

Emperor Watch & Jewellery (887 HK)

Premium luxury retailer deserves a premium valuation

BUY

Target Price HK\$2.35 (+42%)

Equity Research
Consumer / China

Tue, 09 Aug 2011

Initial Coverage

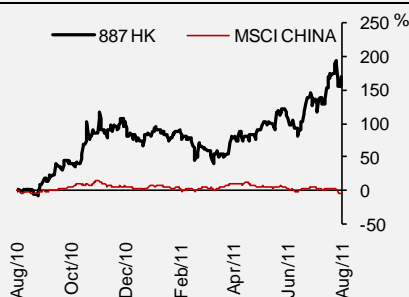
Key Data

HKEx code	887
Close price (HK\$)	1.65
12 Months High (HK\$)	1.84
12 Month Low (HK\$)	0.55
3M Avg Dail Vol. (mn)	44.05
Issue Share (mn)	6,718.51
Market Cap (HK\$m)	11,085.55
Fiscal Year	12/2010

Major shareholder (s) Yeung Sau Shing (52.9%)

Source: Company data, Bloomberg, OP Research
Closing price are as of 5/8/2011
All figures are subject to rounding

Price Chart



Emperor Watch & Jewellery is a leading luxury watch and jewellery distributor in Hong Kong, Macau and the PRC. We initiate coverage on this company with a BUY rating, with TP at HK\$2.35, representing 23x PE rolled forward for FY12E, offering 42% upside.

- **Aggressive but achievable expansion plan.** The company has a plan to increase its number of retail outlets by 20% p.a., versus its peers of around ~10%.
- **Jewellery sales to improve gross margin in the next 5 years.** Emperor Watch plans a long term goal to achieve a 50-50 product mix with luxury watch and jewellery sales from the current 85-15. We believe this will lead to gross margin expansion through product mix improvement.
- **Synergies with Emperor Group.** (i) Cross selling opportunities among the client base of sister companies; (ii) Prime store locations secured; (iii) Unique sales exhibition to provide 10% of revenue; and (iv) advertising effect.
- **Comprehensive watch portfolio.** Emperor Watch is one of the few luxury watch retailers that have a balanced portfolio spreading among the major Swiss-made luxury watch brands due to its connection with brand owners.
- **Heavy working capital requirement remains the major risk.** Risks include (i) Heavy working capital requirement; (ii) Market slowdown; and (iii) high bargaining power of suppliers.
- **Entry opportunity arises, initiate with BUY, TP at HK\$2.35.** We believe Emperor Watch deserves a valuation at 23x FY12E PE, representing 0.7x PEG ratio. We initiate this counter with a BUY rating, TP at HK\$2.35, offering 42% upside.

Exhibit 1: Investment Summary

Year to Dec (HK\$ mn)	FY09A	FY10A	FY11E	FY12E	FY13E
Revenue	2,686.0	4,095.0	5,592.6	7,194.8	8,955.1
Growth (%)	45.8	52.5	36.6	28.6	24.5
Net profit	195.6	125.6	481.4	698.6	957.0
Growth (%)	(12.1)	(35.8)	283.1	45.1	37.0
Diluted EPS (HK\$)	0.045	0.024	0.073	0.102	0.142
Change to previous EPS (%)			NA	NA	
Consensus EPS (HK\$)			0.082	0.107	
EPS growth (%)	(58.8)	(46.3)	206.3	39.3	39.6
ROE (%)	12.5	5.5	13.6	17.2	20.0
ROA (%)	10.6	4.0	10.6	13.3	15.3
P/E (x)	38.0	68.3	22.1	15.9	11.6
P/B (x)	4.8	4.1	3.2	2.8	2.4

Source: Bloomberg, OP Research

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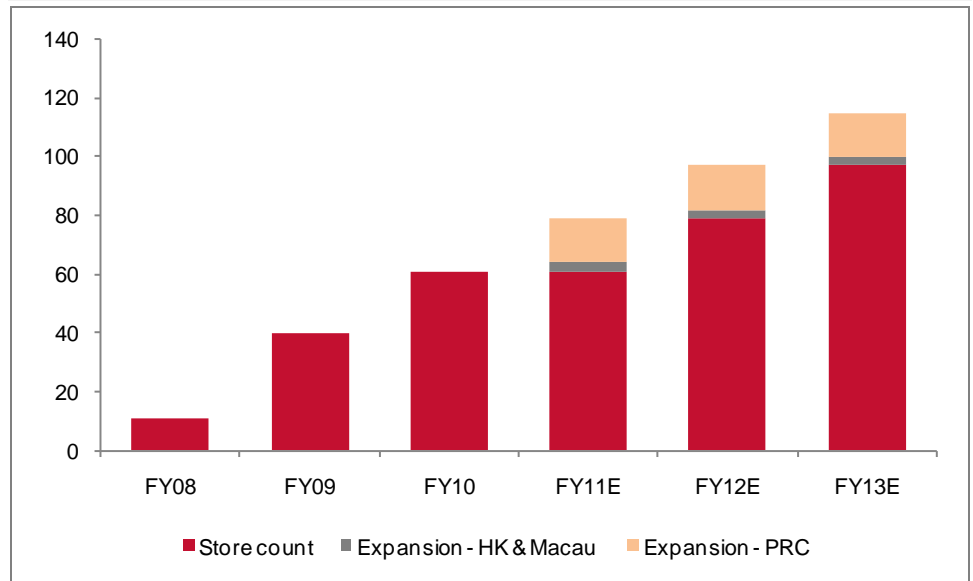
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Aggressive but achievable expansion plan

