

China Water Affairs Group(855 HK)

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Company Update

BUY

Maintain

Close price: HK\$5.92

Target Price: HK\$8.75 (+47.8%)

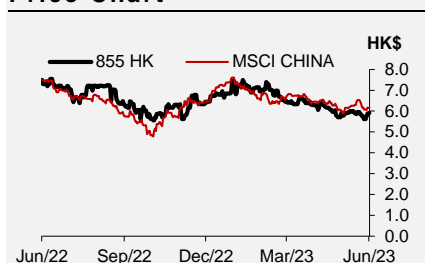
Previous TP: HK\$9.50

Key Data

HKEx code	855 HK
12 Months High (HK\$)	8.00
12 Month Low (HK\$)	5.37
3M Avg Dail Vol. (mn)	1.00
Issue Share (mn)	1,632.32
Market Cap (HK\$mn)	9,663.35
Fiscal Year	03/2023
Major shareholder (s)	Mr. Duan (28.9%)

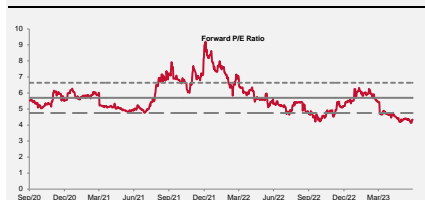
Sources: Company data, Bloomberg, OP Research
Closing price are as of 06/30/2023

Price Chart



	1mth	3mth	6mth
Absolute %	+2.4	-7.6	-8.2
Rel. MSCI CHINA %	-0.6	+3.2	-2.1

PE



Company Profile

China Water Affairs Group ("CWA") is a cross region city water supply operator in China. As at Mar 2023, CWA's daily water supply capacity reached ~10.3mn tons. It also engaged in fields like sewage treatment, pipeline direct drinking water and real estate.

FY22/23 earnings slightly declined, pipeline direct drinking water shines

- Profit attributable to shareholders down 1.9% yoy on the back of 9.6% yoy increase in revenue. CWA maintained final a DPS of HK\$0.18. Full year DPS was HK\$0.34 which is the same as in last fiscal year.
- Pipeline direct drinking water business continued to grow rapidly, while the city water supply business remained stable.
- Maintain BUY with new TP of HK\$8.75, representing FY23/24E PER of 6.7x.

FY22/23 earnings slightly declined. CWA's profit to shareholders declined 1.9% yoy to HK\$1.86bn, which is also below our projection by 1.8%. This is mainly due to the unfavorable FX movement, the higher financing costs, and the lower share of associates results. Excluding the currency effect, profit attributable to shareholders in RMB rose 4.1% yoy to RMB1.60bn.

Pipeline direct drinking water business shines. The business continued to deliver rapid growth in FY22/23. Total customers rose 48% yoy to 4.45mn while revenue rose 88.9% yoy to HK\$1.31bn. CWA prioritizes the expansion of the pipeline direct drinking water business. During FY22/23, it announced a number of strategic cooperation projects in the field of pipeline direct drinking water supply outside the footprint of CWA's city water supply projects, potentially serving a population of up to 5.8mn. We expect the business to report a revenue CAGR of 42.5% between FY23/24 and FY25/26, on the back of ample project pipeline.

Stable outlook for the city water supply business. In FY22/23, revenue from the city water business (supply + installation& maintenance + construction) declined 0.1% yoy to HK\$9.44bn. In particular, installation and maintenance services declined 6.6% yoy to HK\$1.92bn. The business showed its resilience against the headwinds. Total water sold up 4.1% yoy to 1.53bn tonnes while the number of registered meters up 4.9% yoy to 7.84mn. We anticipate a stable outlook for the city water supply business. The implementation of the urban-rural water supply integration should outweigh the aversive impact of the weak property market and the delay in demand recovery from C&I customers.

Environmental protection business is likely to sustain growth momentum. In FY22/23, the segment revenue rose 17.5% yoy to HK\$1.41bn. The supply drainage integration is expected to continue to drive more construction work, securing the growth of the business in the next few years. It is understood the expansion of the sewage treatment infrastructure for ExxonMobil in Huizhou will soon be completed and put into use. This will deliver quality growth in the long term.

