

14 August 2018

Hong Kong

EQUITIES

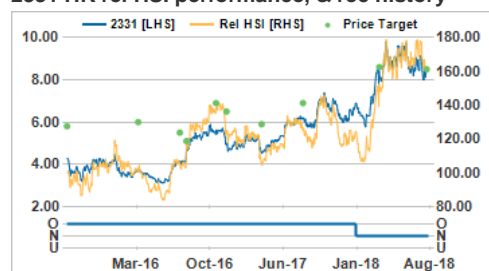
2331 HK Neutral
Price (at 13:00, 13 Aug 2018 GMT) HK\$8.50

Valuation	HK\$	8.50
- PER		
12-month target	HK\$	8.50
Upside/Downside	%	+0.0
12-month TSR	%	+0.0
Volatility Index		Medium
GICS sector Consumer Durables & Apparel		
Market cap	HK\$m	18,585
Market cap	US\$m	2,367
Free float	%	80
30-day avg turnover	US\$m	13.6
Number shares on issue	m	2,186

Investment fundamentals

Year end 31 Dec		2017A	2018E	2019E	2020E
Revenue	m	8,874	10,465	12,111	13,557
EBIT	m	446	723	981	1,193
EBIT growth	%	15.5	62.3	35.6	21.6
Reported profit	m	515	653	831	989
Adjusted profit	m	515	653	831	989
EPS rep	Rmb	0.21	0.27	0.35	0.41
EPS rep growth	%	-26.0	26.7	27.3	19.0
EPS adj	Rmb	0.21	0.27	0.35	0.41
EPS adj growth	%	44.2	26.7	27.3	19.0
PER rep	x	34.6	27.3	21.4	18.0
PER adj	x	34.6	27.3	21.4	18.0
Total DPS	Rmb	0.00	0.00	0.00	0.00
Total div yield	%	0.0	0.0	0.0	0.0
ROA	%	6.3	9.4	11.3	12.0
ROE	%	11.4	12.1	13.5	14.0
EV/EBITDA	x	16.9	12.5	10.0	8.8
Net debt/equity	%	-49.9	-49.4	-54.5	-60.1
P/BV	x	3.5	3.1	2.7	2.4

2331 HK rel HSI performance, & rec history



Note: Recommendation timeline - if not a continuous line, then there was no Macquarie coverage at the time or there was an embargo period.

Source: FactSet, Macquarie Research, August 2018
(all figures in Rmb unless noted, TP in HKD)

Path to 100% Upside


We view Li Ning as an Emerging Leader that can potentially generate a 100% return over three years. See inside for details

Macquarie Governance and Risk Score (MGRS)

On our proprietary [Governance and Risk Score](#) Li Ning scores in the fourth quartile of our current universe coverage.

Analysts

Macquarie Capital Limited

 Terence Chang +852 3922 3581
terence.chang@macquarie.com

 Linda Huang, CFA +852 3922 4068
linda.huang@macquarie.com

Li Ning

2H margin trends the key to investment case

Key points

- ▶ Company margin guidance implies 2H18 margin to see faster expansion
- ▶ Consensus expectations on margins already at high end of guidance
- ▶ We see need for investment in brand as key risk to margin trajectory

Event

- We lifted our FY19 earnings estimate for Li Ning by 3.5% but maintain our Neutral rating on the company, as we believe the guidance for the company remains intact and the story has been well understood by the market. We made minor changes to our FY18 earnings as we expect the OPM expansion in 2HFY18 will be offset by a much higher effective tax rate as compared to a tax credit a year ago. We slightly lowered our TP to HK\$ 8.5/sh (vs HK\$8.6/sh previously) based on unchanged 21x FY19 multiple, as we adjusted RMB exchange rate assumptions.

Impact

- **3QFY18 helped by low base but 4Q may see tough comps.** During the briefing, management noted 3Q to date SSSg as slightly better than 1H18's high single-digit growth. With this year's mid-autumn festival happening in September vs in October last year, they remain positive on the trends for 3Q. However, entering into 4Q they expect a tougher comparison base and macro uncertainty may cause more volatility on consumption.
- **Guidance reiterated without upward revision despite high expectations.** Li Ning reiterated mid-teens revenue growth and net margin targeting 6.5-7% for FY18, while the 2ppt margin expansion trajectory is expected to continue into FY19. OP margin improvement in 1H18 was only 1.2ppt and they expect more margin expansion in 2HFY18, as they see the staff cost to revenue ratio milder vs 1HFY18's 11.5%. We believe the current Factset consensus net margin of 6.9% is already close to the high end of management's guidance.
- **Addressing product planning and supply chain may need more investment.** Li Ning aims to improve both sell-out and sell-through rates by focusing on more precise product planning and adjustment on supply chain. We still worry about more re-investment required into the brand which will lead to lower than expected margin level. We estimate FY18 net profit of RMB 653m which is 8% below Factset consensus estimates.

