

Hong Kong

ADD (no change)

Consensus ratings*: Buy 8 Hold 0 Sell 0

Current price:	HK\$7.15
Target price:	HK\$8.40 ▲
Previous target:	HK\$7.00
Up/downside:	17.5%
CGS-CIMB / Consensus:	14.4%
Reuters:	3883.HK
Bloomberg:	3883 HK
Market cap:	US\$2,443m
	HK\$19,155m
Average daily turnover:	US\$12.58m
	HK\$98.62m
Current shares o/s:	2,533m
Free float:	45.9%

*Source: Bloomberg

Key changes in this note

- FY18F EPS increased by 6%.
- FY19F EPS increased by 14%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	19	78.3	205.6
Relative (%)	17.6	69	173

Major shareholders

% held

Guo Zi Wen 54.1

China Aoyuan Property Group Ltd

The highest growth sales target so far

- Aoyuan's FY17 results were largely in line with our estimates, with core earnings rising 56% yoy to Rmb1.5bn.
- Chairman guided for 60% sales growth to Rmb73bn in FY18, the highest growth rate guidance among peers to date; he expects sales to exceed Rmb100bn in FY19.
- Given its stable margin outlook, we estimate EPS growth of 34-39% p.a. over FY18-20F, primarily driven by high sales volume growth.
- We assess that Aoyuan is one of the biggest beneficiaries of development in the Big Bay Area, which we estimate account for about half of its NAV.
- Maintain Add with a higher TP of HK\$8.4.

FY17 core earnings rose 56% yoy, largely in line

Aoyuan delivered a set of satisfactory results, with core earnings rising 56% yoy to Rmb1.5bn, primarily on volume growth. The earnings were, however, 1% below our expectation due to lower-than-expected gross margin and higher-than-expected financing cost. It declared a final DPS of HK\$0.25, +47% yoy, below our expectation, and representing about 35% payout based on core earnings.

Targets to maintain gross margin at 25-27%

Despite a higher ASP recognised in FY17, Aoyuan's gross margin for FY17 disappointed us by coming in at 26.7%, a decline of 1% pt from FY16 and 1.6% pts lower than our estimate. Management attributed that to higher development cost and less contribution from commercial properties, which normally enjoy better gross margins. Given its very fast asset turnover strategy ahead, management expects to maintain future gross margin at 25-27%, 1-2% pts lower than its peers'.

Aggressive sales target of Rmb73bn for FY18

Aoyuan grew its sales by 80% in FY17 to Rmb46bn. For FY18, chairman Mr Guo said Aoyuan targets sales of Rmb73bn, 60% growth yoy, the highest so far among peers that have announced their sales targets. He further added that FY19 sales should not be far from the Rmb100bn mark.

Active land banking 2017

In 2017, Aoyuan was very active in its land purchases, on which it spent about Rmb31bn buying 58 projects with total GFA of 12.9m sq m at average land price of Rmb2,446 per sq m. Aoyuan has a total GFA of about 25m sq m land reserve; we estimate a total value of about Rmb280bn, based on average ASP of Rmb11k per sq m.

About 50% of NAV in the Big Bay Area

Home-based in Nansha, Guangzhou, Aoyuan has a total GFA of 7.5m sq m (end-2017) in the Big Bay Area (BBA), which we estimate account for about 50% of its NAV. Given our positive view on the BBA, we believe Aoyuan should be one of the biggest beneficiaries of future development in the BBA area.

Raise EPS estimates by 6-14% and NAV by 20%

In view of its faster-than-expected sales achievement in 2017 and its active land banking since 2H17, we increase our EPS forecasts by 6% for FY18F and 14% for FY19F. Meanwhile, we also raise our NAV estimate for Aoyuan by 20% to HK\$12.0 from HK\$10.0 to factor in its land purchase of GFA 7m-8m sq m since 4Q17.

Maintain Add with higher TP of HK\$8.4

Given the higher NAV estimate, our NAV-based target price rises 20% to HK\$8.4 (targeted discount remained unchanged at 30%), suggesting a 20% potential upside. We reiterate our Add call. Aoyuan is trading at an inexpensive valuation of 42% discount to NAV, 7x 2018F P/E and offers 6% yield. Key risks to our positive view include tighter policy from government, which may drag down its sales growth.

