



# China Macro / Consumer Sector Views

## Consumption-Led Recovery / Top Stock Picks

### CITI'S TAKE

**Macro view:** Households' stronger B/S should lift 2023E consumption recovery in favor of services (incl **restaurants**), discretionary (incl **sportswear**), high-tier cities & cross-border activities (incl **travel/hotel**).

**Sector view:** Discretionary consumption recovery in 2H23E (esp in offline channels & high-tier cities) would benefit Sportswear, Restaurants, Beer, Beverage & Travel/Hotel. But short-term disruptions in 1H23E (for both demand & supply) from a surge in Covid infections mean uncertainties to the pace of recovery (esp in 2Q-3Q23), which lead us to be selective in discretionary stocks while high-quality staples remain attractive. We are more convinced than the Street on 23E consumption recovery in high-tier cities and offline channels. Our Top Buys: **Topsports, Li Ning, Haidilao, CTGDF-A & Chow Tai Fook** in *discretionary*; **CRB** and **Mengniu** in *staples*.

**Macro view: Favorable policy, stronger household B/S** — China has elevated domestic demand expansion to a top policy priority for 2023 and vowed to "forcefully revive market confidence". It aims to boost household income via multiple channels (incl improved employment for youth) and support spending on home improvement, NEVs and elderly care services. In [Consumption: From Laggard to Leader](#), we have stated that Chinese households' stronger B/S (RMB4-12tn excess savings & cut-back in mortgage exposure) will support consumption recovery in 2023, which is likely to be biased towards services (incl **restaurants**), discretionary (incl **sportswear**), high-tier cities & cross-border activities (incl **travel/hotel**). We were one of the first on the Street to highlight and quantify the importance of China households' excess savings & enhanced B/S (rather than cashflow) for consumption recovery in 23E.

**Micro view: Recovery to be led by high-tier cities, offline channels** — In addition to pent-up demand upon enhanced consumer confidence (esp in footwear/apparel, travel/hotel and out-of-home entertainment), we expect China's consumption recovery in 23E to be led by high-tier cities (where big waves of Covid infection could go through more quickly and where the service sectors are more developed than in low-tier cities) and offline channels (substantial recovery in outdoor and in-person activities). As such, exposures to high-tier cities and offline channels become our important criteria for identifying our top discretionary picks for 23E (see Fig 1). On this front, **Topsports, Li Ning, Mengniu, CTGDF-A** and **Chow Tai Fook** stand out.

**Premiumization to accelerate** — Despite the Covid outbreak, premiumization has continued in most FMCG categories (incl. beer, milk, beverage, noodles & IMF), dismissing market fears about China consumers trading down amid the mass-market segment's growth. We expect premiumization to accelerate in 23E, esp. in high-tier cities (where consumption has been hit more than in low-tier cities by lockdowns). Premiumization is our 23E investment theme for **dairy** and **beer** segments in staples.

**Leaders accelerate market shares** — Many Chinese consumer sectors have dramatically changed in the past 3 years since the Covid outbreak. We cannot simply assume that each sub-sector's growth will return to pre-Covid high levels, given changes in the drivers & macro environment. But share gains will strengthen market leaders' topline growth in 23E, albeit in a slower industry growth environment under the "new norm". On this front, we are positive on **sportswear, dairy, jewelry, baijiu**.

### Equity Research

Xiaopo Wei, CFA <sup>AC</sup>

+852-2501-2472

xiaopo.wei@citi.com

Tiffany Feng <sup>AC</sup>

+852-2501-2759

tiffany.feng@citi.com

Lydia Ling <sup>AC</sup>

+852-2501-2475

lydia.w.ling@citi.com

Vincent Yang

+852-2501-2738

vincent.yang@citi.com

Brian Cho

+852-2501-2712

brian.cho@citi.com

### Economics

Xiangrong Yu <sup>AC</sup>

+852-2501-2754

xiangrong.yu@citi.com

## Data Summary

Company	Ticker	Ccy	Price	Mkt Cap (M)	Date	Rating		Target Price		ESPR (%)	Div Yld (%)	ETR (%)	Current Fiscal Year		Next Fiscal Year		
						Old	New	Old	New				EPS	Old	New	EPS	
										Last Rpt Yr							
Angel Yeast	600298.SS	Rmb	42.740	37,140	06 Jan	3	nc	27.600	nc	-35.4	1.1	-34.4	Dec-21	1.425	nc	1.407	nc
Anta Sports	2020.HK	HK\$	104.90	284,659	06 Jan	1	nc	122.10	nc	16.4	1.3	17.7	Dec-21	2.795	nc	3.313	nc
Ausnutria Da	1717.HK	HK\$	4.26	7,668	06 Jan	3	nc	4.49	nc	5.4	3.1	8.5	Dec-21	0.355	nc	0.380	nc
Blue Moon	6993.HK	HK\$	5.36	31,421	06 Jan	2	nc	6.10	nc	13.8	1.3	15.1	Dec-21	0.12	nc	0.18	nc
Bosideng Intl	3998.HK	HK\$	4.07	44,357	06 Jan	1	nc	5.35	nc	31.4	4.9	36.4	Mar-22	0.212	nc	0.259	nc
Botanee	300957.SZ	Rmb	144.780	61,329	06 Jan	1	nc	162.500	nc	12.2	0.7	12.9	Dec-21	2.265	nc	2.958	nc
BTG Hotels	600258.SS	Rmb	24.070	26,931	06 Jan	1	nc	25.550	nc	6.1	0.3	6.4	Dec-21	-0.376	nc	0.761	nc
Budweiser B	1876.HK	HK\$	26.90	356,247	06 Jan	1	nc	29.90	nc	11.2	0.9	12.0	Dec-21	0.07	nc	0.09	nc
C&S Paper	002511.SZ	Rmb	13.440	17,647	06 Jan	3	nc	8.300	nc	-38.2	0.6	-37.6	Dec-21	0.236	nc	0.350	nc
China CYTS	600138.SS	Rmb	15.530	11,241	06 Jan	1	nc	18,000	nc	15.9	0.6	16.5	Dec-21	-0.267	nc	0.626	nc
China Feihe	6186.HK	HK\$	7.44	67,581	06 Jan	1	nc	7.10	nc	-4.6	3.8	-8.0	Dec-21	0.584	nc	0.639	nc
CRB	0291.HK	HK\$	57.45	186,378	06 Jan	1	nc	72.30	nc	25.8	1.1	27.0	Dec-21	1.326	nc	1.637	nc
CTGDF	601888.SS	Rmb	224.670	438,663	06 Jan	1	nc	268,000	nc	19.3	0.9	20.2	Dec-21	3.560	nc	6.432	nc
CTG DUTY-	1880.HK	HK\$	240.60	28,002	06 Jan	1	nc	277.00	nc	15.1	0.9	16.0	Dec-21	3.560	nc	6.432	nc
FREE																	
China Travel	0308.HK	HK\$	1.77	9,800	06 Jan	1	nc	2.00	nc	13.0	1.4	14.4	Dec-21	-0.03	nc	0.06	nc
Chow Tai Fk	1929.HK	HK\$	17.38	173,800	06 Jan	1	nc	19.50	nc	12.2	3.5	15.7	Mar-22	0.64	nc	0.85	nc
DFI Retail	DFIR.SI	US\$	3.18	4,304	06 Jan	2	nc	2.36	nc	-25.8	4.4	-21.4	Dec-21	0.04	nc	0.13	nc
Eoshan Hai	603288.SS	Rmb	79.300	367,463	06 Jan	3	nc	57,600	nc	-27.4	0.9	-26.4	Dec-21	1.398	nc	1.536	nc
Flav & Food																	
Fosun Tour	1992.HK	HK\$	12.14	15,072	06 Jan	1	nc	15.60	nc	28.5	0.5	29.0	Dec-21	-0.501	nc	0.325	nc
GreenTree H GHG		US\$	3.80	392	06 Jan	1	nc	5.00	nc	31.6	0.0	31.6	Dec-21	-2.521	nc	1.997	nc
H World	1179.HK	HK\$	34.15	111,584	06 Jan	1	nc	34.50	nc	1.0	0.0	1.0	Dec-21	-0.440	nc	0.646	nc
H World	HTHT	US\$	43.69	14,060	06 Jan	1	nc	44.50	nc	1.9	0.0	1.9	Dec-21	-0.440	nc	0.646	nc
Haidilao Intl	6862.HK	HK\$	23.05	128,481	06 Jan	1	nc	27.30	nc	18.4	0.1	18.5	Dec-21	0.093	nc	0.453	nc
Health & Happines	1112.HK	HK\$	16.68	10,768	06 Jan	1	nc	19.00	nc	13.9	2.5	16.4	Dec-21	1.081	nc	1.135	nc
Hengan Int'l	1044.HK	HK\$	40.90	47,531	06 Jan	3	nc	29.70	nc	-27.4	4.0	-23.4	Dec-21	2.519	nc	2.675	nc
Jiangsu Yanghe Bre	002304.SZ	Rmb	166.640	251,124	06 Jan	1	nc	191,000	nc	14.6	2.3	16.9	Dec-21	6,297	nc	7,350	nc
JNBY Design	3306.HK	HK\$	9.25	4,798	06 Jan	1	nc	10.00	nc	8.1	11.7	19.8	Jun-22	1.163	nc	1.368	nc
Jonjee Hi-Tech	600872.SS	Rmb	36.350	28,548	06 Jan	3	nc	26,100	nc	-28.2	0.7	-27.5	Dec-21	0.786	nc	0.860	nc
Juewei Food	603517.SS	Rmb	57.720	35,130	06 Jan	3	nc	33,000	nc	-42.8	0.9	-41.9	Dec-21	0.585	nc	1,440	nc
Kweichow Moutai	600519.SS	Rmb	1,803.770	2,265,892	06 Jan	1	nc	2,272,000	nc	26.0	1.4	27.4	Dec-21	48,716	nc	56,820	nc
L'Occitane	0973.HK	HK\$	24.15	35,511	06 Jan	1	nc	30.40	nc	25.9	2.7	28.6	Mar-22	0.16	nc	0.20	nc
Li Ning	2331.HK	HK\$	72.00	189,642	06 Jan	1	nc	90.60	nc	25.8	1.0	26.8	Dec-21	1,575	nc	1,933	nc
Luk Fook	0590.HK	HK\$	27.20	15,969	06 Jan	1	nc	27.60	nc	1.5	4.8	6.3	Mar-22	2,63	nc	3,05	nc
Luzhou Lao	000568.SZ	Rmb	234.570	345,262	06 Jan	1	nc	262,000	nc	11.7	1.8	13.5	Dec-21	6,906	nc	8,200	nc
Mengniu Da	2319.HK	HK\$	37.35	147,727	06 Jan	1	nc	51.15	nc	36.9	1.2	38.2	Dec-21	1,352	nc	1,638	nc
Nongfu Spr	9633.HK	HK\$	43.90	493,720	06 Jan	1	nc	56.50	nc	28.7	2.8	31.5	Dec-21	0.684	nc	0,806	nc
Proya	603605.SS	Rmb	169,000	47,915	06 Jan	1	nc	205,700	nc	21.7	0.6	22.3	Dec-21	2,676	nc	3,569	nc
RLX Tech	RLX	US\$	2.55	3,947	06 Jan	1H	nc	2.60	nc	2.0	0.0	2.0	Dec-21	1,063	nc	0,615	nc
Sa Sa Int'l	0178.HK	HK\$	1.91	5,927	06 Jan	3	nc	0.92	nc	-51.8	0.0	-51.8	Mar-22	-0.04	nc	0,02	nc
Shanghai Ja	600315.SS	Rmb	31.150	21,147	06 Jan	1	nc	34,000	nc	9.1	1.2	10.3	Dec-21	0.808	nc	1,204	nc
Shanghai Jinjiang Int'l	600754.SS	Rmb	56.530	53,856	06 Jan	1	nc	69,000	nc	22.1	1.6	23.7	Dec-21	0.000	nc	1,693	nc
Shangri-La	0069.HK	HK\$	6.64	23,808	06 Jan	1	nc	7.20	nc	8.4	0.0	8.4	Dec-21	-0.05	nc	0.02	nc
Shanxi Xin Fen Wine	600809.SS	Rmb	287.500	350,771	06 Jan	1	nc	299,000	nc	4.0	0.9	4.9	Dec-21	6,299	nc	7,953	nc
Songcheng	300144.SZ	Rmb	14.360	37,547	06 Jan	1	nc	14,000	nc	-2.5	0.0	-2.5	Dec-21	0.047	nc	0.394	nc
Sun Art	6808.HK	HK\$	2.88	27,474	06 Jan	1	nc	3.06	nc	6.3	0.7	6.9	Mar-22	0.037	nc	0.126	nc
Tingyi	0322.HK	HK\$	13.48	75,949	06 Jan	2	nc	11.76	nc	-12.8	3.7	-9.1	Dec-21	45	nc	55	nc
Topsports	6110.HK	HK\$	7.44	46,137	06 Jan	1	nc	9.35	nc	25.7	4.7	30.4	Feb-22	0.320	nc	0.375	nc
Tsingtao Bre	0168.HK	HK\$	79.00	107,774	06 Jan	1	nc	84.50	nc	7.0	1.3	8.3	Dec-21	2,308	nc	2,620	nc
UPC	0220.HK	HK\$	7.95	34,339	06 Jan	1	nc	8.79	nc	10.6	5.0	15.6	Dec-21	0.292	nc	0.364	nc
UTour Group	002707.SZ	Rmb	9.510	9,346	06 Jan	3	nc	5,000	nc	-47.4	0.0	-47.4	Dec-21	-0.315	nc	0.003	nc
Vinda Int'l	3331.HK	HK\$	25.30	30,443	06 Jan	1	nc	27.50	nc	8.7	1.7	10.4	Dec-21	0.69	nc	1.10	nc
Want Want	0151.HK	HK\$	5.30	62,984	06 Jan	1	nc	8.10	nc	52.8	6.2	59.1	Mar-22	0.358	nc	0.398	nc
WH Group	0288.HK	HK\$	4.71	60,430	06 Jan	1	nc	7.12	nc	51.2	5.0	56.2	Dec-21	0.09	nc	0.10	nc
Wuliangye	000858.SZ	Rmb	190.460	739,291	06 Jan	1	nc	234,100	nc	22.9	1.8	24.8	Dec-21	6,965	nc	7,802	nc
Yihai Int'l	1579.HK	HK\$	29.75	31,145	06 Jan	3	nc	16.40	nc	-44.9	0.8	-44.0	Dec-21	0.683	nc	0.830	nc
Youran Dairy	9858.HK	HK\$	2.17	8,236	06 Jan	1	nc	2.90	nc	33.6	0.0	33.6	Dec-21	0.190	nc	0.312	nc
Yum China	9987.HK	HK\$	437.20	182,936	06 Jan	1	nc	446.20	nc	2.1	0.9	3.0	Dec-21	1.08	nc	1.90	nc
Yum China YUMC	US\$	58.02	24,277	06 Jan	1	nc	57.20	nc	-1.4	0.9	-0.5	Dec-21	1.08	nc	1.90	nc	
Zhou Hei Ya	1458.HK	HK\$	5.46	13,012	06 Jan	1	nc	6.10	nc	11.7	3.3	15.0	Dec-21	0.025	nc	0.167	nc

1 = Buy, 2 = Neutral, 3 = Sell, H = High Risk

ESPR = Expected Share Price Return, ETR = Expected Total Return, nc = no change

Source: Citi Research

Note: Closing prices

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# Executive Summary

## Economics

Xiangrong Yu

+852-2501-2754

xiangrong.yu@citi.com

## Macro view

**Favorable policy, stronger household B/S** — China has elevated domestic demand expansion to a top policy priority for 2023 and vowed to “forcefully revive market confidence”. It aims to boost household income via multiple channels (incl improved employment for youth) and support spending on home improvement, NEVs and elderly care services. In [Consumption: From Laggard to Leader](#), we have stated that Chinese households’ stronger B/S (RMB4-12tn excess savings & cut-back in mortgage exposure) will support consumption recovery in 2023, which is likely to be biased towards services (incl **restaurants**), discretionary (incl **sportswear**), high-tier cities & cross-border activities (incl **travel/hotel**). We were one of the first on the Street to highlight and quantify the importance of China households’ excess savings & enhanced B/S (rather than cashflow) for consumption recovery in 23E.

## Consumer sector view

### Equity Research

Xiaopo Wei, CFA

+852-2501-2472

xiaopo.wei@citi.com

We are positive on China’s discretionary consumption recovery in 2H23E (esp in offline channels & high-tier cities) upon China’s full re-opening, which would benefit **sportswear, restaurants, beer, beverage & travel/hotel** sectors more. We have higher convictions on consumption recovery in **high-tier cities & offline channels** than the Street.

However, short-term disruptions in 1H23E (on both demand & supply) due to surges in Covid infections will add uncertainties to the recovery pace (esp in 2Q-3Q23), which include weaker-than-expected retail sales in 1Q23E and worse-than-expected channel inventory pressures for some sectors (eg **sportswear**) in 2Q23E.

In our view, such complexity (which is skewed towards the downside) has yet to be fully priced in by the market. As such, our picking of discretionary stocks is selective while high-quality staples names still remain attractive to us. Value-seeking investors may find more attractive entry points for discretionary names in 1Q23E, when the market’s expectations for full-year 23E is lowered.

Along the course of re-opening, we expect those consumer discretionary companies with direct-to-consumer (or “direct retail”) business models (incl **restaurants, retailers, travel operators**) to recover faster than wholesale-based brands.

Our 2023E China Consumer top picks: **Topsports, Li Ning, Haidilao, CTGDF-A & Chow Tai Fook** in *discretionary*; **CRB** and **Mengniu** in *staples*.

## Strong policy support, enhanced household B/S

The Chinese government has elevated domestic demand expansion to a top policy priority in 2023 and vowed to “forcefully revive market confidence”. It plans to boost household income via multiple channels (incl improved employment for youth) and support spending on home improvement, new energy vehicles and elderly care services. Our China Economics team expects Chinese households’ stronger balance sheets to support consumption recovery in 2023, which is likely to be biased towards services (incl **restaurants**), discretionary (incl **sportswear**), high-tier cities & across-the-border activities (incl **travel/hotel**).

In the past 3 years, China’s consumption has suffered from Covid on various fronts: (1) direct constraints from social distancing measures; (2) erosion of consumer confidence; (3) complications from property woes; and (4) impact on household incomes. We expect those negative impacts on consumption to ease

upon China's re-opening, especially with the government's supportive policies to enhance consumer confidence.

## Recovery to be led by high-tier cities & offline channels

In addition to pent-up demand upon enhanced consumer confidence (esp in **footwear/apparel, travel/hotel** and **out-of-home entertainment**), we expect China's consumption recovery in 23E to be led by **high-tier cities** (where big waves of Covid infections could go through more quickly and service sectors are more developed than in low-tier cities) and **offline channels** (on substantially revived outdoor & in-person activities).

High-tier cities suffered more of the consumption loss during the pandemic years. In addition to being direct victims of Covid outbreaks (e.g., Shanghai, Guangzhou and Nanjing), high-tier cities consume much more services and discretionary goods than low-tier cities. Additionally, services weakness could have also added pressure on consumption in higher-tier cities via employment – the urban labor market suffered more under the “dynamic zero-Covid policy”. Currently, higher-tier cities (e.g., Beijing and Guangzhou) are going through the first waves of Covid infection quickly and are likely to head towards discretionary consumption recovery much faster than low-tier cities.

Also, we expect the following factors to drive a strong rebound in offline retail sales recovery in 23E:

- Consumers will significantly increase offline social activities (e.g. cinemas, pubs) in shopping malls, which will help to boost offline store traffic;
- Brands will substantially enhance interactions with consumers (via more brand-building activities) in offline venues to activate demand upon re-opening;
- Brands will also shift marketing resources back to offline stores, which usually offer more normal-price products than online channels;
- Some consumers are digitally fatigued and are likely to seek more offline experience;
- Rising demand for impulse purchases of discretionary items; and
- Consumers are likely to switch from take-aways to dine-in for meals, giving rise to recovery of restaurants and related sectors (incl beer and beverage).

As such, exposures to high-tier cities and offline channels become our important criteria in picking discretionary names for 23E. On this front, **Topsports, Li Ning, Mengniu, CTGDF** and **Chow Tai Fook** stand out.

Figure 1. Citi's stock-picking framework & China Consumer Top Buys in 2023E

Pent-up demand upon re-opening	High exposure to offline channels	High exposure to high-tier cities	Low risk of 1Q23E disruption	Premiumization	Market share gains
Topsports	Topsports	Topsports	Topsports	Topsports	Topsports
Mengniu	Mengniu	Mengniu	Mengniu	Mengniu	Mengniu
CTF	CTF	CTF	CTF	CTF	CTF
CTGDF	CTGDF	CTGDF	CTGDF	CTGDF	CTGDF
Li Ning	Li Ning	Li Ning	Haidilao	Li Ning	Li Ning
Haidilao	Haidilao	Anta ( <i>Fila biz</i> )	CRB	Haidilao	Haidilao
CRB	CRB		YUMC	CRB	CRB
Anta	Anta		UPC	Anta ( <i>Fila biz</i> )	Anta ( <i>Fila biz</i> )
YUMC	YUMC			Moutai	YUMC
UPC	UPC			Wuliangye	UPC
Moutai	Moutai				
Wuliangye	Wuliangye				

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\*Bolded names are Citi's China consumer sector Top Buys in 2023E

Source: Citi Research

## Premiumization to accelerate

Despite the outbreak of Covid, the premiumization trend continued in most FMCG categories (incl. beer, milk, beverage, noodles & IMF), dismissing market fears about China consumers' general trade-down amid the mass-market segment's growth. In 23E, we expect high growth in both premium & mass-market segments to co-exist along with China's re-opening course.

In our view, the co-existence of high growth in both premium & mass-market segments would be the result of more sophisticated China consumers. Chinese consumers have become more binary in consumption choices and developed more sophisticated views on brands, in which both the features of products (including cost performance, quality and appearance) and consumers' emotional level (e.g., recognition of brand spirit and willingness to buy local brands) are likely to greatly influence consumers' buying decisions.

We expect premiumization to re-accelerate in 23E, esp. in high-tier cities (where consumption has been hit more by lockdowns than in low-tier cities).

Premiumization is our investment theme for China **dairy** and **beer** sectors in 23E in the staples sub-sector.

## Accelerated market-share gains by leaders

Many Chinese consumer sectors have gone through dramatic changes in the past 3 years, since the start of the Covid outbreak. We cannot simply assume that the growth of each consumer sector will return to the high growth rates of pre-Covid era, given changes in sector drivers & the macro environment.

However, on the positive side, we believe many small players in each industry have exited the industry. As such, we expect market share gains (by consolidating those shares of small players) to help market leaders to make up for the shortfall of industry growth vs pre-Covid levels. On this front, we are positive on the **sportswear**, **dairy**, **jewelry** and **baijiu** sectors.

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## Macro View

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# Economics View

## Economics

Xiangrong Yu

+852-2501-2754

xiangrong.yu@citi.com

The Chinese government elevated domestic demand expansion to a top policy priority for 2023 during the Central Economic Work Conference (CEWC) on Dec 15-16, 2022. Following [the December Politburo meeting](#), China's top leadership vowed to "forcefully revive market confidence" at the CEWC as the central task for 2023.

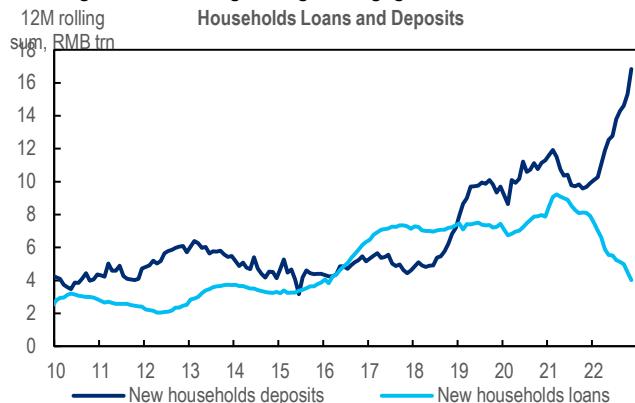
## Policy priority to boost domestic consumption

To boost domestic consumption, the government will aim to "enhance consumption power (增强消费能力), improve consumption conditions (改善消费条件) and innovate consumption scenarios (创新消费场景)". It plans to boost household income via multiple channels (incl improved employment for youth) and support spending on home improvement, new energy vehicles and elderly care services. China's central government has been supporting the economy in a pro-business and pro-investment manner ever since the GFC, in accordance with China's "trickle-down economics". To repair the prolonged and severe damage from Covid, the government could recalibrate its stimulus packages to be more pro-consumption as implied by the CEWC's prioritization of market confidence boost and domestic demand expansion, in our view.

## Enhanced household balance sheet

In [China Economics - Consumption in 2023: From Laggard to Leader](#), we argued that Chinese households' stronger balance sheets (with accumulated RMB4-12tn excess savings and cut-back of mortgage exposure) are likely to support consumption recovery in 2023, biased towards services, discretionary, high-tier cities and across border activities. Consumption has suffered from Covid on various fronts: (1) direct constraints from social distancing measures; (2) erosion of consumer confidence; (3) complications from property woes; and (4) impact on household incomes. Such pessimism, however, may not persist into 2023E as China reopens quickly. More importantly, Chinese households could emerge out of Covid with a stronger balance sheet. They have been accumulating excess savings while cutting their mortgage exposure in recent years. We estimate excess savings could amount to RMB4.1-12.4tn or 3.4%-10.3% of GDP as of now, which could provide a strong support for consumption recovery.

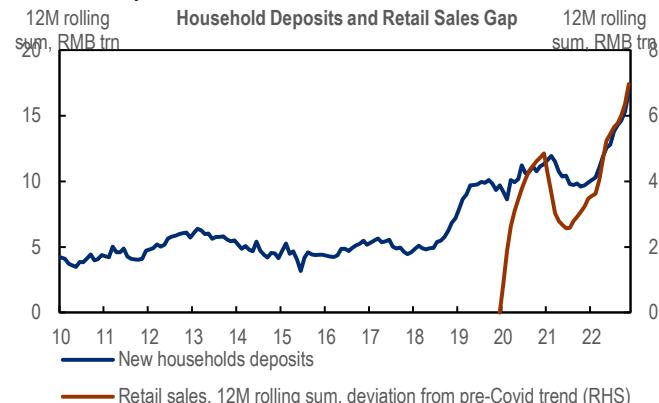
**Figure 2. Households have been accumulating bank deposits while refraining from borrowing through mortgages**



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Source: PBoC, Wind, Citi Research

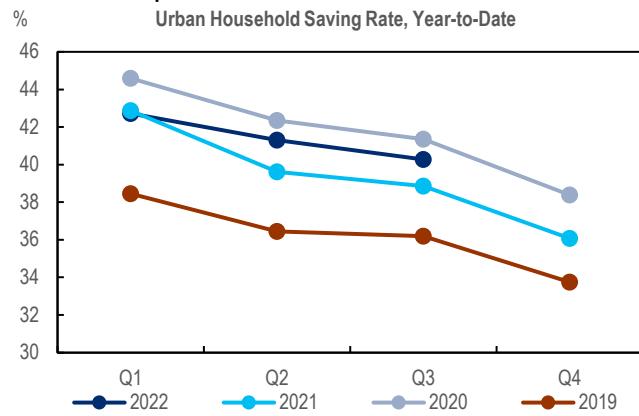
**Figure 3. Accumulation of household deposits is the other side of weak consumption**



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Source: NBS, PBoC, Wind, Citi Research

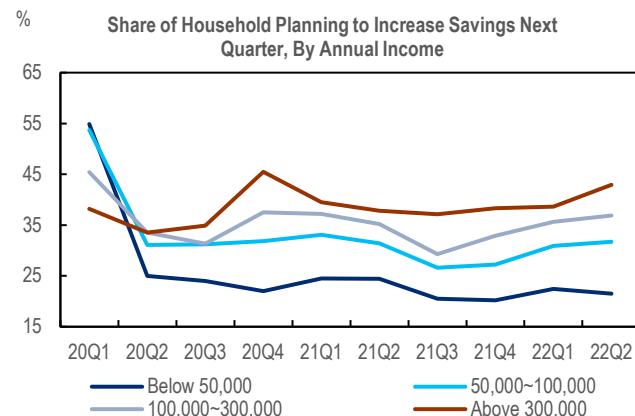
**Figure 4. Saving rate of urban households has been way above 2019 levels since the pandemic**



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Source: NBS, Wind, Citi Research

**Figure 5. Accumulation of excess savings is biased towards high-income households**



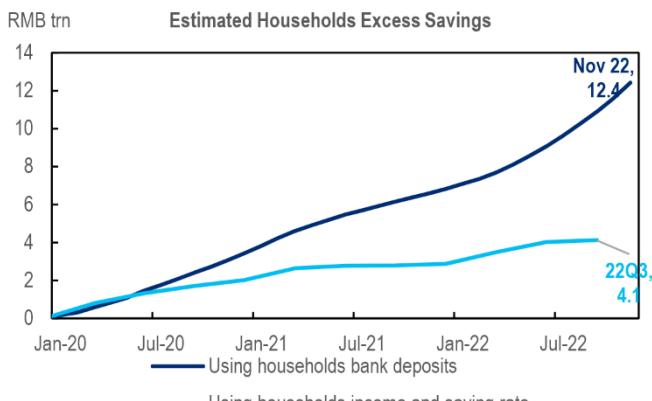
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Source: SWUFE, Citi Research

## Conservative estimate for 2023E: back to 2021

We forecast China's retail sales to clock double-digit growth, reaching close to RMB50tn in 2023E. Then household consumption to GDP ratio will likely increase 2.3pppts to 40.2%. Risks to the retail forecast could be tilted to the upside: (1) It only corresponds to a 2yr CAGR of ~5.4% in 2023E, close to the level in 21H1, when Covid was less of a concern for consumers; (2) It will only narrow the gap below the extrapolated pre-Covid trend to 7.5% in one year from 18.9% at end-2022E, leaving sufficient buffer for concerns like scarring effects. In addition, we could have a larger boost in consumer confidence and less restrictions on services ahead than in 2021.

**Figure 6. Citi estimated household excess savings**



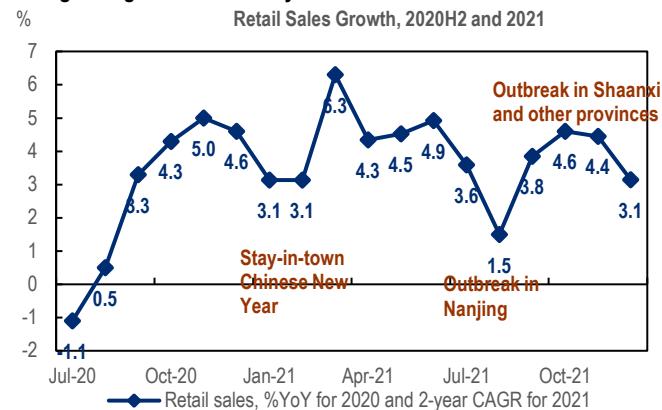
Source: PBoC, Wind, Citi Research

**Figure 7. Retail sales gap to narrow**



Source: NBS, Wind, Citi Research

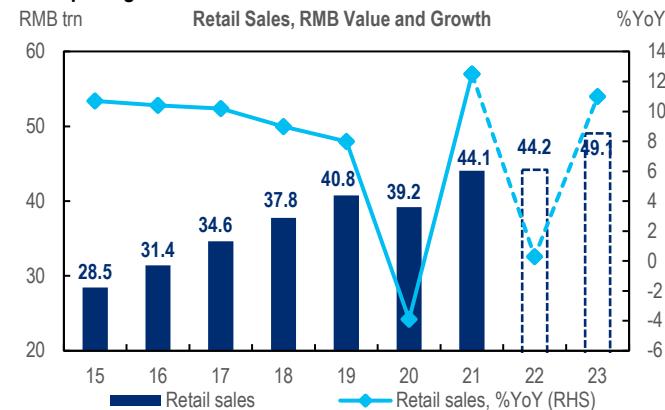
Figure 8. 2021 could provide a reference point, when retail sales managed to grow at ~5% in 2-year CAGR without Covid



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Source: NBS, PBoC, Wind, Citi Research

Figure 9. We expect retail sales to clock double digit growth next year on reopening



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Source: NBS, Wind, Citi Research Forecasts

## Winners in post-Covid consumption recovery

During the pandemic years, goods sales outperformed services, staples did better than discretionary, mid/low-tier cities were more resilient than high-tier cities, and domestic spending was less impacted than cross border. Sectors repressed most may bounce back most: services, discretionary, high-tier cities and cross-border activities are better positioned to benefit from reopening. In particular, catering, tourism, travel, entertainment, duty-free shopping, Macau gaming and real estate services could outpace overall retail sales in the new year.

Figure 10. There has been great divergence in China's consumer during the pandemic years

	2017-19	2020-22 Ytd	% of 2019 level
<b>Retail sales</b>	9.1	2.6	108.0
Goods	9.0	3.2	109.8
Staples	Food & beverage	10.2	132.1
	Daily necessities	11.8	123.3
	Energy and fuel	7.8	115.0
Discretionary	Telecom equipment	9.1	125.1
	Gold & jewelry	4.4	124.7
	Cosmetics	11.9	121.0
	Auto	0.7	106.0
	Apparel	6.3	97.7
Property related	Home decoration	7.0	110.2
	Household appliance	7.9	102.6
	Furniture	9.3	98.3
Restaurants' revenue	9.9	-2.2	93.6
<b>Other services</b>			
Cinema visitations*	7.8	-25.2	42.5
Passenger turnover**	-2.5	-31.5	32.8
Rail	9.1	-22.5	48.0
Highway	-5.5	-34.9	27.9
Air	10.6	-27.9	39.8
Domestic	10.3	-25.1	44.5
International	12.9	-72.5	2.1
Tourism revenue#	13.3	-28.6	51.0
Hotel revenue^	-3.3	-21.2	49.4
Macau gaming revenue	9.5	-47.3	14.4

Note: Nov 2022 for 2022 Ytd unless otherwise noted. \* for Dec 26, 2022, \*\* for Nov 2022, # for 2021, ^ for Q2 2022

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Source: CAAC, Chinafilm, MCT, Macau GICB, NBS, Wind, Citi Research

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## Consumer Sector View

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## Recovery to Be Led by High-tier Cities & Offline

### Equity Research

Xiaopo Wei, CFA

+852-2501-2472

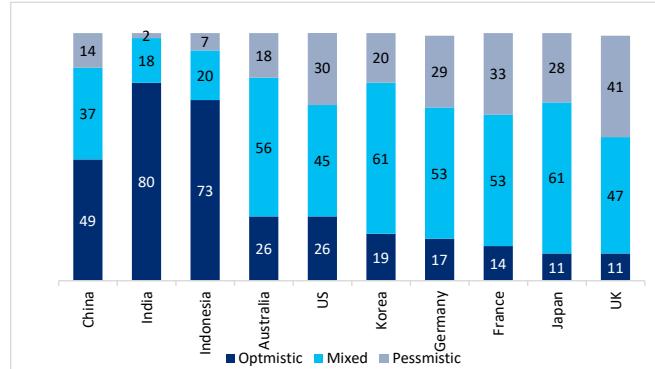
xiaopo.wei@citi.com

In addition to pent-up demand (upon improved consumer confidence), we expect China's consumption recovery to be led by offline channels and high-tier cities in 23E.

### Pent-up demand upon enhanced consumer confidence

According to a McKinsey's survey in Aug 2022, optimism has been hit to below 50% among all respondents in China (due to the sporadic Covid-19 cases and city lockdowns across China). However, compared to consumer sentiments in other countries, in China it is still much better than other major economies (like the US and Japan). In our view, this paves a solid foundation for a rebound of China consumers' sentiments upon full re-opening, esp in 2H23E.

Figure 11. Confidence in own country's economic recovery after Covid-19

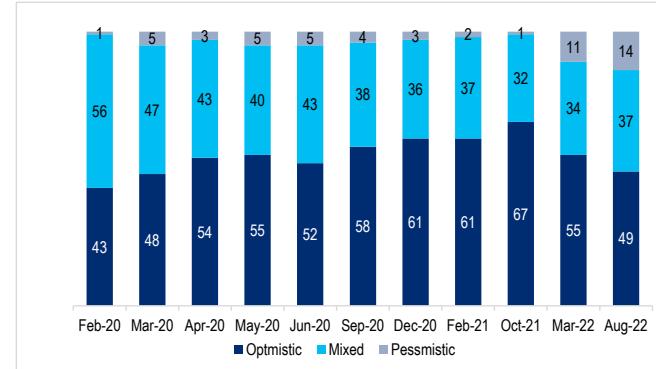


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Note: Survey time in Jun-22 for US and France, others in Aug-22; sample size=1442

Source: Citi Research, McKinsey

Figure 12. Confidence in own country's economic recovery after Covid-19, China

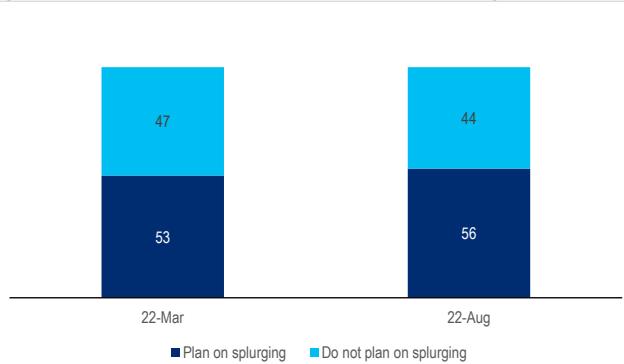


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Source: Citi Research, McKinsey

According to the McKinsey survey, more than half of the respondents in China have maintained their intent to splurge in Aug 2022 vs those in Mar 2022, except for high-income baby boomers. Interestingly, the proportion of respondents intending to splurge rose to 56% in Aug 2022 vs 53% in Mar 2022. We believe this is a good indicator about Chinese consumers' pent-up demand upon China's re-opening in 23E.

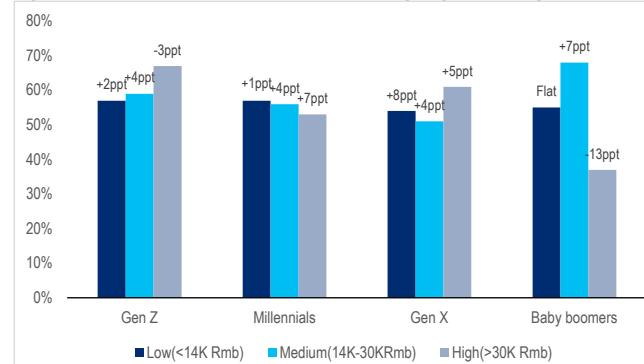
Figure 13. Respondents who plan/do not plan to splurge in China



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Source: Citi Research, McKinsey

Figure 14. Respondents who plan to splurge by income group in China



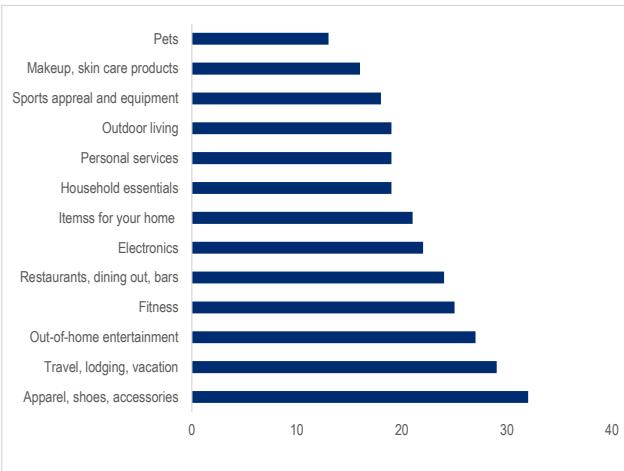
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Note: Changes vs. Mar-22 survey are marked at the top; Baby boomers includes silent generation; Silent Generation: born between 1925 and 1945; Baby boomer: born between 1946 and 1964; Gen X: born between 1965 and 1985; Millennial: born between 1986 and 1996; Gen Z: born after 1996.

Source: Citi Research, McKinsey

Apparel/footwear/accessories, travel/lodging/vacation and out-of-home entertainment remained the top 3 categories among Chinese consumers. Those categories remained top on consumers' shopping list in both the Aug and Mar 2022 surveys.

