

## Diversifying strategy well on track

Rating	<b>BUY</b>	Maintain
Target Price	<b>HKD 26.21</b>	
Current price	<b>HKD 20.90</b>	Upside: 25.4%

### 2Q22 GM disappoints, still expects better 2H22

BYDE's 1H22 revenue and net profit arrived at RMB43,694mn and RMB634mn respectively (-1.8%/ -61.4% Yoy) and reached 40%/26% of our FY22E estimates, the latter falls behind our schedule due to **i) GM dropped QoQ in 2Q22; ii) higher admin expense ratio (1.3% vs. 0.9%) and R&D expense (3.5% vs. 3.4%).**

In 2Q22, revenue and net profit grew 8.7%/151% QoQ to RMB22,760mn/RMB453mn, while GM was down 0.3 ppts QoQ at 5.2% which slightly disappoints market. Weak Android demand, supply chain disruptions in China due to resurgence of COVID-19 cases, led to lower utilization rate and dragged on assembly GM. We still expect revenue have bottomed out in 2Q22 and GM would improve in 2H22 as clients' new product ramp up and capacity reallocation to automotive segment would help utilization rate.

### Components and assembly business expects to recover in 2H22 : Android share gain + US clients' order ramp up

In 1H22, assembly and components revenue each slipped 13.2%/5.6% Yoy due to lower utilization rate and weak Android end demand. As mentioned in our last update in August, we expect components and assembly business to deliver better performance in 2H22 vs. 1H22, thanks to new production sites (Zhongshan and Vietnam) commence mass production for US client, while share gains in Android clients (Samsung and Google) would help alleviate slowdown from other Android camps' client. In the long run, BYDE's increased in both content allocation share and dollar content in US client would further increase new production sites' utilization rate and hence benefit assembly business margin.

### IoT and automotive still outperform; Residential household storage business roadmap would attract investors' eyeballs

Segment revenue (new intelligent products+ automotive) accelerated to 61% Yoy (vs. 45.8% CAGR in FY19-FY21) and reached RMB10bn mark in 1H22, accounted for nearly one-fourth of total revenue (vs. 18% in FY21). New intelligent product sales grew 38% to RMB6,917mn (~16% of total revenue), driven by increased demand for smart home, gaming hardware and initial contribution from HNB business (high single digit of IoT revenue in FY21, expects key overseas client to contribute the majority in FY22E).

BYDE also highlighted during the result that residential energy storage would be another new growing point in coming years, we believe BYDE would benefit from BYD's residential energy storage business and investors are anticipating for more colours in FY22E result.

Automotive intelligent segment revenue soared 150% Yoy to RMB3.24bn in 1H22 (~7.4% of total revenue vs. 4.3% in FY21), thanks to sales recovery in automobile sales, increasing penetration in electrification and intelligence system. BYDE's infotainment systems currently support all BYD models, they continue to establish in-depth collaboration with 1<sup>st</sup> tier suppliers and OEMs, which shows their ambition to develop external clients, while also expanding their product lines into ADAS, smart cabins and other electronic parts.

## Result Takeaways

1 September 2022

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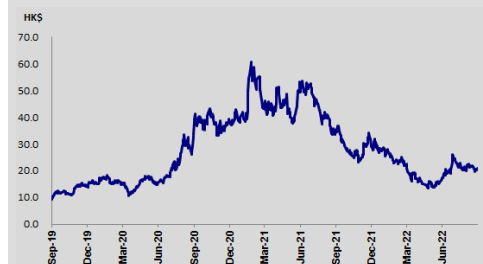
### Trading data

52-Week Range (HK\$)	37.50/13.20
3 Mth Avg Daily Vol (m)	13.2
No of Shares (m)	2,253.2
Market Cap (HK\$m)	47,091.9
Major Shareholders (%)	BYD (65.6%)
Auditors	Ernst & Young
Result Due	FY22E: Mar 2023

### Company description

Established in 2002, BYDE is a leading manufacturer of handset components and modules, such as plastic casing, metal casings, and keypads. It also provides assembly services for handsets. Its parent company, BYD (1211.HK) keeps some of handset components and modules, such as LCD displays, FPCs, and camera modules. Its customers include Samsung (005930 KS), Nokia (NOK.US), Huawei, BBK, OPPO, Toshiba (6502.JP), Asus (2357.TT), HTC (2498.TT) and HP (HPQ.US).

