



Company Report: China Mobile (00941 HK)

公司报告: 中国移动 (00941 HK)

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Declining Profitability, "Neutral"

盈利能力下降, “中性”

- **China Mobile's 1HFY19 results were lower than expectations.** Revenue from telecommunications services decreased by 1.3% to RMB351.4 billion, mainly due to pressure from the speed upgrade & tariff reduction policy, intense market competition, and carryover effect resulting from the cancellation of domestic data roaming charges. In 1HFY19, the Company's shareholders' net profit decreased by 14.6% yoy to RMB56.1 billion, mainly due to decrease of operating revenue and rising operating expenses.
- **We expect mobile ARPU to still decrease yoy in 2H19.** Speed upgrade & tariff reduction policy and fierce market competition will cause the Company's mobile ARPU and wireline broadband ARPU to continue yoy decline in 2H19. Besides, we expect 5G won't significantly improve the Company's mobile ARPU in the short term.
- **We expect user growth of the Company to keep slowing in 2H19.** We expect that the diminishment of demographic dividend and intense market competition will keep putting pressure on mobile user growth in 2H19. We expect that the bundling strategy will continue to bring relatively strong wireline broadband user growth to the Company in 2H19.
- **We revise down the TP from HK\$77.00 to HK\$68.00 and maintain the Company's investment rating as "Neutral".** We revise down FY19-FY21 EPS forecast by 10.2%/ 14.2%/ 14.4%, respectively. The TP represents 11.9x, 12.1x and 11.9x FY19-FY21 PER.
- **中国移动 2019 财年上半年业绩低于预期。** 通信服务收入同比下降 1.3%至人民币 3,514 亿元, 主要是由于提速降费带来的压力、激烈的市场竞争、以及国内流量漫游费取消的翘尾影响。2019 财年上半年公司股东净利同比下降了 14.6%至人民币 561 亿元, 主要是由于营业收入的下降以及运营费用的上升。
- **我们预计移动 ARPU 在 2019 年下半年仍将同比下降。** 提速降费政策和激烈的市场竞争将使得公司的移动 ARPU 和有线宽带 ARPU 在 2019 年下半年继续出现同比下降。此外, 我们预计 5G 在短期内将无法大幅改善公司的移动 ARPU。
- **我们预计客户增长将在 2019 年下半年继续放缓。** 我们预计人口红利的迅速减少和市场竞争激烈将在 2019 年下半年为移动用户增长持续带来压力。我们预计捆绑销售的策略将在 2019 年下半年继续为有线宽带客户数带来较为强势的增长。
- **我们将目标价从 77.00 港元下调至 68.00 港元, 并维持公司的投资评级为“中性”。** 我们下调 2019-2021 财年的每股盈利预测 10.2%/ 14.2%/ 14.4%。目标价相当于 11.9 倍、12.1 倍和 11.9 倍 2019-2021 财年市盈率。

Rating:

Neutral
Maintained

评级:

中性 (维持)

6-18m TP 目标价:

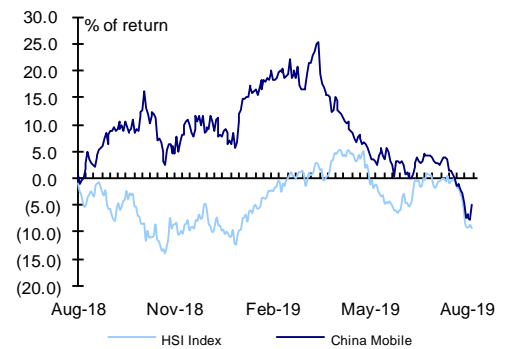
HK\$68.00
HK\$77.00

Share price 股价:

HK\$64.900

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 %	-7.5	-10.8	-9.0
Rel. % to HS Index 相对恒指变动 %	0.2	-2.4	0.4
Avg. Share price(HK\$) 平均股价 (港元)	67.6	69.4	74.3

