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Target Price	US\$ 12.00
Current Price	US\$ 6.12
Upside Potential	96%
Rating	BUY

Market Cap.	US\$ 172 mn
Shares Outstanding	28 mn
Free Float (FF / %)	3.08 mn / 11%
52 Week Range (US\$)	4.93 / 7.90
Nasdaq Composite Index	11,005
Insider Holding %	89%



Risk: Above Average
Forecasting and Valuations

(RMB mn except ratio)	FY06/2022A	FY06/2023E
Revenue	1,942	2,002
Net Income	240	250
EPS (RMB)	8.42	8.91
EPS (US\$)	1.26	1.24
EPS Growth	5%	6%
PE	4.9	5.0
EV/EBITDA	2.9	2.6
FCF Yield	25.1%	32.2%

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Hywin Holdings Ltd.

Management Visit Note

China Independent Wealth Management

(NASDAQ: HYW)


Positive Management Meeting in HK

We recently had a positive meeting with members of the Senior Management of Hywin at their corporate office in Hong Kong. Overall, management appeared quite confident in the company's current performance and positioning, and the prospects and outlook going forward. The potential for the overall Chinese and Hong Kong financial and stock markets looks more positive, following proactive measures taken by the government following the all-important CICC meetings in October. The Chinese government has rolled out many measures to support the real estate sector including extending repayment periods, facilitating financing for developers, lowering mortgage down-payments, etc. Chinese property developers' shares and bonds have soared after regulators lifted a ban on equity refinancing for listed firms – all these moves will encourage developers to obtain fresh funding and benefit long-term asset backed products held by investors. Hywin shares the view that investor sentiment has improved with the recent comprehensive steps taken regarding stimulating the overall economy and specifically the property sector, as well as easing restrictions on Covid-19 and related travel.

Conclusion: Reiterate \$12.00 Target Price and Buy-rating

Following our meeting, we are reiterating our Buy rating and our unchanged \$12.00 price target. Presently the stock continues to trade at compelling "clear deep value" levels with a P/E of 4.7x on trailing/actual FY 6/2022 reported earnings, as well as 4.8x and 4.1x on our 6/2023 and 6/2024 forecasts. Hywin had US\$75 million in unrestricted net cash [not including restricted cash & customer deposits, with zero debt] as of June-end, or US\$2.68 per share [based on today's FX rate] which is equal to 45% of the current stock price. This helps to significantly mitigate downside risk, in our opinion, and produce extremely favourable risk-reward for investors.

Our \$12.00 target is based on a 9.5x P/E multiple on trailing/actual FY 06/2022 results [8.4x P/E on our forward 06/2024 estimates], which are both at a discount to China, Hong Kong, as well as various other Emerging Market indices. Our

\$12.00 price target is only 20% higher than last year's [March 2021] IPO price of \$10.00 for Hywin.

Adjusted for Hywin's large net cash position, the target P/E levels implied by our \$12.00 price target would be effectively 6.6x based on our FY 6/2024 estimate – a much larger discount to the overall market. The upside opportunity looks very compelling to us, with the stock currently trading at around a 40% discount to its initial listing price. The stock is still very much undiscovered following its NASDAQ listing, and Evaluate Research remains the only firm who is now actively covering the company.

Positive Operating Margin & Cost Control Prospects

Management expressed confidence during our meeting about their ability to control costs, and further upside potential for margins over time. Investors will recall strong operating margin performance for the fiscal 2nd half [ended June] which surged YoY to 22.5%, versus 17.7% in the corresponding period last year. For the full fiscal year ended June 2022, operating margins rose to 16.8%, up from 15.4% for the prior year. Specifically, commission expense, a large part of overall compensation expense, is completely variable in nature. Hywin has a tight control on back office pay and expenses, and expect those to increase only gradually in the single digits range going forward. Thus, overall fixed cost leverage potential going forward is high, which could lead to a further upside of several points of operating margin, over time.

