Q Tech Group | 1478.HK



Loss expected in 1H18 due to RMB depreciation, components shortage and slow product optimization; Earnings visibility still low

Q Tech issued an updated profit warning alert after market close last Friday (Jul 13) which expects a net loss ~RMB50 mn in 1H18 vs. profit before tax (PBT) in 1H18 would drop \geq 50% Yoy mentioned in the announcement on May 10. Management attributed that to i) ~3.8% RMB depreciation during in May and June; ii) slower CCM sales dragged by raw materials and components shortage and iii) slow product optimization in both CCM (mainly supplying low margin 2MP CCM to Huawei) and fingerprint recognition modules. In addition, we continue to believe the i) adoption of more aggressive pricing strategy; ii) lower than expected CCM product yield dragged by wider adoption of integrated lens set (MOC) which Q Tech is still on the learning curve; iii) lower than expected utilization rate due to weakened market demand while Q Tech has expanded their capacity by >50%;

Q Tech's total CCM shipped though accelerated to 22.4% Yoy/27.4% QoQ to 58.9mn and brought 1H18 total shipment to 102.8mn (+23.6% Yoy, accounted for 54% of our estimates. The CCM growth was well ahead of our FY18E forecast (190mn shipment, +10%). However, the \ge 10MP shipment only accounted for 38.0%/36.2% of the total shipment in May and June (vs. record low at 32.3% in Jun 2017), while \le 8MP CCM shipment made up ~60% of total in 1H18 vs. 44.5% in 4Q17 after tapping into Huawei's supply chain (mainly supplying low margin 2MP CCM). Though Q Tech is reported to be the sole supplier for OPPO Find X's 25M P O-face recognition front camera module, we expect the contribution to Q-tech would be minimal. We also noted that Q tech is reported to have already shipped 3D structured light camera module samples to Huawei and target to be one of the suppliers (other suppliers include Sunny Optical and O-film)for the rumoured Mate 20 (expected to be unveiled in late 2018).

• On-screen FPC plays the majority in FY18E with ASP pressure

In 1H18, Q-Tech shipped 45.1mn pieces of FPC (+31.6% Yoy) which accounted for 46.6% of our FY18E estimates (volume +20% in FY18E) and vs. 42.50% in 1H17. Q Tech has started to ship small amount of optical/under screen FPC to clients in 2Q18, however, we expect FPC would make up the majority of FY18E shipment. We noticed that the adoption of optical/under screen FPC by Chinese brands' flagships has been gradual (adopted in Vivo X20 plus UD, X21 UD, NEX flagship, Huawei Mate RS Porsche Design, Xiaomi Mi 6, Mi 8 Explorer Edition and OPPO's Find X) and due to lack of product upgrades for on screen FPCs, we still expect ASP would still face downside pressure in FY18E/19E.

Slash FY18E-20E mainly on lower GM assumption; Maintain Sell

We further Q-tech's FY18E/FY19E/20E diluted EPS cut bv 65.2%/27.1%/26.4% earnings, by factoring in lower sales forecast and GM assumption, we expect Q-tech's FY17-20E diluted EPS to grow -7.6% CAGR (vs. ~83% CAGR in FY15-FY17). We slashed Q Tech's TP from HK\$4.26 to HK\$3.03 (which implies FY19E 11.1x PE) and 45% discount (same as in our last update in May 2018) to leading players including Sunny Optical (2382.HK), O-Film (002456 CH) and LG Innotek (011070 KS) to leading players' average PE at 20.2x. Given its unattractive valuation and in view of blurred visibility on Q Tech's CCM business, we believe this profit warning update further shreds investors' confidence in Q Tech, we reiterate Q-tech's Sell rating.



HK\$5.50

From HK\$4.26 Upside.-45.0%

信達國際

Company Update

16 July 2018

Current

Hayman Chiu

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Trading data

52-Week Range (HK\$)	23.25/4.66
3 Mth Avg Daily Vol (m)	7.48
No. of Shares (m)	1,131.7
Market Cap (HK\$m)	6,224.5
Major Shareholders (%)	He Ning Ning
	(68.58%)
Auditors	KPMG
Result Due	1H18:Aug 2018

Company description

Established in 1997 and listed in HKEx in 2014, Q-tech is a leading PRC-based camera module manufacturer focusing on mid-to-high end camera module market for Chinese branded smart phone and tablet PC manufacturers. Q-tech was one of the first few manufacturers in China to use the COB (chip on board) and COF (chip on flex) assembly technologies in the manufacture of camera modules. Current customer portfolio includes leading Chinese smartphone players such as vivo, OPPO and Huawei etc



Sources: Bloomberg, CIRL

Price chart

Exhibit 1: Earr	ings forecast	revision for F	Y18E-20E e	arnings					
	FY18 (old)	FY18 (new)	Diff	FY19(old)	FY19 (new)	Diff	FY20E (old)	FY20E (new)	Diff
Revenue	8,526	8,289	-2.8%	9,739	9,060	-7.0%	11,122	10,897	-2.0%
GP	836	580	-30.6%	950	803	-15.5%	1,137	980	-13.8%
GM	9.8%	7.0%	-280bps	9.8%	8.9%	-90bps	10.2%	9.0%	-80bps
Net Profit	315	109	-65.2%	354	258	-27.1%	468	344	-26.4%
Diluted EPS	0.281	0.098	-65.2%	0.316	0.230	-27.1%	0.42	0.31	-26.4%

Source: CIRL estimates

Exhibit 2: Q Tech's shipment from 1Q16-2Q18											
Product Shipment (k pieces)											
	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	
≦8MP (k units)	27,033	35,032	31,217	39,093	18,597	28,250	23,739	18,816	25,819	36,111	
Yoy(%)	-	-	-	-	-31.2%	-19.4%	-24.0%	-51.9%	38.8%	27.8%	
QoQ(%)	-	29.6%	-10.9%	25.2%	-52.4%	51.9%	-16.0%	-20.7%	37.2%	39.9%	
≧10 MP (k units)	3,126	7,231	11,184	19,949	17,655	18,686	23,486	23,460	17,950 🖡	22,876	
Yoy(%)	-	-	-	-	464.8%	158.4%	110.0%	17.6%	1.7%	22.4%	
QoQ(%)	-	131.3%	54.7%	78.4%	-11.5%	5.8%	25.7%	-0.1%	-23.5%	27.4%	
Total CCM	30,159	42,263	42,401	59,042	36,252	46,936	47,225	42,276	43,769	58,987	
Yoy(%)	-	-	-	-	20.2%	11.1%	11.4%	-28.4%	20.7%	25.7%	
QoQ(%)	-	40.1%	0.3%	39.2%	-38.6%	29.5%	0.6%	-10.5%	3.5%	34.8%	
≥ 10 MP % of CCM shipment	10.4%	17.1%	26.4%	33.8%	48.7%	39.8%	49.7%	55.5%	41.0%	38.8%	
Fingerprint recognition module	353	967	3,263	16,421	16,032	18,289	19,488	26,919	20,993 🍢	24,179	
Yoy(%)	-	-	-	269167.2%	4441.6%	1791.3%	497.2%	63.9%	30.9%	32.2%	
QoQ(%)	5788.4%	173.9%	237.4%	403.2%	-2.4%	14.1%	6.6%	38.1%	-22.0%	15.2%	
Total	30,512	43,230	45,664	75,463	52,284	65,225	66,713	69,195	64,762	83,166	

Source: Company data, CIRL

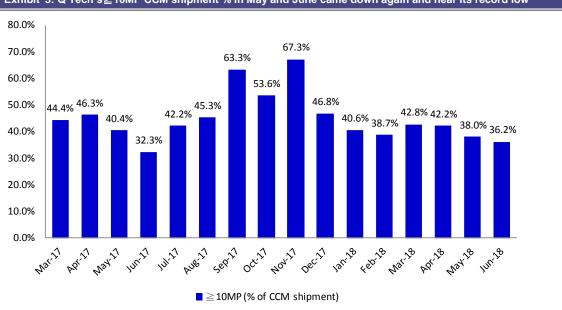


Exhibit 3: Q Tech's≥10MP CCM shipment % in May and June came down again and near its record low

