



Rating  
**Buy**

Asia  
China

Consumer  
Retail / Wholesale Trade

## Company Belle International Alert

Reuters 1880.HK	Bloomberg 1880 HK	Exchange HKG	Ticker 1880
ADR Ticker BELLY	ISIN US0784541056		

Date  
16 March 2015

## Company Update

Price at 13 Mar 2015 (HKD)	8.52
Price target - 12mth (HKD)	12.00
52-week range (HKD)	10.32 - 7.41
HANG SENG INDEX	23,823

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## News

Belle announced that a restructuring took place on 13 March 2015 to streamline the shareholding structure of the substantial shareholders' interests in the company. After the restructuring, the shares of management shareholders previously held through the substantial shareholders (Profit Leader Holdings Ltd, Handy Ltd and Essen Worldwide Ltd) were distributed to each management shareholder on a pro-rata basis.

### Deutsche Bank view

We believe **the move helps to simplify the shareholding structure** and each individual can have its own control of its stake. The original plan was to ensure collective action, so as to avoid conflicts especially during IPOs.

**In addition, such move is likely to facilitate its organizational restructuring.** To recap, over the past two years, Belle has been restructuring its operation. As stated in the 2014 annual report, it plans to push for change and optimization in the group's organizational structure. First, it will strengthen its brand management teams at the headquarters. Second, it will decentralize its retail operation by dividing the business units into smaller ones. By narrowing the managerial scope for decision makers, it hopes to create a right foundation for better-quality detailed –oriented management.

For reference, according to the 2014 annual report, Profit Leader is 55.73% owned by Merry Century, which is owned by Tang and Ms Tang and 33.35% owned by Golden Coral). There is no disclosure of the ownership of Handy and Essen in its 2014 annual report. Based on information from its prospectus published in 2007, Essen is owned by Yu Wu, Wu Yimin, Zheng Dongming, Han Xueye and Li Zhao, who were the individual distributors and they in total own 97% of Essen. Handy is owned by Mr. Sheng, Song Xiao Wu, Lu Xiaoming, Ma Dongli and Song Fuwang. They are the top five owners, owning 98.2% of Handy. The latter three are individual distributors.

Stock data	
Market cap (HKDm)	71,920
Market cap (USDm)	9,262
Shares outstanding (m)	8,441.3
Major shareholders	Sheng & Tangs (58.3%)
Free float (%)	27
Avg daily value traded (USDm)	16.194
Source: Deutsche Bank	

Key data			
FYE 2/28	2014A	2015E	2016E
Sales (CNYm)	36,794	40,211	43,489
Net Profit (CNYm)	4,401.8	4,625.3	4,977.9
DB EPS (CNY)	0.52	0.55	0.59
PER (x)	16.6	12.5	11.6
Yield (net) (%)	2.3	8.4	5.2
Source: Deutsche Bank			

## Deutsche Bank AG/Hong Kong

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