

Mariana Kou, CFA

mariana.kou@cls.com
+852 2600 8190

Aaron Fischer, CFA

+852 2600 8256

23 June 2015

Hong Kong

Consumer

Reuters 0494.HK
Bloomberg 494 HK

Priced on 22 June 2015

HK HSI @ 27,080.9

12M hi/lo HK\$10.40/6.08

12M price target HK\$7.00
±% potential +5%

Shares in issue 8,415.4m
Free float (est.) 46.3%

Market cap US\$7,122m

3M average daily volume
HK\$218.0m (US\$28.1m)

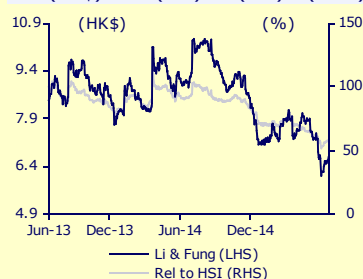
Foreign s'hlding 12.3%

Major shareholders

Victor and William Fung 30.9%
Commonwealth Bank of Australia 8.1%

Stock performance (%)

	1M	3M	12M
Absolute	(7.9)	(9.1)	(26.2)
Relative	(4.8)	(18.2)	(36.8)
Abs (US\$)	(7.8)	(9.0)	(26.2)



Source: Bloomberg

www.cls.com

Increasing headwinds

Cutting FY earnings forecast. Downgrade from O-PF to U-PF.

Li & Fung is facing increasing headwinds. The softer retail environment in the US, lower raw material prices, FX impact from a weaker Euro, and the higher investments in VSS should weigh on margins and COP in FY15. While we believe ROE should continue to improve post spin-off of GBG, slower earnings growth in the short-term and further downgrades should put pressure on stock performance. We arrive at our new price target of HK\$7, based on 15x CY16 earnings. Downgrade from O-PF to U-PF.

Discounting in the US; Deflationary market

US retail market has softened, slowing down from 2-3% 3-month rolling average real-term growth in Q1 to 1% in Q2. Meanwhile, CPI also got into negative zone. We believe that the US retail market should remain in a discount-driven mode going into the 2H, which weighs on the wider-margin principal trading business. Raw material prices, such as cotton and leather, also continue to trend down. These should put pressure on Li & Fung's cost-plus commission-based trading business.

FX impact from Euro

Retail market in Europe is growing in volume terms partially due to an easy base. However, Euro has depreciated by -20% yoy in the 1H, which should translate into lower turnover in US\$ terms. Europe accounts for around 20% of Trading turnover. The unfavourable FX should more than offset the positive retail development in Europe.

Cutting forecasts

We understand that the company continues to invest heavily in Vendor Support Services, to create value in areas such as compliance, credit financing and logistics, and to cultivate additional revenue in the medium term. However, earnings contribution should only come in starting in FY16-17CL. In the near term, higher investments should weigh on COP. We lower our revenue forecasts by 3-4% and COP by 11-16% in FY15-16CL.

Downgrade to UPF to a new price target of HK\$7

We believe that the street hasn't fully reflected the softer retail environment in the US, lower raw material prices, FX impact from a weaker Euro, and the higher investments. We expect consensus estimates to come down. Our new price target of HK\$7 (previously HK\$8.70) is based on 15x CY16 earnings. With +5% implied upside, we downgrade the stock from O-PF to U-PF.

Financials

Year to 31 December	13A	14A	15CL	16CL	17CL
Revenue (US\$m)	19,026	19,288	19,683	20,699	21,791
Rev forecast change (%)	-	-	(3.4)	(4.0)	(4.5)
Net profit (US\$m)	725	441	458	515	575
NP forecast change (%)	-	-	(12.1)	(16.6)	(14.7)
EPS (US¢)	8.7	5.3	5.5	6.2	6.9
CL/consensus (14) (EPS%)	-	-	91	89	98
EPS growth (% YoY)	-	(39.2)	3.7	12.4	11.8
PE (x)	9.9	16.3	15.7	14.0	12.5
Dividend yield (%)	7.3	6.1	5.1	5.7	6.2
ROE (%)	14.3	10.2	14.6	15.9	17.2
Net debt/equity (%)	43.0	40.6	25.3	24.4	21.9

Source: CLSA

Softer retail market in the US

Increasing headwinds

US retail market has softened in Q2 with rolling 3-month average retail sales growth in real terms down from 2-3% in Q1 to around 1% in Q2. CPI also got into negative zone in Q2. Consumer confidence level in the US has edged down mildly recently, but still at a fairly high level.

We believe that the US retail market should remain in a discount-driven mode going into the 2H, which also weighs on Li & Fung's wider-margin principal trading business.

