

# Hong Kong

## ADD (no change)

Consensus ratings\*: Buy 33 Hold 1 Sell 0

Current price:	HK\$14.88
Target price:	HK\$19.20
Previous target:	HK\$22.00
Up/downside:	29.0%
CGS-CIMB / Consensus:	4.5%
Reuters:	1995.HK
Bloomberg:	1995 HK
Market cap:	US\$3,349m
	HK\$26,098m
Average daily turnover:	US\$9.48m
	HK\$73.92m
Current shares o/s:	1,754m
Free float:	40.2%

\*Source: Bloomberg

### Key changes in this note

- FY21F EPS increased by 4%.
- FY22F EPS increased by 3%.
- FY21F EPS increased by 4%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	32.6	15.5	-35.2
Relative (%)	26.9	15.4	-19.4

### Major shareholders

	% held
Lin's family	29.5
CIFI Holdings	23.2
Capital Group	7.1

### Analyst(s)



#### Will CHU, CFA

T (852) 2539 1327

E will.chu@cgs-cimb.com

#### Raymond CHENG, CFA

T (852) 2539 1324

E raymond.cheng@cgs-cimb.com

#### Steven MAK

T (852) 2539 1328

E steven.mak@cgs-cimb.com

# CIFI Ever Sunshine

## Still on a fast growth track

- CIFI ES achieved c.90m sq m/60m sq m in contracted GFA/managed GFA in FY21F, based on management's latest estimates.
- We estimate that it held c.Rmb4bn cash at end-FY21F, sufficient to engage in M&As to grow managed GFA and to expand community VAS offering.
- We reiterate our Add call with a lower TP of HK\$19.2. It is our preferred name among mid-cap China property managers.

### About 60m sq m growth in managed GFA in FY21F

CIFI ES attained c.90m sq m/c.60m sq m yoy growth in contracted GFA/managed GFA in FY21F, based on management's estimates before the blackout period began in late Jan. Hence, we estimate that CIFI ES had c.160m sq m managed GFA at end-FY21F. Thereafter, we believe that CIFI ES would continue to proceed with yoy growth of 55m-70m sq m in managed GFA in FY22-23F, primarily driven by third-party (3P) expansion and M&As. We estimate that its parent CIFI (884 HK, Add) would account for just 13% of CIFI ES's managed GFA portfolio at end-FY23F.

### Sufficient liquidity to proceed with M&As in FY22-23F

CIFI ES raised HK\$1.3bn from share placement in Oct 21; that replenished the total amount spent on acquiring two key portfolios in FY21, namely Hunan Meizhong (urban services) and Shanghai Macalline Property Management (commercial). Management believes that other M&A deals could occur in 1H22F as valuations have come down. We estimate that CIFI ES should have c.Rmb4bn cash in hand at end-FY21F; that is sufficient to sustain its portfolio growth by M&A and to expand its community VAS offerings (e.g., turnkey furnishing and decoration services) in FY22-23F. Besides, since investors responded favourably to its parent CIFI rights issue in Dec 21, we believe CIFI ES's investors need not worry about its receivables collection from CIFI.

### Profit share of VAS to non-property owners will inevitably decline

VAS to non-property owners accounted for just 17% of CIFI ES's gross profit in 1H21. Management does not think that sales centre management is a key focus of CIFI ES's business; we believe that weaker growth in this business due to China's weak property sales in 2H21 should not have material impact on CIFI ES's profit. We estimate the gross profit share of VAS to non-property owners would decline to c.10% in FY23F.

### Reiterate Add with a lower TP of HK\$19.2

We raise FY21-23F EPS by 3-4%, after factoring in higher profit from Macalline's portfolio and higher revenue growth from community VAS that offset c.5% EPS dilution due to the share placement. We however lower EPS CAGR to 35% (from 40%) as we roll over the valuation basis by one year to FY21-24F. Our TP is lowered to HK\$19.2, still based on 0.9x PEG (equivalent to 31.6x FY22F P/E). Reiterate Add. CIFI ES remains our favourite among the mid-cap China property managers. Key downside risks include value-destructive M&As, while successful expansion in VAS and smooth post-M&A integration could be re-rating catalysts.

