

Company Note

Hong Kong

ADD (no change)

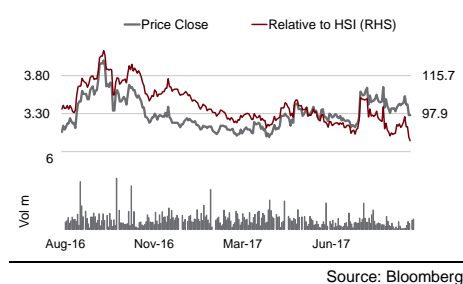
Consensus ratings*: Buy 2 Hold 3 Sell 1

Current price:	HK\$3.28
Target price:	HK\$4.00
Previous target:	HK\$3.90
Up/downside:	22.0%
CIMB / Consensus:	11.1%
Reuters:	0538.HK
Bloomberg:	538 HK
Market cap:	US\$457.7m HK\$3,580m
Average daily turnover:	US\$0.24m HK\$1.87m
Current shares o/s:	1,092m
Free float:	48.0%

*Source: Bloomberg

Key changes in this note

- ▶ FY17F EPS increased by 3.2%.
- ▶ FY18F EPS increased by 0.5%.
- ▶ FY19F EPS increased by 3.6%.



Price performance	1M	3M	12M
Absolute (%)	-4.9	-2.1	1.2
Relative (%)	-8.6	-10.8	-20.8

Major shareholders	% held
Poon Wai	46.8

Analyst(s)



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Ajisen (China) Holdings Ltd

Expect topline growth acceleration in 2H17

- Ajisen's 1H17 core net profit rose 31.6% yoy to Rmb108.6m, above our expectations due to better-than-expected OPM expansion.
- With SSSG recovering to positive territory in 2Q16 post 10 consecutive quarters of decline, we expect acceleration in store openings which will drive topline growth.
- We believe market has priced in the negative news on Baidu Waimai, and further clarity on the topic in the near term should remove share price overhang.
- We raise our FY17-19F EPS forecasts by 0.5-3.6% on the back of stronger margin expansion. Maintain Add with higher DCF-based TP of HK\$4.00 (WACC: 10.5%).

1H17 results above expectations

Ajisen's 1H17 core net profit rose 31.6% yoy to Rmb108.6m, above our expectations at 50.1% of our previous FY17F forecast (despite seasonally stronger 2H). Topline decline narrowed to 2.5% yoy as SSSG continued to improve. Key surprise was stronger OPM expansion of 3.3% pts yoy, due to positive impacts from VAT reform and further operational improvements. However, DPS declared for 1H17 halved to 2.0HKcts as management cited China's strict capital control and greater capex requirement for 2H17.

Confident on SSSG recovery

Ajisen's 2Q17 net SSSG of 1.6% yoy for its PRC stores marked a significant improvement from 1Q17's -6.3% and FY16's -8.1%. We expect Ajisen to continue SSSG recovery to 2% in 3Q17 and 4.5% in 4Q17 with further store remodelling and store network optimisation. Ajisen remodelled 78 stores in 1H17 (FY17 target: 150), and saw SSSG improvement of 5-15% yoy in remodelled stores. Online takeaway business also continued to grow well at 152% yoy, and contributed 8.6% of revenue (1H16: 4.9%).

Topline growth could accelerate on further store openings

With positive SSSG in 2Q17 post two years of decline, management guided for acceleration in store openings in 2H17. We forecast topline growth of 5.7% yoy in 2H17 on the back of 50 net store openings and continued SSSG recovery. Management noted that macro environment for catering industry has improved in 2017, with deceleration in industry store openings, especially in top-tier cities including Shanghai and Beijing.

Margin expansion to continue, albeit at a slower pace

We expect margin expansion to continue in 2H17, albeit at a slower pace, and forecast OPM of 12.0% in FY17F. This will be achieved through: 1) higher direct procurement ratio, 2) direct marketing through big data platform, 3) use of more part-time labour, and 4) shift to smaller format stores, partially offset by negative impact from store remodelling.

Negative news on Baidu Waimai priced in

Ajisen's share price was pressured this month due to rumours about Baidu's disposal of Baidu Waimai (in which Ajisen has a minority stake) at c.50-80% discount to the previous funding round valuation. It was officially announced on Thursday that Ele.ma has acquired Baidu Waimai on undisclosed terms. Ajisen has yet to decide if its disposal will be effected through a share sale for cash or a share swap into Ele.ma shares. However, we believe the negative news has already been priced in as Ajisen is only trading at 1.2x P/BV (ex-Baidu Waimai investment), versus peers' 3.1x FY17x P/BV.

