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### KEY HIGHLIGHTS

#### Results

**Ningbo Xusheng Group (603305 CH/HOLD/Rmb18.74/Target: Rmb18.00)** Page 2  
3Q23: Results miss on revenue and margins; downgrade from BUY to HOLD. Cut target price from Rmb36.00 to Rmb18.00.

**ZTE Corporation (763 HK/BUY/HK\$18.04/Target: HK\$28.40)** Page 5  
3Q23: Results missed on weak revenue growth; reduce target price on slower growth.

#### TRADERS' CORNER Page 8

**CSPC Pharmaceutical Group Limited (1093 HK):** Trading Buy range: HK\$5.60-5.72  
**Topsports International Holdings Limited (6110 HK):** Trading Buy range: HK\$6.00-6.12

### CORPORATE AND MACRO CALENDAR

Date	Country/Region	Economic Indicator
27 Oct	China	Sep Industrial Profits
31 Oct	China	Oct NBS PMI
01 Nov	China	Caixin Oct Manufacturing PMI
07 Nov	China	Oct Trade
09 Nov	China	Oct Inflation
09-15 Nov	China	Oct Money Supply And Credit

### KEY INDICES

	Prev Close	1D %	1W %	1M %	YTD %
DJIA	33141.4	0.6	(2.5)	(2.4)	(0.0)
S&P 500	4247.7	0.7	(2.9)	(1.7)	10.6
FTSE 100	7389.7	0.2	(3.7)	(3.8)	(0.8)
AS30	7045.6	0.2	(2.7)	(3.2)	(2.4)
CSI 300	3487.1	0.4	(4.2)	(6.1)	(9.9)
FSSTI	3083.9	1.0	(2.8)	(4.1)	(5.1)
HSCEI	5799.4	(1.2)	(4.1)	(5.4)	(13.5)
HSI	16991.5	(1.1)	(3.7)	(4.2)	(14.1)
JCI	6806.8	1.0	(1.9)	(2.7)	(0.6)
KLCI	1435.7	(0.2)	(0.6)	(0.5)	(4.0)
KOSPI	2383.5	1.1	(3.1)	(4.5)	6.6
Nikkei 225	31062.4	0.2	(3.1)	(4.9)	19.0
SET	1391.0	(0.6)	(2.5)	(7.7)	(16.6)
TWSE	16309.8	0.4	(2.0)	(0.9)	15.4
BDI	1949	(3.4)	(5.3)	20.8	28.6
CPO (RM/mt)	3678	(0.4)	(0.8)	0.9	(9.2)
Brent Crude (US\$/bbl)	88	(2.0)	(2.0)	(5.6)	2.5

Source: Bloomberg

### TOP TRADING TURNOVER

Company	Price (HK\$)	Chg (%)	5-day ADT (HK\$m)
JD-SW	93.90	(2.8)	1,630.5
XIAOMI CORP-W	12.96	(2.6)	1,592.9
KUAISHOU-W	53.65	(5.1)	1,375.4
BIDU-SW	103.80	(0.5)	1,245.8
SMIC	21.20	0.7	994.3

### TOP GAINERS

Company	Price (HK\$)	Chg (%)	5-day ADT (HK\$m)
HANSOH PHARMACEU	12.74	12.1	92.0
EAST BUY HOLDING	33.25	9.9	300.9
TRAD CHI MED	3.68	7.3	87.9
CHINA HONGQIAO	6.75	3.8	155.9
CSPC PHARMACEUTI	5.76	3.2	148.6

### TOP LOSERS

Company	Price (HK\$)	Chg (%)	5-day ADT (HK\$m)
KUAISHOU-W	53.65	(5.1)	1,375.4
XINYI SOLAR HLDS	5.03	(4.7)	71.1
LONGFOR GROUP HO	11.18	(4.0)	160.7
HUA HONG SEMI	18.52	(3.9)	109.4
JD HEALTH	34.05	(3.5)	178.5

