

4 Jun, 2024

Jiangxi Rimag | 02522.HK

A medical group specializing in medical imaging

STOCK RATING

NR

TARGET PRICE

HK\$ -

Jiangxi Rimag is a medical group specializing in medical imaging, providing medical imaging services and solutions in China. The Group realized RMB 928.9mn total revenue in FY 2023, representing YoY 18.4% growth. Breaking down the revenue by business segment, the Group recorded RMB 638.1mn, RMB 278.4mn and RMB 12.5mn revenue from imaging center services, imaging solution services and Rimag cloud services respectively.

Growing potential for third-party medical imaging centers in China: Benefit from i) the ageing population, ii) the inability to meet the needs of patients in the primary medical institutions, iii) the inability to the needs of high-end customers, there is room for third-party medical imaging centers to grow in China. According to Frost & Sullivan, the market size of third-party medical imaging centers in China grew from RMB 800mn in 2018 to RMB 2.9bn in 2023, representing a CAGR of 29.0%. Frost & Sullivan expects the market size to increase to RMB 18.6bn in 2030. It implies that the penetration rate of third-party medical imaging centers grew from 0.5% in 2018 to 1.1% in 2023, and it will reach 2.8% in 2030.

Expansion of imaging center services: According to the prospectus, the Group plans to establish 1 Flagship Imaging Centers, 3 Regional Collaborative Imaging Centers, 5 Specialized Medical Consortium Imaging Centers or Operational Management Imaging Centers in 2024, and it further plans to establish 1 Flagship Imaging Centers, 8 Regional Collaborative Imaging Centers, 12 Specialized Medical Consortium Imaging Centers or Operational Management Imaging Centers in 2025. An increase in the number of medical imaging centers will bring the Group economies of scale, and a change in the center mix will also bring the Group better gross margin as the gross margin of the Specialized Medical Consortium Imaging Centers and Operational Management Imaging Centers are normally higher.

Valuation: The offering price of Jiangxi Rimag will be HKD 14.6 per share - HKD 16.8 per share, amounting to HKD 5.2bn – HKD 6.0bn market capitalization and implying a 108x – 125x historical PE.

IPO REPORT

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Jiangxi Rimag (02522.HK)

Stock Rating NR

Target Price HK\$ -

Current Price HK\$ -

52-Week Range HK\$ -

Market cap. (HKD, bn) HK\$ -

RMB, mn	21(A)	22(A)	23(A)
Revenue	592.0	784.4	928.9
Gross Profit	175.2	237.0	332.6
Gross Margin	29.6%	30.2%	35.8%
Profit Attr.	(360.7)	0.4	44.4

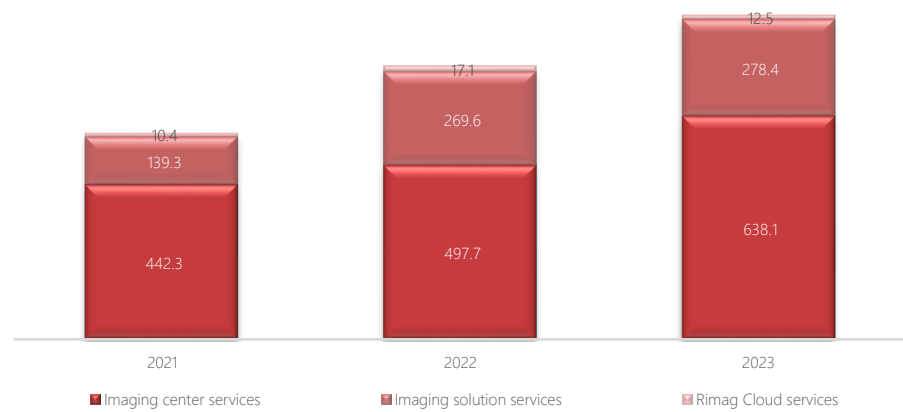
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Business Overview

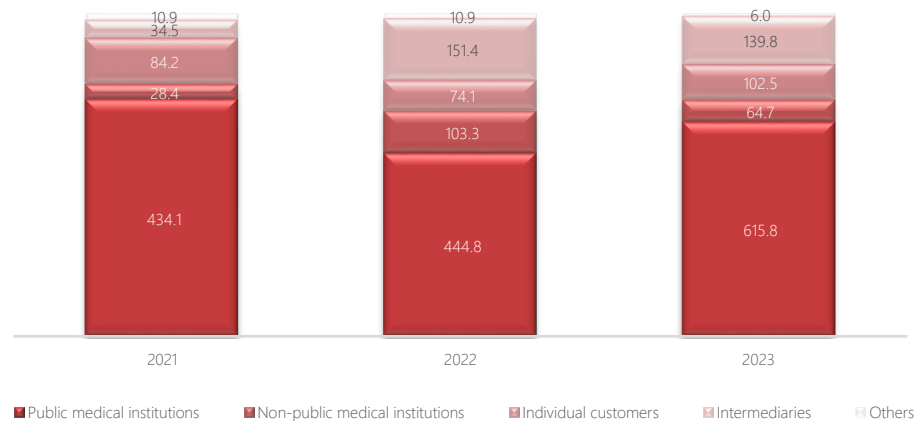
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Exhibit: Breakdown of total revenue by segment



