

Primax Electronics (4915.TW/4915 TT)

New projects to fuel growth in 2H24F

Neutral · Maintained

Price as of January 16 (NT\$)	65.90
12M target price (NT\$)	70.00
Previous target price (NT\$)	72.00
Revised down (%)	2.8
Upside (%)	6.2

Key message

- Sales will recover YoY in 2024F with improved margins due to product mix improvement.
- New projects will fuel growth in 2H24-2025F.

Trading data

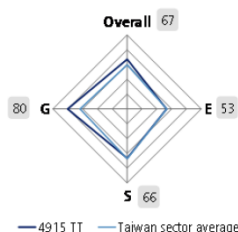
Mkt cap (NT\$bn/US\$mn)	30.51 / 976
Outstanding shares (mn)	463.0
Foreign ownership (mn)	170.6
3M avg. daily trading (mn)	3.48
52-week trading range (NT\$)	56.40 –73.00

Performance	3M	6M	12M
Absolute (%)	-5.7	3.6	16.8
Relative (%)	-9.9	3.2	0.6

Quarterly EPS

NT\$	1Q	2Q	3Q	4Q
2022	1.23A	1.58A	1.95A	1.34A
2023	1.23A	1.55A	1.63A	1.11F
2024	1.08F	1.43F	1.88F	1.93F

ESG score card



Source: Refinitiv, KGI securities

Event

4Q23 sales were below our estimate, due to slower audio sales. We expect Primax's sales will resume YoY growth in 2024F, on the back of a PC demand recovery. Auto/ AIoT sales will be the key sales driver in 2024F, expanding the firm's margins.

Impact

Lukewarm sales in 4Q23-1H24F, but margins intact. 4Q23 sales were NT\$14bn, down 11% QoQ and 25% YoY, 8% below our forecast due to sluggish audio sales. We thus fine-tune our 4Q23 EPS projection to NT\$1.11, down 17% YoY. We expect 1H24F sales to fall by double digits YoY, owing to a high comparison base in 1H23, and continuing inventory digestion by audio clients, especially of consumer audio products. However, PC demand has been bottoming out, with more rush orders placed recently. We expect a favorable product mix will improve gross margin YoY in 1H24F. We forecast earnings to fall by single digits YoY in 1H24F, while sales may drop by double digits YoY.

Demand recovery in 2024F; new projects to boost growth in 2H24-25F. Primax guides its information technology sales (46% of 1Q-3Q23 sales; PC peripherals and printers) to grow by a mid-single digit percentage YoY in 2024F, recovering from a trough in 2023, with a recovery of global PC demand brought about by AI PC launches in 2H24F. Auto/ AIoT sales (25%; including EV ADAS, B2B cam and professional audio equipment) will enjoy the strongest growth, driven by AIoT products and new projects pull-in in 2H24F. Primax has several new projects for ADAS cameras, acoustic vehicle alert systems (AVAS), and fleet management solutions going into mass production in 2H24-25F. We think this will improve its long-term growth, as these projects have longer product cycles and higher margins. However, we now think smart lifestyle sales (29%; consumer audio equipment and smartphone CCM) may drop YoY in 2024F, versus our previous forecast of up YoY, due to inventory corrections in the consumer audio segment, and the termination of a smartphone project. We thus forecast overall sales to grow 4% YoY this year. Gross and operating margins will improve to 16% and 5.1%, respectively, driven by product mix improvements, the auto/ AIoT sales weighting expanding from 26% in 2023F to 29% in 2024F, and margins improvement in the smart lifestyle segment. To reflect our sales revision, we revise down our 2024F EPS to NT\$6.32, up 15% YoY.

Valuation & Action

We maintain a Neutral rating, and revise down our target price to NT\$70, on 11x 2024F EPS. We think a high dividend yield will support share upside near term.

Risks

Weak demand; new project and client delays.

Key financials and valuations

	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
Revenue (NT\$mn)	71,650	79,241	60,488	62,988	70,484
Gross profit (NT\$mn)	9,380	10,984	9,564	10,059	11,337
Operating profit (NT\$mn)	2,813	3,345	2,797	3,234	3,867
Net profit (NT\$mn)	2,298	2,743	2,491	2,858	3,311
EPS (NT\$)	5.13	6.10	5.51	6.32	7.32
Cash DPS (NT\$)	3.10	3.90	3.80	4.17	4.83
EPS growth (%)	19.3	18.8	(9.8)	14.8	15.8
PE (x)	12.8	10.8	12.0	10.4	9.0
PB (x)	2.1	1.8	1.8	1.7	1.6
EV/EBITDA (x)	6.7	5.2	4.4	3.5	2.9
Net debt to equity (%)	Net cash	Net cash	Net cash	Net cash	Net cash
Dividend yield (%)	4.7	5.9	5.8	6.3	7.3
Return on average equity (%)	16.7	18.0	14.9	16.2	17.7

