

CMCM - Cheetah Mobile, Incorporated
Q1 2015 Earnings Call
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Presentation

Operator: Hello, and welcome to the Cheetah Mobile first quarter 2015 earnings conference call. All participants will be in listen-only mode. (Operator Instructions). After today's presentation, there will be an opportunity to ask questions. (Operator Instructions). Please note this event is being recorded.

I would now like to turn the conference to Helen Jing Zhu, IR Director. Ms. Zhu, please go ahead.

Helen Jing Zhu: Thank you, Operator. Welcome to Cheetah Mobile's first quarter earnings conference call. With us today are Mr. Fu Sheng, CEO, and Mr. Andy Yeung, CFO.

Following management's prepared remarks, we will conduct a Q&A session.

Before we begin, I refer you to the Safe Harbor Statements in our earnings release, which also apply to our conference call today, as we will make forward-looking statements.

At this time, I would now like to turn the conference call over to our CEO, Mr. Fu. Please go ahead, Mr. Fu.

Sheng Fu: Good evening, everyone. Thank you for joining our first quarter 2015 earnings conference call. I am excited to announce that we have made impressive progress since we set our strategic goal at the beginning of 2015 to be among the top three global mobile advertising platforms. We have witnessed both strong growth in our mobile user base and continued success in our mobile monetization during the quarter.

Most importantly, Cheetah Mobile has achieved a major milestone in the mobile and global transformation of our Company with mobile revenues now accounting for a majority of total revenues for the first time in our history.

Now, I would like to talk about the progress we have made in the mobile user growth and monetization during the first quarter from a few perspectives.

First of all, our growing mobile user base and mobile MAU demonstrates the continued strong growth momentum of our business. Specifically, our total mobile user installations have reached over 1.3 billion as of March 31, 2015. Additionally, our mobile MAUs reached 444 million, an increase of 48 million users quarter-over-quarter.

Today, 71% of mobile MAUs came from overseas markets. These impressive results were mainly driven by a portfolio of popular products, a strong product matrix of mobile apps and our continued investment in user acquisitions.

On the product side, we continued to roll out new apps and services in order to further enhance the mobile experience for our smartphone users worldwide. In December 2014, we launched a personalization app called CM Launcher, and according to App Annie, CM Launcher was among the top-20 non-game apps on Google Play and ranked number two in the personalization application category on Google Play in April 2015. CM Launcher was rated 4.6 out of 5 stars, which was the highest score among the large mobile launcher apps.

In addition, we are creating a powerful matrix of utility apps. In March, 5 of our apps were among the top-30 non-game apps on Google Play. With the continued success of Clean Master and CM Security as a base, we are able to effectively cross-sell other apps with high frequency of use, such as CM Launcher, CM Browser and CM Locker.

In addition, we recently launched CM Backup, a cloud-based backup and restore services. The app has been well received by users, and has been successful in encouraging more and more of our app users to register with us. This layering of products is creating a powerful matrix of utility apps that not only help us expand our user base, but also increases our user time spent and user engagement.

On the user acquisition side, we continued to strengthen our multi-channel strategy to promote our apps. During the quarter, we strengthened our partnerships with key online marketing

platforms including Facebook, Google and Twitter. In addition, we have expanded our offline partnerships with over 50 smartphone makers and carriers to distribute our mobile apps.

Moreover, our mobile revenues, especially mobile revenues from overseas markets, continued to deliver solid financial results, which have become the main driver of our growth. Specifically, our mobile revenues grew 584% year-over-year to RMB367 million, accounting for 55% of Q1 total revenues.

Overseas revenues grew 84% quarter-over-quarter to RMB256 million, accounting for 38% of our total revenue and 70% of our mobile revenue in the quarter.

This substantial improvement in mobile and overseas monetization was driven by the increasing success of our mobile advertising services among our users.

Mobile advertising revenues accounted for 48% of our total revenues and 89% of our mobile revenues.

During the quarter, we have also further expanded our partnerships with leading mobile advertising networks, made strategic investments and acquisitions of key mobile advertising assets. We have also increased investment into R&D to improve our big data analytics capabilities, created better mobile ad formats and continued to build our mobile advertising platform. These initiatives enhanced our monetization capabilities and enabled us to drive mobile revenues and overseas revenues higher during the quarter.