Maintain Add; TP raised to HK\$4.00

We maintain Add on Ajisen's undemanding valuation. We believe Ajisen deserves a re-rating, as SSSG is set to recover after bottoming out post a 2-year decline. Share price catalysts include strong reported SSSG growth for 3Q17 and further clarification on Ajisen's decision regarding its investment in Baidu Waimai. Downside risks include weaker-than-expected SSSG recovery and potential missteps in the M&A strategy.

Financial Summary	Dec-15A	Dec-16A	Dec-17F	Dec-18F	Dec-19F
Revenue (Rmbm)	2,545	2,379	2,418	2,600	2,799
Operating EBITDA (Rmbm)	379.7	405.2	461.5	510.5	551.9
Net Profit (Rmbm)	184.4	668.1	223.7	236.2	263.1
Core EPS (Rmb)	0.17	0.18	0.20	0.22	0.24
Core EPS Growth		7.9%	12.4%	5.6%	11.4%
FD Core P/E (x)	16.52	15.30	13.62	12.90	11.58
DPS (Rmb)	0.13	0.12	0.12	0.13	0.14
Dividend Yield	4.82%	4.36%	4.41%	4.65%	5.18%
EV/EBITDA (x)	5.61	5.67	4.72	3.95	3.32
P/FCFE (x)	NA	27.60	10.79	9.17	8.24
Net Gearing	(37.0%)	(28.1%)	(31.2%)	(35.2%)	(39.3%)
P/BV (x)	1.11	0.91	0.89	0.86	0.84
ROE	13.4%	6.5%	6.6%	6.8%	7.3%
% Change In Core EPS Estimates			3.24%	0.48%	3.58%
CIMB/consensus EPS (x)			1.14	1.08	1.04