Source: Company data, KGI Research estimates

Figure 4: Primax's sales categories – Auto/ AIoT to be the key sales driver in 2024F



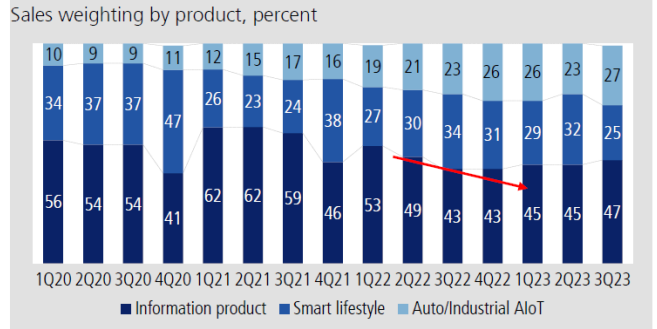
Source: company data

Figure 5: Company profile

Established in 1984, Primax specializes in manufacturing consumer and corporate electronics. In 2022, it derived 47% of sales from information products, 31% from smart lifestyle, 22% from Auto/AIoT. Primax has both ODM and EMS business models. The company has expanded its product coverage from smartphone CCM to other commercial, surveillance and auto applications. It also acquired Tymphany to tap into the audio speaker/ headphone market.

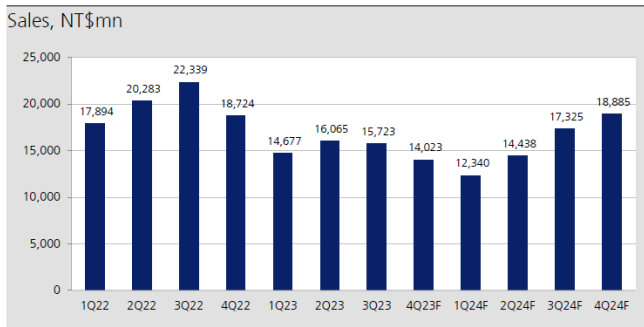
Source: KGI Research

Figure 6: Lower PC product sales weighting since 3Q22, while auto/ AIoT sales keep growing



