

Hong Kong

HOLD (no change)

Consensus ratings*: Buy 6 Hold 5 Sell 4

Current price:	HK\$3.86
Target price:	HK\$4.30
Previous target:	HK\$5.00
Up/downside:	11.4%
CGS-CIMB / Consensus:	3.3%
Reuters:	0873.HK
Bloomberg:	873 HK
Market cap:	US\$1,214m
	HK\$9,527m
Average daily turnover:	US\$3.41m
	HK\$26.72m
Current shares o/s:	2,468m
Free float:	37.2%

*Source: Bloomberg

Key changes in this note

- FY22F EPS decreased by 6%.
- FY23F EPS decreased by 7%.
- FY24F EPS decreased by 7%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-8.1	-11.5	-85.2
Relative (%)	-16.1	-10.5	-60.4

Major shareholders	% held
Shimao Group (813 HK)	62.8

Analyst(s)



Raymond CHENG, CFA

T (852) 2539 1324

E raymond.cheng@cgs-cimb.com

Will CHU, CFA

T (852) 2539 1327

E will.chu@cgs-cimb.com

Steven MAK

T (852) 2539 1328

E steven.mak@cgs-cimb.com

Shimao Services

Lower growth visibility obstacle to rerating

- Shimao Services's core profit from FY21 audited financials was 4% lower than its unaudited version. It did not declare dividends for FY21.
- Relying on third parties to grow its management portfolio and slower VAS expansion mean that its overall FY22F gross profit margin will likely decline.
- Reiterate Hold with a lower TP of HK\$4.3 (7.4x FY22F P/E).

FY21 audited core net profit 4% lower than unaudited version

Shimao published audited FY21 results on 22 Jun with core net profit (excluding fair value changes in convertible bonds (CB)) of Rmb1.0bn, 4% lower than its unaudited results. Its FY21 core net profit was still up 45% yoy despite this. However, it did not declare DPS for FY21 as management wished to preserve cash for future business needs; we see this as a key disappointment to investors as we believe it should have sufficient free cash to maintain its payout (FY20: 31%).

Relying on 3P to expand its PM portfolio

Its contracted GFA/managed GFA was unchanged from its unaudited results at 308m sq m/241m sq m at end-FY21. However, management was reluctant to provide GFA growth guidance for property management (PM) services in FY22F, other than saying that Shimao Services succeeded in bidding for 25m sq m of PM contracts via third parties. As 3P bidding becomes increasingly important for Shimao Services amid slower GFA expansion from its parent Shimao Group (813 HK, Hold) and from M&A, we think its gross profit margin (GPM) from PM services will gradually decline in FY22F.

GPM likely on a downtrend

Its overall GPM decreased by 2.7% pts yoy to 28.6% in FY21 due to expansion of city services and low-margin business in community value-added services (VAS), e.g. campus VAS. Due to the Covid-19 outbreak in China and Shimao Group's ongoing liquidity problems, we think revenue growth of its community VAS will come under pressure in FY22F and a yoy decline in revenue from VAS to non-property owners will be inevitable. As a result, we project a further decline in its overall GPM to 26.0% in FY22F.

CB repayment should not be an issue

We understand that a few CB investors have requested Shimao Services to redeem the CB early since it was suspended from trading for more than 30 days for publication of its FY21 audited results. We estimate that, after setting aside funds for CB repayment and working capital, it will still have c.Rmb4bn net cash for other business needs in FY22F.

Reiterate Hold with a lower TP of HK\$4.3

We cut FY22-24F EPS by 6-7% to factor in lower overall GPM projections (25-26% for FY22-24F). With our new FY21-24F EPS CAGR of 18.5% and unchanged PEG of 0.4x, our TP for Shimao Services is cut to HK\$4.3. Reiterate Hold; its lower growth visibility due to its parent's liquidity problems hinders a rerating of Shimao Services. Key downside risks: worsening of Shimao Group's liquidity issues and pre-IPO investors selling stakes in Shimao Services. Key upside risks include an improvement in Shimao Group's liquidity and faster-than-expected expansion of VAS.

