

China Consumer Discretionary

Assessments on the Coronavirus impact

Share price correction of ~15% for Consumer Disc. sector since its peak in Jan had priced in certain negatives (CMBI est. ~1 month impact on sales and profit). further downside is less now, prefer exports, manufacturing and home appliances.

- **Negative for Consumer Discretionary, data points for 1Q20E would be the overhangs.** Due to the outbreak of virus, its subsequent measures (e.g. Quarantine of Wuhan city) and discouragement on social activities had significantly reduced travelling and consumer spending. Moreover, such impact was unfortunately amplified by the CNY Golden Week, where sales during these 2 weeks could roughly accounted for 5-10% of full year revenue for a typical consumer stock. Hence, absence of this revenue plus fixed costs would certainly lead to cuts in earnings. We now expect China retail sales growth to be soft in Jan 2020 (CMBI est. of 5-6% increases only) and a meaningful slowdown in Feb 2020 (CMBI est. of 5-10% decline).
- **How long is the retail drag? It was 2 months for SARS, and an average share price correction of 15% should provide a reasonable buffer.** Major drag on China retail sales during the SARS period lasted for ~2 months (Apr-May 2003). If the number of infections this time is to be peaked out in 1-2 months (at ~Feb or Mar 2020), then net profit cut due to temporary pause in operations and purchases, in our view, would be about 15-25% (10-15% sales cut and 5-10% extra costs, mostly labour and D&A while rental could be eased). We believe net profit cut had become more bearable by investors, especially after recent share price correction (Average Consumer discretionary names down by 14.8% from its peak in Jan). Noted that HSCEI and MSCI China corrected by 10% and 18% respectively in the SARS period.
- **Negative impact magnitude by nature: 1) Online < Offline, 2) Wholesale < Direct retail, 3) Overseas < Domestic.** With physical interactions reduced to minimal, consumer should have shifted their consumption demand to online. Hence we expect e-commerce sales to remain quick (if not accelerate) in Jan-Feb 2020, benefiting names such as JS Global (~50% for Joyoung and ~30% for SharkNinja), Li Ning (~20%), Bosideng (~20%), etc. Also, while direct retail stores being hit hard the most, brand owners with wholesale nature and directly owning its e-commerce could be less affected, benefiting names with higher wholesale & online mix, like Yihai, Li Ning, Xtep, Anta vs others. Additionally, those with the high exposure to overseas, should be affected the least, such as Shenzhou, JS Global, Samsonite and Prada.
- **Prefer exporting & manufacturing and home appliances & furniture (less negative in earnings cut).** This could be a good time for quality companies to outperform, including Shenzhou (2313 HK, NR), Yihai (1579 HK, NR), JS Global (1691 HK, BUY), Haier Smart Home (600690 CH, NR), Joyoung (002242 CH, NR), Anta (2020 HK, BUY), Li Ning (2331 HK, BUY), Man Wah (1999 HK, NR), Samsonite (1910 HK, NR), etc..

Valuation Table

Name	Ticker	Mkt Cap (US\$ mn)	Price (LC)	Rating	TP (LC)	P/E(x) FY1	P/E(x) FY2	P/B(x) FY1	PEG(x) FY1	Yd(%) FY1
Shenzhou	2313 HK	163,100	108.5	-	-	28.2	23.8	5.9	1.9	1.9
Yihai	1579 HK	50,042	47.8	-	-	59.8	44.0	16.7	1.9	0.5
JS Global	1691 HK	19,285	5.7	BUY	7.65	19.2	13.0	4.0	0.0	0.7
Haier E	1169 HK	65,089	23.2	-	-	11.5	12.6	2.1	1.4	2.2
Haier SH	600690 CH	126,450	17.8	-	-	13.1	12.4	2.4	1.6	2.1
Samsonite	1910 HK	22,577	15.8	-	-	12.7	14.2	1.4	(8.3)	3.1
Man Wah	1999 HK	22,718	6.0	-	-	14.5	12.3	3.1	0.9	2.4
Anta	2020 HK	181,436	68.8	BUY	90.26	30.0	22.5	8.3	1.1	1.2
Li Ning	2331 HK	54,365	22.2	BUY	24.43	33.5	28.0	6.8	0.8	0.9
Avg.						24.7	33.5	5.7	0.2	1.7

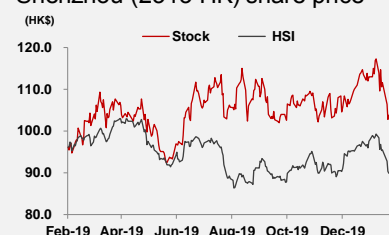
Source: Company data, CMBIS estimates

OUTPERFORM
(Maintain)

China Consumer Discretionary Sector

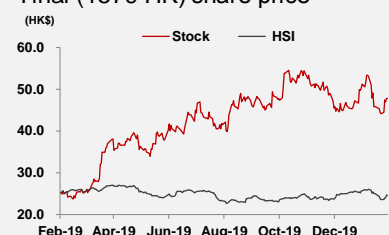
Walter Woo
(852) 3761 8776
walterwoo@cmbi.com.hk

