CMB International Global Markets | Equity Research | Company Update

# EVA Holdings (838 HK)

# On track to tier-1 supplier transformation

We believe that EVA's auto parts business is on track to transform into a tier-1 supplier with more orders from OEMs to lift FY25E revenue, based on our recent meeting with management. Although we cut our FY24E revenue and NP by 3% and 9%, respectively, amid its cautious approach to maintain GPM, we see higher earnings visibility in FY25E. We estimate its dividend yield to be 7% now.

- More new orders from Changan and Stellantis. EVA's Chongqing plant starts to supply Changan (000625 CH, NR) from mid-Sep as previously scheduled. Total order backlog from Changan has increased to HK\$1bn, with a revenue contribution of about HK\$130-140mn in FY25E, according to management. Its Wuhan plant has also secured new orders from Stellantis (STLA US, NR) and we expect more orders from Stellantis in EVA's Mexico plant. Therefore, we project auto parts revenue to rise 15% YoY to HK\$2.34bn in FY25E.
- A more cautious approach to maintain margins. We cut our FY24E revenue forecast by 3% to HK\$6.38bn, as new orders mainly start from FY25E and EVA has been cutting low-margin orders to sustain margins amid industry headwinds. We therefore maintain our GPM forecasts at around 21% in FY24-26E.
- OA profit to be stable. EVA's office automation (OA) GPM in 1H24 widened by about 1ppt YoY amid 2.5% YoY growth in the segment revenue. We expect OA GPM to continue widening HoH in 2H24E after the inventory destocking in 1Q24 (which resulted in a 2% YoY decrease in its Vietnam plant in 1H24).
- Earnings/Valuation. We revise down our FY24/25E net profit estimates by 9%/4% to HK\$260mn/301mn, respectively. We project FY25E operating profit to rise 15% YoY amid 8% YoY growth in revenue and better SG&A control. We expect interest expense to decrease in FY25E, which is to be offset by a possible higher tax rate. The stock is now trading at 4.3x our FY24E P/E. We expect the company to maintain a 30% dividend payout ratio, which would translate into a dividend yield of 7%.

We maintain our BUY rating but cut our target price slightly from HK\$1.50 to HK\$1.40, based on the sum-of-the-parts (SOTP) valuation (details in Figure 6). We value HK\$0.5 per share (unchanged) for its auto parts business, based on 11x our FY25E P/E (prior 13x our FY24E). We value HK\$0.90 (previously HK\$1.00) per share for its OA business, based on 7x our FY25E P/E (prior 8x our FY24E). We lower our valuation multiples as we roll over to FY25E to reflect higher uncertainties. Key risks to our rating and target price include lower order intakes and GPM than we expect.

## **Earnings Summary**

(YE 31 Dec)	FY22A	FY23A	FY24E	FY25E	FY26E
Revenue (HK\$ mn)	6,268	6,183	6,377	6,856	7,226
YoY growth (%)	22.7	(1.4)	3.1	7.5	5.4
Net profit (HK\$ mn)	206.0	237.1	259.9	300.8	326.5
YoY growth (%)	32.8	15.1	9.6	15.7	8.6
EPS (Reported) (HK\$)	0.12	0.14	0.15	0.17	0.19
P/E (x)	5.4	4.7	4.3	3.7	3.4
P/B (x)	0.4	0.4	0.4	0.3	0.3
Yield (%)	5.5	6.4	7.0	8.1	9.4
ROE (%)	7.3	8.1	8.4	9.1	9.3

Source: Company data, Bloomberg, CMBIGM estimates



# **BUY (Maintain)**

# Target Price (Previous TP Up/Downside Current Price

HK\$1.40 HK\$1.50) 118.8% HK\$0.64

China Auto

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Austin Liang

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#### Stock Data

Mkt Cap (HK\$ mn)	1,114.2
Avg 3 mths t/o (HK\$ mn)	0.8
52w High/Low (HK\$)	0.84/0.62
Total Issued Shares (mn)	1740.9
Source: FactSet	

### **Shareholding Structure**

5	
Zhang Hwo Jie's Family	43.0%
Others	57.0%
Source: HKEx	

#### Share Performance

	Absolute	Relative
1-mth	-4.5%	-5.2%
3-mth	-9.9%	-6.2%
6-mth	-11.1%	-11.9%

Source: FactSet

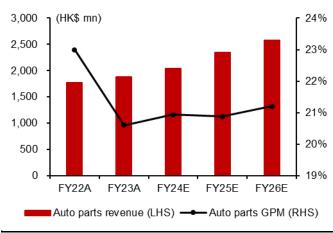
#### 12-mth Price Performance



**Related Report** 

"EVA Holdings (838 HK) - In a transition from tier-2 to tier-1 supplier"- 7 May 2024

# Figure 1: Auto parts revenue and GPM



Source: Company data, CMBIGM estimates

# Figure 3: Interim results

HK\$ mn	1H22	2H22	1H23	2H23	1H24	YoY	НоН
Revenue	2,940	3,328	2,862	3,321	3,000	4.8%	-9.7%
Gross profit	565	686	545	747	603	10.6%	-19.3%
Selling expenses	(124)	(245)	(125)	(201)	(117)	-6.6%	-41.8%
Admin expenses	(333)	(282)	(289)	(372)	(304)	5.4%	-18.1%
Operating profit	121	152	189	202	189	-0.1%	-6.4%
Net profit	103	103	123	114	128	4.2%	11.7%
Gross margin	19.2%	20.6%	19.0%	22.5%	20.1%	1.0 ppt	-2.4 ppts
Operating margin	4.1%	4.6%	6.6%	6.1%	6.3%	-0.3 ppts	0.2 ppts
Net margin	3.5%	3.1%	4.3%	3.4%	4.3%	0.0 ppts	0.8 ppts

