

Company Report: Hengan International (01044 HK)

公司报告: 恒安国际 (01044 HK)

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Evolution towards a Comprehensive Household Product Company

朝着全品类日用品公司演进

- **3Q18 performance met headwinds but 4Q18 recovered.** The "618" online shopping festival had considerably overdrawn consumption from 3Q18 and macroeconomic fluctuations affected the confidence of distributors, resulting in sluggish sales in 3Q18. But due to strong sales during the Double Eleven shopping festival, Hengan's sales growth recovered in November. The impact from e-commerce shopping festivals strengthened as more offline retailers proactively participated, which deeply reshaped the industry landscape.
- **With more new products launched and expansion in more markets, Hengan is expected to achieve steady growth.** Tissue paper sales met targets of 10%-15% growth in 2018 and sales growth target for 2019 is still double digits. Wet tissues sales grew twice as fast as the industry in 2018 and is expected to achieve 25% YoY growth in 2019. Due to RMB depreciation, gross margin of tissue paper is still under pressure. Sales growth of sanitary napkins was in line with industry growth in 2018 (4%-5%) and is expected to achieve higher growth than the market in 2019. Sales growth of diapers may not turn positive in 2018 but the Company expects to achieve RMB2.5 billion in sales in 2019.
- We lower our TP due to worse earnings forecasts. However, the Company's third management reform is close to completion, which has started to improve Hengan's operating efficiency. Hengan will proactively launch into markets which are related to its main business, such as household, beauty makeup, maternity products and baby products, which indicates huge growth potential for the Company. **Therefore, we lower TP to HK\$79.00 but maintain the Company's rating as "Buy". The new TP represents 21.7x 2018 PER, 18.9x 2019 PER, and 17.2x 2020 PER.**
- **2018 年 3 季度表现较差但 4 季度开始复苏。**“618”购物节透支了 2018 年第 3 季度相当一部分的消费以及宏观波动影响了经销商的信心，导致第 3 季度疲弱的消费。但因为“双十一”购物节强劲的销售，恒安收入增长在 11 月开始复苏。随着更多线下零售商也积极加入，电商购物节的影响持续加强，其深刻地改变了行业格局。
- **随着更多新产品推出以及扩张进入更多的市场，恒安将实现稳健增长。**纸巾销售在 2018 年完成了 10%-15% 的增长目标，并且 2019 年的销售增长目标维持在双位数。2018 年湿巾销售增长比行业快两倍，预计在 2019 年可以实现 25% 的增长。因为人民币贬值，纸巾毛利率仍然承压。卫生巾 2018 年销售增长与行业一致（4%-5%），预计在 2019 年可以实现比行业更快的增长。纸尿裤销售增长在 2018 年可能不会转正，但公司预计其将在 2019 年实现 25 亿人民币的销售。
- 我们因为更低的盈利预测下调目标价。但公司的第三次管理变革接近完成，其开始改进恒安的运营效率。恒安将会更加积极地进入与主业相关的市场如日用品，美妆，孕产产品和婴童产品，对于恒安有着巨大的增长空间。**因此，我们下调目标价至 79.00 港币但维持公司“买入”评级。新目标价相当于 21.7 倍，18.9 倍和 17.2 倍 2018 年，2019 年和 2020 年市盈率。**

Rating:

Buy
Maintained

评级:

买入 (维持)

6-18m TP 目标价:

HK\$79.00

Revised from 原目标价:

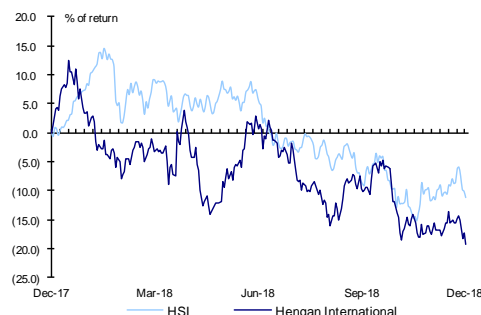
HK\$83.00

Share price 股价:

HK\$61.050

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 %	(2.9)	(11.6)	(22.2)
Rel. % to HS Index 相对恒指变动 %	(3.5)	(9.1)	(11.1)
Avg. Share price(HK\$) 平均股价 (港元)	63.4	65.5	70.8

Source: Bloomberg, Guotai Junan International.

