

Markets at a Glance

Indices	Closing	DoD%
Hang Seng Index	26415.1	0.1
HSCEI	10550.2	(0.3)
Shanghai COMP	3339.9	(0.2)
Shenzhen COMP	2269.3	(0.9)
Gold	1880.4	(0.5)
BDIY	1111.0	(0.4)
Crude Oil, WTI (US\$/BBL)	41.4	0.2
Crude Oil, BRENT (US\$/BBL)	43.8	(0.2)
HIBOR, 3-M	0.3	0.7
SHIBOR, 3-M	3.0	0.0
RMB/USD	6.56	(0.4)

Source: Bloomberg

Upcoming Key Data Releases

Date	Key Data

Source: Bloomberg

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CGIS Yum Cha Daily

RESEARCH NOTES

JD.COM [JD.US; ADD; TP: US\$99.80] – JD reported 3Q20 net revenue of Rmb174bn, up 29.2% yoy, above our expectation. Driven by higher margins and a gain of fair-value change of investment securities, non-GAAP net profit for the quarter was Rmb5.6bn, up 80.1% yoy. JD's s AAU was 441.6m at the end of Sep 2020, up by 32.1% yoy, the highest growth rate in the past three years. The JD logistics loss narrowed substantially, and this trend is expected to continue. Reiterate Add with a new DCF-based TP of US\$99.8. (Analysts: Yang Lei/Sun Feifei)

SNIPPETS

TCL ELECTRONICS [1070.HK; NR] – We joined a conference call for TCL Electronics' (TCLE) post-3Q20 results (ended 30 Sep 2020) yesterday. In 3Q20, TCLE reported revenue from continuing operations of HK\$14,683m, up by 76.6% yoy and 43.9% qoq. The Company's gross profit reached HK\$2,824m, up 55.7% yoy and 32.1% qoq. The gross profit margin of the TCL brand's TV business in overseas markets reached 17.3% in 3Q20, up by 1.3%pts yoy and 0.3%pt qoq; the gross profit margin of the TCL brand TV business in the China market reached 22.7% in 3Q20, down by 1.6%pts yoy and 2.0%pts qoq. TCLE's expenses ratio was 16.2% in 3Q20, down 2.2%pts yoy. The Company booked a net profit from continuing operations after deducting one-off non-operating items of HK\$359m, representing a qoq decrease of 14.7% but a yoy increase of 1,201.9%.

In 3Q20, sales volume of TCL brand TVs reached 7.25m units, up 49.7% yoy and 24.7% qoq. TCL Electronics ranked among top three in the world in 3Q20, according to Sigmaintell. According to the latest reports by GfK2 and NPD3, in 9M2020, TCL's overseas market share by sales volume increased by 1.0%pt yoy, with TV sales volume ranking among the top five in 19 key countries worldwide. In China, according to the latest report by CMM4, the market share of TCL brand TVs in 3Q20, in terms of sales revenue, increased by 2.3%pts yoy to 13.4%. Its rank rose from No.3 in the corresponding period last year to No.2 in 3Q20. As at end-Sep 20, with continuous access by domestic IoT smart TV devices, the MAUs of TCLE's domestic internet platform, Falcon Network Technology Group, increased by 21.3% yoy to 17.4m, and the average daily time spent on TV per user increased by 9.6% yoy to 5.84 hours. The ARPU for Jan to Sep 20 reached HK\$33.8, up by 36.5% yoy. TCLE continued to work with Internet giants, such as Roku, Google and Netflix, to expand its global home internet business. In Jul 20, TCLE expanded its partnership with Roku from the U.S. to the global market for the first time and plans to expand in the UK and Brazil markets next year. In addition, TCLE's content integration application, TCL Channel, is planning to launch on TCL brand Roku TV and Android TV in the United States. As at the end of 3Q20, TCL Channel had been launched in Italy, Spain, Ukraine and Australia, covering 12 key countries in total. In Sep 2020, revenue from the mobile phones and services business reached HK\$898m, for a yoy increase of 8.0%. Of this, revenue from TCL brand smartphones increased by 215.5% yoy.

