

## Q Technology (1478 HK)

### 1H18 unfavorable product mix and margin pressure

Q-tech's 1H18 revenue of Rmb3,206.7mn (down 11% YoY) and net loss of Rmb51.3mn is roughly in line with market expectation given previous profit warning, but the 1.2% GPM is the major disappointment. GPM was dragged by various factors including unfavourable product mix change, higher depreciation cost and one key project loss, etc., and will slightly recover in 2H18 as 3D sensing CCM and underglass FPM will contribute higher ASP and margin. 2019 growth will be driven by increasing demand for 3D-sensing CCM and underglass FPM (for full screen). We revised down our 2018E/2019E net profit forecast to reflect lower ASP and worse-than-expected margin erosion. We revised down our DCF-based target price from HK\$6.5 to HK\$5.0, 16.4x 2019E PER. Maintain HOLD on 7% downside

**CCM & FPM ASP drop.** Q-tech's 1H18 CCM ASP dropped to Rmb25.1 (Rmb30.9 in 1H17 and Rmb37.3 in 2H17), mainly due to 1) unfavorable change in product mix as the company accepted many low-end CCM projects (<5MP) for Huawei in 1H18, with the shipment volume percentage of <5MP CCM increased from 27.7% in 1H17 to 46.5% in 1H18, 2) mid-to-low-end DCM are shipped as two single cameras and 3) fiercer industry competition in 1H18. On the other hand, ASP of FPM also dropped significantly by 54% YoY to Rmb17.1, mainly due to increasing competition.

**Worse-than-expected GPM due to mainly internal factors.** 1H18 CCM GP margin dropped to only 3.3% from 13.3% in 1H17, while FPM GP margin dropped to -7.9% from 8.8% in 1H17. Various factors affected the GP margin and ranked by their extent of impact are: 1) slower-than-expected product mix improvement, lower ASP with increasing raw material price, 2) higher fixed asset and thus higher depreciation cost, 3) higher labor cost and 4) Rmb depreciation in May and June. Loss from one of the key FPM project with Huawei also resulted in the negative GP margin of FPM business.

**ASP and GPM to slightly recover in 2H18.** The management believes that ASP and margin will start to rebound in 2H18 as 1) the company already started to supply high-end CCM for Huawei, 2) the industry competition and price war in 1H18 has eased now, and 3) high-end projects like 3D-sensing structure light camera modules (>1mn units) and underglass FPM (>7mn units) will contribute higher ASP and margin in 2H18. Product mix will improve as Q-tech start to supply high-end CCM models for Huawei, 3D sensing models for OPPO and underglass FPM for Vivo.

**Maintain HOLD.** We revised down our 2018E/2019E GPM forecast by 4.9ppts/6.4ppts and revised down 2018E/2019E net profit by 81.3%/64.8%. 2019E FPM revenue is revised up by 9% to reflect the strong demand for underglass FPM expected next year. Growth driver for next year include strong demand to adopt underglass fingerprint recognition and 3D sensing camera. We revised down our DCF-based target price from HK\$6.5 to HK\$5.0, 16.4x 2019E PER. Maintain HOLD on 7% downside.

### Investment Summary

FY-end Dec	2016	2017	2018E	2019E	2020E
Turnover (Rmb mn)	4,991	7,939	7,607	10,071	11,904
Chg (%)	127	59	(4)	32	18
Net Profit (Rmb mn)	191	436	38	294	440
Chg (%)	87	129	(91)	682	50
EPS (Rmb)	0.18	0.40	0.03	0.26	0.39
Chg (%)	82	117	(92)	682	50
P/E (x)	19.5	23.0	137.8	17.6	11.8
P/B (x)	2.5	4.8	2.5	2.2	1.9
P/OCF (x)	-	3.6	8.1	7.6	6.3
EV/EBITDA (x)	12.0	16.1	27.2	14.3	11.7
DPS (Rmb)	0.04	0.04	0.01	0.05	0.08
Yield (%)	1.0	0.4	0.1	1.1	1.7

Source: Company data, Orient Securities (Hong Kong)