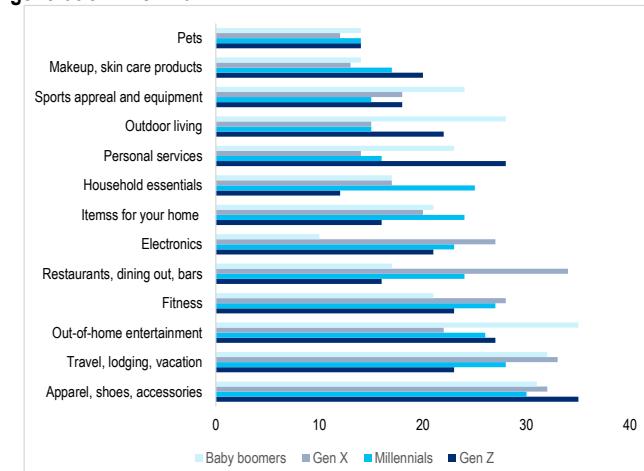
Figure 15. Categories where consumers intend to splurge in China



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Source: Citi Research, McKinsey

Figure 16. Categories where consumers intend to splurge by generation in China



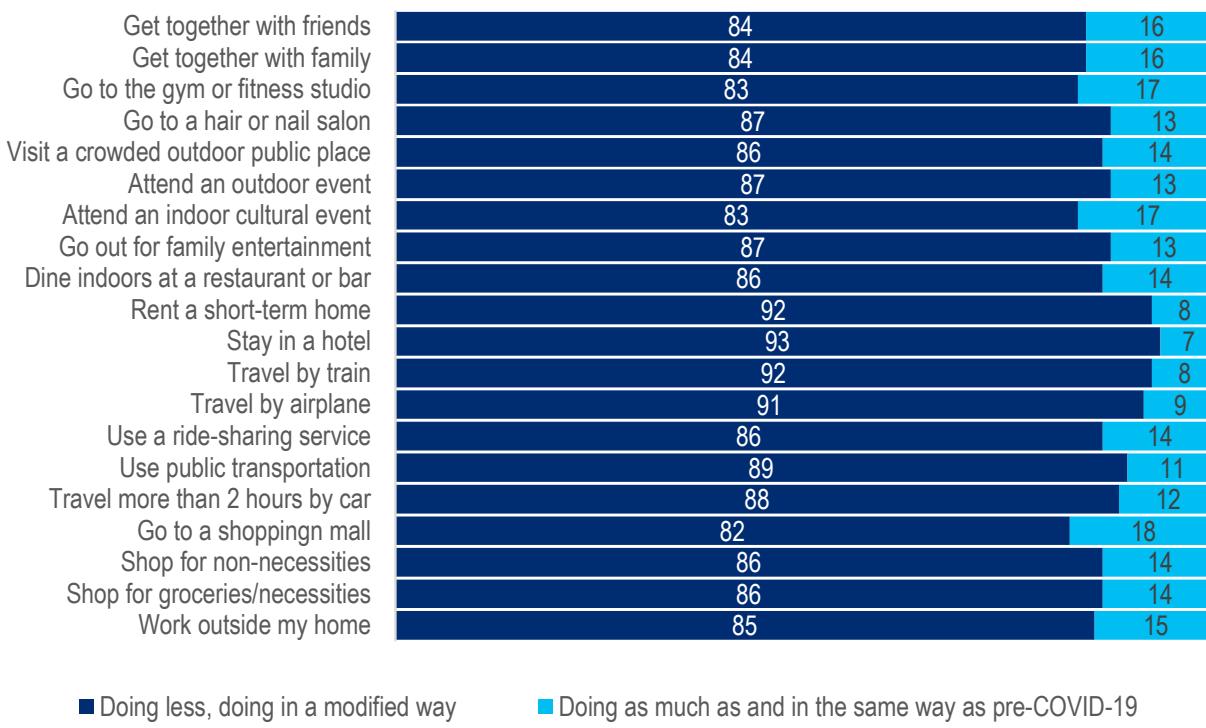
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Source: Citi Research, McKinsey

## Outdoor & in-person activities to revive

According to a McKinsey survey (on 1400+ respondents) in Aug 2022, China consumers have been less active in out-of-home activities (incl. social activities, offline shopping, business/leisure travel and work at office).

Figure 17. % of respondents having engaged in out-of-home activities in China

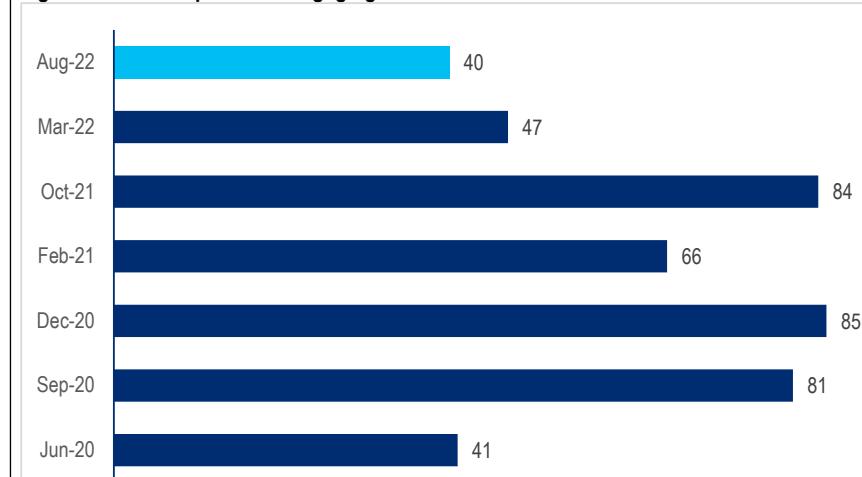


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Source: Citi Research, McKinsey

Furthermore, the out-of-home activities fell even more in 2022 vs 2021, amid a Covid resurgence.

Figure 18. % of respondents engaging in normal out-of-home activities in China

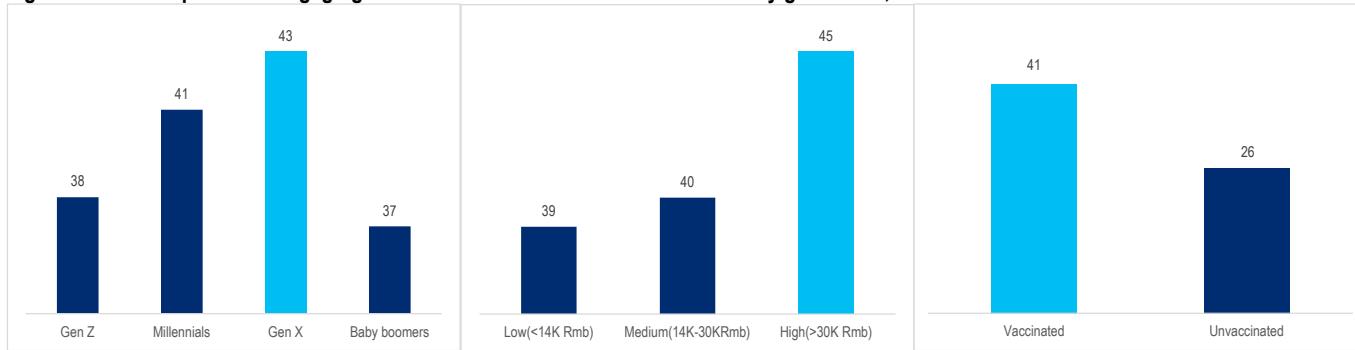


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Source: Citi Research, McKinsey

However, looking at demographic details, Gen X (born between 1965 and 1985), high-income group and vaccinated respondents are more active in out-of-home activities in China during Covid.

**Figure 19. % of respondents engaging in normal out-of-home activities in China by generation, income and vaccination status**



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Note: Silent Generation: born between 1925 and 1945; Baby boomer: born between 1946 and 1964; Gen X: born between 1965 and 1985; Millennial: born between 1986 and 1996; Gen Z: born after 1996

Source: Citi Research, McKinsey

With China's full re-opening, we expect a surge in outdoor activities for both business and leisure, which would benefit **sportswear, restaurants, beer, beverage, hotel & travel** sectors.

## Substantial recovery of offline sales in 23E

### More digitalized supply chain

In addition to product innovations to reinforce brand authenticity, Chinese consumer companies have strived to more agilely improve supply chain and distribution channels to speed up turnaround time of products from manufacturing to reaching consumers.

As consumer behavior and expectations have changed dramatically since Covid, supply chains have to accommodate demand for omni-channel retailing and multiple fulfilment points. End-to-end visibility on inventories has become top priority for more effective and flexible supply chain management, in our view.

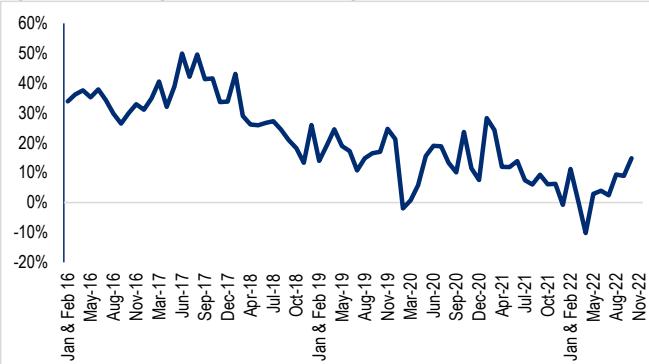
More digitalized supply chains connect relevant internal functions (eg. merchandising, category management, store operations, finance & tax) and integrate supply chain partners (incl. suppliers, logistics service providers, customers and innovation partners). Such connectivity has established a holistic eco-system that can operate with near autonomy, making 'smart' decisions related to procurement, production, warehousing and logistics.

We expect China consumer companies' more digitalized supply chain to enable possibly a quick rebound of offline channel sales (within their omni-channels) upon China's re-opening in 23E.

### Offline channel sales to rebound

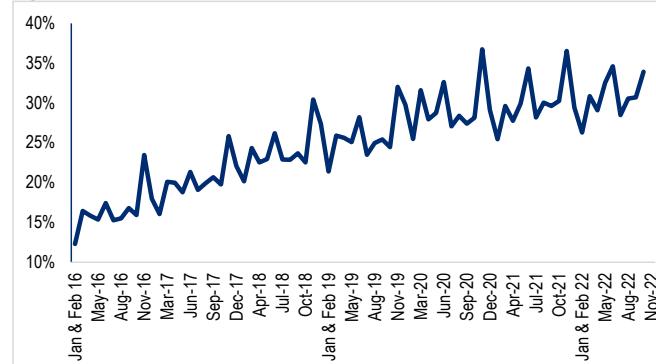
Since the outbreak of Covid, Chinese consumer companies have developed higher degrees of omni-channel retailing, which is also a result of an already-high level of online sales penetration in China (30%+) as well as the moderated online sales growth.

Figure 20. Monthly retail online sales growth rate, Jan 16-Nov 22



Source: NBS, Citi Research

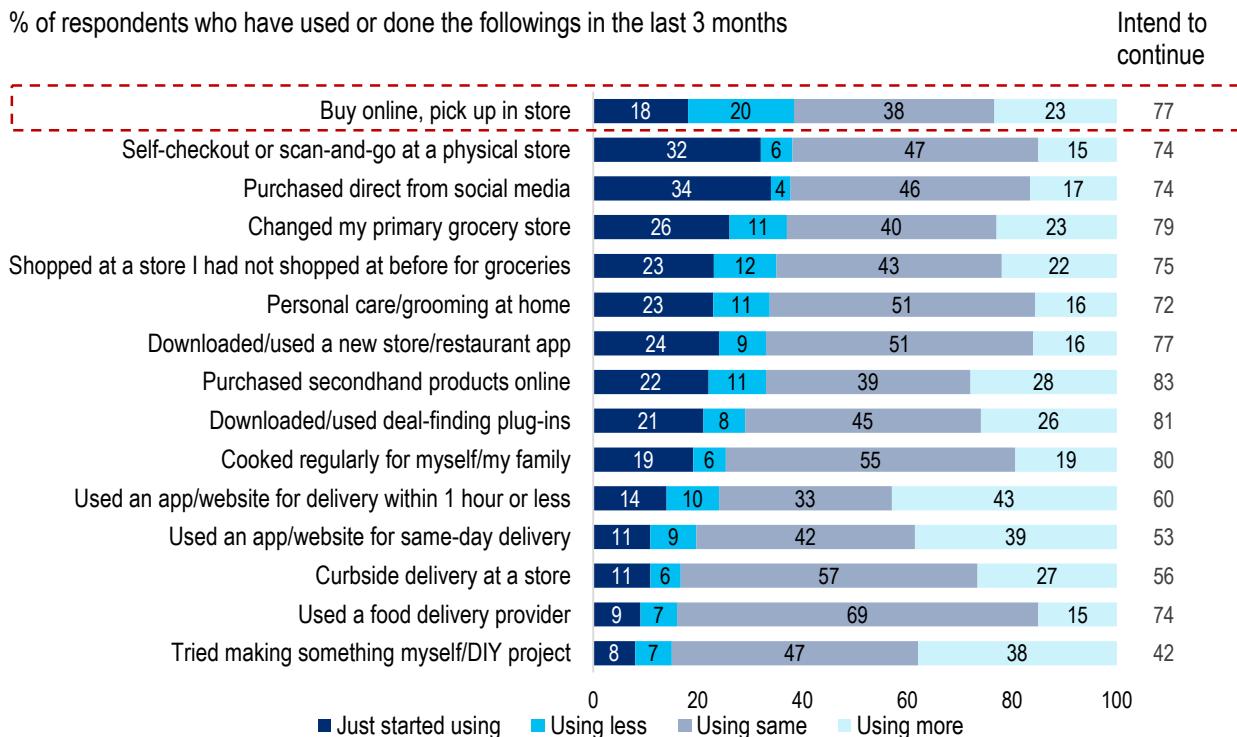
Figure 21. Online contribution to total China retail sales, Jan 16-Nov 22



Source: NBS, Citi Research

Upon re-opening, we expect China consumers to switch some purchase back to offline channels from e-commerce, reverting from their behavior during Covid (highlighted in McKinsey's China consumer survey below). Per McKinsey's survey in Aug 2022, more Chinese consumers "buy online, pick up in store" in a lower frequency. We expect some of those consumers to switch back to offline purchase in 23E.

Figure 22. How Chinese consumers changed in their shopping behavior

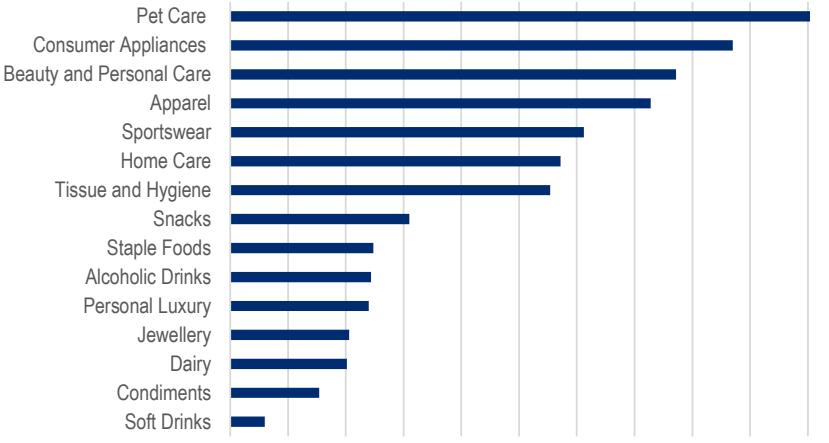


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Source: McKinsey, Citi Research

We expect those companies with high exposure to offline channels to have a stronger sales rebound upon full re-opening (such as apparel, sportswear, and jewelry), especially in 2H23E.

Figure 23. E-commerce sales as % of retail or off-trade sales by consumer product category



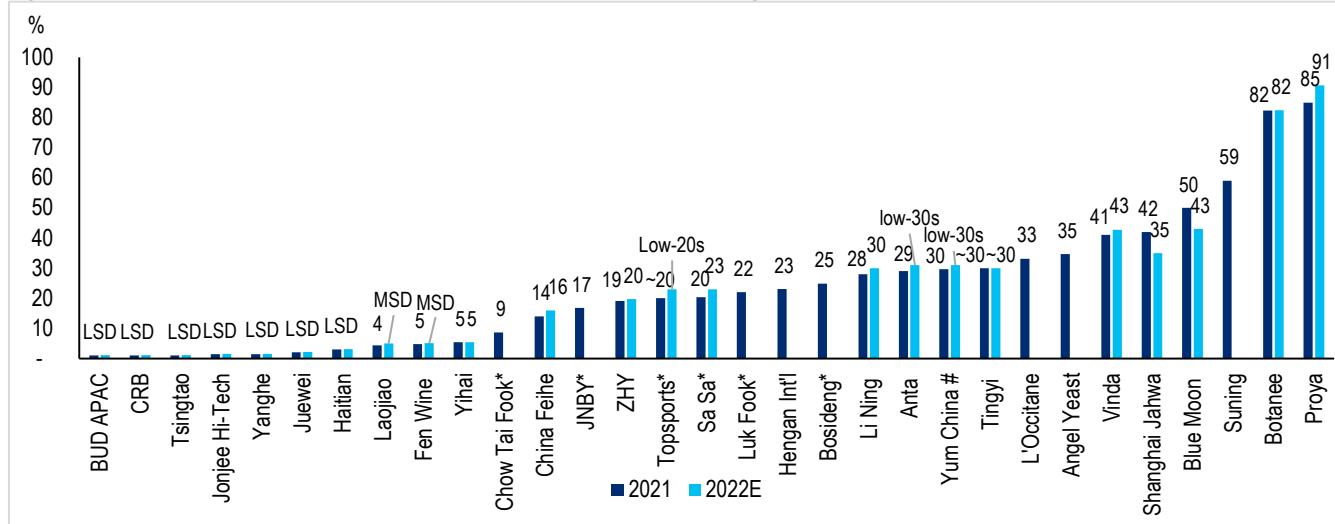
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Source: Euromonitor, Citi Research

We expect the following factors to drive a strong rebound of offline retail sales recovery in 23E:

- Consumers will significantly increase offline social activities (e.g. cinemas, pubs) in shopping malls, which will help to boost offline store traffic;
- Brands will substantially enhance interactions with consumers (via more brand-building activities) in offline venues to activate demand upon re-opening;
- Brands will also shift marketing resources back to offline stores, which usually offer more normal-price products than online channels;
- Some consumers are digitally fatigued and are likely to seek more offline experience;
- Rising demand for impulse purchases of discretionary items; and
- Consumers are likely to switch from take-aways to dine-in for meals, giving rise to recovery of restaurants and related sectors (incl beer and beverage).

Figure 24. Online retail sales contribution across Citi's China Consumer coverage



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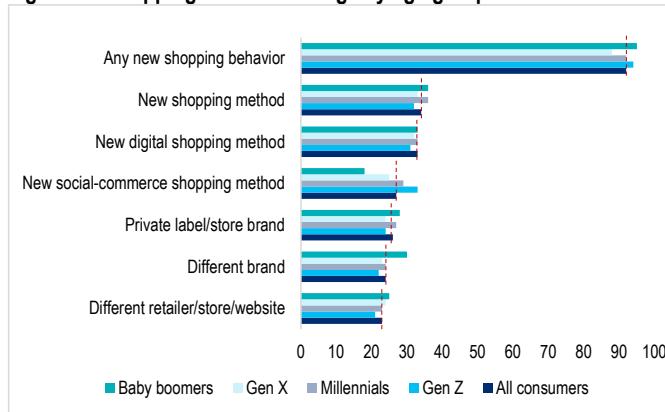
\*FY22/FY23E; #delivery sales contribution

Source: Company Data , Citi Research Estimates

### Further evolution of online channels

Since the Covid outbreak, online channels have changed swiftly, as consumer behavior evolves. Per the McKinsey survey, shopping behavior change is more extensive among higher-income consumers. Besides, live-commerce is more popular among Gen Z.

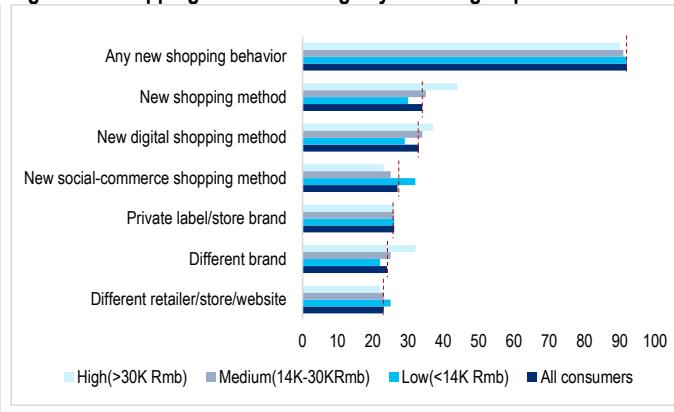
Figure 25. Shopping behavior change by age group



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Source: McKinsey, Citi Research

Figure 26. Shopping behavior change by income group



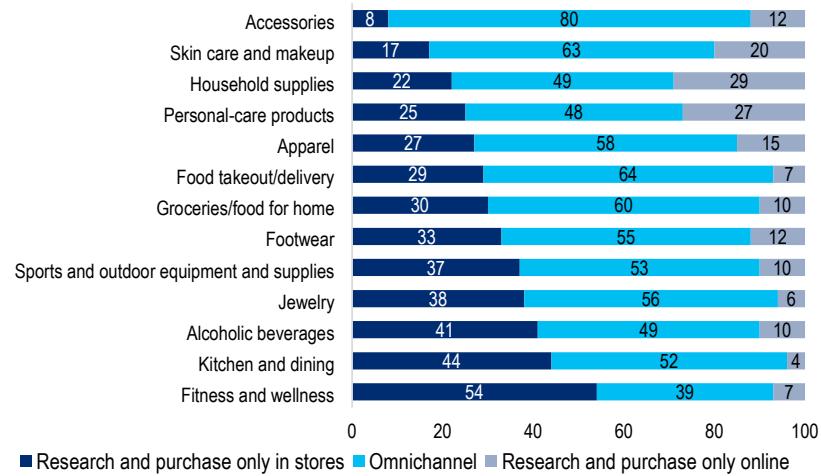
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Source: McKinsey, Citi Research

McKinsey's survey also highlighted that omni-channel shopping is taking place in most categories and dominating many of them, esp. accessories, skin care & make-up, and household supplies.

**Figure 27. Prevailing popularity of omni-channel in China**

% of respondents purchased and searched in these categories in last 3 months as of Aug 2022



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Source: McKinsey, Citi Research

With the moderating pace of traditional e-commerce channel, new retail channel (O2O channels such as Meituan Shangou, JD Daojia, Taoxianda etc.) becomes a new growth driver, given its instant delivery and comprehensive product offering leveraging off the vast offline retail sales points. The new retail channel has well satisfied the demand of Gen Z, which is expanding from food delivery to all product delivery. Young consumers aged below 18 are the No. 1 customer group at Meituan Shangou, the largest new retail platform, followed by age groups 18-24 and 25-29.

Offline retailers with high e-commerce penetration product categories (such as 3C, apparel, cosmetics, personal care, pet, baby and maternity) have started to proactively cooperate with new retail platforms. Tissue and hygiene companies in our coverage space also highlighted the growth opportunity at the new retail channels, although the current contribution is small.

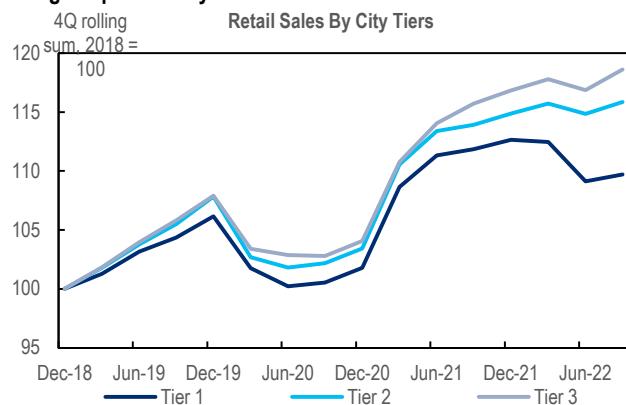
Upon China's re-opening in 23E, we anticipate rising importance of the offline component in "omni-channel" distribution.

### More pronounced recovery in high-tier cities

In our view, high-tier cities suffered more of the consumption loss during the pandemic years (Figure 28). It's partially a direct result of Covid outbreaks – notable victims have always been such large & high-tier cities as Guangzhou, Nanjing and Shanghai. The higher content of services and discretionary goods in consumption in large and high-tier cities could be another factor (Figure 29).

The services weakness could have also added pressures to consumption in higher-tier cities via employment – the urban labor market suffered more under a dynamic zero-Covid policy. Currently, higher-tier cities are going through the first waves of Covid cases very fast. They could have an earlier and stronger boost in consumption after reopening, especially in services and discretionary products, in our view.

**Figure 28. Consumption recovery in high-tier cities suffered more during the pandemic years**

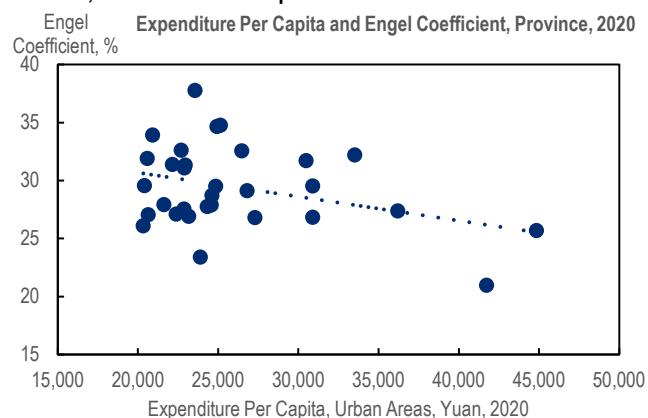


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Note: Covering 61 cities with available quarterly data.

Source: local statistics bureaus, CEIC, Citi Research

**Figure 29. Consumption recovery could also be all-around in higher-tier cities, as their residents spend a lower share of income on food**



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Source: NBS, Citi Research

## China border re-opening

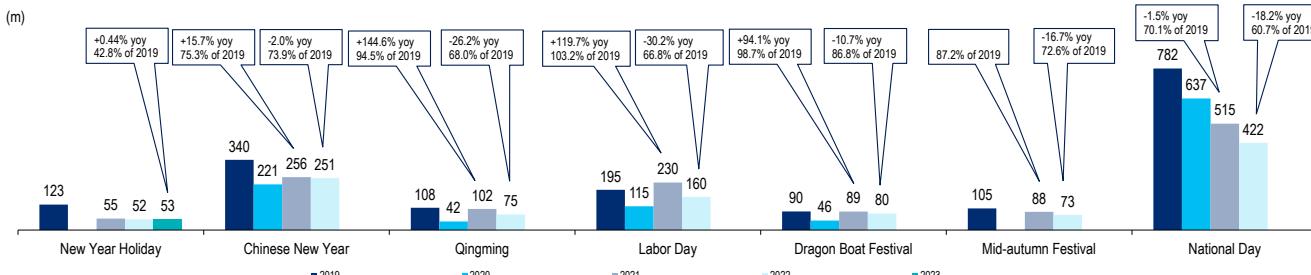
On the back of accelerating domestic and border reopening, we now see high visibilities on the roadmap to recovery in 2023E for the travel sector.

We expect the overall domestic travel demand to recover materially from 2Q23E, while staying cautious on short-term trends on rising Covid infections. We expect domestic travel to recover to 90% of pre-Covid levels in 2023E and a full recovery in 2024E.

The timing of the border reopening came in earlier than expected. China's National Health Commission announced a set of easing inbound Covid-related travel measures on 26 Dec, particularly removing the required quarantine and PCR tests upon arrival for inbound travelers, and orderly resumption of Chinese outbound tourism from 8 Jan 2023 ([link](#)). The National Immigration Administration followed on 27 Dec with detailed optimized immigration measures including the resumption of passport applications by Chinese citizens for the purpose of tourism or visiting friends, and the issuance of exit-and-entry permits for mainland Chinese to HK for tourism and business purposes ([link](#)). Uncertainties might linger, and the recovery magnitude also depends on the resumption of international flights. Some countries also released more stringent inbound restrictions on travelers from China in the short term. That said, we expect pent-up outbound travel demand (particularly to HK and Macau) likely to pick up in upcoming CNY 2023E especially driven by cities where infections have peaked off, and to recover materially from 2H23E.

While the whole tourism sector will benefit from the reopening, we prefer stocks which are not only short-term reopening beta plays but also with stronger structural growth in the mid-to-long-term. Duty free (CTGDF-A) and hotel (Jinjiang) are our top picks within the China tourism space.

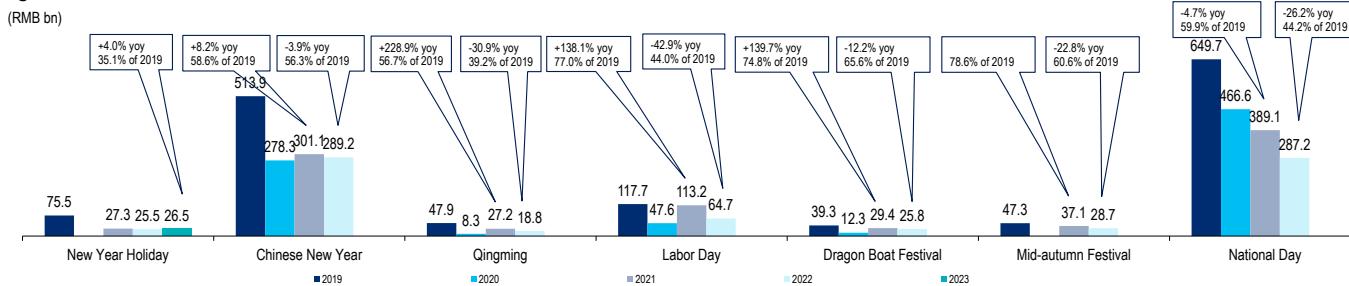
**Figure 30. Golden Week Domestic Tourist Numbers**



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Source: Citi Research, MCT

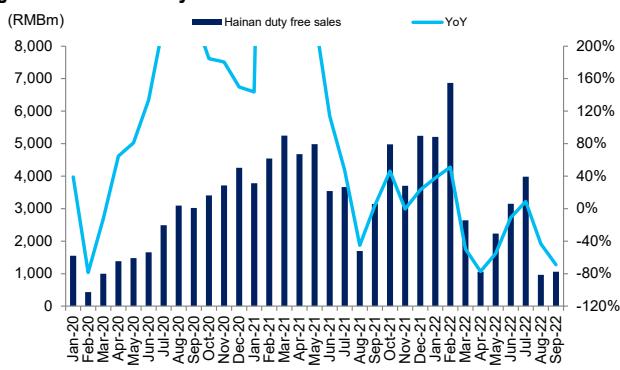
**Figure 31. Golden Week Domestic Tourist Revenue**



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Source: Citi Research, MCT

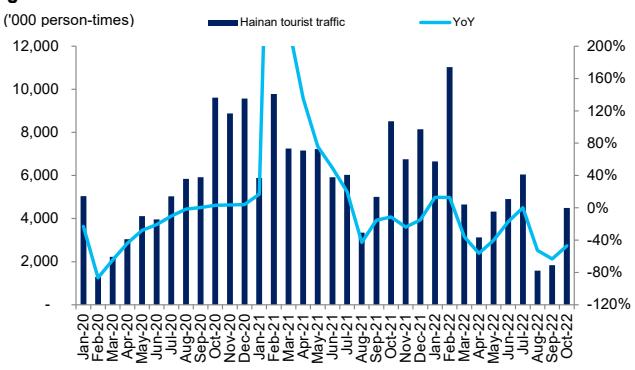
**Figure 32. Hainan duty free sales**



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Source: Citi Research, Haikou Customs

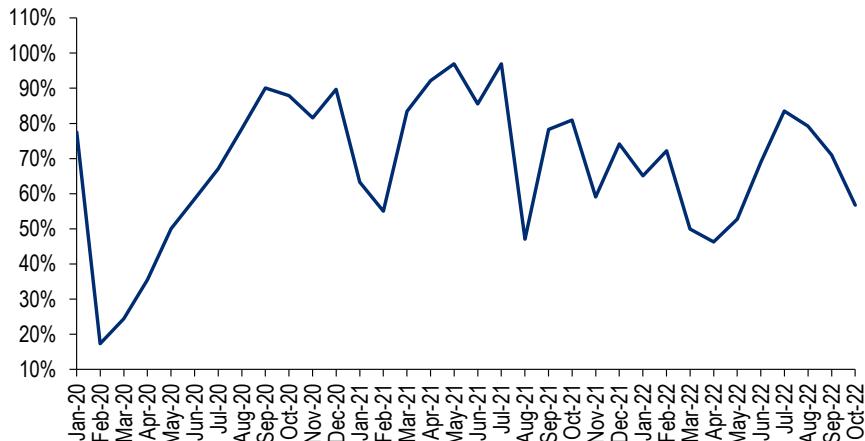
**Figure 33. Hainan tourist traffic**



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Source: Citi Research, Hainan MCT

Figure 34. China hotel RevPAR recovery vs. 2019



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Source: Citi Research, STR

# Premiumization to Re-accelerate

## Polarized consumption of sophisticated consumers

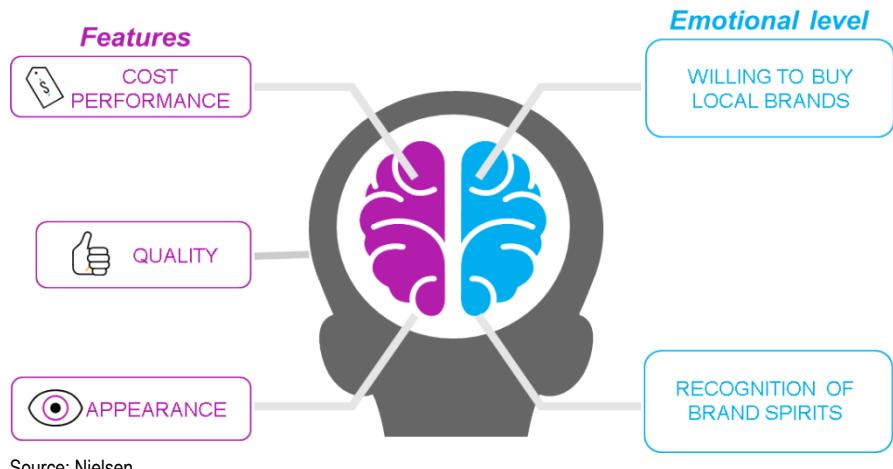
Despite the outbreak of Covid, the premiumization trend continued in most FMCG categories (incl. beer, milk, beverage, noodles & IMF), dismissing the market's fears about China consumers' general trade-down amid the mass-market segment's growth. At the same time, we have also observed high growth of the mass-market segment.

In 2023E, we expect high growth in both premium & mass-market segments to co-exist (消费两级化) along China's re-opening course. However, we expect premiumization to re-accelerate in 23E (esp in 2H23E) in high-tier cities (where consumption has been hit more by lockdowns than in low-tier cities).

In our view, the co-existence of high growth in both premium & mass-market segments is the result of more sophisticated China consumers. Chinese consumers have become more binary in consumption choices and developed more sophisticated views on brands, in which both the features of products (including cost performance, quality and appearance) and consumers' emotional level (e.g., recognition of brand spirit and willingness to buy local brands) are likely to greatly influence consumers' buying decisions.

As such, branding, quality & innovation of products are crucial to premiumization of China consumer companies. Most of our covered companies have been making enhanced efforts on those fronts, in our observation.

Figure 35. Sophisticated decision-making process of China consumers



Source: Nielsen

## Premiumization-driven ASP rise in 23E

Even in a tough environment in 2022, most FMCG categories such as **dairy**, **beer**, and **personal care** have seen continued premiumization with trade-up in sales mix. We believe this will help dismiss market fears about China consumers' general trade-down amid the mass-market segment's growth. Looking into 23E, we anticipate a premiumization trend to re-accelerate upon China's full opening.

### Dairy

Looking into 2023E, we expect consumers' increased focus on nutrition post-Covid to continue to support the premiumization trend in the **dairy** industry. Dairy is one of our most preferred staple sectors in 2023E, given structurally strong consumer

demand, major players' on-going sales mix trade-up & much reduced industry promotions amid healthy channel inventories. Rather than raising LFL ASP, market leaders prefer to trade up product mix and reduce rebate/discounts to enhance GP margins.

### Beer

We believe premiumization (i.e. consumers' shift away from mainstream/value categories to premium & super-premium categories with higher ASPs) and trade-up (i.e. consumers' choice of higher-priced brands within the same pricing category) are positive structural trends in the **beer** industry across the APAC region, especially in China. Our projection of continued premiumization in China's beer sector is also in line with Euromonitor's forecast.

Looking into 2023E, we expect premiumization to accelerate with Chinese beer brands continuing their rising trend, **BUD APAC & CRB (Buy)** remain our most preferred plays in the China beer sector.

Figure 36. Standard Lager beer sales mix change in China



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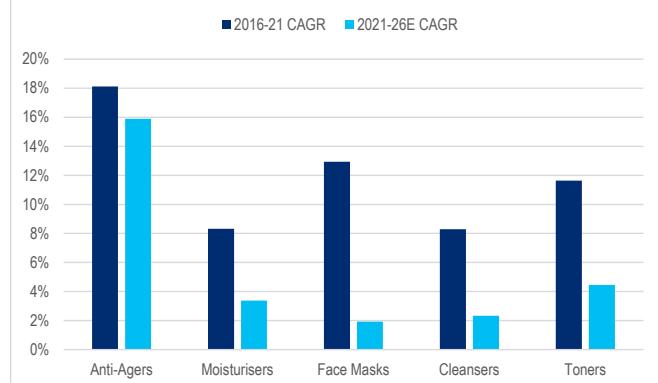
Source: Euromonitor, Citi Research

### Personal care

Within the **cosmetics** industry, although leading prestige brands have experienced sluggish sales or declines in 2022 (due to lockdowns and loss of top KOL), we do not think the premiumization trend has disappeared, given consumers' continuously growing demand for high-efficacy products.

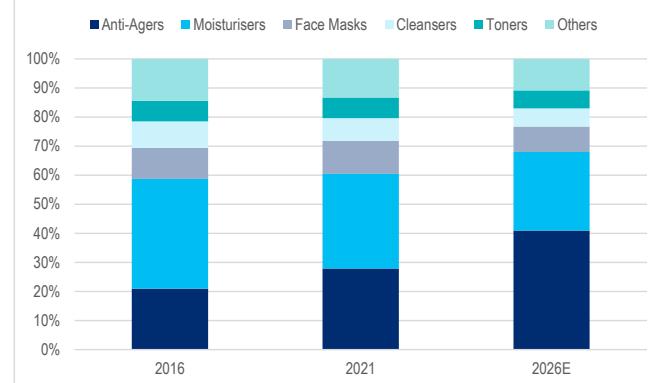
At Tmall, despite overall skincare product sales declines with the platform's softening user traffic, serum product sales are still more resilient than other skincare products. According to Euromonitor forecasts, anti-agers will maintain double digit growth in 2022E-26E and become the largest subcategory among skincare products starting from 2023E.

**Figure 37. Anti-agers to maintain double digit growth**



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Source: Euromonitor, Citi Research

**Figure 38. Anti-agers to become the largest skincare subcategory**



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Source: Euromonitor, Citi Research

In 2021-2022, various Chinese consumer staple companies launched like-for-like (LFL) ASP hikes to pass through high commodity inflation pressures. With likely eased input cost pressures in 23E, we anticipate much less LFL ASP hikes in 23E.

