



Rating
Hold

Company
Giordano

Date
3 March 2015

Company Update

Asia
Hong Kong

Consumer
Retail / Wholesale Trade

Reuters 0709.HK Bloomberg 709 HK Exchange HKG Ticker 0709

Price at 3 Mar 2015 (HKD)	3.74
Price target - 12mth (HKD)	3.87
52-week range (HKD)	5.35 - 3.37
HANG SENG INDEX	24,887

FY15 - operating environment remains 'volatile'; maintaining Hold

Revising target price to HK\$3.87; maintaining Hold

2014 net profit and sales were in line with Deutsche Bank forecasts and market consensus. Management sees SSSG in the mid-single digits, with flat yoy global brand sales for January/February 2015, thanks to better execution with the right merchandise, as well as a low base in 1Q14. That said, the operating environment remains volatile. Management is focusing on stabilisation in China, better merchandising with 'easy to wear' products and a GPM improvement in 2015. We lower 2015/16E NP by 1.2%/6.5% and introduce our FY2017 forecasts. Maintaining Hold.

Jan/Feb 2015 SSSG grew by mid-single digits, with flat yoy global brand sales

Double-digit SSSG was achieved in China, HK, Taiwan, Singapore and Thailand, while markets such as UAE and S. Korea saw double-digit declines. Management commented that the good performance was due partly to better performances in markets such as Greater China and Singapore, with improved product mixes, and partly to a low base.

2015: China stabilisation, GPM improvement, savings from store closures

For 2015, management guides for China stabilisation, a GPM improvement and HK\$20-40m store closure savings. Its operating outlook remains "volatile". On the one hand, it saw a strong start in markets like China, with positive SSSG since 2Q14, despite a low base, and SEA markets, including Singapore, Indonesia and Thailand, saw strong 4Q14 recovery. On the other hand, China franchisees are still reluctant to open new stores, demand in HK and Korea remains weak, and macro weakness clouds Singapore, Malaysia and ME. Also, while there could be some savings from the lower cotton price, part of this might still be offset by SEA currency weakness (but not as severe as in 1H14).

Strong dividend yield still apparent; TP down to HK\$3.87, from HK\$3.83; risks

Our DCF-based target price (TP) assumes 7.6% WACC and 7.6% COE for Hong Kong, based on a 1.0 beta, within the range (1-1.3) we use to value the sector. Our TGR is 1%. Our TP is supported by an estimated 7.0% yield, implying 13.8x FY15E PE. Downside risks: competition; weak SSSG. Upside risks: margin expansion; higher dividend payout.

Anne Ling

Research Analyst
(+852) 2203 6177
anne.ling@db.com

Key changes

Price target	3.83 to 3.87	↑	1.0%
Sales (FYE)	5,805 to 5,661	↓	-2.5%
Op prof margin (FYE)	9.2 to 9.6	↑	4.1%
Net profit (FYE)	448.8 to 443.4	↓	-1.2%

Source: Deutsche Bank

Price/price relative



Performance (%)	1m	3m	12m
Absolute	1.6	1.1	-27.1
HANG SENG INDEX	1.4	6.2	10.6

Source: Deutsche Bank

Forecasts And Ratios

Year End Dec 31	2013A	2014A	2015E	2016E	2017E
Reported NPAT (HKDm)	663.0	408.0	443.4	488.4	527.4
Reported EPS FD(HKD)	0.42	0.26	0.28	0.30	0.33
OLD DB EPS FD(HKD)	0.42	0.25	0.28	0.32	-
% Change	-0.0%	4.1%	0.2%	-6.5%	-
DB EPS growth (%)	-20.0	-37.9	6.2	8.6	8.0
PER (x)	17.5	17.6	13.4	12.3	11.4
DPS (net) (HKD)	0.40	0.25	0.27	0.30	0.32
Yield (net) (%)	5.4	5.4	7.3	8.0	8.6

Source: Deutsche Bank estimates, company data

¹ DB EPS is fully diluted and excludes non-recurring items

² Multiples and yields calculations use average historical prices for past years and spot prices for current and future years, except P/B which uses the year end close

Deutsche Bank AG/Hong Kong

Deutsche Bank does and seeks to do business with companies covered in its research reports. Thus, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision. DISCLOSURES AND ANALYST CERTIFICATIONS ARE LOCATED IN APPENDIX 1. MCI (P) 148/04/2014.



Model updated: 03 March 2015

Running the numbers

Asia
Hong Kong
Retail / Wholesale Trade

Giordano

Reuters: 0709.HK Bloomberg: 709 HK

Hold

Price (3 Mar 15) HKD 3.74
Target Price HKD 3.87
52 Week range HKD 3.37 - 5.35
Market Cap (m) HKDm 5,773
USDm 744

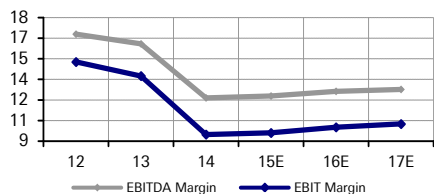
Company Profile

Giordano International Limited, through its subsidiaries, retails and distributes casual apparel and accessories under the Giordano Ladies, Giordano Junior and Bluestar Exchange brands. The group also manufactures apparel and supplies products to third parties.

