

Sunny Optical (2382 HK)

Yuji Fung

+852 2135 0236

yuji.fung@oriental-patron.com.hk

Dallas Cai

+852 2135 0248

dallas.cai@oriental-patron.com.hk

Company Update

BUY

UNCHANGED

Close price: HK\$141.00

Target Price: HK\$168.00 (+19%)

Prior TP: HK\$145.00

Key Data

| | |
|-----------------------|-----------------------|
| HKEx code | 2382 |
| 12 Months High (HK\$) | 149.00 |
| 12 Month Low (HK\$) | 62.40 |
| 3M Avg Dail Vol. (mn) | 5.99 |
| Issue Share (mn) | 1,096.85 |
| Market Cap (HK\$mn) | 154,655.81 |
| Fiscal Year | 12/2018 |
| Major shareholder (s) | WANG WENJIAN (38.56%) |

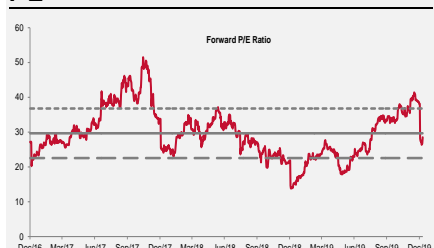
Source: Company data, Bloomberg, OP Research
Closing price are as of 09/01/2020

Price Chart



| | 1mth | 3mth | 6mth |
|-------------------|------|------|------|
| Absolute % | 2.2 | 19.5 | 64.0 |
| Rel. MSCI CHINA % | -5.6 | 7.1 | 53.8 |

PE



Company Profile

Sunny Optical is a leading integrated optical component manufacturing. The company is primary camera module supplier to most top tier domestic branded handset makers.

2019 shipment targets met - as expected

- Sunny Optical released December shipments with HLS/HCM/VLS up 67.8%/79.2%/6.4% yoy to 127.2mn/59.5mn/4.2mn pcs respectively.
- We are positive on Sunny's HCM and HLS growth outlook in 2020E as camera spec upgrade goes on and 5G smartphone ramp up.
- Maintain BUY with TP revised up to HK\$168.0 from HK\$145.0 based on revised up 23x FY21E PE (previously 20x) given positive 5G smartphone outlook.

Full-year shipments met OP expectations. Sunny kept the strong shipments growth momentum to December with monthly sales volume for HCM/HLS up 79.2% yoy/67.8% yoy to 59.5mn/127.2mn pcs, beating both market estimates and OP expectations. In addition, sales volume of other optoelectronic products fourfold yoy to 4.3mn mainly thanks to the increased volume of 3D structured light products and ToF products. Shipments of VLS increased 6.4% yoy to 4.2mn, implying a mom slowdown of 19.5%, which the mgmt attributed to the impact of Christmas holiday.

By the end of 2019, Sunny had achieved 1,343mn/540mn/50mn pcs sales volume for HLS/HCM/VLS respectively, broadly in line with our targets, and outperformed the mgmt guidance (HLS: +41.3% vs guided +25-30% yoy, HCM: +27.7% vs guided +20-25% yoy).

We hold positive view on HCM and HLS growth outlook. As the key clients of Sunny keep pushing forward the handset camera spec upgrade, we expect higher penetration of high-end products (i.e. 20M+ HCM, 7P HLS) will lead the improvement of overall ASP and help mitigate the margin erosion pressure. On the other hand, 5G smartphones are likely to gradually roll out in 2020E and the increase in average number of cameras deployed per handset is expected to support 2020E shipments growth.

Maintain BUY. We updated our FY19E shipment assumptions with actual figures and keep FY20E estimates unchanged. Maintain BUY rating on Sunny with our TP revised up to HK\$168.0 from HK\$145.0 based on 23x FY21E PE (previously 20x FY21E PE) given the positive outlook of camera spec upgrade and 5G smartphone ramp up in 2H20E onwards.

Risks: (1) ASP for HCM may be lower than expected, (2) political risks as trade war impacts on smartphone components, (3) HCM margin may not recover as we expected