We further expanded our advertiser base through strategic partnerships during the quarter. Internationally, we greatly expanded our partnerships with leading global mobile advertising platforms, including Facebook Audience Network and Google AdMob. We were very pleased that Facebook had highlighted our successful partnership with Facebook Audience Network on their earnings call recently.

In China, the overall mobile advertising industry has experienced rapid evolution and development as well. People are beginning to realize that mobile advertising is much more than just mobile app stores. Now, people are paying more attention to big data analytics and targeted mobile advertising solutions.

In this sense, Cheetah Mobile has become a top partner for Tencent, where we have all of our core apps linked into Guangdiantong, and already show promising results from this partnership during the quarter.

We also further accelerated our global mobile advertising capabilities through strategic investments and acquisitions in the quarter. In April, we completed the acquisition of MobPartner and are happy to report that the integration is progressing smoothly.

Our investment in MobPartner further expanded our global sales footprint. Now, we have set up -- in the process of [setting up] more than 10 overseas offices to facilitate our localization of service offerings.

In March, we made a strategic investment in Nanigans, a social and mobile advertising software provider, which marks an important move for us as we improve our big data analytics capabilities.

Moreover, we enhanced our mobile ad talent pool, introduced additional mobile ad formats and made significant progress in the mobile advertising platform through investment in R&D.

We are excited to have the personalized recommendation team from the Yahoo Beijing research center join our Cheetah family. In addition to contextual native ads and video ads, we also experimented with an innovative mobile ad format, full screen click-through ads on the lock screen, which has shown some promising results.

Looking ahead, we are confident that by effectively executing these strategic initiatives, we will continue to grow our mobile and overseas revenues.

In closing, I would like to reiterate that we will continue investing in our mobile and overseas business in 2015. Cheetah Mobile will continue investing in products and marketing to attract more mobile users and improve our mobile advertising technology and platform, in order to capture the vast global mobile advertising opportunities ahead.

We are very clear in what we are pursuing and firmly believe these initiatives will strengthen our leadership position in the industry and deliver long-term shareholder value.

This concludes my portion of the presentation. I will now turn the call over to our CFO, Andy Yeung.

Andy Yeung: Thank you, Sheng. Good evening, everyone. We're delighted to have once again delivered another record quarter of financial performance.

Our total revenue grew 113% year-over-year and 14% quarter-over-quarter to a new record high of RMB672.5 million in the quarter, well exceeding the high end of our guidance.

Our robust revenue growth was mainly driven by our mobile advertising business, especially in the overseas market.

Revenues from mobile increased 584% year-over-year and 65% quarter-over-quarter and accounted for 55% of our total revenues in the quarter, a very important milestone for our global and mobile strategy.

Particularly, overseas was the biggest contributor to our mobile revenue growth. During the quarter, overseas revenues contributed 38% of our total revenues and 70% of our mobile revenues.

Our results and achievements have clearly shown that we are on the right track for ensuring our success as a top Global mobile advertising platform. But this is just the beginning for us as we continue to see significant opportunities in the vast and rapidly growing mobile market.

Looking ahead, we will continue to invest in attracting more users, improving big data analytics and building a sophisticated mobile advertising platform.

Now, I will walk you through the details of our financial performance. All financial numbers are in RMB unless otherwise noted.

Revenues from online marketing services for the first quarter were RMB559.9 million, an increase of 141% year-over-year and 26% quarter-over-quarter. The increases were primarily driven by a strong demand for our mobile advertising business, especially in the overseas markets.

Mobile advertising business already accounts for 48% of our total revenues and 89% of mobile revenues in the quarter. Looking ahead, we are confident in our ability to continue growing our mobile advertising revenues.

Revenues from IVAS for the first quarter were RMB97.2 million, an increase of 35% year-over-year and a decrease of 29% quarter-over-quarter. The year-over-year increase primarily reflected the growth of revenue from mobile and PC games published by the Company. The sequential decline was mainly due to the pause of our online lottery operation in response to regulatory changes in China.

Revenues from internet security services and other for the quarter were RMB15.5 million, an increase of 32% year-over-year and 167% quarter-over-quarter. The increases were primarily due to the sales of the Company's air purifier product.

Now, moving to costs and expenses -- SBC expenses for the first quarter were approximately RMB46 million, compared to RMB14 million in the same period last year and RMB51 million in the previous quarter. As we stated in the past, we will incur higher SBC expenses this year, mainly due to the shares and options granted to our management and employees prior to IPO in May 2014.