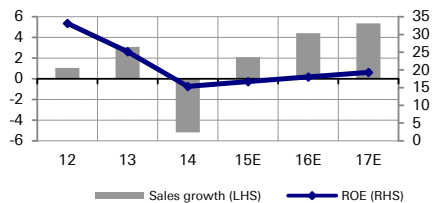
Price Performance



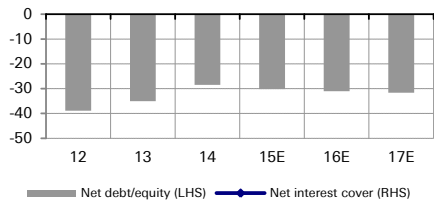
Margin Trends



Growth & Profitability



Solvency



Fiscal year end 31-Dec

Financial Summary

	2012	2013	2014	2015E	2016E	2017E
DB EPS (HKD)	0.53	0.42	0.26	0.28	0.30	0.33
Reported EPS (HKD)	0.53	0.42	0.26	0.28	0.30	0.33
DPS (HKD)	0.40	0.40	0.25	0.27	0.30	0.32
BVPS (HKD)	1.7	1.7	1.7	1.7	1.7	1.7
Weighted average shares (m)	1,535	1,557	1,569	1,570	1,570	1,570
Average market cap (HKDm)	9,546	11,606	7,281	5,773	5,773	5,773
Enterprise value (HKDm)	8,475	10,218	6,107	4,524	4,466	4,414

Valuation Metrics

P/E (DB) (x)	11.7	17.5	17.6	13.4	12.3	11.4
P/E (Reported) (x)	11.7	17.5	17.6	13.4	12.3	11.4
P/BV (x)	4.43	3.99	2.01	2.17	2.16	2.14
FCF Yield (%)	9.1	5.4	4.6	8.3	8.4	9.0
Dividend Yield (%)	6.4	5.4	5.4	7.3	8.0	8.6
EV/Sales (x)	1.5	1.7	1.1	0.8	0.8	0.7
EV/EBITDA (x)	8.9	10.9	9.1	6.5	6.0	5.5
EV/EBIT (x)	10.1	12.7	11.6	8.3	7.5	6.9

Income Statement (HKDm)

Sales revenue	5,673	5,848	5,545	5,661	5,911	6,228
Gross profit	3,331	3,551	3,214	3,313	3,471	3,666
EBITDA	953	941	674	696	747	795
Depreciation	115	137	148	152	155	157
Amortisation	0	0	0	0	0	0
EBIT	838	804	526	544	592	639
Net interest income/(expense)	22	20	15	16	17	18
Associates/affiliates	106	79	55	55	60	66
Exceptionals/extraordinary	143	0	0	0	0	0
Other pre-tax income/(expense)	0	0	0	0	0	0
Profit before tax	1,109	903	596	614	669	722
Income tax expense	221	173	130	123	130	141
Minorities	62	67	58	48	50	54
Other post-tax income/(expense)	0	0	0	0	0	0
Net profit	826	663	408	443	488	527
DB adjustments (including dilution)	0	6	6	6	0	0
DB Net profit	826	669	414	450	488	527

Cash Flow (HKDm)

Cash flow from operations	858	779	480	608	612	646
Net Capex	13	-150	-144	-120	-120	-120
Free cash flow	871	629	336	488	492	526
Equity raised/(bought back)	90	98	0	0	0	0
Dividends paid	-602	-768	-541	-420	-445	-486
Net inc/(dec) in borrowings	378	-7	0	0	0	0
Other investing/financing cash flows	-376	-18	12	0	0	0
Net cash flow	361	-66	-193	69	47	41
Change in working capital	64	-55	-33	-13	-29	-36

Balance Sheet (HKDm)

Cash and other liquid assets	1,512	1,440	915	984	1,031	1,071
Tangible fixed assets	267	284	281	249	214	177
Goodwill/intangible assets	0	0	0	0	0	0
Associates/investments	537	535	535	590	650	717
Other assets	2,286	2,210	2,126	2,149	2,198	2,261
Total assets	4,602	4,469	3,857	3,971	4,093	4,226
Interest bearing debt	441	434	102	102	102	102
Other liabilities	1,406	1,162	899	948	1,000	1,057
Total liabilities	1,847	1,596	1,001	1,050	1,102	1,159
Shareholders' equity	2,599	2,720	2,682	2,700	2,719	2,740
Minorities	156	153	174	222	272	326
Total shareholders' equity	2,755	2,873	2,856	2,922	2,991	3,067
Net debt	-1,071	-1,006	-813	-882	-929	-969

Key Company Metrics

Sales growth (%)	1.1	3.1	-5.2	2.1	4.4	5.4
DB EPS growth (%)	11.5	-20.0	-37.9	6.2	8.6	8.0
EBITDA Margin (%)	16.8	16.1	12.2	12.3	12.6	12.8
EBIT Margin (%)	14.8	13.7	9.5	9.6	10.0	10.3
Payout ratio (%)	73.9	93.8	96.3	96.0	96.0	96.0
ROE (%)	33.1	25.2	15.3	16.7	18.0	19.3
Capex/sales (%)	2.3	2.6	2.6	2.1	2.0	1.9
Capex/depreciation (x)	1.1	1.1	1.0	0.8	0.8	0.8
Net debt/equity (%)	-38.9	-35.0	-28.5	-30.2	-31.0	-31.6
Net interest cover (x)	nm	nm	nm	nm	nm	nm

Source: Company data, Deutsche Bank estimates



Company update

Valuation and risks

Still a good dividend yield; TP fine-tuned to HK\$3.87, from HK\$3.83

We lower our 2015/16 NP forecasts by 1.2%/6.5%, and introduce our FY2017 forecasts. We fine-tune our TP to HK\$3.87, from HK\$3.83, using a DCF valuation.

