

Intron Tech (1760 HK)

FY23E Preview: industry headwinds mostly priced in; Awaiting recovery in FY24E

Intron Tech will announce its FY23 results next week. We estimate FY23E revenue of RMB 5.76bn (+19% YoY) and net income of RMB 319mn (-23% YoY), mainly due to pricing pressure from downstream OEM, weaker cloud server, higher R&D expenses and interest costs. Looking ahead, while we think industry headwinds will remain in 1H24E given downstream OEMs' price pressure, we are positive on Intron's share gain on industry leadership and secular trends of automotive electrification and intelligence. We adjusted FY23-25E EPS to factor in slower sales growth and higher R&D/interest expenses. Trading at 6.3x/4.1x FY23/24E P/E (1-sd below 5-year avg.), we think risk-reward is attractive compared to A/H peers. Maintain BUY with new TP of HK\$6.10 on rollover 12x FY24E P/E. Upcoming catalysts include 2024 guidance, rising ADAS penetration and easing NEV price pressure.

- **FY23E preview: slower growth amid challenging market.** We estimate FY23E revenue of RMB 5.76bn (+19% YoY) and net income of RMB 319mn (-23% YoY). By segment, we expect revenue from new energy/ body control/ safety/ powertrain/ automation & connectivity to deliver 34%/ 3.5%/ 29.9%/ 1.9%/ 57.1% growth YoY; while cloud server declined 53.9% YoY, given continued NEV growth, ADAS penetration and new product ramp-up, offset by cloud server weakness and downstream OEMs price pressure. We expect FY23E GPM to trend down to 19.0% (vs. FY22/1H23 GPM 21.5%/20.6%), and we expect 1H24 GPM to remain sluggish given intensified downstream OEMs price competition at the start of the year.
- **FY24E outlook: ADAS segment as next growth driver, outperforming peers despite mixed industry outlook.** We expect Intron's sales to outgrow NEV industry given its leading market position, new product ramp-up and solid client base. With cost-plus pricing strategy and economies of scale of R&D investments, we believe Intron is well-positioned to outperform peers with further share gain in the auto electronics industry. Overall, we estimate revenue/net profit to recover with 20%/52% YoY growth in FY24E.
- **Near-term concerns mostly priced in; attractive risk/reward with good dividend yield.** We trimmed FY23-25E EPS by 15-37% mainly to factor in slower business growth and ongoing margin pressure. Our new TP of HK\$6.10 is based on rolled-over same 12x FY24E P/E (24% below 5-year hist. avg.). Trading at 6.3x/4.1x FY23/24E P/E, significantly lower than 1-sd below 5-year avg., we think risk-reward is attractive with a dividend yield of 7%. Maintain BUY.

Earnings Summary

(YE 31 Dec)	FY21A	FY22A	FY23E	FY24E	FY25E
Revenue (RMB mn)	3,176	4,830	5,757	6,926	8,604
YoY growth (%)	59.4	52.1	19.2	20.3	24.2
Net profit (RMB mn)	200.6	415.0	318.8	486.0	690.7
YoY growth (%)	111.6	106.9	(23.2)	52.4	42.1
EPS (Reported) (RMB)	0.19	0.38	0.29	0.44	0.63
Consensus EPS (RMB)	N/A	N/A	0.44	0.58	0.65
P/E (x)	22.7	10.2	6.3	4.1	2.9
P/B (x)	2.6	2.0	0.8	0.7	0.6
Yield (%)	1.6	3.4	4.8	7.3	10.3
ROE (%)	13.2	21.3	14.1	19.1	23.3

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	HK\$6.10
(Previous TP)	HK\$6.37
Up/Downside	203.7%
Current Price	HK\$2.01

China Technology

Alex NG

(852) 3900 0881
alexng@cmbi.com.hk

Claudia LIU

claudialiu@cmbi.com.hk

Hanqing LI

lihanqing@cmbi.com.hk

Stock Data

Mkt Cap (HK\$ mn)	2,182.2
Avg 3 mths t/o (HK\$ mn)	1.6
52w High/Low (HK\$)	5.92/1.86
Total Issued Shares (mn)	1085.7

Source: FactSet

Shareholding Structure

Magnate Era Ltd	48.3%
Luk Wing Ming	6.9%

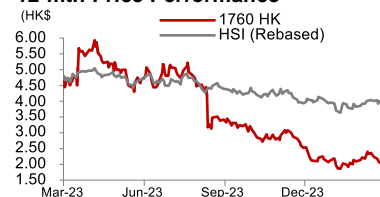
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	-3.8%	-8.7%
3-mth	-20.2%	-22.1%
6-mth	-41.2%	-35.9%