Achievable and aggressive expansion plan. Among the three major listed watch distributors, i.e. Hengdeli (3389.HK), Oriental Watch (398.HK) and Emperor Watch & Jewellery (887.HK), the expansion plan of Emperor Watch is the most aggressive, at over 20% p.a. in terms of store count, while others grow at ~10% p.a. 20% p.a. translates to ~18 stores. In our view, this plan is achievable since Emperor Watch is relatively small in terms of store count and it is still in its highest growth phase.

Exhibit 2: Store expansion plan



Source: Company, OP Research

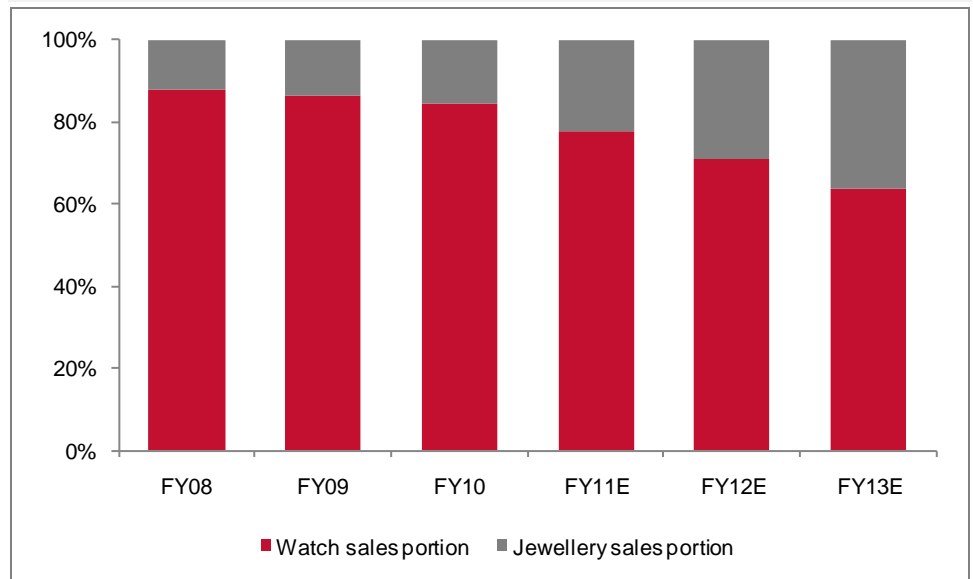
Jewellery sales to improve gross margin in the next five years

Jewellery sales in the PRC as a future growth strategy. While luxury watches are with standardized models, jewellery is more personal. As jewellery is usually bought face to face, management sees a huge potential in setting up jewellery stores in PRC.

Out of the 50 shops in China, 60% of them are jewellery only shops, 20% are mixed with watches, and only 20% are single branded watch shops. Looking forward with the expansion plan in 2011 of 8 jewellery stores and 7 watch shops, jewellery stores will still outnumber watch stores. We believe the sales portion of jewellery will continue to increase.

Management expects jewellery sales proportion increase to 50% by 2015. Jewellery is a focused segment of the business of Emperor Watch. Management sets a medium term goal to bring up jewellery sales to 50% of the group's revenue from 16% as of FY10.

Exhibit 3: Jewellery sales to increase gradually



Source: Company, OP Research

Gross margin improvement through higher margin jewellery sales. Gross margin of jewellery is usually higher at 35-45% while that of luxury watch for distributors stands at 15-20%. As the proportion of jewellery sales being brought up from the current 15%, we expect gross margin of Emperor Watch to increase by approximately 1% per year through product mix improvement alone.

Exhibit 4: Gross margin projection



Source: Company, OP Research

Synergies across Emperor Group

Cross selling opportunities arise. Apart from Emperor Watch, the Emperor Group also operates a series of business including property investment, financial services, media and entertainment, hotel and gaming, as well as clubbing and dining. Cross selling opportunities arise for Emperor Watch to sell its products to the clients of its sister firms. The current four shops in Macau are located at Grand Emperor Hotel, owned by one of the sister companies.