### Price chart



Sources: Bloomberg, CIRC

We expect IoT and automotive segment revenue would grow >20% to ~RMB 23bn in which automotive revenue growth would continue to outperform thanks to strong sales from BYD YTD (took up ~60% of BYDE's automotive revenue) . We model 32% revenue CAGR on IoT and automotive segment and would contribute ~mid-20's of BYDE's total revenue by FY24E.

■ **Trading at 12.8x FY23E PE with 22.7% EPS CAGR in FY21-23E; Maintain BUY on diversifying business strategy well on track**

In view of 1H22 result, we fine tuned BYDE's FY22E-24E EPS by -9.2%/-5.1%/-5.0% mainly on lower sales assumption, while leaving GM largely unchanged. With sales and net profit expected to grow 15.6%/20.7% CAGR in FY21-24E, on the back of i) continued ramp up/ allocation gain in assembly service, and share gain from Android clients; ii) Faster than company average growth in IoT and automotive intelligent segment would serve as BYDE's second growth engine, which would increase BYDE's sales and earnings visibility in the long run vs. peers. BYDE continue to diversify away from smartphones related business, we stick to our previous view that BYDE's re-rating story remains solid.

BYDE is trading at FY23E 12.8x PE (~7% discount to BYDE's 3-year average), we maintain BYDE's rating at BUY with new TP at HK\$26.21, which implies unchanged 16.0x FY23E PE (vs. our last update in August 2022 and near BYDE's +1s.d. valuation), we believe the target valuation is well deserved as BYDE's strategy on diversifying business and client mix is implementing well.

**Exhibit 1: We fine-tuned BYDE's FY22E-24E forecasts**

	FY22 (new)	FY22 (old)	Diff	FY23 (new)	FY23 (old)	Diff	FY24 (new)	FY24 (old)	Diff
Revenue	105,568	110,249	-4.2%	121,143	126,526	-4.3%	137,838	143,760	-4.1%
Operating profit	2,427	2,644	-8.2%	3,479	3,634	-4.3%	4,405	4,595	-4.1%
Net Profit	2,205	2,427	-9.2%	3,185	3,357	-5.1%	4,052	4,264	-5.0%
EPS (RMB)	0.99	1.09	-9.2%	1.42	1.50	-5.1%	1.81	1.91	-5.0%

Source: CIRL estimates

**Exhibit 2: BYDE's revenue assumption**

Year to Dec (RMB mn)	FY20A	FY21A	FY22E	FY23E	FY24E
Assembly service income	31,152	55,977	67,172	82,632	90,895
Components	17,567	15,655	14,363	14,054	13,652
Intelligent product & Automotive intelligent system	11,293	16,215	22,701	28,376	37,599
Masks	13,109	1,210	1,331	1,464	1,615
<b>Group</b>	<b>73,121</b>	<b>89,057</b>	<b>105,568</b>	<b>126,526</b>	<b>143,760</b>
<b>Segment Revenue Growth</b>					
Assembly service income	16.0%	79.7%	20.0%	15.0%	10.0%
Components	-5.4%	-10.9%	-8.3%	-2.2%	-2.9%
Intelligent product & Automotive intelligent system	48.2%	43.6%	40.0%	25.0%	32.5%
Masks	-	-90.8%	10.0%	10.0%	10.3%
<b>Group</b>	<b>37.9%</b>	<b>21.8%</b>	<b>18.5%</b>	<b>14.8%</b>	<b>13.8%</b>
<b>Blended GM</b>	<b>13.2%</b>	<b>6.6%</b>	<b>6.5%</b>	<b>7.2%</b>	<b>8.2%</b>