We use WACC of 7.6%, assuming COE of 7.6% for Hong Kong, based on a beta of 1.0. The beta is within the range (1-1.3) that we use when valuing the sector. Our terminal growth rate is 1%, in line with the 1-3% rate we apply to our consumer stocks. Our DCF-derived TP of HK\$3.87 is supported by an estimated yield of 7.0%, assuming a 96% payout in 2015, as management is committed to returning excess cash flow to investors, implying a FY15/16E PE of 13.8x/12.6x.

Downside risks include failure to recover key markets (including China and Taiwan) and competition from international casual-wear brands. Upside risks include a pick-up in sales momentum and margins in key markets and fast marketing initiatives performing better than expected.

Figure 1: Forecast changes

YE Dec	HK\$m	DB estimates (New)		DB estimates (Old)		Market forecast		vs. old DB estimates		VS market forecast	
		Sales	Net profit	Sales	Net profit	Sales	Net profit	Sales	Net profit	Sales	Net profit
15F		5,661	443	5,805	449	5,809	440	-2.5%	-1.2%	-2.5%	0.8%
16F		5,911	488	6,180	522	6,147	492	-4.3%	-6.5%	-3.8%	-0.8%

Source: Deutsche Bank estimates, Company data, Bloomberg Finance LP

Figure 2: Operating assumption changes

YE Dec	HK\$m	DB estimates (New)		DB estimates (Old)		VS old DB estimates	
		2015F	2016F	2015F	2016F	2015F	2016F
Retail							
China		1,564	1,611	1,649	1,764	-5.1%	-8.7%
HK		998	1,037	1,034	1,096	-3.5%	-5.3%
Taiwan		682	709	696	724	-2.0%	-2.0%
Singapore		335	348	337	354	-0.6%	-1.6%
Australia		113	115	111	115	2.0%	0.1%
Middle East		629	655	644	695	-2.2%	-5.9%
Other markets		942	990	916	961	2.9%	2.9%
Total retail		5,263	5,465	5,386	5,710	-2.3%	-4.3%
Wholesales		398	446	420	470	-5.2%	-5.2%
Total revenue		5,661	5,911	5,805	6,180	-2.5%	-4.3%
Gross profit		3,313	3,471	3,425	3,648	-3.3%	-4.8%
GP margin		59%	59%	59%	59%	-0.5%	-0.3%
EBIT		544	592	536	622	1.5%	-4.8%
EBIT margin		10%	10%	9%	10%	0.4%	-0.1%

Source: Deutsche Bank estimates, Company data



Figure 3: Currency trend against HKD by quarter

average rate	TWD	KRW	SGD	IDR	MYR	THB	AED	SAR	yoy change							
	TWD	KRW	SGD	IDR	MYR	THB	AED	SAR	TWD	KRW	SGD	IDR	MYR	THB	AED	SAR
1Q14	0.2562	0.0073	6.1153	0.0007	2.3531	0.2377	2.1125	2.0689	-2.6%	1.5%	-2.4%	-18.1%	-6.5%	-8.7%	0.0%	0.0%
2Q14	0.2575	0.0075	6.1897	0.0007	2.3968	0.2389	2.1108	2.0671	-1.0%	8.9%	-0.4%	-15.9%	-5.3%	-8.1%	-0.1%	-0.1%
3Q14	0.2582	0.0075	6.1928	0.0007	2.4285	0.2414	2.1103	2.0667	-0.6%	7.9%	1.2%	-9.9%	1.4%	-2.1%	-0.1%	-0.1%
4Q14	0.2515	0.0071	5.9859	0.0006	2.3060	0.2371	2.1115	2.0669	-4.1%	-2.3%	-3.5%	-4.7%	-4.6%	-3.0%	0.0%	0.0%
FY14	0.2558	0.0074	6.1207	0.0007	2.3711	0.2388	2.1113	2.0674	-2.1%	3.9%	-1.3%	-12.5%	-3.8%	-5.5%	0.0%	0.0%
1Q15 ytd	0.2454	0.0071	5.7584	0.0006	2.1596	0.2375	2.1112	2.0659	-4.4%	-2.4%	-5.8%	-5.1%	-8.0%	0.3%	0.0%	-0.1%
Spot rate									yoy change							
03-Mar-15	0.2470	0.0071	5.6839	0.0006	2.1394	0.2397	2.1115	2.0680	-3.6%	-2.7%	-6.9%	-10.7%	-9.5%	0.4%	-0.1%	-0.1%

Source: Deutsche Bank, Bloomberg Finance LP
Note: AED is UAE Dirham, SAR is Saudi Arabian Riyal

2015 outlook

January/February 2015 SSSG grew in the mid-single digits, with flat yoy global brand sales, based on the latest data. The company saw double-digit SSSG in China, HK, Taiwan, Singapore and Thailand, while markets like UAE and S. Korea experienced double-digit declines. Management commented that the good performance for January/February was due partly to better performances in markets like Greater China and Singapore, with improved product mixes, and partly to a low base (Figure 3).