Exhibit 5: List of sister companies

Company	Stock code	Principal activities
Emperor International Holdings Limited	163 HK	Property investment and development, operates the Emepror (Happy Valley) Hotel in HK
Emperor Entertainment Hotel Limited	296 HK	Operates a gaming platform in the Grand Emperor Hotel in Macau
Emperor Capital Group Limited	717 HK	Provides wealth management, investment and financial services
New Media Group Holdings Limited	708 HK	Paper media publication business in Hong Kong
Dragon-i	Private	A famous pub in Hong Kong, with clients of celebrities

Source: Company

Prime store locations. Around 1/3 of the stores in Hong Kong are rented from group companies. In this way, Emperor Watch secures prime locations, e.g. Russell Street stores in Causeway Bay and 4 stores in Grand Emperor Hotel Macau, without fear of being forced out from the current locations.

Unique sales event, regular exhibitions make up 10% of the group revenue. Leveraging on the network of the shareholder and management, Emperor Watch invites potential clients to regular sales exhibitions, with the most highly priced items shown. Usually, there is at least an exhibition held in Hong Kong and two or more in the PRC per year. Sales in exhibition contribute around 10% of the total revenue of Emperor Watch, and we believe this is a niche which can hardly be replicated by its peers.

Advertising effect for the “Emperor brand”. The Emperor group operates entertainment business in the PRC. The brand “Emperor” gains exposure on posters and advertisements which are usually associated with movie stars and celebrities, synergy in advertisement effect exists between the Emperor Group and Emperor Watch.

Comprehensive brand portfolio

A comprehensive and balanced brand portfolio. Emperor Watch is one of the few luxury watch retailers that have a balanced portfolio spreading among the brands under control by Rolex, Richemont, Swatch Group and LVMH. A usual phenomenon among watch retailers is that they usually have close relationship with one of the major Swiss watch group only. Emperor Watch has a niche in achieving a balanced portfolio, mainly due to the connection of the chairman with various luxury watch suppliers.

Exhibit 6: Emperor watch brand portfolio

LVMH	Swatch Group	Rolex Group	Richemont Group	Other independent brands
- BVLGARI	- Blancpain	- Rolex	- Baume & Mercier	- Audemars Piguet
- TAG Heuer	- Certina	- Tudor	- IWC	- Carl F. Bucherer
- Zenith	- Glashutte Original		- Jaeger-LeCoultre	- Corum
	- Hamilton		- Panerai	- Cyma
	- Longines		- Piaget	- Girard Perregaux
	- Mido		- Vacheron	- Gucci
	- Omega		Constantin	- Maurice Lacroix
	- Rado			- Movado
	- Tiffany			- Oris
	- Tissot			

Source: Company, OP Research

Exhibit 7: Emperor Watch stands out among peers

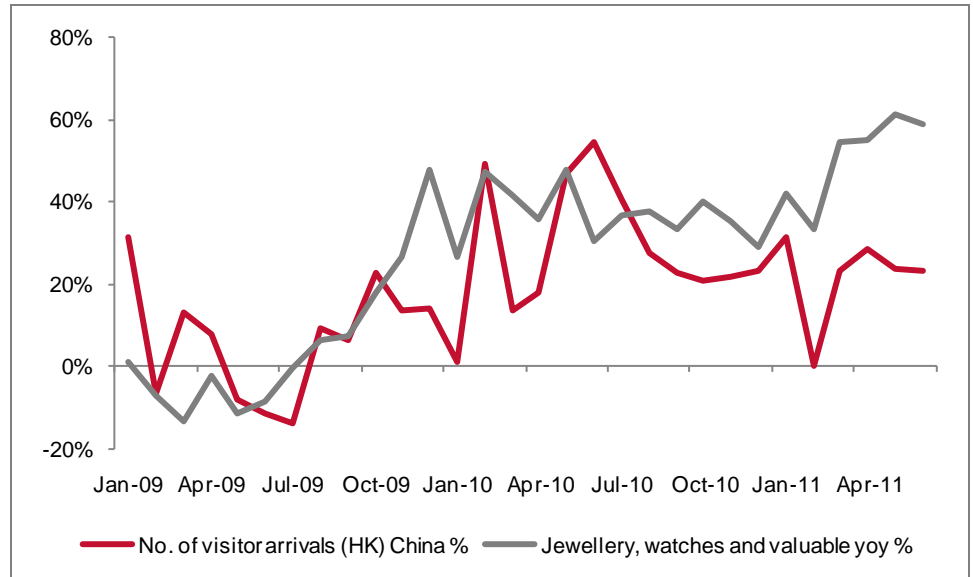
	Emperor Watch (887.HK)	Oriental Watch (398.HK)	Hengdeli (3389.HK)
Revenue (FY10A)	HK\$4,095mn	HK\$3,243mn	RMB8,216mn
No. of stores (FY10A)	61	104	350
Sales per store (FY10A)	HK\$67mn	HK\$31mn	RMB23mn
Portfolio concentration	Relatively even contributions from brands of 4 major luxury watch owners	More than 70% of revenue is contributed by Rolex Group	Relatively even contributions from brands of 4 major luxury watch owners
SSSG (FY10A)	46.4%	~18%	35%
Margin drivers	<ul style="list-style-type: none"> - Discount narrowing and ASP increase - Improvement in product mix, target a 50-50 sales mix by 2015 	<ul style="list-style-type: none"> - Discount narrowing and ASP increase 	<ul style="list-style-type: none"> - Discount narrowing and ASP increase - Improvement in product mix through introduction of jewellery sales