Source: FactSet

12-mth Price Performance



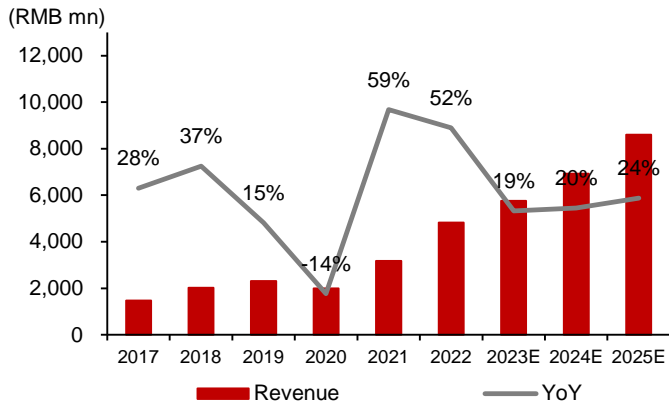
Source: FactSet

Related reports:

1. Intron Tech (1760 HK)-1H23 results below; expect back-loaded in 2H23E ([link](#))
2. Intron Tech (1760 HK)-1H23E Preview: strong growth despite industry headwinds; expect back-loaded in 2H23E ([link](#))

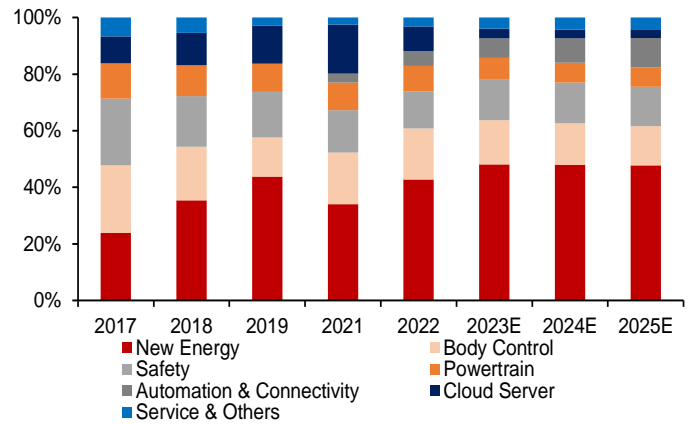
Focus Charts

Figure 1: Intron's revenue forecast



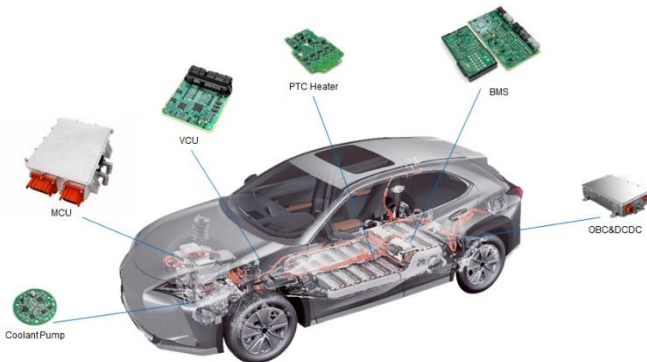
Source: Company data, CMBIGM estimates

Figure 2: Intron's revenue breakdown



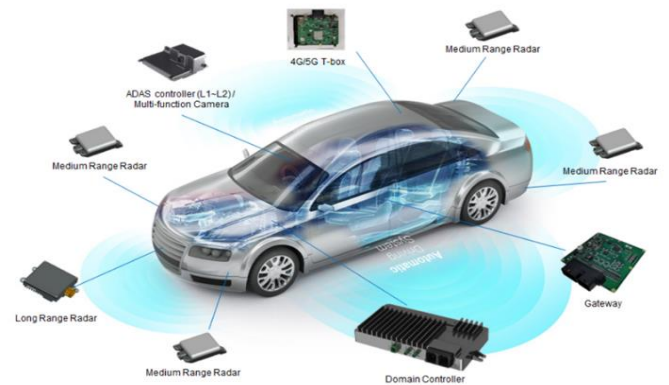
Source: Company data, CMBIGM estimates

Figure 3: Intron's new energy vehicle solutions



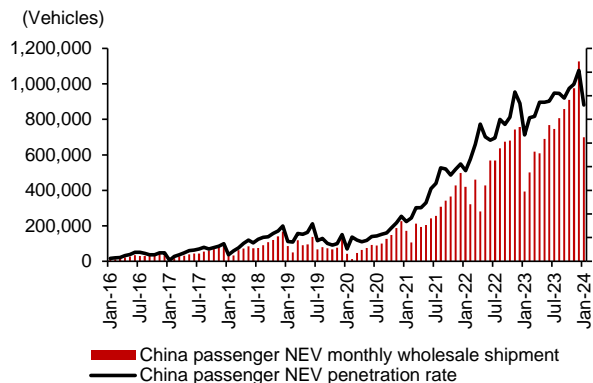
Source: Company data, CMBIGM estimates

Figure 4: Intron's intelligent vehicle solutions



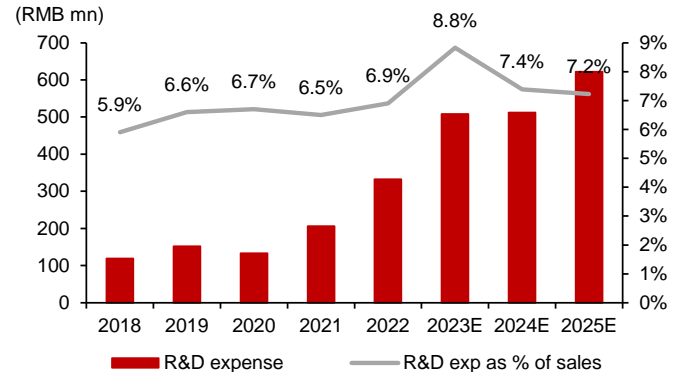
Source: Company data, CMBIGM estimates

Figure 5: China's NEV monthly wholesale shipment



Source: CAAM, CMBIGM estimates

Figure 6: Intron's R&D expense as % of total sales



Source: Company data, CMBIGM estimates

Earnings Forecasts

Figure 7: CMBIGM estimates vs consensus

RMB mn	CMBIGM			Consensus			Diff (%)		
	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Revenue	5,757	6,926	8,604	6,418	8,422	9,961	-10%	-18%	-14%
Gross profit	1,092	1,312	1,692	1,318	1,714	2,000	-17%	-23%	-15%
Net profit	319	486	691	479	624	702	-33%	-22%	-2%
EPS (RMB)	0.29	0.44	0.63	0.44	0.58	0.65	-34%	-23%	-3%
Gross margin	19.0%	18.9%	19.7%	20.5%	20.4%	20.1%	-1.6 ppt	-1.4 ppt	-0.4 ppt
