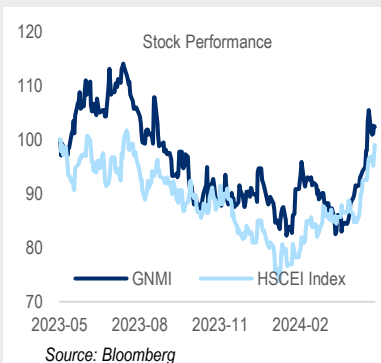


Company Research Note

10 May 2024

Ticker	6616 HK/6616.HK
GICS Sector	Materials
Rating	BUY
Target Price	6.00
Current Price	4.27
Upside/(downside)	41%
MarketCap (US\$m)	664
Total Shares (m)	1,238



Lead Analyst:

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Equity Analyst
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For more information on our company-sponsored research please contact us at: research@icaasia.com

Global New Material International

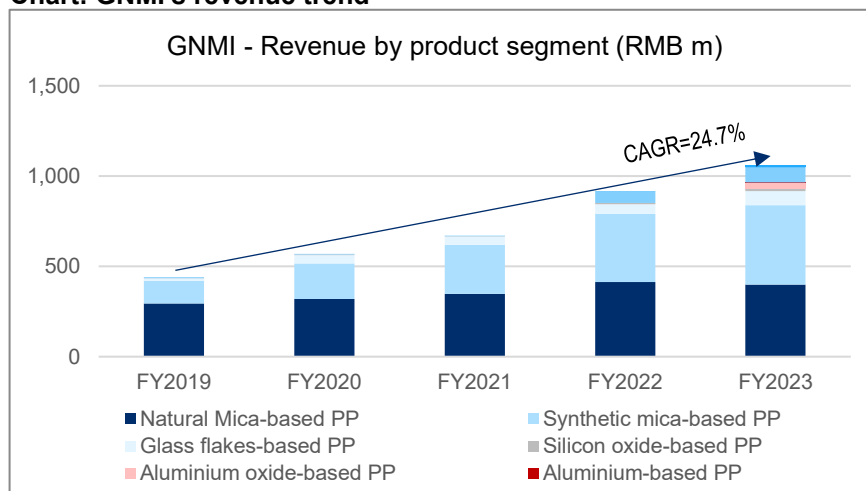
Track Record of Growth in Niche Markets

Investment thesis

1) **GNMI bodes well for two structural trends in the pearlescent pigment industry.** We believe the company is well positioned for the two structural trends, being the synthetic mica-based products replacing natural mica-based products, and strong demand growth for the high-end pearlescent pigment products. The company is a leading player in the segment ranking No.3 worldwide and No. 1 in China. Thanks to the depletion of natural mica resources and the costs associated with cleansing natural mica to remove heavy metals, synthetic mica-based pearlescent pigments have been replacing natural mica-based products. Market share of the synthetic mica-based pearlescent pigment gained 17ppt between 2016 and 2020. Pearlescent pigments for automotive and cosmetic products are the top two growth drivers for the industry. Products for these two segments could be selling for as much as three times the industry-grade products. Frost & Sullivan estimated these two segments to grow at a CAGR of 25.9% and 16.7% between 2020 and 2025E, respectively. The acquisition of CQV, which mostly focuses on the production of high-end automotive and cosmetic products, complements the company's existing product lines well and positions the combined group for the trend.

2) **The company's pearlescent pigment plants have been running at full capacity with capacity expansion to fulfill demands.** Its Phase 2 expansion and the green field Tonglu base will expand the company's capacity for pearlescent products and synthetic mica powder by a CAGR of 37.5% and 50.4% between 2023 and 2026E. Our DCF model values the company at RMB 6.8 billion (or USD 945 million), equivalent to 2025E PER and EV/EBITDA of 18.7x and 11.4x, respectively. We set a target price of HKD 6.00 and a **BUY** rating for the company.

