

Lifestyle International Holdings Ltd.

Strong operator but we are cautious on Hong Kong retail environment

Lifestyle's 2014 recurring net profit of HK\$2,147mn was down 6% y/y. We expect Lifestyle to see an improvement to 6% earnings growth in 2015 due to the re-opened TST store and narrowing Shenyang losses. We lower our 2015/16E revenue estimates by 1%/2% on our more cautious Hong Kong retail outlook; but we raise earnings estimates by 8%/6% respectively as we lower operating expenses and lift investment income assumptions. Our PT stays unchanged at HK\$15.45, as we lower our target multiple from 12x to 11x (11x is in line with China department store peers), to reflect our more cautious outlook for the Hong Kong retail environment. We see Lifestyle as a strong operator and see its growth as more defensive than most Hong Kong retailers, but we remain Equal Weight as we only expect 5% earnings growth CAGR over 2014-17E. Our price target implies 12% potential upside.

2014 results better than expected: Lifestyle's 2014 recurring net profit of HK\$2,147mn (down 6% y/y) was 3% higher than Bloomberg consensus and 9% above our estimates. Operating expenses were lower than we expected, and investment income was higher than we expected. Turnover was flat y/y; core operating profit (EBIT + associate and joint entity profits) were down 4% y/y. The company's full-year dividend payout of HK\$0.591 implies a 45% payout, but it guided to a 40% payout going forward.

Growth outlook: The core CWB store has only seen flat y/y sales growth in Jan/Feb so far, and management does not expect 2015 sales to differ much from 2014. For the TST store, Lifestyle expects continued improvement, as it opens additional retail area.

More defensive: We see Lifestyle as the more defensive name of the main Hong Kong retailers we cover (Sa Sa, Trinity, Chow Tai Fook, all rated EW) due to mainland visitors contributing only 40% to the CWB sales. We also see Lifestyle as a strong operator with much focus on improving store performance across Hong Kong/China. However, we only see 5% earnings CAGR over 2014-17E. We believe ongoing protests (such as recent protests on parallel trade) and demand for travelers to visit other destinations could negatively impact Hong Kong growth.

1212.HK: Financial and Valuation Metrics EPS HKD

FY Dec	2013	2014	2015	2016	2017
EPS	1.38A	1.31A	1.39E	1.45E	1.51E
Previous EPS	1.38A	1.21E	1.30E	1.38E	N/A
Consensus EPS	1.40A	1.27E	1.36E	1.47E	N/A
P/E	10.0	10.5	9.9	9.5	9.2

Source: Barclays Research, consensus numbers are from Thomson Reuters

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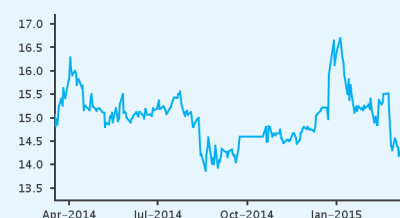
PLEASE SEE ANALYST CERTIFICATION(S) AND IMPORTANT DISCLOSURES BEGINNING ON PAGE 7.

Stock Rating	EQUAL WEIGHT
	Unchanged
Industry View	NEUTRAL
	Unchanged
Price Target	HKD 15.45
	Unchanged

Price (16-Mar-2015)	HKD 13.84
Potential	+12%
Upside/Downside	
Tickers	1212 HK / 1212.HK

Market Cap (USD mn)	2904
Shares Outstanding (mn)	1629.39
Free Float (%)	49.16
52 Wk Avg Daily Volume (mn)	1.2
52 Wk Avg Daily Value (USD mn)	0.00
Dividend Yield (%)	4.1
Return on Equity TTM (%)	23.18
Current BVPS (HKD)	6.39
Source: Thomson Reuters	

Price Performance	Exchange-HKG
52 Week range	HKD 16.74-13.52



[Link to Barclays Live for interactive charting](#)

Asia ex-Japan General Retail

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Asia ex-Japan General Retail	Industry View: NEUTRAL
Lifestyle International Holdings Ltd. (1212.HK)	Stock Rating: EQUAL WEIGHT