Net Margin	5.5%	7.0%	8.0%	7.5%	7.4%	7.0%	-1.9 ppt	-0.4 ppt	1 ppt

Source: Bloomberg, CMBIGM estimates

Figure 8: Earnings Revision

RMB mn	New			Old			Diff (%)		
	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Revenue	5,757	6,926	8,604	6,299	8,160	10,273	-9%	-15%	-16%
Gross profit	1,092	1,312	1,692	1,301	1,681	2,106	-16%	-22%	-20%
Net profit	319	486	691	507	635	813	-37%	-23%	-15%
EPS (RMB)	0.29	0.44	0.63	0.46	0.58	0.74	-37%	-23%	-15%
Gross margin	19.0%	18.9%	19.7%	20.7%	20.6%	20.5%	-1.7 ppt	-1.7 ppt	-0.8 ppt
Net Margin	5.5%	7.0%	8.0%	8.1%	7.8%	7.9%	-2.5 ppt	-0.8 ppt	0.1 ppt

Source: CMBIGM estimates

Figure 9: Revenue breakdown by segment

RMB mn	2021	2022	1H23	2H23E	2023E	2024E	2025E
New Energy	1,082	2,067	1,253	1,516	2,769	3,323	4,109
... YoY	131.6%	91.0%	58.1%	19.0%	34.0%	20.0%	23.6%
Body Control	579	868	417	481	898	1,012	1,191
... YoY	37.1%	50.0%	-3.2%	10.0%	3.5%	12.7%	17.7%
Safety	476*	636*	390	436	826	999	1,199
... YoY	-2.9%	33.5%	43.1%	20.0%	29.9%	20.9%	20.0%
Powertrain	309	432	219	221	440	484	581
... YoY	26.6%	39.9%	41.0%	-20.0%	1.9%	10.0%	20.0%
Automation & Connectivity	101*	255*	203	197	400	600	900
... YoY	-	151.3%	117.7%	22.0%	57.1%	50.0%	50.0%
Cloud Server	550	420	87	107	194	213	245
... YoY	81.5%	-23.5%	-71.1%	-10.0%	-53.9%	10.0%	15.0%
Service & Others	79	152	57	172	229	294	378
... YoY	19.1%	91.8%	95.4%	40.0%	50.6%	28.5%	28.5%
Revenue	3,176	4,830	2,626	3,131	5,757	6,926	8,604
... YoY	59.4%	52.1%	26.5%	13.6%	19.2%	20.3%	24.2%

