

## Hong Kong

**ADD** (no change)

Consensus ratings\*: Buy 38 Hold 0 Sell 0

Current price:	HK\$31.30
Target price:	HK\$62.60
Previous target:	HK\$68.70
Up/downside:	100.0%
CGS-CIMB / Consensus:	-17.2%
Reuters:	6098.HK
Bloomberg:	6098 HK
Market cap:	US\$13,456m HK\$105,311m
Average daily turnover:	US\$107.6m HK\$839.7m
Current shares o/s:	3,366m
Free float:	56.9%

\*Source: Bloomberg

**Key changes in this note**

- FY22F EPS decreased by 9%.
- FY23F EPS decreased by 5%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-33	-31.2	-61.1
Relative (%)	-29.5	-26.2	-38.5

Major shareholders	% held
Yang Huiyan	43.1

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# Country Garden Services

## Far from reaching revenue limit

- Country Garden Services (CGS) reported a 43% yoy increase in FY21 core net profit. However, overall GPM declined by 3.2% pt yoy.
- Proportion of reserve GFA from its sister company declined to 47% of total, meaning it is less and less reliant on sister company for portfolio growth.
- Management reiterates Rmb100bn revenue target in FY25F, with PM services and VAS to be the largest contributor of revenue.
- Reiterate Add on CGS with a lower TP of HK\$62.6. It is our preferred large-cap name in China property management.

### FY21 core net profit up 43% yoy

CGS reported a 43% yoy increase in core net profit (after we adjust for forex gains and share-based payments) to Rmb4.1bn, in-line with our estimate. It declared final DPS of Rmb0.2995, up 37% yoy, as it maintained payout ratio at c.25%. However, its overall gross profit margin (GPM) declined by 3.2% pt yoy to 30.7%, as a result of i) increased contribution from low-margin city services, ii) consolidation of new managed GFA from M&A and third-parties (3P), and iii) decline in GPM from value-added services (VAS).

### Progressively lower reliance on CG to grow managed GFA

After acquiring RF Property Services, Languang Justbon and Link Joy, CGS's managed GFA grew rapidly to 766m sq m at end-FY21. Its sister company Country Garden ("CG", 2007 HK, Hold) accounted for 47% of its reserve GFA of 672m sq m (FY20: 67%); hence, we believe CG's temporarily slower property sales should have a limited impact on GFA growth as CGS's reliance on CG decreases. Management explained that the increase in 3P trade receivables was due to the consolidation of acquired portfolio and city services.

### Strong growth in VAS segments

The two VAS segments' revenue grew by 92-95% yoy in FY21. In community VAS, local life and community media services more than doubled respective revenues in FY21 and will be the key growth drivers of this segment over the next three years. Management also believes that the agency sales and re-sales of inventories and car parking spaces could drive further revenue growth given its huge managed GFA.

### Rmb100bn revenue target for FY25F unchanged

Management reiterates its target of Rmb100bn revenue in FY25F (Fig 2), and expects that any shortfall in revenue from city services could be made up by the two VAS segments. We estimate that in FY25F, property management (PM) services and VAS would account for 78% of its total revenue. Management also thinks that GPM bottomed out in FY21 and has no plans for equity financing in the next six months.

### Reiterate Add with a lower TP of HK\$62.6

We reiterate Add on CGS with a lower TP of HK\$62.6, based on a 0.9x PEG (30.1x FY22F P/E). See p.2 for EPS revisions and valuation methodology. CGS is still our preferred name among large-caps in China property management. Key downside risks include prolonged Covid-19 outbreak in China and worsening receivables collection.

