



A buyer's guide

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Agricultural commodity prices

Company news

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- Li & Fung – Adjustment of TP and forecasts post GBG spin-off; maintaining Buy
- Huiyuan – Grant of awarded shares and issue of new shares for employee share award scheme
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- Fu Ji Food and Catering Services – FY14 annual results
- Pacific Textile – Results for year ended 31 March 2014
- Gome – Big-screen TV sales increased 236% YoY during the World Cup
- Li Ning – Re-designation of director
- Maoye – Proposed issue of short-term financing notes by Maoye Shangsha in the PRC
- Charoen Pokphand Foods – More retailers suspend orders

Top picks		
Huabao Int'l (0336.HK),HKD4.51		Buy
Cafe de Coral (0341.HK),HKD26.75		Hold
Source: Deutsche Bank		

Companies Featured				
Huabao Int'l (0336.HK),HKD4.51				Buy
		2014A	2015E	2016E
	P/E(x)	5.7	6.6	6.1
	EV/EBITDA(x)	3.7	4.1	3.4
Price/book(x)	1.4	1.5	1.3	
Cafe de Coral (0341.HK),HKD26.75				Hold
		2014A	2015E	2016E
	P/E (x)	24.4	23.6	20.9
	EV/EBITDA (x)	12.4	11.4	10.0
	Price/book (x)	3.9	4.2	3.9
Source: Deutsche Bank				



Sector news

- Hong Kong Retail – May retail sales - weakness from jewellery/watches, not severe as April
- China Retail – Group-buy transaction value in China hits RMB5bn in May 2014
- China Retail – Midea to develop O2O business
- China Retail – Sales of TV sets up 52%/49% for off/online
- Hong Kong Retail – Decline of 1H2014 HK retail sales expected
- Indo Media – June ratings: SCTV remains number one, despite VIVA's World Cup boost
- India Consumer – Creating gaps over competition and building brands with a purpose
- China Retail – Wal-Mart enhances supplier checks and focuses on food safety in China
- China Retail – Yihaodian inks deal with FamilyMart
- China Retail – Xiangyeying changes its name to Zhong Ke Yun Wang
- China Consumer – Anti-corruption measures in China led to decline of retail prepaid card growth
- China Luxury – Hugo Boss takes full control of stores in China and Macau
- HK Tourism – Tourist arrivals in HK increased by 11% YoY in May 2014
- China Retail – Post Mart closes some stores to cut losses
- China Retail – International fast fashion brands net open 95 stores in China during 1H14
- China Retail – 30% consumption tax to be waived on general cosmetics products
- China Luxury – Burberry, Estee Lauder encounter initial obstacles on Tmall
- Hong Kong Retail – Proposing a limit of 52 times per year set on ME policy
- China Retail – Ole' supermarket to expand to Tier2/3 cities and 50 stores will be launched by 2016
- China F&B – E-commerce threatens traditional traders in China's wine market



Agricultural Commodity Prices

Input cost trackers: mixed change wow

Global agricultural commodity price changes were mixed wow: US corn (1M futures) -5.8%, US soybean CBOT -3.4%, US sugar 11 (1M futures) +1.4%, Orange juice +3.0%. Prices of crude oil and aluminum (which are relevant to the inputs of consumer staples companies) were -2.3% and +0.2% wow, respectively. PRC agricultural commodity price changes were also mixed wow: corn (1M futures) -5.8%, soybean oil (1M futures) -3.9%.

Figure 1: Input cost trackers

	Unit	Date	Latest price	Change			Average Price		
				WoW	MoM	YoY	Mar-14	Apr-14	May-14
US soybean CBOT (1M futures)	US\$/bushel	3-Jul-14	13.9	-3.4%	-5%	-12%	14.9	14.9	14.2
China soymeal (1M futures)	RMB/tonne	3-Jul-14	3,568.0	-2.1%	-6%	-3%	3,571.8	3,892.0	3,726.0
China crush margin	RMB/tonne	3-Jul-14	(209.0)	-12.4%	7%	65%	(173.5)	(151.0)	(181.8)
China soybean oil (1M futures)	RMB/tonne	3-Jul-14	6,326.0	-3.9%	-6%	-12%	6,942.0	6,660.4	6,667.0
US corn (1M futures)	US\$/bushel	3-Jul-14	4.2	-5.8%	-7%	-39%	5.0	4.9	4.5
China corn (1M futures)	RMB/tonne	3-Jul-14	2,363.0	0.0%	-1%	0%	2,365.0	2,394.6	2,380.8
US wheat (1M futures)	US\$/bushel	3-Jul-14	5.7	-2.4%	-6%	-14%	6.8	6.8	5.9
China wheat (1M futures)									
Strong wheat	RMB/tonne	3-Jul-14	2,495.0	-1.6%	-3%	-8%	2,821.0	2,838.8	2,552.3
Hard wheat	RMB/tonne	3-Jul-14	2,350.0	0.0%	0%	1%	2,397.0	2,338.0	2,350.0
China rice wholesale									
Japonica Rice	RMB/tonne	29-Jun-14	4,585.0	0.0%	-3%	9%	4,538.4	4,562.5	4,638.6
Early Indica Rice	RMB/tonne	29-Jun-14	3,805.0	0.2%	-8%	-1%	3,883.3	3,844.8	3,940.1
Malaysia palm oil (1M futures)	RM/tonne	3-Jul-14	2,469.0	-0.7%	2%	4%	2,685.8	2,601.2	2,444.3
US sugar 11 (1M futures)	US\$/lb	3-Jul-14	0.18	1.4%	6%	8%	0.2	0.2	0.2
Fonterra milk powder									
Whole milk powder	US\$/t	1-Jul-14	3,459.0	-5.4%	-4%	-27.3%	4,011.5	3,902.5	3,626.3
Skimmed milk powder	US\$/t	1-Jul-14	3,810.3	-1.2%	-1%	-14.2%	3,921.0	3,803.0	3,859.1
China raw milk	RMB/kg	25-Jun-14	4.06	-0.5%	-2%	15%	4.21	4.16	4.08
US orange juice (1M futures)	US\$/lb	3-Jul-14	1.5	3.0%	-11%	8%	1.6	1.6	1.6
PET resin (monthly)	US\$/mt	Jun-2014	1,273.0	na	6%	-8%	1,242.5	1,201.0	1,273.0
Crude oil	US\$/bbt	3-Jul-14	110.04	-2.3%	1%	4%	107.8	109.6	111.8
Aluminium	US\$/t	30-Jun-14	1,856.8	0.2%	2%	4%	1,810.8	1,748.3	1,844.2
Pulp (NBSK)	US/t	1-Jul-14	925.3	0.0%	0%	8%	923.7	924.5	925.1

Source: CEIC, Bloomberg Finance LP, MOFCOM, China Custom, CZGM, Fonterra, MOA, CMAI, Datastream



PRC food prices trackers

- **Milk/milk powder.** Milk retail prices edged up 0.2%. Yogurt and domestic infant formula prices decreased 0.1%, while imported infant formula price was unchanged.
- **Meat.** Pork demand shrank further, dragging down pork prices. Meanwhile, prices in some provinces remain stagnant, including Hebei, Jiangsu and Guangxi, where demand slightly recovered. Overall, it is still too early to conclude whether hog prices have bottomed.

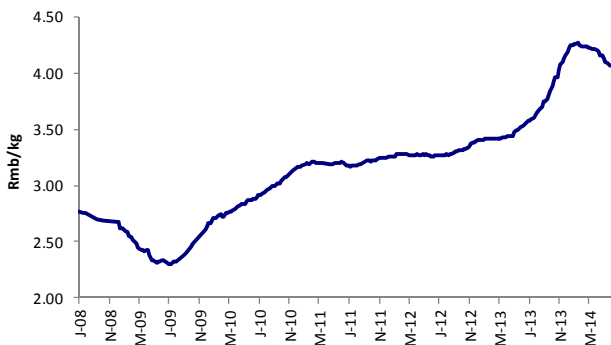
Figure 2: PRC food prices trackers

	Unit	Date	Price	Change			Average Price		
		Latest	Latest	WoW	MoM	YoY	Mar-14	Apr-14	May-14
Pork wholesale price	RMB/kg	27-Jun-14	19.37	-0.2%	-0.5%	-4.2%	18.13	18.94	21.19
Live hog price	Rmb/kg	2-Jul-14	13.05	-0.4%	-3.8%	-8.5%	11.06	12.87	13.05
Pig to feedstuff ratio	-	25-Jun-14	5.26	-2.0%	-5.4%	-12.3%	4.68	5.36	5.39
Number of live hogs	Million	May-14	428.99	na	-1.3%	-3.7%	428.99	428.57	
	Head								
Chicken (retail)	Rmb/kg	27-Jun-14	19.13	-0.1%	0.0%	4.0%	18.99	19.06	19.14
Day-old-chick (wholesale)	RMB/chick	1-Jul-14	0.68	39.2%	-10.0%	136.8%	1.31	0.73	0.75
Beef (wholesale)	Rmb/kg	27-Jun-14	54.42	0.3%	0.7%	7.4%	54.23	53.98	6.02
Mutton (wholesale)	Rmb/kg	27-Jun-14	57.44	0.2%	-0.2%	2.7%	58.17	57.66	57.39
Average fish (wholesale)	Rmb/kg	27-Jun-14	19.58	0.0%	-0.2%	-0.6%	19.11	19.49	19.57
Eggs (retail)	Rmb/kg	27-Jun-14	10.46	-0.1%	-0.5%	6.3%	10.04	10.36	10.48
Average vegetable (wholesale)	Rmb/kg	27-Jun-14	3.62	2.2%	-0.7%	16.3%	4.49	3.92	3.56
Average fruit (wholesale)	Rmb/kg	27-Jun-14	7.02	-0.8%	0.2%	22.1%	6.77	6.87	7.07
PRC Dairy products (retail)									
Milk	Rmb/l	27-Jun-14	10.5	0.2%	0.2%	9.6%	10.48	10.49	10.51
Yogurt	Rmb/l	27-Jun-14	13.4	-0.1%	0.1%	5.8%	13.36	13.39	13.44
Import infant formula	Rmb/kg	27-Jun-14	205.0	0.0%	0.1%	1.1%	204.99	205.02	204.94
Domestic infant formula	Rmb/kg	27-Jun-14	161.1	-0.1%	0.3%	2.9%	160.54	160.57	161.02
Soybean oil (retail)	Rmb/l	27-Jun-14	11.7	0.0%	-0.1%	-3.8%	11.79	11.76	11.75
Small pack rice (retail)	Rmb/kg	27-Jun-14	6.5	0.0%	0.0%	1.9%	6.48	6.47	6.47
Small pack flour (retail)	Rmb/kg	27-Jun-14	5.6	0.0%	0.0%	1.8%	5.64	5.63	5.62
White sugar (retail)	Rmb/kg	27-Jun-14	10.9	-0.1%	-0.3%	1.1%	10.92	10.91	10.88

