

Chinasoft International

Margin pressure near term, Cloud and HarmonyOS keep growth outlook bright

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Research Analyst
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20 June 2022 | Equity | China | Computer Services

354 HK

Reiterate Rating	Price	Price Objective	Upside	Market Cap	Average Daily Value
BUY	7.38	10.25 ▼	38.9%	22,654	13.19
	HKD	from 12.30 HKD		HKD(mn)	USD(mn)

all data as of 20 June 2022

Key takeaways

- Lower forecasts and PO from HKD12.30 to HKD10.25 - but remains set at historical average P/E multiple of 14.5x
- Covid/regulatory environment has weakened demand and caused near-term margin pressure
- We remain very positive on fast-growing Cloud and HarmonyOS segment, which should help drive EPS CAGR of 26% through 2025E

Reiterate Buy as cloud business grows but lower PO

We reiterate our Buy rating on Chinasoft, with its Cloud services business expected to continue to drive strong growth. However, 1H22E earnings may be flat YoY, with projects interrupted by Covid-19 restrictions and industry weakness pressuring margins. We see conditions gradually easing from 2H22E and view the structural growth of digitization as a powerful structural tailwind for Chinasoft's IT outsourcing and cloud migration services. We lower our forecasts for margins but still see strong earnings growth ahead. We also lower our PO lowered from HKD12.30 to HKD10.25 - which remains set at its historical average of 14.5x P/E.

Margins pressured near term, mix set to improve

A weak economy and regulatory uncertainty have softened demand and compressed margins in China's IT outsourcing industry - Chinasoft's own gross margin fell 2.5ppts in 2021. We lower our earnings forecasts by an average of 18%, primarily given lower pricing/ margin assumptions. However, we still expect profit to increase >2.5x through 2025E as Chinasoft continues to expand its IT outsourcing business, particularly in financial services, while its higher-margin "Emerging Business" segment (Cloud and HarmonyOS deployment business) looks set to enjoy sustained, strong growth from a low base.

Low multiples for current sector headwinds ignore growth

We lower our PO from HKD12.30 to HKD10.25 as we keep our target P/E multiple at its historical average 14.5x but lower 2023E EPS forecast. We still expect strong EPS growth through 2025E - CAGR of 26%, versus only 19% for 2017-2021. The stock's current one-year-forward P/E multiple of just 10.7x and steep discount to domestic and global peers gives insufficient value to its growth prospects, in our view. We reiterate our Buy rating and look for further development of its HarmonyOS business, margin recovery and easing regulatory environment to be key positive catalysts over the next 12 months.

Estimates & Valuation

Estimates (Dec) (CNY)	2020A	2021A	2022E	2023E	2024E
Net Income (Adjusted - mn)	955	1,137	1,280	1,811	2,370
EPS	0.38	0.41	0.41	0.59	0.77
EPS Change (YoY)	23.3%	8.0%	-0.5%	45.0%	30.9%
Dividend / Share	0.029	0.032	0.035	0.053	0.073
Free Cash Flow / Share	0.25	0.11	-0.02	0.01	-0.06
Valuation (Dec)					
P/E	16.4x	14.8x	15.5x	10.7x	8.2x
Dividend Yield	0.5%	0.5%	0.6%	0.8%	1.2%
EV / EBITDA*	11.8x	10.1x	8.9x	6.9x	5.4x
Free Cash Flow Yield*	3.3%	1.6%	-0.3%	0.2%	-0.9%

Key Changes

(CNY)	Previous	Current
Price Obj.	HK\$12.30	HK\$10.25
2022E EPS	0.54	0.41
2023E EPS	0.69	0.59
2024E EPS	NA	0.77
2022E EBITDA (m)	2,247.7	1,965.5
2023E EBITDA (m)	2,814.1	2,518.5
2024E EBITDA (m)	NA	3,199.1