Chart: GNMI's revenue trend

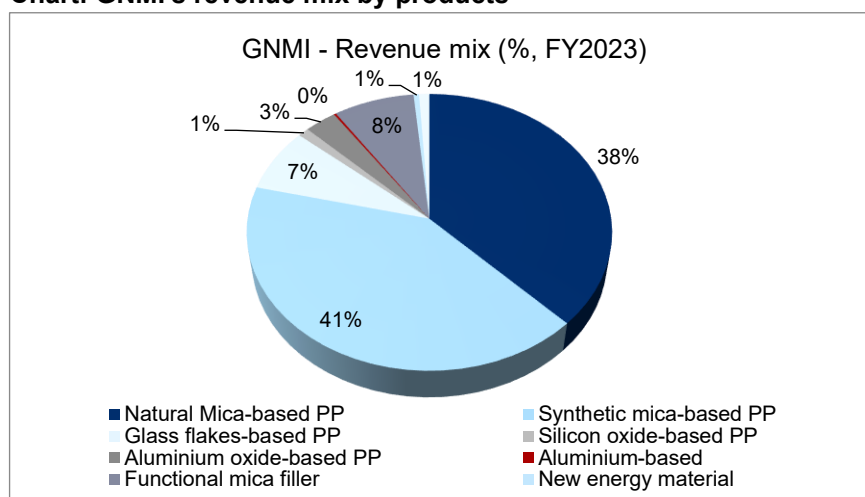


Source: Company, DZT Research

Company background and shareholders

Founded in 2011 by Mr. Su Er'tian, Global New Material International Holdings Limited (GNMI) is the largest pearlescent pigment producer in China and the fourth largest globally. The company's main products are natural mica-based and synthetic mica-based pearlescent pigments which accounted for 37.6% and 41.2% of the company's revenue in 2023, respectively. The company also produces pearlescent pigments on other base materials such as glass flake, silicon oxide, aluminum oxide, and aluminum. Last but not least, the company produces functional mica filler and new energy materials that can be used for heat insulation for EVs (electric vehicles) and the aerospace industry. The company's products are mostly sold via distributors. When the volume of the end-users is sizable, such end-users could purchase directly from the company.

Chart: GNMI's revenue mix by products



Source: Company reports, DZT Research

In March 2015, the company was listed on the NEEQ board in China under the name Chesir Pearl which is also the brand name for its products (ticker 832080 and Chinese name 七色珠光) and was delisted in September 2019 to prepare for a listing in Hong Kong.

The company's main shareholders are Mr. Su and Guangxi Investment Group which is a provincial state owned company. Besides, CQV Co Ltd is one of the shareholders of the company post acquisition. According to Bloomberg, China's China Southern Asset Management and BlackRock invested in the company (table below).

Table: Shareholders

Shareholder	Stake (%) 占发行股 百分比
Mr. Su	31.5%
Mr. Bai Zhihuan	0.1%
Mr. Hu Yongxiang	1.4%
Guangxi Investment Group	12.4%
CQV Co Ltd	1.4%
Mr. Chang Kil Wan	1.0%
Public, include:	49.3%
China Southern Asset Management	0.3%
BlackRock	0.2%
Mr. Lin Kwang Su	1.2%
Total	100.0%

Source: Company, Bloomberg, DZT Research

Value chain of pearlescent pigment

The pearlescent pigment is a material made by coating of layers of metal oxide on the surface of mica or other substrates through a specific process based on the principle of pearl luster. The benefit of pearlescent pigments, compared to other types of pigments, including organic pigment, metallic pigment, and inorganic pigment, is that it has superior properties such as good luster, decent decorative finish, non-toxicity, strong lightfastness, heat resistance, and chemical stability. Thanks to its translucence and light reflective visual appeal, it is widely used in automotive coatings, cosmetic products (picture below), plastics, printing inks, and arts and crafts, among others.

Picture: Pearlescent pigments used for the cosmetic industry



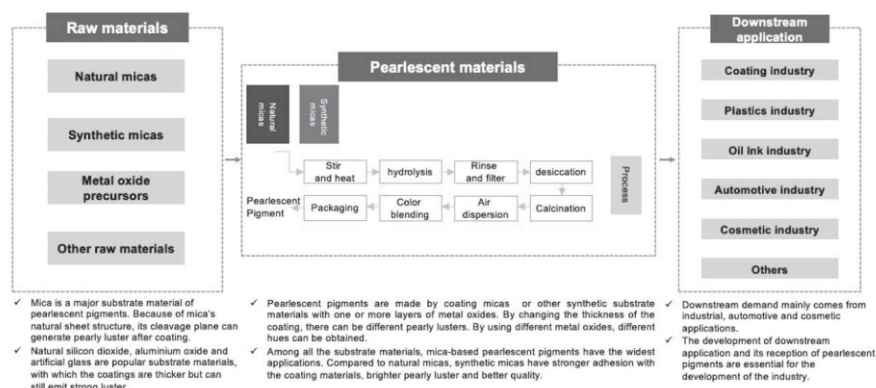
Source: Medium

Pearlescent pigments can be made on various base substrates. Take mica for example, natural mica-based PPs are made by coating natural mica powders with one or more layers of metal oxide. Such substrates include

natural micas, synthetic micas, aluminum oxides, silicon oxides, and glass flakes.

The following chart provides an overview of the pearlescent pigments value chain. With respect to the upstream supply of natural mica, the key raw material for pearlescent pigments, India, and Brazil are the main exporting countries, among others. The company mainly imported natural mica from India.

