

January 4, 2019 02:13 PM GMT

China Healthcare | Asia Pacific

Weekly Rx Express 2019.1.4

The NHC will release the first batch of generics to be prioritized for development in June-19. Ascleitis' Hep C drug ASC021 was CTA approved, while Ganovo was included in Chengdu's insurance coverage list. The China Healthcare index was -2% WoW and -26% YTD vs. SHSZ300 +1% WoW and -33% YTD.

1) The NHC will release the first batch of generic drugs to be prioritized for development in June 2019:

It also promised to update the list annually by year-end 2020. In addition, a five-year plan (2019-23) will be set out, with an aim to expedite generics development and improve quality. The drugs will also enjoy fast track for registration review and approval. Drugs that passed the QCE would have priority during the procurement process. (NHC, December 29, 2018)

2) Ascleitis' IND filing for Hep C drug ASC021 was accepted by NMPA, and Ganovo plus interferon regimen becomes eligible for reimbursement in Chengdu:

ASC21 is an NS5B nucleotide polymerase inhibitor that is shown, in combination with ravidasvir, in vitro to have pan-genotypic activity. If successful, the company is likely to have an all-oral therapy (ravidasvir + ASC21) to treat patients with difficult-to-cure genotypes, cirrhosis and HCV/HIV co-infection. This also enables a cheaper alternative for patients who are on the more expensive Sovaldi-containing regimen. Meanwhile, Ganovo plus interferon regimen was added to Chengdu's insurance coverage list; it is the only interferon-bearing regimen enrolled. All-oral therapies from AbbVie, Merck and BMS, as well as all-oral Eplclusa, were also included. Sovaldi plus interferon is not on the list. (Company filing, January, 3, 2019)

3) WuXi Biologics entered into collaboration agreement with Chia Thai Tianqing on development of a bispecific:

Under the agreement, Chia Thai will be entitled to utilization of WuxiBody, a proprietary bispecific development platform of WuXi, for the development of a novel bispecific. WuXi has partnered with six companies within three months after WuXiBody came out. (Company news, January 2, 2019)

4) Hengrui's camrelizumab completed technical review:

As per latest CDE status, Hengrui's camrelizumab completed the review process for pharmacology and toxicology on December 28, 2018, and clinical data on January 4, 2019. The filed indication was cHL (classic Hodgkin's Lymphoma). At 2018 CSCO, Hengrui announced the trial results on camrelizumab mono for treatment of r/r cHL. The trial recruited 75 patients who received camrelizumab injection 200 mg per two weeks. The results demonstrated ORR of 84.8%, CR of 30.3% and PR of 54.4%. We believe Hengrui shall receive final approval for its PD-1 product imminently. Previously, Junshi and Innovent have received approvals for their PD-1s for treatment of melanoma and cHL, respectively. (CDE, January 4, 2019)

MORGAN STANLEY ASIA LIMITED+

Sean Wu

EQUITY ANALYST

Sean.Wu@morganstanley.com

+852 3963-0755

Yolanda Hu

EQUITY ANALYST

Yolanda.Hu@morganstanley.com

+852 2848-5649

Laurence Tam

EQUITY ANALYST

Laurence.Tam@morganstanley.com

+852 2239-1753

China Healthcare

Asia Pacific

IndustryView

Attractive

1) Asia Primer | Asia Pacific Summit 2018: Presentation: State of Biotech in the US vs. China vs. Japan (28 Dec 2018)

2) BeiGene Ltd: Potential Impact From Celgene/Bristol Deal (3 Jan 2019)

3) Ascleitis Pharma Inc: Novel Hep C Drug ASC021 Into Clinical Trial – Potentially a Sovaldi-Free Combo in Future (3 Jan 2019)

Morgan Stanley does and seeks to do business with companies covered in Morgan Stanley Research. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of Morgan Stanley Research. Investors should consider Morgan Stanley Research as only a single factor in making their investment decision.

For analyst certification and other important disclosures, refer to the Disclosure Section, located at the end of this report.

+ = Analysts employed by non-U.S. affiliates are not registered with FINRA, may not be associated persons of the member and may not be subject to NASD/NYSE restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

Other News and Updates

5) Hengrui's cisatracurium besilate injectable entered priority review list: Cisatracurium besilate is a highly selective, non-depolarizing neuromuscular blocking agent used to maintain relaxation during surgery. It can also be used in ICU as an adjuvant drug for general anesthetics. (Company filing, January 2, 2019)

6) Hengrui acquired drug registration approval for temozolomide injectable: The product is an alkylating agent with antitumor activity, indicated for newly diagnosed adult patients with GBM (glioblastoma multiforme). Initially, it can be combined with radiation therapy, and used as a maintenance therapy afterward. In addition, it is recommended for treatment of difficult-to-cure and anaplastic astrocytoma in adult patients. Per IMS, temozolomide injectable registered global sales of US\$11.3mn in 2017. (Company filing, January 3, 2019)

7) NMPA has an about face with deadline for QCE (quality consistency evaluation) on generics in the EDL: Under the original plan, the companies were required to complete QCEs for their drugs on the 2012 EDL by end-2018. Under the latest announcement, once a product passes QCE, the other products formulated by the same molecule should also complete QCE procedures within three years, otherwise their continued presence in the market would be hindered. GBI showed that only 62 (32 molecules) of 142 specifications that have passed QCE belong to the EDL. (NMPA, December 28, 2018)

8) Fosun's indapamide tablets passed QCE: The product developed by Chongqing Yaoyou, a subsidiary of Fosun is indicated for primary hypertension. Per Chongqing Yaoyou, the product generated sales of approximately Rmb1.5mn in 2017. To date, domestic competitors for the product include NATRILIX SR by Servier (Tianjin), and Shoubishan by Tianjin Linsheng. Indapamide recorded China sales of Rmb70mn in 2017, per IQVIA CHPA. (Company filing, January 2, 2019)

9) Innovent completed the first dosing administration for a phase III trial (ORIENT-15) of Tyvyt (Sintilimab injection): Sintilimab is a self-developed anti-PD-1 mAb. The trial is designed as randomized, double-blinded and multicentered, to evaluate the efficacy and safety of Tyvyt vs. placebo, in combination with chemotherapy (paclitaxel/cisplatin) as the first-line treatment in patients with unresectable, locally advanced, recurrent or metastatic ESCC (esophageal squamous cell carcinoma). The trial plans to enroll 640 patients. (Company filing, January 2, 2019)

10) Sino Biopharm's subsidiary Chia Thai to recruit 336 patients in a Phase II clinical trial of anlotinib in combination with gemcitabine/cisplatin for NPC: The domestic trial is designed as randomized, parallel, double-blinded, aiming to compare anlotinib with placebo, in combination with gemcitabine/cisplatin for the first-line treatment of recurrent/metastatic nasopharyngeal carcinoma. (CFDA, January 2, 2019)

11) Luye announced it is readying NDA submission for Risperidone Extended Release Microspheres for Injection (LY03004): FDA had waived paediatric clinical studies of LY03004, and had approved the brand name Rykindo for the product. The FDA has indicated to Luye what are required for the NDA and Luye is preparing material

accordingly. The indication was Schizophrenia or Schizoaffective Disorder. The potential launch time in China and the US is end-2019. (Company news, January 2, 2019)

12) Luye received IND approval for recombinant human anti-VEGFR antibody fusion protein ophthalmic biosimilar (LY09004) by NMPA: The product acquired from Bo'an is indicated for neovascular (Wet) age-Related macular degeneration (AMD), macular edema following retinal vein occlusion (RVO), diabetic macular edema (DME), diabetic retinopathy (DR) in patients with diabetic macular edema and visual impairment due to myopic choroidal neovascularisation (myopic CNV). Eylea is a comparable product to LY03004. Per announcement, Eylea recorded global sales of US\$6bn in 2017. (Company filing, January 3, 2019)

Exhibit 1: R&D Updates This Week

R&D updates	
Sino Biopharm	<ol style="list-style-type: none"> 1. Chia Thai submitted production application for empagliflozin on December 29, 2018 (CYHS1800511) 2. Chia Thai submitted production application for canagliflozin on December 29, 2018 (CYHS1800510) 3. Nanjing Chia Thai submitted production application for sofosbuvir on December 28, 2018 (CYHS1800518) 4. Chia Thai Tianqing to recruit 336 patients in a phase II clinical trial on anlotinib in combination with gemcitabine/cisplatin
Hengrui	<ol style="list-style-type: none"> 1. Hengrui submitted supplemental application for SHR-2042 on December 29, 2018 (CXHB1800102) 2. Hengrui submitted IND for dexmedetomidine(Nasal Spray) on December 29, 2018 (CXHL1800213) 3. Hengrui's cisatracurium besilate injectable entered priority review list 4. Hengrui acquired drug registration approval for temozolomide injectable 5. Hengrui's PD-1 (camrelizumab) completed technical review
Fosun	<ol style="list-style-type: none"> 1. Fosun passed QCE for indapamide tablets
CSPC	<ol style="list-style-type: none"> 1. CSPC submitted supplemental application for amoxicillin on December 29, 2018 (CYHB1850457) 2. CSPC Ouyi submitted supplemental application for cefadroxil on December 28, 2018 (CYHB1850445) 3. CSPC Ouyi submitted supplemental application for cefalexin on December 28, 2018 (CYHB1850449) 4. CSPC Yinhu submitted supplemental application for sodium shloride, potassium chloride, calcium chloride, sodium acetate on January 2, 2019 (CYHB1840145)
Shanghai Pharma	<ol style="list-style-type: none"> 1. Changzhou Pharma submitted supplemental application for ketotifen on January 2, 2019 (CYHB1850459)
Innovent	<ol style="list-style-type: none"> 1. Innovent completed the first dosing administration for a phase III trial (ORIENT-15) of Tyvyt (Sintilimab injection)
Ascleitis	<ol style="list-style-type: none"> 1. Ascleitis' IND filing for Hep C drug ASC021 was accepted by NMPA on January 2, 2019 (CXHL1800228)
TUL	<ol style="list-style-type: none"> 1. TUL submitted supplemental application for amoxicillin, clavulanate on December 29, 2018 (CYHB1840133)
Luye	<ol style="list-style-type: none"> 1. Luye is reading NDA submission for LY03004 2. Luye's LY09004 was IND approved
Sinopharm	<ol style="list-style-type: none"> 1. Sinopharm submitted production application for alogliptin on January 2, 2019 (CYHS1800536) 2. Sinopharm submitted supplemental application for captopril on January 2, 2019 (CYHB1850454)
Lee's	<ol style="list-style-type: none"> 1. Zhaoke Pharma submitted production application for fondaparinux on January 2, 2019 (CYHS1800500)
Dongyangguang	<ol style="list-style-type: none"> 1. Dongyangguang submitted clinical trial application for HEC113995PA on January 2, 2019 (CXHL1800223)

Source: GBI Source, DNA, Clinical Trial Info, Morgan Stanley Research

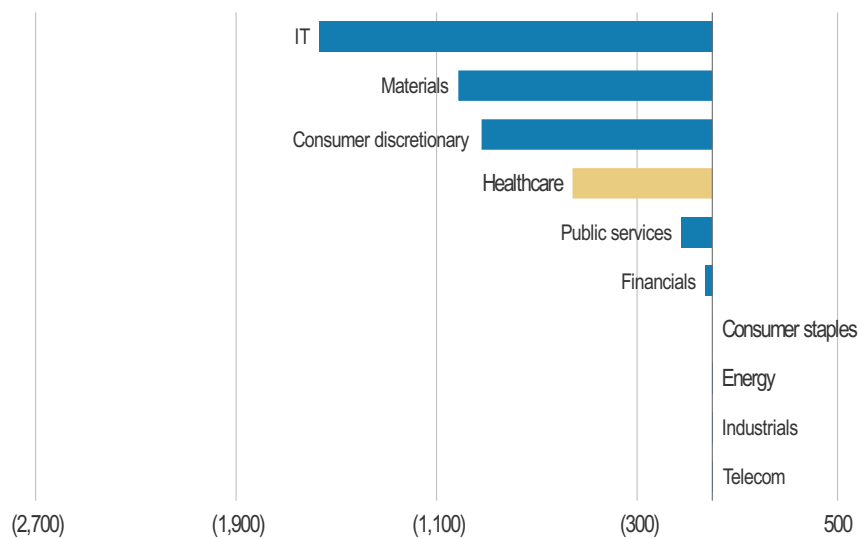
Stock Performance

Exhibit 2: Stock Performance

Ticker	Company	1wk	YTD			
1666.HK	TRT Tech	-3%	-12%		-0.00226	100%
0853.HK	Microport	-11%	-12%		0	100%
600535.SS	Tasly Pharma	-9%	-31%		0.023933	98%
1515.HK	Phoenix	-2%	-51%		0.024548	98%
0950.HK	Lee's	2%	-18%		0.031881	97%
2196.HK	Fosun-H	-8%	-58%		0.032351	97%
1513.HK	Livzon Pharma	-5%	-55%		0.03584	96%
2877.HK	Shineway Pharm	0%	8%		0.036998	96%
0867.HK	CMS	-3%	-62%		0.037778	96%
000513.SZ	Livzon Pharma	-1%	-51%		0.037818	96%
3933.HK	United Lab	3%	-34%		0.038261	96%
600196.SS	Fosun-A	-6%	-51%		0.04123	96%
.SZ300	SHSZ300	1%	-33%		0.045584	95%
2607.HK	Shanghai-H	-3%	-26%		0.04666	95%
000538.SZ	YunnanBaiyao	-4%	-30%		0.047527	95%
1177.HK	Sino Biopharma	-1%	-46%		0.052109	95%
601607.SS	Shanghai-A	-2%	-31%		0.054562	95%
1530.HK	3SBio	-9%	-41%		0.059176	94%
1672.HK	Asclepis Pharma	6%	-		0.063305	94%
1093.HK	CSPC	-1%	-30%		0.067817	93%
2186.HK	Luye Pharma	1%	-15%		0.068548	93%
0570.HK	China TCM	2%	8%		0.075529	92%
2269.HK	Wuxi Biologics	-4%	13%		0.078873	92%
1509.HK	Harmonicare	-1%	-43%		0.078947	92%
000423.SZ	DEEJ	1%	-34%		0.086179	91%
1358.HK	PW Medtech	3%	-26%		0.095238	90%
1099.HK	Sinopharm	-3%	-8%		0.107362	89%
3320.HK	CR Pharma	-4%	-2%		0.127027	87%
600276.SS	Hengrui	3%	2%		0.133533	87%
2005.HK	SSY	-5%	12%		0.163223	84%
3613.HK	BJ TRT CM	-4%	11%		0.165312	83%
600998.SS	Jointown	0%	-23%		0.180926	82%
CBPO.O	China Biologic	0%	-6%		0.289249	71%
0874.HK	Guangzhou-H	-4%	18%		0.323374	68%
000999.SZ	CR Sanjiu	-3%	-11%		0.333685	67%
1066.HK	Weigao	-5%	5%		0.35503	64%
300015.SZ	Aier	-2%	25%		0.368329	63%
600332.SS	Guangzhou-A	-4%	7%		0.475317	52%
CCM.N	Concord	-3%	4%		0.564706	44%
1801.HK	Innovent Biologics	0%	-		0.762791	24%

Source: Thomson Reuters, Morgan Stanley Research

Exhibit 3: A-share Fund Flows (Rmb '0,000) (12/31/2018-1/4/2019)



Source: WIND, Morgan Stanley Research

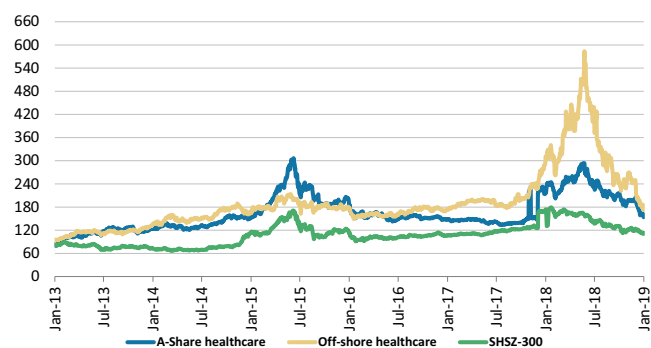
Tables and Charts

All tables, charts, prices and performance data used in this document are as of January 4, 2019, unless stated otherwise.