Source: Company data, CMBIGM estimates, * in FY22, Automation & Connectivity is separated from Safety segment

Figure 10: P&L forecast

RMB mn	2021	2022	1H23	2H23E	2023E	2024E	2025E
Revenue	3,176	4,830	2,626	3,131	5,757	6,926	8,604
...YoY	59.4%	52.1%	26.5%	13.6%	19.2%	20.3%	24.2%
Cost of sales	-2,551	-3,789	-2,085	-2,580	-4,665	-5,615	-6,912
Gross profit	625	1,041	541	551	1,092	1,312	1,692
GPM (%)	19.7%	21.5%	20.6%	17.6%	19.0%	18.9%	19.7%
...YoY	74.5%	66.4%	20.8%	-7.1%	4.9%	20.1%	29.0%
 S&M	 -101	 -106	 -53	 -59	 -113	 -132	 -172
...% of rev	-3.2%	-2.2%	-2.0%	-1.9%	-2.0%	-1.9%	-2.0%
R&D	-206	-332	-233	-275	-508	-512	-622
...% of rev	-6.5%	-6.9%	-8.9%	-8.8%	-8.8%	-7.4%	-7.2%
Admin	-107	-95	-42	-16	-57	-69	-86
...% of rev	-3.4%	-2.0%	-1.6%	-0.5%	-1.0%	-1.0%	-1.0%
Pre-tax profit	217	455	145	174	320	517	735
Pre-tax profit margin (%)	6.8%	9.4%	5.5%	5.6%	5.6%	7.5%	8.5%
...YoY	120.9%	109.9%	-13.4%	-39.2%	-29.7%	61.7%	42.1%
 Net profit	 201	 415	 154	 164	 319	 486	 691
NPM (%)	6.3%	8.6%	5.9%	5.3%	5.5%	7.0%	8.0%
...YoY	111.6%	106.9%	1.2%	-37.4%	-23.2%	52.4%	42.1%

Source: Company data, CMBIGM estimates

Valuation

Maintain BUY with new TP of HK\$6.10

Our new TP of HK\$6.10 is based on rolled-over same 12x FY24E P/E. We use price/earnings as our valuation methodology since we believe it better captures Intron's earnings growth potential. We view our target multiple of 12x P/E as reasonable and justified by 19% earnings CAGR over 2022-25E and 26%/52% sales CAGR in New Energy and Automation & Connectivity segments.

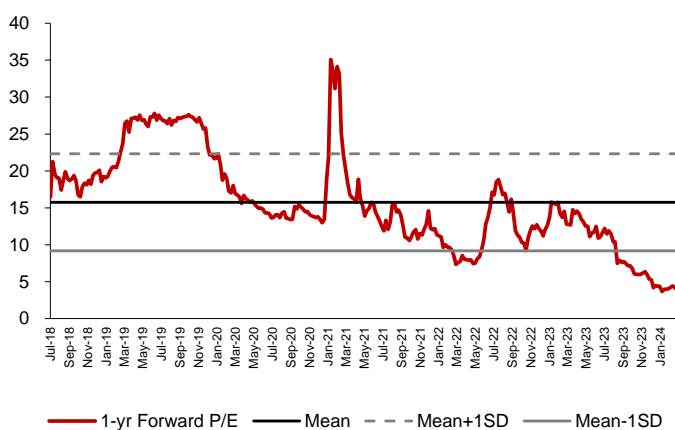
Intron now trades at 6.3x/4.1x FY23/24E P/E, vs 22.3x/17.7x FY23/24E P/E for A/H-listed automobile components/solutions peers. We think Intron is highly undervalued, especially considering its high ROE level. Upcoming catalysts include potential favourable NEV policy, rising ADAS/AD penetration, share gain in NEV customers and easing downstream price competition.