Exhibit 1: Forecast and Valuation

| Year to Dec (RMB mn) | FY17 | FY18 | FY19E | FY20E | FY21E |
|----------------------------|----------|----------|----------|----------|----------|
| Revenue | 22,366.3 | 25,931.9 | 38,548.1 | 48,080.0 | 56,536.6 |
| Growth (%) | 53.1 | 15.9 | 48.7 | 24.7 | 17.6 |
| Net Profit | 2,901.6 | 2,490.9 | 3,649.6 | 5,378.3 | 7,073.9 |
| Growth (%) | 128.3 | (14.2) | 46.5 | 47.4 | 31.5 |
| Diluted EPS (HK\$) | 3.001 | 2.566 | 3.760 | 5.541 | 7.288 |
| EPS growth (%) | 127.6 | (14.5) | 46.5 | 47.4 | 31.5 |
| Change to previous EPS (%) | | | 3.1 | 0.2 | |
| Consensus EPS (HK\$) | | | 3.585 | 4.997 | |
| ROE (%) | 46.9 | 29.8 | 34.0 | 37.1 | 36.2 |
| P/E (x) | 47.0 | 54.9 | 37.5 | 25.4 | 19.3 |
| P/B (x) | 18.3 | 14.8 | 11.2 | 8.2 | 6.1 |
| Yield (%) | 0.6 | 0.5 | 0.7 | 1.0 | 1.3 |
| DPS (HK\$) | 0.812 | 0.662 | 0.970 | 1.429 | 1.880 |

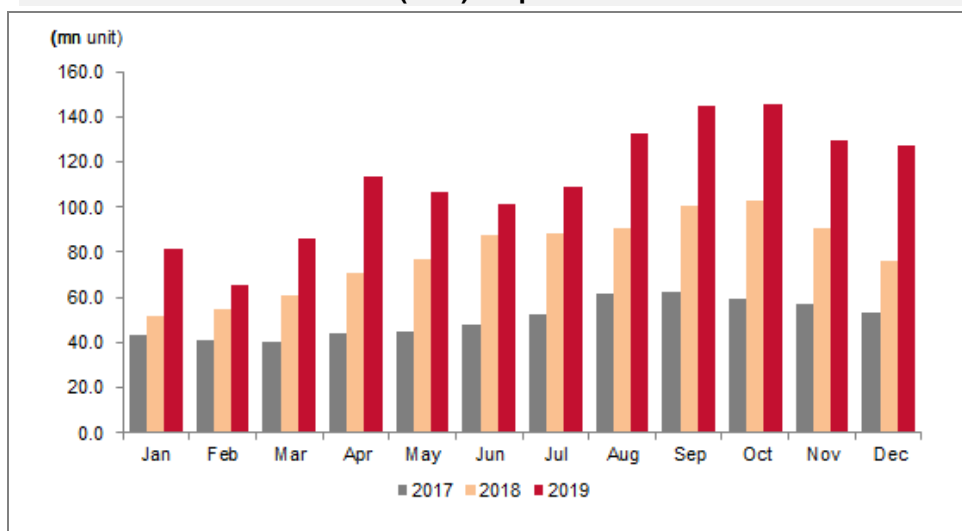
Source: Bloomberg, OP Research

Exhibit 2: Earnings revision

| (RMB mn) | FY19E | | | FY20E | | | FY21E | | | OP Comments |
|-----------------------------|---------|---------|--------|---------|---------|-------|---------|---------|--------|------------------------------------|
| | New | Old | % Chg | New | Old | % Chg | New | Old | % Chg | |
| Shipments (mn pcs) | | | | | | | | | | |
| Optical Components | 1,484 | 1,381 | 7.5 | 1,774 | 1,774 | (0.0) | 2,202 | 2,202 | 0.0 | Updated with actual 2019 shipments |
| Optoelectronic Products | 590 | 590 | 0.0 | 699 | 699 | 0.0 | 818 | 818 | 0.0 | |
| Optical Instruments | 0.198 | 0.226 | (12.3) | 0.246 | 0.246 | 0.0 | 0.233 | 0.267 | (12.8) | |
| ASP (RMB per pcs) | | | | | | | | | | |
| Optical Components | 6.1 | 6.3 | (2.5) | 6.4 | 6.4 | 0.0 | 6.5 | 6.5 | 0.0 | |
| Optoelectronic Products | 49 | 50 | (1.7) | 52 | 52 | 0.0 | 51 | 51 | 0.0 | |
| Optical Instruments | 1,440 | 1,272 | 13.2 | 1,272 | 1,272 | 0.0 | 1,272 | 1,272 | 0.0 | |
| Revenue by segment (RMB mn) | | | | | | | | | | |
| Optical components | 9,090 | 8,676 | 4.8 | 11,377 | 11,377 | 0.0 | 14,260 | 14,260 | (0.0) | |
| Optoelectronics | 29,172 | 29,677 | (1.7) | 36,390 | 36,390 | 0.0 | 41,981 | 41,981 | 0.0 | |
| Optical instruments | 286 | 288 | (0.8) | 313 | 313 | 0.0 | 296 | 340 | (12.8) | |
| GPM by segment | | | | | | | | | | |
| Optical components | 44.4% | 44.4% | (0.0) | 44.9% | 44.9% | 0.0 | 45.6% | 45.6% | 0.0 | |
| Optoelectronics | 7.8% | 7.8% | (0.1) | 9.9% | 9.9% | 0.0 | 10.3% | 10.3% | 0.0 | |
| Optical instruments | 40.0% | 40.0% | 0.0 | 40.0% | 40.0% | 0.0 | 40.0% | 40.0% | (0.0) | |
| Revenue | 38,548 | 38,641 | (0.2) | 48,080 | 48,080 | 0.0 | 56,537 | 56,580 | (0.1) | |
| Gross profit | 7,184 | 7,069 | 1.6 | 9,781 | 9,781 | 0.0 | 12,061 | 12,079 | (0.2) | |
| Gross margin | 18.6% | 18.3% | 0.3 | 20.3% | 20.3% | 0.0 | 21.3% | 21.3% | (0.0) | |
| Opex | (2,986) | (2,993) | (0.2) | (3,676) | (3,676) | (0.0) | (4,296) | (4,299) | (0.1) | |
| EBIT | 4,563 | 4,434 | 2.9 | 6,570 | 6,555 | 0.2 | 8,539 | 8,540 | (0.0) | |
| Net Profit | 3,650 | 3,538 | 3.1 | 5,378 | 5,366 | 0.2 | 7,074 | 7,075 | (0.0) | |
| Diluted EPS (HK\$) | 3.760 | 3.645 | 3.1 | 5.541 | 5.528 | 0.2 | 7.288 | 7.289 | (0.0) | |