Source: Company

An over-demand luxury watch market is established in Hong Kong.

Luxury watch and jewellery sales growth is driven by mainland tourist. Tourists from mainland China become an essential driver for the Hong Kong retail sales growth. Among all categories, sales for jewellery, watch and valuable gifts reported a vigorous increase in Jun 2011, as high as 59% yoy.

Exhibit 8: Mainland tourists number vs jewellery sales yoy



Source: Census and Statistics Department, Hong Kong Tourism Board, OP Research

Due to VAT, exchange rate difference remain huge components for the price difference among luxury goods sold in the PRC and Hong Kong, we do not expect the price gap between the two places to narrow even after the pending luxury import tax cut.

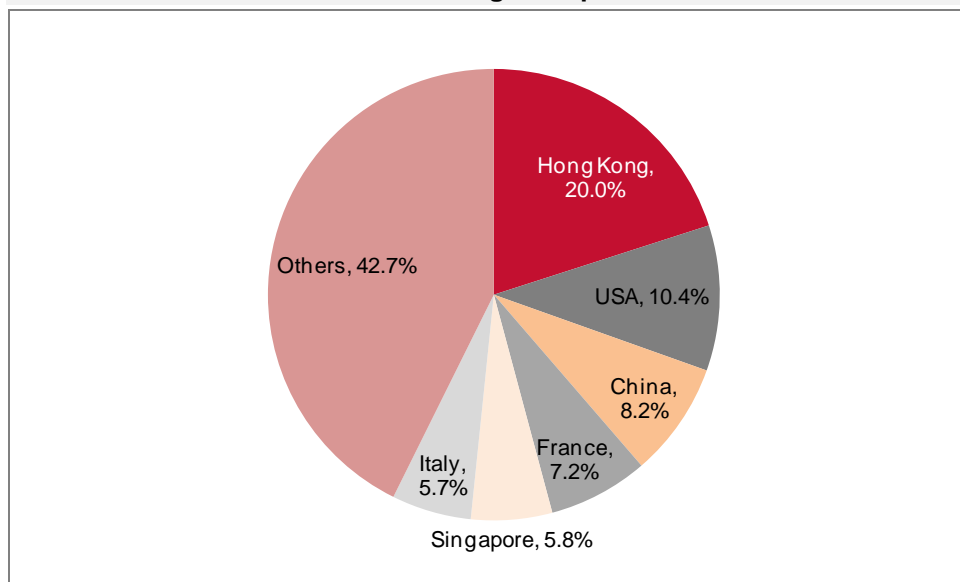
To avoid the higher corporate tax rate in the PRC, certain brand owners would strategically keep the most valuable watch models to be sold in Hong Kong. So the collection in Hong Kong would be richer than those in the PRC. Added other factors include credibility of local dealers, and better sales services, etc, Hong Kong remains the top destination for mainland tourists to purchase luxury watches.

Gross margins for watch distributors are expected to further increase. During the Global Financial Tsunami in 2008-09, although the suggested retail price of luxury watches didn't went down, consumers enjoy a high discount to the market price. Following global recovery and the increase in demand from PRC, discount was as low as 8% last year, and 5% recently. Brand boutiques even offer no discount for walk-in customers. We expect the discount trend to *further decrease*, leading to improvement in distributors' gross margin.

Renowned luxury brands raise their price throughout this year. Rolex raised their price thrice this year, to 15% yoy; Patek Philippe raised the target price by 8% in July; discounts for most of the brands are eliminated in July. With a high inventory turnover (180 days for watches), we expect Emperor Watch to benefit from margin expansion by prior sourced inventory at a revised selling price.

Hong Kong overtook USA as the largest export destination of Swiss watches. Hong Kong has long been the second largest export destination of Swiss-made watches. According to the Federation of the Swiss Watch Industry FH, Hong Kong overtook USA as the largest export destination of Swiss-made watches in 2008.