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Financial Summary

	Dec-16A	Dec-17A	Dec-18F	Dec-19F	Dec-20F
Total Net Revenues (Rmbm)	11,827	18,607	28,461	38,532	51,699
Operating EBITDA (Rmbm)	2,283	3,005	5,292	7,080	9,361
Net Profit (Rmbm)	967	1,016	2,079	2,886	3,867
Core EPS (Rmb)	0.36	0.56	0.78	1.08	1.44
Core EPS Growth	15.4%	55.9%	37.7%	38.8%	34.0%
FD Core P/E (x)	16.25	10.19	7.41	5.34	3.99
DPS (Rmb)	0.15	0.22	0.31	0.40	0.54
Dividend Yield	2.54%	3.82%	5.35%	7.02%	9.41%
EV/EBITDA (x)	12.49	15.38	9.53	6.87	5.15
P/FCFE (x)	4.73	NA	8.68	1.86	2.08
Net Gearing	50.7%	51.0%	58.9%	44.4%	34.6%
P/BV (x)	1.73	1.52	1.24	0.98	0.77
ROE	11.3%	15.8%	18.4%	20.5%	21.6%
% Change In Core EPS Estimates			6.1%	13.5%	
CIMB/consensus EPS (x)			0.86	0.89	

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 1: Aoyuan's FY17 results summary

Rmb m	2016	2017	YoY chg	FY17F	Variance
Turnover	11,827	19,115	62%	19,204	0%
Cost of sales	(8,550)	(14,004)	64%	(13,770)	2%
Gross profit	3,277	5,111	56%	5,433	-6%
Selling and marketing costs	(592)	(926)	56%	(1,000)	-7%
Administrative expenses	(489)	(800)	63%	(833)	-4%
Other income	88	128	47%	114	13%
Other operating expenses	0	0	na	0	n.a.
Operating profit	2,283	3,514	54%	3,714	-5%
Finance cost	(157)	(268)	70%	(159)	69%
JCE and associate	(32)	0	n.a.	0	n.a.
Profit before tax	2,093	3,246	55%	3,555	-9%
Taxation	(1,001)	(1,424)	42%	(1,544)	-8%
Minority interest	(126)	(312)	148%	(483)	-35%
Core earnings	967	1,511	56%	1,529	-1%
Reported earnings	881	1,640	86%	1,529	7%
DPS (HK\$)	0.17	0.25	47%	0.29	-13%
Ratio			ppt chg		ppt chg
Gross margin	27.7%	26.7%	-1.0%	28.3%	-1.6%
Selling and marketing costs	10.3%	16.2%	1.8%	17.5%	-1.3%
Administrative expenses	8.5%	14.0%	1.5%	14.5%	-0.6%
Operating margin	19.3%	18.4%	-0.6%	19.3%	-1.0%
Core margin	8.2%	7.9%	-0.8%	8.0%	-0.1%
Net gearing (%)	51%	51%			

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 2: Earnings revisions

Rmb m	2018F			2019F		
	Old	New	% chg	Old	New	% chg
Revenue	23,667	28,461	20%	31,254	38,532	23%
EBITDA	4,559	5,292	16%	5,873	7,080	21%
Pretax profit	4,424	4,941	12%	5,734	6,780	18%
Net profit	1,959	2,079	6%	2,542	2,886	14%
EPS	0.73	0.78	6%	0.95	1.08	14%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 3: Aoyuan's NAV breakdown

	Rmb m	Rmb/share
Development Properties	39,537	14.8
Investment Properties	4,860	1.8
Gross Asset Value (GAV)	44,397	16.6
Net Debt	(17,589)	(6.6)
Net Asset Value (NAV)	26,807	10.0
Net Asset Value (NAV) - HK\$		12.0

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 4: Summary of NAV and target price changes

HK\$	Old	New	Chg
NAV	10	12	20%
Target discount	30%	30%	0%
Target price	7.0	8.4	20%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

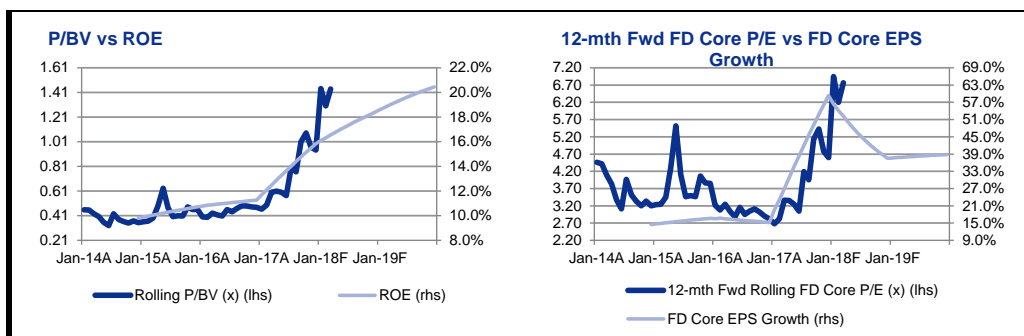
Figure 5: China property valuations summary