Source: Company data, CIRL

	1H14	2H14	1H15	2H15	1H16	2H16	1H17	2H17
Revenue (RMB, Mn)	965	1,196	869	1,334	1,727	3,264	3,605	4,334
Yoy(%)	-	-	-10.0%	11.5%	98.8%	144.7%	108.7%	32.8%
HoH(%)	-	23.9%	-27.4%	53.5%	29.5%	89.0%	10.4%	20.2%
Camera module shipment ('k units)	-	-	36,990	61,360	72,432	105,392	83,188	89,501
Fingerprint recognition module shipment ('k units)			0	6	1,320	19,684	34,321	46,407
/olume ('k units)	35,129	47,604	36,990	61,385	75,478	122,470	117,760	135,908
Yoy(%)	-	-	5.3%	28.9%	104.0%	99.5%	56.0%	11.0%
HoH(%)	-	35.5%	-22.3%	66.0%	23.0%	62.3%	-3.8%	15.4%
3P	168	184	112	129	161	261	434	448
GM(%)	17.4%	15.4%	12.8%	9.7%	9.3%	8.0%	12.1%	10.3%
Camera module								
Camera module revenue (Mn RMB)					1,651	2,621	2,571	3,538
Yoy(%)					-	_,	55.7%	35.0%
НоН(%)					-	58.7%	-1.9%	37.6%
Camera module ASP (RMB)					22.8	24.9	30.9	39.5
Yoy(%)					-	-	35.5%	59.0%
HoH(%)					-	9.1%	24.3%	27.9%
<13 MP					1,255.6	1,307.8	829.1	849.6
≥13 MP					430.0	1,278.9	1,744.8	2,685.1
<13MP (% of total revenue)					72.7%	40.1%	23.0%	19.6%
≥ 13 MP(% of total revenue)					24.9%	39.2%	48.4%	62.0%
Fingerprint Recognition module								
Fingerprint recognintion revenue (RMB)					39.2	679.5	1,033.1	1,007.3
Yoy(%)					-	-	2535.1%	48.2%
HoH(%)					-	1633.3%	52.0%	-2.5%
Fingerprint recognintion module ASP (RMB)					29.7	34.5	30.1	21.7
Yoy(%)					-	-	1.3%	-37.1%
HoH(%)						16.2%	-12.8%	-27.9%

23.5 -14.5% -6.5%

21.7 -13.5% -7.5%

26.7

22.7% 16.5%

20.8%

30.6

33.8% 14.9%

28.7%

31.9

19.6% 4.2%

23.2%

22.9

-2.6% 5.3%

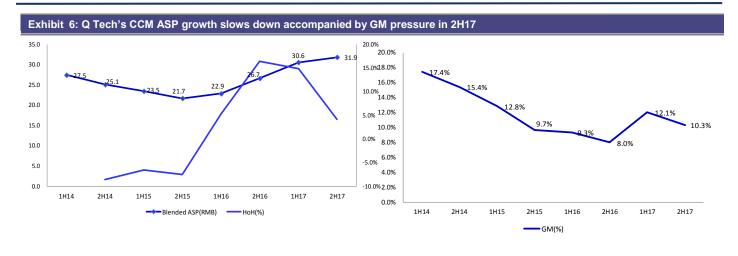
2.3%

	HoH(%)		
Blended ASP(RMB)		27.5	25.1
	Yoy(%)	-	-
	HoH(%)		-8.5%

Fingerprint Recognition module (% of total revenue)

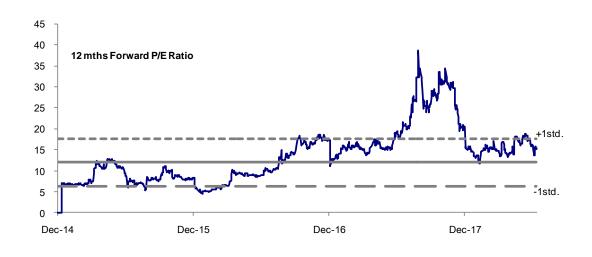
Source: Company data, CIRL estimates

		vivo X20 Plus UD	vivo X21 Plus UD	Huawei Mate RS Porsche Design
		07.86 Mar		
latuark	Tashaslasu			
letwork	Technology 2G bands	GSM / CDMA / HSPA / LTE GSM 900 / 1800 - SIM 1 & SIM 2	GSM / CDMA / HSPA / LTE GSM 850 / 900 / 1800 / 1900 - SIM 1 & SIM 2	GSM / HSPA / LTE GSM 850 / 900 / 1800 / 1900 - SIM 1 & SIM 2
		CDMA 800 & TD-SCDMA	CDMA 800 & TD-SCDMA	
	3G Network	HSDPA 850 / 900 / 1900 / 2100 LTE band 1(2100), 2(1900), 3(1800),	HSDPA 850 / 900 / 1900 / 2100 LTE band 1(2100), 2(1900), 3(1800), 5(850),	HSDPA 850 / 900 / 1900 / 2100
	4G Network	4(1700/2100), 5(850), 8(900), 38(2600),	8(900), 34(2000), 38(2600), 39(1900),	LTE
		39(1900), 40(2300), 41(2500)	40(2300), 41(2500)	
	Speed GPRS	HSPA, LTE-A (2CA) Yes	HSPA, LTE Yes	HSPA, LTE Yes
	EDGE	Yes	Yes	Yes
aunch	Announced	2018, January	2018, March	2018, March
	Status	Available. Released 2018, January	Available. Released 2018, March	Available. Released 2018, April
Body	Dimensions	155.3 x 80.1 x 7.5 mm (6.11 x 3.15 x 0.30 in) 181.5 g (6.42 oz)	154.5 x 74.8 x 7.4 mm (6.08 x 2.94 x 0.29 in) 156.2 g (5.50 oz)	152.9 x 72.5 x 8.5 mm (6.02 x 2.85 x 0.33 in) 183 g (6.46 oz)
	Weight Build	Front glass, aluminum body	Front glass, aluminum body	100 g (0.40 02)
	SIM	Hybrid Dual SIM (Nano-SIM, dual stand-by)	Hybrid Dual SIM (Nano-SIM, dual stand-by)	Hybrid Dual SIM (Nano-SIM, dual stand-by)
Display	Туре	Super AMOLED capacitive touchscreen,	Super AMOLED capacitive touchscreen,	AMOLED capacitive touchscreen, 16M
		16M colors 6.43 inches, 106.7 cm ² (~85.8% screen-to-	16M colors 6.28 inches, 98.4 cm ² (~85.2% screen-to-	colors 6.0 inches, 92.6 cm ² (~83.5% screen-to-
	Size	body ratio)	body ratio)	body ratio)
	Resolution	1080 x 2160 pixels, 18:9 ratio (~376 ppi density)	1080 x 2280 pixels, 19:9 ratio (~402 ppi density)	1440 x 2880 pixels, 18:9 ratio (~538 ppi density)
	Multitouch	Yes	Yes	Yes
		- Funtouch 3.2	- Funtouch OS 4.0	- EMUI 8.1
latform	OS	Android 7.1.1 (Nougat)	Android 8.1 (Oreo)	Android 8.1 (Oreo)
	Chipset	Qualcomm SDM660 Snapdragon 660	Qualcomm SDM660 Snapdragon 660	Hisilicon Kirin 970
	CPU		Octa-core (4x2.2 GHz Kryo 260 & 4x1.8 GHz	
	GPU	Kryo 260) Adreno 512	Kryo 260) Adreno 512	GHz Cortex-A53) Mali-G72 MP12
lemory	Card slot	microSD, up to 256 GB (uses SIM 2 slot)	microSD, up to 256 GB (uses SIM 2 slot)	No
	Internal	128 GB, 4 GB RAM	128 GB, 6 GB RAM	256/512 GB, 6 GB RAM
Camera	Primary	Dual: 12 MP, f/1.8 + 5 MP, autofocus, LED flash	Dual: 12 MP (f/1.8, 1/2.5", 1.4µm, Dual Pixel PDAF) + 5 MP (f/2.4), phase detection autofocus, LED flash	Triple: 40 MP (f/1.8, 1/1.7", OIS) + 20 MP B/W (f/1.6) + 8 MP (f/2.4), Leica optics, 3x optical zoom, phase detection and laser autofocus, dual-LED dual-tone flash
	Features	Geo-tagging, touch focus, face detection,	Geo-tagging, touch focus, face detection, HDR, panorama	Geo-tagging, touch focus, face detection, HDR, panorama
	Video	HDR, panorama 1080p@30fps	1080p@30fps	2160p@30fps, 1080p, 720p@960fps
	Secondary	12 MP, f/2.0	12 MP, f/2.0, 1080p	24 MP, autofocus, f/2.0, 1080p
Sound	Alert types	Vibration; MP3, WAV ringtones	Vibration; MP3, WAV ringtones	Vibration; MP3, WAV ringtones
	Loudspeaker 3.5mm jack	Yes	Yes Yes	Yes No
	3.5mm Jack	- 32-bit/192kHz audio	- 32-bit/192kHz audio	- 32-bit/384kHz audio
		- Active noise cancellation with dedicated	- Active noise cancellation with dedicated	 Active noise cancellation with dedicated
Comms		mic Wi-Fi 802.11 a/b/g/n/ac, dual-band, WiFi	mic Wi-Fi 802.11 a/b/g/n/ac, dual-band, WiFi	mic Wi-Fi 802.11 a/b/g/n/ac, dual-band, WiFi
	WLAN	Direct, hotspot	Direct, hotspot	Direct, hotspot
	Bluetooth	5.0, A2DP, LE	5.0, A2DP, LE Yes, with A-GPS, GLONASS	4.2, A2DP, LE, EDR, aptX HD
	GPS NFC	Yes, with A-GPS	-	Yes, with A-GPS, GLONASS Yes
	Infrared port	No	No	No
	Radio	No	FM radio	FM radio
	USB	microUSB 2.0, USB On-The-Go	microUSB 2.0, USB On-The-Go	2.0, Type-C 1.0 reversible connector
eatures		Fingerprint (under display),	Fingerprint (under display),	Fingerprints (rear-mounted and under
	Sensors	accelerometer,proximity, compass	accelerometer,proximity, compass	display), accelerometer, gyro, proximity,compass
	Messaging	SMS(threaded view), MMS, Email, Push	SMS(threaded view), MMS, Email, Push	SMS(threaded view), MMS, Email, Push
		Email HTML5	Email HTML5	Email, IM HTML5
	Browser Java	No	No	No
	5414	- Fast battery charging 5V/4.5A	- Fast battery charging	- Fast battery charging 4.5V/5A (58% in 30
		- MP4/H.264 player	- MP4/H.264 player	min) - Qi wireless charging
		- MP4/H.264 player - MP3/WAV/eAAC+/FLAC player	- MP4/H.264 player - MP3/WAV/eAAC+/FLAC player	- Qi wireless charging - XviD/MP4/H.264/WMV player
		- Document viewer	- Document viewer	- MP3/eAAC+/WMA/WAV/Flac player
		- Photo/video editor	- Photo/video editor	- Document viewer
Battery				- Photo/video editor
		Non-removable Li-lon 3900 mAh battery	Non-removable Li-lon 3200 mAh battery	Non-removable Li-Po 4000 mAh battery
Misc.	Colors	Matte Black, Gold, Rose gold	Black, Ruby Red	Black, Red
	Price	About 550 EUR	About 550 EUR	About 1600 EUR