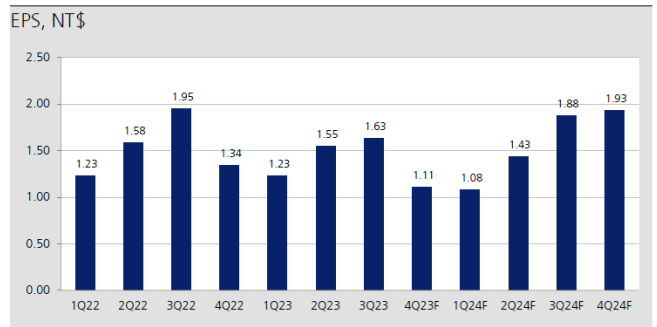
Source: company data; KGI Research

Figure 7: Sales



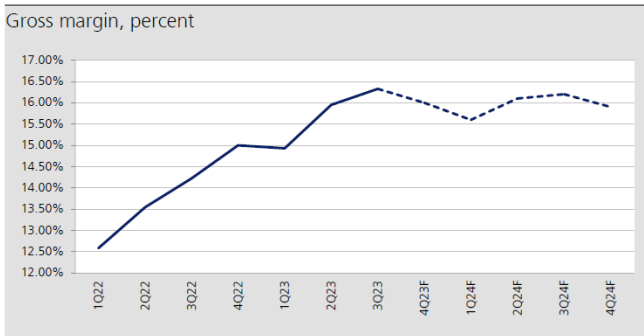
Source: KGI Research

Figure 8: EPS



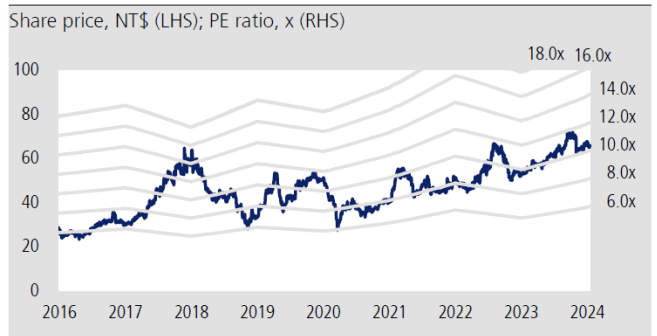
Source: KGI Research

Figure 9: Gross Margin



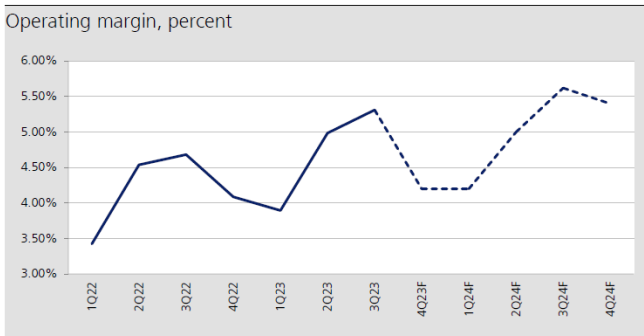
Source: KGI Research

Figure 10: 12M forward PE band



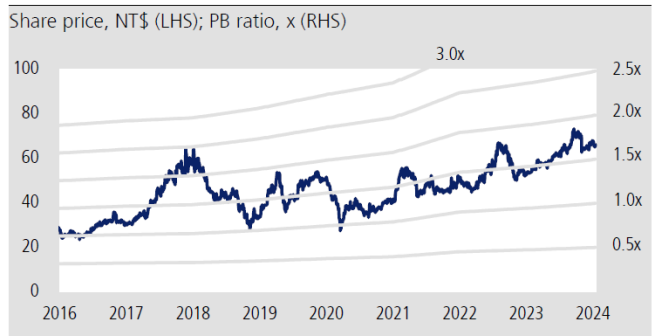
Source: TEJ; KGI Research estimates

Figure 11: Operating Margin



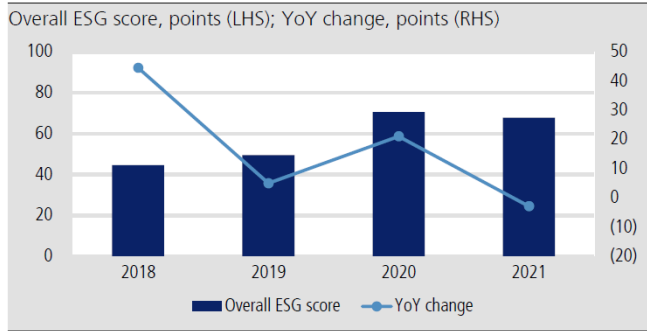
Source: KGI Research

Figure 12: 12M forward PB band



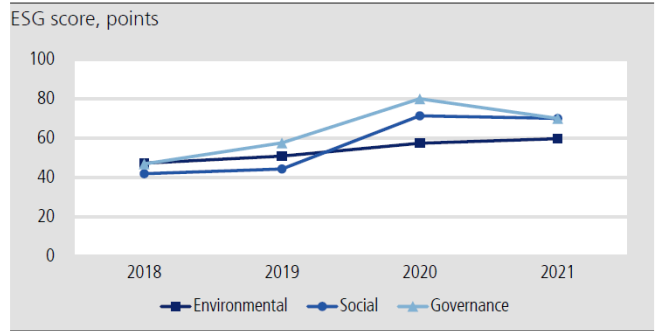
Source: TEJ; KGI Research estimates

Figure 13: Overall ESG score



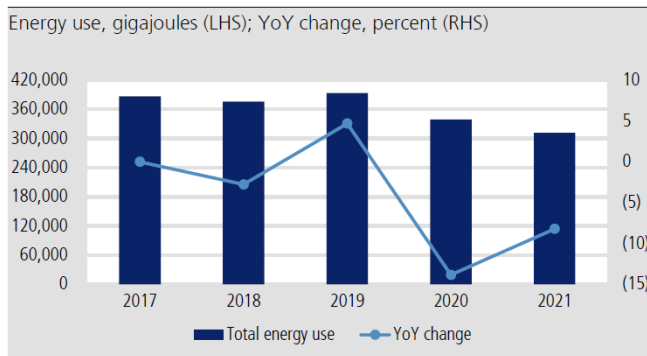
Source: Refinitiv; KGI Research; Company data

Figure 14: ESG score by category



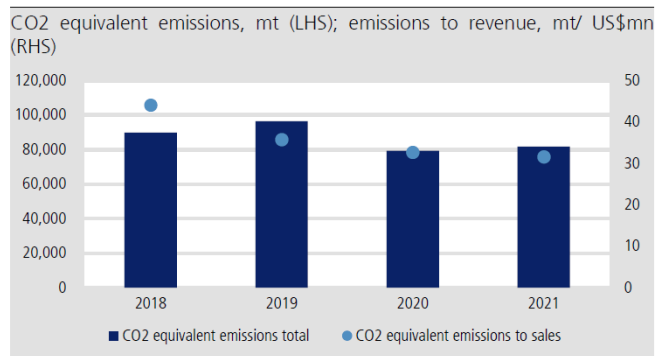
Source: Refinitiv; KGI Research; Company data