Ticker	Share price		TP	Rating	Mkt cap (US\$ m)	NAV/sh (HK\$)	Disc. to NAV (%)	Upside (%)	P/E (x)				P/BV(x)			Yield (%)			Net Gearing (%)		
	(HK\$)	(HK\$)							2016	2017F	2018F	2019F	2016	2017F	2018F	2016	2017F	2018F	2016	2017F	2018F
COLI	688 HK	27.90	31.50	ADD	38,988	35.0	20	13	10.1	8.6	7.2	6.4	1.4	1.2	1.1	2.6	3.1	3.5	7	25	26
CR Land	1109 HK	28.45	28.00	ADD	25,150	35.0	19	(2)	12.7	10.7	9.2	7.9	1.7	1.5	1.5	2.5	2.8	3.3	24	30	31
China Vanke - A*	000002 CH	32.66	28.50	HOLD	56,156	28.5	(15)	(13)	16.5	12.8	10.3	8.5	3.2	2.7	2.3	2.4	3.1	3.9	12	27	27
China Vanke - H	2202 HK	34.90	32.39	ADD	56,108	32.4	(8)	(7)	14.2	11.0	8.9	7.3	2.7	2.3	2.0	2.8	3.6	4.5	12	27	27
CIFI	884 HK	7.20	9.10	ADD	6,984	13.0	45	26	13.7	10.1	7.9	6.1	2.6	1.8	1.5	2.6	3.6	4.3	50	51	47
Country Garden	2007 HK	15.82	8.00	REDUCE	43,866	10.0	(58)	(49)	28.6	18.4	13.1	10.6	4.0	3.4	2.8	1.3	1.9	2.6	49	53	47
Evergrande	3333 HK	26.00	32.00	HOLD	43,690	32.0	19	23	81.1	8.6	6.2	5.5	6.5	3.8	2.8	-	6.4	7.9	432	232	144
Greentown	3900 HK	12.94	7.50	REDUCE	3,578	12.5	(4)	(42)	13.6	13.9	13.8	14.6	0.9	0.9	0.8	1.2	1.8	1.8	84	78	79
Guangzhou R&F	2777 HK	19.36	22.40	ADD	7,957	32.0	40	16	7.9	5.8	4.6	3.9	1.1	1.0	0.9	5.8	7.0	8.2	174	204	172
KWG	1813 HK	12.10	10.50	ADD	4,869	15.0	19	(13)	10.1	7.7	6.2	4.7	1.2	1.2	1.0	4.1	5.0	6.0	67	69	63
Longfor	960 HK	23.50	27.90	ADD	17,730	31.0	24	19	14.3	11.7	9.6	8.2	1.8	1.6	1.5	2.5	3.0	3.7	54	57	55
Shimao Prop	813 HK	21.70	22.40	ADD	9,374	32.0	32	3	10.0	8.5	7.2	6.2	1.1	1.0	0.9	3.6	3.9	4.7	51	56	56
Sino-Ocean	3377 HK	5.87	5.40	HOLD	5,680	9.0	35	(8)	14.1	10.2	7.7	6.5	0.8	0.8	0.7	3.5	5.4	5.9	44	60	63
SOHO China	410 HK	4.81	3.85	REDUCE	3,190	5.5	13	(20)	NA	107.0	71.8	50.0	0.6	0.6	0.6	14.0	8.9	10.3	32	36	29
Sunac	1918 HK	31.80	18.40	REDUCE	17,845	23.0	(38)	(42)	48.6	61.2	15.4	11.8	4.2	3.7	3.0	0.9	0.2	1.3	208	452	383
Yuzhou	1628 HK	5.30	6.60	ADD	2,829	11.0	52	25	8.0	5.9	4.5	3.6	1.5	1.0	0.9	4.4	6.3	7.3	72	48	31
Big Bay plays																					
Agile	3383 HK	14.60	16.80	ADD	7,294	21.0	30	15	16.8	8.9	6.7	5.2	1.1	1.0	0.9	3.4	5.5	6.3	49	54	49
China Aoyuan	3883 HK	7.15	8.40	ADD	2,443	12.0	40	17	15.9	10.2	7.4	5.3	1.7	1.5	1.2	2.6	4.3	5.8	51	51	59
Logan Property	3380 HK	12.14	10.50	ADD	8,503	15.0	19	(14)	17.4	12.9	9.7	7.3	2.8	2.2	1.8	2.3	2.3	3.1	72	63	56
SZ Investment	604 HK	3.38	3.60	HOLD	3,474	7.2	53	7	7.8	5.1	8.5	7.6	0.6	0.6	0.6	5.9	4.3	4.0	21	32	41
Times Property	1233 HK	11.98	14.00	ADD	2,802	20.0	40	17	9.2	6.8	5.0	3.6	1.8	1.1	0.9	3.3	4.3	5.6	55	58	38
BBA average																					
Small and mid-cap avg																					
Overall average																					