SOURCE: COMPANY DATA, CIMB FORECASTS

Expect topline growth acceleration in 2H17

1H17 review ➤

Figure 1: 1H17 results review

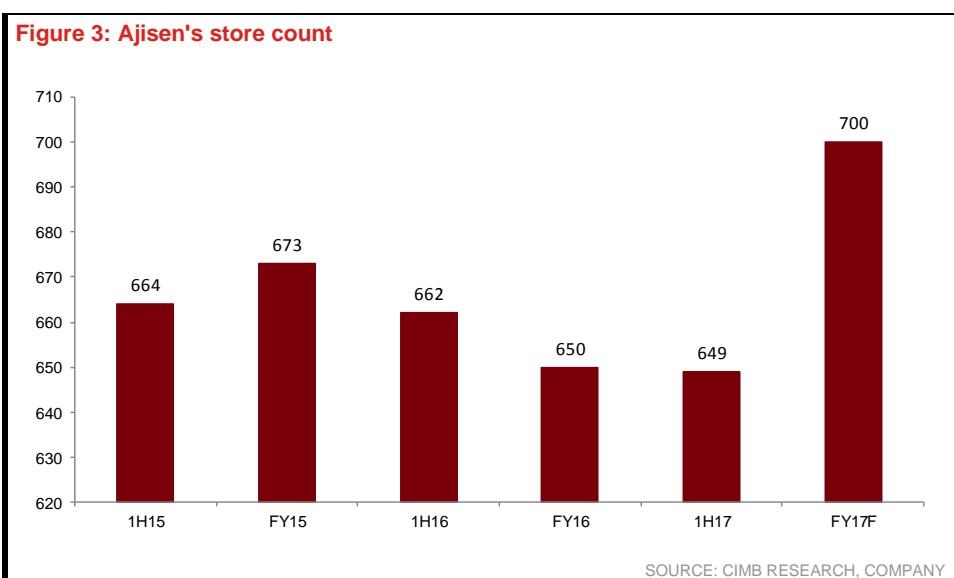
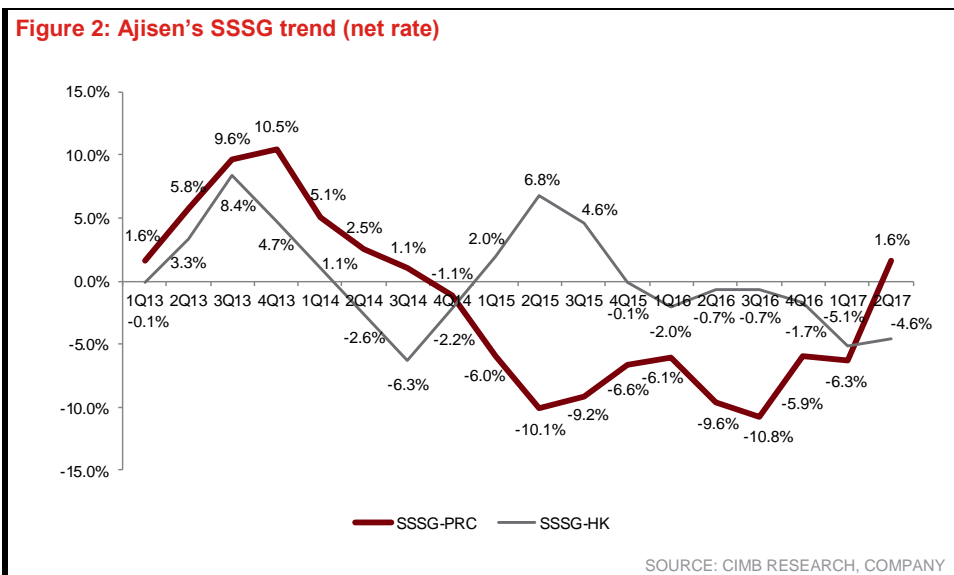
(Rmb m)	1H17	1H16	yoy	Prev. FY17F
Revenue	1,152	1,181	-2.5%	2,445
Cost of sales	(310)	(345)	-10.1%	(685)
Gross profit	842	836	0.7%	1,760
Gross margin	73.1%	70.8%	2.3 pts	72.0%
Staff costs	(291)	(289)	0.8%	(575)
Rental expenses	(187)	(200)	-6.4%	(396)
Other opex	(229)	(248)	-7.9%	(526)
Operating profit	134.9	99.2	36.0%	262.0
Operating margin	11.7%	8.4%	3.3 pts	10.7%
Net finance costs	-4.893	-6.442	-24.0%	21.6
Other income	42	47	-11.2%	48
Other gains/losses	(3)	623	-100.5%	-
Pretax income	169.0	763.0	-77.8%	331.6
Income tax expense	(50)	(103)	-51.8%	(83)
Non-controlling interests	(11)	(92)	-88.3%	(32)
Net profit	109	568	-80.9%	217
Core net profit	109	83	31.6%	217

SOURCE: CIMB RESEARCH, COMPANY

Ajisen's 1H17 core net profit rose 31.6% yoy to Rmb108.6m, above our expectations at 50.1% of our previous FY17F forecast (despite seasonally stronger 2H). Topline decline narrowed to 2.5% yoy as SSSG continued to improve. Key surprise was stronger OPM expansion of 3.3% pts yoy, due to positive impacts from VAT reform and further operational improvements. However, DPS declared for 1H17 halved to 2.0HKcts as management cited China's strict capital control and greater capex requirement for 2H17.

Topline growth could accelerate on further store openings and SSSG recovery ➤

With SSSG recovering to positive territory (+1.6%) in 2Q16 post two years of decline, management guided for acceleration in store openings in 2H17. We forecast topline growth of 5.7% yoy in 2H17 on the back of 1) net store opening of 50 stores in 2H17, and 2) continued SSSG recovery to 2% in 3Q17 and 4.5% in 4Q17. Management noted that macro environment for catering industry has improved in 2017, with deceleration in industry store openings, especially in top-tier cities including Shanghai and Beijing.



Margin expansion to continue, albeit at a slower pace ➤

We expect margin expansion to continue in 2H17, albeit at a slower pace. We forecast OPM of 12.0% in FY17F. This will be achieved through: 1) further increase in direct procurement, 2) direct marketing through big data platform, 3) use of more part-time labour, and 4) shift to smaller format stores, partially offset by negative impact from store remodelling.

Share price overhang from investment in Baidu Waimai removed ➤

Ajisen's share price was pressured this month due to rumours about Baidu's disposal of Baidu Waimai (in which Ajisen has a minority stake) at a steep discount to the previous funding round valuation, as Baidu is shifting its strategy from online to offline (O2O) towards Artificial Intelligence (AI). The rumour was confirmed yesterday, with the official announcement of Ele.ma (a leading online food delivery platform backed by Alibaba) acquiring Baidu Waimai on undisclosed terms. Ajisen has yet to decide if its disposal will be effected through a share sale for cash or a share swap into Ele.ma shares. However, we believe the negative news has already been priced in as Ajisen is only trading at 1.2x P/BV (ex-Baidu Waimai investment), versus peers' 3.1x FY17x P/BV.