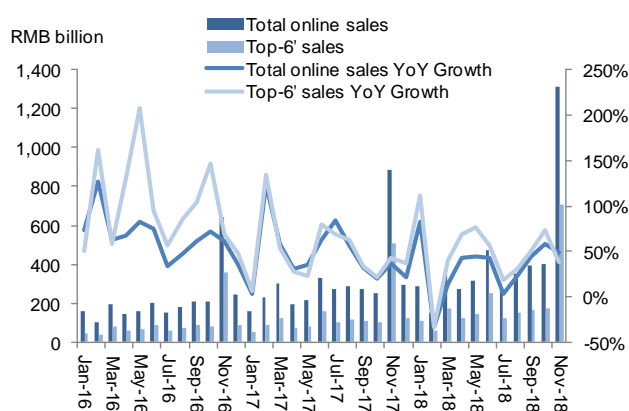
Year End	Turnover	Net Profit	EPS	EPS	PER	BPS	PBR	DPS	Yield	ROE
年结	收入	股东净利	每股净利	每股净利变动	市盈率	每股净资产	市净率	每股股息	股息率	净资产收益率
12/31	(RMB m)	(RMB m)	(RMB)	(Δ %)	(x)	(RMB)	(x)	(RMB)	(%)	(%)
2016A	19,277	3,597	2.967	11.1	18.4	12.223	4.5	1.950	3.6	24.4
2017A	19,825	3,794	3.149	6.1	16.1	13.353	3.8	2.100	4.1	24.6
2018F	20,512	3,909	3.241	2.9	16.6	13.720	3.9	2.107	3.9	23.9
2019F	22,274	4,498	3.729	15.1	14.4	15.392	3.5	2.424	4.5	25.6
2020F	24,066	4,924	4.082	9.5	13.2	17.050	3.2	2.653	4.9	25.2

Shares in issue (m) 总股数 (m)	1,206.3	Major shareholder 大股东	Mr.Sze and Mr.Hui 39.5%
Market cap. (HK\$ m) 市值 (HK\$ m)	73,644.6	Free float (%) 自由流通比率 (%)	60.5
3 month average vol. 3 个月平均成交股数 ('000)	3,296.8	FY18 Net gearing (%) FY18 净负债/股东资金 (%)	Net Cash
52 Weeks high/low (HK\$) 52 周高/低 (HK\$)	88.700 / 60.300	FY18 Est. NAV (HK\$) FY18 每股估值 (港元)	82.3

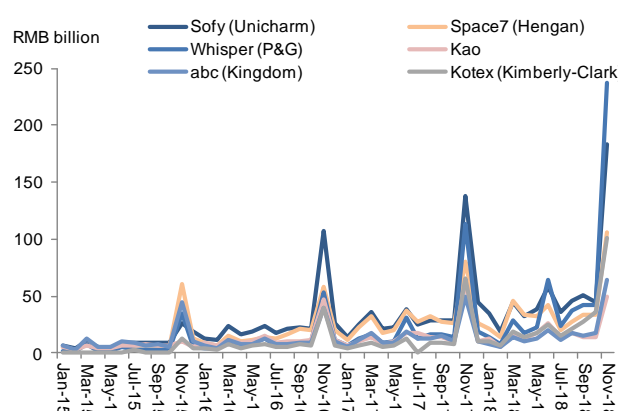
Source: the Company, Guotai Junan International.