**HOLD**
**Share Price**
**HK\$5.38**
**Target Price**
**HK\$5.00**

China / Technology / Electronic Component

29 August 2018

**Elsie Sheng** (SFC CE: AWT319)

(852) 3519 1056

elsie.sheng@dfzq.com.hk

### Latest Key Data

Total shares outstanding (mn)	1,132
Market capitalization (HK\$mn)	6,089
Enterprise value (HK\$mn)	5,776
12M daily turnover (HK\$mn)	144.6
12M volatility (%)	95.1
PEG FY17-19E (X)	n.a.
RoE avg FY17-19E (%)	11.4
P/B FY18E (x)	2.5
Net debt/equity FY18E (%)	31.0

### Performance (%)

	1M	YTD	12M
Absolute	(12)	(51)	(72)
Relative to HSI	(2)	(5)	2

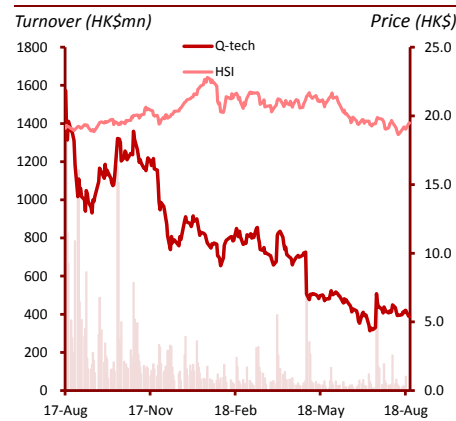
### Major Shareholders (%)

He Ning Ning	66
--------------	----

### Auditor

KPMG

### Price Chart



Source: Bloomberg, Orient Securities (Hong Kong)

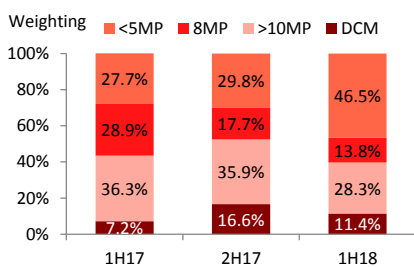
## 1H18 profit loss with low GP margin

Despite a 26% YoY growth in its 1H18 product shipment volume (23.6% YoY for CCM and 31.9% for FPM), its 1H18 revenue dropped 11% YoY to Rmb3,206.7mn, due to lower ASP from unfavorable product mix. GP margin dropped significantly by 10.9ppts to 1.2%, and it resulted in a 1H18 net loss of Rmb51.3mn. The net loss has been expected by the market (already announced in profit warning before results announcement), but the GP margin significantly below expectation (6-7%) is the major disappointment.

### Lower CCM and FPM ASP due to unfavorable product mix and increasing competition

As the company tries to strengthen its relationship with Huawei in terms of CCM business, Q-tech accepted many low-end CCM projects (<5MP) in 1H18, with the shipment volume percentage of <5MP CCM increased from 27.7% in 1H17 to 46.5% in 1H18. The trend for mid-to-low-end DCM to be shipped as two single cameras in 1H18 also resulted in lower-than-expected shipment volume percentage of DCM at only 11.4% (7.2% in 1H17, 16.6% in 2H17). This unfavorable change in product mix combined with fiercer competition (market share consolidation in 1H18) resulted in 19% YoY drop of CCM ASP in 1H18 to Rmb25.1 (Rmb30.9 in 1H17 and Rmb37.3 in 2H17). On the other hand, ASP of FPM also dropped significantly by 54% YoY to Rmb17.1, mainly due to increasing competition.

