Equity Research l China l Textile OEM

6 October 2017

China Textile Monthly

Taking advantage of the fabling RMB rally

Company	Ticker	Rec	Mkt. cap. (HKD bn)	Cur	Last Price (HKD)	PT (HKD)	Up/ dn (%)	PER (x) 1-yr fwd	PER (x) 2-yr fwd	PBR (x) 1-yr fwd	Dividend yield (%)	ROIC (%)	Price Rtn YTD % (%)
Texhong Textile	2678 HK	HOLD	9.7	HKD	10.6	9.5	(10.4)	8.2	7.4	1.7	4.9	16.3	1.0
Weiqiao Textile	2698 HK	NR	5.0	HKD	4.2	N/A	N/A	N/A	N/A	(3.0)	7.9	4.6	(13.8)
Fountain Set	420 HK	NR	1.4	HKD	1.2	N/A	N/A	N/A	N/A	0.7	1.1	3.8	19.4
Pacific Textiles	1382 HK	BUY	11.9	HKD	8.2	10.6	28.8	14.7	13.5	4.3	7.3	23.2	(2.3)
Best Pacific	2111 HK	SELL	4.6	HKD	4.5	3.9	(12.4)	17.5	15.1	3.6	3.8	18.0	(25.3)
Taiwan Paiho	9938 TT	NR	10.4	TWD	35.0	N/A	N/A	17.5	15.1	3.6	N/A	11.9	42.6
Texwinca	321 HK	HOLD	6.5	HKD	4.7	4.7	(0.6)	13.7	13.4	1.2	13.1	6.7	(6.7)
Shenzhou International	2313 HK	BUY	94.6	HKD	63.0	66.3	5.3	21.2	16.9	4.3	2.5	17.2	29.2
Regina Miracle	2199 HK	BUY	9.1	HKD	7.5	8.0	7.2	27.9	18.2	40.9	0.3	2.9	16.0
Nameson	1982 HK	BUY	3.9	HKD	1.9	2.4	27.7	9.9	7.3	2.1	3.4	16.5	10.6
Win Hanverky	3322 HK	NR	1.3	HKD	1.0	N/A	N/A	10.2	6.8	(15.1)	4.9	2.3	(18.4)
Eagle Nice	2368 HK	NR	2.0	HKD	4.0	N/A	N/A	16.0	14.8	(13.3)	6.5	11.9	82.2

Source: Company, Bloomberg, CSCI Research estimates, prices as of 4 Oct 2017

- **The 7% YTD rally of the RMB against the USD has plagued China's textile OEM sector, on fears of forex translation loss and rising cost pressure that will weigh on their margins.**
- **We believe such negative impact might have been overplayed by the market, as the RMB rally against the greenback is widely expected to be unsustainable. Moreover, RMB is more stable versus the currency basket, as the CFETS RMB Index is still down by 4% YTD YoY due to the euro strength. This has supported China's strong 7.4% YoY growth in export value in Jan-Aug 2017. Thus, we believe the demand growth in the textile sector would more than offset the negative impact of translation loss this year.**
- **Previous concerns such as rising raw material costs and Trump's punitive tariffs on China exports to the U.S. are faltering, as the cotton price growth pace has continued to decelerate, whereas the rebound in synthetic yarn prices has been primarily driven by higher crude oil prices. Moreover, athleisure continues to evolve rather than subside, thus sportswear is expected to continue to drive growth of the global apparel and footwear industry at a 5-yr CAGR of 6.7% over 2016-21E, versus 4.9% for apparel & footwear industry. Sectoral valuation remains attractive as dividend yield is high at an average of 4.7%, only second to the REITS sector.**

Demand growth more than offset the potential negative FX impact. We believe the RMB rally against the greenback is primarily driven by the China government's capital controls and the dollar weakness, where both are unsustainable. Moreover, RMB is more stable versus the currency basket, as the CFETS RMB Index is still down by 4% YTD YoY due to the euro strength *(see Figure 2)*. This has supported China's strong 7.4% YoY growth in export value in Jan-Aug 2017, compared with a 7.6% YoY decline in 2016 when the RMB depreciated *(see Figure 3)*. Thus, we believe the growth in demand of the textile sector would more than offset the negative impact of translation loss this year and such losses will not expected to continue through 2018.

Assessment of potential impact on individual companies. Our analysis *(see Figure 4)* showed that the negative earnings impact would be greatest on Shenzhou International (2313 HK, BUY), followed by Pacific Textiles (1382 HK, BUY) and Nameson (1982 HK, BUY). As we expect RMB appreciation against the USD to be short-lived, we recommend investors to accumulate quality names on consolidation leveraging on the fabling RMB rally.