Key Takeaways from the Investor Tour and 20th Listing Anniversary Celebration held on 8 December 2018

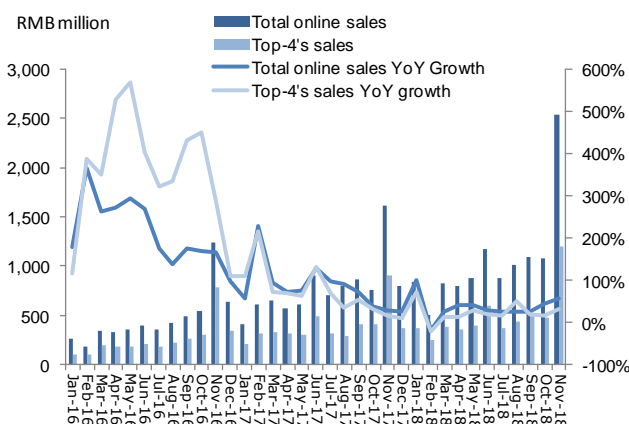
3Q18 performance met headwinds but 4Q18 recovered as the magnetic effect of online shopping festivals strengthened. Despite that China's household products demand remains solid, short-term economic volatility has affected confidence of distributors, leading to decline in channel inventory. In addition, the "618" online shopping festival had overdrawn consumption from 3Q18, resulting in sluggish sales in 3Q18. Due to improvement in operating efficiency, the Company's sales recovered in October. Furthermore, the Double-Eleven shopping festival this year still achieved strong performance. According to majia.com, total online sales of sanitary napkins and tissue paper in Taobao/ Tmall platforms in November surged 48.4% YoY and 57.2% YoY, respectively. Total online sales of sanitary napkins and tissue paper in November were 4 times and 3 times the average number of monthly sales months. Hengan's online sales growth was in line with industry growth. Online shopping festivals including the "618" festival and Double Eleven festival significantly reshaped the industry landscape as offline retailers proactively participated in online shopping festivals with considerable discounts.

Figure-1: Online Sales of Sanitary Napkins in Taobao and Tmall


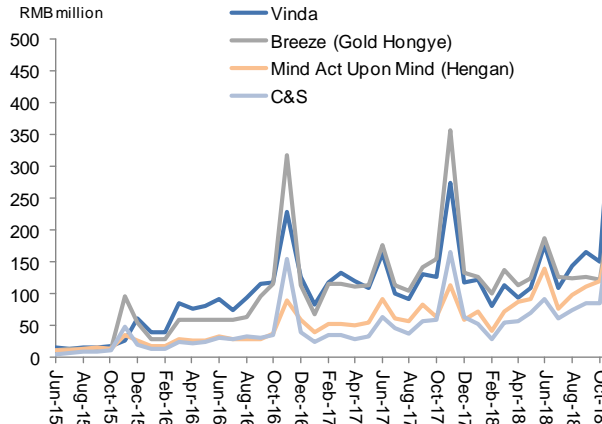
Source: Majia.com.

Figure-2: Online Sales of Sanitary Napkins in Taobao and Tmall


Source: Majia.com.

Figure-3: Online Sales of Tissue Paper in Taobao and Tmall


Source: Majia.com.

Figure-4: Online Sales of Tissue Paper in Taobao and Tmall


Source: Majia.com.

Tissue paper met sales targets of 10%-15% in 2018; sales growth target for 2019 remains at double digits. Hengan met its 2018 sales growth target of 10%-15%. 37% of incremental tissue sales came from market share gained from other competitors, 36% came from the new consumers who have never bought Mind Act Upon Mind brand previously, and 26% came from loyal consumers who purchased more. The Company's sales in "Tea Classical" (茶语) and "ZHU PAI bamboo" (竹π) jumped 50% YoY and 150% YoY this year, respectively. Looking forward in 2019, the Company will launch more new products such as "Chinese Style" series, tissue paper made for babies, and kitchen paper under "ZHU PAI bamboo". Moreover, the Company has more plans on creative marketing activities in 2019. Furthermore, Hengan will introduce distinct products through various channels which have been fragmented. Also, Hengan's small sales team can respond swiftly to changes in channels. The Company has confidence to achieve double-digit percentage sales growth of tissue paper in 2019 based on rejuvenation

of its Mind Act Upon Mind brand and diversified brand development plan. Due to RMB depreciation, gross margin of tissue paper is still under pressure.