Source: Company data, West Bull Securities

Exhibit: Breakdown of total revenue by customer types

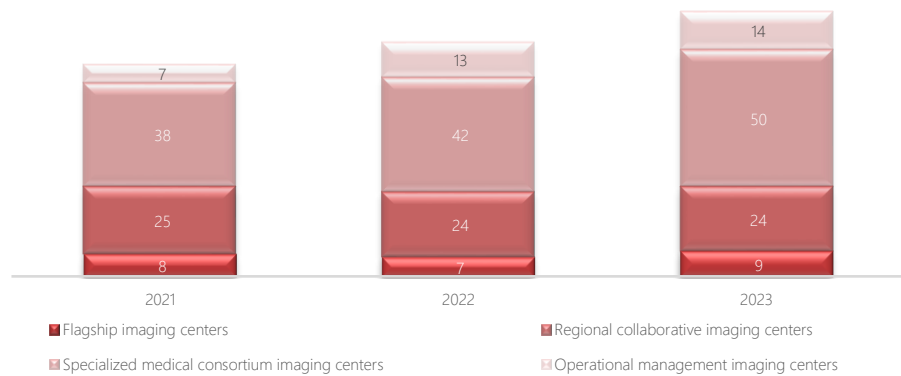


Source: Company data, West Bull Securities

Imaging Center Services

Jiangxi Rimag provides imaging center services through i) Flagship Imaging Centers, ii) Regional Collaborative Imaging Centers, iii) Specialized Medical Consortium Imaging Centers and iv) Operational Management Imaging Centers. Imaging examination and diagnostic services like MRI, CT, PET, X-ray, ultrasound, and mammography are offered to patients and other healthcare consumers. In addition, the Group also provides medical institutions with services such as medical imaging services, equipment selection and configuration, infrastructure renovation services and operational management services based on their needs, and the Group charges the medical institutions a service fee based on the content of the services provided.

Exhibit: Number of imaging centers of Jiangxi Rimag



Source: Company data, West Bull Securities

■ Flagship Imaging Centers

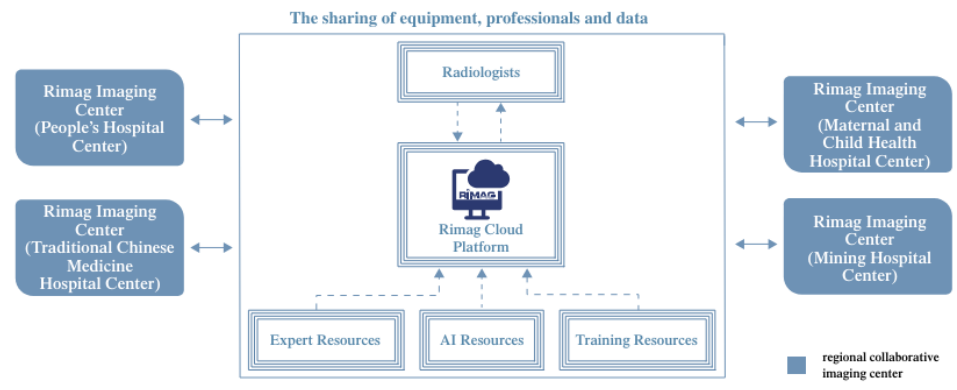
The Group usually sets up the Flagship Imaging Centers in first and second-tier cities of China where medical institutions are concentrated, it provides imaging examination and diagnostic services i) directly to individual patients and other healthcare consumers, ii) to hospitals and other medical institutions as well as corporations like health management companies. The imaging examination and diagnostic services typically include MRI, CT, PET, mammography, ultrasound, diagnostic radiology (X-ray), fluoroscopy and other related procedures, covering a majority of clinical specialties, especially important specialties such as cardiology, oncology, pulmonology, orthopedics, and neurology.

Jiangxi Rimag realized RMB 133.5mn of revenue from the Flagship Imaging Centers, implying a YoY 29.6% growth when compared to last year, the volume of examinations grew from 190.8k in 2022 to 248.8k in 2023. According to the experience, the average initial breakeven period of Flagship Imaging Centers was 16.2 months.

■ Regional Collaborative Imaging Centers

The Regional Collaborative Imaging Centers are mainly located in third-tier cities or below where imaging equipment and professional capabilities are insufficient. Patients can visit the regional collaborative imaging centers for imaging examination and diagnostic services either through orders by clinicians at hospital partners or directly. The imaging examinations can be performed in any Rimag imaging centers, radiologists in particular regions will review the imaging results together and issue diagnostic reports. The imaging centers integrate professional imaging resources within the relevant regions through the distributed placement of imaging equipment, multi-site practice or recruitment of practitioners, realizing the sharing of data, equipment and professionals. Besides, medical institutions in such regions can also purchase medical imaging examination and diagnostic services from these imaging centers.

Exhibit: Collaborative relationships among the regional collaborative imaging centers