\*ADT: Average daily turnover

### KEY ASSUMPTIONS

GDP (% yoy)	2022	2023F	2024F
US	2.1	2.0	1.0
Euro Zone	3.5	0.5	0.8
Japan	1.0	1.5	1.0
Singapore	3.6	0.7	3.0
Malaysia	8.7	4.0	4.6
Thailand	2.6	3.1	3.5
Indonesia	5.4	5.1	5.2
Hong Kong	-3.5	4.6	3.0
China	3.0	5.0	4.6
CPO (RM/mt)	5,088	4,000	4,200
Brent (Average) (US\$/bbl)	99.0	81.0	84.0

Source: Bloomberg, UOB ETR, UOB Kay Hian

COMPANY RESULTS

**Ningbo Xusheng Group (603305 CH)**

3Q23: Results Miss On Both Revenue And Margins; Downgrade To HOLD

**NXS posted disappointing 3Q23 results with revenue of Rmb1,215m (-4.4% yoy/+2.3% qoq) and net profit of Rmb171m (-18.8% yoy/-14.9% qoq). The earnings miss lies in both revenue and margins. Given the disappointing 3Q23 results and unclear outlook, we cut 2023-25 net profit forecasts by 15%/18%/26% to Rmb736m/Rmb887m/Rmb1,074m respectively. Downgrade from BUY to HOLD. Cut target price from Rmb36.00 to Rmb18.00.**

3Q23 RESULTS

Year to 31 Dec (Rmbm)	3Q23	yoy % chg	qoq % chg	1H23	yoy % chg
Revenue	1,215	(4.4)	2.3	3,575	9.5
Gross profit	307	(5.4)	6.7	898	19.3
Gross margin (%)	25.3	(0.3)	1.0	25.1	8.9
EBIT	213	(16.7)	0.4	651	15.1
EBIT margin (%)	17.5	(2.6)	(0.3)	18.2	5.1
Net profit	171	(18.8)	(14.9)	565	16.4
Net profit (adj.)	163	(21.5)	(14.3)	537	17.3
Net margin (%)	13.4	(2.9)	(2.6)	15.0	7.1

Source: NXS, UOB Kay Hian

RESULTS

- **3Q23 earnings miss.** Ningbo Xusheng Group (NXS) posted disappointing 3Q23 net profit of Rmb171m (-18.8% yoy/+14.9% qoq) and 9M23 net profit of Rmb565m (+16.4% yoy), vs our estimated full-year 2023 net profit of Rmb868m (+23.8% yoy) and consensus estimate of Rmb878m (+25.2% yoy). Our and consensus' 2023F net profit forecasts imply 4Q23 net profit of Rmb333m (+54% yoy/+95% qoq) and Rmb343m (+59% yoy/+101% qoq), which is unlikely. The earnings miss lies in both revenue and margins.
- **Revenue dropped 4.4% yoy and edged up 2.3% qoq to Rmb1,215m in 3Q23, missing estimates.** This brings 9M23 revenue to Rmb3,575m (+9.5% yoy), compared with management's guidance of not less than 25% revenue growth for 2023.
- **Margins miss.** Gross margin dipped 0.3ppt yoy and hiked 1.0ppt qoq to 25.3% in 3Q23. However, EBIT margin plummeted by 2.6ppt yoy and 0.3ppt qoq to 17.5% in 3Q23, as SG&A/revenue rose 1.3ppt yoy/0.6ppt qoq to 3.6% in 3Q23, while R&D expenses/revenue hiked by 0.6ppt yoy/0.3ppt qoq to 3.9% during the quarter.