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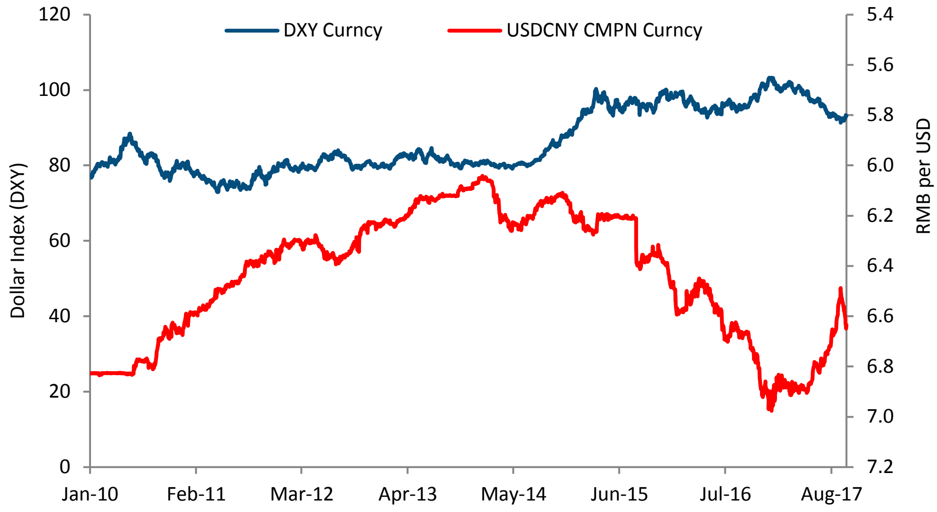
Impact from yuan appreciation

RMB appreciated c.7% against the USD at the beginning of Sept this year

Figure 1: RMB Vs USD

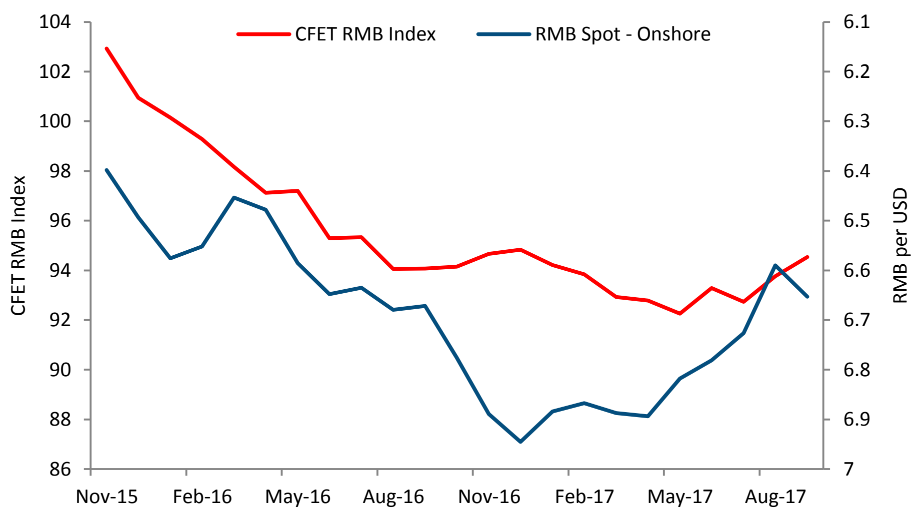


Source: Bloomberg, CSCI Research

FX translation loss and cost pressure. Since hitting its highest level in two years at the beginning of September this year, gaining 7% against the USD, the RMB has corrected mildly in the past weeks after the PBoC's move to scrap two trading restrictions that had been intended to discourage bearish bets against the currency. The rally of the RMB against the USD has plagued China's textile OEM sector, on fears of forex translation loss and rising cost pressure that will weigh on the sector players' margins, given majority of their costs are denominated in yuan, while part of their income in USD. Moreover, FX losses might arise due to the respective exchange rate changes against their functional currencies.

RMB is more stable Vs currency basket than Vs US

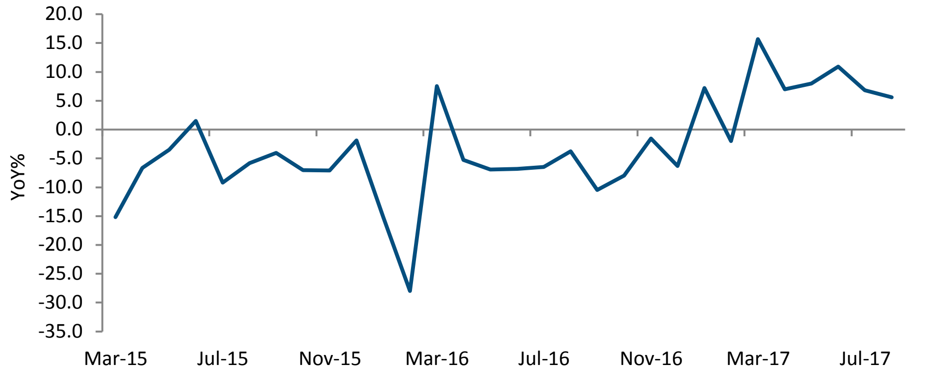
Figure 2: China's two exchange rates – CFET RMB Index VS RMB/USD



Source: China Foreign Exchange Trading System, Bloomberg, CSCI Research

China exports grew 7.4% YoY on average from Jan-Aug this year, despite RMB appreciated against the USD as CFET RMB Index remains weak on Euro strength

Figure 3: China export value growth, YoY %



Source: Bloomberg, CSCI Research

We believe such negative impact might have been overplayed by the market, as the RMB rally against the greenback is primarily driven by the China government's capital controls and the dollar weakness, where both are unsustainable. Moreover, RMB is more stable versus the currency basket, as the CFETS RMB Index is still down by 4% YTD YoY due to the euro strength *(see Figure 1-2)*. This has supported China's 7.4% YoY growth in export value in Jan-Aug 2017, compared with a 7.6% YoY decline of 7.6% in 2016 when the RMB depreciated *(see Figure 3)*. Thus, we believe the demand growth in the textile sector would more than offset the negative impact of translation loss this year and such losses will not expected to continue through 2018.