**Figure 39. LFL ASP hike of FMCG companies in 2021-22**

Company	LFL ASP hike remarks
Haitian	2022: +4%
Jonjee	2022: +4%
CRB	2021: Mgt indicated that it has raised nationwide LFL ASPs for its mid-end positioned "Brave the World" (which rep ~30% of its group vol) effective from Sept 1 2021 with brand-new packaging, at a magnitude to largely mitigate impact of rising raw material costs. 2022: LFL ASP hikes across all segments (likely before peak season in 23E). We expect blended ASP to rise at least by MSD.
BUD APAC	2021: It lifted LFL ASP for its core+ brands by 3-10% in selective cities in China starting from Nov 1 2021, which has been well-received among its wholesalers with limited impact on sales vol. 2022: It lifts its ASP for Premium & Super Premium segments at a magnitude that is benchmarked to CPI, effective from Nov 1 2022
Want Want	2022: Per mgt, it lifted its LFL ex-factory ASP by MSD for ~90% of its dairy & beverage products, ~80% of its rice crackers and ~50% for snacks, effective from Jan 2022.
Tingyi	2021: It lifted ASPs (both retail and ex-factory) for its large-package noodles (大食袋/大食桶) in July and those for mid-end noodles in August 2021. According to our checks at POS, its ASP hike was at about 10% and involved SKUs contributing ~25% of its noodle sales, in our estimate. 2022: HSD level of blended ASP rise
Mengniu	2021: In July 2021, mgt raised LFL ASPs for selected SKUs of flavored milk and basic white milk by ~5%.
Vinda	2022: +-5%

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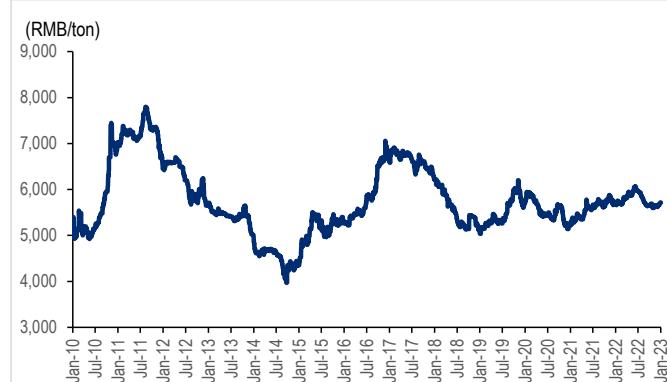
Source: Company Comments, Citi Research

**Figure 40. PET price**



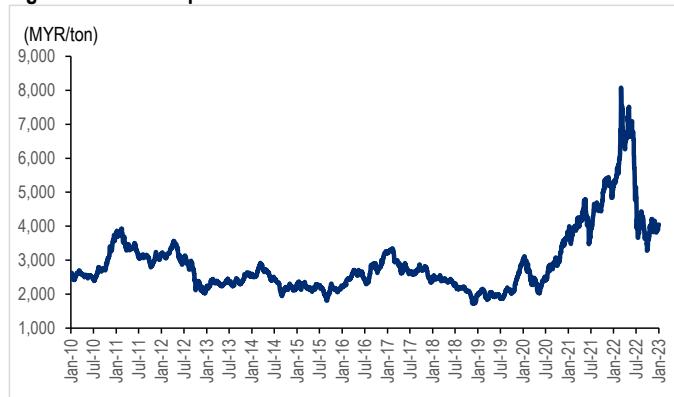
Source: Bloomberg

**Figure 41. China sugar price**



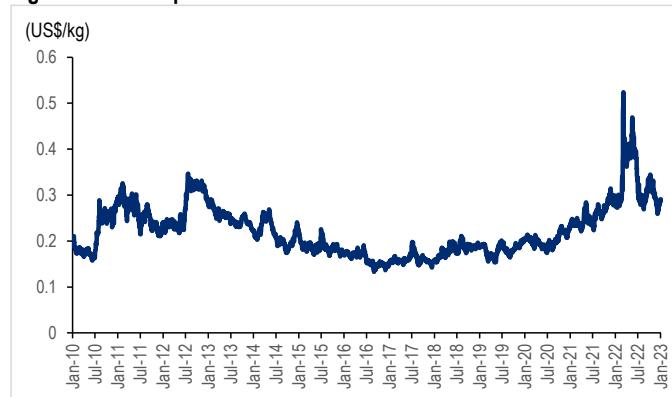
Source: Bloomberg

**Figure 42. Palm oil price**



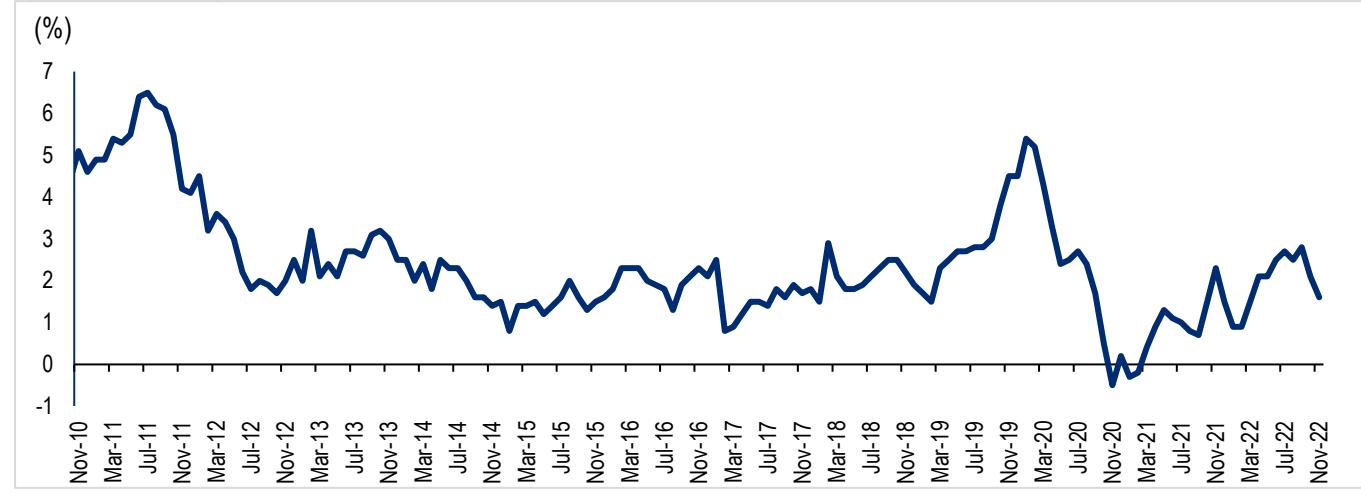
Source: Bloomberg

**Figure 43. Wheat price**



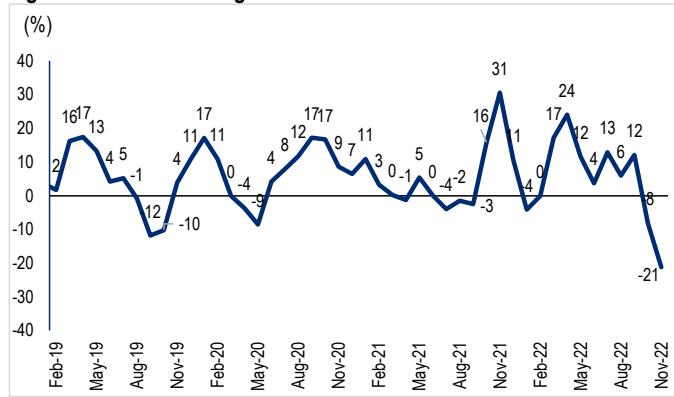
Source: Bloomberg

**Figure 44. CPI: Monthly CPI**



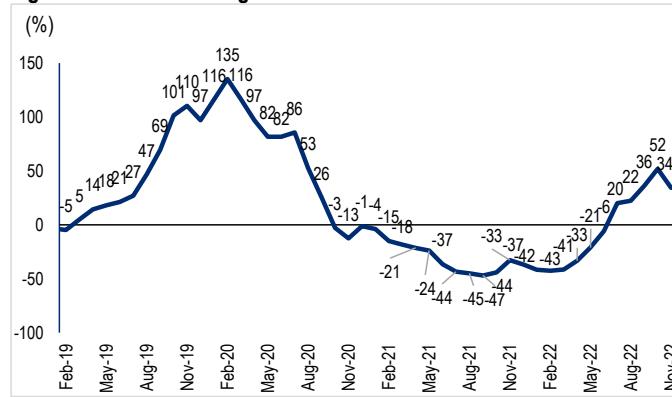
Source: Wind, Citi Research

**Figure 45. CPI: F&B - Vegetable**



Source: Wind, Citi Research

**Figure 46. CPI: F&B - Hog**



Source: Wind, Citi Research

## Continued high growth of mass-market categories in 23E

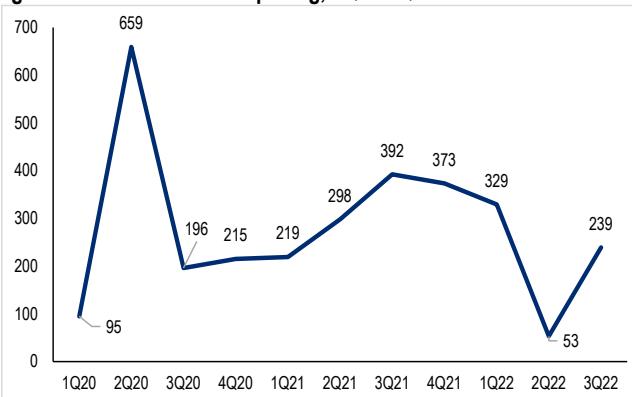
Against an uncertain macro backdrop in 2022, we also observed high growth in the mass-market segment, which is likely to continue in 23E

### Quick service restaurant (QSR)

The quick service restaurant (QSR) industry has demonstrated strong biz resilience, partly due to its value-for-money proposition and mass market focus, evidenced by **YUM China's** biz resilience in 2022.

Despite COVID uncertainties (with temporary store closure), weakening consumer sentiment, downward economic pressure and commodity price inflation, **YUM China** continued its pace of store openings (mostly KFC stores) and its **KFC** biz also achieved YoY sales growth YTD.

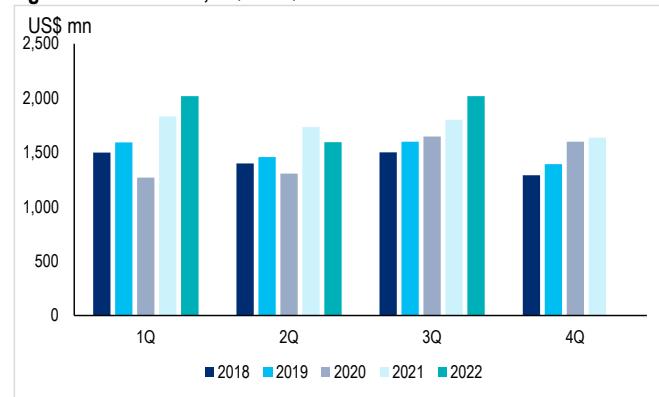
Figure 47. YUMC net store opening, 1Q20-3Q22



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Source: Company, Citi Research

Figure 48. KFC sales, 1Q18-3Q22



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Source: Company, Citi Research

As it continues to penetrate into lower-tier cities with a small store format and to grow its customer base, KFC has been aggressively innovating (incl more menu options) and promoting effectively to establish its value proposition (eg. via "Crazy Thursday" campaign) to drive vigorous sales growth.

Figure 49. KFC's further penetration in lower-tier cities



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Source: Company, Citi Research

Figure 50. KFC's promotion campaigns



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Source: Company, Citi Research

Besides, the Pizza Hut biz has focused on sharpening its 4-pillar strategy for more resilience: (1) strengthening its leadership in the pizza and steak categories with value for money; (2) driving sales via multiple channels (incl. takeaway and packaged foods); (3) improving digital experience for customers while broadening its member base; (4) accelerating new openings by focusing on smaller formats, (e.g., satellite model with a shortened payback period of 2-3 years).

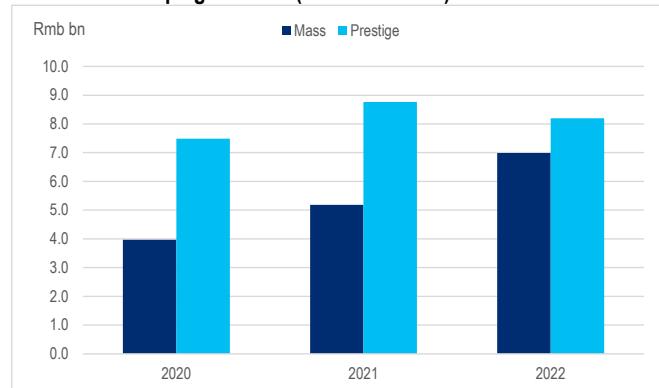
#### ■ Cosmetics

The cosmetics industry is very fragmented and the sales performance is divergent among different brands, where we noted that leading mass market brands outperformed significantly. Among the top 10 brands at Tmall, mass segment brands' flagship store GMV maintained more than 30% growth during "11.11" campaign, while the prestige brands' flagship store GMV declined.

Besides the resilience to a softer macro economy, we believe the outperformance of the leading mass market brands is due to 1) their improving product to cater to consumers' increasing demand for quality and 2) their strengthening e-commerce operation, which is less impacted by Covid restrictions.

Tiktok's rapid growth also helps drive the mass segment, given Tiktok's users are more price sensitive than Tmall's, in our view. Tiktok has become the second largest e-commerce platform in the cosmetics industry with ~100% growth of cosmetics sales and reached c.30% of Tmall cosmetics sales in 2022.

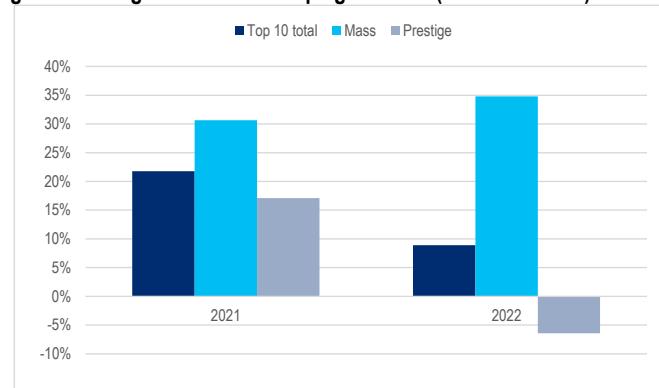
Figure 51. Tmall top 10 skincare brands' flagship store GMV during "Double 11" campaign in 2022 (24 Oct - 11 Nov)



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Source: Citi Research, Data Insider

Figure 52. Tmall top 10 skincare brands' flagship store GMV yoy growth during "Double 11" campaign in 2022 (24 Oct - 11 Nov)



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Source: Citi Research, Data Insider

## Accelerated Market Share Gains by Leaders

Many Chinese consumer sectors have gone through dramatic changes in the past 3 years since the first COVID outbreak. We cannot simply assume that the growth of each consumer sector would return to high growth rates of the pre-COVID era, due to changes in sector drivers and the macro environment.

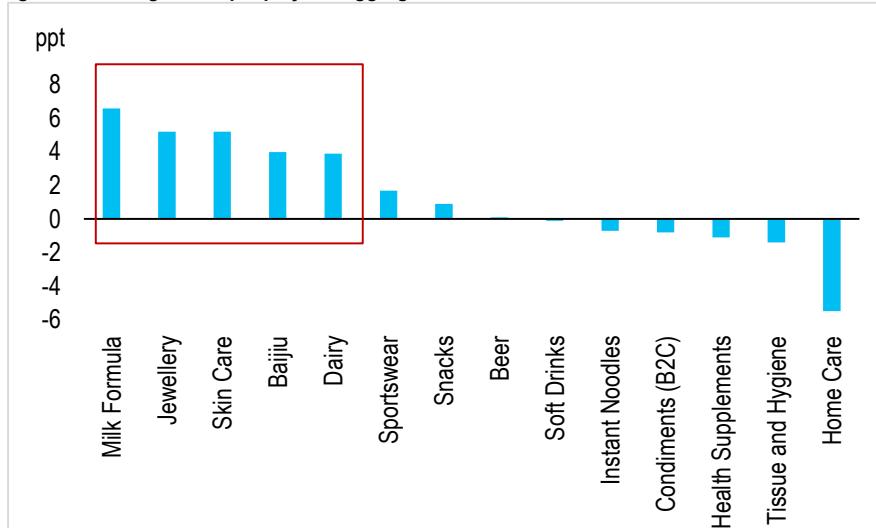
However, on the positive side, we believe many small players in each industry have exited the industry. As such, we expect market share gains (by consolidating those shares of small players) to help market leaders to make up for the shortfall of industry growth vs the pre-Covid level.

### Market share changes by sector

In our observation, COVID-19 has accelerated market consolidation in many China consumer sectors in favor of market leaders, as small players have relatively weaker balance sheets and do not have sufficient resources to recover business quickly after the negative impact of COVID.

Based on Euromonitor data for top 5 players' aggregate market shares in 2021 vs 2019, we have found that **IMF, jewelry, skin care, baijiu, dairy & sportswear** have had the fastest market consolidation. However, **home care** has seen significant deconsolidation with decreased market shares of the top 5 players, followed by **tissue & hygiene, health supplement** and **condiment (B2C) & instant noodles**.

Figure 53. Changes of top 5 players' aggregate market shares, 2021 vs 2019

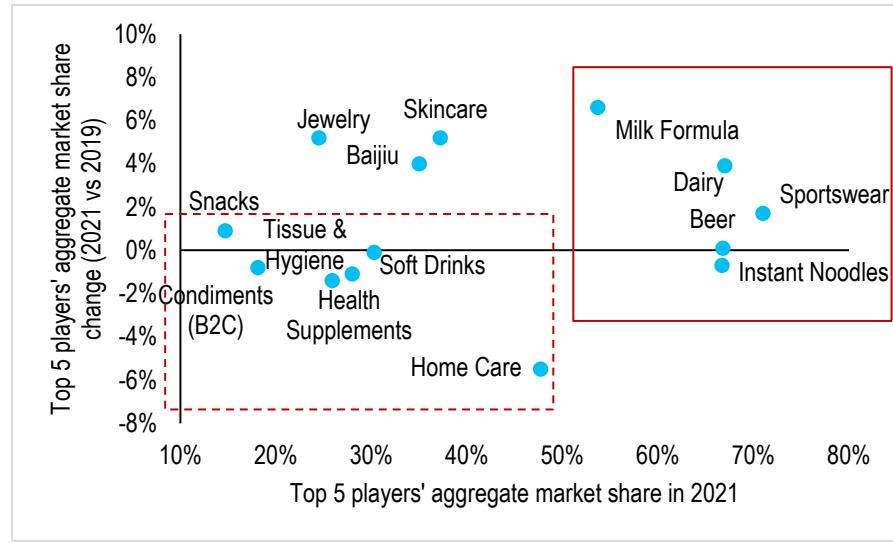


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Source: Euromonitor, Citi Research

With reference to the aggregate market shares of the top 5 players in each sector, we believe that **sportswear, instant noodle, beer, dairy** and **milk formula** are the most consolidated industries in China's consumer space. However, **snacks** and **condiment (B2C)** are the two most fragmented industries.

Figure 54. Top 5 players' aggregate market shares vs 2-year changes (2021 vs 2019)



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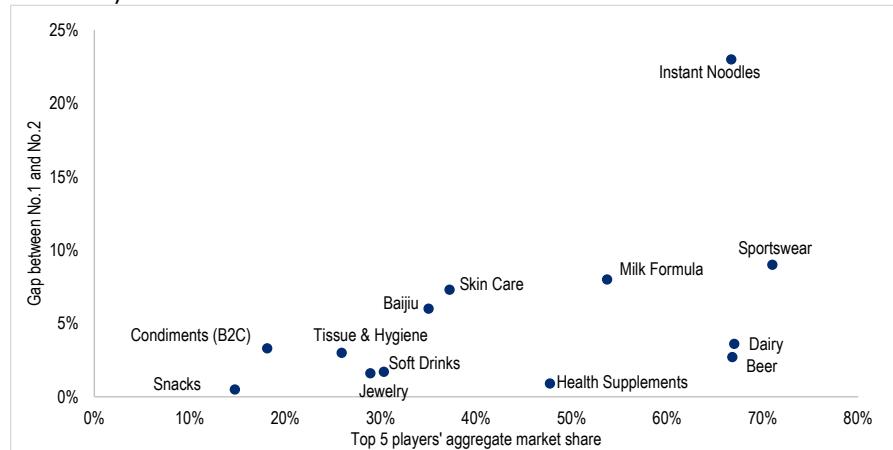
Source: Euromonitor, Citi Research

## Competition landscape for various sectors

Upon China's re-opening, we expect market leaders will take the opportunity to expand to make up for the lost growth in the past 3 years.

In our view, industries with high aggregate market shares of the top players and relatively wide market share gap between No.1 and No.2 players usually have low risk of pricing competition. As such, we expect benign industry competition in **dairy & beer** industries in 2023E.

Figure 55. Top 5 players' collective market shares by industry and gap between Top 2 (in retail sales value)



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Source: Euromonitor, Citi Research

## ■ Beer

As top beer players are implementing a premiumization strategy in concert in the past 2 years, we do not expect much industry competition in the **beer** industry (albeit relatively narrow market share gap between No.1 and No.2 players).

After an LFL ASP rise for mainstream (主流) products in most markets in 2Q21, **CRB** raised LFL ASP for its mid-end products "Brave the World" (at ~10% of retail ASP and 5%+ of ex-factory ASP, in our estimate) effective from Sept 1, 2021. Per recent communications with the market, CRB may consider LFL ASP hikes across all segments (likely before peak season in 23E) to pass-through cost pressure. We anticipate CRB's blended ASP (incl. product mix improvement) to rise at least by MSD in 23E.

In Nov 2021, **BUD APAC** lifted LFL ASP for its core+ brands by 3-10% in selective cities in China starting from Nov 1. In Nov 2022, BUD APAC lifted its ASP for Premium & Super Premium segments at a magnitude that is benchmarked to CPI.

## ■ Noodles

Despite the wide market share gap between No.1 and No.2 players in **instant noodles**, we expect continuously fierce market competition. In 2022, **UPC** did not follow **Tingyi**'s LFL ASP hike for noodles.

**Tingyi** started lifting ex-factory prices of selected noodles in 2021 and continued to raise ex-factory prices for its various products in Feb, April and July 2022, separately. Per mgt, its noodle sales growth in 1H22 (at 6% YoY growth) was mainly driven by HSD level of ASP rise, offset by LSD volume decrease (esp. dragged by volume loss in 2Q22 after "3.15" incident). By end-July, LFL ex-factory price hikes had been implemented on 80% of Tingyi's noodle products. However, it suffered from a negative impact on its volume and market share loss since 2Q22, as its major competitors did not follow its price hikes. To restore market share in noodles, it increased investment into the channel (starting from July), which resulted in higher selling expenses. Per Tingyi mgt, its market share stabilized in Aug before MoM improvement in Sept, despite YoY market share decline.

However, **UPC** did not implement LFL ASP hike for noodles. Per mgt, UPC gained market share in 3Q22 while low-to-mid end noodle player *White Elephant* (白象) gained even more share in 3Q22. This was in sharp contrast with market share loss of **Tingyi** (which raised LFL ASP since this Feb) in 3Q22. In our view, UPC's strategic move seems to cater well to consumers' shifted preference of value-for-money products in the mid-end segment amid macro uncertainties.

Also, upon China's re-opening, we do not expect strong industry growth of noodles, whose demand was partially boosted by city lock-downs during Covid.

## ■ Sportswear

For the **sportswear** sector, despite high market share for the top 5 players (ie, **Nike, Adidas, Anta, Li Ning & Skechers**), we see no substantial share gains of Nike and Adidas in 2021-2022, given impact of the "Xinjiang Cotton" incident (in 1Q21) and disruption of the SE Asia supply chain (since 4Q21).

In 23E, we expect **Nike** and **Adidas** to regain market share in China upon normalization of inventories and ramp-up of branding tractions with Chinese consumers.

We believe that **Nike** normalized its China channel inventories at the end of Nov 2022, earlier than other brands. As Chinese brands were much less aggressive in

curtailing 3Q22 and 4Q22 pre-orders than Nike/Adidas, we expect Chinese brands' channel inventory pressure to linger into 1Q23E, without considering any impact of slowed 1Q23E retail sales due to the short-term impact of COVID-control relaxation.

To address both market- and company-specific challenges in Greater China, **Adidas** has formulated the following plans: (1) reducing orders for upcoming seasons and executing inventory takebacks, (2) leveraging factory outlets and upcoming online mega moments to accelerate speed of inventory clearance, (3) connecting with the Chinese consumer differently by increasing the leverage of its local creation center and marketing agency, (4) focusing marketing efforts toward social, communities, membership and closer to the point of sale, (5) right-sizing China organization, (6) increasing focus on building sports partners portfolio, (7) accelerating the scale-up of its own digital ecosystem, (8) re-assessing the quality of its retail fleet, closing unprofitable stores and significantly reducing its footprint while continuing to invest in key cities and locations.

#### ■ Condiment sector

We also anticipate rising competition in the industry of **condiment (B2C)**, where the market is fragmented and/or undergoing deconsolidation.

**Foshan Haitian** and **Jonjee** raised ASP by a mid-single digit in 2022, not enough to offset cost pressures. **Angel Yeast**'s price hike led to volume declines as competitors didn't follow. **Yihai** cut prices by about 30% in 2022 to align with competitors' price point, which helps it expand the customer base and consumption scenarios.

#### ■ Tissue

Amid the accumulating pulp cost pressure, the **tissue** industry has seen small players' exit and bigger players' cut low-margin product lines in 2H22. However, we reckon market consolidation is temporary and the closed capacities will be resumed when pulp cost enters a downward cycle in 2023E.

## Earnings Recovery in 23E

In 2023-24E, we forecast meaningful earnings recovery for our China consumer coverage universe. Our comparison of 22E sales and earnings vs pre-COVID 2019 level for our coverage universe is tabulated in Fig 56-64.

**Figure 56. China staples: YoY revenue change, CY20-24E**

Company	Ticker	CY20	CY21	CY22E	CY23E	CY24E
Ausnutria	1717.HK	19	11	(2)	7	6
Blue Moon	6993.HK	(1)	9	12	10	11
BUD APAC	1876.HK	(15)	21	5	12	10
C&S	002511.SZ	18	17	1	10	9
CRB	0291.HK	(5)	6	8	8	8
Feihe	6186.HK	35	23	(8)	8	6
Fen Wine	600809.SS	18	43	29	24	22
H&H	1112.HK	2	3	9	6	5
Haitian	603288.SS	15	10	4	11	11
Hengan	1044.HK	(1)	(7)	9	6	5
Jahwa	600315.SS	(7)	9	(4)	15	11
Jonjee	600872.SS	10	(0)	5	7	6
Juewei	603517.SS	2	24	5	19	18
L'Occitane	0973.HK	(2)	10	18	13	11
Luzhou Laojiao	000568.SZ	5	24	22	18	16
Mengniu	2319.HK	(4)	16	7	12	12
Moutai	600519.SS	10	12	15	16	17
Nongfu Spring	9633.HK	(5)	30	12	15	16
Proya	603605.SS	20	23	29	28	26
Tingyi	0322.HK	9	10	7	5	5
Tsingtao	0168.HK	(1)	9	9	6	6
UPC	0220.HK	3	11	7	7	6
Vinda	3331.HK	3	13	5	7	8
Want Want	0151.HK	6	9	6	8	9
WH Group	0288.HK	6	7	(0)	2	3
Wuliangye	000858.SZ	14	16	12	10	10
Yanghe	002304.SZ	(9)	20	19	13	10
Yihai	1579.HK	25	11	4	14	11
Youran	9858.HK	54	30	16	17	14
Zhou Hei Ya	1458.HK	(32)	32	(17)	57	25

All data are calendarized for the year ended on December 31

Source: Company Reports, Citi Research Estimates

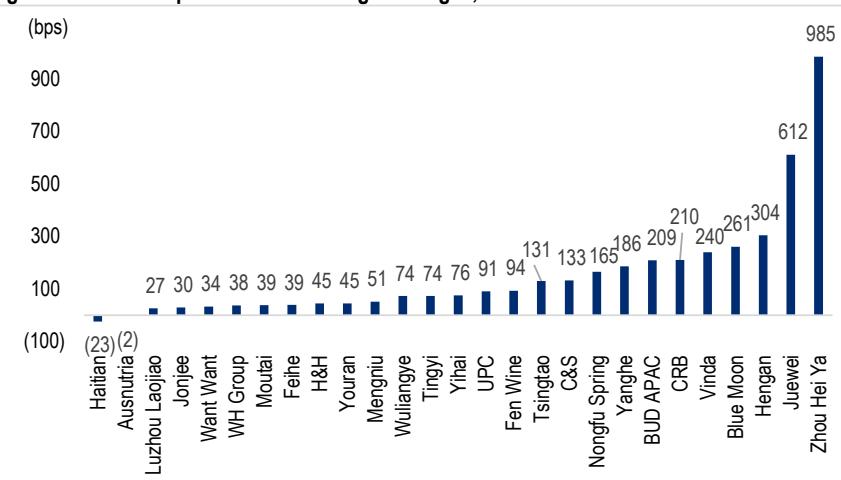
Figure 57. China discretionary: YoY revenue change, CY20-24E

Company	Ticker	CY20	CY21	CY22E	CY23E	CY24E
Anta	2020.HK	5	39	8	13	17
Bosideng	3998.HK	12	18	13	15	17
BTG	600258.SS	(36)	16	(15)	40	16
Caissa	000796.SZ	(73)	(42)	(3)	233	81
Chow Tai Fook	1929.HK	13	37	9	17	16
CITS	601888.SS	8	29	(17)	67	32
CTS	0308.HK	(56)	85	(32)	64	11
CYTS	600138.SS	(49)	21	(19)	53	30
Fosun Tourism	1992.HK	(59)	31	49	21	12
GHG	GHG.N	(15)	30	(19)	24	23
Haidilao	6862.HK	8	44	(1)	11	12
Huazhu	HTHT.O	(9)	25	8	35	13
Jinjiang	600754.SS	(34)	15	(0)	35	14
JNBY	3306.HK	12	14	5	11	14
Li Ning	2331.HK	4	56	14	15	15
Luk Fook	0590.HK	(24)	17	17	11	10
RLX Technology	RLX.N	147	123	(37)	(21)	29
Sa Sa Int'l	0178.HK	(41)	(10)	13	14	12
Shangri-la	0069.HK	(57)	20	19	40	14
Songcheng	300144.SZ	(65)	31	(52)	279	20
Suning.com	002024.SZ	(6)	(45)	(46)	28	33
Topsports	6110.HK	6	(9)	(14)	8	11
UTour	002707.SZ	(87)	(55)	19	691	79
Yum China	YUMC.N	(6)	19	(1)	15	9

All data are calendarized for the year ended on December 31

Source: Company Reports, Citi Research Estimates

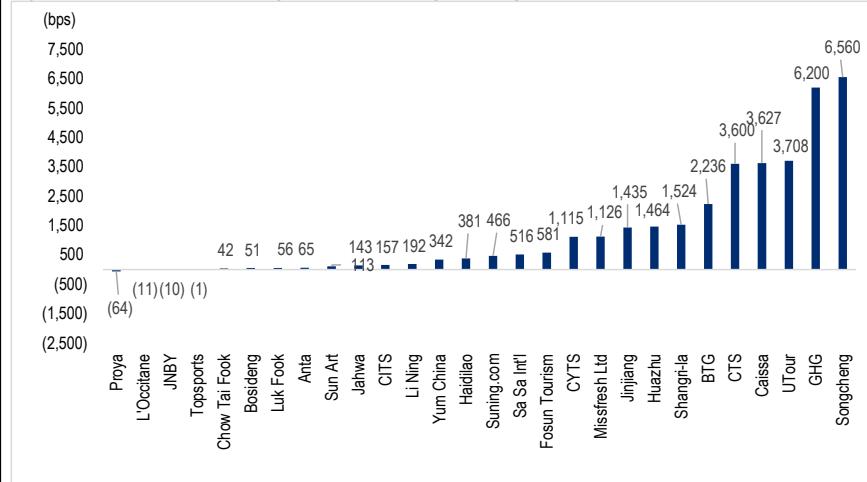
Figure 58. China staples: YoY EBIT margin changes, CY23E



All data are calendarized for the year ending on December 31

Source: Citi Research Estimates

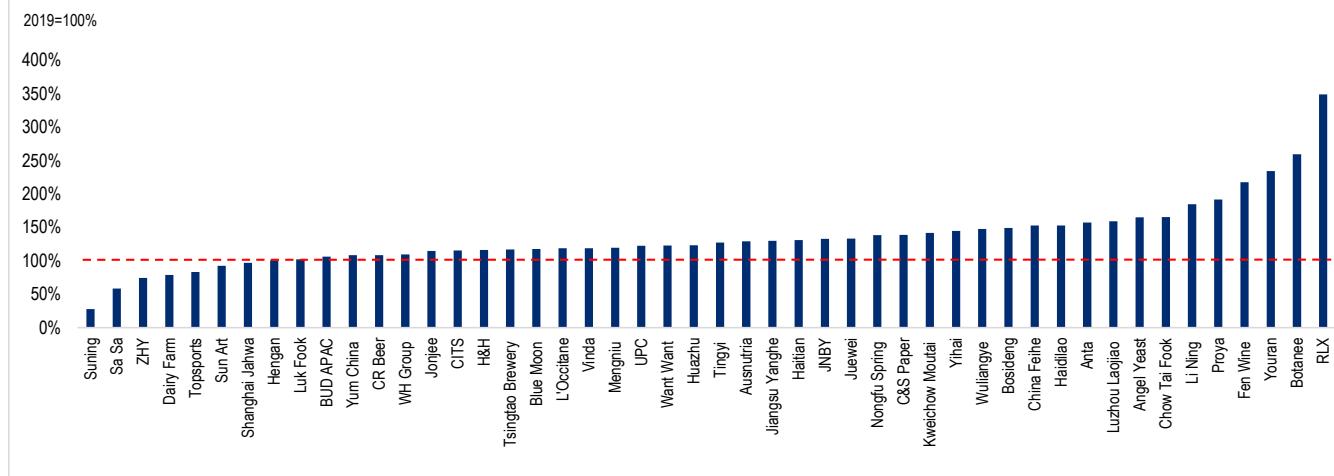
Figure 59. China discretionary: YoY EBIT margin changes, CY23E



All data are calendarized for the year ending on December 31

Source: Citi Research Estimates

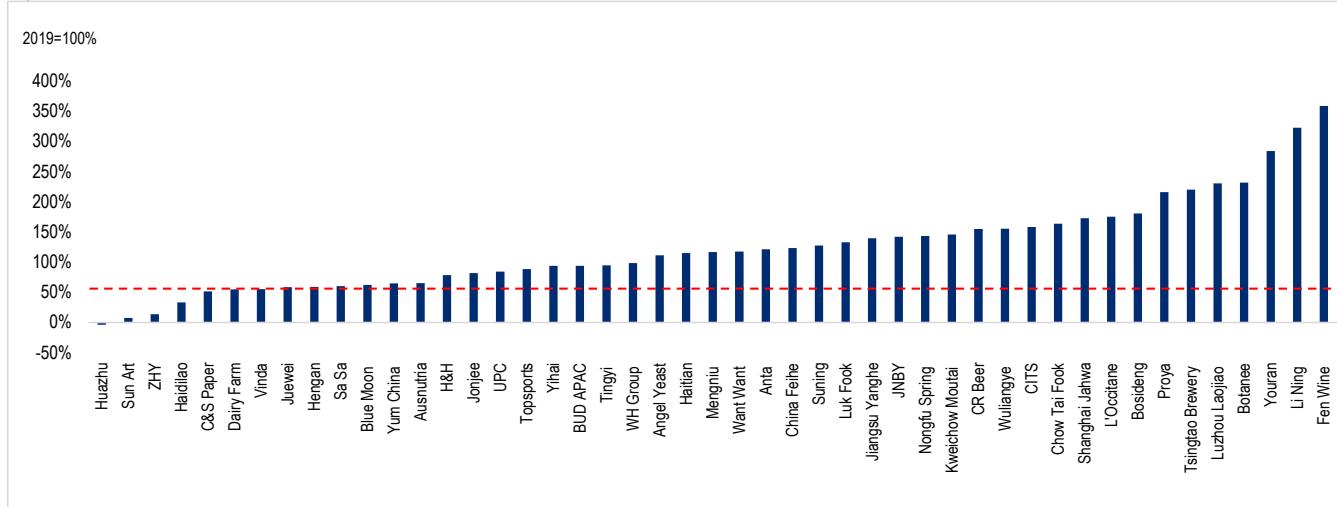
Figure 60. Revenue comparison, 2022E vs 2019



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Source: dataCentral, Citi Research

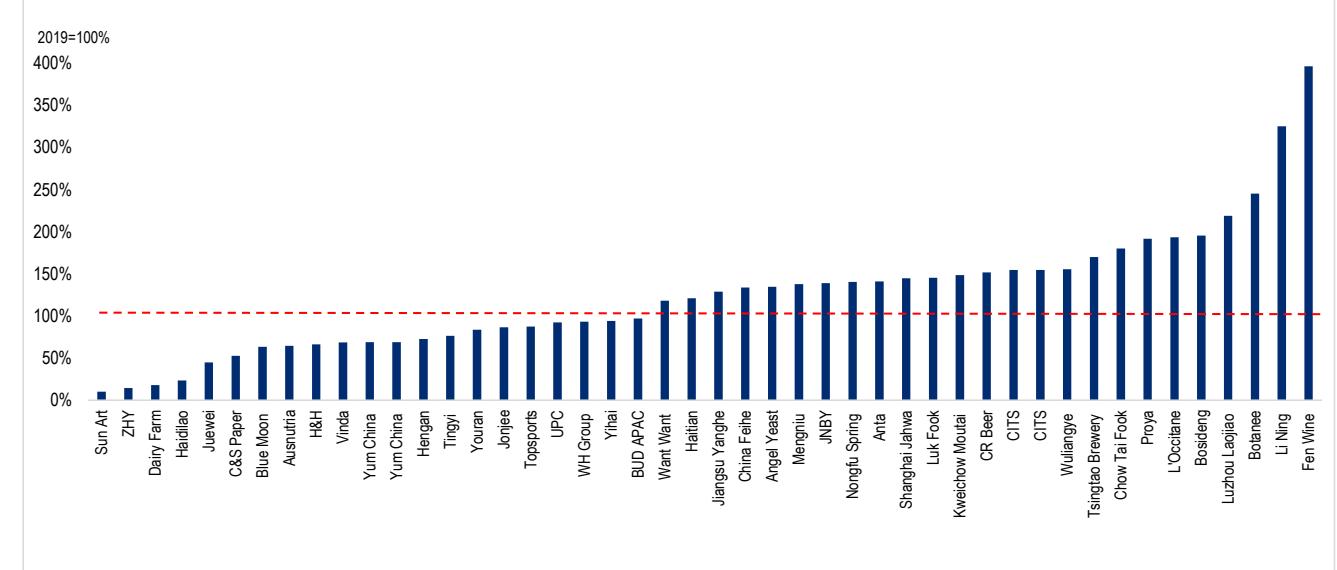
Figure 61. EBIT comparison, 2022E vs 2019



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Source: dataCentral, Citi Research

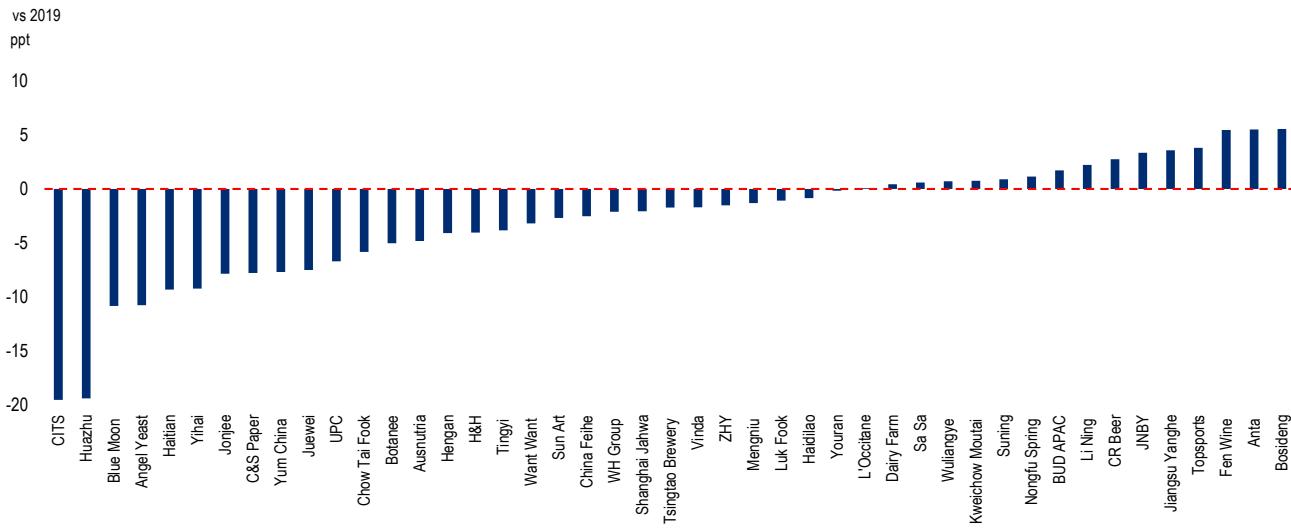
Figure 62. Core net profit comparison, 2022E vs 2019



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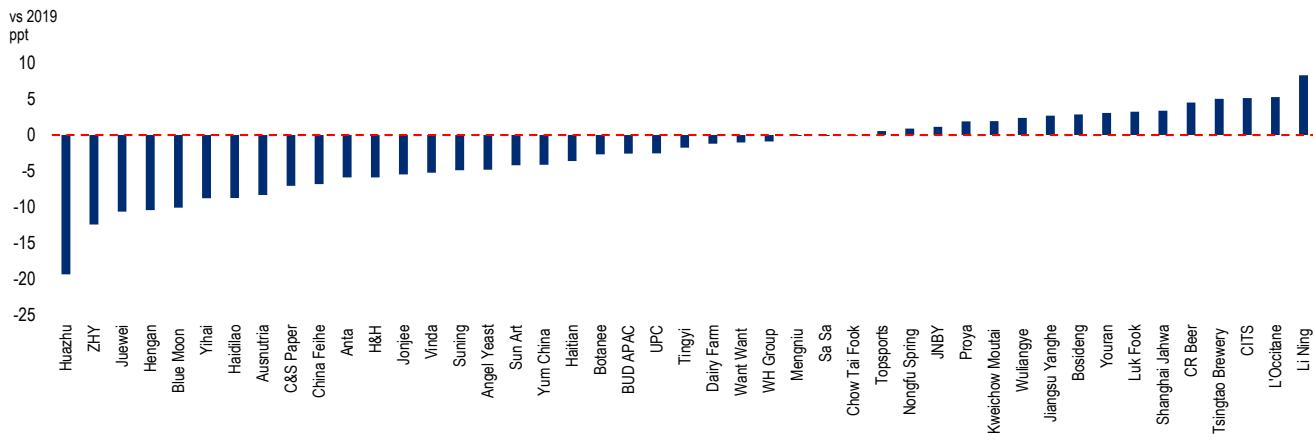
Figure 63. GP margin comparison, 2022E vs 2019