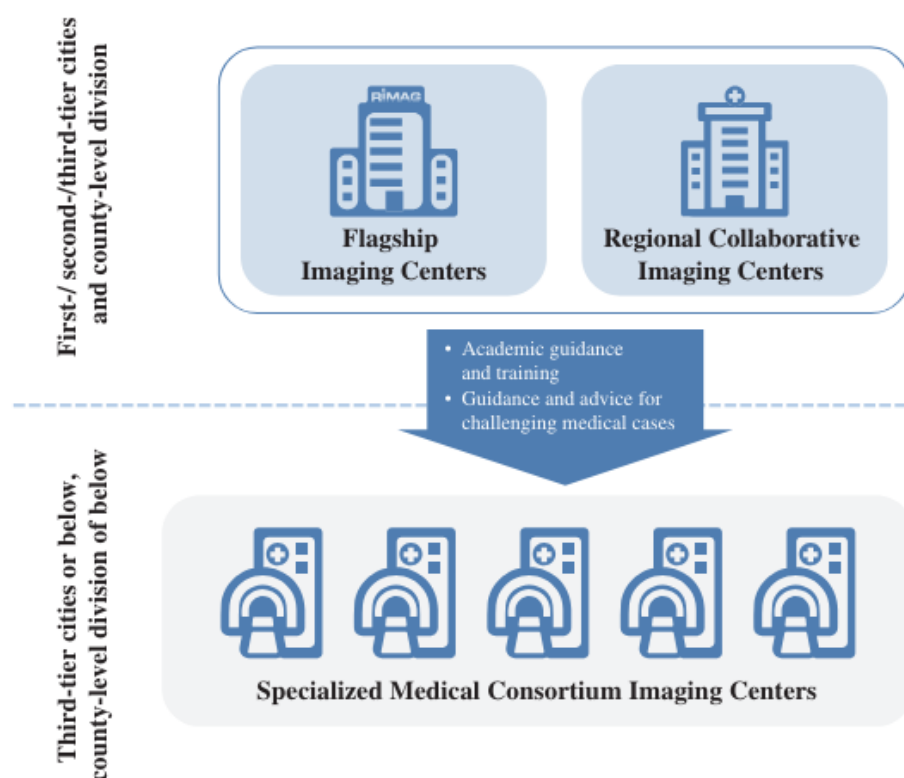
Source: Company data

Jiangxi Rimag realized RMB 355.4mn of revenue from the Regional Collaborative Imaging Centers, implying a YoY 31.5% growth when compared to last year, the volume of examinations grew from 342.6k in 2022 to 422.5k in 2023. According to the experience, the average initial breakeven period and the average cash investment payback period of Regional Collaborative Imaging Centers were 4.9 months and 47.5 months respectively.

■ Specialized Medical Consortium Imaging Centers

The Group, approved by local governments, forms Specialized Medical Consortium Imaging Centers consisting of medical imaging centers and medical institutions, and the Group provides medical institutions with equipment deployment, infrastructure renovation, and diversified medical imaging operational management services. The business partners of the Specialized Medical Consortium Imaging Centers are mainly the medical institutions located in third-tier cities or below of China, those medical institutions generally lack medical equipment or sufficient experience or capabilities to improve their professional skills.

Exhibit: Collaborative relationships of the Specialized Medical Consortium Imaging Centers



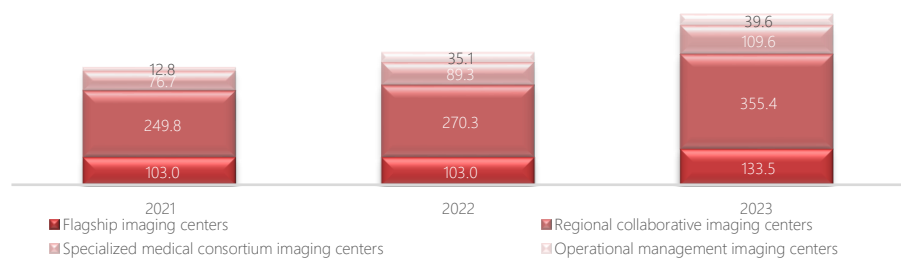
Source: Company data

■ Operational Management Imaging Centers

The Group provides operational management services to medical institutions, including professional skill improvement, operational management consulting, and informatization construction, but the services do not include equipment deployment or infrastructure renovation services. It particularly targets medical institutions with sufficient imaging equipment but lacking skilled radiologists, radiologic technologists and nurses, or professional operational management capabilities.

Provision of Imaging Center Services is the primary business of Jiangxi Rimag, it achieved RMB 638.1mn revenue from this business segment in FY 2023, accounting for 68.7% of total revenue. In addition, about RMB 355.4mn revenue was generated from the Regional Collaborative Imaging Centers, accounting for 55.7% of the revenue in the Imaging Center Services business segment. Contributions from the Flagship Imaging Centers, Specialized Medical Consortium Imaging Centers and the Operational Management Imaging Centers accounted for 20.9%, 17.2%, and 6.2% of the revenue in the Imaging Center Services business segment.

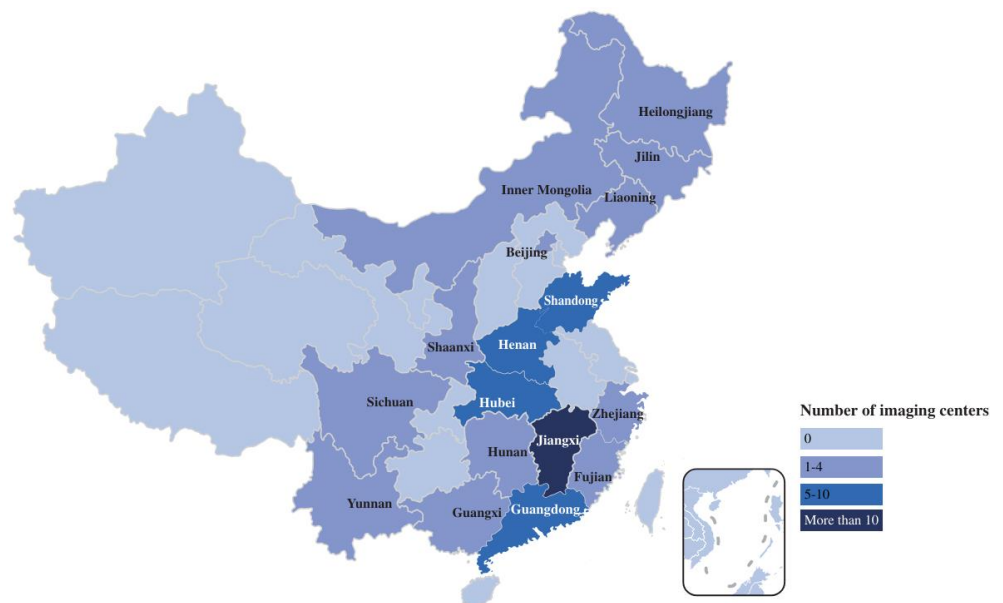
Exhibit: Breakdown of revenue generated by different imaging centers



Source: Company data, West Bull Securities

Covering 17 provinces, autonomous regions and municipalities, the medical imaging center network of Jiangxi Rimag consisted of 97 imaging centers, including 9 Flagship Imaging Centers, 24 Regional Collaborative Imaging Centers, 50 Specialized Medical Consortium Imaging Centers and 14 Operational Management Imaging Centers as at the end of 2023.

Exhibit: Locations of imaging centers in the network of Jiangxi Rimag



Source: Company data

Imaging Solution Services

Jiangxi Rimag commenced to offer Imaging Solution Services in 2019, i) assisting medical institution customers to select and procure appropriate imaging equipment that meets their development needs, ii) providing accompanying modular solutions, including equipment selection, infrastructure renovation, training, repair and maintenance, and Rimag Cloud services. The Group generally charges fees based on the service contents.