Source: Company data, CIRL

Exhibit 8: Q Tech's 12 month Forward P/E Ratio



Source: Bloomberg, CIRL

code Currency End (HKD mr) (HKD mr) HK Listed Peers EHOVO GROUP 992 HK USD 03/2018 48,179 4.01 SUNNY OPTICAL 2382 HK CNY 12/2017 166,744 152.00 AAC TECHNOLOGIES 2018 HK CNY 12/2017 9,469 1.17 TH MOBILE ITD 2038 HK USD 12/2017 24,470 10.86 TONEDA GROUP HID 698 HK HKD 12/2017 4,369 1.40 CONDA GROUP HID 698 HK HKD 12/2017 1,315 0.63 COLINA DISPLAY OP 334 HK HKD 12/2017 1,390 1.65 COLIPAD 2369 HK HKD 12/2017 1,390 1.65 COUPAD 2363 HK HKD 12/2017 1,390 1.65 COUPAD 2363 HK HKD 12/2017 1.95 1.33 TONGDA HONG TAI 2363 HK HKD 12/2017 1.34 1.46 WATAL MOBLE HOL <t< th=""><th></th><th>Price</th><th></th><th></th><th></th><th></th><th></th><th></th><th></th><th></th><th></th><th></th><th></th></t<>		Price											
ENOVO GROUP 992 HK USD 03/2018 48,179 4.01 SUNNY OPTICAL 2382 HK CNY 12/2017 166,744 152.00 MAC TECHNOLOGIES 2018 HK CNY 12/2017 132,343 108.30 HM MOBILE ID 2038 HK USD 12/2017 23,905 3.55 SYD ELECTRONIC 285 HK CNY 12/2017 24,470 10.86 TONGDA GROUP HLD 698 HK HKD 12/2017 1,3390 1.62 COURDA GROUP HLD 698 HK HKD 12/2017 1,315 0.63 COURDA 2369 HK HKD 12/2017 1,359 1.63 COURDA 2369 HK HKD 12/2017 1,399 1.63 COURDA 2369 HK HKD 12/2017 1,399 1.63 TONGDA GROUP HLD 633 HK HKD 12/2017 1,493 1.44 VITAL MOBILE HOL 133 HK HKD 12/2017 1,590 2.54 COURDA HONG TAI <td< th=""><th></th><th>(HKD</th><th>YTD</th><th>FY16</th><th>PE (x) FY17</th><th>FY18E</th><th>FY19E</th><th>FY20E</th><th></th><th>eld (%) 17 F</th><th>Y18E FY</th><th>19E FY</th><th>Y20E</th></td<>		(HKD	YTD	FY16	PE (x) FY17	FY18E	FY19E	FY20E		eld (%) 17 F	Y18E FY	19E FY	Y20E
ENOVO GROUP 992 HK USD 03/2018 48,179 4.01 UNWY OPTICAL 2382 HK CNY 12/2017 166,744 152.00 AC TECHNOLOGIES 2018 HK USD 12/2017 132,343 108.30 AC TECHNOLOGIES 2018 HK USD 12/2017 23,905 3.55 YD ELECTRONIC 285 HK CNY 12/2017 2,3,905 3.55 YD ELECTRONIC 285 HK CNY 12/2017 1,3,390 1.65 ONGDA GROUP HLD 698 HK HKD 12/2017 1,3,315 0.63 OCIPAD 2369 HK HKD 12/2017 1,390 1.65 ODIPAD 2369 HK HKD 12/2017 1,390 1.65 ODIPAD 2369 HK HKD 12/2017 1,391 0.63 ONGDA GROUP HLD 63336 HK HKD 12/2017 1,492 1.44 ITAL MOBILE HOL 1333 HK HKD 12/2017 1,314 1.64 VILGHT HOLDIN 3													
UNNY OPTICAL 2382 HK CNY 12/2017 166,744 152.00 AC TECHNOLOGIES 2018 HK CNY 12/2017 132,343 108.30 IH MOBILE LTD 2038 HK USD 12/2017 32,345 108.30 IH MOBILE LTD 2038 HK USD 12/2017 24,470 10.86 ONGDA GROUP HLD 698 HK HKD 12/2017 24,470 10.86 ONGDA GROUP HLD 698 HK HKD 12/2017 4,369 1.40 ONGDA GROUP HLD 698 HK HKD 12/2017 1,315 0.43 OOLPAD 2369 HK HKD 12/2017 1,315 0.43 OOLPAD 2369 HK HKD 12/2017 10,309 1.65 OOLPAD 2369 HK HKD 12/2017 10,309 1.65 ONGDA GROUP HLD 698 HK HKD 12/2017 10,309 1.65 OOLPAD 2369 HK HKD 12/2017 10,309 1.65 OOLPAD 2369 HK HKD 12/2017 10,309 1.65 OOLPAD 2369 HK HKD 12/2017 10,595 1.33 ONGDA GROUP HLD 698 HK HKD 12/2017 1,595 1.33 ONGDA HONG TAI 2363 HK HKD 12/2017 274 1.45 TKL MOBILE HOL 6133 HK CNY 12/2017 259 0.33 KY LIGHT HOLDIN 3882 HK HKD 12/2017 7.341 4.56 VAI CHI HOLDI 1305 HK HKD 12/2017 7.313 6.16 AS HUI INTL HLD 82283 HK HKD 12/2017 7.313 6.17 AS DRACOM HLD 2078 HK HKD 12/2017 1,364 1.50 AVERL 1415 HK USD 12/2017 1,335 6.10 AS DRACOM HLDG 1305 HK HKD 12/2017 1,500 3.55 ANASIALUM HOLDI 2078 HK HKD 12/2017 1,503 6.60 AVERL 1415 HK USD 12/2017 1,509 5.50 ANASIALUM HOLDI 2078 HK HKD 12/2017 1,509 5.50 ANASIALUM HOLDI 2078 HK HKD 12/2017 1,509 5.50 AVERAGE 1144 HK HKD 12/2017 1,509 5.50 AVERAGE 1144 HK HKD 12/2017 1,509 5.50 AVERAGE 1144 HK HKD 12/2017 1,509 5.50 AVERAGE 1145 HK USD 12/2017 13,50 131.80 AVERAGE 1140 1478 HK CNY 12/2017 13,50 131.80 AVERAGE 5.50 AVERAGE 5.50 AVERAGE 5.50 AVERAGE 5.50 AVERAGE 5.50 AVERAGE 5.73 HK HKD 12/2017 13,50 131.80 AVERAGE 5.73	01 (0.7) (4.01	(9.1)	-44.6	10.6	-121.5	12.8	8.7	5.4%	4.6%	4.1%	5.0%	
AC TECHNOLOGIES 2018 HK CNY 12/2017 132,343 108.30 H MOBILE ITD 2038 HK USD 12/2017 9,669 1.17 T HON TENG ITD 6088 HK USD 12/2017 23,905 3.55 DNGDA GROUP HLD 698 HK HKD 12/2017 10,390 1.65 RULY INT HLDGS 732 HK HKD 12/2017 1,315 0.63 DOIPAD 2369 HK HKD 12/2017 1,315 0.63 DOIPAD 2369 HK HKD 12/2017 1,315 0.63 DOIPAD 2369 HK HKD 12/2017 10,390 1.65 NGDA GROUP HLD 698 HK HKD 12/2017 1,315 0.63 DOIPAD 2369 HK HKD 12/2017 1,315 0.63 DOIPAD 2369 HK HKD 12/2017 10,390 1.65 NGDA GROUP HLD 698 HK HKD 12/2017 10,390 1.65 DNGDA HONG TAI 2363 HK HKD 12/2017 7 274 1.45 ITAL MOBILE HOL 6133 HK CNY 12/2017 259 0.31 (Y UGHT HDDIN 3882 HK HKD 12/2017 1,364 1.64 AI CH HOLD 1305 HK HKD 12/2017 1,364 1.64 AI CH HOLD 1305 HK HKD 12/2017 3,133 6.16 A SHUI INT. HD 822 HK HKD 12/2017 1,364 1.64 AI CH HOLD 1305 HK HKD 12/2017 1,364 1.64 AI CH HOLD 1305 HK HKD 12/2017 1,5133 6.16 A SHUI MUT. HD 822 HK HKD 12/2017 1,503 2.86 CUD GROUP HLD 1399 HK CNY 12/2017 1,503 2.86 CUD GROUP HD 1399 HK CNY 12/2017 1,504 6.60 Average 19,036 Average 19,036 Average 19,036 Average 54,791 Arera module company RULY INT. HLDGS 732 HK HKD 12/2017 13,50 131.80 Average 54,791 Average 54,791 Average 54,791 Average 54,791 Average 54,791 Average 54,791 Average 54,791 Average 732 HK HKD 12/2017 1,350 131.80 Average 732 HK HKD 12/2017 1,350 131.80 Average 74,791 Average 74,791	. , ,		52.2	110.6	49.4	34.8	25.2	19.7	0.2%	0.5%	0.7%	1.0%	