Exhibit 4: Coverage Universe

	Company	Rating	Current price Local	Mkt Cap USD mn	EV USD mn	EV/EBITDA 2019E	2020E	P/E 2019E	2020E	EPS CAGR ('18E-'20E)	PEG 2019E	2020E	P/B Current	ROE current	Trading Value Local currency	
Pharmaceuticals																
600085.SS	Tongrentang	UW	CNY	26.55	5,308	5,310	13.1x	11.9x	29.8x	27.1x	12%	3.0x	2.7x	4.3x	12%	41.8
3613.HK	TRT Chinese Medicine	OW	HKD	11.78	1,259	1,022	8.6x	7.1x	14.5x	12.6x	16%	0.9x	1.0x	4.2x	22%	4.1
0867.HK	China Medical System	OW	HKD	6.57	2,080	2,185	3.8x	2.7x	7.2x	6.3x	13%	0.5x	0.5x	2.0x	24%	46.4
1093.HK	CSPC Pharma	OW	HKD	10.06	8,009	7,244	9.4x	7.7x	14.7x	12.1x	23%	0.7x	0.6x	4.2x	23%	596.5
000999.SZ	CR Resource Sanjiu	OW	CNY	24.40	3,482	3,237	9.5x	7.6x	12.9x	11.1x	19%	0.8x		2.4x	15%	58.0
1672.HK	Ascleris Pharma	OW	CNY	6.00	858	769	20.7x	4.8x	27.7x	13.0x	377%	0.2x	0.2x	9.9x	1%	2.6
3320.HK	CR Pharmaceutical	EW	HKD	9.79	7,855	12,805	8.8x	8.3x	13.9x	13.1x	9%	2.4x	1.2x	1.5x	9%	36.3
2877.HK	Shineway	EW	HKD	7.51	793	269	2.8x	2.3x	7.1x	5.7x	28%	0.3x	0.3x	0.9x	10%	5.2
0570.HK	China TCM	EW	HKD	4.34	2,790	3,130	7.1x	2.4x	10.7x	9.0x	15%	0.6x		1.4x	12%	33.3
000423.SZ	Dong E E Jiao	EW	CNY	39.05	3,723	3,512	8.3x	7.2x	11.5x	10.6x	7%	1.4x		2.6x	20%	132.0
0874.HK	Guangzhou Baiyunshan	EW	HKD	26.10	12,250	11,316	17.0x	14.9x	14.8x	13.1x	12%	1.1x	21.9x	2.0x	12%	45.6
600332.SS	Guangzhou Baiyunshan	UW	CNY	33.34	12,250	11,316	17.0x	14.9x	20.8x	18.3x	12%	1.6x	30.7x	2.9x	12%	200.3
600276.SS	Hengrui	OW	CNY	51.07	27,413	26,761	29.9x	23.1x	39.3x	30.9x	27%	1.4x	1.2x	12.1x	23%	1662.6
0950.HK	Lee's	OW	HKD	5.46	413	363	6.4x	5.5x	11.6x	9.8x	15%	0.6x	0.7x	1.9x	14%	1.5
1513.HK	Livzon Group	EW	HKD	20.70	2,272	1,427	5.4x	5.0x	13.2x	12.4x	6%	1.9x	1.3x	1.2x	9%	10.2
000513.SZ	Livzon Group	UW	HKD	23.52	2,272	1,427	5.4x	5.0x	16.5x	15.4x	6%	2.3x	1.7x	1.6x	9%	113.0
2186.HK	Luye Pharma Grp	UW	HKD	5.01	2,095	2,330	10.2x	8.1x	12.2x	11.7x	8%	2.8x	0.9x	2.1x	15%	61.1
2607.HK	Shanghai Pharmaceuticals	EW	HKD	15.32	6,434	9,112	9.3x	9.1x	8.5x	7.6x	10%	0.8x		1.1x	12%	67.7
601607.SS	Shanghai Pharmaceuticals	EW	HKD	16.54	6,434	9,455	9.3x	9.1x	10.3x	9.2x	10%	0.9x		1.3x	12%	111.6
1177.HK	Sino Biopharm	EW	HKD	4.63	7,452	7,110	8.5x	7.3x	16.0x	13.6x	15%	0.9x		4.9x	29%	462.8
2196.HK	Fosun Pharma	OW	HKD	20.40	7,591	10,359	12.2x	9.6x	9.5x	7.7x	26%	0.4x		1.7x	14%	165.0
600196.SS	Fosun Pharma	OW	CNY	20.99	7,591	10,460	12.2x	9.6x	10.9x	8.8x	26%	0.5x		2.0x	14%	605.0
2005.HK	SSY Group	EW	HKD	5.31	2,043	2,103	9.1x	7.5x	14.9x	12.6x	18%	0.8x		4.6x	24%	38.3
600535.SS	Tasly	EW	CNY	17.20	3,793	4,725	10.2x	8.5x	13.0x	10.8x	21%	0.6x	1.0x	3.0x	19%	170.8
1666.HK	TRT Technologies	EW	HKD	10.02	1,638	1,507	6.9x	5.3x	15.8x	14.3x	8%	1.5x	1.0x	2.3x	13%	6.2
3933.HK	The United Laboratories	EW	HKD	4.19	877	1,347	8.9x	6.3x	11.0x	8.5x	25%	0.4x	0.3x	1.1x	8%	12.7
000538.SZ	Yunnan Baiyao	EW	CNY	69.99	10,625	9,493	16.1x	14.0x	19.6x	16.9x	15%	1.2x		4.0x	17%	376.1
Biotechnology																
1530.HK	3SBio	OW	HKD	8.40	2,728	2,944	9.4x	7.4x	14.9x	12.3x	22%	0.7x	0.6x	2.5x	16%	145.8
1801.HK	Innovent Biologics	OW	HKD	22.35	3,292	3,092	NM	NM	NM	NM	-26%		-8.9x	NM	19.9	
CBPO.O	China Biologic	EW	USD	73.95	2,911	2,076	9.7x	7.5x	18.3x	16.3x	4%	1.5x	1.2x	3.6x	12%	8.4
2269.HK	Wuxi Biologics	OW	HKD	45.75	7,156	6,519	36.7x	22.8x	58.7x	36.9x	66%	1.0x	1.5x	10.7x	13%	240.4
Health Care Facilities																
300015.SZ	Aier Eye Hospital	EW	HKD	24.80	8,617	8,694	24.2x	19.3x	46.8x	37.5x	19%	1.9x		10.7x	21%	248.0
CCM.N	Concord Medical Services	UW	USD	3.53	163	450	106.6x	86.4x	74.6x	60.1x	-2%	3.1x	16.1x	1.1x	5%	0.0
1515.HK	CR Healthcare	OW	HKD	4.82	798	600	5.3x	3.8x	11.4x	9.9x	14%	0.8x		1.0x	7%	9.9
1509.HK	Harmonicare Med	EW	HKD	1.79	173	162	4.5x	3.3x	12.8x	9.4x	33%	0.4x		0.9x	5%	0.1
Health Care Distributors																
600998.SS	Jointown	EW	CNY	14.50	3,969	5,010	9.8x	10.2x	18.6x	15.7x	16%	1.0x		1.5x	7%	21.9
1099.HK	Sinopharm	EW	HKD	30.50	11,571	17,675	6.7x	6.7x	12.2x	10.6x	17%	0.8x		2.1x	14%	144.3
Medical devices																
0853.HK	Microport	OW	HKD	6.68	1,366	1,703	10.7x	9.1x	20.7x	15.2x	41%	0.6x	0.5x	3.2x	10%	22.0
1066.HK	Weigao	EW	HKD	5.93	3,424	3,762	8.7x	7.6x	14.6x	13.1x	12%	1.2x		1.7x	10%	56.1
1358.HK	Pw Medtech	EW	HKD	1.02	204	190	1.6x	0.4x	4.9x	4.4x	11%	0.4x		0.5x	10%	0.0

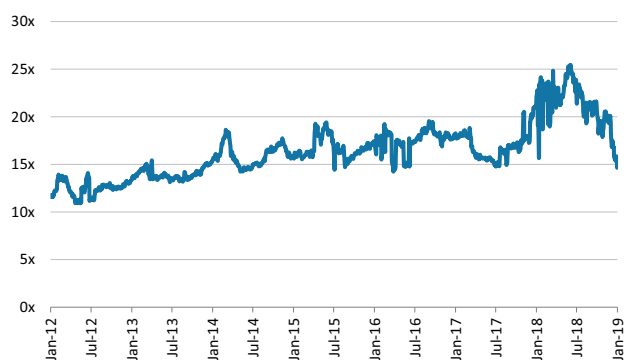
Source: Morgan Stanley Research estimates

Exhibit 5: Industry Performance (since 2012)


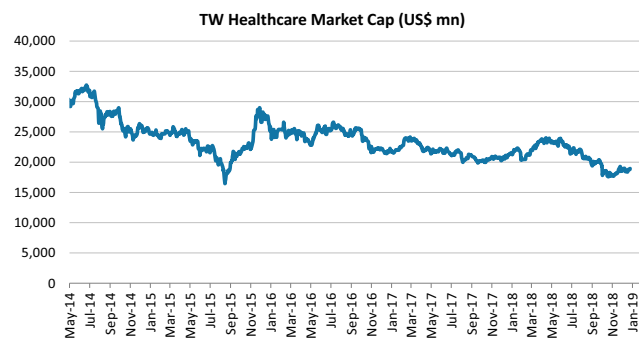
Source: Thomson Reuters, Morgan Stanley Research

Exhibit 6: Industry Forward P/E (since 2012) – A-shares


Above are simple averages and only include P/Es between 0 and 100; n = 89 (A share) and 17 (offshore) on January 4, 2019. Source: Thomson Reuters, Morgan Stanley Research.

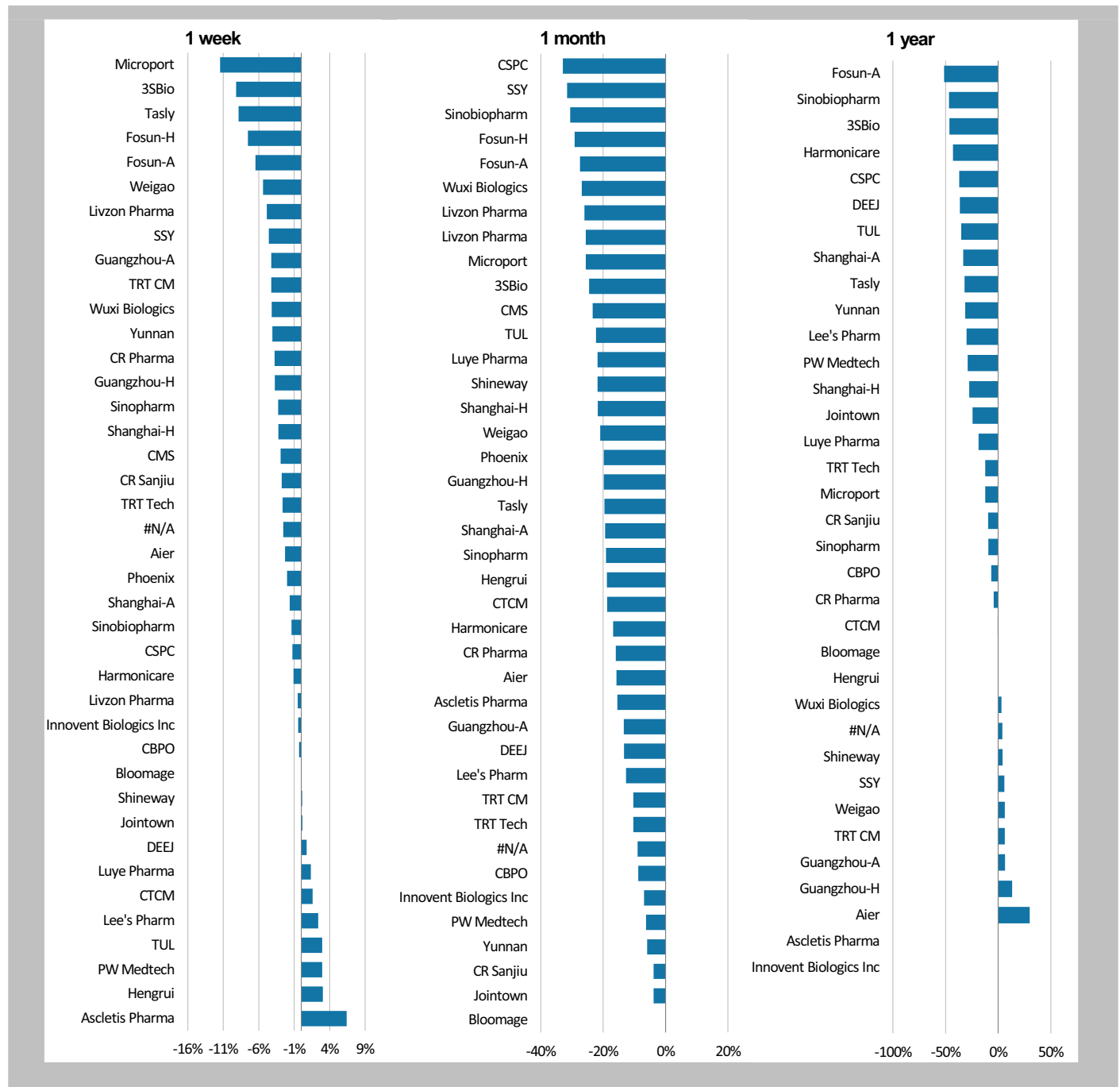
Exhibit 7: Industry Forward P/E (since 2012) – Offshore


Above are simple averages and only include P/Es between 0 and 100; n = 89 (A share) and 17 (offshore) on January 4, 2019. Source: Thomson Reuters consensus, Morgan Stanley Research.