### Financial Summary

	Dec-19A	Dec-20A	Dec-21F	Dec-22F	Dec-23F
Total Net Revenues (Rmbm)	1,878	3,120	4,883	6,927	9,434
Operating EBITDA (Rmbm)	310	649	964	1,374	1,877
Net Profit (Rmbm)	224	390	646	904	1,220
Core EPS (Rmb)	0.15	0.24	0.37	0.52	0.70
Core EPS Growth	77.8%	66.5%	51.8%	39.9%	34.9%
FD Core P/E (x)	83.41	48.96	31.63	23.58	17.47
DPS (Rmb)	0.04	0.07	0.11	0.15	0.21
Dividend Yield	0.35%	0.59%	0.91%	1.27%	1.72%
EV/EBITDA (x)	56.28	25.45	17.76	12.10	8.31
P/FCFE (x)	98.00	27.45	86.49	26.03	14.61
Net Gearing	(105%)	(105%)	(93%)	(90%)	(93%)
P/BV (x)	16.26	6.76	4.71	4.07	3.45
ROE	21.9%	19.3%	17.4%	18.5%	21.4%
% Change In Core EPS Estimates			4.46%	2.70%	3.50%
CGS-CIMB/Consensus EPS (x)			0.98	0.94	0.91

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 1: End-period portfolio forecast up to FY23F**

GFA under management (m sq m)	FY17	FY18	FY19	FY20	FY21F	FY22F	FY23F
CIFI	13.2	14.6	17.7	21.7	26.6	32.1	38.3
Third-party developers	13.3	25.6	47.5	79.9	134.8	188.1	249.3
<b>Total</b>	<b>26.5</b>	<b>40.2</b>	<b>65.2</b>	<b>101.6</b>	<b>161.4</b>	<b>220.2</b>	<b>287.6</b>
CIFI as % of total	50%	36%	27%	21%	16%	15%	13%
<b>Reserve GFA (m sq m)</b>							
CIFI	2.2	8.7	13.1	22.1	25.0	27.3	29.4
Third-party developers	4.6	16.7	32.3	57.5	84.6	109.3	118.1
<b>Total</b>	<b>6.8</b>	<b>25.4</b>	<b>45.4</b>	<b>79.6</b>	<b>109.6</b>	<b>136.6</b>	<b>147.4</b>
<b>Contracted GFA (m sq m)</b>							
CIFI	15.4	23.3	30.8	43.8	51.6	59.4	67.6
Third-party developers	17.9	42.3	79.8	137.4	219.4	297.4	367.4
<b>Total</b>	<b>33.3</b>	<b>65.6</b>	<b>110.6</b>	<b>181.2</b>	<b>271.0</b>	<b>356.8</b>	<b>435.0</b>
CIFI as % of total	46%	36%	28%	24%	19%	17%	16%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 2: Earnings revisions**

Rmb m	2021F			2022F			2023F		
	Old	New	% chg	Old	New	% chg	Old	New	% chg
Core net profit	589	646	10%	838	904	8%	1,122	1,220	9%
EPS (Rmb)	0.35	0.37	4%	0.50	0.52	3%	0.67	0.70	4%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 3: Summary of TP change**

	Old	New	Chg % or % pt
Expected EPS CAGR (%)	40%	35%	-5%
Target PEG (x)	0.9	0.9	0
Target P/E (x)	36.4	31.6	-13%
FY22F EPS (Rmb)	0.50	0.52	3%
New target price (Rmb)	18.26	16.26	-11%
<b>New target price (HK\$)</b>	<b>22.00</b>	<b>19.20</b>	<b>-13%</b>