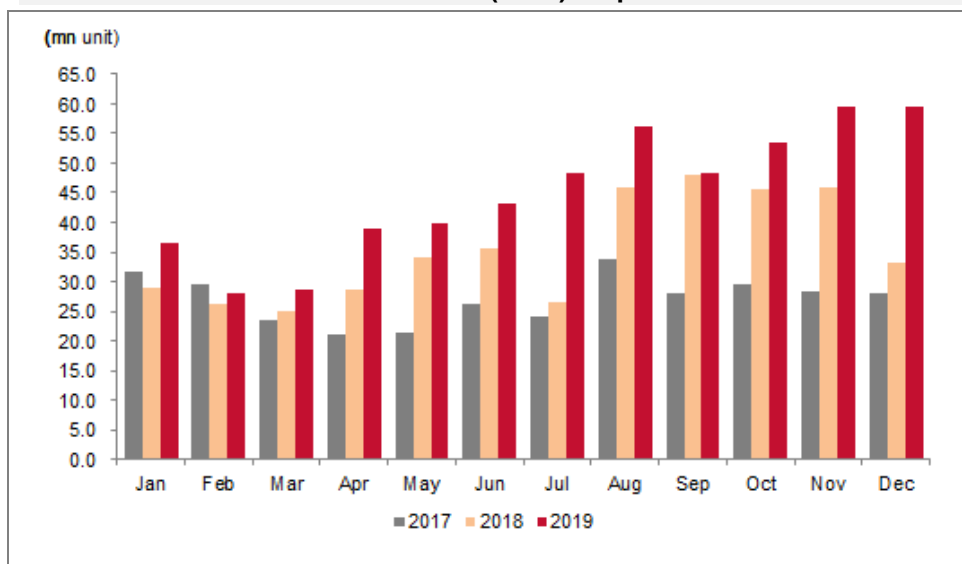
Source: OP Research

Exhibit 3: Handset Lens Sets (HLS) Shipments



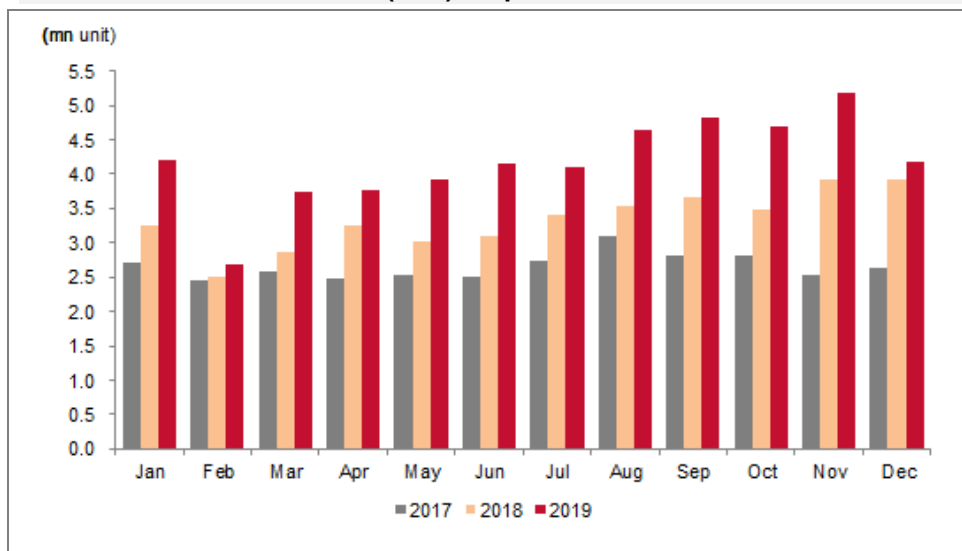
Source: Company, OP Research

Exhibit 4: Handset Camera Modules (HCM) Shipments



Source: Company, OP Research

Exhibit 5: Vehicle Lens Sets (VLS) Shipments



Source: Company, OP Research

Financial Summary

| Year to Dec | FY17 | FY18 | FY19E | FY20E | FY21E |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|
| Income Statement (RMB mn) | | | | | |
| Optical components | 4,302 | 6,023 | 9,090 | 11,377 | 14,260 |
| Optoelectronics | 17,771 | 19,609 | 29,172 | 36,390 | 41,981 |
| Optical instruments | 294 | 300 | 286 | 313 | 296 |
| Turnover | 22,366 | 25,932 | 38,548 | 48,080 | 56,537 |
| YoY% | 53 | 16 | 49 | 25 | 18 |
| COGS | (17,563) | (21,019) | (31,364) | (38,299) | (44,476) |
| Gross profit | 4,803 | 4,913 | 7,184 | 9,781 | 12,061 |
| Gross margin | 21.5% | 18.9% | 18.6% | 20.3% | 21.3% |
| Other income | 343 | 170 | 365 | 464 | 774 |
| Selling & distribution | (205) | (210) | (312) | (379) | (428) |
| Admin | (389) | (434) | (632) | (749) | (872) |
| R&D | (1,168) | (1,362) | (2,043) | (2,548) | (2,996) |
| Other opex | 0 | 0 | 0 | 0 | 0 |
| Total opex | (1,762) | (2,006) | (2,986) | (3,676) | (4,296) |
| Operating profit (EBIT) | 3,383 | 3,077 | 4,563 | 6,570 | 8,539 |
| Operating margin | 15.1% | 11.9% | 11.8% | 13.7% | 15.1% |
| Provisions | 0 | 0 | 0 | 0 | 0 |
| Interest Income | 0 | 0 | 0 | 0 | 0 |
| Finance costs | (49) | (202) | (325) | (325) | (325) |
| Profit after financing costs | 3,334 | 2,875 | 4,238 | 6,245 | 8,213 |
| Associated companies & JVs | (16) | (24) | (0) | (0) | (0) |
| Pre-tax profit | 3,318 | 2,851 | 4,238 | 6,245 | 8,213 |
| Tax | (404) | (339) | (581) | (856) | (1,125) |
| Minority interests | (13) | (22) | (7) | (11) | (14) |