Income statement (HKDmn)	2014A	2015E	2016E	2017E	CAGR
Revenue	5,970	6,263	6,506	6,713	4.0%
EBITDA	2,568	2,746	2,879	2,982	5.1%
EBIT	2,315	2,481	2,607	2,711	5.4%
Pre-tax income	2,832	3,025	3,193	3,319	5.4%
Net income	2,147	2,278	2,374	2,465	4.7%
EPS (reported) (HKD)	1.31	1.39	1.45	1.51	4.7%
Diluted shares (mn)	1,640.4	1,640.4	1,640.4	1,640.4	0.0%
DPS (HKD)	0.59	0.56	0.58	0.60	0.7%

Margin and return data	Average				
EBITDA margin (%)	43.0	43.8	44.2	44.4	43.9
EBIT margin (%)	38.8	39.6	40.1	40.4	39.7
Pre-tax margin (%)	47.4	48.3	49.1	49.4	48.6
Net margin (%)	35.9	36.4	36.5	36.7	36.4
ROIC (%)	8.9	9.4	9.4	9.3	9.3
ROA (%)	7.2	7.5	7.5	7.4	7.4
ROE (%)	20.5	20.5	19.0	17.7	19.5

Balance sheet and cash flow (HKDmn)	CAGR				
Tangible fixed assets	5,600	6,079	6,816	7,345	9.5%
Intangible fixed assets	0	0	0	0	N/A
Cash and equivalents	8,312	8,616	8,613	9,496	4.5%
Total assets	26,848	28,038	29,194	31,040	5.0%
Short and long-term debt	10,524	9,857	9,189	9,189	-4.4%
Net debt/(funds)	2,211	1,241	576	-307	N/A
Other long-term liabilities	138	138	138	138	0.0%
Total liabilities	13,859	13,450	12,937	13,047	-2.0%
Shareholders' equity	11,102	12,469	13,894	15,373	11.5%
Change in working capital	202	202	92	78	-27.2%
Cash flow from operations	2,458	2,626	2,623	2,669	2.8%
Capital expenditure	-630	-756	-1,009	-800	N/A
Free cash flow	1,828	1,870	1,614	1,869	0.7%

Valuation and leverage metrics	Average				
P/E (reported) (x)	10.5	9.9	9.5	9.2	9.8
EV/EBITDA (x)	10.4	9.4	8.9	8.3	9.3
FCF yield (%)	8.1	8.2	7.1	8.2	7.9
EV/sales (x)	4.5	4.1	3.9	3.7	4.1
P/BV (x)	2.0	1.8	1.6	1.5	1.7
Dividend yield (%)	4.3	4.0	4.2	4.4	4.2
Total debt/capital (%)	48.7	44.1	39.8	37.4	42.5
Net debt/EBITDA (x)	0.9	0.5	0.2	-0.1	0.4

Selected operating metrics				
CWB store SSS growth (%)	3.4	0.0	2.5	2.5
CWB store concessionaire rate (%)	23.7	23.8	23.9	24.0
TST store SSS growth (%)	-53.7	N/A	22.0	10.0
TST store concessionaire rate (%)	25.6	25.7	25.9	26.1
SHG store SSS growth (%)	-0.6	2.0	2.0	2.0
SHG store concessionaire rate	23.7	23.9	24.0	24.1

Price (16-Mar-2015)	HKD 13.84
Price Target	HKD 15.45

Why Equal Weight? We look for resumption to 6% growth in 2015E. We also believe Lifestyle's growth is more defensive than other Hong Kong retail stocks. But with 12% potential upside and slow 5% earnings growth CAGR over 2014-17E, we remain EW on the stock.

