



Company Report: China Unicom (00762 HK)

公司报告: 中国联通 (00762 HK)

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Affected by Speed Upgrade and Tariff Reduction, "Accumulate"

受提速降费所影响, "收集"

- **China Unicom's FY17 results were lower than expectations but saw 192.5% growth in net profit.** Mobile service revenue grew 5.2% yoy in FY17 due to a larger 4G user base with ARPU improvement.
- **Stronger pressure from policies.** The government has instructed telecom operators to lower mobile data tariffs by 30% and improve network transmission speeds to increase internet penetration to boost consumption. The trim of mobile data tariffs is expected to encourage mobile tariff volume but the overall effect is negative.
- **We lower FY18-FY19 mobile service revenue by 10.0%/ 12.0%, respectively,** due to the lowering of mobile data tariffs by 30% related to the Speed Upgrade and Tariff Reduction strategy. FY17 mobile ARPU was RMB48.0, up 3.5% yoy. We forecast FY18-FY20 mobile ARPU to grow by 2.1%/ 4.1%/ 3.9%, respectively.
- **Maintain the investment rating of "Accumulate" but trim the TP from HK\$12.50 to HK\$11.00.** We cut FY18-FY19 EPS by 7.5%/ 8.6%, respectively. The new TP represents 29.6x FY18 PER, 19.8x FY19 PER, 15.2x FY20 PER and 0.9x FY18 PBR.
- **中国联通 2017 年业绩差于预期, 净利润增长 192.5%。** 2017 年移动服务收入同比增长 5.2%, 因较大的 4G 用户数量和 ARPU 值有所改善。
- **政策加强的压力。** 政府已经指示电信运营商将移动数据资费降低 30%, 并提高网络传输速度以改善互联网渗透和促进消费。预计移动数据资费的下调可鼓励移动资费量, 但总体影响是负面的。
- 由于提速降费致移动数据资费降低 30%, **我们分别下调 2018-2019 年移动收入的预测 10.0%/ 12.0%。** 2017 年移动 ARPU 为人民币 48.0 元, 同比升 3.5%。我们预测 2018-2020 年移动 ARPU 将分别增长 2.1%/ 4.1%/ 3.9%。
- **维持公司的投资评级为 "收集" 及目标价从 12.50 港元下调至 11.00 港元。** 我们分别下调 2018-2019 年每股盈利预测 7.5%/ 8.6%, 新目标价相当于 29.6 倍 2018 年市盈率、19.8 倍 2019 年市盈率、15.2 倍 2020 年市盈率及 0.9 倍 2018 年市净率。

Rating:

Accumulate

Maintained

评级:

收集 (维持)

6-18m TP 目标价:

HK\$11.00

Revised from 原目标价:

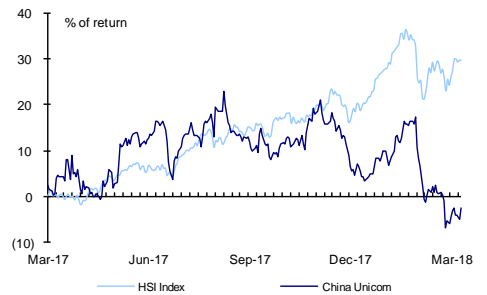
HK\$12.50

Share price 股价:

HK\$9.750

Stock performance

股价表现



Change in Share Price	1 M	3 M	1 Y
股价变动	1 个月	3 个月	1 年
Abs. % 绝对变动 %	(4.0)	(7.6)	(2.7)
Rel. % to HS Index 相对恒指变动 %	(5.3)	(16.9)	(32.5)
Avg. Share price(HK\$) 平均股价 (港元)	(9.9)	10.60	11.0

Source: Bloomberg, Guotai Junan International.