Exhibit 9: HK overtook USA as the largest export destination



Source: Federation of Swiss Watch Industry

As at 2010, export value to Hong Kong was CHF3.2bn, higher than that of US (CHF1.7bn) by 90%. With (i) the demand from PRC remains strong; (ii) price difference between Hong Kong and PRC not to be narrowed in the near future; and (iii) other factors including full collection and credibility, we believe this trend is not to be reversed in the foreseeable future.

Risks

Heavy working capital investments. During rapid expansion phase of the company and a period of surging raw material prices, working capital requirement is heavy. During FY08 to FY10A expansion phase, the company experienced operating cash shortfall and raised fund by equity placing in FY09 and FY10.

Exhibit 10: Working capital analysis

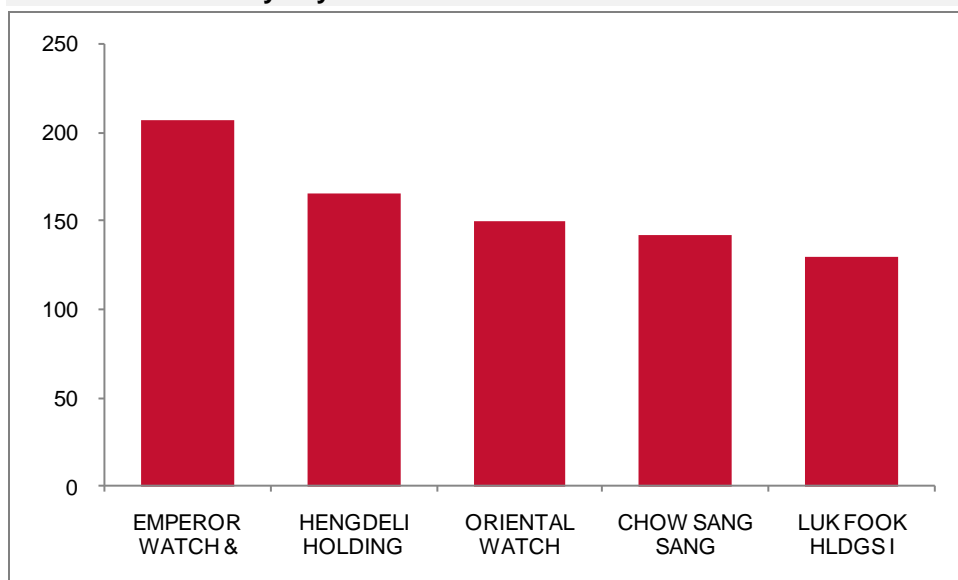
	FY08A	FY09A	FY10A
Inventory	405	102	844
Trade receivable	(1)	49	5
Trade payable	(29)	146	144
Net increase in working capital	433	5	706
EBITDA for the year	294	268	454
Operating cash surplus / (shortfall)	(139)	263	(251)
Inventory days	332	241	259

Source: Company, OP Research

According to our projection, if the overall inventory days do not rise over 360 in FY10, funding of the company will be sufficient. Nevertheless, heavy working capital investment remains a major risk of the company.

Potential threat if macro economy slows down. With relatively heavy inventory level within its close comparisons, risk is larger when the macro economy shows signs of slowdown.

Exhibit 11: Inventory days as at FY10



Source: Company, OP Research

Suppliers are on upper hand in the watch distribution chain. Due to the nature in limited volume increase each year, brand owners hold the power to alter the watch prices and thus the demand of luxury watches are usually higher than supply in a bull market. Nevertheless, this risk can be mitigated since all of the costs can be transferred to customers.

Key financials and valuation

We estimate revenue growth at 35.9% in FY11E. The company plans to open 10-20 stores in the PRC, and 1-2 stores in HK and Macau respectively. Management guided a 30% same store sales growth target for FY11E. We believe this target is a bit conservative given a robust growth shown in government statistics and have it adjusted upward by 5% for HK segment.

Gross margin to slightly increase. Management targets a 50-50 jewellery and watch sales mix by FY15. We expect this will give a 6.9% increment in jewellery sales per year, and gross margin to increase by 1.1%.

Improvement at the EBIT level. Operating expenses is expected to increase in a slower pace than revenue increase. EBIT margin is expected to increase slightly by 0.9% yoy.

Net profit to increase by 48% (normalized) in FY11E. Due to (i) robust top line growth; and (ii) slight margin improvement, we expect net profit to grow by 48% in FY11E and to grow in a CAGR of 41% onwards. Adjusted for the placement and conversion executed in 1H11, EPS is expected to grow at a CAGR of 33%.

Valuation. Based on the growth and risk analysis, we believe Emperor Watch deserves a valuation at 23x FY12E PE, representing 0.7x PEG ratio, at the higher end valuation among market peers. We are positive on the growth prospect of Emperor Watch. We believe the recent negative market sentiment provides an entry point. We initiate this counter with a BUY rating, TP at HK\$2.35, offering *% upside.