Source: Company data, CIRL estimates

**Exhibit 3: BYDE is the major supplier of metal casing mid-frame for Samsung Galaxy Z Flip4/Z Fold 4**

三星Galaxy Z Flip4/Z Fold4手机金属中框由比亚迪电子主力供应，由两个中框件及一个转轴件高度配合组装而成。边框采用了轻量化的高强度航空7系铝材，对精密铰链和内部结构进行包裹，进而带来严密保护。折叠屏手机对中框的平整度要求更高，比亚迪电子研发团队从刀具、工具、注塑进胶方式、CNC加工策略等方面进行多达30多种验证方案，最终满足产品平整度要求，并采用高亮阳极方案，呈现出颜色一致、线条分明的外观效果，高光光泽、一见倾心。



\*图像为模拟,仅为演示说明为目的。仅Galaxy Z Fold4 内屏支持使用S Pen, S Pen(三星折叠屏专属)S Pen Pro(需单独购买)。

Source: Company data

**Exhibit 4: BYDE may benefit from BYD's residential energy storage business**

Home > Residential Energy Storage

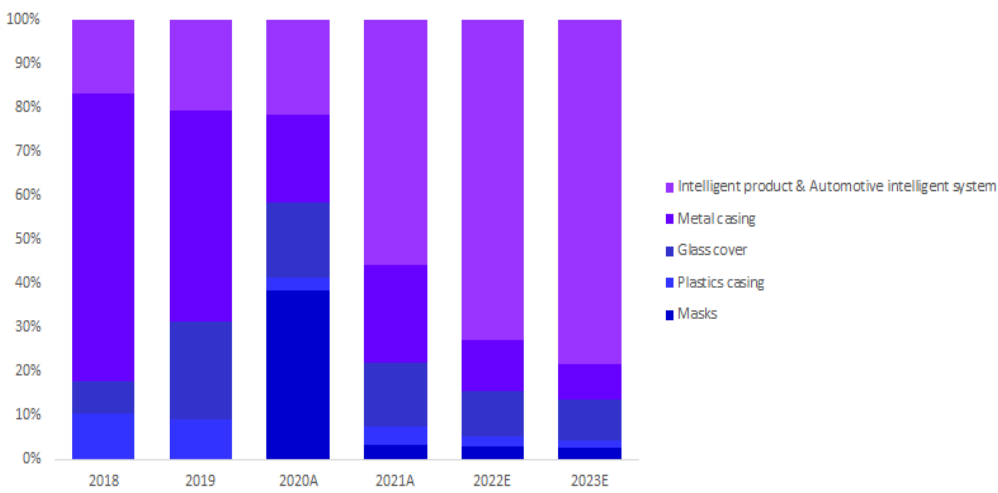
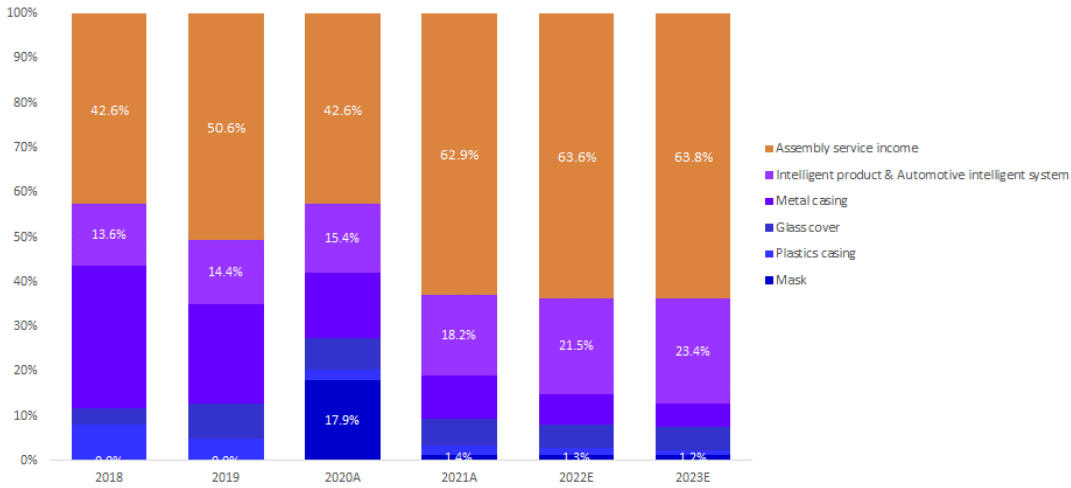
# RESIDENTIAL ENERGY STORAGE SYSTEM