To help facilitate the discussion of the Company's operating performance, the following discussion will be on a non-GAAP basis, which excludes -- for financial information presented in accordance with US GAAP, please refer to our press release which is available on our website.

Non-GAAP cost of revenues for the first quarter were RMB140 million, up 105% year-over-year and 3% quarter-over-quarter. The increases were primarily due to higher bandwidth and IDC costs from increased user traffic as well as higher amortization costs from intangible assets resulting from acquisitions.

Non-GAAP gross profit for the first quarter was RMB528 million, up 115% year-over-year and 18% quarter-over-quarter.

Non-GAAP gross margin for the first quarter increased to 78.5% from 77.7% in the prior year period and 76.2% in the previous quarter, boosted by a higher percentage of revenues generated from mobile advertising.

Non-GAAP R&D expenses for the first quarter were RMB117 million, up 64% year-over-year and 12% quarter-over-quarter. The year-over-year increases were primarily due to increased headcount associated with the expansion of our mobile business. At the end of the first quarter, we had approximately 1,300 R&D personnel.

We were delighted to have the personalized recommendation team from Yahoo's Beijing research center join us recently.

We will continue to invest in mobile product development to enhance our big data analytics capabilities and our mobile advertising platform technology in order to build a global mobile advertising platform.

Non-GAAP sales and marketing expenses for the first quarter were RMB248 million, up 124% year-over-year and 36% quarter-over-quarter. The increases were primarily due to promotional expenses for our mobile business. As we have mentioned previously, we will continue to step up investment in user acquisition for the rest of the year.

Non-GAAP G&A expenses for the first quarter were RMB66 million, up 123% year-over-year and 17% quarter-over-quarter. The increases were due to increased professional service fees and headcount associated with being a public company.

Non-GAAP operating profit for the first quarter was RMB97 million, an increase of 192% year-over-year and a decrease of 8% quarter-over-quarter.

Non-GAAP operating margin for the first quarter increased to 14.5% from 10.6% in the prior year period.

Non-GAAP net income for the first quarter was RMB76.9 million, an increase of 135% year-over-year, and a decrease of 7% quarter-over-quarter.

Non-GAAP diluted earnings per ADS for the first quarter doubled year-over year to RMB 54 cents, or \$0.09.

To help facilitate better understanding of the impact of amortization of intangible assets resulting from acquisitions on our operating expenses, we reported adjusted EBITDA beginning this quarter. Adjusted EBITDA is a non-GAAP measure that is defined as earnings before interest, tax, depreciation, amortization, other non-operating income and share-based compensation expenses.

Our adjusted EBITDA for the first quarter was RMB129 million, an increase of 207% year-over-year.

Now, let me provide you with our guidance. We currently expect total revenue for the second quarter to be between RMB785 million and RMB795 million, representing a 106% to 109% year-over-year increase. Please note, this forecast reflects the Company's current and preliminary view and is subject to change.

And this concludes our prepared remarks for today. Operator, we are now ready to take questions.

Question-and-Answer Session

Operator: Thank you. We will now begin the question-and-answer session. (Operator Instructions). Evan Zhou with Credit Suisse.

Evan Zhou: (Speaking foreign language). So my first question will be so we have already set our goal to be the top-three mobile advertiser providers around the world. So I was wondering what kind of the scale of business that will be if we reach that goal. And if we reach that level of scale, what kind of revenue mix will it be like in terms of the mobile advertising? And what's our current run rate of over \$600K per day compared to that goal? Thank you.

Sheng Fu: (Speaking foreign language).

Andy Yeung: Right. So Evan, thank you for your questions. (Interpreted). Regarding what's the

potential size for mobile advertising revenues, obviously, that's a dynamic environment. If you look at the mobile advertising industry as a whole, we continue to grow. We think that in a couple of years, we'll probably manage a billion dollars in revenues to be a top-three mobile advertising platform.

And I think the current run rate, if you look some of the top-three players, is probably running at maybe a couple of million US dollars per day run rate. But again, it's a dynamic situation, but we just can only give you an approximation.

And Evan, do you have another question, a follow-up question for that?

Operator: Thomas Chong of Citigroup.