Shenzhou (2313 HK)'share price



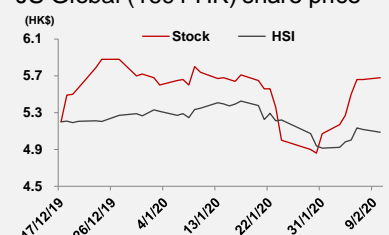
Source: Bloomberg

Yihai (1579 HK)'share price



Source: Bloomberg

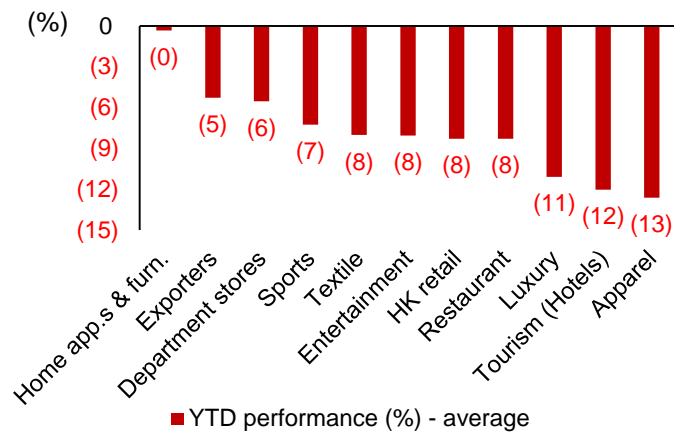
JS Global (1691 HK)'share price



Source: Bloomberg

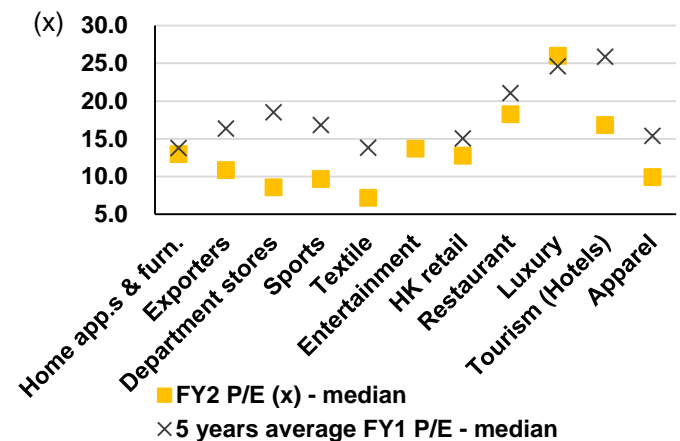
Focus Charts

Figure 1: Share price performances, 2020 YTD



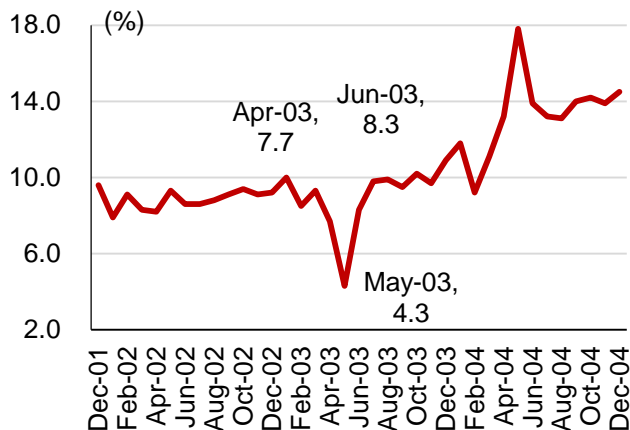
Source: Bloomberg, CMBIS estimates

Figure 2: Sub-sector valuations, Jan 2020



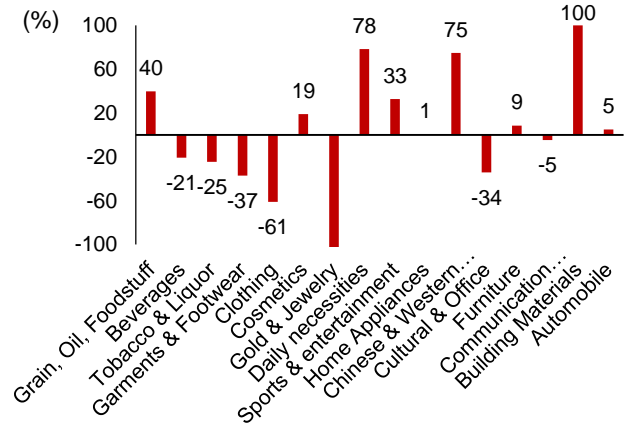
Source: Bloomberg, CMBIS estimates

Figure 3: China retail sales growth, 2002 - 2004



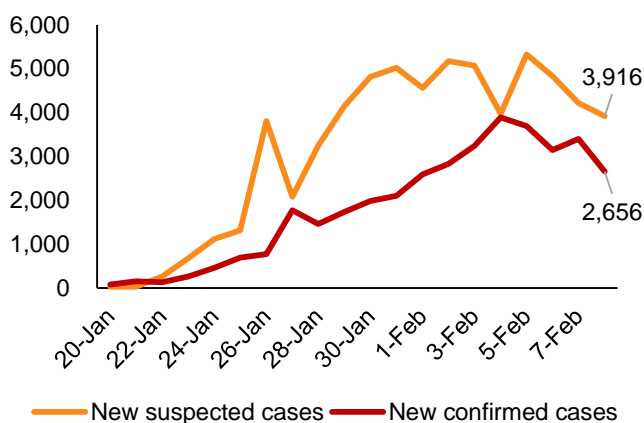
Source: NBS, CMBIS estimates

Figure 4: Changes in sales growth, 2Q03 vs 2002



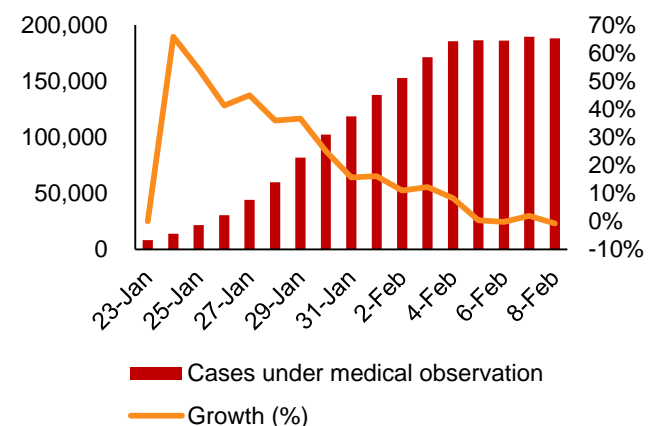
Source: NBS, CMBIS estimates

Figure 5: Newly confirmed and suspected cases



Source: National Health Commission of the PRC, CMBIS estimates

Figure 6: Cases under medical observation



Source: National Health Commission of the PRC, CMBIS estimates

Sub-sectors comments and impacts

Movie, luxury goods, tourism, HK retail, catering, apparel and footwear and sportswears will be hurt more.