More Client Interactions & Improving Sentiment

Hywin believes customers' sentiment is improving, and this is consistent with the rebound that we are witnessing in Chinese equity markets. Management has indicated that "many big client events" have been planned by Hywin for the next couple months, in order to engage and educate clients and enable them to take advantage of various opportunities. The worst appears to be over for equity markets, and the bottom likely has been passed. While foreign Developed Markets are witnessing an easing in concerns regarding inflation and central bank interest rate hikes, China is benefitting from proactive government and central bank policies with regard to assisting the property sector and directing more liquidity to both businesses and consumers. Chinese policies are accommodative and trying to stimulate the economy, in very sharp contrast to other global markets where recession fears persist. Chinese and HK equity valuations are also now at a steep discount to both Emerging and Developed Markets.

Real Estate Exposure & Investment Performance

During our meeting, management of Hywin appeared sanguine and reasonably confident about the investment performance, returns and risk of the property-related products they had distributed to clients, with no major issues to date or severe adverse outcomes. Also, the underlying collateral and cash flows for various products appear to be in decent shape. As mentioned previously, Hywin has a rigorous investment review and due diligence process before both individual money management firms and any specific products make it to their approved list. Hywin is extremely focused on the actual asset, collateral backing, and cash flows of the underlying asset/project in analysing any property-related investment vehicle.

Investment performance has also held up for Hywin, with funds broadly outperforming the CSI Index, although we don't have specific access to all individual products. Issues related to real estate-related equity and debt investments and products within China are well known, and particularly on the fixed income side asset-backed products are quite prevalent and broadly distributed. Real estate linked products have been a large part of the investment options for all Chinese banks, money managers, financial advisors – including Hywin, as we have mentioned in our prior Update Notes as well. There is a concerted effort within China to reduce exposure and dependence on the property sector not just with the investment arena, but also for the overall economy. Hywin's overall exposure to real estate investments continues to decrease gradually but surely, and clients too have been moving away from such exposure for well over one year now. At the corporate level, Hywin does not have any major real estate exposure, other than offices and branch premises.

On the fiscal 2nd half [ended June] results conference call a few months back, management indicated that clients' investment in long-term asset backed products [some of which derive value from real estate] decreased by -30% while there was a +58% increase in investments in short-term asset backed products. Short-term products carry lower risk and offer greater liquidity, which is appropriate for the current environment.

Dividend Prospects are High

It remains our opinion that Hywin will likely pay a dividend sooner rather than later. Management has hinted that this is something the Board may consider. Hywin generates significant FCF, which is higher than reported EPS. Furthermore, as previously mentioned, Hywin has a large and growing net cash position. Even after the recent iLife3 acquisition, funded entirely by cash, Hywin still maintains a large surplus net cash position, with zero debt. With much of the high CAPX branch infrastructure and headquarters purchase already in place, this really leaves further acquisitions and dividends as the two major cash usages, in our view. We believe Hywin could easily pay out a substantial part of its annual FCF, which would lead to a very high dividend yield, especially in a USA context and for American investors.

Strong Demand for Offshore Products

Due a variety of factors including the wish to diversify, a bear market domestically, the volatility of publicly traded equity markets, etc., wealthy Chinese are increasingly interested in investing offshore and in Private Equity and other asset classes. Hywin, through its Hong Kong office, is uniquely positioned to help clients achieve their goals. This is a high value-added service that Hywin is providing clients, which they can not easily avail of on their own. Offshore investment-related revenues have continued to grow positively for Hywin.

Hywin has both the distribution, products, and relationships with large global firms that can provide unique investment avenues. Hywin is able to source privately distributed products from marquee firms such as Oaktree, Carlyle, Schrodgers, etc. Also, Hywin has relationships in places like Singapore and European financial centers for high-net worth Chinese looking to set up family offices or custodial accounts.