While an impairment loss of 50-80% on Ajisen's current Baidu Waimai investment is inevitable, we remain positive on the investment should Ajisen

elects to swap its shareholding in Baidu Waimai to Ele.ma. Post this acquisition, Ele.ma is expected to be the market leader in the online delivery industry, and we believe Ajisen can potentially benefit in the upside from the early investment in this entity.

Figure 4: Analysing Ajisen's P/BV upon stripping off Baidu Waimai investment

End-1H17 book value (Rmb m)	3,628.9
Book value of Baidu Waimai	1,118.3
End-1H17 book value ex Baidu Waimai (Rmb m)	2,510.6
Outstanding shares (m)	1,091.5
Implied BVPS (Rmb)	2.3
Implied BVPS (HKD)	2.7
Current share price (HKD)	3.3
Implied P/BV (x)	1.2

SOURCE: CIMB RESEARCH, COMPANY

Airport stores will take time to bear fruit ►

Ajisen entered into a franchise agreement with LS Travel to open stores in European airports, and will receive 3-4% of sales as royalty income. The first store in Rome airport opened on 27 Dec 2016, and is now generating c.Rmb2m sales/month.

One additional airport store opening is planned for 2H17F. We have not factored this franchise agreement into our forecasts, as we do not expect it to contribute meaningfully in the medium term.

Management reiterates M&A intentions ►

Management plans to acquire regional restaurant chains with good growth potential, and achieve cost synergies via its central kitchens and higher operating efficiencies. Management believes that it is able to improve OPM of any newly-acquired business by at least 3% pts by capitalising on Ajisen's direct procurement system and cost synergies via central kitchens and operating efficiencies.

Given Ajisen's strong balance sheet, acquisitions are most likely to be funded through internal cash flows. While we think current industry valuations could present attractive M&A opportunities, given this will be Ajisen's first horizontal M&A deal, we remain cautious on the acquisition valuation and successful integration.

Maintain Add with a higher DCF-based TP of HK\$4.00 ►

We maintain Add on Ajisen's undemanding valuation. We believe Ajisen deserves a re-rating, as SSSG is set to recover after bottoming out post a 2-year decline. Further airport store openings and/or successful M&As could also be potential mid-term growth drivers. Share price catalysts include strong reported SSSG growth for 3Q17 and further clarification on Ajisen's investment in Baidu Waimai. Downside risks include weaker-than-expected SSSG recovery and potential missteps in the M&A strategy.

Figure 5: Earnings revisions (Rmb)

	FY17F			FY18F			FY19F		
	Old	New	% change	Old	New	% change	Old	New	% change
Sales (Rmb m)	2,445.1	2,418.5	-1.1%	2,624.9	2,600.3	-0.9%	2,816.1	2,798.9	-0.6%
Gross margin	72.0%	73.0%	1.0 ppts	72.0%	73.1%	1.1 ppts	72.0%	73.1%	1.1 ppts
SG&A/sales	61.3%	61.0%	-0.3 ppts	61.1%	60.4%	-0.6 ppts	60.9%	60.2%	-0.7 ppts
Operating margin	10.7%	12.0%	1.3 ppts	10.9%	12.7%	1.8 ppts	11.1%	12.9%	1.8 ppts
Reported net profit (Rmb m)	216.7	223.7	3.2%	235.1	236.2	0.5%	254.0	263.1	3.6%
Core net profit (Rmb m)	216.7	223.7	3.2%	235.1	236.2	0.5%	254.0	263.1	3.6%

SOURCE: CIMB RESEARCH, COMPANY

Figure 6: DCF valuation

	HK\$ m
Value of Phase 1: Explicit	91.2
Value of Phase 2: Value Driver	503.2
Value of Phase 3: Fade	1,593.8
Terminal Value	1,259.5
Enterprise Value	3,447.7
Less: Minorities	316.9
Less: Net Debt (as at 25 Aug 2017)	-1,189.7
Equity Value	4,320.4
No. Shares (millions)	1,091.5
Per Share Equity Value (HK\$)	4.0