Financial Summary	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Total Net Revenues (Rmbm)	5,026	8,343	10,794	13,117	15,243
Operating EBITDA (Rmbm)	881	1,259	1,451	1,753	2,059
Net Profit (Rmbm)	693	1,002	1,219	1,490	1,723
Core EPS (Rmb)	0.34	0.42	0.49	0.60	0.70
Core EPS Growth	74.8%	24.8%	17.7%	22.2%	15.7%
FD Core P/E (x)	11.23	7.94	6.67	5.46	4.72
DPS (Rmb)	0.09	0.00	0.12	0.15	0.18
Dividend Yield	2.77%	0.00%	3.74%	4.59%	5.31%
EV/EBITDA (x)	1.45	1.51	1.22	1.14	1.14
P/FCFE (x)	8.73	6.41	NA	21.02	22.03
Net Gearing	(86.1%)	(72.2%)	(67.9%)	(59.6%)	(51.5%)
P/BV (x)	1.21	0.95	0.83	0.74	0.66
ROE	20.7%	13.4%	13.3%	14.4%	14.8%
% Change In Core EPS Estimates			(5.96%)	(7.14%)	(7.22%)
CGS-CIMB/Consensus EPS (x)			0.90	0.85	0.95

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Audited FY21 results: audited FY21 core net profit 4% lower than unaudited figure ➤

Moore Stephens (Shimao Services's new auditor) has reviewed the unaudited accounts prepared by Shimao Services's management and has made the following key changes to the income statement: i) revenue decreased by Rmb82m, primarily due to adjustment of revenue from some community VAS (e.g. sales of car parking spaces) from gross to net basis; ii) additional impairment provision of Rmb40m for expected credit loss; iii) reversal of impairment provision of Rmb71m on deposits and other receivables, included in administrative expenses of the unaudited income statement. Taking into account the tax impact, the audited FY21 reported net profit attributable to shareholders was 2% lower than the unaudited version at Rmb1.11bn (up 60% yoy) and FY21 core net profit attributable to shareholders was 4% lower than the unaudited version at Rmb1.0bn (up 45% yoy). Furthermore, Shimao Services did not declare dividends for FY21, which we believe will disappoint investors who were looking for some comfort for holding its shares till the release of its audited results.

As a result of reclassification of certain revenues and costs, the gross profit margin (GPM) from community VAS was revised down by 2.0% pts to 36.4% in FY21, equivalent to a 3.6% pt yoy decline, and that for city services was revised down by 0.7% pt to 12.7% in FY21, equivalent to a 0.7% pt yoy decline. Overall GPM declined by 2.7% pts yoy in FY21 to 28.6%.

Figure 1: Shimao Services's FY21 audited results summary

Rmb m	FY20	FY21	yoy chg
<i>Property management services</i>	2,704	4,170	54%
<i>VAS to non-property owners</i>	713	871	22%
<i>Community VAS</i>	1,601	2,448	53%
<i>City services</i>	9	855	9645%
Total revenue	5,026	8,343	66%
COGS	(3,448)	(5,953)	73%
<i>Property management services</i>	(1,969)	(3,020)	53%
<i>VAS to non-property owners</i>	(513)	(632)	23%
<i>Community VAS</i>	(959)	(1,556)	62%
<i>City services</i>	(8)	(746)	9730%
Gross profit	1,578	2,390	51%
Selling and marketing costs	(52)	(184)	252%
Administrative expenses	(562)	(689)	23%
Other income and losses	16	247	1421%
Provision of impairment losses	(71)	(251)	256%
Finance costs	(3)	(23)	623%
Share of profit of JVs	11	13	23%
Profit before tax	905	1,496	65%
Income tax	(180)	(279)	55%
Profit for the year / period	724	1,217	68%
Less: Minority interest	(31)	(106)	239%
Reported net profit	693	1,110	60%
One-off items	-	(109)	n.a.
Core net profit	693	1,002	45%
Gross margin (%)	31.4%	28.6%	-2.7%
<i>Property management services</i>	27.2%	27.6%	0.4%
<i>VAS to non-property owners</i>	28.1%	27.5%	-0.6%
<i>Community VAS</i>	40.1%	36.4%	-3.6%
<i>City services</i>	13.5%	12.7%	-0.7%
SG&A expense ratio (%)	12.2%	10.5%	-1.8%
Core net margin (%)	13.8%	12.0%	-1.8%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Management is reluctant to provide portfolio growth guidance for FY22F ➤