| Net profit | 2,902 | 2,491 | 3,650 | 5,378 | 7,074 |
| YoY% | 128 | (14) | 47 | 47 | 32 |
| Net margin | 13.0% | 9.6% | 9.5% | 11.2% | 12.5% |
| EBITDA | 3,756 | 3,492 | 5,329 | 7,624 | 9,633 |
| EBITDA margin | 16.8% | 13.5% | 13.8% | 15.9% | 17.0% |
| EPS (RMB) | 2.656 | 2.271 | 3.327 | 4.903 | 6.449 |
| YoY% | 128 | (15) | 47 | 47 | 32 |
| DPS (HK\$) | 0.812 | 0.662 | 0.970 | 1.429 | 1.880 |
| Year to Dec | FY17 | FY18 | FY19E | FY20E | FY21E |
| Cash Flow (RMB mn) | | | | | |
| EBITDA | 3,756 | 3,492 | 5,329 | 7,624 | 9,633 |
| Chg in working cap | (1,126) | (203) | (370) | (861) | (759) |
| Others | 102 | 542 | 0 | 0 | 0 |
| Operating cash | 2,732 | 3,830 | 4,958 | 6,763 | 8,873 |
| Interest received | 80 | 236 | 261 | 358 | 667 |
| Tax | (295) | (262) | 0 | (581) | (856) |
| Net cash from operations | 2,516 | 3,804 | 5,219 | 6,540 | 8,684 |
| Capex | (1,142) | (2,134) | (4,626) | (3,366) | (3,958) |
| Investments | (77) | (3,225) | 0 | 0 | 0 |
| Dividends received | 0 | 0 | 0 | 0 | 0 |
| Sales of assets | 23 | 55 | 0 | 0 | 0 |
| Interests paid | (37) | (125) | (325) | (325) | (325) |
| Others | (571) | (432) | 0 | 0 | 0 |
| Investing cash | (1,803) | (5,860) | (4,951) | (3,691) | (4,283) |
| FCF | 713 | (2,056) | 268 | 2,849 | 4,402 |
| Issue of shares | 0 | 0 | 0 | 0 | 0 |
| Buy-back | (81) | (89) | 0 | 0 | 0 |
| Minority interests | 0 | 0 | 0 | 0 | 0 |
| Dividends paid | (315) | (722) | (623) | (942) | (1,387) |
| Net change in bank loans | 444 | 88 | 0 | 0 | 0 |
| Others | 2 | 3,805 | 0 | 0 | 0 |
| Financing cash | 49 | 3,081 | (623) | (942) | (1,387) |
| Net change in cash | 762 | 1,025 | (355) | 1,908 | 3,014 |
| Exchange rate or other Adj | (2) | 2 | 0 | 0 | 0 |
| Opening cash | 467 | 1,227 | 2,254 | 1,899 | 3,807 |
| Closing cash | 1,227 | 2,254 | 1,899 | 3,807 | 6,821 |
| CFPS (HK\$) | 2.520 | 3.676 | 5.108 | 6.369 | 8.260 |