Share price data as of 15 March 2018; * Vanke-A data stated in Rmb

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

BY THE NUMBERS



Profit & Loss

(Rmbm)	Dec-16A	Dec-17A	Dec-18F	Dec-19F	Dec-20F
Total Net Revenues	11,827	18,607	28,461	38,532	51,699
Gross Profit	3,277	4,603	7,681	10,359	13,806
Operating EBITDA	2,283	3,005	5,292	7,080	9,361
Depreciation And Amortisation	0	0	0	0	0
Operating EBIT	2,283	3,005	5,292	7,080	9,361
Financial Income/(Expense)	(157)	(254)	(351)	(392)	(433)
Pretax Income/(Loss) from Assoc.	(32)	0	0	92	110
Non-Operating Income/(Expense)	0	0	0	0	0
Profit Before Tax (pre-EI)	2,093	2,752	4,941	6,780	9,039
Exceptional Items					
Pre-tax Profit	2,093	2,752	4,941	6,780	9,039
Taxation	(1,001)	(1,424)	(2,238)	(2,818)	(3,693)
Exceptional Income - post-tax					
Profit After Tax	1,092	1,328	2,702	3,961	5,346
Minority Interests	(126)	(312)	(623)	(1,075)	(1,479)
Pref. & Special Div	0	0	0	0	0
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	967	1,016	2,079	2,886	3,867
Recurring Net Profit	967	1,511	2,079	2,886	3,867
Fully Diluted Recurring Net Profit	967	1,511	2,079	2,886	3,867

Cash Flow

(Rmbm)	Dec-16A	Dec-17A	Dec-18F	Dec-19F	Dec-20F
EBITDA	2,283	3,005	5,292	7,080	9,361
Cash Flow from Inv. & Assoc.	(32)	0	0	92	110
Change In Working Capital	6,092	(13,326)	(2,234)	3,458	1,568
Straight Line Adjustment					
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	(306)	(200)	(965)	(1,258)	(1,564)
Net Interest (Paid)/Received	(1,612)	(2,512)	(3,407)	(3,714)	(3,937)
Tax Paid	(480)	(1,139)	(1,791)	(2,255)	(2,954)
Cashflow From Operations	5,945	(14,172)	(3,105)	3,403	2,584
Capex	0	0	0	0	0
Disposals Of FAs/subsidiaries					
Disposals of Investment Properties					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	(4,069)	(279)	(120)	(138)	(159)
Cash Flow From Investing	(4,069)	(279)	(120)	(138)	(159)
Debt Raised/(repaid)	1,442	3,000	5,000	5,000	5,000
Proceeds From Issue Of Shares	(156)	0	0	0	0
Shares Repurchased					
Dividends Paid	(572)	(236)	(535)	(733)	(962)
Preferred Dividends					
Other Financing Cashflow	94	1	1	1	1
Cash Flow From Financing	808	2,765	4,466	4,268	4,039

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

BY THE NUMBERS... cont'd
Balance Sheet

(Rmbm)	Dec-16A	Dec-17A	Dec-18F	Dec-19F	Dec-20F
Total Cash And Equivalents	10,956	26,540	27,781	35,314	41,778
Properties Under Development					
Total Debtors	3,604	7,407	13,220	19,105	24,470
Inventories	43,803	78,528	97,760	116,108	139,330
Total Other Current Assets	1,466	3,635	3,920	4,229	4,563
Total Current Assets	59,830	116,110	142,681	174,756	210,141
Fixed Assets	5,950	7,193	7,313	7,451	7,610
Total Investments	316	683	683	683	683
Intangible Assets	0	0	0	0	0
Total Other Non-Current Assets	323	1,819	366	440	528
Total Non-current Assets	6,589	9,696	8,363	8,574	8,821
Short-term Debt	4,506	20,490	22,990	25,490	27,990
Current Portion of Long-Term Debt					
Total Creditors	27,318	49,340	66,575	89,527	114,475
Other Current Liabilities	4,318	5,744	5,869	6,012	6,170
Total Current Liabilities	36,143	75,573	95,434	121,028	148,635
Total Long-term Debt	13,875	19,880	22,380	24,880	27,380
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	0	0	0	0	0
Total Non-current Liabilities	13,875	19,880	22,380	24,880	27,380
Total Provisions	1,770	3,226	3,364	3,530	3,729
Total Liabilities	51,787	98,680	121,179	149,439	179,745
Shareholders' Equity	8,918	10,155	12,457	15,759	20,082
Minority Interests	5,713	16,971	17,408	18,160	19,195
Total Equity	14,631	27,126	29,865	33,919	39,278