H MOBILE LTD 2038 HK USD 12/2017 9,469 1.17 T HON TENG LTD 6088 HK USD 12/2017 23,905 3.55 YD ELECTRONIC 285 HK CNY 12/2017 24,470 10.86 NUCL VINTL HLDGS 732 HK HKD 12/2017 4,369 1.40 HINA DISPLAY OP 334 HK HKD 12/2017 4,369 1.40 DOLPAD 2369 HK HKD 12/2017 1,315 0.63 DOLPAD 2369 HK HKD 12/2017 1,355 1.39 DNGDA GROUP HLD 698 HK HKD 12/2017 1,595 1.39 DNGDA GROUP HLD 698 HK HKD 12/2017 1,595 1.39 DNGDA GROUP HLD 698 HK HKD 12/2017 1,595 1.39 DNGDA GROUP HLD 698 HK HKD 12/2017 274 1.45 TAL MOBILE HOL 6133 HK HKD 12/2017 274 1.45 TAL MOBILE HOL 6133 HK HKD 12/2017 259 0.31 ONELL 1415 HK USD 12/2017 1,364 1.64 AIA CHI HOLD 1305 HK HKD 12/2017 1,364 1.64 AIA CHI HOL 1203 HK HKD 12/2017 3.44 AIA CHI HOL 1203 HK HKD 12/2017 1,590 2.54 ANAGAUN HOLDI 2078 HK HKD 12/2017 1,032 0.86 CUD GROUP LTD 1399 HK CNY 12/2016 1,134 1.04 ATECH GROUP 2000 HK HKD 12/2017 1,032 0.86 TECHNOLOGY GRO 1478 HK CNY 12/2017 1,0,509 61.06 TECHNOLOGY GRO 1478 HK CNY 12/2017 10,509 61.06 TECHNOLOGY GRO 1478 HK CNY 12/2017 10,509 61.06 TECHNOLOGY GRO 1478 HK CNY 12/2017 10,509 61.06 TECHNOLOGY GRO 1478 HK CNY 12/2017 13,150 131.80 Average 54,791 THE ANA TECHNO-30R HIMX US USD 12/2017 13,150 131.80 Average 54,791 THE ANA TECHNO-30R HIMX US USD 12/2017 13,150 131.80 Average 54,791 THE ANA TECHNO-30R HIMX US USD 12/2017 1,364 1.40 Average 54,791 THE ANA TECHNO-30R HIMX US USD 12/2017 1,364 1.40 Average 54,791 THE ANA TECHNO-30R HIMX US USD 12/2017 1,364 1.40 Average 54,791 THE ANA TECHNO-30R HIMX US USD 12/2017 1,364 1.40 Average 54,791 THE ANA TECHNO-30R HIMX US USD 12/2017 1,364 1.40 Average 54,791 THE ANA TECHNO-30R HIMX US USD 12/2017 1,364 1.40 Average 54,791 THE ANA TECHNO-30R HIMX US USD 12/2017 1,364 1.40 Average 54,791 THE ANA TECHNO			(22.3)	28.2	21.6	17.7	14.3	12.0	1.3%	1.9%	2.1%	2.6%	
T HON TENG ITD 6088 HK USD 12/2017 23,905 3.55 VD ELECTRONIC 285 HK CNY 12/2017 24,470 10.86 DNGDA GROUP HLD 698 HK HKD 12/2017 10,390 1.65 VD ULU TINT HLDGS 732 HK HKD 12/2017 1,315 0.63 DOLPAD 2369 HK HKD 12/2017 1,315 0.63 DOLPAD 2369 HK HKD 12/2017 10,390 1.65 DNGDA GROUP HLD 698 HK HKD 12/2017 10,390 1.65 DNGDA GROUP HLD 698 HK HKD 12/2017 1,595 1.33 DNGDA HONG TAI 2363 HK HKD 12/2017 274 1.45 TAL MOBILE HOL 6133 HK CNY 12/2017 259 0.33 VI UGHT HOLDIN 3832 HK HKD 12/2017 1,364 1.64 HINA DISPLAY OP 3.34 HK HKD 12/2017 2.59 0.33 SV UGHT HOLDIN 3832 HK HKD 12/2017 7.1,364 1.64 HKD 12/2017 1,364 1.64 ANS DAGON HLD 1305 HK HKD 12/2017 7.1,33 6.16 SV UGHT HOLDIN 3822 HK HKD 12/2017 1,364 1.64 HKD 12/2017 1,364 1.64 ANS DRAGON HLD 822 HK HKD 12/2017 1,364 1.64 ANS DRAGON HLD 2078 HK HKD 12/2017 1,032 0.86 CUD GROUP HDLD 1309 HK CNY 12/2016 1,134 1.04 M TECH GROUP 2000 HK HKD 12/2017 819 0.32 MIECH GROUP 2000 HK HKD 12/2017 819 0.32 MIECH GROUP 2000 HK HKD 12/2017 10,509 6.106 TECHNOLOGY GRO 1478 HK CNY 12/2017 10,509 6.106 TECHNOLOGY GRO 1478 HK CNY 12/2017 13,450 131.80 Average 54,791 WUY INT HLDS 373 HK HKD 12/2017 13,50 131.80 Average 54,791 MUX INT HLDS 23 HK HKD 12/2017 10,509 6.106 TE-ON TECH 2301 TT TWD 12/2017 13,150 131.80 Average 54,791 MUX INT HLDS 732 HK HKD 12/2017 10,509 16.106 TE-ON TECH 2301 TT TWD 12/2017 13,150 131.80 Average 54,791 MUX INT HLDS 732 HK HKD 12/2017 13,150 131.80 Average 54,791 MUX INT HLDS 732 HK HKD 12/2017 13,150 131.80 Average 54,791 MUX INT HLDS 732 HK HKD 12/2017 1,364 1.5200 DWELL 1415 HK USD 12/2017 1,3			(50.8)	8.5	-2.3	-1.5	24.9	13.6	3.4%	0.0%	0.0%	0.0%	
YD ELECTRONIC 285 HK CNY 12/2017 24,470 10.860 ONGDA GROUP HLD 698 HK HKD 12/2017 10,390 1.65 RULY INTL HLDGS 732 HK HKD 12/2017 4,369 1.40 NIADA GROUP HLD 698 HK HKD 12/2017 4,369 1.40 JULY INTL HLDGS 732 HK HKD 12/2016 3,624 0.72 DOLPAD 2369 HK HKD 12/2017 10,390 1.65 JTENG INTL HDG 3336 HK HKD 12/2017 1.595 1.39 DNGDA HONG TAI 2363 HK HKD 12/2017 2.59 0.31 TAL MOBILE HOL 6133 HK KND 12/2017 1,364 1.64 VI LIGHT HOLDIN 382 HK HKD 12/2017 1,364 1.64 VAL HHULD 1305 HK HKD 12/2017 1,364 1.64 VAL HULD 1305 HK HKD 12/2017 1,364 1.64 VAL HULD 1322 HK </td <td></td> <td></td> <td>(32.9)</td> <td>15.2</td> <td>15.4</td> <td>13.7</td> <td>12.0</td> <td>12.3</td> <td>1.8%</td> <td>2.0%</td> <td>2.0%</td> <td>2.1%</td> <td></td>			(32.9)	15.2	15.4	13.7	12.0	12.3	1.8%	2.0%	2.0%	2.1%	
DNGDA GROUP HLD 698 HK HKD 12/2017 10,390 1.65 ULLY INT HLDGS 732 HK HKD 12/2017 4,369 1.44 HINA DISPLAY OP 334 HK HKD 12/2017 1,315 0.63 JOLPAD 2369 HK HKD 12/2017 10,390 1.65 JNGDA GROUP HLD 698 HK HKD 12/2017 10,390 1.65 JNGDA HONOK TAI 2363 HK HKD 12/2017 1.595 1.33 NNGDA HONG TAI 2363 HK HKD 12/2017 2.59 0.31 YL UGHT HOLDIN 3882 HK HKD 12/2017 1.364 1.66 DWELL 1415 HK USD 12/2017 1.364 1.66 QUELL 1415 HK USD 12/2017 1.364 1.66 SORAGO NHDG 1184 HK 12/2017 1.313 6.16 SORAGO NHDG 1184 HK 12/2017 1.324 1.04 NASIALUM HOLDI 2078 HK HKD 12/2017	,		(36.2)	16.9	8.2	7.8	6.7	5.7	0.8%	2.0%	2.1%	2.6%	
