CMB International Global Markets | Equity Research | Company Update

# EC Healthcare (2138 HK)

## **Recovering cross-border medical consumption** in FY24

Strong FY23 top-line growth despite harsh macro environment. EC Healthcare (ECH) reported FY23 revenue of HK\$3,875mn, up 33% YoY, in line with our forecast, mainly driven by sustainable demand for medical services amid COVID-19 pandemic. ECH booked total net profit of HK\$107mn, down 60% YoY, with attributable net profit of HK\$70mn, down 65% YoY, due to changes in business mix, increase in operating costs caused by inflation as well as the slow ramp-up of newly-opened stores under COVID disruptions. With the fully-resumed HK-Mainland border reopening since Feb 2023, we expect ECH. as the largest private healthcare provider in HK, will significantly benefit from the returning of Mainland medical tourists in FY24. We expect ECH to deliver profit margin improvement in FY24 driven by ramping up of new stores, effective cost controls and improving operation productivity.

- HK-Mainland border reopening to support business growth in FY24. Mainland customers was a critical component of ECH customer pool before COVID, contributing 34.6% of HK sales volume (contracted revenue) in FY19. The number of daily Mainland visitors substantially increased from 9,027 on average in Jan 2023 to 72,645 on average in Jun 2023. Note that the current daily number is still largely below the pre-pandemic level of ~120,000 on average in 2019, indicating a big room for further improvement on inbound traffic. Nevertheless, ECH has already saw recovery of consumption from Mainland travellers soon after the border reopening. In Jan-Mar 2023, 14.6% of sales volume of its HK stores was from Mainland customers, compared with only 4.5% in Sep-Dec 2022. Due to the time lag between sales volume and revenue (typically 6-12 months), we expect ECH to see significant revenue recovery starting from FY24, especially for its aesthetic medical and wellness services.
- Expanding service coverage to provide one-stop healthcare solutions. Despite the harsh macro environment, ECH has been persistently carrying out its M&A strategy to diversify service portfolio in the past three years. Acquired assets have showed good post-deal sales growth mainly driven by solid domestic demand in HK. ECH's medical and veterinary M&As done in FY19 delivered a 3-year CAGR of 11% and M&As done in FY20 reached a 2-year CAGR of 26%. Driven by successful M&As, medical services accounted for 66% of total revenue in FY23, compared with only 28% in FY19. The enhanced services capabilities enabled ECH to meet the diversified demand of both the local and cross-border customers. However, due to the relatively lower margin of medical services than aesthetic medical and wellness services, the blended margin of ECH in post-pandemic era will be lower than before, due to changing revenue mix.
- Maintain BUY. We revised our TP from HK\$8.48 to HK\$7.26, based on a 10-year DCF model (WACC: 11.8%, terminal growth: 2.0%), to reflect lower revenue and net profit projections. We forecast ECH's revenue to grow 23%/ 26%/23% YoY and attributable net income to grow 256%/54%/47% YoY in FY24E/25E/26E, respectively.

#### Earnings Summary

(YE 31 Mar)	FY22A	FY23A	FY24E	FY25E	FY26E
Revenue (HK\$ mn)	2,920	3,875	4,772	6,031	7,386
YoY growth (%)	40.3	32.7	23.1	26.4	22.5
Attributable net profit (HK\$ mn)	198	70	248	380	558
YoY growth (%)	2.4	(64.7)	255.5	53.5	46.7
EPS (Reported) (HK\$)	0.17	0.06	0.21	0.32	0.47
Consensus EPS (HK\$)	na	na	0.30	0.41	na
P/E (x)	25.2	72.9	20.6	13.4	9.2
Source: Company data, Bloomberg, CMBIGM estimates					



### **BUY (Maintain)**

### **Target Price**

(Previous TP **Up/Downside Current Price**  HK\$7.26 HK\$8.48) 68.3% HK\$4.31

**China Healthcare** 

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#### Stock Data

Mkt Cap (HK\$ mn)	5,644.4
Avg 3 mths t/o (HK\$ mn)	9.0
52w High/Low (HK\$)	9.74/3.98
Total Issued Shares (mn)	1185.2
Source: FactSet	

#### **Shareholding Structure**

Tang Chi Fai	61.3%
Goldman Sachs	5.5%
Source: HKEx	

#### Share Performance

	Absolute	Relative
1-mth	-7.5%	-3.7%
3-mth	-38.0%	-33.9%
6-mth	-23.7%	-25.5%

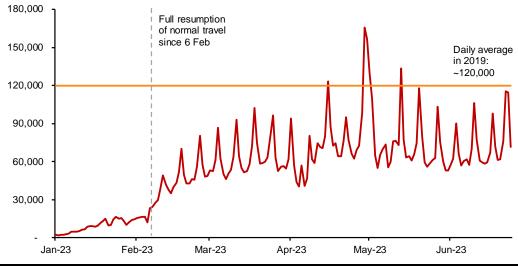
#### Source: FactSet



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Source: Immigration Department of HKSAR, CMBIGM. Data as of 24 Jun 2023.