In Sep 2020, sales volume of TCL brand smartphones increased by 22.3% yoy. Sales volume of TCLE's mobile phones ranked No.5 in the U.S., No.6 in Australia and Europe, and No.7 in Latin America. Management reiterated its guidance for TV shipments of over 23m for 2020, up about 11.7% from 20.6m in 2019. According to our discussion with management, smartphone operations reported a positive net profit contribution in Sep 20 and made an immediate bottom-line contribution after the acquisition.

In 3Q20, TCLE's revenue from its domestic internet business reached HK\$176m, up by 80.9% yoy. In Jan–Sep 2020, revenue from membership, value-added and advertising business rose by 78.4%, 167.6% and 3.8% yoy, respectively. The ARPU of Falcon Network Technology Group reached HK\$33.8 in Jan–Sep 2020, surging by 36.5% yoy. The number of existing subscribers in Sep 2020 increased by 42.2% yoy. As at 30 Sep 2020, the number of monthly active users of Falcon Network Technology Group reached 17m yoy, up by 21.3% yoy, and the average daily time spent on TV per user for the first three quarters of 2020 increased by 9.6% yoy to 5.84 hours.

In addition to in-depth cooperation with major long-video platforms, Falcon Network Technology began to thoroughly tap into influential industry partners for vertical content, such as short-video giants ByteDance and Kuaishou Technology. As a result, its short-video viewing time continuously increased. Management guided internet revenue (both Falcon and overseas) of over HK\$1bn for 2020F.

We maintain the view that the acquisition of TCL Communications has been attracting market attention to TCL Electronics (an outperformer in the TMT hardware segment on a YTD basis), as the Company has turned itself into a multi-device provider, with exposure to value-added services. Recall that management mentioned that TCL Communications' revenue dropped about 20% yoy in 1H20 and Sep 20, so its performance is in line with management guidance of a mid-teen yoy increase in revenue for 2020F, implying a strong rebound in revenue in 2H20. We still believe that there is further re-rating potential for TCLE, given its smart TV platform and improvement in operating performance of TCL Communication. Any post-results share price weakness should offer a re-entry opportunity. (Analyst: Mark Po)

China
ADD (no change)

Consensus ratings*: Buy 47 Hold 3 Sell 1

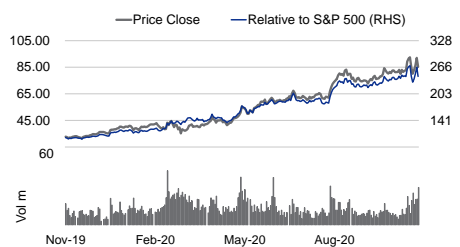
Current price:	US\$85.26
Target price:	US\$99.80 ▲
Previous target:	US\$76.00
Up/downside:	17.1%
CGI / Consensus:	22.2%

Reuters:	JD.O
Bloomberg:	JD US
Market cap:	US\$133,423m
Average daily turnover:	US\$1,028m
Current shares o/s:	89,023m
Free float:	51.0%

*Source: Bloomberg

Key changes in this note

- FY20F net profit increased by 112%.
- FY21F net profit increased by 15%.
- FY22F net profit increased by 15%.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	4.6	37.4	154.1
Relative (%)	0.7	30.1	138

Major shareholders	% held
Tencent	21.3
Qiangdong Liu	20.0
Walmart	10.8

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JD.com Inc

Promising outlook for user activity growth

- JD reported 3Q20 net revenue of Rmb174bn, up 29.2% yoy, above our expectation. Driven by higher margins and a gain of fair-value change of investment securities, non-GAAP net profit for the quarter was Rmb5.6bn, up 80.1% yoy.
- JD's AAU was 441.6m at the end of Sep 2020, up by 32.1% yoy, the highest growth rate in the past three years.
- The JD logistics loss narrowed substantially, and this trend is expected to continue.
- Reiterate Add with a new DCF-based TP of US\$99.8.