Stock Data

Price	7.38 HKD
Price Objective	10.25 HKD
Date Established	19-Jun-2022
Investment Opinion	C-1-7
52-Week Range	5.26 HKD-16.21 HKD
Mrkt Val / Shares Out (mn)	2,886 USD / 3,069.6
Market Value (mn)	22,654 HKD
Average Daily Value (mn)	13.19 USD
Free Float	91.0%
BofA Ticker / Exchange	CFTLF / HKG
Bloomberg / Reuters	354 HK / 0354.HK
ROE (2022E)	10.9%
Net Dbt to Eqty (Dec-2021A)	-27.2%



Price to Book Value

1.6x



Emerging business keeps driving growth

According to IDC, China's cloud service sector grew by 26.8% in 2H21 to reach a total Rmb11.8bn market size. Chinasoft ranked no. 1 in both cloud migration and cloud development categories, with 6.6% and 6.4% market shares, respectively. The cloud service sector, where the top ten providers grew market share from 29.1% from 2H20 to 30.1% in 2H21, is consolidating. Chinasoft ranks no. 4 overall as a cloud service provider with 2.9% market share.

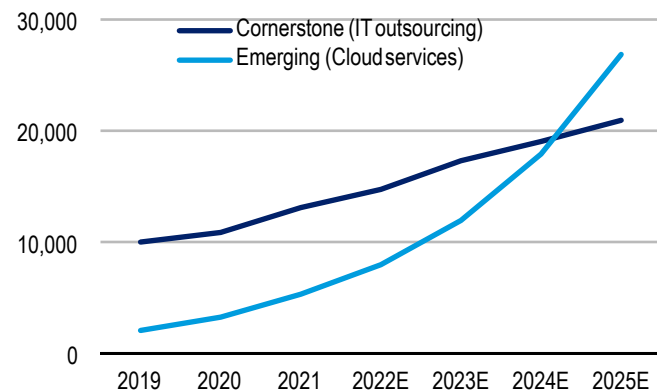
Chinasoft is also rolling out software and hardware products based on SZ Kai Hong development. The company has already established its own EV OS for customized EV maker solutions based on HarmonyOS, as well as products in V2X (Vehicle to Everything) products, smart cockpit, and automotive SOA (Service-Oriented Architecture).

As a result, we see Chinasoft's Cloud services business (which it designates as "Emerging Business") continuing to be the main driver of the company's growth in the coming years and look for it to grow an average of 50% per annum through 2025E.

Its traditional outsourcing business ("Cornerstone Business") also continues to expand as it looks to de-emphasize its historically high reliance on Huawei and build wallet share with large domestic and international clients - especially financial services. Covid lockdowns and regulatory uncertainty impacted growth in 2020 and are expected to again have a moderate impact in 2022. We see medium-term annual growth at 10-15%.

Exhibit 1: Revenue by business, 2019-25E (Rmb mn)

Fast growing "Emerging Business" seen becoming largest segment in 2025E

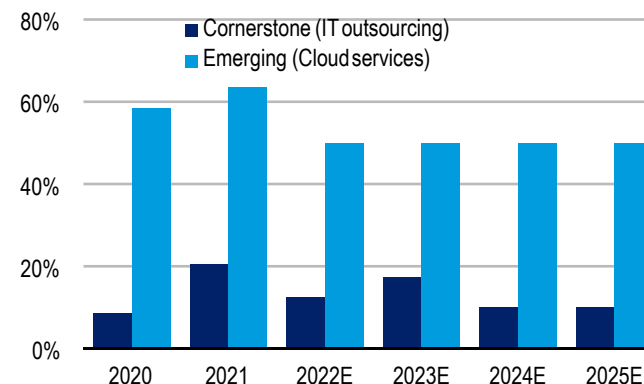


Source: Company reports, BofA Global Research.

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Exhibit 2: YoY growth rate by business segment, 2020-25E

We see Cloud services growing 50% annually from a low base through 2025E



Source: Company reports, BofA Global Research.