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)	(%)	(%)
2017A	740,514	114,279	5.581	5.1	9.7	48.137	1.1	5.508	10.2	11.6
2018A	736,819	117,781	5.752	3.1	9.9	51.398	1.1	2.824	5.0	11.6
2019F	733,981	102,973	5.029	(12.6)	11.4	53.661	1.1	2.766	4.8	9.6
2020F	756,791	101,186	4.942	(1.7)	11.6	55.747	1.0	2.856	5.0	9.0
2021F	779,939	102,972	5.029	1.8	11.4	57.859	1.0	2.917	5.1	8.9
Shares in issue (m) 总股数 (m)			20,475.5		Major shareholder 大股东		China Mobile Group 72.7%			
Market cap. (HK\$ m) 市值 (HK\$ m)			1,328,860.0		Free float (%) 自由流通比率 (%)		27.3			
3 month average vol. 3 个月平均成交股数 ('000)			14,931.2		FY19 Net gearing (%) FY19 净负债/股东资金 (%)		Net Cash			
52 Weeks high/low (HK\$) 52 周高/低 (HK\$)			87.700 / 62.050		FY19 Est. NAV (HK\$) FY19 每股估值 (港元)		70.0			

Source: the Company, Guotai Junan International.

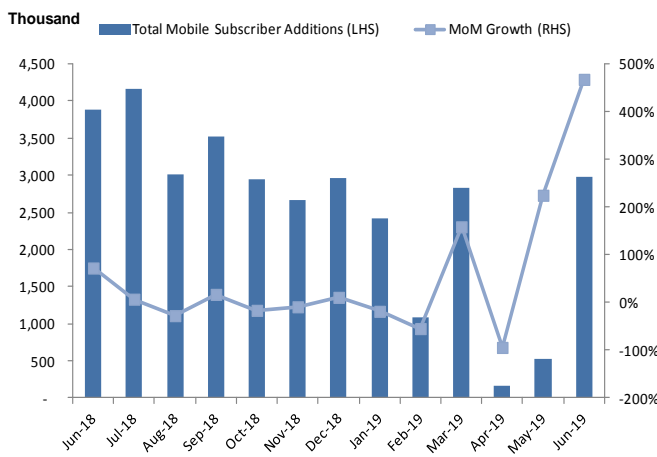
China Mobile's 1HFY19 results were lower than expectations. In 1HFY19, revenue from telecommunications services decreased by 1.3% to RMB351.4 billion, mainly due to pressure from the speed upgrade & tariff reduction policy, intense market competition, and carryover effect resulting from the cancellation of domestic data roaming charges effective from July 2018. Total operating revenue decreased by 0.6% yoy to RMB389.4 billion. Average handset data traffic per user per month (DOU) in 1HFY19 reached 6.2 GB, an increase of 140.9% yoy. However, due to the cancellation of data roaming charges, decline in tariffs for data traffic and fierce market competition, mobile ARPU in 1HFY19 decreased by 10.2% yoy to RMB52.2. In 1HFY19, shareholders' net profit decreased by 14.6% yoy to RMB56.1 billion, mainly due to decrease in operating revenue and rising operating expenses. If the impact from the new accounting standards is removed, then the Company's EBITDA decreased by 4.6% yoy and the Company's shareholders' net profit decreased by 13.9% yoy.

We expect mobile ARPU to still decrease yoy in 2HFY19. Since the cancellation of domestic data roaming charges was implemented in 2H18, it is expected that the cancellation of domestic data roaming charges in 2H19 will have no carryover effect on year-on-year change in revenue. However, we expect that the decline in data tariffs due to the speed upgrade & tariff reduction policy will put pressure on the Company's mobile ARPU, and market competition in 2H19 will still be intense. Therefore, we expect the Company's ARPU to be under pressure and continue to decline yoy in 2H19. The "number portability" will be implemented throughout the country near the end of 2019. We expect "number portability" will exert a certain amount of pressure on the growth rate of the Company's mobile users and further intensify market competition, which may also impair the Company's profitability.

We do not expect 5G to significantly improve the Company's mobile ARPU in the short term. The Company's 5G CAPEX in 2019 is forecasted to be around RMB24 billion, with more than 50,000 5G base stations. However, due to insufficient coverage of 5G networks and the immature industry chain in the initial stage, users may not be willing to increase spending for 5G access; thus we do not expect 5G to significantly improve the Company's mobile ARPU in the short term.