Figure 4: Summary of potential impact from RMB Vs USD appreciation – China Textile OEM

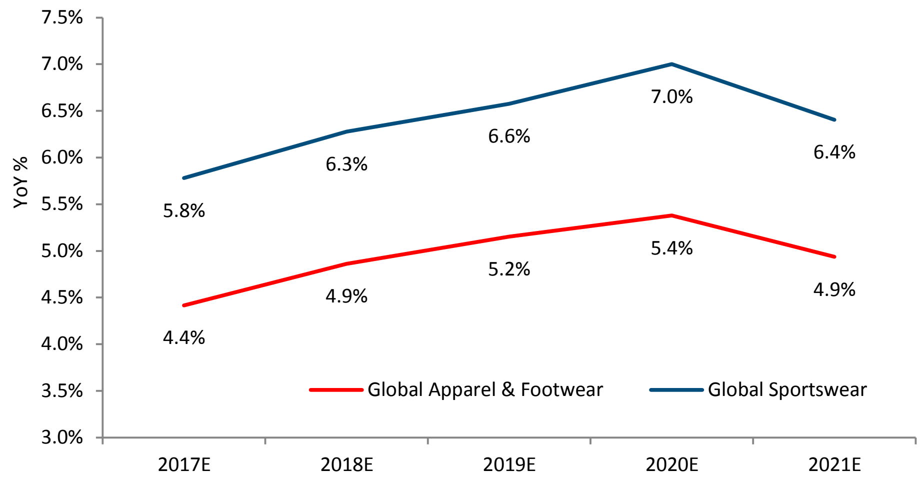
Ticker **Company**	**1382 HK** **Pacific Textiles**	**2678 HK** **Texhong Textiles**	**2111 HK** **Best Pacific**	**2313 HK** **Shenzhou Int'l**	**321 HK** **Texwinca**	**1982 HK** **Nameson**	**2199 HK** **Regina Miracle**
Reporting Currency	HKD	RMB	HKD	RMB	HKD	HKD	HKD
Production base	Panyu, Vietnam	China (Yangtze River + Xinjiang), Vietnam	Dongguan, Vietnam	Ningbo, Vietnam, Cambodia.	Dongguan	Huizhou, Vietnam	Shenzhen, Vietnam
Revenue % exposure	*Ultimate clients exposures:* US (41%) Japan (54%) Europe (3%) China (1%) Others (1%)	*Revenue exposures:* China (78.5%) Macao & HK (20%) Vietnam (1.2%)	*Ultimate clients exposures:* US (40%) China (20%) EU (15-20%)	*Revenue exposures:* China (24%) Japan (23%) Europe (18%) US (13%) Others (23%)	*Revenue exposures:* China (48%) US (29%) Japan (11%) HK (10%)	*Revenue exposures:* Japan (36%) US (32%) Europe (14%) China (7%)	*Revenue exposures:* US (62%) China (10%) HK (5%) SE Asia (4%)
Impact of RMB Vs USD changes (Historical company disclosures)	FY17: If RMB strengthens against USD by 1%, PAT will be lowered by HKD0.6mn.	N/A	N/A	FY16: If RMB strengthens against USD by 1%, PBT will be down RMB17mn.	FY17: If RMB strengthens against HKD by 1%, PBT will be down by HKD22,000.	FY15: If RMB strengthens against USD by 1%, PAT will be lowered by HKD3mn.	FY17: If RMB strengthened against the USD by 1%, PAT will be higher by HKD33,400 as a result of the foreign forward exchange contracts RM entered into. If RMB strengthened against the USD by 1%, it will lowered the GPM by c.0.41-0.48% in FY13-15.
Potential impact of RMB appreciation against USD	- Mildly Negative Rev: 99% in USD/HKD Cost: 80% in RMB	Neutral: Natural hedge Rev: 70% in RMB Cost: Raw materials- mainly cotton. US:PRC = 70:30. But raw materials all priced in HKD when supplied to its customers. No net USD loan exposures in 2017.	Neutral: Natural hedge	- Negative Rev: 76% in USD Cost: Mainly RMB	Limited impact Rev: 48% in RMB	- Mildly Negative Rev: 90% in USD Cost: 30% in RMB	Limited impact Rev: Mainly USD Cost: RMB
Foreign exchange hedging	PT hedged part of the FX risks through foreign ex. forward exchange contract.	Texhong hedged part of its FX risks through foreign ex. forward contracts and cross currency swaps contracts.	Nil	SZ hedged part of the FX risks through foreign forward exchange contract.	Texwinca hedged part of the FX risks through foreign ex. forward exchange contract.	Nil	RM entered into foreign forward exchange contract to mitigate FX risks.