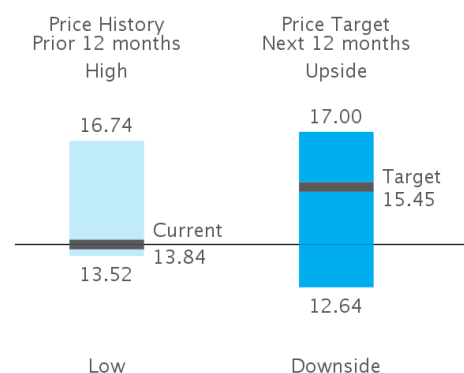
Upside case	HKD 17.00
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Our upside case is based on earnings 10% above our current estimates, assuming macro conditions see a major turnaround, especially if the Hong Kong core operations see faster-than-expected revenue growth. This is based on 11x 2015E P/E.

Downside case	HKD 12.64
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Our downside case is based on earnings 10% below current estimates, assuming macro conditions deteriorate, there is a significant slowdown in visitors to Hong Kong, and Tsim Sha Tsui and Shenyang stores don't ramp up as expected. This is based on 10x 2015E P/E.

Upside/Downside scenarios



Source: Company data, Barclays Research
Note: FY End Dec

2014 results better than expected

Lifestyle's 2014 recurring net profit of HK\$2,147mn (down 6% y/y) was 3% higher than Bloomberg consensus and 9% above our estimates. Operating expenses were lower than we expected, and investment income was higher than our expectations. Turnover was flat y/y, and core operating profit (EBIT + associate and joint entity profits) was down 4% y/y. The company declared a final cash dividend of HK\$0.343; the full-year dividend payout of HK\$0.591 implied a 45% payout, and was higher than the 40% payout ratio in 2013. The company, however, guided for just a 40% payout ratio going forward.

FIGURE 1
Lifestyle 2014 results snapshot

HK\$ mn, Dec year-end	2014	2013	% y-y
Turnover	5,970	5,955	0%
Gross Profit	3,584	3,561	1%
% gross margin	60.0%	59.8%	
Other income	187	309	
Selling & distribution cost	-1,192	-1,130	
Admin expenses	-264	-310	
EBIT	2,315	2,429	-5%
% EBIT margin	38.8%	40.8%	
Share of profit of associate and jointly controlled entities	374	381	
Investment income	414	414	
FV change on investment property	-3	6	
Others	0	157	
Finance costs	-267	-238	
Profit before taxation	2,832	3,150	-10%
Taxation	-466	-480	
% effective tax rate	16.5%	15.2%	
Net income	2,365	2,670	-11%
Non-controlling interests	221	222	
Net profit attributable to equity	2,144	2,448	-12%
Exceptional items	-3	164	
Adjusted net profit	2,147	2,285	-6%
Core operating profit (EBIT + associate/joint entities profit)	2,688	2,810	-4%

Source: Company data.

Note: adjusted net profit excludes exchange gains/losses, gain on disposal of subsidiary, and the fair value changes in financial assets within the investment income.

SSS growth across stores

Sales proceeds were slightly down by 1% y/y in 2014. This was mainly due to the TST store closure. Average concessionaire rate improved to 23.2% in 2014 vs 22.7% in 2013. Associate profits saw a 1% y/y decline to HK\$347mn, with management saying revenues were negatively impacted by some construction work at two of Beiren's flagship stores.

Hong Kong business resilient

- Sogo Causeway Bay (CWB) still saw a 3.4% increase in SSS in 2014, implying a 2% 2H SSS vs the 5.0% SSS growth in 1H14. Traffic was down 2.5% y/y, the stay-and-buy ratio had been up 1.2ppt to 34.6%, and average sales ticket size was up by 3%. Management

noted that cosmetics now contribute 18% to store sales vs 15% a year ago. Menswear performance has been soft but did not see a y/y decline.

- Sogo TST store had its grand opening on 15 December 2014, following the soft opening on 8 November 2014. The new store is around 12,000 sqm, and houses more than 160 brands on four floors.

China business: Shanghai performance better than the others

- Shanghai SSS was -0.6% in 2014, vs 1H14 that saw -5.6% y/y decline.
- Suzhou SSS was +2.2% y/y in 2014, vs +0.3% y/y in 1H14.
- Dalian SSS was down 15.4% y/y in 2014, vs -17.6% y/y in 1H14.
- Management noted continued difficult environment in Shenyang. Average daily traffic was at 9,400 and average sales per ticket was at RMB161.