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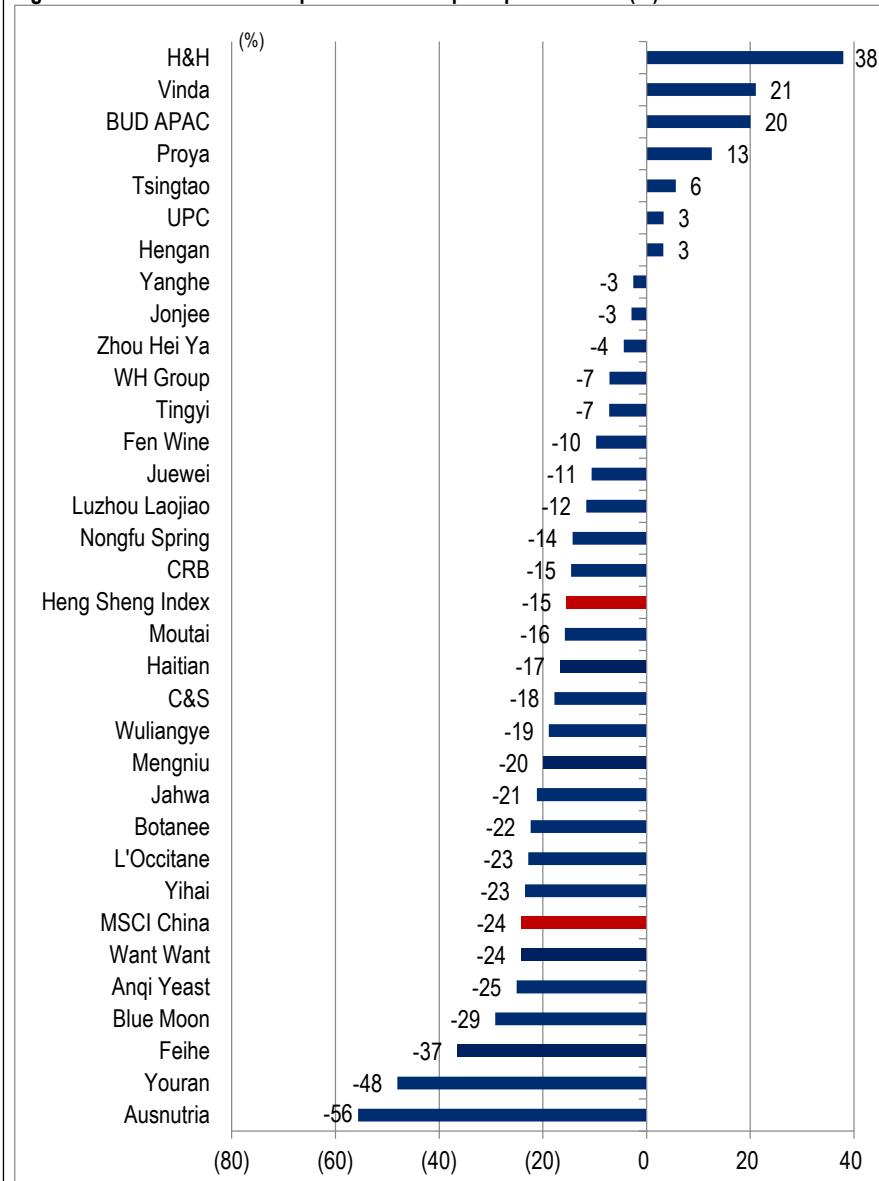
Figure 64. EBIT margin comparison, 2022E vs 2019



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Source: dataCentral, Citi Research

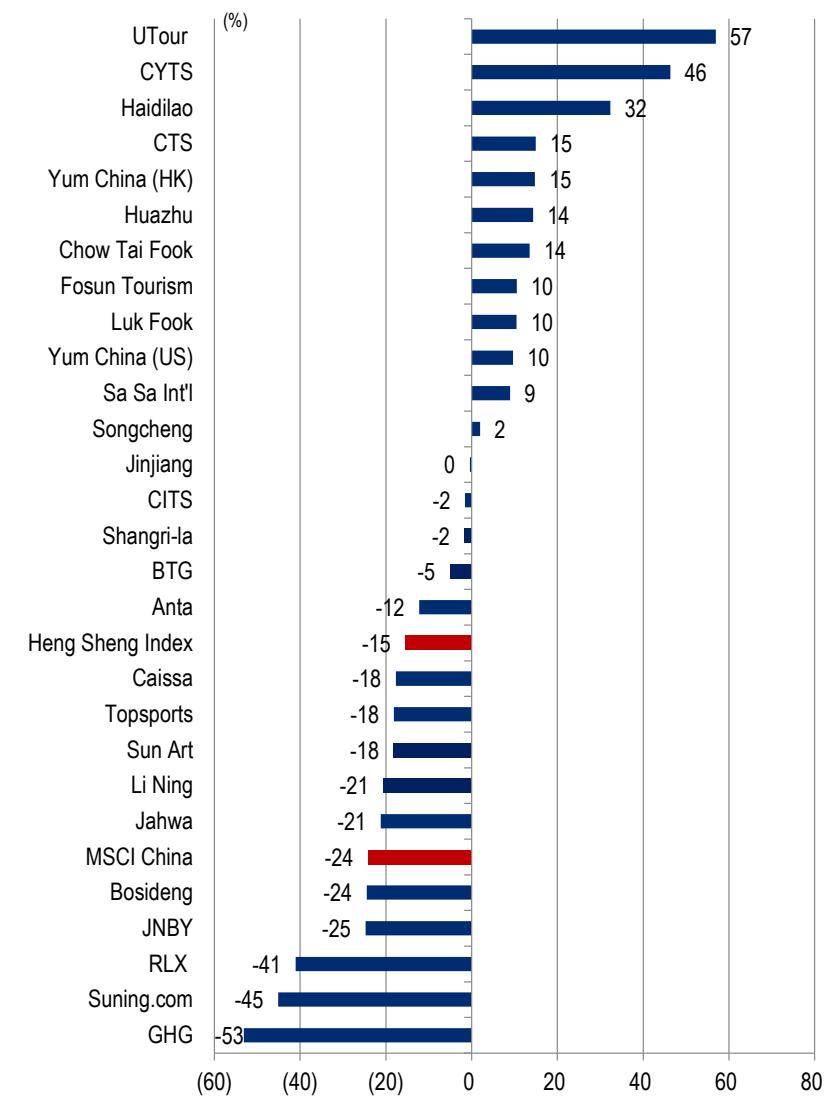
Figure 65. China consumer staples 2022 share price performance (%)



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Source: dataCentral, Citi Research

Figure 66. China consumer discretionary 2022 share price performance (%)



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Source: dataCentral, Citi Research

Figure 67. China consumer sector peers

Company Name	Reuters Ticker	Mkt Cap USD\$m	Price Currency	Close Price	Target Price	Risk/Rating	P/E		EV/EBITDA		P/B		Dividend Yield	
							2023E	2024E	2023E	2024E	2023E	2024E	2023E	2024E
Kweichow Moutai	600519.SS	331,343	CNY	1,803.77	2,272.00	Buy	31.7	27.0	20.2	16.9	8.7	7.4	1.6%	1.9%
Wuliangye	000858.SZ	108,107	CNY	190.46	234.10	Buy	24.4	21.9	15.7	13.8	5.7	5.0	2.0%	2.3%
Nongfu Spring	9633.HK	63,246	HKD	43.90	56.50	Buy	47.7	40.2	29.9	25.5	24.7	23.3	1.9%	2.2%
China Tourism Group Duty Free Corp	601888.SS	64,146	CNY	224.67	268.00	Buy	34.9	26.9	20.8	16.2	8.1	6.7	0.9%	1.1%
Foshan Haitian Flavouring and Food	603288.SS	53,734	CNY	79.30	57.60	Sell	51.6	45.8	41.3	36.3	12.0	10.4	0.9%	1.0%
Shanxi Xinghuacun Fen Wine	600809.SS	51,294	CNY	287.50	299.00	Buy	36.1	29.1	25.7	20.5	13.4	10.4	1.1%	1.4%
Luzhou Laojiao	000568.SZ	50,488	CNY	234.57	262.00	Buy	28.6	24.4	20.2	17.1	9.4	8.1	2.1%	2.5%
Budweiser Brewing Company APAC Ltd	1876.HK	45,636	HKD	26.90	29.90	Buy	36.8	31.6	16.7	14.5	3.6	3.3	0.7%	0.8%
Anta Sports Products	2020.HK	36,465	HKD	104.90	122.10	Buy	27.7	23.0	18.6	15.4	6.4	5.5	1.6%	2.0%
Jiangsu Yanghe Brewery	002304.SZ	36,722	CNY	166.64	191.00	Buy	22.7	19.8	14.9	12.8	4.9	4.5	2.6%	3.0%
YUM China Holdings INC	YUMC.N	24,277	USD	58.02	57.20	Buy	30.5	25.6	11.7	9.6	3.1	2.8	1.0%	1.1%
Li Ning	2331.HK	24,293	HKD	72.00	90.60	Buy	32.6	26.4	20.3	16.0	5.4	4.7	1.2%	1.5%
China Resources Beer	0291.HK	23,875	HKD	57.45	72.30	Buy	30.8	24.7	17.5	14.2	5.4	4.8	1.3%	1.6%
Chow Tai Fook Jewellery Group	1929.HK	22,264	HKD	17.38	19.50	Buy	21.7	17.8	14.8	12.0	4.7	4.3	3.2%	3.9%
Mengniu	2319.HK	18,924	HKD	37.35	51.15	Buy	20.0	17.2	13.4	11.2	2.9	2.6	1.5%	1.7%
Haidilao International Holding Ltd	6862.HK	16,458	HKD	23.05	27.30	Buy	44.6	33.8	17.4	13.5	10.2	8.2	0.4%	0.6%
H World	HTHT.O	14,060	USD	43.69	44.50	Buy	na	na	23.7	19.7	87.1	70.4	na	na
Tsingtao Brewery	0168.HK	13,806	HKD	79.00	84.50	Buy	26.4	23.1	15.0	12.8	3.5	3.2	1.5%	1.7%
Tingyi	0322.HK	9,729	HKD	13.48	11.76	Neutral	21.5	18.2	8.0	7.1	4.3	4.2	4.6%	5.5%
Botanee	300957.SZ	8,968	CNY	144.78	162.50	Buy	48.9	39.1	38.3	30.3	9.6	8.1	0.6%	0.8%
Want Want China	0151.HK	8,068	HKD	5.30	8.10	Buy	12.0	10.7	6.2	5.4	3.1	3.0	7.1%	7.9%
Shanghai Jinjiang International Hotels	600754.SS	7,875	CNY	56.53	69.00	Buy	33.4	25.4	18.8	14.4	3.3	3.0	1.5%	2.0%
China Feihe	6186.HK	8,657	HKD	7.44	7.10	Buy	10.2	9.7	7.0	6.4	2.1	1.9	3.6%	3.8%
WH Group Ltd	0288.HK	7,741	HKD	4.71	7.12	Buy	6.0	5.5	4.2	3.7	0.8	0.7	5.0%	5.5%
Proya	603605.SS	7,007	CNY	169.00	205.70	Buy	47.4	36.3	33.0	25.5	11.6	9.5	0.6%	0.8%
Hengan	1044.HK	6,089	HKD	40.90	29.70	Sell	13.4	12.4	7.0	6.5	2.0	1.8	4.5%	4.9%
Angel Yeast	600298.SS	5,431	CNY	42.74	27.60	Sell	30.4	25.3	18.8	16.1	3.7	3.4	1.0%	1.3%
Songcheng Performance Development	300144.SZ	5,491	CNY	14.36	14.00	Buy	36.5	28.5	24.1	18.9	4.3	3.9	0.4%	0.6%
Juewei Food	603517.SS	5,137	CNY	57.72	33.00	Sell	40.1	29.9	22.7	17.5	5.5	4.9	0.9%	1.2%
Bosideng International	3998.HK	5,682	HKD	4.07	5.35	Buy	14.4	11.9	9.4	8.0	3.0	2.8	5.6%	6.7%
TopSports	6110.HK	5,910	HKD	7.44	9.35	Buy	17.8	15.1	6.3	5.7	3.8	3.8	5.6%	6.6%
L'Occitane	0973.HK	4,549	HKD	24.15	30.40	Buy	15.3	13.4	8.4	7.4	2.7	2.4	2.6%	3.0%
Uni-President China	0220.HK	4,399	HKD	7.95	8.79	Buy	19.1	16.1	7.8	6.9	2.2	2.2	5.2%	6.2%
Jonjee Hi-Tech	600872.SS	4,175	CNY	36.35	26.10	Sell	42.3	42.2	29.4	28.5	5.5	4.9	0.7%	0.7%
Blue Moon	6993.HK	4,025	HKD	5.36	6.10	Neutral	29.3	25.5	14.4	12.4	2.4	2.3	2.0%	2.4%
BTG Hotels	600258.SS	3,938	CNY	24.07	25.55	Buy	31.6	21.8	12.1	9.4	2.2	2.0	0.3%	0.3%
DFI Retail	DFIR.SI	4,304	USD	3.18	2.36	Neutral	24.7	18.2	1.9	1.8	3.5	3.4	4.4%	5.8%
RLX Technology	RLX.N	3,947	USD	2.55	2.60	BuyH	28.4	21.9	27.8	22.8	1.5	1.4	na	na
Yihai International	1579.HK	3,990	HKD	29.75	16.40	Sell	31.4	27.8	18.8	16.5	5.3	4.6	1.0%	1.1%
Vinda	3331.HK	3,900	HKD	25.30	27.50	Buy	23.0	15.4	10.6	7.9	2.1	1.9	1.7%	2.6%
Sun Art	6808.HK	3,519	HKD	2.88	3.06	Buy	24.3	15.8	1.8	1.0	1.0	0.9	1.6%	2.5%
Shanghai Jahwa	600315.SS	3,092	CNY	31.15	34.00	Buy	25.9	22.3	20.5	17.1	2.7	2.5	1.2%	1.3%
Shangri-La	0069.HK	3,050	HKD	6.64	7.20	Buy	43.3	13.7	7.4	4.7	0.5	0.5	na	1.2%
Suning.Com	002024.SZ	2,995	CNY	2.20	3.31	Buy	na	62.0	36.0	6.8	0.9	0.9	na	na
C&S Paper	002511.SZ	2,581	CNY	13.44	8.30	Sell	38.4	34.0	16.7	14.8	3.0	2.8	0.6%	0.7%
Fosun Tourism	1992.HK	1,931	HKD	12.14	15.60	Buy	32.7	10.9	7.8	6.0	4.9	3.5	0.5%	1.5%
Luk Fook Holdings (International)	0590.HK	2,046	HKD	27.20	27.60	Buy	9.2	8.0	5.6	4.5	1.1	1.0	4.7%	5.1%
Zhou Hei Ya	1458.HK	1,667	HKD	5.46	6.10	Buy	28.7	20.6	13.1	10.6	2.6	2.5	2.4%	3.4%
Health and Happiness (H&H)	1112.HK	1,379	HKD	16.68	19.00	Buy	12.9	9.4	7.2	6.0	1.4	1.2	2.3%	3.2%
UTour Group	002707.SZ	1,367	CNY	9.51	5.00	Sell	na	na	75.3	38.6	na	80.4	na	na
China Travel International Investment Hong Kong	0308.HK	1,255	HKD	1.77	2.00	Buy	29.3	18.1	5.2	3.4	0.6	0.6	1.4%	2.2%
Youran Dairy	9858.HK	1,055	HKD	2.17	2.90	Buy	6.1	5.0	6.3	5.9	0.5	0.5	na	na
Ausnutria Dairy	1717.HK	982	HKD	4.26	4.49	Sell	9.8	9.4	4.7	4.3	1.0	1.0	3.6%	3.7%
Sa	0178.HK	759	HKD	1.91	0.92	Sell	na	32.1	43.3	16.2	6.7	5.5	na	na

Caissa Tosun Development	000796.SZ	694	CNY	5.91	4.90	Sell	na	95.5	59.2	21.0	na	na	na	na
JNBY Design	3306.HK	615	HKD	9.25	10.00	Buy	6.4	5.3	3.6	2.9	2.1	1.8	11.3%	13.6%
GreenTree Hospitality	GHG.N	392	USD	3.80	5.00	Buy	13.0	8.0	6.3	3.6	1.4	1.2	na	na

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\* Closing price as of 6 Jan,2023

Source: dataCentral, Citi Research

## Sub-sector Outlooks

### China dairy sector

Looking into 2023E, we expect consumers' increased focus on nutrition post-COVID to speed up the premiumization trend in the dairy industry. We also anticipate both Mengniu and Yili to focus more on return on capital and margins (rather than merely top-line growth), resulting in benign industry competition in 23E.

Dairy is one of our most preferred staple sectors in 2023E, given structurally strong consumer demand, major players' on-going sales mix trade-up & benign industry competition

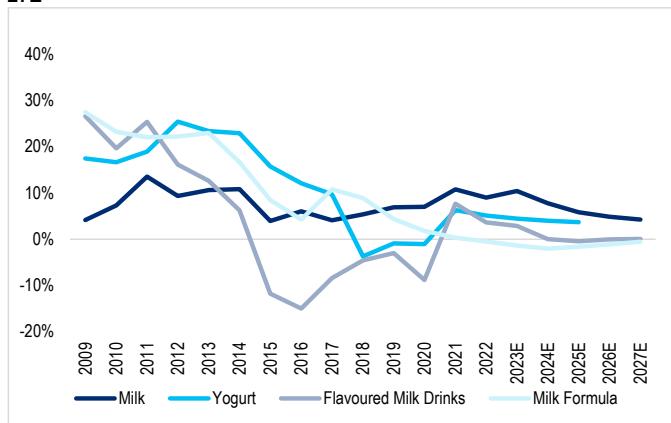
#### Industry growth outlook

China's dairy market has been dominated by two national dairy giants (Mengniu and Yili) in the past decade. The topline growth of these two market leaders has greatly outperformed industry growth (at 2019-22 CAGR of 3.6%) in the past few years, indicating continuous market-share gains by market leaders from other regional small players amid COVID outbreak.

In our view, the consolidation of China's dairy market is likely to continue, on the back of market leaders' stronger brand equity, more comprehensive product portfolio, easier access to superior resources (i.e. human, knowledge, R&D and capital) and better control of high-quality upstream raw milk sources.

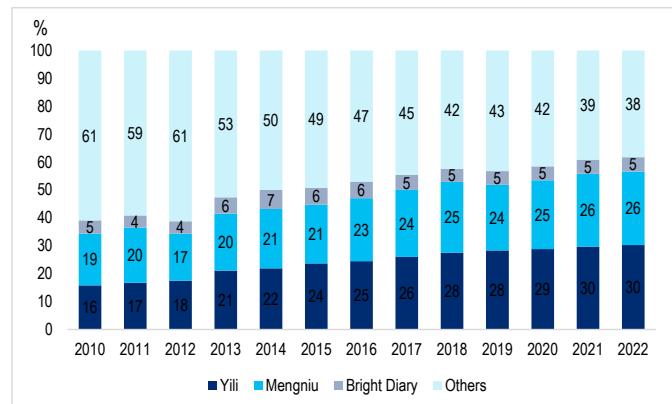
In addition, dairy is one of those consumer categories in which China consumers prefer domestic brands over international brands. This subtle preference bodes well for major domestic dairy players amid competition from overseas brands (which tend to have lower brand awareness and less developed channel network in China).

Figure 68. China dairy industry retail sales growth by category, 2009-27E



Source: Euromonitor, Citi Research

Figure 69. China dairy industry market share, 2010-22



Source: Euromonitor, Citi Research

#### Raw milk cost to be rather stable in 23E

As raw milk supply from big-scaled dairy farms has gradually caught up, China's raw milk shortage continued to ease in 2022, leading to YoY lower prices. Looking ahead into 23E, we expect the raw milk supply-demand dynamics to continue to improve and raw milk price progressively drops to more normalized price levels.

Figure 70. China raw milk price, 2009-2022



With the commissioning of new dairy farms and herds, we anticipate raw milk price pressures to significantly ease in 2023E vs 2022. Furthermore, the upstream dairy farm industry has increasingly consolidated, due to capital-intensive requirements, high cost of cattle raising and farm construction as well as relatively long raising periods.

According to Frost & Sullivan, the large-scale dairy farms with sizes of 1,000 heads and above took 44% of share in terms of number of dairy cows in 2020, almost doubled from 2015's 24%, and are expected to further expand share to 56% in 2025E.

We expect raw milk prices to be less volatile in 2023E and onwards vs 2014-15, with much less risk of industry-wide promotions for downstream players.

Figure 71. China's Dairy Farm Structure by Herd Size

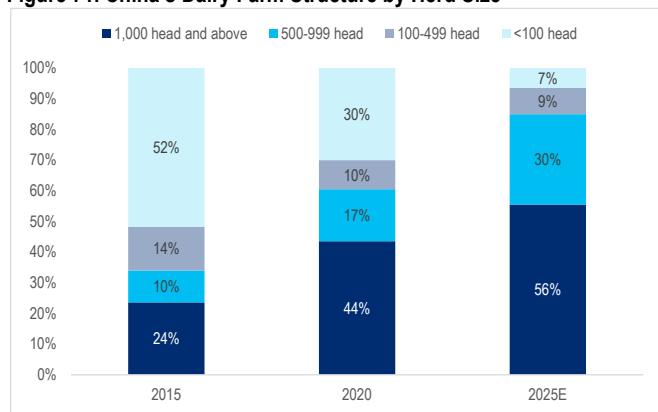
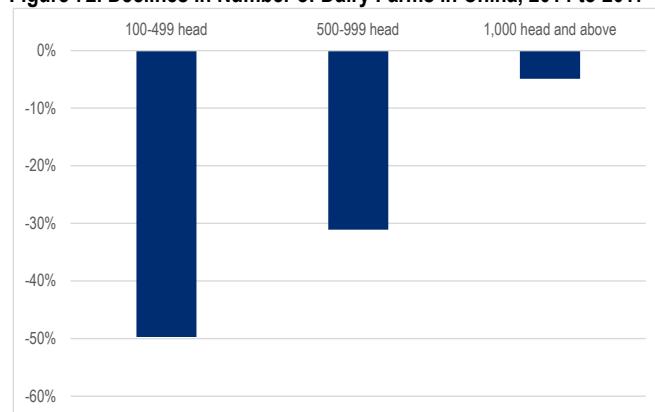


Figure 72. Declines in Number of Dairy Farms in China, 2014 to 2017



## Expect benign market competition in 23E

In 23E, we expect leading national dairy players to accelerate their pace of premiumization & product mix upgrade to capture post-COVID recovery.

We expect future industry competition to be focused on a portfolio of differentiated & innovative products across a wide range of categories, rather than aggressive discounting in a single category of products in the old days. In our view, this is a long-term positive for investment into China dairy sector.

## Mengniu (2319.HK): Premiumization-led growth

With a more incentivized mgt team (after its approved incentive plan in Oct 2021), YoY significantly eased raw milk cost pressure in 23E and continuously benign industry competition, we continue to be positive on **Mengniu's** resilient growth outlook via a sustainable premiumization path.

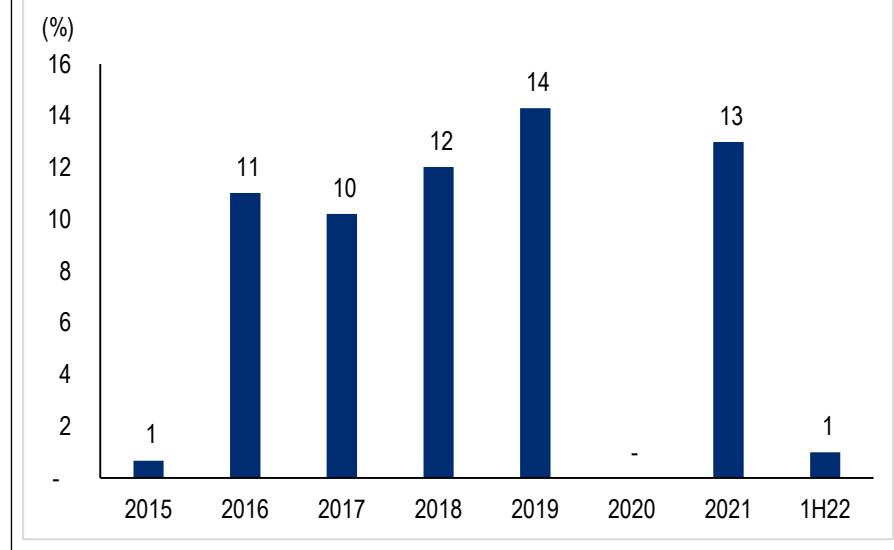
### (1) Sales & margin outlook

Despite sales disruption in 4Q22 (due to COVID-control measure relaxation), we expect its OP margin to expand more than 50bps YoY in 2H22E with YoY flattish OPM in full-year 2022E.

Mgt expects its OPM to continuously expand YoY in 23E, which "should be a better year than 2022 for both the industry and the company".

With Mengniu's mid-term vision of "Creating a new Mengniu by 2025", it targets to double its group sales by end-2025E, mainly fueled by strong organic business growth. Mgt expects its category sales of fresh milk, cheese and milk powder to reach Rmb10bn each by end-2025E.

Figure 73. Liquid milk sales YoY growth, 2015-1H22



### (2) Increased focus on profitability protection

Despite its main competitor's promotions in 3Q22, Mengniu responded to competition "very reasonably" with disciplined selling expense investment, per Mengniu mgt. It has been consistently complying with its initiative to shift A&P expenses from promotions (or "P") to advertisements (or "A").

Mgt highlighted it has different growth engines to deliver its outperformance (vs its major competitor). As communicated in its 1H22 results, it will not only focus on sales but also OPM improvement.

It has been working to improve its distribution (via new channel expansion, eg. group community sales) & branding (more online communication with consumers). Per mgt, its investment in digitization in the past two years has begun to bear fruits, evidenced by its optimized distribution channels (via better channel inventory transparency, enhanced cost efficiency & savings in logistics costs).

Mengniu has been focusing on product development. Its newly expanded categories have enriched its product & category portfolio (in addition to its dominance in UHT liquid milk category), catering to different consumer demographics in various consumption scenarios without using heavy promotions to drive volume.

### **(3) Positive outlook for cheese business**

Mengniu has already started know-how collaboration with Milkground (妙可蓝多 600882.SS, NR) in areas of quality assurance, product development, supply chain management, digitalization and IT infrastructure.

Within the next two years, mgt intends to make Milkground as its only platform for its cheese biz to eliminate market concerns on conflicts of interest. Post further integration of cheese biz, mgt foresees more synergy between Mengniu and Milkground in distribution channels.

According to Euromonitor, Milkground is the leading domestic cheese manufacturer and its brand enjoys the 2nd largest cheese market share in China (ranked right after French brand Milkana). Milkground will leverage off Mengniu's strong route-to-markets in liquid milk and strong supply chain (including access to high-quality raw milk sources), with potential margin improvement going forward.

### **(4) More incentivized management team and staff**

Mengniu's new employee incentive plan (approved by shareholders in Oct 2021) covers more than 400 staff (incl senior mgt) with a term of 5 years (which is intended to match the company's 5-year plan in 2021-25E to double its sales by 2025E).

Besides, participating employees (especially senior management) will hold units of "contractual funds" (whose underlying assets are Mengniu's shares upon private CB conversion), rather than direct holding of Mengniu's shares.

This unique structure prevents employees from selling down shares individually and aligns senior management's interests with investors in the long-term, on which we are positive. As this incentive plan is executed via private CBs, senior mgt's interest is highly aligned with its shareholders.

### **(5) Focusing on New Retail channels**

After the COVID outbreak, Mengniu has been more pro-actively expanding its New Retail channels (incl O2O, home delivery and community group purchase, B2B e-commerce) than its competitors. This has explained Mengniu's quicker and better sales recovery than the industry. With a consumer centric business model, the company aims to accelerate the development and deployment of new retail channels, in order to access more targeted customers and seize more business opportunities post COVID-19.

## China beer sector

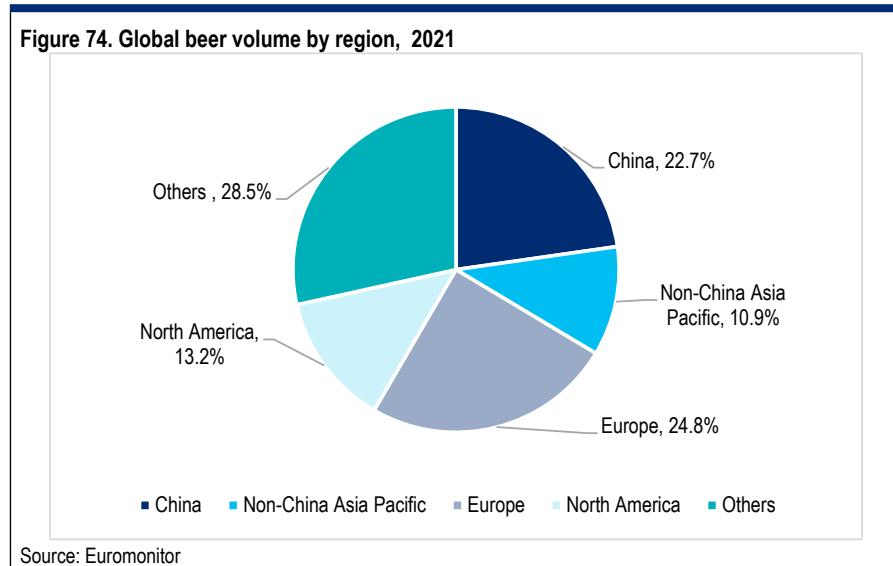
In our view, premiumization (i.e. consumers' shift away from mainstream/value categories to premium & super-premium categories with higher ASPs) and trade-up (i.e. consumers' choice of higher-priced brands within the same pricing category) are positive structural trends in the beer industry across the APAC region, especially in China. Looking into 2023E, we expect premiumization to re-accelerate with re-opening of on-premise channels.

We see the three HK-listed beer companies as having well differentiated profiles for investors: **Tsingtao (0168.HK, Buy)** – A pure China beer play; **CRB (0291.HK, Buy)** – A China beer & baijiu exposure with superior leadership in premiumization; **BUD APAC (1876.HK, Buy)** – A regional beer play with its multi-country operation and a portfolio of rich premium brands.

**CRB & BUD APAC** remain as our most preferred plays in the China beer sector.

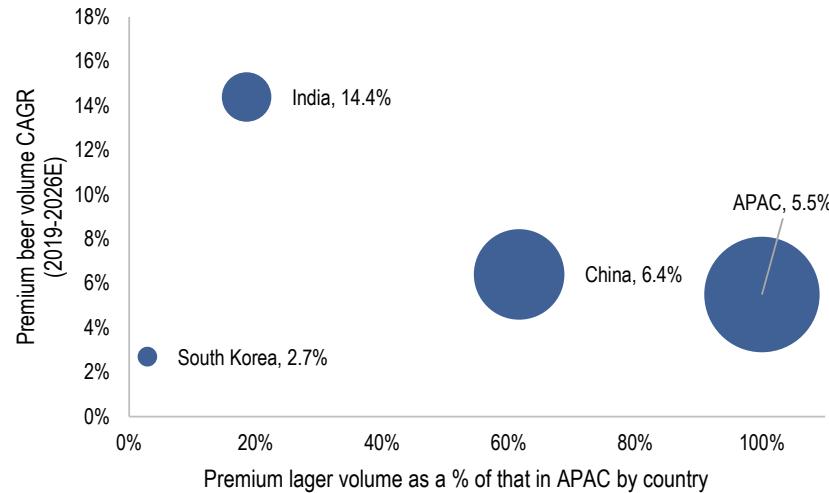
### Ample headroom for premiumization

Within the APAC region, beer comprises the largest volume share among alcoholic drinks ("share of throat"), and its share is expected to remain relatively stable over 2022E-26E, according to Euromonitor estimate. Per Euromonitor, China represented 23% of global beer consumption volume and 68% of APAC beer consumption volume in 2021.



Per Euromonitor data, volume of premium lager in China contributed 62% of that in APAC in 2021. Coupled with premium beer's 6.4% 2019-26E volume CAGR in China (above APAC's 5.5% 2019-26E volume CAGR), we expect China continues to be the key premium beer growth engine within APAC in the mid-term.

Figure 75. China as key premium beer growth engine within APAC



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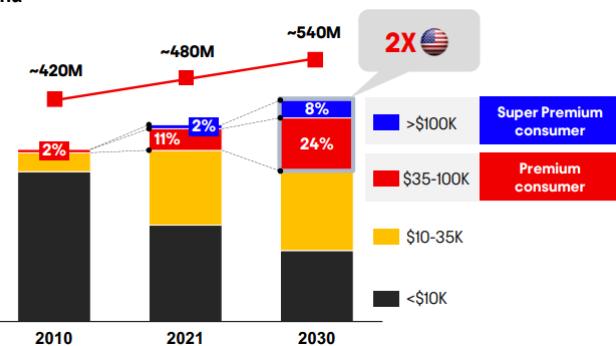
\* Bubble size indicates volume of premium lager in individual country/region in 2021

Source: Plato Logic, Euromonitor , Citi Research

Taking a closer look in China, premiumization continues to be a vital growth driver for the beer industry, supported by ongoing household income growth (whose amount of households with annual disposable income more than US\$100k will be twice of that in the US by 2030E).

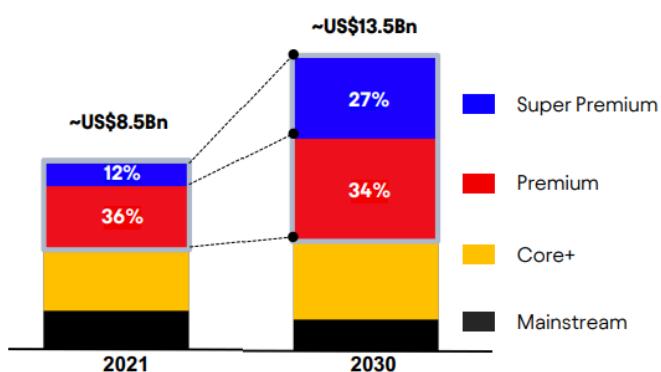
Per BUD APAC's presentation, gross profits of the overall beer industry in China could grow to ~US\$13.5bn by 2030E (from ~US\$8.5bn in 2021), where ~83% of the profit pool growth will be driven by Premium & Super Premium segments.

Figure 76. Household breakdown by annual disposable income in China



Source: Nielsen, Euromonitor and World Economic Forum (WEF), BUD APAC presentation

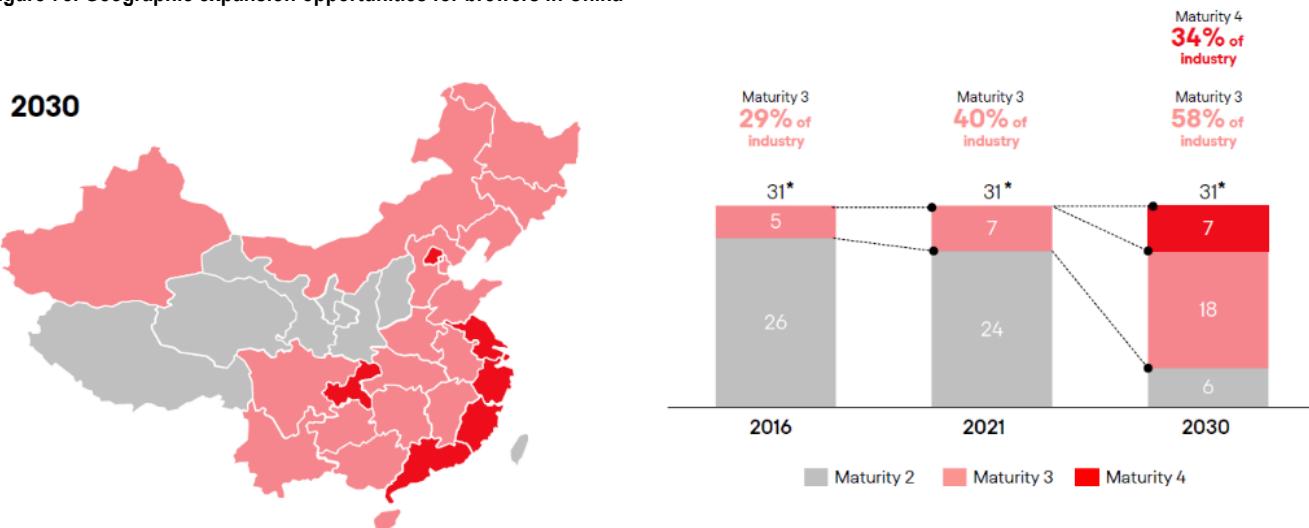
Figure 77. Industry gross profit contribution by segment in China



Source: China Top 5 brewers press releases; BUD APAC presentation

The Chinese beer market features co-existence of different regional markets at various maturity stages. Only the "matured" regional markets of Guangdong, Fujian, Zhejiang, Jiangsu, Sichuan, Shanghai & Beijing (which rep. 40% of total market in 2021, see below) have beer consumption maturity similar to that in the developed economies with higher per capita beer consumption, where premium segment is further diversified into craft beer and other niche products.

Figure 78. Geographic expansion opportunities for brewers in China



Note: Maturity 1/2/3/4 was clustered based on maturity score calculated by Quantum Logik based on disposable income per capita, population, LBE per LDA.

Maturity 1: score below 30. Maturity 2: score above 30. Maturity 3: score above 60. Maturity 4: score above 85.

Provinces of China not including Taiwan China, Hong Kong, Macau.

Source: Quantum Logik, BUD APAC Company Presentation

As such, China's vast "developing" and "nascent" regional markets provide huge headroom for the industry's future premiumization, which may take as long as 10 years and well supports the growth of market leaders.

Specifically, if we look at BUD APAC as an example, its premium segment's distribution coverage is only 35% that of core & value segment and that of super premium is less than 10% that of core & value segment, implying ample penetration potential via its solid premium portfolio in China.

Figure 79. Margin difference of various segments in China

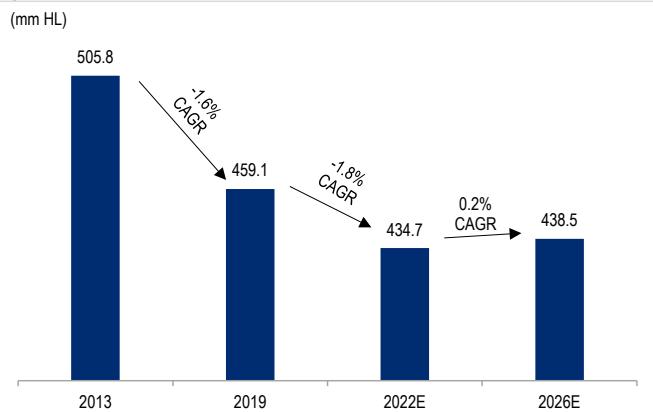
Segment	Portfolio	Price to consumer	Net revenue	Gross margin	Distribution
<b>Craft &amp; Specialties</b>	<i>Goose Island, 059, etc.</i>	~6.0x	~8.0x	~12.5x	<1%
<b>Super premium</b>	<i>Corona, Hoegaarden, Blue Girl</i>	~5.0x	~7.0x	~11.0x	<10%
<b>Premium</b>	<i>Budweiser family</i>	~2.5x	~3.0x	~6.0x	35%
<b>Core+</b>	<i>Harbin</i>	~1.5x	~1.5x	~2.0x	25%
<b>Core &amp; Value (C&amp;V)</b>		100%	100%	100%	100%

Note: Relative to Core & Value indexed to 100%

Source: BUD APAC Company Data

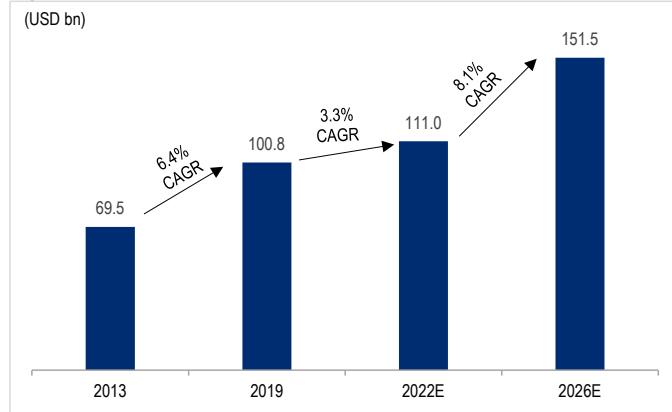
Per Euromonitor forecast, value growth of China's beer industry is anticipated to continue to be higher than volume growth over 2020-23E, according to Euromonitor. This indicates an overall continuation of an established trading-up trend (with a shift in sales mix towards premium beer) as well as price increases within the China beer market, in our view.