KEY FINANCIALS

Year to 31 Dec (Rmbm)	2021	2022	2023F	2024F	2025F
Net turnover	3,023	4,454	4,899	5,634	6,761
EBITDA	635	1,003	1,229	1,474	1,786
Operating profit	511	781	892	1,020	1,224
Net profit (rep./act.)	413	701	736	848	1,027
Net profit (adj.)	401	581	736	848	1,027
EPS (fen)	44.3	75.1	78.9	90.8	110.0
PE (x)	42.3	24.9	23.8	20.6	17.0
P/B (x)	4.8	3.1	2.8	2.5	2.2
EV/EBITDA (x)	26.8	17.0	13.8	11.5	9.5
Dividend yield (%)	0.3	0.5	0.5	0.5	0.6
Net margin (%)	13.3	13.0	15.0	15.0	15.2
Net debt/(cash) to equity (%)	8.9	(9.9)	(7.6)	(8.5)	(11.7)
Interest cover (x)	23.1	(59.5)	18.5	21.2	26.1
ROE (%)	11.5	12.5	12.4	12.7	13.7
Consensus net profit	-	-	878	1,170	1,523
UOBKH/Consensus (x)	-	-	0.84	0.72	0.67

Source: NXS, Bloomberg, UOB Kay Hian

HOLD

(Downgrade)

Share Price	Rmb18.74
Target Price	Rmb18.00
Upside	-3.9%
(Previous:	Rmb36.00)

COMPANY DESCRIPTION

Ningbo Xusheng Group manufactures aluminium auto parts and machinery parts, including casings of transmission systems, battery module casings, etc.

STOCK DATA

GICS sector	Automobile
Bloomberg ticker:	603305 CH
Shares issued (m):	933
Market cap (Rmbm):	17,488
Market cap (US\$m):	2,257
3-mth avg daily t'over (US\$m):	37.0

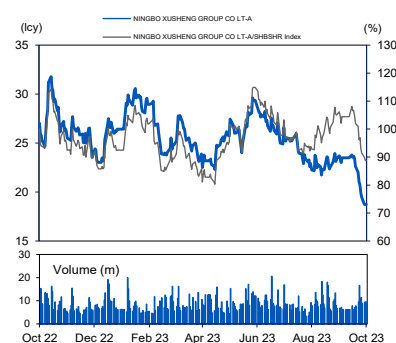
Price Performance (%)

52-week high/low	Rmb34.71/Rmb12.70			
<b>1mth</b>	<b>3mth</b>	<b>6mth</b>	<b>1yr</b>	<b>YTD</b>
(11.7)	(12.2)	(8.2)	71.6	0.7

Major Shareholders (%)

Ningbo Meishan Xusheng Holdings Co., Ltd.	27.30
Hong Kong Xuri Industrial Co., Ltd.	20.55
Mr. Xu Xudong	12.41
FY23 NAV/Share (Rmb)	6.33
FY23 Net Cash/Share (Rmb)	0.55

PRICE CHART



Source: Bloomberg

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## STOCK IMPACTS

- **We cut our revenue growth estimates for 2023-25 from 27%/29%/35% to 10%/15%/20%**, vs 9.5% in 9M23 and management guidance of 20-30%/20-30%/>30% for 2023/24/25, based on the disappointing 9M23 revenue growth and the intensifying competition in the integrally casted automotive part industry in China. To deal with the issue, NXS has been expanding from high-pressure casting to stamping and extrusion. NXS signed projects with Chinese automakers for electric powertrain casings, battery casings and bumpers. Additionally, NXS is building a new plant in Mexico to supply casings of energy storage systems for Tesla. However, these new projects will only start in 2H23. As such, revenue will only re-accelerate gradually.
- **We trim our 2023 EBIT margin assumption from 18.6% to 18.2% and keep those for 2024-25 at about 18%**, based on the lower-than-expected EBIT margin of 18.2%/17.5% in 9M23/3Q23.

## EARNINGS REVISIONS/RISKS

- **Cut our net profit forecasts for 2023-25 by 15%/22%/30% to Rmb736m/Rmb848m/Rmb1,027m respectively**, based on lower revenue estimates and EBIT margin assumption.