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

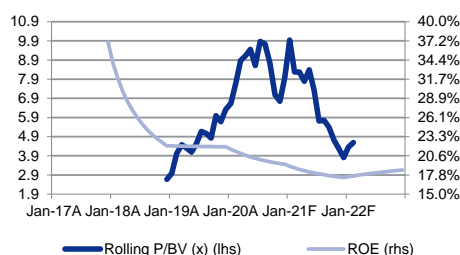
**Figure 4: China property management sector comparison**

		Share price	Target price		Upside	Mkt cap	P/E (x)				Dividend yield			EPS CAGR	FY22F	Net gearing (%)
Company Name	Ticker	(HK\$)	(HK\$)	Rating	(%)	(US\$ m)	2020	2021F	2022F	2023F	2020	2021F	2022F	FY20-23F	PEG (x)*	2020
A-Living Services	3319 HK	16.02	20.90	ADD	30	2,919	9.7	7.6	6.0	5.0	4.0	4.6	5.9	25%	0.24	(56)
COPL	2669 HK	9.17	8.30	HOLD	(9)	3,868	42.8	33.2	26.4	21.1	0.7	0.9	1.1	27%	0.99	(170)
Country Garden Services	6098 HK	49.40	68.70	ADD	39	21,339	42.4	29.3	21.0	15.8	0.5	0.8	1.2	39%	0.54	(71)
CIFI Ever Sunshine	1995 HK	14.88	19.20	ADD	29	3,349	50.1	33.0	23.6	17.5	0.6	0.9	1.3	42%	0.56	(105)
Greentown Service	2869 HK	8.65	8.30	HOLD	(4)	3,603	29.6	23.1	18.5	14.9	2.5	2.6	3.0	26%	0.72	(60)
KWG Living	3913 HK	3.40	7.40	ADD	118	880	16.0	8.4	5.3	3.8	2.2	4.1	6.5	61%	0.09	(99)
Poly Property Services	6049 HK	60.35	47.70	HOLD	(21)	4,285	40.5	32.0	25.3	20.6	0.9	1.1	1.4	25%	1.00	(119)
Powerlong CM	9909 HK	17.20	35.50	ADD	106	1,419	27.0	18.4	13.2	9.9	1.7	2.7	3.8	40%	0.33	(159)
Times Neighborhood	9928 HK	3.00	4.50	ADD	50	379	9.9	6.3	4.6	3.6	3.3	5.3	7.2	40%	0.12	(59)
Shimao Services	873 HK	6.14	8.30	ADD	35	1,953	17.1	10.3	7.6	6.1	1.8	2.9	3.9	41%	0.18	(86)
Sunac Services	1516 HK	8.70	9.80	ADD	13	3,437	37.2	19.2	13.5	10.3	0.8	1.6	2.2	53%	0.25	(96)
Jinke Smart Services	9666 HK	38.15	48.80	ADD	28	3,196	32.9	19.4	13.6	10.1	1.4	2.3	3.3	48%	0.28	(94)
CR Mixc Lifestyle	1209 HK	44.85	42.20	HOLD	(6)	13,137	108.9	64.8	45.5	33.3	0.4	0.5	0.7	48%	0.94	(79)
Large-cap average					4		64	42	31	23	0.6	0.8	1.1	38%	0.83	(89)
Small and mid-cap average					40		27	18	13	10	1.9	2.8	3.8	40%	0.38	(99)
Overall average					31		36	23	17	13	1.6	2.3	3.2	40%	0.48	(96)

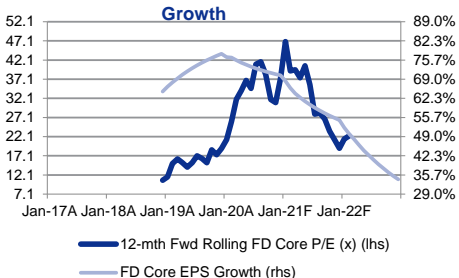
Share price data as of 9 Feb 2022, \* PEG = FY22F PE/EPS CAGR (FY20-23F)\*100  
SOURCES: CGS-CIMB RESEARCH ESTIMATES, BLOOMBERG, COMPANY REPORTS