#### Figure 2: Earnings revision

		New			Old			Diff (%)	
HK\$ mn	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Revenue	4,772	6,031	7,386	4,899	5,963	na	-2.6%	1.1%	na
Gross Profit	4,152	5,259	6,463	4,286	5,248	na	-3.1%	0.2%	na
Operating Profit	1,129	1,471	1,870	1,201	1,551	na	-6.0%	-5.1%	na
Net profit	248	380	558	341	519	na	-27.3%	-26.7%	na
EPS (HK\$)	0.21	0.32	0.47	0.29	0.44	na	-27.3%	-26.7%	na
Gross Margin	87.00%	87.20%	87.50%	87.50%	88.00%	na	-0.50ppt	-0.80ppt	na
Operating Margin	23.66%	24.39%	25.31%	24.52%	26.01%	na	-0.87ppt	-1.61ppt	na
Net Margin	5.19%	6.30%	7.55%	6.95%	8.70%	na	-1.76ppt	-2.40ppt	na

Source: CMBIGM estimates

#### Figure 3: CMBIGM estimates vs consensus

		CMBIGM		(	Consensus			Diff (%)	
HK\$ mn	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Revenue	4,772	6,031	7,386	4,819	5,872	na	-1.0%	2.7%	na
Gross Profit	4,152	5,259	6,463	4,023	4,104	na	3.2%	28.2%	na
Operating Profit	1,129	1,471	1,870	699	925	na	61.5%	59.0%	na
Net profit	248	380	558	398	493	na	-37.7%	-22.8%	na
EPS (HK\$)	0.21	0.32	0.47	0.30	0.41	na	-29.4%	-21.8%	na
Gross Margin	87.00%	87.20%	87.50%	83.49%	69.89%	na	+3.51ppt	+17.32ppt	na
Operating Margin	23.66%	24.39%	25.31%	14.51%	15.76%	na	+9.15ppt	+8.64ppt	na
Net Margin	5.19%	6.30%	7.55%	8.25%	8.39%	na	-3.06ppt	-2.08ppt	na

Source: Bloomberg, CMBIGM estimates

PV of terminal value (HK\$ mn) Total PV (HK\$ mn) Net debt (HK\$ mn) Minority interest (HK\$ mn) Equity value (HK\$ mn) # of shares (mn) Price per share (HK\$ per share) Source: CMBIGM estimates

EBIT

Tax rate

+ D&A

- Capex

**Terminal value** 

Cost of Equity

**Risk Free Rate** 

Market Risk Premium

Target Debt to Asset ratio

Effective Corporate Tax Rate

Cost of Debt

Equity Beta

Terminal growth rate

FCFF

WACC

EBIT\*(1-tax rate)

DCF Valuation (in HK\$ mn)

- Change in working capital

Figure 4: Valuation on risk-adjusted DCF valuation

FY24E

15.0%

466

396

558

(211)

(500)

2.0%

11.8%

15.0%

5.0%

3.0%

10.0%

30.0%

15.0%

5,652

10,348

1,178

8,599

1,185

7.26

571

1.2

243

FY25E

15.0%

651

553

694

(83)

(750)

414

FY26E

15.0%

887

754

835

(14)

(650)

925

FY27E

15.0%

985

837

885

(15)

(650)

1,057

FY28E

1,083

15.0%

921

929

(16)

(650)

1,184

FY29E

1,181

15.0%

1,004

966

(16)

(650)

1,304

FY30E

1,275

15.0%

1,084

995

(17)

(650)

1,412

FY31E

1,365

15.0%

1,160

1,015

(17)

(650)

1,508



FY33E

1,519

15.0%

1,291

1,025

(17)

(650)

1,649

17,205

FY32E

1,446

15.0%

1,229

1,025

(17)

(650)

1,587



# **Financial Summary**

INCOME STATEMENT	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Mar (HK\$ mn)						
Revenue	2,080	2,920	3,875	4,772	6,031	7,386
Cost of goods sold	(235)	(350)	(553)	(620)	(772)	(923)
Gross profit	1,845	2,570	3,322	4,152	5,259	6,463
Operating expenses	(1,251)	(1,767)	(2,548)	(3,023)	(3,788)	(4,593)
Selling expense	(109)	(139)	(173)	(205)	(253)	(303)
Admin expense	(117)	(163)	(233)	(262)	(320)	(377)
Staff costs	(1,029)	(1,384)	(2,061)	(2,434)	(3,046)	(3,693)
Other rental related expenses	(48)	(61)	(78)	(91)	(115)	(140)
Others	52	(19)	(4)	(31)	(55)	(80)
Operating profit	594	803	774	1,129	1,471	1,870
Share of (losses)/profits of associates/JV	5	(1)	12	0	0	0
Depreciation	(78)	(96)	(137)	(153)	(187)	(222)
Depreciation of ROU assets	(200)	(265)	(352)	(406)	(507)	(613)
Goodwill amortisation	(32)	(71)	(98)	(105)	(127)	(148)
Net Interest income/(expense)	(24)	(49)	(64)	(110)	(106)	(87)
Pre-tax profit	266	321	136	355	545	800
Income tax	(40)	(51)	(29)	(53)	(82)	(120)
After tax profit	226	271	107	302	464	680
Minority interest	33	73	37	54	83	122
Net profit	193	198	70	248	380	558
Gross dividends	172	170	118	186	285	418