■ Movie

- China box office reduced YoY by 33.8% in Jan 2020 and plummeted by 99% YoY during 2020 CNY.
- Historically speaking, CNY season usually accounted for 4-9% of full year box office (average at 7% during 2015-2019).
- Negative for IMAX (1970 HK, NR), Ali Picture (1060 HK, NR) and Maoyan (1896 HK, NR).

■ Luxury goods

- Capri (CPRI US, NR), owner of Versace, Michael Kors and Jimmy Choo reported temporary closures of about 150 stores (out of 225) in China, and expect the virus to significantly affect its FY2020E business outlook.
- Prada (1913 HK, BUY) also reported temporary store closures in China.
- Negative for Prada (1913 HK, BUY).

■ Tourism

- According to the Ministry of Transport of PRC, traffic during CNY (25Jan to 2Feb2020) had fallen by 78% YoY.
- Visitors to Macau fell by 83% YoY during 2020 CNY.
- Negative for Samsonite (1910 HK, NR) and Hotels such as Huazhu (HTHT US, NR), Shangri-La (69 HK, NR) and HKS Hotels (45 HK, NR).

■ HK retail

- SaSa (178 HK, NR) registered a 76% YoY SSS decline during 2020 CNY (vs 35% drop in Sep-Dec2019).
- Group tourists from mainland visiting HK fell by 95% YoY during 2020 CNY.
- Negative for Lifestyle (1212 HK, NR), SaSa (178 HK, NR).

■ Catering

- Haidilao (6862 HK, BUY) decided to suspend mainland China store operation since 26Jan until further notices.
- YUM China (YUMC US, NR) reported temporary closures of 30% stores in China and registered a 40-50% drop in SSSG during 2020 CNY. Operating losses in 1Q20 (or even for FY20E) may occur if situation continues and if more store to be closed down.
- Negative for Haidilao (6862 HK, BUY), XBBX (520 HK, NR), Yum China (YUMC US, NR).

■ Sportswears

- Nike (NKE US, NR) reported a 50% temporary closure of store and shortened opening hours for the remaining year since late Jan and the performance was worse than management's expectation (CMBI est. about 50-70% sales decline during late Jan to Feb).
- Adidas (ADS GY, NR) also announced temporary closure of store.
- More negative for distributors (e.g. Topsports (6110 HK, NR) and Pou Sheng (3813 HK, NR)) than brand owners (e.g. Anta (2020 HK, BUY), Li Ning (2331 HK, BUY) and Xtep (1368 HK, BUY)) due to store closures and store-level operating deleverage.

Impacts on exporting & manufacturing and home appliances & furnitures will be less negative.

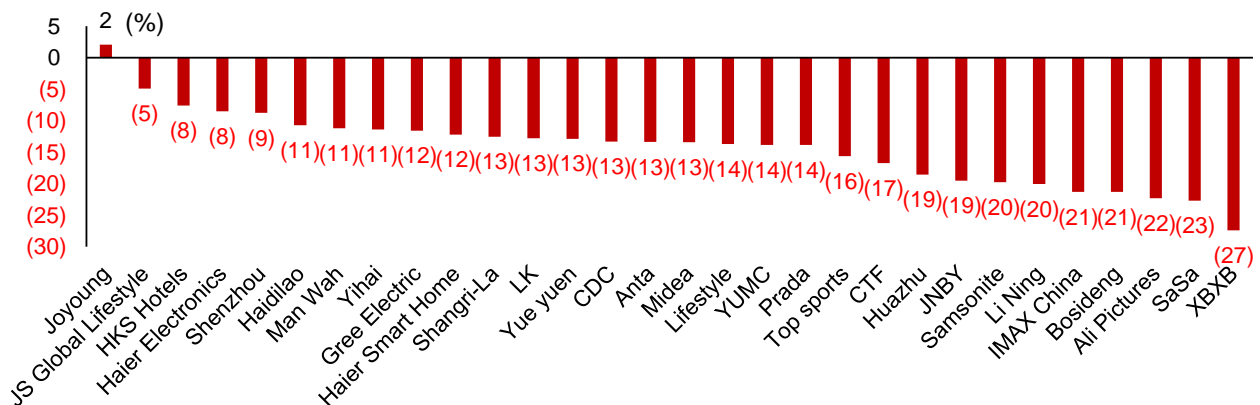
■ Exporting & manufacturing

- According to Baidu Map, the date of return for most workers to their working province could be delayed, to 8-10 Feb (extended by 1 week vs 1-3 Feb).
- There would be some delay in productions and logistics, which may drag revenue and net profit slightly but the impact is low given low utilization during CNY (which is always low every year).
- Relatively positive to Yihai (1579 HK, NR) and rather resilient for Shenzhou (2313 HK, NR).

■ Home appliances & furniture

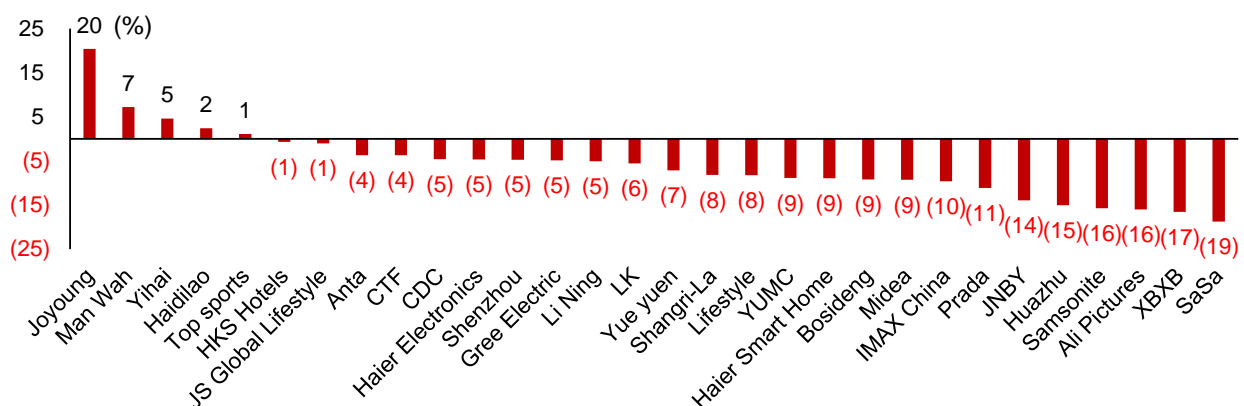
- Sales of home appliances could be delayed due to lack of delivery services.
- But we believe overall demand should be less affected given that: 1) it has higher ticket size and 2) it is more associated with the home completion cycle.
- Small appliances and kitchen appliances could be slightly benefit as demand on home cooking and cleaning went up as more consumer stayed at their homes.
- E-commerce sales mix is high for small appliances (~55%) vs large appliances (~30%).
- Prefer JS Global (1691 HK, BUY), Joyoung (002242 CH, NR), Haier Smart Home (600690 CH, NR), Haier Electronics (1169 HK, NR) and Midea (000333 CH, BUY).