Chart: Value chain of pearlescent pigment industry



Source: Frost & Sullivan

In terms of the market position in the pearlescent pigment market including all base materials, we estimate that the combined group after the acquisition of CQV, would have ranked in third place globally by revenue. The combined group has an estimated market share between 4.5%-5.0%, conservatively. Its market position is behind Merck KGaA, and BASF Colors & Effects. In China, the company ranked in the first place, with a large margin ahead of Fujian Kuncai.

In the synthetic mica-based pearlescent pigment segment, the company ranks first both globally and in China.

In terms of downstream application, Frost & Sullivan estimated that in 2023E, coatings, plastics, oil ink, automobile, cosmetics accounted for 24%, 16%, 12%, 10%, and 16%, respectively in China.

Industry Trend #1 - Synthetic mica replacing natural mica, as well as talcum powder

The first trend that we would like to highlight is the shift from natural mica to synthetic mica as the base substrate. Frost & Sullivan estimated that in 2016, synthetic mica made up 29% of the global mica market. Its market share increased by 17ppt to 46% in 2020 and would further increase to 61% in 2025E.

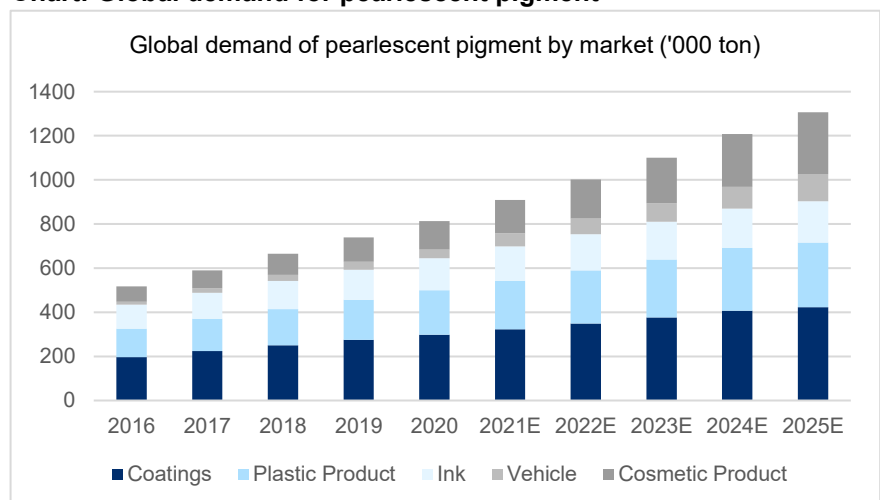
The main reasons for the shift from natural mica to synthetic mica are 1) natural mica mines are becoming depleted and 2) synthetic mica-based pearlescent pigment is clean and environmentally friendly. Take the application in the cosmetic industry for example, the presence of heavy metals in the natural mica is a critical problem from the health perspective. If the natural mica were to be purified to remove the heavy metal content, it would not be as economical as using synthetic mica.

Another trend within the cosmetic and personal care industry is that synthetic mica powder, as a raw material, is replacing talcum powder in certain cosmetic and personal care products. Talcum powder has been known to contain the carcinogen asbestos, if there is contamination during its mining process, as the talc is naturally found close to asbestos. Though there are regulatory standards to ensure that cosmetic and pharmaceutical grade talc is free from asbestos, oversights do happen and the issue with health concerns with the talcum powder has been escalated when numerous lawsuits were filed against Johnson & Johnson, claiming the use of talcum caused cancer.

Industry Trend #2 - Increasing demand for the high-end pearlescent pigments

According to the Frost & Sullivan forecasts, the top two end market for pearlescent pigments by growth are the vehicle market and cosmetic product market, which were estimated to grow at a CAGR of 25.9% and 16.7% between 2020 and 2025E, respectively (chart below). Though the largest markets used to be from coatings and plastic products, representing 34% and 24% of the market in 2023E, respectively. The rapid increase of demand is due to both the technology development of the synthetic mica-based pearlescent pigments, and demand for high-end products in the automotive and cosmetic markets.

Chart: Global demand for pearlescent pigment



Source: Frost & Sullivan, DZT Research

With the acquisition of CQV in 2023, which is a leading producer globally in the high-end automotive market and cosmetic market, the company is optimizing its product lines for growth opportunities. We estimate that the ASP of the pearlescent pigments sold by CQV was more than 3 times the company's products.

Barrier to entry for high-end products. There is also a notable barrier to entry for the high-end automotive and cosmetic grade products. In the first place, there are not many manufacturers that can produce synthetic mica powder with stable quality to the required specification (including the particle size) for high end products so the supply is limited.

Thanks to its R&D capacity, GNMI's synthetic mica powder is certified to contain less than 10 ppm of free fluoride levels, complying with the Japanese quasi-drug ingredient standards, and can be safely used in cosmetics. The company's automotive pearlescent pigment products have been certified under the international automotive industry standard IATF16949:2016.

