

Key Data

Ave EPS growth (%)	14.7
Ave PE	15.7
Ave. dividend yield(%)	2.07

Source: Company, Bloomberg, ABCI Securities

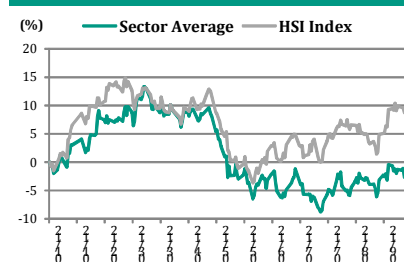
Sector performance (%)

	Absolute	Relative*
1-mth	2.5%	(1.2%)
3-mth	7.8%	(3.7%)
6-mth	9.8%	(8.5%)

Source: Bloomberg

*Relative to Hang Seng Index

Price performance



Source: Bloomberg

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Improved sentiment towards consumer discretionary

Retail sales growth kept improving on nominal and real terms in November, posting a YoY growth of 14.9% and 13.6% respectively. In particular, consumer discretionary showed an impressive growth momentum signaling surging consumer confidence. Our economics team forecasts that retail sales growth will recover to 15.2% in 2013 from 14.4% of 2012 and we believe that growth of consumer discretionary will outperform that of staples in coming quarters due to higher consumer confidence and positive wealth effect generated by the recovery of equity market.

Retail sales growth start to pick up in 4Q12: NBSC (National Bureau of Statistics of China) unveiled retail sales' nominal growth of 14.9%YoY in November, rebounding for the third consecutive month since August. Real retail sales increased by 13.6%YoY from 12.1%YoY in August. Growth of retail sales will continue to pick up in December as China's economy bottomed in 3Q12.

In November, sales growth of consumer discretionary picked up but growth of consumer staples eased. Gold & Jewelry saw a robust growth of 20.4%YoY, up 10.1ppt from October. Growth of clothing surged by 20.6%YoY, up 1.9ppt from October while growth of cosmetics increased by 21.6%YoY, up 3.5ppt from October. Retail sales growth of F&B and daily use articles increased by 18.5%YoY and 17.5%YoY respectively, down 3.3ppt and 1.5ppt from October.

Our economics team forecasts that the GDP growth will recover to 8.1%YoY in 2013 from 7.8%YoY in 2012, while retail sales growth will rebound to 15.2%YoY in 2013 from 14.4%YoY in 2012. We believe that improved economic fundamentals become a strong impetus to the sales growth of consumer discretionary in coming quarters.

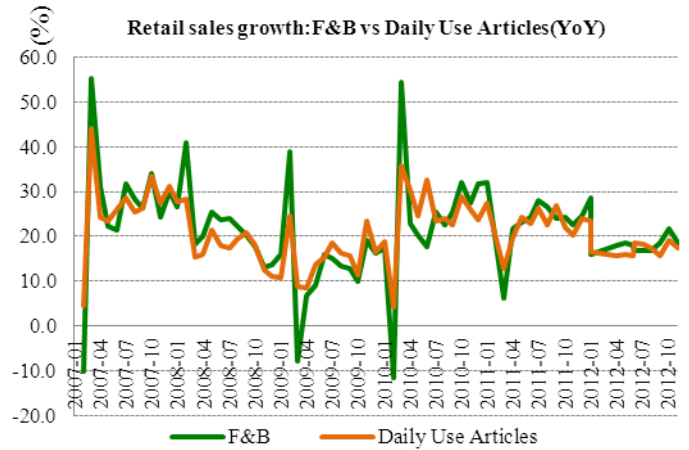
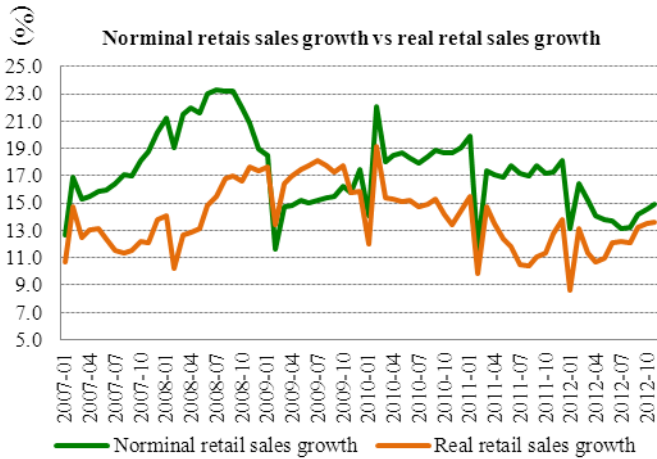
Retail sales growth