Earnings and target price revision

- Minor change in FY18 earnings but lifted FY19 earnings by 3.5%. TP lowered slightly to HK\$8.5/sh vs HK\$ 8.6/sh previously due to FX assumption change

Price catalyst

- 12-month price target: HK\$8.50 based on a PER methodology.
- Catalyst: 3QFY18 operating data, 2HFY18 results, M&A, potential dividend announcement

Action and recommendation

- Maintain Neutral. Li Ning is trading at 21x FY19 PER.

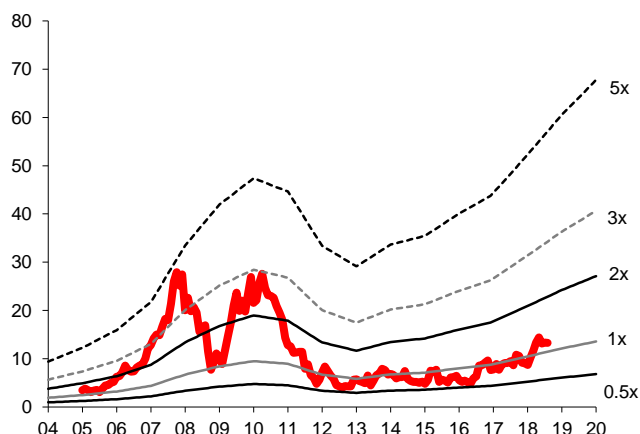
Investment thesis: Maintain Neutral; TP slightly lowered to HK\$8.50/sh

We maintain Neutral on Li Ning but lift TP to HK\$8.50/sh (from HK\$ 8.60/sh) with an unchanged target multiple of 21x. Our TP was reduced mainly due to adjustments on RMB depreciation. With a 5% spike post results, it is trading at 21x FY19 PER which we feel has fully factored in the positives.

- ⇒ Quarter to date SSSg momentum of high single growth is similar to 1H18, which we believe is partially due to lower comparison base in 3Q17.
- ⇒ Online sales are expected to grow at 20-30% YoY in 2018. We also expect EBIT margin from this channel to be in the high-20s level vs previously in low-30s. We still think that normalising margins will likely mean positive contribution from this channel may further diminish going forward.
- ⇒ We believe wholesale margins did not pick up despite tightening of distribution policy given management commented that wholesale gross margin remained at ~40% in 1H18. We believe a key driver for the gross margin expansion thesis is coming from wholesale business improvement; hence 2H18 should be a key period to observe if company can follow through on this front.
- ⇒ We expect the company will require more investment in the brand, staff, logistics and supply chain after several years of stringent cost controls. As a result we believe current consensus expectations for margins may be too high.

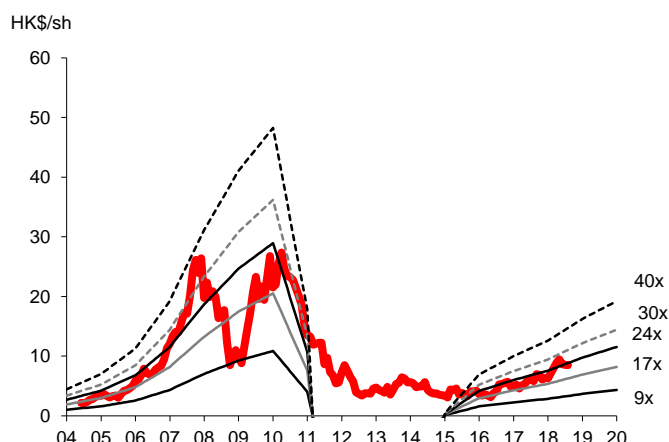
We still believe the company has a strong brand and see continuous improvement in balance sheet health and cash flow. But we remain of the view that these expectations are already reflected in the share price. Key will be to watch for whether margin expansion can accelerate in 2H18, given 1H18 margin expansion was below full-year guidance.

Fig 1 EV to sales at 1.2x



Source: Bloomberg, Macquarie Research, August 2018

Fig 2 Historical PER chart



Source: Bloomberg, Macquarie Research, August 2018

Earnings revision

We adjust earnings estimates for FY19 by 3.5% respectively, to incorporate higher revenue growth and lower tax assumptions.

We expect Li Ning to record a net profit of Rmb384mn in 2HFY18, representing 18% YoY growth from last year's RMB 326m.

- ⇒ **Revenue:** We expect FY18 revenue to grow by 18%, with the wholesale channel growing by 16%, followed by direct retail at 16% and E-commerce growth at 29% YoY. We expect the company to deliver 65 net store openings for FY18 for the Li Ning brand, while we expect Danskin to reach 18 stores and Li Ning kids to reach 731 stores, respectively.
- ⇒ **Gross margin:** We expect gross margin to expand by 1.0ppt for FY18, driven by favourable channel mix and improving retail margins thanks to new product mix sell-through and better new product margins.
- ⇒ **A&P expense:** We expect A&P expense to grow by 12.5% YoY as the company continues to invest in branding such as the Paris fashion show and other media such a renewal of Dwayne Wade's spokesperson sponsorship for Li Ning.
- ⇒ **Rental expense:** We expect rental expense to grow by 14% YoY as the company intends to open more stores in 2H and undertake initiatives to improve the retail experience.
- ⇒ **Staff expense:** We expect staff expense to grow by 24% due to increased staffing and new business build out. The company increased by 74 staff on a net basis in 1H18, and we expect these costs will annualise, in addition to the share option expense of ~Rmb 50-60m in 2HFY18.
- ⇒ **Tax rate:** We expect tax rate to be 18% for FY18. This implies 2HFY18 effective tax rate to be 18% as well as compared to a 11% effective tax credit in 2HFY17, as a result we expect YoY swing on tax expense to be RMB118m, resulting in a much lower net profit growth as compared to pre-tax profit growth.