Even after obtaining the raw material and the know-how of producing high-end pearlescent pigments, the qualification process for entry into the supply chain of automotive manufacturers will also take long time to complete. When the qualification include testing in various weather conditions, the cycle could be as long as 5-8 years.

Capacity expansion driven by demand growth

Since its listing in Hong Kong in 2021, the company has been continuously working on technical improvements to its existing plants, including the Phase 1 pearlescent pigments plant and Phase 1 synthetic mica powder Plant. The capacity for the former has increased by 31% between 2020 and 2023 to an estimated 18,000 tonnes per annum, in line with the company's production volume growth of 32% over the corresponding period, suggesting that the new capacity were utilized to meet market demand. The capacity for the latter has also increased by 26% to an estimated 12,000 tonnes per annum of synthetic mica powder.

The company is currently working on two major capacity expansion projects, namely Phase 2 Production Plant and Tonglu Base.

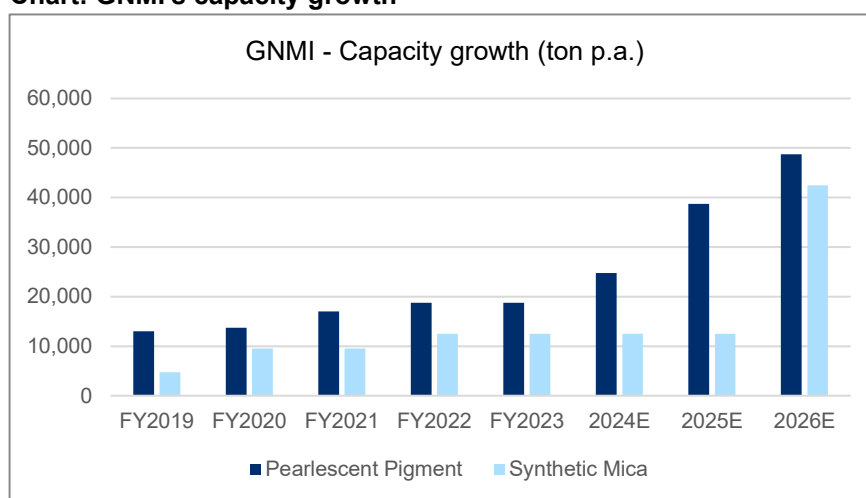
The Phase 2 Production Plant is designed for the production of the pearlescent pigment, located near its Phase 1 Production Plant in Liuzhou City, Guangxi Province.

Its Phase 1 Production Plant was expanded to an annual capacity of 18,000 tonnes of pearlescent pigments in 2023. The Phase 2 Production Plant has a total designed capacity of 30,000 tonnes per annum with a focus on the high-end automotive grade and cosmetic grade pearlescent pigment products which will command a much higher ASP than industrial grade

products. The total investment for the Phase 2 Production Plant is RMB 1.3 billion. The first stage of the Phase 2 Production Plant with a designed capacity of 6,000 tonnes of pearlescent pigment per annum commenced operation in February 2024.

The remaining capacity expansion will be staged in 2025E (an additional 14,000 tonnes per annum) and 2026E (an additional 10,000 tonnes per annum).

Chart: GNMI's capacity growth



Source: Company, DZT Research

The Tonglu Base is located in Tonglu County, Hangzhou City, Zhejiang Province. It has a total designed annual production capacity of 100,000 tonnes of synthetic mica flakes. The first phase with a capacity of 30,000 tonnes will commence operation in 2026E.

Hence, we forecast that the company's production capacity for pearlescent pigments and synthetic mica flake will reach 48,000 tonnes per annum and 42,000 tonnes per annum in 2026E, respectively. Raw materials for the production of synthetic mica powder are quartz sand, fused magnesia sand, alumina, potassium fluosilicate, and potassium carbonate which are common industry raw materials. As such the cost of production is manageable, compared to imported natural mica powder.

Acquisition of CQV

We believe the recent acquisition of South Korea-based CQV will greatly complement the company's product offering and distribution network. Both companies will also have synergy in the areas of R&D, production, and procurement. CQV is the world's number 5 player in the pearlescent pigments market by revenue, according to Frost & Sullivan estimates. CQV is one of the two companies in the world that are able to achieve mass production of automotive-grade alumina oxide-based pearlescent pigment, according to our channel checks.

Based on its public disclosure, we estimate that the ASP of pearlescent pigment products sold by CQV was KRW 33.01 million/tonne (equivalent to RMB 178,888/tonne) in 2023, which represents a 247% premium to the ASP of GNMI's pearlescent pigments sold in China.

As of 2023, CQV's product category includes 976 products. CQV has a strong market position in the high-end automotive and cosmetic product segments. In 2023, of the KRW 61,101 million (RMB 323 million) revenue recorded by CQV, 41.3% were contributed by the cosmetic segment, and 38.1% were contributed by the automobile segment. In terms of distributorship, CQV covers 155 countries and regions.