Source: MOFCOM, MOA, Efeedlink

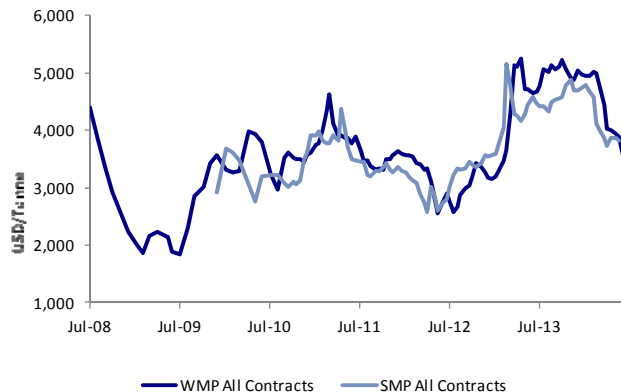


Figure 3: PRC raw milk price



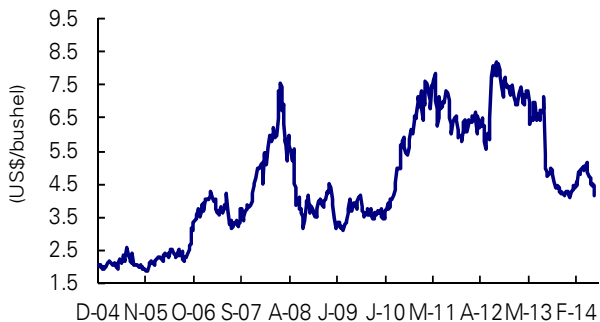
Source: Hesitan.com

Figure 4: Fonterra WMP



Source: GlobalDairyTrade Platform

Figure 5: US Corn Price - CBOT Future (1st month)



Source: CEIC

Figure 6: PRC corn future price



Source: MOFCOM

Figure 7: PRC Soymeal price - Dalian Commodity Exchange settlement price (1st month)



Source: CEIC

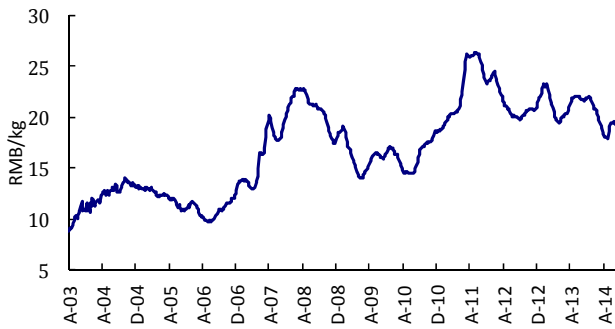
Figure 8: PRC soybean oil (1M futures)



Source: CEIC

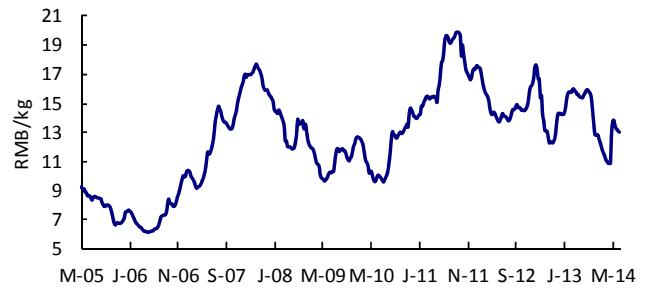


Figure 9: PRC pork wholesale price



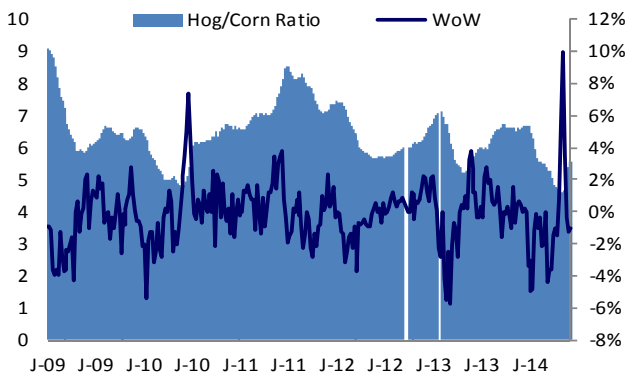
Source: MOFCOM

Figure 10: PRC average live hog prices



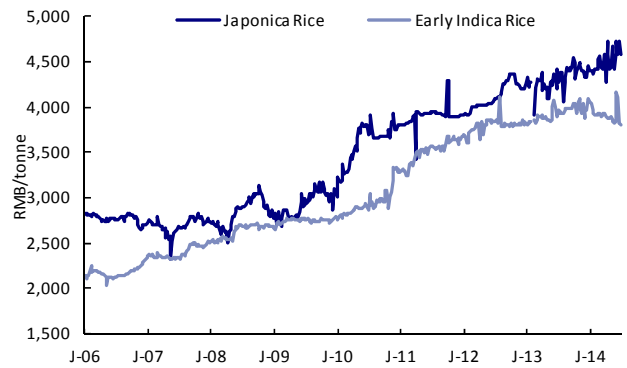
Source: eFeedlink

Figure 11: PRC hog/corn ratio



Source: www.gov.cn/ZFIG

Figure 12: PRC wholesale rice price trend



Source: CZGM



Company news

China/HK

Tsui Wah Holdings Limited – The Top 5 Questions during NDR

(1314.HK, HKD3.76, Hold)

Any impact from tourist slowdown in HK?

The company has not seen any obvious impact yet as it has diversified store locations (tourist, CBD, residential, industrial areas). The stores at the Peak and airports should be most affected but still hit record-high sales recently.

What is latest SSSg trend?

Ytd SSSg is similar to last year's trend, positive mid single digits (msd) in HK and negative in the mainland. The Co introduced a new menu in May adjusting prices by 2% on average in HK. So far, Tsui Wah has not seen any impact on traffic at store level. We expect SSSg for FY15 to be slightly above msd in HK (thanks to menu price increases) and low single digits in mainland (given 5 more stores in the SSSg calculation and store renovation for its two oldest stores).

Cost trend for FY15

Cost pressure mainly comes from store opening expenses. We expect cost ratios not to increase as much as before but still at a high level. It raised staff salaries by 4-5% in April and feels less pressure given more labour supply. Rental renewal in HK is capped at 20% with no increase for some old stores.

Any overseas expansion or new business under consideration?

In the near term, focus remains on expansion in existing markets. It plans to open 15 stores this year, 5 in HK (including 1 in Macau by year end under JV with Galaxy) and 10 in mainland. We estimate c.7 new openings in 1HFY15. In HK, management believes its penetration is not yet saturated as it has not entered some high-traffic areas. In mainland, it wants to build up scale and improve efficiency in Eastern & Southern China first with the support of new central kitchens before entering new regions (i.e. Northern/Western China).

Overseas expansion and new business development are under consideration, but due diligence takes time. Therefore, projects will not be put on the table until FY17. Tsui Wah Delivery is the first thing management wants to expand apart from store operations. This year, it will set up a call centre to improve the order service and launch combos for easy order. Sales from delivery have increased to 10-15% of sales from previous 6-8% at some stores.

Succession plan

The five founders are still involved in the operation, i.e. site selection, product development, service and efficiency, central kitchen, and procurement. One of them will reach retirement age and may shift to the role of non executive director or consultant. The company will continue to introduce talent to build up a professional management team.



Deutsche Bank view

In summary, investors' key concern is whether the margin has hit bottom yet. We think, as it remains in expansion mode, margins should still be under pressure in FY15, but cost structure will normalize given a growing store base. We expect a margin pickup from FY16; maintain Hold given limited upside.

Please refer to full report:

<http://gm.db.com/ger/document/ShowPdf.eqsr?productIDMore=0900b8c08874550b>

Lydia Ling

Li & Fung – Adjustment of TP and forecasts post GBG spin-off; maintaining Buy

(0494.HK, HKD10.44, Buy)

Ex entitlement expected on 3 July

LF announced on 1 July that its board meeting has declared a conditional distribution of all the shares of GBG (0787.HK, NR) to LF shareholders registered on 7 July. The first day of dealing in LF's shares on an ex entitlement basis is expected to be 3 July.

LF post spin-off target price of HK\$12.0 re-stated; risks

We re-state our valuation for the post spin-off LF (please refer to our note "Unlocking the value of LF and GBG – reiterating Buy" published on 2 July).

Our equity valuation is based on Deutsche Bank's Hong Kong COE of 7.5% (RFR of 2.7% and ERP of 4.9%) and a beta of 1.0, at the lower end of the beta range used in the consumer sector (1.0-1.3). We assume long-term growth of 2%, which is in line with our 2-3% forecast growth rate for HK/China consumer stocks.

Our valuation translates into 29/23x 2014/15E PE, or 26/21x 2014/15E PE on an adjusted basis (excluding write-back, non-cash notional interest and amortization of other intangible assets, which are M&A-related expenses), with a dividend yield of 3.2/3.8% for 2014/15E.

Downside risks: 1) cash flow, which may not improve materially post the spin-off; 2) the COP trend for LF post the spin-off could remain more volatile than expected; and 3) LF could miss its three-year financial targets by 2016.

Please refer to full report:

<http://gm.db.com/ger/document/ShowPdf.eqsr?productIDMore=0900b8c088734e82>

Anne Ling



Huiyuan – Grant of awarded shares and issue of new shares for employee share award scheme

(1886.HK, HKD3.79, NR)

Huiyuan announced that it has granted a total of 1.2m awarded shares to one employee subject to the Employee Share Award Scheme, representing 0.06% of the issued shares as on 3 July, and 30% of the portion of the Scheme Limit in relation to the Employee Share Award Scheme. Accordingly the company announced to issue and allot 1.2m new shares. The closing price of the shares on 3 July 2014 was HKD3.79 per share. To recap, as of 3 July, the company has not allotted or issued any new shares under the General Mandate, and it has not engaged in any equity securities fundraising activities in the preceding 12 months except that it issued 75m new shares in December 2013 with net proceeds of c. HKD376.7m.

Source: 3 July 2014, company announcement

Bonjour – Grant of share options

(0653.HK, HKD1.28, NR)

Bonjour announced on 3 July 2014 that it granted 76m share options to individuals under the share option scheme adopted on 27 May 2009, which shall entitle the grantees to subscribe for a total of 76m shares at the exercise price of HKD1.28/share, representing the closing price on 3 July. Included, 30m options each were granted to Ip Chun Heng, Wilson (chairman, CEO and executive director of the company) and Chung Pui Wan (executive director).

Source: 3 July 2014, company announcement

China/HK

Esprit – Grant of share options

(0330.HK, HKD11.34, Hold)

Esprit announced that it has granted 1.5m share options under its share option scheme in December 2009. The exercise price is HKD11. The option period is ten years.

Source: 1 July 2014, company announcement

Tenwow – New leases of properties and revision of annual caps

(1219.HK, HKD2.86, Buy)

Yijia Logistics, a subsidiary of Nanpu, entered into new agreements with Tiansheng Warehouse on 1 July 2014.



The First Lease Agreement

Yijia Logistics rented 1-4 Floors of the warehouse at No.1300 Jiu Gan Road, Songjiang, Shanghai with 8,000 sqm. regular temperature storage space and 8,000 sqm. temperature controlled storage space from 1 July 2014 to 31 December 2015. Monthly rental is RMB1,051,200, indicating RMB1.38/sqm/day for the regular temperature storage space and RMB3/sqm/day for the temperature controlled storage space. The monthly rent will increase by 5% each year.

The Second Lease Agreement

Yijia Logistics rented a warehouse currently under construction at No.1300 Jiu Gan Road, Songjiang, Shanghai (which is expected to be completed by the end of 2014) with GFA of 12,000 sqm from 1 January 2015 to 31 December 2015. Monthly rental is RMB496,800, indicating daily rent of RMB1.38/sqm.

Due the increased demand for warehouse space from Nanpu and its subsidiaries and Nanpu's business expansion to distribution of imported milk and cereal bars products in the PRC, more storage space is needed especially the temperature controlled storage space under the First Lease Agreement.

The company also considers that with the increased sales to e-commerce customers who have stringent requirements for location and speed of distribution, the new rented warehouse can meet the demand for fast distribution in terms of geographical location, which can increase customer satisfaction towards the company's services.