BALANCE SHEET	2021A	2022A	2023A	2024E	2025E	2026E
YE 31 Mar (HK\$ mn)						
Current assets	1,415	1,516	1,425	1,801	1,982	2,311
Cash & equivalents	931	870	710	1,027	1,069	1,255
Account receivables	179	155	212	213	253	289
Inventories	40	101	87	105	131	157
Prepayment	191	215	242	281	355	435
Financial assets at FVTPL	3	2	16	16	16	16
Other current assets	71	172	158	158	158	158
Non-current assets	2,376	3,345	4,089	4,381	4,867	5,198
PP&E	792	1,193	1,587	1,584	1,797	1,875
Intangibles	512	692	662	607	531	433
Goodwill	477	709	744	744	744	744
Other non-current assets	595	751	1,096	1,446	1,796	2,146
Total assets	3,790	4,861	5,513	6,182	6,850	7,509
Current liabilities	1,317	1,363	1,676	1,523	1,580	1,708
Short-term borrowings	287	0	101	101	101	101
Account payables	215	315	619	467	524	652
Other current liabilities	607	730	656	656	656	656
Lease liabilities	207	319	299	299	299	299
Non-current liabilities	842	1,147	1,467	2,371	2,803	3,073
Convertible bonds	240	236	230	230	230	230
Obligations under finance leases	295	387	514	920	1,426	2,039
Other non-current liabilities	308	524	723	1,221	1,147	803
Total liabilities	2,160	2,510	3,142	3,895	4,384	4,781
Share capital	0	0	0	0	0	0
Capital surplus	1,269	1,881	1,854	1,716	1,811	1,951
Total shareholders equity	1,269	1,881	1,854	1,716	1,811	1,951
Minority interest	362	469	516	571	654	777
Total equity and liabilities	3,790	4,861	5,513	6,182	6,850	7,509