Figure 11: Intron Tech's peers valuation

Company	Ticker	CMBI	Mkt Cap	Price	TP	Up/Down	P/E (x)		P/B (x)		ROE (%)	
		Rating					FY23E	FY24E	FY23E	FY24E	FY23E	FY24E
Intron Tech	1760 HK	BUY	280	2.01	6.1	204%	6.3	4.1	0.8	0.7	14.1	19.1
BOE Vx	710 HK	BUY	541	5.34	23.7	344%	6.1	4.9	0.4	0.4	7.2	7.5
BYDE	285 HK	BUY	8,645	30.00	45.9	53%	15.4	11.3	2.1	1.8	13.4	15.7
Sunny Optical	2382 HK	HOLD	7,188	51.25	50.7	-1%	43.8	24.2	2.2	2.1	5.0	8.6
Luxshare	002475 CH	BUY	28,163	28.26	47.0	66%	18.2	14.4	2.0	1.8	10.9	12.3
Desay SV	002920 CH	NR	7,955	102.99	NA	NA	38.2	27.7	7.4	6.0	20.4	23.2
Foryou Corp	002906 CH	NR	1,843	25.25	NA	NA	28.7	20.6	2.4	2.2	8.9	10.9
Joyson	600699 CH	NR	3,270	16.68	NA	NA	21.6	16.3	1.7	1.6	8.3	10.0
Jingwei Hirain	688326 CH	NR	1,200	71.88	NA	NA	-	35.5	1.6	1.6	(1.7)	5.4
Average							22.3	17.7	2.3	2.0	9.5	12.4

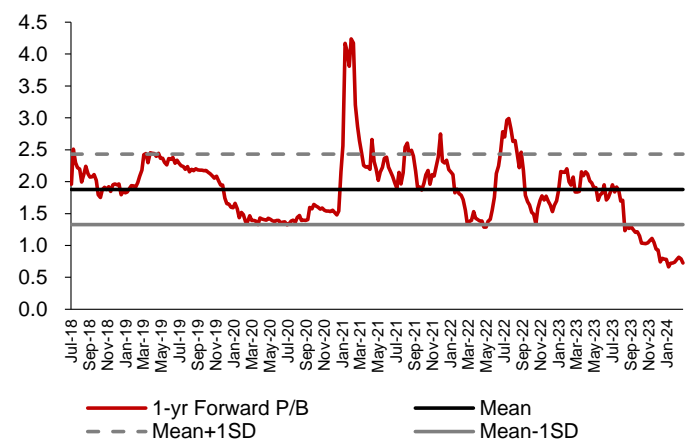
Source: Bloomberg, CMBIGM estimates

Figure 12: 12M forward P/E band



Source: Bloomberg, CMBIGM estimates

Figure 13: 12M forward P/B band



Source: Bloomberg, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2020A	2021A	2022A	2023E	2024E	2025E
YE 31 Dec (RMB mn)						
Revenue	1,993	3,176	4,830	5,757	6,926	8,604
Cost of goods sold	(1,635)	(2,551)	(3,789)	(4,665)	(5,615)	(6,912)
Gross profit	358	625	1,041	1,092	1,312	1,692
Selling expense	(68)	(101)	(106)	(113)	(132)	(172)
Admin expense	(218)	(313)	(427)	(566)	(581)	(708)
Other income	49	30	40	36	36	36
Other expense	(2)	(2)	(50)	(52)	(35)	(43)
Share of (losses)/profits of associates/JV	(1)	1	2	2	2	2
Net Interest income/(expense)	(20)	(24)	(45)	(100)	(85)	(72)
Pre-tax profit	98	217	455	300	517	735
Income tax	(3)	(17)	(44)	(1)	(26)	(37)
After tax profit	95	200	411	298	491	698
Minority interest	0	(0)	(4)	(4)	(5)	(7)
Net profit	95	201	415	319	486	691
Gross dividends	28	60	126	96	146	207