About RMB 278.4mn of revenue was recorded in FY 2023, accounting for 30.0% of total revenue, of which half of the revenue came from intermediaries, and public and private medical institutions contributed the rest.

Rimag Cloud Services

Jiangxi Rimag offers information services throughout the whole process of medical imaging based on the Rimag Cloud platform, the services primarily include Medical Imaging Workflow Modules (e.g. remote diagnosis, cloud storage and cloud film module, cloud radiology information system (RIS) services, cloud Picture Archive and Communication System (PACS) services, and imaging AI integration platform module) and Operational Management Modules (e.g. refined operational management system and quality control system). The Group i) authorizes customers to use the Rimag Cloud platform or some of its modules, services like data storage and data analysis are also provided. The Group charges service fees either a fixed annual fee or based on storage volume and number of usage instances, ii) offers one-time purchase services for the medical institutions to replace existing medical imaging business and management systems.

■ Medical Imaging Workflow Modules

These modules are the core products and services of Rimag Cloud, covering the full-service process of medical imaging from making appointments, selecting imaging examination items, to issuing diagnosis reports. Other services like cloud storage and cloud film module, remote diagnosis, cloud RIS module, and imaging AI integration platform module are also included.

■ Operational Management Modules

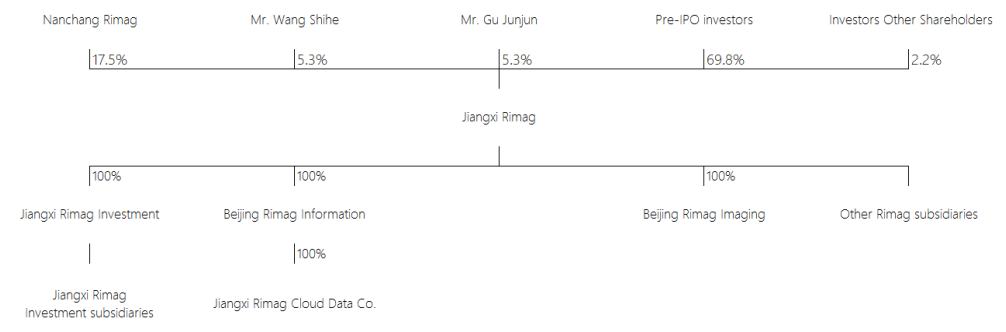
These modules mainly provide information support and development momentum for data-driven medical imaging operations, including i) Refined Operation Management Module: It collects and standardizes information related to imaging examinations, delivers analysis of business and financial indicators based on standardized data to managers, and evaluates the usage and penetration of various imaging examination procedures at clinical departments, ii) Quality Control Module: By sampling the images and diagnostic reports generated in daily operations, the quality control experts score according to quality control evaluation standards, and ultimately arrive at evaluation conclusions for radiologic technologists and radiologists.

Company Background

Shenzhen Rimag Medical Technology Co. was established in 2014 and it commenced the R&D of Rimag Cloud platform in 2015. The Company converted into a limited liability company and set up Nanchang Rimag as an employee shareholding platform. The Company changed its name to Jiangxi Rimag Group Limited in 2018, and the first Regional Collaborative Imaging Center and the first Flagship Imaging Center were established in the same year.

The Group completed a series of financing before IPO, receiving investments from Beijing GS, Shanghai Liying, Neovision, Baishan Investment, Hangzhou Jingxin, Beijing Shengzexin, Beijing Huayu, Shanghai Huiyan, Ningbo Haoguan, CICC Yingrun, Xiaofeng Investment, PICC Beijing, Jiangxi AM Holding, Ganjiang Development, Beijing Meiyue Consulting, Zaozhuang Ruiqing, Zaozhuang Ruizhi, Mr. Yang Jun, JD Yingzheng, OrbiMed, Ningbo Zhuda, Novel Wealth, Shaanxi Hongrui, Zhongjin Zhihe, Zhihe Phase II, Mr. Zeng Delu and Fenyong Technology, and the lock-up period for those investors is 12 months.

Exhibit: Pre-IPO shareholding structure of Jianxi Rimag



Source: Company data, West Bull Securities

The Group primarily conducts its business through the subsidiaries of Jiangxi Rimag Investment, Beijing Rimag Information and Beijing Rimag Imaging. Jiangxi Rimag Investment primarily engages in investment in healthcare companies and the provision of imaging solution services, Beijing Rimag Information primarily engages in providing Rimag Cloud services, and Beijing Rimag Imaging primarily engages in providing medical imaging services.

Industry Overview

Medical Imaging Technology







Medical imaging technology refers to the technology used to recreate images of the structure and density of tissues and organs of the human body through interaction between certain media, such as X-ray, electromagnetic field, ultrasonic waves, and the human body for diagnosticians to make judgments based on the information provided by such images and evaluate the health condition of the human body. Commonly used medical imaging technologies include computed tomography (CT), magnetic resonance imaging (MRI), X-ray imaging, ultrasound, and nuclear medicine.