Source: Company, OP Research

| Year to Dec | FY17 | FY18 | FY19E | FY20E | FY21E |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|
| Ratios | | | | | |
| Gross margin (%) | 21.5 | 18.9 | 18.6 | 20.3 | 21.3 |
| Operating margin (%) | 15.1 | 11.9 | 11.8 | 13.7 | 15.1 |
| Net margin (%) | 13.0 | 9.6 | 9.5 | 11.2 | 12.5 |
| Selling & dist'n exp/Sales (%) | 0.9 | 0.8 | 0.8 | 0.8 | 0.8 |
| Admin exp/Sales (%) | 1.7 | 1.7 | 1.6 | 1.6 | 1.5 |
| Payout ratio (%) | 27.1 | 25.8 | 25.8 | 25.8 | 25.8 |
| Effective tax (%) | 12.1 | 11.8 | 13.7 | 13.7 | 13.7 |
| Total debt/equity (%) | 18.1 | 60.3 | 45.4 | 33.4 | 24.9 |
| Net debt/equity (%) | 1.7 | 35.9 | 30.0 | 10.6 | Net cash |
| Current ratio (x) | 1.5 | 1.9 | 1.6 | 1.7 | 1.8 |
| Quick ratio (x) | 1.2 | 1.6 | 1.2 | 1.3 | 1.4 |
| Inventory T/O (days) | 54 | 53 | 53 | 53 | 53 |
| AR T/O (days) | 92 | 88 | 80 | 80 | 80 |
| AP T/O (days) | 128 | 123 | 123 | 123 | 123 |
| Cash conversion cycle (days) | 18 | 18 | 11 | 11 | 11 |
| Asset turnover (x) | 1.6 | 1.3 | 1.5 | 1.4 | 1.4 |
| Financial leverage (x) | 2.2 | 2.3 | 2.5 | 2.3 | 2.1 |
| EBIT margin (%) | 15.1 | 11.9 | 11.8 | 13.7 | 15.1 |
| Interest burden (x) | 1.0 | 0.9 | 0.9 | 1.0 | 1.0 |
| Tax burden (x) | 0.9 | 0.9 | 0.9 | 0.9 | 0.9 |
| Return on equity (%) | 46.9 | 29.8 | 34.0 | 37.1 | 36.2 |
| ROIC (%) | 45.7 | 26.8 | 27.5 | 32.8 | 37.1 |
| Year to Dec | FY17 | FY18 | FY19E | FY20E | FY21E |
| Balance Sheet (RMB mn) | | | | | |
| Fixed assets | 2,640 | 4,572 | 8,260 | 10,301 | 12,585 |
| Intangible assets & goodwill | 392 | 349 | 261 | 174 | 86 |
| Associated companies & JVs | 125 | 101 | 101 | 101 | 101 |
| Long-term investments | 129 | 0 | 0 | 0 | 0 |
| Other non-current assets | 804 | 1,062 | 1,062 | 1,062 | 1,062 |
| Non-current assets | 4,091 | 6,084 | 9,683 | 11,637 | 13,834 |
| Inventories | 2,622 | 3,074 | 4,587 | 5,601 | 6,504 |
| AR | 5,666 | 6,231 | 8,449 | 10,538 | 12,392 |
| Prepayments & deposits | 165 | 240 | 357 | 446 | 524 |
| Other current assets | 1,956 | 4,968 | 4,968 | 4,968 | 4,968 |
| Cash | 1,227 | 2,254 | 1,899 | 3,807 | 6,821 |
| Current assets | 11,635 | 16,768 | 20,260 | 25,360 | 31,209 |
| AP | 6,183 | 7,064 | 10,541 | 12,871 | 14,947 |
| Tax | 101 | 0 | 581 | 856 | 1,125 |
| Accruals & other payables | 0 | 0 | 0 | 0 | 0 |
| Bank loans & leases | 1,348 | 1,482 | 1,482 | 1,482 | 1,482 |
| CB & othe debts | 4 | 9 | 9 | 9 | 9 |
| Other current liabilities | 69 | 122 | 122 | 122 | 122 |
| Current liabilities | 7,705 | 8,677 | 12,735 | 15,340 | 17,686 |
| Bank loans & leases | 0 | 0 | 0 | 0 | 0 |
| CB & othe debts | 0 | 4,080 | 4,080 | 4,080 | 4,080 |
| Deferred tax & others | 502 | 807 | 807 | 807 | 807 |
| MI | 31 | 54 | 61 | 72 | 86 |
| Non-current liabilities | 532 | 4,941 | 4,948 | 4,959 | 4,973 |
| Total net assets | 7,489 | 9,234 | 12,261 | 16,697 | 22,384 |
| Shareholder's equity | 7,489 | 9,234 | 12,261 | 16,697 | 22,384 |
| Share capital | 105 | 105 | 105 | 105 | 105 |
| Reserves | 7,383 | 9,129 | 12,156 | 16,592 | 22,279 |
| BVPS (HK\$) | 7.71 | 9.51 | 12.63 | 17.20 | 23.06 |
| Total debts | 1,352 | 5,571 | 5,571 | 5,571 | 5,571 |
| Net cash/(debts) | (125) | (3,317) | (3,672) | (1,765) | 1,249 |