## RECOMMENDATION

- **Downgrade from BUY to HOLD and cut target price from Rmb36.00 to Rmb18.00**, based on lower 2024F EPS and lower 2024F target PE multiple of 20x (vs 32x previously). We cut target 2024F PE multiple from 32x to 20x based on lower 2024-25 earnings growth estimate and 1x 2024F PEG.

### PROFIT & LOSS

Year to 31 Dec (Rmbm)	2022	2023F	2024F	2025F
<b>Net turnover</b>	<b>4,454</b>	<b>4,899</b>	<b>5,634</b>	<b>6,761</b>
EBITDA	1,003	1,229	1,474	1,786
Depreciation & amortization	(222)	(337)	(454)	(563)
<b>EBIT</b>	<b>781</b>	<b>892</b>	<b>1,020</b>	<b>1,224</b>
Total other non-operating income	(43)	-	-	-
Associate contributions	31	-	-	-
Net interest income/(expense)	13	(48)	(48)	(47)
<b>Pre-tax profit</b>	<b>782</b>	<b>843</b>	<b>972</b>	<b>1,177</b>
Tax	(82)	(110)	(126)	(153)
Minorities	1	2	3	3
<b>Net profit</b>	<b>701</b>	<b>736</b>	<b>848</b>	<b>1,027</b>
Net profit (recurrent)	581	736	848	1,027

### CASH FLOW

Year to 31 Dec (Rmbm)	2022	2023F	2024F	2025F
<b>Operating</b>	<b>375</b>	<b>1,052</b>	<b>1,245</b>	<b>1,475</b>
Pre-tax profit	782	843	972	1,177
Tax	(82)	(110)	(126)	(153)
Depreciation/amortization	222	337	454	563
Associates	(31)	-	-	-
Working capital changes	(603)	(67)	(103)	(158)
Non-cash items	87	48	48	47
Other operating cashflows	-	-	-	-
<b>Investing</b>	<b>(756)</b>	<b>(986)</b>	<b>(986)</b>	<b>(985)</b>
Capex (growth)	(1,262)	(1,000)	(1,000)	(1,000)
Investments	(2,297)	-	-	-
Proceeds from sale of assets	2,757	-	-	-
Others	45	14	14	15
<b>Financing</b>	<b>597</b>	<b>(142)</b>	<b>(143)</b>	<b>(155)</b>
Dividend payments	(69)	(142)	(143)	(155)
Issue of shares	11	-	-	-
Proceeds from borrowings	1,050	12,000	12,000	12,000
Loan repayment	(654)	(12,000)	(12,000)	(12,000)
Others/interest paid	259	-	-	-
<b>Net cash inflow (outflow)</b>	<b>216</b>	<b>(76)</b>	<b>116</b>	<b>335</b>
Beginning cash & cash equivalent	1,789	2,061	1,985	2,100
Changes due to forex impact	55	-	-	-
<b>Ending cash &amp; cash equivalent</b>	<b>2,061</b>	<b>1,985</b>	<b>2,100</b>	<b>2,435</b>

### BALANCE SHEET

Year to 31 Dec (Rmbm)	2022	2023F	2024F	2025F
<b>Fixed assets</b>	<b>3,985</b>	<b>4,609</b>	<b>5,115</b>	<b>5,512</b>
Other LT assets	581	620	660	700
Cash/ST investment	2,061	1,985	2,100	2,435
Other current assets	2,997	3,230	3,659	4,316
<b>Total assets</b>	<b>9,624</b>	<b>10,443</b>	<b>11,533</b>	<b>12,963</b>
ST debt	1,072	1,072	1,072	1,072
Other current liabilities	2,023	2,189	2,515	3,014
LT debt	700	700	700	700
Other LT liabilities	204	204	204	204
Shareholders' equity	5,613	6,268	7,035	7,969
Minority interest	12	10	7	4
<b>Total liabilities &amp; equity</b>	<b>9,624</b>	<b>10,443</b>	<b>11,533</b>	<b>12,963</b>