Exhibit: Common types and models of medical imaging equipment

CT Equipment	MRI Equipment	X-ray Imaging Equipment	Nuclear Medicine Diagnostic Equipment	Ultrasonic Equipment
512 Slices CT	3.0T MRI	Computer Radiography (CR)	SPECT	Stationary Ultrasonic Equipment
256 Slices CT	1.5T and below MRI	Digital Radiography (DR)	PET/CT	Portable Ultrasonic Equipment
128 Slices CT		Dual Energy X-ray Absorptiometry	PET/MRI	Handheld Ultrasonic Equipment
64 Slices and Below CT		Mammography		

Source: Frost & Sullivan, Company data

Exhibit: Major features of the medical imaging equipment

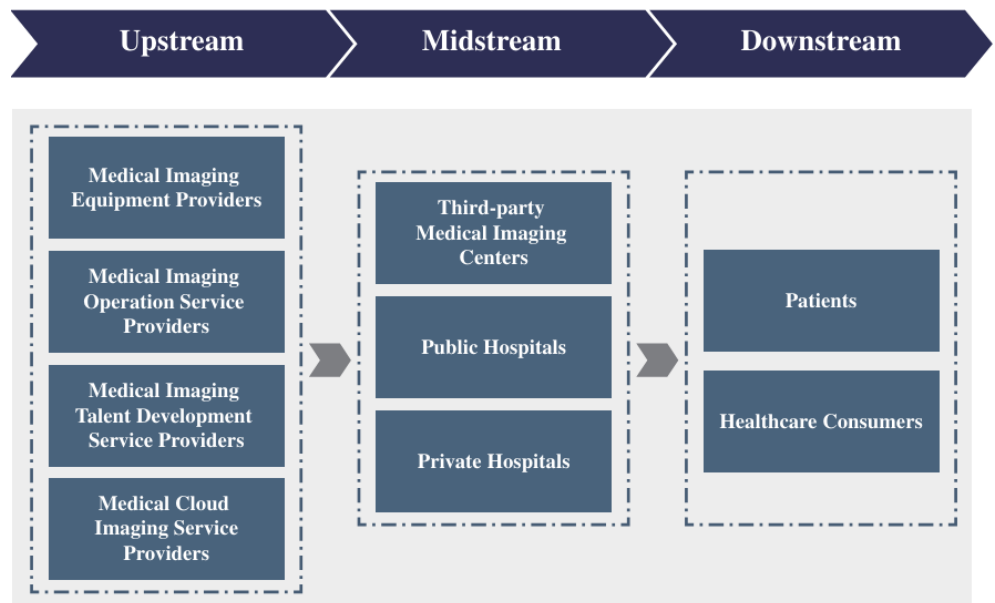
	X-ray Imaging	Ultrasound	Nuclear Medicine Diagnostic Equipment	CT	MRI
 low High					
Working Principle	<ul style="list-style-type: none"> X-rays use radiation to penetrate and project human body onto an x-ray film to create image 	<ul style="list-style-type: none"> Ultrasound beams pass through less-dense tissue and bounce off denser tissues to create image 	<ul style="list-style-type: none"> Radioactive material injected through IV and accumulates in tumor tissue to produce image 	<ul style="list-style-type: none"> CT combines x-rays and a computer to create 360-degree pictures of bones and internal organs 	<ul style="list-style-type: none"> MRI uses magnets to spin the hydrogen atoms and radio waves, the information generated is then transformed into image with computer
Image Characteristic	<ul style="list-style-type: none"> Non-tomography 	<ul style="list-style-type: none"> Tomography; real-time image 	<ul style="list-style-type: none"> Tomography; biological metabolic activity depiction 	<ul style="list-style-type: none"> Tomography; grayscale image 	<ul style="list-style-type: none"> Tomography; multi-angle and multi-parameter image
Common Clinical Application	<ul style="list-style-type: none"> Commonly used for disease screening covering various organs and bones 	<ul style="list-style-type: none"> Performs best on soft tissues, such as abdomen, heart, and breast 	<ul style="list-style-type: none"> Used for cancer diagnosis and metabolic dynamic examination 	<ul style="list-style-type: none"> Whole body examination including inner organ, brain, and bones 	<ul style="list-style-type: none"> Widely used on imaging soft tissue, such as central nervous system, breast, and joints
Cost					
Weakness	<ul style="list-style-type: none"> High radiation; medium-quality image; non-3D information 	<ul style="list-style-type: none"> Motion artifacts are common 	<ul style="list-style-type: none"> Expensive; high radiation 	<ul style="list-style-type: none"> Low spatial resolution; high radiation 	<ul style="list-style-type: none"> Long scanning time; motion artifacts; uncomfortable environment
Start Time	<ul style="list-style-type: none"> 1923 	<ul style="list-style-type: none"> 1939 	<ul style="list-style-type: none"> 1949 	<ul style="list-style-type: none"> 1972 	<ul style="list-style-type: none"> 1978

Source: Frost & Sullivan, Company data

The value chain of the medical imaging industry

The value chain of the medical imaging industry in China can be divided into three parts, i) the upstream involves the medical imaging equipment providers, medical imaging operation service providers, medical imaging talent development service providers, and medical cloud imaging service providers, ii) the midstream involves medical institutions encompassing public and private hospitals, and third-party medical imaging centers, iii) the downstream involves patients and healthcare consumers.

Exhibit: The value chain of the medical imaging industry in China



Source: Frost & Sullivan, Company data

Medical imaging center is a medical institution providing patients and healthcare consumers with imaging examination and diagnostic services. Radiographic technologists use medical imaging equipment to obtain physical human information, which is analyzed by specialized radiologists, and the results of such analysis are then provided to clinicians to conduct a diagnosis.

Exhibit: General procedures of medical imaging services

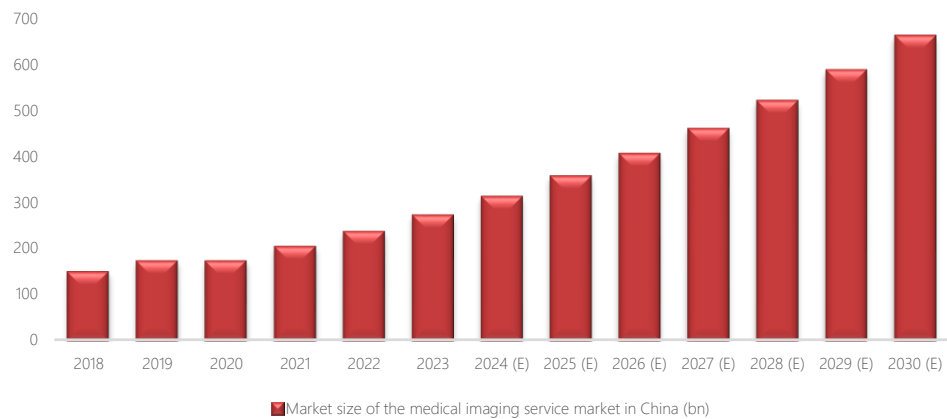


Source: Frost & Sullivan, Company data

The market size of the medical imaging service market in China

According to Frost & Sullivan, the market size of the medical imaging service market in China (including the revenue contributed by hospitals, third-party medical imaging centers, and private health check-up centers) grew from RMB 147.4bn in 2018 to RMB 270.9bn in 2023, representing a CAGR of 12.9%. Frost & Sullivan further expects that the market size will increase to RMB 661.5bn in 2030.

