

Hong Kong

ADD (no change)

Consensus ratings*: Buy 7 Hold 0 Sell 0

Current price:	HK\$7.45
Target price:	HK\$13.16
Previous target:	HK\$16.65
Up/downside:	76.6%
CGS-CIMB / Consensus:	-11.0%
Reuters:	2138.HK
Bloomberg:	2138 HK
Market cap:	US\$1,123m HK\$8,779m
Average daily turnover:	US\$1.82m HK\$14.17m
Current shares o/s	1,109m
Free float:	36.1%

*Source: Bloomberg

Key changes in this note

- FY22-24F revenue decreased by 3-8%.
- FY22-24F EBITDA decreased by 4-11%.
- FY22-24F EPS decreased by 8-29%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-16.4	-37.9	5.7
Relative (%)	-10.3	-31.8	28.9

Major shareholders

	% held
TANG Chi Fai (Chairman & CEO)	63.9
The Goldman Sachs Group	6.5
OrbiMed Advisors III Ltd	5.8

Analyst



Ray KWOK

T (852) 2532 1113

E ray.kwok@cgs-cimb.com

EC Healthcare

Growth outlook largely immune to pandemic

- We expect ECH's business to remain resilient due to stable medical and aesthetic medical services demand, despite the rising Covid-19 cases.
- We see the M&A trend continuing in FY23F and a strong recovery in beauty/aesthetic medical services once the Omicron outbreak in HK is contained.
- Maintain Add. TP lowered to HK\$13.16 on 28%/29% EPS cuts in FY22F/23F.

Short-term pandemic headwinds provide good buying opportunity

We believe the recent share price weakness, following HK's fifth Covid-19 wave caused by the Omicron variant, provides a good buying opportunity as we expect EC Healthcare's (ECH) overall business to remain resilient due to stable medical and aesthetic medical services demand. We expect the pandemic in HK to be largely contained after universal Covid-19 testing (likely a lockdown of the city for 9-15 days, with 3 tests for all c.7.5m residents) in late-Mar (likely on 17 Mar). We also expect beauty parlours to reopen after a closure of 103 days (8 Jan to 20 Apr) with the high possibility of a relaxation in social-distancing measures, even though there may still be a few Covid-19 cases.

Ongoing M&As continue to lead medical services' rapid growth

ECH spent c.HK\$400m to complete six major acquisitions in FY22F, namely a physiotherapy business; 2 veterinary chains; 5 medical centres with 30 registered medical practitioners (Premier Medical Group); 7 dental clinics with 32 dentists (Bayley & Jackson); 12 clinics; and a medical network. We estimate the above acquired medical assets to contribute profits of c.HK\$15m in FY22F and c.HK\$35m in FY23F. We are positive on ECH's M&As strategy in a market downturn which will help the company expand its medical services coverage and strengthen its practitioners count at a relatively low price (most of the acquisitions at 5-8x P/E). We expect continued strong revenue growth for medical services of 52%/24% yoy in FY23F/24F, remaining the company's earnings driver.

Cut FY22-24F EPS, mainly due to suspension of beauty services

We cut FY22F/23F EPS by 28%/29% to reflect the 103 days of service suspension in beauty services (c.20% of FY22F revenue), c.30% decrease in visitors to aesthetic medical services (c.30% of FY22F revenue) and c.15% decrease to medical services (c.46% of FY22F revenue) during the pandemic. Our model assumes the Omicron variant in HK will be contained by Jun 22, after which there will be a strong recovery in beauty/aesthetic medical services in 2QFY23F, boosted by the relaxation in social-distancing measures and HK\$10,000 consumption voucher. We lower our FY24F EPS mainly due to slower network expansion in China in FY23F, with the further delay in China-HK border re-opening.

Maintain Add with a lower target price of HK\$13.16

Stay invested. We expect solid EPS growth of 33%/66% in FY23F/24F helped by a rapidly-growing medical services segment (expanding discipline coverage and increase in specialists via organic growth and M&As) as well as stable growth of services floor space in aesthetic/beauty services. Our TP is lower at HK\$13.16 due to EPS cuts and lower target multiple of 25x (previously 30x), still 1x PEG, reflecting the long-term earnings outlook. Re-rating catalysts include inclusion in the Stock-Connect programme (effective 7 Mar 2022), easing of Omicron pandemic in HK, China-HK border reopening in summer 2022, and accelerating China network expansion. Risk: prolonged Omicron pandemic in HK.

Financial Summary

	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
Revenue (HK\$m)	1,949	2,080	3,059	4,126	5,154
Operating EBITDA (HK\$m)	423	289	681	795	1,160
Net Profit (HK\$m)	286.6	192.9	309.4	415.4	659.2
Normalised EPS (HK\$)	0.28	0.12	0.27	0.35	0.58
Normalised EPS Growth	(28%)	(55%)	114%	33%	66%
FD Normalised P/E (x)	27.16	60.27	29.27	22.09	13.32
DPS (HK\$)	0.23	0.16	0.19	0.26	0.41
Dividend Yield	3.09%	2.13%	2.58%	3.46%	5.49%
EV/EBITDA (x)	16.76	26.10	12.09	9.65	5.93
P/FCFE (x)	11.18	27.71	30.81	10.98	7.93
Net Gearing	(31.7%)	(25.2%)	(29.2%)	(48.1%)	(66.0%)
P/BV (x)	7.38	6.51	6.42	4.66	3.48
ROE	26.5%	11.2%	23.3%	25.5%	31.3%
% Change In Normalised EPS Estimates			(27.7%)	(28.7%)	(7.5%)
Normalised EPS/consensus EPS (x)			0.79	0.80	0.91

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Growth outlook largely immune to pandemic

Figure 1: 2HFY22F results preview

FYE Mar (HK\$m)	2HFY22F	2HFY21	yoy % chg	1HFY22	hoh % chg	2HFY22F Cum	2HFY21 Cum	yoy % chg	FY22F Prev.	Comments
Revenue	1,616	1,283	25.9	1,444	11.9	3,059	2,080	47.1	3,006	2HFY22F revenue likely grew 26% yoy, mainly driven by medical services
Operating costs	(1,258)	(1,084)	16.0	(1,130)	11.3	(2,441)	(1,791)	36.3	(2,296)	(+54% yoy), aesthetic medical (+4% yoy) and beauty services
EBITDA	358	199	79.8	313	14.3	618	289	113.8	711	(+2% yoy).
EBITDA margin (%)	22.2	15.5		21.7		20.2	13.9		23.6	EBITDA margin likely improved by 6.7% pts yoy due to no. of visits increas
Depn & amort.	(123)	(41)	199.6	(74)	65.0	(166)	(110)	51.9	(121)	in asethetic medical and medical services, but partially offset by beauty
EBIT	222	128	74.1	230	(3.3)	452	180	151.5	557	services (clousure since 8 Jan 2022)
Interest expense	(19)	(15)	27.7	(18)	1.3	(37)	(24)	56.0	(42)	
Interest & invt inc	13	31	(56.2)	10	41.3	23	40	(41.9)	33	
Associates' contrib	5	4	2.4	1	228.0	6	5	N/M	2	
Exceptionals	0	57	(100.0)	9	-	10	65	-	9	Government subsidy in 2HFY21
Pretax profit	222	206	7.8	232	(4.3)	453	266	70.5	554	
Tax	(32)	(33)	(1.2)	(36)	(9.3)	(68)	(40)	68.7	(89)	
Tax rate (%)	14.6	15.9		15.4	-	15.0	15.2		16.0	
Minority interests	(40)	(23)	71.9	(36)	12.0	(76)	(33)	132.2	(58)	2HFY22F core net profit likely rose 62% yoy due to strong recovery of
Net profit	149	149	(0.2)	160	(6.9)	309	193	60.4	408	local aesthetic medical/beauty services demand and increas of
Core net profit	149	92	61.8	151	(1.0)	300	127	135.3	408	contribution from the newly-acquired medical assets.
EPS (HK\$ cts)	13.2	14.6	(9.2)	14.2	(6.9)	27.4	18.8	46.0	36.1	FY22F net profit likely formed 74% of our FY22F forecast,
Core EPS (HK\$ cts)	13.2	9.0	47.3	13.4	(1.0)	26.6	12.4	114.1	36.1	no thanks to unexpected Omicron pandemic in HK in spring quarter.