Table: Product comparison between GNMI and CQV

# of products	GNMI	CQV
Natural mica-based PP	573	158
Synthetic mica-based PP	422	499
Alumina oxide-based PP	-	98
Glass flake-based PP	67	140
Silica oxide-based PP	21	

Source: Company, DZT Research

The company completed the acquisition of a 42.45% stake in CQV Co Ltd in August 2023 at a total consideration of KRW 85.9 billion (equivalent to HKD 529 million). The consideration was satisfied by a combination of cash payment and issuance of GNMI shares (table below).

Table: Transaction of CQV acquisition

Vendors	Shares Acquired	Stake (%)	Cash (KRW bn)	GNMI Shrs (KRW bn)	GNMI Shrs (HKD m)
CQV Treasury Shares	1,175,576	11.60%	0.0	23.6	145.2
CQV Vendor A	2,255,189	22.24%	25.0	20.1	123.8
CQV Vendor B	873,163	8.61%	0.0	17.5	107.8
Total	4,303,928	42.45%	25.0	61.2	376.8

Source: Company, DZT Research, Bloomberg

Note: conversion to KRW was based on historical exchange rate

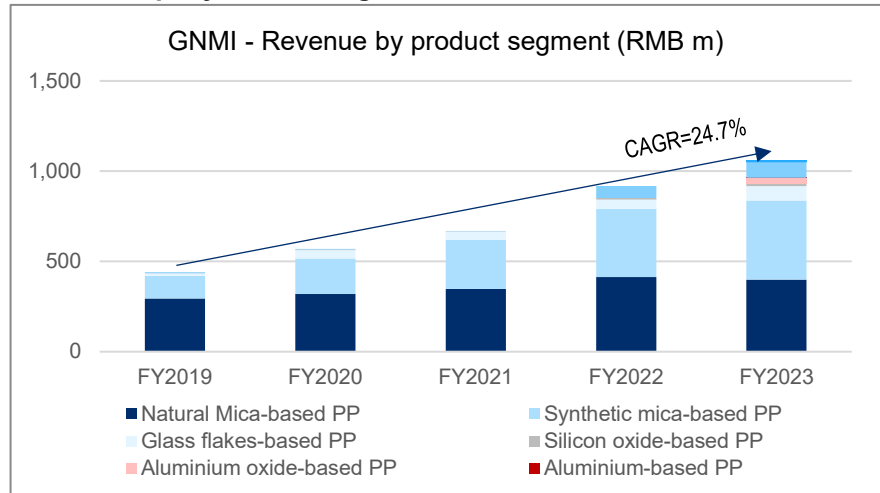
As the company appointed four out of the six directors on the board of CQV, the company is in effective control of CQV. One share vendor, Mr. Lin Kwang Su, retired from the position of CEO while the other vendor, Mr. Chang Kil Wan remained as an executive director of the company after share sales.

Financials and Forecasts

The company managed to maintain double-digit top-line growth for the past five years, with a CAGR of 24.7% between 2019 and 2023, despite the impact of the COVID-19 pandemic between 2020 and 2022. While the natural mica-based pearlescent pigments product was the main revenue

contributor for the company in 2019, accounting for 67% of revenue, higher price products such as synthetic mica-based pearlescent pigments and the glass flakes-based pearlescent pigments, have been the main growth drivers. Sales from synthetic mica-based pearlescent products surpassed natural mica-based pearlescent pigments in 2023, reaching a revenue contribution of 41%.

Chart: Company's revenue growth



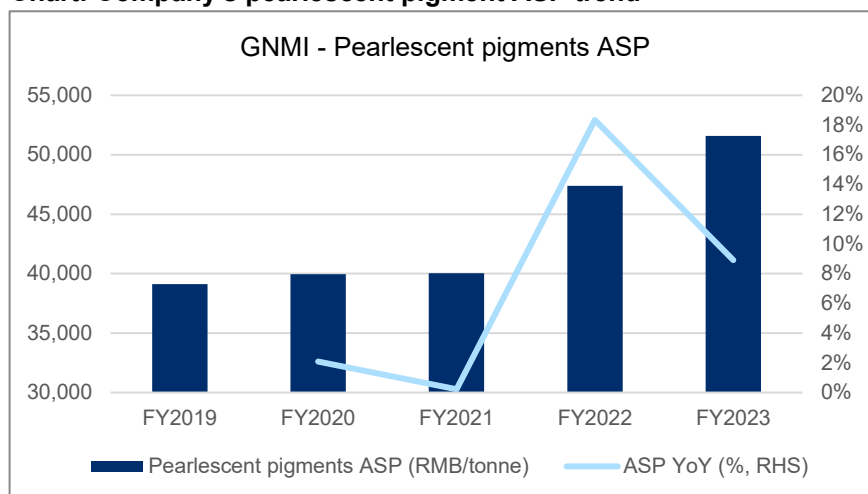
Source: Company, DZT Research

We believe that there are two factors contributing to the company's growth in the past three years:

1) Increasing ASPs. The company has been able to achieve annual price increase for its pearlescent pigments in the past five years, from RMB 39,125/tonne in 2019 to RMB 51,592/tonne in 2023, representing an average annual increase of 7.2% (Chart below). Going forward, the company aims to increase the ASP by 5-10% per annum. We believe two factors are driving the ASP increase: 1) the demand for synthetic mica-based pearlescent pigments, especially the high-end cosmetic grade and automotive grade pearlescent pigments; and 2) the company's innovation efforts to increase SKUs.

We have discussed the first factor in the earlier sections. For SKUs, we have seen that the company has been consistently working on R&D and launching new products. The company spent on average 7.4% of its revenue in the past three years for R&D.

Chart: Company's pearlescent pigment ASP trend



Source: Company, DZT Research

When the company was listed in Hong Kong, it had 476 natural mica-based pearlescent pigment products, 266 synthetic mica-based pearlescent pigment products, and 30 glass flake-based pearlescent products. In 2023, the company grew its product SKUs to 573, 422, and 67, respectively, representing percentage growth of 20%, 59%, and 123% for respective categories in the past one and a half years. Besides its own product development, the company also acquired a wide range of products from CQV in 2023. (table below)

Table: Company's product SKUs

# of products	GNMI (IPO)	GNMI (2023)	CQV
Natural mica-based PP	476	573	158
Synthetic mica-based PP	266	422	499
Alumina oxide-based PP	-	-	98
Glass flake-based PP	30	67	140
Silica oxide-based PP	-	21	-

Source: Company, DZT Research

2) Capacity expansion to meet demand. We have discussed the company's capacity expansion in the section above. In the past three years, the company's sales growth has been tracking its capacity growth. In the future, we expect the company's production capacity for pearlescent pigments and synthetic mica powders to reach 48,000 tonnes and 42,000 tonnes in 2026E, respectively. This represents a 38.7% CAGR and 51.8% CAGR between 2023 and 2026E, respectively.

Taking into consideration the company's annual ASP adjustment, capacity expansion, ramp-up for newly installed capacity, and acquisition of CQV,

we forecast the company's revenue to grow at 20%, 22%, and 24% for 2024E, 2025E, and 2026E, respectively. A summary of the revenue forecasts for each segment is tabulated in the table below.

Table: Segment revenue assumptions for GNMI

RMB m	FY2019	FY2020	FY2021	FY2022	FY2023	2024E	2025E	2026E
Revenue - Total	441	569	670	917	1,064	1,278	1,563	1,938
YoY	38%	29%	18%	37%	16%	20%	22%	24%
Segment revenue								
Natural Mica-based PP	296	319	348	413	400	400	400	400
YoY		8%	9%	19%	-3%	0%	0%	0%
Synthetic Mica-based PP	125	197	272	379	438	570	741	963
YoY		58%	38%	39%	16%	30%	30%	30%
Other PP	14	50	48	59	126	181	227	286
YoY		256%	-3%	23%	114%	44%	25%	26%
Functional filler	6	3	2	64	84	101	151	226
YoY		-48%	-39%	3086%	30%	20%	50%	50%
Others	0	0	0	2	16	27	45	64
YoY					820%	65%	67%	43%

Source: Company, DZT Research

For valuation, we use the DCF as our main valuation methodology, reason being that the company has stable margins and visible capacity growth. Using a WACC of 10.5% and a terminal growth of 2.5% after 2035E, we derive the company's equity value of RMB 6.8 billion (or USD 945 million), equivalent to HKD 5.98 per share.

While the company's share price implies a 2025E PER of 14.4x and an EV/EBITDA of 6.7x, our target price implies a 2025E PER of 18.7x and EV/EBITDA of 11.4x.

Table: DCF valuation

DCF													
RMB m	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	
EBIT	337	414	523	628	722	809	906	997	1056	1100	1146	1194	
Growth Rate (%)	%	22%	23%	26%	20%	15%	12%	10%	6%	4%	4%	4%	
Effective Tax Rate	%	-16%	-16%	-16%	-20%	-20%	-20%	-20%	-20%	-20%	-20%	-20%	
Tax on EBIT	-54	-66	-84	-126	-144	-162	-181	-199	-211	-220	-229	-239	
Non-Cash Charges	63	85	103	150	150	150	150	150	150	150	150	150	
Capex	-320	-320	-320	-200	-200	-200	-200	-200	-150	-150	-150	-150	
Change in WC	-114	-159	-209	-150	-120	-100	-100	-80	-60	-60	-60	-60	
FCF	mIn	-87.4	-45.9	13.4	302.4	407.8	497.1	574.8	667.3	785.1	820.3	857.1	895.3
FCF (PV)		2,373											
Terminal Value (PV)		3,103											
Cash and equivalents		3,203											
Investment in associates		0											
Other LT assets		21											
LESS:													
Total debts		903											
Other LT liabilities		28											
Minority Interest		929											
Equity Value		6,841											
Shares Outstanding		1,238											
DCF - Fair Value Per Share		5.53											
RMB converted to HKD		5.98											