Exhibit 12: Working capital analysis

	Bloomberg code	PEG ratio (based on FY12E PE)
LUK FOOK HLDGS I	590 HK	0.48
CHOW SANG SANG	116 HK	0.70
HENGDELI HOLDING	3389 HK	0.58
EMPEROR WATCH &	887 HK	0.46
CHINA HAIDIAN HO	256 HK	N/A
ORIENTAL WATCH	398 HK	0.30
Average		0.50
Median		0.48

Source: Company, OP Research

Financial Summary

Profit and loss

Year to Dec (HK\$ mn)	FY09A	FY10A	FY11E	FY12E	FY13E
Revenue	2,686	4,095	5,593	7,195	8,955
EBITDA (ex-assoc)	268	454	691	964	1,294
Depreciation	(22)	(42)	(76)	(75)	(75)
EBIT (ex-assoc)	245	413	616	889	1,219
Net interest inc/(exp)	(2)	(9)	2	13	24
Associates' profits	0	0	0	0	0
Exceptional items/others	0	(199)	0	0	0
Pre-tax profit	243	204	617	902	1,243
Tax	(43)	(70)	(111)	(167)	(236)
Minority interest	(5)	(8)	(25)	(36)	(50)
Preference dividends	0	0	0	0	0
Net profit	196	126	481	699	957
Others	0	0	0	0	0
Dividends	(60)	(92)	(144)	(210)	(287)
Retained earnings	136	33	337	489	670

Balance sheet

Year to Dec (HK\$ mn)	FY09A	FY10A	FY11E	FY12E	FY13E
Cash & deposits	252	601	798	910	880
Trade debtors	57	63	86	110	137
Other debtors	0	0	0	0	0
Inventories	1,308	2,152	3,356	3,957	4,925
Other current assets	154	210	210	210	210
Intangible assets	0	0	0	0	0
Investment, associates and other LT assets	0	4	4	4	4
Fixed assets	75	85	80	80	79
Total assets	1,846	3,116	4,533	5,271	6,236
Trade creditors	165	309	422	543	676
Other creditors	0	0	0	0	0
ST debt	4	67	67	67	67
Other current liabs	108	179	335	427	539
LT borrowings	9	110	0	0	0
Deferred taxation and others	1	180	180	180	180
Other LT liabilities	0	0	0	0	0
Total liabilities	287	845	1,005	1,217	1,462
Share capital	45	57	57	57	57
Reserves	1,504	2,211	3,444	3,933	4,603
S'holders' funds	1,549	2,268	3,501	3,990	4,660
Minorities	10	3	27	64	114
Total equity	1,559	2,270	3,528	4,054	4,774
Net cash (debt)	239	425	731	843	813
Total cap employed	1,569	2,560	3,709	4,234	4,954

Source: Company, OP Research

Cash flow

Year to Dec (HK\$ mn)	FY09A	FY10A	FY11E	FY12E	FY13E
Pre-tax profit (adj.)	243	403	617	902	1,243
Taxes paid	(53)	(42)	(35)	(111)	(167)
Depreciation/amort'n	22	42	76	75	75
Associates' adj.	0	0	0	0	0
Gross cash flow	212	403	658	866	1,152
Capex	(59)	(50)	(70)	(75)	(75)
Change in working cap	(5)	(706)	(1,113)	(505)	(862)
Free cash flow	149	(353)	(525)	286	214
Dividends	(60)	(92)	(65)	(174)	(244)
Investments	0	0	0	0	0
Disposals	0	0	0	0	0
Share issues	152	718	896	0	0
Others	(152)	(87)	0	0	0
Net cash flow	89	186	306	112	(30)
Net cash (debt) start	150	239	425	731	843
Net cash (debt) at Y/E	239	425	731	843	813
S'holders' funds + MI	1,559	2,270	3,528	4,054	4,774
Net debt/equity (%)	(15)	(19)	(21)	(21)	(17)

ROE decomposition

	FY09A	FY10A	FY11E	FY12E	FY13E
EBIT margin (%)	9.13	10.08	11.01	12.35	13.62
Pre-tax/EBIT (x)	0.99	0.50	1.00	1.01	1.02
Net profit/pre-tax (x)	0.80	0.62	0.78	0.77	0.77
Asset turnover (x)	1.46	1.31	1.23	1.36	1.44
Assets/equity (x)	1.18	1.37	1.28	1.30	1.31
ROE (%)	12.55	5.53	13.64	17.23	20.05