Figure 1

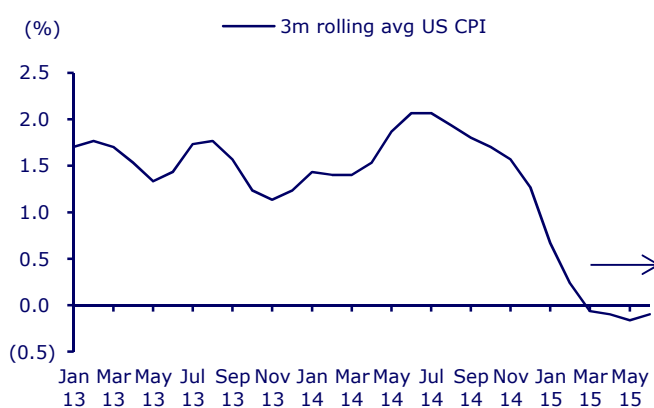
US retail sales growth (real terms)



Source: CEIC, CLSA

Figure 2

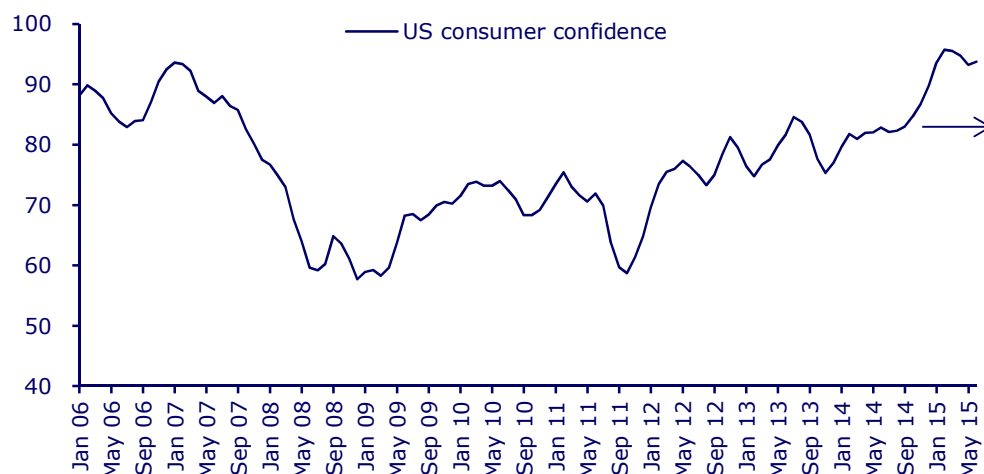
US CPI



Source: Bloomberg, CLSA

Figure 3

University of Michigan Consumer Sentiment Index



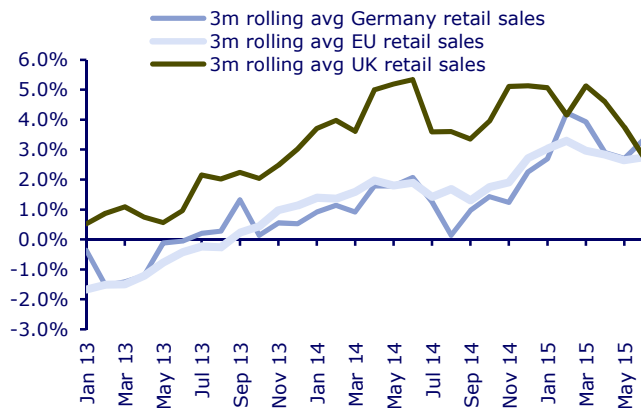
Source: Bloomberg, CLSA

-20% Euro depreciation

In Europe, which accounts for c.20% of trading turnover, the retail market has started to show pickups in volume terms in the 1H, after years of sluggish performance. However, the Euro has depreciated by -20% YoY in the 1H, which should translate into lower turnover in US\$ terms.

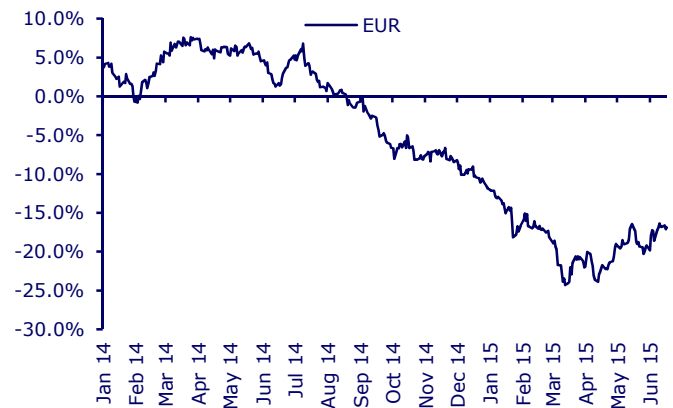
Consumer confidence in Europe seems to be improving, yet we believe that for Li & Fung, the negative impact from FX should more than offset any positive retail development in Europe.

