

AAC Tech (2018 HK)

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Company Update

HOLD

Unchanged

Close price: HK\$14.62

Target Price: HK\$14.70 (+0.5%)

Previous TP HK\$20.50

Key Data

| | |
|-----------------------|---------------------------------------|
| HKEx code | 2018 HK |
| 12 Months High (HK\$) | 48.25 |
| 12 Month Low (HK\$) | 13.42 |
| 3M Avg Dail Vol. (mn) | 7.31 |
| Issue Share (mn) | 1,208.50 |
| Market Cap (HK\$mn) | 17,668.27 |
| Fiscal Year | 12/2021 |
| Major shareholder (s) | CEO Mr. PAN Benjamin Zhengmin(41.20%) |

Source: Company data, Bloomberg, OP Research
Closing price are as of 30/08/2022

Price Chart



| | 1mth | 3mth | 6mth |
|-------------------|------|-------|-------|
| Absolute % | -3.7 | -15.6 | -29.9 |
| Rel. MSCI CHINA % | -3.8 | -11.6 | -16.4 |

PE



Company Profile

AAC Technologies is an all-rounded solution-provider for smart mobile devices. It offers advanced miniaturized solutions for components like Acoustics, Haptics to the consumer electronics industry worldwide.

Headwinds likely to persist in 2H22E

- 1H22 net profit dropped 62.0% yoy to RMB350mn on the back of 9.3% yoy increase in revenue to RMB9.41bn. No dividend was declared.
- Price pressure expected to prolong in 2H22E under the weak smartphone market, squeezing profit margins and earnings
- Maintain HOLD with new TP of HK\$14.70

Weak earning in 2Q22, due to the off-season and the pandemic. In 2Q22, revenue increased 4.6% yoy to RMB4.52bn while net profit tumbled 62.8% yoy to RMB145mn. AAC suffered from price pressures under the weak smartphone market. GPM was 18.3% in 2Q22, down 6.7p.p. yoy. The GPM has fallen below 20% for the 2 consecutive quarters. The company strictly managed Capex and R&D expenses (-23% yoy), but the effort was offset by the higher effective tax rate (50.3% in 2Q22) due to the loss of the optics business.

Acoustics and EDPM were relatively stable, optics became the major drag. By segment, acoustics' revenue declined 6.4% yoy due to the weakened demand from Android brands; revenue from EDPM rose 17.4% thanks to the increase in total shipment of android haptics products (+49% yoy) and a significant revenue contribution from Toyo Precision. GPM for acoustics and EDPM were 27.7% and 21.2%, down 0.7%/0.9% yoy, due to ASP pressure for acoustics and haptics. Optics business is especially vulnerable to the industry downturn, given the lack of high-end products (6P lens only account for 10% of the total shipment). In 2Q22, revenue from optics rose 14.9% yoy, but it reported gross losses. The company focuses on gaining market share in the optics market at the expense of weak margin. The higher sales from CCM (total shipment +117% yoy) would further deteriorate the optics product mix. Besides, Optics business suffered from destocking pressure. The company has written-off some plastic lens inventories, causing 15p.p. decline of GPM to -7.5%.

Maintain HOLD with new TP HK\$14.70. The new TP is based on PER of 18x in FY22E, which represents 30% discount to the 5-year average PER of 25x. We cut our EPS forecast for AAC by 39.4%/36.6% to HK\$0.82/1.19 in FY22E/23E, to reflect the continuation of ASP pressure and lower sales as a result of the weak smartphone shipment. The new iPhone series will boost AAC's acoustics sales, but it is not enough to offset the earnings drag from optics. Besides, we are conservative on the demand of high-end handset components such as the WLG hybrid lens solution due to lack of upgrades.