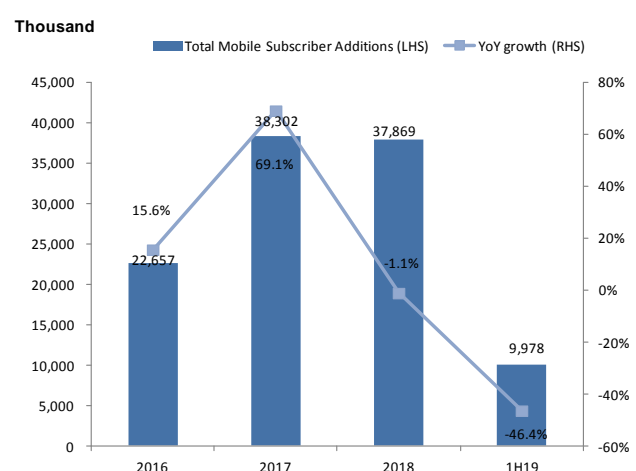
We expect growth of customer base to keep slowing in 2H19. In 1H19, the total number of mobile customers increased by approximately 9.98 million YTD to 935.0 million, while 4G customers increased by 21.13 million YTD to 733.8 million. 4G users as a percentage of total mobile users increased by 1.5 ppt YTD to 78.5%; we expect the proportion of 4G customers to total mobile users will be close to or slightly higher than 80% by the end of 2019. Cumulative net additions of mobile customers and 4G customers in 1H19 fell by 46.4% yoy and 22.7% yoy, respectively. We expect that diminishment of demographic dividend and intense market competition will keep putting pressure on mobile user growth in 2H19. Cumulative net additions of wireline broadband customers decreased by 18.7% yoy to 18.20 million in 1H19, however, net additions was still much higher than its competitors. The total number of wireline broadband customers increased by 11.6% YTD to 174.9 million. We expect growth of the Company's broadband customers to slow down yoy in 2H19, but the bundling strategy will continue to bring relatively strong wireline broadband user growth to the Company given the Company's high mobile customer base.

Figure-1: China Mobile's Total Mobile Subscriber Net Additions and MoM Growth



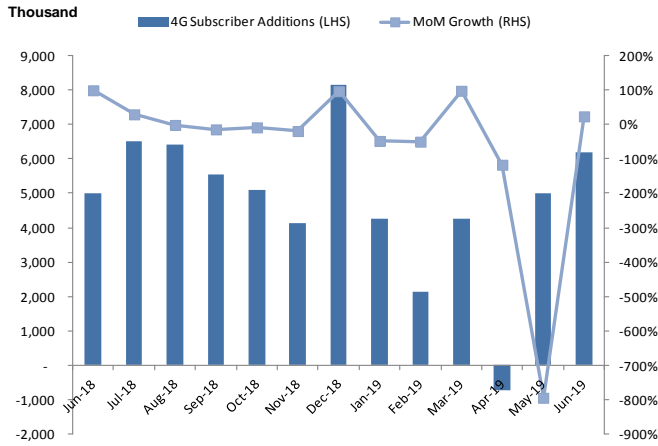
Source: the Company, Guotai Junan International.

Figure-2: China Mobile's Total Mobile Subscriber Net Additions and YoY Growth



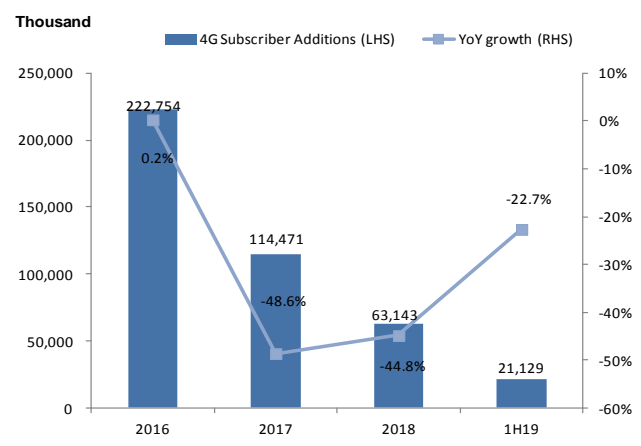
Source: the Company, Guotai Junan International.

Figure-3: China Mobile's 4G Subscriber Net Additions and MoM Growth



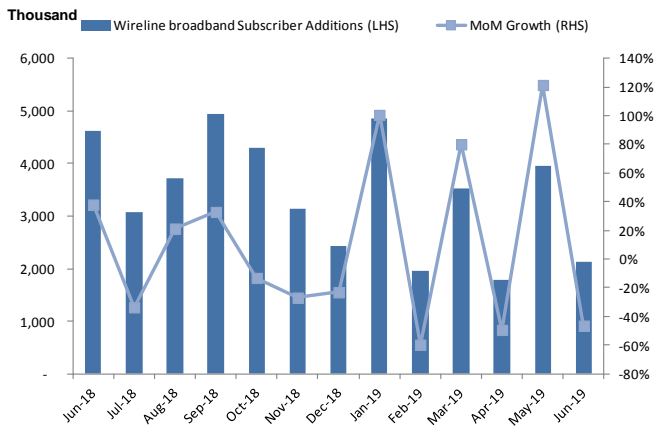
Source: the Company, Guotai Junan International.