SOURCES: CIMB, COMPANY REPORTS

Figure 7: WACC assumptions

	(%)
Cost of equity	11.0%
Risk free	4.0%
Market risk premium	7.8%
Beta	0.90
Cost of debt	2.0%
Kd (after tax)	1.5%
Target Debt / (Debt + Equity)	5.0%
Target Equity / (Debt + Equity)	95.0%
WACC	10.5%

SOURCE: CIMB RESEARCH, COMPANY

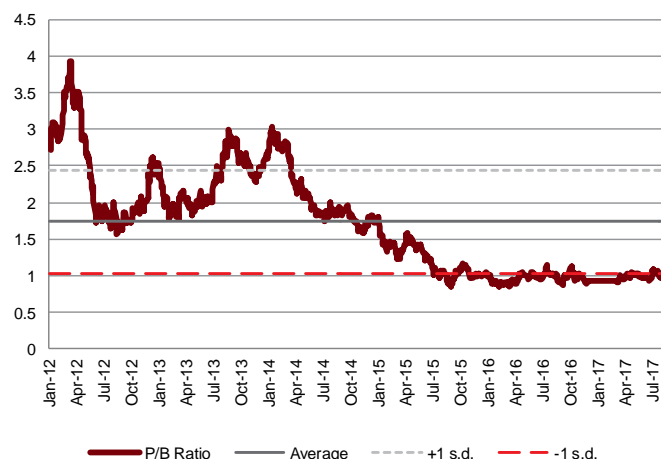
The WACC of 10.5% in our DCF approach uses a beta of 0.9. In addition, we use a risk-free rate of 4.0%, and market risk premium of 7.8%. We assume a perpetual growth rate of 3.0%.

Figure 8: Historical forward P/E trend



SOURCE: CIMB RESEARCH, BLOOMBERG

Figure 9: Historical forward P/BV trend



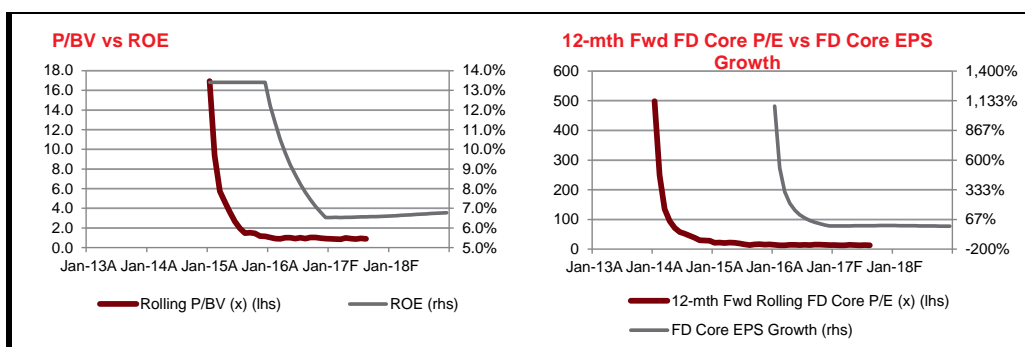
SOURCE: CIMB RESEARCH, BLOOMBERG

Figure 10: Ajisen's peer comps

Company	Ticker	Recom.	Price (LC\$)	TP (LC\$)	Mkt cap (US\$)	P/E (x)	3-year EPS CAGR (%)	P/BV (x)	EV/EBITDA (x)	Dividend yield (x)					
						CY17F	CY18F	CY17F	CY18F	CY17F	CY18F				
Ajisen	538 HK	Add	3.28	4.00	458	13.6	12.9	11.6	9.0%	0.9	0.9	4.7	4.0	4.4%	4.7%
Yum China	YUMC US	Non Rated	36.00	na	13,800	24.6	22.2	19.6	14.6%	4.8	4.1	10.6	9.7	0.6%	0.7%
Café de Coral	341 HK	Non Rated	25.10	na	1,878	27.3	26.3	23.9	1.4%	4.7	4.2	14.0	13.5	2.9%	3.2%
Tsui Wah	1314 HK	Non Rated	1.16	na	209	17.8	15.5	12.5	0.1%	1.1	1.2	6.2	5.9	4.2%	5.1%
Tang Palace China	1181 HK	Non Rated	3.96	na	215	7.8	7.8	7.8	29.4%	3.6	3.2	4.7	4.3	8.0%	8.3%
Xiabu Xiabu	520 HK	Non Rated	7.87	na	1,076	15.6	13.3	11.8	27.3%	3.5	3.0	8.6	7.4	2.2%	2.7%
Average						17.8	16.3	14.5	13.6%	3.1	2.8	8.1	7.5	3.7%	4.1%