**Financial Summary**

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Total Net Revenues (Rmbm)	15,600	28,843	43,245	59,818	77,955
Operating EBITDA (Rmbm)	3,550	6,372	9,864	13,837	18,218
Net Profit (Rmbm)	2,686	4,033	5,872	8,126	10,501
Core EPS (Rmb)	1.05	1.31	1.74	2.41	3.12
Core EPS Growth	73.9%	25.5%	32.9%	38.4%	29.2%
FD Core P/E (x)	24.96	19.45	14.59	10.55	8.16
DPS (Rmb)	0.22	0.30	0.44	0.60	0.94
Dividend Yield	0.86%	1.18%	1.71%	2.37%	3.68%
EV/EBITDA (x)	16.91	11.84	7.56	4.99	3.30
P/FCFE (x)	NA	NA	11.22	11.89	7.44
Net Gearing	(70.6%)	(16.8%)	(29.9%)	(36.8%)	(46.6%)
P/BV (x)	5.12	2.37	2.09	1.80	1.53
ROE	28.9%	16.2%	15.2%	18.3%	20.2%
% Change In Core EPS Estimates			(9.22%)	(5.44%)	
CGS-CIMB/Consensus EPS (x)			0.88	0.87	0.87

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## We estimate a 33% EPS CAGR over FY21-24F ▶

We cut FY22F/23F EPS by 9%/5%, after factoring in i) lower GPM, higher SG&A expense and ii) higher minority interest (MI) assumptions in FY22F/23F. Our EPS revision in FY23F is smaller than in FY22F, as we forecast slight GPM improvement and more efficient cost control in FY23F. Our core net profit CAGR/EPS CAGR over FY21-24F are 37%/33% respectively; the EPS CAGR is lower than core net profit CAGR due to share dilution from share placement and share option and CB exercise in FY21.

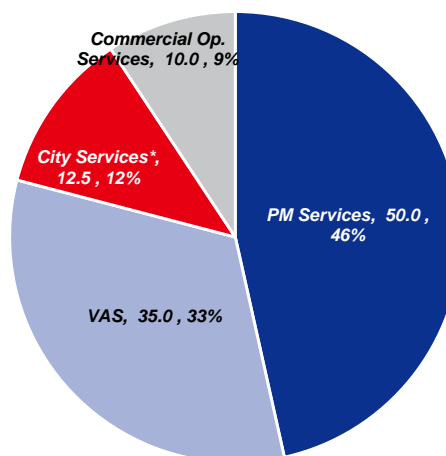
Our TP for CGS is cut to HK\$62.6, still based on a 0.9x PEG (i.e. 30.1x FY22F P/E), but with a lower EPS CAGR of 33%. We think 0.9x PEG is appropriate, given its track record of delivering strong net profit growth over the next three years.

Key downside risks to our Add call include prolonged Covid-19 outbreak in China and worsening of receivables collection, which could weaken CGS's cash position (end-FY21: Rmb11.7bn) and dampen VAS growth. Faster integration of acquired assets and improvement in operating efficiency are potential re-rating catalysts.