Wet tissues sales grew twice as fast as the industry in 2018 and is expected to achieved 25% YoY growth in 2019. The Company's wet tissues sales achieved double-digit percentage growth in traditional channels and modern trade, and grew at 100% YoY in online channels. Hengan's fist product "super mini" wet wipes series, which was granted a patent, achieved 100% YoY growth this year, with RMB100 million in sales in 1-9M2018 and penetration of 12%. Looking forward in 2019, the Company will continue to promote "super mini" wet wipes series and sell it in more countries. In addition, Hengan will launch upgraded baby wet tissues products. The Company has introduced a new brand "Junichi" (淳一), which mainly covers baby products, complementary to Mind Act Upon Mind brand.

Sales growth of sanitary napkins in line with industry growth in 2018 (4%-5%) and is expected to achieve higher growth than the market in 2019. With the launch of Space 7 brand (Elegant series), the Company's ASP of napkins improved sustainably. Especially in 4Q18, the price hiked considerably. The penetration of Space 7 in high income families within tier-1 and tier-2 cities has risen. In 2018, Space 7 has cooperated with the hottest variety show, Produce 101, and eSports program WCG, as the Company aims at maintaining the highest user loyalty among consumers aged 12-25 years. Hengan has upgraded the packaging of its sanitary napkins in order to unify brand image. Except for sanitary napkins, Hengan is also working on developing disposable beauty makeup products, which may be launched in 2Q19. The Company will make more efforts on application of its IP of Space 7. The gross margin of sanitary napkins is expected to remain stable.

Sales growth of diapers may not turn positive in 2018 but the Company expects to achieve RMB2.5 billion in sales in 2019. The Company's diaper business still stays at the transformation stage. It is still working on strengthening its high-end products such as Q.MO brand and Xiaoqingxin (小轻芯) under Anerle, which has contributed around 30% of sales this year. Hengan's diaper sales in online channels, modern trade and maternal and baby stores achieved positive growth, but sales in traditional channels still shrunk significantly. In 2019, the Company will continuously promote Q.MO brand and Xiaoqingxin (小轻芯), as well as the premium pure cotton series. Moreover, Hengan has tapped into the maternity market with the launch of "Duoya" (朵娅) brand, which provides maternity diaper products. In strategic consideration, pregnant women have become a breakthrough for Hengan's baby diapers. The Company will introduce a membership program and launch more diversified maternity, baby and children products, in order to include more customers on a large scale. Driven by high-end products and the expansion in the maternity market, the Company expects that its diaper sales will achieve RMB2.5 billion in 2019, but we think the number may be too optimistic.

Figure-5: Anerle Xiaoqingxin (小轻芯)



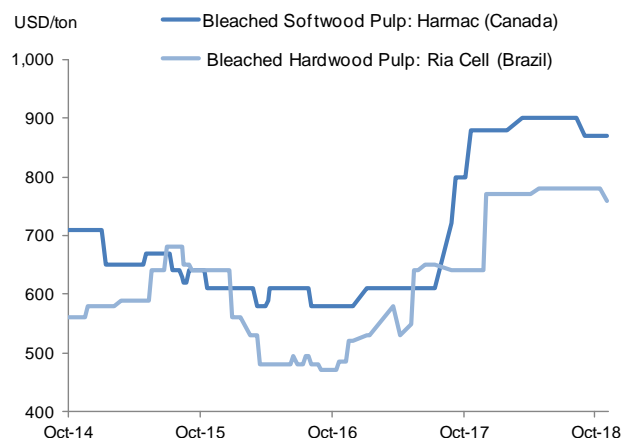
Source: Tmall.