FIGURE 2

SSS y/y growth by store

SSS growth by store	2014	1H14
CWB Sogo	3.4%	5.0%
SHG Jiuguang	-0.6%	-5.6%
Suzhou Jiuguang	2.2%	0.3%
Dalian Jiuguang	-15.4%	-17.6%

Source: Company data, Barclays Research.

FIGURE 3

Concessionaire rate by store

Concessionaire rate by store	2010	2011	2012	2013	2014
Sogo TST	23.2%	23.4%	23.4%	23.7%	25.6%
Sogo CWB	22.9%	22.6%	22.7%	23.0%	23.7%
Shanghai	21.8%	22.3%	22.6%	23.1%	23.7%
Dalian	17.3%	17.7%	18.8%	19.1%	18.3%
Suzhou	18.1%	18.0%	18.6%	19.2%	19.7%
Group	22.3%	22.2%	22.4%	22.7%	23.2%

Source: Company data, Barclays Research.

2015 growth outlook

Growth outlook by segment:

- The core CWB store has only seen flat y/y sales growth in Jan/Feb so far, and management does not expect 2015 sales to differ much from 2014. The company continues brand mix/renovation work on CWB store this year. Management mentioned affordable luxury brands could be a new focus.
- For TST store, management expects continued improvement in sales, especially as it opens one more new retail area. Management also continues to work on brand mix.
- For Shanghai, management expects ongoing refinements of its brand portfolio to improve store performance, but intends to keep the negative impact from refinements at a minimal.

- Management noted difficult market in Shenyang, but continues to focus on improvements at the store.
- For Beiren, Lifestyle said 2H14 was temporarily impacted by construction at two flagship stores.
- Lifestyle continues to target a 2018 completion for its Shanghai Zhabei store, and foundation work is currently in progress.

Raised estimates due to lower-than-expected operating expenses; but remain Equal Weight

We lower our 2015/16E revenue estimates by 1%/2% on our more cautious Hong Kong retail outlook. We believe the recent protests against parallel traders are likely to have caused weakened travel sentiment towards Hong Kong. We also believe that demand to travel to other overseas destinations due to demand for diversified travel experience and cheaper product prices at other overseas destinations, continues to see visitors diversify away from Hong Kong. We also believe availability of online options to purchase overseas goods directly can pose a threat to Hong Kong retail growth longer-term. We have a cautious view on the outlook for Hong Kong retail growth.

While we lower revenues, we raise our earnings estimates by 8%/6% respectively as we lower operating expenses and lift our investment income assumptions. Our PT stays unchanged at HK\$15.45, as we lower our target multiple from 12x to 11x (11x is in line with China department store peers) to reflect our more cautious outlook for the Hong Kong retail environment.

We see Lifestyle as the more defensive name within the main Hong Kong retailers we cover (Sa Sa, Trinity, Chow Tai Fook, all rated EW) due to mainland visitors contributing only 40% to Lifestyle's core CWB sales, we also see Lifestyle as a strong operator with much focus on improving store performance across Hong Kong/China. However, we only see 5% earnings CAGR over 2014-17E (6% in 2015E followed by 4% each in 2016E and 2017E). We believe ongoing protests (such as the recent protests on parallel trade) and demand for travellers to visit other destinations could negatively impact Hong Kong growth.

We remain Equal Weight as we expect a structurally slower Hong Kong retail growth environment and the stock only offers 5% earnings growth CAGR over 2014-17E.

FIGURE 4
Lifestyle key estimates change

(HK\$ mn)	2015E			2016E		
	New	Old	% change	New	Old	% change
Revenue	6,263	6,348	-1%	6,506	6,667	-2%
Recurring net profit	2,278	2,110	8%	2,374	2,247	6%

Source: Barclays research estimates

Risks

The key upside risks include: 1) sudden recovery in macro and consumer sentiment; 2) better-than-expected visitor arrivals to HK. The main downside risks include: 1) the macro environment impacting consumer sentiment; 2) a worse-than-expected ramp-up of its new stores in Shenyang and Tsim Sha Tsui.