3Q20 results above expectations

3Q20 online direct sales revenue was Rmb151bn, up 27.4% yoy, and service and others revenue was Rmb23bn, up 42.7% yoy. JD retail revenue for the quarter was Rmb163bn, up 26.9% yoy, and revenue from new businesses was Rmb11bn, up 86.4% yoy. The gross margin was 15.4%, up by 0.5% pts yoy. The 3Q20 fulfillment expenses ratio to total revenue increased by 0.2% pts yoy, as JD stepped up deliveries of fresh groceries and FMCG, which have higher fulfillment expenses. But thanks to the overall margin improvement of JD retail and JD logistics, the 3Q20 fulfilled gross margin was 8.7%, up by 0.3% pts yoy. Non-GAAP OPM was 3%, up 0.7% pts, above our expectation. Along with a gain of Rmb2.9bn in fair-value change of investment securities (3Q19: loss of Rmb4bn), non-GAAP net profit for the quarter was Rmb5.6bn, up 80.1% yoy. JD fully supports the draft for the Antitrust Guidelines of Platform Economies, and we expect JD to benefit if any measures are implemented, as JD was a victim of the "pick one from the two platforms" competition action.

Robust improvement in user activity in JD retail

About 80% of the new users in 3Q20 came from lower-tier cities, and the majority of new users used the JD app and JD mini program. 3Q is a low season for Jingxi and other platforms. The paid JD Plus membership exceeded 20m. Compared with JD's normal users, Plus users contribute over three times the ARPU and purchase frequency. JD will continue to provide benefits in all categories, including entertainment, travel, education and local services, to core users to increase their engagement and stickiness. In 3Q20, more JD users shopped in the fresh grocery and FMCG categories, so the order volume of JD supermarket grew by over 48% yoy. The 3Q20 operating margin of JD retail was 3.9%, up 0.56% pt yoy, despite a product mix shift from high-value 3C and home-appliance products to low-value, high-frequency FMCG products. In 4Q20F, leveraging its advanced supply-chain capability, JD will ensure its supply of popular mobile phone products and expects satisfactory revenue growth in the 4Q20 promotion season. However, because of the "11.11" online shopping festival and re-investment in new initiatives, we expect the non-GAAP OPM to fall qoq in 4Q20F. JD is actively exploring the B2C grocery delivery model and the 7fresh warehouse store model for its fresh grocery delivery business.

Substantial loss narrowed for JD logistics

3P logistics orders contributed nearly 50% of JD logistics' overall orders in Sep, and management expects the contribution to continue to grow, with a better warehouse network in lower-tier markets and more new product categories. During the "11.11" online shopping festival, JD logistics delivered 83% of total orders within two days of order placement in lower-tier markets, but there is still has room to improve compared with over 90% in the top-tier markets. JD logistics' current penetration for delivery plus warehouses of its 3P merchants is 23%, up from 20% previously. Management noted that the JD logistics loss narrowed substantially in the quarter, and we expect the trend to continue in the following quarters.

Financial Summary

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Revenue (Rmbm)	462,020	576,888	743,176	908,443	1,083,973
Operating EBITDA (Rmbm)	8,688	12,605	13,254	32,050	42,919
Net Profit (Rmbm)	(2,492)	12,184	22,512	20,217	29,260
Core EPS (Rmb)	2.35	7.28	10.72	15.13	20.47
Core EPS Growth	(31%)	210%	47%	41%	35%
FD Core P/E (x)	233.6	75.7	53.7	38.1	28.1
DPS (Rmb)	-	-	-	-	-
Dividend Yield	0%	0%	0%	0%	0%
EV/EBITDA (x)	93.86	63.03	56.79	23.82	17.96
P/FCFE (x)	NA	NA	47.95	96.44	76.04
Net Gearing	(36.7%)	(57.2%)	(73.7%)	(73.0%)	(71.2%)
P/BV (x)	13.52	9.99	5.86	5.25	4.58
ROE	6.2%	15.3%	14.1%	14.8%	17.6%