VE 31 Mar (HK3 ma)         Operating           Profit before taxation         266         321         136         555         545         600           Profit before taxation         310         432         587         663         520         982           Change in vorking capital         664         667         200         633         620         682           Investing         19         57         61         100         687         1368         130         778           Investing         19         57         61         100         687         1368         1369         1369         1369         1369         1369         1369         1369         1369         1369         1369         1369         1369         1369         1369         1369         1369         1369         1369         1369         1369         1369         1369         1369         1369         1369         148         1369         148         1369         148         1369         148         1369         148         1369         148         1369         148         1369         148         1369         148         1369         148         1369         148         148 <t< th=""><th>CASH FLOW</th><th>2021A</th><th>2022A</th><th>2023A</th><th>2024E</th><th>2025E</th><th>2026E</th></t<>	CASH FLOW	2021A	2022A	2023A	2024E	2025E	2026E
Profit         Profit<	YE 31 Mar (HK\$ mn)						
Depresident A amontization         310         442         687         663         820         982           Change in working capital         80         (153)         1133         (211)         (130)         (140)           Others         19         57         51         1101         106         57           Net cash from operations         621         608         938         865         1,007         1,736           Investing         -         -         641         600         (150)         (400)         (300)           Acquisition of subsidiaries/ investments         (353)         (347)         (175)         (350)         (360)         (360)           Acquisition of subsidiaries/ investments         (353)         (347)         (175)         (360)         (360)         (360)           Others         12         36         (50)         (50)         (600)         (700)         (700)           Investing carine in sets         107         530         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0	Operating						
Taypaid         (54)         (67)         (29)         (53)         (82)         (140)           Change in oxifor operations         19         57         51         101         106         57           Net cash from operations         621         608         338         585         1,367         1,736           Investing           105         (260)         (500)         (150)         (400)         (300)           Acquisition of subdialines / investments         (138)         (247)         (175)         (350)         (350)         (350)           Net cash from disposal of short-term         108         0         0         0         0         0         0         0           Net cash from investing         (369)         (571)         (725)         (580)         (680)         (700)         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0 </td <td>Profit before taxation</td> <td>266</td> <td>321</td> <td>136</td> <td>355</td> <td>545</td> <td>800</td>	Profit before taxation	266	321	136	355	545	800
Change in working capital         100         103         1211         (183)         (14)           Others         100         57         561         100         100         87           Net cash from operations         621         608         938         865         1,397         1,736           Investing	Depreciation & amortization	310	432	587	663	820	982
Others         19         57         51         110         106         197           Net cash from operations         621         608         338         865         1,307         1,736           Investing         Capilal expenditure         (150)         (400)         (300)           Acquisition of subcidate investments         (353)         (347)         (175)         (150)         (400)         (300)           Net cash from disposal of short-term         108         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0	Tax paid	(54)	(67)	(29)	(53)	(82)	(120)
Net cash from operations6216089389651,3071,736InvestingCapital expenditure(163)(260)(150)(400)(300)Acquisition of subsidialer i/nestments(163)(347)(178)(350)(350)(350)Acquisition of subsidialer i/nestments(163)(347)(178)(350)(350)(350)Net proceeds from disposal of short-term1236(50)(50)(50)(50)(50)Net cash from investing(160)(322)(118)(388)(288)(413)Net cash from share issues1075300000Proceeds from share issues1075300000Proceeds from share issues1075300000Net cash from financing157(208)(773)212(180)(413)Net cash from financing157(208)(773)100000Cash at the beginning of the year520221200000Cash at the beginning of the year523374223422242224222422562256Cash at the ado of the year53437523.5%23.5%23.5%23.5%23.5%23.5%23.5%23.5%23.5%23.5%23.5%23.5%23.5%23.5%23.5%23.5%23.5%23.5%23.5%23.5%23.5%23.5%23.5%23.5% <td>Change in working capital</td> <td>80</td> <td>(135)</td> <td>193</td> <td>(211)</td> <td>(83)</td> <td>(14)</td>	Change in working capital	80	(135)	193	(211)	(83)	(14)
Investing         Investing         Investing           Capital expenditure         (136)         (260)         (150)         (400)         (300)           Acquisition of subsidiaries/investments         (138)         (347)         (175)         (350)         (350)         (350)           Net proceeds from dispocal of short-term         108         0         0         0         0         0           Net cash from investing         (369)         (571)         (725)         (550)         (600)         (700)           Net cash from investing         (389)         (571)         (725)         (500)         0         0         0           Net borrowings         609         0         500         600         0         0         0           Proceeds from share issues         107         530         0         0         0         0         0           Net cash from financing         157         (100)         (373)         3         (465)         (464)           Net cash at the beginning of the year         520         831         870         710         1,027         1,069           Cash at the beginning of the year         231         670         710         1,027         1,069	Others	19	57	51	110	106	87
Capital expenditure         (136)         (260)         (150)         (140)         (300)           Net proceeds from disposal of short-term         108         0         0         0         0           Net proceeds from disposal of short-term         108         0         0         0         0         0           Net proceeds from disposal of short-term         12         36         (50)         (50)         (50)         (50)           Net cash rom investing         12         36         (50)         (50)         (600)         0         0           Financing          130         (322)         (118)         (386)         (285)         (418)           Net change in sale         107         530         0         0         0         0           Proceeds from financing         157         (100)         (373)         3         (465)         (443)           Net change in cash          2         2         0         0         0         0           Sch at the beginning of the year         520         331         870         710         1,027         1,069         1,255           GROWTH         2021A         2022A         2024E         2024E <td>Net cash from operations</td> <td>621</td> <td>608</td> <td>938</td> <td>865</td> <td>1,307</td> <td>1,736</td>	Net cash from operations	621	608	938	865	1,307	1,736