Year End	Turnover	Net Profit	EPS	EPS	PER	BPS	PBR	DPS	Yield	ROE
年结	收入	股东净利	每股净利	每股净利变动	市盈率	每股净资产	市净率	每股股息	股息率	净资产收益率
12/31	(RMB m)	(RMB m)	(RMB)	(Δ %)	(x)	(RMB)	(x)	(RMB)	(%)	(%)
2016A	274,197	625	0.026	(94.1)	335.9	9,508	0.9	0.000	0.0	0.3
2017A	274,829	1,828	0.074	184.6	106.7	12,388	0.6	0.050	0.6	0.7
2018F	282,913	9,675	0.316	327.0	25.0	12,985	0.6	0.270	3.4	3.1
2019F	291,341	14,471	0.473	49.7	16.7	14,262	0.6	0.400	5.1	4.3
2020F	298,536	18,874	0.617	30.4	12.8	15,014	0.5	0.530	6.7	5.3
Shares in issue (m) 总股数 (m)				30,598.1	Major shareholder 大股东					China Unicom Group 54.7%
Market cap. (HK\$ m) 市值 (HK\$ m)				298,331.5	Free float (%) 自由流通比率 (%)					25.6
3 month average vol. 3 个月平均成交股数 ('000)				43,094.0	FY18 Net gearing (%) FY18 净负债/股东资金 (%)					2.1
52 Weeks high/low (HK\$) 52 周高/低 (HK\$)				13.240 / 9.290	FY18 Est. NAV (HK\$) FY18 每股估值 (港元)					12.0

Source: the Company, Guotai Junan International.

FY17 Results Review

China Unicom's FY17 results were lower than expected, with 192.5% yoy growth in net profit due to weaker-than-expected mobile ARPU. Excluding RMB2.9 billion net loss on asset disposals related to optical fiber network upgrade, China Unicom's net profit grew 540.5% yoy to RMB4.0 billion in FY17. Although there is significant improvement in user base, ARPU is expected to be affected due to a larger base of low-end users. EBITDA margin improved 0.5 ppt yoy to 33.9% in FY17. China Unicom has spent RMB42.1 billion in CAPEX in FY17 to improve 4G network coverage, big data development and investment setup for innovative businesses. 4G base stations increased by 110,000, with total 4G base stations reaching 850,000. In FY18, China Unicom will spend no more than RMB50 billion for 5G network development, NB-IOT coverage improvement and cloud platforms. Due to the placement of shares to the parent company relating to the mixed ownership reform, China Unicom managed to improve its liabilities to asset ratio from 62.9% in FY16 to 46.8% in FY17. Following the formation of mixed ownership reform, China Unicom is refining its corporate structure with (1) new staff organization: the reduction of headcount and the launch of incentive schemes; (2) strengthen with internet companies: emphasize online sales channels; (3) limit FY18 CAPEX to be less than RMB50 billion; and (4) lowering of gearing ratio.

Table-1: China Unicom's Income Statement

RMB (Billion)	FY17	FY16	YoY	Comments
Total revenue	274.8	274.2	0.2%	
Mobile service revenue	156.4	145.0	7.9%	Contributed by mobile service revenue improvement with larger 4G user base
Fixed line service revenue	90.9	91.7	(0.9%)	
Other service revenue	1.7	1.3	30.8%	
Sales of products & others	25.8	36.2	(28.7%)	
Interconnection charges	(12.6)	(12.7)	(0.8%)	
D&A	(77.5)	(76.8)	0.9%	
Networks, operations & support expenses	(54.5)	(51.2)	6.4%	Due to the rise in tower leasing expense
Employee benefit expenses	(42.5)	(36.9)	15.2%	
Cost of products sold	(26.6)	(39.3)	(32.3%)	Due to the lowering of handset subsidies (decreased by 59.1% yoy to RMB1.3 billion)
Other operating expenses	(57.2)	(54.6)	4.8%	Related to the net loss on asset disposal of about RMB2.9 billion for fiber network upgrade in 2017
Profit attributable to shareholders	1.8	0.6	192.5%	
EPS (RMB)	0.07	0.03	185.1%	
EBITDA	81.4	79.5	2.4%	
Net profit margin	0.7%	0.2%	0.4ppt	
EBITDA / service revenue	29.6%	29.0%	0.6ppt	

Source: the Company, Guotai Junan International.