FIGURE 5

Lifestyle historical and projected profit and loss statements

HK\$ mn, Dec year-end	2012A	2013A	2014A	2015E	2016E	2017E
Turnover	5,523	5,955	5,970	6,263	6,506	6,713
<i>% growth</i>	8%	8%	0%	5%	4%	3%
Gross Profit	3,267	3,561	3,584	3,809	3,966	4,098
<i>% gross margin</i>	59.1%	59.8%	60.0%	60.8%	61.0%	61.0%
Other income	227	309	187	197	207	217
Selling & distribution cost	-1,020	-1,130	-1,192	-1,253	-1,288	-1,322
Admin expenses	-258	-310	-264	-272	-277	-282
EBIT	2,216	2,429	2,315	2,481	2,607	2,711
<i>% growth</i>	9%	10%	-5%	7%	5%	4%
<i>% EBIT margin</i>	40.1%	40.8%	38.8%	39.6%	40.1%	40.4%
Share of profit of associate	280	350	347	361	375	391
Share of profit of jointly controlled entities	30	32	26	27	28	28
Investment income	352	414	414	412	423	423
FV change on investment property	184	6	-3	0	0	0
Finance costs	-308	-238	-267	-256	-241	-234
Profit before taxation	2,755	3,150	2,832	3,025	3,194	3,321
Taxation	-498	-480	-466	-514	-575	-597
<i>% effective tax rate</i>	18.1%	15.2%	16.5%	17.0%	18.0%	18.0%
Net income	2,257	2,670	2,365	2,511	2,619	2,723
Non-controlling interests	200	222	221	233	244	256
Net profit attributable to equity	2,057	2,448	2,144	2,278	2,375	2,467
Exceptional items	324	164	-3	0	0	0
Recurring net profit	1,733	2,285	2,147	2,278	2,374	2,465
<i>% growth</i>	5%	32%	-6%	6%	4%	4%
Operating profit (defined as EBIT + associate and jointly controlled entities profits)	2,526	2,810	2,688	2,869	3,010	3,129
<i>% growth</i>	10%	11%	-4%	7%	5%	4%

Source: Company data, Barclays Research.

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Primary Stocks (Ticker, Date, Price)

Lifestyle International Holdings Ltd. (1212.HK, 16-Mar-2015, HKD 13.84), Equal Weight/Neutral, J

Materially Mentioned Stocks (Ticker, Date, Price)

Chow Tai Fook Jewellery Group Ltd. (1929.HK, 16-Mar-2015, HKD 8.10), Equal Weight/Neutral, J

Sa Sa International (0178.HK, 16-Mar-2015, HKD 3.91), Equal Weight/Neutral, J

Trinity Ltd. (0891.HK, 16-Mar-2015, HKD 1.41), Equal Weight/Neutral, J

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BGF Retail (027410.KS)	Cheil Industries (028260.KS)	Chow Tai Fook Jewellery Group Ltd. (1929.HK)
CJ O Shopping (035760.KQ)	E-Mart (139480.KS)	Esprit Holdings Limited (0330.HK)
Golden Eagle Retail Group Ltd. (3308.HK)	Gome Electrical Appliances (0493.HK)	Gourmet Master (2723.TW)
GS Home Shopping (028150.KQ)	GS Retail (007070.KS)	Hyundai Department Store (069960.KS)
Hyundai Home Shopping (057050.KS)	Jubilant Foodworks (JUBI.NS)	L'Occitane International (0973.HK)
Li & Fung Limited (0494.HK)	Li Ning Co., Ltd. (2331.HK)	Lifestyle International Holdings Ltd. (1212.HK)
Lotte Shopping (023530.KS)	Luk Fook Holdings (International) Limited (0590.HK)	Page Industries (PAGE.NS)
Parkson Retail Group Ltd. (3368.HK)	PRADA S.p.A. (1913.HK)	President Chain Store (2912.TW)
Sa Sa International (0178.HK)	Samsonite International (1910.HK)	Shinsegae (004170.KS)
Titan Industries (TITN.NS)	Trinity Ltd. (0891.HK)	Wowprime (2727.TW)

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IMPORTANT DISCLOSURES CONTINUED

companies with this rating are investment banking clients of the Firm.