Figure 4

EU, UK, Germany retail sales growth (Volume)

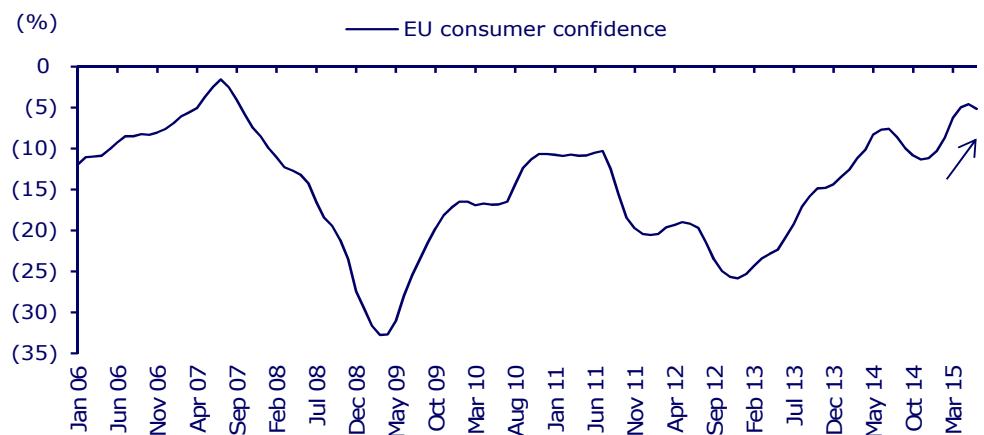
Source: CEIC, CLSA

Figure 5

EUR/US

Source: Bloomberg, CLSA

Figure 6

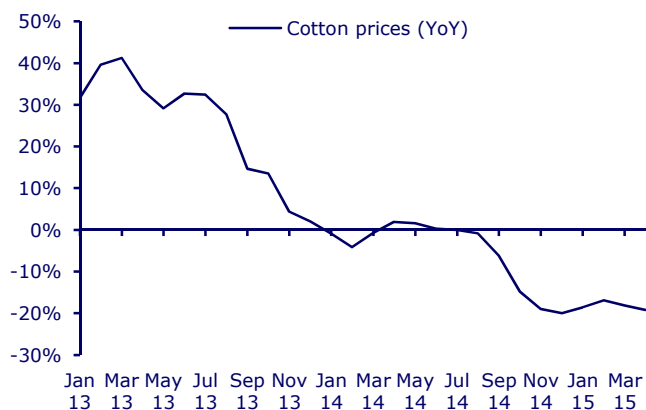
European Commission Consumer Confidence Indicator Eurozone

Source: Bloomberg, CLSA

Lower sourcing costs

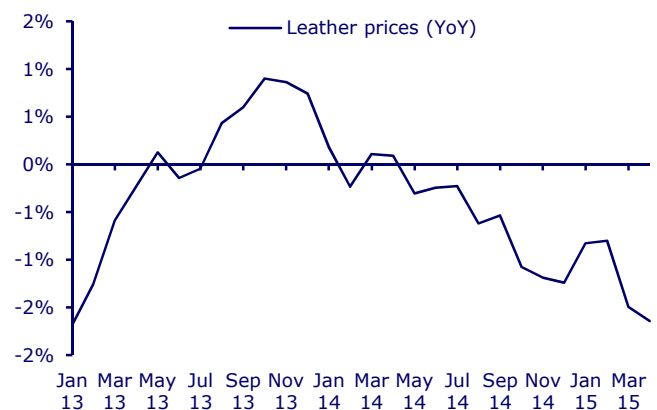
In addition to the challenges on the demand side, the sourcing side is also seeing deflationary pressure. Both cotton and leather prices have continued to come down, which should further drag on Li & Fung's performance.

Figure 7

Rural Market Fair: Cotton: Middle (China)

Source: CEIC, CLSA

Figure 8

PPI: Leather, Fur, Feather & its Product & Shoes (China)

Source: CEIC, CLSA

We expect topline and earnings to grow at +4% and +9% Cagr over the next three years

We expect topline to grow at a moderate +2% in FY15CL, impacted by c.20% Euro depreciation and a soft retail market in the US. Turnover growth should normalize next year to mid-single-digit. Investments should gradually roll off and we believe margins would slowly recover. We expect topline and earnings to grow at +4% and +9% Cagr over the next three years.