Fig 3 Earnings revision

(RMB mn)	Old 2018E	Old 2019E	New 2018E	New 2019E	% chg. 2018E	% chg. 2019E
Revenue	10,418	11,906	10,465	12,111	0.5%	1.7%
Gross Profit	4,997	5,756	5,030	5,913	0.7%	2.7%
Operating Profit	674	953	723	981	7.3%	3.0%
Pre-Tax	793	1,071	796	1,052	0.4%	(1.8%)
Net Income	654	803	653	831	(0.2%)	3.5%
Margin (%)						
Gross Margin	48.0%	48.3%	48.1%	48.8%	0.1 ppt	0.5 ppt
OP Margin	6.5%	8.0%	6.9%	8.1%	0.4 ppt	0.1 ppt
Net Margin	6.3%	6.7%	6.2%	6.9%	0.0 ppt	0.1 ppt

Source: Macquarie Research, August 2018

Earnings review

Li Ning reported 1H18 results with revenue up 17.9% YoY and net profit at Rmb 69m vs a net profit of Rmb189m last year. This is 5.5% below of our estimate at Rmb284m mainly due to lower than expected financing income and profit from associates.

- ⇒ Trade fair orders for 1QFY19 registered high single-digit growth, moderating from 4Q18's low-teens growth and on top of last year's high single-digit growth in 1QFY18. The company noted that ultimately it is sell-through from distributors that drives the sell-in numbers. The company is happy to keep sell-in in line with sell-through while at the same time highlighted the use of replenishment orders as a way to support the distributors.
- ⇒ 2Q18 total retail sell-through grew by low-teens (1Q18: mid-teens increase YoY), where direct retail grew by mid-teens growth (1Q18: low 20s positive growth YoY) and wholesale registered mid-single digit sell-through (1Q18: high single digit +ve YoY growth). Total E-commerce sales were up by high-30s growth (1Q18: high-30s increase YoY). Six-month new product sell-out rate decreased by 4.0ppt YoY.
- ⇒ 2Q18's SSSg (including E-commerce) registered high single digit growth (1Q18: low teens +ve YoY growth) which is helped by the mid-30s YoY growth in E-commerce (1Q18: high-30s increase YoY). Direct offline retail SSSg grew by high single digit (1Q18: low teens increase YoY) and wholesale operations registered low single digit increase in SSSg (1Q18: Mid-single digit increase YoY).
- ⇒ Sell-through mix improved, with current and last season accounting for 81% of total sales for the entire platform, representing a 3ppt improvement YoY. Sell-through for offline alone was up 9% YoY as compared to the five net store opening during 1H18.
- ⇒ Channel inventory on a 12-month average basis improved to 5.6 vs 6.3 last year; while on a store level inventory, the company sees their inventory maintaining at 4.2x vs 4.1x a year ago.
- ⇒ Mix of channel inventory improved YoY with inventory over 12 months accounting for 13% of total channel inventory as of Jun-18, down 6ppt YoY. Inventory less than six months old accounted for 72% of total, up 5ppt YoY.
- ⇒ Inventory turnover days were flat vs 85 days last period.
- ⇒ Gross margin and operating margin improved by 1ppt and 1.2ppt YoY, respectively, due to favourable channel revenue mix, better gross margin for new products in the direct retail channel, higher new product mix at direct retail and reversal of inventory provision.
- ⇒ EBIT margin for retail improved 3ppt to mid-teens from low-teens last year due to better operating leverage while E-commerce EBIT margin was a high 20s which slightly better than the level recorded for FY17 full year.
- ⇒ Operating cashflow grew 12% from Rmb589m in 1H17 to Rmb660m in 1H18.

Fig 4 1H18 results review

Earnings Review (RMB mn)	1H17 Actual	1H18 Actual	YoY growth	1H18 MQ Fcst	% dif. to actual
Revenue	3,996	4,713	17.9%	4,677	0.8%
Gross Profit	1,904	2,294	20.5%	2,253	1.8%
Operating Profit	202	294	45.6%	285	3.1%
Pre-Tax	245	327	33.7%	344	-4.9%
Net Income	189	269	42.0%	284	-5.5%
Margin (%)					
Gross Margin	47.7%	48.7%	1.0%	48.2%	0.5%
OP Margin	5.0%	6.2%	1.2%	6.1%	0.1%
Net Margin	4.7%	5.7%	1.0%	6.1%	-0.4%

Source: Company data, Macquarie Research, August 2018

Macquarie Quant View

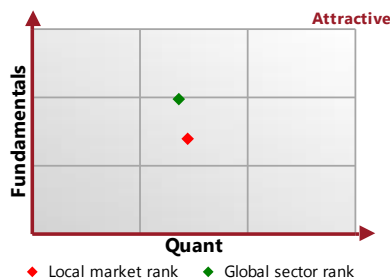
The Quant View page below has been derived from models that are developed and maintained by Sales and Trading personnel at Macquarie. The models are not a product of the Macquarie Research Department.