Source: Company data, CMBIGM

# **Figure 4: Earnings revision**

		New			Old			Diff (%)	
HK\$ mn	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Revenue	6,377	6,856	7,226	6,571	7,030	7,423	-3.0%	-2.5%	-2.7%
Gross profit	1,338	1,437	1,513	1,385	1,474	1,564	-3.4%	-2.5%	-3.2%
Operating profit	380	437	470	421	456	498	-9.7%	-4.2%	-5.7%
Net profit	260	301	327	285	314	341	-8.8%	-4.2%	-4.2%
Gross margin	21.0%	21.0%	20.9%	21.1%	21.0%	21.1%	-0.1 ppts	0.0 ppts	-0.1 ppts
Operating margin	6.0%	6.4%	6.5%	6.4%	6.5%	6.7%	-0.4 ppts	-0.1 ppts	-0.2 ppts
Net margin	4.1%	4.4%	4.5%	4.3%	4.5%	4.6%	-0.3 ppts	-0.1 ppts	-0.1 ppts

Source: CMBIGM estimates

# Figure 5: CMBI estimates vs consensus

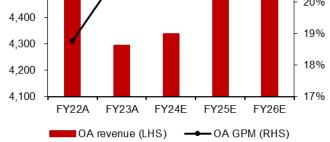
		CMBIG	М		Consensus	S		Diff (%)	
HK\$ mn	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Revenue	6,377	6,856	7,226	6,571	7,030	7,423	-3.0%	-2.5%	-2.7%
Gross profit	1,338	1,437	1,513	1,385	1,474	1,564	-3.4%	-2.5%	-3.2%
Operating profit	380	437	470	421	456	498	-9.7%	-4.2%	-5.7%
Net profit	260	301	327	285	314	341	-8.8%	-4.2%	-4.2%
Gross margin	21.0%	21.0%	20.9%	21.1%	21.0%	21.1%	-0.1 ppts	0.0 ppts	-0.1 ppts
Operating margin	6.0%	6.4%	6.5%	6.4%	6.5%	6.7%	-0.4 ppts	-0.1 ppts	-0.2 ppts
Net margin	4.1%	4.4%	4.5%	4.3%	4.5%	4.6%	-0.3 ppts	-0.1 ppts	-0.1 ppts

Source: Bloomberg, CMBIGM estimates

4,700 (HK\$ mn) 22% 4,600 21% 4,500 20% 4,400 19% 4,300 18% 4,200

Figure 2: OA revenue and GPM

Source: Company data, CMBIGM estimates





# Figure 6: SOTP valuation

Segment	FY25E Net profit (HK\$ mn)	Target P/E Multiple	Target Market Cap (HK\$ mn)	Target Price (HK\$)
Auto components	77	11x	870	0.50
Office automation	223	7x	1,567	0.90
SOTP			2,437	1.40

Source: CMBIGM estimates



# **Financial Summary**

INCOME STATEMENT	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec (HK\$ mn)						
Revenue	5,109	6,268	6,183	6,377	6,856	7,226
Cost of goods sold	(4,096)	(5,017)	(4,891)	(5,039)	(5,419)	(5,712)
Gross profit	1,013	1,251	1,292	1,338	1,437	1,513
Operating expenses	(789)	(962)	(938)	(947)	(1,007)	(1,062)
Selling expense	(315)	(369)	(326)	(322)	(349)	(367)
Admin expense	(506)	(615)	(661)	(675)	(713)	(753)
Others	32	22	49	50	55	58
Operating profit	224	289	354	391	430	451
Gain/loss on financial assets at FVTPL	(24)	(8)	0	(7)	0	0
Other gains/(losses)	(5)	(8)	37	(4)	7	19
Share of (losses)/profits of associates/JV	0	(0)	(0)	(1)	(1)	(1)
EBITDA	483	556	709	724	794	850
Depreciation	241	229	243	274	297	320
Depreciation of ROU assets	33	42	31	28	29	30
Other amortisation	2	2	2	2	2	2
EBIT	208	283	433	420	465	498
Interest income	13	10	42	41	30	29
Interest expense	(28)	(53)	(129)	(114)	(89)	(74)
Pre-tax profit	180	231	304	306	376	424
Income tax	(25)	(25)	(67)	(46)	(75)	(98)
After tax profit	155	206	237	260	301	327
Minority interest	0	0	0	0	0	0
Net profit	155	206	237	260	301	327
Gross dividends	47	61	71	78	90	104
BALANCE SHEET	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Dec (HK\$ mn)						
Current assets	3,642	4,297	4,319	4,180	4,477	4,604
Cash & equivalents	1,318	1,722	1,611	1,466	1,591	1,608
Account receivables	1,382	1,681	1,820	1,834	1,953	2,019
Inventories	688	639	641	635	668	704
Prepayment	150	146	143	134	144	152
ST bank deposits	103	109	104	110	120	120
Non-current assets	2,932	2,960	3,122	3,223	3,254	3,242
PP&E	2,418	2,454	2,682	2,808	2,846	2,852
Right-of-use assets	384	378	294	286	272	252
Deferred income tax	7	7	5	5	5	5
Investment in JVs & assos	35	31	30	21	20	19
Intangibles	8	6	4	4	3	1
Other non-current assets	81	86	107	99	108	113
Total assets	6,574	7,257	7,440	7,403	7,730	7,846
Current liabilities	3,226	2,859	3,040	2,920	3,224	3,314
Short-term borrowings	1,448	966	1,149	966	1,129	1,118
Account payables	1,373	1,490	1,492	1,546	1,663	1,753
Other current liabilities	307	261	287	293	318	334
Lease liabilities	31	44	15	19	18	16
Contract liabilities	68	99	96	96	96	94
Non-current liabilities	559	1,559	1,403	1,300	1,097	891
Long-term borrowings	460	1,460	1,321	1,221	1,021	821
Other non-current liabilities	99	99	82	79	76	70
Total liabilities	3,785	4,418	4,442	4,220	4,321	4,205
Share capital	175	174	174	174	174	174
Other reserves	2,614	2,664	2,824	3,009	3,236	3,466
Total shareholders equity	2,788	2,838	2,998	3,183	3,410	3,640
Total equity and liabilities	6,574	7,257	7,440	7,403	7,730	7,846