**Figure 80. China beer market size in volume, 2013-26E**



Source: Euromonitor

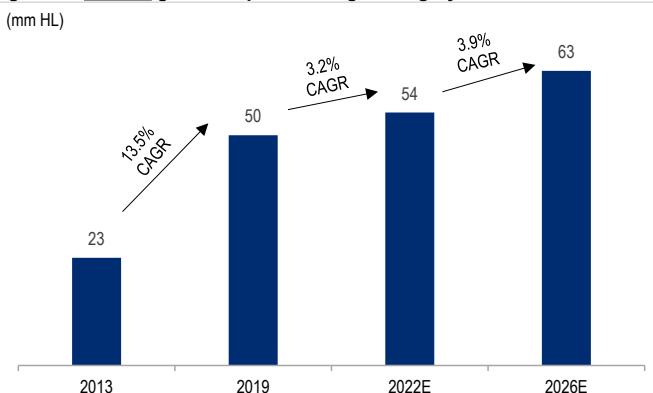
**Figure 81. China beer market size in value, 2013-26E**



Source: Euromonitor

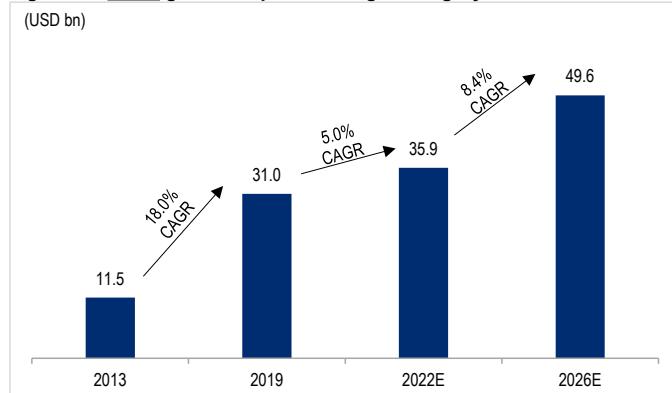
Furthermore, the growth of premium lager (in both vol & value terms) is expected to re-accelerate in 2023E-26E (with wanning impact of COVID restriction, in our view) compared to that in 2019-22E, leading the overall beer industry growth in China.

**Figure 82. Volume growth of premium lager category in China, 2013-26E**



Source: Euromonitor

**Figure 83. Value growth of premium lager category in China, 2013-26E**



Source: Euromonitor

## Accelerated premiumization in China post-COVID

In our observation, premiumization of China's beer market has accelerated since the COVID outbreak, especially in low-tier cities & rural areas (where migrant workers had stayed before their return to work in high-tier cities).

Since COVID, consumers have stepped up the shift from bottled beers to canned beers (with higher ASPs), and emerging new channels (incl community group purchase, e-commerce, home delivery and live-stream platforms) have also observed dominant sales of premium products.

Although most leading beer players are pro-actively engaged in the launch of new beer products to cater to consumers' ongoing premiumization trend, we have seen divergent performance of players in the premium segment.

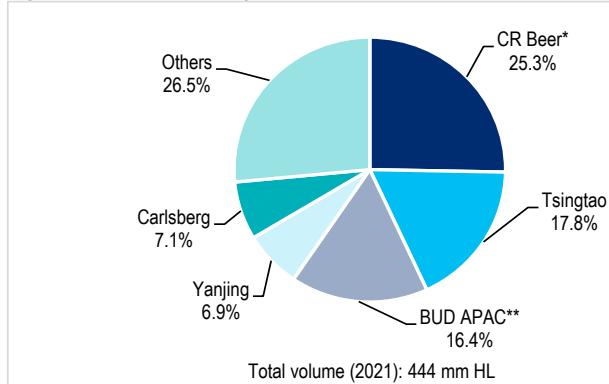
Based on our observation, such newcomers as **CR Beer** have outperformed traditional leaders, as consumers are keen on new tastes & products with new experiences. The reshuffling of night-life channels (incl permanent closure of POS &

high turnover of distributors) also bodes well for new comers (esp. **CR Beer**) to take market shares in the premium segment.

## Competitive landscape in China

In terms of volume share, CR Beer was the top market leader, followed by Tsingtao and BUD APAC in 2020.

Figure 84. Market share by volume in China, 2021



\* include Heineken brand; \*\* include Blue Girl brand

Source: Euromonitor

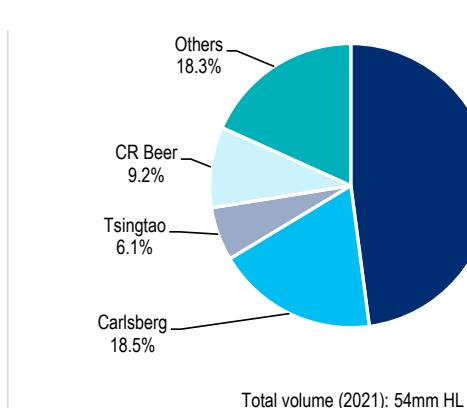
Figure 85. Volume market share of top five players in China, 2013 vs 2021

	2013	2021
CR Beer*	23.9%	25.3%
Tsingtao	16.9%	17.8%
BUD APAC**	13.0%	16.4%
Yanjing	11.2%	6.9%
Carlsberg	5.3%	7.1%
<b>Total of top five</b>	<b>70.3%</b>	<b>73.5%</b>

\* include Heineken brand in 2021; \*\* include Blue Girl brand in 2021

Source: Euromonitor

Figure 86. Volume market share of premium lager in China, 2021



Source: Euromonitor

Figure 87. Volume market share of top four players in premium lager in China: 2013 vs 2021

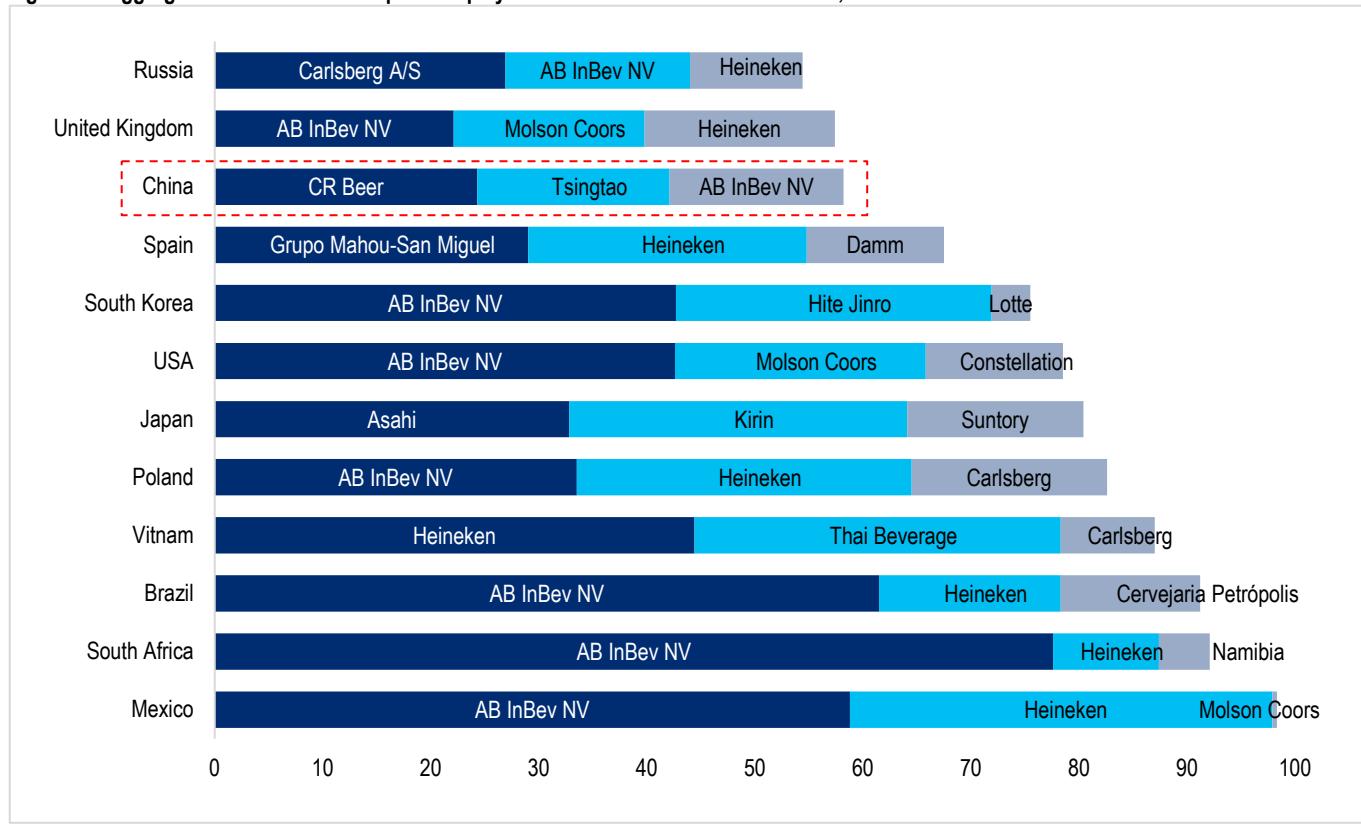
	2015	2021
BUD APAC	48.6%	47.9%
Carlsberg	9.0%	18.5%
CR Beer*	6.5%	9.2%
Tsingtao	11.8%	6.1%
<b>Total of top five</b>	<b>64.1%</b>	<b>75.6%</b>

\* Include Heineken brand

Source: Euromonitor

China's beer market is more fragmented than in other countries (see figure below). We expect significant market consolidation in future, led by such market leaders as **CR Beer** and **BUD APAC**.

Figure 88. Aggregate market share of Top 3 beer players in various international markets, 2021



Source: Euromonitor, Citi Research

## Industry-wide LFL ASP hikes since 2H22

**BUD APAC** plans to lift its ASP for premium & super Premium segments at a magnitude that is benchmarked to CPI, effective from Nov 1. Historically, it lifts ASP for core & value segments in April.

**CRB** may consider LFL ASP hikes across all segments (likely before peak season in 23E) to pass-through cost pressure. In our view, we estimate its blended ASP (incl. product mix improvement) to rise at least by MSD in 23E.

Per both CRB and BUD APAC mgt, their LFL ASP rises so far have been well-received by distributors.

As consumption of premium beer is much less price-sensitive than that of mass-market products, we do not expect significant negative vol impact of its possible ASP rise for sub-premium & above segment. We expect accelerated industry consolidation (in favor of market leaders) in current inflationary cost environment.

## Rise of Chinese beer brands

Historically, Chinese brewers used to focus more on the mass-market segment for sales vol scale, which does not necessarily imply Chinese brands' weakness in the premium segment in future.

In recent years, Chinese brewers have accelerated premiumization with more breakthroughs in products. We have observed much narrowed brand equity gap between int'l brands and Chinese brands (due to China's rising economy and better

product quality) as well as domestic brands' rising shares in the premium beer segment.

We anticipate future industry competition to be focused on brewers' operating capability, efficiency and vision, rather than merely brands.

## CRB (291.HK) – Top leader in premiumization

### 23E outlook for beer biz

Mgt expects the company and the industry's sales volume to be rather stable in 23E, even without considering the benefit of China's earlier-than-expected end-2022. It anticipates its sub-premium & above segment to expand by double-digit YoY in 23E, with continuous premiumization. We estimate its blended ASP to rise at least by MSD.

In view of rising cost (incl barley & aluminum) and recent FX movement, the company may consider LFL ASP hikes across all segments (likely before peak season in 23E) to pass-through cost pressure. This is interestingly in line with BUD APAC's recently announced plan to raise LFL ASP for its Premium & Super Premium segment effective from Nov 1, 2022.

### Strong intention to start monetizing its multi-year efforts

With possible price actions and continued premiumization, mgt expects its GPM to be "at least stable YoY" in 23E (if not expanding).

We have seen mgt's strong intention to start monetizing its multi-year efforts in brand investment & cost optimization via future EBIT margin expansion in 2H22E & onwards, when industry premiumization re-accelerates amid China's re-opening.

With continuous investment into brands in the past 3 years (i.e., 2020-2022), mgt expects A&P expenses to sales ratio in the next 3 years (i.e., 23E-25E, or the last 3 years of its CEO's 3x"3-year" plan) to be below that in 2020-2022. We reasonably expect its selling expense to sales ratio to fall YoY in 23E.

Mgt also continues to expect benign industry competition in 23E, given major players' strong intention to improve profitability.

### Sophisticated branding and premiumization strategy

To facilitate its premiumization strategy, CRB's brand portfolios cover multiple pricing points. Each brand portfolio (at a specific pricing point) includes both Chinese and international brands (e.g. *Snow + Heineken* of CRB), each of which has differentiated tastes, product presentation and targeted consumer groups.

Figure 89. CRB's brand portfolio strategy

Retail price per bottle	Target customer	Chinese brands	Foreign brands
Rmb5-7	Young consumers at mid-end	Braving World (勇闯天涯)	NA
Rmb9-10	Young consumers at middle-upper end	Super X	Tiger
Rmb15	Trendy white-collar young people	Marrsgreen (马尔斯绿)	Heineken
Rmb15-18	Catering	Made with Craftsmanship (匠心营造)	Sol
Rmb18-20	Chinese culture	Opera Face (脸谱)	Desperados

Brands in bold are its 4 Major Brands ("四大金刚") for mid to high end segment

Source: Company Reports, Citi Research

To fit into more informal, dynamic, gathering and casual drinking occasions (where easy-drinking products are demanded), it also launched *Heineken Silver* with lighter tastes in late April to early May 2020.

CRB mgt targets to restore *Heineken's* high-end brand image with a higher selling price than *Budweiser* in China. CRB aims to achieve No.1 position in the super premium-end segment (with retail ASP of Rmb12-15/unit) in the next 5 years. Together with other rising Chinese brands, CRB targets to become No.1 in the premium-end segment (with retail ASP of Rmb10 and above) in the next 2-3 years.

In our view, CR Beer's branding strategy is far more sophisticated and visionary than its domestic rival, Tsingtao, which has only one primary Chinese brand (i.e., Tsingtao) in the premium segment and a few other Chinese ones in the mass-market segment. We expect the launch of Heineken products to reshape the current competitive landscape of the China high-end beer market (which is currently dominated by ABI and Tsingtao), fast-tracking CRB's market share gains in the high-end segment.

Figure 90. Heineken's brand portfolio



Source: Heineken presentation

Figure 91. CR Beer's brand portfolio



Source: Heineken presentation

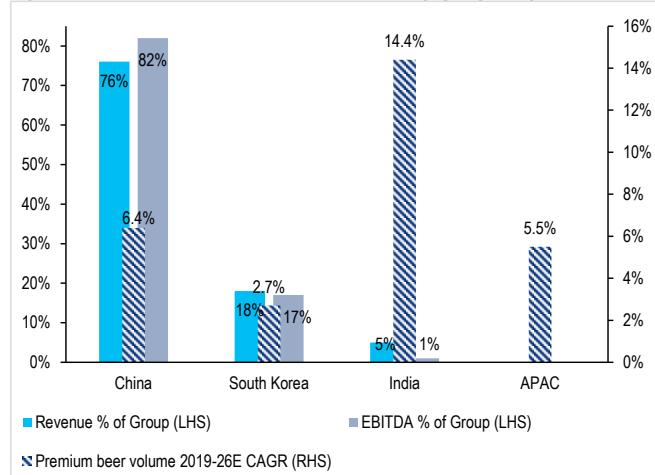
## BUD APAC (1876.HK) – Multiple growth engines across APAC

### 23E growth drivers

Despite no specific 23E mgt guidance, we believe that its China biz (82% of group EBITDA in 9M22) will re-lead group growth in 23E upon re-opening (via premiumization & re-accelerated penetration) while its growth driver of South Korea biz (17% of group EBITDA) will subtly shift from sales expansion to margin recovery (via LFL ASP hike, cost efficiency & mix improvement).

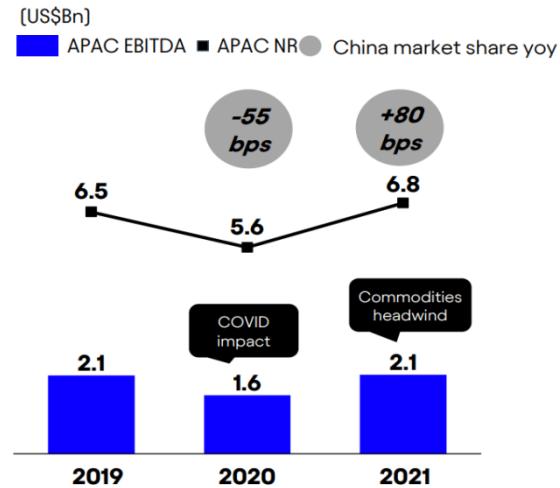
We anticipate its India biz (1% of group EBITDA) & M&A-driven growth to become more evident drivers in next 3-5 years. In our view, BUD APAC's solid foundation in super premium & above segment makes itself resilient amid **CRB**'s aggressive in-roads into sub-premium & above segment in China, making both **BUD APAC** and **CRB** appealing proxies for investors to access China beer market's premiumization.

Figure 92. Net revenue/EBITDA breakdown by geography, 9M22



Source: Plato Logic, Company Presentation

Figure 93. BUD APAC biz resilience amid COVID



\*NR stands for Net Revenue

Source: Company Presentation

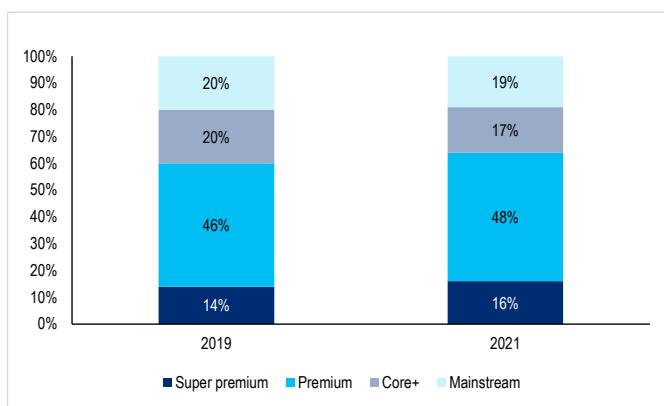
### China outlook

Different from **CRB** (whose growth is fueled by premiumization twds sub-premium & above segment), **BUD APAC**'s China growth is driven by its premiumization twds premium, super premium & craft/specialties segment (rep. 64% of net revenue in 2021) and continuous geographic penetration, occasion expansion & channel diversification.

Despite existing dominance in the premium segment, its expansion potential is empowered by its "Market Maturity Model" developed by ABI globally (see Page 12 of [our initiation](#) in 2019), sophisticated brand portfolio, localized route-to-market & best-in-class marketing, all of which help to defy rising competition in premium segment.

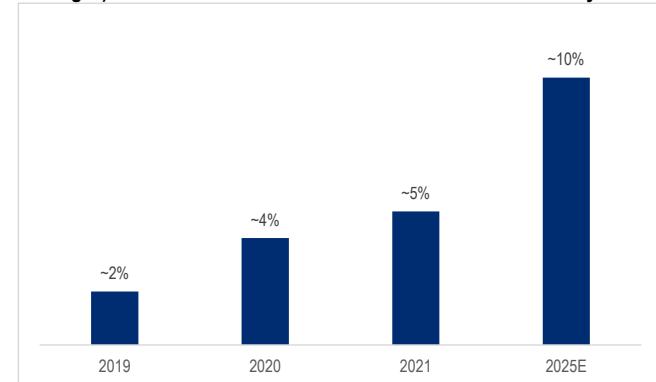
Its China margin upside lies in its sales mix trade-up twds premium & above segment, where GPM is substantially higher.

Figure 94. Net revenue breakdown by segment in China, 2019 vs 2021



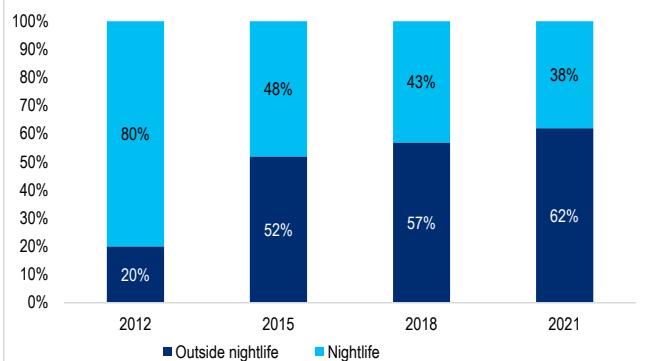
Source: Company Data

Figure 95. Budweiser Innovation (incl *Bud Supreme*, *Bud Magnum*, *Bud Light*) net revenue contribution to whole Budweiser family



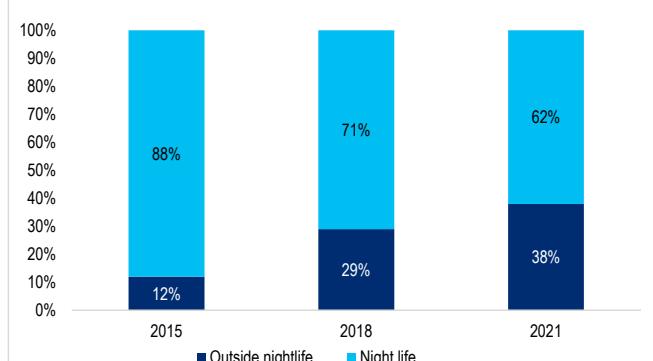
Source: Company Estimates

Figure 96. Budweiser brand net revenue by channel



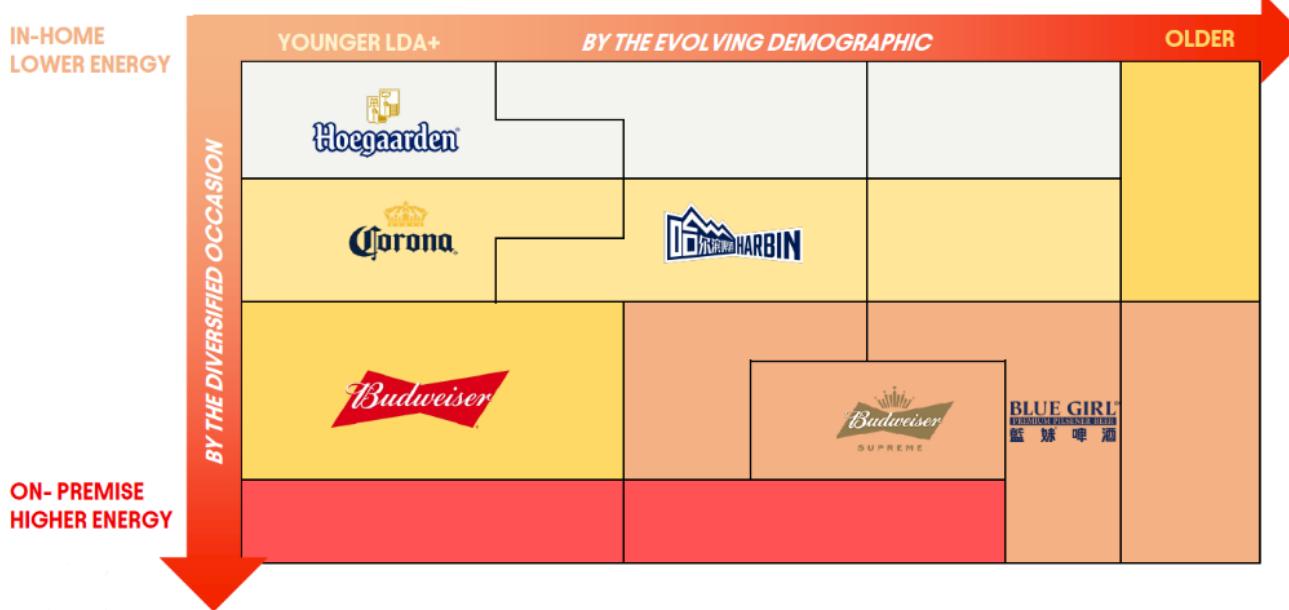
Source: Company Data

Figure 97. Corona & Hoegaarden net revenue by channel



Source: Company Data

Figure 98. BUD APAC's proprietary demand landscape in China – Brand offerings



Source: Company Presentation

Figure 99. Budweiser's city-stage expansion playbook in China



\*LBE=Liters Beer Equivalent  
Source: Company Presentation;

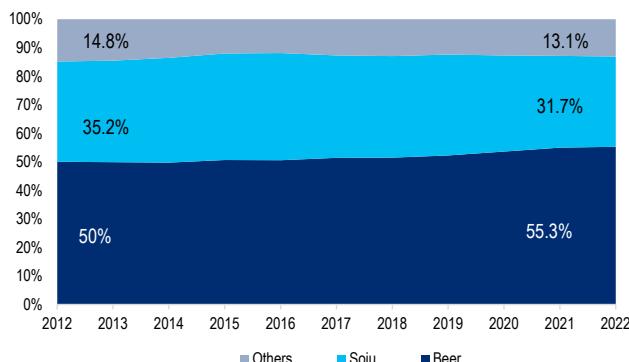
### South Korea biz outlook

Despite impressive sales recovery in South Korea upon re-opening since 2021, our channel visits at Seoul (to both on-trade channels and modern trade channel for in-home consumption) unveiled fierce competition in the South Korea market. Per our checks, premium products are priced at the same retail ASP as core products in promotion campaigns at convenience stores.

Also, CASS products are priced the same as its rival Terra products (by HiteJinro) at hypermarkets that we visited. In 23E, we expect rival HiteJinro to make efforts to regain market share again after share loss to BUD APAC in 2022. As such, we expect the company's growth in South Korea in 23E to be more driven by margin recovery, rather than topline expansion.

Per Euromonitor, the beer category continued to take shares from local soju category in the past 10 years. Besides, South Korea has large headroom for premium beer growth, as its premium and above beer only accounts for 25% of total market (vs. that of 40% in Australia and 42% in the US).

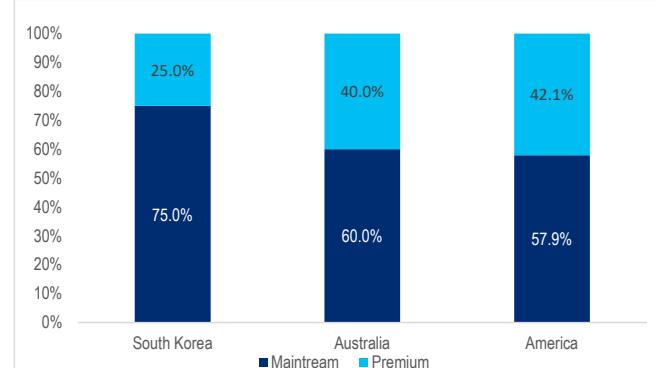
Figure 100. Beer took share from Soju in South Korea



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Source: Euromonitor, Citi Research

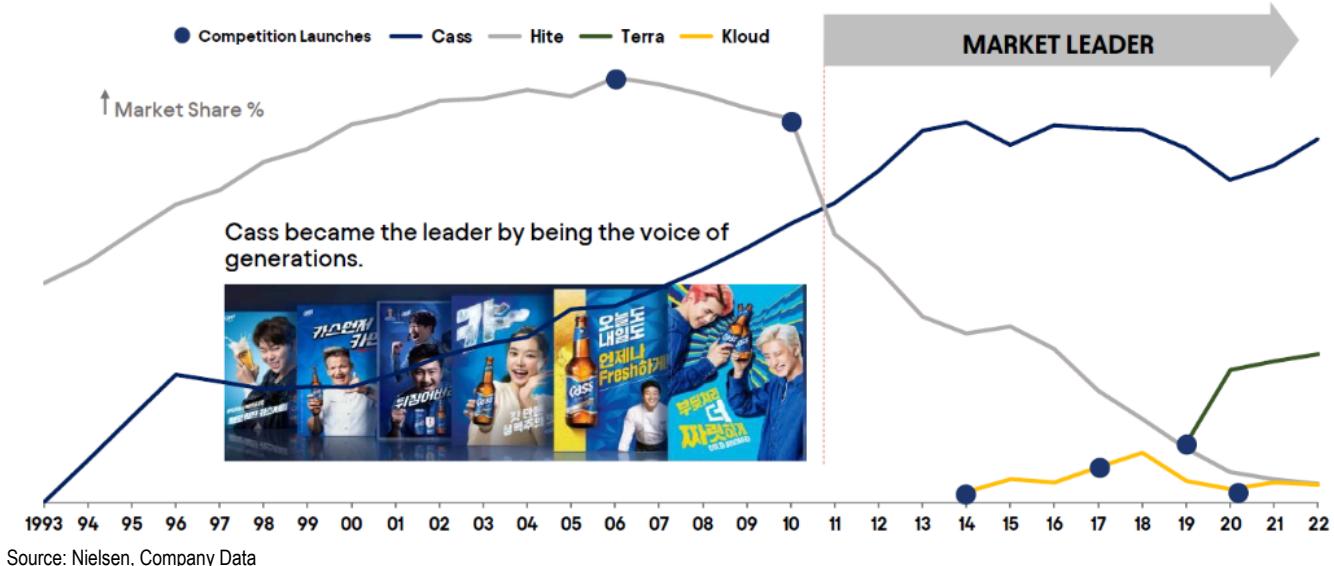
Figure 101. Large headroom for premium beer growth in South Korea



Source: Company Data, Global Data (2018)

BUD APAC remains a market leader with market share even increasing above pre-COVID levels, despite that the overall market size in South Korea is still below pre-COVID levels. Specifically, Cass market share increased 4.2ppt YoY in 9M22, per mgt.

Figure 102. BUD APAC's market share in South Korea



### India biz outlook

Mgt is optimistic about the market outlook in India (rep 5%/1% of group net revenue/EBITDA in 9M22), supported by urbanization & socialization, per capita GDP increase, moderation, tax reform and POS expansion. India is currently Budweiser's 5th biggest market globally. More importantly, India is a quickly premiumized market and BUD APAC has 67% share in India's premium & super premium market with a first-mover advantage. However, due to a low base, we only expect India biz to become an important growth driver for the company in the next 3 to 5 years.

Figure 103. Beer volume projection in India

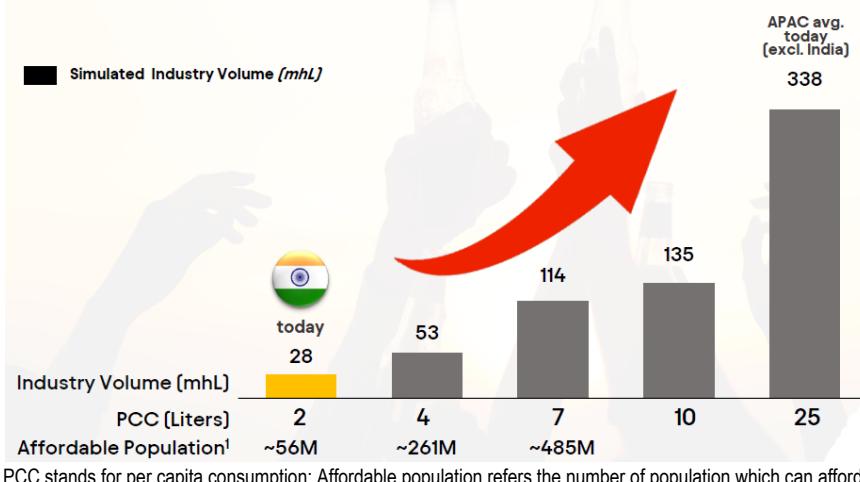


Figure 104. Premium and Super Premium segment weight in beer industry, China vs India

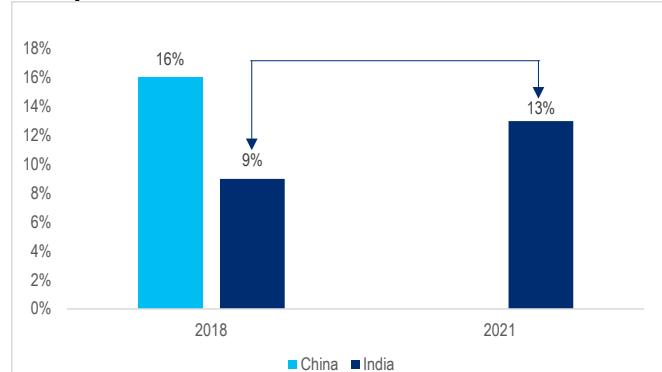
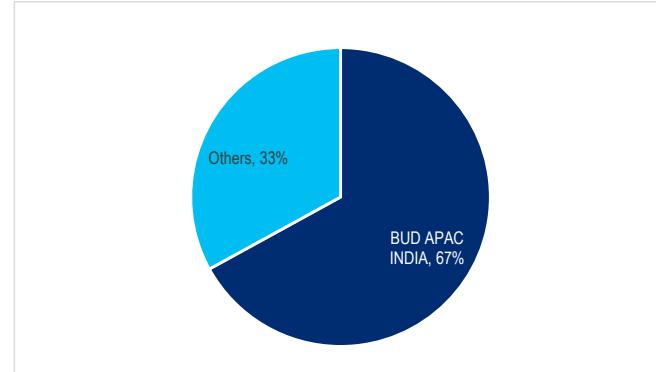


Figure 105. BUD APAC's Premium and Super Premium market share in India, 2022



## China Sportswear

### Short-term pressure in 1Q23E

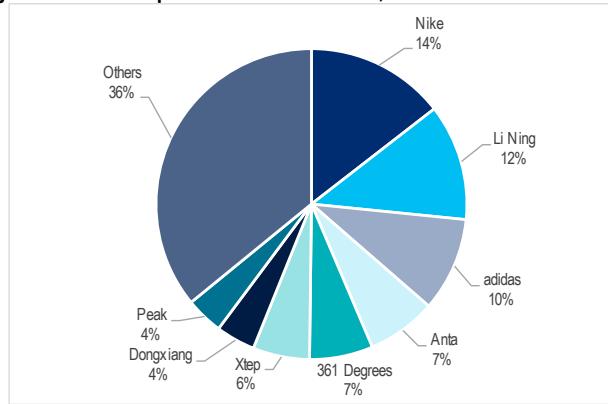
Per our checks, industry retail sales growth declined by teens YoY before a weak start of Dec. Since the government's announcement of relaxation measures, most retailers have not seen meaningful recovery of offline traffic.

After aggressive "11.11" online promotion campaigns, a substantial part of demand was brought forward from Dec to Nov, in our observation. Consumers' short-term cautiousness to avoid COVID infection amid the first big-wave of surging COVID infection adds more uncertainties about Dec retail sales, in our view.

Based on our recent on-the-ground checks and takeaways from Citi Consumer Day (in the first week of January), we expect sales of int'l sports brands (esp Nike) to recover retail sales faster than domestic brands in 1H23E, given their much more optimized channel inventories at end-2022 (with YoY lower balance but higher % of

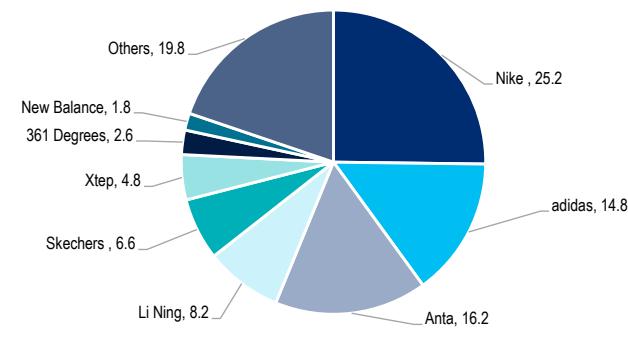
new inventories), YoY decreased sell-in to channels in 2H22, and greater exposure to high-tier cities. We expect domestic brands' recovery to be skewed towards 2H23E after clean-up of inventories (esp. those resulting from disruption of COVID-control relaxation).

Figure 106. China sportswear market share, 2009



Source: Euromonitor, Citi Research

Figure 107. China sportswear market share, 2021



Source: Euromonitor, Citi Research

## Expect re-accelerated growth of domestic brands in 2H23E

Investors with high-risk appetite may see through 1H23E challenges and buy into **Li Ning** and **Anta** for 2H23E re-accelerated growth upon attractive entry points. Defensive investors may accumulate **Topsports** for *Nike China's* recovery and high-single digit attractive yield amid higher-than-expected industry sales volatility in 1Q23E.

As such, our pecking order in China sportswear in 1H23: **Topsports** (Buy) > **Li Ning** (Buy) > **Anta** (Buy).

### Li Ning (Buy)

With its operating agility & efficient supply chain, we expect LN to quickly recalibrate its sell-in pace in 1H23E (amid sales softness) to ensure 2H23E healthy growth. We expect LN to enjoy more accelerated 2H23E growth than peers.