SOURCES: CGIS RESEARCH, COMPANY DATA, BLOOMBERG

Promising outlook for user activity growth

Reiterate Add with a new DCF-based TP of US\$99.8

We raised our FY20–22F GAAP EPS forecasts by 112%, 15% and 15%, respectively, to reflect higher-than-expected revenue growth and margins in 3Q20, a significant gain in fair-value change of investment securities, and our long-term positive view on JD. We reiterate our Add rating for JD, since we believe the Company has great potential to improve its margins in the long run, along with increasing economies of scale. The key risks are a longer-than-expected pandemic impact, higher promotion expenses, and stronger price competition.

Figure 1: JD 3Q20 results review

(Rmb m)	3Q19	3Q20	yoy
Total revenue	134,843	174,214	29.2%
Cost of sales	-114,729	-147,419	28.5%
Gross profit	20,114	26,795	33.2%
GPM	14.9%	15.4%	0.5% pts
Fulfillment expenses	-9,635	-12,275	27.4%
As % of revenue	7.1%	7.0%	-0.1% pts
Marketing expenses	-4,985	-6,614	32.7%
As % of revenue	3.7%	3.8%	0.1% pts
Technology and content expense	-3,371	-3,481	3.3%
As % of revenue	2.5%	2.0%	-0.5% pts
General and administration expense	-1,048	-1,354	29.2%
As % of revenue	0.8%	0.8%	0.0% pts
Total operating expenses (non-GAAP)	-19,039	-23,723	24.6%
Operating income/(loss)	4,973	4,383	-11.9%
Operating income/(loss) (non-GAAP)	3,157	5,284	67.4%
EBIT margin (Non-GAAP)	2.3%	3.0%	0.7% pts
Share-based compensation (SBC)	1,025	1,052	2.6%
Amortisation of intangible assets	146	193	32.1%
Total other income	-3,818	3,893	-202.0%
Net income/(loss) (GAAP)	612	7,560	1134.8%
Net income/(loss) to shareholders (Non-GAAP)	3,086	5,558	80.1%
NPM (Non-GAAP)	2.3%	3.2%	0.9% pts

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 2: JD earnings revisions

Rmb m	FY20F			FY21F			FY22F		
	Old	New	% change	Old	New	% change	Old	New	% change
Sales	721,836	743,176	3.0%	861,253	908,443	5.5%	1,008,255	1,083,973	7.5%
GP margin	14.6%	14.7%	0.1%	15.3%	15.4%	0.1%	15.6%	15.6%	0.0%
Operating margin (Non-GAAP)	1.7%	0.7%	-1.0%	2.4%	2.6%	0.2%	2.9%	3.2%	0.3%
Net income (Loss) (GAAP)	10,627	22,512	111.8%	17,561	20,217	15.1%	25,370	29,260	15.3%
Net income (Loss) (Non-GAAP)	14,396	16,380	13.8%	21,155	23,811	12.6%	29,296	33,186	13.3%
EPS (GAAP) (Rmb)	3.39	7.19	112.0%	5.23	6.02	15.0%	7.33	8.45	15.3%
EPS (Non-GAAP) (Rmb)	4.59	5.23	13.9%	6.30	7.09	12.5%	8.46	9.59	13.3%