Figure 13: Annual caps for 2014 and 2015 before and after revision

RMB'000	Original Cap	Revised Cap
2014	29,499	35,806
2015	30,997	49,888

Source: Deutsche Bank, company data

Source: 2 July 2014, company announcement

Fuguiniao – Change of independent non-executive director, chairman of remuneration committee and chief financial officer

(1819.HK, HKD8.88, NR)

Fuguiniao announced that Ms. Chan Wah Man, Carman has been appointed as independent non-executive director and chairlady of the remuneration committee following the resignation of Mr. Zhang Huaqiao, former independent non-executive director and chairman of the remuneration committee. In addition, Ms. Yang Jian has been appointed as vice general manager of the company. Ms Yang was previously the chief financial officer and secretary of the board. Mr. Chan Wai Shing will be the new chief financial officer.

Source: 1 July 2014, company announcement



Golden Eagle – Share repurchase

(3308.HK, HKD9.46, Hold)

Figure 14: Share repurchase

Date	No. of shares repurchased	% of Issued shares	Avg. repurchase price / share (HK\$)	Total cost (HKD)	Repurchase Share cancelled	Share option Exercised	Share option Lapsed	Closing balance (No. of shares)
2-Jan-14	57,000		10.12	577,000				1,840,198,000
3-Jan-14	409,000		10.19	4,167,000				1,840,198,000
6-Jan-14	2,000,000		9.93	19,861,000				1,840,198,000
7-Jan-14	3,000,000		9.72	29,156,000				1,840,198,000
8-Jan-14	1,000,000		9.69	9,688,000				1,840,198,000
9-Jan-14	3,000,000		9.94	29,825,000				1,840,198,000
10-Jan-14	149,000		10.01	1,490,954				1,840,198,000
Jan 2014							1,700,000	1,840,198,000
Jan 2014							270,000	1,840,198,000
20-Jan-14					12,282,000			1,827,916,000
20-Mar-14	2,000,000	0.11%	10.29	20,583,800				1,827,916,000
21-Mar-14	62,000	0.00%	10.10	626,200				1,827,916,000
March 2014						46,000		1,827,962,000
April 2014						61,500		1,828,023,500
7-May-14	7,000,000	0.38%	9.59	67,131,400				1,828,023,500
8-May-14	2,672,000	0.15%	9.50	25,392,550				1,828,023,500
9-May-14	48,000	0.00%	9.50	455,918				1,828,023,500
12-May-14	2,079,000	0.11%	9.56	19,871,290				1,828,023,500
13-May-14	942,000	0.05%	9.51	8,956,630				1,828,023,500
14-May-14	146,000	0.01%	9.61	1,403,396				1,828,023,500
15-May-14	2,289,000	0.13%	9.50	21,741,380				1,828,023,500
16-May-14	938,000	0.05%	9.54	8,948,145				1,828,023,500
19-May-14	1,476,000	0.08%	9.56	14,111,150				1,828,023,500
20-May-14	1,180,000	0.06%	9.56	11,286,582				1,828,023,500
21-May-14	5,500,000	0.30%	9.49	52,203,800				1,828,023,500
23-May-14	1,000,000	0.05%	9.45	9,448,600				1,828,023,500
27-May-14					27332000			1,800,691,500
26-Jun-14	30,000	0.17%	9.10	273,000				1,800,691,500
30-Jun-14	5,970,000	0.33%	9.30	55,506,988				1,800,691,500
Total	42,947,000	1.99%		412,705,784	39,614,000	107,500	1,970,000	

Source: Deutsche Bank, company data

Source: 30 June 2014, company announcement

Vitasoy – Grant of share options

(0345.HK, HKD10.02, NR)

Vitasoy announced on 2 July 2014 that it granted a total of 4.4m share options to Mr. Roberto Guidetti, an executive director and CEO of the company (1.6m), and certain employees of the company (2.8m) under the share option scheme adopted on 28 August 2012. The share options shall entitle the grantees to subscribe to a total of 4.4m shares at an exercise price of HKD10.08/share, which is the closing price as of 2 July 2014. The validity period of the share options will be 10 years from 2 July 2014 to 1 July 2024.

Source: 2 July 2014, company announcement



India

Zee Entertainment – Could TV-18 spoil the party for sports broadcasters?

(ZEE.BO, INR300.25, Buy)

Event – International Cricket Council (ICC) has floated a tender for media rights for ICC events over 2015-2023.

Key takeaways

**** Risk of higher content cost for sports broadcasting rights-** Historically, Zee has not overbid for content, we expect them to remain rational. Overbidding (anticipating higher subscription revenue) could be a risk.

**** TV-18 may overbid** – After Reliance's acquisition of TV18, TV18 could also be looking at launching a sports channel backed by cricket content to complete their bouquet of channels. They may overbid for the rights in case they want to add a sports channel.

**** These rights are critical** – There are no cricket rights available till 2018 except Australia series rights (available in 2016). India series rights are with Star till 2018. If TV-18 intends to enter the sports business, this is the only significant cricket property available.

**** Out of the 6 events, 3 are going to be held in India and 2 are going to be held in England.** These events would be telecasted at prime time in India. The events are – Cricket World Cup (2019 England, 2023 India) World Twenty20 2016 – India, 2020 Australia), Champions Trophy (2017 – England, 2021 – India)

Who could be the contenders?

Zee Entertainment – Zee has historically not overbid for content and we believe Zee would bid rationally. In 2012 when broadcasting rights for India series 2012-18 were bagged by Star for USD750mn, Sony had bid at USD727mn. Zee at that time had not bid because even at the base price (20% lower) the deal was not lucrative. However, an overbid this time would be a big risk. Zee's sports loss is expected to be INR1bn in FY15 without any significant cricket rights. Low monetization of subscription revenues is the key reason why sports rights are not profitable in India.

MSM (Sony) – MSM has the rights for IPL in India and may look to complement it with rights for ICC events. Also, at a time when their flagship channel ratings are under pressure, they could be looking at cricket content to be able to negotiate subscription revenues.

Star – Going by the recent history, they could be the most aggressive in bidding. They currently own the broadcasting rights for ICC events (2007-2015) and had paid USD1.1bn for the rights. However the rates this time would be much higher factoring in the anticipated growth in subscription revenues due to digitization.

TV-18 – The group currently does not have a sports channel. However, if they intend to launch a channel, this could be the best way to enter the business.

Please refer to full report:

<http://gm.db.com/ger/document/ShowPdf.eqsr?productIDMore=0900b8c0887354c5>

Gaurav Bhatia



China/HK

Belle International – Expecting limited contribution from Staccato, in Japan

(1880.HK, HKD8.60, Buy)

Tapping Japan market

Nikkei Post on 30 June reported that Belle International plans to enter the Japanese market with its Staccato brand. The company will open its first store at the station building in Shinjuku, and plans to operate around 50 stores with Yen 10-20bn (USD98-196m) in sales over the next three to five years.

Deutsche Bank view

Management explained that it always has a small wholesale business to overseas markets, mainly Europe, SEA and ME. The company will open the Japan store via its 30% owned company Baroque Group. Baroque Group has a few hundred stores in Japan with its own brand and thus has strong relations with the landlords in Japan. Thus, it plans to open Staccato stores as a test project, with the initial plan of opening 50 stores (which is a soft target). Management did not comment on the estimated sales, as reported by the press. The figures shown in the press report suggest annual sales of USD2-4m (RMB18-36m) per store vs average sales per store of RMB1.7m/year for China in FY14 (YE February).

Management, however, added that genuine leather shoes are subject to import quota limitation in Japan. As a result, the company does not expect significant contribution to volume growth from the Staccato business in Japan.

We believe this is a small initiative for Baroque that will not impact Belle's operating outlook. We maintain our Buy rating on Belle International (one of our top picks) owing to inexpensive valuation, and believe its brands will remain relevant to consumers when the market recovers.

Please refer to full report:

<http://gm.db.com/ger/document/ShowPdf.eqs?productIDMore=0900b8c08872b7c8>

Anne Ling

Huabao Int'l – Key takeaways from NDR

(0336.HK, HKD4.54, Buy)

Investors' key interests and concerns

During Huabao's NDR in Europe (23-25 June 2014) a number of investors have been interested in e-cigarettes (e-cigs), which are gaining popularity in EU countries, but some investors had concerns over the company's plan to increase investments in a sunset industry.

Investing on future growth

The company believes that there is fast growing area in the no/low growth tobacco industry, and therefore plans HKD400m CAPEX for FY15 (c.9% of FY14 revenue) mainly on new e-cig, modified RTL and stem processing projects, of which it identified as the future growth drivers.



In particular, the company is optimistic of a rapid e-cig market development globally, partly as 1) it foresees unit cost of vaporizer to lower from USD2 now to USD0.29, making e-cig more competitive; and 2) leading tobacco companies are active in investing and promoting e-cig, thus accelerate market growth. Huabao plans to launch its own brand disposable e-cig for RMB20 (with dosage equivalent to one pack of cigarette, which is mostly priced at c. RMB10/pack) in 3Q14 through 1) over 10,000 cigarette POSs in traditional channel; 2) convenience store chains; and 3) e-commerce. Huabao doesn't expect much profit from e-cig sales in the near term, but think it is a rare chance for Huabao to build its own brand. It is also looking to cooperate with leading Chinese tobacco companies to launch e-cig, and plans to sell tobacco oil to local and/or foreign e-cig brands/makers.

Separately, management said that its modified RTL technology, which minimizes water consumption, is ideal for tobacco production in Middle East.

Excessive cash for dividend and share buyback

Huabao held HKD2.6bn net cash as of Mar 2014, and will consider increasing dividend payout ratio in future (FY14: 46%), provided no major M&A. It will also repurchase shares from time to time, in particular, to ease pressure on share price from short selling.

Deutsche Bank view

We hope to see Huabao increasing dividend payout ratio, but think it will take time to make e-cig Huabao's future growth driver as the market as well as government regulation on e-cig is comparatively immature. We maintain a Buy rating on Huabao, which now trades at 6.6x FY15E PE and with a 6.1% dividend yield. Our TP is HKD5, which is derived by assigning a 40% discount to our DCF valuation (10.62% WACC and 1% TG), equivalent to 7.2x FY15E P/E and a 5.6% dividend yield. Key risks: input cost volatility, regulatory changes.

Please refer to full report:

<http://gm.db.com/ger/document/ShowPdf.eqsr?productIDMore=0900b8c08870f02e>

Winnie Mak

Li & Fung – Unlocking the value of LF and GBG – reiterating Buy

(0494.HK, HKD11.48, Buy)

Raising target price to HKD13.45 on lower beta

We lower 2014/15/16E NP by 23%/14%/3%, as 2014 is an investment year (higher opex) but will not impact the company's 2016 financial targets. Despite our near-term earnings cut, we raise our TP to HKD13.45 (LF post spin off-HKD12.0, GBG-HKD1.45), as we lower LF's (post spin-off) estimated beta from 1.2 to 1, given that LF is a steadier operation ex GBG. Maintaining Buy, with 20% upside potential to our TP. We still view the spin-off as positive for LF.

Please refer to full report:

<http://gm.db.com/ger/document/ShowPdf.eqsr?productIDMore=0900b8c08872ab65>

Anne Ling



Li & Fung – Change of CEO and board composition

(0494.HK, HKD11.48, Buy)

Li & Fung announced that Mr. Bruce Philip Rockowitz, the group president and CEO, will become the CEO of the Global Brands Group (GBG), and Mr. Spencer Theodore Fung, the group COO, will take over Mr. Rockowitz's position in the company, both effective 7 July 2014.

Also, Mr. Rockowitz has resigned as an executive director and member of the Risk Management and Sustainability Committee of the company, and Mr. Marc Robert Compagnon has been appointed for the same positions, both effective 1 July 2014.