Statistics and ratios

Year to Dec (HK\$ mn)	FY09A	FY10A	FY11E	FY12E	FY13E
Growth rate (%)					
Revenue	46	52	37	29	24
EBITDA (ex-assoc)	(9)	70	52	39	34
EBIT (ex-assoc)	(12)	68	49	44	37
Net profit	(12)	(36)	283	45	37
Fully diluted EPS	(59)	(46)	206	39	40
Margins (%)					
EBITDA (ex-assoc)	10	11	12	13	14
EBIT (ex-assoc)	9	10	11	12	14
Other ratio					
Effective tax rate (%)	18	17	18	19	19
Payout ratio (%)	31	73	30	30	30
Net ROE (%)	13	6	14	17	20
Net gearing (%)	(15)	(19)	(21)	(21)	(17)
ROA (%)	11	4	11	13	15
Interest coverage (x)	119	37	144	294	363
Debtors (days)	8	6	6	6	6
Creditors (days)	22	28	28	28	28
Stock (days)	178	192	219	201	201

Growth path

Past

History of Emperor Watch traced back to 1942 when the first store with the name "Shing On Kee" opened. The first store named "Emperor Watch & Jewellery" was opened in 1965. Emperor Watch went listed on the main board of HKEx in Jul 2008.

Present

Currently, the group distributes 21 and 30 watch brands in Hong Kong and Macau, as well as China respectively, through 71 outlets. Apart from continuing its luxury watch selling business, the group also engages in jewellery business. As at FY10, luxury watch business attributed for 85% of the group's total revenue to external customers, while jewellery business attributed for the remaining 15%.

Future

Apart from its current luxury watch sales business, the group plans to develop its jewellery business in the PRC in a fast pace. For FY11, jewellery business contributed 15% of the group's revenue. According to management guidance, jewellery sales portion is expected to reach 50% by 2015.

We believe this direction is beneficial to the gross margin of the group over the years as proportion of the higher margin jewellery business increases.

Competitive analysis

Substitutes

Luxury watch retailers in PRC and Hong Kong (e.g. Oriental Watch, Hengdeli, etc.) and certain jewellery retail chain stores which have luxury watches for sale in their stores, are substitutes of the group.

New entrants

There is a high barrier of entrance since the capacity growth of luxury swiss-made watches is limited. New entrance may dilute the volume of current distributors. Only those with very good connection with brand owners and who can prove their profitability would gain entry.

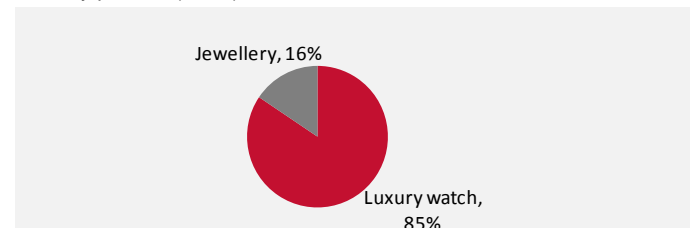
Customers

Luxury watch market is at a state of over-demand in Hong Kong, Macau and China, which can be observed through retail discount narrowing and frequent retail price raise by major luxury watch brands. Watch distributors can easily pass on the cost increase from brand owners easily in a bull market.

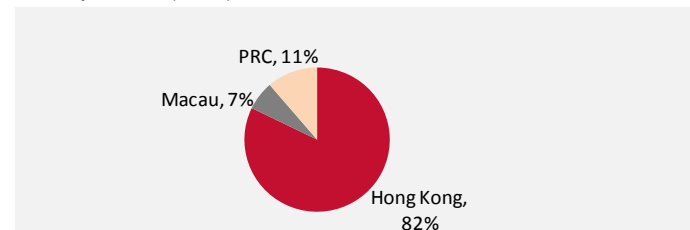
Suppliers

Since the market is over-demand, suppliers control the ultimate source and pricing. Nevertheless, brand owners will ensure the profitability of retailers, and margin maintains since all of the pricing pressure is passed to end consumers.

Sales by product (FY10)



Sales by market (FY10)



Sensitivity analysis (%)

(HK\$ mn)	FY11E base case	% of sales	Wages up 10%	Fixed rental up 10%
Revenue	5,564	100.0	100.0	100.0
Store staff cost	152	2.7	2.8	2.7
Store rental	320	5.8	5.8	5.9
SG&A	806	14.5	14.6	14.6
EBITDA	685	12.3	12.2	12.2
Depreciation	76	1.4	1.4	1.4
EBIT	609	11.0	10.9	10.8

Competitive threats

Major competitors for Emperor Watch in Hong Kong are established luxury watch retail chains like Oriental Watch and Sincere Watch. Although competition exists, yet the entry barrier is high since the new comers are not easy to gain a volume of luxury watch from the suppliers given its nature in limited quantities.