Source: DZT Research

We also cross check our valuation against listed peers in the valuation table in Appendix 1. Of the listed peers, the closest peer to the company is Fujian Kuncai (603826 CH). Fujian Kuncai reports two segments, namely pearlescent pigments and titanium dioxide, which contributed 91.4% and 7.8% of its revenue in 2023, respectively. Fujian Kuncai is currently trading at 2025E PER of 14.7x and EV/EBITDA of 10.5x. We note that Fujian Kuncai has a lower average R&D expense as percentage of sales at 4.2% for the past three years, compared to the company's 7.4%. Fujian Kuncai's valuation is also anchored by forecast of a sizable ramp up of its sizable titanium dioxide production. Titanium dioxide is mainly used as white pigment.

Besides Fujian Kuncai, we believe that the acquisition value for BASF Colors & Effects is of reference value. BASF Colors & Effects is the world's second-largest player in the pearlescent pigment market. Japan-listed DIC Corporation acquired BASF Colors & Effects in June 2021 with a valuation of EUR 1.15 billion. This is equivalent to 9.6x EV/EBITDA.

The upside to our valuation. We have not factored in potential margin improvement brought by 1) the shift of high-end pearlescent pigment products, 2) synergies achieved from the CQV acquisition, and 3) potential M&As.

Risk to our valuation: slower production ramp-up than our expectation; more intense competition than our expectation.

Appendix 1 - Valuation comparison

Company name	Ticker	Price	MCap	PE		EV EBITDA		Revenue Growth		Profit Growth	PB (x)	ROE YTD (%)	52W High Chg	52W Low Chg	1Y (%)	
				24E	25E	24E	25E	24E	25E	24E						
			(US\$m)	21.8	14.4	12.1	9.6	33.0	16.6	-154.3	2.24	12.8	-4.9	-22.5	27.0	-9.5
Average																
China specialty material																
Global New Material Internatio	6616 HK	4.3	677	18.3	14.4	7.9	6.7	20.1	22.3	59.4	1.5	8.8	8.1	-11.4	31.4	3.6
Fujian Kuncai Material Technol	603826 CH	45.8	2,967	27.3	14.7	17.5	10.5	332.8	76.3	836.4	7.9	5.0	-22.4	-25.0	15.0	-15.8
Hoshine Silicon Industry Co Lt	603260 CH	53.1	8,683	16.6	13.2	12.7	9.4	31.2	28.4	31.9	1.8	9.3	4.0	-30.5	27.5	-25.8
Hengdian Group DMEGC Magnetics	002056 CH	14.7	3,306	12.5	10.6	7.2	6.3	20.0	18.7	5.8	2.2	21.7	8.4	-23.1	35.8	-20.9
Western Superconducting Techno	688122 CH	43.1	3,878	26.1	20.6	20.0	15.8	35.2	25.7	39.1	3.9	12.2	-19.0	-35.6	37.5	-21.4
Grinm Advanced Materials Co Lt	600206 CH	9.9	1,154	22.9	16.6	14.8	12.0	23.7	6.1	62.3	2.1	6.1	-20.5	-32.6	22.1	-26.8
Beijing Zhong Ke San Huan High	000970 CH	8.9	1,493	41.3	26.1	23.0	15.7	1.9	12.3	-3.9	1.6	4.2	-14.3	-33.5	24.1	-27.7
TDG Holdings Co Ltd	600330 CH	8.0	1,369	17.4	12.5	9.4	7.7	39.8	24.5	49.3	1.2	4.1	-7.1	-40.3	44.2	-22.4
Jiangsu Pacific Quartz Co Ltd	603688 CH	73.8	3,693	4.2	3.4	3.6	4.0	33.4	13.4	23.6	2.2	93.4	-15.0	-38.1	19.1	-34.2
Hubei Feilihua Quartz Glass Co	300395 CH	30.9	2,226	23.8	18.7	17.5	14.1	24.0	25.5	23.2	3.7	15.5	-15.4	-38.8	42.3	-30.3
Global specialty material																
Dow Inc	DOW US	59.5	41,809	19.8	14.1	8.7	7.4	-0.1	5.5	30.9	2.2	2.9	8.4	-2.0	25.8	11.2
Huntsman Corp	HUN US	24.9	4,301	50.6	15.3	12.2	8.4	2.1	7.3	24.1	1.3	2.9	-1.1	-16.8	12.3	-1.7
Celanese Corp	CE US	161.4	17,580	14.2	11.6	11.1	10.1	1.7	5.4	27.6	2.2	30.8	3.9	-6.2	62.5	56.8
BASF SE	BAS SE	58.2	57,251	16.7	13.8	7.7	6.8	-1.1	4.7	28.2	1.5	0.6	0.0	0.0	0.0	0.0
Sumitomo Chemical Co Ltd	4005 JP	338.4	3,600	NA	18.0	NA	10.1	-14.6	5.1	-3801.7	0.6	0.6	-1.6	-26.1	15.3	-25.5
Mitsubishi Chemical Group Corp	4188 JP	907.3	8,778	10.9	11.0	6.9	6.9	-5.5	3.4	23.5	0.8	6.4	5.0	-8.1	17.6	13.5
DIC Corp	4631 JP	2983.0	1,823	22.9	11.1	9.0	8.3	2.8	2.7	130.7	0.7	-10.6	7.6	-3.4	30.3	18.0