Source: 1 July 2014, company announcement

Ajisen – Grant of share options

(0538.HK, HKD6.02, NR)

Ajisen announced on 30 June 2014 that it has granted 300,000 share options under its share option scheme, with the exercise price of HKD6.02 per share and closing price as of 30 June 2014. The validity period of the share options is 30 June 2014 to 29 June 2024.

Source: 30 June 2014, company announcement

Ming Fung – Disposal of subsidiary

(0860.HK, HKD0.089, NR)

Ming Fung announced on 26 June 2014 that it has entered into an agreement to sell the equity interest in Liaoning Shi Quan Shi Mei Investment Management Company Limited for a consideration of RMB20m, based on the NAV of the disposed company. Liaoning Shi Quan Shi Mei realized net profit of RMB2.1m and net loss of 2.8m for the years 2012 and 2013, respectively. The company estimated that it will recognize a net loss of c.HKD25.7m after taking into account the estimated expenses and taxation in relation to the disposal.

Source: 30 June 2014, company announcement.

Silver Base – FY14 annual results

(0886.HK, HKD1.13, NR)

Silver Base announced a net loss of HKD787m compared with a net loss of HKD1.1bn in FY13. Top line increased by 25.4% YoY to HKD489m. Gross loss in FY14 was HKD163m compared with gross profit of HKD32.3m in FY13. The decrease in gross profit was mainly due to the decline in ASP and the inventory provision in preparation for the discount to be offered on certain products to clear the company's inventory. Excluding the factor of the provision, the company's gross profit would have been HKD11.4m. Selling and distribution expense decreased by 28% YoY to HKD221m, representing 45.3%



of revenue (FY13: 78.5%). Employee expense declined by 34% YoY to HKD130m, representing 26.6% of revenue (FY13: 50.6%). Rental costs were up by 6% YoY to HKD66m, representing 13.4% of revenue (FY13: 15.8%). The company didn't declare dividend during FY14 (FY13: nil). As of the end of March 2014, the company reported a net debt of HKD272m compared with a net debt of HKD506m as of the end of March 2013.

Figure 15: Silver Base – FY14 annual results

YE: 31 March, HKDm	2014	2013	YoY %
Revenue	489.1	390.2	25.40%
Gross profit	-163.1	32.3	N/A
GPM	-33.40%	8.30%	N/A
Selling and distribution expenses	221.4	306.4	-27.70%
% of revenue	45.30%	78.50%	-33.30%
Employee expenses	130.3	197.4	-34.00%
% of revenue	26.60%	50.60%	-23.90%
Lease expense	65.5	61.6	6.30%
% of revenue	13.40%	15.80%	-2.40%
NPAT	-787.4	-1,133.30	-30.50%

Source: Company data

Source: 30 June 2014, company announcement

Worst is over for liquor industry

According to Mr. Liang Guoxing, chairman of Silver Base, the liquor industry has witnessed its worst phase. Currently, liquor suppliers have adjusted the prices to acceptable levels; therefore, the company expects its GPM to improve in FY15. Regarding its ability to pay off the debt, Mr. Wang Jindong pointed out that the company had cash inflows from investing activities and operating activities in FY14. Besides, he believes that the high-end liquor has high liquidity. Therefore, the company would be able to pay off its debts. Mr. Liang added that the company would not consider further fundraising shortly.

Source: 30 June 2014, Apple Daily

King Fook – FY14 annual results

(0280.HK, HKD0.87, NR)

King Fook has announced that it realized a net loss of HKD131m in FY14 compared with a net profit of HKD49m. However, excluding the one-off gain on disposal of available-for-sale investments of HKD73m and gain on disposal of PPE of HKD95m in FY13, there would have been a net loss of HKD119 in FY13. Top line declined by 6.6% YoY to HKD1.2bn due to the continuous downturn of the luxury goods retail market caused by the slowdown of the economy in mainland China, the anti-corruption policy and the credit tightening policy in China. Included, retail sales decreased by 5.8% YoY to HKD1.16bn, accounting for 99.3% of total sales (FY13:98.5%). Gross profit decreased by 16.3% YoY to HKD276m with GPM at 23.7% (-2.7 ppt YoY) due to more discounts offered during the promotional events in order to stimulate the sales. The company didn't declare a final dividend during FY14 (FY13: nil) and interim dividend (FY13: HKD0.05 cents per share). As of the end of March



2014, the company reported a net debt of HKD103m, compared with a net debt of HKD239m as of the end of March 2013.

During FY14, the company closed two underperforming King Fook shops in mainland China, in Suzhou and Shanghai. In Hong Kong, it consolidated GFA for the shops in Windsor House (CWB), The One (TST) and Central Building (Central) in 1H14 and will continue to do so for other shops in order to minimize operating expenses.

Outlook:

During FY14, the company's performance was negatively impacted by the decelerated customer spending momentum, especially for the higher-priced luxury items as well as the surge of rental costs. The company expects the market condition of luxury goods will continue to be challenging and therefore EBITM will remain low as operating costs remain at a high level, especially rental costs and salary expenses. The company expects to expand in mainland China by introducing ecommerce and the wholesale business of the exclusive premium watches and a one-of-the-kind diamonds.

Figure 16: King Fook – FY14 annual results

YE: 31 March, HKDm	2013	2014	YoY%
Revenue	1,246	1,164	-6.60%
Gross profit	329	276	-16.30%
GPM	26.40%	23.70%	-2.70%
Rental costs	220	208	-5.50%
% of revenue	17.60%	17.80%	0.20%
EBIT	63	-120	-290.00%
EBITM	5.10%	-10.30%	-15.40%
Core EBIT	-105	-120	14.70%
NPAP	49	-131	-367.30%
NPM	3.90%	-11.30%	-15.20%
Core NPAT	-119	-131	10.50%

Source: Company data

Source: 30 June 2014, company announcement

Lee & Man Handbags – Resignation of executive director

(1488.HK, HKD0.73, NR)

Lee & Man Handbags has announced that Ms. Poon Lai Ming has resigned as the executive director of the company with effect from 1 July 2014. Ms. Poon has resigned from the company as she wishes to spend more time with her family and therefore she may not be able to devote sufficient time to the company.

Source: 30 June 2014, company announcement



Vitasoy – FY14 annual results

(0345.Hk, HKD9.89, NR)

Vitasoy announced that its NPAT increased by 2% YoY to HKD307m with top line up by 11% YoY to HKD4.5bn as a result of focusing on the core category and improved execution in the core channels across its markets with additional newly designed Vitasoy brand restage programmes in mainland China and Australia. Gross profit increased by 13% YoY to HKD2.2bn with GPM up by 0.9 ppt YoY to 48.4%. Marketing, selling and distribution expenses rose by 14.3% YoY to HKD1.1bn, representing 25.1% of turnover (FY13: 24.3%). EBIT rose by 3.7% YoY to HKD480m while EBITM was down by 0.7 ppt YoY to 10.7%. The company proposed a final dividend of HKD0.17 per share (FY13: HKD0.166 per share). Together with the interim dividend of HKD0.032 per share (FY13: HKD0.032 per share), the full-year dividend payout ratio reached 68%. (FY13: 68%). As of 31 March 2014, the company reported a net cash of HKD196m compared with a net debt of HKD27m.

Figure 17: Vitasoy – FY14 annual results

YE: 31 March, HKDm	2013	2014	YoY%
Turnover	4,051.25	4,493.89	10.90%
Gross profit	1,925.36	2,174.81	13.00%
GPM	47.50%	48.40%	0.90%
Marketing, selling and distribution expenses	986.22	1,127.33	14.30%
% of turnover	24.30%	25.10%	0.70%
EBIT	463.3	480.23	3.70%
EBITM	11.40%	10.70%	-0.70%
NPAT	301.1	306.69	1.90%
NPM	7.40%	6.80%	-0.60%

Source: Company data

Source: 30 June 2014, company announcement

Yihua Store – Bond placement of HKD100m

(2213.HK, HKD1.54, NR)

Yihua Store announced that on 30 June 2014 it entered into a bond-placing agreement to issue bonds amounting to HKD100m. The bonds will be placed in denominations of HKD1m.

Source: 30 June 2014, company announcement



China/HK

SA SA International – FY15 outlook – GPM likely under pressure; Hold

(0178.HK, HKD5.30, Hold)

Lowering target price to HKD5.81; Hold

FY14 NP rose 13% to HKD935m which was in line with consensus but below our estimate. We lower our FY15/16 NP by -20%/-21% to reflect lower-than-expected FY14 NP due to lower GPM and the current guidance of lower YoY GPM for 1QFY15. We lower our target price to HKD5.81. We maintain our Hold recommendation given limited upside to our revised target price.

Please refer to full report:

<http://gm.db.com/ger/document/ShowPdf.eqsr?productIDMore=0900b8c0886dc459>

Anne Ling

Fu Ji Food and Catering Services – FY14 annual results

(1175.HK, HKD1.31, NR)

The company announced NPAT of RMB807m in FY14, including a one-off gain on completion of the group re-organization and restructuring of RMB816m compared with a loss of RMB29m in FY13. Excluding the one-off gain, core NPAT would have been a loss of RMB10m. Top line sales increased by 38.4% YoY to RMB234m. Gross profit declined by 5.1% YoY to RMB51m with GPM down to 21.9% (FY13: 32.1%). Staff cost decreased by 8.1% YoY to RMB18m. Staff cost as a percentage of sales declined 3.9 ppt YoY to 7.7%. Rental cost decreased 6.8% YoY to RMB3m and rental cost as a percentage of sales dropped 0.6 ppt YoY to 1.3%. The company didn't propose any dividend for FY14 (FY13: nil).

Source: 27 June 2014, company announcement

Figure 18: Fu Ji Food and Catering Services FY14 results

YE: 31 Marh, RMBm	2013	2014	YoY%
Turnover	168.72	233.51	38.40%
Gross profit	54.15	51.1	-5.60%
GPM	32.10%	21.90%	-10.20%
Staff cost	19.45	17.88	-8.10%
% of turnover	11.50%	7.70%	-3.90%
Rental cost	3.29	3.06	-6.80%
% of turnover	1.90%	1.30%	-0.60%
EBIT-Core	-24.68	-6.1	-75.30%
EBITM-Core	-14.60%	-2.60%	12.00%
NPAT	806.54	-28.79	N/A
NPM-Core	478.00%	-12.30%	N/A
NP-Core	-28.79	-9.7	-66.30%

Source: Deutsche Bank, company announcement



Pacific Textile – Results for year ended 31 March 2014

(1382.HK, HKD9.56, NR)

Pacific Textile reported a 20.7% YoY increase in NPAT to HKD1.11b for the year ended March 2014. Revenue increased 11.6% YoY to HKD7.4bn, mainly attributable to volume and ASP increases by 9% and 3% YoY, respectively. Gross profit rose 15.2% YoY to HKD1.4b, with GPM improving 0.6ppt to 18.3%. EBIT also rose by 20.6% to HKD1.3b with EBITM enhanced by 1.3ppt to 17.4%, mainly due to a drop in D&A by 16.3% YoY. The company declared a final dividend of HKD0.04/share and a special dividend of HKD0.25/share. Together with the interim dividend of HKD0.4/share, this represents a total dividend payout ratio of 136% (vs. 2013: 125% incl. special dividend of HKD0.25/share). As of end March 2014, net cash was HKD1.73b, slightly decreased from net cash of HKD1.75b as of end March 2013.

By geography, sales from PRC, HK, Sri Lanka and America, accounted for 35%, 17%, 8% and 8% of total sales, representing increases of 11%, 39%, 11% and 28% YoY, respectively. Meanwhile, sales from SEA and Africa accounted for 26% and 3%, representing declines of 1% and -21% YoY, respectively.