Exhibit: The market size of the medical imaging service market in China (bn)



Source: Frost & Sullivan, Company data, West Bull Securities

Advanced equipment and skilled professionals generally concentrate in top-level medical institutions, it is because i) the resources are too limited for primary medical institutions to purchase equipment and hire skilled professionals, bringing a low utilization rate to the equipment, ii) the medical insurance mainly covers diagnosis and treatment at public medical institutions, the patient traffic is, thus, concentrated at public medical institutions. However, the imaging service capabilities are limited, the medical imaging centers help reduce the burden of top-level medical institutions and mitigate the problems brought by asymmetrical information.

The market size of the third-party medical imaging center in China

The third-party medical imaging centers refer to independently established medical institutions that use imaging technologies to examine the human body and issue imaging diagnostic reports, and these third-party medical imaging centers are excluded from the radiology department of hospitals and other medical institutions. The third-party medical imaging centers generally i) provide medical imaging services directly to patients and healthcare consumers, ii) provide medical imaging operation services to hospitals and other medical institutions, and those centers are typically located on the premises of the medical institutions.

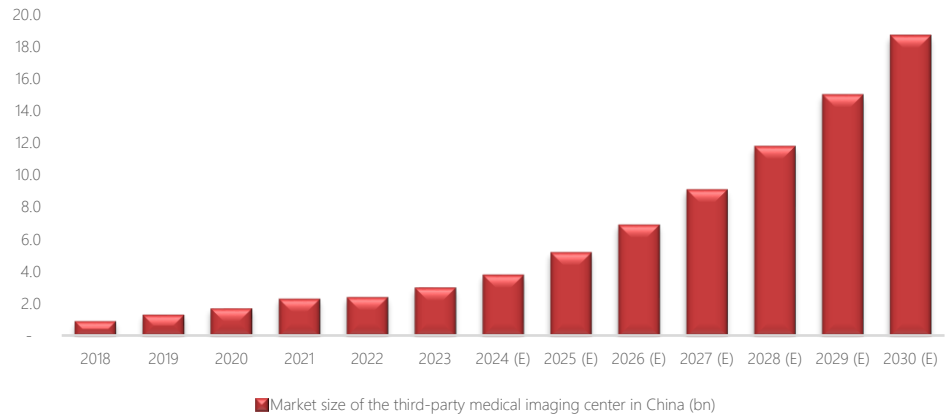
Exhibit: Business model of third-party medical imaging centers



Source: Frost & Sullivan, Company data

According to Frost & Sullivan, the market size of the third-party medical imaging centers in China grew from RMB 800mn in 2018 to RMB 2.9bn in 2023, representing a CAGR of 29.0%. Frost & Sullivan further expects that the market size will increase to RMB 18.6bn in 2030.

Exhibit: Market size of the third-party medical imaging center in China



Source: Frost & Sullivan, Company data, West Bull Securities

The market size of medical imaging equipment solutions in China

Medical imaging equipment solutions refer to solutions that are centered around equipment, for purposes of increasing the utilization efficiency of medical imaging equipment, including resource construction, technological support, management services and training systems.

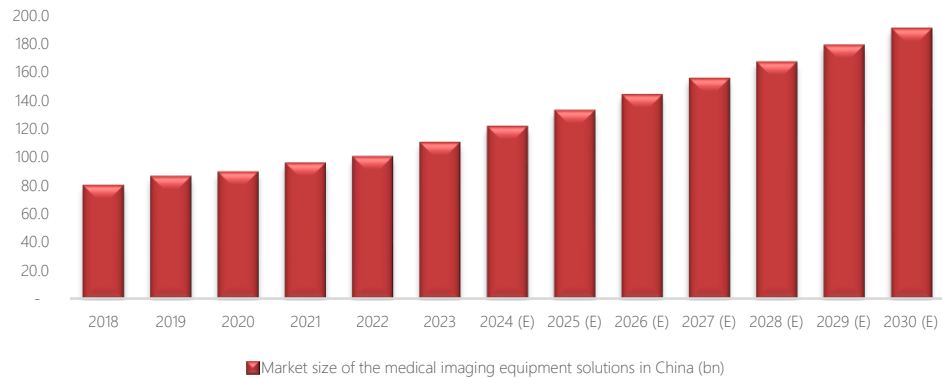
Exhibit: Description of the medical imaging equipment solutions

Resource Construction	Technological Support	Management Services	Training Systems
<ul style="list-style-type: none"> Equipment selection and deployment: Optimizing the instrument configuration based on frequency and duration of use Scientific interior design of medical imaging centers 	<ul style="list-style-type: none"> Provision of standardized and homogeneous data for imaging centers Remote consultation systems Quality control systems 	<ul style="list-style-type: none"> Improvement in the efficiency and profitability Management of patients before and after diagnosis 	<ul style="list-style-type: none"> Professional training sessions Provision of communication opportunities among radiologists

Source: Company data, West Bull Securities

According to Frost & Sullivan, the market size of medical imaging equipment solutions in China grew from RMB 79.1bn in 2018 to RMB 109.5bn in 2023, representing a CAGR of 6.7%. Frost & Sullivan further expects that the market size will increase to RMB 190.0bn in 2030.