An update on the potential spin-off. On 28 Jun 2023, CWA submitted a listing application form for the separately listing of Silver Dragon (which is principally engaged in the supply of city water and pipeline direct drinking water in China) to the HKEX, taking a step forward in the separately listing of CWA's water businesses. The successful spin-off of the business would unlock the overall value of CWA.

Maintain BUY with a new target price of HK\$8.75 from HK\$9.50. We tune down our EPS forecast for CWA by -5.8%/-2.0% to reflect the unfavorable FX. The robust growth of the pipeline direct drinking water business and the environmental protection businesses will overshadow the moderate growth of the city water supply business. Our new TP based on the DCF model represents PER of 6.7x and 5.6x in FY23/24E and FY24/25E.

Exhibit 1: Forecast and Valuation

Year to Mar (HK\$ mn)	FY21	FY22	FY23E	FY24E	FY25E
Revenue	12,950	14,195	16,001	17,381	18,840
Growth (%)	+25.2	+9.6	+12.7	+8.6	+8.4
Net profit	1,894	1,857	2,122	2,561	2,804
Growth (%)	+11.9	-1.9	+14.3	+20.7	+9.5
Diluted EPS (HK\$)	1.16	1.14	1.30	1.57	1.72
EPS growth (%)	+11.5	-1.9	+14.3	+20.7	+9.5
Change to previous EPS (%)			-5.8	-2.0	
Consensus EPS (HK\$)			1.36	1.50	1.58
ROE (%)	16.1	14.3	15.5	16.8	16.4
P/E (x)	5.1	5.2	4.6	3.8	3.4
P/B (x)	0.7	0.7	0.7	0.6	0.5
Yield (%)	5.7	5.8	6.6	7.9	8.7
DPS (HK\$)	0.34	0.34	0.39	0.47	0.52

Sources: Bloomberg, OP Research

Exhibit 2: FY22/23 Earnings review

(Period ended March)	FY22/23 (Actual)	FY22/23 (Forecasted)	FY21/22 (Actual)	Diff with forecast	Yoy%	Remarks
Profitability Data (in HK\$ mn)						
Revenue	14,195	14,020	12,950	+1.2%	+9.6%	
Gross profit	5,346	5,238	4,962	+2.1%	+7.7%	
Profit attributable to shareholders	1,857	1,891	1,894	-1.8%	-1.9%	This is due to the (1) higher finance costs (+35.3% yoy) due to the higher financing cost in the offshore market, and (2) the decline in share of results of associates (net profit of its associate, Kangda Env(6136 HK) in FY22 down 49% yoy). This is partially offset by the lower effective tax rate.
Dividend						
DPS (HK\$)	0.34	0.350	0.340	-2.9%	0.0%	
Profitability ratio (%)						
Gross Margin	37.7%	37.4%	38.3%	+0.3p.p.	-0.6p.p.	Due to the better profitability of the pipeline direct drinking water business.
ROE	14.3%	14.1%	16.1%	+0.2p.p.	-1.8p.p.	
Operating ratio (%)						
Selling and distribution costs to rev.	2.0%	2.2%	2.2%	-0.2p.p.	-0.2p.p.	
Admin expenses to revenue	6.7%	6.9%	6.8%	-0.2p.p.	-0.1p.p.	
Effective tax rate	23.2%	25.5%	24.0%	-2.3p.p.	-0.8p.p.	