**Figure 1: CGS FY21 results summary**

Rmb m	FY20	FY21	yoy%	FY21F	var%
<b>Revenue</b>	<b>15,600</b>	<b>28,843</b>	<b>85%</b>	<b>25,876</b>	<b>11%</b>
Property management services	8,607	13,794	60%	11,966	15%
VAS to non-property owners	1,370	2,675	95%	1,693	58%
Community VAS	1,731	3,328	92%	3,402	-2%
Other services & Three Supplies	3,009	3,863	28%	4,212	-8%
City services	884	4,529	412%	4,316	5%
Commercial operational services		654	n.a.	287	128%
<b>Gross profit</b>	<b>5,300</b>	<b>8,864</b>	<b>67%</b>	<b>8,511</b>	<b>4%</b>
Property management services	2,979	4,180	40%	3,844	9%
VAS to non-property owners	624	1,094	75%	771	42%
Community VAS	1,128	2,013	79%	2,111	-5%
Other services & Three Supplies	282	451	60%	436	3%
City services	288	797	177%	1,189	-33%
Commercial operational services	-	329	n.a.	161	104%
SG&A expenses	(2,086)	(3,597)	72%	(3,486)	3%
Other income	417	462	11%	600	-23%
Net interest expense	44	(98)	-324%	125	-178%
Share of profits from assoc and JVs	41	41	2%	65	-36%
<b>Profit before tax</b>	<b>3,715</b>	<b>5,673</b>	<b>53%</b>	<b>5,815</b>	<b>-2%</b>
Taxation	(933)	(1,323)	42%	(1,425)	-7%
Minority interest	(96)	(316)	231%	(206)	53%
<b>Net profit</b>	<b>2,686</b>	<b>4,033</b>	<b>50%</b>		
One-off items	191	89	-54%		
<b>Core net profit</b>	<b>2,877</b>	<b>4,122</b>	<b>43%</b>	<b>4,184</b>	<b>-1%</b>
<b>DPS (Rmb)</b>	<b>0.2187</b>	<b>0.2995</b>	<b>37%</b>	<b>0.3108</b>	<b>-4%</b>
<b>Ratios (%)</b>			<b>% pt chg</b>		<b>% pt var</b>
Overall gross profit margin	34.0%	30.7%	-3.2%	32.9%	-2.2%
Property management services	34.6%	30.3%	-4.3%	32.1%	-1.8%
VAS to non-property owners	45.5%	40.9%	-4.6%	45.5%	-4.6%
Community VAS	65.1%	60.5%	-4.6%	62.0%	-1.5%
Other services & Three Supplies	9.4%	11.7%	2.3%	10.4%	1.3%
City services	32.5%	17.6%	-14.9%	27.5%	-9.9%
Commercial operational services		50.3%	n.a.	56.1%	-5.8%
SG&A expense ratio	13.4%	12.5%	-0.9%	13.6%	-1.2%
Core net profit margin	18.4%	14.3%	-4.2%	16.4%	-2.1%
Effective tax rate	25.1%	23.3%	-1.8%	24.5%	-1.2%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 2: CGS's target revenue breakdown in FY25F, based on management's estimates (Rmb bn)**


\*REVENUE FROM CITY SERVICES IS BASED ON AN AVERAGE OF RMB10BN (LOWER BOUND) AND RMB15BN (MANAGEMENT'S INITIAL PROJECTION)

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 3: GFA projection (excluding GFA managed under Three Supplies) up to FY24F**

GFA under management (m sq m)	FY18	FY19	FY20	FY21	FY22F	FY23F	FY24F
Country Garden	145	204	274	346	423	499	577
Third-party developers	36	72	103	419	527	647	780
<b>Total</b>	<b>182</b>	<b>276</b>	<b>377</b>	<b>766</b>	<b>950</b>	<b>1,147</b>	<b>1,357</b>
yoy chg (%)	48%	52%	37%	103%	24%	21%	18%
Reserve GFA (m sq m)							
Country Garden	263	320	297	313	303	296	291
Third-party developers	61	89	146	359	401	441	449
<b>Total</b>	<b>324</b>	<b>409</b>	<b>443</b>	<b>672</b>	<b>704</b>	<b>737</b>	<b>739</b>
Contracted GFA (m sq m)							
Country Garden	409	524	571	660	726	795	868
Third-party developers	97	161	249	778	928	1,088	1,228
<b>Total</b>	<b>505</b>	<b>685</b>	<b>821</b>	<b>1,438</b>	<b>1,654</b>	<b>1,884</b>	<b>2,097</b>
yoy chg (%)	53%	36%	20%	75%	15%	14%	11%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 4: Earnings revision**

Rmb m	2022F			2023F			2024F
	Old	New	% chg	Old	New	% chg	New
Core net profit	6,469	5,872	-9%	8,593	8,126	-5%	10,501
EPS (Rmb)	1.92	1.74	-9%	2.55	2.41	-5%	3.12
DPS (Rmb)	0.48	0.44	-9%	0.64	0.60	-5%	0.94