Key takeaways from conference call

GP margin: The company forecasts GPM will decrease by 1-2ppt to around 17% for FY15 due to increases in wages and chemical costs in China.

Sales volume: For 1H15 the sales volume is expected to be 5-10% lower than that of 1H14, though it sees some improvements in 2H15. The overall volume is estimated to be close to the FY14 level (186.9m lb), but not higher than FY14's.

ASP: It will maintain the ASP at the current HKD39.7/lb level for FY15

Vietnam operation: Land acquisition and construction work have been postponed due to the recent anti-China riots. The company will be more cautious on operations in Vietnam. It does not expect the tension to be resolved in the near term and, hence would not commit too much money in the operations. It expects productions to resume by March 2015.

Utilization: current utilization is 80-85%. The company expects utilization to recover to the previous level of 90%.

Inventory turnover days: The number of inventory days was 64 days for FY14 due to a slowdown in business in 2H14, and the company targets to improve to 60 days for FY15.

Capex: The full year capex is estimated at HKD500m for FY15, including HKD200m maintenance costs mainly used in the Panyu factory.

Top five clients remain for FY15; they are Uniqlo, Victoria's Secret, Walmart, Target and Costco.

Source: 27 June 2014, company announcement



Figure 19: Pacific Textile – FY14 results

YE March 31, HKDm	2014	2013	YoY Change
Turnover	7,423.48	6,649.21	11.60%
Gross profit	1,361.37	1,181.53	15.20%
GPM	18.30%	17.80%	0.60%
D&A	159.1	190	-16.30%
Rental	1	0.8	26.50%
Staff costs	471.9	427.8	10.30%
EBIT	1,288.60	1,068.90	20.60%
EBITM	17.40%	16.10%	1.30%
NP	1116.8	925.17	20.70%
NPM	15.00%	13.90%	1.10%

Source: Deutsche Bank, company announcement

Gome – Big-screen TV sales increased 236% YoY during the World Cup

(0493.HK, HKD1.27, Buy)

Gome Online disclosed that from 1 June to 9 June big-screen TV sales jumped 102% and big-screen mobile sales increased 78% compared with previous week. From 10 June to 19 June, driven by the World Cup and 618 promotion day, big-screen TV sales and big-screen mobile sales increased 236% YoY and 185% YoY, respectively. Different from the main sales driver of 3D last year, 4K TV has been the main driver this year with sales growth of 350% YoY. Razor sales also boomed. During the World Cup, the highest single day sales reached more than 10,000. Beer is also one of the best sellers among others.

Source: 30 June 2014, china.com

Li Ning – Re-designation of director

(2331.HK, HKD6.16, Sell)

Li Ning announced that Mr. Zhang Zhi Yong has been re-designated from an executive director to a non-executive director with effect from 28 June 2014.

Mr. Zhang, aged 45, joined the company in October 1992 as a finance manager of Beijing Lining Footwear Co., Ltd and became the financial controller of Beijing Li NingSports Goods Co., Ltd. in April 1999 and was the general manager of the company from February 2001 to June 2004. Since the listing of the company on HKEX and from June 2004 to 3 July 2012, Mr. Zhang was the CEO of the Company, responsible for the overall strategy of the company.

As of 27 June 2014, Mr. Zhang had 7m shares in the company. Mr. Zhang's appointment as an executive director of the company under the previous service contract expired on 27 June 2014 and he has entered into a new service agreement with the company for his appointment as a non-executive director and is entitled to a director's fee of RMB250,000 per year.

Source: 27 June 2014, company announcement



Maoye – Proposed issue of short-term financing notes by Maoye Shangsha in the PRC

(0848.HK, HKD1.28,NR)

Maoye proposed on 27 June 2014 to issue its first tranche of short-term financing notes worth RMB800m on 4 July 2014 in the national inter-bank market in the PRC with a term of 365 days from 8 July 2014 to 8 July 2015. The company intends to use the proceeds received for general working capital and repayment of bank loans. To recap, the maximum principal amount of the notes which have been registered with the National Association of Financial Market Institutional Investors is RMB1.6bn.

Source: 27 June 2014, company announcement

Thailand

Charoen Pokphand Foods – More retailers suspend orders

(CPF.BK, THB26.50, Hold)

Seafood news publication Undercurrent News has reported that retailers Whole Foods Market (USA) and ICA Supermarket (Norway) have suspended seafood orders from CPF.

Our takeaways:

We project that impact to CPF will not be significant as Whole Foods contributed only around USD20m in sales while ICA's contribution is even smaller. However, we believe that the risk of more retailers suspending their orders with CPF remains as a result of the recent fishing slavery allegations.

Although sentiment towards CPF has taken a negative turn, we continue to believe the situation will be temporary and expect gradual improvement as CPF further clarifies the situation with clients. Note that CPF's share price has fallen 9% since the Guardian's report on slavery in Thailand's fishing supply chain was published in early June. CPF is now trading on a 17.6x 2014PE and 12.2x 2015PE (vs. 14.4x 5 year historical average). Excluding CPALL, CPF is trading at a 10x 2014PE and 6.5x 2015PE (average of 10x for the past 5 years, excluding loss-making years).

Please refer to full report:

<http://gm.db.com/ger/document/ShowPdf.eqsr?productIDMore=0900b8c0886e99a7>

Chaline Congmuang



Sector news

China/HK

Hong Kong Retail – May retail sales - weakness from jewellery/watches, not severe as April

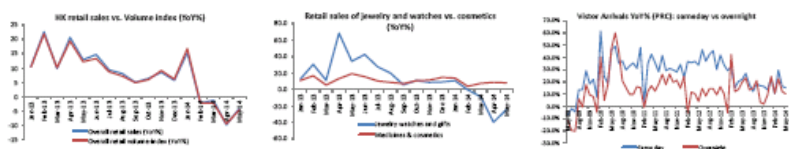
HK retail sales saw a 4.1%/4.7% YoY decline in value/volume for May

This is compared with a 9.9%/9.6% YoY decrease in value/volume in April. According to HK Government, the decline was mainly driven by jewellery, watches and others (20% of total retail sales in May) which fell by 24.5%/22.7% in value/volume (vs. -39.9%/-37.7% in April). The decline was mainly due to the high base effect from the gold rush that started in April 2013. It is also due to a change in the spending pattern of mainland tourists, who have turned more moderate. For reference, HK mainland visitor arrivals rose by 13.1% YoY in May with overnight/same day visitors increasing by 10.1%/15.1%. However, it seems that the conversion rate is not as high as before. Meanwhile, cosmetics reported 8%/5.5% growth in value/volume in May and department stores saw a 2.3% growth in value and 0.5% decline in volume, respectively.

Deutsche Bank view

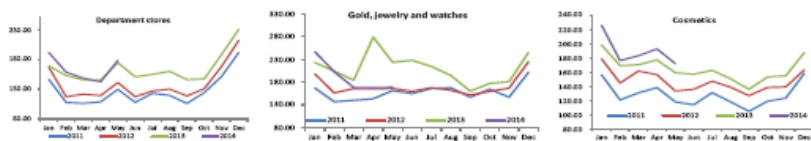
We believe high base effect and changing shopping patterns by mainlanders (lower-per-capita spending) will continue for the HK retail industry. For jewellery companies, Luk Fook commented that its SSS in April and May declined by 56.4% YoY. To recap, the gold rush was at its peak in April 2013, followed by June and then May. We have already seen the worst in terms of YoY decline in jewellery sales in April, but we expect to see tougher comps in June vs. May.

Figure 1: HK retail sales growth and PRC tourist arrivals growth



Source: Deutsche Bank, CEIC

Figure 2: Department stores, gold & jewelry and cosmetics sales among years 2011–2014 (value)



Source: Deutsche Bank, CEIC

Source: Deutsche Bank

Please refer to full report:

<http://gm.db.com/ger/document/ShowPdf.eqsr?productIDMore=0900b8c088749d34>

Anne Ling



China Retail – Group-buy transaction value in China hit RMB5bn in May 2014

Monthly transaction for group buys in China hit RMB5bn in May 2014, up 122% YoY and 12.8% mom. With 88.3 group users involved, hedging was up by 93.2% YoY and 19.6% mom. Meituan.com and Dianping.com realized RMB2.9bn and RMB1.2bn respectively, hitting a record high. By region, 19 Tier 3 cities accounted for more than 30% for each month of 2014.

Source: 3 July 2014, Linkshop

China Retail – Midea to develop O2O business

Midea (000333.SZ, NR) has launched its smart home appliance strategy this year, and has focused on the on/offline integration. It plans to develop its e-commerce business through the investment in its subsidiary Annto Logistics.

Midea online sales surged 160% YoY to RMB4bn last year (3% of its total sales), and it aims to generate online sales of RMB10bn this year. It has incorporated an ecommerce company this year, and launched its Tmall flagship store in April.

For offline, it plans to have 2,500 stores across the nation by end-2015, with 90% of these stores located in the country/town markets. By the end of April, it operated 1,200 stores. Mr. Wang Jin-liang, assistant president of Midea, said that the country market has less penetration for CE chain players including Gome and Suning, and it is also less competitive for online players. The company believes the country market has significant growth potential backed by the urbanization programme. Mr. Wang said its stores will have four functions, including offline retail, delivery and installation, last-mile delivery for online business, and interaction with consumers. It will install a big screen in each of its stores for consumers to shop online.

According to Mr. Chen Jun, vice general manager of Annto Logistics, the company plans to develop 1,000 main stem distribution routes across the provinces and 2,000 sub-main stem distribution routes within each province in three years. In addition, it aims to cover 1,800 countries in the third/fourth tier cities by next year. Annto is offering its logistics services for online players, including Amazon China, Taobao, Dangdang, Yihaodian and Gome Online, covering 16 cities. It has six warehouses, in Beijing, Shanghai, Hubei, Sichuan, Zhejiang and Guangdong, and aims to add four warehouses, in Liaoning, Shandong, Jiangsu and Xi'an.

Source: 3 July 2014, Yicai

China Retail – Sales of TV sets up 52%/49% for off/online

According to AVC, offline sales of TV sets rose 52% YoY to RMB830m, with the sales volume increasing 68% YoY to 242,000 sets during the second week of the 2014 World Cup, during 16-22 June. Online sales rose 49% YoY to RMB580m, with the sales volume increasing 87% YoY to 230,000 sets.

Industry experts said that the World Cup has stimulated sales of TV sets.

Source: 3 July 2014, Linkshop



Hong Kong Retail – Decline of 1H2014 HK retail sales expected

Upon the government's announcement of the retail sales decline of 4.1% in May, Ms Caroline Mak, Chairman of Hong Kong Retail Management Association, said that high spending tourists under IVS have disappeared. For gold and jewellery companies, the high-base effect from the gold rush started from April 2013 led to the decrease, and many retailers in this industry have slowed down their store expansion plan. Although there was a long Labour Holiday in May, many retailers said that sales performance were worse than last year. She estimated that total retail sales in 1H2014 might be negative for the first time unless retail sales performance in June turn to be good.

Government representatives said that the decline in gold and jewellery sales narrowed in May compared with April. Besides, supported by a low unemployment ratio and healthy disposable income status, consumer sentiment will still be good in the future despite the short-term retail sales decline.

Deutsche Bank view: For reference, Jan-May retail sales growth was -0.2%. It needs 1.3% sales growth in Jun to maintain a flat growth for 1H14. Ms. Mak's comment implies that Jun retail sales growth will be lower than 1.3%. As June 2013 was another high base, it is highly possible that retail sales in June will continue decreasing, therefore leading to an overall decline of HK retail sales in 1H14.