Source: The Company, OP research

Exhibit 3: FY22/23 segment performance

Segment	Revenue HK\$ mn	Yoy%	Segment profit HK\$ mn	Yoy%	Remarks
City water supply ¹	8,729	-6.3%	2,836	-9.9%	This is likely to be driven by the weaker installation and maintenance services
Pipeline direct drinking water supply	1,310	+88.9%	504	+206.0%	
Environmental protection ¹	1,410	+17.5%	468	+14.3%	

Source: The Company, OP research

Exhibit 4: Earnings revision

(Period ended March)	FY23/24E			FY24/25E			OP Comments
(HK\$ mn)	New	Old	% Chg	New	Old	% Chg	
Revenue ²	16,001	15,988	+0.1%	17,381	17,740	-2.0%	
City water supply ¹	9,100	10,452	-12.9%	9,600	11,330	-15.3%	Headwinds in the property market is expected to curb the growth of the city water supply business.
Pipeline direct drinking water	2,400	2,320	+3.4%	3,140	3,130	+0.3%	The company has ample project pipeline to sustain its rapid business growth.
Environmental protection ¹	1,621	1,396	+16.1%	1,761	1,460	+20.6%	We think it can sustain the growth momentum on the back of the projects from the supply drainage integration.
Gross margin	38.0%	38.2%	-0.2p.p.	38.8%	39.4%	-0.6p.p.	
Profit attributable to shareholders	2,122	2,246	-5.5%	2,561	2,604	-1.7%	Due to the higher financing costs and the lower share of results of associates.
Diluted EPS (HK\$)	1.30	1.38	-5.8%	1.57	1.60	-2.0%	

Source: OP Research

Risk: (1) Delay in the increase of the water tariff; (2) slower-than-expected progress to promote the direct drinking water businesses; and (3) FX impacts.

¹ In FY22/23, CWA begins to separately present the revenue from the provision of municipal public construction services, mostly from the city water supply business and the environmental protection business, as the revenue from "Main contractor construction". As a result, the segment revenue of the city water supply business and the environmental protection business is lower than the sum of revenue from the operation, the connection, and the construction of the respective businesses.

² In addition to the changing assumption for CWA's major segment, we lower the FX forecast to reflect the recent depreciation of CNY against HKD.

Valuation

We tune down our target price on China Water Affairs Group to HK\$8.75 from HK\$9.50 based on free cash flow to equity approach.

Exhibit 5: DCF Valuation

(HK\$ mn, period ended March)	FY24E	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E
Net income	2,122	2,561	2,804	2,993	3,144	3,450	3,798	
Depreciation	1,069	1,145	1,218	1,289	1,357	1,424	1,488	
Capex	-4,000	-4,000	-4,000	-4,000	-4,000	-4,000	-4,000	
Chg in working cap	-135	203	204	247	261	263	350	
Debt issued	0	0	0	0	0	0	0	
FCFE	-944	-92	226	529	762	1,137	1,636	1,669

Assumption

Risk free rate	3.7%
Market risk premium	15.5%
Beta	0.59
Cost of capital	12.9%
Growth (Terminal, from FY31E)	2.0%
No. of shares (m)	1,632
FV/share (HK\$)	8.75

Sensitivity Analysis

Terminal growth	WACC					
	11.9%	12.4%	12.9%	13.4%	13.9%	
	1.0%	8.81	8.43	8.08	7.75	7.45
	1.5%	9.19	8.78	8.40	8.05	7.72
	2.0%	9.61	9.16	8.75	8.37	8.02
	2.5%	10.08	9.58	9.13	8.72	8.34
	3.0%	10.60	10.05	9.55	9.10	8.69