Management is reluctant to provide guidance for PM portfolio growth for FY22F. Nevertheless, management explained that Shimao Services has secured c.25m sq m of contracted GFA YTD by third-party (3P) bidding. We estimate c.50m sq m growth in managed GFA in FY22F and c.40m sq m growth p.a. in FY23-24F, primarily driven by 3P bidding contracts. Our new estimates have incorporated much less GFA under management growth from Shimao Group (about 3m sq m p.a. FY22-24F vs. 7.1m sq m in FY21).

Figure 2: Portfolio forecast up to FY24F

	FY19	FY20	FY21	FY22F	FY23F	FY24F
GFA under management (m sq m)						
Shimao and Shimao JVs	50.8	55.7	62.9	65.8	68.8	71.9
Third parties	17.4	90.4	177.6	227.6	267.6	307.6
Total	68.2	146.1	240.5	293.4	336.4	379.5
<i>yoy chg (m sq m)</i>						
Shimao and Shimao JVs	6.2	5.0	7.1	2.9	3.0	3.2
Third parties	17.0	73.0	87.2	50.0	40.0	40.0
Total	23.2	78.0	94.4	52.9	43.0	43.2
Contracted GFA (m sq m)						
Shimao and Shimao JVs	64.5	71.0	76.1	82.2	88.6	95.4
Third parties	36.4	130.1	231.9	279.6	327.2	374.7
Total	100.9	201.1	308.0	361.8	415.8	470.0
<i>yoy chg (m sq m)</i>						
Shimao and Shimao JVs		6.5	5.1	6.1	6.4	6.7
Third parties		93.7	101.8	47.7	47.6	47.5
Total	40.5	100.2	106.9	53.8	54.0	54.2

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 3: End-FY21 net cash after working capital estimates

	Rmb m
Cash balance	9,842
Restricted cash	29
Total cash on balance sheet	9,872
Less:	
CB to be repaid at face value	(2,537)
Borrowings - CL	(271)
Borrowings - NCL	(547)
Total debt to be repaid	(3,354)
Net cash	6,517
Less: required working capital (WC)	(2,500)
Free cash for ops after setting aside WC requirements	4,017

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Lower EPS and DPS revisions ➤

We cut FY22-24F EPS by 6-7% to factor in our lower overall GPM projections (25-26% for FY22-24F). Our new FY21-24F EPS CAGR is 18.5%, about 2% lower than our previous forecast. We also cut its FY22-24F payout ratio to 25% on the back of management's more conservative use of cash.

Figure 4: Earnings revisions

Rmb m	2022F			2023F			2024F		
	Old	New	% chg	Old	New	% chg	Old	New	% chg
Core net profit	1,301	1,219	-6%	1,611	1,490	-8%	1,866	1,723	-8%
EPS (Rmb)	0.52	0.49	-6%	0.65	0.60	-7%	0.75	0.70	-7%
DPS (Rmb)	0.16	0.12	-22%	0.20	0.15	-23%	0.23	0.18	-23%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 5: Summary of TP change

	Old	New	Chg
EPS CAGR (%) *	20.4%	18.5%	-1.9%
Target PEG (x)	0.4	0.4	0.0
Target FY22F P/E (x)	8.2	7.4	-9%
FY22 EPS (Rmb)	0.52	0.49	-5%
New target price (Rmb)	4.29	3.66	-15%
New target price (HK\$)	5.00	4.30	-14%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

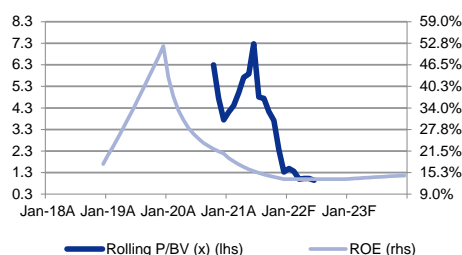
Figure 6: China property management valuation summary