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Revisions to earnings forecasts

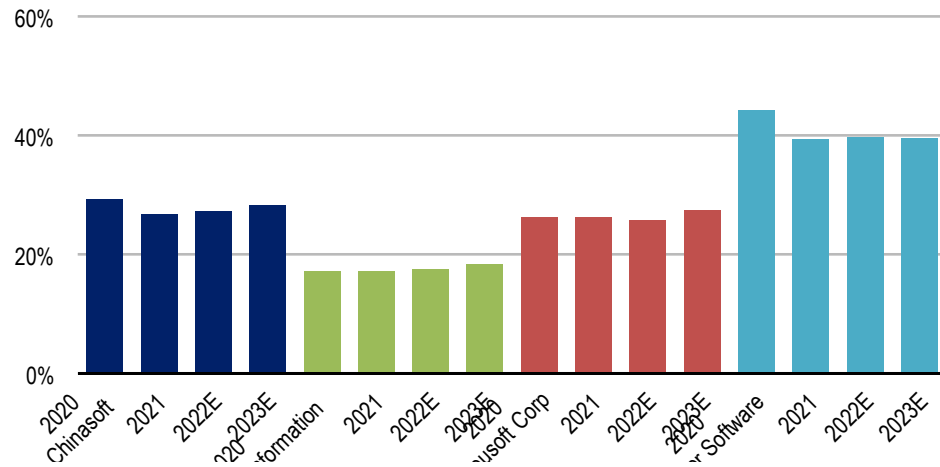
While we remain very positive on Chinasoft's growth outlook as companies in China continue to digitize their operations, consolidate outsourcing providers and migrate to Cloud, we revise down our earnings estimates for 2022E-24E.

A regulatory crackdown on the technology sector over the last 18 months, coupled with uncertainty from the ongoing Covid pandemic has resulted in a more challenging operating environment for IT service firms, with both pricing and margin pressure being experienced by several players in the industry. Chinasoft's own gross margin declined by 2.5ppts in 2021.

We believe that this pressure has stabilized in 2022, while Chinasoft should also benefit from faster growth of its higher margin Emerging Business cloud services segment. However, we expect gross margin to remain below 2020 levels and only gradually recover.

Exhibit 3: Peer group gross margins 2020-23E

Challenging operating and higher competition led to industry margin pressure in 2021, stabilizing this year



Source: Company reports, BofA Global Research forecasts for Chinasoft. All other companies are Bloomberg consensus estimates.

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We revise down our revenue forecasts by an average of 3% to account for the weaker pricing environment, but we cut our net income estimates by an average of 18% as we lower our margin assumptions. However, we still expect strong revenue growth and a gradual recovery in margins over the next three years, with the growth of its Cloud business a key driver. We forecast a profit rebound in 2023E from depressed numbers in 2022E as we expect fewer interruptions from Covid restrictions and a more benign regulatory environment.

Exhibit 4: Revisions to earnings forecasts (Rmb mn)

Lower earnings forecasts as we reduce our margin assumptions

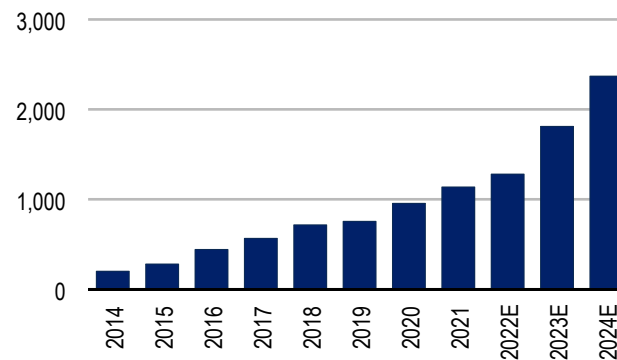
Year-ending Dec		2022E	2023E	2024E
Sales	New	22,688	29,245	36,944
	Previous	23,131	30,023	38,909
	% diff	-1.9%	-2.6%	-5.0%
Gross profit	New	6,179	8,278	10,825
	Previous	7,026	9,427	12,705
	% diff	-12.1%	-12.2%	-14.8%
Net income	New	1,280	1,811	2,370
	Previous	1,661	2,132	2,802
	% diff	-22.9%	-15.1%	-15.4%
Reported EPS	New	0.41	0.59	0.77
	Previous	0.54	0.69	0.91
	% diff	-24.8%	-15.1%	-15.5%

Source: BofA Global Research

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Exhibit 5: Net income, 2014-24E (Rmb mn)

Look for a return to strong growth in 2023 as Cloud accelerates and tech industry pressures ease



Source: Company reports, BofA Global Research.