2H Results: Strong +27% EPS & +10.8% Client Growth

As mentioned in our prior Update Note published in September, Hywin reported a solid set of results for the fiscal 2nd Half [ended June], in terms of both income statement growth as well as key client metrics. Revenue growth of +9.9% YoY for 2H, led by Wealth Management +10.5% and Asset Management +26.5%. Operating income +39.6%, on disciplined fixed cost leverage as expenses rose only 3.5% YoY, particularly with YoY declines in stock-based compensation and SG&A. Diluted EPS per ADS rose +27.2% YoY to US\$5.71. Full year ended 6/2022 EPS rose 4.9% to \$8.14, on +5.9% revenue growth. Net Cash [zero debt, and not including restricted cash/client deposits] increased +20% YoY to RMB525 million [\$75 million at today's FX rate], or \$2.68 per ADR equalling 45% of the stock price.

For further details and complete analysis, kindly refer to our earlier Update Note dated September 2, 2022.

Health Care Services Ramping Up. Acquisitions Shows Promise

For the recently announced expansion into health-related services, Hywin remains confident these acquired business will break-even in the intermediate-term [subject to overall macro-economic and Covid-19 conditions in China], after the current ongoing period of investment CAPX in order to attain more critical mass. In addition to providing healthcare services, which is a huge opportunity in China, Hywin sees a great deal of potential in cross-selling wealth management products to a common older and more affluent client base. Health care as a sector has been growing at a double-digit rate in China, much more rapidly than the overall economy, and is now a multi-trillion dollar industry. Healthcare is an increasing focus of people globally, especially in a post-pandemic world. Also, China's population is aging, and this too supports a secular growth argument for healthcare expenditure. Hywin intends to become a "one stop high-end" provider for integrated wealth and health management services.

Hywin has been acutely aware of clients needs in the broad healthcare space, and they believe integrating health management into their client servicing matrix will hopefully create substantial synergies with its wealth management business.

Hywin had previously announced a few months back a significant expansion of its presence in the rapidly growing healthcare space in China via the acquisition of Beijing iLife3 Technology, also known as Life Infinity, and Grand Doctor Medical. Life Infinity, founded in 2012, is one of the leading integrated health management service providers in China. It has a track record of over 10 years of delivering health care solutions to clients through multiple channels. The acquisition is for a cash consideration of RMB141 million, and was completed in August,

and would result in a majority 63.4% stake for Hywin in Life Infinity. Good Doctor was acquired in January 2022.

Subsequently in September 2022, Hywin also acquired Sincerity and Compassion to further strengthen expertise in the sector. Through all these entities, Hywin can provide comprehensive and high-quality one-stop healthcare solutions to HNW [high net worth] clients. Grand Doctor, Sincerity and Compassion all specialize in medical examination, customized disease screening and chronic disease management, immune system enhancement, as well as anti-aging and aesthetic solutions. Life Infinity operates clinics across Beijing, Shanghai, Chongqing, Chengdu, and other major cities in China, as well as online medical platforms and the “Life Infinity Plus” marketplace for health management products. Through Life Infinity, Hywin provides clients with professional consultation, which includes interpretation and guidance on test results, identification of abnormal findings and the provision of targeted in-depth test programs. Through the online platforms, cost-effective and convenient health and medical services such as online consultation and electronic prescriptions are provided, with a focus on common as well as chronic diseases. If needed, medical referral services for additional diagnosis and treatment and outpatient services are also provided.