The quant model currently holds a neutral view on Li Ning. The strongest style exposure is Quality, indicating this stock is likely to have a superior and more stable underlying earnings stream. The weakest style exposure is Valuations, indicating this stock is over-priced in the market relative to its peers.

359/655

Global rank in
Consumer Durables & Apparel

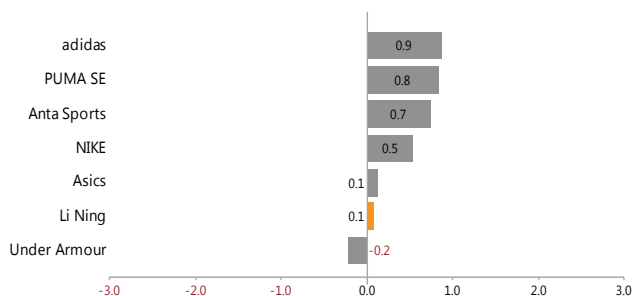
% of BUY recommendations 59% (10/17)
Number of Price Target downgrades 1
Number of Price Target upgrades 9



Displays where the company's ranked based on the fundamental consensus Price Target and Macquarie's Quantitative Alpha model.
Two rankings: Local market (Hong Kong) and Global sector (Consumer Durables & Apparel)

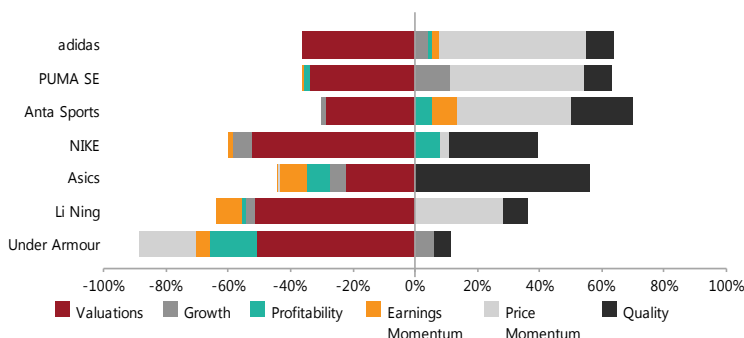
Macquarie Alpha Model ranking

A list of comparable companies and their Macquarie Alpha model score (higher is better).



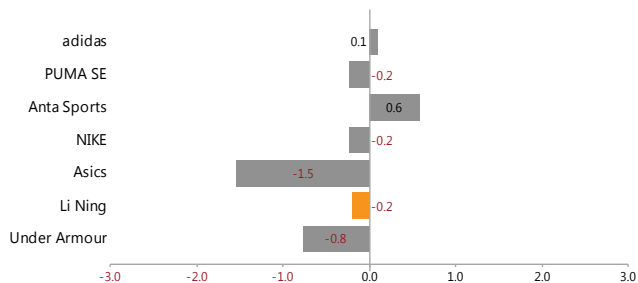
Factors driving the Alpha Model

For the comparable firms this chart shows the key underlying styles and their contribution to the current overall Alpha score.



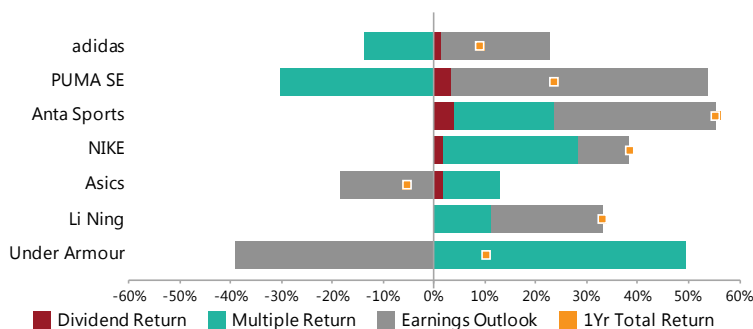
Macquarie Earnings Sentiment Indicator

The Macquarie Sentiment Indicator is an enhanced earnings revisions signal that favours analysts who have more timely and higher conviction revisions. Current score shown below.



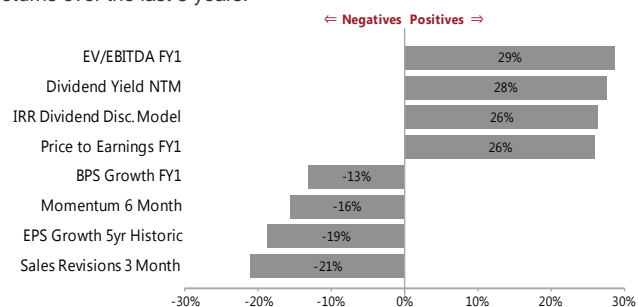
Drivers of Stock Return

Breakdown of 1 year total return (local currency) into returns from dividends, changes in forward earnings estimates and the resulting change in earnings multiple.