SOURCES: CGIS RESEARCH, COMPANY REPORTS

Figure 3: Our forecasts versus consensus

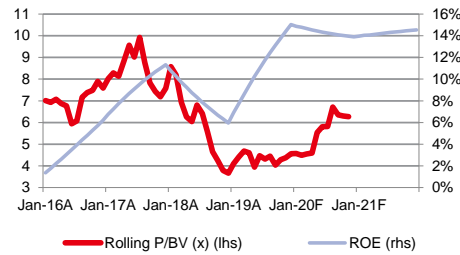
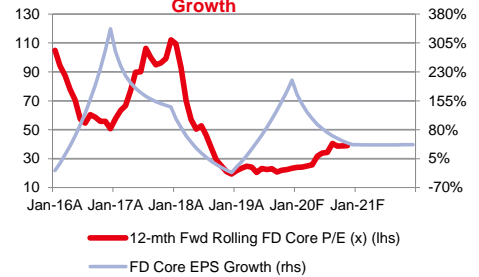
Rmb m	CGI forecasts			BBG consensus			Diff.		
	FY20F	FY21F	FY22F	FY20F	FY21F	FY22F	FY20F	FY21F	FY22F
Sales	743,176	908,443	1,083,973	736,769	899,429	1,070,000	0.9%	1.0%	1.3%
GP margin	14.7%	15.4%	15.6%	14.8%	15.2%	15.5%	0.0%	0.2%	0.2%
Operating margin (Non-GAAP)	0.7%	2.6%	3.2%	1.8%	2.3%	2.9%	-1.1%	0.3%	0.2%
Net income (Loss) (GAAP)	22,512	20,217	29,260	22,606	19,651	27,784	-0.4%	2.9%	5.3%
Net income (Loss) (Non-GAAP)	16,380	23,811	33,186	16,199	23,709	33,190	1.1%	0.4%	0.0%

SOURCES: CGIS RESEARCH, BLOOMBERG

Figure 4: JD DCF Valuation

DCF computation (Rmb m)	FY20F	FY21F	FY22F	FY23F	FY24F	FY25F	FY26F	FY27F	FY28F	FY29F	FY30F	FY31F	FY32F
EBIT (non-GAAP)	5,056	23,937	34,216	46,876	58,595	73,243	87,892	105,470	121,291	139,484	160,407	176,448	194,093
Taxes	-2,469	-2,214	-3,218	-4,409	-5,511	-6,889	-8,267	-9,921	-11,409	-13,120	-15,088	-16,597	-18,257
NOPAT	2,588	21,723	30,997	42,466	53,083	66,354	79,625	95,550	109,882	126,364	145,319	159,851	175,836
NOPAT growth		739.5%	42.7%	37.0%	25.0%	25.0%	20.0%	20.0%	15.0%	15.0%	15.0%	10.0%	10.0%
D&A	6,198	6,713	7,203	7,420	7,642	7,871	8,108	8,351	8,601	8,859	9,125	9,399	9,681
Funds from operation	8,786	28,436	38,201	49,886	60,725	74,225	87,732	103,900	118,483	135,224	154,444	169,250	185,517
Change in net working Capital	20,817	21,569	26,302	27,091	27,904	28,741	29,603	30,491	31,406	32,348	33,319	34,318	35,348
Cash flow from operation	29,602	50,005	64,503	76,977	88,629	102,966	117,335	134,392	149,889	167,572	187,763	203,568	220,865
Capex	-5,654	-5,981	-6,475	-6,669	-6,869	-7,075	-7,287	-7,506	-7,731	-7,963	-8,202	-8,448	-8,701
Free cash flow from operation	23,948	44,024	58,028	70,308	81,760	95,891	110,048	126,886	142,158	159,609	179,561	195,120	212,163
FCF growth		83.8%	31.8%	21.2%	16.3%	17.3%	14.8%	15.3%	12.0%	12.3%	12.5%	8.7%	8.7%
Terminal free cash flow	2,096,396							WACC Assumptions					
Total discounted free cash flow	549,739							Cost of equity		13%			
Present value of terminal free cash flow	416,319							Risk free rate		4%			
								Market Risk Premium		8%			
Total present value of forecasted free cash flows	966,058							Beta		1.24			
Less: Net Debt	-101,804							Cost of debt		6%			
Equity Value	1,067,862							Kd (after tax)		5%			
No. of ADS (millions)	1,528							Target Equity / (Debt + Equity)		100%			
Per ADS Equity Value (Rmb)	698.8							WACC		13%			
Exchange rate	7.0							Terminal growth		3%			
Target price (US\$)	99.80												