Exhibit 8: Taiwan Healthcare Market Cap (since May-2014)


Above has 116 companies listed on TWSE, GreTai, and Emerging Board. Source: Company data, Morgan Stanley Research.

Exhibit 9: Price Performance (one week, one month, and one year)



Source: Thomson Reuters, Morgan Stanley Research

Exhibit 10: Consensus Changes over One Week, One Month, and One Year

Ticker	RMB (mn) Company	Sales 2018E	Consensus change over			Net income 2018E	Consensus change over		
			1WK	1MO	1YR		1WK	1MO	1YR
1672.HK	Ascleitis Pharma	167	0%	0%		27	0%	0%	
1801.HK	Innovent Biologics	13	0%	-39%		(1,049)	0%	-19%	
3613.HK	TRT CM	1,311	0%	0%	9%	509	1%	1%	8%
600196.SH	Fosun-A	24,004	0%	0%	14%	2,940	0%	-1%	-22%
CBPO.O	CBPO	3,117	0%	0%	8%	944	0%	0%	-13%
0867.HK	CMS	5,673	0%	0%	-14%	1,941	0%	0%	-2%
2877.HK	Shineway	2,702	0%	0%	56%	583	0%	0%	42%
1093.HK	CSPC	18,581	0%	-1%	24%	3,204	0%	-1%	8%
CCM	Concord								
0570.HK	CTCM	11,196	0%	0%	20%	1,485	0%	0%	6%
0874.HK	Guangzhou-H	22,037	0%	1%	3%	3,036	0%	0%	47%
600332.SS	Guangzhou-A	33,929	0%	0%	57%	3,613	0%	0%	67%
600276.SS	Hengrui	17,188	0%	0%	6%	3,970	0%	0%	3%
0950.HK	Lee's Pharm	1,039	0%	-1%	12%	227	0%	-4%	-8%
2005.HK	SSY	3,684	0%	0%	34%	812	0%	0%	21%
0853.HK	Microport	4,414	0%	-4%	34%	261	0%	-6%	-30%
1358.HK	PW Medtech	677	0%	0%	0%	264	0%	0%	0%
1066.HK	Weigao	8,513	0%	0%	0%	1,476	0%	0%	-10%
2607.HK	Shanghai-H	156,093	0%	0%	3%	4,177	0%	0%	5%
601607.SS	Shanghai-A	158,299	0%	0%	3%	4,157	0%	0%	3%
1177.HK	Sinobiopharm	20,505	0%	0%	22%	2,871	0%	0%	18%
1099.HK	Sinopharm	308,388	0%	0%	-1%	5,845	0%	0%	-2%
2196.HK	Fosun-H	24,182	0%	0%	14%	3,004	0%	0%	-23%
600535.SS	Tasly	18,437	0%	0%	4%	1,616	0%	0%	-2%
1666.HK	TRT Tech	5,186	0%	0%	-8%	704	0%	0%	2%
3933.HK	TUL	7,750	0%	0%	5%	615	0%	-2%	26%
1530.HK	3SBio	4,733	0%	0%	-9%	1,154	0%	0%	-1%
1515.HK	Phoenix	2,000	0%	0%	-5%	417	0%	-1%	-11%
1509.HK	Harmonicare	1,196	0%	0%	16%	71	0%	0%	-35%
300015.SZ	Aier	8,057	0%	0%	12%	1,034	0%	0%	4%
000538.SZ	Yunnan	26,705	0%	0%	-8%	3,461	0%	1%	-8%
600998.SH	Jointown	87,895	0%	0%	-4%	1,349	0%	-1%	-5%
1513.HK	Livzon Pharmaceutical Gr	9,185				1,096			
000513.SZ	Livzon Pharmaceutical Gr	9,224				1,133			
000999.SZ	China Resources Sanjiu L	13,093	1%	1%	13%	1,472	0%	0%	-8%
3320.HK	CR Pharma	167,635				3,677			
2269.HK	Wuxi Biologics Cayman In	2,486				645			

Source: Thomson Reuters consensus estimates (E); Morgan Stanley Research

Past performance is no guarantee of future results. Results shown do not include transaction costs.

Exhibit 11: A-share Fund Inflows/Outflows (RMB '0,000)

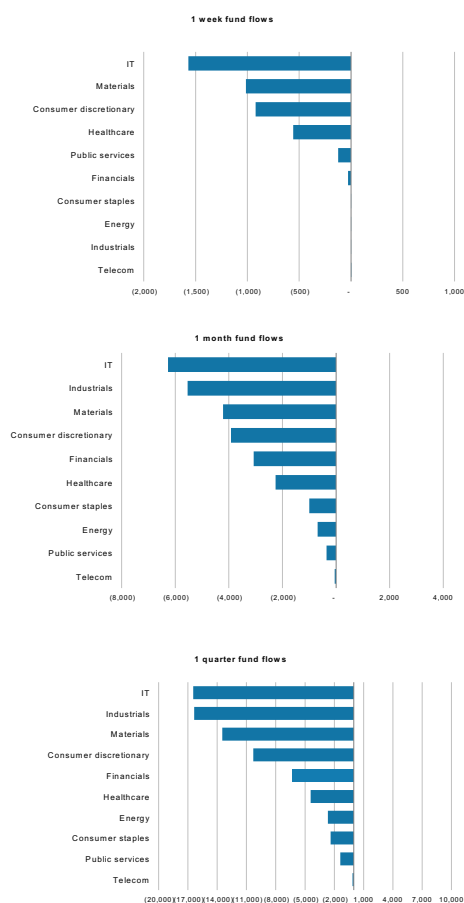
	1 week			1 month			1 quarter		
	Net fund flows (RMB '0,000)	Turnover (RMB '0,000)	Funds inflow (%)	Net fund flows (RMB '0,000)	Turnover (RMB '0,000)	Funds inflow (%)	Net fund flows (RMB '0,000)	Turnover (RMB '0,000)	Funds inflow (%)
Telecom	4	21	1.7	(54)	128	-4.4	(155)	674	-3.2
Public services	(124)	103	-6.8	(354)	727	-3.1	(1,469)	2,923	-3.7
Healthcare	(558)	537	-7.2	(2,260)	4,030	-4.6	(4,966)	14,184	-3.2
Consumer discretionary	(921)	851	-7.5	(3,920)	5,473	-5.1	(10,923)	18,295	-4.7
Energy	0	(0)	-14.1	(689)	858	-6.9	(2,796)	3,910	-6.7
Financials	(27)	(0)	-0.3	(3,075)	10,212	-5.8	(6,841)	42,772	-3.3
Consumer staples	0	(0)	-2.5	(1,002)	3,730	-2.9	(2,631)	14,804	-2.3
IT	(1,570)	1,365	-6.9	(6,268)	8,429	-5.1	(16,950)	31,483	-4.4
Materials	(1,013)	786	-8.5	(4,218)	5,381	-5.3	(14,176)	21,263	-5.2
Industrials	0	(0)	-7.4	(5,538)	7,136	-4.8	(16,890)	23,382	-4.8
Total	(4,208)	3,664		(27,378)	46,105		(77,796)	173,689	
Healthcare as % of all sectors	13%	15%		8%	9%		6%	8%	

Source: WIND as of January 4, 2019, Morgan Stanley Research

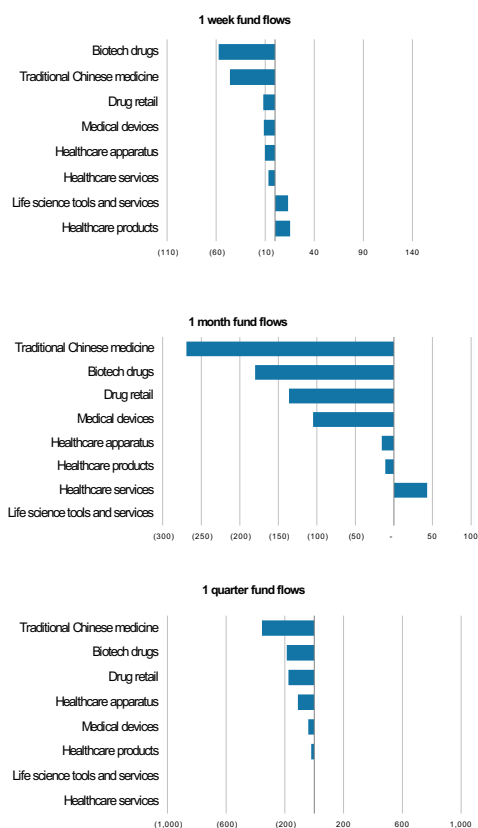
Exhibit 12: A-share Healthcare Fund Inflows/Outflows (RMB '0,000)

	1 week			1 month			1 quarter		
	Net fund flows (RMB '0,000)	Turnover (RMB '0,000)	Funds inflow (%)	Net fund flows (RMB '0,000)	Turnover (RMB '0,000)	Funds inflow (%)	Net fund flows (RMB '0,000)	Turnover (RMB '0,000)	Funds inflow (%)
Traditional Chinese medicine	(46)	97	-3.2	(548)	599	-5.9	(1,205)	2,795	-3.8
Chemical drugs	(62)	224	-2.4	(1,079)	1,428	-6.2	(1,986)	4,900	-3.7
Biotech drugs	(58)	157	-2.9	(269)	843	-2.8	(664)	3,181	-2.1
Medical devices	(11)	41	-2.3	(136)	263	-4.6	(175)	1,583	-1.6
Life science tools and services	13	11	6.7	43	81	3.6	(41)	321	-1.0
Healthcare apparatus	(10)	13	-4.4	(105)	67	-8.2	(187)	289	-4.2
Healthcare products	15	47	3.3	(16)	302	-0.6	(111)	548	-1.6
Healthcare services	(7)	14	-3.3	(11)	53	-1.1	(20)	296	-0.6
Above healthcare subsectors	(178)	625		(2,301)	3,796		(4,746)	14,417	

Source: WIND as of January 4, 2019, Morgan Stanley Research

Exhibit 13: A-share Net Fund Flows by Industry (RMB '0,000)


Source: WIND as of January 4, 2019. Morgan Stanley Research

Exhibit 14: A-share Fund Flows by Healthcare (RMB '0,000)


Source: WIND as of January 4, 2019. Morgan Stanley Research

Exhibit 15: A-shares (Shanghai)

