

AIBC x HSBC M&A COMPETITION

Context¹

Algorithms and analytics are increasingly being used in society, as well as Artificial Intelligence (AI) which is progressively being used to make decisions in our lives through a variety of implementations.

With the growing demand for technology and digital services as businesses and consumers increasingly embrace digital transformation, the TMT (Technology, Media, and Telecom) sector in the APAC region is expected to see a high level of M&A activity in 2023. Meanwhile, the US government imposes sanctions, where companies are not allowed to use services or purchase products from China, leading to less Sino-US M&A. To grow the business and develop the technology, more companies in Asia will choose to do M&A within the APAC region. Alongside de-globalisation, more regional M&A will happen instead of cross-border M&A.

Chinese internet search major Baidu Inc (BIDU) has expressed its intention to expand its business through M&A as it faces stagnant growth in a challenging 2022. In 2020, Baidu acquired Joyy's live-streaming service YY Live in China for US\$3.6 billion in an all-cash deal as the Chinese internet giant makes a further push to diversify beyond its core search engine business. Recently, Baidu is planning to launch an AI chatbot service similar to OpenAI's ChatGPT to join the latest generative AI trend. In the healthcare field, Baidu announced that it had completed the acquisition of healthcare data provider GBI, which further improved Baidu's "ERNIE.Bot" with a more comprehensive database in the healthcare field.

¹<https://seekingalpha.com/article/4504052-joyy-cash-in-hand-and-artificial-intelligence-justify-a-position>

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Company Background²

Baidu is one of the most popular search engines and one of the largest internet companies in the world. As of this writing, Baidu is the top internet search engine in China and controls over 75% of China's market share. Baidu is comparable to Google as the company provides a wide variety of services, most notably internet-related and AI services. The company also has divisions for autonomous driving cars, maps, image searching and cloud services.

Baidu CEO Robin Li sees 2023 as a year to “do things”, and the company will focus more on profit growth and return on investment. He announced that Baidu is looking to expand into generative AI and Metaverse through acquisitions. Meanwhile, Baidu unveiled a long-term quantum computing development strategy, dubbed QIAN. The Chinese company entered the quantum market last September and now wants to shorten the gap between quantum hardware and real-world applications. Last but not least, Baidu is actively finding a “star product” for its business to compete with its main competitor, Tencent.

Whether to take advantage of the recent trend of generative AI, expand its share in the cloud computing market or diversify its income stream, Baidu could look into/for M&A as a solution.

Teams are highly encouraged to perform their research to support their analysis.

²<https://www.forbes.com/sites/ninaxiang/2022/05/12/baidu-wants-its-xirang-platform-to-be-the-enabler-of-the-metaverse/?sh=1fb3a3947f06>

<https://aibusiness.com/verticals/baidu-eyeing-expansion-into-generative-ai-and-metaverse>

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Potential Target Company

The following are the suggested potential acquisition targets for Baidu. Teams are encouraged to use the following companies but are allowed to pitch any suitable companies of their own choice that align with Baidu's objectives.

- Kuaishou Technology (1024. HK)
- Bairong Inc. (6608. HK)
- SenseTime Group Inc. (0020. HK)
- Zhihu Inc. (2390. HK)
- C3.ai, Inc. (AI)

[Disclaimer: This document is not to be taken as advice or a recommendation for any specific investment product strategy, or plan feature. None of the information here reflects the opinions and recommendations of (Company) and any of its affiliates. Any forecasts, and figures, set out here are for informational purposes only and are available in the public domain.]

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Your Task

You are an analyst in the Investment Banking Division and your team has been selected to present a pitch book to the Board of Directors of your client, Baidu, regarding a potential acquisition target.

Your team's submission will consist of:

1. A PowerPoint presentation with no more than 20 slides of content
2. An Executive Summary on one of the twenty slides of your presentation
3. An Excel consisting of **ALL** the financial models conducted
4. An appendix and other supporting files/documents in ONE zipped file

Your team is free to decide on the pitch deck title and format, provided that the content is presented clearly. All submissions must be in English and the content should be analytical/predictive rather than descriptive.