Figure-6: Duoya (朵娅)

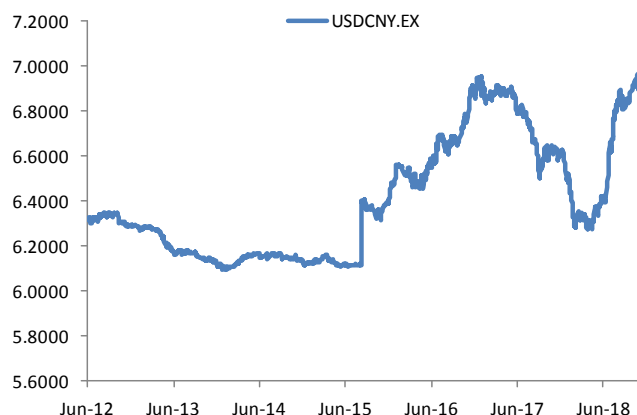


Source: Tmall.

Wood pulp prices remained stable but RMB depreciation continues. As at 10 December 2018, YTD Canada long fiber price and YTD Brazil short fiber price increased 37.6% YoY and 29.6% YoY, respectively. However, wood pulp price has been experiencing a kind of hangover since the end of 2017 and saw slight MoM decrease. As capacity is being gradually released and demand remains stable, pulp price lacks an upward driving force. However, continuous RMB depreciation has increased input costs of China's tissue manufacturers, resulting in lower gross margin. As at 10 December 2018, USD/RMB exchange rate increased 3.8% compared to 1 July 2018. However, we noticed that the RMB recently recovered slightly as trade the dispute between the U.S. and China has eased.

Figure-7: CFR Spot Price


Source: Wind, Guotai Junan International.

Figure-8: USD/RMB Exchange Rate


Source: Wind, Guotai Junan International.

Earnings Forecasts Assumptions and Revisions

We have revised down earnings forecasts. Our top line forecasts have generally remained unchanged. Due to rising input costs from RMB depreciation, we have revised down gross margin in 2018 by 0.6 ppt, but benefited from product mix trade-up; we have revised up gross margin in 2019 and 2020 by 0.1 ppt and 0.5 ppt, respectively. Due to more foreign exchange loss incurred and higher advertisement costs this year, we have revised down earnings forecasts in 2018 by 6.1%.

Table-1: Earnings Estimates Revisions

RMB million	NEW			OLD			CHANGE		
	2018F	2019F	2020F	2018F	2019F	2020F	2018F	2019F	2020F
Revenue	20,512	22,274	24,066	20,297	22,227	23,833	1.1%	0.2%	1.0%
Gross profit	8,046	8,898	9,717	8,071	8,845	9,500	-0.3%	0.6%	2.3%
Operating profit	5,432	6,024	6,581	5,752	6,230	6,667	-5.6%	-3.3%	-1.3%
Net profit	3,909	4,498	4,924	4,162	4,575	4,931	-6.1%	-1.7%	-0.1%
EPS	3.241	3.729	4.082	3.451	3.793	4.088	-6.1%	-1.7%	-0.1%
Gross margin	39.2%	39.9%	40.4%	39.8%	39.8%	39.9%	-0.6 ppt	0.1 ppt	0.5 ppt
Operating margin	26.5%	27.0%	27.3%	28.3%	28.0%	28.0%	-1.8 ppt	-1 ppt	-0.7 ppt
Net margin	19.1%	20.2%	20.5%	20.5%	20.6%	20.7%	-1.4 ppt	-0.4 ppt	-0.2 ppt

Source: Guotai Junan International.

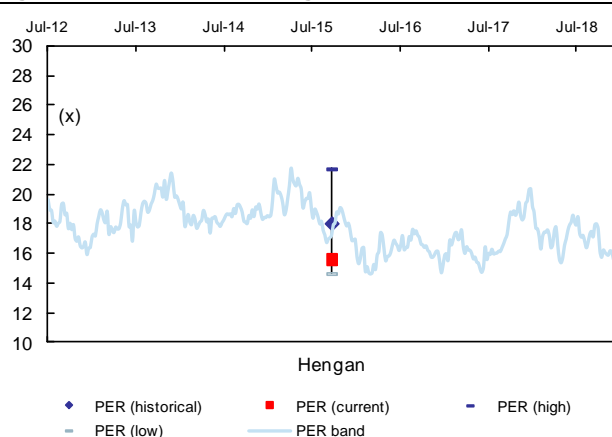
Note: Based on new HKFRS 15.