	Company	Current price Local	Mkt Cap USD mn	EV USD mn	EV/EBITDA 2019E	2020E	P/E 2019E	2020E	EPS CAGR ('18E-'20E)	PEG 2019E	2020E	P/B Current	ROE current	Trading Value Local currency	
Pharmaceuticals															
600062.SS	CR Double-Cran	CNY	11.53	1,754	1,502	5.7x	5.0x	10.2x	8.8x	18%	0.6x	1.6x	15%	56	
600079.SS	HWHG	CNY	9.40	1,855	3,611	8.5x	7.5x	14.8x	14.0x	13%	2.1x	0.9x	25%	90	
600080.SS	Ginwa	CNY	7.01	381	366							1.9x	6%	84	
600085.SS	Tongrentang	CNY	26.55	5,308	5,310	13.1x	11.9x	29.8x	27.1x	12%	3.0x	4.3x	12%	42	
600129.SS	TAIJI GROUP	CNY	8.34	677	1,113							2.9x	15%	11	
600196.SS	Fosun Pharma	CNY	20.99	7,591	10,460	12.2x	9.6x	10.9x	8.8x	0.3x	0.5x	2.0x	14%	605	
600216.SS	ZMC	CNY	8.31	1,169	1,095	5.7x	4.7x	9.8x	7.8x	25%	0.3x	1.1x	4%	75	
600222.SS	Taloph	CNY	3.39	284	351							1.3x	1%	8	
600252.SS	Zhongheng Group	CNY	2.52	1,277	991							1.6x	14%	12	
600267.SS	Hisun	CNY	7.88	1,109	2,522							1.1x	5%	83	
600276.SS	Hengrui	CNY	51.07	27,413	26,761	29.9x	23.1x	39.3x	30.9x	27%	1.4x	1.2x	12.1x	23%	1663
600285.SS	Lingrui Pharma	CNY	7.37	630	576	7.3x	6.0x	12.1x	9.4x	29%	0.4x	2.0x	12%	13	
600329.SS	TZXP	CNY	11.89	1,152	1,030	6.9x	5.6x	12.9x	10.1x	28%	0.4x	2.1x	12%	31	
600332.SS	GYBYS	CNY	33.34	12,250	11,316	19.7x	19.5x	15.8x	13.8x	4%	0.8x	2.9x	14%	200	
600351.SS	Yabao Pharm	CNY	5.53	634	691	8.5x	7.2x	12.3x	9.8x	26%	0.4x	1.5x	8%	12	
600380.SS	Joincare	CNY	6.37	1,800	1,955	4.3x	3.7x	13.2x	11.1x	20%	0.2x	1.5x	93%	68	
600420.SS	Shyndec	CNY	8.61	1,326	1,722							1.5x	16%	25	
600422.SS	KPC Pharma	CNY	6.04	671	741	8.2x		12.6x				1.3x	11%	22	
600436.SS	Pientzehuang	CNY	80.99	7,123	6,873	27.5x	21.2x	33.2x	25.1x	33%	1.0x	11.8x	25%	377	
600466.SS	Languang Dev	CNY	5.16	2,245	8,059	10.0x	7.0x	4.6x	2.9x	51%		1.1x	14%	44	
600479.SS	Qianjin	CNY	7.60	464	435	5.4x	4.6x	10.5x	8.4x	21%	0.4x	1.7x	16%	23	
600488.SS	TJPC	CNY	3.73	594	701							1.5x	7%	3	
600513.SS	Lianhuan Pharm	CNY	6.00	250	218							2.0x	11%	5	
600518.SS	Kangmei Pharm	CNY	7.46	5,409	3,884	3.0x	2.6x	6.2x	5.2x	19%		1.1x	16%	88	
600521.SS	Huahai Pharm	CNY	9.95	1,814	2,190	12.0x	10.0x	18.3x	13.9x	26%	0.6x	2.5x	17%	248	
600535.SS	G Tianjin Tasly	CNY	17.20	3,793	4,725	10.4x	9.2x	13.9x	11.9x	16%	0.7x	3.0x	21%	171	
600557.SS	Kanion Pharm	CNY	9.30	836	901	9.3x	8.8x	14.5x	13.6x	4%	2.1x	1.6x	13%	29	
600572.SS	CONBA	CNY	5.85	2,275	2,387	10.0x	9.0x	16.7x	15.0x	14%	1.3x	2.6x	18%	31	
600594.SS	Yibai	CNY	5.47	631	829	8.3x	4.0x	14.1x	14.4x	-2%		1.0x	12%	17	
600613.SS	Shenqi	CNY	4.85	383	365							1.1x	6%	4	
600614.SS	Dingli	CNY	4.35	1,068	1,268							1.6x	10%	108	
600664.SS	HPGC	CNY	3.76	1,395	1,160							1.4x	9%	45	
600671.SS	Tian Mu Pharm	CNY	16.00	284	307							29.0x	18%	6	
600750.SS	JZY	CNY	16.60	1,016	885	10.4x	9.6x	14.1x	13.0x	9%	1.5x	2.4x	17%	31	
600771.SS	GuangYuYuan	CNY	26.99	1,388	1,398	11.4x	8.0x	15.6x	11.0x	44%	0.4x	5.0x	17%	62	
600781.SS	FR	CNY	12.28	1,123	1,419	4.6x	3.9x	8.4x	7.6x	10%	0.6x	1.1x	28%	28	
600789.SS	LKPC	CNY	7.38	728	800	8.3x	7.2x	12.7x	10.1x	25%	0.4x	2.2x	7%	78	
600812.SS	NCP	CNY	3.99	949	1,928							1.2x	1%	9	
600867.SS	THDB	CNY	12.39	3,674	3,675	16.2x	13.1x	21.4x	17.0x	25%	0.8x	5.6x	23%	290	
600976.SS	Jianmin Group	CNY	14.12	316	304	8.8x	6.5x	11.9x	7.8x	49%	0.2x	2.0x	10%	4	
600993.SS	MYL	CNY	12.98	816	682	10.2x	8.6x	14.7x	12.7x	16%	0.8x	2.6x	18%	21	
Health Care Equipment															
600055.SS	WDM	CNY	8.83	696	665	23.3x	17.9x	24.0x	18.9x	30%	0.8x	2.6x	7%	34	
600587.SS	Shinva	CNY	12.61	747	1,309							1.6x	9%	12	
Biotechnology															
600161.SS	Tiantan Bio	CNY	19.23	2,442	2,413	13.8x	11.4x	25.3x	20.7x	23%	1.1x	4.6x	45%	125	
600201.SS	Jinyu Bio-Tech	CNY	15.72	2,682	2,466	11.5x	9.2x	15.4x	12.5x	22%	0.6x	4.0x	25%	126	
600556.SS	FutureTechnology	CNY	5.96	343	338							30.3x	5%	48	
600645.SS	Zhongyuan Union	CNY	17.15	1,100	1,079							2.4x	1%	107	
Health Care Distributors															
600211.SS	Tibet Pharma	CNY	28.52	747	668			13.5x	11.2x	23%	0.6x	2.5x	19%	28	
600511.SS	China National	CNY	22.00	2,452	2,085	6.2x	5.6x	11.5x	10.3x	13%	0.7x	2.1x	25%	52	
600713.SS	Nanjing Pharm	CNY	4.20	638	1,057							1.4x	16%	6	
600829.SS	Renmintongtai	CNY	5.75	486	477							2.1x	21%	3	
600998.SS	Jointown	CNY	14.50	3,969	5,010	9.8x	10.2x	18.6x	15.7x	16%	1.0x	1.5x	7%	22	
601607.SS	SH Pharma	CNY	16.54	6,434	9,455	9.3x	9.1x	10.3x	9.2x	10%	0.9x	1.3x	12%	112	
Commodity Chemicals															
600277.SS	Elion Energy	CNY	5.62	2,244	1,908							1.0x	7%	105	
Automotive Retail															
600297.SS	CGA	CNY	4.10	4,912	12,100	7.2x	6.3x	7.0x	6.0x	15%	0.2x	0.8x	20%	36	
arel, Accessories & Luxury Goods															
600385.SS	SDJT	CNY	10.38	224	202							24.2x	-8%	14	
ading Companies & Distributors															
600421.SS	Yangfan Holding	CNY	7.27	207	209							237.3x	-134%	3	
Health Care Supplies															
600529.SS	SDPG	CNY	17.80	1,103	996	9.7x	7.5x	17.7x	14.1x	26%	0.6x	2.3x	10%	99	
Real Estate Development															
600568.SS	Zhongzhu Mdel	CNY	2.31	671	580							0.8x	4%	39	
Industrial Machinery															
600666.SS	Aurora Optoelect	CNY	3.03	542	757							1.4x	3%	35	
Hotels, Resorts & Cruise Lines															
600706.SS	QJCT	CNY	10.14	265	304							1.9x	8%	10	
Health Care Services															
600763.SS	TC Medical	CNY	45.95	2,148	2,175	24.8x	19.6x	37.4x	29.2x	29%	1.3x	14.8x	31%	121	
iversified Real Estate Activities															
600766.SS	Yuancheng Gold	CNY	8.53	279	279							34.4x	6%	335	
Drug Retail															
600833.SS	No1 Pharmacy	CNY	9.14	297	245							2.9x	8%	43	
ctrical Components & Equipment															
600869.SS	Smarter Energy	CNY	4.78	1,546	2,406	15.6x	14.1x	20.8x	17.7x	22%	0.9x	1.9x	1%	73	

Source: Thomson Reuters consensus for non-covered companies; Morgan Stanley Research

Exhibit 16: A-shares (Shenzhen)

Ticker	Company	Current price Local	Mkt Cap USD mn	EV USD mn	EV/EBITDA 2019E	2020E	P/E 2019E	2020E	EPS CAGR ('18E-'20E)	PEG 2019E	2020E	P/B Current	ROE Current	Trading Value Local Currency
Pharmaceuticals														
000153.SZ	Fengyuan Pharm	CNY	5.22	241	250							1.4x	8%	4
000403.SZ	ZXB&C	CNY	24.25	964	966	19.5x	14.4x	28.8x	19.5x	71%	0.6x	11.9x	11%	7
000411.SZ	INT'L GROUP	CNY	12.00	363	799							3.0x	34%	10
000423.SZ	DEEJ	CNY	39.05	3,723	3,512	8.3x	7.2x	11.5x	10.6x	7%	1.4x	2.6x	20%	132
000513.SZ	Livzon Group	CNY	23.52	2,272	1,427	5.4x	5.0x	16.5x	15.4x	6%	2.3x	1.6x	66%	113
000538.SZ	Yunnan Baiyao	CNY	69.99	10,625	9,493	16.1x	14.0x	19.6x	16.9x	15%	1.2x	4.0x	17%	376
000566.SZ	Hainan Haiyao	CNY	4.99	972	1,068	10.1x	8.8x	17.8x	13.9x	28%	0.4x	1.4x	2%	38
000590.SZ	Tus-Guhan	CNY	7.86	274	248							3.2x	5%	13
000597.SZ	NEPG	CNY	10.10	839	1,111							2.0x	4%	11
000623.SZ	Jilin Aodong	CNY	14.42	2,444	2,439							0.8x	10%	48
000650.SZ	Renhe Pharm	CNY	5.32	960	819	5.0x	4.0x	9.4x	7.4x	29%	0.3x	2.2x	20%	67
000661.SZ	CCNH	CNY	167.92	4,164	4,168	12.1x	9.3x	21.4x	16.3x	32%	0.7x	6.5x	27%	318
000739.SZ	Apeloa	CNY	7.17	1,232	1,244	8.9x	7.4x	17.5x	13.7x	27%	0.6x	2.8x	12%	24
000756.SZ	Xinhua Pharm	CNY	5.53	629	719							1.4x	12%	8
000766.SZ	TH Golden Horse	CNY	6.77	954	1,004							1.5x	7%	31
000788.SZ	PKU HealthCare	CNY	5.09	442	416							2.6x	3%	11
000915.SZ	Shanda Wit	CNY	13.85	473	519							2.2x	38%	35
000919.SZ	Jinling Pharm	CNY	6.15	452	418							1.2x	9%	8
000952.SZ	Guangji Pharm	CNY	9.83	361	414							3.3x	17%	9
000963.SZ	Huadong Medicine	CNY	23.24	4,940	5,001	9.0x	7.5x	12.5x	10.2x	23%	0.5x	4.0x	30%	442
000606.SZ	Shenzhou Yiqiao	CNY	5.78	645	728	9.3x	7.5x	9.6x	7.3x	16%	0.3x	1.6x	4%	51
000989.SZ	Jiuzhitang	CNY	9.34	1,184	1,119							1.8x	20%	147
000999.SZ	CNRResourceSanju	CNY	24.40	3,482	3,237	9.5x	7.6x	12.9x	11.1x	19%	0.8x	2.4x	15%	58
002001.SZ	Zhejiang NHU	CNY	14.09	4,413	4,425	7.2x	6.7x	10.1x	9.2x	-1%	0.9x	1.9x	19%	190
002019.SZ	Yifan Pharm	CNY	10.18	1,791	1,882	9.3x	7.9x	11.2x	9.5x	17%	0.6x	1.8x	31%	89
002020.SZ	Jingxin Pharm	CNY	8.16	862	825	9.1x	7.5x	12.7x	10.1x	27%	0.5x	1.4x	11%	47
002099.SZ	Hisoar Pharm	CNY	4.35	1,027	899							1.3x	8%	39
002107.SZ	Wohua Phmama	CNY	6.66	350	323							4.4x	18%	5
002118.SZ	Zixin Pharm	CNY	4.27	797	1,346							1.3x	11%	19
002198.SZ	JYPC	CNY	4.95	366	359							3.4x	-24%	16
002219.SZ	Hengkang Medical	CNY	3.43	933	1,358							1.5x	7%	28
002262.SZ	Nhwa	CNY	8.42	1,252	1,156	10.3x	8.6x	14.2x	11.6x	24%	0.5x	3.5x	20%	133
002275.SZ	Gulin Sanjin	CNY	12.84	1,105	982							2.9x	22%	7
002287.SZ	CheezhengTTM	CNY	23.87	1,413	1,408							5.2x	18%	14
002294.SZ	Salubris Pharm	CNY	20.05	3,057	3,037	8.5x	7.4x	10.8x	9.4x	17%	0.7x	3.5x	30%	62
002332.SZ	Xianju Pharm	CNY	5.86	783	912	8.0x	6.5x	12.8x	9.9x	31%	0.3x	2.3x	13%	42
002349.SZ	Jinghua Pharm	CNY	6.16	750	833							2.3x	10%	15
002365.SZ	Yongang Pharm	CNY	10.03	431	411							2.1x	12%	22
002370.SZ	Yatai Pharm	CNY	16.26	1,272	1,214							3.7x	10%	14
002390.SZ	Xinbang Pharm	CNY	3.87	941	1,346	8.3x	6.8x	12.1x	9.6x	29%	0.4x	1.0x	6%	38
Biotechnology														
000004.SZ	CAU-Tech	CNY	16.25	199	191							10.5x	8%	3
000518.SZ	Sihuan Bioeng	CNY	3.22	483	488							5.3x	3%	6
000990.SZ	Chengzhi	CNY	11.91	2,176	2,417			15.2x	13.3x	14%	0.8x	0.9x	6%	22
002007.SZ	Hualan Bio	CNY	30.11	4,083	4,097	17.1x	14.6x	20.8x	17.5x	21%	1.1x	6.0x	21%	348
002022.SZ	Kehua Bio-Engine	CNY	9.33	701	717	11.9x	10.3x	17.3x	14.6x	18%	0.8x	2.4x	14%	25
002030.SZ	Da An Gene	CNY	9.86	1,146	1,307							4.7x	7%	80
002038.SZ	SL Pharm	CNY	24.25	2,421	2,247	14.6x	11.5x	18.6x	15.0x	24%	0.7x	3.9x	15%	115
002252.SZ	Shanghai RAAS	CNY	7.23	5,243	5,097							2.9x	8%	1068
Health Care Distributors														
000028.SZ	Sinopharm Accord	CNY	40.33	2,374	2,050	7.3x	6.3x	13.1x	11.4x	12%	0.5x	1.8x	16%	46
000078.SZ	Neptunus Bio	CNY	2.98	1,150	2,036							1.4x	21%	20
000503.SZ	Searainbow	CNY	15.07	1,975	1,860			16.2x				9.6x	1%	148
000705.SZ	Zj Zhenyuan	CNY	6.05	295	284							1.5x	6%	5
000963.SZ	Huadong Med	CNY	23.24	4,940	5,001	9.0x	7.5x	12.5x	10.2x	23%	0.5x	4.0x	30%	442
Health Care Distributors														
000545.SZ	GPTY	CNY	3.10	446	503							1.5x	10%	12
Semiconductors														
000591.SZ	CECEP Solar Ener	CNY	2.97	1,302	3,482			7.1x	5.9x	23%	0.3x	0.7x	7%	23
Water Utilities														
000605.SZ	BHWI	CNY	8.62	443	695							1.5x	14%	47
Advertising														
000607.SZ	Huamei Holding	CNY	4.05	601	596							2.3x	12%	9
Real Estate Development														
000979.SZ	Zhonghong Hldg	CNY	0.22	269	4,172							0.3x	-30%	47
Fertilizers & Agricultural Chemicals														
002004.SZ	Huapont Life	CNY	4.64	1,376	2,657							1.0x	7%	27
Health Care Equipment														
002223.SZ	Yuyue Medical	CNY	18.80	2,747	2,650	16.9x	13.9x	21.5x	17.7x	22%	0.9x	3.6x	14%	71