SOURCES: CGIS RESEARCH, COMPANY REPORTS

BY THE NUMBERS
P/BV vs ROE

12-mth Fwd FD Core P/E vs FD Core EPS Growth

Profit & Loss

(Rmbm)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Total Net Revenues	462,020	576,888	743,176	908,443	1,083,973
Gross Profit	71,309	89,414	115,778	146,485	176,659
Operating EBITDA	8,688	12,605	13,254	32,050	42,919
Depreciation And Amortisation	(5,356)	(4,992)	(6,198)	(6,713)	(7,203)
Operating EBIT	3,332	7,612	7,056	25,337	35,716
Financial Income/(Expense)	1,263	1,061	1,150	1,150	1,150
Pretax Income/(Loss) from Assoc.	(1,113)	(1,738)	(1,651)	(1,156)	(1,156)
Non-Operating Income/(Expense)	95	5,375	12,000	400	400
Profit Before Tax (pre-EI)	3,578	12,310	18,555	25,731	36,110
Exceptional Items					
Pre-tax Profit	3,578	12,310	18,555	25,731	36,110
Taxation	(427)	(1,802)	(2,469)	(2,214)	(3,218)
Exceptional Income - post-tax	(5,951)	1,382	6,132	(3,594)	(3,926)
Profit After Tax	(2,801)	11,890	22,218	19,923	28,966
Minority Interests	309	294	294	294	294
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	(2,492)	12,184	22,512	20,217	29,260
Recurring Net Profit	3,460	10,802	16,380	23,811	33,186
Fully Diluted Recurring Net Profit	3,460	10,802	16,380	23,811	33,186

Cash Flow

(Rmbm)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
EBITDA	8,688	12,605	13,254	32,050	42,919
Cash Flow from Inv. & Assoc.					
Change In Working Capital	12,356	7,766	20,817	21,569	26,302
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	(163)	4,410	17,673	(2,792)	(4,012)
Net Interest (Paid)/Received	0	0	0	0	0
Tax Paid					
Cashflow From Operations	20,881	24,781	51,744	50,826	65,209
Capex	(17,102)	(7,919)	(5,161)	(5,512)	(6,029)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/Investments					
Other Investing Cashflow	(8,977)	(17,430)	(28,232)	(35,917)	(46,904)
Cash Flow From Investing	(26,079)	(25,349)	(33,393)	(41,429)	(52,934)
Debt Raised/(repaid)	2,870	(166)	0	0	0
Proceeds From Issue Of Shares	3,532	0	43,541	0	0
Shares Repurchased	(206)	(131)	0	0	0
Dividends Paid	0	0	0	0	0
Preferred Dividends					
Other Financing Cashflow	5,024	2,869	0	(184)	(166)
Cash Flow From Financing	11,220	2,572	43,541	(184)	(166)
Total Cash Generated	6,022	2,004	61,892	9,213	12,110
Free Cashflow To Equity	(2,328)	(734)	18,351	9,397	12,276
Free Cashflow To Firm	(5,198)	(568)	18,351	9,397	12,276