RULY INTL HLDGS 732 HK HKD 12/2017 4,369 1.40 HINA DISPLAY OP 334 HK HKD 12/2017 1,315 0.63 DOLPAD 2369 HK HKD 12/2017 1,315 0.63 DOLPAD 2369 HK HKD 12/2017 1,595 1.39 DOLPAD 698 HK HKD 12/2017 1,595 1.39 JTENG INTL HDG 333.6 HK HKD 12/2017 7.4 1.45 JTAL MOBILE HOL 6133 HK CNY 12/2017 7.59 0.31 VI LIGHT HOLIN 3882 HK HKD 12/2017 1,364 1.64 VI LIGHT HOLIN 1305 HK HKD 12/2017 1,313 6.16 SVILI INTL HD 1305 HK HKD 12/2017 1,343 1.04 SA GROUP HOLDING 2283 HK HKD 12/2017 1,590 2.54 SANDAGON HLGG 1184 HK HKD 12/2017 1,032 0.86 CUD GROUP LD 1399 HK			(17.5)	9.4	9.8	7.9	6.5	5.6	3.0%	3.1%	4.1%	4.8%	
IINA DISPLAY OP 334 HK HKD 12/2017 1,315 0.63)OLPAD 2369 HK HKD 12/2016 3,624 0.77)NGDA GROUP HLD 698 HK HKD 12/2017 10,390 1.63)NGDA GROUP HLD 698 HK HKD 12/2017 1,595 1.33)NGDA HONG TAI 2363 HK HKD 12/2017 274 1.45 TAL MOBILE HOL 6133 HK CNY 12/2017 259 0.33 Y LIGHT HOLDIN 3882 HK HKD 12/2017 1,364 1.64 AI CHI HOLD 1305 HK HKD 12/2017 1,364 1.64 AI CHI HOLD 1305 HK HKD 12/2017 1,364 1.64 AI CHI HOLD 1305 HK HKD 12/2017 3,13 6.16 GROUP HDLDING 2283 HK HKD 12/2017 1,364 1.64 AI CHI HOLD 1305 HK HKD 12/2017 1,334 6.16 AI CHI HOLD 12078 HK HKD 12/2017 1,590 2.54 NASIALUM HOLDI 2078 HK HKD 12/2017 1,032 0.86 UD GROUP ITD 1399 HK CNY 12/2016 1,134 1.04 MEEL GROUP 2000 HK HKD 12/2017 16,50 2.54 NASIALUM HOLDI 2078 HK HKD 12/2017 1,032 0.86 UD GROUP ITD 1399 HK CNY 12/2016 1,134 1.04 MEEL GROUP 2000 HK HKD 12/2017 10,030 ILLAS-ARRAY ELE 854 HK HKD 03/2018 4.65 6.09 Average 19,036 TECHNOLOGY GRO 1478 HK CNY 12/2017 10,509 61.06 TE-ON TECH 2301 TT TWD 12/2017 10,509 61.06 TE-ON TECH 2301 TT TWD 12/2017 13,150 131.80 Average 54,791 UI YINTL HLDGS 72 HK HKD 12/2017 13,450 131.80 Average 54,791 UI YINTL HLDGS 732 HK HKD 12/2017 1,364 1.5200 XVETLAL 2382 HK CNY 12/2017 1,364 1.5200 XVETLAL 1415 HK USD 12/2017 1,364 1.64			(58.6)	9.4 7.0	65.7	7.9	4.7	3.6	6.5%	2.9%	4.1%	6.2%	
DOLPAD 2369 HK HKD 12/2016 3,624 0.72 DNGDA GROUP HLD 698 HK HKD 12/2017 10,390 1.65 DYEDA GROUP HLD 698 HK HKD 12/2017 10,390 1.65 DYEDA GROUP HLD 3336 HK HKD 12/2017 1,595 1.39 DNEGDA HONG TAI 2363 HK HKD 12/2017 259 0.31 YL UGHT HOLDIN 3882 HK HKD 12/2017 1.364 1.64 VI UGHT HOLDIN 3882 HK HKD 12/2017 1.364 1.64 VI UGHT HOLDIN 3882 HK HKD 12/2017 1.364 1.64 VI UGHT HOLDIN 3882 HK HKD 12/2017 1.364 1.64 VI UHLD 1305 HK HKD 12/2017 1.334 0.49 S GROUP HDLDING 2283 HK HKD 12/2017 1.902 0.86 UD GROUP HDLDING 2078 HK HKD 12/2017 1.032 0.86 UD GROUP ITD <td< td=""><td>. , .</td><td></td><td>(43.2)</td><td>11.0</td><td>9.5</td><td>0.6</td><td>6.6</td><td>6.0</td><td>0.0%</td><td>4.4%</td><td>3.9%</td><td>4.8%</td><td></td></td<>	. , .		(43.2)	11.0	9.5	0.6	6.6	6.0	0.0%	4.4%	3.9%	4.8%	
DNGDA GROUP HLD 698 HK HKD 12/2017 10,390 1.65 DTENG INTL HOG 3336 HK HKD 12/2017 1,595 1.33 DNGDA HONG TAI 2363 HK HKD 12/2017 2.74 1.45 TAL MOBILE HOL 6133 HK CNY 12/2017 2.74 1.65 TY LIGHT HOLDIN 3882 HK HKD 12/2017 5.91 0.69 WUIGHT HOLDIN 3882 HK HKD 12/2017 1.364 1.64 GROUP HOLD 1305 HK HKD 12/2017 2.15 0.99 SWELL 1415 HK USD 12/2017 3.44 0.33 SC GROUP HOLDNKG 2.23 HK HKD 12/2017 1.90 2.54 SUG GROUP ID 139 HK HKD 12/2017 1.032 0.86 GROUP POUDNG 2000 HK HKD 12/2017 8.19 0.32 UG GROUP ID 1399 HK CNY 12/2017 8.19 0.32 ILLAS-ARRAY ELE 854 HK			(43.2)	-0.8	9.5	0.0	0.0	0.0	0.0%	4.4%	0.0%	4.8%	
ITENG INTL HDG 3336 HK HKD 12/2017 1,595 1.39 DNGDA HONG TAI 2363 HK HKD 12/2017 274 1.45 TAL MOBILE HOL 6133 HK CNY 12/2017 259 0.31 VIGORT HOLDIN 3882 HK HKD 12/2017 5.91 0.66 DWELL 1415 HK USD 12/2017 1,364 1.64 AI CHI HOLD 1305 HK HKD 12/2017 2.15 0.99 CGROUP HOLDING 2283 HK HKD 12/2017 5,133 6.16 SQUE HKD 12/2017 1,590 2.54 NASIALUM HOLD 2078 HK HKD 12/2017 1,032 0.86 DUG GROUP LTD 1399 HK CNY 12/2016 1,134 1.04 HTECH GROUP 2000 HK HKD 12/2017 8.19 0.32 VILAS-ARRAY ELE 854 HK HKD 03/2018 4.65 6.09 Average 19,036 TECHNOLOGY GRO 1478 HK CNY 12/2017 6,224 5.50 THE HIN 2001 10 10 10 10 10 10 10 10 10 10 10 10						-	-						
DNGDA HONG TAI 2363 HK HKD 12/2017 274 1.45 TAL MOBILE HOL 6133 HK CNY 12/2017 259 0.33 YI LIGHT HOLDIN 3882 HK HKD 12/2017 591 0.69 WIGHT HOLDIN 3882 HK HKD 12/2017 591 0.69 VAI CHI HOLD 1305 HK HKD 12/2017 215 0.99 GROUP HOLDING 2283 HK HKD 12/2017 5,133 6.16 A SHUI INTL HLD 822 HK HKD 12/2017 1,434 0.39 S DRAGON HLDG 1184 HK HKD 12/2017 1,032 0.86 LUD GROUP 2000 HK HKD 12/2017 1,032 0.86 LUD GROUP 2000 HK HKD 12/2017 1,032 0.86 LUD GROUP 2000 HK HKD 12/2017 1,050 6.09 Average 12/2017 10,050 6.02 6.02 6.02 MAY TECHNO-ADR HIMX US			(17.5)	9.4	9.8	7.9	6.5	5.6	3.0%	3.1%	4.1%	4.8%	
TAL MOBILE HOL 6133 HK CNY 1/2017 259 0.31 Y UGHT HOLDIN 3882 HK HKD 12/2017 591 0.66 DWELL 1415 HK USD 12/2017 1,364 1.64 A CHI HOLD 1305 HK HKD 12/2017 1,364 1.64 A CHI HOLD 1305 HK HKD 12/2017 5,133 6.16 SGROUP HOLDING 2283 HK HKD 12/2017 344 0.33 S GRAGON HLDG 1184 HK HKD 12/2017 1,590 2.54 UD GROUP ID 1399 HK CNY 12/2016 1,134 1.04 M TECH GROUP 2000 HK HKD 12/2017 1,032 0.86 UD GROUP ID 1399 HK CNY 12/2016 1,134 1.04 M TECH GROUP 2000 HK HKD 12/2017 819 0.32 Average 19,036 TECHNOLOGY GRO 1478 HK CNY 12/2017 173,024 1,289.87 MAX TECHNO-ADR HIMX US USD 12/2017 10,509 61.06 TECHNOLOGY GRO 1478 HK CNY 12/2017 10,509 61.06 TECHNOLOGY GRO 1478 HK CNY 12/2017 10,509 61.06 TECHNOLOGY GRO 1478 HK CNY 12/2017 13,50 131.80 MAX TECHNO-ADR HIMX US USD 12/2017 13,50 131.80 Average 54,791 UUY INT HDOS 732 HK HKD 12/2017 13,50 131.80 Average 54,791 HKD 12/2017 166,744 152.00 WELL 1415 HK USD 12/2017 1,364 165	. , .		(45.5)	3.1	19.9	5.7	6.8	6.8	6.6%	3.1%	3.3%	3.5%	