Source: Company data, CSCI Research Estimates

Potential impact on individual companies. Although the China Textile OEM sector in general will suffer if the RMB appreciates against the USD, the impact on individual companies varies significantly depending on their geographical revenue exposure, difference in reporting and functional currencies, as well as forex hedging strategies. Our analysis above showed *(see Figure 4)* that the negative earnings impact would be greatest on Shenzhou International (2313 HK, BUY), as 76% of its revenue is denominated in USD whereas cost is mostly in RMB, followed by Pacific Textiles (1382 HK, BUY) as almost 99% of its revenue is denominated in either USD or HKD, while 80% of its costs is in RMB. Nameson (1982 HK, BUY) will be mildly impacted as well, given that 90% of its revenue is denominated in USD, whereas 30% in RMB without any foreign currency hedging. On the contrary, we see limited impact on Regina Miracle (2199 HK, BUY), Texhong Textile (2678 HK, HOLD), Best Pacific (2111 HK, SELL) and Texwinca (321 HK, HOLD). As we expect the RMB appreciation against USD to be short-lived, we believe investors should accumulate these quality names taking advantage of their price consolidation on the RMB rally fable.

Athleisure is evolving rather than peaking

Figure 5: Global apparel and footwear Vs sportswear sales value growth, YoY %



Source: Euromonitor International, CSCI Research

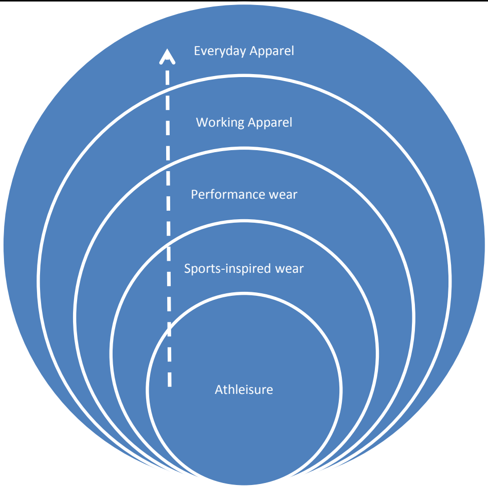
Figure 6:Global apparel & footwear and sportswear growth by regions, 5-yr CAGR

		CAGR %	
Regions	**Segment**	**2011-16**	**2016-2021E**
Asia Pacific	Apparel & Footwear	3.5%	6.1%
	Sportswear	4.2%	9.8%
China	Apparel & Footwear	6.9%	4.8%
	Sportswear	5.6%	10.1%
Eastern Europe	Apparel & Footwear	-7.1%	6.7%
	Sportswear	-4.6%	6.7%
Latin America	Apparel & Footwear	-5.6%	7.3%
	Sportswear	-4.0%	7.4%
North American	Apparel & Footwear	2.1%	3.6%
	Sportswear	6.6%	5.6%
Western Europe	Apparel & Footwear	-4.1%	2.3%
	Sportswear	-1.7%	4.0%
Global	**Apparel & Footwear**	**-0.1%**	**4.9%**
	Sportswear	**2.3%**	**6.7%**

Source: Euromonitor International, CSCI Research

Sportswear is expected to continue to drive growth of the global apparel and footwear industry, thanks to the proliferation of athleisure. According to Euromonitor's estimates, the retail sales value of the global sportswear industry will grow at a 5-yr CAGR of 6.7% over 2016-21E, versus 4.9% for the global apparel & footwear industry, thanks to the proliferation of athleisure. The global sportswear market, which is expected to grow at a 10.1% 5-yr CAGR over 2016-21E, will be led by China followed by Latin America at 7.4% *(see Figure 6)*. Rather than subsiding, the athleisure trend is evolving across all apparel and footwear categories as the technical attributes of sportswear merge with the aesthetics of fashion. The proliferation of wearing athletic clothing on a day-to-day basis is directly related to health and wellness awareness, as well as relaxed dress codes and social status. Fashion's role has served to intensify athleisure. The vast consumer base that adopted the athleisure fashion has become accustomed to the comfort of stretchy materials that they are no longer willing to compromise for style, thereby providing considerable opportunities for specialist apparel brands to tap into consumers' increasing desire for products that are both functional and trendy.

Figure 7: Illustration of an expanded sportswear market stemmed from Athleisure



Source: CSCI Research

An expansion in the market base for sportswear. All the above has supported a broadened market base for sportswear, as a result of less-defined market boundaries among sportswear, sports-inspired wear, performance wear, working apparel and everyday apparel *(see Figure 7)*.

Textile commodity price update – Sept 2017

China's cotton price growth continues to stabilise

The CC328 Index grew 10.4% YoY in 3Q17, a deceleration from the sharp rise of 28.9% in 2Q17 and 29.7% in 1Q17 *(see Figure 13)*. This is in accordance with our previous view that China's domestic cotton price may well have already reached its peak growth in Mar-17 and is expected to stabilise going forward (please refer to: "*China Textile Monthly: A warmer global apparel market"* published on 9 Jun). Under the Central Government's target cotton price subsidy policy since 2014, the target in 2017 is set at c.RMB18,600/ton for a period of three years. This would suggest c.17% upside for the domestic cotton price in the coming three years (2017-20E), compared to RMB15,926/ton, which is the current level of the CC328 Index.