Acquisition of subsidiaries/ investments         (353)         (347)         (175)         (350)         (350)         (350)           Investments         108         0         0         0         0         0           Investments         108         0         0         0         0         0           Net cash from investing         (359)         (571)         (725)         (550)         (600)         0         0           Financing          107         530         0         0         0         0         0           Proceeds from share issues         107         530         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0	Investing						
Net proceeds from disposal of short-term investments         108         0         0         0         0         0           Others         12         36         (50)         (50)         (50)         (50)           Net cash from investing         (369)         (571)         (725)         (550)         (800)         (700)           Prinacing            (110)         (322)         (118)         (386)         (285)         (418)           Net chrowings         609         0         0         0         0         0         0         0           Proceeds from financing         157         (100)         (373)         3         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0	Capital expenditure	(136)	(260)	(500)	(150)	(400)	(300)
investments         100         0         0         0         0         0         0         0         0         0         0         0           Others         12         36         (50)         (50)         (50)         (50)         (50)           Financing          100         (322)         (118)         (386)         (285)         (418)           Net borrowings         609         0         500         600         0         0           Proceeds from share issues         107         530         0         0         0         0           Others         (429)         (308)         (755)         (212)         (100)         0         0         0           Net cash from financing         157         (100)         (373)         3         (465)         (849)           Net cash at the obleping of the year         520         931         870         710         1,027         1,069         1,255           Exchange difference         2         2         0         0         0         0         0         1,255           Grash at the obleping of the year         331         870         710         1,027         1,069	Acquisition of subsidiaries/ investments	(353)	(347)	(175)	(350)	(350)	(350)
Investments         12         36         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)         (50)		108	0	0	0	0	0
Net cash from investing         (369)         (571)         (725)         (550)         (800)         (700)           Financing         1         (130)         (322)         (118)         (386)         (285)         (418)           Net borrowings         609         0         500         600         0         0         0           Proceeds from share issues         107         530         0         0         0         0           Others         (429)         (300)         (775)         (212)         (180)         (461)           Net cash from financing         157         (100)         (373)         3         (465)         (849)           Net cash at the beginning of the year         520         21         0         0         0         0           Cash at the beginning of the year         931         870         710         1.027         1.069         1.255           GROWTH         2021A         2022A         2023H         2025E         2025E         2055K         525 %         25.5%         52.5%         46.7%         25.5%         52.5%         46.7%         25.5%         52.5%         46.7%         25.5%         52.5%         46.7%         22.5%         5							
Financing         Financing         Financing           Dividend paid         (130)         (322)         (118)         (386)         (285)         (418)           Net borrowings         609         0         500         600         0         0           Proceeds from share issues         107         530         0         0         0         0           Net cash from financing         157         (100)         (375)         (212)         (180)         (4431)           Net cash from financing         157         (100)         (373)         3         (465)         (49)           Net change in cash         Exchange difference         2         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0         0							
Dividend paid         (130)         (322)         (118)         (386)         (285)         (418)           Net borrowings         609         0         500         600         0         0           Proceeds from share issues         (429)         (308)         (755)         (212)         (180)         (431)           Net cash from financing         157         (100)         (373)         3         (455)         (849)           Net change in cash         520         931         870         710         1.027         1.069           Exchange difference         2         2         0         0         0         0           Cash at the beginning of the year         2021A         2022A         2023A         2024E         2025E         2026E           YE 31 Mar          6.8%         40.3%         32.7%         23.1%         26.4%         22.5%         26.5%         22.9%         26.7%         22.9%         26.7%         22.9%         26.7%         22.9%         26.7%         22.9%         26.7%         22.9%         26.7%         22.9%         26.7%         22.9%         26.7%         22.9%         26.7%         22.9%         26.7%         22.9%         26.7%	Net cash from investing	(309)	(371)	(725)	(550)	(800)	(700)
Net borrowings         609         0         500         600         0         0           Proceeds from share issues         107         530         0         0         0         0         0           Others         (429)         (308)         (755)         (212)         (180)         (431)           Net cash from financing         157         (100)         (373)         3         (465)         (849)           Net change in cash          2         2         0         0         0         0         0           Cash at the beginning of the year         520         931         870         710         1,027         1,069         1,255           GROWTH         2021A         2022A         2024E         2025E         2026E         2026E           YE 31 Mar          20.5%         35.1%         (3.6%)         46.8%         30.3%         27.1%           PROFITABILITY         2021A         202A         2024E         2025E         2026E         2026E           YE 31 Mar          (32.7%)         24.4%         25.5%         53.5%         87.5%         27.5%         29.6%         27.5%         29.2%         22.6%         20	Financing						