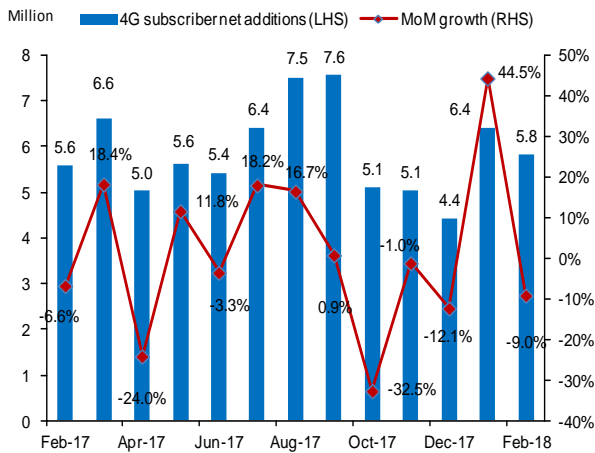
We cut FY18-FY19 mobile revenue estimations by 10.0%/ 12.0%, respectively. Mobile service revenue grew 7.9% yoy to RMB156.4 billion in FY17, driven by 27.1% growth in data traffic revenue amid 15.6% yoy drop in voice revenue. FY17 mobile ARPU reached RMB48.0, up 3.5% yoy. However, 4G ARPU lowered by 17.0% yoy in FY17 to RMB63.4 due to larger base of low-end subscribers. Thanks to co-operation with internet companies with the launch of data SIM cards, China Unicom added 70.3 million 4G subscribers in FY17, up 16.4% yoy, and aggregate 4G users reached 175 million in Dec. 2017. The penetration of 4G users improved by 21.9 ppt yoy to 61.5% in FY17. We expect the Company's 4G user growth to slow down in FY18 due to a larger 4G user base and fierce market competition. Handset data usage surged by 359% yoy to over 2.4GB in FY17 which helped handset internet access revenue grow 28.8% yoy. China Unicom is expected to lower its data traffic tariff by 30%, cancel the data roaming tariff and improve network transmission speeds by following the Government's instruction of Speed Upgrade and Tariff Reduction policy. The lowering of data traffic fee is expected to encourage user mobile data usage, which would stimulate the overall data traffic volume to grow. We lower China Unicom's mobile ARPU by 9.1%/ 11% in FY18-FY19, respectively. China Unicom is expected to face stronger headwinds from sector policies and fierce market competition. We

See the last page for disclaimer

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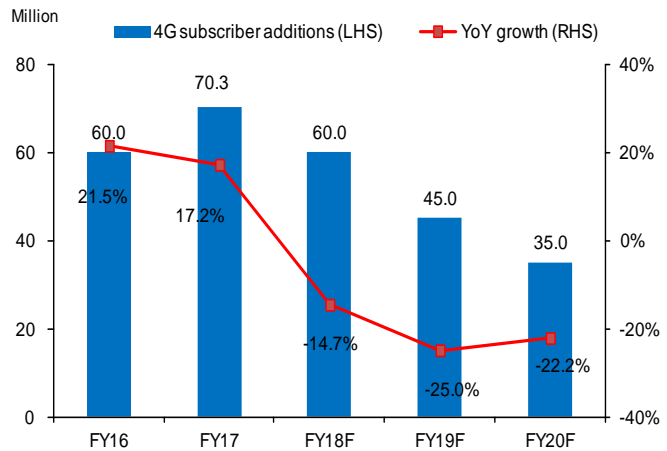
expect FY18-FY20 mobile ARPU to grow by 2.1%/ 4.1%/ 3.9% to RMB49.0/ RMB51.0/ RMB53.0, respectively.

Figure-1: China Unicom's Monthly 4G Subscriber Net Additions and MoM Growth



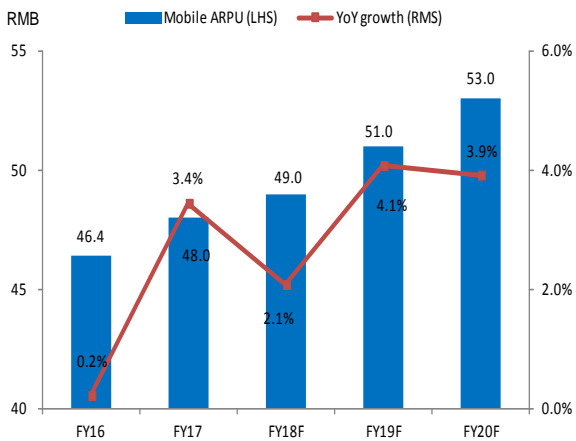
Source: the Company.