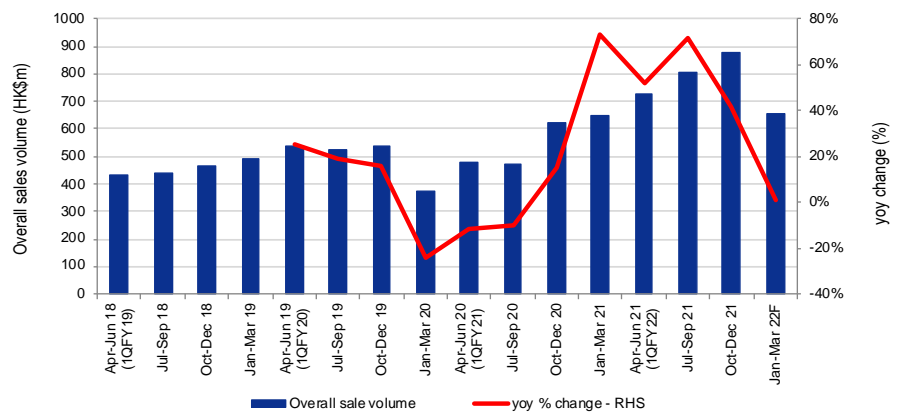
SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 2: Estimated revenue breakdown by services segments (FY19 to FY24F)

FYE 31 Mar	Mar-19A	1H20	2H20	Mar-20A	1H21	2H21	Mar-21A	1H22	2H22F	Mar-22F	Mar-23F	Mar-24F
Revenue breakdown by servcies segments (HK\$ million)												
Medical services	523	324	299	623	361	598	960	758	923	1,681	2,554	3,172
Total aesthetic and beauty services	1,314	734	529	1,262	406	650	1,056	658	669	1,327	1,521	1,926
- Medical aesthetic services	835	463	318	781	249	393	642	400	409	809	930	1,182
- Wellness & beauty services and healthcare products	479	271	211	481	158	256	414	258	260	518	590	744
Performance marketing	16	61	2	63	30	35	64	28	24	51	51	56
Total	1,852	1,118	830	1,949	797	1,283	2,080	1,444	1,616	3,059	4,126	5,154
- Local customers	1,154	682	636	1,319	738	1,207	1,946	1,364	1,485	2,849	3,793	4,562
- Mainland Chinese customers	698	436	194	630	59	76	135	80	130	210	333	592
Revenue breakdown by servcies segments (yoy change %)												
Medical services	77%	102%	-17%	19%	12%	100%	54%	110%	54%	75%	52%	24%
Total aesthetic and beauty services	30%	6%	-15%	-4%	-45%	23%	-16%	62%	3%	26%	15%	27%
- Aesthetic medical erivces	47%	8%	-22%	-6%	-46%	24%	-18%	61%	4%	26%	15%	27%
- Wellness & beauty services and healthcare products (traditional t	8%	2%	-2%	1%	-42%	22%	-14%	63%	1%	25%	14%	26%
Performance marketing	n.a.	n.a.	n.a.	0%	-51%	1623%	2%	-6%	-32%	-20%	0%	10%
Total	42%	28%	-15%	5%	-29%	55%	7%	81%	26%	47%	35%	25%
- Local customers	n.a.	n.a.	n.a.	14%	8%	90%	48%	85%	23%	0%	0%	0%
- Mainland Chinese customers	n.a.	n.a.	n.a.	-10%	-86%	-61%	-79%	35%	72%	0%	0%	0%
Revenue breakdown by servcies segments (weighting %)												
Medical services	28%	29%	36%	32%	45%	47%	46%	53%	57%	55%	62%	62%
Total aesthetic and beauty services	71%	66%	64%	65%	51%	51%	51%	46%	41%	43%	37%	37%
- Medical aesthetic services	45%	41%	38%	40%	31%	31%	31%	28%	25%	26%	23%	23%
- Wellness & beauty services and healthcare products	26%	24%	25%	25%	20%	20%	20%	18%	16%	17%	14%	14%
Performance marketing	1%	5%	0%	3%	4%	3%	3%	2%	1%	2%	1%	1%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
- Local customers	62%	61%	77%	68%	93%	94%	94%	94%	92%	93%	92%	89%
- Mainland Chinese customers	38%	39%	23%	32%	7%	6%	6%	6%	8%	7%	8%	11%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 3: Estimated sales volume, by quarter (1QFY19 to 4QFY22F)



SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 4: Merger and acquisitions (Mar 20 to Feb 22)

Date	Asset	Equity stake post deal	Main services	Considerations
FY21				
18-May-20	Acquisition of New Medical Center Limited	51%	One multi-disciplinary clinic with 11 registered medical practitioners in Hong Kong	Total HK\$136m (estimate P/E at 9x)
17-Jul-20	Increase in 24% shareholding in NYMG (Hong Kong Pain and Wellness Solution Limited)	Increased to 75% from 51%	21 clinics in Hong Kong with 24 chiropractors and four registered medical practitioners in orthopaedics and traumatology	Total HK\$106m (estimate P/E at 10x)
20-Oct-20	Acquisition of Obstetrics And Gynaecology Chain (Zenith)	51%	Four clinics in Hong Kong with eight registered medical practitioners specialised in O&G; also offers in vitro fertilisation (IVF) referral services out of Hong Kong	Total HK\$85m
14-Dec-20	Acquisition of PathLab Medical Laboratories	First tranche: 75%	Five medical laboratories in Hong Kong with over 40 full-time registered medical practitioners	First tranche: HK\$337.5m
14-Dec-20	Acquisition of PathLab Medical Laboratories (final tranche)	Final tranche: 97%	Laboratory technologies; also one of the first local Covid-19 nucleic acid testing institutions recognised by the Hong Kong government	Final tranche: Cash consideration depending on financial performance of the target group: HK\$108m-238m
FY22				
15-Apr-21	Acquisition of Physiotherapy business	51%	Operates a physiotherapy centre in Central with 7 registered physiotherapists, 5 rehabilitation therapists, 1 sport therapist and 1 personal trainer.	Total HK\$10m (estimate P/E at 5x)
15-Jun-21	Acquisition of Veterinary business	51%	The veterinary company operates two veterinary hospitals and two veterinary imaging centres in HK with 14 registered veterinary surgeons.	Total HK\$66m (estimate P/E at 6x)
16-Aug-21	Acquisition of Veterinary business	First tranche: 51%	The veterinary company operates two registered veterinary surgeons and two veterinary hospitals in HK.	Total HK\$26m (historical P/E at 6.2x)
8-Nov-21	Acquisition of Premier Medical Group	70%	5 medical centres in Hong Kong with 30 full-time registered medical practitioners and covering 18 specialist disciplines.	Total HK\$100m (historical P/E at 10x)
29-Nov-21	Acquisition of Bayley & Jackson Dental Surgeons	55%	7 dental clinics in Hong Kong with 32 dentists and owns an extensive loyal corporate client base.	Total HK\$129.4m (historical P/E at 15.5x)
16-Feb-22	Acquisition of multi-disciplinary medical services centers	100%	12 clinics including dental services, chronic disease management services, specialty services, imaging and diagnostic services and medical network of over 250 affiliated clinics providing GP, specialist and physiotherapy services.	Total HK\$68m (historical P/E at 6.7x)

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 5: Organic business expansion (Mar 20 to Feb 22)