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 5: Summary of TP change**

	Old	New	Chg %
Expected EPS CAGR (%)*	34%	33%	-2%
Target PEG (x)	0.9	0.9	0.0
<b>Target P/E (x)</b>	<b>30.4</b>	<b>30.1</b>	<b>-1%</b>
FY22F EPS (Rmb)	1.92	1.74	-9%
New target price (Rmb)	58.34	52.53	-10%
<b>New target price (HK\$)</b>	<b>68.70</b>	<b>62.60</b>	<b>-9%</b>

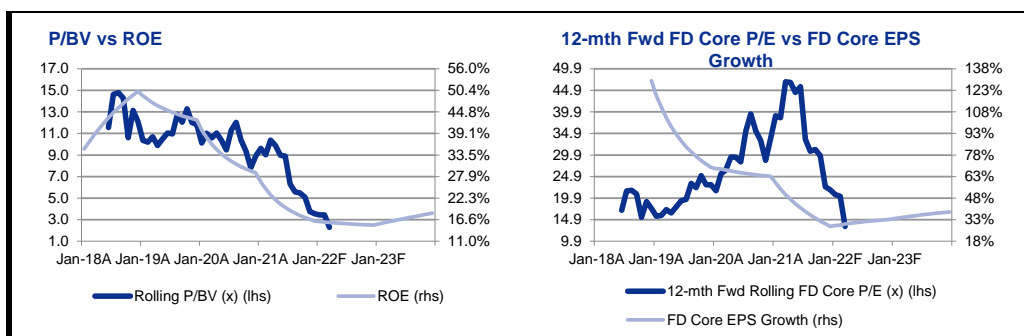
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

**Figure 6: China property management valuation summary**

Company Name	Ticker	Share price (HK\$)	Target price (HK\$)	Rating	Upside (%)	Mkt cap (US\$ m)	P/E (x)				Dividend yield			EPS CAGR FY20-23F	FY22F PEG (x)*	Net gearing (%) 2020
							2020	2021F	2022F	2023F	2020	2021F	2022F			
A-Living Services	3319 HK	11.54	20.90	ADD	81	2,094	7.0	5.4	4.3	3.6	5.5	6.4	8.2	25%	0.17	(56)
COPH	2669 HK	9.25	11.60	ADD	25	3,885	43.2	30.9	22.7	17.5	0.7	1.0	1.3	35%	0.65	(170)
<b>Country Garden Services</b>	<b>6098 HK</b>	<b>31.30</b>	<b>62.60</b>	<b>ADD</b>	<b>100</b>	<b>13,456</b>	<b>24.3</b>	<b>19.4</b>	<b>14.6</b>	<b>10.5</b>	<b>0.9</b>	<b>1.2</b>	<b>1.7</b>	<b>32%</b>	<b>0.45</b>	<b>(71)</b>
CIFI Ever Sunshine	1995 HK	9.68	17.60	ADD	82	2,168	33.7	22.4	16.0	11.9	0.9	1.4	1.9	42%	0.39	(105)
Greentown Service	2869 HK	7.48	7.40	HOLD	(1)	3,102	25.5	23.0	18.9	15.5	2.9	2.7	2.9	18%	1.05	(60)
KWG Living	3913 HK	2.74	5.80	ADD	112	706	10.8	6.7	4.8	3.5	2.7	5.4	7.4	45%	0.11	(99)
Poly Property Services	6049 HK	55.40	47.00	HOLD	(15)	3,917	38.3	29.2	23.2	19.0	1.0	0.7	0.9	26%	0.89	(119)
Powerlong CM	9909 HK	5.64	25.10	ADD	345	463	8.8	6.7	4.8	3.7	5.3	7.4	10.4	34%	0.14	(159)
Times Neighborhood	9928 HK	2.13	4.50	ADD	111	268	7.0	4.5	3.3	2.6	4.7	7.5	10.2	40%	0.08	(59)
Shimao Services	873 HK	3.82	8.30	ADD	117	1,205	10.6	6.4	4.7	3.8	2.9	4.7	6.4	41%	0.11	(86)
Sunac Services	1516 HK	4.36	9.80	ADD	125	1,715	18.5	9.6	6.7	5.2	1.6	3.1	4.5	53%	0.13	(96)
Jinke Smart Services	9666 HK	25.20	48.80	ADD	94	2,102	21.7	12.8	8.9	6.6	2.1	3.5	5.0	48%	0.18	(94)
CR Mixc Lifestyle	1209 HK	36.30	42.20	HOLD	16	10,586	87.8	52.3	36.7	26.8	0.4	0.6	0.8	48%	0.76	(79)
<b>Large-cap average</b>					<b>34</b>		<b>50</b>	<b>34</b>	<b>25</b>	<b>19</b>	<b>0.8</b>	<b>0.8</b>	<b>1.1</b>	<b>36%</b>	<b>0.70</b>	<b>(89)</b>
<b>Small and mid-cap average</b>					<b>109</b>		<b>19</b>	<b>13</b>	<b>10</b>	<b>7</b>	<b>2.9</b>	<b>4.3</b>	<b>5.8</b>	<b>38%</b>	<b>0.30</b>	<b>(99)</b>
<b>Overall average</b>					<b>92</b>		<b>26</b>	<b>18</b>	<b>13</b>	<b>10</b>	<b>2.4</b>	<b>3.5</b>	<b>4.7</b>	<b>38%</b>	<b>0.39</b>	<b>(96)</b>