Lower TP to HK\$79.00 but maintain "Buy". We lower our TP due to worse earnings forecasts. The Company's third management reform is close to completion, which has started to improve Hengan's operating efficiency. Hengan will proactively launch into markets which are related to its main business, such as household, beauty makeup, maternity products and baby products, which indicates huge growth potential for the Company. We think its current valuation is attractive compared to its historical valuation and peers. Therefore, we lower TP to HK\$79.00 but maintain the Company's rating as "Buy". The new TP represents 21.7x 2018 PER, 18.9x 2019 PER, and 17.2x 2020 PER.

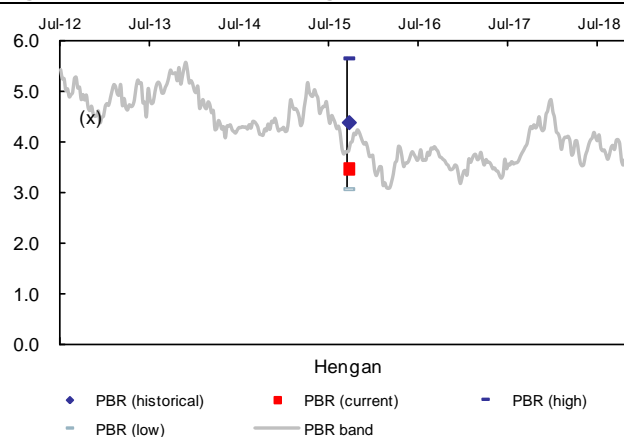
Table-2: Peers Comparison

Table 21: PERS Comparison												
Company	Ticker	\$	Share Price	Market Cap (HK\$ mn)	PER (x)			PBR (x)	ROE (%)	Yield (%)	Gross Margin (%)	Operating Margin (%)
					FY18F	FY19F	FY20F	FY18F	FY18F	FY18F	FY18F	FY18F
HK Listed Household Products Companies												
Vinda	03331 HK	HKD	13.08	15,628	25.5	21.0	17.2	1.9	7.7	1.2	29.6	7.1
Hengan	01044 HK	HKD	61.05	73,630	16.6	15.4	14.4	3.7	23.0	4.3	42.7	24.9
Simple Average					21.1	18.2	15.8	2.8	15.4	2.8	36.2	16.0
Weighted Average					18.1	16.3	17.2	3.4	20.3	3.8	40.4	21.8
HK Listed Stable Companies												
Dali Foods Group	3799 HK	HKD	5.610	76,824	17.5	15.6	13.6	4.5	26.7	3.3	38.9	21.2
China Resources Beer	291 HK	HKD	27.000	87,593	38.7	29.7	24.6	3.9	10.7	0.9	36.0	8.6
China Mengniu Dairy	2319 HK	HKD	23.500	92,300	26.3	20.5	16.9	3.2	12.7	0.9	38.1	5.6
Tingyi	322 HK	HKD	10.080	56,627	20.0	18.3	16.2	2.5	12.7	2.7	31.3	6.7
Want Want China	151 HK	HKD	5.430	67,600	18.5	17.2	16.3	3.7	21.8	0.0	43.1	20.2
Tsingtao Brewery	168 HK	HKD	30.450	45,261	23.3	20.4	18.1	2.0	8.8	1.8	36.1	5.9
Simple Average					24.0	20.3	16.2	3.3	15.6	1.6	37.2	11.3
Weighted Average					24.8	20.7	17.8	3.4	15.9	1.5	37.5	11.5
China Listed Household Products Companies												
Sun Paper	002078 CH	CNY	6.06	17,765	6.3	5.5	4.7	1.2	19.7	2.6	25.6	16.0
C&S Paper	002511 CH	CNY	8.78	12,774	24.4	19.3	15.9	3.1	13.8	0.8	36.0	9.7
Simple Average					15.4	12.4	10.3	2.2	16.7	1.7	30.8	12.8
Weighted Average					13.9	11.2	9.4	2.0	17.2	1.9	29.9	13.4
Global Listed Household Products Companies												
Johnson & Johnson	JNJ US	USD	145.26	3,044,756	17.8	16.8	15.9	6.0	29.3	2.7	71.5	32.8
Procter & Gamble	PG US	USD	93.03	1,811,420	24.8	21.2	19.8	4.6	22.5	3.1	49.2	21.5
Unilever Plc	ULVR LN	GBp	4,249.50	1,223,883	20.5	19.2	17.2	11.5	50.8	3.5	43.9	18.7
Kimberly-Clark Corp	KMB US	USD	113.69	307,700	17.1	16.8	15.8	349.8	956.9	3.7	33.6	17.9
Kao Corp	4452 JP	JPY	8,217.00	277,316	26.6	24.6	22.8	4.7	18.2	1.6	44.5	14.5
Unicharm Corp	8113 JP	JPY	3,546.00	151,989	33.7	30.2	27.2	4.8	15.7	0.8	39.3	14.4
Simple Average					23.4	21.5	19.8	6.3	27.3	2.6	47.0	20.0
Weighted Average					20.8	19.0	17.7	6.6	31.0	2.9	57.1	25.4