Risks: (1) Prolonged weakness in smartphone demand, (2) intensifying competitions

Exhibit 1: Forecast and Valuation

| Year to Dec (RMB mn) | FY20 | FY21 | FY22E | FY23E | FY24E |
|----------------------------|--------|--------|--------|--------|--------|
| Revenue | 17,140 | 17,667 | 19,941 | 21,498 | 23,710 |
| Growth (%) | -4 | +3 | +13 | +8 | +10 |
| Net profit | 1,359 | 1,315 | 851 | 1,225 | 1,659 |
| Growth (%) | -37 | -3 | -35 | +44 | +35 |
| Diluted EPS (HK\$) | 1.50 | 1.32 | 0.82 | 1.19 | 1.61 |
| EPS growth (%) | -31.9 | -11.9 | -37 | +44 | +35 |
| Consensus EPS (HK\$) | | | 0.90 | 1.18 | 1.46 |
| Change to previous EPS (%) | | | -39.4 | -36.6 | -26.4 |
| ROE (%) | 7.3 | 5.9 | 3.7 | 5.2 | 6.8 |
| P/E (x) | 9.8 | 11.1 | 17.7 | 12.3 | 9.1 |
| P/B (x) | 0.7 | 0.7 | 0.7 | 0.6 | 0.6 |
| Yield (%) | 2.1 | 1.4 | 1.2 | 1.7 | 2.3 |
| DPS (HK\$) | 0.300 | 0.200 | 0.170 | 0.245 | 0.332 |

Source: Bloomberg, OP Research

Exhibit 2: 1H22's earnings Review

| | 1H21 | 1H22 | Change | Remark |
|---------------------------------------|-------|-------|-----------|---|
| Profitability Data (in RMB mn) | | | | |
| | | | (%) | |
| Revenue | 8,609 | 9,412 | +9.3% | |
| Gross profit | 2,415 | 1,783 | -26.2% | Mainly due to decline of gross margin for acoustics and optics |
| Net Profit | 921 | 350 | -62.0% | The effective tax rate for AAC has increased significantly to 33.6% in 1H22, in contrast to 5.4% in 1H21. The company explained it was due to the loss making optics business |
| EPS(in RMB) | 0.76 | 0.29 | -61.7% | |
| Profitability Ratios (%) | | | | |
| | | | (% point) | |
| GPM | 28.1% | 18.9% | -9.3% | Mainly due to margin decrease in acoustics and optics businesses |
| NPM | 10.7% | 3.7% | -7.0% | The better opex control has offset decline in GPM |
| Operating ratio (% to revenue) | | | | |
| Distribution and selling expenses | 1.7% | 2.2% | +0.5% | |
| Administrative expenses | 4.6% | 4.8% | +0.2% | |
| Research and development costs | 10.4% | 7.7% | -2.7% | The Company has optimized the use of R&D resources |

Source: Company, OP research

Exhibit 3: AAC's quarterly results from 1Q20 to 2Q22

| | 1Q20 | 2Q20 | 3Q20 | 4Q20 | 1Q21 | 2Q21 | 3Q21 | 4Q21 | 1Q22 | 2Q22 | QoQ | YoY |
|--------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|---------|----------|
| Revenue | 3,560 | 4,277 | 4,520 | 4,783 | 4,292 | 4,317 | 4,246 | 4,812 | 4,896 | 4,516 | -7.8% | +4.6% |
| Gross profit | 823 | 995 | 1,067 | 1,342 | 1,337 | 1,078 | 964 | 986 | 957 | 826 | -13.7% | -23.4% |
| GPM | 23.1% | 23.3% | 23.6% | 28.1% | 31.1% | 25.0% | 22.7% | 20.5% | 19.5% | 18.3% | - | - |
| Net Profit | 53 | 268 | 430 | 756 | 532 | 389 | 183 | 212 | 205 | 145 | -29.3% | -62.8% |
| NPM | 1.5% | 6.3% | 9.5% | 15.8% | 12.4% | 9.0% | 4.3% | 4.4% | 4.2% | 3.2% | -1.0p.p | -5.8p.p. |
| EPS(RMB) | 0.04 | 0.22 | 0.36 | 0.63 | 0.44 | 0.32 | 0.15 | 0.18 | 0.17 | 0.12 | -29.4% | -62.4% |

Source: Company, OP research

Exhibit 4: Segment performance in 2Q22

| Business | Rev | | | GPM | | | Remark |
|--|-------|-------|--------|-------|-------|----------|---|
| | 2Q21 | 2Q22 | Change | 2Q21 | 2Q22 | % Change | |
| Acoustics | 2,041 | 1,910 | -6.4% | 28.4% | 27.7% | -0.7% | Overseas customer was stable while demand from Android smartphones weakened |
| Optics | 808 | 929 | +14.9% | 22.0% | -2.1% | -24.1% | The increase shipment of camera modules was offset by lower ASP. AAC said it has recorded impairment loss. Inventory has increased in 1H22. |
| Electromagnetic drives and Precision mechanics | 1,218 | 1,431 | +17.4% | 22.1% | 21.2% | -0.9% | The increase in revenue in Q2 was mainly due to (1) increase in the total shipment of Android haptics and (2) revenue contribution from Toyo Precision. |
| Sensor and Semiconductor ("MEMS") | 238 | 241 | +1.3% | 15.8% | 13.2% | -2.6% | Revenue increase was driven by increase of market share |