Share price data as of 29 Mar 2022, \* PEG = FY22F PE/EPS CAGR (FY20-23F)\*100

SOURCES: CGS-CIMB RESEARCH, BLOOMBERG, COMPANY REPORTS

**BY THE NUMBERS**

**Profit & Loss**

(Rmbm)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
<b>Total Net Revenues</b>	<b>15,600</b>	<b>28,843</b>	<b>43,245</b>	<b>59,818</b>	<b>77,955</b>
<b>Gross Profit</b>	<b>5,300</b>	<b>8,864</b>	<b>13,298</b>	<b>18,467</b>	<b>24,173</b>
<b>Operating EBITDA</b>	<b>3,550</b>	<b>6,372</b>	<b>9,864</b>	<b>13,837</b>	<b>18,218</b>
Depreciation And Amortisation	(336)	(1,105)	(1,960)	(2,771)	(3,611)
<b>Operating EBIT</b>	<b>3,214</b>	<b>5,267</b>	<b>7,905</b>	<b>11,067</b>	<b>14,607</b>
Financial Income/(Expense)	44	(98)	(40)	148	223
Pretax Income/(Loss) from Assoc.	41	41	59	78	97
Non-Operating Income/(Expense)	417	462	368	276	161
<b>Profit Before Tax (pre-EI)</b>	<b>3,715</b>	<b>5,673</b>	<b>8,292</b>	<b>11,569</b>	<b>15,089</b>
Exceptional Items					
<b>Pre-tax Profit</b>	<b>3,715</b>	<b>5,673</b>	<b>8,292</b>	<b>11,569</b>	<b>15,089</b>
<b>Taxation</b>	<b>(933)</b>	<b>(1,323)</b>	<b>(1,934)</b>	<b>(2,699)</b>	<b>(3,520)</b>
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>2,782</b>	<b>4,349</b>	<b>6,357</b>	<b>8,870</b>	<b>11,569</b>
Minority Interests	(96)	(316)	(485)	(744)	(1,068)
Pref. & Special Div	0	0	0	0	0
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>2,686</b>	<b>4,033</b>	<b>5,872</b>	<b>8,126</b>	<b>10,501</b>
Recurring Net Profit	2,877	4,122	5,872	8,126	10,501
<b>Fully Diluted Recurring Net Profit</b>	<b>2,877</b>	<b>4,122</b>	<b>5,872</b>	<b>8,126</b>	<b>10,501</b>