Proceeds from share issues         107         530         0         0         0         0           Others         (429)         (309)         (75)         (212)         (180)         (431)           Net cash from financing         157         (100)         (373)         3         (465)         (849)           Net change in cash         2         2         0         0         0         0         0           Cash at the beginning of the year         520         931         870         710         1,027         1,069         1,255           Cash at the od of the year         931         870         710         1,027         1,069         1,255           CROWTH         2021A         2022A         2033         2024E         2025E         2026E           YE 31 Mar           40.3%         32.7%         23.1%         26.4%         22.5%         53.5%         46.7%           Operating profit         (2.8%)         35.1%         (6.6.7%         30.3%         22.1%         20.26E         2025E         2026E         2025E         2026E         2025E         2026E         2025E         20.5%         53.5%         46.7%         25.5%         53.5%	Dividend paid		(322)	(118)		(285)	(418)
Others         (429)         (308)         (755)         (212)         (180)         (431)           Net cash from financing         157         (100)         (373)         3         (465)         (489)           Net cash at the beginning of the year         520         931         870         710         1,027         1,069         1,255           Cash at the end of the year         931         870         710         1,027         1,069         1,255           CROWTH         2021A         2021A         2023A         2024E         2025E         2025E           CROWTH         2021A         2021A         32.7%         23.1%         26.4%         22.5%           CROWTH         (2.8%)         35.1%         (3.6%)         45.5%         30.3%         27.1%           Cross profit         (32.7%)         24.4%         (2.6%)         25.5%         53.5%         46.7%           Operating profit         (32.7%)         24.4%         2025E         2025E         2025E         2025E           PROFITABILITY         2021A         2022A         2023A         2024E         2025E         2025E           Operating margin         28.6%         27.5%         20.0%         23.7% <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>							
Net cash from financing         157         (100)         (373)         3         (465)         (849)           Net change in cash         2         931         870         710         1,027         1,069           Exchange difference         2         2         0         0         0         0           Cash at the end of the year         931         870         710         1,027         1,069         1,255           GROWTH         2021A         2022A         2023A         2024E         2025E         2026E           YE 31 Mar         Revenue         6.8%         40.3%         32.7%         23.1%         26.4%         22.9%           Operating profit         (2.8%)         35.1%         (3.6%)         45.8%         30.3%         27.1%           Net profit         (2.8%)         35.1%         (3.6%)         45.8%         30.3%         27.1%           Net profit         (2.8%)         35.1%         (3.6%)         45.8%         30.3%         27.1%           PROFITABILITY         2021A         2022A         2023A         2024E         2025E         2026E           YE 31 Mar          17.0%         12.5%         3.7%         13.3%         21							
Net change in cash         Sec         Sec         Sec         Sec         Sec         Sec           Cash at the beginning of the year         520         931         870         710         1,027         1,069           Exchange difference         2         2         0         0         0         0           Cash at the end of the year         931         870         710         1,027         1,069         1,255           GROWTH         2021A         2022A         2023A         2024E         2025E         2026E           YE 31 Mar          6.8%         40.3%         32.7%         23.1%         26.6%         22.9%           Gross profit         6.5%         39.3%         22.0%         26.7%         22.9%           Operating profit         (2.8%)         35.1%         (3.6%)         45.8%         30.3%         27.1%           Net profit         (3.2.7%)         2.4%         (64.7%)         225.5%         53.5%         46.7%           PROFITABLILTY         2021A         2022A         2023A         2024E         2025E         2026E           YE 31 Mar          12.5%         3.7%         13.9%         21.6%         29.6%		. ,	. ,	, ,		, ,	. ,
Cash at he beginning of the year         520         931         870         710         1,027         1,069           Exchange difference         2         2         0         0         0         0           Cash at the end of the year         931         870         710         1,027         1,069         1,255           CROWTH         2021A         2022A         2023A         2024E         2025E         2026E           YE 31 Mar          8         40.3%         32.7%         23.1%         26.4%         22.9%           Operating profit         (2.8%)         35.1%         (3.6%)         45.8%         30.3%         22.9%           Operating profit         (2.8%)         35.1%         (3.6%)         45.8%         30.3%         27.1%           PROFITABILITY         (2.8%)         35.1%         (3.6%)         45.8%         30.3%         27.1%           PROFITABILITY         (2.8%)         2.02.4%         2023A         2024E         2025E         2026E           PTE 31 Mar          1         12.5%         3.7%         13.9%         21.6%         23.7%           Certanting (A)         (A)         1         1.1         0.9	Net cash from financing	157	(100)	(373)	3	(465)	(849)
Exchange difference         2         2         0         0         0         0           Cash at the end of the year         931         870         710         1,027         1,069         1,255           GROWTH         2021A         2022A         2023A         2024E         2025E         2026E           YE 31 Mar         Revenue         6.8%         40.3%         32.7%         23.1%         26.4%         22.5%           Gross profit         6.8%         40.3%         32.7%         23.1%         26.4%         22.5%           Operating profit         (2.8%)         35.1%         (3.6%)         45.8%         30.3%         27.1%           Net profit         (2.8%)         35.1%         (3.6%)         45.8%         30.3%         27.1%           PROFITABILITY         2021A         2022A         2023A         2024E         2025E         2026E           YE 31 Mar         T         Coss profit margin         88.7%         88.0%         85.7%         87.0%         87.5%         25.5%           GEARING/LIQUIDITY/ACTIVITIES         2021A         2022A         2023A         2024E         2025E         2026E           YE 31 Mar         St debit to equity (x)         (0.1)	Net change in cash						