Y = 31 Dec (HK3 mn)   Operating     Profit brore taxation   160   231   304   306   376   424     Profit brore taxation   277   307   304   306   376   424     Deprecision S antorization   277   307   304   305   465   663   620     Change in working capital   (213)   (144)   (139)   68   635   620     Investing   277   30   (13)   144   107   90     Capital expenditure   (366)   (339)   (401)   (422)   (351)   (351)     Acquisition of abcatianse's investments   (4)   (14)   0   0   0   0   0     Capital expenditure   (266)   (337)   (346)   (424)   (419)   (354)   (353)   (353)     Capital expenditure   (266)   (337)   (346)   (424)   (419)   (354)   (353)     Dividend paid   (21)   (57)   (57)   (73)   (76)   (76)   (76)   (76)   (76)   (76)   (76)   (76)	CASH FLOW	2021A	2022A	2023A	2024E	2025E	2026E
Profit     Deriver latation     180     273     274     276     304     376     424       Deriversiton & anomization     (10)     (26)     (33)     (46)     (75)     (88)       Change in working capital     (213)     (134)     (133)     1641     107     900       Net cash from operations     27     30     (101)     1441     107     900       Net cash from operations     27     303     (101)     1441     107     900       Change in working capital     (388)     (333)     (401)     40     0     0     0     0       Change in working capital     (337)     (346)     (424)     (418)     (337)     (337)       Net cash from investing     6     518     53     (336)     (337)     (76)     (421)     (419)     0	YE 31 Dec (HK\$ mn)						
Depresentation & amonization     276     177     276     304     328     352       Change in working capital     (213)     (134)     (139)     548     (68)     (209)       Net cash from operations     279     30     (13)     141     107     990       Net cash from operations     259     372     375     763     701     748       Investing     -     27     30     (141)     0     0     0     0       Acquisition of subsiciating' investments     (40)     (141)     0     9     0 <td>Operating</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>	Operating						
Tarpind     (10)     (28)     (53)     (46)     (75)     (86)       Changei noxing capital     (213)     (134)     (141)     107     90       Net cash from operations     253     372     375     763     701     748       Investing     Investing     Investing     Investing     100     0     0     0       Capital expenditure     (368)     (339)     (401)     0     0     0     0       Acquisition of studiantics/ investments     (4)     (1)     0     0     0     0     0       Net cash from investing     (337)     (346)     (424)     (418)     (359)     (4)     (22)     (20)     0     0       Net cash from investing     (337)     (346)     (424)     (418)     (338)     (414)     (418)     (418)     (338)     (414)     (418)     (418)     (418)     (418)     (418)     (418)     (418)     (418)     (418)     (418)     (418)     (410)     (410)     (410)     (	Profit before taxation	180	231	304	306	376	424
Change in working capital(213)(134)(139)58(25)(20)Others253372375763701748Investing </td <td>Depreciation &amp; amortization</td> <td>276</td> <td>272</td> <td>276</td> <td>304</td> <td>328</td> <td>352</td>	Depreciation & amortization	276	272	276	304	328	352
Others     27     30     (13)     141     107     90       Net cash from operations     259     372     375     763     701     748       Investing     Capilal accondurue     (388)     (339)     (401)     (422)     (381)     (351)       Capilal accondurue     (388)     (339)     (401)     (422)     (381)     (351)       Capilal accondurue     (387)     (344)     0     9     0     0     0       Net cash from insetting     (21)     (37)     (346)     (424)     (419)     (333)       Financing     Enancing     Enancing     Enancing     (33)     (35)     (24)     (22)     (22)     (23)       Share repurchases     0     (111)     0 <th< td=""><td>Tax paid</td><td>(10)</td><td>(26)</td><td>(53)</td><td>(46)</td><td>(75)</td><td>(98)</td></th<>	Tax paid	(10)	(26)	(53)	(46)	(75)	(98)
Net cash from operations259372375763761764InvestingCapital expenditure(368)(339)(401)(422)(384)(301)Acquisitio of subsidiaries investmentis(4)(14)0000Acquisitio of short-term(4)(4)00000Investmentis227(32)(4720Net cash from investing(237)(346)(424)(418)(353)(332)Finance227(32)(4)(25)(26) <td< td=""><td>Change in working capital</td><td>(213)</td><td>(134)</td><td>(139)</td><td>58</td><td>(35)</td><td>(20)</td></td<>	Change in working capital	(213)	(134)	(139)	58	(35)	(20)