Y LIGHT HOLDIN 3882 HK HKD 12/2017 591 0.69 WELL 1415 HK USD 12/2017 1,364 1.64 AI CHI HOLD 1305 HK HKD 12/2017 2.15 0.99 (SROUP HOLDING 2283 HK HKD 12/2017 3.44 0.39 SS ORAGON HLDG 1184 HK HKD 12/2017 3.44 0.39 SS ORAGON HLDG 1184 HK HKD 12/2017 1,590 2.54 ANASIALUM HOLDI 2078 HK HKD 12/2017 1,032 0.86 UD GROUP ID 1399 HK CNY 12/2017 8.19 0.32 ULAS-ARRAY ELE 854 HK HKD 03/2018 4.65 6.09 Average 19,036 TECHNOLOGY GRO 1478 HK CNY 12/2017 6,224 5.50 TECHNOLOGY GRO 1478 HK CNY 12/2017 10,509 61.06 TECHNOLOGY GRO 1478 HK CNY 12/2017 13,150 131.80 Average 54,791 MAX TECHNO-ADR HIMX US USD 12/2017 13,150 131.80 Average 54,791 TECHNOLOGY GRO 1478 HK CNY 12/2017 10,509 61.06 TECON TECH 2301 TT TWD 12/2017 13,150 131.80 Average 54,791 TECHNOLOGY GRO 1478 HK CNY 12/2017 13,150 131.80 Average 54,791 TECHNO-ADR HIMX US USD 12/2017 13,150 131.80 Average 54,791 TECHNOLOGY GRO 1478 HK CNY 12/2017 10,509 14.00 TECON TECH 2301 TT TWD 12/2017 10,509 61.06 TECON TECH 2301 TT TWD 12/2017 10,509 61.06 TECON TECH 2301 TT TWD 12/2017 13,150 131.80 Average 54,791 TECHNO-ADR HIMX US USD 12/2017 13,150 131.80 Average 54,791 TECHNO-ADR HIMX US USD 12/2017 13,150 131.80 Average 54,791	. ,		N/A		9.2		-	-	0.0%	0.0%	0.0%	0.0%	
DWELL 1415 HK USD 12/2017 1,364 1.64 AI CHI HOLD 1305 HK HKD 12/2017 2,15 0.99 K GROUP HOLDING 2283 HK HKD 12/2017 5,133 6.16 S GROUP HOLDING 2283 HK HKD 12/2017 5,133 6.16 S GRAGON HLDG 1184 HK HKD 12/2017 1,590 2.54 NANSIALUM HOLDI 2078 HK HKD 12/2017 1,032 0.86 CUD GROUP LTD 1399 HK CNY 12/2016 1,134 1.04 MTECH GROUP 2000 HK HKD 12/2017 8.19 0.32 YILLAS-ARRAY ELE 854 HK HKD 0.3/2018 465 6.09 Average 12/2017 7.13,024 1.289.87 1.289.87 MAX TECHNO-ADR HINX US USD 12/2017 10,509 6.16.09 MAX TECHNO-ADR HINX US USD 12/2017 10,509 6.16.09 NAX TECHNO-ADR HINX US	. , .		(22.8)	13.0	-2.0	•		•	0.0%	0.0%	0.0%	0.0%	
AI CHI HOLD 1305 HK HKD 12/2017 215 0.99 GROUP HOLDING 2283 HK HKD 12/2017 5,133 6.16 VSHUI INTL HLD 822 HK HKD 12/2017 344 0.39 SDRAGON HLDG 1184 HK HKD 12/2017 1,590 2.55 WASIALUM HOLDI 2078 HK HKD 12/2017 1,032 0.86 UD GROUP ITD 1399 HK CNY 12/2016 1,134 1.04 M TECH GROUP 2000 HK HKD 12/2017 819 0.32 M TECH GROUP 2000 HK HKD 12/2017 819 0.32 Average 19,036 TECHNOLOGY GRO 1478 HK CNY 12/2017 6,224 5.50 ms/ Jens set company RGAN PRECISION 3008 TT TWD 12/2017 173,024 1,289.87 MAX TECHNO-ADR HIMX US USD 12/2017 10,509 61.06 TEC-N TECH 2301 TT TWD 12/2017 10,509 161.06 TEC-N TECH 2301 TT TWD 12/2017 13,150 131.80 Average 54,791 INUS ELEC 3406 TT TWD 12/2017 13,150 131.80 Average 54,791 UUY INTL HLDGS 732 HK HKD 12/2017 166,744 152.00 WELL 1415 HK USD 12/2017 1,364 1.64	. , .		(50.7)	10.5	-1.2	9.9	8.6	6.3	0.0%	0.0%	4.3%	5.8%	
GROUP HOLDING 2283 HK HKD 1/2017 5,133 6.16 SHUI INT HID 822 HK HKD 1/2/2017 344 0.33 S DRAGON HIDG 1184 HK HKD 12/2017 1,590 2.54 NASIALUM HOLDI 2078 HK HKD 12/2017 1,590 2.54 NASIALUM HOLDI 2078 HK HKD 12/2017 1,032 0.86 UD GROUP LTD 1399 HK CNY 12/2016 1,134 1.04 M TECH GROUP 2000 HK HKD 12/2017 819 0.32 Average 19,036 465 6.09 404 6.224 5.50 Average 12/2017 173,024 1,289 AF 12/2017 10,509 6.106 MAX TECHNO-ADR HINX US US 12/2017 10,509 6.106 MAX TECHNO-ADR HINX US US 12/2017 10,509 6.106 FE-ON TECH 2301 TT TWD 12/2017 12,480 9.61 <t< td=""><td></td><td></td><td>(37.9)</td><td>6.2</td><td>6.4</td><td>6.2</td><td>5.7</td><td>5.0</td><td>2.7%</td><td>6.2%</td><td>4.0%</td><td>4.5%</td><td></td></t<>			(37.9)	6.2	6.4	6.2	5.7	5.0	2.7%	6.2%	4.0%	4.5%	
SSHUI INTL HLD 822 HK HKD 12/2017 344 0.39 S DRAGON HLDG 1184 HK HKD 12/2017 1,590 2.54 INASIALUM HOLDI 2078 HK HKD 12/2017 1,032 0.86 UG GRUP ILTD 1399 HK CNY 12/2017 819 0.32 ILLAS-ARRAY ELE 854 HK HKD 03/2018 465 6.09 Average 19,036 12 173,024 1,289,87 12/2017 10,509 61.06 rechnology GRO 1478 HK CNY 12/2017 10,509 61.06 ns/ lens set company RGAN PRECISION 3008 TT TWD 12/2017 10,509 61.06 recon TECH 2301 TT TWD 12/2017 10,509 61.06 recon TECH 2301 TT TWD 12/2017 13,150 131.80 Average 3406 TT TWD 12/2017 13,150 131.80 uly INTL HLDGS 732 HK HKD 12/2017 14,369			(23.3)	33.0	9.9	-	-	-	0.0%	0.0%	0.0%	0.0%	
S DRAGON HLDG 1184 HK HKD 12/2017 1,590 2.54 NASIALUM HOLDI 2078 HK HKD 12/2017 1,032 0.86 UD GROUP LTD 1399 HK CNY 12/2016 1,134 1.04 MTECH GROUP 2000 HK HKD 12/2017 819 0.32 JILAS-ARRAY ELE 854 HK HKD 03/2018 465 6.09 Average 19,036 TECHNOLOGY GRO 1478 HK CNY 12/2017 6,224 5.50 ns/ lens set company MAX TECH NO-ADR HIMX US USD 12/2017 173,024 1,289.87 MAX TECH NO-ADR HIMX US USD 12/2017 10,509 61.06 TE-ON TECH 2301 TT TWD 12/2017 10,509 61.06 TE-ON TECH 2301 TT TWD 12/2017 13,150 131.80 Average 54,791 mera module company ULY INTL HLDGS 732 HK HKD 12/2017 166,744 152.00 WELL 1415 HK USD 12/2017 1,364 1.64	16 (0.5) 2	6.16	26.2	24.6	17.1	12.9	10.7	9.3	2.0%	2.9%	3.5%	4.4%	
NASIALUM HOLDI 2078 HK HKD 12/2017 1,032 0.86 UD GROUP LTD 1399 HK CNY 12/2016 1,134 1.04 M TECH GROUP 2000 HK HKD 12/2017 819 0.32 LUS-ARRAY ELE 854 HK HKD 03/2018 465 6.05 Average 19,036 TECHNOLOGY GRO 1478 HK CNY 12/2017 6,224 5.50 ns/ lens set company RGAN PRECISION 3008 TT TWD 12/2017 173,024 1,289.87 MAX TECHNO-ADR HIMX US USD 12/2017 10,509 61.06 TE-ON TECH 2301 TT TWD 12/2017 10,509 61.06 TE-ON TECH 2301 TT TWD 12/2017 13,150 131.80 Average 54,791 mera module company ULY INT. HLDGS 732 HK HKD 12/2017 166,744 152.00 NWY OPTICAL 2382 HK CNY 12/2017 1,364 1.64	39 (1.3) (3	0.39	(34.7)	5.8	10.1		-	-	0.0%	0.0%	0.0%	0.0%	