BALANCE SHEET	2020A	2021A	2022A	2023E	2024E	2025E
YE 31 Dec (RMB mn)						
Current assets	1,695	2,294	3,351	3,587	4,024	4,591
Cash & equivalents	388	572	337	1,076	481	857
Account receivables	783	1,163	1,698	1,500	2,051	2,251
Inventories	447	498	1,086	780	1,261	1,252
Prepayment	40	27	182	182	182	182
ST bank deposits	36	32	49	49	49	49
Financial assets at FVTPL	0	0	0	0	0	0
Other current assets	0	0	0	0	0	0
Contract assets	1	1	0	0	0	0
Non-current assets	360	565	724	747	761	774
PP&E	154	170	195	211	222	226
Right-of-use assets	23	33	33	38	39	46
Deferred income tax	24	42	54	54	54	54
Intangibles	126	224	325	328	330	332
Financial assets at FVTPL	15	76	85	85	85	85
Other non-current assets	18	20	32	32	32	32
Total assets	2,054	2,859	4,075	4,334	4,785	5,365
Current liabilities	747	1,097	1,907	1,944	2,049	2,138
Short-term borrowings	433	632	950	950	950	950
Account payables	74	237	331	368	473	562
Tax payable	6	18	27	27	27	27
Other current liabilities	0	1	1	1	1	1
Lease liabilities	12	15	20	20	20	20
Accrued expenses	221	194	578	578	578	578
Non-current liabilities	16	19	20	20	20	20
Long-term borrowings	0	0	0	0	0	0
Other non-current liabilities	16	19	20	20	20	20
Share capital	9	9	9	9	9	9
Other reserves	1,283	1,733	2,129	2,351	2,697	3,187
Total shareholders equity	1,292	1,743	2,149	2,371	2,717	3,207
Minority interest	0	1	11	11	11	11
Total equity and liabilities	2,054	2,859	4,075	4,334	4,785	5,365

CASH FLOW	2020A	2021A	2022A	2023E	2024E	2025E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	98	217	455	320	517	735
Depreciation & amortization	49	60	90	109	115	118
Tax paid	(21)	(22)	(35)	(1)	(26)	(37)
Change in working capital	2	(285)	(643)	540	(927)	(101)
Others	6	16	0	0	0	0
Net cash from operations	134	(15)	(134)	967	(320)	716
Investing						
Capital expenditure	(137)	(159)	(216)	(132)	(129)	(132)
Acquisition of subsidiaries/ investments	0	0	0	0	0	0
Net proceeds from disposal of short-term investments	1	0	0	0	0	0
Others	(20)	(64)	0	0	0	0
Net cash from investing	(156)	(222)	(216)	(132)	(129)	(132)
Financing						
Dividend paid	(36)	(29)	(126)	(96)	(146)	(207)
Net borrowings	(0)	208	0	0	0	0
Proceeds from share issues	0	253	0	0	0	0
Others	(18)	(4)	0	0	0	0
Net cash from financing	(54)	428	(126)	(96)	(146)	(207)
Net change in cash						
Cash at the beginning of the year	497	388	572	337	1,076	481
Exchange difference	(33)	(8)	0	0	0	0
Cash at the end of the year	388	572	337	1,076	481	857

Source: Company data, CMBIGM estimates. Note: The calculation of net cash includes financial assets.

Disclosures & Disclaimers

Analyst Certification

The research analyst who is primary responsible for the content of this research report, in whole or in part, certifies that with respect to the securities or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about the subject securities or issuer; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific views expressed by that analyst in this report.

Besides, the analyst confirms that neither the analyst nor his/her associates (as defined in the code of conduct issued by The Hong Kong Securities and Futures Commission) (1) have dealt in or traded in the stock(s) covered in this research report within 30 calendar days prior to the date of issue of this report; (2) will deal in or trade in the stock(s) covered in this research report 3 business days after the date of issue of this report; (3) serve as an officer of any of the Hong Kong listed companies covered in this report; and (4) have any financial interests in the Hong Kong listed companies covered in this report.

CMBIGM Ratings

BUY	: Stock with potential return of over 15% over next 12 months
HOLD	: Stock with potential return of +15% to -10% over next 12 months
SELL	: Stock with potential loss of over 10% over next 12 months
NOT RATED	: Stock is not rated by CMBIGM
OUTPERFORM	: Industry expected to outperform the relevant broad market benchmark over next 12 months
MARKET-PERFORM	: Industry expected to perform in-line with the relevant broad market benchmark over next 12 months
UNDERPERFORM	: Industry expected to underperform the relevant broad market benchmark over next 12 months

CMB International Global Markets Limited

Address: 45/F, Champion Tower, 3 Garden Road, Hong Kong. Tel: (852) 3900 0888 Fax: (852) 3900 0800

CMB International Global Markets Limited ("CMBIGM") is a wholly owned subsidiary of CMB International Capital Corporation Limited (a wholly owned subsidiary of China Merchants Bank)

Important Disclosures

There are risks involved in transacting in any securities. The information contained in this report may not be suitable for the purposes of all investors. CMBIGM does not provide individually tailored investment advice. This report has been prepared without regard to the individual investment objectives, financial position or special requirements. Past performance has no indication of future performance, and actual events may differ materially from that which is contained in the report. The value of, and returns from, any investments are uncertain and are not guaranteed and may fluctuate as a result of their dependence on the performance of underlying assets or other variable market factors. CMBIGM recommends that investors should independently evaluate particular investments and strategies, and encourages investors to consult with a professional financial advisor in order to make their own investment decisions.