### KEY METRICS

Year to 31 Dec (%)	2022	2023F	2024F	2025F
<b>Profitability</b>				
EBITDA margin	22.5	25.1	26.2	26.4
Pre-tax margin	17.6	17.2	17.2	17.4
Net margin	13.0	15.0	15.0	15.2
ROA	6.5	7.3	7.7	8.4
ROE	12.5	12.4	12.7	13.7
<b>Growth</b>				
Turnover	47.3	10.0	15.0	20.0
EBITDA	57.9	22.5	20.0	21.2
Pre-tax profit	68.2	7.8	15.2	21.1
Net profit	69.7	4.9	15.2	21.1
Net profit (adj.)	45.0	26.6	15.2	21.1
EPS	69.7	4.9	15.2	21.1
<b>Leverage</b>				
Debt to total capital	18.4	17.0	15.4	13.7
Debt to equity	31.6	28.3	25.2	22.2
Net debt/(cash) to equity	(9.9)	(7.6)	(8.5)	(11.7)
Interest cover (x)	(59.5)	18.5	21.2	26.1

### COMPANY RESULTS

#### ZTE Corporation (763 HK)

3Q23: Results Missed On Weak Revenue Growth; Reduce Target Price On Slower Growth

ZTE's 3Q23 results were below expectations, with revenue declining 12.4%. The weakness was due to a combination of delayed revenue recognition, weak recovery in the G&C and consumer businesses, and deterioration in GP server tenders. Sales growth should accelerate in 4Q and margins should remain strong at >40%, but full-year revenue will likely miss our previous estimates and geopolitical risks will remain an overhang on share price. Maintain BUY but cut target price to HK\$28.40.

#### 3Q23 RESULTS

Year to 31 Dec (Rmbm)	3Q22	2Q23	3Q23	yoy % chg	qoq % chg	9M22	9M23	yoy % chg
Revenue	32,741	31,562	28,689	(12.4)	(9.1)	92,559	89,393	(3.4)
Gross profit	12,486	13,269	12,804	2.5	(3.5)	34,641	39,039	12.7
EBIT	2,516	2,463	2,674	6.3	8.6	7,176	8,303	15.7
Net profit	2,254	2,830	2,369	5.1	(16.3)	6,820	7,841	15.0
<b>Margins (%)</b>								
GPM	38.1	42.0	44.6	6.5	2.6	37.4	43.7	6.2
OPM	7.7	7.8	9.3	1.6	1.5	7.8	9.3	1.5
NPM	6.9	9.0	8.3	1.4	(0.7)	7.4	8.8	1.4

Source: ZTE, UOB Kay Hian

#### WHAT'S NEW

- **3Q23 results missed on revenue.** ZTE Corporation's (ZTE) 3Q23 net profit declined 16.3% qoq to Rmb2,369m, which is ~7% below our estimates. The miss was due to a worse-than-expected 12.4% yoy and 9.1% qoq decline in revenue to Rmb28.7b, as: a) revenue recognition of the 5G base station business was delayed to 4Q23-1Q24 as a result of late tenders; b) domestic telcos slowed down purchase of general purpose servers for the upcoming investments into AI servers; and c) sluggish recovery in government & corporate (G&C) and consumer businesses. This was partially offset by a recovery in overseas' carrier network business, another historically high gross margin at 44.6%, and stringent opex controls (opex dropped 6.3% qoq).

#### STOCK IMPACT

- **ZTE now targets a flattish yoy revenue growth for 2023 (~Rmb123b)**, implying 4Q23 revenue of Rmb33.6b (+10.4% yoy and +17.0% qoq), which we believe will be relatively challenging to achieve given the sluggish recovery of the G&C and consumer businesses, and the structural investment transition from GP servers to AI servers. Nevertheless, this will be partially offset by a solid margin guidance of 40-45%, which is in line with our expectations.