Income Statement (RMB thousands)	FY 06/2018	FY 06/2019A	FY 06/2020A	FY 06/2021A	FY 06/2022A	FY 06/2023E	FY 06/2024E	FY 06/2025E	6yr CAGR FY 19 - 24
Wealth Management	1,081,757	1,062,420	1,183,468	1,795,552	1,899,573	1,956,560	2,191,347	2,432,396	
YoY		-1.8%	11.4%	51.7%	5.8%	3.0%	12.0%	11.0%	
% of Total Revenues	94.0%	92.7%	92.1%	97.9%	97.8%	97.7%	97.5%	97.3%	
Other	36,718	71,969	90,966	23,928	23,064	23,756	27,319	30,871	
YoY		96.0%	26.4%	-73.7%	30.0%	3.0%	15.0%	13.0%	
% of Total Revenues	3.2%	6.3%	7.1%	1.3%	1.2%	1.2%	1.2%	1.2%	
Asset Management	32,925	12,223	4,619	14,942	19,476	21,813	27,921	35,739	
YoY		-62.9%	-62.2%	223.5%	35.0%	12.0%	28.0%	28.0%	
% of Total Revenues	2.9%	1.1%	0.4%	0.8%	1.0%	1.1%	1.2%	1.4%	
Other	-	-	5,810	-	-	-	-	-	
Total Revenue	1,151,400	1,146,612	1,284,863	1,834,422	1,942,113	2,002,129	2,246,588	2,499,005	14.4%
YoY		-0.4%	12.1%	42.8%	5.9%	3.1%	12.2%	11.2%	
Compensation Expense	561,923	624,531	708,654	1,003,061	1,054,364	1,085,154	1,213,157	1,349,463	
as a % of revenues	48.8%	54.5%	55.2%	54.7%	54.3%	54.2%	54.0%	54.0%	
Selling & Marketing Expense	293,339	261,155	246,108	326,879	311,773	320,341	361,701	402,340	
as a % of revenues	25.5%	22.8%	19.2%	17.8%	16.1%	16.0%	16.1%	16.1%	
General & Administrative Expense	202,050	145,854	171,423	200,929	241,946	240,256	267,344	294,883	
as a % of revenues	17.5%	12.7%	13.3%	11.0%	12.5%	12.0%	11.9%	11.8%	
Other Expenses	2,059	5,558	(369)	21,947	7,340	-	-	-	
Total Operating Expenses	1,059,371	1,037,098	1,125,816	1,552,816	1,615,423	1,645,750	1,842,202	2,046,685	
Operating Income	92,029	109,514	159,047	281,606	326,690	356,379	404,386	452,320	29.9%
YoY		19.0%	45.2%	77.1%	16.0%	9.1%	13.5%	11.9%	
Operating margin (%)	8.0%	9.6%	12.4%	15.4%	16.8%	17.8%	18.0%	18.1%	
Interest Expense/Income	2,575	769	325	1,537	1,498	2,626	10,629	13,378	
Interest income	(8,202)	(10,810)	(2,457)	0	0	0	0	0	
Other non recurring (expenses) income	-	-	-	12,608	-3,741	-	-	-	
Pretax Income (reported)	86,402	99,473	156,915	295,751	324,447	359,005	415,014	465,698	33.1%
YoY		15.1%	57.7%	88.5%	9.7%	10.7%	15.6%	12.2%	
Pretax Income (adjusted)	86,402	99,473	156,915	295,751	324,447	359,005	415,014	465,698	33.1%
YoY		15.1%	57.7%	88.5%	9.7%	10.7%	15.6%	12.2%	
- Income Tax Expense	(44,314)	(38,013)	(50,763)	-88,094	-88,578	-109,496	-126,579	-142,038	
effective tax rate (%)	51.3%	38.2%	32.4%	29.8%	27.3%	30.5%	30.5%	30.5%	
- Minority Interests	0	0	0	0	0	0	0	0	
Income Before XO Items	42,088	61,460	106,152	207,657	235,869	249,508	288,435	323,660	36.2%
YoY		46.0%	72.7%	95.6%	13.6%	5.8%	15.6%	12.2%	
- Foreign Currency Translation Loss	-169	-2,714	-3,641	10,542	4,177	0	0	0	
Net Income (reported)	41,919	58,746	102,511	218,199	240,046	249,508	288,435	323,660	37.5%
YoY		40.1%	74.5%	112.9%	10.0%	3.9%	15.6%	12.2%	
Exceptional (L)G	0.00	0.00	0.00	-	-	-	-	-	
Net Income (adjusted)	41,919	61,460	106,152	207,657	240,046	249,508	288,435	323,660	36.2%
YoY		46.6%	72.7%	95.6%	15.6%	3.9%	15.6%	12.2%	
Basic EPS (reported)	1.68	2.35	4.10	8.05	8.42	8.91	10.30	11.56	
Basic EPS (adjusted)	1.68	2.46	4.25	7.76	8.14	8.91	10.30	11.56	
Basic Shares per ADS [= 2 Ord Shares]	25,000	25,000	25,000	28,000	28,000	28,000	28,000	28,000	
Diluted EPS (reported)	1.68	2.35	4.10	8.05	8.42	8.91	10.30	11.56	34.4%
YoY		40.1%	74.5%	96.3%	4.6%	5.8%	15.6%	12.2%	
Diluted EPS (adjusted)	1.68	2.46	4.25	7.76	8.14	8.60	9.94	11.15	32.2%
YoY		46.6%	72.7%	82.8%	4.9%	5.6%	15.6%	12.2%	
Diluted EPS in US\$	\$ 0.24	\$ 0.36	\$ 0.61	\$ 1.17	\$ 1.26	\$ 1.24	\$ 1.44	\$ 1.61	
Diluted Shares per ADS [= 2 Ord Shares]	25,000	25,000	25,000	28,000	28,000	28,000	28,000	28,000	