Exhibit 6: Peers comparison

Company	Ticker	Price	Mkt cap (US\$m)	3-mth avg t/o (US\$m)	PER Hist (x)	PER FY1 (x)	PER FY2 (x)	3-Yr EPS Cagr (%)	PEG (x)	Div yld Hist (%)	Div yld FY1 (%)	P/B Hist (x)	P/B FY1 (x)	ROE Hist (%)	ROE FY1 (%)	Sh px 1-mth %	Sh px 3-mth %
China Water Affairs	855 HK	5.92	1,233	N/A	5.2	4.6	3.8	14.7	0.3	5.8	6.6	0.7	0.7	14.3	15.5	+2.4	-7.6
HSI		18,916.43			9.3	9.4	8.6	5.6	1.7	3.8	3.77	1.0	1.0	11.1	11.0	3.7	-7.3
HSCEI		6,424.88			8.2	8.6	7.7	5.9	1.5	3.7	3.63	0.9	1.0	11.5	11.5	4.2	-7.8
CSI300		3,842.45			13.6	11.9	10.3	14.4	0.8	2.5	2.6	1.6	1.5	11.9	12.8	1.2	-5.1
Peers																	
Environmental protection peers - HK					7.5	6.4	5.8	17.9	0.8	9.7	N/A	0.4	N/A	-0.2	N/A	-3.5	-13.6
Guangdong Invest	270 HK	6.76	5,641	6.9	9.3	9.1	8.2	5.3	1.7	9.1	N/A	1.0	N/A	10.6	N/A	1.3	-15.8
Bj Ent Water	371 HK	1.86	2,385	3.2	14.1	6.6	5.9	38.5	0.2	8.4	N/A	0.5	N/A	3.6	N/A	-3.1	-5.1
China Everbright	257 HK	3.09	2,423	4.8	4.1	3.5	3.4	9.9	0.4	7.8	N/A	0.4	N/A	9.0	N/A	1.0	-8.3
Kunming Dianch-H	3768 HK	0.86	113	0.0	2.6	N/A	N/A	N/A	N/A	13.6	N/A	0.2	N/A	7.1	N/A	-6.5	-21.8
Yunnan Water I-H	6839 HK	0.27	41	0.0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.1	N/A	-31.4	N/A	-10.0	-16.9
Gas utilities - HK					12.7	9.3	8.5	17.7	0.5	4.4	1.2	1.5	N/A	10.9	N/A	+2.8	-8.8
Enn Energy	2688 HK	97.60	14,091	25.0	17.4	11.9	10.9	21.0	0.6	3.0	N/A	2.6	N/A	15.7	N/A	7.3	-9.3
China Gas Holdin	384 HK	8.97	6,229	8.4	11.2	7.7	6.7	22.4	0.3	6.1	N/A	0.8	N/A	7.1	N/A	1.0	-18.9
China Res Gas	1193 HK	26.80	7,915	15.3	12.8	10.4	9.4	15.4	0.7	3.9	1.2	1.6	N/A	11.7	N/A	4.1	-7.4
Kunlun Energy	135 HK	6.16	6,808	17.5	9.5	7.3	6.9	11.9	0.6	4.5	N/A	0.8	N/A	9.0	N/A	-1.3	0.3
Environmental protection peers - China					10.0	9.2	8.1	13.3	1.0	4.3	N/A	1.1	0.9	9.9	10.2	-2.2	+4.5
Beijing Capita-A	600008 CH	2.88	2,911	26.4	6.7	7.8	6.5	N/A	N/A	4.5	N/A	1.1	0.8	17.5	7.3	-6.2	-3.0
Chengdu Xingro-A	000598 CH	5.43	2,232	11.6	10.0	9.1	8.1	10.5	0.9	2.1	N/A	1.1	1.0	11.3	10.8	-2.3	6.5
Chongqing Wate-A	601158 CH	5.56	3,674	6.9	13.9	13.6	12.4	6.3	2.2	4.9	N/A	1.5	N/A	10.6	N/A	-0.4	3.5
Zhongshan Publ-A	000685 CH	7.57	1,537	10.9	10.4	7.1	5.9	26.6	0.3	4.0	N/A	0.7	0.7	7.5	9.4	-1.6	7.4
Jiangxi Hongch-A	600461 CH	8.17	1,230	9.3	9.1	8.3	7.4	10.0	0.8	6.1	N/A	1.3	1.1	13.3	13.4	-1.3	13.6
Wuhan Sanzhen-A	600168 CH	6.01	587	1.7	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.8	N/A	-1.1	N/A	-1.2	-1.2