Date	Medical discipline	Location	Main services	Estimated expenses
Mar 20	Haircare Centre	Mongkok, Hong Kong (Langham Place)	Opening of Hair Forest: Hair regeneration	Estimated expenses HK\$5m
Sep 20	Advanced Imaging Service Centre	Yuen Long, Hong Kong	Provision of high-end image detection such as magnetic resonance MRI, ultrasound Ultrasound and X-ray to new customers in the New Territories.	Estimated expenses HK\$20m
Jan 21	Shenzhen Headquarter	Shenzhen, China	Mainland China Head office : total 12,000 sq ft, in Futian, Shenzhen	Estimated expenses HK\$10m
Mar 21	Health management and Haircare centre	Causeway Bay, Hong Kong (World Trade Centre)	Provision of full range of comprehensive health screening, health product, health management and hair treatment services.	Estimated expenses HK\$40m
Apr-20 to Mar-21	8 new Pain Treatment Centres	Kwun Tong, Hong Kong	Two flagship stores in Kwun Tong (APM office tower) and Tusen Wan, and 6 new pain treatment clinics.	Estimated expenses HK\$38m
Apr-20 to Mar-21	3 new beauty services clinics	Greater Bay Area, China	Opening of 3 new clinics in the Greater Bay Area, China	Estimated expenses HK\$12m
May 21	Advanced Imaging Service Centre	Tsim Sha Tsui, Hong Kong	The third Advanced Imaging service Centre with GFA of approximately 3,200 square feet in Tsim Sha Tsui.	Estimated expenses HK\$35m
Jul 21	Ophthalmology centre	Mongkok, Hong Kong (Langham Place)	Add 17,900 sq ft in Langham Place. Opening of the first ophthalmology centre and a new obstetrics and gynaecology centre.	Estimated expenses HK\$30m
Nov 21	Pain management flagship store	Tai Koo Shing, Hong Kong	Provision of full range of pain management services	Estimated expenses HK\$10m
Feb 22	Healthcare medical centre and advanced imaging centre	Tai Koo Shing, Hong Kong	Provision of full range of comprehensive healthcare services and high-end image detection.	Estimated expenses HK\$10m

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 6: Fund raising activities (Mar 20 to Feb 22)

Date	Places / organisations	New shares / Price	Descriptions	Fund raising
30-Apr-20	Champion REIT	8.078m new shares at HK\$4.20	5 months rental (Mar 2020 to July 2020) for Langham Place headquarter	HK\$34m
18-May-20	Acquisition of New Medical Center	4.76m new shares at HK\$4.20	Part of the consideration, 4.76m new UMH Shares priced at HK\$4.2 and issued to the First Seller.	HK\$20m
17-Jul-20	Increase in 24% shareholding in NYMG (Hong Kong Pain and Wellness Solution Limited)	22.5m new shares at HK\$4.20	Increased EC Healthcare's stake in Hong Kong Pain and Wellness Solution Limited by a 24% equity at a total consideration of HK\$94.6m. The total consideration will be settled by issuing 22.5m new shares at HK\$4.20 per share and 10m warrants to the two chiropractic doctors, Dr. Eric Chu and Dr. Andy Lin	HK\$94.6m
24-Jul-20	EC Healthcare senior management	3.2m new shares at HK\$3.9612	Issuance of 3.2m new shares pursuant to the co-ownership programme.	HK\$12.7m
24-Sep-20	Champion REIT	4.8m new shares at HK\$4.25	Rental for Langham Place headquarter	HK\$20m
28-Sep-20	Chan Cheuk Yin	10m new shares at HK\$4.25	Issuance of 10m new shares to Chan Cheuk Yin (non-executive Director of Agile Group)	HK\$42.5m
18-Nov-20	Goldman Sachs Asia Strategic II (GS), OrbiMed Asia Partners III (OrbiMed) and Gaw Capital Partners (GAW)	HK\$305m convertible bonds (CB) and HK\$309m warrants	GS, OrbiMed and GAW subscribe to 5-year CBs, with principal amounts of HK\$234m, HK\$32m and HK\$39m, respectively. The conversion price is HK\$5.69. GS and OrbiMed subscribe to 5-year warrants, at HK\$273, and HK\$36m, respectively.	HK\$614m
14-Dec-20	PathLab Medical Laboratories acquisition (first tranche)	19.9m new shares at HK\$5.425	Total consideration for the franchise of the 75% interests is HK\$337.5m, which is satisfied by cash HK\$229.5m and issue HK\$108m of consideration shares (HK\$5.425 per share) to pay the remainder.	HK\$108m
19-Apr-21	Dr. Cheng Chi Kong and Aspex Master Fund	29.6m new shares at HK\$7.80	New share placement to Cheng Chi Kong (Executive VP and CEO of New World Development) and Aspex Master Fund. The funding will invest to the clinic network expansion in HK and Greater Bay Area and potential M&As.	HK\$231m
7-Aug-21	Dr. Cheng Chi Kong and Aspex Master Fund	17.2m new shares at HK\$14.50	New share placement to Cheng Chi Kong (Executive VP and CEO of New World Development) and Aspex Master Fund.	HK\$249m

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 7: Earnings revisions

FYE Mar (HK\$ m)	Mar-21A	Mar-22F			Mar-23F			Mar-24F		
		Old	New	% chg	Old	New	% chg	Old	New	% chg
Revenue	2,080	3,319	3,059	-7.8%	4,311	4,126	-4.3%	5,288	5,154	-2.5%
EBITDA	318	720	639	-11.2%	775	725	-6.4%	1,121	1,082	-3.5%
EBITDA margin (%)	15.3%	21.7%	20.9%	-0.8% pts	18.0%	17.6%	-0.4% pts	21.2%	21.0%	-0.2% pts
Net profit	193	408	309	-24.1%	548	415	-24.2%	700	659	-5.9%
EPS (HK\$)	0.124	0.368	0.266	-27.7%	0.494	0.352	-28.7%	0.632	0.584	-7.5%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 8: Peers comparison

Company	Code	Recom.	Price	Target price	Upside (%)	Market Cap	P/E (x)			P/BV (x)		ROE		EV/EBITDA (X)		Yield	
			(local curr)	(local curr)		(US\$m)	CY21F	CY22F	CY23F	CY21F	CY22F	CY21F	CY22F	CY21F	CY22F	CY21F	CY22F
EC Healthcare	2138 HK	Add	7.45	13.16	77%	1,123	31.8	22.4	14.2	6.4	5.0	20.7%	25.2%	13.8	10.0	2.5%	3.2%
Angelalign Technology	6699 HK	Not Rated	178.70	N/A	N/A	3,994	77.0	62.5	48.2	7.3	6.6	16.0%	13.8%	62.8	44.2	0.2%	0.2%
China Medical System	867 HK	Not Rated	13.50	N/A	N/A	4,338	9.2	8.4	7.6	2.1	1.9	25.5%	24.3%	7.5	6.8	4.3%	3.8%
China Resurces Phoenix Healthcare	1515 HK	Not Rated	4.36	N/A	N/A	743	11.8	11.3	10.6	0.7	0.7	6.3%	6.2%	6.6	6.9	2.0%	2.1%
Modern Dental	3600 HK	Add	4.02	9.48	136%	492	8.9	7.0	5.5	1.4	1.3	17.7%	19.8%	5.2	4.0	4.9%	5.0%
Sihuan Pharmaceutical	460 HK	Not Rated	1.61	N/A	N/A	1,921	13.8	9.4	6.2	1.3	1.1	9.4%	12.2%	6.2	4.6	1.9%	3.2%
Average of medical and healthcare services providers and medical related companies							35.2	25.8	22.5	3.7	3.3	18.2%	15.2%	17.4	15.1	2.1%	1.9%
Bangkok Chain Hospital	BCH TB	Add	19.40	24.50	26%	1,479	7.1	13.3	16.7	3.7	3.3	71.6%	26.0%	4.9	8.6	6.2%	3.8%
Bangkok Dusit	BDMS TB	Add	23.80	27.00	13%	11,562	47.8	40.8	36.4	4.5	4.5	9.6%	10.9%	23.3	21.9	1.9%	2.3%
Bumrungrad Hospital	BH TB	Hold	163.00	162.00	-1%	3,959	102.0	70.2	58.3	7.5	7.8	7.4%	10.8%	47.5	40.6	2.0%	2.0%
IHH Healthcare Bhd	IHH MK	Add	6.57	8.33	27%	13,786	36.2	37.4	32.5	2.3	2.3	7.3%	6.8%	14.4	15.3	0.9%	0.9%
KPJ Healthcare	KPJ MK	Hold	1.04	1.10	6%	1,077	84.1	34.0	31.9	2.1	2.0	2.6%	6.1%	11.0	9.6	0.7%	1.5%
Raffles Medical	RFMD SP	Hold	1.16	1.33	15%	1,594	29.9	32.9	31.2	2.3	2.2	7.8%	6.8%	13.0	15.5	2.4%	2.4%
Average of regional healthcare services providers							51.2	38.1	34.5	3.7	3.7	17.7%	11.2%	19.0	18.6	2.3%	2.1%
Centene Corp	CNC US	Not Rated	83.15	N/A	N/A	48,465	36.1	15.4	13.2	1.8	1.6	n.a.	10.6%	15.1	9.7	n.a.	0.0%
Molina Healthcare	MOH US	Not Rated	311.88	N/A	N/A	18,214	28.3	18.1	16.0	7.0	4.6	27.9%	30.2%	10.4	8.5	n.a.	0.0%
UnitedHealth Group	UNH US	Not Rated	476.25	N/A	N/A	448,103	27.8	22.0	19.3	6.6	5.5	n.a.	26.0%	17.6	15.5	1.1%	1.2%
Average of US healthcare services providers							30.7	18.5	16.2	5.1	3.9	27.9%	22.2%	14.4	11.2	1.1%	0.4%