Figure 9

Financial forecast

US\$m	2013A	2014A	2015CL	2016CL	2017CL	14-17CL
Turnover	19,026	19,288	19,683	20,699	21,791	4.2%
growth (%)		1.4	2.0	5.2	5.3	
Gross profit	2,219	2,182	2,246	2,382	2,530	5.1%
margin (%)	11.7	11.3	11.4	11.5	11.6	
growth (%)	-	(1.7)	2.9	6.1	6.2	
Total margin	2,294	2,244	2,270	2,460	2,630	5.4%
margin (%)	12.1	11.6	11.5	11.9	12.1	
growth	-	(2.2)	1.2	8.3	6.9	
Core OP	737	604	622	685	752	7.6%
margin (%)	3.9	3.1	3.2	3.3	3.4	
growth (%)	-	(18.0)	3.0	10.1	9.7	
Net profit	725	441	458	509	575	9.2%
margin (%)	3.8	2.3	2.3	2.5	2.6	
growth (%)	-	(39.2)	3.7	11.2	13.0	

Source: CLSA

Valuation details

Our HK\$7 price target is based on 15x CY16CL adjusted earnings. We have an UPF rating on Li & Fung.

Investment risks

We have factored in Euro depreciation and deflationary commodity prices into our numbers. A strong pickup in the retail market in Europe, Euro appreciation and commodity price increases will be the key investment risk.

Summary financials

Year to 31 December	2013A	2014A	2015CL	2016CL	2017CL
Summary P&L forecast (US\$m)					
Revenue	19,026	19,288	19,683	20,699	21,791
Op Ebitda	922	839	630	693	760
Op Ebit	812	724	630	693	760
Interest income	9	7	13	13	14
Interest expense	(108)	(105)	(108)	(108)	(108)
Other items	0	1	1	1	1
Profit before tax	714	627	537	599	667
Taxation	(72)	(59)	(51)	(56)	(63)
Minorities/Pref divs	84	(126)	(28)	(28)	(28)
Net profit	725	441	458	515	575
Summary cashflow forecast (US\$m)					
Operating profit	812	724	630	693	760
Operating adjustments	-	-	-	-	-
Depreciation/amortisation	111	115	0	0	0
Working capital changes	-	-	-	-	-
Net interest/taxes/other	(69)	(201)	428	(32)	(11)
Net operating cashflow	853	638	1,059	661	749
Capital expenditure	(125)	(75)	(20)	(20)	(20)
Free cashflow	729	563	1,039	641	729
Acq/inv/disposals	(178)	-	(100)	(100)	(100)
Int, invt & associate div	25	(282)	24	12	13
Net investing cashflow	(278)	(358)	(96)	(108)	(107)
Increase in loans	(7)	(29)	-	-	-
Dividends	(332)	(440)	(373)	(411)	(451)
Net equity raised/other	(460)	(396)	(138)	(138)	(138)
Net financing cashflow	(799)	(865)	(511)	(549)	(589)
Incr/(decr) in net cash	(223)	(585)	451	4	53
Exch rate movements	3	(4)	2	1	2
Opening cash	680	1,128	539	992	996
Closing cash	460	539	992	996	1,051
Summary balance sheet forecast (US\$m)					
Cash & equivalents	460	539	991	997	1,051
Debtors	2,735	2,710	2,260	2,510	2,506
Inventories	1,100	565	677	628	744
Other current assets	3	11	11	11	11
Fixed assets	440	245	265	285	305
Intangible assets	7,609	4,349	4,449	4,549	4,649
Other term assets	120	58	49	51	54
Total assets	12,465	8,477	8,702	9,031	9,320
Short-term debt	132	197	197	197	197
Creditors	3,814	3,388	3,519	3,736	3,891
Other current liabs	135	117	123	129	135
Long-term debt/CBs	2,715	1,603	1,603	1,603	1,603
Provisions/other LT liabs	118	62	65	68	72
Minorities/other equity	10	9	9	9	9
Shareholder funds	5,540	3,101	3,186	3,289	3,414
Total liabs & equity	12,465	8,477	8,702	9,031	9,320
Ratio analysis					
Revenue growth (% YoY)	-	1.4	2.0	5.2	5.3
Ebitda growth (% YoY)	-	(9.1)	(24.8)	9.9	9.6
Ebitda margin (%)	4.8	4.3	3.2	3.3	3.5
Net profit margin (%)	3.8	2.3	2.3	2.5	2.6
Dividend payout (%)	72.4	99.8	81.0	79.3	77.8
Effective tax rate (%)	10.1	9.4	9.4	9.4	9.4
Ebitda/net int exp (x)	9.4	8.5	6.6	7.3	8.0
Net debt/equity (%)	43.0	40.6	25.3	24.4	21.9
ROE (%)	14.3	10.2	14.6	15.9	17.2
ROIC (%)	9.4	10.6	13.5	15.3	16.4
EVA@/IC (%)	1.8	3.0	5.9	7.7	8.8