**Figure 1: Q-tech CCM pixel mix change**



Source: Company, Orient Securities (Hong Kong)

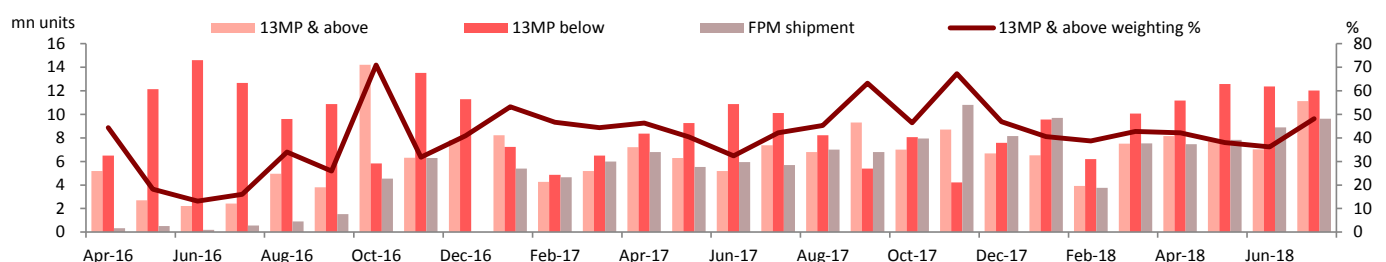
### Both CCM and FPM margin dropped in 1H18

1H18 CCM GP margin dropped to only 3.3% from 13.3% in 1H17, while FPM GP margin dropped to -7.9% from 8.8% in 1H17. Factors affected the GP margin and ranked by their extent of impact are: 1) slower-than-expected product mix improvement, lower ASP with increasing raw material price, 2) higher fixed asset and thus higher depreciation cost, 3) higher labor cost and 4) Rmb depreciation in May and June. Loss from one of the key FPM project with Huawei also resulted in the negative GP margin of FPM business.

### ASP and GP margin to recover in 2H18

The management believes that ASP and margin will start to rebound in 2H18 as 1) the company has already started to supply high-end CCM for Huawei, 2) the industry competition and price war in 1H18 has eased now, and 3) the high-end projects like 3D-sensing structure light camera modules (>1mn units) and underglass FPM (>7mn units) will contribute higher ASP and margin in 2H18. Product mix will improve as Q-tech start to supply high-end CCM models for Huawei, 3D sensing models for OPPO Find X and underglass FPM for Vivo. The management said Q-tech is supplying the 2<sup>nd</sup> generation of underglass FPM technology (fingerprint module no need to bond with the screen) and has already entered design-in stage with most of the top smartphone brands in China.

**Figure 2: Q-tech monthly shipment during past two years**



The weighting of 13MP & above CCM notably dropped in 2018 from the peak at end -2017, and only started to pick up in July.

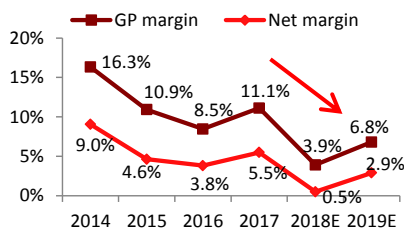
Source: Company data, Orient Securities (Hong Kong)

## Model revision, maintain Hold

### 8kk/mth DCM and 2kk/mth underglass capacity

As of end-June 2018, CCM capacity is 34kk/mth (8kk/mth DCM). FPM capacity is 17KK (2kk/mth underglass). Underglass FPM capacity can be transformed from COB capacity and don't require additional capex input. Capex spending for 1H18/2H18E is guided at Rmb180mn/Rmb200-300mn. Thus we revised down our 2018E capex forecast from Rmb592mn to Rmb444mn.

**Figure 3: Q-tech's margin to drop**



Source: Company, Orient Securities (Hong Kong)

**Figure 5: Assumptions of Q-tech's DCF model**

WACC	12.0%
Terminal growth rate	3%
PV of Terminal value (HK\$m)	1,618
<b>Total PV of FCF (HK\$m)</b>	<b>6,239</b>
Net Cash/Debt (Rmb mn)	(652)
<b>Target price (HK\$)</b>	<b>5.00</b>
Upside potential	-7%

Source: Company data, Orient Securities (Hong Kong)

### Model revision

We revised down our 2018E/2019E revenue forecast by 12.6%/1.5% to reflect unfavorable product mix change this year. 2019E FPM revenue is revised up by 9% to reflect the strong demand for underglass FPM expected next year. We also revised down our 2018E/2019E GPM forecast by 4.9ppts/6.4ppts to reflect the worse-than-expected margin. The net effect is 81.3%/64.8% downward revision to 2018E/2019E net profit.