Source: Company, OP research

Exhibit 5: Earnings Revision

| (RMB mn) | FY22E | | | FY23E | | | OP Comments |
|--------------------|--------|--------|-------|--------|--------|-------|--|
| | New | Old | % Chg | New | Old | % Chg | |
| Revenue | 19,941 | 19,107 | +4.4 | 21,498 | 21,035 | +2.2 | |
| Gross profit | 3,909 | 4,838 | -19.2 | 4,632 | 5,639 | -17.9 | |
| Gross margin | 19.6% | 25.3% | -5.7 | 21.5% | 26.8% | -5.3 | Mainly due to margin decrease in acoustics and optics businesses |
| Net profit | 851 | 1,362 | -37.5 | 1,225 | 1,869 | -34.5 | |
| Diluted EPS (HK\$) | 0.82 | 1.360 | -39.4 | 1.19 | 1.870 | -36.6 | |

Source: Company, OP research

Exhibit 6: Peers Comparison

| Company | Ticker | Price | Mkt cap (US\$m) | 3-mth avg t/o (US\$m) | PER Hist (x) | PER FY1 (x) | PER3-Yr FY2 (x) Cagr (%) | EPS Cagr (%) | PEG (x) | Div yld Hist (%) | Div yld FY1 (%) | P/B Hist (x) | P/B FY1 (x) | ROE Hist (%) | ROE FY1 (%) | Sh px 1-mth % | Sh px 3-mth % |
|-----------------------------|-----------|-----------|--------------------|-----------------------------|-----------------|----------------|-----------------------------|-----------------|------------|---------------------|--------------------|-----------------|----------------|-----------------|----------------|------------------|------------------|
| AAC Technologies | 2018 HK | 14.62 | 2,251 | 15.2 | 11.1 | 17.7 | 12.3 | (3.4) | (5.23) | 1.4 | 1.2 | 0.70 | 0.67 | 5.9 | 3.7 | -3.7 | -15.6 |
| HSI | | 19,949.03 | | | 7.6 | 10.4 | 9.1 | -2.9 | -3.6 | 3.5 | 3.5 | 0.8 | 1.1 | 10.9 | 10.4 | -1.0 | -6.8 |
| HSCEI | | 6,840.17 | | | 6.3 | 8.8 | 7.9 | -3.9 | -2.3 | 3.7 | 3.7 | 0.7 | 1.0 | 11.4 | 11.7 | -0.7 | -7.8 |
| CSI300 | | 4,075.79 | | | 14.9 | 13.2 | 11.3 | 14.7 | 0.9 | 2.2 | 2.4 | 1.9 | 1.7 | 12.6 | 13.1 | -2.3 | -0.4 |
| Adjusted sector avg* | | | | | 20.0 | 20.8 | 16.8 | 18.8 | 0.8 | 2.2 | 2.4 | 3.8 | 3.3 | 14.2 | 15.0 | -0.1 | 1.4 |
| Sunny Optical | 2382 HK | 107.10 | 14,967 | 107.6 | 20.6 | 30.1 | 20.9 | 5.7 | 5.3 | 1.0 | 0.8 | 5.0 | 4.5 | 18.7 | 15.4 | 0.9 | -11.3 |
| Byd Electronic | 285 HK | 20.55 | 5,899 | 37.0 | 17.6 | 18.6 | 12.5 | 22.2 | 0.8 | 0.6 | 0.5 | 1.7 | 1.6 | 5.4 | 8.7 | 2.0 | 26.1 |
| Truly Intl Hldgs | 732 HK | 1.72 | 718 | 1.7 | 4.1 | 4.4 | 3.5 | N/A | N/A | 5.8 | 5.6 | 0.5 | 0.5 | 12.0 | 10.6 | -2.3 | -21.1 |
| Goertek Inc -A | 002241 CH | 32.42 | 16,042 | 377.2 | 25.1 | 19.9 | 15.7 | 25.0 | 0.8 | 0.6 | 0.8 | 3.7 | 3.4 | 17.2 | 17.5 | 1.9 | -12.4 |
| Luxshare Preci-A | 002475 CH | 37.83 | 38,818 | 402.2 | 37.5 | 26.6 | 20.1 | 32.3 | 0.8 | 0.3 | 0.3 | 6.9 | 5.8 | 22.2 | 22.7 | 11.4 | 22.0 |
| Handong Getto-A | 002655 CH | 13.03 | 691 | 33.6 | 72.4 | 34.3 | 20.0 | 77.1 | 0.4 | N/A | N/A | 7.3 | 6.2 | 9.9 | 18.0 | -4.5 | 6.7 |
| Merry Elec | 2439 TT | 81.50 | 584 | 2.3 | 15.1 | 11.6 | 11.7 | 9.0 | 1.3 | 4.9 | 6.4 | 1.6 | 1.4 | 13.7 | 12.2 | 1.0 | -0.2 |