Investing     Investing     (368)     (339)     (401)     (422)     (361)     (361)       Capitalition synchrometings     (4)     (14)     0     0     0     0       Net proceeds from disposal of short-term investments     14     0     9     0     0     0       Others     22     7     (32)     4     7     20       Net cash from investing     (337)     (346)     (472)     (418)     (354)     (352)       Plancing     1     (57)     (32)     4     7     20       Net cash from investing     (337)     (346)     (477)     (73)     (76)     (66)       Net borrowings     6     518     35     (398)     (14)     (223)     (23)     (27)     (20)     0 </td <td>Others</td> <td>27</td> <td>30</td> <td>(13)</td> <td>141</td> <td>107</td> <td>90</td>	Others	27	30	(13)	141	107	90
Capilal expanditure     (388)     (401)     (422)     (361)     (361)       Net proceeds from disposal of short-term     (4)     (14)     0     0     0     0       Net proceeds from disposal of short-term     14     0     9     0     0     0       Others     22     7     (32)     4     7     20       Net cash from investing     (237)     (37)     (67)     (73)     (76)     (86)       Net cash from investing     (21)     (57)     (67)     (73)     (76)     (86)       Net cash from financing     (3)     (35)     (24)     (22)     (20)     (20)       Net cash from financing     (3)     (35)     (24)     (22)     (20)     (20)       Net cash from financing     (3)     (35)     (24)     (22)     (20)     (26)       Net cash from financing     (3)     (35)     (24)     (22)     (26)     (27)       Net cash from financing     1318     1,722     1,611     1,466     1,591 <t< td=""><td>Net cash from operations</td><td>259</td><td>372</td><td>375</td><td>763</td><td>701</td><td>748</td></t<>	Net cash from operations	259	372	375	763	701	748
Acquisition of subsidiaries/ investments     (4)     (14)     0     0     0     0     0       investments     14     0     9     0     0     0       Others     22     7     (32)     4     7     20       Net cash from investing     (337)     (346)     (424)     (416)     (356)     (332)       Financing     0     (11)     0     0     0     0     0       Net cash from financing     (19)     415     (66)     (490)     (222)     (23)       Share repurchases     0     (11)     0     0     0     0       Others     (3)     (33)     (34)     (56)     (490)     (222)     (29)       Net change in cash     Cash at the beginning of the year     1,466     1,591     1,466     1,591       Exchange offference     9     (37)     (7)     0     0     0       Cash at the beginning of the year     1,318     1,722     1,611     1,466     1,591     1,	Investing						
Net proceeds from disposal of short-term investments     14     0     9     0     0     0       Others     22     7     (32)     4     7     20       Net cash from investing     (337)     (346)     (424)     (416)     (355)     (332)       Financing     Enancing     Enancing     Enancing     (67)     (73)     (76)     (96)       Net borrowings     6     518     35     (395)     (124)     (223)     (209)       Net cash from financing     (19)     415     (56)     (490)     (222)     (22)     (20)       Net cash from financing     (19)     415     (56)     (490)     (222)     (20)     (20)       Net cash from financing     (13)     (172)     1.611     1.466     1.591       Net cash from financing     (13)     (172)     1.611     1.466     1.591       Cash at the beginning of the year     1.318     1.722     1.611     1.466     1.591       Cash at the hed of the year     1.318     1.722	Capital expenditure	(368)	(339)	(401)	(422)	(361)	(351)
investments     14     0     3     0     0     0     0       Othors     22     7     (32)     44     7     20       Net cash from investing     (337)     (346)     (424)     (416)     (354)     (332)       Financing     (21)     (57)     (67)     (73)     (76)     (96)       Net borrowings     6     518     35     (335)     (124)     (223)       Share repurchases     0     (11)     0     0     0     0       Others     (33)     (55)     (440)     (222)     (22)     (39)       Net cash from financing     (18)     415     (56)     (490)     (222)     (39)       Net cash tim bendori finayear     1,406     1,318     1,722     1,611     1,466     1,591     1,608       Exchange indighterence     9     (37)     (7)     0     0     0     0       Cash at the bendori the year     1,318     1,722     1,611     1,466     1,591	•	(4)	(14)	0	0	0	0