## BY THE NUMBERS

**P/BV vs ROE**



**12-mth Fwd FD Core P/E vs FD Core EPS Growth**



### Profit & Loss

(Rmbm)	Dec-19A	Dec-20A	Dec-21F	Dec-22F	Dec-23F
<b>Total Net Revenues</b>	<b>1,878</b>	<b>3,120</b>	<b>4,883</b>	<b>6,927</b>	<b>9,434</b>
<b>Gross Profit</b>	<b>555</b>	<b>980</b>	<b>1,462</b>	<b>2,062</b>	<b>2,795</b>
<b>Operating EBITDA</b>	<b>310</b>	<b>649</b>	<b>964</b>	<b>1,374</b>	<b>1,877</b>
Depreciation And Amortisation	(4)	(7)	(10)	(15)	(20)
<b>Operating EBIT</b>	<b>306</b>	<b>642</b>	<b>954</b>	<b>1,359</b>	<b>1,857</b>
Financial Income/(Expense)	(1)	(1)	(3)	(3)	(3)
Pretax Income/(Loss) from Assoc.	(0)	0	0	0	0
Non-Operating Income/(Expense)	24	(42)	20	4	(17)
<b>Profit Before Tax (pre-EI)</b>	<b>329</b>	<b>598</b>	<b>970</b>	<b>1,360</b>	<b>1,837</b>
Exceptional Items					
<b>Pre-tax Profit</b>	<b>329</b>	<b>598</b>	<b>970</b>	<b>1,360</b>	<b>1,837</b>
<b>Taxation</b>	<b>(80)</b>	<b>(156)</b>	<b>(243)</b>	<b>(340)</b>	<b>(459)</b>
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>249</b>	<b>443</b>	<b>728</b>	<b>1,020</b>	<b>1,378</b>
Minority Interests	(25)	(52)	(82)	(116)	(158)
Pref. & Special Div	0	0	0	0	0
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax	0	0	0	0	0
<b>Net Profit</b>	<b>224</b>	<b>390</b>	<b>646</b>	<b>904</b>	<b>1,220</b>
Recurring Net Profit	224	390	646	904	1,220
<b>Fully Diluted Recurring Net Profit</b>	<b>224</b>	<b>390</b>	<b>646</b>	<b>904</b>	<b>1,220</b>

### Cash Flow

(Rmbm)	Dec-19A	Dec-20A	Dec-21F	Dec-22F	Dec-23F
<b>EBITDA</b>	<b>310.4</b>	<b>648.7</b>	<b>964.1</b>	<b>1,373.5</b>	<b>1,877.1</b>
Cash Flow from Inv. & Assoc.					
Change In Working Capital	303.0	647.6	1,216.5	2,228.5	1,575.6
Straight Line Adjustment					
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	(51.1)	(464.6)	(700.3)	(1,641.8)	(921.3)
Net Interest (Paid)/Received	(1.3)	(1.5)	(3.0)	(3.1)	(3.3)
Tax Paid	(52.2)	(121.1)	(242.6)	(339.9)	(459.2)
<b>Cashflow From Operations</b>	<b>508.7</b>	<b>709.1</b>	<b>1,234.7</b>	<b>1,617.2</b>	<b>2,068.9</b>
Capex	(31.2)	(31.3)	(68.4)	(71.9)	(85.5)
Disposals Of FAs/subsidiaries					
Disposals of Investment Properties					
Acq. Of Subsidiaries/Investments	(277.5)	(30.1)	(1,000.0)	(800.0)	(600.0)
Other Investing Cashflow	(9.5)	48.6	70.0	73.5	75.7
<b>Cash Flow From Investing</b>	<b>(318.2)</b>	<b>(12.8)</b>	<b>(998.4)</b>	<b>(798.4)</b>	<b>(609.8)</b>
Debt Raised/(repaid)					
Proceeds From Issue Of Shares	56.3	1,441.0	1,108.4	0.0	0.0
Shares Repurchased					
Dividends Paid	(32.3)	0.0	(119.8)	(193.8)	(271.1)
Preferred Dividends					
Other Financing Cashflow	(107.0)	(168.7)	(3.0)	(3.1)	(3.3)
<b>Cash Flow From Financing</b>	<b>(82.9)</b>	<b>1,272.3</b>	<b>985.6</b>	<b>(196.9)</b>	<b>(274.4)</b>