You are advised to include the following in your presentation:

- Company profile and performance review
- Competition landscape and positioning
- Overview of potential acquisition opportunities (recommendation to include a maximum of three potential targets)
- Strategic recommendation and rationale (choose one target out of the selected potential targets)
- Valuation summary
- Financing Structure/Merger Analysis
- Appendix and reference list

The top 5 teams will move on to the Final Round where they will present their ideas in front of a panel of judges from HSBC. Attractive prizes will be awarded to the top 3 teams, including exclusive networking opportunities and cash prizes.

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Due Date and Submission Format

Additional Information

- An appendix and other supporting files/documents can be included, but these should not be part of your presentation slides
- Additional research materials used must be acknowledged in the notes section of the PowerPoint slides

The submission deadline is 22 July 23:59 (HKT). Late submissions will not be considered.

Submission Instructions

1. Submissions of your presentation must be in both .pptx and .pdf format, and the optional Excel financial model must be in .xlsx format and other supporting files/documents (including appendix) must be in .zip format
2. Name your files as such: AIBC_M&A_[team name].pptx, AIBC_M&A_[team name].pdf, AIBC_M&A_[team name].xlsx and AIBC_M&A_Supporting files_[team name].zip
3. Title the email: AIBC M&A Competition - [team name]
4. Send your submissions to: competitions@aibc.asia

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Timeline

DATE	EVENT
JUL 16	Deadline for competition signups
JUL 8	Release of competition material
JUL 22	Deadline for application submissions
JUL 30	The top 5 teams will be notified. Finalist teams have to prepare a 10-minute team presentation and a 10-minute Q&A session
AUG 29	The top 5 teams will deliver an online/in-person team presentation at HSBC HK headquarter office to a panel of judges

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Judging Criteria

CRITERION	WEIGHTING
Relevance, accuracy and soundness of quantitative and qualitative analysis	50%
Format and structure of presentation materials contributing to the clarity and coherence	20%
Effective communication skills, persuasiveness and teamwork	20%
The professional judgment of the situation and overall reasoning process	10%

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PRIZES

Each team member from the top 5 teams will receive a Certificate of Achievement.

1st Place

HKD 5000

Team Plaque

Individual Plaques & Certificates

Guaranteed spot for HSBC in-house career information session

2nd Place

HKD 3000

Team Plaque

Individual Plaques & Certificates

Guaranteed spot for HSBC in-house career information session

3rd Place

HKD 2000

Team Plaque

Individual Plaques & Certificates

Guaranteed spot for HSBC in-house career information session

All Finalists Will Get:

Certificate of Achievement

Exclusive in-person networking session

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Terms and Conditions

- Teams must consist of 3 - 4 members. Teams are to register via the Google Form link that can be found on the AIBC 2023 website, Instagram and LinkedIn with a distinct team name.
 - We open up for individual signups and group the delegates into teams.
 - Criteria for grouping the delegates would be university > geographical location > year of study.
- Only applicants who have registered and paid for AIBC 2023 are allowed to enter this competition.
- All decisions made by the committee and judges in both the First and Final Rounds are final.
- Teams that are selected for the Final Round have to inform the AIBC Team via email within 3 working days of being notified of their availability to present on the Final Round (Aug 29).
- All team members must be present on Judging Day. Inform us via email at competitions@aibc.asia if any team members are going to be absent.
- Teams that are unable to confirm their attendance in time will automatically forfeit their place. The AIBC Team will decide on the next best team to replace the team that drops out and will inform them promptly.
- Originality of the work is extremely important and plagiarism will not be tolerated.

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Contact Us

If you have any queries, drop us a message through our social media pages or visit our FAQ page on the AIBC website: <https://www.aibc.asia/faq>

Should you require any further assistance, please feel free to contact us at competitions@aibc.asia and we will get back to you as soon as possible.