Others     22     7     (32)     4     7     20       Net cash from investing     (337)     (346)     (420)     (418)     (350)     (332)       Financing		14	0	9	0	0	0
Net cash from investing(337)(346)(424)(418)(354)(332)FinancingDividend paid(21)(57)(67)(73)(76)(96)Net borrowings651835(395)(124)(223)Share repurchases0(11)0000Others(33)(35)(24)(22)(20)Net cash from financing(18)415(56)(490)(222)(390)Net cash at the beginning of the year1,4061,3181,7221,6111,4661,591Exchange difference9(37)(7)0000Cash at the beginning of the year1,3181,7221,6111,4661,5911,608GROWTH2021A2022A2023A2024E2025E2026EYE 31 Dec7.4%22.7%(1.4%)3.1%7.4%5.3%Cross profit37.2%22.6%3.2%3.2%10.6%9.6%7.4%EBITDA22.7%(1.4%)3.1%7.4%5.3%6.5%6.2%2026E2026E2026EPace Trading profit194.0%29.2%22.3%10.6%9.6%7.4%5.3%6.1%6.3%6.2%2026E<		22	7	(32)	1	7	20
Dividend paid     (21)     (57)     (67)     (73)     (76)     (96)       Net borrowings     6     518     35     (39)     (124)     (223)       Share repurchases     (3)     (35)     (24)     (22)     (22)     (20)       Net cash from financing     (18)     445     (56)     (490)     (222)     (39)       Net change in cash							
Dividend paid     (21)     (57)     (67)     (73)     (76)     (96)       Net borrowings     6     518     35     (39)     (124)     (223)       Share repurchases     (3)     (35)     (24)     (22)     (22)     (20)       Net cash from financing     (18)     445     (56)     (490)     (222)     (39)       Net change in cash	Financing						
Net borrowings     6     518     35     (395)     (124)     (283)       Share repurchases     0     (11)     0     0     0     0       Others     (3)     (35)     (24)     (22)     (22)     (20)       Net cash from financing     (18)     415     (56)     (490)     (222)     (399)       Net cash at the beginning of the year     1.406     1.318     1.722     1.611     1.466     1.591       Exchange difference     9     (37)     (7)     0     0     0     0       GROWTH     2021A     2022A     2024     2022E     2025E     2026E       YE 31 Dec     1     1.460     1.591     1.608     7.4%     5.3%       Operating profit     194.0%     29.2%     2.3%     3.6%     7.4%     5.3%       Operating profit     194.0%     29.2%     2.3%     10.6%     9.9%     5.0%       EBITD     82.4%     15.0%     27.6%     2.1%     9.6%     2.0% <tr< td=""><td>-</td><td>(21)</td><td>(57)</td><td>(67)</td><td>(72)</td><td>(76)</td><td>(06)</td></tr<>	-	(21)	(57)	(67)	(72)	(76)	(06)
Share reputchases     0     (11)     0     0     0     0       Others     (3)     (35)     (24)     (22)     (22)     (20)       Net cash from financing     (18)     415     (56)     (490)     (222)     (399)       Net change in cash       1,406     1,318     1,722     1,611     1,466     1,591       Cash at the beginning of the year     1,406     1,318     1,722     1,611     1,466     1,591       Cash at the od of the year     1,318     1,722     1,611     1,466     1,591       Cash at the od of the year     1,318     1,722     1,611     1,466     1,591       Cash at the od of the year     1,318     1,722     1,611     1,466     1,591       Cash at the od of the year     1,318     1,722     1,611     1,466     1,591       Gross profit     2021A     2022A     2023A     2024E     2025E     2026E       VE 31 De      1,94,%     2,5%     2,2%     2,1,%     9,6%						· ,	( )
Others     (3)     (3)     (3)     (3)     (3)     (24)     (22)     (22)     (20)       Net cash from financing     (18)     415     (56)     (490)     (22)     (20)       Net cash at the beginning of the year     1,406     1,318     1,722     1,611     1,466     1,591     1,608       Cash at the end of the year     1,318     1,722     1,611     1,466     1,591     1,608       CROWTH     2021A     2021A     2023A     2024E     2025E     2026E       VE 31 De     Revenue     27.4%     22.7%     (1,4%)     3.1%     7.5%     5.4%       Gross profit     37.2%     23.6%     3.2%     3.6%     7.4%     5.3%       Operating profit     37.2%     23.6%     3.2%     10.6%     9.9%     5.0%       EBIT     597.3%     36.5%     52.7%     (2.9%)     10.8%     7.0%       Vet profit     na     32.8%     15.1%     9.6%     15.7%     8.6%       Deb retimarigin     9.8% <td>5</td> <td></td> <td></td> <td></td> <td></td> <td>. ,</td> <td></td>	5					. ,	