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



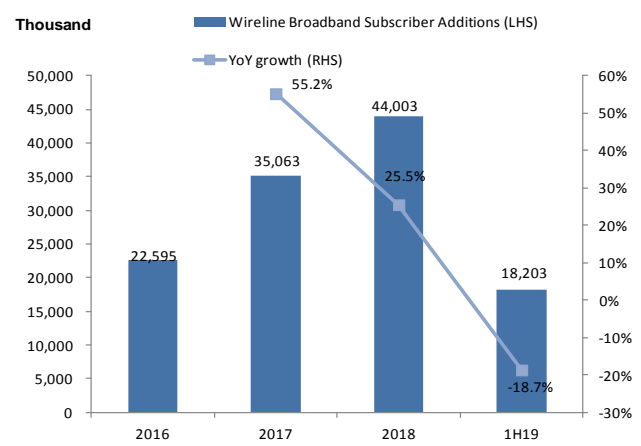
Source: the Company, Guotai Junan International.

Figure-5: China Mobile's Wireline Broadband Subscriber Net Additions and MoM Growth



Source: the Company, Guotai Junan International.

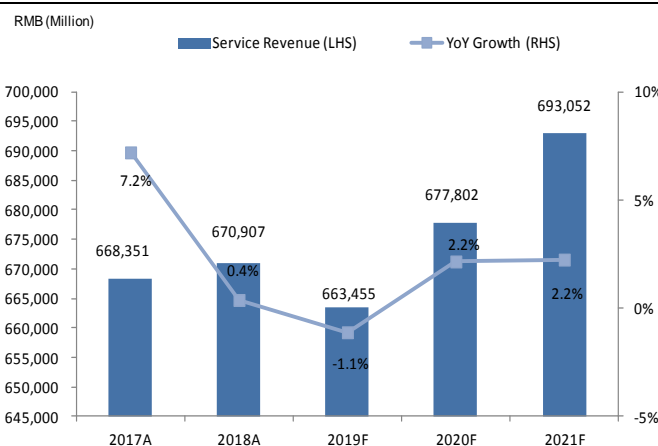
Figure-6: China Mobile's Wireline Broadband Subscriber Net Additions and YoY Growth



Source: the Company, Guotai Junan International.

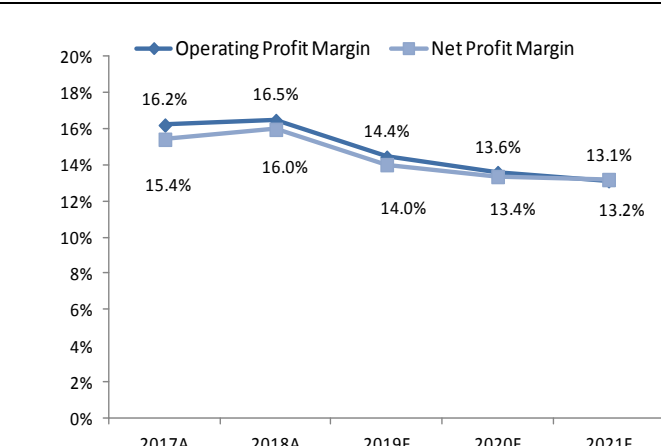
Revenue of the telecom industry continued to fall. In 1H19, telecom revenue in China reached RMB672.1 billion, a decrease of 0.03% yoy. In 1H19, revenue of mobile data and internet services of the three telecom operators increased by 0.7% yoy to RMB308.6 billion, however, growth rate was down by 1.5 ppt and 9.5 ppt compared to 1Q19 and FY18, respectively. Industry average DOU reached 7.84GB in June 2019, while cumulative traffic of mobile internet was up by 107.3% yoy to 55.4 billion GB in 1H19.

Figure-7: China Mobile's Service Revenue and YoY Growth



Source: the Company, Guotai Junan International.

Figure-8: China Mobile's Profit Margins



Source: the Company, Guotai Junan International.