Sources: Bloomberg, OP research

Financial Summary

| Year to Dec | FY20 | FY21 | FY22E | FY23E | FY24E |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|
| Income Statement (RMB mn) | | | | | |
| Acoustics | 7,560 | 8,583 | 8,585 | 9,014 | 9,916 |
| Optical | 1,634 | 2,385 | 4,010 | 4,455 | 4,962 |
| EDPM | 6,847 | 5,644 | 6,318 | 6,950 | 7,645 |
| Mems | 1,083 | 1,013 | 1,028 | 1,079 | 1,187 |
| Others | 16 | 42 | 0 | 0 | 0 |
| Turnover | 17,140 | 17,667 | 19,941 | 21,498 | 23,710 |
| YoY% | -4 | +3 | +13 | +8% | +10 |
| COGS | -12,913 | -13,302 | -16,032 | -16,866 | -18,348 |
| Gross profit | 4,227 | 4,365 | 3,909 | 4,632 | 5,362 |
| Gross margin | 24.7% | 24.7% | 19.6% | 21.5% | 22.6% |
| Other income | 650 | 298 | 365 | 297 | 365 |
| Selling & distribution | -285 | -333 | -399 | -408 | -427 |
| Admin | -672 | -824 | -897 | -860 | -901 |
| R&D | -1,920 | -1,726 | -1,600 | -1,840 | -2,000 |
| Other opex | 0 | 0 | 0 | 0 | 0 |
| Total opex | -2,878 | -2,882 | -2,896 | -3,108 | -3,328 |
| Operating profit (EBIT) | 2,000 | 1,781 | 1,378 | 1,821 | 2,399 |
| Operating margin | 11.7% | 10.1% | 6.9% | 8.5% | 10.1% |
| Provisions | 0 | 0 | 0 | 0 | 0 |
| Interest Income | 0 | 49 | 0 | 0 | 0 |
| Finance costs | -353 | -415 | -426 | -426 | -426 |
| Profit after financing costs | 1,648 | 1,414 | 951 | 1,394 | 1,973 |
| Associated companies & JVs | 0 | -1 | 0 | 0 | 0 |
| Pre-tax profit | 1,648 | 1,413 | 951 | 1,394 | 1,973 |
| Tax | -147 | -120 | -209 | -209 | -296 |
| Minority interests | 6 | 23 | 108 | 40 | -18 |
| Net profit | 1,507 | 1,316 | 851 | 1,225 | 1,659 |
| YoY% | -32.2 | -12.6 | -35 | +44 | +35 |
| Adjusted net profit | 1,359 | 1,316 | 851 | 1,225 | 1,659 |
| YoY% | -37.1 | -3.2 | -35 | +44 | +35 |
| Adjusted net margin | 7.9% | 7.4% | 4.3% | 5.7% | 7.0% |
| EBITDA | 4,292 | 4,438 | 4,046 | 4,527 | 5,140 |
| EBITDA margin | 25.0% | 25.1% | 20.3% | 21.1% | 21.7% |
| Adjusted EPS (RMB) | 1.12 | 1.09 | 0.70 | 1.01 | 1.37 |
| YoY% | -36.8 | -11.9 | -37 | +44 | +35 |
| DPS (HK\$) | 0.30 | 0.20 | 0.17 | 0.25 | 0.33 |
| Cash Flow (RMB mn) | | | | | |
| EBITDA | 4,292 | 4,329 | 4,046 | 4,527 | 5,140 |
| Chg in working cap | -527 | -2,123 | -445 | -632 | -820 |
| Others | 89 | 207 | 0 | 0 | 0 |
| Operating cash | 3,854 | 2,413 | 3,600 | 3,895 | 4,320 |
| Tax | -262 | -217 | -120 | -209 | -209 |
| Net cash from operations | 3,593 | 2,196 | 3,481 | 3,687 | 4,111 |
| Capex | -4,736 | -3,342 | -3,000 | -3,000 | -3,000 |
| Investments | 0 | -62 | 0 | 0 | 0 |
| Dividends received | 0 | 0 | 0 | 0 | 0 |
| Interest received | 53 | 39 | 49 | 49 | 49 |
| Others | 1,421 | -881 | 0 | 0 | 0 |
| Investing cash | -3,262 | -4,246 | -2,951 | -2,951 | -2,951 |
| FCF | 331 | -2,050 | 529 | 735 | 1,160 |
| Issue of shares | 0 | 0 | 0 | 0 | 0 |
| Buy-back | 0 | -211 | 0 | 0 | 0 |
| Interests paid | -300 | -303 | -415 | -426 | -426 |
| Dividends paid | -107 | -403 | -200 | -170 | -245 |
| Net change in bank loans | 356 | 0 | 0 | 0 | 0 |
| Others | 2,632 | 1,531 | 0 | 0 | 0 |
| Financing cash | 2,582 | 613 | -615 | -597 | -671 |
| Net change in cash | 2,913 | -1437 | -86 | 139 | 488 |
| Exchange rate or other Adj | -187 | 52 | 0 | 0 | 0 |
| Opening cash | 4,814 | 7,540 | 6,051 | 5,965 | 6,104 |
| Closing cash | 7,540 | 6,051 | 5,965 | 6,104 | 6,593 |
| CFPS (HK\$) | 3.57 | 2.20 | 3.37 | 3.57 | 3.98 |