Exhibit 6: Peer Group Comparison

| Company | Ticker | Price (US\$m) | Mkt cap (US\$m) | 3-mth avg t/o | PER Hist | PER FY1 | PER FY2 | EPS FY1 | EPS FY2 | 3-Yr EPS Cagr (%) | EPS PEG (x) | Div yld Hist (%) | Div yld FY1 (%) | P/B Hist (x) | P/B FY1 (x) | EV/ Ebitda Hist | EV/ Ebitda Cur Yr | Net gearing Hist (%) | Gross margin Hist (%) | Net margin Hist (%) | ROE Hist (%) | ROE FY1 (%) | Sh px 1-mth % | Sh px 3-mth % |
|----------------------|-----------|---------------|-----------------|---------------|----------|---------|---------|---------|---------|-------------------|-------------|------------------|-----------------|--------------|-------------|-----------------|-------------------|----------------------|-----------------------|---------------------|--------------|-------------|---------------|---------------|
| | | | | | | | | | | | | | | | | | | | | | | | | |
| Sunny Optical | 2382 HK | 141.00 | 19,902 | 99.8 | 54.9 | 38.7 | 25.5 | 42.1 | 51.6 | 38.1 | 1.01 | 0.5 | 0.7 | 14.82 | 11.26 | 45.2 | 30.4 | 35.9 | 21.5 | 13.0 | 29.8 | 33.1 | 0.5 | 25.2 |
| HSI | | 28,561.0 | | | 11.2 | 10.8 | 10.0 | 3.5 | 8.2 | 8.3 | 1.30 | 3.5 | 3.8 | 1.25 | 1.15 | | | | | 11.2 | 10.6 | 7.8 | 11.2 | |
| HSCEI | | 11,281.26 | | | 9.0 | 8.5 | 7.8 | 5.0 | 9.1 | 3.6 | 2.36 | 3.3 | 3.9 | 1.21 | 1.07 | | | | | 13.6 | 12.5 | 8.4 | 10.9 | |
| CSI300 | | 4,164.37 | | | 14.8 | 12.1 | 10.8 | 22.0 | 12.4 | | | 2.0 | 2.6 | 1.9 | 1.6 | | | | | 12.9 | 13.6 | 6.9 | 8.4 | |
| Adjusted sector avg* | | | | | 36.2 | 18.1 | 16.2 | 46.4 | 40.7 | 50.2 | 0.6 | 0.7 | 0.7 | 3.5 | 3.5 | 15.1 | 10.5 | 74.0 | 18.1 | 4.2 | 12.7 | 13.3 | 12.0 | 22.1 |
| Largan Precision | 3008 TT | 4,865.00 | 21,792 | 89.0 | 26.8 | 22.4 | 18.9 | 19.4 | 19.0 | 17.7 | 1.27 | 1.4 | 1.6 | 5.50 | 5.08 | 17.5 | 14.4 | 0.0 | 68.8 | 48.8 | 24.3 | 24.6 | 0.9 | 9.1 |
| Genius Elec | 3406 TT | 608.00 | 2,251 | 133.6 | 65.8 | 27.6 | 19.5 | 138.2 | 41.6 | 65.3 | 0.42 | 0.6 | 0.9 | 6.86 | 5.68 | 26.3 | 15.1 | 21.0 | 38.7 | 11.8 | 22.0 | 23.0 | 38.2 | 34.3 |
| Lg Innotek Co Lt | 011070 KS | 145,500.00 | 2,968 | 14.7 | 21.1 | 18.5 | 12.3 | 13.9 | 51.0 | 24.5 | 0.76 | 0.2 | 0.2 | 1.56 | 1.49 | 6.3 | 5.2 | 71.1 | 10.8 | 2.0 | 7.1 | 8.5 | 11.5 | 27.6 |
| Ofilm Group Co-A | 002456 CH | 15.70 | 6,142 | 292.0 | N/A | 74.4 | 30.3 | N/A | 146.0 | (251.6) | N/A | N/A | 0.2 | 4.83 | 4.65 | 24.6 | 14.0 | 175.2 | 12.3 | (1.2) | (17.9) | 6.1 | 12.1 | 39.2 |
| Holitech Techn-A | 002217 CH | 5.89 | 2,647 | 42.1 | 13.7 | 12.0 | 11.1 | 14.0 | 8.2 | 20.9 | 0.57 | 0.7 | N/A | 1.54 | N/A | 11.1 | N/A | 93.9 | 19.2 | 8.0 | 7.3 | 12.1 | 11.8 | 1.4 |
| Truly Intl Hldgs | 732 HK | 1.26 | 533 | 0.8 | 53.4 | 10.1 | 5.5 | 429.7 | 84.0 | 122.5 | 0.08 | N/A | N/A | 0.53 | 0.54 | 4.5 | 3.6 | 82.7 | 9.5 | 0.4 | 2.7 | 5.2 | 23.5 | 21.2 |