Balance Sheet (RMB thousands)	FY 06/2018	FY 06/2019A	FY 06/2020A	FY 06/2021A	FY 06/2022A	FY 06/2023E	FY 06/2024E	FY 06/2025E
Assets								
+ Cash & Near Cash Items	11,027	17,196	188,386	439,287	525,136	1,180,957	1,486,440	1,853,174
+ Restricted Cash	44,059	91,547	-	266,023	135,242	135,242	135,242	135,242
+ Accounts & Notes Receivable	171,461	290,352	403,693	594,061	564,374	438,823	437,007	410,795
+ Other Receivables & Prepayments	51,339	52,690	43,451	51,540	66,103	74,326	83,093	92,429
+ Due from Related Prties	414,942	309,300	321,772	126,103	51,204	51,204	51,204	51,204
Total Current Assets	692,828	761,085	957,302	1,477,014	1,342,059	1,880,552	2,192,987	2,542,844
+ Deferred Tax Assets	1,062	1,852	2,583	649	725	725	725	725
+ Gross Fixed Assets	155,183	171,506	181,309	193,979	523,224	535,237	548,716	563,710
- Accumulated Depreciation	(103,500)	(128,709)	(147,193)	(172,875)	(198,122)	(222,148)	(249,107)	(279,095)
+ Net Fixed Assets	51,683	42,797	34,116	21,104	325,102	313,089	299,609	284,615
+ Other	3,830	7,077	1,808	7,427	40,332	40,332	40,332	40,332
+ Goodwill & other Intangible Assets	15,137	22,059	29,423	24,225	75,194	75,194	75,194	75,194
Total Long-Term Assets	71,712	73,785	67,930	53,405	441,353	429,340	415,860	400,866
Total Assets	764,540	834,870	1,025,232	1,530,419	1,783,412	2,038,906	2,337,862	2,672,725
Liabilities & Shareholders' Equity								
+ Commission Payable	89,032	79,509	84,858	127,194	83,205	89,191	99,712	110,915
+ Investor Deposit	40,624	88,353	74,262	248,277	132,154	132,154	132,154	132,154
+ Accrued Payroll	14,932	29,700	38,821	0	0	0	0	0
+ Income Tax Payable	35,943	65,982	115,432	116,897	120,151	120,151	120,151	120,151
+ Due to Related Parties	20,863	56,714	59,254	24,799	36,172	36,172	36,172	36,172
+ Other Payables	26,918	67,272	129,966	278,697	408,128	408,128	408,128	408,128
Total Current Liabilities	228,312	387,530	502,593	795,864	779,810	785,796	796,317	807,520
Commission Payable non-current	44,407	46,998	18,321	10,080	1,289	1,289	1,289	1,289
Others	4,178	9,155	3,961	3,548	34,000	34,000	34,000	34,000
Total Liabilities	276,897	443,683	524,875	809,492	815,099	821,085	831,606	842,809
+ Ordinary Shares	499,260	494,055	500,616	503,086	510,426	510,426	510,426	510,426
+ Reserves	30,135	37,399	52,959	52,959	100,925	100,925	100,925	100,925
+ Retained Earnings & Other Equity	(41,749)	(140,268)	(53,217)	164,882	356,962	606,470	894,905	1,218,565
Total Shareholders' Equity	487,646	391,186	500,358	720,927	968,313	1,217,821	1,506,256	1,829,916
+ Minority Interest	-	-	-	0	0	0	0	0
Total Liabilities & Equity	764,543	834,869	1,025,233	1,530,419	1,783,412	2,038,906	2,337,862	2,672,725
Reference Items								
Receivable days		74	99	99	109	80	71	60
Inventory days		-30	-25	-17	-20	-25	-25	-25
Payable days		-49	-42	-39	-36	-30	-30	-30
Shares Outstanding	25,000	25,000	25,000	28,000	28,000	28,000	28,000	28,000
Book Value per Share	18.90	14.77	18.84	24.88	31.90	40.81	51.11	62.67
Net Debt (Cash)	29,945	26,608	(188,386)	(705,310)	(660,378)	(1,316,199)	(1,621,682)	(1,988,416)
Net Debt (cash) to Equity	6.1%	6.8%	-37.7%	-97.8%	-68.2%	-108.1%	-107.7%	-108.7%