Source: Bloomberg.

Figure-9: PER Band of Hengan


Source: Bloomberg, Guotai Junan International.

Figure-10: PBR Band of Hengan


Source: Bloomberg, Guotai Junan International.

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	2019F
Total Revenue	19,277	19,825	20,512	22,274	24,066	Property, plant and equipment	8,439	8,923	8,282	8,455	8,612
Cost of sales	(9,873)	(10,526)	(12,466)	(13,376)	(14,349)	Leasehold land and land use rights	751	773	696	689	683
Gross Profit	9,404	9,299	8,046	8,898	9,717	Long-term bank deposits	1,760	2,500	2,625	2,756	2,894
Distribution costs	(3,721)	(3,891)	(2,441)	(2,628)	(2,864)	Others	1,067	1,033	1,026	1,015	1,012
Administrative expenses	(1,483)	(1,292)	(1,149)	(1,270)	(1,348)	Total Non-current Assets	12,018	13,229	12,629	12,916	13,200
Other income and other gains – net	543	1,156	976	1,024	1,076	Cash & Cash Equivalents	5,563	6,785	17,268	10,800	12,289
Operating Profit	4,743	5,272	5,432	6,024	6,581	Bank deposits	9,312	11,645	9,312	10,312	9,912
Finance income, net	(184)	(311)	(474)	(321)	(338)	Inventories	3,195	3,436	4,624	4,024	5,254
Profit before Tax	4,559	4,961	4,958	5,704	6,244	Bills receivable	2,744	2,312	2,521	2,727	2,943
Income Tax	-1,079	-1,159	-1,041	-1,198	-1,311	Others	1,314	1,491	1,605	1,763	1,936
Recurring Profit after Tax	3,480	3,801	3,917	4,506	4,933	Total Current Assets	22,127	25,669	35,331	29,625	32,335
Discontinued Profit	282	0	0	0	0	Total Assets	34,145	38,898	47,960	42,541	45,535
Profit after Tax	3,761	3,801	3,917	4,506	4,933	Short-term debts	11,919	15,375	14,375	14,875	15,375
Non-controlling Interest	-165	-7	-8	-8	-9	Bills payable	2,079	2,129	2,516	2,468	2,879
Shareholders' Profit / Loss	3,597	3,794	3,909	4,498	4,924	Accrued expenses and other payables	1,202	1,199	1,259	1,322	1,388
Recurring Shareholders' Profit	3,472	3,794	3,909	4,498	4,924	Others	81	483	4,987	22	23
Basic EPS	2.967	3.149	3.241	3.729	4.082	Total Current Liabilities	15,280	19,186	23,138	18,688	19,666
						Current assets less current liabilities	6,847	6,482	12,193	10,938	12,669
						Total assets less current liabilities	18,865	19,712	24,822	23,853	25,869
						Long-term debts	3,997	3,247	7,900	4,900	4,900
						Others	106	120	126	132	139
						Total Non-current Liabilities	4,104	3,368	8,026	5,032	5,039
						Total Liabilities	19,384	22,554	31,164	23,720	24,705
						Share capital	127	127	121	121	121