Source: 4 July 2014, Apple Daily, finance.sina.com

Indonesia

Indo Media – June ratings: SCTV remains number one, despite VIVA's World Cup boost

SCMA's SCTV #1 in all-time and prime-time

In all-time share, SCTV (SCMA) remained #1 with 17% share, followed by #2 RCTI (MNCN) with 14.1%, #3 ANTV (VIVA) at 13.5%, #4 Indosiar (SCMA) at 11.5%, and #5 Trans TV at 9.6%. At the group level, SCMA's two TV stations had a combined all-time share of 28.5%, MNCN's three TV stations 29%, VIVA's two TV stations 20.4% and Trans's two TV stations 17.3%. During prime-time, SCTV remained #1 with 21% share, RCTI #2 with 17.4%, ANTV #3 with 13.3%, Indosiar #4 at 12.3% and Trans TV #5 at 13.3%. At the group level, SCMA had a combined prime-time share of 33.2%, MNCN 27.9%, VIVA 18.1% and Trans 15.7%. (Please refer to the chart below and right table for details.)

Who lost the most from VIVA's World Cup boost?

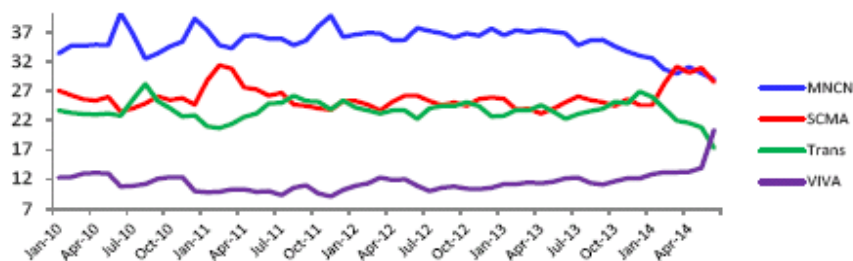
VIVA's two TV stations, ANTV (listed under MDIA) and TV One, boosted their all-time audience shares significantly by 350bps and 300bps each, (650bp combined) by monetizing on the FIFA World Cup, which is being broadcast from June 13 until July 14, hence impacting the June-July ratings. Sports, especially soccer, are the most popular type of TV program in Indonesia. Trans Group lost the most share in June, with its share down by -350bps to 17.3%, while MNCN and SCMA only lost -110bps and -250bps, respectively.



The rise of RCTI's new drama, the end of Trans' popular variety show

RCTI was able to maintain its share, following successful launch of new drama that is now in the top 2 programs together with SCTV's. Meanwhile, Trans TV's share dropped partly because of Broadcasting Commission banned its popular Yuk Keep Smile variety show. On a side note, two news TV stations, TV One and Metro TV, are seeing their audience shares rose in the anticipation of the upcoming election. However, the Broadcasting Commission has warned these two news stations that they might recommend the revocation of their broadcast licenses if their election coverage is deemed as bias.

Figure 1: Audience share chart: VIVA gained share from its competitors



Source: Deutsche Bank, Nielsen

Please refer to full report:

<http://gm.db.com/ger/document/ShowPdf.eqsr?productIDMore=0900b8c08873bcf4>

Reggy Susanto

India

India Consumer – Creating gaps over competition and building brands with a purpose

Demonstrating (thought and execution) leadership

While some investors commented “it’s more of the same” post HUL’s analyst day, we returned positive after gaining fresh insights: 1) focus on creating gaps over competition in distribution (3.2mn direct reach now, increase of 50% over last one year, piloted “tele-calling for distribution”); 2) clearly linking brands with socially relevant objectives (Lifebuoy and Domex); 3) innovative non-television media for reaching rural consumers (concept of missed call from mobile and getting a call back); and 4) a supremely confident HUL (our interpretation) in improving sales mix (and hence margins) in the medium term.

Please refer to full report:

<http://gm.db.com/ger/document/ShowPdf.eqsr?productIDMore=0900b8c08872b597>

Manoj Menon



China Retail – Wal-Mart enhances supplier checks and focuses on food safety in China

Mr. Paul Gallemore, Chief Compliance Officer of Wal-Mart China announced that Wal-Mart plans to further increase its investment in food safety by RMB200m for 2013-2015 after its decision of investing RMB100m previously. The total investment will reach RMB300m. Gallemore said that over the next few years, Wal-Mart's food safety work will focus on enhancing supplier checks and product check frequency; enlarging coverage of fresh food delivery centres to improve quality safeguards; and global resource sharing and high technology application expansion. Gallemore further revealed that during recent years, only 4% of Wal-Mart's 7,000 suppliers did not pass the company's checks. At the same time, Wal-Mart will make large investments in food safety technologies and devices. It introduced a food safety mobile testing lab into Guangdong in 2012 and one in Shanghai in 2013. The two labs can cover 147 stores now. The mobile testing labs are reportedly operated by Wal-Mart and a third party and the annual operating expense is about RMB2m.

According to Gallemore, Wal-mart will introduce the SPARK system into its seven major outlets in six regions and Sam's Club stores across China around August and September 2014. This system has already been adopted by American stores and it can be used for daily food safety checks and temperature control. The company expects the system to be fully deployed in all Wal-Mart stores across China by the end of 2014. According to Gallemore, the device costs are about RMB6m and annual operating costs are about RMB5m. Gallemore adds that retailers are responsible for food safety crisis and Wal-Mart will continue to increase investment in food safety.

Source: 30 June 2014, Chinaretailnews.com

China Retail – Yihaodian inks deal with FamilyMart

Yihaodian has reached a partnership with convenience store chain operator FamilyMart. Yihaodian will allow customers to pick up packages at 300 FamilyMart outlets in Shanghai in an effort to raise delivery efficiency. Customers will need their ID cards and a verification code on their mobile phones to pick up orders from FamilyMart stores. FamilyMart has about 800 stores in the city and more than 1,100 nationwide.

Source: 02 July 2014, Shanghai Daily

China Retail – Xiangyeqing changes its name to Zhong Ke Yun Wang

Chinese restaurant chain Beijing Xiangyeqing Group Co, announced on 2 July 2014 that it changed its Chinese name to "China Sciences Cloud Net Group Co." and turned to high-tech ventures including establishing a cloud service platform. The company's former Chinese name was also its English name, which remains unchanged.

The company said in an announcement with the Shenzhen Stock Exchange it will start cooperation with the Institute of Computing Technology under the Chinese Academy of Sciences, China's leading national academy for natural



sciences, to explore high-tech fields involving cloud service platform and mobile Internet.

To recap, the company suffered a huge loss of RMB564m (USD90.81m) in 2013, according to its annual fiscal report. The company announced in December 2013 that it would acquire a 51 percent stake in Jiangsu Shengyi Environmental Technology Co. Later the same month, the company said it would buy a 51 percent stake in Hefei Tianyan Green Energy Development Co. Two months later in February it said it would wholly acquire Hefei Tianyan. Another recent move by Xiangqing was its announcement in March that it would buy into two TV content companies, Beijing CCTV Splendid Film and TV Corp and Dinv Television Media (Shanghai) Co.

Source: 2 July 2014 xinhuanet.com, NZweek.com

China Consumer – Anti-corruption measures in China led to the decline of retail prepaid card growth

Bain published *Chinese Consumer Report 2014*, which shows that the anti-corruption measures conducted by the government have led to the decline of retail prepaid card growth. The report also indicates that Chinese FMCG market growth dropped from 15% YoY in 2Q11 to 4.6% YoY in 4Q13, hitting a three-year low. This was mainly driven by the slowdown of consumer goods price hedge-up. The frequency of shopping in hypermarkets for consumers has shown a slight downward trend in the last two years, largely due to the slowdown of retail prepaid card growth since 2012. In contrast, 106 monitored consumer goods realized fast growth from ecommerce channels with average YoY growth of 46%, especially baby care products and cosmetics.

Source: 2 July 2014, Linkshop

China Luxury – Hugo Boss takes full control of stores in China and Macau

German fashion house Hugo Boss is taking full control of its store network in China and Macau as it seeks to improve the way its brand is presented, a move that mirrors a broader trend by luxury goods groups in emerging markets.

Big brands have been opening more directly-operated stores, buying back franchises and taking stakes in retail partners in Asia, Russia and the Middle East to give them more control over store design and how their goods are marketed. Luxury brands that have bought out their retail partners include Gucci, Hermes and Prada in Russia, Burberry in China and Japan and watchmaker Swatch in the Middle East.

Source: 02 July 2014, Reuters

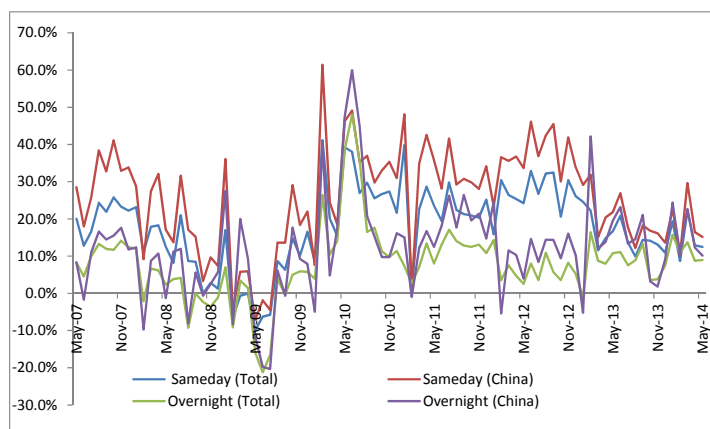


China/HK

HK Tourism – Tourist arrivals in HK increased by 11% YoY in May 2014

In May 2014, there were 4.6m (+10.8% YoY) tourist arrivals in Hong Kong with 2.5m (+12.5% YoY) same-day tourists and 2.1m (+8.9% YoY) overnight tourists. Included, tourist arrivals from mainland China reached 3.5m (+13.1% YoY), accounting for three quarters of the total. Same-day and overnight tourists from mainland China increased by 15.1% YoY and 10.1% YoY to 2.1m and 1.4m, respectively.

Figure 20: HK tourist arrivals (May 2007 – May 2014)



Source: Deutsche Bank, HKTB, CEIC.

China Retail – Post Mart closes some stores to cut losses

Retail supermarket chain Post Mart has closed stores in Shandong and Jiangxi provinces and has sublet its stores in Henan province to contractors, as part of efforts to stem losses from operations in rural China. Post Mart, jointly run by China Post and US-based China Horizon Investments Group, is a hybrid retailer with strong logistical networks and international retail experience. The company, though often called the rural answer to US retail giant Wal-mart, has yet to establish its presence in the unique and complicated Chinese rural market.

Source: 01 July 2014, ECNS

China Retail – International fast fashion brands net open 95 stores in China during 1H14

International Fast fashion brands have expanded rapidly in 1H14 in China even though there was slowdown in the Chinese economy and the retailing sector was weak. Generally, these brands are trying to penetrate into Tier III and IV cities. Figure 5 shows a summary of store expansion of the top 10 brands (a total net open of 95 stores for 10 brands). Uniqlo was ranked the first with 32 store openings followed by H&M (24) and New Look (12).



Figure 21: Store openings in 1H14 for top 10 international fast fashion brands

Brands	New store opening in 1H2014	Total stores in China
Uniqlo	32	289
H&M	24	209
Zara	2	145
Mango	2	129
MUJI	8	108
GAP	4	83
C&A	4	61
UR	6	37
New Look	12	12
Forever 21	1	4

Source: Linkshop

China Retail – 30% consumption tax to be waived on ordinary cosmetics products

According to local press (SCMP, Chinanews.com), the Ministry of Finance plans to categorize cosmetics products into luxury cosmetics and ordinary cosmetics. For general cosmetics products, the 30% consumption tax will be waived and therefore, the price gap between the products sold in mainland China and overseas markets will be removed. Details of the regulation will be announced in 2H14.