Power You Day (24h)

BYD Energy Pod is designed and developed for home users, featuring high-performance lithium iron phosphate battery technology, high integration and structural modular design. The capacity can be expanded smoothly and installation is faster and more convenient. The system supports photovoltaic charging and matching Load, remote dispatch and emergency backup (off-grid), etc. The system can meet the diverse needs of global customers for household energy storage

BYD

Source: BYD Energy

**Exhibit 5: BYDE's revenue (top) and GP mix (bottom) in FY18-FY23E**


Source: Company data, CIRL estimates

**Exhibit 6: Financial statement**

<b>Income statement</b>						<b>Cash flow</b>					
<b>Year to Dec (RMB mn)</b>	<b>FY20A</b>	<b>FY21A</b>	<b>FY22E</b>	<b>FY23E</b>	<b>FY24E</b>	<b>Year to Dec (RMB mn)</b>	<b>FY20A</b>	<b>FY21A</b>	<b>FY22E</b>	<b>FY23E</b>	<b>FY24E</b>
<b>Revenue</b>	<b>73,121</b>	<b>89,057</b>	<b>105,568</b>	<b>121,143</b>	<b>137,838</b>	Pre-tax profit	6,221	2,465	2,375	3,431	4,364
Gross profit (reported)	9,629	5,893	6,905	8,772	11,300	Taxes paid	(605)	35	(184)	(170)	(245)
<b>EBITDA</b>	<b>8,047</b>	<b>4,764</b>	<b>5,028</b>	<b>6,158</b>	<b>7,143</b>	Depreciation	1,755	2,255	2,601	2,678	2,738
Depreciation	(1,755)	(2,255)	(2,601)	(2,678)	(2,738)	Associates	0	0	0	0	0
<b>EBIT</b>	<b>6,292</b>	<b>2,509</b>	<b>2,427</b>	<b>3,479</b>	<b>4,405</b>	CFO bef. WC change	7,371	4,755	4,792	5,939	6,856
Net interest income (exp.)	(71)	(43)	(51)	(48)	(41)	Change in working cap	(4,689)	1,064	393	(1,065)	(1,121)
Associates	0	0	0	0	0	<b>Cashflow from operation</b>	<b>2,682</b>	<b>5,819</b>	<b>5,185</b>	<b>4,874</b>	<b>5,735</b>
Exceptionals/others	0	0	0	0	0	CAPEX	(2,831)	(3,744)	(2,932)	(2,932)	(2,932)
<b>Profit before tax</b>	<b>6,221</b>	<b>2,465</b>	<b>2,375</b>	<b>3,431</b>	<b>4,364</b>	<b>Free cash flow</b>	<b>(149)</b>	<b>2,075</b>	<b>2,253</b>	<b>1,942</b>	<b>2,803</b>
Tax expenses	(779)	(155)	(170)	(245)	(312)	Dividends	543	232	220	320	404
Minority interest	0	0	0	0	0	Balance sheet adj.	113	(149)	0	0	0
<b>Net profit</b>	<b>5,441</b>	<b>2,310</b>	<b>2,205</b>	<b>3,185</b>	<b>4,052</b>	Share issued	4,052	0	0	0	0
<b>Balance sheet</b>						Others	(4,754)	(787)	(12)	100	84