Figure 15: Energy use



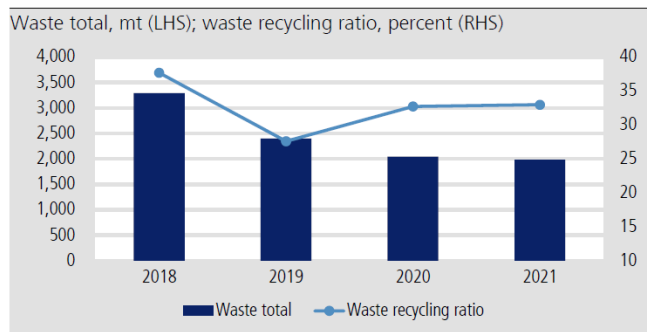
Source: Refinitiv; KGI Research; Company data

Figure 16: CO2 equivalent emissions



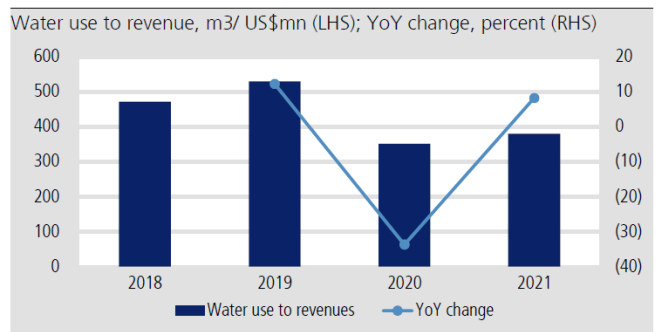
Source: Refinitiv; KGI Research; Company data

Figure 17: Waste total



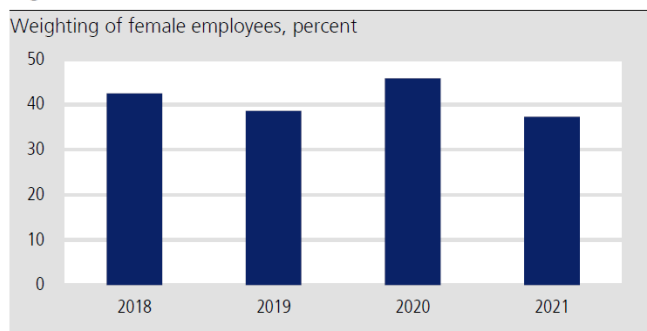
Source: Refinitiv; KGI Research; Company data

Figure 18: Water use to revenue



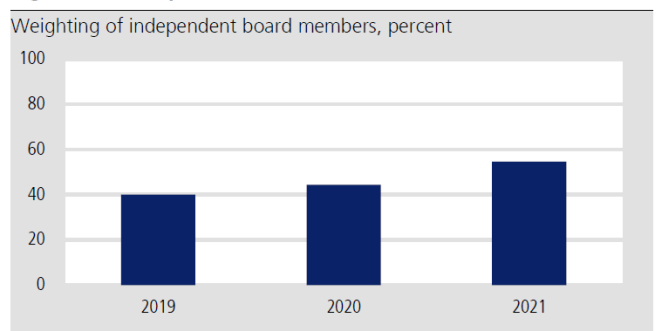
Source: Refinitiv; KGI Research; Company data