Figure-2: China Unicom's 4G Subscriber Net Additions and YoY Growth



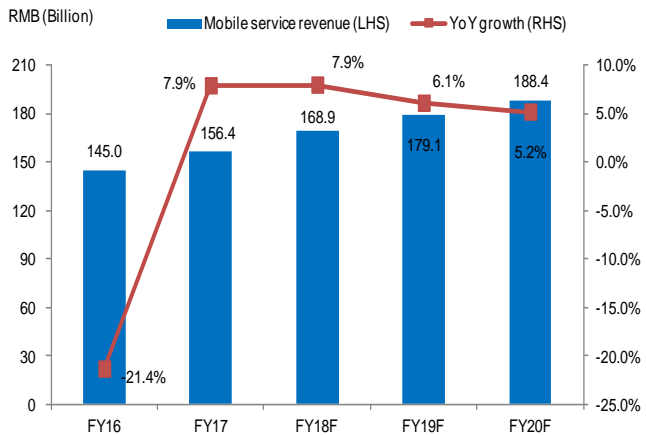
Source: the Company, Guotai Junan International.

Figure-3: China Unicom's Blended Mobile ARPU Forecast and YoY Growth



Source: the Company, Guotai Junan International.

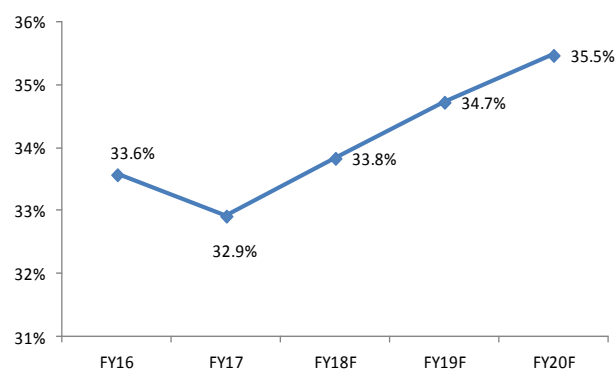
Figure-4: China Unicom's Mobile Service Revenue and YoY Growth



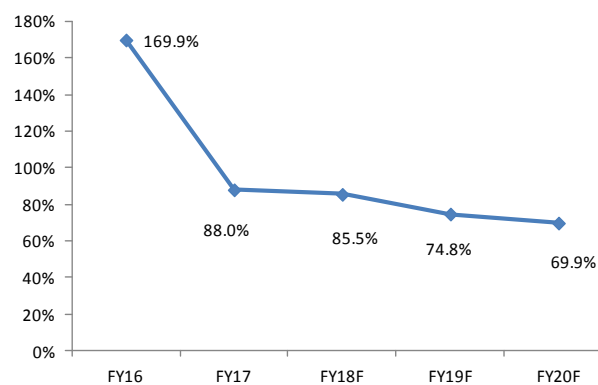
Source: the Company, Guotai Junan International.

Fixed-line service revenue decreased by 0.9% yoy in FY17, which is in line with expectations. Fixed-line broadband ARPU decreased by 6.3% yoy to RMB46.3 due to fierce market competition and the trim of service tariffs. China Unicom added 1.3 million fixed-line broadband subscribers in FY17 and aggregate users reached 76.5 million. China Unicom introduced more bundled products with co-operation with internet companies to provide value added services to boost penetration. We expect fixed-line service revenue to grow by -0.5%/ 0.5%/ 0.8% in FY18-FY20, respectively.

Net gearing ratio is improving. Net gearing ratio improved from 65.0% in FY16 to 12.4% in FY17. Thanks to the launch of mixed ownership reform with higher capital ratio and better sales channels, China Unicom managed to increase its cash ratio, reduction of loans and lower marketing expenses. The number of departments at the Company's headquarters decreased by 33%, provincial branches lowered by 21% and headcount was reduced to increase savings in operations. We estimate FY18 net gearing to further improve and reach 2.1% in FY18. FY17 EBITDA margin was 29.6%, up 0.6 ppt yoy, thanks to lower handset subsidies and lower depreciation expense as a percentage of revenue. Handset subsidies fell by 59.1% to RMB1.3 billion in FY17. FY18-FY20 EBITDA margin is expected to improve by 0.9 ppt/ 0.9 ppt/ 0.7 ppt to 33.8%/ 34.7%/ 35.5%, respectively. China Unicom's debt/equity ratio is expected to decrease thanks to better cash flow from the launch of mixed ownership reform.

Figure-5: China Unicom's EBITDA Margin


Source: the Company, Guotai Junan International.

Figure-6: China Unicom's Debt/Equity Ratio


Source: the Company, Guotai Junan International.