Source: CLSA

Companies mentioned

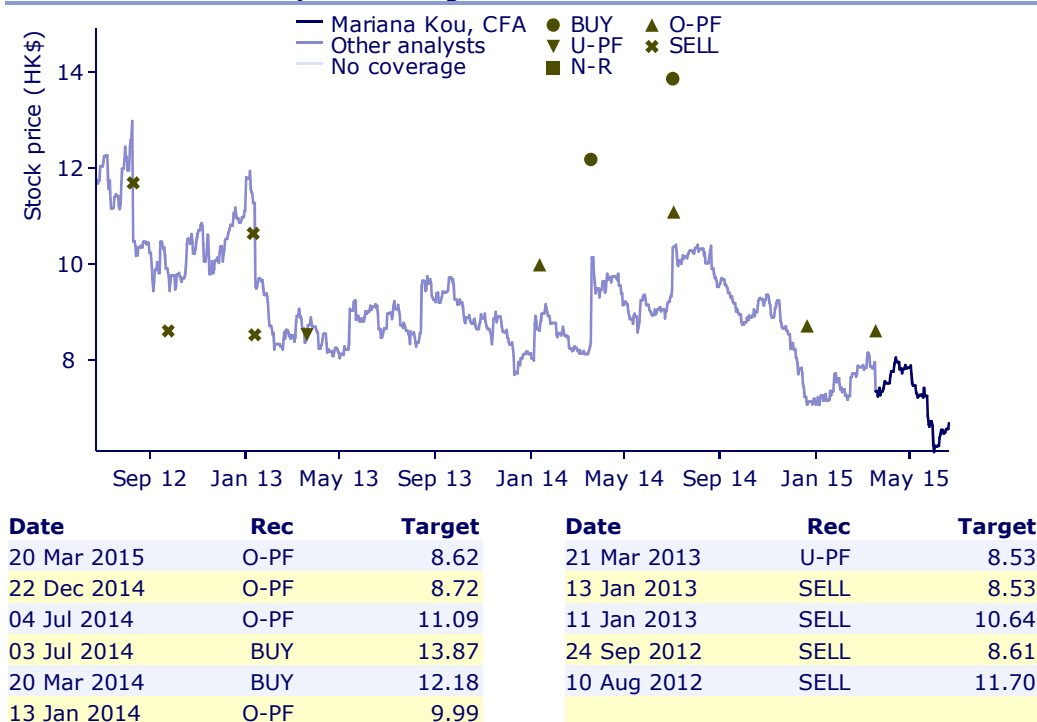
Li & Fung (494 HK - HK\$6.68 - UNDERPERFORM)

Analyst certification

The analyst(s) of this report hereby certify that the views expressed in this research report accurately reflect my/our own personal views about the securities and/or the issuers and that no part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendation or views contained in this research report.

Important disclosures

Recommendation history of Li & Fung Ltd 494 HK



Source: CLSA

The policy of CLSA (which for the purpose of this disclosure includes subsidiaries of CLSA B.V. and CLSA Americas, LLC ("CLSA Americas")), and Credit Agricole Securities (Taiwan) Company Limited ("CA Taiwan") is to only publish research that is impartial, independent, clear, fair, and not misleading. Analysts may not receive compensation from the companies they cover. Regulations or market practice of some jurisdictions/markets prescribe certain disclosures to be made for certain actual, potential or perceived conflicts of interests relating to a research report as below. This research disclosure should be read in conjunction with the research disclaimer as set out at www.clsa.com/disclaimer.html and the applicable regulation of the concerned market where the analyst is stationed and hence subject to. This research disclosure is for your information only and does not constitute any

recommendation, representation or warranty. Absence of a discloseable position should not be taken as endorsement on the validity or quality of the research report or recommendation.

To maintain the independence and integrity of CLSA's research, our Corporate Finance, Sales Trading and Research business lines are distinct from one another. This means that CLSA's Research department is not part of and does not report to CLSA Corporate Finance (or "investment banking") department or CLSA's Sales and Trading business. Accordingly, neither the Corporate Finance nor the Sales and Trading department supervises or controls the activities of CLSA's research analysts. CLSA's research analysts report to the management of the Research department, who in turn report to CLSA's senior management.