Figure 19: Gender diversification



Source: Refinitiv; KGI Research; Company data

Figure 20: Independent board members



Source: Refinitiv; KGI Research; Company data

ESG chart definition

Item	Definition	Remarks
Energy use	Total direct and indirect energy consumption in gigajoules. - the total amount of energy that has been consumed within the boundaries of the company's operations - total energy use = total direct energy consumption + indirect energy consumption - purchased energy and produced energy are included in total energy use - for utilities, transmission/ grid loss as part of its business activities is considered as total energy consumed and data does not consider electricity produced to answer energy use (utility company produces to sell) - for utilities, raw materials such as coal, gas or nuclear used in the production of energy are not considered under 'total energy use'	
Renewable energy purchased	Total primary renewable energy purchased in gigajoules. - energy consumed by the company from various sources and among the purchased energy, how much energy is renewable in nature (solar, wind, hydro, biomass, geothermal) are in scope - if there is no evidence that renewable energy is produced by the company, then we consider the reported energy figure as renewable energy purchased	
Renewable energy use ratio	Renewable energy to total energy used	
CO2 equivalent emissions	Direct CO2 and CO2 equivalent emissions in metric tons. - direct emissions from sources that are owned or controlled by the company (scope 1 emissions) - following gases are relevant: carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFCs), perfluorinated compound (PFCS), sulfur hexafluoride (SF6), nitrogen trifluoride (NF3)	
CO2 equivalent emissions to sales	Direct CO2 and CO2 equivalent emissions (metric tons) to sales (NT\$m) - direct emissions from sources that are owned or controlled by the company (scope 1 emissions) - following gases are relevant: carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFCs), perfluorinated compound (PFCS), sulfur hexafluoride (SF6), nitrogen trifluoride (NF3)	
Waste total	Total amount of waste produced in metric tons. - total waste = non-hazardous waste + hazardous waste - only solid waste is taken into consideration, exceptionally if liquid waste is reported in metric tons, then we do the summation to derive total including liquid waste - for sectors like mining, oil & gas, waste generation like tailings, waste rock, coal and fly ash are also considered	
Waste recycling ratio	The waste recycling ratio as reported by the company. - waste recycling ratio = waste recycled/total waste*100 - waste to energy or waste incinerated with energy recovery are considered as waste recycled - waste recovered via composting is considered as recycled waste	
Water withdrawal total	Total water withdrawal in cubic meters. - the total volume of water withdrawn from any water source that was either withdrawn directly by the reporting organization or through intermediaries such as water utilities - different sources of water like wells, town/utility/municipal water, river water, and surface water are considered	
Environmental expenditures	Total amount of environmental expenditures. - all environmental investment & expenditures for environmental protection or to prevent, reduce, control environmental aspects, impacts, and hazards. It also includes disposal, treatment, sanitation, and clean-up expenditures	
Turnover of employees	Percentage of employee turnover. - includes employees who left the company for any reason (voluntary or involuntary), such as resignations, retirement, natural departure/death, medical incapacitation, redundancy, layoffs, restructuring, dismissal, retrenchment or end of a fixed-term contract - employees turnover rate = (employees leaving/average number of employees)*100 - where the average number of employees = (employees at the end of the current year + employees at the end of the previous year)/2 - employees at the end of the current fiscal year = employees at the end of the previous fiscal year + new employees - employees leaving	
Women managers	Percentage of women managers. - percentage of women managers among total managers of the company - if there is a breakdown by category in percentage, such as top, senior, middle, and junior management, then we consider the percentage of middle women managers - percentage of women managers = number of women managers/total number of managers*100	
Women employees	Percentage of women employees. - percentage of women employees to the total number of employees of the company - percentage of women employees = number of women/total number of employees*100	
Training hours total	Total training hours performed by all employees. - consider only employee training hours - includes all types of training given to general employees (such as health & safety, environmental, emergency response, skills & career development training) - if the value is given in days, multiply by 8, assuming that 1 day = 8 hours worked	
Training hours per employee	Training hours per employee per year	