Sources: Company, OP Research

| Year to Dec | FY20 | FY21 | FY22E | FY23E | FY24E |
|--------------------------------|------------|------------|------------|------------|------------|
| Ratios | | | | | |
| Gross margin (%) | 24.7 | 24.7 | 19.6 | 21.5 | 22.6 |
| Operating margin (%) | 11.4 | 10.1 | 6.9 | 8.5 | 10.1 |
| Net margin (%) | 8.8 | 7.5 | 4.3 | 5.7 | 7.0 |
| Selling & dist'n exp/Sales (%) | 1.7 | 1.9 | 2.0 | 1.9 | 1.8 |
| Admin exp/Sales (%) | 3.9 | 4.7 | 4.5 | 4.0 | 3.8 |
| Payout ratio (%) | 20.1 | 15.2 | 20.0 | 20.0 | 20.0 |
| Effective tax (%) | 8.9 | 8.5 | 21.9 | 15.0 | 15.0 |
| Total debt/equity (%) | 38.8 | 42.4 | 41.5 | 39.9 | 37.8 |
| Net debt/equity (%) | 3.8 | 15.5 | 15.5 | 14.3 | 11.7 |
| Current ratio (x) | 1.8 | 1.9 | 1.8 | 1.8 | 1.9 |
| Quick ratio (x) | 1.4 | 1.3 | 1.2 | 1.2 | 1.2 |
| Inventory T/O (days) | 108 | 133 | 145 | 145 | 145 |
| AR T/O (days) | 114 | 116 | 116 | 116 | 116 |
| AP T/O (days) | 151 | 156 | 156 | 156 | 156 |
| Cash conversion cycle (days) | 72 | 93 | 105 | 105 | 105 |
| Asset turnover (x) | 0.5 | 0.4 | 0.5 | 0.5 | 0.5 |
| Financial leverage (x) | 1.8 | 1.8 | 1.9 | 1.9 | 1.9 |
| EBIT margin (%) | 11.4 | 10.1 | 6.9 | 8.5 | 10.1 |
| Interest burden (x) | 0.8 | 0.8 | 0.7 | 0.8 | 0.8 |
| Tax burden (x) | 0.9 | 0.9 | 0.9 | 0.9 | 0.8 |
| Return on equity (%) | 7.3 | 5.9 | 3.7 | 5.2 | 6.8 |