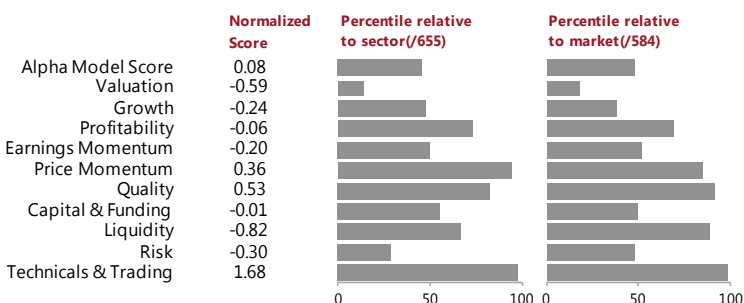
What drove this Company in the last 5 years

Which factor score has had the greatest correlation with the company's returns over the last 5 years.



How it looks on the Alpha model

A more granular view of the underlying style scores that drive the alpha (higher is better) and the percentile rank relative to the sector and market.



Source (all charts): FactSet, Thomson Reuters, and Macquarie Research. For more details on the Macquarie Alpha model or for more customised analysis and screens, please contact the Macquarie Global Quantitative/Custom Products Group (cpq@macquarie.com)

Li Ning (2331 HK, Neutral, Target Price: HK\$8.50)

Interim Results					Profit & Loss						
		1H/18A	2H/18E	1H/19E	2H/19E		2017A	2018E	2019E	2020E	
Revenue	m	4,713	5,752	5,578	6,534	Revenue	m	8,874	10,465	12,111	13,557
Gross Profit	m	2,294	2,736	2,764	3,148	Gross Profit	m	4,176	5,030	5,913	6,589
Cost of Goods Sold	m	2,419	3,016	2,813	3,385	Cost of Goods Sold	m	4,697	5,435	6,199	6,968
EBITDA	m	495	631	679	744	EBITDA	m	815	1,126	1,423	1,635
Depreciation	m	177	177	191	191	Depreciation	m	322	355	383	383
Amortisation of Goodwill	m	0	0	0	0	Amortisation of Goodwill	m	0	0	0	0
Other Amortisation	m	24	24	30	30	Other Amortisation	m	48	48	60	60
EBIT	m	294	429	458	523	EBIT	m	446	723	981	1,193
Net Interest Income	m	-2	1	1	1	Net Interest Income	m	15	-1	2	6
Associates	m	32	38	35	35	Associates	m	74	70	70	70
Exceptionals	m	0	0	0	0	Exceptionals	m	0	0	0	0
Forex Gains / Losses	m	4	0	0	0	Forex Gains / Losses	m	3	4	0	0
Other Pre-Tax Income	m	0	0	0	0	Other Pre-Tax Income	m	0	0	0	0
Pre-Tax Profit	m	327	469	494	559	Pre-Tax Profit	m	537	796	1,052	1,268
Tax Expense	m	-59	-84	-104	-117	Tax Expense	m	-22	-143	-221	-279
Net Profit	m	269	384	390	441	Net Profit	m	515	653	831	989
Minority Interests	m	0	0	0	0	Minority Interests	m	0	0	0	0
Reported Earnings	m	269	384	390	441	Reported Earnings	m	515	653	831	989
Adjusted Earnings	m	269	384	390	441	Adjusted Earnings	m	515	653	831	989
EPS (rep)	fen	11.2	16.0	16.3	18.4	EPS (rep)	fen	21.5	27.2	34.6	41.2
EPS (adj)	fen	11.2	16.0	16.3	18.4	EPS (adj)	fen	21.5	27.2	34.6	41.2
EPS Growth yoy (adj)	%	42.0	17.9	45.2	14.8	EPS Growth (adj)	%	44.2	26.7	27.3	19.0
						PE (rep)	x	34.6	27.3	21.4	18.0
						PE (adj)	x	34.6	27.3	21.4	18.0
EBITDA Margin	%	10.5	11.0	12.2	11.4	Total DPS	fen	0.0	0.0	0.0	0.0
EBIT Margin	%	6.2	7.5	8.2	8.0	Total Div Yield	%	0.0	0.0	0.0	0.0
Earnings Split	%	41.1	58.9	46.9	53.1	Basic Shares Outstanding	m	2,399	2,399	2,399	2,399
Revenue Growth	%	17.9	17.9	18.4	13.6	Diluted Shares Outstanding	m	2,399	2,399	2,399	2,399
EBIT Growth	%	45.6	76.0	55.8	21.8						
Profit and Loss Ratios					Cashflow Analysis						
		2017A	2018E	2019E	2020E		2017A	2018E	2019E	2020E	
Revenue Growth	%	10.7	17.9	15.7	11.9	EBITDA	m	815	1,126	1,423	1,635
EBITDA Growth	%	15.9	38.1	26.4	14.9	Tax Paid	m	24	24	111	118
EBIT Growth	%	15.5	62.3	35.6	21.6	Chgs in Working Cap	m	335	-284	-148	-131
Gross Profit Margin	%	47.1	48.1	48.8	48.6	Net Interest Paid	m	0	0	0	0
EBITDA Margin	%	9.2	10.8	11.8	12.1	Other	m	-16	-185	-261	-283
EBIT Margin	%	5.0	6.9	8.1	8.8	Operating Cashflow	m	1,159	681	1,126	1,339
Net Profit Margin	%	5.8	6.2	6.9	7.3	Acquisitions	m	-424	-380	-380	-380
Payout Ratio	%	0.0	0.0	0.0	0.0	Capex	m	-424	-380	-380	-380
EV/EBITDA	x	16.9	12.5	10.0	8.8	Asset Sales	m	0	0	0	0
EV/EBIT	x	28.8	18.9	14.3	11.9	Other	m	505	380	380	380
						Investing Cashflow	m	-343	-380	-380	-380
Balance Sheet Ratios						Dividend (Ordinary)	m	0	0	0	0
ROE	%	11.4	12.1	13.5	14.0	Equity Raised	m	0	0	0	-1
ROA	%	6.3	9.4	11.3	12.0	Debt Movements	m	-200	0	0	0
ROIC	%	19.0	23.3	26.8	31.2	Other	m	-32	0	0	0
Net Debt/Equity	%	-49.9	-49.4	-54.5	-60.1	Financing Cashflow	m	-232	0	0	-1
Interest Cover	x	nmf	704.3	nmf	nmf	Net Chg in Cash/Debt	m	576	301	746	958
Price/Book	x	3.5	3.1	2.7	2.4	Free Cashflow	m	735	301	746	959
Book Value per Share		2.1	2.4	2.7	3.1						
					Balance Sheet						
		2017A	2018E	2019E	2020E		2017A	2018E	2019E	2020E	
						Cash	m	2,529	2,831	3,577	4,534
						Receivables	m	1,138	1,436	1,676	1,906
						Inventories	m	1,103	1,163	1,341	1,522
						Investments	m	1	1	1	1
						Fixed Assets	m	838	965	962	922
						Intangibles	m	260	244	227	211
						Other Assets	m	1,453	1,470	1,494	1,514
						Total Assets	m	7,321	8,110	9,278	10,611
						Payables	m	1,145	1,233	1,421	1,613
						Short Term Debt	m	0	0	0	0
						Long Term Debt	m	0	0	0	0
						Provisions	m	18	18	18	18
						Other Liabilities	m	1,084	1,132	1,281	1,433
						Total Liabilities	m	2,248	2,383	2,721	3,065
						Shareholders' Funds	m	5,071	5,724	6,555	7,543
						Minority Interests	m	3	3	3	3
						Other	m	-0	-0	-0	-0
						Total S/H Equity	m	5,074	5,726	6,558	7,546
						Total Liab & S/H Funds	m	7,321	8,110	9,278	10,611