UD GROUP LTD 1399 HK CNY 12/2016 1,134 1.04 TTECH GROUP 2000 HK HKD 12/2017 819 0.33 ILLAS-ARRAY ELE 854 HK HKD 03/2018 465 6.09 Average 19,036 TECHNOLOGY GRO 1478 HK CNY 12/2017 6,224 5.50 ns/ lens set company RGAN PRECISION 3008 TT TWD 12/2017 173,024 1,289 87 MAX TECHNO-ADR HIMX US USD 12/2017 10,509 61.06 TE-ON TECH 2301 TT TWD 12/2017 22,480 9.61 NIUS ELEC 3406 TT TWD 12/2017 13,150 131.80 Average 54,791 mera module company ULY INTL HLDGS 732 HK HKD 12/2017 166,744 152.00 NIVO PTICAL 2382 HK CNY 12/2017 1,364 1.64	54 4.5 (2.54	(2.3)	7.9	5.2	-	-	-	0.0%	0.0%	0.0%	0.0%	
M TECH GROUP 2000 HK HKD 12/2017 819 0.32 ILLAS-ARRAY ELE 854 HK HKD 03/2018 465 6.09 Average 19,036 TECHNOLOGY GRO 1478 HK CNY 12/2017 6,224 5.50 ns/ lens set company RGAN PRECISION 3008 TT TWD 12/2017 173,024 1,289,87 MAX TECHNO-ADR HIMX US USD 12/2017 10,509 61.06 TE-ON TECH 2301 TT TWD 12/2017 22,480 9.61 NIUS ELEC 3406 TT TWD 12/2017 13,150 131.80 Average 54,791 mera module company ULY INTL HLDGS 732 HK HKD 12/2017 1,369 1.40 NIYO PTICAL 2382 HK CNY 12/2017 1,364 152.00 WELL 1415 HK USD 12/2017 1,364	86 0.0	0.86	0.0	-7.8	-6.6	-	-	-	0.0%	0.0%	0.0%	0.0%	
ILLAS-ARRAY ELE 854 HK HKD 0.7/2018 465 6.09 Average 19,036 19,036 19,036 19,036 19,036 19,036 19,036 19,036 19,036 19,036 10,036 </td <td>04 0.0</td> <td>1.04</td> <td>0.0</td> <td>-8.2</td> <td>-</td> <td></td> <td></td> <td>-</td> <td>0.0%</td> <td>0.0%</td> <td>0.0%</td> <td>0.0%</td> <td></td>	04 0.0	1.04	0.0	-8.2	-			-	0.0%	0.0%	0.0%	0.0%	
Average 19,036 TECHNOLOGY GRO 1478 HK CNY 12/2017 6,224 5.50 ns/ lens set company RGAN PRECISION 3008 TT TWD 12/2017 173,024 1,289,87 MAX TECHNO-ADR HIMX US USD 12/2017 10,509 6,106 NAX TECHNO-ADR HIMX US USD 12/2017 22,480 9,61 NULS ELEC 3406 TT TWD 12/2017 13,150 131.80 Average 54,791 12/2017 1,461 147 UNI WIT HIDGS 732 HK HKD 12/2017 1,469 1.40 NUNY OPTICAL 2382 HK CNY 12/2017 1,364 152.00 WELL 1415 HK USD 12/2017 1,364 164	32 (2.0) (1	0.32	(12.9)	10.6	7.3			-	0.0%	0.0%	0.0%	0.0%	
TECHNOLOGY GRO 1478 HK CNY 12/2017 6,224 5.50 Ins/ lens set company	09 1.0	6.09	0.7	-6.4	12.3	-	-	-	0.0%	0.0%	0.0%	0.0%	
ns/lenset company. ns/lenset company. 3008 TT TWD 12/2017 173,024 1,289.87 MAX TECHNO-ADR HIMX US USD 12/2017 10,509 61.06 E-ON TECH 2301 TT TWD 12/2017 22,480 9.61 NUS ELEC 3406 TT TWD 12/2017 13,150 131.80 Average 54,791 54,791 54,791 54,791 UV INT, HLDGS 732 HK HKD 12/2017 4,369 1.40 NNY OPTICAL 2382 HK CNY 12/2017 1,66,744 152.00 WELL 1415 HK US 12/2017 1,364 1.64	(7.7) (1		(15.4)	19.2	18.2	34.7	10.4	8.3	2.8%	2.9%	3.2%	3.9%	
RGAN PRECISION 3008 TT TWD 12/2017 173,024 1,289.87 MAX TECHNO-ADR HIMX US USD 12/2017 10,509 61.06 E-ON TECH 2301 TT TWD 12/2017 22,480 9.61 NIUS ELEC 3406 TT TWD 12/2017 13,150 131.80 Average 54,791 54,791 ULY INTL HLDGS 732 HK HKD 12/2017 4,369 1.40 NNY OPTICAL 2382 HK CNY 12/2017 166,744 152.00 WELL 1415 HK USD 12/2017 1,364 1.64	50 (52.6) (5	5.50	(50.0)	25.8	12.0	24.4	17.3	12.8	0.7%	1.5%	0.7%	1.0%	
MAX TECHNO-ADR HIMX US USD 12/2017 10,509 61.06 TE-ON TECH 2301 TT TWD 12/2017 22,480 9.61 NIUS ELEC 3406 TT TWD 12/2017 13,150 131.80 Average 54,791 ULY INTL HLDGS 732 HK HKD 12/2017 4,369 1.40 NNY OPTICAL 2382 HK CNY 12/2017 1.66,744 152.00 WELL 1415 HK USD 12/2017 1.364													
E-ON TECH 2301 TT TWD 12/2017 22,480 9,61 NUS ELEC 3406 TT TWD 12/2017 13,150 131.80 Average 54,791 UV INTL HLDGS 732 HK HKD 12/2017 4,369 1.40 UVY OPTICAL 2382 HK CNY 12/2017 166,744 152.00 WELL 1415 HK USD 12/2017 1,364 1.64	87 45.7 2	1,289.87	25.4	31.6	26.0	25.2	19.8	17.0	1.2%	1.4%	1.5%	1.7%	
NIUS ELEC 3406 TT TWD 12/2017 13,150 131.80 Average 54,791 ULY INTL HLDGS 732 HK HKD 12/2017 4,369 1.40 NNY OPTICAL 2382 HK CNY 12/2017 1,66,744 152.00 WELL 1415 HK USD 12/2017 1,364 1.64	06 8.7 (2	61.06	(25.3)	26.2	49.0	94.2	27.5	25.9	3.1%	1.6%	2.6%	5.7%	
Average 54,791 mera module company	61 (8.9) (9.61	(7.5)	9.9	33.2	10.5	9.7	9.4	7.0%	7.5%	7.3%	7.6%	
Imera module company ULY INTL HLDGS 732 HK HKD 12/2017 4,369 1.40 UNY OPTICAL 2382 HK CNY 12/2017 166,744 152.00 DWELL 1415 HK USD 12/2017 1,364 1.64		131.80	91.1	-355.3	49.0	36.0		-	0.0%	0.0%	0.0%	0.0%	
ULY INTL HLDGS 732 HK HKD 12/2017 4,369 1.40 NNY OPTICAL 2382 HK CNY 12/2017 166,744 152.00 WELL 1415 HK USD 12/2017 1,364 1.64	21.2 2		20.9	22.6	39.3	41.5	19.0	17.4	0.0	0.0	0.0	0.1	
NNY OPTICAL 2382 HK CNY 12/2017 166,744 152.00 WELL 1415 HK USD 12/2017 1,364 1.64													
WELL 1415 HK USD 12/2017 1,364 1.64	40 (29.6) (5	1.40	(58.6)	7.0	17.9	7.4	4.7	3.6	6.5%	2.9%	3.9%	6.2%	
WELL 1415 HK USD 12/2017 1,364 1.64	00 (2.6) 5	152.00	52.2	110.6	49.3	34.8	25.2	19.7	0.2%	0.5%	0.7%	1.0%	
		1.64	(37.9)	6.2	4.2	6.2	5.7	5.0	2.7%	6.2%	4.0%	4.5%	
IMAX ELEC 4915 TT TWD 12/2017 6,198 13.87		13.87	(31.4)	13.1	11.0	10.5	8.8	7.4	4.3%	5.1%	6.0%	7.7%	
	. , .	1.107.60	11.1	38.1	17.9	22.4	12.3	10.6	0.2%	0.2%	0.2%	0.2%	
		20.85	(13.5)	64.6	38.0	23.0	16.4	13.6	0.2%	0.4%	0.5%	0.7%	
Average 29,669		20.00	(11.3)	39.9	23.1	17.4	12.2	10.0	0.0	0.0	0.0	0.0	