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1H22E results preview

Chinasoft is due to release interim (1H22) results in late August. We expect continued revenue growth - with sales seen up 20% YoY but only flat half on half at Rmb10.0bn due to seasonality and Covid-19 impacts.

Margin pressures mean that we forecast a slight YoY fall in gross margin from 27.5% to 27.0%, resulting in almost unchanged 1H net income of Rmb514mn.

We expect a stronger 2H22E for Chinasoft as delivery of some of its onsite projects, which were delayed due to the month-long lockdowns in Shanghai and other cities, are rolled out.

Exhibit 6: Interim income statement, 2021-22E (Rmb mn)

1H22 net income expected to be flat YoY, but reopening should see profit growth return in 2H

	1H21	2H21	1H22E	2H22E
Revenue as reported	8,341	10,057	10,009	12,678
<i>YoY growth (%)</i>	37.7%	25.1%	20.0%	26.1%
Cost of goods sold	(6,047)	(7,447)	(7,307)	(9,202)
Gross profit	2,294	2,610	2,702	3,477
<i>Gross margin</i>	27.5%	26.0%	27.0%	27.4%
Operating expenses	(1,648)	(2,027)	(2,070)	(2,717)
Operating profit (loss)	646	583	632	760
<i>Operating margin</i>	7.7%	5.8%	6.3%	6.0%
Finance/other income (cost)	(45)	16	(50)	13
Profit before tax	576	676	574	826
Taxation	(59)	(56)	(60)	(59)
Net income to shareholders	516	621	514	767

Source: Company reports, BofA Global Research.

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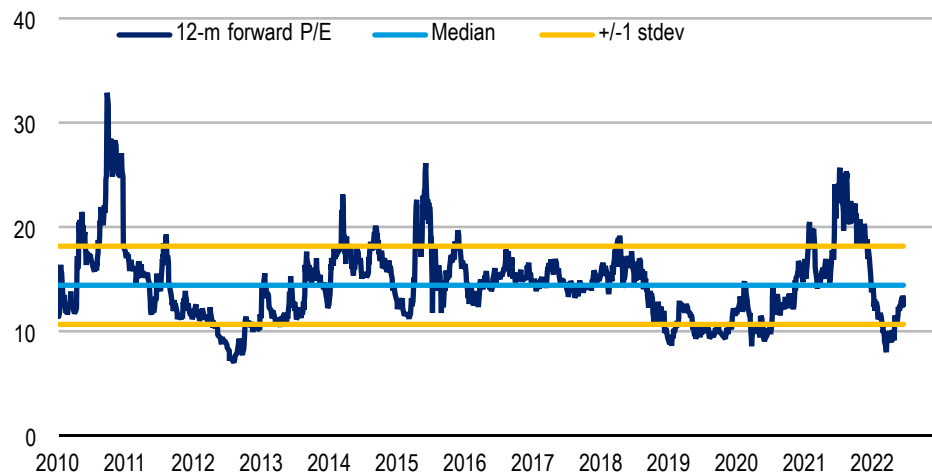
Valuation

We continue to set our 12-month price objective based on a 14.5x P/E multiple for 2023E, in line with its historical one-year-forward average. We expect Chinasoft to sustain its leadership positions in the HarmonyOS deployment ecosystem and believe that its strong balance sheet and active expansion in Cloud migration and HarmonyOS deployment will contribute to a 26% EPS CAGR through 2025E.

Our reduced earnings forecasts cause us to lower our price objective by 17% to HKD10.25 (from HKD12.30). The stock is currently trading at just 10.7x on 2023E P/E - below its average 14.5x multiple and at a significant discount to its domestic and global peers.