This report or any information contained herein, have been prepared by the CMBIGM, solely for the purpose of supplying information to the clients of CMBIGM or its affiliate(s) to whom it is distributed. This report is not and should not be construed as an offer or solicitation to buy or sell any security or any interest in securities or enter into any transaction. Neither CMBIGM nor any of its affiliates, shareholders, agents, consultants, directors, officers or employees shall be liable for any loss, damage or expense whatsoever, whether direct or consequential, incurred in relying on the information contained in this report. Anyone making use of the information contained in this report does so entirely at their own risk.

The information and contents contained in this report are based on the analyses and interpretations of information believed to be publicly available and reliable. CMBIGM has exerted every effort in its capacity to ensure, but not to guarantee, their accuracy, completeness, timeliness or correctness. CMBIGM provides the information, advices and forecasts on an "AS IS" basis. The information and contents are subject to change without notice. CMBIGM may issue other publications having information and/ or conclusions different from this report. These publications reflect different assumption, point-of-view and analytical methods when compiling. CMBIGM may make investment decisions or take proprietary positions that are inconsistent with the recommendations or views in this report.

CMBIGM may have a position, make markets or act as principal or engage in transactions in securities of companies referred to in this report for itself and/or on behalf of its clients from time to time. Investors should assume that CMBIGM does or seeks to have investment banking or other business relationships with the companies in this report. As a result, recipients should be aware that CMBIGM may have a conflict of interest that could affect the objectivity of this report and CMBIS will not assume any responsibility in respect thereof. This report is for the use of intended recipients only and this publication, may not be reproduced, reprinted, sold, redistributed or published in whole or in part for any purpose without prior written consent of CMBIGM.

Additional information on recommended securities is available upon request.

For recipients of this document in the United Kingdom

This report has been provided only to persons (I) falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended from time to time) ("The Order") or (II) are persons falling within Article 49(2) (a) to (d) ("High Net Worth Companies, Unincorporated Associations, etc.") of the Order, and may not be provided to any other person without the prior written consent of CMBIGM.

For recipients of this document in the United States

CMBIGM is not a registered broker-dealer in the United States. As a result, CMBIGM is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. The research analyst who is primary responsible for the content of this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA"). The analyst is not subject to applicable restrictions under FINRA Rules intended to ensure that the analyst is not affected by potential conflicts of interest that could bear upon the reliability of the research report. This report is intended for distribution in the United States solely to "major US institutional investors", as defined in Rule 15a-6 under the US, Securities Exchange Act of 1934, as amended, and may not be furnished to any other person in the United States. Each major US institutional investor that receives a copy of this report by its acceptance hereof represents and agrees that it shall not distribute or provide this report to any other person. Any U.S. recipient of this report wishing to effect any transaction to buy or sell securities based on the information provided in this report should do so only through a U.S.-registered broker-dealer.

For recipients of this document in Singapore

This report is distributed in Singapore by CMBI (Singapore) Pte. Limited (CMBISG) (Company Regn. No. 201731928D), an Exempt Financial Adviser as defined in the Financial Advisers Act (Cap. 110) of Singapore and regulated by the Monetary Authority of Singapore. CMBISG may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, as defined in the Securities and Futures Act (Cap. 289) of Singapore, CMBISG accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact CMBISG at +65 6350 4400 for matters arising from, or in connection with the report.

Disclosures & Disclaimers

Analyst Certification

The research analyst who is primary responsible for the content of this research report, in whole or in part, certifies that with respect to the securities or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about the subject securities or issuer; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific views expressed by that analyst in this report.

Besides, the analyst confirms that neither the analyst nor his/her associates (as defined in the code of conduct issued by The Hong Kong Securities and Futures Commission) (1) have dealt in or traded in the stock(s) covered in this research report within 30 calendar days prior to the date of issue of this report; (2) will deal in or trade in the stock(s) covered in this research report 3 business days after the date of issue of this report; (3) serve as an officer of any of the Hong Kong listed companies covered in this report; and (4) have any financial interests in the Hong Kong listed companies covered in this report.