Net cash from financing     (18)     415     (56)     (490)     (222)     (399)       Net change in cash     Cash at the beginning of the year     1,406     1,318     1,722     1,611     1,466     1,591       Exchange difference     9     (37)     (7)     0     0     0       Cash at the end of the year     1,318     1,722     1,611     1,466     1,591     1,608       GROWTH     2021A     2022A     2023A     2024E     2025E     2026E       YE 31 De     Revenue     27.4%     22.7%     (1.4%)     3.1%     7.5%     5.4%       Gross profit     37.2%     23.6%     3.2%     3.6%     7.4%     5.3%       Operating profit     194.0%     29.2%     2.2.%     10.6%     9.9%     5.0%       EBITO     597.3%     36.5%     52.7%     (2.9%)     10.8%     7.0%       Net profit     na     32.8%     15.1%     9.6%     15.7%     8.6%       PROFITABILITY     2024     2023A     2024E	-						
Cash at the beginning of the year     1,406     1,318     1,722     1,611     1,466     1,591       Exchange difference     9     (37)     (7)     0     0     0       Cash at the end of the year     1,318     1,722     1,611     1,466     1,591     1,608       Cash at the end of the year     2,0214     2022A     2023A     2024E     2025E     2026E       YE 31 Dec      7.4%     2,27%     (1.4%)     3.1%     7.5%     5.4%       Gross profit     37,2%     23,6%     3.2%     3.6%     7.4%     5.3%       Operating profit     194,0%     29,2%     22,3%     10.6%     9.9%     5.0%       EBIT     82,4%     15.0%     27.6%     2.1%     9.6%     7.1%       Bettro Strate     32,2%     36,6%     52,7%     2.9%     2.0%     2.0%     2.0%     2.0%     2.0%     2.0%     2.0%     2.0%     2.0%     2.0%     2.0%     2.0%     2.0%     2.0%     2.0%     2.0%     2.0%		( )	· ,	. ,	. ,	· ,	( )
Cash at the beginning of the year     1,406     1,318     1,722     1,611     1,466     1,591       Exchange difference     9     (37)     (7)     0     0     0       Cash at the end of the year     1,318     1,722     1,611     1,466     1,591     1,608       Cash at the end of the year     2,0214     2022A     2023A     2024E     2025E     2026E       YE 31 Dec      7.4%     2,27%     (1.4%)     3.1%     7.5%     5.4%       Gross profit     37,2%     23,6%     3.2%     3.6%     7.4%     5.3%       Operating profit     194,0%     29,2%     22,3%     10.6%     9.9%     5.0%       EBIT     82,4%     15.0%     27.6%     2.1%     9.6%     7.1%       Bettro Strate     32,2%     36,6%     52,7%     2.9%     2.0%     2.0%     2.0%     2.0%     2.0%     2.0%     2.0%     2.0%     2.0%     2.0%     2.0%     2.0%     2.0%     2.0%     2.0%     2.0%     2.0%	Net change in cash						
Exchange difference     9     (37)     (7)     0     0     0       Cash at the end of the year     1,318     1,722     1,611     1,466     1,591     1,608       GROWTH     2021A     2022A     2023A     2024E     2025E     2026E       YE 31 Dec     r <thr< th="">     r     <thr< th=""></thr<></thr<>	-	1 406	1.318	1 722	1 611	1 466	1 591
Cash at the end of the year     1,318     1,722     1,611     1,466     1,591     1,608       GROWTH     2021A     2022A     2023A     2024E     2025E     2026E       YE 31 Dec          5.4%     5.4%       Gross profit     37.2%     23.6%     3.2%     3.6%     7.4%     5.3%       Operating profit     194.0%     29.2%     22.3%     10.6%     9.9%     5.0%       CBITDA     82.4%     15.0%     27.6%     2.1%     9.6%     7.1%       EBITDA     82.4%     15.0%     27.6%     2.1%     9.6%     7.0%       Net profit     na     32.2%     15.1%     9.6%     15.7%     8.6%       PROFITABILITY     2021A     2022A     2023A     2024E     2025E     2026E       YE 31 Dec      4.4%     4.6%     5.7%     6.1%     6.3%     6.2%       BITDA margin     9.8%     8.9%     11.5%     11.4     11.6%     11.8%				,		,	
GROWTH     2021A     2022A     2023A     2024E     2025E     2026E       YE 31 Dec     Revenue     27.4%     22.7%     (1.4%)     3.1%     7.5%     5.4%       Gross profit     37.2%     23.6%     3.2%     3.6%     7.4%     5.3%       Operating profit     194.0%     29.2%     22.3%     10.6%     9.9%     5.0%       EBITDA     82.4%     15.0%     27.6%     2.1%     9.6%     7.1%       EBIT     597.3%     36.5%     52.7%     (2.9%)     10.8%     7.0%       Net profit     na     32.8%     15.1%     9.6%     15.7%     8.6%       PROFITABILITY     2021A     2022A     203A     2024E     2025E     2026E       YE 31 Dec     EBITDA margin     19.8%     20.0%     20.9%     6.1%     6.3%     6.2%       BITOA margin     9.5%     8.9%     11.5%     11.4%     9.1%     9.3%       GEARING/LIQUIDITY/ACTIVITIES     2021A     2022A     2023A     2024E     2025	6						1.608