Cash Flows (RMB thousands)	FY 06/2018	FY 06/2019A	FY 06/2020A	FY 06/2021A	FY 06/2022E	FY 06/2023E	FY 06/2024E	FY 06/2025E
+ Net Income	41,919	61,460	106,152	207,657	240,046	249,508	288,435	323,660
+ Depreciation & Amortization	32,893	28,435	26,206	25,594	25,247	24,026	26,959	29,988
+ Other Non-Cash Adjustments	0	0	0	0	0	0	0	0
+ Changes in Non-Cash Capital	136,052	47,855	852	100,782	46,034	123,314	3,569	28,079
Cash From Operating Activities	210,864	137,750	133,210	334,033	311,327	396,848	318,963	381,727
+ Disposal of Fixed Assets	24	15	90					
+ Capital Expenditures	-27,725	-21,219	-10,441	-11,945	-11,653	-12,013	-13,480	-14,994
+ Increase in Investments	0	0	0	-2,686	-32,981	0	0	0
+ Decrease in Investments	0	0	0					
+ Other Investing Activities	-65,551	-73,924	-33,088	0	-50,969	0	0	0
Cash From Investing Activities	-93,252	-95,128	-43,439	-14,631	-95,603	-12,013	-13,480	-14,994
+ Dividends Paid	0	0	0	0	0	0	0	0
+ Change in Short-Term Borrowings	0	0	0	0	-116,123	0	0	0
+ Increase in Long-Term Borrowing	-101,409	14,180	-5,709	0	-8,791	0	0	0
+ Decrease in Long-term Borrowing	0	0	0	0	0	0	0	0
+ Increase in Capital Stocks	0	0	0	180,677	0	0	0	0
+ Decrease in Capital Stocks	0	0	0	4,929	0	0	0	0
+ Exchange Rate Changes	-169	-3,145	-4,420	11,917	0	0	0	0
Cash from Financing Activities	-101,578	11,035	-10,129	197,523	-124,914	0	0	0
Net Changes in Cash	16,034	53,657	79,642	516,925	90,811	384,835	305,483	366,733
Opening cash				188,386	705,311	796,122	1,180,957	1,486,440
Closing cash				705,311	796,122	1,180,957	1,486,440	1,853,174
Capex as a % of sales	2.4%	1.9%	0.8%	0.6%	0.6%	0.6%	0.6%	0.6%
Reference Items								
FCF - CNY	183,139	116,531	122,769	322,088	299,675	384,835	305,483	366,733
FCF margin (%)	15.9%	10.2%	9.6%	17.6%	15.4%	19.2%	13.6%	14.7%
FCF/reported Net Income	436.9%	189.6%	115.7%	155.1%	124.8%	154.2%	105.9%	113.3%
FCF per share - CNY	7.33	4.66	4.91	11.50	10.70	13.74	10.91	13.10
FCF per share - USD	\$ 1.05	\$ 0.67	\$ 0.70	\$ 1.65	\$ 1.53	\$ 1.97	\$ 1.56	\$ 1.88
Price/FCF per share	5.8	9.2	8.7	3.7	4.0	3.1	3.9	3.3
FCF Yield	17.1%	10.9%	11.5%	26.9%	25.1%	32.2%	25.5%	30.7%