Figure 7: Share price corrections, from Peak in Jan2020, by single stock



Source: Bloomberg, CMBIS estimates

Figure 8: Share price corrections, YTD, by single stock



Source: Bloomberg, CMBIS estimates

Valuation

Figure 9: Valuation by sub-sectors

Company	Ticker	Price L.C.	Mkt cap HK\$ mn	Rating	TP L.C.	Year End	PER (x)			EVEBITDA (x)			PBR (x)			PEG (x)		Yield (%)	Net gearing	YTD
							FY1	FY2	5yrs avg.	FY1	FY2	5yrs avg.	FY1	FY2	5yrs avg.	FY1	FY2		FY0	performanc
Tourism																				
Shanghai Jin Jiang Capital-H	2006 HK	1.31	7,291	-	-	Dec-18	8.4	8.7	15.5	5.2	4.9	8.1	0.8	0.7	1.3	3.3	6.8	37.8		(18.1)
Hongkong & Shanghai Hotels	45 HK	8.29	13,549	-	-	Dec-18	26.7	23.0	15.7	n/a	n/a	17.7	n/a	n/a	0.4	(1.3)	1.9	15.0		(0.7)
Shangri-La Asia Ltd	69 HK	7.47	26,784	-	-	Dec-18	21.9	20.9	32.6	15.5	16.4	22.0	0.5	0.5	0.8	7.6	2.3	62.1		(8.2)
Huazhu Group Ltd-Adr	HTHT US	34.03	77,759	-	-	Dec-18	44.4	33.7	36.3	22.9	19.1	28.0	9.6	7.8	6.4	0.9	1.0	85.6		(15.1)
Big Hotels Group Co Ltd-A	600258 CH	16.80	18,410	-	-	Dec-18	19.4	16.8	40.2	8.1	7.9	n/a	1.9	1.7	3.1	2.5	0.6	25.6		(18.5)
Fosun Tourism Group	1992 HK	9.60	11,856	-	-	Dec-18	15.4	14.7	n/a	3.8	3.5	n/a	1.2	1.2	n/a	0.4	1.4	49.6		(14.1)
China Travel Intl Inv Hk	308 HK	1.25	6,921	-	-	Dec-18	11.1	12.0	19.1	n/a	n/a	7.4	0.4	0.4	0.9	1.8	3.8	(19.3)		(9.4)
Average							21.0	18.5	26.6	11.1	10.3	16.6	2.4	2.1	2.2	2.2	2.6	36.6		(12.0)
Median							19.4	16.8	25.9	8.1	7.9	17.7	1.0	1.0	1.1	1.8	1.9	37.8		(14.1)
HK retail																				
Chow Tai Fook Jewellery Grou	1929 HK	7.17	71,700	-	-	Mar-19	15.6	13.4	19.1	10.2	9.0	13.3	2.3	2.2	2.2	1.6	5.0	33.2		(3.8)
Luk Fook Holdings Intl Ltd	590 HK	21.20	12,447	-	-	Mar-19	11.1	9.3	11.1	6.2	5.0	8.6	1.1	1.0	1.5	35.4	4.5	2.1		(5.6)
Chow Sang Sang Hldg	116 HK	9.26	6,273	-	-	Dec-18	6.4	6.0	11.2	4.4	3.8	8.0	0.6	0.5	1.1	1.4	6.0	5.9		(4.4)
Sa Sa International Hldgs	178 HK	1.43	4,438	-	-	Mar-19	1430.0	19.6	18.9	12.3	7.3	14.9	1.9	1.8	4.0	(116.6)	3.3	(45.9)		(18.8)
Lifestyle Intl Hldgs Ltd	1212 HK	8.20	12,316	-	-	Dec-18	7.2	7.5	10.4	9.8	10.3	9.2	3.5	3.1	4.6	2.6	7.9	388.1		(8.3)
Cafe De Coral Holdings Ltd	341 HK	17.60	10,308	HOLD	18.26	Mar-19	24.2	20.3	25.1	10.1	8.7	12.4	3.1	3.1	3.8	(18.6)	4.2	(25.1)		(4.7)
Wharf Real Estate Investment	1997 HK	41.60	126,307	-	-	Dec-18	12.7	12.7	n/a	12.9	12.7	n/a	0.6	0.6	n/a	(0.7)	5.1	17.6		(12.5)
Average							215.3	12.7	16.0	9.4	8.1	11.1	1.9	1.8	2.9	(13.5)	5.1	53.7		(8.3)
Median							12.7	12.7	15.0	10.1	8.7	10.8	1.9	1.8	3.0	1.4	5.0	5.9		(5.6)
Apparel																				
Bosideng Intl Hldgs Ltd	3998 HK	2.55	27,670	BUY	4.83	Mar-19	17.8	14.5	19.4	11.5	8.4	9.1	2.4	2.2	0.9	0.7	4.0	(3.5)		(9.3)
LT Ltd	999 HK	1.76	2,105	-	-	Feb-19	9.8	6.3	10.5	n/a	n/a	4.1	n/a	n/a	1.1	(10.8)	n/a	(16.8)		(5.9)
Giordano International Ltd	709 HK	1.98	3,125	-	-	Dec-18	10.8	9.9	13.4	5.0	5.1	6.9	1.2	1.2	2.1	(1.1)	9.6	(33.8)		(15.7)
Esprit Holdings Ltd	330 HK	1.40	2,642	-	-	Jun-19	n/a	n/a	n/a	n/a	n/a	n/a	0.4	0.4	0.8	0.0	n/a	(48.9)		(10.8)
Cosmo Lady China Holdings Co	2298 HK	1.10	2,474	SELL	1.14	Dec-18	n/a	11.5	17.4	n/a	4.6	9.3	0.6	0.6	2.5	0.0	1.3	(32.3)		0.0
Jnby Design Ltd	3306 HK	9.00	4,669	BUY	15.52	Jun-19	7.6	6.7	n/a	4.8	4.1	7.5	2.6	2.3	n/a	0.7	9.4	(39.4)		(14.0)
China Lilang Ltd	1234 HK	5.68	6,802	BUY	9.01	Dec-18	7.1	6.3	9.2	4.3	3.8	7.1	1.6	1.5	1.9	0.6	9.7	(54.2)		(10.7)