SOURCES: CGS-CIMB RESEARCH, BLOOMBERG (PRICE AS AT 2 MAR 2022)



ESG in a nutshell

EC Healthcare (ECH) believes there should be a balance between economic development, society, and the environment. Therefore, ECH said it regards ESG as one of the main priorities in mapping its business development.

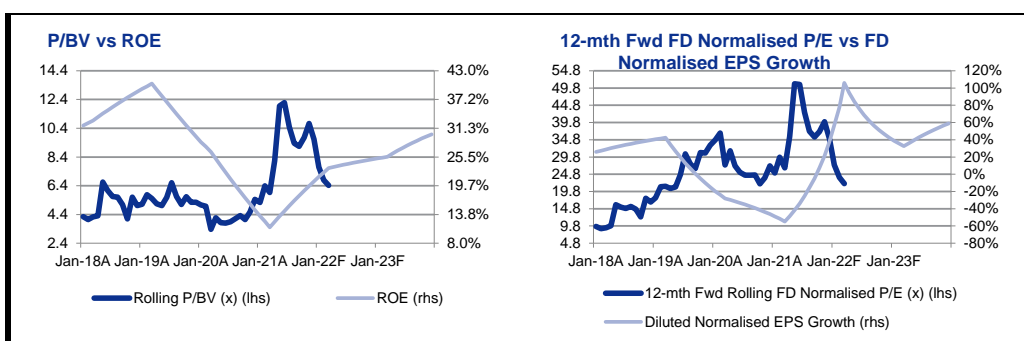
Since 2015, the philosophy of United Nations Sustainable Development Goals has been embedded in ECH's corporate mission, integrating "Good Health and Wellbeing" into the company's mission of "bringing health, beauty, and happiness to everyone". ECH said that it does not see financial success as coming at the expense of society or the environment, while creating a positive impact on society and the environment does not need to come at the expense of profit. By creating shared value within the surrounding communities, the company can ultimately bring prosperity to all stakeholders.

In our view, ECH is not involved in any environmentally-detrimental industry practices and tries to minimise the environmental impact of its operations..

Keep your eye on	Implications
<p>ECH believes there should be a balance between economic development, society, and the environment. Therefore, ECH said it regards ESG as one of the main priorities in mapping its business development.</p>	<p>The company communicates and engages with different stakeholders – including employees, customers and suppliers – in order to improve sustainability, better serve its community, and simultaneously deliver outperformance for the company.</p>
ESG highlights	Implications
<p>ECH said that sustainability and today's environmental and societal challenges are an important responsibility.</p>	<p>In FY21, ECH invited a number of internal and external stakeholders to participate in discussing the sustainability policies and measures of the company. Besides, the company appreciates the importance of environmental protection and has actively encouraged its staff to participate in environmental protection activities, such as recycling waste batteries and solid waste. ECH encourages employee involvement in worthy causes through its philanthropic and CSR initiatives.</p>
Trends	Implications
<p>In FY21, the company's energy and water consumption decreased from a year earlier.</p>	<p>In FY21, ECH invited a number of internal and external stakeholders to participate in discussing the sustainability policies and measures of the company. Besides, the company appreciates the importance of environmental protection and has actively encouraged its staff to participate in environmental protection activities, such as recycling waste batteries and solid waste. ECH encourages employee involvement in worthy causes through its philanthropic and CSR initiatives.</p>

SOURCES: CGS-CIMB RESEARCH, REFINITIV

BY THE NUMBERS



Profit & Loss

(HK\$m)	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
Total Net Revenues	1,949	2,080	3,059	4,126	5,154
Gross Profit	1,733	1,845	2,713	3,659	4,571
Operating EBITDA	423	289	681	795	1,160
Depreciation And Amortisation	(83)	(110)	(229)	(258)	(275)
Operating EBIT	340	180	452	537	884
Financial Income/(Expense)	5	16	(14)	(23)	(18)
Pretax Income/(Loss) from Assoc.	0	5	6	9	9
Non-Operating Income/(Expense)	0	0	0	0	0
Profit Before Tax (pre-EI)	345	200	444	523	875
Exceptional Items	15	65	10	18	0
Pre-tax Profit	361	266	453	541	875
Taxation	(50)	(40)	(68)	(76)	(127)
Exceptional Income - post-tax					
Profit After Tax	310	226	385	465	748
Minority Interests	(24)	(33)	(76)	(50)	(89)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Preference Dividends (Australia)					
Net Profit	287	193	309	415	659
Normalised Net Profit	295	160	376	447	748
Fully Diluted Normalised Profit	271	127	300	397	659

Cash Flow

(HK\$m)	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
EBITDA	422.8	289.1	680.5	795.3	1,159.6
Cash Flow from Inv. & Assoc.					
Change In Working Capital	14.0	80.3	(64.3)	(55.4)	(36.9)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	221.9	327.1	205.2	176.9	146.6
Net Interest (Paid)/Received	(16.9)	(21.9)	(35.0)	(27.2)	(22.4)
Tax Paid	(65.3)	(53.7)	(68.0)	(75.8)	(126.8)
Cashflow From Operations	576.5	620.8	718.3	813.9	1,120.0
Capex	(69.8)	(135.9)	(150.0)	(130.0)	(130.0)
Disposals Of FAs/subsidiaries	0.0	0.0	0.0	0.0	0.0
Acq. Of Subsidiaries/investments	(67.2)	(348.0)	(399.0)	0.0	0.0
Other Investing Cashflow	453.4	114.8	115.6	115.5	116.5
Cash Flow From Investing	316.4	(369.0)	(433.4)	(14.5)	(13.5)
Debt Raised/(repaid)	(234.2)	25.4	0.0	0.0	0.0
Proceeds From Issue Of Shares	0.0	106.8	0.0	0.0	0.0
Shares Repurchased	0.0	0.0	0.0	0.0	0.0
Dividends Paid	(344.8)	(113.9)	(171.8)	(216.6)	(290.8)
Preferred Dividends					
Other Financing Cashflow	(160.4)	138.4	(36.9)	(29.0)	(25.2)
Cash Flow From Financing	(739.4)	156.8	(208.7)	(245.6)	(316.0)
Total Cash Generated	153.5	408.6	76.2	553.8	790.5
Free Cashflow To Equity	658.7	277.2	284.9	799.4	1,106.5
Free Cashflow To Firm	910.9	275.4	321.8	828.4	1,131.8

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

BY THE NUMBERS... cont'd
Balance Sheet

(HK\$m)	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
Total Cash And Equivalents	632	939	902	1,402	2,169
Total Debtors	268	370	517	662	786
Inventories	60	40	58	78	98
Total Other Current Assets	92	66	66	66	66
Total Current Assets	1,052	1,415	1,544	2,209	3,119
Fixed Assets	828	961	1,007	1,029	1,048
Total Investments	240	240	240	240	240
Intangible Assets	271	989	989	989	989
Total Other Non-Current Assets	165	186	186	186	186
Total Non-current Assets	1,503	2,376	2,422	2,443	2,462
Short-term Debt	262	287	175	121	97
Current Portion of Long-Term Debt					
Total Creditors	159	215	316	427	533
Other Current Liabilities	649	815	960	1,099	1,333
Total Current Liabilities	1,069	1,317	1,451	1,646	1,963
Total Long-term Debt	0	240	240	240	240
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	305	528	528	528	528
Total Non-current Liabilities	305	768	768	768	768
Total Provisions	11	75	75	75	75
Total Liabilities	1,386	2,160	2,294	2,489	2,805
Shareholders' Equity	1,003	1,269	1,310	1,802	2,414
Minority Interests	167	362	362	362	362
Total Equity	1,170	1,631	1,672	2,164	2,776