2012 (%YoY)	Jul	Aug	Sep	Oct	Nov	1-11
Total retail sales	13.1	13.2	14.2	14.5	14.9	14.9
F&B	16.8	16.7	18.5	21.8	18.5	17.8
Daily Use						
Articles	18.2	17.5	15.8	19.0	17.5	17.0
Clothing	18.4	21.1	20.4	18.7	20.6	18.2
Cosmetics	15.1	17.9	15.7	18.1	21.6	17.0
Gold & Jewelry	14.0	14.9	12.5	10.3	20.4	15.6

Source: NBSC, ABCI Securities



Exhibit 1:



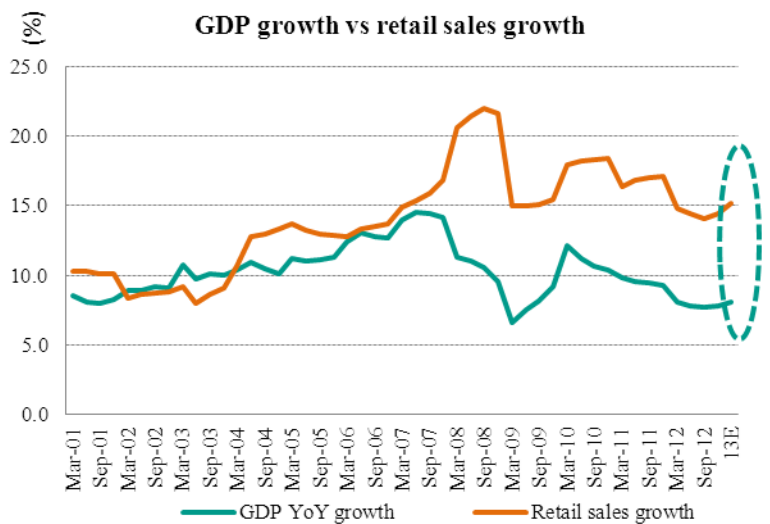
Source:NBSC, ABCI Securities

Exhibit 2:



Source:NBSC, ABCI Securities

Exhibit 3:



Source:NBSC, ABCI Securities estimate



Disclosures

Analyst Certification

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Definition of equity rating

Rating	Definition
Buy	Stock return \geq Market return rate
Hold	Market return - 6% \leq Stock return < Market return rate
Sell	Stock return < Market return - 6%

Stock return is defined as the expected % change of share price plus gross dividend yield over the next 12 months

Market return: 5-year average market return rate from 2007-2011 (~15%)

Time horizon of share price target: 12-month

Definition of share price risk

Rating	Definition
Very high	$2.6 \leq$ 180 day volatility/180 day benchmark index volatility
High	$1.5 \leq$ 180 day volatility/180 day benchmark index volatility < 2.6
Medium	$1.0 \leq$ 180 day volatility/180 day benchmark index volatility < 1.5
Low	180 day volatility/180 day benchmark index volatility < 1.0

We measure share price risk by its volatility relative to volatility of benchmark index. Benchmark index: Hang Seng Index.

Volatility is calculated from the standard deviation of day to day logarithmic historic price change. The 180-day price volatility equals the annualized standard deviation of the relative price change for the 180 most recent trading days closing price.

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