Profit Revisions

We revise down FY19-FY21 EPS forecasts by 10.2%/ 14.2%/ 14.4%, respectively. We revise FY19-FY21 revenue forecasts by -0.8%/ 0.5%/ 0.9% due to mixed effects of pressure on ARPU and the approach of 5G. We revise down FY19-FY21 shareholders' net profit forecasts by 10.2%/ 14.2%/ 14.4%, respectively, to reflect our adjustments on revenue forecasts and expense forecasts.

Table-1: Financial Estimations Revisions

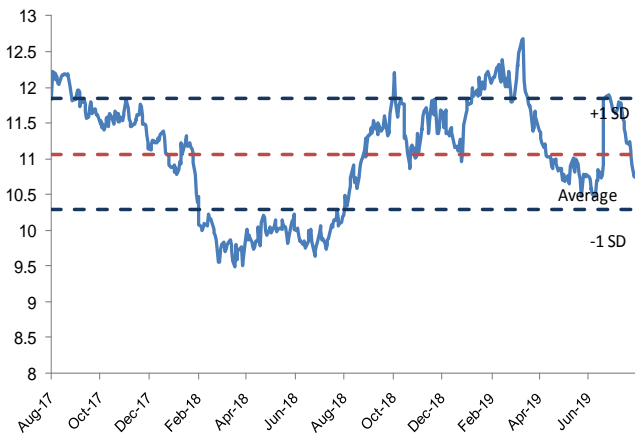
RMB (Million)	OLD			NEW			CHANGE		
	FY19F	FY20F	FY21F	FY19F	FY20F	FY21F	FY19F	FY20F	FY21F
Total revenue	740,200	752,897	772,855	733,981	756,791	779,939	(0.8%)	0.5%	0.9%
Shareholders' net profit	114,675	117,942	120,225	102,973	101,186	102,972	(10.2%)	(14.2%)	(14.4%)
EPS (RMB)	5.601	5.760	5.872	5.029	4.942	5.029	(10.2%)	(14.2%)	(14.4%)

Source: the Company, Guotai Junan International.

Valuation

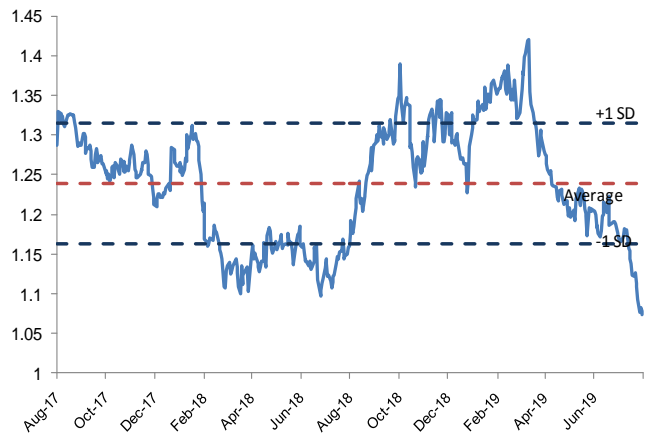
We revise down the TP from HK\$77.00 to HK\$68.00, and maintain the investment rating as "Neutral". We expect that the decline in ARPU brought by speed upgrade & tariff reduction and intense market competition, as well as the diminishment of demographic dividend, will still put pressure on the Company's revenue and profit. The TP represents 11.9x FY19 PER, 12.1x FY20 PER and 11.9x FY21 PER.

Figure-9: China Mobile's PE Graph



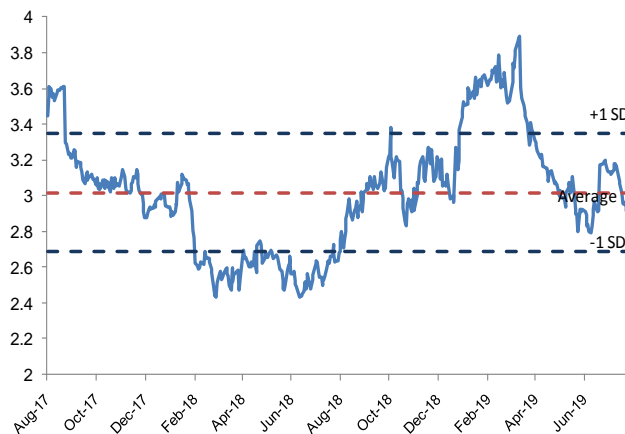
Source: Bloomberg, Guotai Junan International.

Figure-10: China Mobile's PB Graph



Source: Bloomberg, Guotai Junan International.