SOURCE: CIMB RESEARCH, COMPANY

BY THE NUMBERS



Profit & Loss

(Rmbm)	Dec-15A	Dec-16A	Dec-17F	Dec-18F	Dec-19F
Total Net Revenues	2,545	2,379	2,418	2,600	2,799
Gross Profit	1,771	1,712	1,765	1,901	2,046
Operating EBITDA	380	405	462	511	552
Depreciation And Amortisation	(166)	(163)	(172)	(181)	(191)
Operating EBIT	214	242	290	329	361
Financial Income/(Expense)	(4)	(10)	(10)	(10)	(10)
Pretax Income/(Loss) from Assoc.	0	0	0	0	0
Non-Operating Income/(Expense)	85	698	80	48	48
Profit Before Tax (pre-EI)	295	930	360	367	399
Exceptional Items					
Pre-tax Profit	295	930	360	367	399
Taxation	(90)	(157)	(108)	(103)	(108)
Exceptional Income - post-tax					
Profit After Tax	205	773	252	264	291
Minority Interests	(21)	(105)	(28)	(28)	(28)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	184	668	224	236	263
Recurring Net Profit	184	199	224	236	263
Fully Diluted Recurring Net Profit	184	199	224	236	263

Cash Flow

(Rmbm)	Dec-15A	Dec-16A	Dec-17F	Dec-18F	Dec-19F
EBITDA	379.7	405.2	461.5	510.5	551.9
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(25.1)	28.7	(21.0)	6.9	8.1
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	90.5	73.9	69.6	37.6	37.6
Net Interest (Paid)/Received	(27.9)	(14.3)	10.4	10.4	10.4
Tax Paid	(81.7)	(86.5)	(107.9)	(102.7)	(107.7)
Cashflow From Operations	335.6	406.9	412.6	462.7	500.3
Capex	(123.2)	(114.1)	(120.0)	(120.0)	(120.0)
Disposals Of FAs/subsidiaries	0.7	3.7	0.0	0.0	0.0
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	(770.3)	113.9	(10.4)	(10.4)	(10.4)
Cash Flow From Investing	(892.8)	3.5	(130.4)	(130.4)	(130.4)
Debt Raised/(repaid)	444.5	(300.1)	0.0	0.0	0.0
Proceeds From Issue Of Shares	0.0	0.0	0.0	0.0	0.0
Shares Repurchased					
Dividends Paid	(170.9)	(174.0)	(134.2)	(141.7)	(157.8)
Preferred Dividends					
Other Financing Cashflow	61.5	(4.1)	0.0	0.0	0.0
Cash Flow From Financing	335.1	(478.2)	(134.2)	(141.7)	(157.8)
Total Cash Generated	(222.2)	(67.7)	148.0	190.5	212.1
Free Cashflow To Equity	(112.8)	110.4	282.2	332.3	369.9
Free Cashflow To Firm	(529.4)	424.8	271.8	321.9	359.5

SOURCE: CIMB RESEARCH, COMPANY DATA

BY THE NUMBERS... cont'd
Balance Sheet

(Rmbm)	Dec-15A	Dec-16A	Dec-17F	Dec-18F	Dec-19F
Total Cash And Equivalents	1,638	1,314	1,462	1,652	1,864
Total Debtors	98	101	97	104	112
Inventories	95	82	77	82	88
Total Other Current Assets	1	1	1	1	1
Total Current Assets	1,832	1,498	1,637	1,840	2,066
Fixed Assets	1,002	932	880	819	748
Total Investments	437	474	474	474	474
Intangible Assets	36	13	13	13	13
Total Other Non-Current Assets	589	1,498	1,498	1,498	1,498
Total Non-current Assets	2,064	2,917	2,866	2,804	2,734
Short-term Debt	501	238	238	238	238
Current Portion of Long-Term Debt					
Total Creditors	318	321	290	310	332
Other Current Liabilities	47	52	52	52	52
Total Current Liabilities	866	611	580	599	622
Total Long-term Debt	57	57	57	57	57
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	0	0	0	0	0
Total Non-current Liabilities	57	57	57	57	57
Total Provisions	55	129	129	129	129
Total Liabilities	977	796	766	785	808
Shareholders' Equity	2,752	3,348	3,437	3,532	3,637
Minority Interests	167	271	299	327	355
Total Equity	2,919	3,619	3,737	3,859	3,992