Sources: Bloomberg, OP research

* Outliners and "N/A" entries are in excl. from the calculation of averages

Financial Summary

Year to Mar	FY22	FY23	FY24E	FY25E	FY26E
Income Statement (HK\$ mn)					
City water supply	9,316	8,729	9,100	9,600	10,260
Pipeline direct drinking water	694	1,310	2,400	3,140	3,790
Environmental protection	1,200	1,410	1,621	1,761	1,910
others	1,740	2,746	2,880	2,880	2,880
Turnover	12,950	14,195	16,001	17,381	18,840
YoY%	+25	+9.6	+12.7	+8.6	+8.4
COGS	-7,988	-8,849	-9,923	-10,646	-11,388
Gross profit	4,962	5,346	6,078	6,735	7,452
Gross margin	38.3%	37.7%	38.0%	38.8%	39.6%
Other income	235	218	285	285	285
Selling & distribution	-290	-283	-320	-348	-377
Admin	-881	-956	-1,056	-1,130	-1,225
R&D	0	0	0	0	0
Other opex	0	0	0	0	0
Total opex	-1,171	-1,239	-1,376	-1,477	-1,601
Operating profit (EBIT)	4,026	4,326	4,988	5,543	6,136
Operating margin	31.1%	30.5%	31.2%	31.9%	32.6%
Provisions	0	0	0	0	0
Interest Income	123	164	164	164	164
Finance costs	-468	-633	-709	-685	-662
Profit after financing costs	3,681	3,857	4,443	5,022	5,638
Associated companies & JVs	235	163	179	197	217
Pre-tax profit	3,916	4,019	4,622	5,219	5,855
Tax	-939	-931	-1,109	-1,253	-1,405
Minority interests	-1,084	-1,232	-1,391	-1,406	-1,645
Net profit	1,894	1,857	2,122	2,561	2,804
YoY%	+11.9	-1.9	+14.3	+20.7	+9.5
Net profit margin	14.6%	13.1%	13.3%	14.7%	14.9%
EBITDA	5,266	5,675	5,878	6,491	7,137
EBITDA margin	40.7%	40.0%	36.7%	37.3%	37.9%
EPS(HK\$), Diluted	1.16	1.14	1.30	1.57	1.72
YoY%	+11.5	-1.9	+14.3	+20.7	+9.5
DPS(HK\$)	0.34	0.34	0.39	0.47	0.52
Year to Mar	FY22	FY23E	FY24E	FY25E	FY26E
Cash Flow (HK\$ mn)					
EBITDA	5,183	5,675	5,878	6,491	7,137
Chg in working cap	-106	-215	-135	203	204
Others	-711	-208	0	0	0
Operating cash	4,365	5,252	5,743	6,694	7,341
Interests paid	-449	-633	-709	-685	-662
Interest paid on lease liabilities	-19	-19	-19	-19	-19
Tax	-168	-939	-931	-1,109	-1,253
Net cash from operations	3,728	3,661	4,084	4,880	5,407
Capex and acquisition	-4,021	-3,607	-4,000	-4,000	-4,000
Investments	0	0	0	0	0
Dividends received	0	0	0	0	0
Interest received	123	123	164	164	164
Others	-319	-423	-	-	-
Investing cash	-4,216	-3,907	-3,836	-3,836	-3,836
Issue of shares	0	0	0	0	0
Buy-back	0	0	0	0	0
Interests paid	0	0	0	0	0
Dividends paid	-522	-555	-557	-637	-768
Net change in bank loans	2,909	1,764	0	0	0
Others	147	0	0	0	0
Financing cash	2,533	1,209	-557	-637	-768
Net change in cash	2,045	962	-309	407	803
Exchange rate or other Adj	76	0	0	0	0
Opening cash	3,901	6,023	6,985	6,676	7,083
Closing cash	6,023	6,985	6,676	7,083	7,887
CFPS (HK\$)	1.253	0.589	-0.189	0.250	0.492