		Share price	Target price		Upside	Mkt cap	P/E (x)				Dividend yield			EPS CAGR	FY22F	Net gearing (%)
Company Name	Ticker	(HK\$)	(HK\$)	Rating	(%)	(US\$ m)	2021	2022F	2023F	2024F	2021	2022F	2023F	FY21-24F	PEG (x)*	2021
A-Living	3319 HK	12.46	12.30	HOLD	(1)	2,214	6.4	5.5	4.7	4.2	3.9	4.6	5.3	15%	0.36	(33)
COPH	2669 HK	8.26	11.60	ADD	40	3,539	27.6	20.3	15.6	12.1	1.1	1.5	1.9	32%	0.64	(140)
Country Garden Services	6098 HK	32.50	62.60	ADD	93	13,672	21.2	15.9	11.5	8.9	1.1	1.6	2.2	33%	0.48	(17)
CIFI Ever Sunshine	1995 HK	9.65	17.60	ADD	82	2,119	23.4	16.8	12.4	9.5	1.3	1.8	2.4	33%	0.51	(85)
Greentown Service	2869 HK	8.67	7.40	HOLD	(15)	3,541	28.0	23.0	18.9	15.7	2.2	2.4	2.5	21%	1.08	(56)
KWG Living	3913 HK	2.35	5.80	ADD	147	614	6.0	4.3	3.2	2.4	6.0	8.2	11.0	35%	0.12	(35)
Poly Property Services	6049 HK	51.70	47.00	HOLD	(9)	3,648	28.7	22.8	18.6	15.5	0.7	0.9	1.1	23%	1.01	(112)
Powerlong CM	9909 HK	6.37	7.80	ADD	22	529	7.0	5.7	4.6	3.8	7.1	8.8	10.9	23%	0.25	(162)
Times Neighborhood	9928 HK	1.67	2.75	ADD	65	212	4.2	3.5	3.0	2.5	4.0	6.9	8.6	19%	0.19	(42)
Shimao Services	873 HK	3.86	4.30	HOLD	11	1,292	7.9	6.7	5.5	4.7	0.0	3.7	4.6	19%	0.36	(72)
Sunac Services	1516 HK	4.49	5.60	HOLD	25	1,784	9.3	7.4	6.1	5.1	3.2	4.1	5.0	22%	0.33	(62)
Jinke Smart Services	9666 HK	19.88	21.40	HOLD	8	1,701	10.5	8.4	6.8	5.6	3.8	4.8	5.9	23%	0.37	(67)
CR Mixc Lifestyle	1209 HK	37.80	40.70	HOLD	8	11,080	44.3	29.9	22.7	17.3	0.9	1.2	1.6	37%	0.81	(93)
Mid- and large-cap average					26		22.1	16.7	13.0	10.4	2.0	2.5	3.1	27%	0.62	(74)
Small-cap average					61		6.3	5.0	4.1	3.4	4.3	6.9	8.8	24%	0.23	(78)
Overall average					37		17.3	13.1	10.3	8.3	2.7	3.9	4.8	26%	0.50	(75)

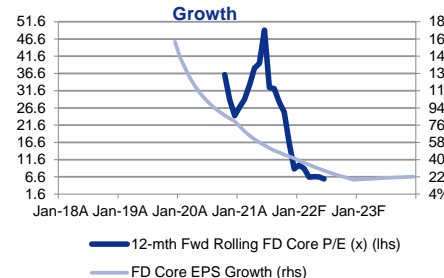
Share price data as of 24 Jun 2022, * PEG = FY22F PE/EPS CAGR (FY21-24F)*100
SOURCES: CGS-CIMB RESEARCH ESTIMATES, BLOOMBERG, COMPANY REPORTS