Source: Thomson Reuters consensus for non-covered companies; Morgan Stanley Research

Exhibit 17: A-shares (Shenzhen) (cont'd)

Ticker	Company	Current price Local	Mkt Cap USD mn	EV USD mn	EV/EBITDA 2019E	2020E	P/E 2019E	2020E	EPS CAGR ('18E-'20E)	PEG 2019E	2020E	P/B Current	ROE Current	Trading Value Local Currency
Pharmaceuticals														
002393.SZ	Lisheng Pharma	CNY	21.36	568	458							1.3x	4%	8
002399.SZ	Hepalink	CNY	20.33	3,696	4,111		31.3x	27.5x	20%	2.0x		3.2x	0%	148
002412.SZ	Hansen Pharm	CNY	14.37	620	653							3.5x	10%	4
002422.SZ	Kelun Pharm	CNY	19.43	4,078	4,928	9.3x	7.2x	18.2x	13.4x	33%	0.5x	2.4x	10%	114
002424.SZ	GZBL	CNY	8.72	1,794	1,863							3.6x	20%	18
002433.SZ	GD Taiantang	CNY	4.66	521	869			7.4x				0.7x	7%	23
002437.SZ	Gloria Pharma	CNY	2.75	881	1,226							1.4x	9%	36
002550.SZ	QH Bio-pharma	CNY	3.76	702	744	9.5x	7.6x	13.0x	10.2x	33%	0.4x	2.0x	9%	6
002566.SZ	Yisheng Pharm	CNY	5.80	280	360							1.1x	6%	5
002603.SZ	SiZi Yiling Pharm	CNY	10.28	1,808	1,663	10.4x	9.5x	16.8x	14.4x	15%	1.0x	1.7x	10%	39
002626.SZ	Kingdomway	CNY	11.83	1,063	1,166	5.4x	4.8x	6.7x	5.9x	14%	0.4x	2.9x	24%	37
002644.SZ	Foci Pharma	CNY	7.73	575	523							2.9x	7%	4
002653.SZ	Haisco	CNY	9.89	1,557	1,555			25.6x	18.6x	34%	0.6x	5.3x	12%	68
002693.SZ	SC Pharma	CNY	3.90	230	298							2.7x	1%	6
300006.SZ	Lummy	CNY	3.63	430	534							1.7x	3%	13
300009.SZ	Anke Bio	CNY	13.02	1,893	1,907	21.0x	15.7x	26.8x	19.6x	35%	0.7x	7.7x	22%	86
300016.SZ	Beilu Pharma	CNY	6.74	480	458	14.5x	11.4x	18.3x	14.6x	25%	0.7x	3.1x	14%	25
300026.SZ	Chase Sun	CNY	3.04	1,334	1,185							1.4x	9%	19
300039.SZ	Kaibao	CNY	3.98	622	490							1.8x	14%	11
300049.SZ	Furui	CNY	9.61	369	376							1.7x	11%	19
300086.SZ	Honz Pharm	CNY	5.95	390	415							1.4x	3%	9
300110.SZ	Huaren Pharm	CNY	3.15	543	566							2.4x	4%	32
300119.SZ	Ringpu	CNY	7.20	425	474	12.3x		18.7x	15.0x	21%	0.7x	1.5x	7%	16
300147.SZ	XPH	CNY	6.30	608	1,123							1.2x	4%	14
300158.SZ	Zhendong Pharma	CNY	3.97	598	572							0.4x	7%	13
300181.SZ	Zuo Li Yao Ye	CNY	4.94	438	521							2.2x	5%	91
300194.SZ	Fuan Pharma	CNY	3.20	555	485							0.9x	8%	5
300199.SZ	Hybio	CNY	9.00	1,218	1,200	9.9x	7.7x	13.0x	10.4x	33%	0.4x	2.2x	9%	64
300204.SZ	StaidsonBioPharm	CNY	10.80	751	668							2.3x	15%	3
300254.SZ	C&Y Pharma	CNY	6.49	197	240							1.6x	5%	6
300255.SZ	Changshan Pharma	CNY	4.03	549	572							1.6x	10%	9
300267.SZ	Er-Kang	CNY	3.67	1,104	962							1.4x	11%	16
300558.SZ	Betta Pharms	CNY	27.36	1,599	1,660	30.6x	27.4x	39.4x	34.5x	19%	2.7x	5.3x	15%	158
Health Care Equipment														
002432.SZ	Andon Health	CNY	5.13	324	301							1.6x	-11%	13
300003.SZ	Lepu Medical	CNY	18.76	4,872	5,350	13.9x	10.6x	19.1x	14.2x	33%	0.5x	5.2x	20%	420
300165.SZ	Skyray Instr	CNY	3.94	265	258							1.1x	9%	17
300171.SZ	Tofflon	CNY	6.33	580	492							1.3x	6%	92
300206.SZ	Edan	CNY	5.60	478	446							2.7x	3%	4
300246.SZ	Biolight	CNY	10.94	233	236							3.2x	18%	6
300273.SZ	Hokai Medical	CNY	4.58	531	757							1.5x	6%	27
300298.SZ	Sinocare	CNY	10.21	841	735	10.2x	8.2x	13.5x	10.7x	23%	0.5x	3.6x	23%	32
300314.SZ	David Medical	CNY	8.20	344	326							3.0x	8%	13
300318.SZ	Bohui Innovation	CNY	3.73	446	485							2.1x	7%	11
300326.SZ	Kinetic Medical	CNY	7.56	792	837	14.5x		17.6x				2.7x	12%	45
Biotechnology														
002675.SZ	DongchengBiochem	CNY	8.04	940	1,039	9.6x	7.6x	15.9x	11.9x	37%	0.4x	1.9x	11%	30
300122.SZ	Zhifei-Biol	CNY	36.09	8,418	8,413	18.0x	12.7x	22.3x	16.3x	57%	0.6x	19.7x	18%	370
300142.SZ	Walvax	CNY	17.92	4,016	3,917	43.4x	25.6x	72.7x	39.6x	128%	0.8x	9.1x	-18%	142
300149.SZ	QHT	CNY	14.56	1,061	1,140							7.6x	8%	41
300238.SZ	Guanhao Biotech	CNY	9.61	371	401							2.2x	6%	19
300239.SZ	Dongbao Bio-Tech	CNY	3.81	258	252							2.4x	4%	10
300289.SZ	Leadman	CNY	6.56	405	406	13.7x	13.2x	29.8x	28.5x	5%	6.0x	2.1x	9%	15
300294.SZ	Boya Bio	CNY	25.11	1,586	1,623	14.2x	11.2x	17.9x	14.0x	30%	0.6x	4.2x	19%	61
300313.SZ	Tianshan Bio	CNY	6.52	297	283							3.5x	3%	29
Health Care Distributors														
002462.SZ	Cachet	CNY	13.96	510	1,029	6.0x	4.9x	8.4x	6.9x	23%	0.2x	1.6x	30%	24
002589.SZ	Realcan	CNY	6.86	1,505	2,495	4.6x	3.7x	6.8x	5.5x	25%	0.2x	1.3x	25%	81
Life Sciences Tools & Services														
300030.SZ	Improve Medical	CNY	5.16	232	284							1.7x	2%	5
300347.SZ	Tigermid	CNY	38.50	2,807	2,841	22.5x	16.6x	30.9x	23.0x	36%	0.9x	7.7x	21%	276
Health Care Supplies														
300061.SZ	Conant	CNY	6.04	603	620							1.2x	10%	26
Health Care Services														
300244.SZ	DIAN DIAGNOSTICS	CNY	15.35	1,233	1,855	11.4x	9.3x	16.6x	13.7x	25%	0.8x	3.6x	28%	76
Health Care Facilities														
300015.SZ	Aiereye Hospital	CNY	24.80	8,617	8,694	24.2x	19.3x	46.8x	37.5x	19%	1.9x	10.7x	21%	248
Health Care Technology														
300253.SZ	Winning Health	CNY	11.84	2,800	2,818	36.1x	26.2x	43.2x	33.3x	32%	1.4x	7.3x	10%	263

Source: Thomson Reuters consensus for non-covered companies; Morgan Stanley Research

Exhibit 18: Hong Kong Listed

Ticker	Company	Current price Local	Mkt Cap USD mn	EV USD mn	EV/EBITDA 2019E 2020E	P/E 2019E 2020E	EPS CAGR ('18E-'20E)	PEG 2019E 2020E	P/B Current	ROE Current	Trading Value Local Currency
Pharmaceuticals											
1093.HK	CSPC Pharma	HKD 10.06	8,009	7,244	9.4x 7.7x	14.7x 12.1x	23%	0.7x 0.6x	4.2x	23%	597
1177.HK	Sino Biopharm	HKD 4.63	7,452	7,110	8.5x 7.3x	16.0x 13.6x	15%	0.9x	4.9x	29%	463
1666.HK	Tong Ren Tang	HKD 10.02	1,638	1,507	6.9x 5.3x	15.8x 14.3x	8%	1.5x	2.3x	13%	6
1513.HK	Livzon Pharma	HKD 20.70	2,272	1,427	5.4x	13.2x	6%	1.9x	1.2x	9%	10
1889.HK	Wuyi Pharma	HKD 0.31	121	140					3.0x	-142%	0
2005.HK	SSY Group	HKD 5.31	2,043	2,103	9.1x 7.5x	14.9x 12.6x	18%	0.8x	4.6x	24%	38
2196.HK	Fosun Pharma	HKD 20.40	7,591	10,359	12.2x	9.6x	26%	0.4x	1.7x	14%	165
2348.HK	DAWN RAYS PHARMA	HKD 1.48	300	288					1.1x	21%	0
0239.HK	Pak Fah Yeow	HKD 2.90	115	100					1.3x	16%	0
2877.HK	Shineway	HKD 7.51	793	269	2.8x 2.3x	7.1x 5.7x	28%	0.3x 0.3x	0.9x	10%	5
3933.HK	United Lab	HKD 4.19	877	1,347	8.9x 6.3x	11.0x 8.5x	0.2x	0.4x 0.3x	1.1x	8%	13
0455.HK	Tianda Pharm	HKD 0.23	62	9					0.6x	4%	0
0460.HK	Sihuan Pharm	HKD 1.27	1,536	991	3.4x 3.1x	6.8x 6.1x	9%	0.5x	1.0x	16%	20
0503.HK	Lansen	HKD 0.92	49	121					0.5x	18%	0
0512.HK	CGE Healthcare	HKD 3.30	1,321	1,687		10.3x 8.5x	20%	0.4x	3.5x	28%	5
0570.HK	Trad Chi Med	HKD 4.34	2,790	3,130	6.8x 5.9x	10.3x 8.4x	21%	0.4x	1.4x	13%	33
0587.HK	Hua Han Health	HKD 0.53	488	-					0.3x	15%	8
8049.HK	Jilin Changlong	HKD 0.95	68	(30)					0.5x	18%	0
8197.HK	Northeast Tiger	HKD 0.12	13	15					0.8x	-59%	0
8329.HK	Nep Interlong	HKD 0.35	75	73					0.8x	11%	0
0858.HK	Extrawell	HKD 0.10	31	14					0.2x	3%	0
0867.HK	CMS Hldg	HKD 6.57	2,080	2,185	5.8x 5.3x	6.6x 5.9x	12%	0.5x	2.0x	27%	46
0874.HK	GYBSY	HKD 26.10	12,250	11,316	22.2x 20.9x	12.4x 10.2x	7%	0.3x	2.0x	14%	46
0897.HK	Wai Yuen Tong	HKD 0.24	38	116					0.1x	-4%	0
0950.HK	Lee's	HKD 5.46	413	363	6.4x 5.5x	11.6x 9.8x	15%	0.6x	1.9x	15%	2
0940.HK	China Animal Hlt	HKD 5.20	1,318	-					-24.8x	-	25
2186.HK	Luye Pharma Grp	HKD 5.01	2,095	2,330	10.2x 8.1x	12.2x 11.7x	8%	2.8x 0.9x	2.1x	15%	61
1681.HK	Consun	HKD 4.44	496	446	4.0x 3.6x	5.6x	16%	0.3x	1.9x	31%	10
Biotechnology											
1061.HK	Essex	HKD 4.01	296	281	7.3x 6.1x	9.3x 7.6x	21%	0.4x	3.2x	30%	1
1672.HK	Ascleptis Pharm	HKD 6.00	858	769	20.7x 4.8x	27.7x 13.0x	377%	0.2x	9.9x	1%	3
1801.HK	Innovent Biologics	HKD 22.35	3,292	3,092	NM NM	NM NM	-26%		-8.9x	NM	20
0399.HK	Innovative Pharm	HKD 0.39	72	255					3.1x	-74%	0
0690.HK	Uni-Bio Science	HKD 0.09	70	61					1.5x	-70%	0
0775.HK	CKLife Sciences	HKD 0.38	460	961					0.8x	7%	1
8158.HK	CRMI	HKD 0.07	164	215					-	-	0
8247.HK	Biosino Bio-Tec	HKD 1.49	28	53					0.6x	8%	1
1530.HK	3S Bio	HKD 8.40	2,728	2,944	9.4x 7.4x	14.9x 12.3x	22%	0.7x 0.6x	2.5x	16%	146
Health Care Distributors											
1011.HK	China NT Pharma	HKD 0.84	172	250					0.8x	19%	0
1099.HK	Sinopharm	HKD 30.50	11,571	17,675	6.7x 6.7x	12.2x 10.6x	17%	0.8x	2.1x	30%	144
1110.HK	Kingworld	HKD 0.94	75	95					0.9x	15%	0
2607.HK	SH Pharma	HKD 15.32	6,434	9,112	9.3x 9.1x	8.5x 7.6x	10%	0.8x	1.1x	16%	68
Health Care Supplies											
1066.HK	Weigao Group	HKD 5.93	3,424	3,762	8.7x 7.6x	14.6x 13.1x	12%	1.2x	1.7x	10%	56
1323.HK	Newtree Group	HKD 0.53	164	194					3.6x	-7%	2
Trading Companies & Distributors											
1164.HK	CGN Mining	HKD 0.24	201	67					0.9x	4%	1
2327.HK	U-Home Holdings	HKD 0.38	187	220					1.9x	17%	0
8019.HK	Hao Wen Hldg	HKD 0.05	14	13					0.2x	-16%	0
8250.HK	Silk Rd Energy	HKD 0.03	27	16					0.4x	-17%	0
Health Care Equipment											
0233.HK	MY Medicare	HKD 0.23	130	-					-	-	4
8190.HK	Combest	HKD 0.02	12	52					0.7x	-19%	0
0853.HK	MicroPort Scien	HKD 6.68	1,366	1,703	10.7x 9.1x	20.7x 15.2x	41%	0.6x 0.5x	3.2x	10%	22
1358.HK	PW Medtech	HKD 1.02	204	190	3.0x 4.7x				0.5x	2%	0
Health Care Services											
3886.HK	Town Health	HKD 0.69	663	486					1.3x	-2%	1
0593.HK	SkyOcean Intl	HKD 8.06	294	1,081					0.7x	8%	0
0801.HK	Golden Meditech	HKD 0.80	298	12					0.5x	-17%	0
Industrial Conglomerates											
0656.HK	Fosun Intl	HKD 10.62	11,588	21,282	22.6x 19.1x	4.9x 4.5x	9%	0.0x	0.8x	24%	131
Food Retail											
8116.HK	China Frtune	HKD 0.02	9	39					0.2x	3%	0
Agricultural Products											
8120.HK	CH Demeter Inv	HKD 0.05	7	(4)					0.2x	-31%	0
Construction & Engineering											
1546.HK	Thelloy	HKD 0.47	48	21					2.9x	61%	0
Advertising											
8130.HK	Zhi Cheng	HKD 0.14	59	61					1.0x	-12%	0
Health Care Facilities											
8143.HK	Hua Xia Health	HKD 0.09	32	33					1.2x	-41%	0
1515.HK	CR Medical	HKD 4.82	798	600	5.3x 3.8x	11.4x 9.9x	14%	0.8x	1.0x	7%	10
Air Freight & Logistics											
8166.HK	China Eco	HKD 0.24	24	27					0.5x	-26%	0
Fertilizers & Agricultural Chemicals											
8189.HK	TEDA Biomedical	HKD 0.28	67	93					1.0x	-5%	0
Semiconductors											
8231.HK	PFC Device	HKD 0.09	18	14					0.8x	4%	0
8231.HK	PFC Device	HKD 0.09	18	14					0.8x	4%	0
Other Diversified Financial Services											
0899.HK	Asia Resources	HKD 0.09	86	83					0.3x	-6%	5
Life Science Tools & Services											
2269.HK	Wuxi Biologics	HKD 45.75	7,156	6,519	36.7x 22.8x	58.7x 36.9x	66%	1.0x 1.5x	10.7x	13%	240