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## BY THE NUMBERS... cont'd

### Balance Sheet

(Rmbm)	Dec-19A	Dec-20A	Dec-21F	Dec-22F	Dec-23F
Total Cash And Equivalents	1,284	3,171	4,392	5,014	6,199
Properties Under Development					
Total Debtors	342	459	627	889	1,211
Inventories	0	0	0	0	0
Total Other Current Assets	182	302	302	302	302
<b>Total Current Assets</b>	<b>1,808</b>	<b>3,931</b>	<b>5,321</b>	<b>6,205</b>	<b>7,711</b>
Fixed Assets	76	99	157	214	279
<b>Total Investments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Intangible Assets	431	471	471	471	471
Total Other Non-Current Assets	163	167	1,178	1,991	2,607
<b>Total Non-current Assets</b>	<b>670</b>	<b>736</b>	<b>1,806</b>	<b>2,676</b>	<b>3,357</b>
Short-term Debt					
Current Portion of Long-Term Debt					
Total Creditors	775	1,056	1,463	2,081	2,840
Other Current Liabilities	412	527	836	1,117	1,404
<b>Total Current Liabilities</b>	<b>1,187</b>	<b>1,583</b>	<b>2,300</b>	<b>3,199</b>	<b>4,244</b>
Total Long-term Debt					
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	14	20	20	20	20
<b>Total Non-current Liabilities</b>	<b>14</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>20</b>
Total Provisions	49	47	73	102	138
<b>Total Liabilities</b>	<b>1,250</b>	<b>1,650</b>	<b>2,393</b>	<b>3,321</b>	<b>4,402</b>
<b>Shareholders' Equity</b>	<b>1,148</b>	<b>2,893</b>	<b>4,528</b>	<b>5,238</b>	<b>6,187</b>
Minority Interests	80	124	206	322	480
<b>Total Equity</b>	<b>1,228</b>	<b>3,017</b>	<b>4,734</b>	<b>5,560</b>	<b>6,666</b>

### Key Ratios

	Dec-19A	Dec-20A	Dec-21F	Dec-22F	Dec-23F
Revenue Growth	74.5%	66.1%	56.5%	41.9%	36.2%
Operating EBITDA Growth	160%	109%	49%	42%	37%
Operating EBITDA Margin	16.5%	20.8%	19.7%	19.8%	19.9%
Net Cash Per Share (Rmb)	0.84	1.97	2.50	2.86	3.53
BVPS (Rmb)	0.75	1.80	2.58	2.99	3.53
Gross Interest Cover	229.6	428.6	318.3	431.9	562.2
Effective Tax Rate	24.2%	26.0%	25.0%	25.0%	25.0%
Net Dividend Payout Ratio	29.6%	29.4%	30.0%	30.0%	30.0%
Accounts Receivables Days	48.99	46.97	40.56	39.93	40.62
Inventory Days	-	-	0.004	0.003	0.001
Accounts Payables Days	156.4	156.6	134.4	133.0	135.3
ROIC (%)	(121%)	8811%	(1107%)	313%	278%
ROCE (%)	27.9%	29.6%	24.2%	26.0%	29.8%
Return On Average Assets	12.6%	12.4%	12.4%	12.8%	13.8%