Source: Refinitiv, KGI Research

Income statement

	Quarterly								Annually		
	Mar-23A	Jun-23A	Sep-23A	Dec-23F	Mar-24F	Jun-24F	Sep-24F	Dec-24F	Dec-23F	Dec-24F	Dec-25F
Income statement (NT\$mn)											
Revenue	14,677	16,065	15,723	14,023	12,340	14,438	17,325	18,885	60,488	62,988	70,484
Cost of goods sold	(12,486)	(13,503)	(13,156)	(11,779)	(10,415)	(12,113)	(14,519)	(15,882)	(50,925)	(52,929)	(59,147)
Gross profit	2,191	2,562	2,567	2,244	1,925	2,324	2,807	3,003	9,564	10,059	11,337
Operating expenses	(1,619)	(1,761)	(1,732)	(1,655)	(1,407)	(1,603)	(1,833)	(1,983)	(6,767)	(6,825)	(7,470)
Operating profit	572	801	835	589	518	722	974	1,020	2,797	3,234	3,867
Depreciation of fixed assets	(432)	(426)	(418)	(1,324)	(693)	(693)	(693)	(693)	(2,600)	(2,772)	(2,975)
Amortisation of intangible assets	(54)	(51)	(49)	(72)	(57)	(57)	(57)	(57)	(226)	(226)	(226)
EBITDA	1,057	1,278	1,303	1,985	1,268	1,471	1,723	1,769	5,623	6,232	7,067
Interest income	32	101	102	112	110	110	110	110	346	439	415
Investment income	-	-	1	-	-	-	-	-	1	-	-
Other non-op income	143	96	101	59	50	80	120	110	400	360	360
Non-operating income	175	197	204	171	160	190	230	220	747	799	775
Interest expense	(35)	(42)	(46)	(46)	(31)	(31)	(31)	(31)	(168)	(126)	(123)
Investment loss	-	-	-	(25)	(6)	(6)	(6)	(6)	(25)	(25)	(25)
Other non-op expenses	-	-	-	(10)	(20)	(20)	(18)	(13)	(10)	(70)	(70)
Non-operating expenses	(35)	(42)	(46)	(81)	(58)	(58)	(55)	(50)	(203)	(221)	(218)
Pre-tax profit	712	956	993	679	620	854	1,148	1,189	3,340	3,812	4,423
Current taxation	(139)	(187)	(194)	(135)	(121)	(167)	(224)	(232)	(655)	(743)	(863)
Minorities	(18)	(70)	(63)	(44)	(10)	(40)	(75)	(85)	(195)	(210)	(250)
Normalised net profit	555	699	737	500	489	647	849	872	2,491	2,858	3,311
Extraordinary items	(0)	(0)	(0)	0	-	-	-	-	-	-	-
Net profit	555	699	737	500	489	647	849	872	2,491	2,858	3,311
EPS (NT\$)	1.23	1.55	1.63	1.11	1.08	1.43	1.88	1.93	5.51	6.32	7.32
Margins (%)											
Gross profit margin	14.9	15.9	16.3	16.0	15.6	16.1	16.2	15.9	15.8	16.0	16.1
Operating margin	3.9	5.0	5.3	4.2	4.2	5.0	5.6	5.4	4.6	5.1	5.5
EBITDA margin	7.2	8.0	8.3	14.2	10.3	10.2	9.9	9.4	9.3	9.9	10.0
Pretax profit margin	4.9	6.0	6.3	4.8	5.0	5.9	6.6	6.3	5.5	6.1	6.3
Net profit margin	3.8	4.4	4.7	3.6	4.0	4.5	4.9	4.6	4.1	4.5	4.7
Sequential growth (%)											
Revenue growth	(21.6)	9.5	(2.1)	(10.8)	(12.0)	17.0	20.0	9.0			
Gross profit growth	(22.0)	16.9	0.2	(12.6)	(14.2)	20.8	20.7	7.0			
Operating profit growth	(25.3)	40.1	4.3	(29.5)	(12.0)	39.3	34.9	4.7			
EBITDA growth	(15.0)	20.9	2.0	52.3	(36.1)	16.1	17.1	2.7			
Pretax profit growth	(10.2)	34.2	3.9	(31.6)	(8.6)	37.7	34.5	3.6			
Net profit growth	(7.8)	26.0	5.3	(32.1)	(2.1)	32.3	31.2	2.7			
YoY growth (%)											
Revenue growth	(18.0)	(20.8)	(29.6)	(25.1)	(15.9)	(10.1)	10.2	34.7	(23.7)	4.1	11.9
Gross profit growth	(2.7)	(6.7)	(19.2)	(20.1)	(12.1)	(9.3)	9.3	33.8	(12.9)	5.2	12.7
Operating profit growth	(6.7)	(13.0)	(20.2)	(23.0)	(9.3)	(9.9)	16.6	73.1	(16.4)	15.6	19.6
EBITDA growth	(1.9)	(8.4)	(14.1)	59.6	20.0	15.1	32.3	(10.9)	7.5	10.8	13.4
Pretax profit growth	3.6	(0.3)	(16.5)	(14.4)	(12.9)	(10.7)	15.6	75.2	(8.0)	14.1	16.0
Net profit growth	0.5	(1.7)	(16.1)	(16.9)	(11.8)	(7.4)	15.3	74.5	(9.2)	14.8	15.8

Source: Company data, KGI Research estimates

Balance sheet

NT\$m	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
Total assets	49,474	47,264	47,095	48,485	51,728
Current assets	35,729	33,260	34,665	37,352	42,095
Cash & ST securities	6,661	6,812	9,671	12,776	14,863
Inventory	13,165	9,354	8,371	8,966	10,047
Accounts receivable	13,505	14,393	13,921	12,907	14,483
Other current assets	2,399	2,702	2,702	2,702	2,702
Non-current assets	13,745	14,004	12,429	11,132	9,633
LT investments	445	384	359	334	309
Net fixed assets	7,605	8,247	6,697	5,425	3,950
Other assets	5,695	5,373	5,373	5,373	5,373
Total liabilities	33,032	28,970	27,834	28,042	29,910
Current liabilities	28,532	25,336	24,354	24,510	26,395
Accounts payable	17,693	14,039	12,975	13,015	14,584
Interest bearing ST liabilities	2,466	489	644	592	610
Other current liabilities	8,373	10,808	10,735	10,903	11,201
Non-current liabilities	4,499	3,635	3,480	3,532	3,514
Long-term debt	1,026	464	309	361	344
Other L-T liabilities	1,595	1,466	1,466	1,466	1,466
Total equity	16,443	18,294	19,261	20,443	21,818
Share capital	4,553	4,583	4,583	4,583	4,583
Retained earnings reserve	6,492	7,433	8,205	9,177	10,303
Minority interests	2,267	1,946	2,141	2,351	2,601
Preferred shareholders funds	-	-	-	-	-