Sources: Company, OP Research

Year to Mar	FY22	FY23	FY24E	FY25E	FY26E
Ratios					
Gross margin (%)	38.3	37.7	38.0	38.8	39.6
Operating margin (%)	31.1	30.5	31.2	31.9	32.6
Net margin (%)	14.6	13.1	13.3	14.7	14.9
Selling & dist'n exp/Sales (%)	2.2	2.0	2.0	2.0	2.0
Admin exp/Sales (%)	6.8	6.7	6.6	6.5	6.5
Payout ratio (%)	29.3	29.8	30.0	30.0	30.0
Effective tax (%)	-24.0	-23.2	-24.0	-24.0	-24.0
Total debt/equity (%) ³	105.0	104.8	92.6	81.6	72.5
Net debt/equity (%) ³	76.1	73.8	66.4	57.2	48.3
Current ratio (x)	0.9	0.8	0.8	0.8	0.9
Quick ratio (x)	0.8	0.8	0.8	0.8	0.8
Inventory T/O (days)	38	27	27	27	27
AR T/O (days)	44	50	50	50	50
AP T/O (days)	214	223	200	200	200
Cash conversion cycle (days)	-132	-146	-123	-123	-123
Asset turnover (x)	0.2	0.2	0.3	0.3	0.3
Financial leverage (x)	4.4	4.6	4.6	4.4	4.1
EBIT margin (%)	31.1	30.5	31.2	31.9	32.6
Interest burden (x)	1.0	0.9	0.9	0.9	1.0
Tax burden (x)	0.5	0.5	0.5	0.5	0.5
Return on equity (%)	16.1	14.3	15.5	16.8	16.4
Year to Mar	FY22	FY23	FY24E	FY25E	FY26E
Balance Sheet (HK\$ mn)					
Fixed assets	3,373	3,338	3,409	3,476	3,539
Intangible assets	26,504	29,123	31,983	34,771	37,490
Goodwill	1,476	1,419	1,419	1,419	1,419
Financial assets	397	461	461	461	461
Right-of-use assets	1,367	1,303	1,303	1,303	1,303
Other non-current assets	7,450	7,633	7,812	8,009	8,226
Non-current assets	40,566	43,278	46,388	49,440	52,439
Inventories	832	650	734	787	842
AR	1,562	1,954	2,192	2,381	2,581
Contracted assets	880	1,482	1,670	1,814	1,966
Prepayments & deposits	2,384	2,635	3,040	3,302	3,580
Other current assets	4,819	4,180	3,958	3,958	3,958
Cash	6,023	6,985	6,676	7,083	7,887
Current assets	16,499	17,886	18,270	19,326	20,814
AP	4,674	5,404	5,437	5,833	6,240
Tax	2,597	3,027	3,027	3,027	3,027
Accruals & other payables	2,676	3,132	3,520	3,824	4,145
Bank loans	7,692	8,021	8,021	8,021	8,021
Leases & other debts	1,232	1,402	1,760	1,912	2,072
Other current liabilities	303	193	193	193	193
Current liabilities	19,248	21,178	21,958	22,810	23,699
Bank loans & leases	14,171	15,607	15,607	15,607	15,607
Deferred tax	1,314	1,270	1,270	1,270	1,270
Other non current liabilities	1,847	1,936	1,936	1,936	1,936
Non-current liabilities	17,333	18,814	18,814	18,814	18,814
Total net assets	20,483	21,172	23,886	27,142	30,741
Shareholder's equity	12,969	12,993	14,316	16,167	18,120
Share capital	16	16	16	16	16
Reserves	12,953	12,977	14,299	16,150	18,103
MI	7,514	8,179	9,570	10,976	12,621
BVPS (HK\$)	7.95	7.96	8.77	9.90	11.10