Profit Revisions

We cut FY17-FY19 EPS by 7.5%/ 8.6%, respectively. We cut FY18-FY19 mobile service revenue forecasts by 10.0%/ 12.0%, respectively, due to the lowering of mobile data tariff and stronger pressure with the launch of the Speed Upgrade and Tariff Reduction strategy.

Table-2: Financial Estimations Revisions

RMB (Million)	OLD			NEW			CHANGE		
	2018F	2019F	2020F	2018F	2019F	2020F	2018F	2019F	2020F
Total operating revenue	308,184	321,568	n.a.	282,913	291,341	298,536	(8.2%)	(9.4%)	n.a.
Mobile revenue	187,638	203,559	n.a.	168,874	179,132	188,383	(10.0%)	(12.0%)	n.a.
Fixed-line revenue	90,412	90,864	n.a.	90,412	90,864	91,591	0.0%	0.0%	n.a.
Sales of products	23,627	21,345	n.a.	23,627	21,345	18,562	0.0%	0.0%	n.a.
Net profit	10,459	15,833	n.a.	9,675	14,471	18,874	(7.5%)	(8.6%)	n.a.
EPS (RMB)	0.342	0.518	n.a.	0.316	0.473	0.617	(7.5%)	(8.6%)	n.a.

Source: Guotai Junan International.

Valuation

Maintain the Company's investment rating of "Accumulate" but lower the TP from HK\$12.50 to HK\$11.00. China Unicom is expected to face stronger headwinds from the launch of the Speed Upgrade and Tariff Reduction strategy. We expect that the Company's service tariff may further be affected by more regulation from the government, to propel growth in internet consumption. However, the new corporate structure and business model related to the mixed ownership reform may help to improve profit margins. The new TP represents 29.6x FY18 PER, 19.8x FY19 PER, 15.2x FY20 PER and 0.9x FY18 PBR.

Table-3: Peers Comparison

Company	Ticker	Currency	Price	PER			PBR			ROE(%)	D/Y (%)	EV/EBITDA	ROA(%)
				17F	18F	19F	17F	18F	19F	18F	18F	18F	18F
HK Listed Companies													
China Unicom Hong Kong Ltd	762 HK	HKD	9.750	121.6	26.8	17.1	0.8	0.8	0.9	2.7	1.5	2.8	1.4
China Mobile Ltd	941 HK	HKD	72.700	10.6	10.1	9.8	1.2	1.1	1.3	11.5	5.1	2.6	7.3
China Telecom Corp Ltd-H	728 HK	HKD	3.380	12.3	11.0	9.9	0.7	0.7	0.8	6.1	3.8	3.0	3.2
Pccw Ltd	8 HK	HKD	4.660	16.0	21.2	17.9	1.8	2.5	2.6	9.2	6.0	5.6	1.7
HKT	6823HK	HKD	9.910	14.7	14.6	14.2	1.9	1.9	1.9	13.0	6.6	8.4	5.5