CLSA has put in place a number of internal controls designed to manage conflicts of interest that may arise as a result of CLSA engaging in Corporate Finance, Sales and Trading and Research activities. Some examples of these controls include: the use of information barriers and other information controls designed to ensure that confidential information is only shared on a "need to know" basis and in compliance with CLSA's Chinese Wall policies and procedures; measures designed to ensure that interactions that may occur among CLSA's Research personnel, Corporate Finance and Sales and Trading personnel, CLSA's financial product issuers and CLSA's research analysts do not compromise the integrity and independence of CLSA's research.

Neither analysts nor their household members/associates may have a financial interest in, or be an officer, director or advisory board member of companies covered by the analyst unless disclosed herein. In circumstances where an analyst has a pre-existing holding in any securities under coverage, those holdings are grandfathered and the analyst is prohibited from trading such securities.

Unless specified otherwise, CLSA/CLSA Americas/CA Taiwan did not receive investment banking/non-investment banking income from, and did not manage/co-manage a public offering for, the listed company during the past 12 months, and it does not expect to receive investment banking compensation from the listed company within the coming three months. Unless mentioned otherwise, CLSA/CLSA Americas/CA Taiwan does not own a material discloseable position, and does not make a market, in the securities.

As analyst(s) of this report, I/we hereby certify that the views expressed in this research report accurately reflect my/our own personal views about the securities and/or the issuers and that no part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendation or views contained in this report or to any investment banking relationship with the subject company covered in this report (for the past one year) or otherwise any other relationship with such company which leads to receipt of fees from the company except in ordinary course of business of the company. The analyst/s also state/s and confirm/s that he/she/they has/have not been placed under any undue influence, intervention or pressure by any person/s in compiling this research report. In addition, the analysts included herein attest that they were not in possession of any material, nonpublic information regarding the subject company at the time of publication of the report. Save from the disclosure below (if any), the analyst(s) is/are not aware of any material

conflict of interest.

Key to CLSA/CLSA Americas/CA Taiwan investment rankings: BUY: Total stock return (including dividends) expected to exceed 20%; O-PF: Total expected return below 20% but exceeding market return; U-PF: Total expected return positive but below market return; SELL: Total return expected to be negative. For relative performance, we benchmark the 12-month total forecast return (including dividends) for the stock against the 12-month forecast return (including dividends) for the market on which the stock trades.

In the case of US stocks, the recommendation is relative to the expected return for the S&P500 of 10%. Exceptions may be made depending upon prevailing market conditions. We define as "Double Baggers" stocks we expect to yield 100% or more (including dividends) within three years at the time the stocks are introduced to our "Double Bagger" list. "High Conviction" Ideas are not necessarily stocks with the most upside/downside, but those where the Research Head/Strategist believes there is the highest likelihood of positive/negative returns. The list for each market is monitored weekly.

Overall rating distribution: Buy / Outperform - CLSA: 61.70%; CLSA Americas: 59.76%; CA Taiwan: 67.53%, Underperform / Sell - CLSA: 38.20%; CLSA Americas: 40.24%; CA Taiwan: 32.47%, Restricted - CLSA: 0%; CLSA Americas: 0%; CA Taiwan: 0%. Data as of 31 March 2015.

Investment banking clients as a % of rating category: Buy / Outperform - CLSA: 0.74%; CLSA Americas: 0.13%; CA Taiwan: 0.19%, Underperform / Sell - CLSA: 0.01%; CLSA Americas: 0.02%; CA Taiwan: 0%, Restricted - CLSA: 0%; CLSA Americas: 0%; CA Taiwan: 0%. Data for 12-month period ending 31 March 2015. There are no numbers for Hold/Neutral as CLSA/CLSA Americas/CA Taiwan do not have such investment rankings.

For a history of the recommendations and price targets for companies mentioned in this report, as well as company specific disclosures, please write to: (a) CLSA Americas, Compliance Department, 1301 Avenue of the Americas, 15th Floor, New York, New York 10019-6022; (b) CLSA, Group Compliance, 18/F, One Pacific Place, 88 Queensway, Hong Kong and/or; (c) CA Taiwan Compliance (27/F, 95, Section 2 Dun Hua South Road, Taipei 10682, Taiwan, telephone (886) 2 2326 8188). © 2015 CLSA Limited, CLSA Americas, and/or CA Taiwan.

© 2015 CLSA Limited, CLSA Americas, LLC ("CLSA Americas") and/or Credit Agricole Securities Taiwan Co., Ltd. ("CA Taiwan")

This publication/communication is subject to and incorporates the terms and conditions of use set out on the www.clsa.com/disclaimer.html. Neither the publication/communication nor any portion hereof may be reprinted, sold, resold, copied, reproduced, distributed, redistributed, published, republished, displayed, posted or transmitted in any form or media or by any means without the written consent of CLSA, CLSA Americas and/or CA Taiwan.