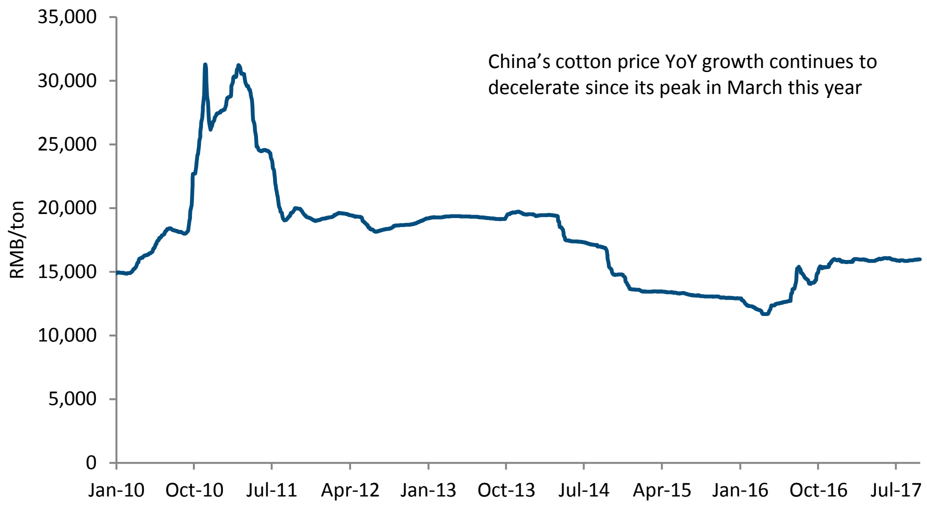
i. *China's cotton fields in Xinjiang enter harvest season in Sept-17 with good harvest.* Higher volume is expected from this year's cotton harvest in China, with the harvesting period from Sept-Dec, thanks to favourable weather conditions, as well as a 5% YoY rise in the total area harvested. Most importantly, the increases in harvest volume also come with improvement in the quality of cotton harvested. Among the cotton harvested in Xinjiang this year, c.75% of them is as long as 28mm, compared with only 25% in 2014-16. According to the China Cotton Textile Association (CCTA), the market purchase price in Xinjiang is around RMB16,500/ton, which is at a slight premium to the current CC328 Index. The Central Government of China has initiated a cotton target price subsidy policy since 2014 in Xinjiang, where the government will subsidise farmers if the market price falls below the target price level. However, the government will not interfere if the market price exceeds the target price level. The Central Government has adjusted the target price level annually between 2014 and 2016. After three years of trial since the launch of the target price subsidy policy, the Central Government will adjust the target price level every three years starting from 2017.

ii. *Auction of state cotton reserves were extended till the end of Sept this year.* The auction of state cotton reserves this year started two months earlier in March and it has been extended till the end of Sept from Aug, whereas in 2016 the state cotton reserves auction was held from May to Aug. This has also increased the supply of cotton in the market.

    Given a good harvest and the extension of the state cotton reserves auction period, China's cotton price will continue to stabilise in 2017/18E. Hence, the sharp rise (i.e. HDD percentage YoY growth) in China's cotton price since 4Q16, which lasted for almost nine months until Jun17 is not expected to recur.

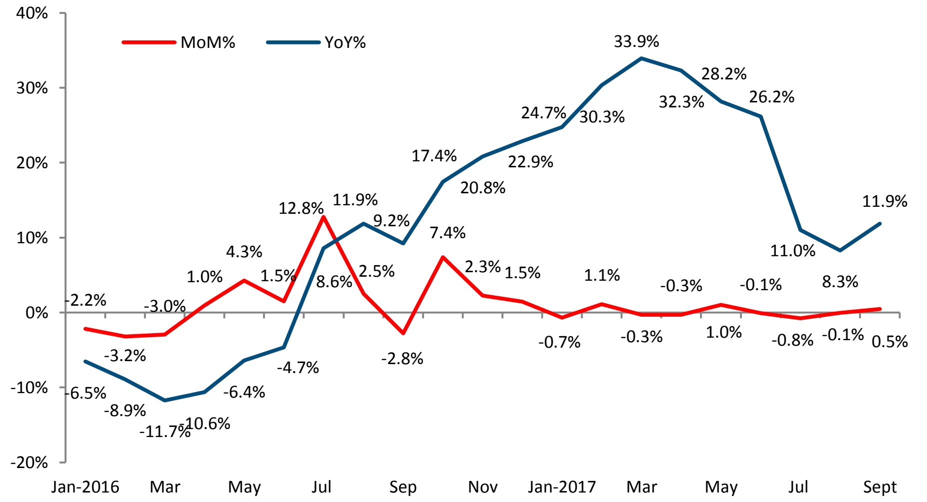
iii. *Global cotton production and stocks are forecast to be substantially higher for 2017/18.* According to the United States Department of Agriculture, (USDA), the global production of cotton for 2017/18 is expected to rise for the first time in four years by 13% YoY to c.26mn tons, whereas ending stocks will increase mildly by 3.3% YoY to c.20mn tons, suggesting a slightly higher consumption. For the China market, the ending cotton stocks is expected to drop below 10mn tons to 8.6mn tons for 2017/18. Given an annual cotton production of c.5-6mn tons of cottons in China, consumption of 7-8mn tons and imports of 1mn tons, the net usage of cotton inventory would be c.1-2mn tons p.a.. Hence, it will take China around four years to digest its cotton inventory under the premise of zero production and import. As such, cotton prices in China are unlikely to rise sharply in the coming few years.