Source: Bloomberg, CIRL

Exhibit 8: Financial statement

Income statement					
Year to Dec (RMB mn)	FY16A	FY17A	FY18E	FY19E	FY20E
Revenue	4,991	7,939	8,289	9,060	10,897
Gross profit (reported)	422	883	580	803	980
EBITDA	284	679	344	536	673
Depreciation	63	135	142	155	186
EBIT	220	543	203	381	487
Net interest income (exp.)	(6)	(17)	(18)	(19)	(23)
Associates	0	(17)	(40)	(40)	(40)
Exceptionals/others	0	Ó	0	0	0
Profit before tax	215	510	145	322	424
Tax expenses	(24)	(73)	(36)	(63)	(80)
Minority interest	Ó	0	0	0	0
Net profit	191	436	109	258	344
Diluted EPS (RMB)	0.181	0.389	0.098	0.230	0.307
Dividends	36	83	21	49	65
Balance sheet					
Year to Dec (RMB mn)	FY16A	FY17A	FY18E	FY19E	FY20E
Cash & equiv	161	543	717	25	115
Trade receivables	2,606	2,035	1,724	2,000	2,474
Other receivables	0	0	0	0	0
Inventories	799	688	879	784	942
Other current assets	127	881	881	881	882
Fixed assets	720	1,481	1,889	2,219	2,517
Intangible assets	1	1	1	1	1
Investment, associates etc	105	471	425	448	436
Total assets	4,520	6,100	6,515	6,358	7,367
	0 500	0.000	0.000	0.040	0.070
Account payables	2,593	2,830	3,092	3,312	3,978
Other payables	0	0	0	0	0
Short-term debt	335	1,078	1,078	427	427
Other current liabs	10	26	26	26	26
Long-term debts	0	0	0	0	0
Deferred tax and others	2	6	6	6	6
Other long-term liabs	12	15	15	15	15
Total liabilities	2,952	3,955	4,216	3,785	4,451
Share capital	9	9	9	9	9
Reserves	1,559	2.137	2.290	2.564	2.907
Shareholders' equity	1,568	2,146	2,299	2,572	2,916
Minorities	0	_,0	_,0	_,	_,0
Total equity	1,568	2,146	2,299	2,572	2,916
Net cash (debt)	(174)	(535)	(361)	(402)	(312)
	()	(000)	(00.)	(/	(0.2)

Cash flow Year to Dec (RMB mn)	FY16A	FY17A	FY18E	FY19E	FY20E
· · · · ·	215	510	145	322	424
Pre-tax profit		• • •			
Taxes paid	(24)	(73)	(36)	(63)	(80
Depreciation	(63)	(135)	(142)	(155)	(186
Associates	0 128	17	40	40 143	40
CFO bef. WC change		318	8		198
Change in working cap	(337)	920	382	38	34
Cashflow from operation	(209)	1,238	390	182	232
CAPEX	(363)	(896)	(550)	(485)	(485
Free cash flow	(572)	342	(160)	(303)	(253
Dividends	36	83	21	49	65
Balance sheet adj.	76	(786)	313	213	277
Shares issued	0	0	0	0	0
Others	0	0	0	0	0
Net cash flow	(460)	(361)	174	(41)	89
Net cash (debt) start	286	(174)	(535)	(361)	(402
Net cash (debt) at year-end	(174)	(535)	(361)	(402)	(312
Ratios					
Year to Dec	FY16A	FY17A	FY18E	FY19E	FY20E
Growth rate (%)					
Revenue	99.9	59.1	4.4	9.3	20.3
EBITDA	70.1	139.0	(49.3)	55.5	25.7
EBIT	76.6	146.8	(62.7)	87.9	27.9
Net profit	87.0	128.7	(74.9)	135.7	33.4
Fully diluted EPS	85.1	115.7	(74.9)	135.7	33.4
Margins (%)					
Gross margin (reported)	8.5	11.1	7.0	8.9	9.0
EBITDA	5.7	8.6	4.2	5.9	6.2
EBIT	4.4	6.8	2.4	4.2	4.5
Net margin	3.8	5.5	1.3	2.8	3.2
Other ratios					
ROE (%)	12.2	20.3	4.8	10.0	11.8
ROA (%)	4.2	7.2	1.7	4.1	4.7
Net gearing (%)	11.1	24.9	15.7	15.6	10.7
Interest coverage (x)	39.7	32.1	11.5	19.7	21.0
Receivables days	127.8	106.7	82.8	75.0	74.9
Payables days	105.8	75.9	75.0	74.9	74.6
Inventory days	40.3	38.5	37.1	36.8	31.8
Effective tax rate (%)	11.1	13.9	19.2	17.5	17.2

Source: Company data, CIRL estimates

Rating Policy

	Rating	Defir	nition
	Buy	Outp	erform HSI by 15%
Stock Rating	Neutral	Betw	een -15% ~ 15% of the HSI
	Sell	Unde	erperform HSI by -15%
	Accumulate	Outp	erform HSI by 10%
Sector Rating	Neutral	Betw	een -10% ~ 10% of the HSI
	Reduce	Unde	erperform HSI by -10%
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Analyst Certification

I, Hayman Chiu hereby certify that all of the views expressed in this report accurately reflect my personal views about the subject company or companies and its or their securities. I also certify that no part of my compensation was / were, is / are or will be directly or indirectly, related to the specific recommendations or views expressed in this report / note.

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