Figure 108. Li Ning's quarterly retail sell-through

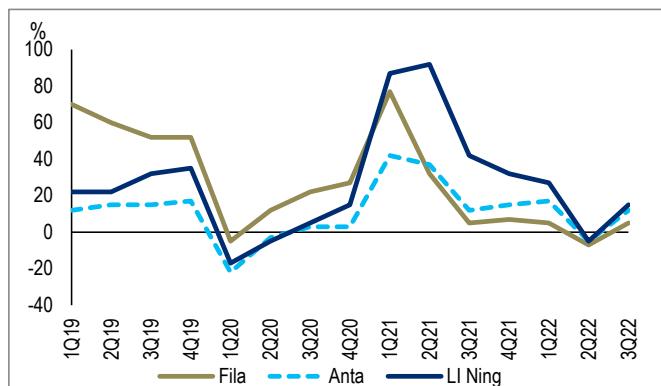
YoY growth	1Q20	2Q20	3Q20	4Q20	1Q21	1Q21 vs. 1Q19	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22
Directly-operated retail stores	Mid-30s decline	Low-teen decline	Flat	MSD	Low-90s		High-20s	High-80s	Mid-30s	High-20s	Mid-30s	HSD decline
Franchised stores	High-teen decline	HSD decline	LSD decline	Low-teen	Low-80s		Mid-40s	Low-90s	High-30s	High-20s	Low-20s	HSD decline
E-commerce	Low-teen	High-20s	Low-40s	Mid-30s	~100%		~1.2x	High-90s	Mid-50s	Low-40s	Mid-30s	MSD
Overall retail sell-through	High-teen decline	MSD decline	MSD	Mid-teen	High-80s		Mid-50s	Low-90s	Low-40s	Low-30s	High-20s	HSD decline

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Note: Including China Li Ning; But excluding Li Ning Young & sales of badminton and football sales in specialty store channels;

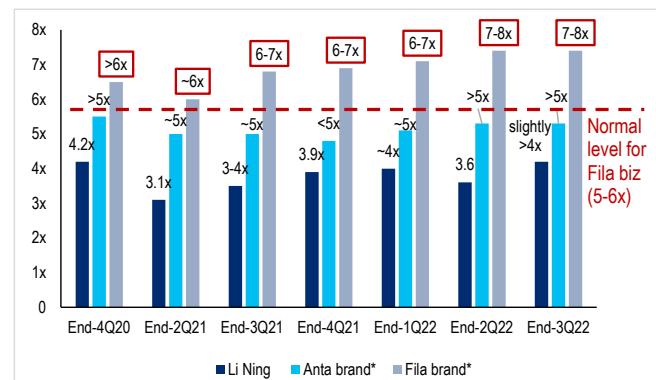
Source: Company Data, Citi Research

Figure 109. Retail sales YoY growth of Li Ning, Fila brand & Anta brand, 1Q19-3Q22



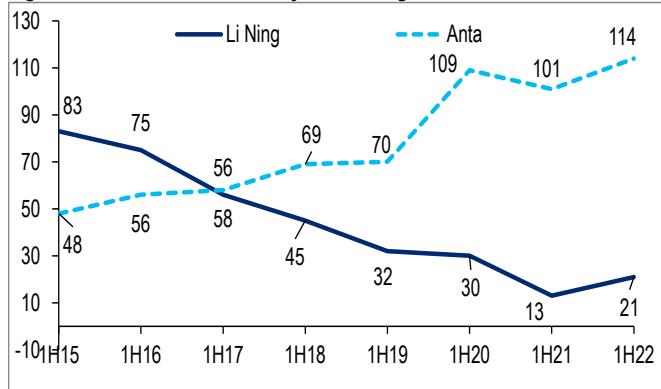
Source: Company Reports, Citi Research

Figure 110. Channel inventory-to-sales ratio: Fila & Anta vs Li Ning



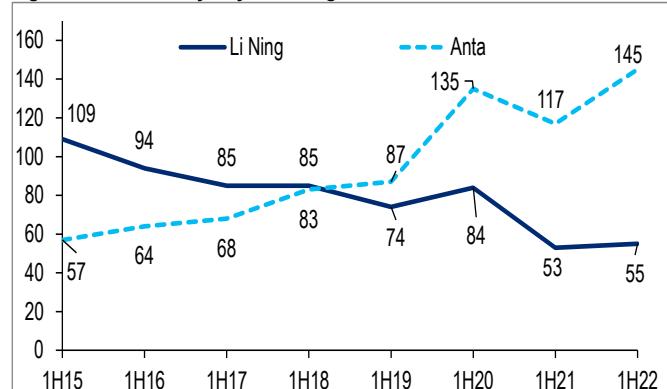
Source: Company Reports, Citi Research

Figure 111. Cash conversion cycle: Li Ning vs Anta, 1H15-1H22



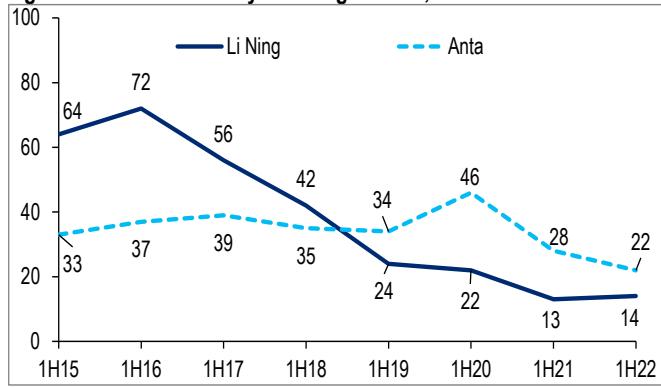
Source: Company Reports, Citi Research

Figure 112. Inventory days: Li Ning vs Anta, 1H15-1H22



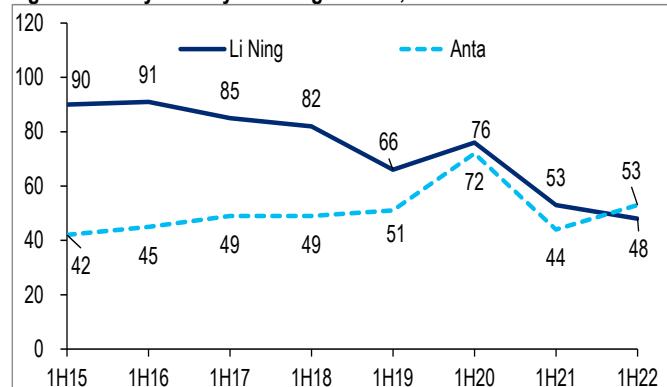
Source: Company Reports, Citi Research

Figure 113. Receivable days: Li Ning vs Anta, 1H15-1H22



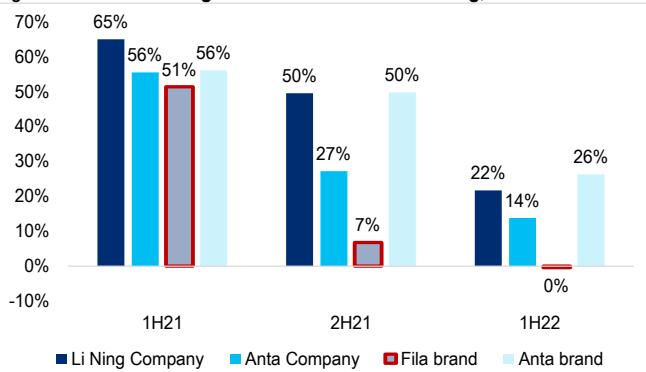
Source: Company Reports, Citi Research

Figure 114. Payable days: Li Ning vs Anta, 1H15-1H22



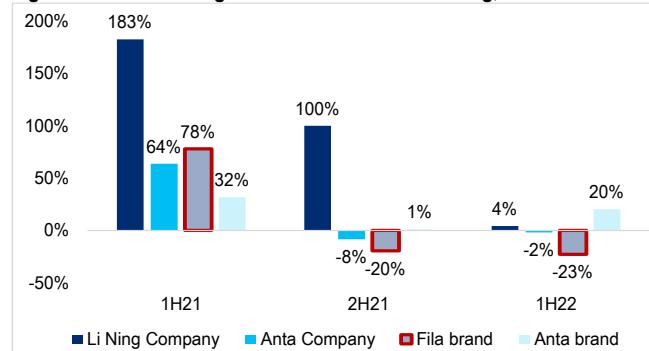
Source: Citi Research, Company Reports

Figure 115. Sales YoY growth: Fila & Anta vs Li Ning, 1H21-1H22



Source: Company Reports, Citi Research

Figure 116. EBIT YoY growth: Fila & Anta vs Li Ning, 1H21-1H22



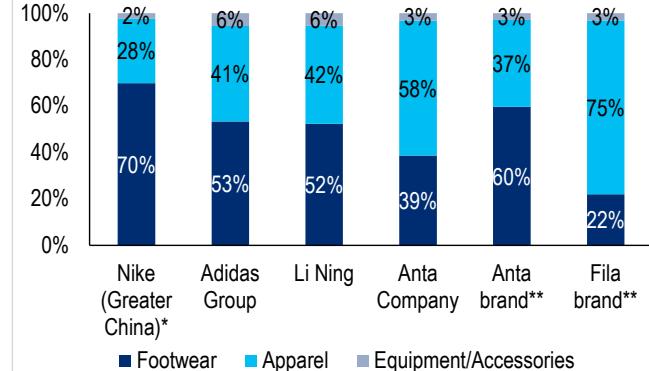
Source: Citi Research, Company Reports

Figure 117. Cotton price in China, Jan 2020 – Nov 2022



Source: Company Reports, Citi Research

Figure 118. Sales mix by product type, 2021



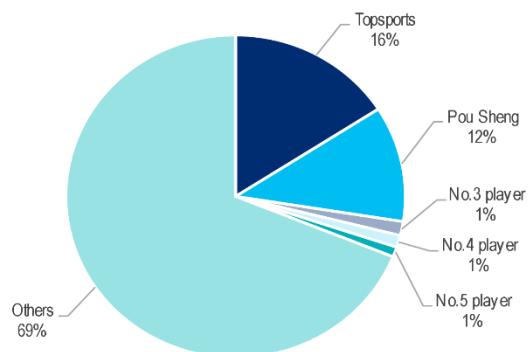
Source: Citi Research, Company Reports

### Topsports (Buy)

*Nike/adidas'* disciplined sell-in, inventory take-backs and strong subsidies in 2022 have made Topsports less pressured by a tough retail market in 4Q22-1Q23 than domestic brands, in our view. Its high-single digit attractive dividend yield & *Nike China*'s earlier-than-peers inventory normalization (by end-22) make Topsports more attractive in the China sportswear sector amid a volatile retail environment in 1H23E.

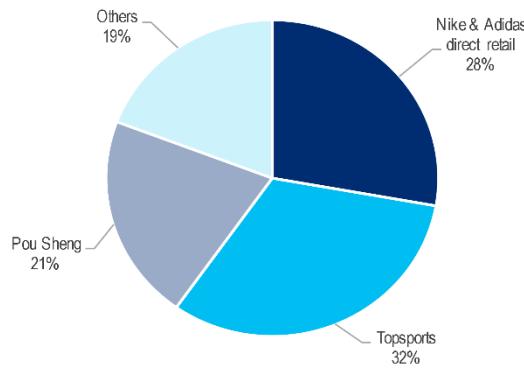
Topsports' stronger-than-expected retail sales recovery in Jan was a result of its high exposure to high-tier cities (where consumption recovery was much faster amid quicker peak-out of COVID infections vs. low-tier cities) and the company's healthier-than-peer channel inventories. Different from most domestic brands (whose channel inventories rose YoY at end-Dec amid disruption of Covid-control relaxation), Topsports' channel inventories fell by double digits YoY at both end-Dec and end-Nov, with YoY higher % of new inventories (after arrival of Nike/Adidas' new inventories). This dovetails *Nike* management commentary that *Nike China* (which we estimate contributes 60%+ of Topsports' group sales) saw normalized inventories at end-Nov 2022.

Figure 119. Market share of sportswear distributors in China, 2018



Source: Frost & Sullivan

Figure 120. Breakdown of Nike & Adidas retail sales in China by channels/major distributors



Source: Citi Research, Company Reports

Figure 121. Comparison of GP margin, SG&A to sales ratio and EBIT margin

Margins	Chinese Sportswear retailer		Chinese brands		International brands		OEM manufacture
	Topsports	Pou Sheng	Anta	Li Ning	Nike	Adidas	Shenzhou
	FY22 (end-Feb 2022)	2021	2021	2021	3QFY21-2QFY22 (Dec 2020 - Nov 2021)	2021	2021
GP margin	43.4%	35.5%	61.6%	53.0%	46.0%	50.7%	24.3%
A&P ratio to sales	NA	NA	12.4%	7.9%	7.9%	12.0%	NA
Other SG&A to sales ratio	32.6%	31.6%	27.0%	22.4%	22.6%	29.3%	9.3%
EBIT margin	10.8%	4.0%	22.3%	22.8%	15.5%	9.4%	15.0%

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Source: Company Data, Citi Research

### Anta (Buy)

Despite slowed 4Q growth & a high comp base in 1Q23 for Anta biz, its stabilized Fila biz is set to prevent de-rating of the stock. Given its recent share price rally, we expect less likely put of its CBs in Feb 23E, which is a new positive.

Figure 122. Anta's quarterly retail sales growth

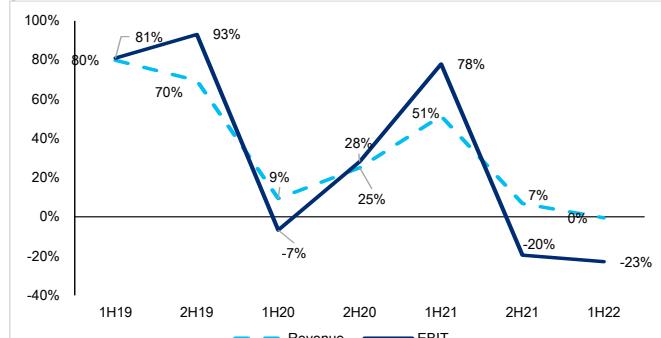
YoY growth	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22
Anta brand	20-25% decline	LSD decline	LSD	LSD	40-45%	35-40%	Low-teen	Mid-teen	High-teen	MSD decline	MSD
- Anta offline*	20%+ decline	LSD decline	LSD decline	"YoY decline"	35-40%	Over 30%	Low-teen	MSD	Mid-teen	Decline	MSD
- E-commerce*	MSD	Over 40%	About 50%	"Positive growth"	Over 60%	Over 40%	25-30%	30-35%	30%+	HSD	HSD
- Anta Kids*	20%+ decline	MSD	Low-teen	LSD	45-50%	Over 20%	Mid-teen	25-30%	20-25%	Positive growth	HSD
Fila brand	MSD decline	Low-teen	20-25%	25-30%	75-80%	30-35%	MSD	HSD	MSD	HSD decline	Low-teen
Others	HSD decline	25-30%	50-55%	55-60%	115-120%	70-75%	35-40%	30-35%	40-45%	20-25%	40-45%

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Note: Retail sales breakdown for Anta branded products were provided by management on analyst conference calls after each quarterly retail data release

Source: Company Data, Citi Research

Figure 123. Fila's high operating leverage: Fila sales vs. Fila EBIT YoY growth, 1H19-2H21



Source: Company Reports, Citi Research

Figure 124. Anta's CB price vs Anta share price, Jan - Dec 2021



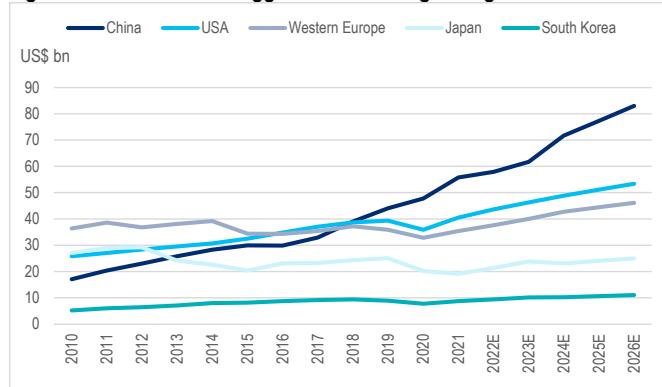
Source: Citi Research, Company Reports

## China Cosmetics

### China is redefining the global cosmetics industry

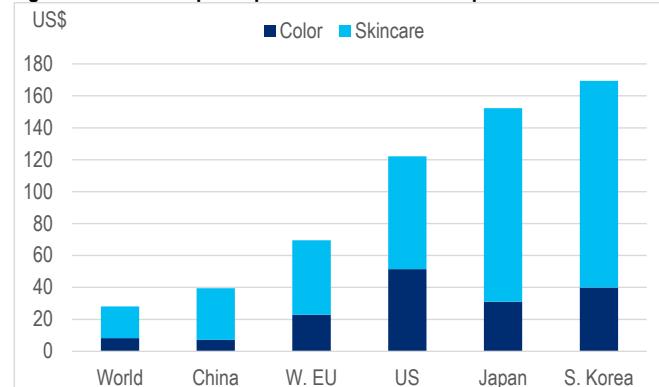
By virtue of being the largest cosmetics market in the world, China is becoming a more and more important market for cosmetic companies every year. Its large market size (25% of global skincare and color cosmetics sales in 2021), robust growth, high e-commerce penetration, strong social media influence, and fierce competition with low brand loyalty are changing the global cosmetics industry.

Figure 125. China is the biggest and fastest growing cosmetics market



Source: Euromonitor, Citi Research

Figure 126. China's per capita cosmetics consumption remains low

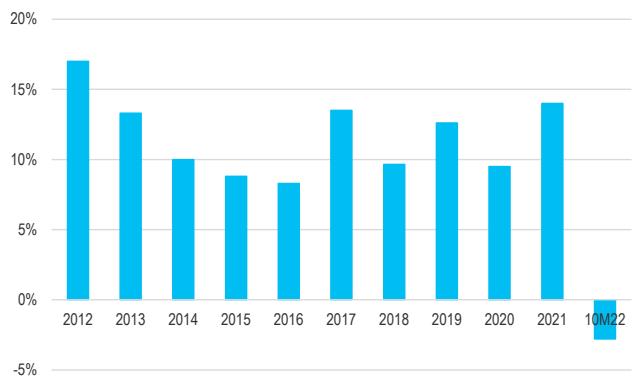


Source: Euromonitor, Citi Research

### Resilient growth outlook despite a sluggish 2022

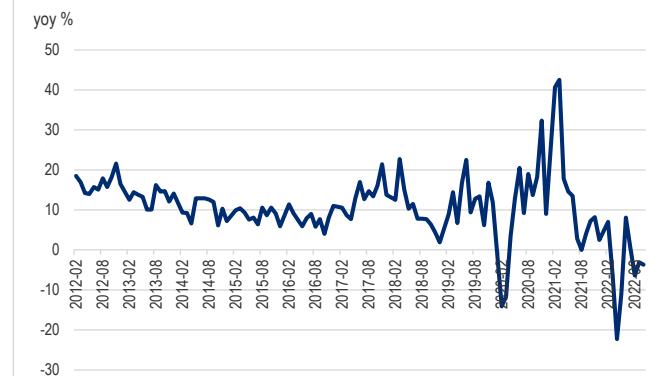
China's cosmetics market has recovered briskly from the outbreak of Covid-19 in 1Q20 with retail sales growth of +9.5% in 2020 and +14.0% in 2021 per NBS data. However, the growth was paused in 2022 (-2.8% in 10M22) due to wider and longer lockdowns (Mar-May, Aug-Oct), ban on top KOLs and weakening purchasing power amid softening economy.

Figure 127. China cosmetics market retail sales growth - annual



Source: NBS, Citi Research

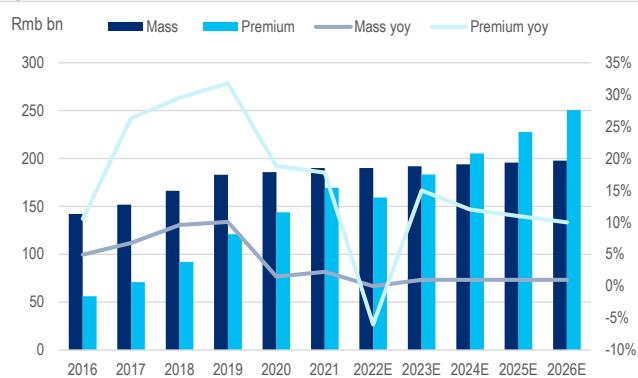
Figure 128. China cosmetics market retail sales growth - monthly



Source: NBS, Citi Research

We expect China's cosmetics market to resume a mid- to high-single digit growth starting from 2023E, given gradual relaxation of covid restrictive measures and the lowered contribution from top KOL. In a longer term, we believe the growth is supported by China's lower per capita consumption (US\$40 in 2021 vs. US\$70 in Western Europe, US\$120 in US, US\$150 in Japan and US\$170 in South Korea per Euromonitor).

Figure 129. China Mass and Premium Cosmetics Market and Growth



Source: Euromonitor, Citi Research estimates

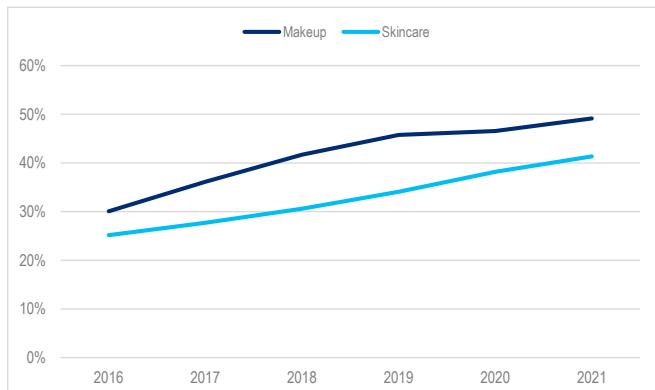
Figure 130. China Skincare and Makeup Market and Growth



Source: Euromonitor, Citi Research estimates

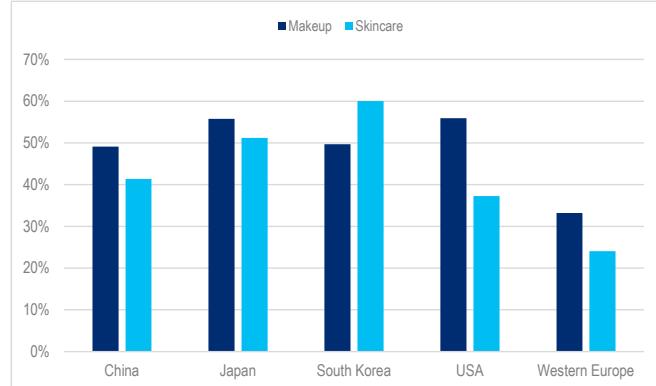
We also expect continued premiumization to drive China's cosmetics market. Makeup category has seen faster premiumization pace than skincare due to lower price points, in our view. For the skincare category, the premiumization is driven by consumers' growing demand for high-efficacy products. At Tmall, serum product is the second largest sub-category in terms of GMV following face care set. Per Euromonitor forecasts, anti-agers will maintain double digit growth in 2022E-26E and become the largest subcategory among skincare products starting from 2023E.

Figure 131. Prestige segment sales proportion in China cosmetics



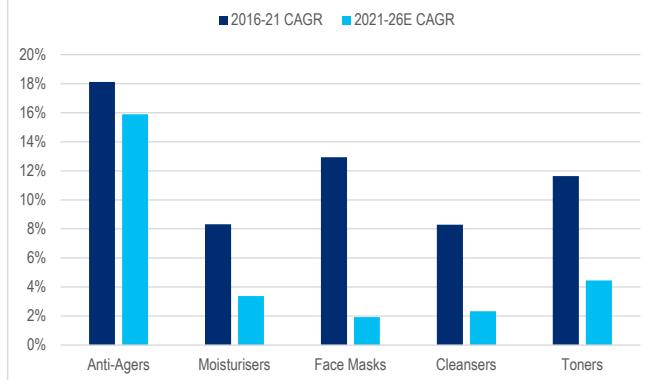
Source: Euromonitor, Citi Research

Figure 132. Prestige segment sales proportion in key cosmetics market



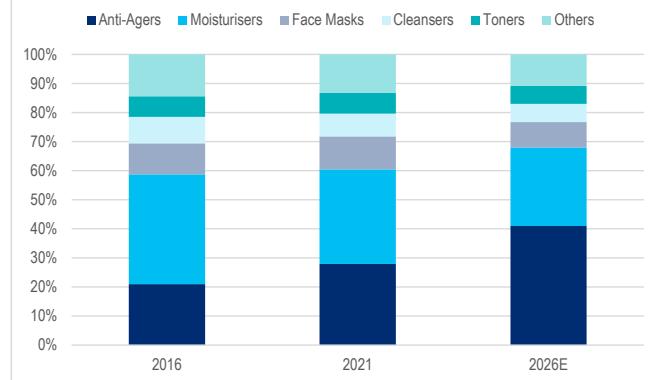
Source: Euromonitor, Citi Research

Figure 133. Anti-agers to maintain double digit growth



Source: Euromonitor, Citi Research

Figure 134. Anti-agers to become the largest skincare subcategory

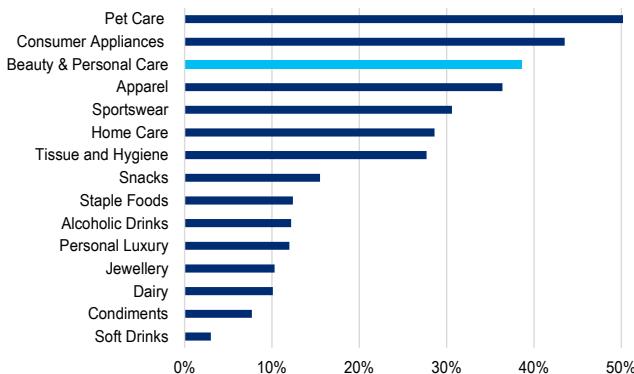


Source: Euromonitor, Citi Research

### E-commerce reshapes the competitive landscape

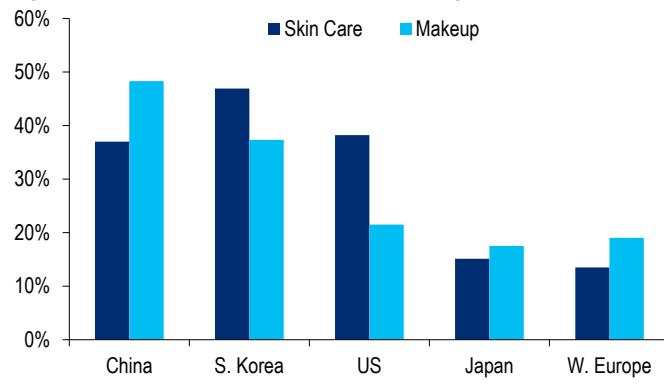
China's cosmetics market is highly driven by e-commerce. Among all consumer product categories, cosmetics' e-commerce penetration ranks No. 3, following pet care and 3C products. E-commerce has already become the largest sales channel in China's cosmetics market before Covid-19 and has further squeezed offline channel post pandemic. China's e-commerce penetration in the cosmetic market tops other key markets, which we believe is because Chinese cosmetic consumers are largely young consumers who are the heavy users of the online shopping channel. This is particularly the case in the color cosmetic category.

Figure 135. E-commerce sales as % of all channel sales in China



Source: Euromonitor, Citi Research

Figure 136. E-commerce sales penetration in key markets, 2021



Source: Euromonitor, Citi Research

China's e-commerce channels evolve fast. Tmall as the major online sales platform has experienced growth moderation on bigger scale and traffic dilution from other online platforms. Cosmetics sales at Tmall started to decline in 2022, due to loss of top KOLs. Meanwhile, Tiktok as the major social commerce platform is exhibiting strong potential and has reached about 30% of Tmall GMV.

We believe Tiktok's fast development and increasing role in the cosmetics market has been reshaping the competitive landscape. Tiktok has started e-commerce operation since 2021 and quickly grabbed market share from traditional e-commerce giants, due to its vast active user base and the restriction on incumbents' exclusive requirement towards merchants in choosing platforms during promotional sales campaigns. Such channel evolvement has provided opportunities for early movers at Tiktok.

Although the competitive landscape at Tiktok is reshuffling, the concentration ratio of top brands is lower than that at Tmall. We think this is because the user conversion at Tiktok is lower than that at Tmall, which requires merchants have interesting short videos to attract viewers to go to the livestreaming studio and complete transaction there. We believe the content generation capability and live streamer's selling skill at social-commerce platform are more demanding than advertising at shelf-commerce platforms such as Tmall and JD. Therefore, we believe the leaders at Tiktok are well positioned to defend the increasing competition from bigger new entrants with their more established experience.

### Fierce competition as consumer changes fast

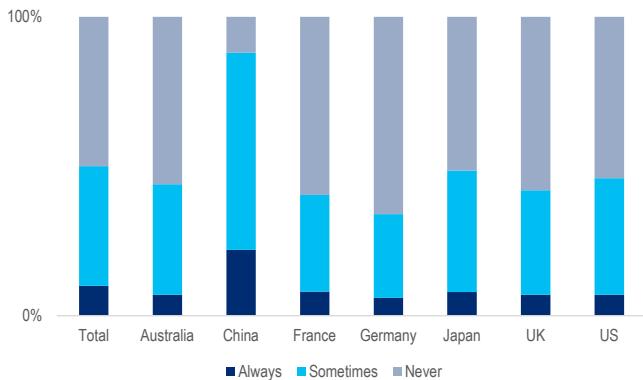
**Social media a key influencing factor** - According to [Citi's global skincare survey](#), social media has the greatest influence on brand selection in China, noting 88% of the respondents in China get somewhat influenced by social media when selecting a skincare brand. Further, switching of brands based on the recommendation of social media influencers is significantly higher in China compared to other countries.

However, we think the lowering reliance on top KOL will be the future trend, because 1) contribution of Tmall, where sales are more skewed to top KOL, is decreasing; 2) contribution of Tiktok, where KOLs are diversified, is increasing; and 3) brands are making effort to increase daily sales and attract consumers to flagship stores from top KOL by offering similar price.

**Brand switching is highly prevalent in China** - Our global skincare survey also revealed that consumer loyalty appears to be the lowest in China with 64% of the

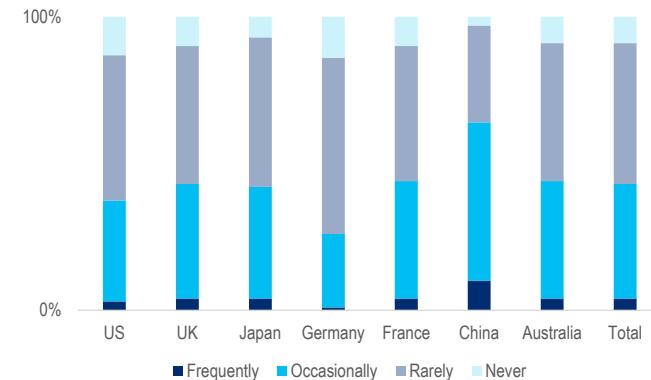
respondents switching brands frequently or occasionally. The key factors driving consumers to switch brands include i) value for money, ii) free samples and iii) preference for organic/natural products.

**Figure 137. How often social media influencers of beauty and skincare products affect your choice of a brand to buy?**



Source: Citi Research

**Figure 138. How likely are consumers to switch skincare brands?**



Source: Citi Research

### Leading domestic players level up

Despite the industry slowdown, leading domestic players continued to outperform in 2022 thanks to 1) their improving product to cater for consumers' increasing demand for quality, 2) their strengthening e-commerce operation which is less impacted by Covid restrictive measures, 3) their strong marketing at social media platform, and 4) their enhancing brand equity on continuous investment.

**Figure 139. Top 10 skincare brands at Tmall during double 11 campaign**

Ranking	Flagship store GMV (Rmb bn)	2022 double 11 (24 Oct -11 Nov)	2021 double 11 (20 Oct -11 Nov)	2020 double 11 (21 Oct - 11 Nov)	2022 YoY	2021 YoY
1	L'Oreal	2.8	2.4	2.0	19%	17%
2	Estee Lauder	2.2	2.6	2.4	-16%	7%
3	Lancome	2.1	2.2	2.1	-3%	4%
4	Olay	1.5	1.1	1.0	41%	10%
5	Proya	1.5	0.7	0.3	120%	132%
6	Winona	1.3	1.1	0.7	19%	57%
7	La Mer	1.1	1.0	0.7	12%	45%
8	SK-II	1.0	0.9	0.9	17%	-8%
9	Helena Rubinstein	1.0	1.0	0.6	4%	62%
10	Shiseido	0.8	1.2	0.8	-33%	57%
<b>Top 10 total</b>		<b>15.3</b>	<b>14.0</b>	<b>11.5</b>	<b>10%</b>	<b>22%</b>
<b>Mass (#1, 4, 5, 6)</b>		<b>7.1</b>	<b>5.2</b>	<b>4.0</b>	<b>37%</b>	<b>31%</b>
<b>Prestige (#2, 3, 7, 8, 9, 10)</b>		<b>8.2</b>	<b>8.8</b>	<b>7.5</b>	<b>-6%</b>	<b>17%</b>

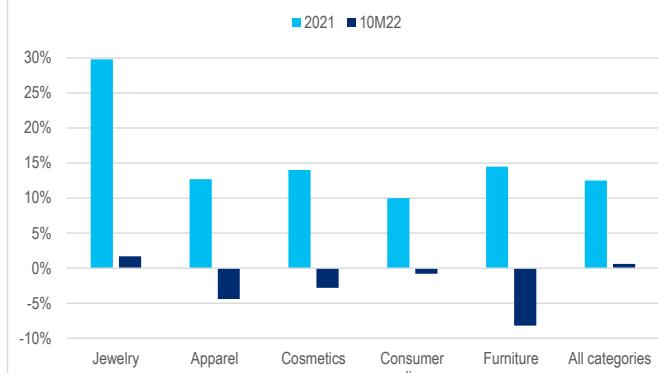
Source: Citi Research, Data Insider Consulting, Syntun

## China jewelry

### Continued outperformance in 2022

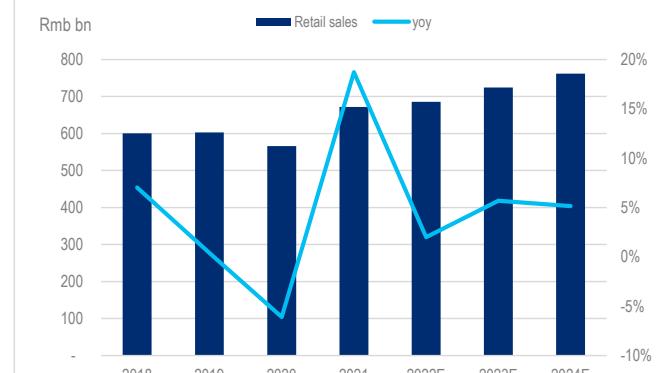
After the strong pent-up consumption in 2021, China's jewelry market continued to grow in the tough operating environment in 2022 and outperformed other discretionary consumption categories and overall retail sales. As China's jewelry market is dominated by gold products (>70% of sales), we believe the resilient sales during lockdowns and softer economy are due to 1) gold being more popular as a value preservation tool under inflation; 2) soft gold price triggering demand. We expect China's jewelry market to grow at a mid-single digit in 2022E-26E.

Figure 140. Jewelry retail sales growth outperformed



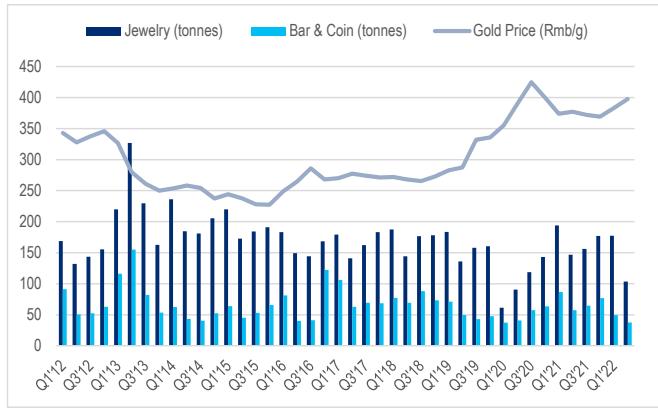
Source: NBS, Citi Research

Figure 141. China fine jewelry market size and growth



Source: Euromonitor, Citi Research estimates

Figure 142. Gold price vs. volume – negative correlation



Source: World Gold Council, Citi Research

Figure 143. Gold price sequential change vs. volume yoy change – negative correlation

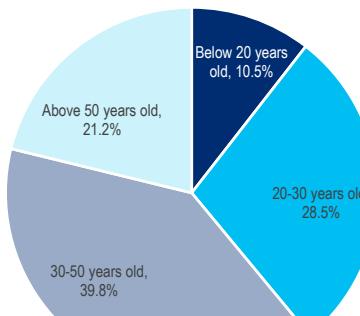


Source: World Gold Council, Citi Research

### Gold jewelry market increasingly driven by Gen Z's self-wear

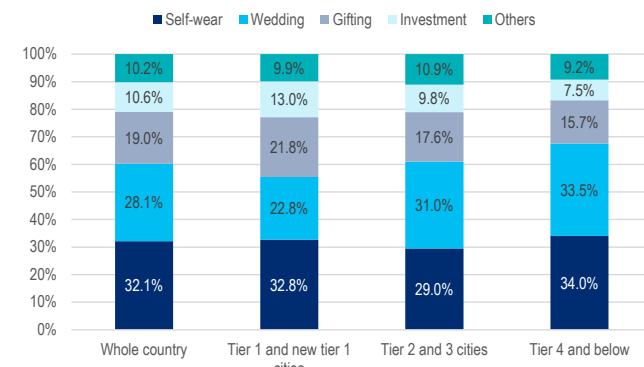
According to World Gold Council's survey in 2020, Gen Z accounts for about 40% of gold jewelry customers, bigger than "Dama" group. Self-wear accounts for >30% of purpose of gold jewelry purchase, exceeding wedding demand. In our deep dive report [China Luxury Goods - Rising Appeal of Gold Jewelry to Young Chinese Consumers](#), we believe a structural shift in demand to the young generation is underway for gold jewelry. Galvanized by guochao (Chinese fashion trend) and social media, demand for gold jewelry is surging among younger consumers in China. Sales of 'heritage' gold-jewelry products to younger consumers are riding on the explosion in demand for fashion items that celebrate Chinese culture and traditions (guochao goods), fueled by targeted marketing on social media platforms. In our view, young consumers will drive future growth in China's gold-jewelry market, with the industry landscape also affected by branding and marketing trends.

Figure 144. Jewelry Retail Stores' Customers Profile By Age



Source: World Gold Council ([2020 survey](#)), Citi Research

Figure 145. Purpose of Gold Jewelry Purchase

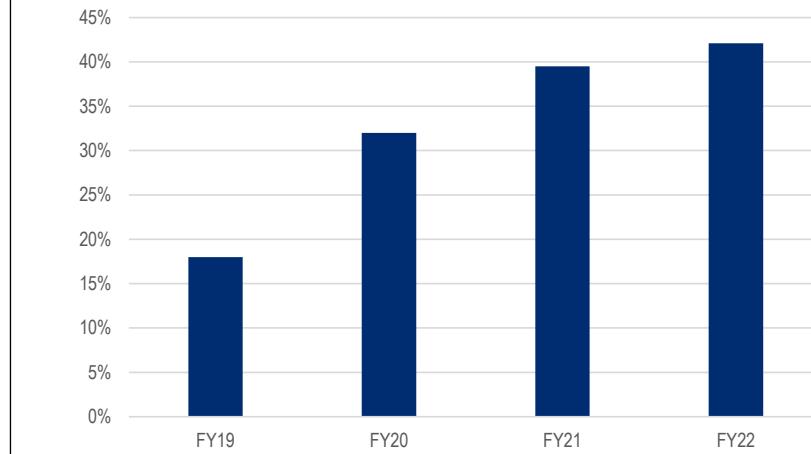


Source: World Gold Council ([2020 survey](#)), Citi Research

### Gold product rejuvenation

We believe CTF is leading the demand trend of turning commoditized gold jewelry into branded fashion product that appeals young generation. Hua collection, since the launch in 2HFY19, is well positioned as a domestic fashion well received by the younger generation. While its ASP is 3-4x of normal gold products due to heavier weight and premium charge of craftsmanship, HUA collection's contribution to China gold sales further increased from 39% in FY21 to 43% in FY22, indicating HUA collection has become a brand that distinguishes from commoditized gold product and its buyers are not so price sensitive. Led by HUA collection, gold jewelry's customer group change from elder generation to younger generation is structurally positive to CTF's long term growth in our view.

Figure 146. HUA as % of gold sales in Mainland China



Source: Citi Research, Company data

### Accelerated market consolidation

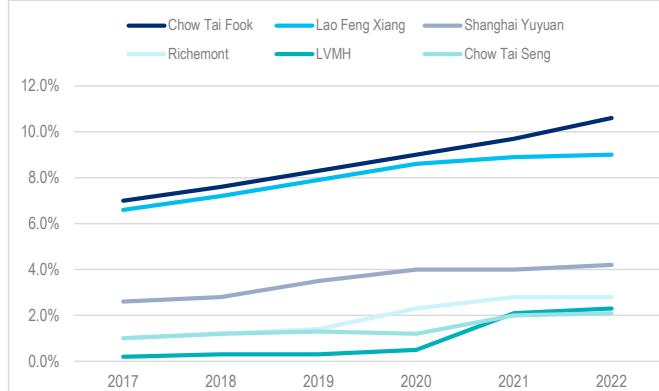
China's jewelry market remains fragmented with top ten players' collective market share at 35% per Euromonitor. However, we see clearer trend of consolidation given the following changes.

- (1) Gold jewelry is gradually becoming a branded fashion product that appeals to the young generation, positive for leading players to differentiate with smaller players and gain market share.

- (2) Consumers switched from “per-piece” to “per-gram” priced gold jewelry products, negative for the profitability of small jewelers who have a higher sales mix of “per-piece” priced gold products.
- (3) Due to weak store traffic under Covid restrictive measures, franchisees care more about inventory turnovers to protect ROIC amid a weak economy. This also bodes well for leading players that have stronger channel management to win confidence of franchisees and gain market share.

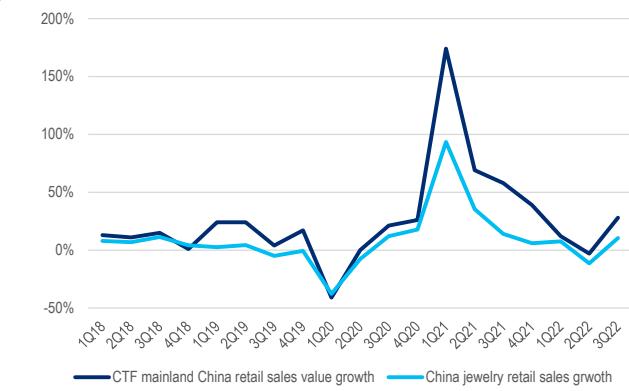
CTF continued to gain market share in 2022. We believe CTF shows competitive edges in fast product turnover, stable ROE, and advanced management systems. Franchises shifted store expansion budget to CTF from peer brands, shown by CTF’s continuous store openings but peers’ de-scaling.

**Figure 147. Market share of fine jewelry players in China**



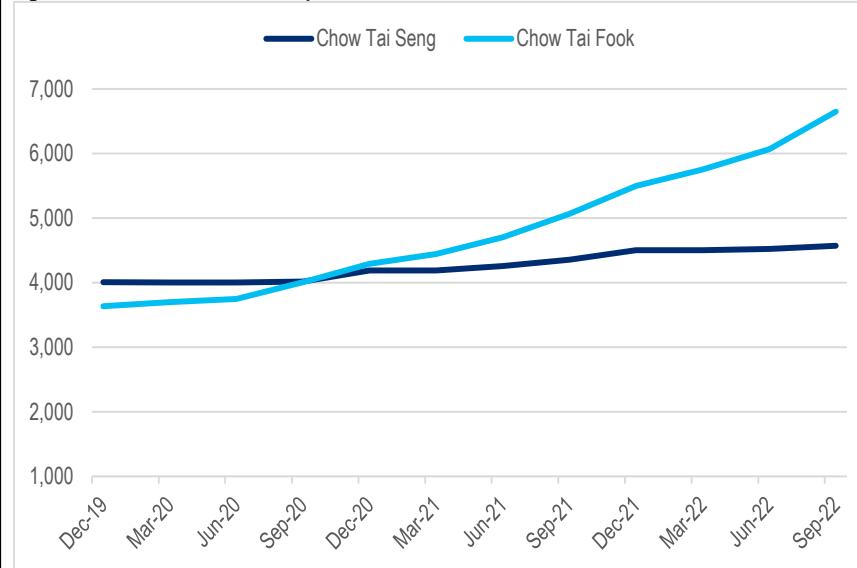
Source: Euromonitor, Citi Research

**Figure 148. CTF China retail sales grows faster than industry**



Source: Citi Research, NBS, Company data

**Figure 149. Chow Tai Fook and peer's store count**



Source: Citi Research, Company data

## China tourism

On the back of accelerating domestic and border reopening, we now see high visibilities on the roadmap to recovery in 2023E for the travel sector. We expect the overall domestic travel demand to recover materially from 2Q23E, while staying cautious on short-term trends on rising Covid infections. We expect domestic travel to recover to 90% of pre-Covid levels in 2023E and a full recovery in 2024E.

The timing of border reopening came in earlier than expected. China's National Health Commission announced a set of easing inbound Covid-related travel measures on 26 Dec, particularly removing the required quarantine and PCR tests upon arrival for inbound travelers, and orderly resumption of Chinese outbound tourism from 8 Jan 2023 ([link](#)).