**Figure 4: Q-tech's model revision**

Rmb mn	2018E				2019E			
	Revision	Previous	Chg. (%)	YoY (%)	Revision	Previous	Chg. (%)	YoY (%)
Revenue	7,607	8,703	(12.6)	-4.2	10,071	10,229	(1.5)	32.4
-CCM	5,525	6,315	(12.5)	-6.4	8,197	8,510	(3.7)	48.4
-FPM	2,082	2,388	(12.8)	2.3	1,874	1,719	9.0	-10.0
Gross profit	300	773	(61.2)	-66.0	684	1,346	(49.2)	127.9
EBIT	91	347	(73.7)	-83.2	383	1,031	(62.9)	320.9
Pretax profit	45	232	(80.7)	-91.2	340	966	(64.8)	659.7
Net profit	38	201	(81.3)	-91.4	294	836	(64.8)	682.3
Gross margin (%)	3.9	8.9	-4.9 ppt	-7.2 ppt	6.8	13.2	-6.4 ppt	2.8 ppt
Operating margin (%)	1.2	4.0	-2.8 ppt	-5.6 ppt	3.8	10.1	-6.3 ppt	2.6 ppt
Net margin (%)	0.5	2.3	-1.8 ppt	-5.0 ppt	2.9	8.2	-5.3 ppt	2.4 ppt

Source: Company data, Orient Securities (Hong Kong)

### Revised down DCF-implied target price to HK\$5.0

Based on the revised earnings forecast and revised capex assumption, we revised down our DCF-based target price from HK\$6.5 to HK\$5.0, implying 16.4x 2019E/PER.

**Figure 6: Q-tech's DCF forecast**

Rmb mn	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E
Pre-tax income	45	340	509	664	867	962	1208	1232	1273	1305
Tax paid	(7)	(46)	(69)	(90)	(117)	(130)	(163)	(166)	(172)	(176)
Depreciation & Amortization	279	309	313	316	321	340	361	365	369	373
Change in Working Capital	250	12	36	278	122	371	116	64	58	50
Capex	(444)	(329)	(333)	(336)	(425)	(451)	(383)	(387)	(391)	(396)
<b>Free Cash flow (HK\$m)</b>	<b>144</b>	<b>337</b>	<b>537</b>	<b>980</b>	<b>902</b>	<b>1,286</b>	<b>1,339</b>	<b>1,303</b>	<b>1,337</b>	<b>1,360</b>

Source: Company data, Orient Securities (Hong Kong)

**Figure 7: Valuation Comparison**

Company	Bloomberg Code	Rating	Price (Local)	Target (HK\$)	Mkt Cap (HK\$bn)	PER (x)			PEG (x)	EV/EBITDA (x)	P/B (x)	Yield (%)	ROE (%)	Net Gearing (%)
						17A	18E	19E						
<b>CCM/FPM Manufacturers</b>														
Q-tech	1478 HK	Hold	5.38	5.00	6	23.0	137.8	17.6	n.a.	27.2	2.5	0.1	23.5	Net cash
Sunny Optical	2382 HK	Buy	100.4	108.0	110	31.2	30.4	22.5	1.6	4.7	9.4	0.9	46.9	Net cash
Truly	732 HK	Not Rated	1.32	-	4	158.7	7.0	4.5	n.a.	3.9	0.5	4.0	0.9	68.1
Cowell	1415 HK	Not Rated	1.32	-	1	10.2	5.1	5.1	-	0.4	0.4	3.6	8.8	Net cash
Lite-on	2301 TT	Not Rated	36	-	22	35.9	11.5	10.0	6.4	4.0	1.1	7.4	3.6	Net cash
Primax	4915 TT	Not Rated	59	-	7	16.9	13.0	10.6	0.8	6.8	2.1	5.1	18.4	Net cash
Crucial Tec	114120 KS	Not Rated	2600	-	1	-	-	-	-	-	-	-	-67.0	93.7
O-film	002456 CH	Not Rated	17.29	-	54	67.0	23.0	16.2	0.2	14.6	4.3	0.5	9.6	107.2
<b>Average</b>						<b>49.0</b>	<b>32.6</b>	<b>12.4</b>	<b>2.3</b>	<b>8.8</b>	<b>3.2</b>	<b>3.1</b>	<b>5.6</b>	