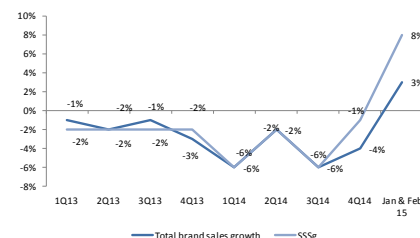
2015 guidance: stabilisation in China, GPM improvement, HK\$20-40m savings from store closures. During the analysts' presentation, management commented that it hoped to stabilise China's sales performance. As for the overall group, it needs mid-single-digit SSSG (high-single-digit for HK) to maintain its EBITM. That said, lower SSSG might be sufficient, if the company is able to improve its GPM through better sourcing and lower cotton prices. It also guided for an improving GPM, although it did not quantify how this would be achieved. As for the benefits, management expects ~HK\$20-40m savings from the absence of loss-making stores and the upcoming closures of loss-making stores.

Management expects to see "volatility in demand across the group" in 2015. On the one hand, it saw strong starts in some markets, like China, where SSSG turned positive in 2Q14, despite a low base, and SEA markets like Singapore, Indonesia and Thailand, which experienced a strong 4Q14 recovery. On the other hand, franchisees in China are still reluctant to open new stores, demand in HK and Korea remains weak, and macro weakness clouds Singapore, Malaysia and the Middle East.

Strategy by market

- China** - Consumer demand remains weak, with keen competition from international brands. It will continue to eliminate loss-making stores and improve the product mix. Stores regarded as weaker and damaging to brand equity are down to 162 stores, from 358 a year ago. Franchisees remain cautious. Management plans to use volume

Figure 4: Brand sales and SSSG by quarters



Source: Deutsche Bank, company data



rebates and renovation/marketing subsidies to help franchisees and achieve stabilisation of the network. It will open more “Beau Monde” stores, a new basic casual brand, which has 13 stores in supermarkets and other locations in Guangdong, Shanghai and Taiwan.

- **Hong Kong and Taiwan** — Management continues to relocate stores to less-prime locations. The product mix will shift more towards price-competitive basic products than in 2014. In Taiwan, it will continue its marketing programmes and local merchandising.
- **SEA** — In Singapore, it is correcting its merchandise mix. In other key markets, like Malaysia, Indonesia and Thailand, it will continue to expand into regional locations to realise a “first-mover advantage”.
- **Middle East** — UAS experienced increasing competition. Saudi Arabia is affected by geopolitical instability. It will continue to close loss-making stores and focus on operational excellence. It will also look into new markets. A new store is expected to open in Zambia, Africa, in 2015.

Management believes its ability to execute strategy is improving. It has established a regional focus in China. On the sourcing side, its emphasis will be on its global programme, which will enhance its cost efficiency and price competitiveness. In terms of design, it will reposition the Giordano Women’s brand design to “modern basic” in 2015, as performance was not strong in 2014. Meanwhile, it also plans to beef up its online business. In 2014, it set up 318 in-store terminals, which enable customers to buy online in stores. This will continue in 2015.

2014 review

Net profit/sales in line with market and our forecasts

Net profit decreased 38% yoy, to HK\$408m, on a 5% decline in sales revenue. Net profit and sales were in line with Deutsche Bank forecasts and market consensus. Excluding any currency impact, net profit decreased 29% yoy, to HK\$471m. The company declared a final dividend of HK14.5 cents, and thus a full year DPS of HK25 cents. The full-year dividend payout ratio was 96%, vs. 94% in 2013.

Sales improve in 2H14 in China and TW, but demand was down in Middle East and Korea

Sales declined 5% (down 3% in local currency), to HK\$5.5bn. Global brand sales and SSSG fell by 4% and 4%, respectively.

- **China (28% of total sales in FY14) – positive SSSG in 2H14, encouraging sales growth in 2015 CNY.** Sales declined 9% (down 8% in local currency), to HK\$1.6bn, in an extremely price-competitive environment. SSSG was down 2% in 2014. SSSG was weak, with a 10% decline in 1Q14, but strengthened in the last three quarters, with 1% growth for 2Q/3Q/4Q. Online sales increased 6%, to HK\$183m, which is disappointing, given the rapid growth in this channel. Management believes this reflects a significant number of global brands entering the online market. Sales on Singles Day in November were flat.