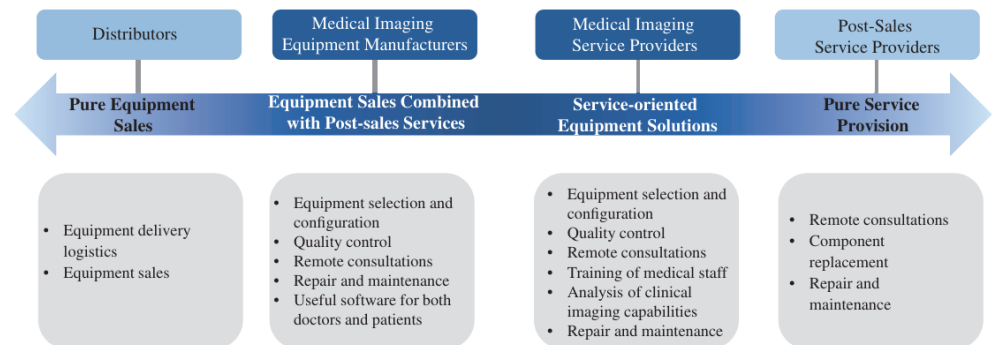
Exhibit: Market size of the medical imaging equipment solutions in China



Source: Frost & Sullivan, Company data, West Bull Securities

The medical imaging equipment solutions market in China is fragmented, players include medical imaging equipment distributors, medical imaging equipment manufacturers, medical imaging center service providers and equipment after-sales service providers.

Exhibit: Participants in medical imaging equipment solutions market in China



Source: Frost & Sullivan, Company data

The medical cloud imaging services market in China

The medical cloud imaging services are based on a cloud-based system for storing, sharing or processing medical images among medical institutions. It facilitated various applications, including digital medical cloud imaging storage systems, imaging data platforms, regional imaging diagnostic platforms, and imaging archiving and communication systems. The development of the informatization of medical imaging can be divided into 3 stages, the first stage is the establishment of medical imaging infrastructure within each hospital; the second stage is data-based interconnectivity among various medical institutions, allowing the sharing of medical imaging information and dissemination of professional medical imaging knowledge among different hospitals. In the future, medical imaging informatization is expected to develop towards the consolidation of AI and related technologies.

Investment Thesis

Growing potential for third-party medical imaging centers in China

- Insufficient resources for medical imaging in China

According to Frost & Sullivan, the average CT, MRI and PET/CT units installed per million population in China were 33, 15 and 0.6 respectively, which were lower than the developed countries. When compared to China, i) the average CT units installed per million population in Japan and the US were 3.7x and 1.5x respectively, ii) the average MRI units installed per million population in Japan and the US were 4.1x and 2.9x respectively, iii) the average PET/CT units installed per million population in Japan and the US were 8.2x and 10.2x respectively,

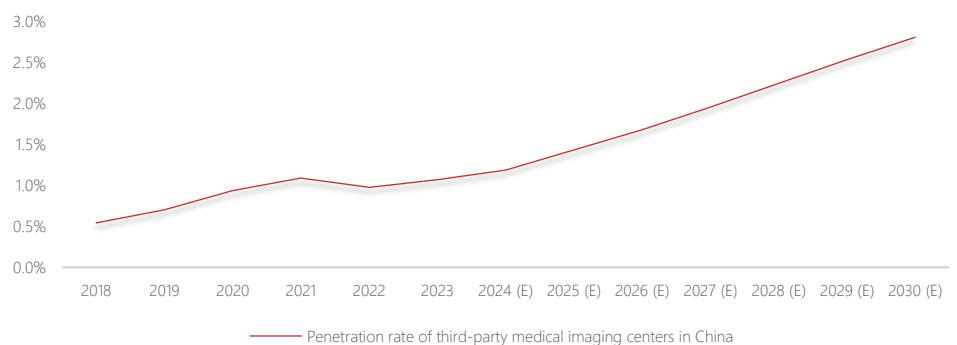
- Uneven distribution of medical imaging equipment

Advanced medical imaging equipment is concentrated at top-level medical institutions in China due to the limited resources of the primary medical institutions. In addition, the medical imaging diagnostic capabilities and the number of proficient radiologists and radiographic technologists are limited in the primary medical institutions, patients have to visit large public hospitals for diagnosis and treatment. However, the limited service capacity of large public hospitals results in long-standing overcrowding in radiology departments in large public hospitals.

- The penetration rate of third-party medical imaging centers is expected to increase

Benefit from i) the ageing population, ii) the inability to meet the needs of patients in the primary medical institutions, iii) the inability to the needs of high-end customers, there is room for third-party medical imaging centers to grow in China. According to Frost & Sullivan, the market size of third-party medical imaging centers in China grew from RMB 800mn in 2018 to RMB 2.9bn in 2023, representing a CAGR of 29.0%. Frost & Sullivan expects the market size to increase to RMB 18.6bn in 2030. It implies that the penetration rate of third-party medical imaging centers grew from 0.5% in 2018 to 1.1% in 2023, and it will reach 2.8% in 2030.

Exhibit: Penetration rate of third-party medical imaging centers in China



Source: Frost & Sullivan, Company data, West Bull Securities

Expansion of imaging center services

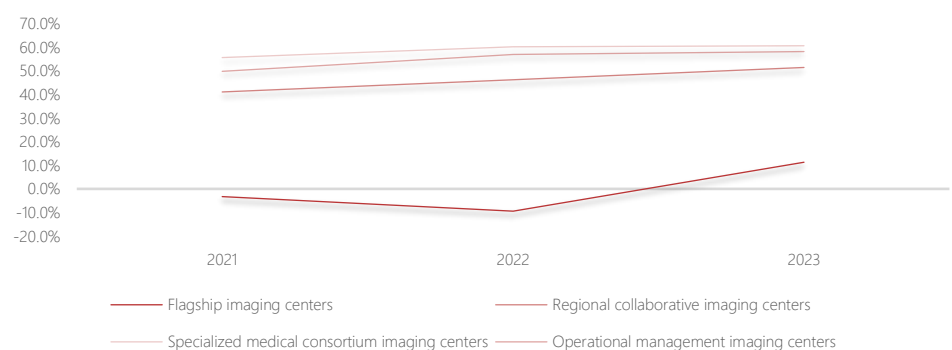
- Growing number of medical imaging centers