Key Ratios

	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
Revenue Growth	5.2%	6.8%	47.1%	34.9%	24.9%
Operating EBITDA Growth	(12%)	(32%)	135%	17%	46%
Operating EBITDA Margin	21.7%	13.9%	22.2%	19.3%	22.5%
Net Cash Per Share (HK\$)	0.37	0.37	0.43	0.92	1.62
BVPS (HK\$)	1.01	1.14	1.16	1.60	2.14
Gross Interest Cover	18.82	7.60	12.24	18.53	35.04
Effective Tax Rate	13.9%	15.2%	15.0%	14.0%	14.5%
Net Dividend Payout Ratio	84%	135%	72%	73%	70%
Accounts Receivables Days	17.25	22.63	25.59	25.23	24.87
Inventory Days	94.81	76.90	51.50	53.38	55.34
Accounts Payables Days	48.88	63.89	60.79	63.02	65.33
ROIC (%)	58.9%	17.1%	23.8%	29.0%	49.7%
ROCE (%)	21.9%	9.9%	20.7%	22.7%	30.7%
Return On Average Assets	11.9%	4.6%	10.0%	10.8%	14.9%

Key Drivers

	Mar-20A	Mar-21A	Mar-22F	Mar-23F	Mar-24F
Medical services rev (yoy %)	19.2%	54.0%	75.1%	51.9%	24.2%
Aesthetic and beauty services rev (yoy %)	-3.9%	-16.3%	25.6%	14.6%	26.6%
Performance marketing rev (yoy %)	N/A	2.0%	-20.0%	0.0%	10.0%
Medical services OPM (%)	9.0%	9.9%	11.2%	8.7%	12.0%
Aesthetic and beauty services OPM (%)	23.0%	14.0%	21.0%	21.0%	26.0%
Performance marketing OPM (%)	4.1%	12.8%	10.0%	2.0%	12.0%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

DISCLAIMER

The content of this report (including the views and opinions expressed therein, and the information comprised therein) has been prepared by and belongs to CGS-CIMB. Reports relating to a specific geographical area are produced and distributed by the corresponding CGS-CIMB entity as listed in the table below.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation.

By accepting this report, the recipient hereof represents and warrants that he is entitled to receive such report in accordance with the restrictions set forth below and agrees to be bound by the limitations contained herein (including the “Restrictions on Distributions” set out below). Any failure to comply with these limitations may constitute a violation of law. This publication is being supplied to you strictly on the basis that it will remain confidential. No part of this report may be (i) copied, photocopied, duplicated, stored or reproduced in any form by any means; or (ii) redistributed or passed on, directly or indirectly, to any other person in whole or in part, for any purpose without the prior written consent of CGS-CIMB.

The information contained in this research report is prepared from data believed to be correct and reliable at the time of issue of this report. CGS-CIMB may or may not issue regular reports on the subject matter of this report at any frequency and may cease to do so or change the periodicity of reports at any time. CGS-CIMB has no obligation to update this report in the event of a material change to the information contained in this report. CGS-CIMB does not accept any obligation to (i) check or ensure that the contents of this report remain current, reliable or relevant, (ii) ensure that the content of this report constitutes all the information a prospective investor may require, (iii) ensure the adequacy, accuracy, completeness, reliability or fairness of any views, opinions and information, and accordingly, CGS-CIMB, its affiliates and related persons including China Galaxy International Financial Holdings Limited (“CGIFHL”) and CIMB Group Sdn. Bhd. (“CIMBG”) and their respective related corporations (and their respective directors, associates, connected persons and/or employees) shall not be liable in any manner whatsoever for any consequences (including but not limited to any direct, indirect or consequential losses, loss of profits and damages) of any reliance thereon or usage thereof. In particular, CGS-CIMB disclaims all responsibility and liability for the views and opinions set out in this report.

Unless otherwise specified, this report is based upon sources which CGS-CIMB considers to be reasonable. Such sources will, unless otherwise specified, for market data, be market data and prices available from the main stock exchange or market where the relevant security is listed, or, where appropriate, any other market. Information on the accounts and business of company(ies) will generally be based on published statements of the company(ies), information disseminated by regulatory information services, other publicly available information and information resulting from our research.

Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Past performance is not a reliable indicator of future performance. The value of investments may go down as well as up and those investing may, depending on the investments in question, lose more than the initial investment. No report shall constitute an offer or an invitation by or on behalf of CGS-CIMB or any of its affiliates (including CGIFHL, CIMBG and their respective related corporations) to any person to buy or sell any investments.

CGS-CIMB, its affiliates and related corporations (including CGIFHL, CIMBG and their respective related corporations) and/or their respective directors, associates, connected parties and/or employees may own or have positions in securities of the company(ies) covered in this research report or any securities related thereto and may from time to time add to or dispose of, or may be materially interested in, any such securities. Further, CGS-CIMB, its affiliates and their respective related corporations (including CGIFHL, CIMBG and their respective related corporations) do and seek to do business with the company(ies) covered in this research report and may from time to time act as market maker or have assumed an underwriting commitment in securities of such company(ies), may sell them to or buy them from customers on a principal basis and may also perform or seek to perform significant investment banking, advisory, underwriting or placement services for or relating to such company(ies) as well as solicit such investment, advisory or other services from any entity mentioned in this report.

CGS-CIMB or its affiliates (including CGIFHL, CIMBG and their respective related corporations) may enter into an agreement with the company(ies) covered in this report relating to the production of research reports. CGS-CIMB may disclose the contents of this report to the company(ies) covered by it and may have amended the contents of this report following such disclosure.

The analyst responsible for the production of this report hereby certifies that the views expressed herein accurately and exclusively reflect his or her personal views and opinions about any and all of the issuers or securities analysed in this report and were prepared independently and autonomously. No part of the compensation of the analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations(s) or view(s) in this report. The analyst(s) who prepared this research report is prohibited from receiving any compensation, incentive or bonus based on specific investment banking transactions or for providing a specific recommendation for, or view of, a particular company. Information barriers and other arrangements may be established where necessary to prevent conflicts of interests arising. However, the analyst(s) may receive compensation that is based on his/their coverage of company(ies) in the performance of his/their duties or the performance of his/their recommendations and the research personnel involved in the preparation of this report may also participate in the solicitation of the businesses as described above. In reviewing this research report, an investor should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Additional information is, subject to the duties of confidentiality, available on request.

Reports relating to a specific geographical area are produced by the corresponding CGS-CIMB entity as listed in the table below. The term “CGS-CIMB” shall denote, where appropriate, the relevant entity distributing or disseminating the report in the particular jurisdiction referenced below, or, in every other case except as otherwise stated herein, CGS-CIMB Securities International Pte. Ltd. and its affiliates, subsidiaries and related corporations.