Key Ratios

	Dec-16A	Dec-17A	Dec-18F	Dec-19F	Dec-20F
Revenue Growth	23.6%	57.3%	53.0%	35.4%	34.2%
Operating EBITDA Growth	20.0%	31.6%	76.1%	33.8%	32.2%
Operating EBITDA Margin	19.3%	16.2%	18.6%	18.4%	18.1%
Net Cash Per Share (Rmb)	(2.78)	(5.17)	(6.57)	(5.63)	(5.08)
BVPS (Rmb)	3.34	3.79	4.65	5.89	7.50
Gross Interest Cover	1.29	1.05	1.34	1.60	1.92
Effective Tax Rate	34.7%	34.4%	25.0%	24.6%	24.6%
Net Dividend Payout Ratio	28.9%	38.3%	26.1%	29.6%	30.3%
Accounts Receivables Days	82.9	108.0	132.3	153.1	154.2
Inventory Days	1,618	1,594	1,548	1,385	1,234
Accounts Payables Days	909	999	1,018	1,011	985
ROIC (%)	8.9%	9.6%	9.1%	10.6%	13.6%
ROCE (%)	7.4%	5.9%	7.3%	8.8%	10.3%
Return On Average Assets	2.83%	2.34%	3.11%	3.46%	3.79%

Key Drivers

	Dec-16A	Dec-17A	Dec-18F	Dec-19F	Dec-20F
Unbooked Presales (m) (Rmb)	25,602.0	46,047.7	70,285.0	93,605.4	121,687.0
Unbooked Presales (area: m sm)	N/A	N/A	N/A	N/A	N/A
Unbooked Presales (units)	N/A	N/A	N/A	N/A	N/A
Unsold attrib. landbank (area: m sm)	N/A	N/A	N/A	N/A	N/A
Gross Margins (%)	27.7%	27.5%	27.0%	26.9%	26.7%
Contracted Sales ASP (per Sm) (Rmb)	N/A	N/A	N/A	N/A	N/A
Residential EBIT Margin (%)	N/A	N/A	N/A	N/A	N/A
Investment rev / total rev (%)	N/A	N/A	N/A	N/A	N/A
Residential rev / total rev (%)	N/A	N/A	N/A	N/A	N/A
Inv. properties rental margin (%)	N/A	N/A	N/A	N/A	N/A
SG&A / Sales Ratio (%)	9.1%	9.0%	8.8%	8.8%	8.8%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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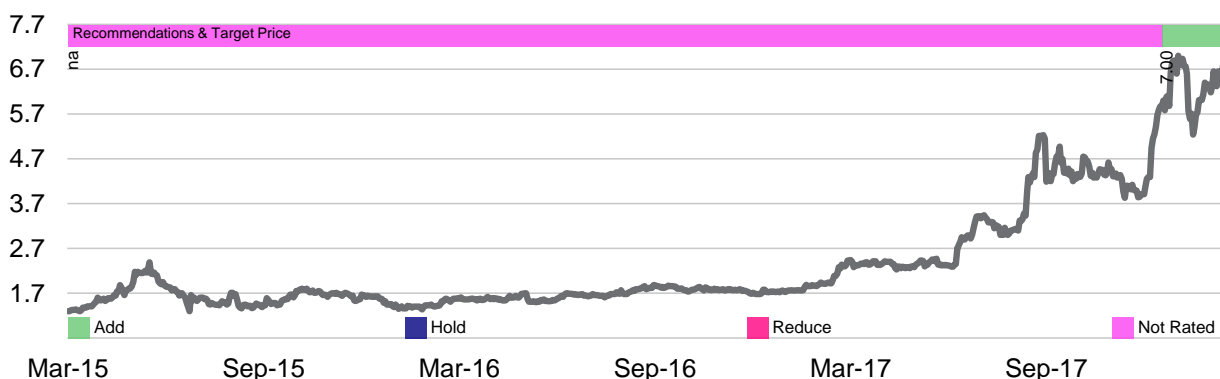
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— Price Close



Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2017, Anti-Corruption 2017

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

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.