* Outliners and "N/A" entries are excl. from the calculation of averages

Source: Bloomberg, OP Research

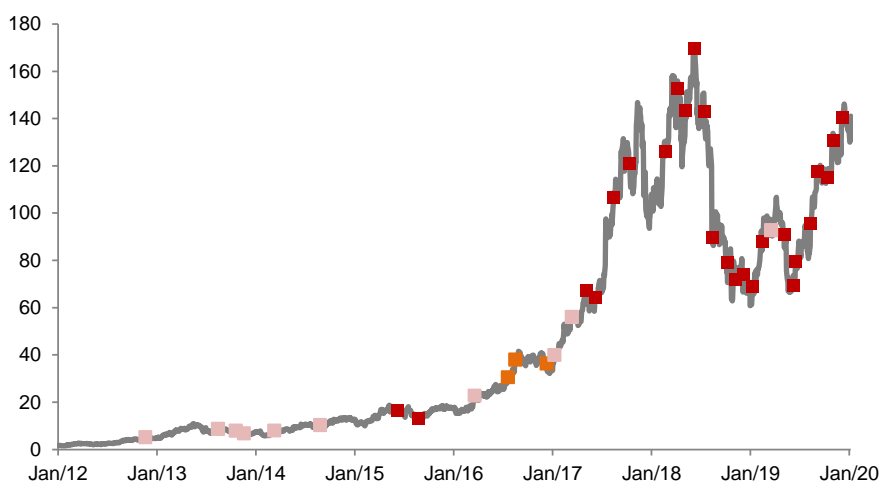
Our recent reports

| Date | Company / Sector | Ticker | Title | Rating | Analyst |
|------------|------------------|--------|--|--------|----------------------|
| 08/01/2020 | Q Tech | 1478 | 2019 full year shipments meet OP targets | BUY | Yuji Fung/Dallas Cai |
| 31/12/2019 | GT Service | 2869 | Introducing Longfor as 3rd largest shareholder | BUY | Dallas Cai/Yuji Fung |
| 20/12/2019 | Q Tech | 1478 | Top-up placement for CCM capacity expansion | BUY | Yuji Fung/Dallas Cai |
| 17/12/2019 | Aidigong | 286 | Transforming into a leading postpartum care player in China | NR | Yuji Fung |
| 13/12/2019 | Anta Sports | 2020 | Revealing higher visibility of post-M&A roadmap | BUY | Dallas Cai/Megan Jin |
| 10/12/2019 | Sunny Optical | 2382 | November saw strong HCM shipment growth | BUY | Yuji Fung/Dallas Cai |
| 10/12/2019 | Q Tech | 1478 | November shipments maintain full steam | BUY | Yuji Fung/Dallas Cai |
| 03/12/2019 | Xtep Intl | 1368 | Update on winter sales and new brand | BUY | Dallas Cai/Megan Jin |
| 28/11/2019 | Edvantage Group | 382 | Advantageous Educator in Greater Bay Area | BUY | Yuji Fung/Dallas Cai |
| 14/11/2019 | Ausnutria Dairy | 1717 | 3Q results up to expectations | BUY | Dallas Cai/Megan Jin |
| 14/11/2019 | Anta Sports | 2020 | Dispose 5% of Amer for introduction of experienced investors | BUY | Dallas Cai/Megan Jin |
| 11/11/2019 | Sunny Optical | 2382 | October shipments in line with expectations | BUY | Yuji Fung/Dallas Cai |
| 11/11/2019 | Q Tech | 1478 | Another month of robust growth in October | BUY | Yuji Fung/Dallas Cai |
| 30/10/2019 | CH Display OPT | 334 | More shifting to processing mode in 3Q19 | HOLD | Yuji Fung/Dallas Cai |
| 22/10/2019 | Li-Ning | 2331 | 3Q19 saw solid retail performance | BUY | Dallas Cai/Megan Jin |
| 21/10/2019 | Q Tech | 1478 | Upgrade on diversified global footprint | BUY | Yuji Fung/Dallas Cai |
| 18/10/2019 | Xtep Intl | 1368 | 3Q19 operations in line | BUY | Dallas Cai/Megan Jin |
| 17/10/2019 | Anta Sports | 2020 | 3Q19 retail performance up to expectations | BUY | Dallas Cai/Megan Jin |
| 17/10/2019 | 361 Degrees Intl | 1361 | 3Q19 operations in line with expectations | BUY | Megan Jin |