- **HK (18%) – tough environment in 2014.** Sales fell 6%, to HK\$1bn. SSSG declined by 5%, due to the slowdown of the local retail market, due mainly to the changing nature of visitors from the PRC.
- **Taiwan (12%) – positive response to locally designed products.** Sales declined 3% (decrease of 1% in local currency), to HK\$662m. SSSG increased 1%. Taiwan sales were relatively strong for the year, after a disappointing CNY in early 2014. Sales grew at mid-single-digit levels during the last three quarters. This reflects the success of locally developed products and local marketing programmes.
- **Rest of Asia Pacific (25%) – volatile in SEA, with gradual pick-up since 4Q14.** Sales in the rest of Asia Pacific declined 7%, with a decline of 6% in SSSG. Consumer demand was depressed, due to currency depreciation, socio-political unrest and the removal of government subsidies on commodities. Sales in Singapore declined 13%, due to weak demand from tourist shops and inappropriate merchandising decisions. Sales in Indonesia were flat yoy, with some recovery in 4Q14. Sales in Thailand declined 3%, due to socio-political instability. In Australia, sales declined 20%, as it restructured its operations and closed loss-making stores.
- **Middle East (11%) – instability resulted in volatile demand.** Sales for Middle East decreased 2%, with a decline of 6% in SSSG, owing mainly to geopolitical instability and travel restrictions.
- **South Korea – intense competition and sluggish economy depressed sales.** Sales declined 1%, to HK\$1.8bn (a decline of 4% in local currency), due to the challenging market. The influx of overseas brands into the market, along with increasing online sales competition, depressed sales demand, particularly in department stores. In addition, consumer confidence weakened sharply after the ferry tragedy; recovery has been sluggish.

Store network. It net closed 190 stores in 2014. By region, it net closed 200 stores in China, including 140 franchised stores and 11 stores in HK and TW. It added 20 stores in the rest of Asia Pacific. By end-2014, it operated 2,452 stores.

GP margin declined 2.7ppts, to 58% due to product mix and the depreciation of southeast Asia currencies. Volume was down 4%, due mainly to a very weak CNY in early 2014. Volume reduction narrowed to 2% in 2H14, from 7% in 1H14, as the company has improved merchandising and taken normal discounting to clear excess inventory. ASP increased 1% in a fiercely price-competitive market. The GP margin decline narrowed in 2H14 (2ppts) compared with 1H14 (3.6ppts).

Opex decreased 3%, to HK\$2.7bn, on strong cost control and the closure of unprofitable shops. Opex as a percentage of sales increased 2ppts, to 50%, due mainly to the increase of rental costs (1.1ppts).

EBIT declined 35%, to HK\$526m. The EBIT margin declined 4.2ppts, to 9.5%.

Inventory turnover period down two days, to 80 days. Inventory was higher than management's expectation, as the inventory reduction in 1H14 was partly reversed in 2H14. This was due to disappointing e-sales, stocking of high-value outerwear in response to cold weather, and low shipments to Chinese



franchisees. Excluding China and TW, the inventory turnover period decreased by 12 days, to 68 days.

Capex decreased HK\$12m, to HK\$144m. The decrease was due mainly to the slowdown of SEA market expansion.

Cash position. Net cash was HK\$915m as of end-2014, vs. HK\$1.1bn as of end-2013.

Figure 5: Half-year results

YE Dec 31	1H11	2H11	1H12	2H12	1H13	2H13	1H14	2H14
HK\$m								
Turnover	2,649.0	2,965.0	2,698.0	2,975.0	2,841.0	3,007.0	2,672.0	2,873.0
YOY % Growth	24.0	14.3	1.8	0.3	5.3	1.1	-5.9	-4.5
Sales Split %	47.2	52.8	47.6	52.4	48.6	51.4	48.2	51.8
Gross Profit	1581	1702	1566	1765	1765	1786	1565	1649
GPM%	59.7%	57.4%	58.0%	59.3%	62.1%	59.4%	58.6%	57.4%
Opex	-1,136	-1,256	-1,197	-1,296	-1,351	-1,396	-1,343	(1,345.0)
% to sales	-42.9%	-42.4%	-44.4%	-43.6%	-47.6%	-46.4%	-50.3%	-46.8%
EBIT	445	446	369	469	414	390	222	304
Net interest income	6	10	10	12	10	10	9	6
Op Profit before Excep Item	451.0	456.0	379.0	481.0	424.0	400.0	231.0	310.0
Exception Item	0.0	0.0	71.0	72.0	0.0	0.0	0.0	0.0
Associates	39.0	58.0	46.0	60.0	35.0	44.0	28.0	27.0
Profit Before Tax	490.0	514.0	496.0	613.0	459.0	444.0	259.0	337.0
Tax	(119.0)	(106.0)	(120.0)	(101.0)	(83.0)	(90.0)	(59.0)	(71.0)
Minority Interest	(25.0)	(26.0)	(24.0)	(38.0)	(36.0)	(31.0)	(26.0)	(32.0)
Net Profit	346.0	382.0	352.0	474.0	340.0	323.0	174.0	234.0
YOY % Growth	71.3	14.0	1.7	24.1	(3.4)	(31.9)	(48.8)	(27.6)
Profit Split %	47.5	52.5	42.6	57.4	51.3	48.7	42.6	57.4
Core net profit	346.0	382.0	281.0	402.0	340.0	323.0	174.0	234.0
YOY % Growth	63%	13%	-19%	5%	21%	-20%	-49%	-28%

Source: Deutsche Bank, Company data



Appendix 1

Important Disclosures

Additional information available upon request

Disclosure checklist

Company	Ticker	Recent price*	Disclosure
Giordano	0709.HK	3.74 (HKD) 3 Mar 15	NA

*Prices are current as of the end of the previous trading session unless otherwise indicated and are sourced from local exchanges via Reuters, Bloomberg and other vendors. Data is sourced from Deutsche Bank and subject companies.