Key ratios

	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
Revenue growth	5.0%	10.6%	(23.7%)	4.1%	11.9%
Operating profit growth	22.3%	18.9%	(16.4%)	15.6%	19.6%
EBITDA growth	4.9%	10.1%	7.5%	10.8%	13.4%
Net profit growth	19.7%	19.3%	(9.2%)	14.8%	15.8%
EPS growth	19.3%	18.8%	(9.8%)	14.8%	15.8%
Profitability					
Gross profit margin	13.1%	13.9%	15.8%	16.0%	16.1%
Operating margin	3.9%	4.2%	4.6%	5.1%	5.5%
EBITDA margin	6.6%	6.6%	9.3%	9.9%	10.0%
Net profit margin	3.2%	3.5%	4.1%	4.5%	4.7%
Return on average assets	4.7%	5.7%	5.3%	6.0%	6.6%
Return on average equity	16.7%	18.0%	14.9%	16.2%	17.7%
Stability					
Gross debt to equity	21.2%	5.2%	4.9%	4.7%	4.4%
Net debt to equity	Net cash	Net cash	Net cash	Net cash	Net cash
Interest coverage (x)	17.7	13.5	20.9	31.3	37.1
Interest & ST debt coverage (x)	0.5	0.8	0.8	0.8	0.9
Cash flow interest coverage(x)	9.2	21.4	34.1	50.4	44.4
Cash flow/int. & ST debt (x)	0.6	8.0	7.1	8.8	7.4
Current ratio (x)	1.3	1.3	1.4	1.5	1.6
Quick ratio (x)	0.8	0.9	1.1	1.2	1.2
Net debt (NT\$m)	(1,347)	(5,332)	(8,191)	(11,296)	(13,382)
Per share data					
EPS (NT\$)	5.13	6.10	5.51	6.32	7.32
CFPS (NT\$)	3.74	13.78	12.67	14.01	12.04
BVPS (NT\$)	31.14	35.67	37.35	39.48	41.93
Adj BVPS (NT\$)	31.67	36.37	37.84	39.99	42.48
SPS (NT\$)	160.06	176.28	133.71	139.23	155.80
EBITDA/share (NT\$)	10.62	11.64	12.43	13.77	15.62
Cash DPS (NT\$)	3.10	3.90	3.80	4.17	4.83
Activity					
Sales / avg assets	1.48	1.64	1.28	1.32	1.41
Days receivable	68.8	66.3	84.0	75.0	75.0
Days inventory	77.2	50.0	60.0	62.0	62.0
Days payable	103.7	75.1	93.0	90.0	90.0
Cash cycle	42.3	41.2	51.0	47.0	47.0

Source: Company data, KGI Research estimates

Profit & loss

NT\$m	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
Revenue	71,650	79,241	60,488	62,988	70,484
Cost of goods sold	(62,270)	(68,256)	(50,925)	(52,929)	(59,147)
Gross profit	9,380	10,984	9,564	10,059	11,337
Operating expenses	(6,567)	(7,640)	(6,767)	(6,825)	(7,470)
Operating profit	2,813	3,345	2,797	3,234	3,867
Non-operating income	716	774	747	799	775
Interest income	118	95	346	439	415
Investment income	5	8	1	-	-
Other non-op income	592	671	400	360	360
Non-operating expenses	(498)	(490)	(203)	(221)	(218)
Interest expense	(182)	(290)	(168)	(126)	(123)
Investment loss	(62)	(42)	(25)	(25)	(25)
Other non-op expenses	(255)	(158)	(10)	(70)	(70)
Pre-tax profit	3,030	3,629	3,340	3,812	4,423
Current taxation	(637)	(760)	(655)	(743)	(863)
Minorities	(95)	(126)	(195)	(210)	(250)
Extraordinary items	-	0	-	-	-
Net profit	2,298	2,743	2,491	2,858	3,311
EBITDA	4,754	5,232	5,623	6,232	7,067
EPS (NT\$)	5.13	6.10	5.51	6.32	7.32