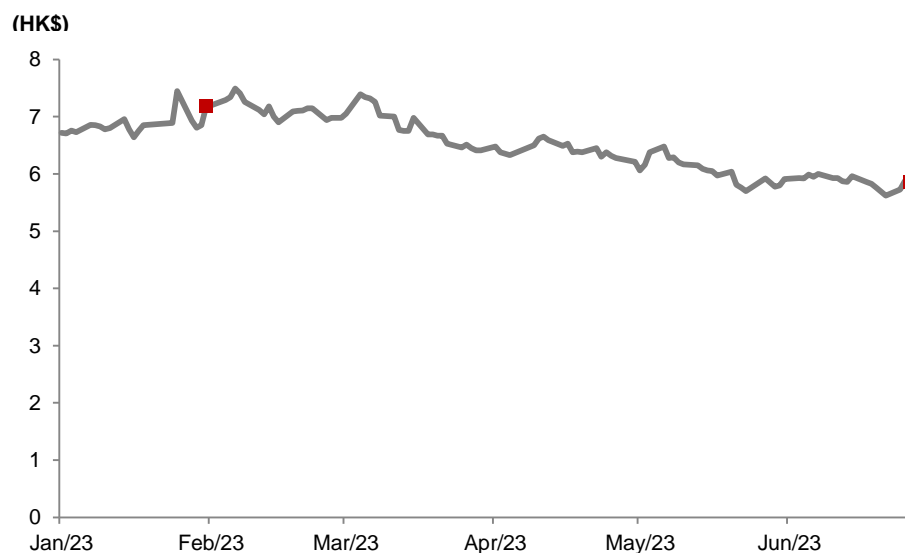
³ Based on the total equity, rather than the equity attributable to shareholders.

Our recent reports

Date	Company / Sector	Stock Code	Title	Rating	Analyst
22/05/2023	Newborn Town	9911	Fine-tuning content ecology to further monetize new social networking products	BUY	John Siah
05/05/2023	China Edu Group	839	FY1H23 results up to expectations	BUY	John Siah
04/05/2023	Edvantage Group	382	FY1H23 results showed the strong organic growth	BUY	John Siah
27/04/2023	New Higher Edu	2001	FY1H23 results in-line	BUY	John Siah
19/04/2023	361 Degrees	1361	2023Q1 sales bounced as expected	BUY	John Siah
24/03/2023	Micro Connect	-	Releasing the investment value of SMEs in China through technological innovation(中/ENG)	NR	John Siah
02/03/2023	Xinyi Energy	3868	FY22 results miss, expecting a rebound for FY23E	BUY	John Siah
24/02/2023	Edvantage Group	382	FY23Q1 operations on track	BUY	John Siah
13/02/2023	Newborn Town	9911	More social apps expecting to begin bearing fruit	BUY	John Siah
02/02/2023	China Water Affairs	855	Tapping into opportunities in the direct drinking water market	BUY	John Siah
18/01/2023	361 Degrees	1361	The worst has likely passed	BUY	John Siah
05/12/2022	China Edu Group	839	Higher vocational education leads the growth	BUY	John Siah
05/12/2022	New Higher Edu	2001	FY22 results slightly beat, emphasis on quality education	BUY	John Siah
29/11/2022	Edvantage Group	382	FY22 earnings beat, moderate growth ahead	BUY	John Siah
20/10/2022	361 Degrees	1361	Lockdown may impact sales in Q4	BUY	John Siah
20/10/2022	Greentown Mgmt	9979	Impressive new contracts growth in Q3 under severe headwinds	BUY	John Siah
16/09/2022	EVA Holdings	838	Decent earnings outlook supported by strong order backlogs	BUY	John Siah
02/09/2022	Tian Lun Gas	1600	1H22 results missed, tough near-term outlook	HOLD	John Siah
02/09/2022	HK Tech Venture	1137	1H22 results beats amid better costs management	BUY	John Siah
31/08/2022	AAC Tech	2018	Headwinds likely to persist in 2H22E	HOLD	John Siah
31/08/2022	Truly Int'l	732	1H22 earnings decline as expected, negatives priced in	BUY	John Siah

Historical recommendations and target price: China Water Affairs(855.HK)

(as of 06/30/2023)



Date	Rating	TP	Close
1 5 Feb 2023	BUY	HK\$9.50	HK\$6.85
2 3 Jul 2023	BUY	HK\$8.75	HK\$5.92

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Buy (B)	We expect this stock outperform the relevant benchmark greater than 15% over the next 12 months.
Hold (H)	We expect this stock to perform in line with the relevant benchmark over the next 12 months.
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