CMBIGM Ratings

BUY	: Stock with potential return of over 15% over next 12 months
HOLD	: Stock with potential return of +15% to -10% over next 12 months
SELL	: Stock with potential loss of over 10% over next 12 months
NOT RATED	: Stock is not rated by CMBIGM
OUTPERFORM	: Industry expected to outperform the relevant broad market benchmark over next 12 months
MARKET-PERFORM	: Industry expected to perform in-line with the relevant broad market benchmark over next 12 months
UNDERPERFORM	: Industry expected to underperform the relevant broad market benchmark over next 12 months

CMB International Global Markets Limited

Address: 45/F, Champion Tower, 3 Garden Road, Hong Kong, Tel: (852) 3900 0888 Fax: (852) 3900 0800

CMB International Global Markets Limited ("CMBIGM") is a wholly owned subsidiary of CMB International Capital Corporation Limited (a wholly owned subsidiary of China Merchants Bank)

Important Disclosures

There are risks involved in transacting in any securities. The information contained in this report may not be suitable for the purposes of all investors. CMBIGM does not provide individually tailored investment advice. This report has been prepared without regard to the individual investment objectives, financial position or special requirements. Past performance has no indication of future performance, and actual events may differ materially from that which is contained in the report. The value of, and returns from, any investments are uncertain and are not guaranteed and may fluctuate as a result of their dependence on the performance of underlying assets or other variable market factors. CMBIGM recommends that investors should independently evaluate particular investments and strategies, and encourages investors to consult with a professional financial advisor in order to make their own investment decisions.

This report or any information contained herein, have been prepared by the CMBIGM, solely for the purpose of supplying information to the clients of CMBIGM or its affiliate(s) to whom it is distributed. This report is not and should not be construed as an offer or solicitation to buy or sell any security or any interest in securities or enter into any transaction. Neither CMBIGM nor any of its affiliates, shareholders, agents, consultants, directors, officers or employees shall be liable for any loss, damage or expense whatsoever, whether direct or consequential, incurred in relying on the information contained in this report. Anyone making use of the information contained in this report does so entirely at their own risk.

The information and contents contained in this report are based on the analyses and interpretations of information believed to be publicly available and reliable. CMBIGM has exerted every effort in its capacity to ensure, but not to guarantee, their accuracy, completeness, timeliness or correctness. CMBIGM provides the information, advices and forecasts on an "AS IS" basis. The information and contents are subject to change without notice. CMBIGM may issue other publications having information and/ or conclusions different from this report. These publications reflect different assumption, point-of-view and analytical methods when compiling. CMBIGM may make investment decisions or take proprietary positions that are inconsistent with the recommendations or views in this report.

CMBIGM may have a position, make markets or act as principal or engage in transactions in securities of companies referred to in this report for itself and/or on behalf of its clients from time to time. Investors should assume that CMBIGM does or seeks to have investment banking or other business relationships with the companies in this report. As a result, recipients should be aware that CMBIGM may have a conflict of interest that could affect the objectivity of this report and CMBIGM will not assume any responsibility in respect thereof. This report is for the use of intended recipients only and this publication, may not be reproduced, reprinted, sold, redistributed or published in whole or in part for any purpose without prior written consent of CMBIGM.

Additional information on recommended securities is available upon request.

For recipients of this document in the United Kingdom

This report has been provided only to persons (I) falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended from time to time) ("The Order") or (II) are persons falling within Article 49(2) (a) to (d) ("High Net Worth Companies, Unincorporated Associations, etc.") of the Order, and may not be provided to any other person without the prior written consent of CMBIGM.

For recipients of this document in the United States

CMBIGM is not a registered broker-dealer in the United States. As a result, CMBIGM is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. The research analyst who is primary responsible for the content of this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA"). The analyst is not subject to applicable restrictions under FINRA Rules intended to ensure that the analyst is not affected by potential conflicts of interest that could bear upon the reliability of the research report. This report is intended for distribution in the United States solely to "major US institutional investors", as defined in Rule 15a-6 under the US, Securities Exchange Act of 1934, as amended, and may not be furnished to any other person in the United States. Each major US institutional investor that receives a copy of this report by its acceptance hereof represents and agrees that it shall not distribute or provide this report to any other person. Any U.S. recipient of this report wishing to effect any transaction to buy or sell securities based on the information provided in this report should do so only through a U.S.-registered broker-dealer.

For recipients of this document in Singapore

This report is distributed in Singapore by CMBI (Singapore) Pte. Limited (CMBISG) (Company Regn. No. 201731928D), an Exempt Financial Adviser as defined in the Financial Advisers Act (Cap. 110) of Singapore and regulated by the Monetary Authority of Singapore. CMBISG may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, as defined in the Securities and Futures Act (Cap. 289) of Singapore, CMBISG accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact CMBISG at +65 6350 4400 for matters arising from, or in connection with the report.