Exhibit 7: Chinasoft 12m forward P/E

Our 12-month price objective is set at 14.5x P/E - its historical average



Source: Bloomberg, BofA Global Research

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Exhibit 8: Comparative valuation, 2022E-23E

Chinasoft looks attractively valued versus Chinese and international comps at lower-than-average P/E multiples but comparable EPS growth

Company Name	Bloomberg Ticker	Mkt cap (US\$ mn)	P/E(x)		EV/EBITDA(x)		Sales growth (%)		EPS growth (%)	
			CY22E	CY23E	CY22E	CY23E	CY22E	CY23E	CY22E	CY23E
China										
Chinasoft International	354 HK	2,808	15.5	10.7	10.3	8.1	23.3	28.9	12.6	41.4
Thundersoft*	300496 CH	8,299	62.4	44.9	55.3	39.8	43.8	39.5	41.8	38.9
B-Soft*	300451 CH	1,624	16.2	12.5	12.8	10.2	23.7	25.0	25.0	29.9
Digital China Group*	000034 CH	1,487	NA	NA	NA	NA	NA	NA	NA	NA
Digital China Information Service*	000555 CH	1,621	19.5	15.7	NA	NA	10.5	11.2	23.9	23.7
DHC Software*	002065 CH	2,903	33.9	27.7	27.3	22.4	16.4	15.9	28.6	22.2
Neusoft Corp*	600718 CH	1,999	27.6	21.6	14.7	11.4	17.4	19.7	21.7	28.0
Winning Health Technology Group*	300253 CH	2,726	27.4	21.4	22.1	19.1	25.0	22.8	31.1	28.2
Average China			31.2	24.0	26.4	20.6	22.8	22.4	28.7	28.5
International										
Accenture PLC	ACN US	175,401	25.6	23.2	15.1	13.9	22.1	7.9	22.7	10.5
Cognizant Technology Solutions	CTSH US	35,382	15.1	13.6	9.3	8.4	8.3	8.4	9.5	10.4
HCL Technologies	HCLT IN	34,419	18.5	16.1	11.3	9.8	14.3	11.8	6.4	14.7

Infosys	INFO IN	77,749	24.4	21.7	16.4	14.7	16.5	12.3	12.7	12.7
Tata Consultancy Services	TCS IN	150,964	27.5	24.8	19.3	17.4	13.5	11.0	12.9	11.1
Average International			22.2	19.9	14.3	12.9	14.9	10.3	12.8	11.9
Overall average			27.1	22.1	20.4	16.7	19.2	16.9	21.5	20.9

Source: Bloomberg, BofA Global Research. Note: * denotes Bloomberg consensus estimates used

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iQprofileSM Chinasoft International

Company Description

Chinasoft International is a global IT service, business solutions and cloud service provider. In addition to IT outsourcing/solutions, the company also has comprehensive service capability for cloud and also runs an IT flexible staffing platform.

Investment Rationale

We have Buy rating on Chinasoft International. We like the company on the strong industry growth outlook, its leading position with comprehensive service capability, diversifying revenue base and improving margin/cash flow/payout as well as its professional management team.

Key Income Statement Data (Dec)

2020A2021A2022E2023E2024E

(CNY Millions)

Sales	14,101	18,398	22,688	29,245	36,944
Gross Profit	4,118	4,904	6,179	8,278	10,825

Sell General & Admin Expense	(2,031)	(2,699)	(3,403)	(4,533)	(5,911)
Operating Profit	1,037	1,229	1,392	1,961	2,587
Net Interest & Other Income	62	39	13	18	18
Associates	(24)	(10)	(5)	0	0
Pretax Income	1,074	1,258	1,400	1,979	2,604
Tax (expense) / Benefit	(87)	(115)	(119)	(168)	(234)
Net Income (Adjusted)	955	1,137	1,280	1,811	2,370
Average Fully Diluted Shares Outstanding	2,797	2,961	3,326	3,250	3,250