Ratio Analysis	FY 06/2018	FY 06/2019A	FY 06/2020A	FY 06/2021A	FY 06/2022A	FY 06/2023E	FY 06/2024E	FY 06/2025E
Per Share Data (\$)								
Basic EPS (adjusted) CNY	1.68	2.46	4.25	7.76	8.14	8.91	10.30	11.56
Diluted EPS (adjusted) CNY	1.68	2.46	4.25	7.76	8.14	8.60	9.94	11.15
Diluted EPS (adjusted) US\$	0.24	0.35	0.61	1.17	1.26	1.23	1.42	1.60
Dividend per share (DPS)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Book Value per share (BVPS)	18.9	14.8	18.8	24.9	31.9	40.8	51.1	62.7
Margins (%)								
Operating Margin	8.0%	9.6%	12.4%	15.4%	16.8%	17.8%	18.0%	18.1%
EBITDA Margin	10.8%	12.0%	14.4%	16.8%	18.1%	19.0%	19.2%	19.3%
Pre-Tax Margin (adjusted)	7.5%	8.7%	12.2%	16.1%	16.7%	17.9%	18.5%	18.6%
Net Income Margin (adjusted)	3.6%	5.4%	8.3%	11.3%	12.4%	12.5%	12.8%	13.0%
Growth (%)	FY 06/2018	FY 06/2019A	FY 06/2020A	FY 06/2021E	FY 06/2022A	FY 06/2023E	FY 06/2024E	FY 06/2025E
Sales growth		-0.4%	12.1%	42.8%	5.9%	3.1%	12.2%	11.2%
EBIT growth		19.0%	45.2%	77.1%	16.0%	9.1%	13.5%	11.9%
Net Income (adjusted) growth		46.6%	72.7%	95.6%	15.6%	3.9%	15.6%	12.2%
EPS (adjusted) growth		46.6%	72.7%	82.8%	4.9%	5.6%	15.6%	12.2%
Dupont ROE (%)								
ROE (%)	8.6%	15.7%	21.2%	28.8%	24.8%	20.5%	19.1%	17.7%
Margin (%)	3.6%	5.4%	8.3%	11.3%	12.4%	12.5%	12.8%	13.0%
Turnover (x)	1.5	1.4	1.3	1.2	1.1	1.0	1.0	0.9
Leverage (x)	1.6	2.1	2.0	2.1	1.8	1.7	1.6	1.5
ROA								
ROA	5.5%	7.4%	10.4%	13.6%	13.5%	12.2%	12.3%	12.1%
Net cash / equity	11.3%	27.8%	37.7%	97.8%	68.2%	108.1%	107.7%	108.7%
FCF Calculation								
Op. cash	210,864	137,750	133,210	334,033	311,327	396,848	318,963	381,727
CAPX	-27,725	-21,219	-10,441	-11,945	-11,653	-12,013	-13,480	-14,994
FCF - CNY	183,139	116,531	122,769	322,088	299,675	384,835	305,483	366,733
FCF margin (%)	15.9%	10.2%	9.6%	17.6%	15.4%	19.2%	13.6%	14.7%
FCF per share - CNY	7.33	4.66	4.91	11.50	10.70	13.74	10.91	13.10
FCF per share - USD	\$ 1.05	\$ 0.67	\$ 0.70	\$ 1.65	\$ 1.53	\$ 1.97	\$ 1.56	\$ 1.88
Price/FCF per share	5.83	9.16	8.70	3.71	3.99	3.11	3.92	3.26
FCF Yield	17.1%	10.9%	11.5%	26.9%	25.1%	32.2%	25.5%	30.7%
Net Cash calculation								
Cash + short term investments	55,086	108,743	188,386	705,310	660,378	1,316,199	1,621,682	1,988,416
Less: long term debt + Short Term Debt	0	0	0	0	0	0	0	0
Net Cash	55,086	108,743	188,386	705,310	660,378	1,316,199	1,621,682	1,988,416
Net Cash per Share								
Net Cash per Share CNY	2.20	4.35	7.54	25.19	23.58	47.01	57.92	71.01
Net Cash per Share US\$	\$ 0.32	\$ 0.62	\$ 1.08	\$ 3.61	\$ 3.38	\$ 6.73	\$ 8.30	\$ 10.17

