



## Flash Note: Skyworth Digital (00751 HK)

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# Capital Injection in Skyworth's Subsidiary Coocaa by Baidu

百度注资创维数码子公司酷开

- Skyworth announced that its indirectly wholly owned subsidiary Skyworth RGB (one of the managing shareholders of Coocaa) has entered into an agreement with Baidu (BIDU US) regarding capital injection into Coocaa. Before the investment, iQiYi, indirectly controlled by Baidu, owned approximately 4.61% equity interest in Coocaa. According to the agreement, Baidu will contribute RMB1,010 million (approx. HK\$1,252 million) to Coocaa, of which around RMB13.4 million will be registered capital and the remaining portion will be capital reserve. Upon completion of the deal, Baidu will hold around 11.0% share in Coocaa and the equity interest owned by the Company will decrease from 71.9% to 64.3%. The implied valuation of Coocaa will reach approximately RMB9,182 million.
- The investment is a win-win cooperation for the Company. Coocaa is an internet TV brand with its own smart TV operating system Coocaa OS and provides related value-added services. Coocaa achieved rapid growth in recent years, growing from net loss of RMB17 million in 2015 to net profit of RMB10 million in 2016. By the end of Feb. 2018, the Company had approximately 28 million active TVs and over 10 million daily active users. After the deal, Coocaa OS is expected to have in-depth cooperation with Baidu Duer OS, improving user experience through connection and cooperation in technology, content, data and operations. On the one hand, Skyworth can take advantage of Baidu's leading technology, including AI, to update its smart home appliances system and Internet of Things, and occupy the advantage of "living room economy". On the other hand, Skyworth provides an excellent entrance for Baidu in smart home appliance areas with its numerous activated smart TVs.
- Skyworth is a leading TV manufacturer in China with high-end products like OLED TVs. Despite a tough 2017 for the TV industry in China, the Company's operating pressures have been alleviated in the context of decreasing panel prices and recovery of sales volume. We like the Company's cooperation with Baidu and believe it will increase the Company's competitiveness in the industry. In addition, the increasing valuation of Coocaa is strong support for the Company's stock price. We believe that Skyworth's current price is attractive and maintain investment rating as "Buy" with TP of HK\$4.95.
- 创维公告称其间接全资子公司创维 RGB（酷开的管理层股东之一）与百度(BIDU US)签订了关于注资酷开的协议。在这次投资之前，百度的间接控股公司爱奇艺就已经拥有酷开 4.61%的权益。根据协议，百度注资人民币 1,010 百万元（约港币 1,252 百万元）至酷开，其中人民币 13.4 百万元作为注册资本，剩下作为资本储备。在交易完成后，百度将持有酷开约 11.0%的股份，而公司持有权益将从 71.9%降至 64.3%。酷开的估值将达到约人民币 9,182 百万元。
- 该笔投资将是双赢合作。酷开是一个互联网电视品牌，拥有自主智能电视操作系统酷开系统以及提供增值服务。酷开近年来增长迅速，从 2015 年亏损人民币 17 百万元至 2016 年盈利人民币 10 百万元。截止 2018 年 2 月，公司共有约 2,800 万电视激活用户以及超过 1,000 万日活跃用户。交易完成后，酷开系统将会与百度的 Duer 系统深度合作，通过技术、内容、数据和运营的连接和合作提升用户体验。一方面，创维可以利用百度领先的技术包括人工智能技术来升级其智能家电系统和互联网，抢占“客厅经济”优势地位。另一方面，创维的大量激活智能电视数量也给百度进入智能家电领域提供了一个绝佳的入口。
- 创维数码是一家国内领先的电视制造企业，并拥有例如 OLED 电视等高端产品。尽管中国电视行业在 2017 年比较艰难，但在面板价格下降和销量提升的背景下，公司的经营压力正在减轻。我们看好公司与百度的合作并相信这将提升公司在行业内的竞争力。此外，酷开不断提升的估值也是公司股价一个强有力的支撑。我们认为公司股价吸引，维持投资评级为“买入”，目标价 4.95 港元。

**Company Rating Definition**

The Benchmark: Hong Kong Hang Seng Index

Time Horizon: 6 to 18 months

Rating		Definition
Buy	买入	Relative Performance > 15%; or the fundamental outlook of the company or sector is favorable.
Accumulate	收集	Relative Performance is 5% to 15%; or the fundamental outlook of the company or sector is favorable.
Neutral	中性	Relative Performance is -5% to 5%; or the fundamental outlook of the company or sector is neutral.
Reduce	减持	Relative Performance is -5% to -15%; or the fundamental outlook of the company or sector is unfavorable.
Sell	卖出	Relative Performance < -15%; or the fundamental outlook of the company or sector is unfavorable.

**Sector Rating Definition**

The Benchmark: Hong Kong Hang Seng Index

Time Horizon: 6 to 18 months

Rating		Definition
Outperform	跑赢大市	Relative Performance > 5%; or the fundamental outlook of the sector is favorable.
Neutral	中性	Relative Performance is -5% to 5%; or the fundamental outlook of the sector is neutral.
Underperform	跑输大市	Relative Performance < -5%; Or the fundamental outlook of the sector is unfavorable.

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