Source: Thomson Reuters consensus for non-covered companies; Morgan Stanley Research

Exhibit 19: US ADRs

Ticker	Company	Current price Local	Mkt Cap USD mn	EV USD mn	EV/EBITDA 2019E 2020E	P/E 2019E 2020E	EPS CAGR ('18E-'20E)	PEG 2019E 2020E	P/B Current	ROE Current	Trading Value Local Currency
Pharmaceuticals											
CMED.TO	CMED	CAD 27.00	-	-					6.2x	-13%	1
NKBP.O'B13	China Nuokang	USD 5.54	-	-					1.1x	0%	0
Biotechnology											
CBPO.O	China Biologic	USD 73.95	2,911	2,076	9.7x 7.5x	18.3x 16.3x	4%	1.5x 1.2x	3.6x	12%	8
SVA.O	Sinovac Biotech	USD 6.98	414	382					2.8x	34%	0
BGNE.O	Beigene	USD 136.03	7,952	6,366	-11.9x -14.2x	-13.0x -14.2x	-2%	1.5x 0.1x	8.9x	-18%	94
Human Resource & Employment Services											
NPD.F	GP Strategies	USD									
Health Care Services											
CCM.N	Concord Med	USD 3.53	163	450	106.6x 86.4x	74.6x 60.1x	0.0x	3.1x 16.1x	1.1x	5%	0

Source: Thomson Reuters consensus for non-covered companies; Morgan Stanley Research

Exhibit 20: Taiwan Listed

Ticker	Company	Current price		Mkt Cap USD mn	EV USD mn	EV/EBITDA		P/E		EPS CAGR ('18E-'20E)	PEG		P/B Current	ROE Current	Trading Value Local Currency
		Local				2019E	2020E	2019E	2020E		2019E	2020E			
1789.TW	SPT	TWD	24.55	631	545	14.9x	12.8x	28.7x	23.4x	22%	1.0x		1.9x	5%	9
4137.TW	Chitina	TWD	252.50	436	348	5.8x		15.3x					5.8x	23%	245
1707.TW	Grape King Bio	TWD	181.00	802	830	8.4x	8.0x	15.9x	15.1x	10%	2.9x		4.8x	48%	105
1736.TW	JHT	TWD	33.45	330	490	14.5x		16.1x					1.3x	3%	21
3705.TW	Y.S.H.	TWD	39.85	345	429								1.8x	11%	4
4164.TW	CHC Healthcare	TWD	30.60	139	264								0.9x	-1%	2
4142.TW	ADIM	TWD	20.10	154	250								2.3x	-31%	8
1734.TW	Sinphar	TWD	19.60	107	146								1.1x	-2%	4
1720.TW	Standard C&P	TWD	31.40	179	187								1.6x	15%	2
4104.TW	Excelsior Medic.	TWD	45.90	191	193								0.9x	9%	5
4746.TW	FRMSL	TWD	38.10	123	194	9.0x		20.6x					0.9x	8%	6
4108.TW	PhytoHealth	TWD	18.00	96	80								1.8x	-14%	2
1701.TW	CCPC	TWD	18.20	176	248								1.0x	7%	8
1733.TW	ApexBio	TWD	30.55	99	97								1.9x	7%	46
4144.TW	Coland	TWD	26.60	67	82								1.0x	19%	3
1729.TW	Pihsiang	TWD	17.30										1.3x	-2%	32
4119.TW	SCI	TWD	71.40	185	160			12.1x					2.0x	8%	39
1762.TW	CCSB	TWD	23.30	59	77	7.5x		17.2x					1.0x	6%	3
4737.TW	Bionime	TWD	47.00	91	143			14.9x					1.4x	8%	0
1786.TW	SVBI	TWD	68.00	117	118								3.9x	3%	132
4106.TW	Apex Medical	TWD	24.75	81	82								1.3x	10%	1
3164.TW	GenMont	TWD	26.10	75	46								1.8x	2%	1
4133.TW	Abnova	TWD	29.35	58	55								1.5x	6%	0
1731.TW	Maywufa	TWD	12.40	54	48								1.0x	7%	1
1701.TW	CCPC	TWD	18.20	176	248								1.0x	7%	8
8406.TWO	Ginko	TWD	211.00	634	807	10.5x	9.5x	15.4x	13.4x	24%	0.9x		1.9x	11%	40
4157.TWO	TaiGen	TWD	17.20	401	372								8.8x	71%	10
1565.TWO	St.Shine	TWD	534.00	875	854	10.5x	9.8x	15.3x	14.4x	6%	2.1x		5.1x	37%	32
4174.TWO	OBI	TWD	157.50	891	769			-15.9x	-18.1x	-3%	1.1x	0.2x	5.4x	-25%	134
6446.TWO	PEC	TWD	171.00	1,218	1,143	-27.5x	-43.9x	-38.9x		-39%	0.6x	0.9x	10.9x	-23%	88
4162.TWO	PEI	TWD	110.00	526	406	25.4x	9.4x	34.9x	14.3x	209%	0.2x		4.2x	13%	57
4105.TWO	TTY BIOPHARM	TWD	77.40	626	610	12.5x	9.4x	16.3x	11.9x	9%	0.4x		3.6x	29%	23
4147.TWO	TMB	TWD	173.00	1,414	1,331		56.8x		29.3x		0.3x		10.3x	-12%	786
1760.TWO	PBF	TWD	88.70	221	201			45.8x					7.4x	17%	183
4152.TWO	TLC	TWD	89.80	164	159	-9.7x	-40.7x		-29.7x	-54%		0.3x	5.1x	-63%	2
4128.TWO	Microbio	TWD	13.80	191	111								0.8x	7%	31
4123.TWO	Center Lab.	TWD	71.60	809	1,202	18.9x		23.5x					3.5x	21%	434
1795.TWO	Lotus Pharm	TWD	77.20	598	648	10.8x		26.8x	16.6x	267%	0.4x		2.6x	3%	380
4103.TWO	Microlife	TWD	84.30	300									2.6x	20%	1
4166.TWO	OP	TWD	15.68	80	76								1.7x	-25%	0
4198.TWO	SRG	TWD	7.27	10	9								0.7x	-61%	0
4911.TWO	G&E	TWD	35.65	65	59								2.6x	-5%	0
4163.TWO	Intai	TWD	87.00	114	100								2.5x	13%	6
4168.TWO	GlycoNex Inc	TWD	23.15	58	45								1.0x	-8%	1
4120.TWO	OrientEuroPharma	TWD	52.00	147	153								1.4x	17%	4
4745.TWO	Cowwealth Medical	TWD	41.05	82	103			8.0x					1.6x	15%	5
4726.TWO	Mycenax	TWD	26.60	95	82								2.6x	-17%	7
4743.TWO	Oneness Biotech	TWD	27.20	173	154								2.3x	-6%	10
4736.TWO	TaiDoc	TWD	190.00	492	520	11.2x	9.3x	15.0x	12.5x	21%	0.7x		5.0x	20%	430
4107.TWO	BIOTEQUE	TWD	98.40	221	192			14.7x					3.2x	19%	162
4126.TWO	PAHSCO	TWD	69.70	150	165	11.6x	12.5x	19.6x	19.8x	8%			2.1x	14%	11
4192.TWO	SynCore	TWD	24.40	66	49								2.4x	-31%	2

Source: Thomson Reuters consensus for non-covered companies; Morgan Stanley Research

Exhibit 21: Taiwan Listed (cont'd)

Ticker	Company	Current price Local	Mkt Cap USD mn	EV USD mn	EV/EBITDA		P/E		EPS CAGR ('18E-'20E)	PEG		P/B Current	ROE Current	Trading Value Local Currency
					2019E	2020E	2019E	2020E		2019E	2020E			
4114.TWO	Synmosa	TWD	28.60	184	296							2.0x	-4%	73
4161.TWO	Biophtk	TWD	33.00	56	56							2.0x	-4%	1
1788.TWO	HCI	TWD	97.80	111	113							2.1x	19%	0
4130.TWO	GBL	TWD	28.35	93	78							1.8x	8%	9
4172.TWO	Innopharmax	TWD	7.38	17	13							0.8x	-25%	0
4186.TWO	TABP	TWD	20.08	46	47							9.3x	-54%	1
8432.TWO	tsh	TWD	71.30	89	64							2.4x	6%	2
4129.TWO	UOC	TWD	47.35	124	171	11.6x	11.1x	23.9x	19.3x	38%	0.9x	1.6x	8%	32
4139.TWO	Ma Kuang	TWD	47.70	65	73							4.5x	12%	3
3218.TWO	Universal Vision	TWD	25.25	62	47							1.3x	9%	1
1784.TWO	Bionet Corp	TWD	27.20	44	37							1.2x	0%	74
4132.TWO	GBC	TWD	28.60	106	97							2.7x	-29%	1
4132.TWO	GBC	TWD	28.60	106	97							2.7x	-29%	1
4177.TWO	BOBC	TWD	12.00	20	18							2.9x	-90%	0
4169.TWO	TCM	TWD	21.50	33	34							2.0x	6%	8
4155.TW	Ok Biotech	TWD	24.70	61	64							1.4x	15%	0
4173.TWO	Arich	TWD	15.45	22	66							0.7x	0%	2
4111.TWO	Chi Sheng	TWD	23.70	44	39							1.3x	10%	0
8403.TWO	ShareHope	TWD	25.70	81	82							1.2x	9%	4
4728.TWO	SunMax	TWD	48.65	86	71							4.7x	4%	26
4747.TWO	JCP	TWD	39.00	38	28							1.4x	9%	2
4138.TWO	Dyn Med	TWD	46.80	46	21							1.2x	14%	1
4167.TWO	Savior	TWD	16.25	131	157							1.9x	1%	5
1813.TWO	Polylite	TWD	19.00	29	25							1.0x	-3%	0
4109.TWO	Murad	TWD	11.75	31	40							1.4x	-30%	2
1781.TWO	H&L	TWD	10.20	16	11							1.3x	-17%	0
1777.TWO	SYN-TECH	TWD	78.50	77	74							2.4x	8%	2
4171.TWO	GeneReach	TWD	40.50	45	46			27.7x				5.6x	-16%	14
8409.TWO	EBM	TWD	16.00	15	12							1.4x	-13%	0
4121.TWO	Rossmax	TWD	11.05	26	20							0.7x	3%	11
4150.TWO	Unicon	TWD	11.37	63	71							2.0x	-35%	1
4116.TWO	BMTCT	TWD	28.25	41	41							1.3x	6%	2
3118.TWO	Level	TWD	28.40	30	23							1.8x	16%	1
1593.TWO	Chi Hua	TWD	40.70	42	31							1.6x	18%	0
4117.TWO	GBC	TWD	12.00	23	23							2.8x	-46%	0
4729.TWO	Mildex	TWD	13.60	46	98							0.9x	31%	4
1780.TWO	Allied Biotech	TWD	16.20	50	46							1.5x	9%	1
4102.TWO	YungZip	TWD	14.40	20	22							1.4x	-6%	1
4127.TWO	TLB	TWD	10.40	15	15							0.9x	-30%	0
6130.TWO	GIB	TWD	34.30	30	30							3.3x	-1%	1
4170.TWO	VBI	TWD	22.11	30	25							2.5x	-18%	2
4187.TWO	Glory Biotech	TWD	11.70	-	-							2.1x	-18%	0
3373.TWO	Radiant	TWD	16.00	23	16							1.1x	3%	1
4160.TWO	GGA Corp	TWD	27.15	21	15							2.1x	4%	1
3205.TWO	SLS	TWD	46.55	50	28							1.6x	-11%	6
4154.TWO	Kino Biotech	TWD	20.00	13	9							2.2x	-18%	0
4744.TWO	CVC	TWD	32.05	49	42							1.9x	7%	1
4735.TWO	Avita	TWD	38.90	43	47			10.6x				2.9x	27%	1
4131.TWO	DR. Chip	TWD	7.50	12	11							2.5x	-17%	0
4183.TWO	EPS Bio	TWD	14.25	11	7							1.2x	2%	0
4134.TWO	Tyson	TWD	5.57	7	8							0.9x	-75%	0
4177.TWO	BOBC	TWD	12.00	20	18							2.9x	-90%	0