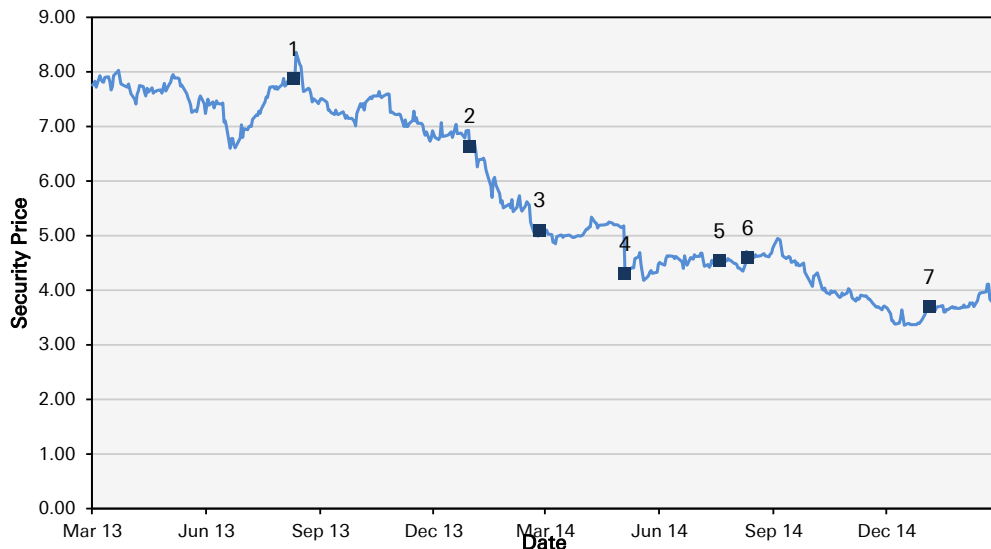
For disclosures pertaining to recommendations or estimates made on securities other than the primary subject of this research, please see the most recently published company report or visit our global disclosure look-up page on our website at <http://gm.db.com/ger/disclosure/Disclosure.egsr?ricCode=0709.HK>

Analyst Certification

The views expressed in this report accurately reflect the personal views of the undersigned lead analyst(s) about the subject issuer and the securities of the issuer. In addition, the undersigned lead analyst(s) has not and will not receive any compensation for providing a specific recommendation or view in this report. Anne Ling

Historical recommendations and target price: Giordano (0709.HK)

(as of 3/3/2015)



Previous Recommendations

- Strong Buy
- Buy
- Market Perform
- Underperform
- Not Rated
- Suspended Rating

Current Recommendations

- Buy
- Hold
- Sell
- Not Rated
- Suspended Rating

*New Recommendation Structure as of September 9,2002

1.	14/08/2013:	Hold, Target Price Change HKD7.20	5.	23/07/2014:	Hold, Target Price Change HKD4.26
2.	03/01/2014:	Hold, Target Price Change HKD6.20	6.	15/08/2014:	Hold, Target Price Change HKD4.17
3.	28/02/2014:	Hold, Target Price Change HKD5.30	7.	08/01/2015:	Hold, Target Price Change HKD3.83
4.	08/05/2014:	Hold, Target Price Change HKD4.70			



Equity rating key

Buy: Based on a current 12- month view of total share-holder return (TSR = percentage change in share price from current price to projected target price plus pro-jected dividend yield) , we recommend that investors buy the stock.

Sell: Based on a current 12-month view of total share-holder return, we recommend that investors sell the stock

Hold: We take a neutral view on the stock 12-months out and, based on this time horizon, do not recommend either a Buy or Sell.

Notes:

1. Newly issued research recommendations and target prices always supersede previously published research.

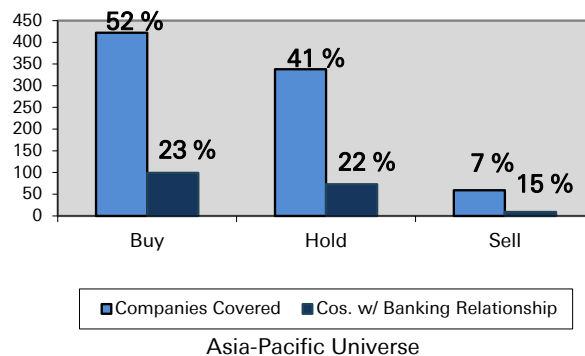
2. Ratings definitions prior to 27 January, 2007 were:

Buy: Expected total return (including dividends) of 10% or more over a 12-month period

Hold: Expected total return (including dividends) between -10% and 10% over a 12-month period

Sell: Expected total return (including dividends) of -10% or worse over a 12-month period

Equity rating dispersion and banking relationships





Regulatory Disclosures

1. Important Additional Conflict Disclosures

Aside from within this report, important conflict disclosures can also be found at <https://gm.db.com/equities> under the "Disclosures Lookup" and "Legal" tabs. Investors are strongly encouraged to review this information before investing.