### Key Drivers

	Dec-19A	Dec-20A	Dec-21F	Dec-22F	Dec-23F
GFA under management (m sqm)	65.2	101.6	161.4	220.2	287.6
GPM - Overall (%)	29.6%	31.4%	29.9%	29.8%	29.6%
GPM - Property Management (%)	22.1%	25.4%	23.4%	23.2%	23.0%
GPM - VAS to non-property owners (%)	21.9%	24.6%	24.1%	23.7%	23.4%
GPM - Community VAS (%)	51.2%	49.6%	48.1%	46.5%	45.3%
% of Gross Profit - Property Management	42.6%	45.6%	46.1%	45.8%	45.1%
% of Gross Profit - VAS to non-property owners	12.8%	14.4%	11.8%	10.5%	9.5%
% of Gross Profit - Community VAS	44.6%	40.1%	42.1%	43.8%	45.3%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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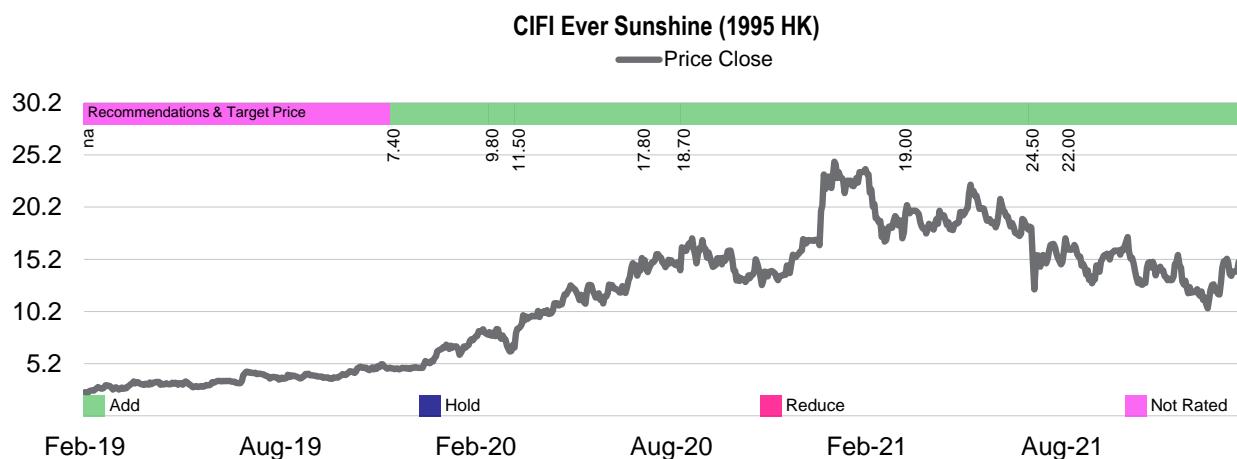
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## Spitzer Chart for stock being researched ( 2 year data )



## Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2021, Anti-Corruption 2021