Key Cash Flow Statement Data

Net Income	994	1,142	1,280	1,811	2,370
Depreciation & Amortization	329	444	528	507	563
Change in Working Capital	(533)	(887)	(1,156)	(1,415)	(2,055)
Deferred Taxation Charge	NA	NA	NA	NA	NA
Other Adjustments, Net	363	262	6	41	59
Cash Flow from Operations	1,153	962	659	944	936
Capital Expenditure	(512)	(662)	(726)	(907)	(1,108)
(Acquisition) / Disposal of Investments	(16)	(9)	0	0	0
Other Cash Inflow / (Outflow)	337	141	70	75	75
Cash Flow from Investing	(192)	(530)	(656)	(832)	(1,033)
Shares Issue / (Repurchase)	473	1,679	(1,000)	0	0
Cost of Dividends Paid	(52)	(70)	(104)	(109)	(163)
Cash Flow from Financing	480	1,447	(1,104)	(109)	(163)
Free Cash Flow	640	300	(67)	38	(172)
Net Debt	(1,662)	(3,168)	(1,967)	(1,860)	(1,469)
Change in Net Debt	(2,000)	(1,577)	1,121	26	310

Key Balance Sheet Data

Property, Plant & Equipment	1,192	1,848	1,998	2,327	2,775
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Other Non-Current Assets	1,501	1,535	1,582	1,652	1,750
Trade Receivables	NA	NA	NA	NA	NA
Cash & Equivalents	3,787	5,556	4,355	4,248	3,857
Other Current Assets	6,607	7,963	9,951	12,680	16,019
Total Assets	13,087	16,902	17,886	20,908	24,401
Long-Term Debt	1,581	1,257	1,888	1,888	1,888
Other Non-Current Liabilities	11	33	9	15	18
Short-Term Debt	544	1,131	500	500	500
Other Current Liabilities	2,174	2,854	3,686	5,000	6,284
Total Liabilities	4,311	5,276	6,083	7,403	8,690
Total Equity	8,776	11,627	11,803	13,505	15,711
Total Equity & Liabilities	13,087	16,902	17,886	20,908	24,401

iQmethod SM - Bus Performance*

Return On Capital Employed	10.9%	9.8%	9.6%	12.5%	14.3%
Return On Equity	12.5%	11.2%	10.9%	14.3%	16.2%
Operating Margin	7.4%	6.7%	6.1%	6.7%	7.0%
EBITDA Margin	10.5%	9.4%	8.7%	8.6%	8.7%

iQmethod SM - Quality of Earnings*

Cash Realization Ratio	1.2x	0.8x	0.5x	0.5x	0.4x
Asset Replacement Ratio	1.8x	1.7x	1.5x	2.0x	2.2x
Tax Rate (Reported)	8.1%	9.2%	8.5%	8.5%	9.0%
Net Debt-to-Equity Ratio	-18.9%	-27.2%	-16.7%	-13.8%	-9.3%
Interest Cover	7.6x	12.9x	13.4x	18.7x	24.5x

Key Metrics

* Click for full definitions of [iQmethodSM measures](#).

Price Objective Basis & Risk

Chinasoft International (CFTLF)

We set our PO of Chinasoft at HKD10.25, based on 14.5x P/E for 2023E, in line with the company's long-term average one-year-forward multiple. While the company is enjoying a more diversified revenue source (diminishing reliance on its single-largest customer), better margins and cash flows, strengthening balance sheet, faster EPS growth and a higher dividend payout ratio, we see valuations capped by intense regulatory scrutiny and frequent policy adjustments in China's internet and technology sector. We believe that this, plus ongoing industry margin pressures, will act as a headwind to multiples over the next 12 months, causing us to set our target multiple in line with the historical average rather than at the premium deserved by fundamentals.

Upside risks: (1) faster-than-expected growth from key clients, (2) higher-than-expected growth in new client acquisitions, and (3) successful acquisitions.

Downside risks: (1) revenue concentration on a few large clients, (2) intensified competition in the industry, (3) failure in ramping up and successfully developing its cloud platform and Jiefang Hao, (4) goodwill impairment from previous acquisitions.