Thomas Chong: I have three questions. (Speaking foreign language). So I have three questions. The first question is about the accounts receivable. Any color about the sequential drawn by 60% quarter-on-quarter to about RMB420 million in the first quarter?

And my second question is about the cooperation with Samsung. Any color about the lump-sum payment, how much [it is] and when we should expect it to be booked in your P&L?

And the third question is I wanted to confirm the mobile advertising revenue represents 48% of your total revenue and 55% of your mobile revenue in the first quarter? Thanks.

Andy Yeung: (Inaudible), so I think regarding receivables, the receivables increased some, but you have to remember our total revenues also increased in the quarters. And also, if you also remember that in the first quarter, January is a full (inaudible) season for receivables, mainly due to the Chinese New Year and whatnot. So there's a seasonality to the receivable collection. And as you know, our Company has one cash flow operation, [profit] cash flow operation, for many, many quarters now, and during the quarter we continued to run a positive operating cash flow. The second question that you asked is about Samsung. As we mentioned, we have a partnership with Samsung, where they increase our application to their other business for their Samsung S6 smartphone. And in (inaudible), additional installation type of projects, they actually are our customer. They (inaudible) a technical piece of -- we don't actually pay them for that [event].

But however, the thing that we see from Samsung is [roughly] small and we value their partnership more than what we value their revenue trends, and particularly from that partnership with them. So for us, we're very delighted to have Samsung as our partners and we like to see that continue to grow and expand

And the third question that you have is confirmation of the mobile advertising revenues as percentage of total revenue, (inaudible) that now, example 48% of our total revenue and about 89% of our mobile revenues. So thank you for your questions.

Operator: Jeff Hao with China Merchants Securities.

Jeff Hao: (Speaking foreign language). I have two questions; first is regarding the first quarter results. Our guidance is the non-cash operating margin is around zero, but we have made a (inaudible) profit in first quarter. So can management give some color on the reason behind that?

And my second question is about our new product strategy. Fu Sheng mentioned a number of new products were launched during the past quarters. Can the management comment on the promotion strategy for the new product for the following quarters? Thank you.

Sheng Fu: (Speaking foreign language).

Andy Yeung: Jeff, thank you for your questions.

(Interpreted). Yes, so as for our last case, our strategy today is not driven by our competitors. It's more for us -- if you look at our competitors, they're very cognizant of our leadership position. What we're trying to do is that we were trying to experiment with our strategy and find the marketing and product strategies that will continue to build our success. And so but that was coming [in] two phases; it's not going to be all happening at once and so it's going to be a more progressive type of experimentation.

Sheng Fu: (Speaking foreign language).

Andy Yeung: (Interpreted). So even though we have set a very broad and ambitious growing objective for our plan, but when we look at marketing dollars, we really want to spend it effectively. And so we definitely look at how effective the channel is, look at the retention rate, look at the user feedback, and then we decide -- adjust our advertising and mobile promotional activity. So again, and our competitors who may have one single objective of making money and put all the money into mobile promotional activities, we would look at the market and respond [accordingly].

Sheng Fu: And the second question --

Andy Yeung: Yes, so we'll follow-up on the second question, which is about our current new product.

Sheng Fu: Okay. (Speaking foreign language).

Andy Yeung: (Interpreted). So if you look at our [current] matrix, we already have formed a very powerful matrix with Clean Master and CM Security at the base. That base will address the user needs for clean and secure smartphone work operating environment. Today, we are laying on top of that increasingly with product that has higher frequency of use for user.

Sheng Fu: Okay. (Speaking foreign language).

Andy Yeung: (Interpreted). So if you look at, for example, one of our recently launched products, CM Launcher, while we're still at a stage where we continue to improve the user experience, but the product is already ranked number top-20 on the non-game apps on Google Play. And as we make the best products better, we will drive more users to use our order.

Sheng Fu: (Speaking foreign language).

Andy Yeung: (Interpreted). Besides our introducing the high-frequency [fee] of use applications, we also have recently launched the cloud-based services, such as our CM Backup services. And we already see that the product has been well received by our users, and we do expect we'll continue to roll out new product in the cloud-based area and see more user growth in that area.

Jeff Hao: Okay. Thank you.

Operator: Alvin Wong of Morgan Stanley.

Alvin Wong: (Speaking foreign language). I think that Cheetah Mobile has a very strong quarter-on-quarter MAU growth in overseas markets. Can you share us more color on the geographic breakdown of this new addition?