Figure 8: China Cotton Price Index 328 (CC 328 Index) (2010- Sept-17)



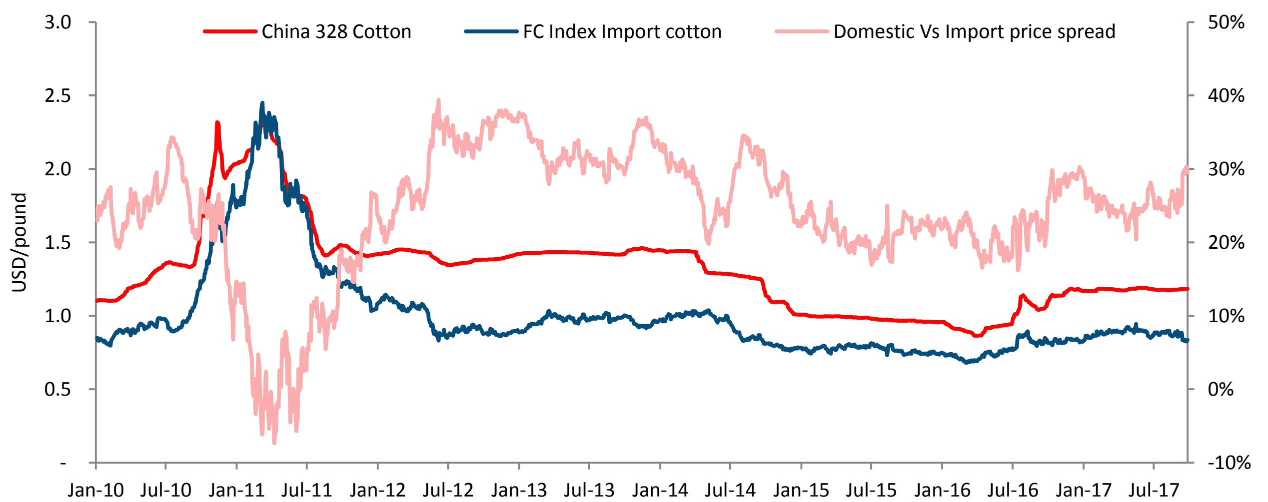
Source: Wind, CSCI Research

Figure 9: China Cotton 328 Index (Jan-16 – Sept-17, MoM% and YoY%)



Source: Wind, CSCI Research

Figure 10: Cotton prices: domestic vs. import (2010- Sept-17)



Source: Wind, CSCI Research

Figure 11: Cotton world supply, consumption and trade (season beginning Aug 1)

(units: 1,000 MT)	2013/14	2014/15	2015/16	2016/17	2017/18 (Est. as of Sept-17)
Production:					
India	6,750	6,423	5,639	5,879	6,532
China	7,131	6,532	4,790	4,953	5,334
United States	2,811	3,553	2,806	3,738	4,737
Pakistan	2,068	2,308	1,524	1,676	1,992
Brazil	1,742	1,524	1,285	1,524	1,633
Australia	893	501	621	914	1,089
Turkey	501	697	577	697	827
Other	4,313	4,412	3,716	3,858	4,146
TOTAL	26,209	25,950	20,958	23,239	26,290
USE Dom. Consumption:					
China	7,512	7,403	7,620	8,165	8,382
India	5,062	5,334	5,280	5,117	5,334
Pakistan	2,264	2,308	2,243	2,243	2,308
Bangladesh	1,154	1,263	1,328	1,415	1,502
Turkey	1,372	1,393	1,448	1,393	1,459
Vietnam	697	893	958	1,176	1,295
United States	914	740	675	697	740
Other	4,919	4,921	4,669	4,547	4,615
TOTAL	23,894	24,255	24,221	24,753	25,635
Imports:					
Bangladesh	1,154	1,252	1,350	1,361	1,579
Vietnam	697	931	980	1,197	1,393
China	3,075	1,804	959	1,096	1,110
Turkey	924	728	640	740	740
Indonesia	651	800	918	784	740
Pakistan	261	207	718	523	523
India	147	321	278	267	294
Other	2,068	1,818	1,824	2,135	1,854
TOTAL	8,977	7,861	7,667	8,103	8,233
Exports:					
United States	2,293	2,449	1,993	3,248	3,244
India	2,016	914	1,255	1,002	914
Australia	1,056	523	621	808	827
Brazil	486	851	939	607	740
Uzbekistan	588	533	544	327	348
Burkina	278	229	283	239	278
Mali	196	185	218	239	250
Other	2,038	1,997	1,829	1,703	1,623
TOTAL	8,951	7,681	7,682	8,173	8,224
Ending Stocks:					
China	13,653	14,570	12,671	10,542	8,593
India	2,495	2,936	2,274	2,622	3,188
Brazil	1,670	1,640	1,363	1,657	1,864
United states	513	795	827	599	1,306
Australia	393	396	421	552	838
Pakistan	539	629	569	493	618
Turkey	277	290	335	306	407
Other	2,941	3,075	2,597	2,731	3,332
TOTAL	**22,481**	**24,331**	**21,057**	**19,502**	**20,146**

Source: United States Department of Agriculture, CSCI Research

Figure 12: Performance of Major Commodity Indices (Jun-16 – Sept-17, YoY %)