2. Short-Term Trade Ideas

Deutsche Bank equity research analysts sometimes have shorter-term trade ideas (known as SOLAR ideas) that are consistent or inconsistent with Deutsche Bank's existing longer term ratings. These trade ideas can be found at the SOLAR link at <http://gm.db.com>.

3. Country-Specific Disclosures

Australia and New Zealand: This research, and any access to it, is intended only for "wholesale clients" within the meaning of the Australian Corporations Act and New Zealand Financial Advisors Act respectively.

Brazil: The views expressed above accurately reflect personal views of the authors about the subject company(ies) and its(their) securities, including in relation to Deutsche Bank. The compensation of the equity research analyst(s) is indirectly affected by revenues deriving from the business and financial transactions of Deutsche Bank. In cases where at least one Brazil based analyst (identified by a phone number starting with +55 country code) has taken part in the preparation of this research report, the Brazil based analyst whose name appears first assumes primary responsibility for its content from a Brazilian regulatory perspective and for its compliance with CVM Instruction # 483.

EU countries: Disclosures relating to our obligations under MiFiD can be found at <http://www.globalmarkets.db.com/riskdisclosures>.

Japan: Disclosures under the Financial Instruments and Exchange Law: Company name - Deutsche Securities Inc. Registration number - Registered as a financial instruments dealer by the Head of the Kanto Local Finance Bureau (Kinsho) No. 117. Member of associations: JSDA, Type II Financial Instruments Firms Association, The Financial Futures Association of Japan, Japan Investment Advisers Association. Commissions and risks involved in stock transactions - for stock transactions, we charge stock commissions and consumption tax by multiplying the transaction amount by the commission rate agreed with each customer. Stock transactions can lead to losses as a result of share price fluctuations and other factors. Transactions in foreign stocks can lead to additional losses stemming from foreign exchange fluctuations. "Moody's", "Standard & Poor's", and "Fitch" mentioned in this report are not registered credit rating agencies in Japan unless Japan or "Nippon" is specifically designated in the name of the entity. Reports on Japanese listed companies not written by analysts of Deutsche Securities Inc. (DSI) are written by Deutsche Bank Group's analysts with the coverage companies specified by DSI.

Malaysia: Deutsche Bank AG and/or its affiliate(s) may maintain positions in the securities referred to herein and may from time to time offer those securities for purchase or may have an interest to purchase such securities. Deutsche Bank may engage in transactions in a manner inconsistent with the views discussed herein.

Qatar: Deutsche Bank AG in the Qatar Financial Centre (registered no. 00032) is regulated by the Qatar Financial Centre Regulatory Authority. Deutsche Bank AG - QFC Branch may only undertake the financial services activities that fall within the scope of its existing QFCRA license. Principal place of business in the QFC: Qatar Financial Centre, Tower, West Bay, Level 5, PO Box 14928, Doha, Qatar. This information has been distributed by Deutsche Bank AG. Related financial products or services are only available to Business Customers, as defined by the Qatar Financial Centre Regulatory Authority.

Russia: This information, interpretation and opinions submitted herein are not in the context of, and do not constitute, any appraisal or evaluation activity requiring a license in the Russian Federation.

Kingdom of Saudi Arabia: Deutsche Securities Saudi Arabia LLC Company, (registered no. 07073-37) is regulated by the Capital Market Authority. Deutsche Securities Saudi Arabia may only undertake the financial services activities that fall within the scope of its existing CMA license. Principal place of business in Saudi Arabia: King Fahad Road, Al Olaya District, P.O. Box 301809, Faisaliah Tower - 17th Floor, 11372 Riyadh, Saudi Arabia.

United Arab Emirates: Deutsche Bank AG in the Dubai International Financial Centre (registered no. 00045) is regulated by the Dubai Financial Services Authority. Deutsche Bank AG - DIFC Branch may only undertake the financial services activities that fall within the scope of its existing DFSA license. Principal place of business in the DIFC: Dubai International Financial Centre, The Gate Village, Building 5, PO Box 504902, Dubai, U.A.E. This information has been distributed by Deutsche Bank AG. Related financial products or services are only available to Professional Clients, as defined by the Dubai Financial Services Authority.



David Folkerts-Landau
Group Chief Economist
Member of the Group Executive Committee

Raj Hindocha
Global Chief Operating Officer
Research

Marcel Cassard
Global Head
FICC Research & Global Macro Economics

Richard Smith and Steve Pollard
Co-Global Heads
Equity Research

Michael Spencer
Regional Head
Asia Pacific Research

Ralf Hoffmann
Regional Head
Deutsche Bank Research, Germany

Andreas Neubauer
Regional Head
Equity Research, Germany

Steve Pollard
Regional Head
Americas Research

International locations

Deutsche Bank AG
Deutsche Bank Place
Level 16
Corner of Hunter & Phillip Streets
Sydney, NSW 2000
Australia
Tel: (61) 2 8258 1234

Deutsche Bank AG
Große Gallusstraße 10-14
60272 Frankfurt am Main
Germany
Tel: (49) 69 910 00

Deutsche Bank AG
Filiale Hongkong
International Commerce Centre,
1 Austin Road West, Kowloon,
Hong Kong
Tel: (852) 2203 8888

Deutsche Securities Inc.
2-11-1 Nagatacho
Sanno Park Tower
Chiyoda-ku, Tokyo 100-6171
Japan
Tel: (81) 3 5156 6770

Deutsche Bank AG London
1 Great Winchester Street
London EC2N 2EQ
United Kingdom
Tel: (44) 20 7545 8000

Deutsche Bank Securities Inc.
60 Wall Street
New York, NY 10005
United States of America
Tel: (1) 212 250 2500

Global Disclaimer

The information and opinions in this report were prepared by Deutsche Bank AG or one of its affiliates (collectively "Deutsche Bank"). The information herein is believed to be reliable and has been obtained from public sources believed to be reliable. Deutsche Bank makes no representation as to the accuracy or completeness of such information.