The National Immigration Administration followed on 27 Dec with detailed optimized immigration measures including the resumption of passport applications by Chinese citizens for the purpose of tourism or visiting friends, and the issuance of exit-and-entry permits for mainland Chinese to HK for tourism and business purposes ([link](#)).

We expect pent-up outbound travel demand (particularly to HK and Macau) to pick up in upcoming CNY 2023E and to recover materially from 2H23E.

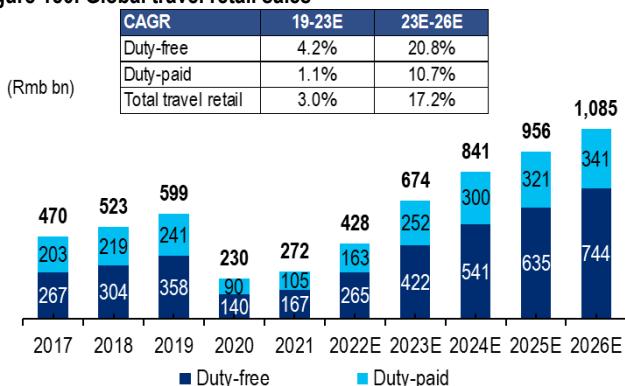
While the whole tourism sector will benefit from the reopening, we prefer stocks that are not only short-term reopening beta plays but also with stronger structural growth in the mid-to-long-term. Duty free (CTGDF-A) and hotel (Jinjiang) are our top picks within the China tourism space.

## China travel retail

We view CTGDF as a balanced play on both domestic and outbound reopening with its well-diversified channel coverage. With pent-up demand return to the Hainan island in the peak season, we also expect the rebound of airport duty free and potential favorable downtown duty free policies to capture Chinese spending when borders reopen. We see its enhanced market leadership, new retail expertise and expansion capability should underpin its solid growth and profitability in the mid-to-long term. CTGDF's edge, in our view, increasingly lies in its new retail capability more than license. We believe globalization is also a must next step to maintain its No.1 leadership in global travel retail industry.

Its Haikou DFS Mall had its grand opening on 28 Oct. As the largest duty free mall in the world with GFA of 280k sqm, it has incorporated over 800 well-known brands and gained support on exclusive offerings from brands. It aims to provide one-stop shopping integrating differentiated customer experience and price competitiveness and targets a broader customer group. In Sanya, it recently partnered with Swire Properties to jointly develop Sanya DFS Mall Phase III which will be a retail-oriented complex. It also accelerated overseas expansion with two new stores opened in HK. It will mainly eye opportunities in popular destinations by Chinese travelers, key airports, and online overseas.

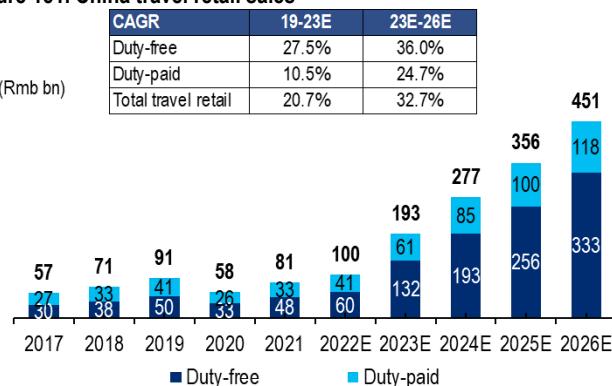
Figure 150. Global travel retail sales



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Source: Citi Research, Frost & Sullivan

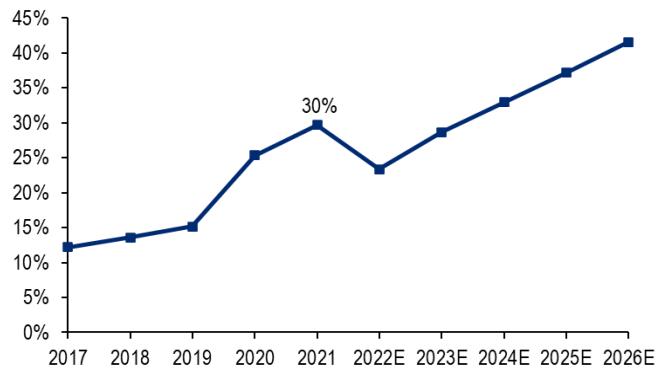
Figure 151. China travel retail sales



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Source: Citi Research, Frost & Sullivan

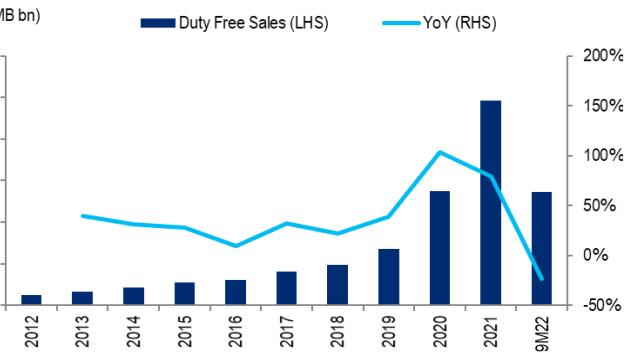
Figure 152. China travel retail sales as % of global



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Source: Citi Research, Frost & Sullivan

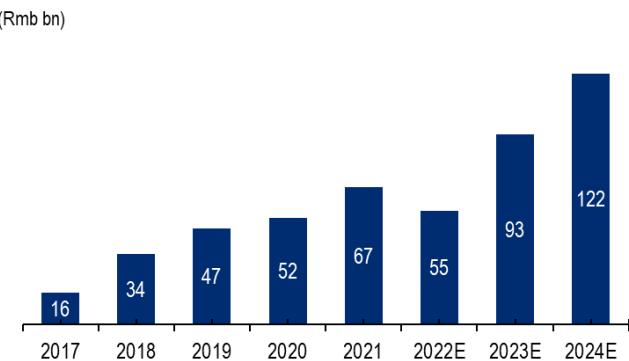
Figure 153. Hainan duty free sales



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Source: Citi Research, Haikou Customs

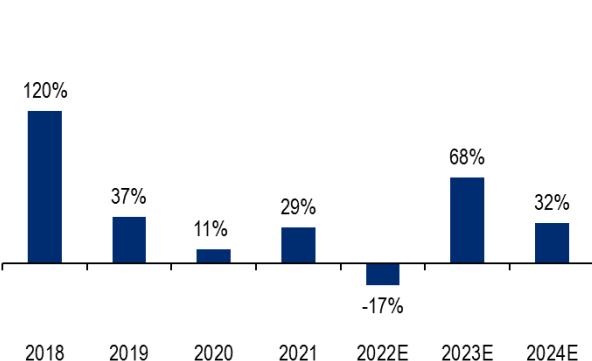
Figure 154. CTGDF travel retail sales



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Source: Citi Research Estimates, Company data

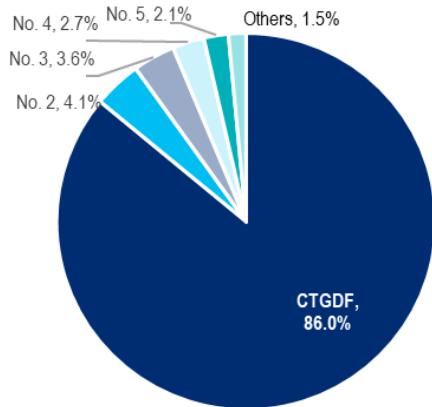
Figure 155. CTGDF travel retail sales



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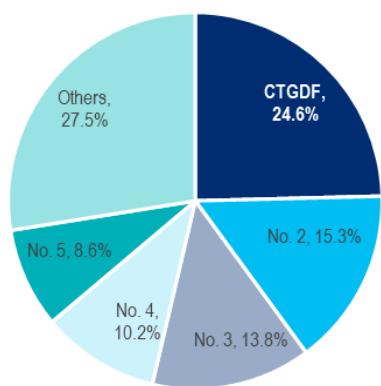
Source: Citi Research Estimates, Company data

Figure 156. CTGDF travel retail market share in China, 2021



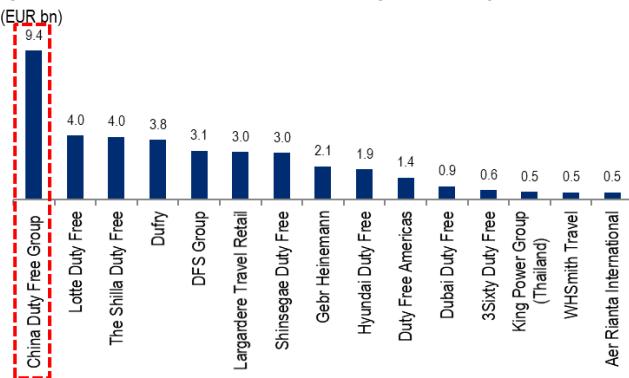
Source: Citi Research, Company data, Frost & Sullivan

Figure 157. CTGDF travel retail market share worldwide, 2021



Source: Citi Research, Company data, Frost & Sullivan

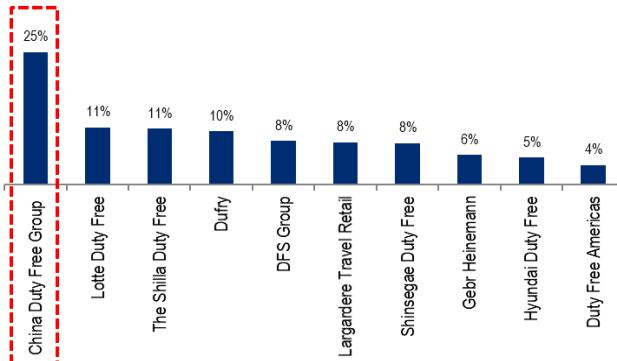
Figure 158. Top 15 Travel Retailer Rankings in 2021 by Sales Turnover



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Source: Citi Research, Frost & Sullivan, Moodie Davitt

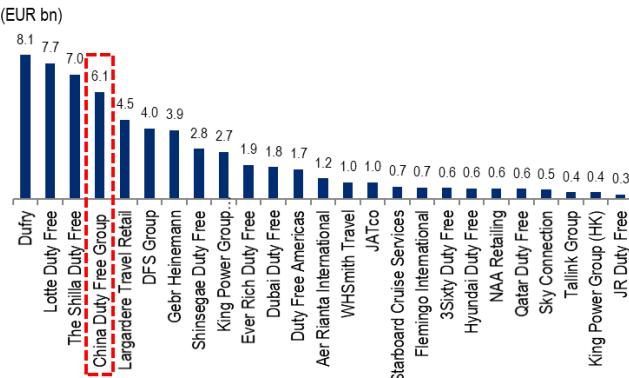
Figure 159. Top 10 Global Travel Retailers' Market Share, 2021



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Source: Citi Research, Frost & Sullivan, Moodie Davitt

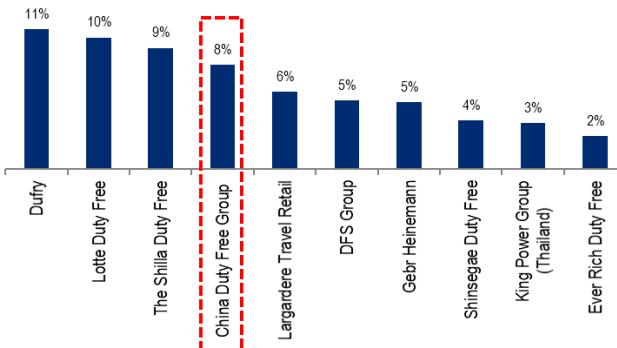
Figure 160. Top 25 Travel Retailer Rankings in 2019 by Sales Turnover



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Source: Citi Research, Frost & Sullivan, Moodie Davitt

Figure 161. Top 10 Global Travel Retailers' Market Share, 2019



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Source: Citi Research, Frost & Sullivan, Moodie Davitt

Figure 162. The Grand Opening of Haikou DFS Mall on 28 Oct 2022



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Source: Citi Research, Company data

Figure 163. Prime Location of Haikou DFS Mall



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Source: Citi Research, Company data

## China lodging

China hotels will benefit from domestic reopening with RevPAR recovery and improving franchisees' sentiment on expansion. We expect RevPAR to remain under pressure in the short term before a material pick-up from 2Q23E, and franchisees' confidence takes time to rebuilt. Our base case assumes China hotel RevPAR would rebound to c. 90% of pre-covid levels in 2023E and a full recovery in 2024E, more driven by the occupancy rate than ADR.

The structural growth of China's hotel sector remains intact underpinned by industry consolidation, mid-to-upscale expansion and digitalization. For leading hotel operators, we believe enhanced expansion capability, product competitiveness and

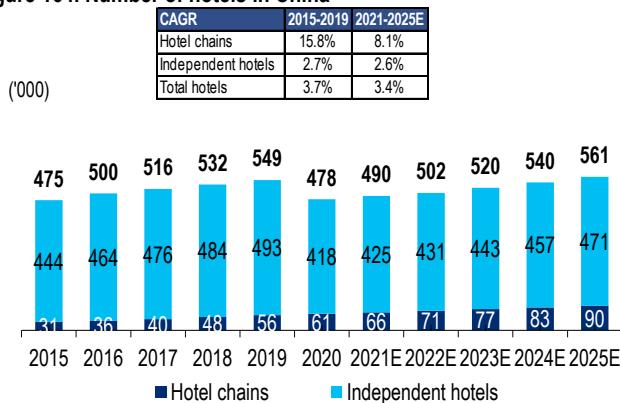
efficiency improvements will drive long-term RevPAR growth, market share gain and profitability. Our pecking order in hotel segment is Jinjiang>Huazhu>BTG.

The market size of China's hotel chains is expected to reach Rmb760bn in 25E at a CAGR of 11% over 21-25E, per Frost & Sullivan. Industry consolidation, mid-to-upscale expansion and digitalization remain the key themes to drive structural growth, and the pace has been accelerating.

- The conversion of independent hotels to branded hotel chains should continue to drive strong net room growth for the operators;
- The positive shift in mix from the economy to the mid-to-upscale segment should drive solid RevPAR growth; and
- Accelerated application of advanced technology should drive efficiency and profitability.

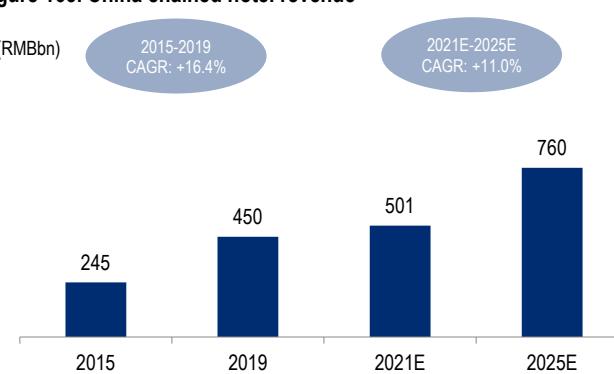
Among the Chinese operators, we believe Huazhu and Jinjiang are better positioned to capture growth, given their proven expansion capabilities and higher exposure to the mid-to-upscale segment. For Huazhu alone, unparalleled technology infrastructure is an additional driver. BTG is also catching up with accelerated expansion and mid-to-upscale upgrades under an incentivized management team.

Figure 164. Number of hotels in China



Source: Citi Research, Frost & Sullivan

Figure 165. China chained hotel revenue



Source: Citi Research, Frost & Sullivan

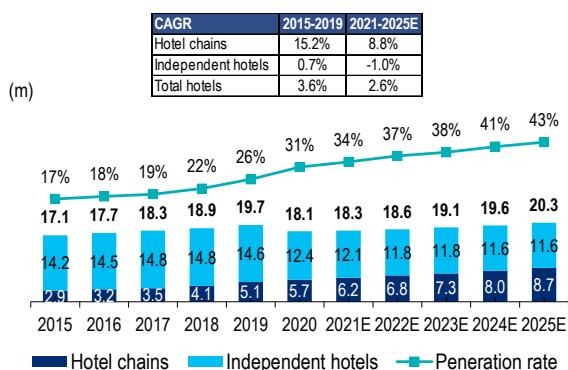
### Accelerated Consolidation Driving Net Room Growth

Consolidation accelerated in 2020 with hotel chains' share increasing to 31% (from 17% in 2015), according to F&S. The Covid outbreak has facilitated the conversion to chain hotels from independent hotels, as the strong capital support, brand equity, product innovation, technology support, etc, could help independent hotels recover faster from Covid and achieve higher ROI post Covid. There were c.75k/2.2m independent hotel/hotel room closures in 2020, per F&S. Industry supply tends to be healthier with total room numbers dropping by 8.1%. Meanwhile, chain hotel numbers increased by 11.8%. The market share of the big 4 market leaders (Jinjiang, Huazhu, BTG and GreenTree) increased to 12.1% in 2020 (from 9.8% in 2019) in China's hotel industry, and to 38.5% (from 37.9% in 2019) among China hotel chains, with Jinjiang achieving the biggest share gain.

We believe there remains room for further consolidation in the market as China's hotel chains' penetration remains low vs. the global average of 42%, EU's 39% and

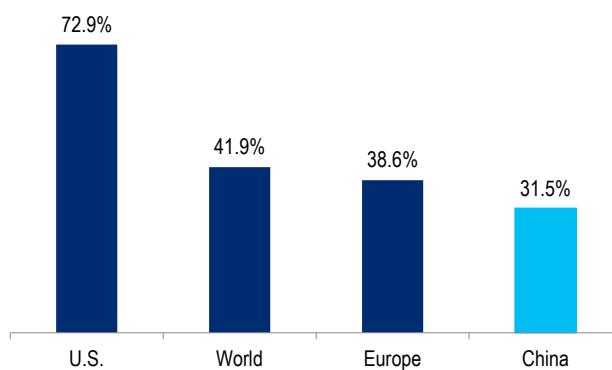
US' 73%. F&S estimates China's hotel chain's mix will reach 43% in 2025E. We expect more consolidation opportunities in lower-tier cities given hotel chains' penetration is still below 25% in tier-3 and below cities, while tier 1&2 cities look well penetrated with penetration rates of 48%/41% already.

Figure 166. Hotel chains' penetration in China (by room numbers)



Source: Citi Research, Frost & Sullivan

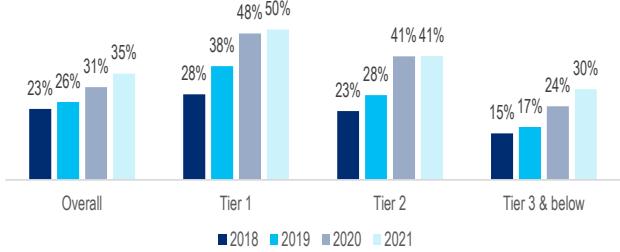
Figure 167. Hotel chain penetration in China vs. worldwide (2020)



Note: Europe data as of 2019

Source: Citi Research, Frost & Sullivan

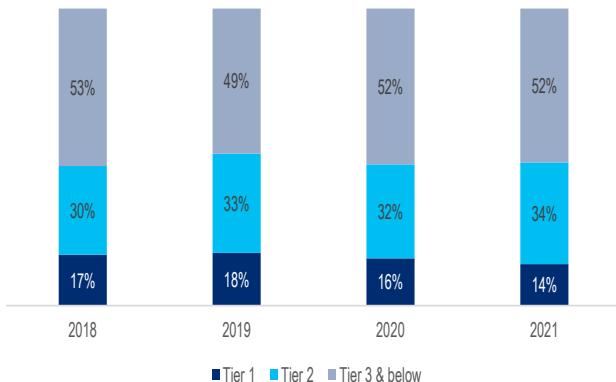
Figure 168. Hotel chain penetration by city tier in China



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Source: Citi Research, Inntie

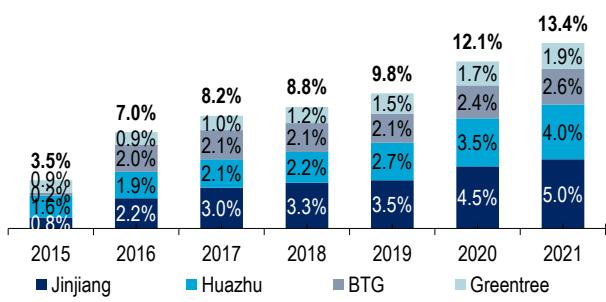
Figure 169. Hotel chain mix by city tier in China



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Source: Citi Research, Inntie

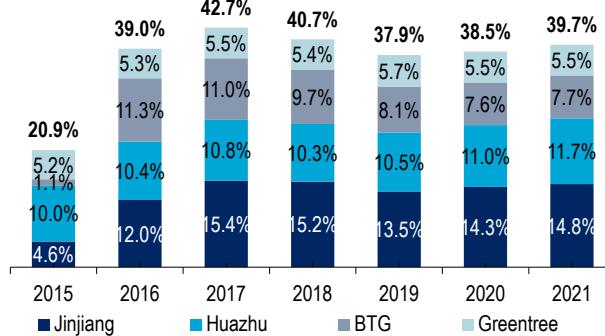
Figure 170. Key players' market share in China hotel industry



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Source: Citi Research, Frost & Sullivan, Company data

Figure 171. Key players' market share in China hotel chains



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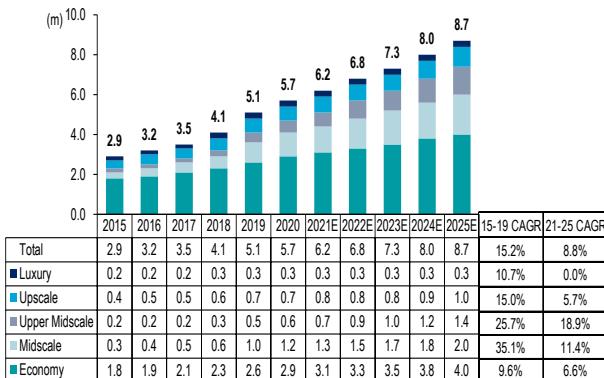
Source: Citi Research, Frost & Sullivan, Company data

## Mid-to-upscale Expansion Driving RevPAR Growth

Capturing the consumption upgrade trend in China, the mid-to-upscale segment has demonstrated the fastest growth within China's hotel sector and has been the most attractive area to invest for hotel franchisees. China's hotel sector remains dominated by economy hotels (61% of total), while midscale/upscale hotels accounted for only 17%/15% of total hotel rooms in China vs. 37%/38% worldwide. Despite a weaker consumption sentiment due to Covid in the short term, we believe consumption upgrade in the lodging industry remains intact as Chinese consumers trade up for quality experience, either for business or leisure travel. Especially post Covid, demand for quality hotel products with higher hygiene and safety standards has been increasing, while some of the existing hotel products are outdated. Those with more value-for-money offerings are increasingly being favored by Chinese consumers.

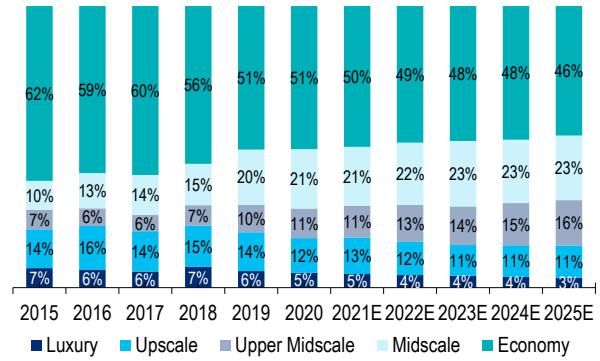
China's hotel RevPAR lags behind that of other regions given a low ADR while OCC is comparable with that of other regions. A highly fragmented market and an economy-dominated product mix are the major reasons for a low ADR, in our view. As China's hotel market further consolidates and the product mix is upgraded to mid-to-upscale, we see ADR upside for market leaders, which should drive solid RevPAR growth in the mid-to-long term.

Figure 172. Number of hotel chain rooms by hotel tier in China



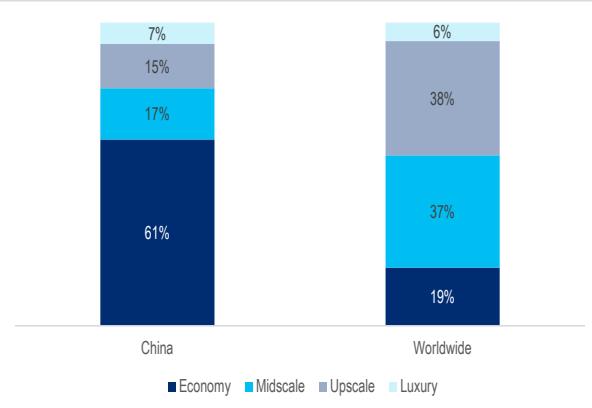
Source: Citi Research, Frost & Sullivan

Figure 173. Hotel chain rooms mix by hotel tier in China



Source: Citi Research, Frost & Sullivan

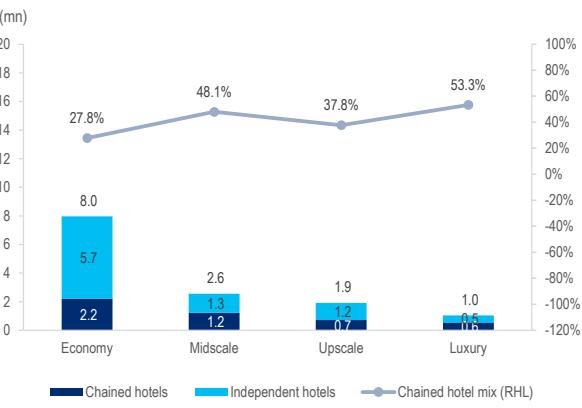
Figure 174. Hotel tier mix China vs. Worldwide, 2020



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Source: Citi Research, STR, IHG, Inntie

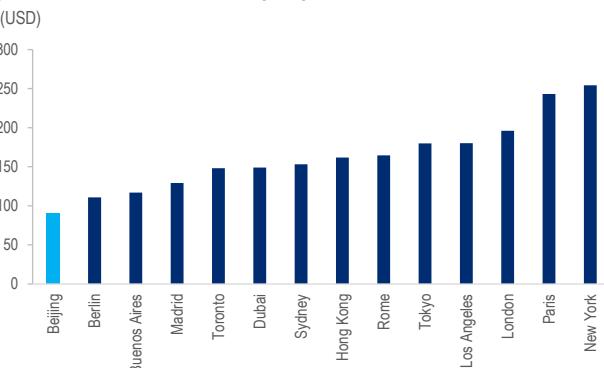
Figure 175. Chain penetration rate by hotel tier in China, 2021



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Source: Citi Research, Inntie

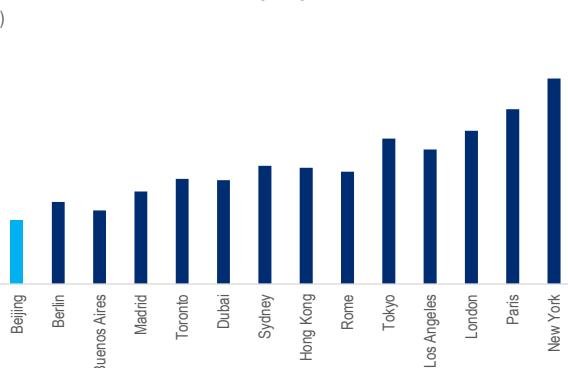
**Figure 176. ADR comparison by city**



Note: We use 2019 data to show normalized level of ADR

Source: Citi Research, STR

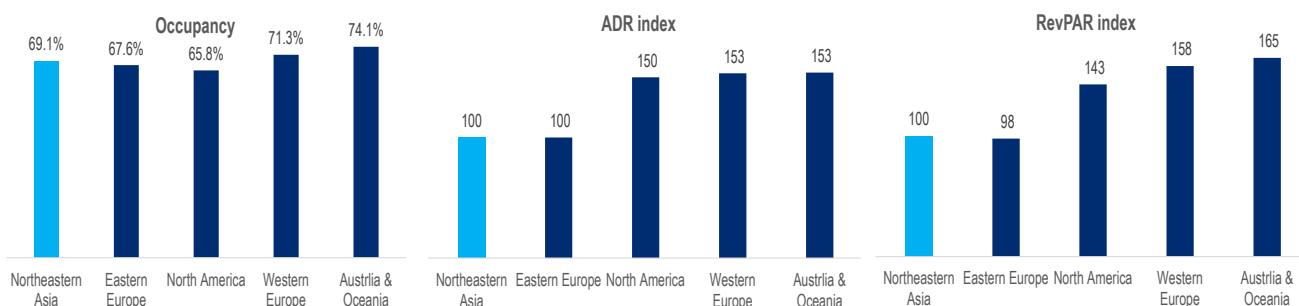
**Figure 177. RevPAR comparison by city**



Note: We use 2019 data to show normalized level of RevPAR

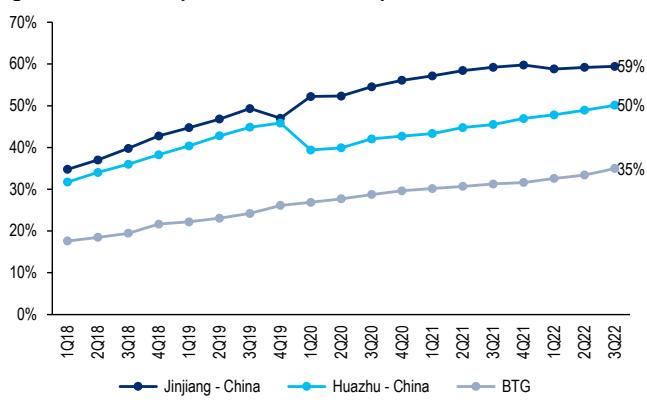
Source: Citi Research, STR

**Figure 178. Occupancy, ADR index and RevPAR index comparison by region**



Source: Citi Research, STR

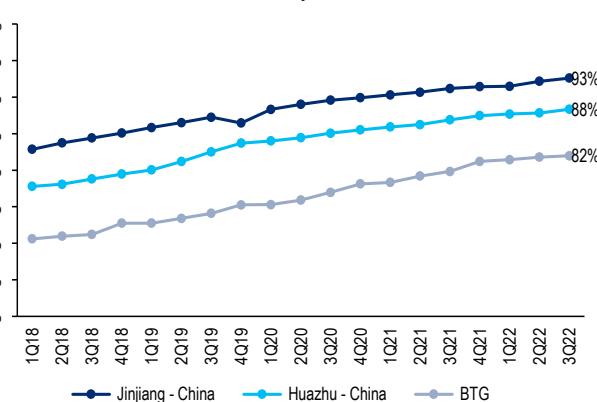
**Figure 179. Mid-to-upscale hotel mix comp**



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Source: Citi Research, Company data

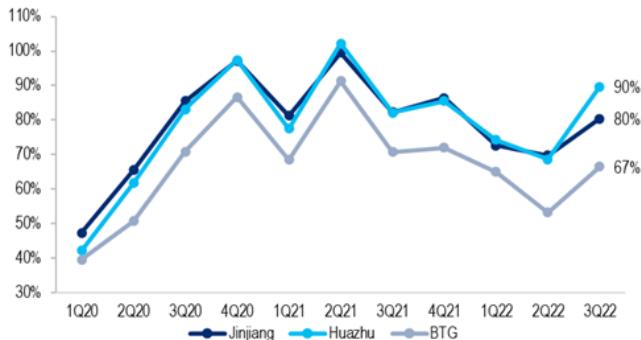
**Figure 180. Franchised hotel mix comp**



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Source: Citi Research, Company data

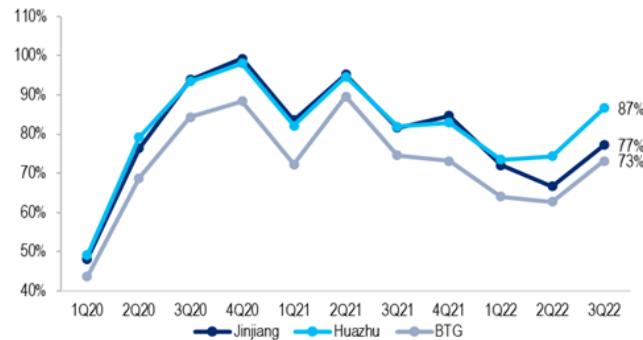
Figure 181. RevPAR recovery vs. 2019



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Source: Citi Research, Company data

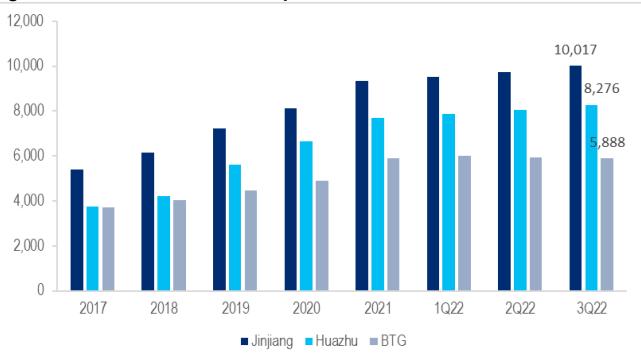
Figure 182. OCC recovery vs. 2019



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Source: Citi Research, Company data

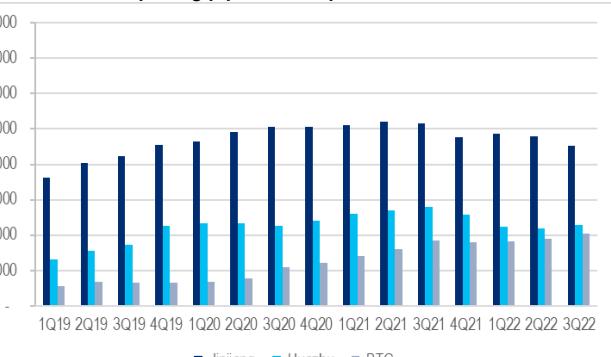
Figure 183. Hotel numbers comparison



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Source: Citi Research, Company data

Figure 184. Hotel opening pipeline comparison



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Source: Citi Research, Company data

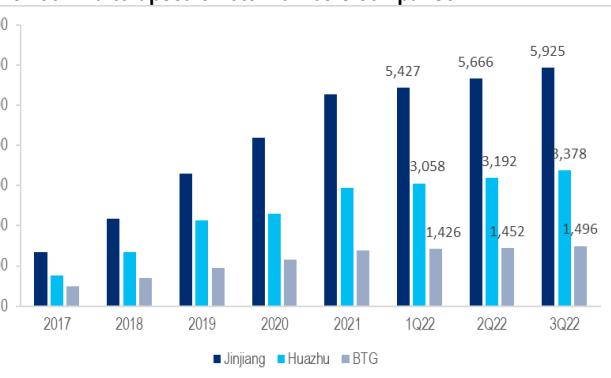
Figure 185. Hotel net openings comparison



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Source: Citi Research, Company data

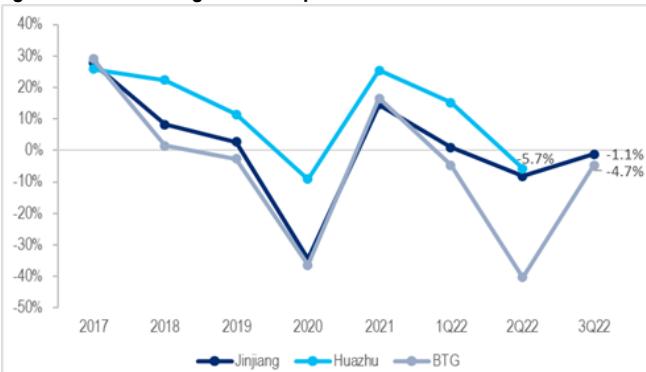
Figure 186. Mid-to-upscale hotel numbers comparison



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Source: Citi Research, Company data

Figure 187. Revenue growth comp



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Source: Citi Research, Company data

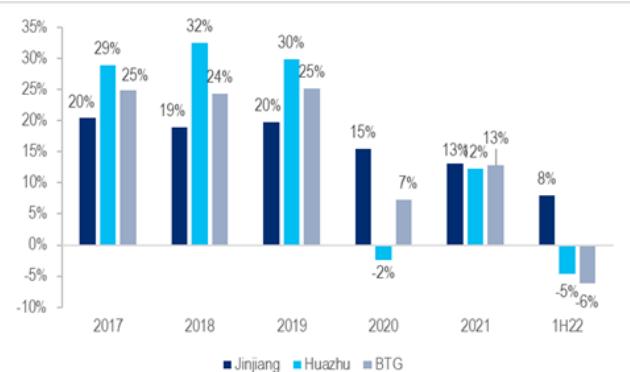
Figure 188. Revenue comparison



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Source: Citi Research, Company data

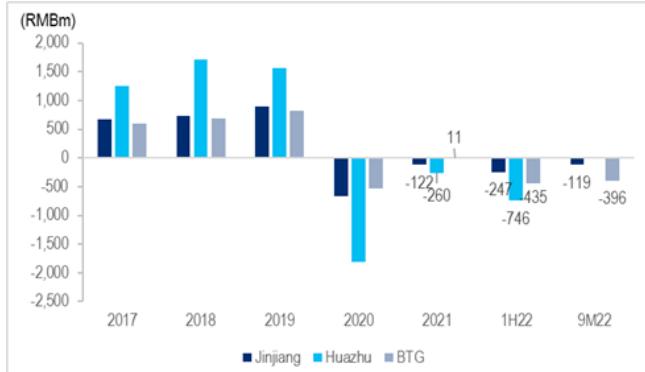
Figure 189. Adjusted EBITDA margin comparison



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Source: Citi Research, Company data

Figure 190. Core net profit comparison



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Source: Citi Research, Company data