Source: Thomson Reuters consensus for non-covered companies; Morgan Stanley Research

Disclosure Section

The information and opinions in Morgan Stanley Research were prepared or are disseminated by Morgan Stanley Asia Limited (which accepts the responsibility for its contents) and/or Morgan Stanley Asia (Singapore) Pte. (Registration number 199206298Z) and/or Morgan Stanley Asia (Singapore) Securities Pte Ltd (Registration number 200008434H), regulated by the Monetary Authority of Singapore (which accepts legal responsibility for its contents and should be contacted with respect to any matters arising from, or in connection with, Morgan Stanley Research), and/or Morgan Stanley Taiwan Limited and/or Morgan Stanley & Co International plc, Seoul Branch, and/or Morgan Stanley Australia Limited (A.B.N. 67 003 734 576, holder of Australian financial services license No. 233742, which accepts responsibility for its contents), and/or Morgan Stanley Wealth Management Australia Pty Ltd (A.B.N. 19 009 145 555, holder of Australian financial services license No. 240813, which accepts responsibility for its contents), and/or Morgan Stanley India Company Private Limited, regulated by the Securities and Exchange Board of India ("SEBI") and holder of licenses as a Research Analyst (SEBI Registration No. INM000001105); Stock Broker (BSE Registration No. INB011054237 and NSE Registration No. INB/INF231054231), Merchant Banker (SEBI Registration No. INM000011203), and depository participant with National Securities Depository Limited (SEBI Registration No. IN-DP-NSDL-372-2014) which accepts the responsibility for its contents and should be contacted with respect to any matters arising from, or in connection with, Morgan Stanley Research, and/or PT. Morgan Stanley Sekuritas Indonesia and their affiliates (collectively, "Morgan Stanley").

For important disclosures, stock price charts and equity rating histories regarding companies that are the subject of this report, please see the Morgan Stanley Research Disclosure Website at www.morganstanley.com/researchdisclosures, or contact your investment representative or Morgan Stanley Research at 1585 Broadway, (Attention: Research Management), New York, NY, 10036 USA.

For valuation methodology and risks associated with any recommendation, rating or price target referenced in this research report, please contact the Client Support Team as follows: US/Canada +1 800 303-2495; Hong Kong +852 2848-5999; Latin America +1 718 754-5444 (U.S.); London +44 (0)20-7425-8169; Singapore +65 6834-6860; Sydney +61 (0)2-9770-1505; Tokyo +81 (0)3-6836-9000. Alternatively you may contact your investment representative or Morgan Stanley Research at 1585 Broadway, (Attention: Research Management), New York, NY 10036 USA.

Analyst Certification

The following analysts hereby certify that their views about the companies and their securities discussed in this report are accurately expressed and that they have not received and will not receive direct or indirect compensation in exchange for expressing specific recommendations or views in this report: Yolanda Hu; Laurence Tam; Sean Wu.

Unless otherwise stated, the individuals listed on the cover page of this report are research analysts.

Global Research Conflict Management Policy

Morgan Stanley Research has been published in accordance with our conflict management policy, which is available at www.morganstanley.com/institutional/research/conflictpolicies. A Portuguese version of the policy can be found at www.morganstanley.com.br

Important US Regulatory Disclosures on Subject Companies

As of November 30, 2018, Morgan Stanley beneficially owned 1% or more of a class of common equity securities of the following companies covered in Morgan Stanley Research: China Resources Sanjiu Medical & Pharma, CSPC Pharmaceutical Group, Guangzhou Baiyunshan Pharma, Jiangsu Hengrui, Shanghai Pharmaceutical, Sinopharm Group.

Within the last 12 months, Morgan Stanley managed or co-managed a public offering (or 144A offering) of securities of Ascleitis Pharma Inc, China Resources Medical, Fosun Pharmaceutical, Innovent Biologics Inc, Shanghai Pharmaceutical, WuXi Biologics Cayman Inc.

Within the last 12 months, Morgan Stanley has received compensation for investment banking services from Fosun Pharmaceutical, Innovent Biologics Inc, Shanghai Pharmaceutical, WuXi Biologics Cayman Inc.

In the next 3 months, Morgan Stanley expects to receive or intends to seek compensation for investment banking services from 3SBio, Ascleitis Pharma Inc, Beijing Tongrentang, China Biologic Products, China Medical System, China Resources Medical, China Resources Pharmaceutical Group Ltd, China Traditional Chinese Medicine, Concord Medical Services Holdings Ltd, CSPC Pharmaceutical Group, Fosun Pharmaceutical, Innovent Biologics Inc, Luye Pharma Group, PW Medtech, Shandong Weigao, Shanghai Pharmaceutical, Sino Biopharmaceutical, Sinopharm Group, Tasly Pharmaceutical Group Co. Ltd, The United Laboratories, Tongrentang Technologies, WuXi Biologics Cayman Inc.

Within the last 12 months, Morgan Stanley has received compensation for products and services other than investment banking services from 3SBio, Ascleitis Pharma Inc, Concord Medical Services Holdings Ltd, Harmonicare, Lee's Pharmaceutical, PW Medtech, Sino Biopharmaceutical, The United Laboratories, WuXi Biologics Cayman Inc.

Within the last 12 months, Morgan Stanley has provided or is providing investment banking services to, or has an investment banking client relationship with, the following company: 3SBio, Ascleitis Pharma Inc, Beijing Tongrentang, China Biologic Products, China Medical System, China Resources Medical, China Resources Pharmaceutical Group Ltd, China Traditional Chinese Medicine, Concord Medical Services Holdings Ltd, CSPC Pharmaceutical Group, Fosun Pharmaceutical, Innovent Biologics Inc, Luye Pharma Group, PW Medtech, Shandong Weigao, Shanghai Pharmaceutical, Sino Biopharmaceutical, Sinopharm Group, Tasly Pharmaceutical Group Co. Ltd, The United Laboratories, Tongrentang Technologies, WuXi Biologics Cayman Inc.

Within the last 12 months, Morgan Stanley has either provided or is providing non-investment banking, securities-related services to and/or in the past has entered into an agreement to provide services or has a client relationship with the following company: 3SBio, Ascleitis Pharma Inc, China Traditional Chinese Medicine, Concord Medical Services Holdings Ltd, Harmonicare, Innovent Biologics Inc, Lee's Pharmaceutical, PW Medtech, Shanghai Pharmaceutical, Sino Biopharmaceutical, The United Laboratories, WuXi Biologics Cayman Inc.

Morgan Stanley & Co. LLC makes a market in the securities of China Biologic Products.

The equity research analysts or strategists principally responsible for the preparation of Morgan Stanley Research have received compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors, firm revenues and overall investment banking revenues. Equity Research analysts' or strategists' compensation is not linked to investment banking or capital markets transactions performed by Morgan Stanley or the profitability or revenues of particular trading desks.

Morgan Stanley and its affiliates do business that relates to companies/instruments covered in Morgan Stanley Research, including market making, providing liquidity, fund management, commercial banking, extension of credit, investment services and investment banking. Morgan Stanley sells to and buys from customers the securities/instruments of companies covered in Morgan Stanley Research on a principal basis. Morgan Stanley may have a position in the debt of the Company or instruments discussed in this report. Morgan Stanley trades or may trade as principal in the debt securities (or in related derivatives) that are the subject of the debt research report.

Certain disclosures listed above are also for compliance with applicable regulations in non-US jurisdictions.

STOCK RATINGS

Morgan Stanley uses a relative rating system using terms such as Overweight, Equal-weight, Not-Rated or Underweight (see definitions below). Morgan Stanley does not assign ratings of Buy, Hold or Sell to the stocks we cover. Overweight, Equal-weight, Not-Rated and Underweight are not the equivalent of buy, hold and sell. Investors should carefully read the definitions of all ratings used in Morgan Stanley Research. In addition, since Morgan Stanley Research contains more complete information concerning the analyst's views, investors should carefully read Morgan Stanley Research, in its entirety, and not infer the contents from the rating alone. In any case, ratings (or research) should not be used or relied upon as investment advice. An investor's decision to buy or sell a stock should depend on individual circumstances (such as the investor's existing holdings) and other considerations.

Global Stock Ratings Distribution

(as of December 31, 2018)

The Stock Ratings described below apply to Morgan Stanley's Fundamental Equity Research and do not apply to Debt Research produced by the Firm. For disclosure purposes only (in accordance with NASD and NYSE requirements), we include the category headings of Buy, Hold, and Sell alongside our ratings of Overweight, Equal-weight, Not-Rated and Underweight. Morgan Stanley does not assign ratings of Buy, Hold or Sell to the stocks we cover. Overweight, Equal-weight, Not-Rated and Underweight are not the equivalent of buy, hold, and sell but represent recommended relative weightings (see definitions below). To satisfy regulatory requirements, we correspond Overweight, our most positive stock rating, with a buy recommendation; we correspond Equal-weight and Not-Rated to hold and Underweight to sell recommendations, respectively.

STOCK RATING CATEGORY	COVERAGE UNIVERSE		INVESTMENT BANKING CLIENTS (IBC)			OTHER MATERIAL INVESTMENT SERVICES CLIENTS (MISC)	
	COUNT	% OF TOTAL	COUNT	% OF TOTAL IBC	% OF RATING CATEGORY	COUNT	% OF TOTAL OTHER MSC
Overweight/Buy	1143	36%	282	40%	25%	540	38%
Equal-weight/Hold	1428	45%	336	47%	24%	651	46%
Not-Rated/Hold	46	1%	6	1%	13%	6	0%
Underweight/Sell	566	18%	86	12%	15%	232	16%
TOTAL	3,183		710			1429	

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months. Due to rounding off of decimals, the percentages provided in the "% of total" column may not add up to exactly 100 percent.

Analyst Stock Ratings

Overweight (O). The stock's total return is expected to exceed the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Equal-weight (E). The stock's total return is expected to be in line with the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Not-Rated (NR). Currently the analyst does not have adequate conviction about the stock's total return relative to the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Underweight (U). The stock's total return is expected to be below the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Unless otherwise specified, the time frame for price targets included in Morgan Stanley Research is 12 to 18 months.

Analyst Industry Views

Attractive (A): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be attractive vs. the relevant broad market benchmark, as indicated below.

In-Line (I): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be in line with the relevant broad market benchmark, as indicated below.

Cautious (C): The analyst views the performance of his or her industry coverage universe over the next 12-18 months with caution vs. the relevant broad market benchmark, as indicated below.

Benchmarks for each region are as follows: North America - S&P 500; Latin America - relevant MSCI country index or MSCI Latin America Index; Europe - MSCI Europe; Japan - TOPIX; Asia - relevant MSCI country index or MSCI sub-regional index or MSCI AC Asia Pacific ex Japan Index.

Important Disclosures for Morgan Stanley Smith Barney LLC Customers

Important disclosures regarding the relationship between the companies that are the subject of Morgan Stanley Research and Morgan Stanley Smith Barney LLC or Morgan Stanley or any of their affiliates, are available on the Morgan Stanley Wealth Management disclosure website at www.morganstanley.com/online/researchdisclosures. For Morgan Stanley specific disclosures, you may refer to www.morganstanley.com/researchdisclosures.

Each Morgan Stanley Equity Research report is reviewed and approved on behalf of Morgan Stanley Smith Barney LLC. This review and approval is conducted by the same person who reviews the Equity Research report on behalf of Morgan Stanley. This could create a conflict of interest.

Other Important Disclosures

Morgan Stanley & Co. International PLC and its affiliates have a significant financial interest in the debt securities of 3SBio.

Morgan Stanley Research policy is to update research reports as and when the Research Analyst and Research Management deem appropriate, based on developments with the issuer, the sector, or the market that may have a material impact on the research views or opinions stated therein. In addition, certain Research publications are intended to be updated on a regular periodic basis (weekly/monthly/quarterly/annual) and will ordinarily be updated with that frequency, unless the Research Analyst and Research Management determine that a different publication schedule is appropriate based on current conditions. Morgan Stanley is not acting as a municipal advisor and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of Section 975 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Morgan Stanley produces an equity research product called a "Tactical Idea." Views contained in a "Tactical Idea" on a particular stock may be contrary to the recommendations or views expressed in research on the same stock. This may be the result of differing time horizons, methodologies, market events, or other factors. For all research available on a particular stock, please contact your sales representative or go to Matrix at <http://www.morganstanley.com/matrix>.

Morgan Stanley Research is provided to our clients through our proprietary research portal on Matrix and also distributed electronically by Morgan Stanley to clients. Certain, but not all, Morgan Stanley Research products are also made available to clients through third-party vendors or redistributed to clients through alternate electronic means as a convenience. For access to all available Morgan Stanley Research, please contact your sales representative or go to Matrix at <http://www.morganstanley.com/matrix>.