Guide to the Barclays Research Price Target:

Each analyst has a single price target on the stocks that they cover. The price target represents that analyst's expectation of where the stock will trade in the next 12 months. Upside/downside scenarios, where provided, represent potential upside/potential downside to each analyst's price target over the same 12-month period.

Top Picks:

Barclays Equity Research's "Top Picks" represent the single best alpha-generating investment idea within each industry (as defined by the relevant "industry coverage universe"), taken from among the Overweight-rated stocks within that industry. Barclays Equity Research publishes global and regional "Top Picks" reports every quarter and analysts may also publish intra-quarter changes to their Top Picks, as necessary. While analysts may highlight other Overweight-rated stocks in their published research in addition to their Top Pick, there can only be one "Top Pick" for each industry. The current list of Top Picks is available on <https://live.barcap.com/go/RSL/servlets/dv.search?pubType=4526&contentType=latest>.

To see a list of companies that comprise a particular industry coverage universe, please go to <http://publicresearch.barclays.com>.

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IMPORTANT DISCLOSURES CONTINUED

Lifestyle International Holdings Ltd. (1212 HK / 1212.HK)

HKD 13.84 (16-Mar-2015)

Stock Rating

Industry View

EQUAL WEIGHT

NEUTRAL

Rating and Price Target Chart - HKD (as of 16-Mar-2015)

Currency=HKD



Date	Closing Price	Rating	Adjusted Price Target
13-Feb-2015	15.38		15.45
28-Jul-2014	15.10		16.10
25-Feb-2014	15.26		16.92
30-Jul-2013	18.36		19.70
05-Mar-2013	19.14		18.95
07-Aug-2012	17.08		17.35
01-Aug-2012	16.82	Equal Weight	18.43
11-Jun-2012	17.40	Overweight	21.90

Source: Thomson Reuters, Barclays Research

Historical stock prices and price targets may have been adjusted for stock splits and dividends.

Source: IDC, Barclays Research

[Link to Barclays Live for interactive charting](#)

J: Barclays Bank PLC and/or an affiliate trades regularly in the securities of Lifestyle International Holdings Ltd..

Valuation Methodology: Our 12-month price target is based on a blended target P/E of 11x applied to our estimate for 2015. Our target P/E is in line with other China department store peers.

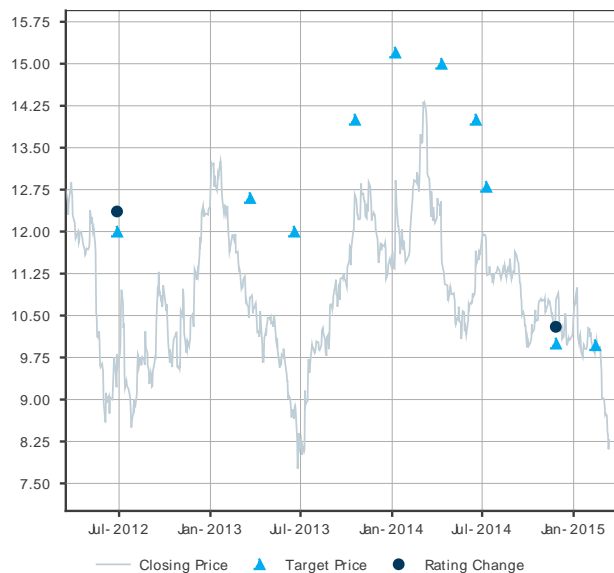
Risks which May Impede the Achievement of the Barclays Research Price Target: The main downside risks to our price target is the macro environment impacting consumer sentiment. A key company-specific downside risk is any delay to the ramping up of its department stores in Shenyang and Tsim Sha Tsui. The key upside risks are any sudden recovery in macro and consumer sentiment that would drive sales growth for both the Hong Kong and China stores, or better-than-expected visitor arrivals' spending in Hong Kong.