Source: 30 June 2014, Chinanews.com, SCMP

China Luxury – Burberry, Estee Lauder encounter initial obstacles on Tmall

Luxury fashion label Burberry and skincare and makeup manufacturer Estee Lauder opened their respective virtual storefronts on Tmall marketplace this year.

Guangzhou's Southern Daily reported that the return rate at Burberry's Tmall store during the first 18 days of operations had touched 26.4%.

Estee Lauder's Tmall store is also facing a similar situation. Estee Lauder handled 567 refunds over the last 30 days with the return rate pegged at 5.01%, which is higher than the sector's average of 2.34%.

Source: 01 July 2014, Want China Times

China/HK

Hong Kong Retail – Proposing a limit of 52 times per year set on ME policy, say local press

Limit of 52 times per year set on ME policy

According to local press (Mingpao and Apple Daily), Mr. George So, Secretary for Commerce and Economic Development, met Mr. Zhou Bo, Deputy Director of Hong Kong and Macau Office of the State Council in Beijing, to discuss



optimization of the Individual Visitor Scheme (IVS). It is expected that the government will amend the Multiple Entry policy (under IVS), suggesting to limit the visiting times to 52 each year for those who are subject to ME. Therefore, each visitor would be able to visit Hong Kong once every week on average. The new policy is to be implemented mainly to address the problem of smuggling. This might be the first step and the government will adjust the policy in the future when necessary, according to the press.

Mr. Michael Tien, member of the New People's Party, cited that the new policy will not help to reduce tourist arrivals from China. He, however, had earlier suggested setting a limit of 15 times per year on ME policy. On the other hand, Mr. Vincent Fang, member of the Legislative Council, pointed out that the government should not further reduce tourist arrivals, given that Hong Kong retail sales have started to decline lately.

To recap, since 1 April 2009, the government launched the ME policy subject to which Shenzhen residents are allowed to visit Hong Kong on an unlimited base during the year. According to government statistics, tourist arrivals under the ME policy in 2013 reached 12m and each visitor came to Hong Kong 8 times a year on average. From November 2013 to March 2014, there was only an average of 1,700 Shenzhen visitors coming to Hong Kong twice a day and 22 coming three times a day. In other words, yearly tourist arrivals of these Shenzhen visitors will reduce by 1.15m if the new limitation of "52 times per year" comes into effect.

[Deutsche Bank view](#)

We don't expect amendment of the ME policy (if it is limited to 52 visits per year) to have significant impact on tourist arrivals and therefore on the Hong Kong retail sales. Our concern related to the Hong Kong retail sector is more about the current change in the pattern of tourist arrivals (more from same day and lower-tier cities), which has resulted in lower-than-expected per capita spending. Within the space, we recommend Lifestyle (quality asset with inexpensive valuation) and CTF (biggest gold and jewellery player with weak SSS growth in 1H15 in the price).

Please refer to full report:

<http://gm.db.com/ger/document/ShowPdf.eqsr?productIDMore=0900b8c0886e7971>

Anne Ling

[China Retail – Ole' supermarket to expand to Tier2/3 cities and 50 stores will be launched by 2016](#)

Positioning as a premium supermarket brand under CR Vanguard, Ole' plans to expand to Tier2/3 cities after maintaining its business in Tier 1 cities for 10 years and it also targets to own 50 stores by 2016. To recap, it operated 24 stores by the end of 2013. Within 2014, 12 Ole' stores will be launched. Ole' high-end positioning has been largely impacted by anti-extravagance measures. As such the company adjusted down its product prices including red wine and snacks. The product mix will be more family-oriented. Meanwhile, ecommerce retailers have also started to penetrate Tier2/3 cities with stronger logistic capability, which will be competitive peers for Ole' supermarkets as well.

Source: 27 June 2014, Linkshop news



China F&B – E-commerce threatens traditional traders in China's wine market

The market for imported wine in China has reached RMB100bn (USD16bn) a year but there are still no leading brokers or end retailers emerging, with many blaming the low prices offered by e-commerce firms too low, Shanghai's CBN weekly magazine reports. Prior to 2010, business for many wine trading companies and dealers came mostly from corporate and government procurement, obtaining clients through relationship networks. They were able to set higher prices by capitalizing on a relative lack of local knowledge about wine.

Source: 30 June 2014, wantchinatimes.com

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Figure 22: Valuation comps – China/HK Consumer

Code	Company	Rec	TP	Share Price	Mkt Cap	Currency	Year-End	PER		PB		Div Yield (%)		FCF yield(%)		Net Debt/ Mkt cap	
								FY13	FY14E	FY13	FY14E	FY13	FY14E	FY13	FY14E	FY13	FY14E
				(27 June 2014)													
1112.HK	Biostime	Buy	72.00	41.80	25,176	CNY	Dec	18.96	13.63	8.12	6.84	3.94	5.48	5.30	9.53	-6%	-11%
0341.HK	Cafe de Coral	Hold	25.50	26.75	14,864	HKD	Mar	24.37	23.58	3.85	4.15	2.81	3.08	4.17	5.31	-7%	-9%
0506.HK	China Foods	Hold	2.75	2.84	7,944	HKD	Dec	25.45	15.40	1.27	1.20	1.45	2.43	7.51	9.93	16%	8%
6863.HK	China Huishan Dairy	Buy	3.05	1.82	26,222	CNY	Mar	25.67	12.20	1.85	1.42	0.99	2.11	NM	NM	3%	15%
2319.HK	China Mengniu Dairy	Hold	33.60	35.15	68,827	CNY	Dec	27.54	23.38	2.62	2.41	0.80	0.94	1.31	3.75	2%	-1%
1117.HK	China Modern Dairy	Sell	3.00	3.34	16,123	CNY	Dec	18.24	14.79	2.07	1.89	1.62	2.00	NM	2.30	35%	35%
0291.HK	CRE	Buy	25.46	21.60	51,776	HKD	Dec	19.82	15.88	1.16	1.09	0.93	1.16	10.17	11.18	-5%	-15%
1044.HK	Hengan	Buy	86.00	82.70	101,836	HKD	Dec	24.26	20.67	5.97	5.34	2.53	2.98	2.98	3.45	-1%	-1%
0336.HK	Huabao Int'l	Buy	5.00	4.51	13,987	HKD	Mar	5.66	6.56	1.36	1.48	8.05	6.14	13.40	11.90	-16%	-18%
0980.HK	Lianhua Supermarket	Hold	3.90	4.41	4,937	CNY	Dec	25.63	19.02	1.14	1.11	1.64	2.21	15.37	12.49	-209%	-219%
6808.HK	Sun Art Retail Group	Buy	10.88	8.98	85,669	CNY	Dec	21.68	18.44	3.33	3.00	1.85	2.17	3.39	5.34	-13%	-16%
0322.HK	Tingyi	Hold	21.40	22.15	123,905	USD	Dec	30.00	23.49	5.31	4.67	1.67	2.13	4.19	5.29	1%	-2%
0168.HK	Tsingtao Brewery Co Ltd-H	Hold	61.00	60.95	82,342	CNY	Dec	30.65	25.52	4.26	3.82	1.01	1.21	3.75	4.09	-15%	-18%
1314.HK	Tsui Wah	Hold	4.20	3.79	5,243	HKD	Mar	42.58	27.48	5.42	4.21	1.48	2.41	NM	3.74	-8%	-13%
1219.HK	Tenwow	Buy	3.70	2.87	5,951	CNY	Dec	13.09	11.36	1.86	1.66	2.29	2.64	NM	4.20	13%	11%
0220.HK	Uni-President China	Hold	6.30	5.89	21,201	CNY	Dec	26.45	17.67	1.82	1.68	0.76	1.13	NM	5.77	22%	16%
1025.HK	Wumart Stores	Buy	10.05	6.20	7,944	CNY	Dec	11.00	9.31	1.58	1.45	4.09	4.83	11.54	13.30	-36%	-45%
Average								22.91	17.28	3.28	2.93	2.41	2.86	7.16	6.90	-0.15	-18%
2020.HK	Anta	Buy	13.50	12.64	31,514	CNY	Dec	16.36	13.77	3.26	2.97	3.68	4.37	7.75	7.60	-25%	-28%
1880.HK	Belle International Holdings Ltd	Buy	12.40	8.77	74,030	CNY	Feb	16.62	12.90	2.43	1.98	2.31	2.71	6.78	7.20	-10%	-18%
3818.HK	China Dongxiang	Hold	1.52	1.53	8,669	CNY	Dec	30.86	28.35	0.80	0.79	2.27	2.47	2.06	3.03	-68%	-68%
1929.HK	Chow Tai Fook	Buy	13.10	11.94	106,671	HKD	Mar	15.24	16.81	3.29	2.80	3.25	2.95	NM	4.36	7%	4%
0330.HK	Esprit	Hold	15.35	11.38	22,067	HKD	Jun	106.39	25.01	1.33	1.30	0.17	2.43	0.29	4.45	-21%	-25%
0709.HK	Giordano	Hold	4.70	4.61	7,094	HKD	Dec	13.21	11.65	2.66	2.54	7.66	7.03	7.52	8.59	-13%	-14%
3308.HK	Golden Eagle Retail	Hold	10.90	9.50	17,365	CNY	Dec	11.20	9.39	2.28	1.95	2.70	3.22	NM	3.37	16%	16%
0493.HK	Gome	Buy	1.94	1.33	20,028	CNY	Dec	14.93	12.03	1.11	1.05	2.69	3.34	5.07	8.88	-41%	-48%
3389.HK	Hengdeli	Hold	1.67	1.33	5,847	CNY	Dec	9.71	8.99	0.86	0.80	3.09	3.34	22.80	7.69	14%	9%
0494.HK	Li & Fung	Buy	12.00	10.46	84,769	USD	Dec	24.22	19.44	3.99	3.88	3.62	4.29	3.94	5.53	13%	12%
2331.HK	Li Ning Co Ltd	Sell	4.50	6.08	9,599	CNY	Dec	NM	27.15	2.88	2.62	0.00	1.48	NM	3.29	-3%	-7%
1212.HK	Lifestyle International	Buy	20.10	15.20	25,749	HKD	Dec	11.18	10.01	2.23	1.97	3.62	4.04	7.20	7.61	-8%	-12%
0973.HK	L'Occitane	Buy	20.44	17.62	26,024	EUR	Mar	30.09	22.71	3.57	2.93	1.16	1.58	1.37	1.93	-7%	-9%
0825.HK	New World Dept Store China	Buy	4.78	3.22	5,429	HKD	Jun	8.14	6.68	0.80	0.75	6.21	7.50	NM	19.08	-29%	-42%
3368.HK	Parkson Retail Group	Hold	2.50	2.26	6,352	CNY	Dec	14.73	13.17	0.88	0.85	3.23	3.61	5.53	7.71	36%	32%
1913.HK	Prada	Buy	72.80	55.30	141,503	EUR	Jan	21.33	20.24	5.03	4.30	1.72	1.98	1.91	3.76	-2%	-4%
0178.HK	SA SA International	Hold	5.81	5.67	16,043	HKD	Mar	24.34	17.23	10.62	8.34	2.93	4.14	3.15	5.99	-4%	-6%
1910.HK	Samsonite	Buy	24.71	25.25	35,530	USD	Dec	22.05	19.24	3.52	3.20	1.99	2.29	4.30	5.67	-8%	-12%
0321.HK	Texwinca	Hold	7.50	7.62	10,106	HKD	Mar	15.77	12.24	2.02	1.78	6.27	6.40	7.99	9.30	-21%	-25%
0891.HK	Trinity	Hold	1.80	1.70	2,930	HKD	Dec	12.51	11.01	0.84	0.82	5.88	6.72	9.71	11.21	-4%	-9%
Average								22.05	15.90	2.72	2.38	3.22	3.79	6.09	6.81	-9%	-13%