**Cash Flow**

(Rmbm)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
<b>EBITDA</b>	<b>3,550</b>	<b>6,372</b>	<b>9,864</b>	<b>13,837</b>	<b>18,218</b>
Cash Flow from Inv. & Assoc.					
Change In Working Capital	1,607	15,768	14,269	10,601	6,095
Straight Line Adjustment					
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	(1,034)	(13,840)	(10,250)	(5,811)	256
Net Interest (Paid)/Received	(115)	(221)	(193)	(29)	(29)
Tax Paid	(509)	(1,323)	(1,934)	(2,699)	(3,520)
<b>Cashflow From Operations</b>	<b>3,499</b>	<b>6,756</b>	<b>11,756</b>	<b>15,900</b>	<b>21,020</b>
Capex	(310)	(1,222)	(2,506)	(3,440)	(4,256)
Disposals Of FAs/subsidiaries					
Disposals of Investment Properties					
Acq. Of Subsidiaries/investments	(3,031)	(18,900)	(5,000)	(5,000)	(5,000)
Other Investing Cashflow	(1,291)	(8,722)	3,385	(253)	(246)
<b>Cash Flow From Investing</b>	<b>(4,632)</b>	<b>(28,844)</b>	<b>(4,121)</b>	<b>(8,693)</b>	<b>(9,502)</b>
Debt Raised/(repaid)					
Proceeds From Issue Of Shares	6,568	15,478	0	0	0
Shares Repurchased					
Dividends Paid	(417)	(689)	(1,008)	(1,468)	(2,031)
Preferred Dividends					
Other Financing Cashflow	3,611	3,481	(4,895)	(29)	(29)
<b>Cash Flow From Financing</b>	<b>9,762</b>	<b>18,270</b>	<b>(5,903)</b>	<b>(1,497)</b>	<b>(2,061)</b>

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

## BY THE NUMBERS... cont'd

### Balance Sheet

(Rmbm)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Total Cash And Equivalents	15,215	11,619	13,543	19,282	28,769
Properties Under Development					
Total Debtors	5,244	15,578	20,251	26,327	34,225
Inventories	137	211	92	113	138
Total Other Current Assets	2,692	3,793	137	137	137
<b>Total Current Assets</b>	<b>23,288</b>	<b>31,200</b>	<b>34,024</b>	<b>45,859</b>	<b>63,269</b>
Fixed Assets	1,249	1,366	1,912	2,581	3,226
<b>Total Investments</b>	<b>312</b>	<b>398</b>	<b>898</b>	<b>1,398</b>	<b>1,898</b>
Intangible Assets	6,176	27,945	32,945	37,945	42,945
Total Other Non-Current Assets	178	5,904	5,973	6,059	6,152
<b>Total Non-current Assets</b>	<b>7,916</b>	<b>35,612</b>	<b>41,727</b>	<b>47,983</b>	<b>54,220</b>
Short-term Debt	3,564	4,745	43	43	43
Current Portion of Long-Term Debt					
Total Creditors	7,476	14,413	20,178	28,249	39,549
Other Current Liabilities	3,193	5,632	6,679	7,444	8,265
<b>Total Current Liabilities</b>	<b>14,233</b>	<b>24,791</b>	<b>26,900</b>	<b>35,736</b>	<b>47,857</b>
Total Long-term Debt	248	442	442	442	442
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	0	0	0	0	0
<b>Total Non-current Liabilities</b>	<b>248</b>	<b>442</b>	<b>442</b>	<b>442</b>	<b>442</b>
Total Provisions	564	3,207	4,687	6,539	8,529
<b>Total Liabilities</b>	<b>15,045</b>	<b>28,439</b>	<b>32,029</b>	<b>42,717</b>	<b>56,828</b>
<b>Shareholders' Equity</b>	<b>14,566</b>	<b>36,187</b>	<b>41,051</b>	<b>47,709</b>	<b>56,178</b>
Minority Interests	1,593	2,187	2,672	3,416	4,484
<b>Total Equity</b>	<b>16,159</b>	<b>38,373</b>	<b>43,723</b>	<b>51,125</b>	<b>60,662</b>