Source: Bloomberg, Orient Securities (Hong Kong)

**Financial statements & forecasts**
**Income Statement (consolidated)**

FY-end Dec (Rmb mn)	2016	2017	2018E	2019E	2020E
<b>Revenue</b>	<b>4,991</b>	<b>7,939</b>	<b>7,607</b>	<b>10,071</b>	<b>11,904</b>
Camera modules (CCM)	4,272	5,903	5,525	8,197	10,218
Fingerprint modules (FPM)	719	2,036	2,082	1,874	1,686
<b>Cost of sales</b>	<b>(4,569)</b>	<b>(7,056)</b>	<b>(7,307)</b>	<b>(9,387)</b>	<b>(11,020)</b>
<b>Gross profit</b>	<b>422</b>	<b>883</b>	<b>300</b>	<b>684</b>	<b>884</b>
Other income	18	35	141	62	71
Other gains/ (losses)	(45)	(24)	(38)	-	-
Selling and distribution expenses	(10)	(16)	(23)	(20)	(24)
Administrative expenses	(41)	(65)	(61)	(81)	(95)
R&D expenses	(125)	(270)	(228)	(262)	(310)
<b>Operating Profit</b>	<b>220</b>	<b>543</b>	<b>91</b>	<b>383</b>	<b>526</b>
Finance cost	(6)	(17)	(43)	(47)	(28)
Share of (losses)/profit of associate	-	(17)	(4)	4	11
<b>Profit before tax</b>	<b>215</b>	<b>510</b>	<b>45</b>	<b>340</b>	<b>509</b>
Income tax expenses	(24)	(73)	(7)	(46)	(69)
<b>Net profit</b>	<b>191</b>	<b>436</b>	<b>38</b>	<b>294</b>	<b>440</b>
<b>EBITDA</b>	<b>284</b>	<b>662</b>	<b>366</b>	<b>696</b>	<b>850</b>
<b>EBIT</b>	<b>220</b>	<b>526</b>	<b>87</b>	<b>387</b>	<b>537</b>
<b>EPS (Rmb)</b>	<b>0.18</b>	<b>0.40</b>	<b>0.03</b>	<b>0.26</b>	<b>0.39</b>
<b>DPS (Rmb)</b>	<b>0.04</b>	<b>0.04</b>	<b>0.01</b>	<b>0.05</b>	<b>0.08</b>

**Cash Flow (consolidated)**

FY-end Dec (Rmb mn)	2016	2017	2018E	2019E	2020E
Pre-tax profit	213	509	45	340	509
Taxes paid	(5)	(75)	(7)	(46)	(69)
Depreciation	63	135	278	309	312
Amortization	1	1	1	1	1
Change in working capital	(405)	1,501	250	12	36
Others	93	150	74	69	39
<b>Operating cash flow</b>	<b>(39)</b>	<b>2,222</b>	<b>640</b>	<b>685</b>	<b>828</b>
CAPEX	(409)	(949)	(444)	(329)	(333)
Disposals	0	0	4	5	5
Others	(21)	(1,170)	7	9	14
<b>Investing cash flow</b>	<b>(430)</b>	<b>(2,119)</b>	<b>(432)</b>	<b>(315)</b>	<b>(313)</b>
Change in debt	(24)	218	216	129	(569)
Dividends paid	-	(37)	(87)	(8)	(59)
Repayments to/from related comp	(6)	(17)	(43)	(47)	(28)
Others	275	147	(80)	(13)	57
<b>Financing cash flow</b>	<b>246</b>	<b>312</b>	<b>6</b>	<b>62</b>	<b>(599)</b>
<b>Free cash flow</b>	<b>(541)</b>	<b>1,122</b>	<b>122</b>	<b>287</b>	<b>456</b>
<b>Net cash flow</b>	<b>(223)</b>	<b>414</b>	<b>214</b>	<b>432</b>	<b>(85)</b>