Figure-11: China Mobile's EV/EBITDA Graph



Source: Bloomberg, Guotai Junan International.

Table-2: Peers Comparison

Company	Ticker	Currency	Price	Market Cap (HKD Mil)	PER			PBR			ROE (%)	D/Y (%)	EV/EBITDA
					19F	20F	21F	19F	20F	21F	19F	19F	19F
HK Listed Companies													
China Mobile Ltd	941 HK	HKD	64.900	1,328,859	10.5	10.2	10.0	1.1	1.0	1.0	10.5	4.9	3.0
China Telecom Corp Ltd-H	728 HK	HKD	3.430	277,598	11.3	10.7	9.9	0.7	0.7	0.6	6.3	3.7	2.8
China Unicom Hong Kong Ltd	762 HK	HKD	7.240	221,530	14.9	10.9	9.0	0.6	0.6	0.6	4.2	2.7	1.9
Pccw Ltd	8 HK	HKD	4.430	34,198	41.8	32.8	21.1	2.2	2.4	2.7	5.6	7.2	6.1
Hkt Trust And Hkt Ltd-Ss	6823 HK	HKD	12.960	98,130	19.1	18.3	17.9	2.6	2.6	2.6	13.6	5.5	10.5
Smartone Telecommunications	315 HK	HKD	7.250	8,149	12.9	12.9	13.6	1.7	1.6	1.6	12.8	5.8	4.1
Hutchison Telecomm Hong Kong	215 HK	HKD	1.440	6,939	18.7	18.9	22.2	0.6	0.6	0.6	2.6	4.1	1.7
Hkbn Ltd	1310 HK	HKD	14.320	18,782	32.7	25.3	19.1	4.7	5.2	5.0	17.5	4.9	17.0
Simple Average					20.2	17.5	15.3	1.8	1.8	1.8	9.2	4.8	5.9
Weighted Average					12.3	11.3	10.6	1.1	1.1	1.0	9.3	4.5	3.4
US Listed Companies													
At&T Inc	T US	USD	34.540	1,978,613	9.7	9.5	9.3	1.4	1.4	1.3	12.2	5.9	7.0
Verizon Communications Inc	VZ US	USD	55.820	1,809,861	11.6	11.5	11.2	3.9	3.3	2.9	34.6	4.4	7.1
T-Mobile Us Inc	TMUS US	USD	77.900	521,828	19.4	16.5	15.3	2.3	2.1	1.9	11.1	0.0	6.8
Sprint Corp	S US	USD	6.850	219,684	n.a.	n.a.	n.a.	1.1	1.1	1.0	(7.4)	0.0	5.7
Centurylink Inc	CTL US	USD	10.700	91,461	8.3	7.8	7.1	0.8	0.8	0.7	(11.5)	9.3	5.0
Simple Average					12.3	11.3	10.7	1.9	1.7	1.6	7.8	3.9	6.3
Weighted Average					11.6	11.1	10.7	2.4	2.2	2.0	19.4	4.4	6.9
Japan Listed Companies													
Nippon Telegraph & Telephone	9432 JP	JPY	4,948.000	714,019	11.2	10.7	10.0	1.0	1.0	0.9	9.3	3.8	4.9
Kddi Corp	9433 JP	JPY	2,690.000	468,825	10.4	10.3	10.2	1.5	1.4	1.3	15.5	4.4	4.5
Ntt Docomo Inc	9437 JP	JPY	2,635.500	650,410	14.0	14.8	14.5	1.6	1.6	1.6	12.0	4.5	5.4
Softbank Group Corp	9984 JP	JPY	5,014.000	775,337	7.9	9.1	18.8	1.5	1.1	1.0	23.4	0.4	5.9
Simple Average					10.9	11.2	13.4	1.4	1.3	1.2	15.1	3.3	5.2
Weighted Average					10.8	11.2	13.8	1.4	1.3	1.2	15.3	3.1	5.3
EU Listed Companies													
Vodafone Group Plc	VOD LN	GBp	149.560	380,323	n.a.	20.4	16.5	0.8	0.7	0.7	(12.4)	5.6	7.3
Deutsche Telekom Ag-Reg	DTE GR	EUR	14.488	604,955	14.3	12.9	11.5	2.2	2.1	2.0	13.9	5.0	5.7
Telenor Asa	TEL NO	NOK	183.250	232,216	18.4	17.0	16.2	6.0	6.1	6.1	32.4	4.9	7.1
Telefonica Sa	TEF SM	EUR	6.399	291,407	9.2	8.6	7.8	1.7	1.6	1.5	18.3	6.3	5.7
Orange	ORA FP	EUR	13.280	309,904	12.7	11.8	11.0	1.1	1.1	1.1	8.6	5.4	5.4
Bt Group Plc	BT/A LN	GBp	172.760	162,190	7.9	7.1	6.9	1.7	1.6	1.4	21.5	6.8	4.9
Koninklijke Kpn Nv	KPN NA	EUR	2.679	98,739	23.3	19.8	17.1	5.9	5.7	5.3	23.4	5.0	7.3
Telecom Italia Spa	TIT IM	EUR	0.477	87,513	7.7	7.2	7.0	0.5	0.5	0.4	5.4	0.0	4.9
Simple Average					13.4	13.1	11.7	2.5	2.4	2.3	13.9	4.9	6.0
Weighted Average					13.3	13.6	12.0	2.2	2.1	2.1	11.8	5.3	6.1
Other Developed Market													
Telstra Corp Ltd	TLS AU	AUD	3.980	252,419	19.7	17.6	20.4	3.2	3.1	3.0	15.9	4.1	7.4
Singapore Telecommunications	ST SP	SGD	3.260	301,867	17.2	17.3	16.1	1.8	1.8	1.7	10.4	5.8	12.5
Simple Average					18.4	17.5	18.2	2.5	2.4	2.4	13.1	5.0	9.9
Weighted Average					18.3	17.5	18.0	2.4	2.4	2.3	12.9	5.0	10.2
Overall Average					15.0	14.1	13.9	2.0	1.9	1.9	11.8	4.4	6.7
Overall Weighted Average					13.3	12.9	13.0	1.9	1.8	1.7	13.7	4.5	6.3