All figures in Rmb unless noted.

Source: Company data, Macquarie Research, August 2018

Important disclosures:

Recommendation definitions

Macquarie - Australia/New Zealand

Outperform – return >3% in excess of benchmark return
 Neutral – return within 3% of benchmark return
 Underperform – return >3% below benchmark return

Benchmark return is determined by long term nominal GDP growth plus 12 month forward market dividend yield, which is currently around 9%.

Macquarie – Asia/Europe

Outperform – expected return >+10%
 Neutral – expected return from -10% to +10%
 Underperform – expected return <-10%

Mazi Macquarie – South Africa

Outperform – expected return >+10%
 Neutral – expected return from -10% to +10%
 Underperform – expected return <-10%

Macquarie - Canada

Outperform – return >5% in excess of benchmark return
 Neutral – return within 5% of benchmark return
 Underperform – return >5% below benchmark return

Macquarie - USA

Outperform (Buy) – return >5% in excess of Russell 3000 index return
 Neutral (Hold) – return within 5% of Russell 3000 index return
 Underperform (Sell) – return >5% below Russell 3000 index return

Volatility index definition*

This is calculated from the volatility of historical price movements.

Very high-highest risk – Stock should be expected to move up or down 60–100% in a year – investors should be aware this stock is highly speculative.

High – stock should be expected to move up or down at least 40–60% in a year – investors should be aware this stock could be speculative.

Medium – stock should be expected to move up or down at least 30–40% in a year.

Low-medium – stock should be expected to move up or down at least 25–30% in a year.

Low – stock should be expected to move up or down at least 15–25% in a year.