Smartone Telecom	315 HK	HKD	8.450	13.7	15.2	15.6	2.0	2.0	2.0	13.1	5.3	4.9	7.9
Hutchison Telecomm Hong Kong	215 HK	HKD	2.840	2.9	35.9	35.9	0.9	0.8	0.9	2.5	2.0	4.2	1.4
Simple Average				27.4	19.3	17.2	1.3	1.4	1.5	8.3	4.3	4.5	4.0
Weighted Average				26.2	13.0	11.3	1.1	1.1	1.3	9.6	4.5	2.9	5.8
US Listed Companies													
AT&T Inc	T US	USD	37.000	7.8	10.7	10.5	1.6	1.6	1.5	15.2	5.4	6.3	4.5
Verizon Communications Inc	VZ US	USD	48.560	6.6	10.7	10.4	4.6	4.1	3.5	43.1	4.9	6.6	7.2
Centurylink Inc	CTL US	USD	17.130	7.8	17.5	12.7	0.8	0.8	1.0	3.9	12.6	6.4	1.2
Simple Average				7.4	13.0	11.2	2.3	2.2	2.0	20.7	7.7	6.4	4.3
Weighted Average				7.2	11.0	10.6	2.9	2.7	2.4	27.3	5.5	6.4	5.6
JP Listed Companies													
Nippon Telegraph & Telephone	9432 JP	JPY	4,998.000	12.8	11.3	10.9	1.1	1.0	1.0	9.2	3.0	5.1	4.7
Kddi Corp	9433 JP	JPY	2,692.000	12.1	11.5	10.8	1.9	1.7	1.6	15.6	3.4	5.2	9.1
Ntt Docomo Inc	9437 JP	JPY	2,770.000	15.8	14.2	14.3	1.9	1.7	1.6	12.7	3.6	6.9	9.6
Softbank Corp	9984 JP	JPY	8,596.000	6.7	8.8	12.6	2.6	1.9	1.6	23.5	0.5	8.3	3.9
Simple Average				11.9	11.4	12.1	1.9	1.6	1.5	15.2	2.6	6.4	6.8
Weighted Average				12.0	11.5	12.3	1.8	1.6	1.4	15.0	2.6	6.4	6.7
EU Listed Companies													
Vodafone Group Plc	VOD LN	GBP	201.500	n.a.	20.8	19.4	0.9	0.9	81.2	3.7	6.6	6.5	2.1
Deutsche Telekom Ag-Reg	DTE GR	EUR	13.400	18.1	13.8	12.1	2.1	2.0	1.9	13.0	5.3	5.5	3.0
Telenor Asa	TEL NO	NOK	178.000	22.3	16.3	15.0	4.6	4.6	4.4	28.4	4.7	6.6	7.8
Telecom Italia Spa	TIT IM	EUR	0.809	15.3	10.8	10.0	0.8	0.7	0.7	7.2	0.5	5.1	3.3
Simple Average				18.6	15.4	14.1	2.1	2.1	22.0	14.3	4.3	5.9	4.6
Weighted Average				18.8	16.4	15.0	1.9	1.9	30.8	11.6	5.2	6.0	3.5
Other Developed Market													
Telstra Corp Ltd	TLS AU	AUD	3.340	10.3	11.2	10.5	2.7	2.6	2.4	23.9	6.6	5.4	9.7
Singapore Telecom Ltd	ST SP	SGD	3.480	14.5	14.1	14.3	2.0	1.9	1.9	14.4	5.8	13.0	8.9
Simple Average				12.4	12.7	12.4	2.4	2.3	2.1	19.1	6.2	9.2	9.3
Weighted Average				12.8	12.9	12.7	2.3	2.2	2.1	18.3	6.1	9.9	9.3
Overall Average				15.5	14.3	13.4	2.0	1.9	5.8	15.5	5.0	6.5	5.8
Overall Weighted Average				15.4	13.0	12.4	2.0	1.9	7.6	16.4	4.8	6.3	6.2