Coverage Cluster

APR - Internet, Media and Software Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY	Agora	API	API US	Eddie Leung
	AiHuiShou	RERE	RERE US	Joyce Ju
	Alibaba Group	BABA	BABA US	Eddie Leung
	Alibaba Group	BABAF	9988 HK	Eddie Leung
	Alibaba Health	ALBHF	241 HK	Miranda Zhuang, CFA
	Baidu.com	BIDU	BIDU US	Eddie Leung
	Baidu.com	BAIDF	9888 HK	Eddie Leung

Bloomberg symbol Analyst

Agora	API	API US	Eddie Leung
AiHuiShou	RERE	RERE US	Joyce Ju
Alibaba Group	BABA	BABA US	Eddie Leung
Alibaba Group	BABAF	9988 HK	Eddie Leung
Alibaba Health	ALBHF	241 HK	Miranda Zhuang, CFA
Baidu.com	BIDU	BIDU US	Eddie Leung
Baidu.com	BAIDF	9888 HK	Eddie Leung

Bilibili	BILI	BILI US	Lei Zhang
Bilibili	XLWRF	9626 HK	Lei Zhang
Chinasoft International	CFTLF	354 HK	Paul Dewberry
Cloud Village	XVWJF	9899 HK	Lei Zhang
Coupang	CPNG	CPNG US	Susie Lee
Dada Nexus	DADA	DADA US	Eddie Leung
Dingdong	DDL	DDL US	Joyce Ju
East Money	XEQTF	300059 CH	Eddie Leung
Hello Group	MOMO	MOMO US	Lei Zhang
HYBE	XBGOF	352820 KS	Susie Lee
JD Health	JDHIF	6618 HK	Miranda Zhuang, CFA
JD.com	JD	JD US	Eddie Leung
JD.com	JDCMF	9618 HK	Eddie Leung
Kuaishou	KUASF	1024 HK	Eddie Leung
Lexin Fintech	LX	LX US	Eddie Leung
Meituan	MPNGF	3690 HK	Eddie Leung
Naver Corporation	NHNCF	035420 KS	Susie Lee
NCSOFT	NCSCF	036570 KS	Susie Lee
NetEase	NETTF	9999 HK	Eddie Leung
NetEase, Inc	NTES	NTES US	Eddie Leung
Nine Entertainment Company	NNMTF	NEC AU	Ware Kuo
Pinduoduo Inc.	PDD	PDD US	Joyce Ju
PT Bukalapak.com	BKLPF	BUKA IJ	Sachin Salgaonkar
PVR Ltd.	PVRLF	PVRL IN	Sachin Salgaonkar
REA Group	RPGRF	REA AU	Ware Kuo
Sea Limited	SE	SE US	Sachin Salgaonkar
Seek Limited	SKLTF	SEK AU	Ware Kuo

Sohu.com Ltd	SOHU	SOHU US	Eddie Leung
Tencent Holdings	TCTZF	700 HK	Eddie Leung
Tencent Music	TME	TME US	Lei Zhang
The ONE Enterprise	XUFCF	ONEE TB	Thititthep Nophaket
Trip.com Group	TCOM	TCOM US	Joyce Ju
Vipshop Holdings	VIPS	VIPS US	Joyce Ju
Weibo Corporation	WB	WB US	Miranda Zhuang, CFA
Weibo Corporation	XFHYF	9898 HK	Miranda Zhuang, CFA
WiseTech Global Limited	WTCF	WTC AU	Ware Kuo
YY	YY	YY US	Lei Zhang

NEUTRAL

AfreecaTV	WNTHF	067160 KS	Susie Lee
Baozun	BZUN	BZUN US	Joyce Ju
Carsales	CSSSF	CAR AU	Ware Kuo
Huya	HUYA	HUYA US	Lei Zhang
iQIYI	IQ	IQ US	Lei Zhang
Kakao Corp.	DAUCF	035720 KS	Susie Lee
KE Holdings	BEKE	BEKE US	Miranda Zhuang, CFA
KE Holdings	XSQRF	2423 HK	Miranda Zhuang, CFA
Krafton	XKINF	259960 KS	Susie Lee
Makemytrip Limited	MMYT	MMYT US	Sachin Salgaonkar
Paytm	XUXBF	PAYTM IN	Sachin Salgaonkar
Plan B Media PCL	XMKTF	PLANB TB	Thititthep Nophaket
Seven West Media	WANHF	SWM AU	Ware Kuo
VGI Public Company Limited	XZQHF	VGI TB	Thititthep Nophaket
XD Inc.	XDNCF	2400 HK	Lei Zhang
Zomato Limited	XMWRF	ZOMATO IN	Sachin Salgaonkar