#### KEY FINANCIALS

Year to 31 Dec (Rmbm)	2021	2022	2023F	2024F	2025F
Net turnover	114,522	122,954	121,333	132,257	142,399
EBITDA	10,775	12,364	13,335	15,183	16,966
Operating profit	6,593	8,668	9,804	10,906	12,783
Net profit (rep./act.)	6,813	8,080	9,654	10,596	12,215
EPS (Fen)	143.9	170.7	203.9	223.8	258.0
PE (x)	11.7	9.9	8.3	7.5	6.5
P/B (x)	1.8	1.6	1.6	1.4	1.3
EV/EBITDA (x)	9.0	7.7	6.8	5.4	4.3
Dividend yield (%)	1.6	1.6	1.6	1.6	1.6
Net margin (%)	5.9	6.6	8.0	8.0	8.6
Net debt/(cash) to equity (%)	(23.0)	(3.4)	(10.5)	(23.1)	(31.7)
Interest cover (x)	6.8	53.1	n.a.	n.a.	n.a.
ROE(%)	14.4	14.7	16.8	17.4	17.6
Consensus net profit	-	-	9,942	11,130	12,426
UOBKH/Consensus (x)	-	-	0.97	0.95	0.98

Source: ZTE, Bloomberg, UOB Kay Hian

### BUY

(Maintained)

Share Price	HK\$18.04
Target Price	HK\$28.40
Upside	+57.4%
(Previous TP:	HK\$33.50)

#### COMPANY DESCRIPTION

ZTE Corporation develops and markets switches, access servers, videoconferencing systems, mobile communication systems, data communication devices, and optical communication devices.

#### STOCK DATA

GICS sector	Information Technology
Bloomberg ticker:	763 HK
Shares issued (m):	755.5
Market cap (HK\$m):	126,508
Market cap (US\$m):	16,174
3-mth avg daily t'over (US\$m):	18.2

#### Price Performance (%)

52-week high/low HK\$31.95/HK\$13.86

1mth	3mth	6mth	1yr	YTD
(27.1)	(38.8)	(30.6)	28.9	4.9

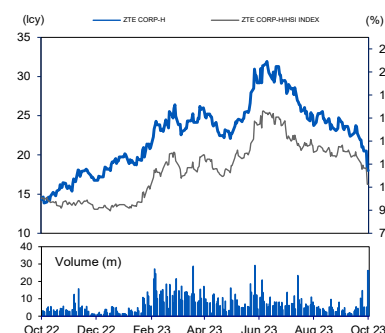
#### Major Shareholders

Zhongxingxin	35.1
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FY23 NTAV/Share (Rmb) 11.99

FY23 Net Cash/Share (Rmb) 1.27

#### PRICE CHART



Source: Bloomberg

#### ANALYST(S)

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- **R&D expenses could remain elevated, but SG&A will be well-controlled.** Due to a lower operating scale, ZTE's opex ratio rose 1.0ppt qoq to 34.3% in 3Q23. However, in absolute values, the expenses were well-controlled and declined 6.3% qoq. Going forward, while R&D expenses may remain elevated, we expect SG&A to be well-controlled and total opex ratio to moderate thanks to better operating scale.
- **ZTE recently launched its H800 based GPU server, but US export restrictions add more uncertainty to the development of AI businesses.** In mid-Oct 23, ZTE officially launched its first long-awaited H800 server. However, due to the new AI chip export rules from the US, most Chinese AI server manufacturers/users, including ZTE, are still evaluating the impact, and any potential workarounds (eg looking for substitutes from domestic manufacturers). As such, we believe the new US export rules will remain a major overhang to the development of ZTE's AI business going forward.