And my second question is on the mobile revenue in overseas markets, can you give us a breakdown of how much percentage is from mobile ads and how much from gaming? Thanks.

Sheng Fu: Okay. (Speaking foreign language).

Andy Yeung: (Interpreted). So in term of our user base, as you can see, our user base extends globally and obviously, developed markets like US and Europe still are our largest markets. But if you look at the overall mobile user base in emerging markets, they're growing much faster, for example, today. And that's also happening to our user base as well. We see new emerging markets' user base growing at a faster pace and I think that's natural and normal.

Sheng Fu: Okay. (Speaking foreign language).

Andy Yeung: (Interpreted). So if you look at mobile revenues, 89% of that is coming from mobile advertising. Only 11% of that is coming from games. And if you look at the overseas market, that proportion is greater for advertising because our mobile gaming operation in overseas is in the very, very early stage of operation. So hopefully, that addressed your question.

Alvin Wong: Thank you.

Operator: Alex Yao with JPMorgan.

Alex Yao: (Speaking foreign language). I have two questions. Number one is about the revenue split of first-party mobile advertising, i.e., you monetized the inventory, so your own monetization capability first is the third-party mobile advertising revenue. Are you solving the traffic (inaudible) mobile apps networks, etc., the Facebook Audience and (inaudible). Can you share with us the rough [needs] between these two, and what is the strategy to drive the first party monetization capabilities here?

Number two, can you share with us the difference between the development of mobile apps networks in China versus the rest of world? Particularly we are interesting to hear the difference in the ecosystem monetization capabilities and the competitive landscape? Thank you.

Sheng Fu: Okay. (Speaking foreign language).

Andy Yeung: (Interpreted). Okay. So thank you, Alex, for your question. If you look at our current mobile revenues, the mix between our direct customers and third-party networks, obviously, it's a dynamic environment. It's not a static environment. So our system actually looks at what the pricing or the pricing schemes that are coming from both ourselves and also from the third parties. And then we find an amicable way to determine what has its place in our apps.

So that's often changed over time, and also at this time, we don't intend to disclose it at this moment because of the changing dynamic nature of this too.

Sheng Fu: (Speaking foreign language).

Andy Yeung: (Interpreted). So if you look at to build a leading mobile advertising platform, it is more sophisticated than most people would think. In fact, you not only have to look at their platform technology, but also have to do lot of big data analytics, and you also have to acquire their advertisers and [accessory] (inaudible). So it's a complicated process and it may take some time as well. So for us, it's really important for us to need to expand our cooperation with some of these other global technical networks such as the Facebook Audience network, that market and those guys.

Now at the same time, each mobile platform has their own traffic and their own advantage and strengths, and we'd like to expand our mobile advertising platform and strengthen our own platform as well.

Sheng Fu: (Speaking foreign language).

Andy Yeung: (Interpreted). So if you look at globally the platform that we've got, over time, global mobile advertising -- effective global mobile advertising network will be [constituted] in a

few companies that have their own large organic traffic.

Sheng Fu: Okay. (Speaking foreign language).

Andy Yeung: (Interpreted). So our view that if you look at today, a lot of the independent mobile advertising networks that do not have their own organic traffic would have limited growth opportunities. On the other hand, if you look at the properties or networks that have their organic traffic, I think there's a lot of opportunity for them.

And (inaudible) you can see that the [properties] that have a lot of traffic, such as Facebook, also have recently acquired mobile advertising network like NetVU. Google has acquired AdMob, and if you look at Yahoo, Hopper, they all -- all these top leaders have (inaudible) organic traffic have acquired their own advertising technology platform. I think that's a trend and that's similar to why we are interested and have acquired more partners in the first quarter.

Sheng Fu: (Speaking foreign language).

Andy Yeung: (Interpreted). If you look at the global mobile advertising market, obviously, traffic is a big barrier to entry, and I think where we have thought that big barrier to entry because we, ourselves, have very strong global mobile traffic.

And the next step that we want to do is to improve big data analytics. As you can see, we are rapidly improving our capability there and that's something that if (inaudible) compares, global competition is in term of execution (inaudible) to consolidate global advertising traffic to form a [typical] network. And I think we're hoping that we're on the right track in that direction and to become one of the top-three mobile advertising platforms.

Sheng Fu: (Speaking foreign language).