Shanghai La Chapelle Fashi-H	6116 HK	1.18	2,137	-	-	Dec-18	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1.4	0.0	n/a	45.9		(16.9)
Li & Fung Ltd	494 HK	0.77	6,575	-	-	Dec-18	11.0	9.9	17.7	6.6	5.5	10.6	0.5	0.5	2.1	(0.0)	3.0	22.1		(9.4)
Global Brands Group Holding	787 HK	0.43	437	-	-	Mar-19	n/a	n/a	n/a	n/a	n/a	6.5	n/a	n/a	n/a	0.0	n/a	10.4		(33.6)
Average							10.7	9.3	14.6	6.4	5.3	7.6	1.3	1.2	1.6	(1.0)	6.2	(15.0)		(12.6)
Median							10.3	9.9	15.4	5.0	4.9	7.3	1.2	1.2	1.6	0.0	6.7	(24.5)		(10.8)
Restaurant																				
Haidilao International Holdi	6862 HK	32.05	169,865	BUY	37.56	Dec-18	60.1	41.0	n/a	28.5	19.3	n/a	13.9	10.9	n/a	1.6	0.3	(43.0)		2.4
Xiabuxiabu Catering Manageme	520 HK	8.51	9,204	-	-	Dec-18	19.5	15.2	21.0	5.2	4.2	14.1	3.3	3.0	4.0	2.0	2.2	(59.7)		(16.6)
Cafe De Coral Holdings Ltd	341 HK	17.60	10,308	HOLD	18.26	Mar-19	24.2	20.3	25.1	10.1	8.7	12.4	3.1	3.1	3.8	(18.6)	4.2	(25.1)		(4.7)
Tai Hing Group Holdings Ltd	6811 HK	1.29	1,290	-	-	Dec-18	8.9	7.0	n/a	2.2	1.8	n/a	1.2	1.1	n/a	0.0	4.6	80.4		(21.3)
Ajisen China Holdings Ltd	538 HK	2.27	2,478	-	-	Dec-18	11.2	11.4	n/a	n/a	n/a	n/a	n/a	n/a	1.2	(0.5)	4.6	(34.4)		(18.1)
Fairwood Holdings Ltd	52 HK	19.08	2,471	-	-	Mar-19	11.2	16.2	18.3	7.3	6.5	8.9	3.2	3.0	4.9	(7.7)	4.6	(66.8)		(4.0)
Hop Hing Group Holdings Ltd	47 HK	0.09	916	-	-	Dec-18	n/a	n/a	17.8	n/a	n/a	4.0	n/a	n/a	2.8	0.0	n/a	(95.9)		(11.7)
Tsui Wah Holdings Ltd	1314 HK	0.41	579	-	-	Mar-19	n/a	n/a	65.9	n/a	n/a	7.8	n/a	n/a	1.7	0.0	n/a	(32.5)		(4.7)
Yihai International Holding	1579 HK	47.80	50,042	-	-	Dec-18	59.8	44.0	n/a	40.5	29.4	22.2	16.7	12.7	n/a	1.9	0.5	(57.8)		4.6
Yum China Holdings Inc	YUMC US	43.73	127,656	-	-	Dec-19	23.1	22.0	n/a	10.7	9.4	9.2	5.1	4.4	n/a	3.7	1.0	5.4		(8.9)
Average							27.2	22.1	29.6	14.9	11.3	11.2	6.6	5.5	3.1	(1.8)	2.8	(32.9)		(8.3)
Median							21.3	18.2	21.0	10.1	8.7	9.2	3.3	3.1	3.3	0.0	3.2	(38.7)		(6.8)
Textile																				
Shenzhou International Group	2313 HK	108.50	163,100	-	-	Dec-18	28.2	23.8	21.3	21.8	18.2	19.3	5.9	5.2	4.1	1.9	1.9	(25.2)		(4.7)
Crystal International Group	2232 HK	2.89	8,245	-	-	Dec-18	7.3	6.3	n/a	4.7	3.9	n/a	1.0	0.9	n/a	0.8	5.1	13.4		(10.0)
Regina Miracle International	2199 HK	4.59	5,619	-	-	Mar-19	16.6	12.1	n/a	9.2	7.5	14.5	1.8	1.6	n/a	0.5	2.0	87.5		(7.5)
Pacific Textiles Holdings	1382 HK	4.95	7,149	-	-	Mar-19	8.5	8.0	13.6	6.3	6.0	9.0	2.1	2.0	3.9	3.1	10.6	(8.4)		(7.5)
Nameson Holdings Ltd	1982 HK	0.57	1,299	-	-	Mar-19	4.1	3.6	n/a	4.6	4.1	n/a	n/a	n/a	n/a	(0.0)	n/a	74.1		(6.6)
Best Pacific International H	2111 HK	1.91	1,986	-	-	Dec-18	5.9	5.0	12.6	5.4	4.8	8.6	0.8	0.7	2.2	0.3	4.0	54.3		(13.2)
Texwinca Holdings Ltd	321 HK	1.81	2,501	-	-	Mar-19	6.5	5.5	13.8	2.6	2.2	5.8	0.5	0.5	1.3	0.4	11.6	(9.9)		(6.2)
Win Hanverky Holdings Ltd	3322 HK	0.48	617	-	-	Dec-18	n/a	n/a	16.8	n/a	n/a	4.0	n/a	n/a	0.6	0.0	n/a	5.9		(7.7)
Eagle Nice (Intl) Hldgs Ltd	2368 HK	2.73	1,452	-	-	Mar-19	n/a	n/a	8.7	n/a	n/a	6.2	n/a	n/a	1.1	0.0	n/a	28.5		(10.2)
Texhong Textile Group Ltd	2678 HK	8.52	7,796	-	-	Dec-18	7.8	5.8	8.2	6.0	4.4	5.2	0.9	0.9	1.3	0.6	4.1	90.6		(2.9)
Yue Yuen Industrial Hldg	551 HK	21.35	34,420	-	-	Dec-18	14.2	12.3	14.6	7.3	6.8	n/a	1.1	1.1	1.3	1.3	6.9	28.0		(7.2)
Stella International	1836 HK	10.92	8,679	-	-	Dec-18	11.4	9.4	16.6	8.3	7.0	10.7	1.2	1.1	1.5	0.4	7.5	0.3		(12.6)
Average							11.1	9.2	14.0	7.6	6.5	9.3	1.7	1.5	1.9	0.8	6.0	28.3		(8.0)
Median							8.1	7.2	13.8	6.2	5.4	8.6	1.1	1.1	1.3	0.5	5.1	20.7		(7.5)