<b>Year to Dec (RMB mn)</b>	<b>FY20A</b>	<b>FY21A</b>	<b>FY22E</b>	<b>FY23E</b>	<b>FY24E</b>	<b>Net cash flow</b>	<b>(194)</b>	<b>1,371</b>	<b>2,461</b>	<b>2,362</b>	<b>3,291</b>
Cash & equiv	3,466	2,827	5,288	7,650	10,941	Net cash (debt) start	1,651	1,457	2,827	5,288	7,650
Trade receivables	14,391	9,240	10,953	12,569	14,302	Net cash (debt) at year-end	1,457	2,827	5,288	7,650	10,941
Other receivables	0	0	0	0	0	<b>Ratios</b>					
Inventories	6,891	10,567	9,566	10,908	12,326	<b>Year to Dec</b>	<b>FY20A</b>	<b>FY21A</b>	<b>FY22E</b>	<b>FY23E</b>	<b>FY24E</b>
Other current assets	1,320	4,995	4,995	4,995	4,995	<b>Growth rate (%)</b>					
Fixed assets	9,693	11,182	11,512	11,766	11,961	Revenue	37.9	21.8	18.5	14.8	13.8
Intangible assets	9	10	10	10	10	EBITDA	112.9	(40.8)	5.6	22.5	16.0
Investment, associates etc	2,206	2,354	2,354	2,354	2,354	EBIT	264.2	(60.1)	(3.3)	43.4	26.6
<b>Total assets</b>	<b>37,976</b>	<b>41,175</b>	<b>44,679</b>	<b>50,253</b>	<b>56,889</b>	Net profit	240.5	(57.5)	(4.5)	44.4	27.2
Account payables	8,146	11,724	12,829	14,722	16,751	EPS	240.5	(57.5)	(4.5)	44.4	27.2
Other payables	0	0	0	0	0	<b>Margins (%)</b>					
Short-term debt	2,009	0	0	0	0	Gross margin	13.2	6.6	6.5	7.2	8.2
Other current liabs	4,684	4,496	4,482	4,558	4,624	EBITDA	11.0	5.3	4.8	5.1	5.2
Long-term debts	0	0	0	0	0	EBIT	8.6	2.8	2.3	2.9	3.2
Deferred tax and others	864	928	928	928	928	Net margin	7.4	2.6	2.1	2.6	2.9
Other long-term liabs	0	0	0	0	0	<b>Other ratios</b>					
<b>Total liabilities</b>	<b>15,704</b>	<b>17,148</b>	<b>18,239</b>	<b>20,207</b>	<b>22,303</b>	ROE (%)	24.4	9.6	8.3	10.6	11.7
Share capital	4,052	4,052	4,052	4,052	4,052	ROA (%)	14.3	5.6	4.9	6.3	7.1
Reserves	18,220	19,975	22,388	25,994	30,534	Net gearing (%)	(6.5)	(11.8)	(20.0)	(25.5)	(31.6)
<b>Shareholders' equity</b>	<b>22,272</b>	<b>24,027</b>	<b>26,440</b>	<b>30,046</b>	<b>34,586</b>	Interest coverage (x)	88.2	57.9	47.2	71.8	106.5
Minorities	0	0	0	0	0	Receivables days	71.8	37.9	37.9	37.9	37.9
<b>Total equity</b>	<b>22,272</b>	<b>24,027</b>	<b>26,440</b>	<b>30,046</b>	<b>34,586</b>	Payables days	46.8	51.5	47.5	47.8	48.3
Net cash (debt)	1,457	2,827	5,288	7,650	10,941	Inventory days	39.6	46.4	35.4	35.4	35.6
						Effective tax rate (%)	13.7	13.7	7.2	7.2	7.2