Source: Deutsche Bank estimates,
or additional information on all stocks mentioned here please refer to our website at: <http://gm.db.com>



Figure 23: Valuation comps – Asia Pacific Consumer

Code	Company	Rec	TP	Share Price	Mkt Cap	Currency	Year-End	PER		PB		Div Yield (%)		FCF yield(%)		Net Debt/ Mkt cap	
								FY13	FY14E	FY13	FY14E	FY13	FY14E	FY13	FY14E	FY13	FY14E
(27 June 2014)																	
CPF.BK	Charoen Pokphand Foods	Hold	28	27	210,995	THB	Dec	18.13	12.50	1.98	1.83	2.76	4.00	1.10	NM	84%	91%
097950.KS	Cheiljedang	Buy	400,000	357,500	5,150	KRW	Dec	24.80	15.64	1.68	1.53	0.50	0.53	8.40	8.29	99%	95%
GAGR.SI	Golden Agri-Resources	Buy	1	1	6,836	USD	Dec	12.53	10.08	0.61	0.59	2.39	2.98	NM	3.11	44%	44%
GGRM.JK	Gudang Garam	Buy	70,000	53,275	102,506	IDR	Dec	17.66	15.27	3.07	2.72	1.69	2.26	NM	2.09	14%	14%
INDF.JK	Indofood	Buy	8,250	6,800	59,707	IDR	Dec	15.53	13.58	2.25	2.03	1.68	2.58	6.73	9.56	8%	2%
ICBP.JK	Indofood CBP	Buy	11,500	10,075	58,747	IDR	Dec	23.35	19.43	4.20	3.73	1.89	2.14	1.50	2.59	-3%	-3%
IOIB.KL	IOI Corp	Buy	6	5	33,717	MYR	Jun	23.17	20.63	6.42	5.53	2.86	2.86	3.12	2.76	10%	11%
JFC.PS	Jollibee Foods Corp	Hold	160	183	192,160	PHP	Dec	38.01	33.08	7.42	6.66	0.94	1.54	0.18	2.81	-2%	-3%
JUBI.BO	Jubilant Foodworks	Buy	1,500	1,304	84,829	INR	Mar	67.00	52.92	15.11	12.40	0.00	0.38	NM	0.40	0%	0%
KLBF.JK	Kalbe Farma	Buy	1,740	1,685	78,979	IDR	Dec	35.54	28.37	7.89	6.63	0.83	0.96	0.95	1.80	-2%	-3%
033780.KS	KT&G	Hold	81,000	91,200	11,468	KRW	Dec	14.10	13.70	2.02	1.88	3.62	3.62	4.78	4.85	-3%	-5%
KLKK.KL	Kuala Lumpur Kepong	Buy	28	24	25,752	MYR	Sep	20.73	18.38	3.18	2.95	2.65	2.98	NM	1.26	5%	6%
NEST.BO	Nestle India Ltd	Buy	6,100	4,960	478,222	INR	Dec	37.73	31.08	17.07	14.09	1.51	1.71	3.14	3.60	0%	-2%
001800.KS	ORION Corp	Buy	1,060,000	917,000	4,819	KRW	Dec	27.92	22.89	3.77	3.27	0.33	0.38	1.71	2.53	17%	15%
SIME.KL	Sime Darby Bhd	Hold	10	10	57,871	MYR	Jun	18.26	14.72	2.03	1.91	3.01	3.74	4.01	4.66	11%	11%
TUF.BK	Thai Union Frozen	Hold	70	66	79,332	THB	Dec	15.29	12.45	1.86	1.73	3.27	4.01	8.60	4.02	46%	45%
UNSP.BO	United Spirtis Limited	Buy	3,100	2,454	356,634	INR	Mar	140.46	64.76	4.57	4.29	0.12	0.12	4.25	1.05	11%	10%
URC.PS	Universal Robina Corp.	Hold	140	157	343,368	PHP	Sep	30.97	26.76	6.20	5.63	1.90	2.10	1.16	2.94	-2%	-3%
WLIL.SI	Wilmar International	Hold	4	3	20,476	USD	Dec	12.35	10.51	1.02	0.95	1.62	1.90	0.96	1.50	89%	89%
Average								31.24	22.99	4.86	4.23	1.77	2.15	3.37	3.32	22%	22%

Source: Deutsche Bank estimates

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Figure 24: Valuation comps – Asia Pacific Consumer (cont'd)

Code	Company	Rec	TP	Share Price	Mkt Cap	Currency	Year-End	PER		PB		Div Yield(%)		FCF yield(%)		Net Debt/ Mkt cap	
								FY13	FY14E	FY13	FY14E	FY13	FY14E	FY13	FY14E	FY13	FY14E
								(27 June 2014)									
ACES.JK	Ace Hardware Indonesia	Buy	975	850	14,578	IDR	Dec	25.02	21.43	6.28	5.00	0.52	0.60	1.15	1.95	-1%	-3%
AMRT.JK	Alfamart	Buy	650	525	1,802	IDR	Dec	30.24	25.36	7.07	6.03	1.49	1.77	3294.95	4447.70	172%	150%
090430.KS	AmorePacific	Buy	1,690,000	1,580,000	9,231	KRW	Dec	27.15	22.73	3.24	2.88	0.44	0.44	1.42	2.03	-2%	-3%
035760.KQ	CJ O Shopping	Buy	426,000	355,800	2,207	KRW	Dec	13.91	11.40	2.43	2.03	0.62	0.62	7.31	9.23	46%	40%
CPALL.BK	CP ALL	Hold	46	47	417,714	THB	Dec	35.66	25.85	12.89	10.75	1.98	2.25	2.20	3.10	38%	38%
1476.TW	Eclat Textile	Buy	430	339	84,238	TWD	Dec	24.35	17.27	8.92	7.09	2.46	3.47	1.02	4.41	1%	-1%
139480.KS	Emart	Hold	245,000	239,000	6,660	KRW	Dec	14.14	12.31	0.95	0.89	0.63	0.67	NM	NM	57%	59%
HMPR.BK	HomePro	Buy	11	9	105,211	THB	Dec	32.64	25.23	6.17	5.16	0.61	0.79	NM	NM	9%	11%
HLL.BO	HUL	Hold	650	626	1,364,653	INR	Mar	36.83	34.12	39.68	32.20	2.17	2.34	3.85	3.21	-3%	-3%
069960.KS	Hyundai Dept Store	Hold	152,000	137,500	3,218	KRW	Dec	10.61	9.34	0.97	0.88	0.47	0.47	NM	NM	14%	17%
ITC.BO	ITC	Buy	420	334	2,635,250	INR	Mar	29.84	25.95	10.28	9.25	1.80	2.40	2.73	3.87	-2%	-3%
051900.KS	LG H&H	Buy	610,000	431,000	6,318	KRW	Dec	17.34	14.63	3.70	3.05	0.88	0.93	3.36	4.61	14%	11%
023530.KS	Lotte Shopping	Buy	375,000	297,000	8,626	KRW	Dec	9.64	7.91	0.52	0.49	0.51	0.54	NM	NM	141%	148%
1477.TW	Makalot	Buy	182	160	28,557	TWD	Dec	19.15	17.73	3.32	3.38	4.94	5.32	3.68	6.65	-6%	-6%
MRCO.BO	Marico Limited	Buy	300	249	160,491	INR	Mar	33.32	28.16	9.57	7.39	0.34	0.40	1.43	2.83	2%	0%
PART.BO	Pantaloon Retail India Ltd	Hold	200	153	NA	INR	Jun	0.00	NA	NM	NA	0.00	NA	10.06	NA	252%	NA
2912.TW	President Chain Store	Hold	232	238	247,430	TWD	Dec	26.80	23.70	9.09	8.23	3.14	3.30	6.14	5.84	-10%	-12%
1216.TW	Uni-President	Buy	63	56	262,451	TWD	Dec	21.43	17.37	3.07	2.80	2.93	3.42	5.09	6.85	32%	29%
RALS.JK	Ramayana	Hold	1,200	1,135	8,054	IDR	Dec	17.65	16.60	2.33	2.22	3.12	3.97	5.91	6.37	-25%	-27%
ROBI.BK	Robinson Dept. Store	Hold	50	47	64,864	THB	Dec	32.64	25.40	5.29	4.79	1.53	1.97	NM	1.43	3%	4%
004170.KS	Shinsegae	Hold	246,000	219,000	2,154	KRW	Dec	12.39	10.86	0.84	0.78	0.46	0.46	NM	NM	120%	129%
TITN.BO	Titan Industries	Buy	400	357	316,940	INR	Mar	41.38	34.37	12.60	9.96	0.59	0.70	NM	8.55	3%	-4%
UNVR.JK	Unilever Indonesia	Hold	NA	30,300	231,189	IDR	Dec	38.96	35.63	46.95	42.91	2.42	2.62	2.38	2.76	0%	0%
Average								23.96	21.06	8.92	7.64	1.48	1.79	209.54	265.96	37%	26%

Source: Deutsche Bank estimates

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Figure 25: Valuation comps – Media

Code	Company	Rec	TP	Share Price	Mkt Cap	Currency	Year-End	PER		PB		Div Yield (%)		FCF yield (%)		Net Debt/ Mkt cap	
								FY13	FY14E	FY13	FY14E	FY13	FY14E	FY13	FY14E	FY13	FY14E
								(27 June 2014)									
0511.HK	Television Broadcasts	Hold	51	50	21,834	HKD	Dec	12.29	10.85	2.71	2.50	5.33	6.04	6.66	8.32	-15%	-18%
ABSP.PS	ABS-CBN Broadcasting	Hold	35	38	32,408	PHP	Dec	22.78	20.09	1.31	1.25	1.10	1.24	4.28	4.29	19%	18%
ASTR.KL	Astro Malaysia	Buy	4	3	17,622	MYR	Jan	34.24	33.79	24.94	28.75	3.05	2.96	5.38	7.57	17%	11%
BEC.BK	BEC World PLC	Hold	52	50	100,000	THB	Dec	17.47	14.94	10.53	9.72	5.44	6.36	5.57	6.78	-1%	-2%
DABU.BO	Dabur India Limited	Hold	200	192	334,637	INR	Mar	36.41	31.06	12.55	10.13	0.97	1.13	2.10	2.55	1%	0%
DSTV.BO	Dish TV India Ltd	Buy	68	62	65,943	INR	Mar	NM	26.35	-28.35	373.49	0.00	0.00	3.30	5.73	12%	6%
ZEE.BO	Zee Entertainment	Buy	320	300	287,700	INR	Mar	32.10	28.91	6.35	5.48	0.83	0.83	1.89	2.49	-3%	-4%
Average								25.88	23.71	4.29	61.62	2.39	2.65	4.17	5.39	4%	2%

Source: Deutsche Bank estimates

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Appendix 1

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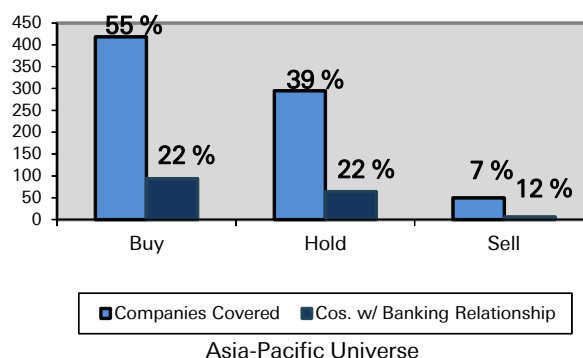
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