SOURCES: CGIS RESEARCH, COMPANY DATA, BLOOMBERG

BY THE NUMBERS... cont'd
Balance Sheet

(Rmbm)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Total Cash And Equivalents	39,538	64,515	131,327	146,445	165,641
Total Debtors	16,720	11,916	12,126	12,403	12,750
Inventories	44,030	57,932	63,725	70,098	77,108
Total Other Current Assets	4,568	4,731	4,823	4,920	5,024
Total Current Assets	104,856	139,095	212,002	233,866	260,523
Fixed Assets	21,083	20,654	18,772	16,220	13,030
Total Investments	47,258	56,993	79,790	109,312	148,665
Intangible Assets	22,131	21,645	21,262	20,839	20,377
Total Other Non-Current Assets	13,837	21,337	23,855	26,935	30,735
Total Non-current Assets	104,309	120,629	143,680	173,306	212,807
Short-term Debt	4,545	0	0	0	0
Current Portion of Long-Term Debt					
Total Creditors	93,003	106,507	129,416	153,049	181,341
Other Current Liabilities	23,314	33,510	38,289	43,786	50,113
Total Current Liabilities	120,862	140,017	167,705	196,835	231,455
Total Long-term Debt	6,786	6,912	6,912	6,912	6,912
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	4,689	12,170	12,170	12,170	12,170
Total Non-current Liabilities	11,475	19,082	19,082	19,082	19,082
Total Provisions	0	0	0	0	0
Total Liabilities	132,337	159,099	186,787	215,918	250,537
Shareholders' Equity	59,771	81,856	150,126	172,487	204,025
Minority Interests	17,057	18,768	18,768	18,768	18,768
Total Equity	76,828	100,624	168,894	191,255	222,793

Key Ratios

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Revenue Growth	27.5%	24.9%	28.8%	22.2%	19.3%
Operating EBITDA Growth	7%	45%	5%	142%	34%
Operating EBITDA Margin	1.88%	2.18%	1.78%	3.53%	3.96%
Net Cash Per Share (Rmb)	19.60	39.55	79.42	86.48	95.51
BVPS (Rmb)	41.5	56.2	95.8	106.9	122.8
Gross Interest Cover	N/A	N/A	N/A	N/A	N/A
Effective Tax Rate	11.9%	14.6%	13.3%	8.6%	8.9%
Net Dividend Payout Ratio	NA	NA	NA	NA	NA
Accounts Receivables Days	10.85	5.47	2.97	2.30	1.83
Inventory Days	40.04	38.17	35.49	32.05	29.61
Accounts Payables Days	72.08	63.80	58.03	56.14	54.69
ROIC (%)	28%	126%	(392%)	(109%)	(79%)
ROCE (%)	5.6%	8.9%	5.8%	14.2%	17.2%
Return On Average Assets	0.96%	4.03%	4.85%	5.86%	7.21%

Key Drivers

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
ASP (% chg, main prod./serv.)	N/A	N/A	N/A	N/A	N/A
Unit sales grth (% , main prod./serv.)	26.1%	20.9%	26.9%	20.3%	17.3%
No. of POS (main prod./serv)	N/A	N/A	N/A	N/A	N/A
SSS grth (% , main prod./serv)	N/A	N/A	N/A	N/A	N/A
ASP (% chg, 2ndary prod./serv.)	N/A	N/A	N/A	N/A	N/A
Unit sales grth (% , 2ndary prod./serv)	34.0%	28.5%	34.7%	27.7%	24.6%
No. of POS (2ndary prod./serv)	N/A	N/A	N/A	N/A	N/A
SSS grth (% , 2ndary prod./serv)	N/A	N/A	N/A	N/A	N/A

SOURCES: CGIS RESEARCH, COMPANY DATA, BLOOMBERG

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We are transferring the rating mechanism from “BUY, SELL, HOLD” to “ADD, REDUCE, HOLD”. Please refer to the definitions below.

Explanation on Equity Ratings (Existing mechanism (will be replaced by new mechanism by 01/09/19))

- BUY : share price will increase by >20% within 12 months in absolute terms
SELL : share price will decrease by >20% within 12 months in absolute terms
HOLD : no clear catalyst, and downgraded from BUY pending clearer signal to reinstate BUY or further downgrade to outright SELL

Explanation on Equity Ratings (New mechanism)

- ADD : The stock’s total return is expected to exceed 10% over the next 12 months.
REDUCE : The stock’s total return is expected to fall below 0% or more over the next 12 months.
HOLD : The stock’s total return is expected to be between 0% and positive 10% over the next 12 months.

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