Source: Company data, CIRL estimates

### Exhibit 7: Peer valuation comparison

	bloomberg code	Mkt Cap (HKD mn)	Price (HKD)	Share Price Movement (%)			PER (x)					P/B (x)					Yield (%)				
				1M	3M	YTD	FY20	FY21	FY22E	FY23E	FY24E	FY20	FY21	FY22E	FY23E	FY24E	FY20	FY21	FY22E	FY23E	FY24E
<b>HK Listed Peers</b>																					
SUNNY OPTICAL	2382 HK	116,156	105.90	(5.3)	(13.3)	(57.1)	21.1	19.2	29.4	20.4	17.1	5.9	4.6	4.4	3.8	3.2	0.9%	1.0%	0.8%	0.9%	1.1%
AAC TECHNOLOGIES	2018 HK	18,152	15.02	2.6	(13.3)	(51.2)	10.7	11.4	16.6	12.7	10.4	0.7	0.7	0.7	0.6	0.6	1.9%	1.4%	1.4%	1.7%	2.1%
COWELL	1415 HK	13,173	15.76	12.9	116.8	19.9	39.8	33.8	22.6	14.4	10.0	6.8	5.5	3.9	-	2.6	45.9%	0.0%	1.3%	2.1%	3.0%
FIT HON TENG LTD	6088 HK	8,285	1.14	(10.9)	5.6	(25.5)	23.0	7.2	7.4	6.8	6.0	0.5	0.4	0.4	0.4	0.4	0.0%	0.0%	0.9%	1.5%	1.6%
FIH MOBILE LTD	2038 HK	8,042	1.01	(1.9)	(1.0)	(25.7)	-6.1	18.6	-126.3	21.5	12.9	0.5	0.5	0.6	0.6	0.5	0.0%	0.0%	0.0%	0.0%	0.0%
TRULUY INTL HDGS	732 HK	5,432	1.66	(2.4)	(26.9)	(48.0)	10.9	4.0	5.7	4.7	4.0	0.6	0.5	0.5	0.4	-	0.0%	6.1%	5.1%	6.6%	0.0%
Q TECHNOLOGY GRO	1478 HK	5,046	4.26	(3.2)	(22.0)	(57.7)	5.3	4.8	11.3	6.6	4.8	1.1	0.9	0.9	0.8	0.7	1.1%	0.0%	1.2%	1.2%	1.8%
SAS DRAGON HLDG	1184 HK	2,378	3.80	11.8	(7.5)	(26.9)	9.1	3.3	-	-	-	1.3	1.0	-	-	-	5.7%	8.3%	0.0%	0.0%	0.0%
JU TENG INTL HDG	3336 HK	1,692	1.41	(1.4)	2.9	9.3	9.3	7.3	7.1	4.9	3.6	0.3	0.2	0.2	0.2	0.2	7.1%	5.7%	7.1%	7.1%	7.1%
COOLPAD	2369 HK	1,604	0.12	(2.5)	(29.5)	(69.6)	-1.9	-1.9	-	-	-	0.6	0.4	-	-	-	0.0%	0.0%	0.0%	0.0%	0.0%
TK GROUP HOLDING	2283 HK	1,508	1.81	(1.1)	(18.1)	(27.6)	7.2	5.3	5.3	4.0	3.3	1.1	0.9	0.8	0.8	0.7	5.5%	7.7%	6.1%	8.8%	9.9%
TONGDA GROUP HLD	698 HK	1,157	0.12	(9.2)	(18.5)	(52.4)	2.4	4.1	3.8	3.0	2.4	0.1	0.1	0.1	0.1	0.1	0.0%	0.0%	6.7%	7.6%	7.6%
TONGDA GROUP HLD	698 HK	1,157	0.12	(9.2)	(18.5)	(52.4)	2.4	4.1	3.8	3.0	2.4	0.1	0.1	0.1	0.1	0.1	0.0%	0.0%	6.7%	7.6%	7.6%
CHINA DISPLAY OP	334 HK	888	0.42	7.7	5.0	(17.6)	31.1	3.8	-	-	-	1.2	0.9	-	-	-	0.0%	0.0%	0.0%	0.0%	0.0%
SIM TECH GROUP	2000 HK	679	0.31	(1.6)	(6.2)	(32.2)	-18.9	-2.9	-	-	-	0.3	0.4	-	-	-	0.0%	0.0%	0.0%	0.0%	0.0%
SKY LIGHT HOLDIN	3882 HK	648	0.68	385.7	338.7	282.0	-10.1	-170.0	-	-	-	3.0	2.9	-	-	-	0.0%	0.0%	0.0%	0.0%	0.0%
KA SHUI INTL HLD	822 HK	433	0.49	(27.6)	(14.9)	(38.6)	3.5	3.3	-	-	-	0.4	0.3	-	-	-	6.2%	6.2%	0.0%	0.0%	0.0%