CLSA, CLSA Americas and CA Taiwan have produced this publication/communication for private circulation to professional, institutional and/or wholesale clients only. This publication/communication may not be distributed or redistributed to retail investors. The information, opinions and estimates herein are not directed at, or intended for distribution to or use by, any person or entity in any jurisdiction where doing so would be contrary to law or regulation or which would subject CLSA, CLSA Americas and/or CA Taiwan to any additional registration or licensing requirement within such jurisdiction.

The information and statistical data herein have been obtained from sources we believe to be reliable. Such information has not been independently verified and we make no representation or warranty as to its accuracy, completeness or correctness. Any opinions or estimates herein reflect the judgment of CLSA, CLSA Americas and/or CA Taiwan at the date of this publication/communication and are subject to change at any time without notice. Where any part of the information, opinions or estimates contained herein reflects the views and opinions of a sales person or a non-analyst, such views and opinions may not correspond to the published view of CLSA, CLSA Americas and/or CA Taiwan. This is not a solicitation or any offer to buy or sell. This publication/communication is for information purposes only and does not constitute any recommendation, representation, warranty or guarantee of performance. Any price target given in the report may be projected from one or more valuation models and hence any price target may be subject to the inherent risk of the selected model as well as other external risk factors. This is not intended to provide professional, investment or any other type of advice or recommendation and does not take into account the particular investment objectives, financial situation or needs of individual recipients. Before acting on any information in this publication/communication, you should consider whether it is suitable for your particular circumstances and, if appropriate, seek professional advice, including tax advice. CLSA, CLSA Americas and/or CA Taiwan do/does not accept any responsibility and cannot be held liable for any person's use of or

reliance on the information and opinions contained herein.

To the extent permitted by applicable securities laws and regulations, CLSA, CLSA Americas and/or CA Taiwan accept(s) no liability whatsoever for any direct or consequential loss arising from the use of this publication/communication or its contents. Where the publication does not contain ratings, the material should not be construed as research but is offered as factual commentary. It is not intended to, nor should it be used to, form an investment opinion about the non-rated companies.

Subject to any applicable laws and regulations at any given time, CLSA, CLSA Americas, CA Taiwan, their respective affiliates or companies or individuals connected with CLSA/CLSA Americas/CA Taiwan may have used the information contained herein before publication and may have positions in, may from time to time purchase or sell or have a material interest in any of the securities mentioned or related securities, or may currently or in future have or have had a business or financial relationship with, or may provide or have provided investment banking, capital markets and/or other services to, the entities referred to herein, their advisors and/or any other connected parties. As a result, investors should be aware that CLSA, CLSA Americas, CA Taiwan and/or their respective affiliates or companies or such individuals may have one or more conflicts of interest. Regulations or market practice of some jurisdictions/markets prescribe certain disclosures to be made for certain actual, potential or perceived conflicts of interests relating to research reports. Details of the disclosable interest can be found in certain reports as required by the relevant rules and regulation and the full details are available at http://www.clsa.com/member/research_disclosures/. Disclosures therein include the position of CLSA, CLSA Americas and CA Taiwan only. Unless specified otherwise, CLSA did not receive any compensation or other benefits from the subject company covered in this research report.

If investors have any difficulty accessing this website, please contact webadmin@clsa.com on +852 2600 8111. If you require disclosure information on previous dates, please contact compliance_hk@clsa.com.

This publication/communication is distributed for and on behalf of CLSA Limited (for research compiled by non-US and non-Taiwan analyst(s)), CLSA Americas (for research compiled by US analyst(s)) and/or CA Taiwan (for research compiled by Taiwan analyst(s)) in Australia by CLSA Australia Pty Ltd; in Hong Kong by CLSA

Limited; in India by CLSA India Private Limited (formerly CLSA India Limited) (Address: 8/F, Dalamal House, Nariman Point, Mumbai 400021. Tel No: +91-22-66505050. Fax No: +91-22-22840271; CIN: U67120MH1994PLC083118; SEBI Registration No: INZ000001735); in Indonesia by PT CLSA Indonesia; in Japan by CLSA Securities Japan Co., Ltd; in Korea by CLSA Securities Korea Ltd; in Malaysia by CLSA Securities Malaysia Sdn Bhd; in the Philippines by CLSA Philippines Inc (a member of Philippine Stock Exchange and Securities Investors Protection Fund); in Thailand by CLSA Securities (Thailand) Limited; in Taiwan by CA Taiwan; in Singapore by CLSA Singapore Pte Ltd and in United Kingdom by CLSA (UK).