### Key Ratios

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Revenue Growth	61.7%	84.9%	49.9%	38.3%	30.3%
Operating EBITDA Growth	84.2%	79.5%	54.8%	40.3%	31.7%
Operating EBITDA Margin	22.8%	22.1%	22.8%	23.1%	23.4%
Net Cash Per Share (Rmb)	3.89	1.91	3.88	5.58	8.40
BVPS (Rmb)	4.97	10.75	12.20	14.17	16.69
Gross Interest Cover	28.0	23.8	41.0	380.3	502.0
Effective Tax Rate	0%	0%	0%	0%	0%
Net Dividend Payout Ratio	17.7%	18.8%	18.8%	18.8%	22.5%
Accounts Receivables Days	85.0	131.7	151.2	142.1	142.1
Inventory Days	2.68	3.17	1.85	0.91	0.86
Accounts Payables Days	216.1	199.9	210.8	213.7	230.7
ROIC (%)	(279%)	105%	23%	32%	39%
ROCE (%)	25.6%	16.0%	16.8%	21.0%	23.3%
Return On Average Assets	16.9%	11.8%	11.7%	13.5%	14.1%

### Key Drivers

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
GFA under management (m sq m)	377.3	765.7	949.7	1,146.9	1,357.1
GPM - Property management (%)	34.6%	30.3%	29.8%	29.6%	29.5%
GPM - VAS to non-property owners (%)	45.5%	40.9%	39.9%	39.4%	38.9%
GPM - Community VAS (%)	65.1%	60.5%	58.5%	56.5%	54.5%
Overall gross profit margin (%)	31.6%	34.0%	30.7%	30.7%	30.9%
SG&A expense ratio (%)	13.4%	12.5%	12.5%	12.4%	12.3%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS



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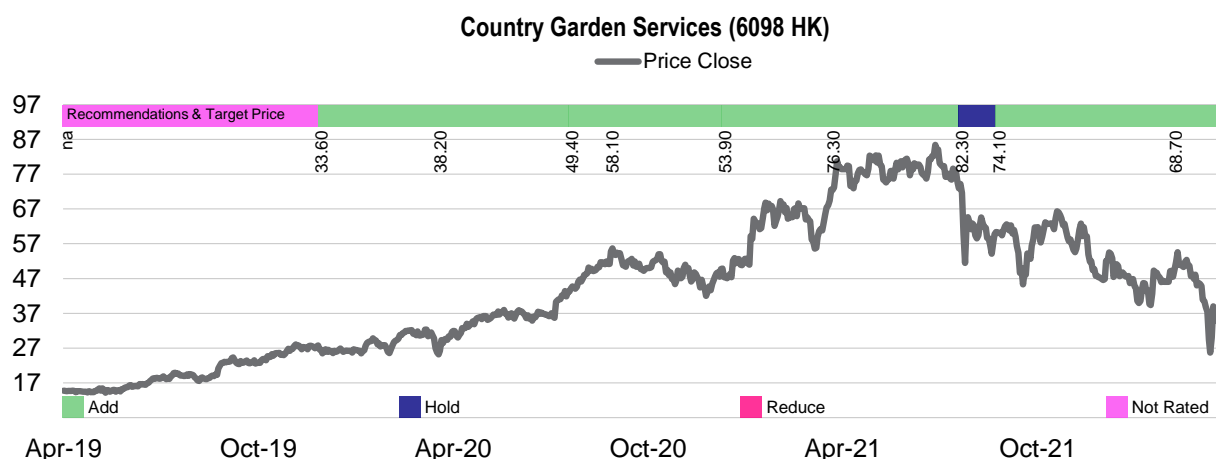
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Distribution of stock ratings and investment banking clients for quarter ended on 31 December 2021		
619 companies under coverage for quarter ended on 31 December 2021		
	Rating Distribution (%)	Investment Banking clients (%)
Add	71.1%	1.5%
Hold	21.8%	0.0%
Reduce	7.1%	0.0%

### 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	
<b>Stock Ratings</b>	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.
<i>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.</i>	
<b>Sector Ratings</b>	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.
<b>Country Ratings</b>	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.

