equity investment fund, in 2011, Mr. Wei served for five years as an executive director and the chief executive officer of Alibaba.com Limited, a leading worldwide wholesale e-commerce company wholly owned by the Alibaba Group. Mr. Wei was the president, from 2002 to 2006, and chief financial officer, from 2000 to 2002, of B&Q China, a subsidiary of Kingfisher PLC, a leading home improvement retailer in Europe and Asia. From 2003 to 2006, Mr. Wei was also the chief representative for Kingfisher's China sourcing office, Kingfisher Asia Limited. Mr. Wei currently serves as a non-executive director of Informa PLC (LON: INF), a non-executive director of Zhong Ao Home Group Limited (HKSE: 01538), an executive director of Zall Smart Commerce Group Ltd. (HKSE: 02098), a non-executive director at JNBY Design Limited (HKSE: 03306), an independent director of Leju Holdings Limited (NYSE: LEJU), an independent director of OneSmart International Education Group Limited (NYSE: ONE), and directors of several private companies. Mr. Wei received his bachelor's degree in international business management from Shanghai International Studies University in 1993 and EMBA degree from London Business School in 1998.
Mr. Wei Ying	54	Director	Nov. 2017	Mr. Wei Ying is currently a managing director of CDH Investments. Prior to joining CDH Investments, Mr. Ying was a vice president of China Water Affairs Group Limited from February 2007 to March 2009 and president and executive director of China Plant Development Holdings Limited from July 2008 to July 2009. Prior to this, Mr. Ying served as an executive director of China Resources Textiles (Holding) Co., Ltd. Mr. Ying currently serves as non-executive director for several Hong Kong listed companies, such as CHTC Fong's International Company Limited (HKSE: 0641), Fountain Set (Holdings) Limited (HKSE: 0420), and Zhongsheng Group Holdings Limited (HKSE: 0881). Mr. Ying currently also serves as a director of Yunji Inc. (Nasdaq: YJ). Mr. Ying received his bachelor's degree in accounting from Zhejiang Gongshang University and an MBA from University of San Francisco.
Ms. Rong (Ruby) Lu	49	Independent Director	/	Ms. Rong (Ruby) Lu is a venture capitalist investing in technology start-ups in the U.S. and China. In October 2019, she founded Atypical Ventures, an early-stage technology venture investment firm in China. In 2006, she co-founded DCM China (the "DCM"), an early-stage venture capital firm. During her more than 12-year tenure at DCM, she invested in and served as a board member for many leading technology companies including BitAuto Holdings Limited, E-Commerce China Dangdang Inc. and Pactera Technology International Ltd. Prior to joining DCM, Ms. Lu was a Vice President in the technology, media and telecommunications investment banking group of Goldman Sachs & Co. in Menlo Park, California. Ms. Lu is currently an independent director on the board of Uxin Limited (Nasdaq: UXIN) and Yum China Holdings, Inc (NYSE: YUMC). Ms. Lu received her master's degree in international economics and energy, environment, science and technology from Johns Hopkins University, School of Advanced International Studies and bachelor's degree in economics from the University of Maryland, Baltimore County.
Mr. Shengwen (Roy) Rong	51	Independent Director	/	Mr. Shengwen (Roy) Rong currently serves as an independent director of Qudian Inc. (NYSE: QD), X Financial (NYSE: XYF) and MOGU Inc. (NYSE: MOGU). From February 2017 to September 2018, Mr. Rong served as the senior vice president and chief financial officer at Yixia Technology Co., Ltd, a leading live video broadcast and short-video platform in China. Prior to that, he served as the chief financial officer at Quixey, Inc. from 2015 to 2016, the chief financial officer at UCWeb from 2012 to 2014, and the chief financial officer at Country Style Cooking Restaurant Chain Co., Ltd, an NYSE-listed company, from 2010 to 2012. Mr. Rong received his bachelor's degree in international finance from Renmin University in 1991, master's degree in accounting from West Virginia University in 1996, and MBA degree from University of Chicago Booth School of Business in 2000. Mr. Rong is a Certified Public Accountant in the United States.
Ms. Wenjie (Jenny) Wu	45	Independent Director	/	Ms. Wenjie (Jenny) Wu is currently an independent non-executive director of Kingsoft Corporation Limited (3888.HK) and an independent director of Xunlei Limited (Nasdaq: XNET). Ms. Wu served as the chief investment officer of New Hope Group from November 2018 to February 2020. Ms. Wu served as managing partner of Baidu Capital from November 2016 to November 2018. Ms. Wu successively served as deputy CFO, CFO and CSO of Trip.com Group Limited (Nasdaq: TCOM) from December 2011 to November 2016. Ms. Wu was an equity research analyst covering China Internet and Media industries at Morgan Stanley Asia Limited and at Citigroup Global Markets Asia Limited from 2005 to 2011. Prior to that, Ms. Wu worked for China Merchants Holdings (International) Company Limited (Stock Code: 0144), a company listed on the Hong Kong Stock Exchange, for three years. Ms. Wu has a Ph.D. degree in finance from the University of Hong Kong, a master's degree in finance from the Hong Kong University of Science and Technology, and a master's degree and a bachelor's degree in economics from Nan Kai University, China. Ms. Wu has been a Chartered Financial Analyst (CFA) since 2004.
Mr. Zhiyong (Ben) Li	36	Chief Financial Officer	Jun. 2019	Prior to joining the company, Mr. Zhiyong (Ben) Li served multiple positions in GDS Holdings Limited (Nasdaq: GDS) from 2007 to 2019, with the last position held as finance vice president from 2014 to 2019. Mr. Li worked as an associate in PricewaterhouseCoopers Zhong Tian LLP, Beijing Branch from 2005 to 2007. Mr. Li received his bachelor's degree in national economic management from Renmin University of China in 2005.
Mr. Liang Zhao	37	Chief Risk Officer	Apr. 2015	Prior to joining the company, Mr. Liang Zhao was an entrepreneur and founded a business providing pet related services from 2011 to 2015. Mr. Zhao worked as a manager in Phoenix New Media Ltd. (NYSE: FENG) from 2004 to 2009. Mr. Zhao received his bachelor's degree in law from China University of Political Science and Law in 2004.
Mr. Yuanchen (Calvin) Liu	39	Chief Technology Officer	Mar. 2014	Prior to joining the company, Mr. Yuanchen (Calvin) Liu served as a research and development manager at Baidu, Inc. (Nasdaq: BIDU), Beijing office from 2007 to 2014. Mr. Liu worked as a software engineer at Sina Corporation (Nasdaq: SINA), Beijing office from 2005 to 2007. Mr. Liu received his bachelor's degree in information management and information system from Jilin University in 2002, and his master's degree in management science and engineering from Jilin University, Business School in 2005.
Mr. Junchen Sun	32	Vice President, Finance	Feb. 2017	Prior to joining the company, Mr. Junchen Sun served as finance controller in MicroMedia Holdings Limited from 2015 to 2017. Mr. Sun worked as a senior associate in PricewaterhouseCoopers Zhong Tian LLP, Tianjin Branch, Tianjin from 2011 to 2015. Mr. Sun received his bachelor's degree in accounting from Tianjin University of Finance and Economics in 2011 and master's degree in business administration from Peking University in 2018.

Source: Company data, AMTD Research

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