Source: Bloomberg, DZT Research

Appendix 2 - Financials

Income Statement						Key Ratios					
RMB million											
	2022A	2023A	2024E	2025E	2026E		2022A	2023A	2024E	2025E	2026E
Revenue	917	1,064	1,278	1,563	1,938	Profitability					
COGS	-461	-536	-639	-781	-969	GPM (%)	49.7%	49.7%	50.0%	50.0%	50.0%
Gross Profit	455	528	639	781	969	EBITDA Margin (%)	33.6%	26.0%	31.0%	31.1%	31.4%
SG&A	-185	-251	-302	-367	-446	Net Margin (%)	24.4%	17.1%	22.6%	23.5%	24.6%
Others	0	0	0	0	0	ROE (%)	9.9%	6.6%	8.8%	10.1%	11.8%
Operating Profit	271	277	337	414	523	Operation					
Tax expense	-38	-41	-47	-59	-77	SG&A as Sales (%)	20.1%	23.6%	23.6%	23.5%	23.0%
Profit After Tax	237	213	246	312	406	Effective Tax (%)	13.8%	16.0%	16.0%	16.0%	16.0%
Net Profit (Adj)	224	182	289	367	477	A/R Days	123	125	124	124	124
EPS (HKD)	0.22	0.15	0.24	0.30	0.40	A/P Days	19	23	22	22	22
EBITDA (Adj)	308	277	396	487	610	Financial					
Growth (YoY %)						Financial leverage	1.24	1.26	1.26	1.25	1.25
Revenue	37%	16%	20%	22%	24%	Asset Turnover	0.29	0.21	0.23	0.27	0.31
EBIT	37%	2%	22%	23%	26%	Gearing	0.24	0.26	0.26	0.25	0.25
Net Profit (Adj)	38%	-19%	59%	27%	30%						
EPS	38%	-32%	59%	27%	30%						
Balance Sheet						Cashflow Statement					
RMB million						RMB million					
	2022A	2023A	2024E	2025E	2026E		2022A	2023A	2024E	2025E	2026E
Net PPE	759	1,105	1,364	1,608	1,838	PBT	274	254	293	371	483
Intangible	63	194	197	201	204	Adjustment	31	70	58	65	70
Other NCA	1	21	21	21	21	Change in WC	-91	-2	-114	-159	-209
Non-current Assets	824	1,320	1,632	1,936	2,236	Tax Payment	-32	-39	-47	-59	-77
						CFO	181	283	190	218	266
Receivable	308	365	435	531	659	PPE Investment	-226	-162	-320	-320	-320
Inventories	120	237	281	344	426	Other investment	-105	1,245	-50	-50	-50
Other Current Assets	22	29	35	43	53	CFI	-330	1,083	-370	-370	-370
Cash	1,883	3,203	3,074	2,972	2,918	Net Borrowing	342	294	50	50	50
Total Asset	3,157	5,155	5,456	5,826	6,293	Other Financing	0	-181	0	0	0
						CFF	306	114	50	50	50
Payable	24	33	38	47	58	Change in Cash	157	1,480	-130	-102	-54
Other Payable	158	338	344	357	369	Cash (beginning)	1,565	1,723	3,203	3,074	2,972
Current Liabilities	181	372	383	404	427	FX adjustment	160	1	0	0	0
Long Term Debt	425	671	715	752	790	Cash (ending)	1,883	3,203	3,074	2,972	2,918
Other LT Liabilities	7	28	28	28	28						
Total Liability	614	1,070	1,125	1,184	1,245						
Equity	2,543	4,085	4,331	4,643	5,048						

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