Key Ratios

	Dec-15A	Dec-16A	Dec-17F	Dec-18F	Dec-19F
Revenue Growth	N/A	(6.52%)	1.65%	7.52%	7.63%
Operating EBITDA Growth	N/A	6.7%	13.9%	10.6%	8.1%
Operating EBITDA Margin	14.9%	17.0%	19.1%	19.6%	19.7%
Net Cash Per Share (Rmb)	0.99	0.93	1.07	1.24	1.44
BVPS (Rmb)	2.52	3.07	3.15	3.24	3.33
Gross Interest Cover	52.53	25.11	45.31	51.46	56.42
Effective Tax Rate	30.6%	16.9%	30.0%	28.0%	27.0%
Net Dividend Payout Ratio	53.4%	16.1%	40.5%	41.8%	42.6%
Accounts Receivables Days	7.02	15.30	14.93	14.11	14.10
Inventory Days	22.42	48.72	44.46	41.46	41.36
Accounts Payables Days	64.8	150.9	144.2	130.5	130.2
ROIC (%)	N/A	13.9%	9.6%	11.1%	12.6%
ROCE (%)	12.1%	6.4%	7.0%	7.7%	8.2%
Return On Average Assets	15.3%	22.6%	8.2%	8.2%	8.6%

Key Drivers

	Dec-15A	Dec-16A	Dec-17F	Dec-18F	Dec-19F
ASP (% chg, main prod./serv.)	7.6%	0.0%	2.0%	1.0%	1.0%
Unit sales grth (% , main prod./serv.)	-7.3%	-8.1%	4.6%	4.1%	4.1%
No. of POS (main prod/serv)	635	615	671	682	707
SSS grth (% , main prod/serv)	-7.5%	-8.1%	2.0%	2.0%	2.0%
ASP (% chg, 2ndary prod./serv.)	1.2%	0.2%	1.0%	1.0%	1.0%
Unit sales grth (% ,2ndary prod/serv)	0.0%	0.0%	0.5%	1.0%	1.0%
No. of POS (2ndary prod/serv)	38	35	29	38	38
SSS grth (% , 2ndary prod/serv)	6.0%	-1.3%	-5.0%	2.0%	2.0%

SOURCE: CIMB RESEARCH, COMPANY DATA

DISCLAIMER

#01

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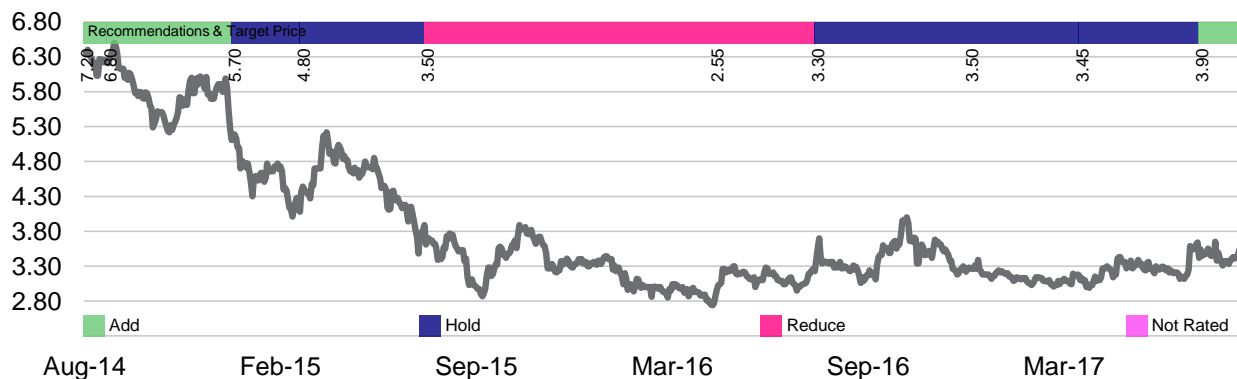
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— Price Close



Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2016, Anti-Corruption 2016

AAV – Very Good, n/a, ADVANC – Very Good, Certified, AEONTS – Good, n/a, AMATA – Excellent, Declared, ANAN – Very Good, Declared, AOT – Excellent, Declared, AP – Very Good, Declared, ASK – Very Good, Declared, ASP – Very Good, Certified, BANPU – Very Good, Certified, BAY – Excellent, Certified, BBL – Very Good, Certified, BCH – not available, Declared, BCP - Excellent, Certified, BEM – Very Good, n/a, BDMS – Very Good, n/a, BEAUTY – Good, Declared, BEC - Good, n/a, BH - Good, Declared, BIGC - Excellent, Declared, BJC – Good, n/a, BJCHI – Good, Declared, BLA – Very Good, Certified, BPP – not available, n/a, BR - Good, n/a, BTS - Excellent, Certified, CBG – Good, n/a, CCET – not available, n/a, CENTEL – Very Good, Certified, CHG – Very Good, n/a, CK – Excellent, n/a, COL – Very Good, Declared, CPALL – not available, Declared, CPF – Excellent, Declared, CPN - Excellent, Certified, DELTA - Excellent, Declared, DEMCO – Excellent, Certified, DIF – not available, n/a, DTAC – Excellent, Certified, EA – Very Good, Declared, ECL – Good, Certified, EGCO - Excellent, Certified, EPG – Good, n/a, GFPT - Excellent, Declared, GLOBAL – Very Good, Declared, GLOW – Very Good, Certified, GPSC – Excellent, Declared, GRAMMY - Excellent, n/a, GUNKUL – Very Good, Declared, HANA - Excellent, Certified, HMPRO - Excellent, Declared, ICHI – Very Good, Declared, INTUCH - Excellent, Certified, ITD – Good, n/a, IVL - Excellent, Certified, JAS – not available, Declared, JASIF – not available, n/a, JUBILE – Good, Declared, KAMART – not available, n/a, KBANK - Excellent, Certified, KCE - Excellent, Certified, KGI – Good, Certified, KKP – Excellent, Certified, KSL – Very Good, Declared, KTB - Excellent, Certified, KTC – Excellent, Certified, LH - Very Good, n/a, LPN – Excellent, Declared, M – Very Good, Declared, MAJOR - Good, n/a, MAKRO – Good, Declared, MALEE – Very Good, Declared, MBKET – Very Good, Certified, MC – Very Good, Declared, MCOT – Excellent, Declared, MEGA – Very Good, Declared, MINT - Excellent, Certified, MTLS – Very Good, Declared, NYT – Excellent, n/a, OISHI – Very Good, n/a, PLANB – Very Good, Declared, PLAT – Good, Declared, PSH – not available, n/a, PSL - Excellent, Certified, PTT - Excellent, Certified, PTTEP - Excellent, Certified, PTTGC - Excellent, Certified, QH – Excellent, Declared, RATCH – Excellent, Certified, ROBINS – Very Good, Declared, RS – Very Good, n/a, SMART - Excellent, n/a, SAPPE - Good, n/a, SAT – Excellent, Certified, SAWAD – Good, n/a, SC – Excellent, Declared, SCB - Excellent, Certified, SCBLIF – not available, n/a, SCC – Excellent, Certified, SCN – Good, Declared, SCCC - Excellent, Declared, SIM - Excellent, n/a, SIRI - Good, n/a, SPA - Good, n/a, SPALI - Excellent, Declared, SPRC – Very Good, Declared, STA – Very Good, Declared, STEC – Excellent, n/a, SVI – Excellent, Certified, TASCO – Very Good, Declared, TCAP – Excellent, Certified, THAI – Very Good, Declared, THANI – Very Good, Certified, THCOM – Excellent, Certified, THRE – Very Good, Certified, THREL – Very Good, Certified, TICON – Very Good, Declared, TIPCO – Very Good, Certified, TISCO - Excellent, Certified, TK – Very Good, n/a, TKN – Good, n/a, TMB - Excellent, Certified, TNR – not available, n/a, TOP - Excellent, Certified, TPCH – Good, n/a, TPIPP – not available, n/a, TRUE – Very Good, Declared, TTW – Very Good, Declared, TU – Excellent, Declared, TVO – Very Good, Declared, UNIQ – not available, Declared, VGI – Excellent, Declared, WHA – not available, Declared, WHART – not available, n/a, WORK – not available, n/a.

Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of October 28, 2016) are categorized into:

- Companies that have declared their intention to join CAC, and
- Companies certified by CAC

CIMB 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.