**ADVANC** – Excellent, Certified, **AMATA** – Excellent, Certified, **ANAN** – Excellent, n/a, **AOT** – Excellent, n/a, **AP** – Excellent, Certified, **ASP** – Excellent, n/a, **AWC** – Excellent, Declared, **AU** – Good, n/a, **BAM** – Very Good, Certified, **BAY** – Excellent, Certified, **BBL** – Excellent, Certified, **BCH** – Very Good, Certified, **BCP** – Excellent, Certified, **BCPG** – Excellent, Certified, **BDMS** – Excellent, n/a, **BEAUTY** – Good, n/a, **BEM** – Excellent, n/a, **BH** – Good, n/a, **BJC** – Very Good, n/a, **BLA** – Very Good, Certified, **BTS** – Excellent, Certified, **CBG** – Very Good, n/a, **CCET** – n/a, n/a, **CENTEL** – Excellent, Certified, **CHAYO** – Very Good, n/a, **CHG** – Very Good, n/a, **CK** – Excellent, n/a, **COM7** – Excellent, Certified, **CPALL** – Excellent, Certified, **CPF** – Excellent, Certified, **CPN** – Excellent, Certified, **CPNREIT** – n/a, n/a, **CRC** – Excellent, Declared, **DELTA** – Excellent, Certified, **DDD** – Excellent, n/a, **DIF** – n/a, n/a, **DOHOME** – Very Good, Declared, **DREIT** – n/a, n/a, **DTAC** – Excellent, Certified, **ECL** – Excellent, Certified, **EGCO** – Excellent, Certified, **EPG** – Excellent, Certified, **ERW** – Very Good, Certified, **GFPT** – Excellent, Certified, **GGC** – Excellent, Certified, **GLOBAL** – Excellent, n/a, **HANA** – Excellent, Certified, **HMPRO** – Excellent, Certified, **HUMAN** – Good, n/a, **ICHI** – Excellent, Certified, **III** – Excellent, Declared, **INTUCH** – Excellent, Certified, **IRPC** – Excellent, Certified, **ITD** – Very Good, n/a, **IVL** – Excellent, Certified, **JASIF** – n/a, n/a, **JKN** – n/a, Certified, **JMT** – Very Good, n/a, **KBANK** – Excellent, Certified, **KCE** – Excellent, Certified, **KEX** – Very Good, Declared, **KKP** – Excellent, Certified, **KSL** – Excellent, Certified, **KTB** – Excellent, Certified, **KTC** – Excellent, Certified, **LH** – Excellent, n/a, **LPN** – Excellent, Certified, **M** – Very Good, Certified, **MAKRO** – Excellent, Certified, **MC** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** – Excellent, Certified, **MTC** – Excellent, Certified, **NETBAY** – Very Good, n/a, **NRF** – Very Good, Declared, **OR** – Excellent, n/a, **ORI** – Excellent, Certified, **OSP** – Excellent, n/a, **PLANB** – Excellent, Certified, **PRINC** – Very Good, Certified, **PR9** – Excellent, Declared, **PSH** – Excellent, Certified, **PTT** – Excellent, Certified, **PTTEP** – Excellent, n/a, **PTTGC** – Excellent, Certified, **QH** – Excellent, Certified, **RAM** – n/a, n/a, **RBF** – Very Good, n/a, **RS** – Excellent, Declared, **RSP** – Good, n/a, **S** – Excellent, n/a, **SAK** – Very Good, Declared, **SAPPE** – Very Good, Certified, **SAWAD** – Very Good, n/a, **SCB** – Excellent, Certified, **SCC** – Excellent, Certified, **SCGP** – Excellent, Declared, **SECURE** – n/a, n/a, **SHR** – Excellent, n/a, **SIRI** – Excellent, Certified, **SPA** – Very Good, n/a, **SPALI** – Excellent, Certified, **SPRC** – Excellent, Certified, **SSP** – Good, Certified, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **SYNEX** – Very Good, Certified, **TCAP** – Excellent, Certified, **THANI** – Excellent, Certified, **TIDLOR** – n/a, Certified, **TISCO** – Excellent, Certified, **TKN** – Very Good, n/a, **TOP** – Excellent, Certified, **TRUE** – Excellent, Certified, **TTB** – Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Excellent, Certified, **VGI** – Excellent, Certified, **WHA** – Excellent, Certified, **WHART** – n/a, n/a, **WICE** – Excellent, Certified, **WORK** – Good, n/a.

- CG Score 2021 from Thai Institute of Directors Association (IOD)

- Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of August 5, 2021) are categorised into: companies that have declared their intention to join CAC, and companies certified by CAC.

### Recommendation Framework

#### Stock Ratings

Definition:

- Add** The stock's total return is expected to exceed 10% over the next 12 months.
- Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

#### Sector Ratings

Definition:

- Overweight** An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
- Neutral** A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight** An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

#### Country Ratings

Definition:

- Overweight** An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
- Neutral** A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
- Underweight** An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.