* Applicable to Asia/Australian/NZ/Canada stocks only

Recommendations – 12 months

Note: Quant recommendations may differ from Fundamental Analyst recommendations

Financial definitions

All "Adjusted" data items have had the following adjustments made:

Added back: goodwill amortisation, provision for catastrophe reserves, IFRS derivatives & hedging, IFRS impairments & IFRS interest expense
 Excluded: non recurring items, asset revals, property revals, appraisal value uplift, preference dividends & minority interests

EPS = adjusted net profit / epowa*

ROA = adjusted ebit / average total assets

ROA Banks/Insurance = adjusted net profit / average total assets

ROE = adjusted net profit / average shareholders funds

Gross cashflow = adjusted net profit + depreciation

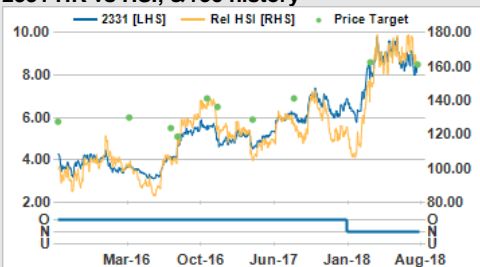
*equivalent fully paid ordinary weighted average number of shares

All Reported numbers for Australian/NZ listed stocks are modelled under IFRS (International Financial Reporting Standards).

Recommendation proportions – For quarter ending 30 June 2018

	AU/NZ	Asia	RSA	USA	CA	EUR	
Outperform	52.87%	61.26%	48.86%	47.54%	69.86%	46.61%	(for global coverage by Macquarie, 3.51% of stocks followed are investment banking clients)
Neutral	34.10%	27.25%	36.36%	46.72%	21.92%	43.22%	(for global coverage by Macquarie, 2.10% of stocks followed are investment banking clients)
Underperform	13.03%	11.49%	14.77%	5.74%	8.22%	10.17%	(for global coverage by Macquarie, 0.00% of stocks followed are investment banking clients)

2331 HK vs HSI, & rec history



(all figures in HKD currency unless noted)

Note: Recommendation timeline – if not a continuous line, then there was no Macquarie coverage at the time or there was an embargo period.
 Source: FactSet, Macquarie Research, August 2018

12-month target price methodology

2331 HK: HK\$8.50 based on a PER methodology

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Date	Stock Code (BVG code)	Recommendation	Target Price
23-Mar-2018	2331 HK	Neutral	HK\$8.60
12-Jan-2018	2331 HK	Neutral	HK\$6.90
02-Aug-2017	2331 HK	Outperform	HK\$6.90
29-Mar-2017	2331 HK	Outperform	HK\$5.90
12-Dec-2016	2331 HK	Outperform	HK\$6.50
10-Nov-2016	2331 HK	Outperform	HK\$6.90
12-Aug-2016	2331 HK	Outperform	HK\$5.10
23-Jul-2016	2331 HK	Outperform	HK\$5.50
18-Mar-2016	2331 HK	Outperform	HK\$6.00
14-Aug-2015	2331 HK	Outperform	HK\$5.80

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Equities

Asia Research

Head of Equity Research

Jake Lynch (Asia – Head)	(852) 3922 3583
Hiroyuki Sakaida (Japan – Head)	(813) 3512 6695
Conrad Werner (ASEAN – Head)	(65) 6601 0182

Automobiles, Auto Parts

Janet Lewis (China, Japan)	(813) 3512 7856
Allen Yuan (China)	(8621) 2412 9009
James Hong (Korea)	(813) 3512 7476
Amit Mishra (India)	(9122) 6720 4084

Banks and Financials

Scott Russell (Asia)	(852) 3922 3567
Dexter Hsu (China, Taiwan)	(8862) 2734 7530
Keisuke Moriyama (Japan)	(813) 3512 7476
Chan Hwang (Korea)	(822) 3705 8643
Suresh Ganapathy (India)	(9122) 6720 4078
Jayden Vantarakis (Indonesia)	(6221) 2598 8310
Anand Pathmakanthan (Malaysia)	(603) 2059 8833
Gilbert Lopez (Philippines)	(632) 857 0892
Ken Ang (Singapore)	(65) 6601 0836
Peach Patharavanakul (Thailand)	(662) 694 7753

Basic Materials, Commodities

David Ching (China, Hong Kong)	(852) 3922 1823
Yasuhiro Nakada (Japan)	(813) 3512 7862
Anna Park (Korea)	(822) 3705 8669
Sumangal Nevatia (India)	(9122) 6720 4093
Jayden Vantarakis (Indonesia)	(6221) 2598 8310
Farrah Aqlima (Malaysia)	(603) 2059 8987

Conglomerates

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Linda Huang (Asia)	(852) 3922 4068
Zibo Chen (China, Hong Kong)	(852) 3922 1130
Terence Chang (China, Hong Kong)	(852) 3922 3581
Sunny Chow (China, Hong Kong)	(852) 3922 3768
Stella Li (China, Taiwan)	(8862) 2734 7514
Leon Rapp (Japan)	(813) 3512 7879
Kwang Cho (Korea)	(822) 3705 4953
Amit Sinha (India)	(9122) 6720 4085
Robert Pranata (Indonesia)	(6221) 2598 8366
Richardo Walujo (Indonesia)	(6221) 2598 8369
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Kwang Cho (Korea)	(822) 3705 4953
Corinne Jian (Greater China)	(8862) 2734 7522
Conrad Werner (ASEAN)	(65) 6601 0182
Bo Denworalak (Thailand)	(662) 694 7774