Source: Bloomberg.

Financial Statements and Ratios

Income Statement					
Year end 31 Dec (RMB m)	2017A	2018A	2019F	2020F	2021F
Service revenue	668,351	670,907	663,455	677,802	693,052
Sales of products and others	72,163	65,912	70,526	78,989	86,888
Total Revenue	740,514	736,819	733,981	756,791	779,939
Leased lines & network assets	(46,336)	(47,470)	(31,846)	(32,873)	(33,960)
Interconnection	(21,762)	(20,692)	(20,700)	(21,012)	(21,485)
Depreciation	(149,780)	(152,545)	(181,609)	(188,452)	(195,102)
Personnel	(85,513)	(93,939)	(98,500)	(103,302)	(107,632)
Selling expenses	(61,086)	(60,326)	(62,976)	(67,354)	(68,635)
Cost of products sold	(73,668)	(66,231)	(70,878)	(78,989)	(86,888)
Other operating expenses	(182,243)	(174,229)	(161,476)	(161,953)	(163,787)
Operating Profit	120,126	121,387	105,996	102,855	102,452
Other gains	2,389	2,906	3,670	3,406	3,510
Interest and other income	15,883	15,885	14,491	13,493	14,343
Finance costs	(210)	(144)	(3,266)	(3,430)	(3,601)
Income from associate & JV	9,949	13,861	13,597	15,829	17,783
Profit Before Tax	148,137	153,895	134,487	132,153	134,486
Income Tax	(33,723)	(35,944)	(31,411)	(30,866)	(31,411)
Profit After Tax	114,414	117,951	103,076	101,287	103,075
Non-controlling Interest	(135)	(170)	(103)	(101)	(103)
Shareholders' Profit / Loss	114,279	117,781	102,973	101,186	102,972
Basic EPS	5.581	5.752	5.029	4.942	5.029