Alex Yao: Thank you.

Operator: Ella Ji of Oppenheimer.

Ella Ji: (Speaking foreign language). So my first question is also a follow-up relating to your M&A strategy. So if you aspire to become one of the top-three global mobile ad platforms, I wonder if you could comment on your M&A plan in the coming years? Do you think you will continue to be very active with M&A? And regarding the targets, are they most likely going to be independent mobile ad platforms?

And the second question is relating to your domestic user and revenue. Could you also share with us recent updates on that perspective? And the last question is relating to your revenue driver. So if we break down your revenue model by the click rates conversion rate and cost CPA,

which one do you think will be the largest revenue drivers in the next couple of years? Thank you.

Sheng Fu: Okay. Thank you. (Speaking foreign language).

Andy Yeung: (Interpreted). So I think, Ella, thank you for your questions. I think regarding acquisition, I think first of all, acquisition is not doing it for acquisition sake. Our M&A strategy has always been focusing on identifying complementary technology, know-how, companies that will fit with our strategy. So we just don't acquire companies for companies' sake.

And I think that report had mentioned we may be acquiring traffic and selling traffic and we're [selling] traffic. What we can tell you is that our organic traffic, for example, represents more than 90% of our mobile revenue. So there's no reason to read that we are acquiring companies just for traffic or for revenue.

Sheng Fu: (Speaking foreign language).

Andy Yeung: (Interpreted). If you look at our acquisition strategies, while we like to use acquisition to complement our global strategy, to expand our global presence, but at the same time, we also very cautious because we are aware that there may be an integration issue and probably issues with large acquisitions. So in that sense, our acquisition strategies are focused on complementary (inaudible) of the potential targets. And we also are very more, as I say, cautious with our approach.

Sheng Fu: (Speaking foreign language).

Andy Yeung: (Interpreted). And I think the [whole] part of the question is we have our expanded strategy. I think if you -- as we have previously disclosed, we also have a special partnership with WiFi Master to (inaudible) our applications in China. We also have a partnership with Xiaomi for our application on their Xiaomi Redmi smartphone. We also have a shared partnership with Tencent, not only with (inaudible), but also with their gaming part, their app store.

And so we have obviously invested in user acquisitions in China as well, but for us, when we look at the Chinese market, we want to look at it as a part of our global strategy, our global market. And so obviously, China is an important market and we will pay attention to it as well, but as part of our global strategy, but not a single strategy on a standalone basis.

Sheng Fu: (Speaking foreign language).

Andy Yeung: (Interpreted). So obviously, we have achieved very good success in the overseas markets and we have a very strong leadership position in the mobile user applications stage

globally. So this year, we definitely would focus some more resources in the Chinese market to make sure that we also achieve a certain level of capacity in China, and also put our potential competitors in more defensive positions.

Sheng Fu: (Speaking foreign language).

Andy Yeung: (Interpreted). So I think when we look at our growth opportunities, the growth driver for mobile advertising revenues going forward, obviously, the number of advertising impressions would be a significant driver. We are still very early in the mobile advertising game today.

In addition to that, and also if you look at the pricing of what we monetize per user, I think we still have much room to grow. If you look at Facebook, for example, or other US platforms, they generally tend to generate close to \$1 per month per user. Today, we're only a few pennies on a monthly basis. So I think there is significant room for us to both grow our number of impression for advertising, as well as the pricing for our network.

Sheng Fu: (Speaking foreign language).

Andy Yeung: (Interpreted). From a long-term perspective, my inclination is to have our Company focused more on increasing the value of our impressions, rather than just trying to push through a lot of quantity on our -- or exciting to our user. The main thing is that we want to see because when you see an increase in the value of our advertising impressions, that means that we have better targeting and also means that our user will have better user experience, and as a result, not being overly monetized or more overly advertised to by us.

And so from that perspective, it means that we need to further improve our big data analytic capability. This is the area that we would [probably] invest significantly, so that we will have more targeted advertising, better advertising. So but we like to see ourselves not only become the leading user application provider globally, but also evolving to a big data analytic house that can have very effective advertising.

Ella Ji: Okay. Thank you.

Helen Jing Zhu: Thank you for joining our conference call today. If you have further questions, please do not hesitate to contact us. Thank you, bye.

Sheng Fu: Okay. Thank you.

Andy Yeung: Thanks.