Country	CGS-CIMB Entity	Regulated by
Hong Kong	CGS-CIMB Securities (Hong Kong) Limited	Securities and Futures Commission Hong Kong
India	CGS-CIMB Securities (India) Private Limited	Securities and Exchange Board of India (SEBI)
Indonesia	PT CGS-CIMB Sekuritas Indonesia	Financial Services Authority of Indonesia
Malaysia	CGS-CIMB Securities Sdn. Bhd.	Securities Commission Malaysia
Singapore	CGS-CIMB Securities (Singapore) Pte. Ltd.	Monetary Authority of Singapore
South Korea	CGS-CIMB Securities (Hong Kong) Limited, Korea Branch	Financial Services Commission and Financial Supervisory Service
Thailand	CGS-CIMB Securities (Thailand) Co. Ltd.	Securities and Exchange Commission Thailand

Other Significant Financial Interests:

(i) As of February 28, 2022 CGS-CIMB has a proprietary position in the securities (which may include but not be limited to shares, warrants, call warrants and/or any other derivatives) in the following company or companies covered or recommended in this report:

(a) IHH Healthcare Bhd, IJM Corp Bhd, Raffles Medical Group

(ii) Analyst Disclosure: As of March 2, 2022, the analyst(s) who prepared this report, and the associate(s), has / have an interest in the securities (which may include but not be limited to shares, warrants, call warrants and/or any other derivatives) in the following company or companies covered or recommended in this report:

(a) -

This report does not purport to contain all the information that a prospective investor may require. Neither CGS-CIMB nor any of its affiliates (including CGIFHL, CIMBG and their related corporations) make any guarantee, representation or warranty, express or implied, as to the adequacy, accuracy, completeness, reliability or fairness of any such information and opinion contained in this report. Neither CGS-CIMB nor any of its affiliates nor their related persons (including CGIFHL, CIMBG and their related corporations) shall be liable in any manner whatsoever for any consequences (including but not limited to any direct, indirect or consequential losses, loss of profits and damages) of any reliance thereon or usage thereof.

This report is general in nature and has been prepared for information purposes only. It is intended for circulation amongst CGS-CIMB's clients generally and does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may receive this report. The information and opinions in this report are not and should not be construed or considered as an offer, recommendation or solicitation to buy or sell the subject securities, related investments or other financial instruments or any derivative instrument, or any rights pertaining thereto.

Investors are advised to make their own independent evaluation of the information contained in this research report, consider their own individual investment objectives, financial situation and particular needs and consult their own professional and financial advisers as to the legal, business, financial, tax and other aspects before participating in any transaction in respect of the securities of company(ies) covered in this research report.

The securities of such company(ies) may not be eligible for sale in all jurisdictions or to all categories of investors.

Restrictions on Distributions

Australia: Despite anything in this report to the contrary, this research is provided in Australia by CGS-CIMB Securities (Singapore) Pte. Ltd. and CGS-CIMB Securities (Hong Kong) Limited. This research is only available in Australia to persons who are "wholesale clients" (within the meaning of the Corporations Act 2001 (Cth) and is supplied solely for the use of such wholesale clients and shall not be distributed or passed on to any other person. You represent and warrant that if you are in Australia, you are a "wholesale client". This research is of a general nature only and has been prepared without taking into account the objectives, financial situation or needs of the individual recipient. CGS-CIMB Securities (Singapore) Pte. Ltd. and CGS-CIMB Securities (Hong Kong) Limited do not hold, and are not required to hold an Australian financial services license. CGS-CIMB Securities (Singapore) Pte. Ltd. and CGS-CIMB Securities (Hong Kong) Limited rely on "passporting" exemptions for entities appropriately licensed by the Monetary Authority of Singapore (under ASIC Class Order 03/1102) and the Securities and Futures Commission in Hong Kong (under ASIC Class Order 03/1103).

Canada: This research report has not been prepared in accordance with the disclosure requirements of Dealer Member Rule 3400 – Research Restrictions and Disclosure Requirements of the Investment Industry Regulatory Organization of Canada. For any research report distributed by CIBC, further disclosures related to CIBC conflicts of interest can be found at <https://researchcentral.cibcwm.com>.

China: For the purpose of this report, the People's Republic of China ("PRC") does not include the Hong Kong Special Administrative Region, the Macau Special Administrative Region or Taiwan. The distributor of this report has not been approved or licensed by the China Securities Regulatory Commission or any other relevant regulatory authority or governmental agency in the PRC. This report contains only marketing information. The distribution of this report is not an offer to buy or sell to any person within or outside PRC or a solicitation to any person within or outside of PRC to buy or sell any instruments described herein. This report is being issued outside the PRC to a limited number of institutional investors and may not be provided to any person other than the original recipient and may not be reproduced or used for any other purpose.

France: Only qualified investors within the meaning of French law shall have access to this report. This report shall not be considered as an offer to subscribe to, or used in connection with, any offer for subscription or sale or marketing or direct or indirect distribution of financial instruments and it is not intended as a solicitation for the purchase of any financial instrument.

Germany: This report is only directed at persons who are professional investors as defined in sec 31a(2) of the German Securities Trading Act (WpHG). This publication constitutes research of a non-binding nature on the market situation and the investment instruments cited here at the time of the publication of the information.

The current prices/yields in this issue are based upon closing prices from Bloomberg as of the day preceding publication. Please note that neither the German Federal Financial Supervisory Agency (BaFin), nor any other supervisory authority exercises any control over the content of this report.

Hong Kong: This report is issued and distributed in Hong Kong by CGS-CIMB Securities (Hong Kong) Limited ("CHK") which is licensed in Hong Kong by the Securities and Futures Commission for Type 1 (dealing in securities) and Type 4 (advising on securities) activities. Any investors wishing to purchase or otherwise deal in the securities covered in this report should contact the Head of Sales at CGS-CIMB Securities (Hong Kong) Limited. The views and opinions in this research report are our own as of the date hereof and are subject to change. If the Financial Services and Markets Act of the United Kingdom or the rules of the Financial Conduct Authority apply to a recipient, our obligations owed to such recipient therein are unaffected.

CHK has no obligation to update its opinion or the information in this research report.

This publication is strictly confidential and is for private circulation only to clients of CHK.

CHK does not make a market on other securities mentioned in the report.

None of the analyst(s) or the associates serve as an officer of the listed corporation mentioned in this report.

CIMB does not have an officer serving in any of the listed corporation mentioned in this report

CIMB does not receive any compensation or other benefits from any of the listed corporation mentioned, relating to the production of research reports.

India: This report is issued and distributed in India by CGS-CIMB Securities (India) Private Limited ("CGS-CIMB India"). CGS-CIMB India is a subsidiary of CGS-CIMB Securities International Pte. Ltd. which is in turn is a 50:50 joint venture company of CGIFHL and CIMBG. The details of the members of the group of companies of CGS-CIMB can be found at www.cgs-cimb.com, CGIFHL at www.chinastock.com.hk/en/ACG/ContactUs/index.aspx and CIMBG at www.cimb.com/en/who-we-are.html. CGS-CIMB India is registered with the National Stock Exchange of India Limited and BSE Limited as a trading and clearing member (Merchant Banking Number: INM000012037) under the Securities and Exchange Board of India (Stock Brokers and Sub-Brokers) Regulations, 1992. In accordance with the provisions of Regulation 4(g) of the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013, CGS-CIMB India is not required to seek registration with the Securities and Exchange Board of India ("SEBI") as an Investment Adviser. CGS-CIMB India is registered with SEBI (SEBI Registration Number: INZ000209135) as a Research Analyst (INH000000669) pursuant to the SEBI (Research Analysts) Regulations, 2014 ("Regulations").

This report does not take into account the particular investment objectives, financial situations, or needs of the recipients. It is not intended for and does not deal with prohibitions on investment due to law/jurisdiction issues etc. which may exist for certain persons/entities. Recipients should rely on their own investigations and take their own professional advice before investment.

The report is not a "prospectus" as defined under Indian Law, including the Companies Act, 2013, and is not, and shall not be, approved by, or filed or registered with, any Indian regulator, including any Registrar of Companies in India, SEBI, any Indian stock exchange, or the Reserve Bank of India. No offer, or invitation to offer, or solicitation of subscription with respect to any such securities listed or proposed to be listed in India is being made, or intended to be made, to the public, or to any member or section of the public in India, through or pursuant to this report.

The research analysts, strategists or economists principally responsible for the preparation of this research report are segregated from the other activities of CGS-CIMB India and they have received compensation based upon various factors, including quality, accuracy and value of research, firm profitability or revenues, client feedback and competitive factors. Research analysts', strategists' or economists' compensation is not linked to investment banking or capital markets transactions performed or proposed to be performed by CGS-CIMB India or its affiliates.

CGS-CIMB India does not have actual / beneficial ownership of 1% or more securities of the subject company in this research report, at the end of the month immediately preceding the date of publication of this research report. However, since affiliates of CGS-CIMB India are engaged in the financial services business, they might have in their normal course of business financial interests or actual / beneficial ownership of one per cent or more in various companies including the subject company in this research report.