WILLAS-ARRAY ELE	854 HK	367	4.19	0.5	(5.2)	6.1	-4.9	3.9	-	-	-	0.6	0.5	-	-	-	0.0%	7.9%	0.0%	0.0%	0.0%
WAI CHI HOLD	1305 HK	295	1.36	(3.5)	(13.9)	7.9	9.7	5.7	-	-	-	0.4	0.4	-	-	-	0.0%	0.0%	0.0%	0.0%	0.0%
VESON HOLDINGS L	1399 HK	283	0.26	(7.1)	(7.1)	(16.1)	-4.8	5.6	-	-	-	0.2	0.2	-	-	-	0.0%	0.0%	0.0%	0.0%	0.0%
PANASIALUM HOLDI	2078 HK	278	0.23	25.4	0.9	(9.0)	0.3	-0.8	-	-	-	0.2	0.3	-	-	-	0.0%	0.0%	0.0%	0.0%	0.0%
VITAL INNOVATION	6133 HK	208	0.25	11.9	3.8	(15.5)	-1.9	-8.4	-	-	-	0.3	0.3	-	-	-	0.0%	0.0%	0.0%	0.0%	0.0%
TONGDA HONG TAI	2363 HK	84	0.12	0.0	12.7	(18.0)	-0.2	-0.2	-	-	-	0.2	-0.8	-	-	-	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Average</b>		<b>8,172</b>		<b>16.2</b>	<b>11.8</b>	<b>(13.7)</b>	<b>12.4</b>	<b>8.6</b>	<b>11.3</b>	<b>9.3</b>	<b>7.0</b>	<b>1.1</b>	<b>1.0</b>	<b>1.2</b>	<b>0.8</b>	<b>0.9</b>	<b>9.3%</b>	<b>5.5%</b>	<b>3.7%</b>	<b>4.5%</b>	<b>4.7%</b>
<b>BYD ELECTRONIC</b>	<b>285 HK</b>	<b>49,007</b>	<b>21.75</b>	<b>5.1</b>	<b>27.2</b>	<b>(23.8)</b>	<b>7.5</b>	<b>17.6</b>	<b>18.4</b>	<b>12.8</b>	<b>10.0</b>	<b>1.9</b>	<b>1.8</b>	<b>1.6</b>	<b>1.4</b>	<b>1.1</b>	<b>1.3%</b>	<b>0.6%</b>	<b>0.5%</b>	<b>0.8%</b>	<b>1.2%</b>
<b>Casing peers</b>																					
HON HAI	2317 TT	381,975	27.55	(1.8)	(6.6)	2.9	14.3	9.9	9.7	8.9	8.0	1.1	1.0	1.0	0.9	0.8	3.8%	5.3%	5.4%	5.8%	6.1%
LUXSHARE PRECI-A	002475 CH	293,330	41.40	1.3	11.1	(26.0)	35.7	34.0	25.7	19.4	15.6	8.7	6.8	5.6	4.4	3.5	0.3%	0.3%	0.3%	0.5%	0.6%
WINGTECH TECH-A	600745 CH	90,217	72.39	(12.0)	(0.1)	(50.8)	31.2	28.5	21.3	15.5	12.2	2.6	2.2	2.1	2.0	1.7	0.3%	0.3%	0.5%	0.7%	0.7%
QUANTA COMPUTER	2382 TT	77,882	20.16	(0.1)	(2.0)	(17.3)	11.7	8.3	11.8	10.6	9.4	2.0	1.7	1.8	1.7	1.6	6.8%	9.1%	6.8%	7.4%	8.1%
PEGATRON	4938 TT	43,291	16.22	1.1	(9.0)	(8.8)	8.0	7.6	10.7	9.0	8.2	1.0	0.9	1.0	0.9	0.8	7.3%	8.6%	6.9%	7.4%	6.9%
CATCHER TECH	2474 TT	34,577	47.38	7.9	7.9	17.6	6.5	15.1	15.2	17.0	16.7	0.8	0.8	0.8	0.9	0.9	6.7%	0.0%	5.7%	5.8%	5.8%
COMPAL ELEC	2324 TT	25,875	5.87	(1.3)	(1.1)	(4.3)	10.4	7.3	10.4	10.4	10.2	0.9	0.8	0.9	0.9	0.8	7.2%	9.5%	8.0%	7.3%	7.5%
INVENTEC	2356 TT	21,017	5.86	(4.0)	(11.0)	(8.8)	10.6	11.6	13.2	12.1	11.2	1.3	1.3	1.4	1.4	1.3	8.3%	6.7%	6.3%	6.7%	7.2%