Valuation ratio's	FY 06/2018	FY 06/2019A	FY 06/2020A	FY 06/2021E	FY 06/2022A	FY 06/2023E	FY 06/2024E	FY 06/2025E
P/B	2.3	2.9	2.3	1.7	1.3	1.0	0.8	0.7
P/E	25.5	17.4	10.1	5.2	4.9	5.0	4.3	3.8
P/S	0.9	0.9	0.9	0.7	0.6	0.6	0.5	0.5
EV/sales	0.9	0.8	0.8	0.5	0.5	0.5	0.4	0.4
EV/EBITDA (on today's B/S)	8.1	7.0	5.4	3.3	2.9	2.6	2.3	2.1
EV/EBITDA (on forward estimates)	8.1	7.0	5.4	1.6	1.5	-0.3	-1.0	-1.6
EV/EBIT	11.0	8.8	6.3	3.6	3.1	2.8	2.5	2.2
EV/FCF	5.5	8.2	8.2	3.1	3.4	2.6	3.3	2.7
Dividend Yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Div payout on FCF	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Receivable days		74	99	99	109	80	71	60
Inventory days		-30	-25	-17	-20	-25	-25	-25
payables days		-49	-42	-39	-36	-30	-30	-30
Current ratio	3.0	2.0	1.9	1.9	1.7	2.4	2.8	3.1

Enterprise Value Calculation	FY 06/2018	FY 06/2019A	FY 06/2020A	FY 06/2021A
Market Cap.	1,067,940	1,067,940	1,196,093	1,196,093
+ Minority Interest	-	-	-	-
+Total Debt (ST & LT Debt)	-	-	-	-
- Cash & Equivalents	55,086	108,743	188,386	188,386
Enterprise Value	1,012,854	959,197	1,007,707	1,007,707

	FY 06/2021A	FY 06/2022A	FY 06/2023E	FY 06/2024E	FY 06/2025E
Market Cap.	1,196,093	1,196,093	1,196,093	1,196,093	1,196,093
+ Minority Interest	(0)	(0)	(0)	(0)	(0)
+Total Debt (ST & LT Debt)	-	-	-	-	-
- Cash & Equivalents	705,310	660,378	1,316,199	1,621,682	1,988,416
Enterprise Value	490,783	535,715	(120,106)	(425,590)	(792,323)

Key Business Metrics	FY 06/2018	FY 06/2019A	FY 06/2020A	FY 06/2021E	FY 06/2022E	FY 06/2023E	FY 06/2024E	FY 06/2025E
Branch Network			167	177	178	183	189	195
Total Clients	88,826	100,817	113,146	127,317	141,058	146,700	158,436	171,111
Active Clients	35,315	31,757	36,397	38,033	43,764	45,515	49,611	54,076
Repeat Clients	80%	73%	78%	78%	81%	78%	78%	78%
Repeat Client Revenue As a % of Total		72%	75%	75%	75%	75%	75%	75%
Transaction Value of Repeat Customers	28,100	35,500	39,800	43,382	47,286	51,542	56,181	61,237
Relationship Managers number			1,696	1,798	1,906	2,020	2,141	2,270
Total Employee number	2,395	2,238	2,436	2,582	2,737	2,901	3,075	3,260
Total Transaction Value Wealth Management RMB 1,000s	51,450	55,600	68,200	78,800	79,800	82,194	84,660	87,200
Client Transaction Value per RM in RMB 1,000s	37,900	38,700	48,200	52,538	57,266	62,420	68,038	74,162
Number of Products	284	589	1,064	1,277	1,532	1,839	2,206	2,648

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