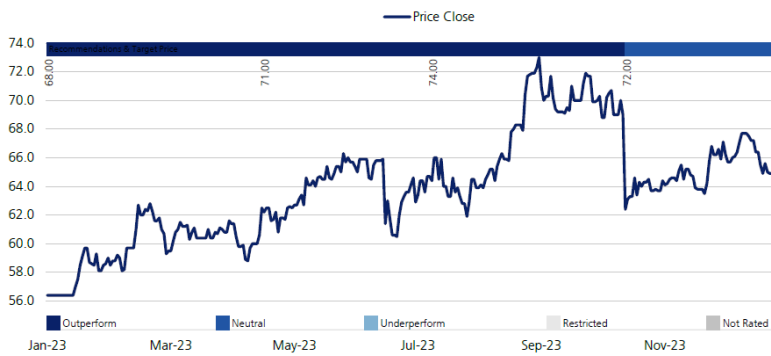
Cash flow

NT\$m	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
Operations cash flow	1,673	6,194	5,732	6,340	5,449
Net profit	2,298	2,743	2,491	2,858	3,311
Depreciation & amortisation	1,941	1,887	2,826	2,998	3,201
Other operating cash flow	1,537	3,398	24	25	25
Investing cash flow	(3,874)	(534)	(1,276)	(1,726)	(1,726)
Sale of ST investment	(839)	1,436	-	-	-
New investments	-	-	-	-	-
Capital expenditure	(3,044)	(1,931)	(1,050)	(1,500)	(1,500)
Others investing cashflow	10	(38)	(226)	(226)	(226)
Free cash flow	(3,201)	538	4,190	4,333	3,500
Financing cash flow	227	(4,533)	(1,597)	(1,509)	(1,637)
Increase in short term debt	1,126	(1,541)	-	-	-
Increase in long term loans	705	(997)	-	-	-
New ordinary shares issued	-	-	-	-	-
Ordinary dividends paid	(1,355)	(1,411)	(1,792)	(1,719)	(1,887)
Other financing cashflow	(249)	(583)	195	210	250
Forex effects	(123)	318			
Total cash generated	(2,096)	1,446	2,859	3,105	2,086

ROIC

	Dec-21A	Dec-22A	Dec-23F	Dec-24F	Dec-25F
1 - COGS/revenue					
- Operating exp./revenue	9.2%	9.6%	11.2%	10.8%	10.6%
= Operating margin	3.9%	4.2%	4.6%	5.1%	5.5%
1 / (Working capital/revenue					
+ Net PPE/revenue	0.0	0.0	0.0	0.0	0.0
+ Other assets/revenue)	0.0	0.0	0.0	0.0	0.0
= Capital turnover	6.5	7.8	7.3	9.8	12.2
Operating margin	3.9%	4.2%	4.6%	5.1%	5.5%
x Capital turnover	6.5	7.8	7.3	9.8	12.2
x (1 - tax rate)	79.0%	79.1%	80.4%	80.5%	80.5%
= After-tax ROIC	20.2%	25.9%	27.0%	40.4%	54.1%

Source: Company data, KGI Research estimates

Primax Electronics – Recommendation & target price history


Date	Rating	Target	Price
2023-11-01	Neutral	72.00	62.40
2023-07-27	Outperform	74.00	64.40
2023-05-04	Outperform	71.00	62.20
2023-02-14	Outperform	68.00	58.60
2022-10-27	Outperform	68.00	55.50
2022-07-29	Outperform	79.00	69.80
2022-04-28	Outperform	68.00	58.10
2022-02-15	Outperform	66.00	52.50
2021-10-28	Outperform	66.00	50.80
2021-07-29	Outperform	74.00	60.40

Source: TEJ, KGI Research

All the above named KGI analyst(s) is SFC licensed person accredited to KGI Asia Ltd to carry on the relevant regulated activities. Each of them and/or his/her associate(s) does not have any financial interest in the respectively covered stock, issuer and/or new listing applicant.

Disclaimer

All the information contained in this report is not intended for use by persons or entities located in or residing in jurisdictions which restrict the distribution of this information by KGI Asia Limited ("KGI") or an affiliate of KGI. Such information shall not constitute investment advice, or an offer to sell, or an invitation, solicitation or recommendation to subscribe for or invest in any securities or investment products or services nor a distribution of information for any such purpose in any jurisdiction. In particular, the information herein is not for distribution and does not constitute an offer to sell or the solicitation of any offer to buy any securities in the United States of America, or to or for the benefit of United States persons (being residents of the United States of America or partnerships or corporations organised under the laws of the United States of America or any state, territory or possession thereof). All the information contained in this report is for general information and reference purpose only without taking into account of any particular investor's objectives, financial situation or needs. Such information is not intended to provide professional advice and should not be relied upon in that regard.

Some of KGI equity research and earnings estimates are available electronically on www.kgi.com.hk. Please contact your KGI representative for information. The information and opinions in this report are those of KGI internal research activity. KGI does not make any representation or warranty, express or implied, as to the fairness, accuracy, completeness or correctness of the information and opinions contained in this report. The information and opinions contained in this report are subject to change without any notice. No person accepts any liability whatsoever for any loss however arising from any use of this report or its contents. This report is not to be construed as an invitation or offer to buy or sell securities and/or to participate in any investment activity. This report is being supplied solely for informational purposes and may not be redistributed, reproduced or published (in whole or in part) by any means for any purpose without the prior written consent of KGI. Members of the KGI group and their affiliates may provide services to any companies and affiliates of such companies mentioned herein. Members of the KGI group, their affiliates and their directors, officers and employees may from time to time have a position in any securities mentioned herein.