	2016							2017								
Major indices	**Jun**	**Jul**	**Aug**	**Sept**	**Oct**	**Nov**	**Dec**	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sept**
CC328 Index (China domestic cotton)	-4.7%	8.6%	11.9%	9.2%	17.4%	20.8%	22.9%	24.7%	30.3%	33.9%	32.3%	28.2%	26.2%	11.0%	8.3%	11.9%
CotLook A Index	2.4%	12.0%	17.2%	19.7%	19.4%	14.0%	23.7%	19.7%	27.2%	32.4%	26.3%	25.7%	14.4%	3.7%	-1.1%	3.5%
FC Index (Foreign import cotton)	-3.2%	4.5%	8.1%	9.7%	8.9%	11.6%	11.5%	16.8%	24.0%	29.4%	23.4%	22.3%	14.4%	6.4%	4.6%	3.2%
China Cotton Yarn Index	-6.2%	-0.3%	7.1%	8.0%	10.3%	13.1%	13.1%	16.4%	17.9%	19.1%	18.8%	18.2%	16.8%	7.5%	-0.1%	1.1%
China Synthetic Yarn Index	-11.8%	-9.8%	-6.6%	-0.7%	1.5%	5.7%	20.4%	30.2%	32.2%	24.7%	12.4%	9.9%	14.4%	20.5%	16.7%	20.1%
China Polyester Yarn Index	-11.8%	-8.5%	-3.3%	-3.2%	-2.9%	-2.2%	-1.0%	7.4%	9.2%	11.8%	12.1%	11.7%	16.7%	36.4%	23.7%	28.1%

Source: Wind, CSCI Research

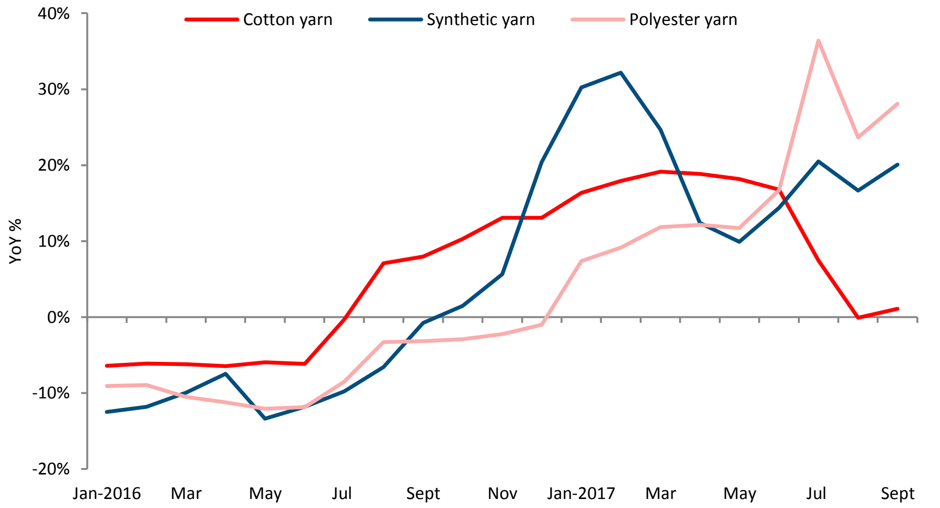
Figure 13: Major yarn index performance (by quarters, 2017, YoY %)

Major indices	1Q17	2Q17	3Q17
YoY %			
CC328 Index (China domestic cotton)	29.7%	28.9%	10.4%
CotLook A Index	26.4%	22.1%	2.1%
FC Index (Foregin import cotton)	23.4%	20.1%	4.7%
China Cotton Yarn Index	17.8%	17.9%	2.8%
China Synthetic Yarn Index	29.0%	12.2%	19.1%
China Polyester Yarn Index	9.5%	13.5%	29.4%

Source: Wind, CSCI Research

Higher global crude oil prices

Figure 14: China yarn prices – by categories (Mar-16 – Sept-17, YoY%)



Source: Wind, CSCI Research

China's synthetic and polyester yarn prices rallied in 3Q17. The global crude oil price rallied in 3Q17, after hitting bottom at USD46/barrel in June. Crude oil futures prices rose back to USD60/barrel level by the end of Sept, along with PTA prices. The higher raw material prices together with a warmer global apparel market downstream, stricter control on textile production's adherence to the environmental protection law and limited supplies have supported the strong price gains for synthetic and polyester yarn in 3Q17. The China Synthetic Yarn Index increased by 19.1% YoY in 3Q17, outpacing 2Q17 growth of 12.2% YoY. The China Polyester Yarn Index rose sharply by 29.4% YoY in 3Q17, versus 13.5% YoY in 2Q17 (*See Figure 13*).

China's cotton yarn prices lagged behind. On the contrary, China's Cotton Yarn Index growth decelerated sharply to 2.8% YoY in 3Q17from 17.9% YoY in 2Q17, as a result of milder increase in domestic cotton prices and a more balanced supply-demand situation for cotton yarns in China.