YE 31 Dec       Revenue     27.4%     22.7%     (1.4%)     3.1%     7.5%     5.4%       Gross profit     37.2%     23.6%     3.2%     3.6%     7.4%     5.3%       Operating profit     194.0%     29.2%     22.3%     10.6%     9.9%     5.0%       EBITDA     82.4%     15.0%     27.6%     2.1%     9.6%     7.1%       EBIT     597.3%     36.5%     52.7%     (2.9%)     10.8%     7.0%       Net profit     na     32.2%     15.1%     9.6%     15.7%     8.6%       PROFITABILITY     2021A     2022A     2023A     2024E     2025E     2026E       YE 31 Dec     Gross profit margin     9.8%     20.0%     20.9%     21.0%     21.0%     20.9%       Operating margin     4.4%     4.6%     5.7%     6.1%     6.3%     6.2%       EBITDA margin     9.8%     8.9%     11.5%     11.4%     11.6%     11.8%       Return equity (ROE)     5.7%     7.3%     8.1%     8.4%						-	
Revenue     27.4%     22.7%     (1.4%)     3.1%     7.5%     5.4%       Gross profit     37.2%     23.6%     3.2%     3.6%     7.4%     5.3%       Operating profit     194.0%     29.2%     22.3%     10.6%     9.9%     5.0%       EBITDA     82.4%     15.0%     27.6%     2.1%     9.6%     7.1%       EBIT     597.3%     36.5%     52.7%     (2.9%)     10.6%     7.0%       Net profit     na     32.8%     15.1%     9.6%     15.7%     8.6%       PCFITABILITY     2021A     2022A     2023A     2024E     2025E     2026E       YE 31 Dec     T     57.7%     7.3%     8.1%     6.1%     6.3%     6.2%       Coperating margin     9.5%     8.9%     11.5%     11.4%     11.6%     11.8%       Return on equity (ROE)     5.7%     7.3%     8.1%     8.4%     9.1%     9.3%       Current ratio (x)     1.1     1.5     1.4     1.4     1.4     1.4 <tr< td=""><td></td><td>20217</td><td>LULLA</td><td>LOLON</td><td>20246</td><td>20202</td><td>LULUL</td></tr<>		20217	LULLA	LOLON	20246	20202	LULUL
Gross profit     37.2%     23.6%     3.2%     3.6%     7.4%     5.3%       Operating profit     194.0%     29.2%     22.3%     10.6%     9.9%     5.0%       EBITDA     82.4%     15.0%     27.6%     2.1%     9.6%     7.1%       EBIT     597.3%     36.5%     52.7%     (2.9%)     10.8%     7.0%       Net profit     na     32.8%     15.1%     9.6%     15.7%     8.6%       PROFITABILITY     2021A     2022A     2023A     2024E     2025E     2026E       YE 31 Dec     57.7%     6.1%     6.3%     6.2%		27 /%	22 7%	(1.4%)	3 1%	7 5%	5 4%
Operating profit194.0%29.2%22.3%10.6%9.9%5.0%EBITDA82.4%15.0%27.6%2.1%9.6%7.1%EBIT597.3%36.5%52.7%(2.9%)10.8%7.0%Net profitna32.8%15.1%9.6%15.7%8.6%PROFITABILITY2021A2022A2023A2024E2025E2026EYE 31 Dec20.0%21.0%21.0%21.0%20.9%Gross profit margin19.8%20.0%20.9%6.1%6.3%6.2%Coperating margin9.5%8.9%11.5%11.4%11.6%11.8%Return on equity (ROE)5.7%7.3%8.1%8.4%9.1%9.3%GEARING/LIQUIDITY/ACTIVITIES2021A2022A2023A2024E2025E2026EYE 31 Dec1.11.51.41.41.41.4VALUATION2021A2022A2023A2024E2025E2026EYE 31 Dec1.11.51.41.41.41.4P/E7.15.44.74.33.73.4P/E (diluted)7.15.44.74.33.73.4P/E (diluted)7.15.44.74.33.73.4P/E (Siluted)4.33.03.03.01.51.61.5				. ,			
EBITDA82.4%15.0%27.6%2.1%9.6%7.1%EBIT597.3%36.5%52.7%(2.9%)10.8%7.0%Net profitna32.8%15.1%9.6%15.7%8.6%PROFITABILITY2021A2022A2023A2024E2025E2026EYE 31 Dec21.0%21.0%20.9%20.9%Operating margin19.8%20.0%20.9%21.0%21.0%20.9%Corss profit margin9.5%8.9%11.5%11.4%6.3%6.2%EBITDA margin9.5%8.9%11.5%11.4%11.6%11.8%Return on equity (ROE)5.7%7.3%8.1%8.4%9.1%9.3%GEARING/LIQUIDITY/ACTIVITIES2021A2022A2023A2024E2025E2026EYE 31 Dec1.11.51.41.41.41.4VALUATION2021A2022A2023A2024E2025E2026EYE 31 Dec1.11.51.41.41.41.4VALUATION2021A2022A2023A2024E2025E2026EYE 31 Dec7.15.44.74.33.73.4P/E7.15.44.74.33.73.4P/E7.15.44.74.33.73.4P/E7.15.44.74.33.73.4P/B0.40.40.30.30.3 </td <td>•</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>	•						
EBIT597.3%36.5%52.7%(2.9%)10.8%7.0%Net profitna32.8%15.1%9.6%15.7%8.6%PROFITABILITY2021A2022A2023A2024E2025E2026EYE 31 Dec20.9%21.0%21.0%20.9%Operating margin19.8%20.0%20.9%21.0%21.0%20.9%Operating margin9.5%8.9%11.5%6.1%6.3%6.2%EBITDA margin9.5%8.9%11.5%11.4%11.6%11.8%Return on equity (ROE)5.7%7.3%8.1%8.4%9.1%9.3%GEARING/LIQUIDITY/ACTIVITIES2021A2022A2023A2024E2025E2026EYE 31 Dec1.11.51.41.41.41.4VALUATION2021A2022A2023A2024E2025E2026EYE 31 Dec1.11.51.41.41.41.4VALUATION21.15.44.74.33.73.4P/E7.15.44.74.33.73.4P/E (diuted)7.15.44.74.33.73.4P/B0.40.40.40.40.40.30.3P/CFPS4.33.03.03.03.01.51.61.5							