Source: Bloomberg, CMBIS estimates

Figure 10: Valuation by sub-sectors

Company	Ticker	Price L.C.	Mkt cap HK\$ mn	Rating	TP L.C.	Year End	PER (x)			EV/EBITDA (x)			PBR (x)			PEG (x)		Yield (%)	Net gearing FY0	YTD performance
Sports																				
Anta Sports Products Ltd	2020 HK	68.80	181,436	BUY	90.26	Dec-18	30.0	22.5	21.3	18.1	14.5	15.4	8.3	6.7	5.1	1.1	1.2	(53.1)	(3.7)	
Li Ning Co Ltd	2331 HK	22.15	54,365	BUY	24.43	Dec-18	33.5	28.0	n/a	23.7	17.4	13.5	6.8	5.7	2.3	0.8	0.9	(62.1)	(5.1)	
Xtep International Holdings	1368 HK	3.60	9,045	BUY	4.47	Dec-18	10.9	9.0	12.3	5.4	4.6	6.1	1.3	1.2	1.3	1.1	5.5	(23.5)	(13.0)	
361 Degrees International	1361 HK	1.24	2,564	-	-	Dec-18	5.0	4.3	10.4	4.8	4.7	n/a	0.4	0.4	0.8	0.2	8.7	(50.9)	(12.7)	
TopSports International Hold	6110 HK	9.52	59,036	-	-	Feb-19	18.7	15.7	n/a	9.3	7.7	n/a	5.2	4.4	n/a	0.0	2.2	202.7	1.1	
Pou Sheng Intl Holdings Ltd	3813 HK	2.18	11,677	-	-	Dec-18	12.8	9.6	33.9	6.0	5.0	6.7	1.4	1.2	1.1	0.4	1.5	39.8	(11.4)	
China Dongxiang Group Co	3818 HK	0.81	4,768	-	-	Mar-19	7.1	8.1	n/a	n/a	n/a	n/a	0.4	0.4	0.7	0.0	10.3	(18.6)	(5.8)	
Average							16.9	13.9	19.5	11.2	9.0	10.4	3.4	2.8	1.9	0.5	4.3	4.9	(7.2)	
Median							12.8	9.6	16.8	7.7	6.3	10.1	1.4	1.2	1.2	0.4	2.2	(23.5)	(5.8)	
Department stores																				
Lifestyle Intl Hldgs Ltd	1212 HK	8.20	12,316	-	-	Dec-18	7.2	7.5	10.4	9.8	10.3	9.2	3.5	3.1	4.6	2.6	7.9	388.1	(8.3)	
Golden Eagle Retail Group	3308 HK	7.90	13,264	-	-	Dec-18	10.5	9.1	18.5	5.6	4.8	6.7	1.8	1.5	2.5	0.8	3.6	31.7	(9.0)	
Maoye International Hldgs	848 HK	0.50	2,570	-	-	Dec-18	n/a	n/a	18.9	n/a	n/a	6.7	n/a	n/a	0.4	0.0	n/a	97.7	(7.4)	
Springland International Hol	1700 HK	2.28	4,492	-	-	Dec-18	9.3	8.6	8.3	4.6	4.3	4.8	0.8	0.8	0.7	0.0	4.8	26.1	3.6	
New World Dept Store China	825 HK	1.27	2,141	-	-	Jun-19	n/a	n/a	73.1	n/a	n/a	5.5	n/a	n/a	0.5	0.0	n/a	(4.1)	(6.6)	
Average							9.0	8.4	25.8	6.7	6.5	6.6	2.0	1.8	1.7	0.7	5.4	107.9	(5.5)	
Median							9.3	8.6	18.5	5.6	4.8	6.7	1.8	1.5	0.7	0.0	4.8	31.7	(7.4)	
Luxury products																				
Prada S.P.A.	1913 HK	28.60	73,182	BUY	31.39	Dec-18	35.4	37.8	29.9	12.3	11.1	n/a	2.9	2.9	3.5	4.5	2.2	10.7	(11.2)	
Samsonite International Sa	1910 HK	15.76	22,577	-	-	Dec-18	12.7	14.2	19.3	8.6	7.5	10.0	1.4	1.3	3.0	(8.3)	3.1	74.9	(15.7)	
Emperor Watch & Jewellery	887 HK	0.14	976	-	-	Dec-18	n/a	n/a	n/a	n/a	n/a	6.5	n/a	n/a	0.5	0.0	n/a	11.9	(8.3)	
Oriental Watch Holdings	398 HK	1.88	1,072	-	-	Mar-19	n/a	n/a	n/a	n/a	n/a	1.3	n/a	n/a	0.4	0.0	n/a	(46.1)	(9.2)	
Average							24.0	26.0	24.6	10.5	9.3	5.9	2.2	2.1	1.8	(0.9)	2.6	12.8	(11.1)	
Median							24.0	26.0	24.6	10.5	9.3	6.5	2.2	2.1	1.7	0.0	2.6	11.3	(10.2)	
Home appliances & furniture																				
Haier Electronics Group Co	1169 HK	23.20	65,089	-	-	Dec-18	11.5	12.6	13.5	8.6	7.4	8.7	2.1	1.9	2.4	1.4	2.2	(73.6)	(4.7)	
Js Global Lifestyle Co Ltd	1691 HK	5.66	19,285	BUY	7.65	Dec-18	19.2	13.0	n/a	12.6	9.7	n/a	4.0	3.2	n/a	0.0	0.7	227.2	(1.0)	