**Semi-Annual Breakdown**

FY-end Dec (Rmb mn)	2H16	1H17	2H17	1H18	2H18E
<b>Revenue</b>	<b>3,264</b>	<b>3,605</b>	<b>4,334</b>	<b>3,207</b>	<b>4,400</b>
Gross profit	261	434	448	39	261
Operating profit	129	244	300	(14)	105
Pre-tax profit	124	240	270	(61)	105
Tax	(16)	(38)	(36)	9	(17)
<b>Net profit</b>	<b>109</b>	<b>202</b>	<b>234</b>	<b>(51)</b>	<b>89</b>
Gross margin (%)	8.0	12.1	10.3	1.2	5.9
Operating margin (%)	3.9	6.8	6.9	-0.5	2.4
Effective tax rate (%)	12.8	15.8	13.2	15.5	15.7
Net margin (%)	3.3	5.6	5.4	-1.6	2.0
EPS (Rmb)	0.10	0.18	0.21	(0.05)	0.08
DPS (Rmb)	0.04	-	0.04	-	0.01

Source: Company data, Orient Securities (Hong Kong)

**Balance Sheet (consolidated)**

FY-end Dec (Rmb mn)	2016	2017	2018E	2019E	2020E
<b>Current assets</b>	<b>3,694</b>	<b>4,147</b>	<b>4,434</b>	<b>5,711</b>	<b>6,160</b>
Inventories	799	688	701	900	1,054
Trade, bills and other receivables	2,606	2,035	2,041	2,702	3,186
Other financial assets	-	873	873	873	873
Bank balances and cash	65	465	642	1,034	894
Other current assets	224	86	176	201	153
<b>Non-current assets</b>	<b>826</b>	<b>1,953</b>	<b>2,113</b>	<b>2,135</b>	<b>2,163</b>
Fixed Assets	720	1,481	1,645	1,663	1,682
Intangible assets	1	1	1	1	9
Lease payment	17	17	16	16	15
Other non-current assets	88	455	451	455	458
<b>Total assets</b>	<b>4,520</b>	<b>6,100</b>	<b>6,547</b>	<b>7,845</b>	<b>8,323</b>
<b>Current liabilities</b>	<b>2,939</b>	<b>3,934</b>	<b>4,433</b>	<b>5,448</b>	<b>5,562</b>
Trade, bills and other payables	2,593	2,830	3,113	3,999	4,682
Bank borrowings	335	1,078	1,294	1,423	854
Other current liabilities	10	26	26	26	26
<b>Non-current liabilities</b>	<b>14</b>	<b>20</b>	<b>18</b>	<b>17</b>	<b>15</b>
Deferred tax liability	2	6	6	6	6
Deferred income	12	15	13	11	10
Trade and other payables	-	-	-	-	-
<b>Total liabilities</b>	<b>2,952</b>	<b>3,955</b>	<b>4,451</b>	<b>5,465</b>	<b>5,577</b>
Share Capital	9	9	9	9	9
Share premium and reserves	1,559	2,137	2,087	2,372	2,737
<b>Total equity</b>	<b>1,568</b>	<b>2,146</b>	<b>2,096</b>	<b>2,380</b>	<b>2,746</b>
<b>Total liabilities &amp; equity</b>	<b>4,520</b>	<b>6,100</b>	<b>6,547</b>	<b>7,845</b>	<b>8,323</b>
Net cash/(debt)	(271)	(613)	(652)	(389)	41
Working capital	756	213	1	262	598
Total capital employed	1,582	2,166	2,114	2,397	2,761
Net gearing (%)	17	29	31	16	NC
<b>BVPS (Rmb)</b>	<b>1.431</b>	<b>1.959</b>	<b>1.852</b>	<b>2.103</b>	<b>2.426</b>