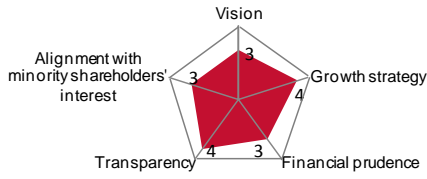
Unlike other players, which usually have their sales volume tilted towards a major luxury group (i.e., Rolex, Swatch Group, LVMH, etc.), Emperor Watch is one of the few retailers that have a balanced brand portfolio among various brand owners. We believe this is due to the extensive connection of the major shareholders' family.

Suppliers (brand owners) hold the ultimate power in pricing. Nevertheless, a constant margin will be kept for retailers as brand owners usually lift the suggested retail price at a same magnitude. Customers of the watch retailers do not have bargaining power, as the costs are all passed on to the end customers in a bull market.

For the jewellery part, Emperor Watch is on the same league with Luk Fook, Chow Tai Fook and Chow Sang Sang. Emperor Watch, together with other luxury retail chain stores based in Hong Kong, are in an advantageous position to PRC domestic jewellery chain stores due to credibility.

Management

5: Best; 1: Worst



Out of the five assessments, we put an above average score on the growth strategy and the transparency of the company. Watch models are highly standardized, and with price difference between the PRC and Hong Kong, customers can easily do the purchase in Hong Kong where collection is richer. While Jewelry is more personal, the group opts to rapidly expand the jewellery business in the PRC, this strategy also helps to expand gross margin. The company has proper disclosure and investor relation exercises, which in our opinion, transparency is at a level of above-average. Nevertheless, capital pressure is high in this rapid expansion phase. Company satisfied the capital need in the previous two years through equity placement. We see this as a potential risk during market downturn.

Source: Company, OP Research

Exhibit 13: Peer Group Comparison

	Bloomberg Code	Year End	Mkt Cap (HKD mn)	Price (HKD)	PER (x)			P/B (x)			Yield (%)		
					FY10A	FY11E	FY12E	FY10A	FY11E	FY12E	FY10A	FY11E	FY12E
Jewellery													
LUK FOOK HLDGS I	590 HK	03/2011	22,460	41.40	38.3	28.8	19.5	12.3	6.8	5.3	1.0%	1.4%	1.8%
CHOW SANG SANG	116 HK	12/2010	19,360	28.60	24.6	19.8	16.2	3.4	3.1	2.7	1.5%	1.7%	2.1%
HENGDELI HOLDING	3389 HK	12/2010	14,998	3.41	22.3	17.9	14.3	2.9	2.5	2.2	1.4%	1.9%	2.3%
EMPEROR WATCH & CHINA HAIDIAN HO	887 HK	12/2010	11,086	1.65	68.8	20.1	15.4	4.1	3.2	2.8	1.1%	1.5%	2.1%
ORIENTAL WATCH	256 HK	12/2010	4,089	0.99	13.3	22.0	15.2	1.2	-	-	5.1%	3.5%	3.0%
TSE SUI LUEN JEW	398 HK	03/2011	3,223	5.72	22.6	17.9	11.7	1.9	1.7	1.7	0.8%	1.0%	1.4%
ORIENTAL WATCH	417 HK	02/2011	1,512	7.19	12.4	-	-	2.4	-	-	1.4%	0.0%	0.0%
KING FOOK HLDGS	398 HK	03/2011	3,223	5.72	22.6	17.9	11.7	1.9	1.7	1.7	0.8%	1.0%	1.4%
	280 HK	03/2011	692	1.59	10.7	-	-	0.7	-	-	0.9%	0.0%	0.0%
Average					26.2	20.6	14.9	3.4	3.2	2.7	1.6%	1.7%	2.0%
Median					22.6	17.9	14.3	2.4	2.5	2.2	1.1%	1.4%	1.8%

Source: Bloomberg, OP Research

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08-Aug-11	EVA Precision Industrial	838	A step closer in auto parts	BUY	Create Lee
05-Aug-11	Tianneng Power	819	Takeaway from teleconference	BUY	Create Lee
04-Aug-11	Lead Acid Battery	-	Closure list confirms supply shortage	N/A	Create Lee
02-Aug-11	Solar Sector Update	-	The feed-in-tariff is rolling out	N/A	Antony Cheng
01-Aug-11	Summary of 1H11E results previews	-	Likely beats and misses under OP's coverage	N/A	Research Team
01-Aug-11	ERA Mining Machinery	8043	Interim result preview	BUY	Create Lee
01-Aug-11	Far East Horizon	3360	Interim results preview	BUY	Antony Cheng
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27-Jul-11	YGM Trading Limited	375	Road Show Takeaway	BUY	Godfrey Leung
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13-Jul-11	China All Access	633	Interim results preview	BUY	Yuji Fung/ David Yuan
12-Jul-11	TCL COMM	2618	1H11 Shipments in line	BUY	Yuji Fung
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12-Jul-11	EVA Precision Industrial	838	Interim results preview	BUY	Create Lee
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