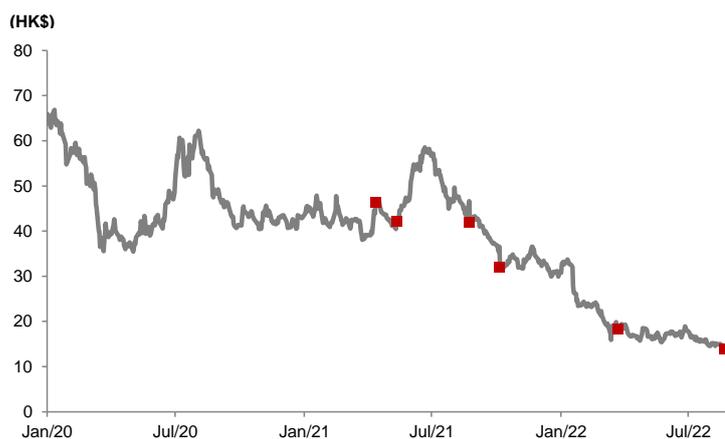
| Year to Dec | FY20 | FY21 | FY22E | FY23E | FY24E |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|
| Balance Sheet (RMB mn) | | | | | |
| Fixed assets | 18,592 | 19,987 | 20,321 | 20,616 | 20,876 |
| Goodwill | 164 | 220 | 220 | 220 | 220 |
| Intangible assets | 373 | 384 | 384 | 384 | 384 |
| Right-of-use assets | 1,896 | 2,034 | 2,034 | 2,034 | 2,034 |
| Deposits | 576 | 317 | 317 | 317 | 317 |
| Other non-current assets | 459 | 1,125 | 1,124 | 1,123 | 1,122 |
| Non-current assets | 22,062 | 24,067 | 24,400 | 24,693 | 24,953 |
| Inventories | 3,995 | 5,695 | 6,369 | 6,700 | 7,289 |
| AR | 5,176 | 6,013 | 6,315 | 6,808 | 7,508 |
| Prepayments & deposits | 0 | 0 | 0 | 0 | 0 |
| Other current assets | 138 | 195 | 195 | 195 | 195 |
| Cash | 7,540 | 6,051 | 5,965 | 6,104 | 6,593 |
| Current assets | 16,850 | 17,955 | 18,844 | 19,807 | 21,585 |
| AP | 5,205 | 6,148 | 6,841 | 7,197 | 7,829 |
| Tax | 167 | 165 | 209 | 209 | 296 |
| Accruals & other payables | 0 | 0 | 0 | 0 | 0 |
| Bank loans & leases | 3,349 | 2,902 | 2,902 | 2,902 | 2,902 |
| Lease liabilities | 494 | 242 | 242 | 242 | 242 |
| Other current liabilities | 166 | 211 | 211 | 211 | 211 |
| Current liabilities | 9,380 | 9,668 | 10,405 | 10,761 | 11,480 |
| Bank loan & notes | 5,055 | 6,573 | 6,573 | 6,573 | 6,573 |
| Lease liabilities | 317 | 452 | 452 | 452 | 452 |
| Deferred tax & others | 2,339 | 2,827 | 2,827 | 2,827 | 2,827 |
| Non-current liabilities | 7,711 | 9,852 | 9,852 | 9,852 | 9,852 |
| Total net assets | 21,808 | 22,502 | 22,987 | 23,887 | 25,205 |
| Shareholder's equity | 21,159 | 21,811 | 22,404 | 23,344 | 24,645 |
| Share capital | 98 | 98 | 98 | 98 | 98 |
| Reserves | 21,061 | 21,912 | 22,305 | 23,246 | 24,547 |
| MI | 662 | 691 | 583 | 543 | 561 |
| BVPS (HK\$) | 21.0 | 21.8 | 21.7 | 22.6 | 23.9 |