BY THE NUMBERS

P/BV vs ROE



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



Profit & Loss

(Rmbm)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Total Net Revenues	5,026	8,343	10,794	13,117	15,243
Gross Profit	1,578	2,390	2,801	3,355	3,864
Operating EBITDA	881	1,259	1,451	1,753	2,059
Depreciation And Amortisation	0	0	0	0	0
Operating EBIT	881	1,259	1,451	1,753	2,059
Financial Income/(Expense)	(3)	(23)	(84)	(34)	(34)
Pretax Income/(Loss) from Assoc.	11	13	16	19	22
Non-Operating Income/(Expense)	16	247	271	285	293
Profit Before Tax (pre-EI)	905	1,496	1,655	2,023	2,340
Exceptional Items					
Pre-tax Profit	905	1,496	1,655	2,023	2,340
Taxation	(180)	(279)	(319)	(390)	(452)
Exceptional Income - post-tax					
Profit After Tax	724	1,217	1,335	1,632	1,889
Minority Interests	(31)	(106)	(117)	(143)	(165)
Pref. & Special Div	0	0	0	0	0
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax	0	(109)	0	0	0
Net Profit	693	1,002	1,219	1,490	1,723
Recurring Net Profit	693	1,002	1,219	1,490	1,723
Fully Diluted Recurring Net Profit	693	1,002	1,219	1,490	1,723

Cash Flow

(Rmbm)	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
EBITDA	881	1,259	1,451	1,753	2,059
Cash Flow from Inv. & Assoc.					
Change In Working Capital	57	(2,605)	492	(145)	(439)
Straight Line Adjustment					
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	97	112	197	303	420
Other Operating Cashflow	105	2,247	271	285	293
Net Interest (Paid)/Received	11	(23)	(84)	(34)	(34)
Tax Paid	(187)	(223)	(255)	(312)	(361)
Cashflow From Operations	964	765	2,072	1,849	1,938
Capex	(95)	(284)	(851)	(1,064)	(1,171)
Disposals Of FAs/subsidiaries					
Disposals of Investment Properties					
Acq. Of Subsidiaries/Investments	(967)	(3,168)	(400)	(400)	(400)
Other Investing Cashflow	1,237	1,501	1	1	1
Cash Flow From Investing	176	(1,950)	(1,250)	(1,463)	(1,569)
Debt Raised/(repaid)	(248)	2,427	(2,537)	0	0
Proceeds From Issue Of Shares	5,990	1,735	0	0	0
Shares Repurchased					
Dividends Paid	(570)	(216)	0	(304)	(373)
Preferred Dividends					
Other Financing Cashflow	(1,163)	1,251	(170)	(170)	(170)
Cash Flow From Financing	4,010	5,197	(2,707)	(474)	(543)

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	5,832	9,872	7,987	7,900	7,726
Properties Under Development					
Total Debtors	1,863	3,155	5,081	7,067	9,295
Inventories	267	218	306	367	385
Total Other Current Assets	454	689	1,033	1,550	2,015
Total Current Assets	8,417	13,934	14,407	16,884	19,422
Fixed Assets	226	532	1,186	1,947	2,698
Total Investments	0	0	0	0	0
Intangible Assets	1,901	3,321	3,721	4,121	4,521
Total Other Non-Current Assets	362	374	383	394	394
Total Non-current Assets	2,488	4,227	5,291	6,462	7,612
Short-term Debt	26	2,660	271	271	271
Current Portion of Long-Term Debt					
Total Creditors	2,987	3,209	4,898	6,447	7,919
Other Current Liabilities	1,014	1,962	2,708	3,301	3,763
Total Current Liabilities	4,026	7,831	7,877	10,018	11,952
Total Long-term Debt	4	547	547	547	547
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	133	556	712	890	1,129
Total Non-current Liabilities	138	1,102	1,258	1,436	1,675
Total Provisions	0	0	0	0	0
Total Liabilities	4,164	8,933	9,135	11,455	13,627
Shareholders' Equity	6,448	8,527	9,746	10,932	12,282
Minority Interests	293	700	817	960	1,125
Total Equity	6,741	9,227	10,562	11,891	13,407