Hisense Home Appliances Gr-H	921 HK	8.36	14,243	-	-	Dec-18	6.6	5.7	7.3	n/a	n/a	n/a	1.2	1.1	1.5	0.6	4.5	48.7	(2.1)	
Man Wah Holdings Ltd	1999 HK	5.95	22,718	-	-	Mar-19	14.5	12.3	13.9	11.8	9.8	10.6	3.1	2.7	3.8	0.9	2.4	43.1	7.2	
Midea Group Co Ltd-A	000333 CH	52.83	406,704	BUY	75.33	Dec-18	15.2	13.3	13.4	12.7	11.3	n/a	3.6	3.1	3.3	1.4	3.0	48.9	(9.3)	
Gree Electric Appliances I-A	000651 CH	62.38	416,333	-	-	Dec-18	13.4	12.1	9.6	8.0	6.9	n/a	3.5	3.0	2.9	1.8	4.1	(96.7)	(4.9)	
Haier Smart Home Co Ltd-A	600690 CH	17.76	126,450	-	-	Dec-18	13.1	12.4	n/a	7.9	6.8	n/a	2.4	2.1	n/a	1.6	2.1	25.3	(8.9)	
Joyoung Co Ltd -A	002242 CH	30.28	25,777	-	-	Dec-18	27.8	24.1	20.0	23.5	20.5	n/a	5.8	5.4	3.8	2.6	2.7	(16.1)	20.3	
Zhejiang Supor Co Ltd -A	002032 CH	68.83	62,703	-	-	Dec-18	29.3	25.2	21.2	23.3	19.9	n/a	8.2	6.8	5.0	2.2	1.9	(63.4)	(10.4)	
Ecovacs Robotics Co Ltd-A	603486 CH	24.20	15,155	-	-	Dec-18	31.6	24.0	n/a	n/a	n/a	n/a	4.7	4.1	n/a	3.4	1.6	(37.5)	19.3	
Hangzhou Robam Appliances-A	002508 CH	30.42	32,029	-	-	Dec-18	17.9	16.0	22.1	14.7	12.7	n/a	4.1	3.6	5.9	2.0	2.9	(70.7)	(10.0)	
Average							18.2	15.5	15.1	13.7	11.7	9.7	3.9	3.4	3.6	1.6	2.5	3.2	(0.4)	
Median							15.2	13.0	13.7	12.6	9.8	9.7	3.6	3.1	3.5	1.6	2.4	(16.1)	(4.7)	
Entertainment																				
Imax China Holding Inc	1970 HK	14.86	5,183	-	-	Dec-18	14.5	13.7	n/a	7.0	6.1	12.9	2.3	2.0	n/a	1.7	2.1	(47.4)	(9.6)	
Television Broadcasts Ltd	511 HK	12.04	5,274	-	-	Dec-18	8.0	7.4	n/a	n/a	n/a	19.6	0.8	0.8	1.7	0.0	13.3	27.9	(1.6)	
Maoyan Entertainment	1896 HK	12.48	14,102	-	-	Dec-18	21.8	14.1	n/a	10.7	6.9	n/a	1.7	1.6	n/a	(0.1)	0.1	(23.2)	(13.0)	
Alibaba Pictures Group Ltd	1060 HK	1.15	30,628	-	-	Mar-19	n/a	37.0	n/a	n/a	n/a	n/a	1.9	1.8	1.9	0.0	n/a	(24.4)	(16.1)	
Smi Holdings Group Ltd	198 HK	2.34	6,342	-	-	Dec-17	8.4	7.5	n/a	5.3	5.0	17.2	0.6	0.6	1.5	(0.0)	n/a	58.8	0.0	
Average							13.2	16.0	#DIV/0!	7.7	6.0	16.5	1.5	1.3	1.7	0.3	5.1	(1.6)	(8.1)	
Median							11.4	13.7	#NUM!	7.0	6.1	17.2	1.7	1.6	1.7	0.0	2.1	(23.2)	(9.6)	
Exporters																				
Bestway Global Holding Inc	3358 HK	2.81	2,974	BUY	4.20	Dec-18	6.3	5.1	n/a	4.8	3.3	n/a	0.8	0.7	n/a	0.2	5.5	43.8	(13.0)	
Man Wah Holdings Ltd	1999 HK	5.95	22,718	-	-	Mar-19	14.5	12.3	13.9	11.8	9.8	10.6	3.1	2.7	3.8	0.9	2.4	43.1	7.2	
Goodbaby International Holdi	1086 HK	1.42	2,369	-	-	Dec-18	11.1	8.9	28.5	6.4	5.8	11.6	0.5	0.4	1.3	0.4	3.4	37.2	(17.9)	
Dream International Ltd	1126 HK	3.60	2,437	-	-	Dec-18	n/a	n/a	6.4	n/a	n/a	4.5	n/a	n/a	1.1	0.0	n/a	(16.0)	(1.9)	
Vtech Holdings Ltd	303 HK	68.85	17,335	-	-	Mar-19	10.8	10.9	16.3	7.3	7.2	10.7	3.6	3.6	5.3	1.7	8.3	(39.0)	(10.6)	
Technronic Industries Co Ltd	669 HK	66.45	121,604	-	-	Dec-18	24.9	21.3	20.0	16.0	14.3	13.9	4.6	4.0	3.4	1.5	1.5	(3.2)	4.6	
Average							13.5	11.7	17.0	9.2	8.1	10.3	2.5	2.3	3.0	0.8	4.2	11.0	(5.3)	
Median							11.1	10.9	16.3	7.3	7.2	10.7	3.1	2.7	3.4	0.7	3.4	17.0	(6.2)	

