

## **Jigutao/Huazhong In-Vehicle Witnesses Stable Increase of Profits**

As China Automotive Industry Association disclosed earlier, the sales and production volume of automobile in China increased by about 14% annually. The predicted profit increase will be outstanding. In fact, the performance of share price for most automobiles and auto parts was quite good this year. In this issue, I would like to talk about Huazhong In-Vehicle (06830).

Huazhong In-Vehicle is leading domestic auto parts supplier focusing on auto structural components and decorative parts which are both suitable on traditional gasoline cars and new energy cars. With a large scale, Huazhong is headquartered in Ningbo and has a dozen of workshops around China. In its early years, it has merged a moulding factory in Germany. Some of famous domestic auto manufacturers, including FAW-Volkswagen and SGM, are its long-term clients for the past 15 to 30 years. Huazhong In-Vehicle disclosed its excellent mid-term performance, showing revenue of RMB34.72 million, an increase of 19% year on year. It has once invested RMB150 million to manufacture fabrics for auto top, pillar and hats and window shade. I believe that the horizontal development is conducive to increase revenue. Due to the promising future of lightweight automobiles, Huazhong In-Vehicle will definitely benefit from the trend of replacing steel with plastics. In addition, its factories in Changsha, Qingdao and Tianjin will start operation soon. Therefore, it is expected that Huazhong will witness a stable increase of profits of auto parts business. I believe that the share price of Huazhong In-Vehicle at present can reflect its fundamentals, and I suggest a long-term holding and buying at low price. I predict an annual increase of share price by RMB1.2.