#### EARNINGS REVISION/RISK

- **Trim net profit estimates by 3.4%/4.3% for 2023-24.** We have factored in: a) a lower revenue assumption given the sluggish G&C and consumer businesses, the slowdown in GP server procurement and the risks from US export rules; b) a higher carrier network business margin assumption; and c) more stringent opex controls in 2023-25. Our 2025 estimates are largely unchanged.

#### VALUATION/RECOMMENDATION

- **Maintain BUY with a lower target price of HK\$28.40,** now based on a lower 2024F PE multiple of 11.8x, pegged to 0.5SD below its five-year average historical mean. We use a lower PE multiple to factor in the slower-than-expected revenue growth, as well as the uncertainties in its AI business' development.

### PROFIT & LOSS

Year to 31 Dec (Rmbm)	2022	2023F	2024F	2025F
<b>Net turnover</b>	<b>122,954</b>	<b>121,333</b>	<b>132,257</b>	<b>142,399</b>
EBITDA	12,364	13,335	15,183	16,966
Deprec. & amort.	(3,696)	(3,531)	(4,277)	(4,182)
<b>EBIT</b>	<b>8,668</b>	<b>9,804</b>	<b>10,906</b>	<b>12,783</b>
Total other non-operating income	1,893	1,100	1,893	1,100
Associate contributions	94	94	94	94
Net interest income/(expense)	(163)	127	171	219
<b>Pre-tax profit</b>	<b>8,752</b>	<b>11,031</b>	<b>12,177</b>	<b>14,102</b>
Tax	(960)	(1,655)	(1,827)	(2,115)
Minorities	289	278	245	227
Preferred dividends	<b>8,080</b>	<b>9,654</b>	<b>10,596</b>	<b>12,215</b>
<b>Net profit</b>	<b>8,080</b>	<b>9,654</b>	<b>10,596</b>	<b>12,215</b>

### CASH FLOW

Year to 31 Dec (Rmbm)	2022	2023F	2024F	2025F
<b>Operating</b>	<b>7,578</b>	<b>6,957</b>	<b>12,574</b>	<b>11,944</b>
Pre-tax profit	8,752	11,031	12,177	14,102
Tax	(9,002)	(9,002)	(9,002)	(9,002)
Depreciation/amortization	3,696	3,531	4,277	4,182
Associates	(94)	(94)	(94)	(94)
Working capital changes	(9,058)	9,837	(2,357)	(1,987)
Non-cash items	13,283	(8,347)	7,573	4,742
Other operating cashflows	-	-	-	-
<b>Investing</b>	<b>(1,291)</b>	<b>(1,681)</b>	<b>(2,100)</b>	<b>(2,565)</b>
Capex (growth)	(4,952)	(5,135)	(5,327)	(5,542)
Investments	5,726	5,726	5,726	5,726
Proceeds from sale of assets	-	-	-	-
Others	(2,065)	(2,271)	(2,499)	(2,748)
<b>Financing</b>	<b>1,455</b>	<b>(1,302)</b>	<b>(1,316)</b>	<b>(1,324)</b>
Dividend payments	(3,688)	(1,302)	(1,316)	(1,324)
Issue of shares	-	-	-	-
Net proceeds from borrowings	5,406	-	-	-
Others/interest paid	(264)	-	-	-
<b>Net cash inflow (outflow)</b>	<b>7,741</b>	<b>3,974</b>	<b>9,158</b>	<b>8,055</b>
Beginning cash & cash equivalent	39,071	47,072	51,045	60,203
Changes due to forex impact	260	-	-	-
<b>Ending cash &amp; cash equivalent</b>	<b>47,072</b>	<b>51,045</b>	<b>60,203</b>	<b>68,258</b>