CGS-CIMB India or its associates, may: (a) from time to time, have long or short position in, and buy or sell the securities of the subject company in this research report; or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company in this research report or act as an advisor or lender/borrower to such company or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.

CGS-CIMB India, its associates and the analyst engaged in preparation of this research report have not received any compensation for investment banking, merchant banking or brokerage services from the subject company mentioned in the research report in the past 12 months.

CGS-CIMB India, its associates and the analyst engaged in preparation of this research report have not managed or co-managed public offering of securities for the subject company mentioned in the research report in the past 12 months. The analyst from CGS-CIMB India engaged in preparation of this research report or his/her relative (a) do not have any financial interests in the subject company mentioned in this research report; (b) do not own 1% or more of the equity securities of the subject company mentioned in the research report as of the last day of the month preceding the publication of the research report; (c) do not have any material conflict of interest at the time of publication of the research report.

Indonesia: This report is issued and distributed by PT CGS-CIMB Sekuritas Indonesia ("CGS-CIMB Indonesia"). The views and opinions in this research report are our own as of the date hereof and are subject to change. CGS-CIMB Indonesia has no obligation to update its opinion or the information in this research report. This report is for private circulation only to clients of CGS-CIMB Indonesia. Neither this report nor any copy hereof may be distributed in Indonesia or to any Indonesian citizens wherever they are domiciled or to Indonesian residents except in compliance with applicable Indonesian capital market laws and regulations.

This research report is not an offer of securities in Indonesia. The securities referred to in this research report have not been registered with the Financial Services Authority (Otoritas Jasa Keuangan) pursuant to relevant capital market laws and regulations, and may not be offered or sold within the territory of the Republic of Indonesia or to Indonesian citizens through a public offering or in circumstances which constitute an offer within the meaning of the Indonesian capital market law and regulations.

Ireland: CGS-CIMB is not an investment firm authorised in the Republic of Ireland and no part of this document should be construed as CGS-CIMB acting as, or otherwise claiming or representing to be, an investment firm authorised in the Republic of Ireland.

Malaysia: This report is distributed in Malaysia by CGS-CIMB Securities Sdn. Bhd. ("CGS-CIMB Malaysia") solely for the benefit of and for the exclusive use of our clients. Recipients of this report are to contact CGS-CIMB Malaysia, at Level 29, Menara Bumiputra-Commerce, No. 11, Jalan Raja Laut, 50350 Kuala Lumpur, Malaysia, in respect of any matters arising from or in connection with this report. CGS-CIMB Malaysia has no obligation to update, revise or reaffirm its opinion or the information in this research reports after the date of this report.

New Zealand: In New Zealand, this report is for distribution only to persons who are wholesale clients pursuant to section 5C of the Financial Advisers Act 2008.

Singapore: This report is issued and distributed by CGS-CIMB Securities (Singapore) Pte Ltd ("CGS-CIMB Singapore"). CGS-CIMB Singapore is a capital markets services licensee under the Securities and Futures Act (Chapter 289). Accordingly, it is exempted from the requirement to hold a financial adviser's licence under the Financial Advisers Act, Cap 110 ("FAA") for advising on investment products, by issuing or promulgating research analyses or research reports, whether in electronic, print or other form. CGS-CIMB Singapore is subject to the applicable rules under the FAA unless

it is able to avail itself to any prescribed exemptions.

Recipients of this report are to contact CGS-CIMB Singapore, 50 Raffles Place, #16-02 Singapore Land Tower, Singapore in respect of any matters arising from, or in connection with this report. CGS-CIMB Singapore has no obligation to update its opinion or the information in this research report. This publication is strictly confidential and is for private circulation only. If you have not been sent this report by CGS-CIMB Singapore directly, you may not rely, use or disclose to anyone else this report or its contents.

If the recipient of this research report is not an accredited investor, expert investor or institutional investor, CGS-CIMB Singapore accepts legal responsibility for the contents of the report without any disclaimer limiting or otherwise curtailing such legal responsibility. If the recipient is an accredited investor, expert investor or institutional investor, the recipient is deemed to acknowledge that CGS-CIMB Singapore is exempt from certain requirements under the FAA and its attendant regulations, and as such, is exempt from complying with the following:

- (a) Section 25 of the FAA (obligation to disclose product information);
- (b) Section 27 (duty not to make recommendation with respect to any investment product without having a reasonable basis where you may be reasonably expected to rely on the recommendation) of the FAA;
- (c) MAS Notice on Information to Clients and Product Information Disclosure [Notice No. FAA-N03];
- (d) MAS Notice on Recommendation on Investment Products [Notice No. FAA-N16];
- (e) Section 36 (obligation on disclosure of interest in specified products), and
- (f) any other laws, regulations, notices, directive, guidelines, circulars and practice notes which are relates to the above, to the extent permitted by applicable laws, as may be amended from time to time, and any other laws, regulations, notices, directive, guidelines, circulars, and practice notes as we may notify you from time to time. In addition, the recipient who is an accredited investor, expert investor or institutional investor acknowledges that as CGS-CIMB Singapore is exempt from Section 27 of the FAA, the recipient will also not be able to file a civil claim against CGS-CIMB Singapore for any loss or damage arising from the recipient's reliance on any recommendation made by CGS-CIMB Singapore which would otherwise be a right that is available to the recipient under Section 27 of the FAA. .

CGS-CIMB Singapore, its affiliates and related corporations, their directors, associates, connected parties and/or employees may own or have positions in specified products of the company(ies) covered in this research report or any specified products related thereto and may from time to time add to or dispose of, or may be materially interested in, any such specified products. Further, CGS-CIMB Singapore, its affiliates and its related corporations do and seek to do business with the company(ies) covered in this research report and may from time to time act as market maker or have assumed an underwriting commitment in specified products of such company(ies), may sell them to or buy them from customers on a principal basis and may also perform or seek to perform significant investment banking, advisory, underwriting or placement services for or relating to such company(ies) as well as solicit such investment, advisory or other services from any entity mentioned in this report.

As of March 2, 2022, CGS-CIMB Singapore does not have a proprietary position in the recommended specified products in this report.

CGS-CIMB Singapore does not make a market on the securities mentioned in the report.

South Korea: This report is issued and distributed in South Korea by CGS-CIMB Securities (Hong Kong) Limited, Korea Branch ("CGS-CIMB Korea") which is licensed as a cash equity broker, and regulated by the Financial Services Commission and Financial Supervisory Service of Korea. In South Korea, this report is for distribution only to professional investors under Article 9(5) of the Financial Investment Services and Capital Market Act of Korea ("FSCMA").

Spain: This document is a research report and it is addressed to institutional investors only. The research report is of a general nature and not personalised and does not constitute investment advice so, as the case may be, the recipient must seek proper advice before adopting any investment decision. This document does not constitute a public offering of securities.

CGS-CIMB is not registered with the Spanish Comision Nacional del Mercado de Valores to provide investment services.

Sweden: This report contains only marketing information and has not been approved by the Swedish Financial Supervisory Authority. The distribution of this report is not an offer to sell to any person in Sweden or a solicitation to any person in Sweden to buy any instruments described herein and may not be forwarded to the public in Sweden.

Switzerland: This report has not been prepared in accordance with the recognized self-regulatory minimal standards for research reports of banks issued by the Swiss Bankers' Association (Directives on the Independence of Financial Research).

Thailand: This report is issued and distributed by CGS-CIMB Securities (Thailand) Co. Ltd. ("CGS-CIMB Thailand") based upon sources believed to be reliable (but their accuracy, completeness or correctness is not guaranteed). The statements or expressions of opinion herein were arrived at after due and careful consideration for use as information for investment. Such opinions are subject to change without notice and CGS-CIMB Thailand has no obligation to update its opinion or the information in this research report.

CGS-CIMB Thailand may act or acts as Market Maker, and issuer and offeror of Derivative Warrants and Structured Note which may have the following securities as its underlying securities. Investors should carefully read and study the details of the derivative warrants in the prospectus before making investment decisions.