Our recent reports

| Date | Company / Sector | Stock Code | Title | Rating | Analyst |
|------------|------------------|------------|---|--------|-----------|
| 26/08/2022 | 361 Degrees | 1361 | 1H22 earnings beats, strong growth in e-commerce and kids' wear | BUY | John Siah |
| 03/08/2022 | Xinyi Energy | 3868 | Flat earnings growth in 1H22, slowing M&A pace due to high prices | BUY | John Siah |
| 01/08/2022 | Greentown Mgmt | 9979 | Impressive growth trajectory in 1H22 despite industry headwinds | BUY | John Siah |
| 20/07/2022 | 361 Degrees | 1361 | Retail sales in 2Q2022 remained robust, even under COVID lockdown | BUY | John Siah |
| 11/07/2022 | Truly Int'l | 732 | Automotive display missed in 1H22 on weak car sales | BUY | John Siah |
| 07/07/2022 | EVA Holdings | 838 | Kicking off a new growth cycle | BUY | John Siah |
| 04/05/2022 | China Edu Group | 839 | 1H22 results showed strong organic growth of higher schools | BUY | John Siah |
| 29/04/2022 | Edvantage Group | 382 | 1H22 earnings remains robust despite higher costs | BUY | John Siah |
| 28/04/2022 | New Higher Edu | 2001 | Mixed 1H22 results amid investments to deliver quality education | BUY | John Siah |
| 08/04/2022 | Tian Lun Gas | 1600 | Strong gas sales offsetting by weak dollar margin, more details for rural solar development | BUY | John Siah |
| 06/06/2022 | Truly's Int'l | 732 | Mixed outlook for FY22E | BUY | John Siah |
| 06/04/2022 | HK Tech Venture | 1137 | Compelling growth story despite weak near-term profit | BUY | John Siah |
| 29/03/2022 | 361 Degrees | 1361 | FY21 earnings beat on strong GPM | BUY | John Siah |
| 29/03/2022 | AAC Tech | 2018 | Earnings challenges remain in FY22E | HOLD | John Siah |
| 29/03/2022 | Greentown Mgmt | 9979 | Aligning with new trends in China property market | BUY | John Siah |
| 02/03/2022 | Xinyi Energy | 3868 | Ambitious expansion plan for FY22E | BUY | John Siah |
| 25/02/2022 | Tsaker Chem | 1986 | Battery business started to bear fruit | NR | John Siah |
| 27/01/2022 | Greentown Mgmt | 9979 | Resilient against headwinds | BUY | John Siah |
| 21/01/2022 | 361 Degrees | 1361 | 4Q21 retail sales beat expectation | BUY | John Siah |
| 14/12/2021 | Tian Lun Gas | 1600 | Embracing green energy, ambitious target for gas sales | BUY | John Siah |
| 06/12/2021 | New Higher Edu | 2001 | Aim for quality growth | BUY | John Siah |
| 29/11/2021 | China Edu Group | 839 | FY21 results in-line, expecting more M&A | BUY | John Siah |
| 18/11/2021 | Edvantage Group | 382 | FY21 results slightly beat our expectation | BUY | John Siah |
| 26/10/2021 | Truly Int'l | 732 | More added value of automotive display as a new earnings catalyst | BUY | John Siah |
| 19/10/2021 | China Edu Sector | - | Encourage private participation in vocational education | - | John Siah |
| 11/10/2021 | AAC Tech | 2018 | Sluggish 3Q21 earnings on weak smartphone market | BUY | John Siah |
| 03/09/2021 | HK Tech Venture | 1137 | Striving to become a global technology enabler | BUY | John Siah |

Historical recommendations and target price: AAC Technology (2018 HK)

(as of 30/8/2022)



| Date | Rating | TP | Close |
|---------------|--------|------------|------------|
| 1 14 Apr 2021 | BUY | HK\$ 60.80 | HK\$ 46.70 |
| 2 14 May 2021 | BUY | HK\$ 61.30 | HK\$ 42.55 |
| 3 27 Aug 2021 | BUY | HK\$ 56.50 | HK\$ 42.15 |
| 4 11 Oct 2021 | BUY | HK\$ 42.50 | HK\$ 31.95 |
| 5 28 Mar 2022 | HOLD | HK\$ 20.50 | HK\$ 18.58 |
| 6 31 Aug 2022 | HOLD | HK\$ 14.70 | HK\$ 14.62 |

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| Hold (H) | We expect this stock to perform in line with the relevant benchmark over the next 12 months. |
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