### BALANCE SHEET

Year to 31 Dec (Rmbm)	2022	2023F	2024F	2025F
<b>Fixed assets</b>	<b>12,913</b>	<b>13,133</b>	<b>13,178</b>	<b>13,112</b>
Other LT assets	30,166	33,090	32,718	32,688
Cash/ST investment	47,718	51,691	60,849	68,904
Other current assets	90,156	77,394	83,685	88,437
<b>Total assets</b>	<b>180,954</b>	<b>175,309</b>	<b>190,430</b>	<b>203,141</b>
ST debt	9,962	9,962	9,962	9,962
Other current liabilities	68,458	61,062	67,646	72,871
LT debt	35,126	35,126	35,126	35,126
Other LT liabilities	7,864	11,930	11,930	11,930
Shareholders' equity	58,641	56,605	65,388	73,101
Minority interest	902	624	379	151
<b>Total liabilities &amp; equity</b>	<b>180,954</b>	<b>175,309</b>	<b>190,430</b>	<b>203,141</b>

### KEY METRICS

Year to 31 Dec (%)	2022	2023F	2024F	2025F
<b>Profitability</b>				
Gross margin	37.1	42.5	40.3	40.3
Pretax margin	7.1	9.1	9.2	9.9
Net margin	6.6	8.0	8.0	8.6
ROA	4.5	5.5	5.6	6.0
ROE	14.7	16.8	17.4	17.6
<b>Growth</b>				
Turnover	7.4	(1.3)	9.0	7.7
Gross profit	13.3	12.7	3.5	7.5
Pre-tax profit	3.0	26.0	10.4	15.8
Net profit	18.6	19.5	9.8	15.3
Net profit (adj)	18.6	19.5	9.8	15.3
EPS	18.6	19.5	9.8	15.3
<b>Leverage</b>				
Debt to total capital	24.9	25.7	23.7	22.2
Debt to equity	76.9	79.7	69.0	61.7
Net debt to equity	(3.4)	(10.5)	(23.1)	(31.7)
Interest cover (x)	53.1	n.a	n.a.	n.a.



TRADERS' CORNER



Chart by Bloomberg

**CSPC Pharmaceutical Group Limited (1093 HK)**

Trading Buy range: HK\$5.60-5.72

Last price: HK\$5.76

Target price: HK\$6.00/HK\$6.15

Protective stop: Breaks below HK\$5.25

**Stock Highlights:**

The Irinotecan Hydrochloride Liposome Injection (10ml:43mg) developed by CSPC Ouyi Pharmaceutical Co., a subsidiary of the group, has obtained drug registration approval granted by the National Medical Products Administration of the People's Republic of China. The product was approved, in combination with 5-fluorouracil (5-FU) and leucovorin (LV), for the treatment of patients with metastatic pancreatic cancer after disease progression following gemcitabine-based therapy.

**Technical View:**

Share price rebounded after hitting a low on 5 Oct 23. It has now risen above its 10-day (light blue), 20-day (orange) and 50-day (red) moving averages, but is restricted by resistance at the 100-day moving average (pink). Share price rose with a long white candlestick and high trading volume on 24 Oct 23. The 14-day RSI rebounded from 31 to above the midline level of 50. It is currently around 53, indicating that momentum has strengthened. The MACD line is higher than the signal line, showing a bullish crossover.

**Average timeframe: Around two weeks.**



Chart by Bloomberg

**Topsports International Holdings Limited (6110 HK)**

Trading Buy range: HK\$6.00-6.12

Last price: HK\$6.16

Target price: HK\$6.35/HK\$6.50

Protective stop: Breaks below HK\$5.60

**Stock Highlights:**

For the six months ended 31 Aug 23, profit attributable to equity holders of the company increased 16.75% to Rmb1.337b.

**Technical View:**

Share price rebounded after hitting a low on 27 Sep 23. It has now risen above its 10-day (light blue) and 20-day (orange) moving averages, but is restricted by resistance at the 50-day moving average (red). The 14-day RSI rebounded from the oversold level (below 30) and is currently around 54, indicating that momentum has strengthened. The MACD line is higher than the signal line, showing a bullish crossover. If it breaks through and holds firmly above the 50-day moving average, it could rise further.

**Average timeframe: Around two weeks.**

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