Deutsche Bank may engage in securities transactions, on a proprietary basis or otherwise, in a manner inconsistent with the view taken in this research report. In addition, others within Deutsche Bank, including strategists and sales staff, may take a view that is inconsistent with that taken in this research report.

Opinions, estimates and projections in this report constitute the current judgement of the author as of the date of this report. They do not necessarily reflect the opinions of Deutsche Bank and are subject to change without notice. Deutsche Bank has no obligation to update, modify or amend this report or to otherwise notify a recipient thereof in the event that any opinion, forecast or estimate set forth herein, changes or subsequently becomes inaccurate. Prices and availability of financial instruments are subject to change without notice. This report is provided for informational purposes only. It is not an offer or a solicitation of an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Target prices are inherently imprecise and a product of the analyst judgement.

In August 2009, Deutsche Bank instituted a new policy whereby analysts may choose not to set or maintain a target price of certain issuers under coverage with a Hold rating. In particular, this will typically occur for "Hold" rated stocks having a market cap smaller than most other companies in its sector or region. We believe that such policy will allow us to make best use of our resources. Please visit our website at <http://gm.db.com> to determine the target price of any stock.

The financial instruments discussed in this report may not be suitable for all investors and investors must make their own informed investment decisions. Stock transactions can lead to losses as a result of price fluctuations and other factors. If a financial instrument is denominated in a currency other than an investor's currency, a change in exchange rates may adversely affect the investment. Past performance is not necessarily indicative of future results. Deutsche Bank may with respect to securities covered by this report, sell to or buy from customers on a principal basis, and consider this report in deciding to trade on a proprietary basis. Prices are current as of the end of the previous trading session unless otherwise indicated and are sourced from local exchanges via Reuters, Bloomberg and other vendors. Data is sourced from Deutsche Bank and subject companies.

Unless governing law provides otherwise, all transactions should be executed through the Deutsche Bank entity in the investor's home jurisdiction. In the U.S. this report is approved and/or distributed by Deutsche Bank Securities Inc., a member of the NYSE, the NASD, NFA and SIPC. In Germany, this report is approved and/or communicated by Deutsche Bank AG, a joint stock corporation with limited liability incorporated in the Federal Republic of Germany with its principal office in Frankfurt am Main. Deutsche Bank AG is authorised under German Banking Law (competent authority: European Central Bank) and is subject to supervision by the European Central Bank and by BaFin, Germany's Federal Financial Supervisory Authority. In the United Kingdom, this report is approved and/or communicated by Deutsche Bank AG acting through its London Branch at Winchester House, 1 Great Winchester Street, London EC2N 2DB. Deutsche Bank AG in the United Kingdom is authorised by the Prudential Regulation Authority and is subject to limited regulation by the Prudential Regulation Authority and Financial Conduct Authority. Details about the extent of our authorisation and regulation by the Prudential Regulation Authority, and regulation by the Financial Conduct Authority are available from us on request. This report is distributed in Hong Kong by Deutsche Bank AG, Hong Kong Branch, in Korea by Deutsche Securities Korea Co. This report is distributed in Singapore by Deutsche Bank AG, Singapore Branch or Deutsche Securities Asia Limited, Singapore Branch (One Raffles Quay #18-00 South Tower Singapore 048583, +65 6423 8001), and recipients in Singapore of this report are to contact Deutsche Bank AG, Singapore Branch or Deutsche Securities Asia Limited, Singapore Branch in respect of any matters arising from, or in connection with, this report. Where this report is issued or promulgated in Singapore to a person who is not an accredited investor, expert investor or institutional investor (as defined in the applicable Singapore laws and regulations), Deutsche Bank AG, Singapore Branch or Deutsche Securities Asia Limited, Singapore Branch accepts legal responsibility to such person for the contents of this report. In Japan this report is approved and/or distributed by Deutsche Securities Inc. The information contained in this report does not constitute the provision of investment advice. In Australia, retail clients should obtain a copy of a Product Disclosure Statement (PDS) relating to any financial product referred to in this report and consider the PDS before making any decision about whether to acquire the product. Deutsche Bank AG Johannesburg is incorporated in the Federal Republic of Germany (Branch Register Number in South Africa: 1998/003298/10). Additional information relative to securities, other financial products or issuers discussed in this report is available upon request. This report may not be reproduced, distributed or published by any person for any purpose without Deutsche Bank's prior written consent. Please cite source when quoting.

Copyright © 2015 Deutsche Bank AG