IMPORTANT DISCLOSURES CONTINUED

Chow Tai Fook Jewellery Group Ltd. (1929 HK / 1929.HK)**HKD 8.10 (16-Mar-2015)**

Stock Rating

Industry View

EQUAL WEIGHT**NEUTRAL****Rating and Price Target Chart - HKD (as of 16-Mar-2015)****Currency=HKD**

Date	Closing Price	Rating	Adjusted Price Target
13-Feb-2015	9.85		9.97
26-Nov-2014	10.76	Equal Weight	10.00
09-Jul-2014	11.84		12.80
18-Jun-2014	11.66		14.00
10-Apr-2014	11.84		15.00
07-Jan-2014	11.70		15.20
18-Oct-2013	12.66		14.00
18-Jun-2013	8.66		12.00
21-Mar-2013	10.82		12.60
27-Jun-2012	9.81	Overweight	12.00

Source: Thomson Reuters, Barclays Research

Historical stock prices and price targets may have been adjusted for stock splits and dividends.

Source: IDC, Barclays Research

[Link to Barclays Live for interactive charting](#)

J: Barclays Bank PLC and/or an affiliate trades regularly in the securities of Chow Tai Fook Jewellery Group Ltd..

Valuation Methodology: Our price target of HK\$9.97 for CTF is based on our target P/E of 15x applied to our EPS estimates for FY16. Our target P/E multiple is in line with the current average forward P/E for its Hong Kong and global peers.**Risks which May Impede the Achievement of the Barclays Research Price Target:** The key risks to our price target in our view, include the following: The upside, 1) a stronger SSS rebound than we expect and 2) wider margins from the improved product mix. To the downside, 1) prolonged weakness in consumption sentiment and 2) slower ramping up of new stores than guided.

IMPORTANT DISCLOSURES CONTINUED

Sa Sa International (178 HK / 0178.HK)

HKD 3.91 (16-Mar-2015)

Stock Rating

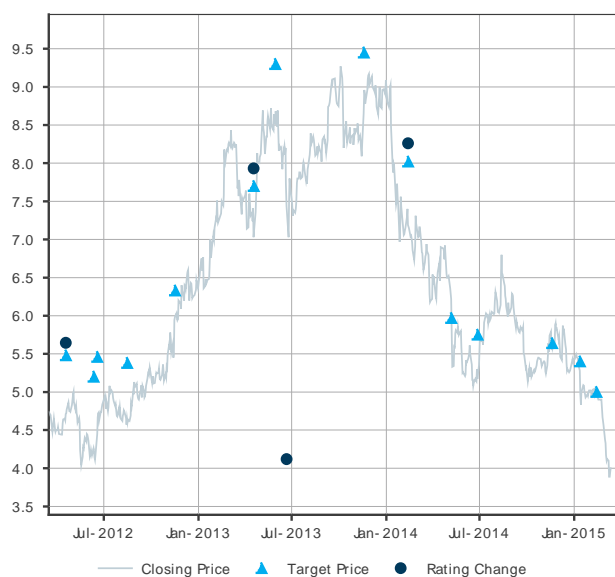
EQUAL WEIGHT

Industry View

NEUTRAL

Rating and Price Target Chart - HKD (as of 16-Mar-2015)

Currency=HKD



Date	Closing Price	Rating	Adjusted Price Target
13-Feb-2015	4.98		5.00
12-Jan-2015	5.28		5.40
19-Nov-2014	5.67		5.64
27-Jun-2014	5.17		5.75
07-May-2014	6.22		5.97
12-Feb-2014	7.19	Equal Weight	8.02
18-Nov-2013	8.65		9.45
21-Jun-2013	7.44	Overweight	
30-May-2013	8.53		9.30
18-Apr-2013	7.03	Equal Weight	7.70
16-Nov-2012	5.99		6.33
15-Aug-2012	4.65		5.38
18-Jun-2012	4.45		5.46
11-Jun-2012	4.26		5.20
18-Apr-2012	4.71	Overweight	5.48

Source: Thomson Reuters, Barclays Research

Historical stock prices and price targets may have been adjusted for stock splits and dividends.