Source: Bloomberg, CMBIS estimates

Disclosures & Disclaimers

Analyst Certification

The research analyst who is primary responsible for the content of this research report, in whole or in part, certifies that with respect to the securities or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about the subject securities or issuer; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific views expressed by that analyst in this report.

Besides, the analyst confirms that neither the analyst nor his/her associates (as defined in the code of conduct issued by The Hong Kong Securities and Futures Commission) (1) have dealt in or traded in the stock(s) covered in this research report within 30 calendar days prior to the date of issue of this report; (2) will deal in or trade in the stock(s) covered in this research report 3 business days after the date of issue of this report; (3) serve as an officer of any of the Hong Kong listed companies covered in this report; and (4) have any financial interests in the Hong Kong listed companies covered in this report.

CMBIS Ratings

BUY	: Stock with potential return of over 15% over next 12 months
HOLD	: Stock with potential return of +15% to -10% over next 12 months
SELL	: Stock with potential loss of over 10% over next 12 months
NOT RATED	: Stock is not rated by CMBIS

OUTPERFORM	: Industry expected to outperform the relevant broad market benchmark over next 12 months
MARKET-PERFORM	: Industry expected to perform in-line with the relevant broad market benchmark over next 12 months
UNDERPERFORM	: Industry expected to underperform the relevant broad market benchmark over next 12 months

CMB International Securities Limited

Address: 45/F, Champion Tower, 3 Garden Road, Hong Kong, Tel: (852) 3900 0888 Fax: (852) 3900 0800

CMB International Securities Limited ("CMBIS") is a wholly owned subsidiary of CMB International Capital Corporation Limited (a wholly owned subsidiary of China Merchants Bank)

Important Disclosures

There are risks involved in transacting in any securities. The information contained in this report may not be suitable for the purposes of all investors. CMBIS does not provide individually tailored investment advice. This report has been prepared without regard to the individual investment objectives, financial position or special requirements. Past performance has no indication of future performance, and actual events may differ materially from that which is contained in the report. The value of, and returns from, any investments are uncertain and are not guaranteed and may fluctuate as a result of their dependence on the performance of underlying assets or other variable market factors. CMBIS recommends that investors should independently evaluate particular investments and strategies, and encourages investors to consult with a professional financial advisor in order to make their own investment decisions.

This report or any information contained herein, have been prepared by the CMBIS, solely for the purpose of supplying information to the clients of CMBIS or its affiliate(s) to whom it is distributed. This report is not and should not be construed as an offer or solicitation to buy or sell any security or any interest in securities or enter into any transaction. Neither CMBIS nor any of its affiliates, shareholders, agents, consultants, directors, officers or employees shall be liable for any loss, damage or expense whatsoever, whether direct or consequential, incurred in relying on the information contained in this report. Anyone making use of the information contained in this report does so entirely at their own risk.

The information and contents contained in this report are based on the analyses and interpretations of information believed to be publicly available and reliable. CMBIS has exerted every effort in its capacity to ensure, but not to guarantee, their accuracy, completeness, timeliness or correctness. CMBIS provides the information, advices and forecasts on an "AS IS" basis. The information and contents are subject to change without notice. CMBIS may issue other publications having information and/ or conclusions different from this report. These publications reflect different assumption, point-of-view and analytical methods when compiling. CMBIS may make investment decisions or take proprietary positions that are inconsistent with the recommendations or views in this report.

CMBIS may have a position, make markets or act as principal or engage in transactions in securities of companies referred to in this report for itself and/or on behalf of its clients from time to time. Investors should assume that CMBIS does or seeks to have investment banking or other business relationships with the companies in this report. As a result, recipients should be aware that CMBIS may have a conflict of interest that could affect the objectivity of this report and CMBIS will not assume any responsibility in respect thereof. This report is for the use of intended recipients only and this publication, may not be reproduced, reprinted, sold, redistributed or published in whole or in part for any purpose without prior written consent of CMBIS.

Additional information on recommended securities is available upon request.

For recipients of this document in the United Kingdom

This report has been provided only to persons (I) falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended from time to time) ("The Order") or (II) are persons falling within Article 49(2) (a) to (d) ("High Net Worth Companies, Unincorporated Associations, etc.") of the Order, and may not be provided to any other person without the prior written consent of CMBIS.

For recipients of this document in the United States

This report is intended for distribution in the United States to "major US institutional investors", as defined in Rule 15a-6 under the US, Securities Exchange Act of 1934, and may not be furnished to any other person in the United States. Each major US institutional investor that receives a copy of this research report by its acceptance hereof represents and agrees that it shall not distribute or provide this research report to any other person.

For recipients of this document in Singapore

This report is distributed in Singapore by CMBI (Singapore) Pte. Limited (CMBISG) (Company Regn. No. 201731928D), an Exempt Financial Adviser as defined in the Financial Advisers Act (Cap. 110) of Singapore and regulated by the Monetary Authority of Singapore. CMBISG may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, as defined in the Securities and Futures Act (Cap. 289) of Singapore, CMBISG accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact CMBISG at +65 6350 4400 for matters arising from, or in connection with the report.

Disclosure:

CMBIS or its affiliate(s) have investment banking relationship with the issuers covered in this report in preceding 12 months.