Cash at he end of the year         931         870         710         1,027         1,069         1,255           GROWTH         2021A         2022A         2023A         2024E         2025E         2026E           YE 31 Mar            2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2         2 <th2< th=""> <th2< th=""></th2<></th2<>	Cash at the beginning of the year	520	931	870	710	1,027	1,069
GROWTH2021A2022A2023A2024E2025E2026EYE 31 MarRevenue6.8%40.3%32.7%23.1%26.4%22.5%Gross profit6.5%39.3%29.3%25.0%26.7%22.9%Operating profit(2.8%)35.1%(3.6%)45.8%30.3%27.1%Net profit(32.7%)2.4%(64.7%)255.5%53.5%46.7%PROFITABILITY2021A2022A2023A2024E2025E2026EYE 31 Mar68.7%86.7%87.0%87.2%87.5%Gross profit margin28.6%27.5%20.0%23.7%24.4%25.3%Operating margin28.6%27.5%20.0%23.7%24.4%25.3%Return on equity (ROE)17.0%12.5%3.7%13.9%21.6%29.6%GEARING/LQUDITY/ACTIVITIES2021A2022A2023A2024E2025E2026EYE 31 Mar1.11.10.91.21.31.4Reveluable turnover days76.973.466.062.062.062.0Current ratio (x)1.11.10.91.21.31.4Inventory turnover days76.973.466.048.048.048.0VALUATION2021A2022A2023A2024E2025E2026EYE 31 Mar272.920.613.49.2P/E22.965.963.6	-			0		0	0
YE 31 Mar           Revenue         6.8%         40.3%         32.7%         23.1%         26.4%         22.5%           Gross profit         6.5%         39.3%         29.3%         25.0%         26.7%         22.9%           Operating profit         (2.8%)         35.1%         (3.6%)         45.8%         30.3%         27.1%           Net profit         (32.7%)         2.4%         (64.7%)         255.5%         53.5%         46.7%           PROFITABILITY         2021A         2022A         2023A         2024E         2025E         2026E           YE 31 Mar         Gross profit margin         88.7%         88.0%         85.7%         87.0%         87.2%         87.5%           Operating margin         28.6%         27.5%         20.0%         23.7%         24.4%         25.3%           GEARING/LIQUIDITY/ACTIVITIES         2021A         2022A         2023A         2024E         2025E         2026E           YE 31 Mar         It         1.1         0.3         0.7         0.9         0.8           Gurent ratio (x)         (0.1)         (0.1)         0.3         0.7         0.9         0.8           Current ratio (x)         (1.1         1.1	Cash at the end of the year	931	870	710	1,027	1,069	1,255
Revenue         6.8%         40.3%         32.7%         23.1%         26.4%         22.5%           Gross profit         6.5%         39.3%         29.3%         25.0%         26.7%         22.9%           Operating profit         (2.8%)         35.1%         (3.6%)         45.8%         30.3%         27.1%           Net profit         (32.7%)         2.4%         (64.7%)         255.5%         53.5%         46.7%           PROFITABILITY         2021A         2022A         2023A         2024E         2025E         2026E           YE 31 Mar          67.5%         20.0%         23.7%         24.4%         25.3%           Return on equity (ROE)         17.0%         12.5%         3.7%         13.9%         21.6%         29.6%           Gross profit margin         28.6%         27.5%         20.0%         23.7%         24.4%         25.3%           Return on equity (ROE)         17.0%         12.5%         3.7%         13.9%         21.6%         29.6%           YE 31 Mar          1.1         1.1         0.9         1.2         1.3         1.4           Receivable turnover days         22.6         20.9         17.3         16.3	GROWTH	2021A	2022A	2023A	2024E	2025E	2026E
Gross profit         6.5%         39.3%         29.3%         25.0%         26.7%         22.9%           Operating profit         (2.8%)         35.1%         (3.6%)         45.8%         30.3%         27.1%           Net profit         (32.7%)         2.4%         (64.7%)         255.5%         53.5%         46.7%           PROFITABILITY         2021A         2022A         2023A         2024E         2025E         2026E           YE 31 Mar           57.5%         87.0%         87.2%         87.5%           Operating margin         28.6%         27.5%         20.0%         23.7%         24.4%         25.3%           Operating margin         28.6%         27.5%         20.0%         23.7%         24.4%         25.3%           Return on equity (ROE)         17.0%         12.5%         3.7%         13.9%         21.6%         29.6%           YE 31 Mar          1         1.1         0.9         1.2         1.3         1.4           Net debt to equity (x)         (0.1)         (0.1)         0.1         1.3         1.43           Inventory turnover days         22.6         20.9         17.3         16.3         15.3         1.43 <td>YE 31 Mar</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>	YE 31 Mar						
Operating profit(2.8%)35.1%(3.6%)45.8%30.3%27.1%Net profit(32.7%)2.4%(64.7%)255.5%53.5%46.7%PROFITABILITY2021A2022A2023A2024E2025E2026EYE 31 Mar </td <td>Revenue</td> <td>6.8%</td> <td>40.3%</td> <td>32.7%</td> <td>23.1%</td> <td>26.4%</td> <td>22.5%</td>	Revenue	6.8%	40.3%	32.7%	23.1%	26.4%	22.5%
Net profit(32.7%)2.4%(64.7%)255.5%53.5%46.7%PROFITABILITY2021A2022A2023A2024E2025E2026EYE 31 MarGross profit margin88.7%88.0%85.7%87.0%87.2%87.5%Operating margin28.6%27.5%20.0%23.7%24.4%25.3%Return on equity (ROE)17.0%12.5%3.7%13.9%21.6%29.6%GEARING/LQUIDITY/ACTIVITIES2021A2022A2023A2024E2025E2026EYE 31 Mar11.11.10.91.21.31.4Net debt to equity (x)(0.1)(0.1)0.30.70.90.8Current ratio (x)1.11.10.91.21.31.4Receivable turnover days22.620.917.316.315.314.3Inventory turnover days63.963.648.048.048.048.0VALUATION2021A2022A2023A2024E2025E2026EYE 31 MarF/E2021A2022A2023A2024E2025E2026EP/B4.16.74.43.33.12.9P/CFPS8.320.68.76.64.33.3	Gross profit	6.5%	39.3%	29.3%	25.0%	26.7%	22.9%
PROFITABILITY         2021A         2022A         2023A         2024E         2025E         2026E           YE 31 Mar	Operating profit	(2.8%)	35.1%	(3.6%)	45.8%	30.3%	27.1%
YE 31 MarGross profit margin88.7%88.0%85.7%87.0%87.2%87.5%Operating margin28.6%27.5%20.0%23.7%24.4%25.3%Return on equity (ROE)17.0%12.5%3.7%13.9%21.6%29.6%GEARING/LIQUIDITY/ACTIVITIES2021A2022A2023A2024E2025E2026EYE 31 MarNet debt to equity (x)(0.1)(0.1)0.30.70.90.8Current ratio (x)1.11.10.91.21.31.4Receivable turnover days22.620.917.316.315.314.3Inventory turnover days76.973.462.062.062.062.0VALUATION2021A2022A2023A2024E2025E2026EYE 31 MarP/EP/E22.925.272.920.613.49.2P/B4.16.74.43.33.12.9P/CFPS8.320.68.76.64.33.3	Net profit	(32.7%)	2.4%	(64.7%)	255.5%	53.5%	46.7%