Source: IDC, Barclays Research

[Link to Barclays Live for interactive charting](#)

J: Barclays Bank PLC and/or an affiliate trades regularly in the securities of Sa Sa International.

Valuation Methodology: Our 12-month price target of HK\$5.00 for Sa Sa is based on our forward target P/E of 15x applied to our EPS estimate for CY15. Our target P/E is in line with the Hong Kong/China retail stocks that we cover.

Risks which May Impede the Achievement of the Barclays Research Price Target: The key risks to our price target, in our view, include the following: To the upside, better visitor arrivals and spending growth in Hong Kong, leading to better revenue than we expect. To the downside, a poorer macro environment, weaker Chinese visitor spending, more promotions or higher rental pressure than we expect.

IMPORTANT DISCLOSURES CONTINUED

Trinity Ltd. (891 HK / 0891.HK)

HKD 1.41 (16-Mar-2015)

Stock Rating

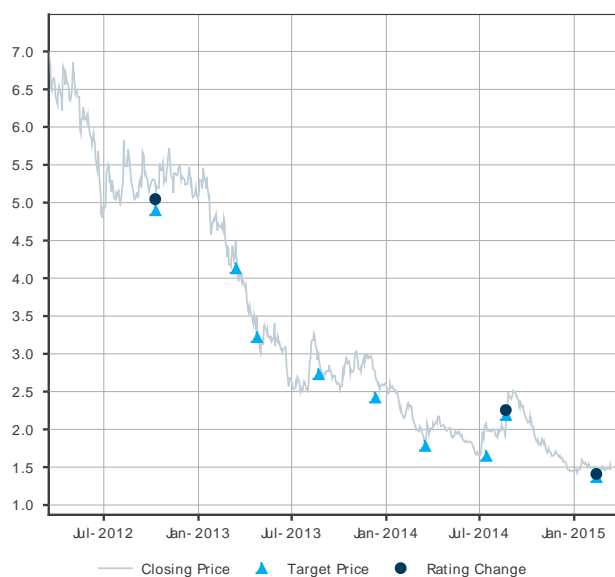
Industry View

EQUAL WEIGHT

NEUTRAL

Rating and Price Target Chart - HKD (as of 16-Mar-2015)

Currency=HKD



Date	Closing Price	Rating	Adjusted Price Target
13-Feb-2015	1.46	Equal Weight	1.37
21-Aug-2014	2.01	Overweight	2.19
14-Jul-2014	2.08		1.65
17-Mar-2014	1.82		1.78
10-Dec-2013	2.76		2.42
22-Aug-2013	3.02		2.73
24-Apr-2013	3.51		3.22
14-Mar-2013	4.49		4.13
09-Oct-2012	5.24	Underweight	4.90

Source: Thomson Reuters, Barclays Research

Historical stock prices and price targets may have been adjusted for stock splits and dividends.

Source: IDC, Barclays Research

[Link to Barclays Live for interactive charting](#)

J: Barclays Bank PLC and/or an affiliate trades regularly in the securities of Trinity Ltd..

Valuation Methodology: Our 12-month price target of HK\$1.37 for Trinity is based on our target P/E of 14x applied to our EPS estimate for 2015. Our target P/E is at discount of the average of the retailers we cover that are still seeing earnings growth.

Risks which May Impede the Achievement of the Barclays Research Price Target: In our view, the main upside risk is stronger than expected sales turnaround longer than expected. Other factors include improving consumer sentiment that could positively impact sales. Downside risk include worse-than-expected management execution, and worsening Hong Kong retail sentiment.

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