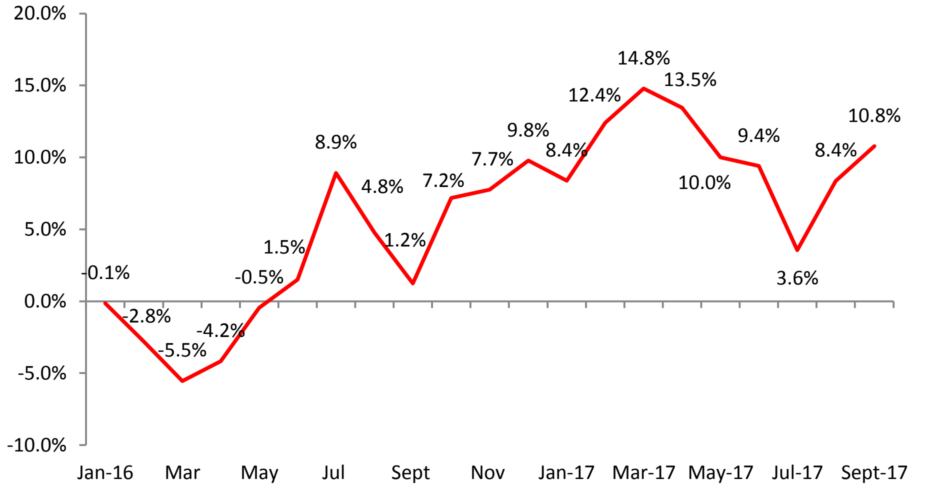
Synthetic & polyester yarn producers should benefit, while cotton yarn producers are less rosy. We gauge the difference between the changes in cotton prices versus yarn prices as a benchmark of yarn producers' margins, given than cotton is the major raw material for yarn producers. Polyester yarn is usually spun together with natural fibres to produce a cloth with blended properties; however, its major material is PET (polyethylene terephthalate). Since the beginning of July, the China Polyester Yarn Index has increased much faster than the domestic cotton prices (CC328 Index). The difference between the CC328 and China Polyester Yarn Index swung into negative territory of -19.0% in 3Q17, versus +15.4% in 2Q17 and +20.2% in 1Q17, which meant that the polyester yarn price has grown at a much faster rate than cotton prices since 3Q17. This should be favourable for yarn producers' margins, though we believe part of the increase in polyester yarn prices was due to the rising crude oil prices instead of a strong demand downstream. On the contrary, although the growth pace of the CC328 Index has slowed down, it has still outperformed the China Cotton Yarn Index, despite narrowing to +7.6% YoY in 3Q17, versus +11.0% in 2Q17 and +11.9% in 1Q17. Hence, cotton yarn producers' margin is less rosy *(see Fig. 15-16).* Nevertheless, we remain conservative in Texhong Textile (2678 HK, HOLD), as cotton yarns accounted for 49% of its total sales volume, whereas synthetic yarns accounted for 17% and denim 34% in 1H17.

Figure 15: Comparison between CC328 Index Vs. China Cotton and Polyester Yarn Index (YoY %)

	1Q17	2Q17	3Q17
Spread between YoY % in CC328 v. China Cotton Yarn Index	7.6%	11.0%	11.9%
Spread between YoY % in CC328 v. China Polyester Yarn Index	-19.0%	15.4%	20.2%

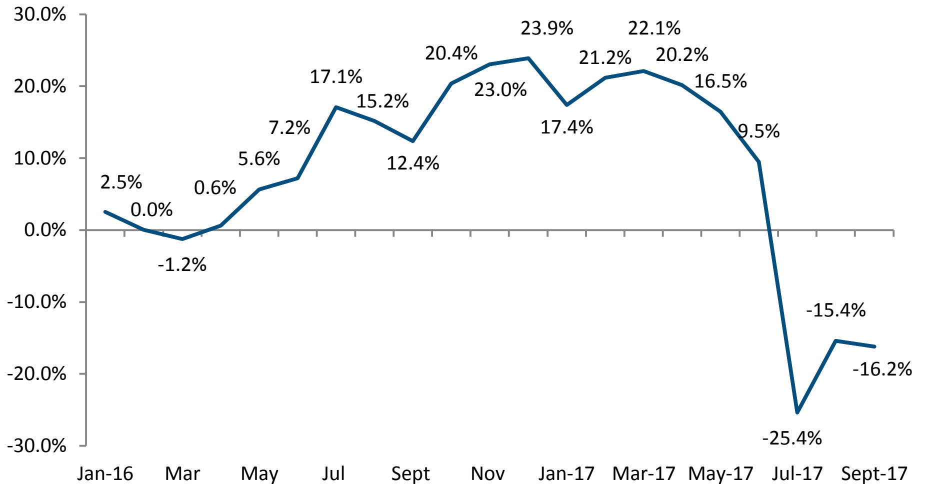
Source: Wind data, CSCI Research

Figure 16: CC328 v. China Cotton Yarn Index YoY % Spread (Jan-16 – Sept-17)



Source: Wind, CSCI Research

Figure 17: CC328 v. China Polyester Yarn Index YoY % Spread (Jan-16 – Sept-17)



Source: Wind, CSCI Research

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Company Rating Definition

The Benchmark: Hong Kong Hang Seng Index; Time Horizon: 12 months

Buy	12-month absolute total return: >=10%
Hold	12-month absolute total return: >-10% but <10%
Sell	12-month absolute total return: <=-10%

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