Any access and/or use of Morgan Stanley Research is subject to Morgan Stanley's Terms of Use (<http://www.morganstanley.com/terms.html>). By accessing and/or using Morgan Stanley Research, you are indicating that you have read and agree to be bound by our Terms of Use (<http://www.morganstanley.com/terms.html>). In addition you consent to Morgan Stanley processing your personal data and using cookies in accordance with our Privacy Policy and our Global Cookies Policy (http://www.morganstanley.com/privacy_pledge.html), including for the purposes of setting your preferences and to collect readership data so that we can deliver better and more personalized service and products to you. To find out more information about how Morgan Stanley processes personal data, how we use cookies and how to reject cookies see our Privacy Policy and our Global Cookies Policy (http://www.morganstanley.com/privacy_pledge.html).

If you do not agree to our Terms of Use and/or if you do not wish to provide your consent to Morgan Stanley processing your personal data or using cookies please do not access our research.

Morgan Stanley Research does not provide individually tailored investment advice. Morgan Stanley Research has been prepared without regard to the circumstances and objectives of those who receive it. Morgan Stanley recommends that investors independently evaluate particular investments and strategies, and encourages investors to seek the advice of a financial adviser. The appropriateness of an investment or strategy will depend on an investor's circumstances and objectives. The securities, instruments, or strategies discussed in Morgan Stanley Research may not be suitable for all investors, and certain investors may not be eligible to purchase or participate in some or all of them. Morgan Stanley Research is not an offer to buy or sell or the solicitation of an offer to buy or sell any security/instrument or to participate in any particular trading strategy. The value of and income from your investments may vary because of changes in interest rates, foreign exchange rates, default rates, prepayment rates, securities/instruments prices, market indexes, operational or financial conditions of companies or other factors. There may be time limitations on the exercise of options or other rights in securities/instruments transactions. Past performance is not necessarily a guide to future performance. Estimates of future performance are based on assumptions that may not be realized. If provided, and unless otherwise stated, the closing price on the cover page is that of the primary exchange for the subject company's securities/instruments.

The fixed income research analysts, strategists or economists principally responsible for the preparation of Morgan Stanley Research have received compensation based upon various factors, including quality, accuracy and value of research, firm profitability or revenues (which include fixed income trading and capital markets profitability or revenues), client feedback and competitive factors. Fixed Income Research analysts', strategists' or economists' compensation is not linked to investment banking or capital markets transactions performed by Morgan Stanley or the profitability or revenues of particular trading desks.

The "Important US Regulatory Disclosures on Subject Companies" section in Morgan Stanley Research lists all companies mentioned where Morgan Stanley owns 1% or more of a class of common equity securities of the companies. For all other companies mentioned in Morgan Stanley Research, Morgan Stanley may have an investment of less than 1% in securities/instruments or derivatives of securities/instruments of companies and may trade them in ways different from those discussed in Morgan Stanley Research. Employees of Morgan Stanley not involved in the preparation of Morgan Stanley Research may have investments in securities/instruments or derivatives of securities/instruments of companies mentioned and may trade them in ways different from those discussed in Morgan Stanley Research. Derivatives may be issued by Morgan Stanley or associated persons.

With the exception of information regarding Morgan Stanley, Morgan Stanley Research is based on public information. Morgan Stanley makes every effort to use reliable, comprehensive information, but we make no representation that it is accurate or complete. We have no obligation to tell you when opinions or information in Morgan Stanley Research change apart from when we intend to discontinue equity research coverage of a subject company. Facts and views presented in Morgan Stanley Research have not been reviewed by, and may not reflect information known to, professionals in other Morgan Stanley business areas, including investment banking personnel.

Morgan Stanley Research personnel may participate in company events such as site visits and are generally prohibited from accepting payment by the company of associated expenses unless pre-approved by authorized members of Research management.

Morgan Stanley may make investment decisions that are inconsistent with the recommendations or views in this report.

To our readers based in Taiwan or trading in Taiwan securities/instruments: Information on securities/instruments that trade in Taiwan is distributed by Morgan Stanley Taiwan Limited ("MSTL"). Such information is for your reference only. The reader should independently evaluate the investment risks and is solely responsible for their investment decisions. Morgan Stanley Research may not be distributed to the public media or quoted or used by the public media without the express written consent of Morgan Stanley. Any non-customer reader within the scope of Article 7-1 of the Taiwan Stock Exchange Recommendation Regulations accessing and/or receiving Morgan Stanley Research is not permitted to provide Morgan Stanley Research to any third party (including but not limited to related parties, affiliated companies and any other third parties) or engage in any activities regarding Morgan Stanley Research which may create or give the appearance of creating a conflict of interest. Information on securities/instruments that do not trade in Taiwan is for informational purposes only and is not to be construed as a recommendation or a solicitation to trade in such securities/instruments. MSTL may not execute transactions for clients in these securities/instruments.

Certain information in Morgan Stanley Research was sourced by employees of the Shanghai Representative Office of Morgan Stanley Asia Limited for the use of Morgan Stanley Asia Limited.

Morgan Stanley is not incorporated under PRC law and the research in relation to this report is conducted outside the PRC. Morgan Stanley Research does not constitute an offer to sell or the solicitation of an offer to buy any securities in the PRC. PRC investors shall have the relevant qualifications to invest in such securities and shall be responsible for obtaining all relevant approvals, licenses, verifications and/or registrations from the relevant governmental authorities themselves. Neither this report nor any part of it is intended as, or shall constitute, provision of any consultancy or advisory service of securities investment as defined under PRC law. Such information is provided for your reference only.

Morgan Stanley Research is disseminated in Brazil by Morgan Stanley C.T.V.M. S.A. located at Av. Brigadeiro Faria Lima, 3600, 6th floor, São Paulo - SP, Brazil; and is regulated by the Comissão de Valores Mobiliários; in Mexico by Morgan Stanley México, Casa de Bolsa, S.A. de C.V. which is regulated by Comisión Nacional Bancaria y de Valores. Paseo de los Tamarindos 90, Torre 1, Col. Bosques de las Lomas Floor 29, 05120 Mexico City; in Japan by Morgan Stanley MUFG Securities Co., Ltd. and, for Commodities related research reports only, Morgan Stanley Capital Group Japan Co., Ltd; in Hong Kong by Morgan Stanley Asia Limited (which accepts responsibility for its contents) and by Morgan Stanley Asia International Limited, Hong Kong Branch; in Singapore by Morgan Stanley Asia (Singapore) Pte. (Registration number 199206298Z) and/or Morgan Stanley Asia (Singapore) Securities Pte Ltd (Registration number 200008434H), regulated by the Monetary Authority of Singapore (which accepts legal responsibility for its contents and should be contacted with respect to any matters arising from, or in connection with, Morgan Stanley Research) and by Morgan Stanley Asia International Limited, Singapore Branch (Registration number T11FC0207F); in Australia to "wholesale clients" within the meaning of the Australian Corporations Act by Morgan Stanley Australia Limited A.B.N. 67 003 734 576, holder of Australian financial services license No. 233742, which accepts responsibility for its contents; in Australia to "wholesale clients" and "retail clients" within the meaning of the Australian Corporations Act by Morgan Stanley Wealth Management Australia Pty Ltd (A.B.N. 19 009 145 555, holder of Australian financial services license No. 240813, which accepts responsibility for its contents; in Korea by Morgan Stanley & Co International plc, Seoul Branch; in India by Morgan Stanley India Company Private Limited; in Indonesia by PT. Morgan Stanley Sekuritas Indonesia; in Canada by Morgan Stanley Canada Limited, which has approved of and takes responsibility for its contents in Canada; in Germany by Morgan Stanley Bank AG, Frankfurt am Main and Morgan Stanley Private Wealth Management Limited, Niederlassung Deutschland, regulated by Bundesanstalt fuer Finanzdienstleistungsaufsicht (BaFin); in Spain by Morgan Stanley, S.V., S.A., a Morgan Stanley group company, which is supervised by the Spanish Securities Markets Commission (CNMV) and states that Morgan Stanley Research has been written and distributed in accordance with the rules of conduct applicable to financial research as established under Spanish regulations; in the US by Morgan Stanley & Co. LLC, which accepts responsibility for its contents. Morgan Stanley & Co. International plc, authorized by the Prudential Regulatory Authority and regulated by the Financial Conduct Authority and the Prudential Regulatory Authority, disseminates in the UK research that it has prepared, and approves solely for the purposes of section 21 of the Financial

Services and Markets Act 2000, research which has been prepared by any of its affiliates. RMB Morgan Stanley Proprietary Limited is a member of the JSE Limited and regulated by the Financial Services Board in South Africa. RMB Morgan Stanley Proprietary Limited is a joint venture owned equally by Morgan Stanley International Holdings Inc. and RMB Investment Advisory (Proprietary) Limited, which is wholly owned by FirstRand Limited. The information in Morgan Stanley Research is being disseminated by Morgan Stanley Saudi Arabia, regulated by the Capital Market Authority in the Kingdom of Saudi Arabia, and is directed at Sophisticated investors only.

The information in Morgan Stanley Research is being communicated by Morgan Stanley & Co. International plc (DIFC Branch), regulated by the Dubai Financial Services Authority (the DFSA), and is directed at Professional Clients only, as defined by the DFSA. The financial products or financial services to which this research relates will only be made available to a customer who we are satisfied meets the regulatory criteria to be a Professional Client.

The information in Morgan Stanley Research is being communicated by Morgan Stanley & Co. International plc (QFC Branch), regulated by the Qatar Financial Centre Regulatory Authority (the QFCRA), and is directed at business customers and market counterparties only and is not intended for Retail Customers as defined by the QFCRA.

As required by the Capital Markets Board of Turkey, investment information, comments and recommendations stated here, are not within the scope of investment advisory activity. Investment advisory service is provided exclusively to persons based on their risk and income preferences by the authorized firms. Comments and recommendations stated here are general in nature. These opinions may not fit to your financial status, risk and return preferences. For this reason, to make an investment decision by relying solely to this information stated here may not bring about outcomes that fit your expectations.

The trademarks and service marks contained in Morgan Stanley Research are the property of their respective owners. Third-party data providers make no warranties or representations relating to the accuracy, completeness, or timeliness of the data they provide and shall not have liability for any damages relating to such data. The Global Industry Classification Standard (GICS) was developed by and is the exclusive property of MSCI and S&P.

Morgan Stanley Research, or any portion thereof may not be reprinted, sold or redistributed without the written consent of Morgan Stanley.

Indicators and trackers referenced in Morgan Stanley Research may not be used as, or treated as, a benchmark under Regulation EU 2016/1011, or any other similar framework.

INDUSTRY COVERAGE: China Healthcare

COMPANY (TICKER)	RATING (AS OF)	PRICE* (01/04/2019)
Laurence Tam		
Beijing Tongrentang (600085.SS)	U (11/03/2014)	Rmb26.82
Beijing Tongrentang Chinese Medicine (3613.HK)	O (01/14/2015)	HK\$11.78
China Shineway Pharmaceutical (2877.HK)	E (04/11/2018)	HK\$7.79
Concord Medical Services Holdings Ltd (CCMN)	U (04/11/2014)	US\$3.46
Tongrentang Technologies (1666.HK)	E (04/11/2014)	HK\$9.99
Sean Wu		
Asclepis Pharma Inc (1672.HK)	O (09/05/2018)	HK\$6.17
China Resources Pharmaceutical Group Ltd (3320.HK)	E (08/28/2018)	HK\$9.93
China Resources Sanjiu Medical & Pharma (000999.SZ)	O (12/05/2016)	Rmb24.17
China Traditional Chinese Medicine (0570.HK)	E (02/01/2017)	HK\$4.51
Dong E E Jiao Co. (000423.SZ)	E (12/16/2016)	Rmb39.85
Fosun Pharmaceutical (2196.HK)	O (12/12/2014)	HK\$20.90
Fosun Pharmaceutical (600196.SS)	O (12/12/2014)	Rmb21.77
Guangzhou Baiyunshan Pharma (600332.SS)	U (11/03/2015)	Rmb34.24
Guangzhou Baiyunshan Pharma (0874.HK)	E (07/16/2015)	HK\$27.10
Innovent Biologics Inc (1801.HK)	O (12/03/2018)	HK\$22.20
Jiangsu Hengrui (600276.SS)	O (04/20/2015)	Rmb54.35
Livzon Pharma (000513.SZ)	U (10/19/2018)	Rmb25.02
Livzon Pharma (1513.HK)	E (12/30/2016)	HK\$21.45
Luye Pharma Group (2186.HK)	U (05/25/2018)	HK\$5.24
Shandong Weigao (1066.HK)	E (06/15/2016)	HK\$5.97
Shanghai Pharmaceutical (601607.SS)	E (02/09/2018)	Rmb16.72
Shanghai Pharmaceutical (2607.HK)	E (02/09/2018)	HK\$15.56
Sinopharm Group (1099.HK)	E (07/27/2017)	HK\$31.10
Tasly Pharmaceutical Group Co. Ltd (600535.SS)	E (04/29/2015)	Rmb17.50
The United Laboratories (3933.HK)	E (06/13/2017)	HK\$4.22
WuXi Biologics Cayman Inc (2269.HK)	O (07/17/2017)	HK\$49.45
Yunnan Baiyao Group (000538.SZ)	E (04/26/2017)	Rmb70.95
Yolanda Hu		
3SBio (1530.HK)	O (07/16/2015)	HK\$9.10
Aier Eye Hospital Group (300015.SZ)	E (08/22/2016)	Rmb25.70
China Biologic Products (CBPO.O)	E (11/05/2018)	US\$73.78
China Medical System (0867.HK)	O (01/27/2014)	HK\$7.01
China Resources Medical (1515.HK)	O (04/20/2015)	HK\$4.85
CSPC Pharmaceutical Group (1093.HK)	O (08/15/2012)	HK\$11.08
Harmonicare (1509.HK)	E (06/20/2016)	HK\$1.78
Jointown Pharmaceutical Group (600998.SS)	E (01/29/2016)	Rmb14.62
Lee's Pharmaceutical (0950.HK)	O (01/27/2011)	HK\$5.59
MicroPort Scientific Corp. (0853.HK)	O (01/11/2018)	HK\$6.66
PW Medtech (1358.HK)	E (09/02/2016)	HK\$1.05
Sino Biopharmaceutical (1177.HK)	E (09/07/2016)	HK\$5.02
SSY Group Ltd (2005.HK)	E (09/10/2015)	HK\$5.41

Stock Ratings are subject to change. Please see latest research for each company.

* Historical prices are not split adjusted.