UNDERPERFORM

Altium Limited	ALMFF	ALU AU	Ware Kuo
Appen Ltd	APPEF	APX AU	Ware Kuo
Autohome	ATHM	ATHM US	Miranda Zhuang, CFA
Autohome	XXYZF	2518 HK	Miranda Zhuang, CFA
BEC World	XBJHF	BEC TB	Thititthep Nophaket
China Literature	CHLLF	772 HK	Eddie Leung
CJ ENM	CJHOF	035760 KS	Susie Lee
Douyu	DOYU	DOYU US	Lei Zhang
Hithink Royalflush	XHIFF	300033 CH	Eddie Leung
Info Edge	IFOEF	INFOE IN	Sachin Salgaonkar
Kakao Games	XKKGF	293490 KS	Susie Lee
Netmarble	XLGHF	251270 KS	Susie Lee
PearlAbyss Corp	XEPAF	263750 KS	Susie Lee
Ping An Healthcare and Technology	PANHF	1833 HK	Miranda Zhuang, CFA
Technology One Limited	THNOF	TNE AU	Ware Kuo
Xero Limited	XROLF	XRO AU	Ware Kuo
Zip Co Limited	ZIZTF	ZIP AU	Ware Kuo

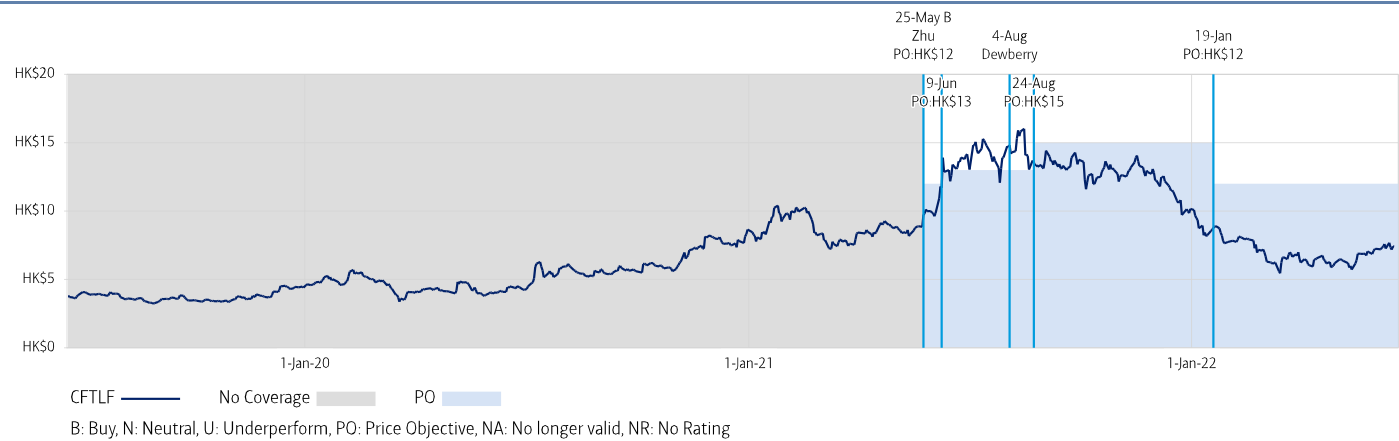
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Equity Investment Rating Distribution: Technology Group (as of 31 Mar 2022)

Coverage Universe	Count	Percent	Inv. Banking Relationships	Count	Percent
Buy	242	60.50%	Buy	154	63.64%
Hold	87	21.75%	Hold	47	54.02%
Sell	71	17.75%	Sell	35	49.30%

Equity Investment Rating Distribution: Global Group (as of 31 Mar 2022)

Coverage Universe	Count	Percent	Inv. Banking Relationships	Count	Percent
Buy	1916	57.18%	Buy	1207	63.00%
Hold	705	21.04%	Hold	452	64.11%
Sell	730	21.78%	Sell	362	49.59%

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster ^{R2}
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

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