Net profitna32.8%15.1%9.6%15.7%8.6%PROFITABILITY2021A2022A2023A2024E2025E2026EYE 31 DecGross profit margin19.8%20.0%20.9%21.0%21.0%20.9%Operating margin4.4%4.6%5.7%6.1%6.3%6.2%EBITDA margin9.5%8.9%11.5%11.4%11.6%11.8%Return on equity (ROE)5.7%7.3%8.1%8.4%9.1%9.3%GEARING/LIQUIDITY/ACTIVITIES2021A2022A2023A2024E2025E2026EY a1 DecT.11.51.41.41.41.4VALUATION2021A2022A2023A2024E2025E2026EY E 31 DecT.11.51.41.41.41.4VALUATION2021A2022A2023A2024E2025E2026EY E 31 DecT.15.44.74.33.73.4P/E7.15.44.74.33.73.4P/E7.15.44.74.33.73.4P/B0.40.40.40.40.30.30.3P/CFPS4.33.03.03.01.51.61.5							
YE 31 DecGross profit margin19.8%20.0%20.9%21.0%21.0%20.9%Operating margin4.4%4.6%5.7%6.1%6.3%6.2%EBITDA margin9.5%8.9%11.5%11.4%11.6%11.8%Return on equity (ROE)5.7%7.3%8.1%8.4%9.1%9.3%GEARING/LIQUIDITY/ACTIVITIES2021A2022A2023A2024E2025E2026EYE 31 DecCurrent ratio (x)1.11.51.41.41.41.4VALUATION2021A2022A2023A2024E2025E2026EYE 31 DecF7.15.44.74.33.73.4P/E (diluted)7.15.44.74.33.73.4P/B0.40.40.40.40.30.3P/CFPS4.33.03.01.51.61.5	Net profit	na	32.8%	15.1%		15.7%	8.6%
Gross profit margin19.8%20.0%20.9%21.0%21.0%20.9%Operating margin4.4%4.6%5.7%6.1%6.3%6.2%EBITDA margin9.5%8.9%11.5%11.4%11.6%11.8%Return on equity (ROE)5.7%7.3%8.1%8.4%9.1%9.3%GEARING/LIQUIDITY/ACTIVITIES2021A2022A2023A2024E2025E2026EYE 31 Dec1.11.51.41.41.41.4VALUATION2021A2022A2023A2024E2025E2026EYE 31 Dec7.15.44.74.33.73.4P/E7.15.44.74.33.73.4P/E (diluted)7.15.44.74.33.73.4P/B0.40.40.40.40.30.3P/CFPS4.33.03.01.51.61.5	PROFITABILITY	2021A	2022A	2023A	2024E	2025E	2026E
Operating margin4.4%4.6%5.7%6.1%6.3%6.2%EBITDA margin9.5%8.9%11.5%11.4%11.6%11.8%Return on equity (ROE)5.7%7.3%8.1%8.4%9.1%9.3%GEARING/LIQUIDITY/ACTIVITIES2021A2022A2023A2024E2025E2026EYE 31 Dec1.51.41.41.41.4VALUATION2021A2022A2023A2024E2025E2026EYE 31 Dec1.41.41.41.4VALUATION2021A2022A2023A2024E2025E2026EYE 31 Dec1.544.74.33.73.4P/E7.15.44.74.33.73.4P/E (diluted)7.15.44.74.33.73.4P/B0.40.40.40.40.30.3P/CFPS4.33.03.03.01.51.61.5	YE 31 Dec						
EBITDA margin9.5%8.9%11.5%11.4%11.6%11.8%Return on equity (ROE)5.7%7.3%8.1%8.4%9.1%9.3%GEARING/LIQUIDITY/ACTIVITIES2021A2022A2023A2024E2025E2026EYE 31 Dec1.51.41.41.41.4VALUATION2021A2022A2023A2024E2025E2026EYE 31 Dec1.51.41.41.41.4VALUATION2021A2022A2023A2024E2025E2026EYE 31 Dec5.44.74.33.73.4P/E7.15.44.74.33.73.4P/E (diluted)7.15.44.74.33.73.4P/B0.40.40.40.40.30.3P/CFPS4.33.03.01.51.61.5	Gross profit margin	19.8%	20.0%	20.9%	21.0%	21.0%	20.9%
Return on equity (ROE)5.7%7.3%8.1%8.4%9.1%9.3%GEARING/LIQUIDITY/ACTIVITIES2021A2022A2023A2024E2025E2026EYE 31 Dec1.11.51.41.41.41.4VALUATION2021A2022A2023A2024E2025E2026EYE 31 Dec7.15.44.74.33.73.4P/E7.15.44.74.33.73.4P/E (diluted)7.15.44.74.33.73.4P/B0.40.40.40.40.40.30.3P/CFPS4.33.03.03.01.51.61.5	Operating margin	4.4%	4.6%	5.7%	6.1%	6.3%	6.2%
GEARING/LIQUIDITY/ACTIVITIES2021A2022A2023A2024E2025E2026EYE 31 DecCurrent ratio (x)1.11.51.41.41.41.4VALUATION2021A2022A2023A2024E2025E2026EYE 31 DecP/E7.15.44.74.33.73.4P/E (diluted)7.15.44.74.33.73.4P/B0.40.40.40.40.30.3P/CFPS4.33.03.01.51.61.5	EBITDA margin	9.5%	8.9%	11.5%	11.4%	11.6%	11.8%
YE 31 DecCurrent ratio (x)1.11.51.41.41.4VALUATION2021A2022A2023A2024E2025E2026EYE 31 DecP/E7.15.44.74.33.73.4P/E (diluted)7.15.44.74.33.73.4P/B0.40.40.40.40.30.3P/CFPS4.33.03.01.51.61.5	Return on equity (ROE)	5.7%	7.3%	8.1%	8.4%	9.1%	9.3%
Current ratio (x)1.11.51.41.41.41.4VALUATION2021A2022A2023A2024E2025E2026EYE 31 DecP/E7.15.44.74.33.73.4P/E (diluted)7.15.44.74.33.73.4P/B0.40.40.40.40.30.3P/CFPS4.33.03.01.51.61.5	GEARING/LIQUIDITY/ACTIVITIES	2021A	2022A	2023A	2024E	2025E	2026E
VALUATION2021A2022A2023A2024E2025E2026EYE 31 DecP/E7.15.44.74.33.73.4P/E (diluted)7.15.44.74.33.73.4P/B0.40.40.40.40.30.3P/CFPS4.33.03.01.51.61.5	YE 31 Dec						
YE 31 DecP/E7.15.44.74.33.73.4P/E (diluted)7.15.44.74.33.73.4P/B0.40.40.40.40.30.3P/CFPS4.33.03.01.51.61.5	Current ratio (x)	1.1	1.5	1.4	1.4	1.4	1.4
YE 31 DecP/E7.15.44.74.33.73.4P/E (diluted)7.15.44.74.33.73.4P/B0.40.40.40.40.30.3P/CFPS4.33.03.01.51.61.5	VALUATION	2021A	2022A	2023A	2024E	2025E	2026E
P/E7.15.44.74.33.73.4P/E (diluted)7.15.44.74.33.73.4P/B0.40.40.40.40.30.3P/CFPS4.33.03.01.51.61.5							
P/E (diluted)7.15.44.74.33.73.4P/B0.40.40.40.40.30.3P/CFPS4.33.03.01.51.61.5		7.1	5.4	4.7	4.3	3.7	3.4
P/B0.40.40.40.40.30.3P/CFPS4.33.03.01.51.61.5							
P/CFPS 4.3 3.0 3.0 1.5 1.6 1.5							
	Div yield (%)		5.5	6.4	7.0		9.4

Source: Company data, CMBIGM estimates. Note: The calculation of net cash includes financial assets.



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