| 14/10/2019 | Sunny Optical | 2382 | Another month of robust HLS growth | BUY | Yuji Fung/Dallas Cai |
| 11/10/2019 | Q Tech | 1478 | September saw robust shipment growth momentum | BUY | Yuji Fung/Dallas Cai |
| 02/10/2019 | China Prop Mgmt | - | Clear vision of promising secular growth | BUY | Dallas Cai/Yuji Fung |
| 11/09/2019 | Q Tech | 1478 | August saw product mix improving on track | BUY | Yuji Fung/Dallas Cai |
| 10/09/2019 | Sunny Optical | 2382 | Upgrade on HLS market share gain | BUY | Yuji Fung/Dallas Cai |
| 05/09/2019 | Sinosoft Tech | 1297 | 1H19 saw softened growth | BUY | Yuji Fung/Dallas Cai |
| 05/09/2019 | Truly Int'l | 732 | 1H19 saw loss from associate narrowing on track | BUY | Yuji Fung/Dallas Cai |
| 02/09/2019 | TCL Electronics | 1070 | 1H19 earnings beat our expectations | BUY | Yuji Fung/Dallas Cai |

Historical recommendations and target price: Sunny Optical (2382 HK)

(as of 09/01/2020)

(HK\$)



| Date | Rating | TP | Close | Date | Rating | TP | Close |
|---------------|--------|--------|--------|----------------|--------|--------|--------|
| 1 10 May 2018 | BUY | 194.00 | 142.57 | 10 21 Mar 2019 | HOLD | 98.00 | 95.60 |
| 2 11 Jun 2018 | BUY | 194.00 | 169.70 | 11 10 May 2019 | BUY | 98.00 | 86.10 |
| 3 18 Jul 2018 | BUY | 190.00 | 142.00 | 12 12 Jun 2019 | BUY | 96.00 | 73.60 |
| 4 16 Aug 2018 | BUY | 107.00 | 89.75 | 13 19 Jun 2019 | BUY | 96.00 | 79.50 |
| 5 12 Oct 2018 | BUY | 107.00 | 78.95 | 14 16 Aug 2019 | BUY | 110.00 | 95.40 |
| 6 12 Nov 2018 | BUY | 107.00 | 71.90 | 15 09 Sep 2019 | BUY | 138.20 | 117.50 |
| 7 11 Dec 2018 | BUY | 107.00 | 73.80 | 16 14 Oct 2019 | BUY | 145.00 | 118.00 |
| 8 11 Jan 2019 | BUY | 98.00 | 68.75 | 17 11 Nov 2019 | BUY | 145.00 | 130.80 |
| 9 18 Feb 2019 | BUY | 98.00 | 84.85 | 18 10 Dec 2019 | BUY | 145.00 | 140.30 |

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| | |
|---------------------------|--|
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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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CONTACT

27/F, Two Exchange Square,

8 Connaught Place, Central, Hong Kong

www.oriental-patron.com.hk

yuji.fung@oriental-patron.com.hk

Tel: (852) 2135 0236

Fax: (852) 2135 0295