WISTRON CORP	3231 TT	20,482	7.06	4.2	(4.2)	(6.0)	8.6	6.7	9.4	7.7	7.1	1.0	0.9	0.9	0.8	0.7	8.4%	8.7%	7.8%	8.7%	9.4%
FOXCONN TECH	2354 TT	18,285	12.93	1.4	(10.4)	(22.7)	14.7	14.7	11.5	10.8	9.8	0.6	0.6	0.5	0.5	0.5	3.7%	3.7%	3.9%	4.7%	4.9%
JU TENG INTL HDG	3336 HK	1,692	1.41	(1.4)	2.9	9.3	9.3	7.3	7.1	4.9	3.6	0.3	0.2	0.2	0.2	0.2	7.1%	5.7%	7.1%	7.1%	7.1%
TONGDA GROUP HLD	698 HK	1,157	0.12	(9.2)	(18.5)	(52.4)	2.4	4.1	3.8	3.0	2.4	0.1	0.1	0.1	0.1	0.1	0.0%	0.0%	6.7%	7.6%	7.6%
COXON PRECISE	3607 TT	442	3.63	10.6	(1.0)	(18.5)	-4.2	-5.9	-	-	-	0.6	0.7	-	-	-	0.0%	7.7%	0.0%	0.0%	0.0%
<b>Average</b>		<b>30,447</b>		<b>(0.3)</b>	<b>(4.2)</b>	<b>(14.8)</b>	<b>9.9</b>	<b>9.6</b>	<b>10.4</b>	<b>9.2</b>	<b>8.3</b>	<b>1.0</b>	<b>0.9</b>	<b>1.0</b>	<b>0.9</b>	<b>0.9</b>	<b>6.2%</b>	<b>6.6%</b>	<b>6.0%</b>	<b>6.3%</b>	<b>6.5%</b>
<b>BYD ELECTRONIC</b>	<b>698 HK</b>	<b>49,007</b>	<b>21.75</b>	<b>5.1</b>	<b>27.2</b>	<b>(23.8)</b>	<b>7.5</b>	<b>17.6</b>	<b>18.4</b>	<b>12.8</b>	<b>10.0</b>	<b>1.9</b>	<b>1.8</b>	<b>1.6</b>	<b>1.4</b>	<b>1.1</b>	<b>1.3%</b>	<b>0.6%</b>	<b>0.5%</b>	<b>0.8%</b>	<b>1.2%</b>

Source: Bloomberg, CIRL (Market data are as of Sept 1 morning session close)

### Exhibit 10: BYDE 12 month forward P/E Ratio



Source: Bloomberg, CIRL

## Risk Factors

Downside risks include: 1) Further slowdown in smartphone shipment/demand; 2) increased competition; 3) Share loss in US client; 4) Slower than expected ramp up in IoT and automotive segment; 5) pricing pressure arising from overseas players and domestic peers

## Rating Policy

	Rating	Definition
<b>Stock Rating</b>	Buy	Outperform HSI by 15%
	Neutral	Between -15% ~ 15% of the HSI
	Sell	Underperform HSI by -15%
<b>Sector Rating</b>	Accumulate	Outperform HSI by 10%
	Neutral	Between -10% ~ 10% of the HSI
	Reduce	Underperform HSI by -10%

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## Analyst Certification

I, Hayman Chiu, hereby certify that all of the views expressed in this report accurately reflect my personal views about the subject company or companies and its or their securities. I also certify that no part of my compensation was / were, is / are or will be directly or indirectly, related to the specific recommendations or views expressed in this report / note.

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