Key Ratios

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
Revenue Growth	102%	66%	29%	22%	16%
Operating EBITDA Growth	74.0%	42.9%	15.3%	20.8%	17.5%
Operating EBITDA Margin	17.5%	15.1%	13.4%	13.4%	13.5%
Net Cash Per Share (Rmb)	2.45	2.70	2.90	2.87	2.80
BVPS (Rmb)	2.73	3.45	3.95	4.43	4.98
Gross Interest Cover	N/A	N/A	N/A	N/A	N/A
Effective Tax Rate	0%	0%	0%	0%	0%
Net Dividend Payout Ratio	24.7%	NA	19.7%	19.8%	19.9%
Accounts Receivables Days	95.1	109.8	119.8	119.8	120.1
Inventory Days	28.87	14.89	11.97	12.58	12.10
Accounts Payables Days	260.1	126.6	76.6	96.6	101.9
ROIC (%)	(252%)	117%	47%	43%	36%
ROCE (%)	24.3%	13.1%	12.2%	14.6%	15.3%
Return On Average Assets	12.5%	9.7%	9.2%	9.6%	9.4%

Key Drivers

	Dec-20A	Dec-21A	Dec-22F	Dec-23F	Dec-24F
GFA under management (m sq m)	146.1	240.5	293.4	336.4	379.5
Contracted GFA (m sq m)	201.1	308.0	361.8	415.8	470.0
GPM - PM services (%)	27.2%	27.6%	24.6%	23.9%	23.8%
Overall gross profit margin (%)	31.4%	28.6%	26.0%	25.6%	25.3%
SG&A expense ratio (%)	12.2%	10.5%	9.0%	9.3%	9.6%
Effective tax rate (%)	19.9%	18.6%	19.3%	19.3%	19.3%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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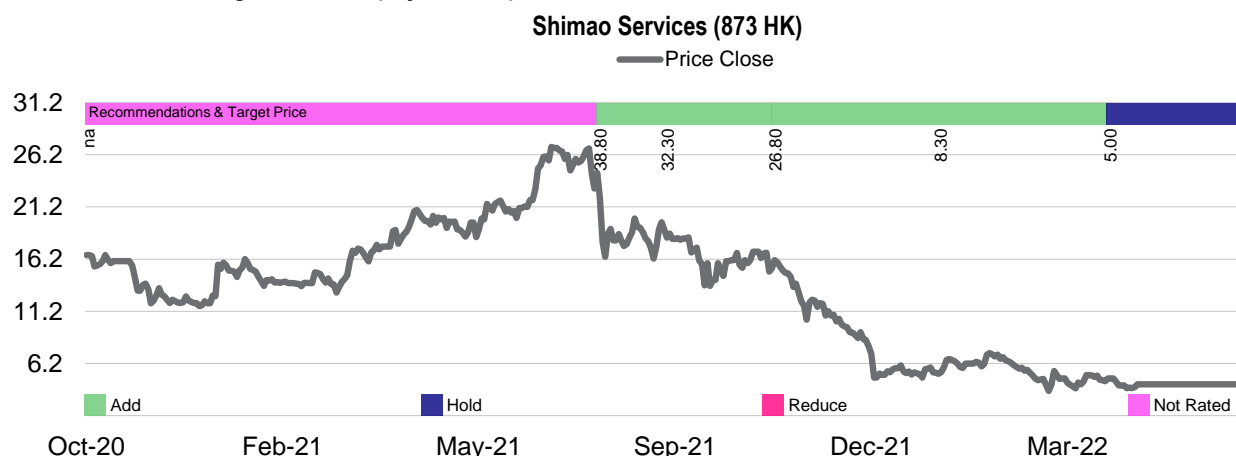
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Distribution of stock ratings and investment banking clients for quarter ended on 31 March 2022		
632 companies under coverage for quarter ended on 31 March 2022		
	Rating Distribution (%)	Investment Banking clients (%)
Add	70.3%	0.8%
Hold	22.0%	0.0%
Reduce	7.8%	0.2%

Spitzer Chart for stock being researched (2 year data)



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

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

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

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

Recommendation Framework**Stock Ratings**

Definition:

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

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

Sector Ratings

Definition:

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

Country Ratings

Definition:

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