AAV, ACE, ADVANC, AEONTS, AMATA, AOT, AP, BAM, BANPU, BBL, BCH, BCP, BCPG, BDMS, BEC, BEM, BGRIM, BH, BJC, BTS, CBG, CENTEL, CHG, CK, CKP, COM7, CPALL, CPF, CPN, CRC, DELTA, DOHOME, DTAC, EA, EGCO, ESSO, GLOBAL, GPSC, GULF, GUNKUL, HANA, HMPRO, ICHI, INTUCH, IRPC, IVL, JAS, JMART, JMT, KBANK, KCE, KKP, KTB, KTC, LH, MAJOR, MEGA, MINT, MTC, NRF, OR, ORI, OSP, PLANB, PRM, PSL, PTG, PTL, PTT, PTTEP, PTTGC, QH, RATCH, RBF, RS, SAWAD, SCB, SCC, SCGP, SINGER, SPALI, SPRC, STA, STEC, STGT, SUPER, SYNEX, TASCO, TCAP, THANI, TISCO, TKN, TOP, TQM, TRUE, TTB, TU, TVO, VGI, WHA

Corporate Governance Report:

The disclosure of the survey result of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. CGS-CIMB Thailand does not confirm nor certify the accuracy of such survey result.

Score Range:	90 - 100	80 – 89	70 - 79	Below 70	No Survey Result
Description:	Excellent	Very Good	Good	N/A	N/A

United Arab Emirates: The distributor of this report has not been approved or licensed by the UAE Central Bank or any other relevant licensing authorities or governmental agencies in the United Arab Emirates. This report is strictly private and confidential and has not been reviewed by, deposited or registered with UAE Central Bank or any other licensing authority or governmental agencies in the United Arab Emirates. This report is being issued outside the United Arab Emirates to a limited number of institutional investors and must not be provided to any person other than the original recipient and may not be reproduced or used for any other purpose. Further, the information contained in this report is not intended to lead to the sale of investments under any subscription agreement or the conclusion of any other contract of whatsoever nature within the territory of the United Arab Emirates.

United Kingdom and European Economic Area (EEA): In the United Kingdom and European Economic Area, this material is also being distributed by CGS-CIMB Securities (UK) Limited (“CGS-CIMB UK”). CGS-CIMB UK is authorized and regulated by the Financial Conduct Authority and its registered office is at 53 New Broad Street, London EC2M 1JJ. The material distributed by CGS-CIMB UK has been prepared in accordance with CGS-CIMB’s policies for managing conflicts of interest arising as a result of publication and distribution of this material. This material is for distribution only to, and is solely directed at, selected persons on the basis that those persons: (a) are eligible counterparties and professional clients of CGS-CIMB UK; (b) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the “Order”), (c) fall within Article 49(2)(a) to (d) (“high net worth companies, unincorporated associations etc”) of the Order; (d) are outside the United Kingdom subject to relevant regulation in each jurisdiction, material (all such persons together being referred to as “relevant persons”). This material is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this material relates is available only to relevant persons and will be engaged in only with relevant persons.

This material is categorised as non-independent for the purposes of CGS-CIMB UK and therefore does not provide an impartial or objective assessment of the subject matter and does not constitute independent research. Consequently, this material has not been prepared in accordance with legal requirements designed to promote the independence of research and will not be subject to any prohibition on dealing ahead of the dissemination of research. Therefore, this material is considered a marketing communication.

United States: This research report is distributed in the United States of America by CGS-CIMB Securities (USA) Inc, a U.S. registered broker-dealer and an affiliate of CGS-CIMB Securities Sdn. Bhd., CGS-CIMB Securities (Singapore) Pte Ltd, PT CGS-CIMB Sekuritas Indonesia, CGS-CIMB Securities (Thailand) Co. Ltd, CGS-CIMB Securities (Hong Kong) Limited and CGS-CIMB Securities (India) Private Limited, and is distributed solely to persons who qualify as “U.S. Institutional Investors” as defined in Rule 15a-6 under the Securities and Exchange Act of 1934. This communication is only for Institutional Investors whose ordinary business activities involve investing in shares, bonds, and associated securities and/or derivative securities and who have professional experience in such investments. Any person who is not a U.S. Institutional Investor or Major Institutional Investor must not rely on this communication. The delivery of this research report to any person in the United States of America is not a recommendation to effect any transactions in the securities discussed herein, or an endorsement of any opinion expressed herein. CGS-CIMB Securities (USA) Inc, is a FINRA/SIPC member and takes responsibility for the content of this report. For further information or to place an order in any of the above-mentioned securities please contact a registered representative of CGS-CIMB Securities (USA) Inc.

CGS-CIMB Securities (USA) Inc. does not make a market on other securities mentioned in the report.

CGS-CIMB Securities (USA) Inc. has not managed or co-managed a public offering of any of the securities mentioned in the past 12 months.

CGS-CIMB Securities (USA) Inc. has not received compensation for investment banking services from any of the company mentioned in the past 12 months.

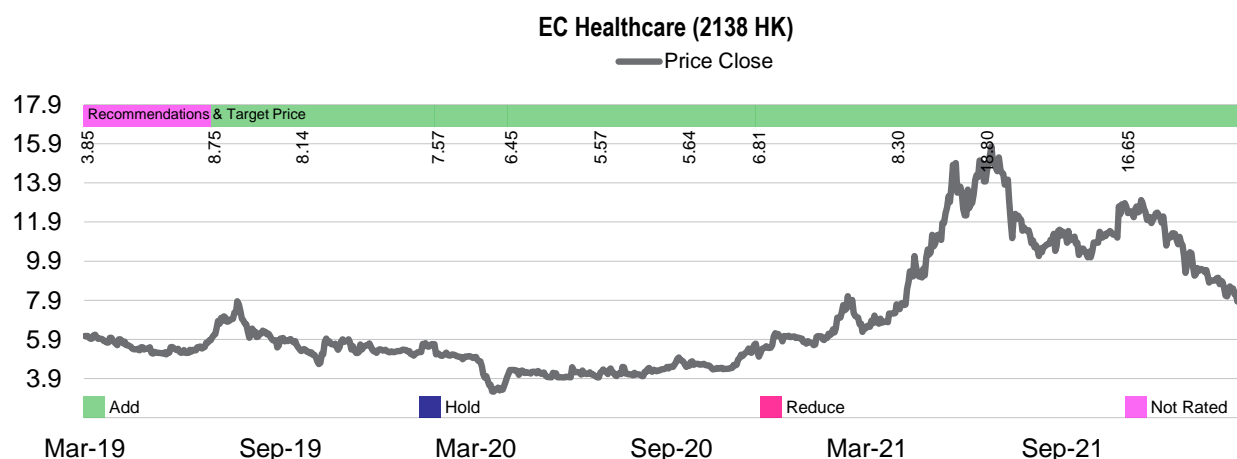
CGS-CIMB Securities (USA) Inc. neither expects to receive nor intends to seek compensation for investment banking services from any of the company mentioned within the next 3 months.

United States Third-Party Disclaimer: If this report is distributed in the United States of America by Raymond James & Associates, Inc (“RJA”), this report is third-party research prepared for and distributed in the United States of America by RJA pursuant to an arrangement between RJA and CGS-CIMB Securities International Pte. Ltd. (“CGS-CIMB”). CGS-CIMB is not an affiliate of RJA. This report is distributed solely to persons who qualify as “U.S. Institutional Investors” or as “Major U.S. Institutional Investors” as defined in Rule 15a-6 under the Securities and Exchange Act of 1934, as amended. This communication is only for U.S. Institutional Investors or Major U.S. Institutional Investor whose ordinary business activities involve investing in shares, bonds, and associated securities and/or derivative securities and who have professional experience in such investments. Any person who is not a U.S. Institutional Investor or Major U.S. Institutional Investor must not rely on this communication. The delivery of this report to any person in the U.S. is not a recommendation to effect any transactions in the securities discussed herein, or an endorsement of any opinion expressed herein. If you are receiving this report in the U.S from RJA, a FINRA/SIPC member, it takes responsibility for the content of this report. For further information or to place an order in any of the above-mentioned securities please contact a registered representative of CGS-CIMB Securities (USA) Inc. or RJA. <https://raymondjames.com/InternationalEquityDisclosures>

Other jurisdictions: In any other jurisdictions, except if otherwise restricted by laws or regulations, this report is only for distribution to professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions.

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, **CENDEL** – 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.
<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>	
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.