						Reserves	14,600	15,979	16,430	18,446	20,447
						Total Shareholders' Equity	14,727	16,106	16,550	18,567	20,567
						Minority Interest	34	238	246	254	262
						Total Equity	14,761	16,344	16,796	18,821	20,830
Cash Flow Statement						Financial Ratios					
Year end 31 Dec (RMB m)	2016A	2017A	2018F	2019F	2019F		2016A	2017A	2018F	2019F	2019F
Operating activities						Revenue growth (%)	3.3	2.8	3.5	8.6	8.0
PBT	4,559	4,961	4,958	5,704	6,244	Gross profit growth (%)	5.2	-1.1	-13.5	10.6	9.2
DD&A	626	667	675	663	680	Net profit growth (%)	10.3	5.5	3.0	15.0	9.5
Change in working capital	66	(544)	(1,094)	252	(1,142)	Recurring net profit growth (%)	7.4	9.3	3.0	15.0	9.5
Others	47	(148)	526	349	365	Gross margin (%)	48.8	46.9	39.2	39.9	40.4
Cash generated from operations	5,298	4,936	5,066	6,968	6,146	- Sanitary napkins	72.6	72.2	69.3	70.2	70.5
Income and interest tax paid	(1,211)	(909)	(1,037)	(1,187)	(1,308)	- Tissue paper	37.9	32.9	24.1	25.5	26.8
Cash from Operating Activities	4,087	4,026	4,029	5,780	4,839	- Disposable diapers	50.8	46.9	40.5	41.6	42.0
Investing activities						Operating profit margin (%)	24.6	26.6	26.5	27.0	27.3
Capital expenditure	(901)	(889)	(836)	(836)	(836)	- Sanitary napkins	43.4	45.8	49.5	49.9	49.2
Interest income	370	410	105	146	119	- Tissue paper	10.9	5.8	7.4	9.0	10.8
Others	(1,249)	(3,069)	2,195	(1,145)	249	- Disposable diapers	20.2	16.4	16.5	18.9	20.0
Cash from Investing Activities	(1,780)	(3,548)	1,463	(1,835)	(468)	Net margin (%)	18.7	19.1	19.1	20.2	20.5
Financing activities						ROE (%)	24.4	24.6	23.9	25.6	25.2
Loans changes	5,262	3,716	8,153	(7,000)	500	ROA (%)	10.7	10.4	9.0	9.9	11.2
Early redemption of convertible bonds	(4,483)	0	10	(466)	0	Cash conversion cycle	86.4	88.5	93.0	93.0	93.0
Share placing	1	63	0	0	0	Net gearing (%)	Net	Net	Net	Net	Net Cash
Dividend paid	(2,197)	(2,470)	(2,593)	(2,481)	(2,923)		Cash	Cash	Cash	Cash	
Others	(973)	(357)	(579)	(467)	(457)	Payout ratio (%)	94.7	66.7	65.0	65.0	65.0
Cash from Financing Activities	(2,391)	953	4,991	(10,414)	(2,881)						
Net Changes in Cash	(84)	1,431	10,483	(6,468)	1,490						
Foreign exchange effect and others	(247)	(209)	0	0	0						
Cash at Beg of Year	5,894	5,563	6,785	17,268	10,800						
Cash at End of Year	5,563	6,785	17,268	10,800	12,289						

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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