Covering 17 provinces, autonomous regions and municipalities, the medical imaging center network of Jiangxi Rimag consisted of 97 imaging centers, including 9 Flagship Imaging Centers, 24 Regional Collaborative Imaging Centers, 50 Specialized Medical Consortium Imaging Centers and 14 Operational Management Imaging Centers as at the end of 2023. According to the prospectus, the Group plans to establish 1 Flagship Imaging Centers, 3 Regional Collaborative Imaging Centers, 5 Specialized Medical Consortium Imaging Centers or Operational Management Imaging Centers in 2024, and it further plans to establish 1 Flagship Imaging Centers, 8 Regional Collaborative Imaging Centers, 12 Specialized Medical Consortium Imaging Centers or Operational Management Imaging Centers in 2025.

- Improvement in the gross margin

The gross margin of the Flagship Imaging Centers, Regional Collaborative Imaging Centers, Specialized Medical Consortium Imaging Centers and Operational Management Imaging Centers in FY 2023 were 11.3%, 51.5%, 60.7% and 58.2% respectively. An increase in the gross margin was attributed to i) an increment in the examination volume, ii) stable fixed costs. An increase in the number of medical imaging centers will bring the Group economies of scale, and a change in the center mix will also bring the Group better gross margin as the gross margin of the Specialized Medical Consortium Imaging Centers and Operational Management Imaging Centers are normally higher.

Exhibit: Gross margin of the medical imaging centers of Jianxi Rimag



Source: Company data, West Bull Securities

- Stable income source

Medical institutions with stable demand and ASP are the primary customers of Regional Collaborative Imaging Centers, Specialized Medical Consortium Imaging Centers and Operational Management Imaging Centers, an increase in the examination volume from these imaging centers will bring the Group a more stable income source.

Valuation

The offering price of Jiangxi Rimag will be HKD 14.6 per share - HKD 16.8 per share, amounting to HKD 5.2bn – HKD 6.0bn market capitalization and implying a 108x – 125x historical PE.

Risk factors

- Keen competition due to the low entry barrier
- Indirect competition from other online games
- Slashed demand for advertising due to tighter regulations imposed on online games in China
- Change in the regulations related to i) card and board games, ii) online gambling
- Slower-than-expected progress in the overseas market

Financial Statement

PnL				Balance Sheet			
(RMB, mn)	2021 (A)	2022 (A)	2023 (A)	(RMB, mn)	2021 (A)	2022 (A)	2023 (A)
Revenue	592.0	784.4	928.9	PPE	822.3	766.8	741.1
<i>YoY growth</i>		32.5%	18.4%	Others	385.7	489.3	517.1
COGS	(416.8)	(547.5)	(596.3)	Non-current assets	1,208.0	1,256.2	1,258.2
Gross profit	175.2	237.0	332.6	Inventories	7.0	6.7	5.3
Other income	15.4	10.4	16.6	Trade receivables	189.1	275.6	332.0
Operating expenses	(488.5)	(208.4)	(277.0)	Cash & cash equivalents	490.0	340.2	188.8
Operating profit	(297.9)	38.9	72.2	Others	161.7	110.8	94.3
Finance expenses	(61.1)	(32.6)	(21.5)	Current assets	847.8	733.2	620.5
JV & Ass.	(3.7)	(5.4)	(7.3)	Total assets	2,055.7	1,989.4	1,878.7
Profit before tax	(362.7)	0.9	43.4	LT borrowings	208.0	165.1	85.0
Tax	(19.3)	(16.0)	(6.8)	Others	176.8	110.9	142.4
Net profit	(382.0)	(15.1)	36.6	Non-current liabilities	384.9	276.1	227.4
				Trade payables	27.0	19.3	23.5
				ST borrowings	174.1	187.1	125.0
				Others	166.5	190.7	167.7
				Current liabilities	367.6	397.1	316.2
				Total liabilities	752.5	673.2	543.5
				Non-controlling interests	34.1	43.6	42.5
				Controlling interests	1,269.2	1,272.7	1,292.6
				Total equities	1,303.3	1,316.2	1,335.1

Cash Flow

(RMB, mn)	2021 (A)	2022 (A)	2023 (A)
Profit before tax	(362.7)	0.9	43.4
Finance expenses	61.1	32.6	21.5
Finance income	1.0	4.7	2.9
D&A	125.8	139.8	151.5
Others	318.1	34.6	(13.3)
Change in working capital	(125.4)	(14.5)	(4.6)
CFO	18.0	198.2	201.4
CAPEX	(138.0)	(267.2)	(92.3)
Others	(13.0)	15.7	(24.8)
CFI	(151.0)	(251.5)	(117.1)
Shares issuance	-	-	-
Net borrowings	(109.8)	(29.9)	(142.3)
Interest paid	(109.8)	(29.9)	(142.3)
Dividend paid	(48.2)	(37.9)	(25.2)
Others	(0.7)	(1.2)	-
CFF	61.6	(27.4)	(68.2)

Financial Ratio

	2021 (A)	2022 (A)	2023 (A)
Gross margin	29.6%	30.2%	35.8%
Operating margin	-50.3%	5.0%	7.8%
Net profit margin	-64.5%	-1.9%	3.9%
Adj. EBITDA profit margin	-27.9%	23.2%	27.0%
Return on Equity	-58.6%	-1.1%	2.8%
Return on Asset	-37.2%	-0.7%	1.9%
Current ratio	230.6%	184.7%	196.2%
Quick ratio	228.7%	183.0%	194.6%
Cash ratio	133.3%	85.7%	59.7%
Debt-to-Equity ratio	29.3%	26.8%	15.7%
Net Debt-to-Equity ratio	-8.3%	0.9%	1.6%

Source: Company data, West Bull Securities

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