Cash Flow Statement					
Year end 31 Dec (RMB m)	2017A	2018A	2019F	2020F	2021F
Profit before taxation	148,137	153,895	134,487	132,153	134,486
Net interest expenses (income)	(15,586)	(15,730)	(11,225)	(10,063)	(10,742)
Depreciation and amortization	150,741	154,621	183,923	190,784	197,551
Others	6,227	(7,870)	(13,075)	(13,519)	(15,352)
Change in working capital	(6,546)	(45,529)	(40,460)	17,956	(34,857)
Tax paid	(37,459)	(33,236)	(29,062)	(28,551)	(29,040)
Cash from Operating Activities	245,514	206,151	224,588	288,761	242,046
CAPEX	(193,015)	(192,395)	(166,093)	(189,974)	(203,415)
Bank deposit change	54,467	(11,926)	40,091	(13,501)	12,921
Proceeds from available-for-sale assets	(30,746)	0	0	0	0
Consideration from China Tower	57,585	0	0	0	0
Others	5,176	(7,910)	(33,108)	(4,330)	(3,908)
Cash from Investing Activities	(106,533)	(212,231)	(159,111)	(207,805)	(194,402)
Dividends paid	(106,036)	(59,930)	(53,273)	(57,560)	(59,105)
Others	(2,195)	2,110	(2,725)	(2,861)	(3,004)
Cash from Financing Activities	(108,231)	(57,820)	(55,998)	(60,422)	(62,108)
Net Changes in Cash	30,750	(63,900)	9,479	20,534	(14,464)
Cash at Beg of Year	90,413	120,636	57,302	66,781	87,315
FX change	(527)	566	0	0	0
Cash at End of Year	120,636	57,302	66,781	87,315	72,851

Source: the Company, Guotai Junan International.

Balance Sheet					
Year end 31 Dec (RMB m)	2017A	2018A	2019F	2020F	2021F
PP&E	648,029	666,496	648,903	641,192	641,943
Construction in progress	78,112	72,180	69,435	74,504	76,977
Right-of-use assets	0	0	84,495	94,634	105,990
Land use rights and others	28,322	27,778	25,000	26,250	27,563
Goodwill	35,343	35,343	35,343	35,343	35,343
Investments in associate & JV	132,499	145,325	158,922	174,751	192,534
Deferred tax assets	33,343	29,654	31,137	32,382	33,677
Restricted bank deposits	6,504	12,369	5,818	6,400	7,040
Others	1,765	11,649	18,869	19,807	20,791
Total Non-current Assets	963,917	1,000,794	1,077,922	1,105,263	1,141,858
Inventories	10,222	8,857	10,890	11,227	13,102
Accounts receivable	24,153	26,540	30,521	33,573	36,930
Other receivables	31,201	39,543	53,383	61,391	67,530
Prepayment and other current assets	24,552	27,002	29,702	32,672	35,940
Financial assets at TVTPL	0	76,425	105,110	110,365	115,884
Available for sale financial assets	65,630	0	0	0	0
Bank deposits	279,371	291,887	258,346	271,263	257,700
Cash & Cash Equivalents	120,636	57,302	66,781	87,315	72,851
Other current assets	2,431	7,560	8,467	8,829	9,212
Total Current Assets	558,196	535,116	563,200	616,635	609,148
Total Assets	1,522,113	1,535,910	1,641,121	1,721,898	1,751,005
Accounts payable	233,169	190,847	167,104	186,021	166,273
Deferred revenue, current portion	85,282	63,185	58,718	56,759	54,596
Accrued expenses and other payables	190,866	195,572	200,059	215,844	217,748
Amount due to ultimate holding	8,646	11,020	11,571	12,150	12,757
Lease liabilities	0	0	23,897	25,091	26,346
Income tax payable	8,716	10,553	11,186	11,857	12,569
Other current liabilities	3,303	3,221	2,255	1,578	1,105
Total Current Liabilities	529,982	474,398	474,790	509,301	491,393
Lease liabilities – non-current	0	0	57,857	60,750	63,788
Deferred revenue	2,888	4,881	5,369	5,906	6,497
Other non-current liabilities	362	822	855	889	925
Total Non-current Liabilities	3,250	5,703	64,081	67,545	71,209
Total Liabilities	533,232	480,101	538,871	576,846	562,602
Share capital	402,130	402,130	402,130	402,130	402,130
Reserves	583,506	650,275	696,613	739,314	782,562
Total Shareholders' Equity	985,636	1,052,405	1,098,743	1,141,444	1,184,692
Minority Interest	3,245	3,404	3,507	3,608	3,711
Total Equity	988,881	1,055,809	1,102,250	1,145,052	1,188,403

Financial Ratios					
	2017A	2018A	2019F	2020F	2021F
EBITDA margin (%)	36.5	37.4	39.4	38.7	38.4
Operating margin (%)	16.2	16.5	14.4	13.6	13.1
Net profit margin (%)	15.4	16.0	14.0	13.4	13.2
ROE (%)	11.6	11.6	9.6	9.0	8.9
ROA (%)	7.5	7.7	6.5	6.0	5.9
Net gearing	Net cash	Net cash	Net cash	Net cash	Net cash

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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