**Key Ratios**

FY-end Dec	2016	2017	2018E	2019E	2020E
<b>Growth (%)</b>					
Revenue	127	59	(4)	32	18
Gross profit	76	109	(66)	128	29
EBITDA	70	133	(45)	90	22
EBIT	77	147	(83)	321	37
Net profit	87	129	(91)	682	50
EPS	82	117	(92)	682	50
<b>Margins (%)</b>					
Gross	8	11	4	7	7
EBITDA	6	8	5	7	7
EBIT	4	7	1	4	5
Net	4	5	0	3	4
<b>Others (%)</b>					
Effective tax rate	11	14	16	14	14
Dividend payout ratio	19	10	20	20	20
RoCE	12	20	2	12	16
Average RoE	14	23	2	13	17
Average RoA	9	12	6	10	11
Interest cover (x)	40	31	2	8	19

**Key Assumptions**

FY-end Dec	2016	2017	2018E	2019E	2020E
CCM shipment (mn)	179	173	208	268	315
FPM shipment (mn)	21	81	102	102	102
Blended ASP (Rmb)	24	31	25	27	29

### **Analyst Certification**

I, Elsie Sheng (Sheng Yiran), being the person primarily responsible for the content of this research report, in whole or in part, hereby certify that:

- (1) all of the views expressed in this report accurately reflect my personal view about the subject company(ies) and its (or their) securities;
- (2) no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report, or our Investment Banking Department;
- (3) I am not, directly or indirectly, supervised by or reporting to our Investment Banking Department;
- (4) the subject company(ies) do(es) not fall into the restriction of the quiet period as defined in paragraph 16.5(g) of SFC Code of Conduct;
- (5) I and my associates do not deal in or trade in the stock(s) covered in this report within 30 calendar days prior to the date of issue of the report;
- (6) I and my associates do not serve as an officer(s) of the listed company(ies) covered in this report; and
- (7) I and my associates have no financial interests in relation to the listed company (ies) covered in this report.

### **Meanings of Orient Securities Ratings**

Buy – Describes stocks that we expect to provide a total return of >10% within a 12-month period.

Accumulate – Describes stocks that we expect to provide a total return of >0% within a 12-month period.

Hold – Describes stocks that we expect to provide a total return of between -20% and +20% within a 12-month period.

Sell – Describes stocks that we expect to provide a total return of <0% within a 12-month period.

### **Disclosure & Disclaimer**

Orient Securities (Hong Kong) Limited does and seeks to do business with the company or companies covered in this report. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Orient Securities (Hong Kong) Limited and its affiliates, officers, directors, and employees may from time to time have long or short positions in securities, warrants, futures, options, derivatives or other financial instruments referred to in this report.

In no event will Orient Securities (Hong Kong) Limited or any other member of Orient Securities (Hong Kong) Limited be liable or responsible for loss of any kind, whether direct, indirect, consequential or incidental, resulting from the act or omission of any third party occurring in reliance upon the contents of this report.

Any information provided in this research report is for information purpose only and have no regards to the investment objectives, financial situation or risk tolerance level of any specific recipient and does not constitute any solicitation or any offer to buy or sell any securities or any other financial instruments. Before entering into any investment contract, individual should exercise judgment or seek for professional advice when necessary. Orient Securities (Hong Kong) Limited may not execute transactions for individual(s) in the securities/instruments mentioned.

Although the information in this report is obtained or compiled from sources that Orient Securities (Hong Kong) Limited believes to be reliable, no representation or warranty, either expressed or implied, is provided in relation to the accuracy, completeness or reliability of the materials contained in this report. All price-related information is indicative only, and value of the investment(s) referred to in this report and the income from them may fluctuate because of changes in foreign exchange rates, market indexes, relevant operational / financial conditions of the company and other factors. Information contained in this report may change at any time and Orient Securities (Hong Kong) Limited gives no undertaking to provide notice of any such change. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to any law, regulation, rule or other registration or licensing requirement.

Investment(s) in securities / financial instructions put through/execute outside Hong Kong are subject to the applicable laws and regulations of the relevant overseas jurisdiction, the entity issuing this research report and the analyst(s) authoring this research report are not subject to all the disclosures and other regulatory requirements in other countries.

This report may not be copied, reproduced, distributed, redistribute or published by any person for any purpose without the prior written consent of Orient Securities (Hong Kong) Limited. All rights are reserved.