Gross profit margin88.7%88.0%85.7%87.0%87.2%87.5%Operating margin28.6%27.5%20.0%23.7%24.4%25.3%Return on equity (ROE)17.0%12.5%3.7%13.9%21.6%29.6%GEARING/LQUIDITY/ACTIVITIES2021A2022A2023A2024E2025E2026EYE 31 MarNet debt to equity (x)(0.1)(0.1)0.30.70.90.8Current ratio (x)1.11.10.91.21.31.4Receivable turnover days22.620.917.316.315.314.3Inventory turnover days26.3.963.648.048.048.048.0VALUATION2021A2022A2023A2024E2025E2026EP/E2021A2022A2023A2024E2025E2026EP/E2021A2022A2023A2024E2025E2026EP/E2021A2022A2023A2024E2025E2026EP/E2021A2022A2023A2024E2025E2026EP/E22.925.272.920.613.49.2P/E22.925.272.920.613.49.2P/E22.925.272.920.613.49.2P/E22.925.272.920.613.49.2P/E22.925.272.920.613.49.2P/E22.925.2 <t< td=""><td>PROFITABILITY</td><td>2021A</td><td>2022A</td><td>2023A</td><td>2024E</td><td>2025E</td><td>2026E</td></t<>	PROFITABILITY	2021A	2022A	2023A	2024E	2025E	2026E
Operating margin Return on equity (ROE)28.6% 17.0%27.5% 12.5%20.0% 	YE 31 Mar						
Return on equity (ROE)17.0%12.5%3.7%13.9%21.6%29.6%GEARING/LIQUIDITY/ACTIVITIES2021A2022A2023A2024E2025E2026EYE 31 MarNet debt to equity (x)(0.1)(0.1)0.30.70.90.8Current ratio (x)1.11.10.91.21.31.4Receivable turnover days22.620.917.316.315.314.3Inventory turnover days76.973.462.062.062.062.0Payable turnover days63.963.648.048.048.048.0VALUATION2021A2022A2023A2024E2025E2026EYE 31 MarP/E22.925.272.920.613.49.2P/B4.16.74.43.33.12.9P/CFPS8.320.68.76.64.33.3	Gross profit margin	88.7%	88.0%	85.7%	87.0%	87.2%	87.5%
GEARING/LIQUIDITY/ACTIVITIES2021A2022A2023A2024E2025E2026EYE 31 MarNet debt to equity (x)(0.1)(0.1)0.30.70.90.8Current ratio (x)1.11.10.91.21.31.4Receivable turnover days22.620.917.316.315.314.3Inventory turnover days76.973.462.062.062.062.0Payable turnover days63.963.648.048.048.048.0VALUATION2021A2022A2023A2024E2025E2026EYE 31 MarP/E22.925.272.920.613.49.2P/B4.16.74.43.33.12.9P/CFPS8.320.68.76.64.33.3	Operating margin	28.6%	27.5%	20.0%	23.7%	24.4%	25.3%
YE 31 MarNet debt to equity (x)(0.1)(0.1)0.30.70.90.8Current ratio (x)1.11.10.91.21.31.4Receivable turnover days22.620.917.316.315.314.3Inventory turnover days76.973.462.062.062.062.0Payable turnover days63.963.648.048.048.048.0VALUATION2021A2022A2023A2024E2025E2026EYE 31 Mar74.16.74.43.33.12.9P/E22.925.272.920.613.49.2P/B4.16.74.43.33.12.9P/CFPS8.320.68.76.64.33.3	Return on equity (ROE)	17.0%	12.5%	3.7%	13.9%	21.6%	29.6%
Net debt to equity (x)         (0.1)         (0.1)         0.3         0.7         0.9         0.8           Current ratio (x)         1.1         1.1         0.9         1.2         1.3         1.4           Receivable turnover days         22.6         20.9         17.3         16.3         15.3         14.3           Inventory turnover days         76.9         73.4         62.0         62.0         62.0         62.0           Payable turnover days         63.9         63.6         48.0         48.0         48.0         48.0           VALUATION         2021A         2022A         2023A         2024E         2025E         2026E           YE 31 Mar         P/E         22.9         25.2         72.9         20.6         13.4         9.2           P/B         4.1         6.7         4.4         3.3         3.1         2.9           P/CFPS         8.3         20.6         8.7         6.6         4.3         3.3	GEARING/LIQUIDITY/ACTIVITIES	2021A	2022A	2023A	2024E	2025E	2026E
Current ratio (x)1.11.10.91.21.31.4Receivable turnover days22.620.917.316.315.314.3Inventory turnover days76.973.462.062.062.062.0Payable turnover days63.963.648.048.048.048.0VALUATION2021A2022A2023A2024E2025E2026EYE 31 MarP/E22.925.272.920.613.49.2P/B4.16.74.43.33.12.9P/CFPS8.320.68.76.64.33.3	YE 31 Mar						
Current ratio (x)1.11.10.91.21.31.4Receivable turnover days22.620.917.316.315.314.3Inventory turnover days76.973.462.062.062.062.0Payable turnover days63.963.648.048.048.048.0VALUATION2021A2022A2023A2024E2025E2026EYE 31 MarP/E22.925.272.920.613.49.2P/B4.16.74.43.33.12.9P/CFPS8.320.68.76.64.33.3	Net debt to equity (x)	(0.1)	(0.1)	0.3	0.7	0.9	0.8
Receivable turnover days         22.6         20.9         17.3         16.3         15.3         14.3           Inventory turnover days         76.9         73.4         62.0         62.0         62.0         62.0         62.0         62.0         62.0         62.0         62.0         62.0         62.0         62.0         62.0         62.0         62.0         62.0         62.0         62.0         62.0         62.0         62.0         62.0         62.0         62.0         62.0         62.0         62.0         62.0         62.0         62.0         62.0         62.0         62.0         62.0         62.0         62.0         62.0         62.0         62.0         62.0         62.0         62.0         62.0         62.0         62.0         62.0         62.0         62.0         62.0         62.0         62.0         62.0         62.0         62.0         62.0         62.0         62.0         62.0         62.0         62.0         62.0         62.0         62.0         62.0         62.0         62.0         62.0         62.0         62.0         62.0         62.0         62.0         62.0         62.0         62.0         62.0         62.0         62.0         62.0         62.0 <td></td> <td>. ,</td> <td>. ,</td> <td></td> <td></td> <td></td> <td></td>		. ,	. ,				
Inventory turnover days         76.9         73.4         62.0         62.0         62.0         62.0           Payable turnover days         63.9         63.6         48.0         48.0         48.0         48.0           VALUATION         2021A         2022A         2023A         2024E         2025E         2026E           YE 31 Mar         P/E         22.9         25.2         72.9         20.6         13.4         9.2           P/B         4.1         6.7         4.4         3.3         3.1         2.9           P/CFPS         8.3         20.6         8.7         6.6         4.3         3.3				17.3			
Payable turnover days         63.9         63.6         48.0         48.0         48.0         48.0           VALUATION         2021A         2022A         2023A         2024E         2025E         2026E           YE 31 Mar         P/E         22.9         25.2         72.9         20.6         13.4         9.2           P/B         4.1         6.7         4.4         3.3         3.1         2.9           P/CFPS         8.3         20.6         8.7         6.6         4.3         3.3	Inventory turnover days		73.4			62.0	62.0
VALUATION         2021A         2022A         2023A         2024E         2025E         2026E           YE 31 Mar         P/E         22.9         25.2         72.9         20.6         13.4         9.2           P/B         4.1         6.7         4.4         3.3         3.1         2.9           P/CFPS         8.3         20.6         8.7         6.6         4.3         3.3	Payable turnover days	63.9					48.0
YE 31 MarP/E22.925.272.920.613.49.2P/B4.16.74.43.33.12.9P/CFPS8.320.68.76.64.33.3		2021A		2023A	2024E	2025E	2026E
P/E         22.9         25.2         72.9         20.6         13.4         9.2           P/B         4.1         6.7         4.4         3.3         3.1         2.9           P/CFPS         8.3         20.6         8.7         6.6         4.3         3.3							
P/B         4.1         6.7         4.4         3.3         3.1         2.9           P/CFPS         8.3         20.6         8.7         6.6         4.3         3.3		22.9	25.2	72.9	20.6	13.4	9.2
P/CFPS 8.3 20.6 8.7 6.6 4.3 3.3							

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



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