India: CLSA India Private Limited, incorporated in November 1994 provides equity brokerage services (SEBI Registration No: INZ000001735), research and merchant banking services (SEBI Registration No.INM000010619) to global institutional investors, pension funds and corporates. CLSA and its associates may have debt holdings in the subject company. Further, CLSA and its associates, in the past 12 months, may have received compensation for non-investment banking securities and/or non-securities related services from the subject company. For further details of "associates" of CLSA India please contact Compliance-India@clsa.com.

United States of America: Where any section of the research is compiled by US analyst(s), it is distributed by CLSA Americas. Where any section is compiled by non-US analyst(s), it is distributed into the United States by CLSA solely to persons who qualify as "Major US Institutional Investors" as defined in Rule 15a-6 under the Securities and Exchange Act of 1934 and who deal with CLSA Americas. However, the delivery of this research report to any person in the United States shall not be deemed a recommendation to effect any transactions in the securities discussed herein or an endorsement of any opinion expressed herein. Any recipient of this research in the United States wishing to effect a transaction in any security mentioned herein should do so by contacting CLSA Americas.

Canada: The delivery of this research report to any person in Canada shall not be deemed a recommendation to effect any transactions in the securities discussed herein or an endorsement of any opinion expressed herein. Any recipient of this research in Canada wishing to effect a transaction in any security mentioned herein should do so by contacting CLSA Americas.

United Kingdom: In the United Kingdom, this research is a marketing communication. It has not been prepared

in accordance with the legal requirements designed to promote the independence of investment research, and is not subject to any prohibition on dealing ahead of the dissemination of investment research. The research is disseminated in the EU by CLSA (UK), which is authorized and regulated by the Financial Conduct Authority. This document is directed at persons having professional experience in matters relating to investments as defined in Article 19 of the FSMA 2000 (Financial Promotion) Order 2005. Any investment activity to which it relates is only available to such persons. If you do not have professional experience in matters relating to investments you should not rely on this document. Where the research material is compiled by the UK analyst(s), it is produced and disseminated by CLSA (UK). For the purposes of the Financial Conduct Rules this research is prepared and intended as substantive research material.

Singapore: In Singapore, research is issued and/or distributed by CLSA Singapore Pte Ltd (Company Registration No.: 198703750W), a Capital Markets Services license holder to deal in securities and an exempt financial adviser, solely to persons who qualify as institutional investor, accredited investor or expert investor, as defined in Section 4A(1) of the Securities and Futures Act (Cap 289). Pursuant to Regulations 33, 34, 35 and 36 of the Financial Advisers (Amendment) Regulations 2005 of the Financial Advisers Act (Cap 110) with regards to an accredited investor, institutional investor, expert investor or overseas investor, Sections 25, 27 and 36 of the Financial Adviser Act (Cap 110) shall not apply to CLSA Singapore Pte Ltd. Please contact CLSA Singapore Pte Ltd (telephone No.: +65 6416 7888) in connection with queries on the report. [MCI (P) 094 11-2014]

The analysts/contributors to this publication/communication may be employed by any relevant CLSA entity, CA Taiwan or a subsidiary of CITIC Securities Company Limited which is different from the entity that distributes the publication/communication in the respective jurisdictions.

MSCI-sourced information is the exclusive property of Morgan Stanley Capital International Inc (MSCI). Without prior written permission of MSCI, this information and any other MSCI intellectual property may not be reproduced, disseminated or used to create any financial products, including any indices. This information is provided on an "as is" basis. The user assumes the entire risk of any use made of this information. MSCI, its affiliates and any third party involved in, or related to, computing or compiling the information hereby expressly disclaim all warranties of originality, accuracy,

completeness, merchantability or fitness for a particular purpose with respect to any of this information. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any third party involved in, or related to computing or compiling the information have any liability for any damages of any kind. MSCI, Morgan Stanley Capital International and the MSCI indexes are service marks of MSCI and its affiliates. The Global Industry Classification Standard (GICS) was developed by and is

the exclusive property of MSCI and Standard & Poor's. GICS is a service mark of MSCI and S&P and has been licensed for use by CLSA.

EVA® is a registered trademark of Stern, Stewart & Co. Unless otherwise noted in the source, "CL" in charts and tables stands for CLSA/CLSA Americas estimates and "CT" stands for CA Taiwan estimates.



Research subscriptions

To change your report distribution requirements, please contact your CLSA sales representative or email us at cib@clsa.com. You can also fine-tune your Research Alert email preferences at https://www.clsa.com/member/tools/email_alert/.