Infrastructure, Industrials, Transportation

Patrick Dai (China)	(8621) 2412 9082
Eric Zong (China, Hong Kong)	(852) 3922 4749
Kunio Sakaida (Japan)	(813) 3512 7873
James Hong (Korea)	(822) 3705 8661
Corinne Jian (Taiwan)	(8862) 2734 7522
Inderjeetsingh Bhatia (India)	(9122) 6720 4087
Azita Nazrene (ASEAN)	(65) 6601 0560

Internet, Media and Software

Wendy Huang (Asia)	(852) 3922 3378
Marcus Yang (Greater China)	(8862) 2734 7532
Alankar Garude (India)	(9122) 6720 4134

Oil, Gas and Petrochemicals

Aditya Suresh (Asia)	(852) 3922 1265
Anna Park (Asia)	(822) 3705 8669
Yasuhiro Nakada (Japan)	(813) 3512 7862
Corinne Jian (Taiwan)	(8862) 2734 7522
Ben Shane Lim (Malaysia)	(603) 2059 8868
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David Ng (China, Hong Kong)	(852) 3922 1291
Xiang Gao (China, Hong Kong)	(8621) 2412 9006
Corinne Jian (China)	(8862) 2734 7522
Alankar Garude (India)	(9122) 6720 4134
Richardo Walujo (Indonesia)	(6221) 259 88 369

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Tuck Yin Soong (Asia, Singapore)	(65) 6601 0838
David Ng (China, Hong Kong)	(852) 3922 1291
Kelvin Tam (China)	(852) 3922 1181
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Tomoyoshi Omuro (Japan)	(813) 3512 7474
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Kervin Sisayan (Philippines)	(632) 857 0893
Bo Denworalak (Thailand)	(662) 694 7774

Technology

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Jeffrey Ohlweiler (Greater China)	(8862) 2734 7512
Chris Yu (Greater China)	(8621) 2412 9024
Kaylin Tsai (Greater China)	(8862) 2734 7523
Lynn Luo (Greater China)	(8862) 2734 7534
Patrick Liao (Greater China)	(8862) 2734 7515
Verena Jeng (Greater China)	(852) 3922 3766
Daniel Kim (Korea)	(822) 3705 8641
Abhishek Bhandari (India)	(9122) 6720 4088
Farrah Aqlima (Malaysia)	(603) 2059 8987

Telecoms

Allen Chang (Greater China)	(852) 3922 1136
Prem Jearajasingam (ASEAN)	(603) 2059 8989
Nathania Nurhalim (Indonesia)	(6221) 2598 8365
Kervin Sisayan (Philippines)	(632) 857 0893

Utilities, Renewables

Hiroyuki Sakaida (Japan)	(813) 3512 6695
Patrick Dai (China)	(8621) 2412 9082
Inderjeetsingh Bhatia (India)	(9122) 6720 4087
Karisa Magpayo (Philippines)	(632) 857 0899

Strategy, Country

Viktor Shvets (Asia, Global)	(852) 3922 3883
David Ng (China, Hong Kong)	(852) 3922 1291
Hiroyuki Sakaida (Japan)	(813) 3512 6695
Chan Hwang (Korea)	(822) 3705 8643
Jeffrey Ohlweiler (Taiwan)	(8862) 2734 7512
Inderjeetsingh Bhatia (India)	(9122) 6720 4087
Conrad Werner (ASEAN, Singapore)	(65) 6601 0182
Jayden Vantarakis (Indonesia)	(6221) 2598 8310
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Asia Sales

Regional Heads of Sales

Miki Edelman (Global)	(1 212) 231 6121
Amelia Mehta (Asia)	(65) 6601 0211
Jeffrey Shiu (China, Hong Kong)	(852) 3922 2061
Sandeep Bhatia (India)	(9122) 6720 4101
Thomas Renz (Geneva)	(41 22) 818 7712
Tomohiro Takahashi (Japan)	(813) 3512 7823
John Jay Lee (Korea)	(822) 3705 9988
Nik Hadi (Malaysia)	(603) 2059 8888
Gino C Rojas (Philippines)	(632) 857 0861

Regional Heads of Sales cont'd

Paul Colaco (San Francisco)	(1 415) 762 5003
Angus Kent (Thailand)	(662) 694 7601
Ben Musgrave (UK/Europe)	(44 20) 3037 4882
Christina Lee (UK/Europe)	(44 20) 3037 4873

Sales Trading

Adam Zaki (Asia)	(852) 3922 2002
Stanley Dunda (Indonesia)	(6221) 515 1555

Sales Trading cont'd

Suhaida Samsudin (Malaysia)	(603) 2059 8888
Michael Santos (Philippines)	(632) 857 0813
Chris Reale (New York)	(1 212) 231 2555
Marc Rosa (New York)	(1 212) 231 2555
Justin Morrison (Singapore)	(65) 6601 0288
Daniel Clarke (Taiwan)	(8862) 2734 7580
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Mike Keen (UK/Europe)	(44 20) 3037 4905