Source: Bloomberg.

Financial Statements and Ratios

Income Statement						Balance Sheet					
Year end 31 Dec (RMB m)	2016A	2017A	2018F	2019F	2020F	Year end 31 Dec (RMB m)	2016A	2017A	2018F	2019F	2020F
Mobile service revenue	145,018	156,441	168,874	179,132	188,383	PP&E	451,115	416,596	440,104	454,933	461,896
Fixed line service revenue	91,710	90,866	90,412	90,864	91,591	Lease prepayments	9,436	9,313	9,779	10,268	10,781
Sales of telecom products & others	37,469	27,522	23,627	21,345	18,562	Goodwill	2,771	2,771	2,771	2,771	2,771
Total Revenue	274,197	274,829	282,913	291,341	298,536	Other non-current assets	68,614	66,581	63,106	59,930	57,026
Interconnection charges	(12,739)	(12,617)	(12,491)	(12,241)	(11,996)	Total Non-current Assets	531,936	495,261	515,760	527,902	532,474
Depreciation & amortisation	(76,805)	(77,492)	(78,267)	(79,050)	(79,840)	Inventories & consumables	2,431	2,239	2,325	3,193	4,090
Networks, operations & support expenses	(51,167)	(54,507)	(58,261)	(61,442)	(64,427)	Account Receivables	13,622	13,964	16,277	17,560	18,812
Employee benefit expenses	(36,907)	(42,471)	(43,286)	(44,575)	(45,676)	Prepayments & other current assets	14,023	13,801	13,111	12,455	11,833
Costs of telecommunications products sold	(39,301)	(26,643)	(23,104)	(20,705)	(17,924)	Cash & Cash Equivalents	23,633	32,836	30,694	37,800	46,037
Other operating expenses	(54,585)	(57,166)	(58,023)	(58,604)	(59,190)	Other current assets	28,509	13,882	13,404	13,148	12,923
Total operating expenses	(271,504)	(270,896)	(273,432)	(276,616)	(279,054)	Total Current Assets	82,218	76,722	75,811	84,156	93,694
Operating Profit	2,693	3,933	9,481	14,725	19,482	Total Assets	614,154	571,983	591,571	612,059	626,168
Finance costs	(5,017)	(5,734)	(1,711)	(1,022)	(614)	Accounts payable & accrued liabilities	143,224	125,260	156,568	159,149	161,316
Interest income	1,160	1,647	1,918	1,814	2,172	Amounts due to related parties	8,700	8,126	8,532	8,959	9,407
Share of loss of JV & associate	357	1,467	1,907	2,384	2,622	Commercial papers	35,958	8,991	7,193	4,316	2,589
Other income - net	1,591	1,280	1,408	1,549	1,704	Short-term bank loans	76,994	22,500	18,000	10,800	6,480
Profit Before Tax	784	2,593	13,003	19,449	25,366	Current portion of other obligations	3,141	2,987	3,368	3,786	4,247
Income Tax	(154)	(743)	(3,251)	(4,862)	(6,342)	Advances from customers	47,028	49,283	50,382	52,681	54,800
Profit After Tax	630	1,850	9,753	14,587	19,025	Others	27,610	25,475	7,786	8,292	8,837
Non-controlling Interest	(5)	(22)	(77)	(116)	(151)	Total Current Liabilities	342,655	242,622	251,828	247,983	247,676
Shareholders' Profit / Loss	625	1,828	9,675	14,471	18,874	Long-term bank debt	4,495	3,473	2,778	1,389	695
Basic EPS	0.026	0.074	0.316	0.473	0.617	Deferred revenue	2,998	3,020	3,109	3,201	3,281
						Others	36,324	18,521	14,853	9,113	5,676
						Total Non-current Liabilities	43,817	25,014	20,740	13,704	9,651
						Total Liabilities	386,472	267,636	272,568	261,687	257,327
						Share capital	179,102	254,056	254,056	254,056	254,056
						Reserves	48,305	49,994	64,561	95,892	114,340
						Total Shareholders' Equity	227,407	304,050	318,617	349,948	368,396
						Minority Interest	275	297	385	423	445
						Total Equity	227,682	304,347	319,003	350,371	368,841
Cash Flow Statement						Financial Ratios					
Year end 31 Dec (RMB m)	2016A	2017A	2018F	2019F	2020F		2016A	2017A	2018F	2019F	2020F
Profit before income tax	784	2,593	13,003	19,449	25,366	Operating margin (%)	1.0	1.4	3.4	5.1	6.5
Net interest expenses (income)	(1,160)	(1,647)	(1,918)	(1,814)	(2,172)	Net profit margin (%)	0.2	0.7	3.4	5.0	6.4
Depreciation & amortization	76,805	77,492	78,267	79,050	79,840	ROA (%)	0.1	0.3	1.7	2.4	3.1
Other non-cash items	8,637	11,115	4,028	3,373	2,999	ROE (%)	0.3	0.7	3.1	4.4	5.3
Working capital change	(3,898)	1,966	4,683	6,308	6,097	Net gearing (%)	65.0	12.4	2.1	Net cash	Net cash
Interest received	335	807	1,918	1,814	2,172						
Interest paid	(4,938)	(6,293)	(1,711)	(1,022)	(614)						
Income tax paid	(1,972)	(979)	(3,251)	(4,862)	(6,342)						
Cash from Operating Activities	74,593	85,054	95,020	102,296	107,347						
CAPEX	(98,293)	(61,489)	(64,563)	(70,374)	(76,004)						
Others	2,544	14,153	19,173	20,179	21,242						
Cash from Investing Activities	(95,749)	(47,336)	(45,391)	(50,195)	(54,762)						
Bank loan change	(3,635)	(52,945)	(25,195)	(28,589)	(25,015)						
Dividend paid	(4,071)	0	(1,591)	(8,387)	(12,545)						
Others	30,583	24,531	(24,894)	(7,937)	(6,715)						
Cash from Financing Activities	22,877	(28,414)	(51,680)	(44,913)	(44,274)						
Net Changes in Cash	1,721	9,304	(2,051)	7,187	8,311						
Cash at Beg of Year	21,755	23,633	32,836	30,694	37,800						
FX change	157	(101)	(91)	(82)	(74)						
Cash at End of Year	23,633	32,836	30,694	37,800	46,037						

Source: the Company, Guotai Junan International.

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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