Figure 191. Companies Mentioned

Company	Ticker	Mkt Cap		Close	Target	P/E (x)		EV/EBITDA (x)		P/B (x)		Div yield (%)		Debt / equity (%)		
		US\$ (M)	Ccy			Price	Rating	2023	2024	2023	2024	2023	2024	2023	2024	
Adidas	ADSGn.DE	26,957	€	140.68	174.00	1	18.5	14.3	8.3	7.3	5.4	6.0	2.4	3.1	115.1	131.6
Angel Yeast	600298.SS	5,431	Rmb	42.740	27.600	3	30.4	25.3	18.8	16.1	3.7	3.4	1.0	1.3	42.7	42.0
Anta Sports Products	2020.HK	36,465	HK\$	104.90	122.10	1	27.7	23.0	18.6	15.4	6.4	5.5	1.6	2.0	20.5	17.5
Ausnutria Dairy	1717.HK	982	HK\$	4.26	4.49	3	9.8	9.4	4.7	4.3	1.0	1.0	3.6	3.7	21.3	19.9
Blue Moon	6993.HK	4,025	HK\$	5.36	6.10	2	29.3	25.5	14.4	12.4	2.4	2.3	2.0	2.4	0.0	0.0
Bosideng International	3998.HK	5,682	HK\$	4.07	5.35	1	14.4	11.9	9.4	8.0	3.0	2.8	5.6	6.7	14.9	10.9
Botanee	300957.SZ	8,968	Rmb	144.780	162.500	1	48.9	39.1	38.3	30.3	9.6	8.1	0.6	0.8	0.8	0.7
BTG Hotels	600258.SS	3,938	Rmb	24.070	25.550	1	31.6	21.8	12.1	9.4	2.2	2.0	0.3	0.3	14.8	11.1
Budweiser Brewing	1876.HK	45,636	HK\$	26.90	29.90	1	36.8	31.6	16.7	14.5	3.6	3.3	0.7	0.8	1.7	1.6
C&S Paper	002511.SZ	2,581	Rmb	13.440	8.300	3	38.4	34.0	16.7	14.8	3.0	2.8	0.6	0.7	6.7	6.6
Caissa Tosun Dev	000796.SZ	694	Rmb	5.910	4.900	3	-80.5	95.5	59.2	21.0	-14.5	-17.2	NA	NA	NA	NA
Carlsberg	CARLb.CO	20,264	Dkr	955.60	1,050.00	2	17.0	15.4	10.0	9.4	3.7	3.6	2.9	3.2	71.5	68.0
China CYTS Tours	600138.SS	1,644	Rmb	15.530	18.000	1	24.8	17.7	11.8	9.0	1.7	1.6	0.3	0.6	48.6	39.7
China Feihe	6186.HK	8,657	HK\$	7.44	7.10	1	10.2	9.7	7.0	6.4	2.1	1.9	3.6	3.8	3.3	2.9
China Resources Beer	0291.HK	23,875	HK\$	57.45	72.30	1	30.8	24.7	17.5	14.2	5.4	4.8	1.3	1.6	0.0	0.0
China Tourism Group	601888.SS	64,146	Rmb	224.670	268.000	1	34.9	26.9	20.8	16.2	8.1	6.7	0.9	1.1	0.6	0.5
CTG DUTY-FREE	1880.HK	3,587	HK\$	240.60	277.00	1	32.8	25.2	0.0	-0.2	7.6	6.3	0.9	1.2	0.6	0.5
China Travel Int'l Inv	0308.HK	1,255	HK\$	1.77	2.00	1	29.3	18.1	5.2	3.4	0.6	0.6	1.4	2.2	2.8	2.7
Chow Tai Fook	1929.HK	22,264	HK\$	17.38	19.50	1	21.7	17.8	14.8	12.0	4.7	4.3	3.2	3.9	72.0	70.3
DFI Retail	DFIR.SI	4,304	US\$	3.18	2.36	2	24.7	18.2	1.9	1.8	3.5	3.4	4.4	5.8	85.8	83.4
Fila Holdings	081660.KS	1,601	W	33,050	50,000	1	6.4	5.6	3.6	3.1	1.0	0.8	4.2	4.2	23.0	20.3
Foshan Haitian Flav	603288.SS	53,734	Rmb	79.300	57.600	3	51.6	45.8	41.3	36.3	12.0	10.4	0.9	1.0	0.3	0.3
Fosun Tourism	1992.HK	1,931	HK\$	12.14	15.60	1	32.7	10.9	7.8	6.0	4.9	3.5	0.5	1.5	457.1	308.5
GreenTree Hospitality	GHG.N	392	US\$	3.80	5.00	1	13.0	8.0	6.3	3.6	1.4	1.2	NA	NA	22.5	13.0
H World	HTHT.O	14,060	US\$	43.69	44.50	1	NA	NA	23.7	19.7	87.1	70.4	NA	NA	82.2	59.1
H World	1179.HK	14,294	HK\$	34.15	34.50	1	46.3	35.2	24.1	20.0	8.7	7.1	NA	NA	82.2	59.1
Haidilao International	6862.HK	16,458	HK\$	23.05	27.30	1	44.6	33.8	17.4	13.5	10.2	8.2	0.4	0.6	0.0	0.0
Health & Happiness	1112.HK	1,379	HK\$	16.68	19.00	1	12.9	9.4	7.2	6.0	1.4	1.2	2.3	3.2	130.8	99.4
Heineken	HEIN.AS	56,818	€	92.66	109.00	1	17.9	16.2	9.2	8.4	2.4	2.2	2.0	2.2	63.5	57.6
Hengan Int'l	1044.HK	6,089	HK\$	40.90	29.70	3	13.4	12.4	7.0	6.5	2.0	1.8	4.5	4.9	69.0	58.8
Jiangsu Yanghe Bre	002304.SZ	36,722	Rmb	166.640	191.000	1	22.7	19.8	14.9	12.8	4.9	4.5	2.6	3.0	0.0	0.0
JNBY Design	3306.HK	615	HK\$	9.25	10.00	1	6.4	5.3	3.6	2.9	2.1	1.8	11.3	13.6	7.4	6.4
Jonjee Hi-Tech	600872.SS	4,175	Rmb	36.350	26.100	3	42.3	42.2	29.4	28.5	5.5	4.9	0.7	0.7	0.0	0.0
Juewei Food	603517.SS	5,137	Rmb	57.720	33.000	3	40.1	29.9	22.7	17.5	5.5	4.9	0.9	1.2	9.5	8.5
Kweichow Moutai	600519.SS	331,343	Rmb	1,803.770	2,272.000	1	31.7	27.0	20.2	16.9	8.7	7.4	1.6	1.9	7.3	6.1
L'Occitane	0973.HK	4,549	HK\$	24.15	30.40	1	15.3	13.4	8.4	7.4	2.7	2.4	2.6	3.0	41.5	36.6
Li Ning	2331.HK	24,293	HK\$	72.00	90.60	1	32.6	26.4	20.3	16.0	5.4	4.7	1.2	1.5	0.0	0.0
Luk Fook Hldgs Int'l	0590.HK	2,046	HK\$	27.20	27.60	1	9.2	8.0	5.6	4.5	1.1	1.0	4.7	5.1	13.7	12.2
Luzhou Laojiao	000568.SZ	50,488	Rmb	234.570	262.000	1	28.6	24.4	20.2	17.1	9.4	8.1	2.1	2.5	10.8	9.4
Mengniu Dairy	2319.HK	18,924	HK\$	37.35	51.15	1	20.0	17.2	13.4	11.2	2.9	2.6	1.5	1.7	36.8	24.0
Nike Inc	NKE.N	193,092	US\$	124.53	115.00	2	34.8	28.1	26.4	22.3	15.0	14.7	1.1	1.3	73.6	73.9
Nongfu Spring	9633.HK	63,246	HK\$	43.90	56.50	1	47.7	40.2	29.9	25.5	24.7	23.3	1.9	2.2	13.7	12.9
Proya	603605.SS	7,007	Rmb	169.000	205.700	1	47.4	36.3	33.0	25.5	11.6	9.5	0.6	0.8	25.0	22.1
RLX Technology	RLX.N	3,947	US\$	2.55	2.60	1H	28.4	21.9	27.8	22.8	1.5	1.4	NA	NA	0.0	0.0
Sa Sa Int'l	0178.HK	759	HK\$	1.91	0.92	3	NA	32.1	43.3	16.2	6.7	5.5	NA	NA	0.0	0.0
Shanghai Jahwa	600315.SS	3,092	Rmb	31.150	34.000	1	25.9	22.3	20.5	17.1	2.7	2.5	1.2	1.3	11.7	10.8
Shanghai Jinjiang Int'l	600754.SS	7,875	Rmb	56.530	69.000	1	33.4	25.4	18.8	14.4	3.3	3.0	1.5	2.0	69.4	61.3
Shangri-La	0069.HK	3,050	HK\$	6.64	7.20	1	43.3	13.7	7.4	4.7	0.5	0.5	NA	1.2	93.7	90.3
Shanxi Xinghuacun	600809.SS	51,294	Rmb	287.500	299.000	1	36.1	29.1	25.7	20.5	13.4	10.4	1.1	1.4	0.0	0.0
Fen Wine																
Songcheng Perf	300144.SZ	5,491	Rmb	14.360	14.000	1	36.5	28.5	24.1	18.9	4.3	3.9	0.4	0.6	3.0	2.7

Sun Art	6808.HK	3,519 HK\$	2.88	3.06	1	24.3	15.8	1.8	1.0	1.0	0.9	1.6	2.5	0.0	0.0
Suning.Com	002024.SZ	2,995 Rmb	2.200	3.310	1	-5.9	62.0	36.0	6.8	0.9	0.9	NA	NA	244.8	229.8
Tingyi	0322.HK	9,729 HK\$	13.48	11.76	2	21.5	18.2	8.0	7.1	4.3	4.2	4.6	5.5	61.8	58.3
Topsports Intern	6110.HK	5,910 HK\$	7.44	9.35	1	17.8	15.1	6.3	5.7	3.8	3.8	5.6	6.6	0.0	0.0
Tsingtao Brewery	0168.HK	13,806 HK\$	79.00	84.50	1	26.4	23.1	15.0	12.8	3.5	3.2	1.5	1.7	1.0	1.0
Uni-President China	0220.HK	4,399 HK\$	7.95	8.79	1	19.1	16.1	7.8	6.9	2.2	2.2	5.2	6.2	0.0	0.0
UTour Group	002707.SZ	1,367 Rmb	9.510	5.000	3	NA	NA	75.3	38.6	NA	80.4	NA	NA	NA	NA
Vinda Int'l Hlgs	3331.HK	3,900 HK\$	25.30	27.50	1	23.0	15.4	10.6	7.9	2.1	1.9	1.7	2.6	27.5	25.4
Want Want China	0151.HK	8,068 HK\$	5.30	8.10	1	12.0	10.7	6.2	5.4	3.1	3.0	7.1	7.9	38.6	37.1
WH Group	0288.HK	7,741 HK\$	4.71	7.12	1	6.0	5.5	4.2	3.7	0.8	0.7	5.0	5.5	32.8	28.1
Wuliangye	000858.SZ	108,107 Rmb	190.460	234.100	1	24.4	21.9	15.7	13.8	5.7	5.0	2.0	2.3	0.3	0.1
Yihai International	1579.HK	3,990 HK\$	29.75	16.40	3	31.4	27.8	18.8	16.5	5.3	4.6	1.0	1.1	0.0	0.0
Youran Dairy	9858.HK	1,055 HK\$	2.17	2.90	1	6.1	5.0	6.3	5.9	0.5	0.5	NA	NA	126.7	130.7
Yum China Hldg	9987.HK	23,434 HK\$	437.20	446.20	1	29.4	24.7	11.2	9.2	3.0	2.7	1.0	1.1	0.0	0.0
Yum China Hldgs	YUMC.N	24,277 US\$	58.02	57.20	1	30.5	25.6	11.7	9.6	3.1	2.8	1.0	1.1	0.0	0.0
Zhou Hei Ya Int'l	1458.HK	1,667 HK\$	5.46	6.10	1	28.7	20.6	13.1	10.6	2.6	2.5	2.4	3.4	33.8	32.6

Source: Citi Research, and dataCentral. Financials and ratios are calendar year basis.

601888.SS: Fiscal year end 31-Dec					Price: Rmb224.670; TP: Rmb268.000; Market Cap: Rmb438,663m; Recomm: Buy						
Profit & Loss (Rmbm)	2020	2021	2022E	2023E	2024E	Valuation ratios	2020	2021	2022E	2023E	2024E
Sales revenue	52,597	67,676	56,149	93,660	123,338	PE (x)	71.4	45.4	63.1	34.9	26.9
Cost of sales	-32,304	-46,722	-39,479	-60,739	-78,518	PB (x)	19.7	14.8	9.6	8.1	6.7
Gross profit	20,293	20,954	16,669	32,922	44,820	EV/EBITDA (x)	41.3	27.8	37.4	20.8	16.2
Gross Margin (%)	38.6	31.0	29.7	35.2	36.3	FCF yield (%)	1.6	1.2	0.0	2.6	3.3
<b>EBITDA (Adj)</b>	<b>10,325</b>	<b>15,323</b>	<b>11,246</b>	<b>19,946</b>	<b>25,294</b>	Dividend yield (%)	0.4	0.7	0.5	0.9	1.1
EBITDA Margin (Adj) (%)	19.6	22.6	20.0	21.3	20.5	Payout ratio (%)	32	30	29	30	30
Depreciation	-207	-192	-244	-289	-316	ROE (%)	29.0	37.2	18.4	25.1	27.2
Amortisation	-309	-288	-290	-316	-335	<b>Cashflow (Rmbm)</b>	<b>2020</b>	<b>2021</b>	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>
<b>EBIT (Adj)</b>	<b>9,809</b>	<b>14,843</b>	<b>10,712</b>	<b>19,341</b>	<b>24,642</b>	EBITDA	10,325	15,323	11,246	19,946	25,294
EBIT Margin (Adj) (%)	18.6	21.9	19.1	20.7	20.0	Working capital	200	-6,494	-8,594	-4,827	-5,982
Net interest	232	5	25	158	253	Other	-2,323	-1,542	-2,133	-2,817	-3,845
Associates	15	162	190	200	210	<b>Operating cashflow</b>	<b>8,202</b>	<b>7,287</b>	<b>519</b>	<b>12,301</b>	<b>15,466</b>
Non-Op/Except/Other Adj	-385	-209	-840	-250	-270	Capex	-1,234	-2,155	-362	-296	-302
<b>Pre-tax profit</b>	<b>9,672</b>	<b>14,801</b>	<b>10,086</b>	<b>19,448</b>	<b>24,835</b>	Net acq/disposals	-2,065	-125	0	0	0
Tax	-2,335	-2,437	-1,664	-2,917	-3,725	Other	-515	-38	23	241	347
Extraord./Min.Int./Pref.div.	-1,197	-2,711	-1,263	-3,224	-3,802	<b>Investing cashflow</b>	<b>-3,814</b>	<b>-2,318</b>	<b>-340</b>	<b>-55</b>	<b>45</b>
<b>Reported net profit</b>	<b>6,140</b>	<b>9,654</b>	<b>7,159</b>	<b>13,308</b>	<b>17,308</b>	Dividends paid	-1,658	-3,431	-4,882	-5,649	-7,152
Net Margin (%)	11.7	14.3	12.7	14.2	14.0	<b>Financing cashflow</b>	<b>-1,383</b>	<b>-3,817</b>	<b>8,689</b>	<b>-5,877</b>	<b>-7,380</b>
Core NPAT	6,140	9,654	7,159	13,308	17,308	Net change in cash	2,675	956	8,869	6,369	8,131
<b>Per share data</b>	<b>2020</b>	<b>2021</b>	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>	<b>Free cashflow to s/holders</b>	<b>6,969</b>	<b>5,132</b>	<b>157</b>	<b>12,005</b>	<b>15,165</b>
Reported EPS (Rmb)	3.145	4.944	3.560	6.432	8.366						
Core EPS (Rmb)	3.145	4.944	3.560	6.432	8.366						
DPS (Rmb)	1.000	1.500	1.050	1.951	2.538						
CFPS (Rmb)	4.201	3.732	0.258	5.946	7.476						
FCFPS (Rmb)	3.569	2.628	0.078	5.803	7.330						
BVPS (Rmb)	11.425	15.170	23.397	27.878	33.706						
Wtd avg ord shares (m)	1,952	1,952	2,011	2,069	2,069						
Wtd avg diluted shares (m)	1,952	1,952	2,011	2,069	2,069						
<b>Growth rates</b>	<b>2020</b>	<b>2021</b>	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>						
Sales revenue (%)	8.2	28.7	-17.0	66.8	31.7						
EBIT (Adj) (%)	44.9	51.3	-27.8	80.6	27.4						
Core NPAT (%)	32.6	57.2	-25.8	85.9	30.1						
Core EPS (%)	32.6	57.2	-28.0	80.7	30.1						
<b>Balance Sheet (Rmbm)</b>	<b>2020</b>	<b>2021</b>	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>						
Cash & cash equiv.	14,706	16,856	25,725	32,094	40,226						
Accounts receivables	129	106	108	128	169						
Inventory	14,733	19,725	27,194	31,548	37,371						
Net fixed & other tangibles	5,605	7,238	7,448	7,583	7,862						
Goodwill & intangibles	3,271	7,506	7,546	7,548	7,563						
Financial & other assets	3,475	4,043	4,327	4,504	4,774						
<b>Total assets</b>	<b>41,919</b>	<b>55,474</b>	<b>72,348</b>	<b>83,406</b>	<b>97,964</b>						
Accounts payable	4,327	5,880	5,424	5,600	6,200						
Short-term debt	417	411	411	411	411						
Long-term debt	0	0	0	0	0						
Provisions & other liab	10,996	14,391	12,303	12,303	12,303						
<b>Total liabilities</b>	<b>15,741</b>	<b>20,682</b>	<b>18,138</b>	<b>18,314</b>	<b>18,914</b>						
Shareholders' equity	22,308	29,619	48,406	57,676	69,733						
Minority interests	3,871	5,173	5,804	7,416	9,317						
<b>Total equity</b>	<b>26,179</b>	<b>34,791</b>	<b>54,210</b>	<b>65,092</b>	<b>79,050</b>						
<b>Net debt (Adj)</b>	<b>-14,289</b>	<b>-16,445</b>	<b>-25,314</b>	<b>-31,683</b>	<b>-39,814</b>						
Net debt to equity (Adj) (%)	-54.6	-47.3	-46.7	-48.7	-50.4						

For definitions of the items in this table, please click [here](#).

1929.HK: Fiscal year end 31-Mar					Price: HK\$17.38; TP: HK\$19.50; Market Cap: HK\$173,800m; Recomm: Buy						
Profit & Loss (HK\$m)	2021	2022	2023E	2024E	2025E	Valuation ratios	2021	2022	2023E	2024E	2025E
Sales revenue	70,164	98,938	100,410	122,814	139,901	PE (x)	29.0	24.3	27.1	20.4	17.1
Cost of sales	-50,089	-76,598	-77,964	-95,179	-108,297	PB (x)	5.6	5.2	5.1	4.6	4.2
Gross profit	20,075	22,340	22,446	27,636	31,604	EV/EBITDA (x)	18.8	16.4	17.9	13.4	11.1
Gross Margin (%)	28.6	22.6	22.4	22.5	22.6	FCF yield (%)	4.8	6.8	3.9	4.1	5.2
<b>EBITDA (Adj)</b>	<b>9,720</b>	<b>11,026</b>	<b>10,160</b>	<b>13,476</b>	<b>16,021</b>	Dividend yield (%)	2.3	2.9	2.6	3.4	4.1
EBITDA Margin (Adj) (%)	13.9	11.1	10.1	11.0	11.5	Payout ratio (%)	67	70	70	70	70
Depreciation	-1,091	-1,024	-1,200	-1,442	-1,717	ROE (%)	21.1	20.9	18.0	23.7	25.7
Amortisation	0	0	0	0	0	<b>Cashflow (HK\$m)</b>	<b>2021</b>	<b>2022</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>
<b>EBIT (Adj)</b>	<b>8,630</b>	<b>10,002</b>	<b>8,960</b>	<b>12,034</b>	<b>14,304</b>	EBITDA	9,694	10,199	9,497	13,077	15,546
EBIT Margin (Adj) (%)	12.3	10.1	8.9	9.8	10.2	Working capital	348	4,104	1,625	75	428
Net interest	-213	-198	0	-27	5	Other	-831	-1,018	-1,676	-2,903	-3,460
Associates	5	6	6	6	6	<b>Operating cashflow</b>	<b>9,211</b>	<b>13,286</b>	<b>9,446</b>	<b>10,248</b>	<b>12,513</b>
Non-Op/Except/Other Adj	-27	-827	-664	-399	-475	Capex	-839	-1,531	-2,695	-3,068	-3,465
<b>Pre-tax profit</b>	<b>8,395</b>	<b>8,983</b>	<b>8,302</b>	<b>11,614</b>	<b>13,840</b>	Net acq/disposals	58	1	0	0	0
Tax	-2,219	-2,103	-2,076	-2,903	-3,460	Other	89	72	269	304	381
Extraord./Min.Int./Pref.div.	-150	-168	-125	-174	-208	<b>Investing cashflow</b>	<b>-693</b>	<b>-1,458</b>	<b>-2,426</b>	<b>-2,763</b>	<b>-3,084</b>
<b>Reported net profit</b>	<b>6,026</b>	<b>6,712</b>	<b>6,102</b>	<b>8,536</b>	<b>10,172</b>	Dividends paid	-2,853	-4,689	-5,811	-5,139	-6,472
Net Margin (%)	8.6	6.8	6.1	7.0	7.3	<b>Financing cashflow</b>	<b>-10,054</b>	<b>-2,812</b>	<b>-5,098</b>	<b>-3,308</b>	<b>-4,826</b>
Core NPAT	6,002	7,164	6,402	8,536	10,172	Net change in cash	-1,318	9,239	1,922	4,178	4,603
<b>Per share data</b>	<b>2021</b>	<b>2022</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>	<b>Free cashflow to s/holders</b>	<b>8,372</b>	<b>11,755</b>	<b>6,751</b>	<b>7,181</b>	<b>9,049</b>
Reported EPS (\$)	0.60	0.67	0.61	0.85	1.02						
Core EPS (\$)	0.60	0.72	0.64	0.85	1.02						
DPS (\$)	0.40	0.50	0.45	0.60	0.71						
CFPS (\$)	0.92	1.33	0.94	1.02	1.25						
FCFPS (\$)	0.84	1.18	0.68	0.72	0.90						
BVPS (\$)	3.08	3.36	3.43	3.77	4.14						
Wtd avg ord shares (m)	10,000	10,000	10,000	10,000	10,000						
Wtd avg diluted shares (m)	10,000	10,000	10,000	10,000	10,000						
<b>Growth rates</b>	<b>2021</b>	<b>2022</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>						
Sales revenue (%)	23.6	41.0	1.5	22.3	13.9						
EBIT (Adj) (%)	51.7	15.9	-10.4	34.3	18.9						
Core NPAT (%)	65.5	19.4	-10.6	33.3	19.2						
Core EPS (%)	65.5	19.4	-10.6	33.3	19.2						
<b>Balance Sheet (HK\$m)</b>	<b>2021</b>	<b>2022</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>						
Cash & cash equiv.	6,032	14,942	16,913	21,140	25,792						
Accounts receivables	6,180	5,914	5,968	7,231	8,258						
Inventory	43,011	57,254	58,181	63,140	67,296						
Net fixed & other tangibles	6,612	7,217	8,711	10,337	12,085						
Goodwill & intangibles	158	109	60	11	-38						
Financial & other assets	2,292	2,272	2,277	2,283	2,289						
<b>Total assets</b>	<b>64,286</b>	<b>87,707</b>	<b>92,110</b>	<b>104,142</b>	<b>115,682</b>						
Accounts payable	17,240	25,166	27,771	34,069	39,679						
Short-term debt	10,344	22,996	23,978	26,140	28,162						
Long-term debt	1,799	1,789	1,789	1,789	1,789						
Provisions & other liab	3,287	3,152	3,152	3,152	3,152						
<b>Total liabilities</b>	<b>32,670</b>	<b>53,103</b>	<b>56,690</b>	<b>65,149</b>	<b>72,781</b>						
Shareholders' equity	30,767	33,619	34,311	37,708	41,409						
Minority interests	801	935	1,060	1,234	1,442						
<b>Total equity</b>	<b>31,568</b>	<b>34,555</b>	<b>35,371</b>	<b>38,942</b>	<b>42,851</b>						
<b>Net debt (Adj)</b>	<b>6,111</b>	<b>9,843</b>	<b>8,854</b>	<b>6,789</b>	<b>4,158</b>						
Net debt to equity (Adj) (%)	19.4	28.5	25.0	17.4	9.7						

For definitions of the items in this table, please click [here](#).

6862.HK: Fiscal year end 31-Dec					Price: HK\$23.05; TP: HK\$27.30; Market Cap: HK\$128,481m; Recomm: Buy						
Profit & Loss (Rmbm)	2020	2021	2022E	2023E	2024E	Valuation ratios	2020	2021	2022E	2023E	2024E
Sales revenue	28,614	41,112	40,625	45,059	50,486	PE (x)	na	-25.8	na	44.6	33.8
Cost of sales	-12,261	-17,977	-17,543	-19,365	-21,697	PB (x)	10.5	13.8	13.0	10.2	8.2
Gross profit	16,353	23,135	23,082	25,695	28,789	EV/EBITDA (x)	35.6	34.7	29.3	17.4	13.5
Gross Margin (%)	57.1	56.3	56.8	57.0	57.0	FCF yield (%)	-2.9	-0.6	2.3	3.3	4.2
<b>EBITDA (Adj)</b>	<b>3,135</b>	<b>3,273</b>	<b>3,858</b>	<b>6,324</b>	<b>7,876</b>	Dividend yield (%)	0.1	na	0.1	0.4	0.6
EBITDA Margin (Adj) (%)	11.0	8.0	9.5	14.0	15.6	Payout ratio (%)	30	0	20	20	20
Depreciation	-2,118	-3,383	-2,845	-3,147	-3,681	ROE (%)	3.0	-45.9	6.1	25.1	26.3
Amortisation	-28	-28	-33	-25	-19	<b>Cashflow (Rmbm)</b>	<b>2020</b>	<b>2021</b>	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>
<b>EBIT (Adj)</b>	<b>989</b>	<b>-138</b>	<b>979</b>	<b>3,153</b>	<b>4,177</b>	EBITDA	3,135	3,273	3,858	6,324	7,876
EBIT Margin (Adj) (%)	3.5	-0.3	2.4	7.0	8.3	Working capital	-704	-328	483	47	-19
Net interest	-84	-212	-81	8	16	Other	490	851	309	-206	-593
Associates	75	81	92	120	132	<b>Operating cashflow</b>	<b>2,921</b>	<b>3,796</b>	<b>4,649</b>	<b>6,166</b>	<b>7,264</b>
Non-Op/Except/Other Adj	-245	-3,707	-310	0	0	Capex	-6,070	-4,430	-2,200	-2,640	-2,757
<b>Pre-tax profit</b>	<b>735</b>	<b>-3,976</b>	<b>680</b>	<b>3,280</b>	<b>4,325</b>	Net acq/disposals	1,719	-300	0	0	0
Tax	-426	-185	-180	-869	-1,146	Other	113	15	373	148	-451
Extraord./Min.Int./Pref.div.	0	-2	-4	-6	-8	<b>Investing cashflow</b>	<b>-4,238</b>	<b>-4,715</b>	<b>-1,827</b>	<b>-2,492</b>	<b>-3,208</b>
<b>Reported net profit</b>	<b>309</b>	<b>-4,163</b>	<b>496</b>	<b>2,405</b>	<b>3,171</b>	Dividends paid	-703	-93	0	-99	-481
Net Margin (%)	1.1	-10.1	1.2	5.3	6.3	<b>Financing cashflow</b>	<b>2,340</b>	<b>4,311</b>	<b>-5,628</b>	<b>-2,739</b>	<b>-14</b>
Core NPAT	309	-4,163	496	2,405	3,171	Net change in cash	914	3,312	-2,805	934	4,042
<b>Per share data</b>	<b>2020</b>	<b>2021</b>	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>	<b>Free cashflow to s/holders</b>	<b>-3,148</b>	<b>-633</b>	<b>2,449</b>	<b>3,526</b>	<b>4,507</b>
Reported EPS (Rmb)	0.058	-0.784	0.093	0.453	0.597						
Core EPS (Rmb)	0.058	-0.784	0.093	0.453	0.597						
DPS (Rmb)	0.018	0	0.018	0.089	0.117						
CFPS (Rmb)	0.551	0.715	0.875	1.161	1.367						
FCFPS (Rmb)	-0.594	-0.119	0.461	0.664	0.848						
BVPS (Rmb)	1.931	1.462	1.553	1.979	2.476						
Wtd avg ord shares (m)	5,300	5,312	5,312	5,312	5,312						
Wtd avg diluted shares (m)	5,300	5,312	5,312	5,312	5,312						
<b>Growth rates</b>	<b>2020</b>	<b>2021</b>	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>						
Sales revenue (%)	7.8	43.7	-1.2	10.9	12.0						
EBIT (Adj) (%)	-66.6	-113.9	811.0	221.9	32.5						
Core NPAT (%)	-86.8	na	111.9	385.1	31.8						
Core EPS (%)	-86.8	na	111.9	385.1	31.8						
<b>Balance Sheet (Rmbm)</b>	<b>2020</b>	<b>2021</b>	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>						
Cash & cash equiv.	2,939	5,827	3,022	3,956	7,998						
Accounts receivables	275	368	189	428	263						
Inventory	1,154	1,456	1,139	1,726	1,484						
Net fixed & other tangibles	20,334	16,028	14,187	12,886	11,887						
Goodwill & intangibles	154	217	184	159	141						
Financial & other assets	2,671	4,126	3,458	3,568	3,689						
<b>Total assets</b>	<b>27,527</b>	<b>28,021</b>	<b>22,179</b>	<b>22,724</b>	<b>25,463</b>						
Accounts payable	1,583	1,944	1,420	2,294	1,867						
Short-term debt	3,744	3,631	2,500	0	0						
Long-term debt	330	4,057	0	0	0						
Provisions & other liab	11,633	10,461	9,830	9,690	10,157						
<b>Total liabilities</b>	<b>17,290</b>	<b>20,093</b>	<b>13,750</b>	<b>11,983</b>	<b>12,024</b>						
Shareholders' equity	10,234	7,915	8,410	10,716	13,406						
Minority interests	3	14	18	24	32						
<b>Total equity</b>	<b>10,237</b>	<b>7,929</b>	<b>8,428</b>	<b>10,740</b>	<b>13,438</b>						
<b>Net debt (Adj)</b>	<b>1,136</b>	<b>1,861</b>	<b>-522</b>	<b>-3,956</b>	<b>-7,998</b>						
Net debt to equity (Adj) (%)	11.1	23.5	-6.2	-36.8	-59.5						

For definitions of the items in this table, please click [here](#).

2331.HK: Fiscal year end 31-Dec						Price: HK\$72.00; TP: HK\$90.60; Market Cap: HK\$189,642m; Recomm: Buy					
Profit & Loss (Rmbm)	2020	2021	2022E	2023E	2024E	Valuation ratios	2020	2021	2022E	2023E	2024E
Sales revenue	14,457	22,572	25,631	29,384	33,919	PE (x)	93.3	39.9	40.1	32.6	26.4
Cost of sales	-7,363	-10,603	-12,482	-13,957	-15,874	PB (x)	15.8	6.9	6.2	5.4	4.7
Gross profit	7,094	11,969	13,149	15,426	18,045	EV/EBITDA (x)	57.4	26.6	25.3	20.3	16.0
Gross Margin (%)	49.1	53.0	51.3	52.5	53.2	FCF yield (%)	1.1	2.6	2.0	3.1	3.9
<b>EBITDA (Adj)</b>	<b>2,776</b>	<b>5,769</b>	<b>5,802</b>	<b>7,114</b>	<b>8,769</b>	Dividend yield (%)	0.3	0.8	1.0	1.2	1.5
EBITDA Margin (Adj) (%)	19.2	25.6	22.6	24.2	25.9	Payout ratio (%)	30	30	40	40	40
Depreciation	-538	-591	-761	-778	-891	ROE (%)	21.5	26.9	18.5	20.2	21.8
Amortisation	-42	-41	-57	-60	-64	<b>Cashflow (Rmbm)</b>	<b>2020</b>	<b>2021</b>	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>
<b>EBIT (Adj)</b>	<b>2,196</b>	<b>5,136</b>	<b>4,983</b>	<b>6,276</b>	<b>7,814</b>	EBITDA	2,776	5,769	5,802	7,114	8,769
EBIT Margin (Adj) (%)	15.2	22.8	19.4	21.4	23.0	Working capital	142	826	-744	247	338
Net interest	-32	33	315	263	326	Other	-586	-534	-1,094	-1,450	-1,847
Associates	83	159	184	189	192	<b>Operating cashflow</b>	<b>2,332</b>	<b>6,060</b>	<b>3,964</b>	<b>5,911</b>	<b>7,259</b>
Non-Op/Except/Other Adj	0	0	0	0	0	Capex	-594	-1,898	-674	-728	-786
<b>Pre-tax profit</b>	<b>2,248</b>	<b>5,328</b>	<b>5,482</b>	<b>6,728</b>	<b>8,332</b>	Net acq/disposals	-20	-1,421	0	0	0
Tax	-549	-1,317	-1,371	-1,682	-2,083	Other	-344	-3,212	158	273	332
Extraord./Min.Int./Pref.div.	0	0	0	0	0	<b>Investing cashflow</b>	<b>-957</b>	<b>-6,531</b>	<b>-516</b>	<b>-455</b>	<b>-454</b>
<b>Reported net profit</b>	<b>1,698</b>	<b>4,011</b>	<b>4,112</b>	<b>5,046</b>	<b>6,249</b>	Dividends paid	-378	-515	-1,820	-1,785	-2,199
Net Margin (%)	11.7	17.8	16.0	17.2	18.4	<b>Financing cashflow</b>	<b>-513</b>	<b>7,596</b>	<b>-1,829</b>	<b>-1,795</b>	<b>-2,209</b>
Core NPAT	1,698	4,011	4,112	5,046	6,249	Net change in cash	828	7,100	1,619	3,661	4,597
<b>Per share data</b>	<b>2020</b>	<b>2021</b>	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>	<b>Free cashflow to s/holders</b>	<b>1,738</b>	<b>4,162</b>	<b>3,290</b>	<b>5,183</b>	<b>6,473</b>
Reported EPS (Rmb)	0.676	1.580	1.575	1.933	2.393						
Core EPS (Rmb)	0.676	1.580	1.575	1.933	2.393						
DPS (Rmb)	0.203	0.474	0.630	0.773	0.957						
CFPS (Rmb)	0.928	2.387	1.518	2.264	2.780						
FCFPS (Rmb)	0.692	1.639	1.260	1.985	2.479						
BVPS (Rmb)	3.988	9.181	10.178	11.597	13.359						
Wtd avg ord shares (m)	2,178	2,238	2,298	2,298	2,298						
Wtd avg diluted shares (m)	2,512	2,539	2,611	2,611	2,611						
<b>Growth rates</b>	<b>2020</b>	<b>2021</b>	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>						
Sales revenue (%)	4.2	56.1	13.5	14.6	15.4						
EBIT (Adj) (%)	42.3	133.9	-3.0	25.9	24.5						
Core NPAT (%)	34.3	136.1	2.5	22.7	23.8						
Core EPS (%)	33.3	133.6	-0.3	22.7	23.8						
<b>Balance Sheet (Rmbm)</b>	<b>2020</b>	<b>2021</b>	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>						
Cash & cash equiv.	7,187	14,745	16,743	20,454	25,051						
Accounts receivables	659	903	903	1,108	1,294						
Inventory	1,346	1,773	1,847	2,065	2,348						
Net fixed & other tangibles	3,139	6,585	6,538	6,488	6,383						
Goodwill & intangibles	1,423	1,683	1,752	1,749	1,745						
Financial & other assets	840	4,587	4,308	4,327	4,350						
<b>Total assets</b>	<b>14,594</b>	<b>30,275</b>	<b>32,092</b>	<b>36,191</b>	<b>41,171</b>						
Accounts payable	1,227	1,599	1,573	1,835	2,131						
Short-term debt	0	0	0	0	0						
Long-term debt	0	0	0	0	0						
Provisions & other liab	4,677	7,571	7,123	7,699	8,334						
<b>Total liabilities</b>	<b>5,904</b>	<b>9,171</b>	<b>8,696</b>	<b>9,534</b>	<b>10,465</b>						
Shareholders' equity	8,687	21,102	23,393	26,654	30,704						
Minority interests	3	3	3	3	3						
<b>Total equity</b>	<b>8,689</b>	<b>21,104</b>	<b>23,396</b>	<b>26,657</b>	<b>30,707</b>						
<b>Net debt (Adj)</b>	<b>-7,187</b>	<b>-14,745</b>	<b>-16,743</b>	<b>-20,454</b>	<b>-25,051</b>						
Net debt to equity (Adj) (%)	-82.7	-69.9	-71.6	-76.7	-81.6						

For definitions of the items in this table, please click [here](#).

2319.HK: Fiscal year end 31-Dec						Price: HK\$37.35; TP: HK\$51.15; Market Cap: HK\$147,727m; Recomm: Buy					
Profit & Loss (Rmbm)	2020	2021	2022E	2023E	2024E	Valuation ratios	2020	2021	2022E	2023E	2024E
Sales revenue	76,035	88,141	94,366	105,887	118,235	PE (x)	36.5	25.7	24.2	20.0	17.2
Cost of sales	-47,406	-55,752	-60,175	-66,665	-73,914	PB (x)	3.9	3.5	3.3	2.9	2.6
Gross profit	28,629	32,390	34,191	39,222	44,320	EV/EBITDA (x)	23.3	16.5	16.0	13.4	11.2
Gross Margin (%)	37.7	36.7	36.2	37.0	37.5	FCF yield (%)	0.7	1.0	1.0	1.8	3.6
<b>EBITDA (Adj)</b>	<b>5,619</b>	<b>7,258</b>	<b>7,269</b>	<b>8,701</b>	<b>10,174</b>	Dividend yield (%)	0.8	1.2	1.2	1.5	1.7
EBITDA Margin (Adj) (%)	7.4	8.2	7.7	8.2	8.6	Payout ratio (%)	30	30	30	30	30
Depreciation	-2,137	-2,396	-2,203	-2,472	-2,761	ROE (%)	11.4	14.3	13.9	15.5	16.0
Amortisation	0	0	0	0	0	<b>Cashflow (Rmbm)</b>	<b>2020</b>	<b>2021</b>	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>
<b>EBIT (Adj)</b>	<b>3,482</b>	<b>4,862</b>	<b>5,066</b>	<b>6,229</b>	<b>7,413</b>	EBITDA	5,619	7,258	7,269	8,701	10,174
EBIT Margin (Adj) (%)	4.6	5.5	5.4	5.9	6.3	Working capital	1,089	-1,137	923	-138	-137
Net interest	812	284	-39	12	46	Other	-1,361	1,424	-866	-1,290	-1,355
Associates	426	693	790	947	1,063	<b>Operating cashflow</b>	<b>5,348</b>	<b>7,545</b>	<b>7,325</b>	<b>7,273</b>	<b>8,683</b>
Non-Op/Except/Other Adj	-566	29	740	800	800	Capex	-4,414	-6,220	-6,000	-5,000	-4,000
<b>Pre-tax profit</b>	<b>4,155</b>	<b>5,868</b>	<b>6,557</b>	<b>7,989</b>	<b>9,322</b>	Net acq/disposals	-1,209	-5,804	-1,927	0	0
Tax	-653	-905	-1,121	-1,383	-1,618	Other	10,445	-3,416	601	394	229
Extraord./Min.Int./Pref.div.	23	62	-104	-145	-206	<b>Investing cashflow</b>	<b>4,822</b>	<b>-15,440</b>	<b>-7,325</b>	<b>-4,606</b>	<b>-3,771</b>
<b>Reported net profit</b>	<b>3,525</b>	<b>5,026</b>	<b>5,332</b>	<b>6,462</b>	<b>7,498</b>	Dividends paid	-785	-1,077	-1,538	-1,663	-2,054
Net Margin (%)	4.6	5.7	5.7	6.1	6.3	<b>Financing cashflow</b>	<b>-4,571</b>	<b>6,773</b>	<b>-4,390</b>	<b>-3,663</b>	<b>-7,054</b>
Core NPAT	3,525	5,026	5,332	6,462	7,498	Net change in cash	5,771	-1,112	-4,390	-997	-2,141
<b>Per share data</b>	<b>2020</b>	<b>2021</b>	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>	<b>Free cashflow to s/holders</b>	<b>933</b>	<b>1,324</b>	<b>1,325</b>	<b>2,273</b>	<b>4,683</b>
Reported EPS (Rmb)	0.897	1.274	1.352	1.638	1.901						
Core EPS (Rmb)	0.897	1.274	1.352	1.638	1.901						
DPS (Rmb)	0.269	0.382	0.405	0.491	0.570						
CFPS (Rmb)	1.361	1.913	1.857	1.844	2.201						
FCFPS (Rmb)	0.238	0.336	0.336	0.576	1.187						
BVPS (Rmb)	8.394	9.459	9.941	11.174	12.584						
Wtd avg ord shares (m)	3,929	3,945	3,945	3,945	3,945						
Wtd avg diluted shares (m)	3,929	3,945	3,945	3,945	3,945						
<b>Growth rates</b>	<b>2020</b>	<b>2021</b>	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>						
Sales revenue (%)	-3.8	15.9	7.1	12.2	11.7						
EBIT (Adj) (%)	-19.9	39.6	4.2	23.0	19.0						
Core NPAT (%)	-8.8	42.6	6.1	21.2	16.0						
Core EPS (%)	-9.2	42.0	6.1	21.2	16.0						
<b>Balance Sheet (Rmbm)</b>	<b>2020</b>	<b>2021</b>	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>						
Cash & cash equiv.	11,647	11,420	7,030	6,033	3,892						
Accounts receivables	2,988	4,160	3,333	3,739	4,174						
Inventory	5,512	6,485	5,886	6,539	7,266						
Net fixed & other tangibles	16,553	21,527	25,675	28,677	30,446						
Goodwill & intangibles	15,209	15,462	15,749	15,749	15,749						
Financial & other assets	28,237	39,533	39,955	40,755	41,641						
<b>Total assets</b>	<b>80,146</b>	<b>98,588</b>	<b>97,628</b>	<b>101,492</b>	<b>103,168</b>						
Accounts payable	7,969	8,804	8,300	9,221	10,247						
Short-term debt	4,924	4,265	5,200	5,200	5,200						
Long-term debt	14,020	18,786	15,000	13,000	8,000						
Provisions & other liab	15,985	24,246	24,670	24,670	24,670						
<b>Total liabilities</b>	<b>42,899</b>	<b>56,102</b>	<b>53,170</b>	<b>52,091</b>	<b>48,117</b>						
Shareholders' equity	32,983	37,312	39,212	44,076	49,637						
Minority interests	4,265	5,174	5,246	5,325	5,414						
<b>Total equity</b>	<b>37,248</b>	<b>42,486</b>	<b>44,458</b>	<b>49,400</b>	<b>55,051</b>						
<b>Net debt (Adj)</b>	<b>7,298</b>	<b>11,632</b>	<b>13,170</b>	<b>12,167</b>	<b>9,308</b>						
Net debt to equity (Adj) (%)	19.6	27.4	29.6	24.6	16.9						

For definitions of the items in this table, please click [here](#).

6110.HK: Fiscal year end 28-Feb					Price: HK\$7.44; TP: HK\$9.35; Market Cap: HK\$46,137m; Recomm: Buy						
Profit & Loss (Rmbm)	2021	2022	2023E	2024E	2025E	Valuation ratios	2021	2022	2023E	2024E	2025E
Sales revenue	36,009	31,877	27,148	30,721	34,092	PE (x)	14.6	16.5	20.3	17.4	14.8
Cost of sales	-21,328	-18,052	-14,561	-16,641	-18,467	PB (x)	4.2	3.8	3.8	3.8	3.8
Gross profit	14,681	13,824	12,587	14,080	15,625	EV/EBITDA (x)	6.1	6.7	6.9	6.2	5.6
Gross Margin (%)	40.8	43.4	46.4	45.8	45.8	FCF yield (%)	10.1	12.3	13.0	10.1	11.5
EBITDA (Adj)	6,621	5,958	5,512	6,051	6,734	Dividend yield (%)	9.8	6.6	4.9	5.8	6.8
EBITDA Margin (Adj) (%)	18.4	18.7	20.3	19.7	19.8	Payout ratio (%)	143	109	100	100	100
Depreciation	-2,604	-2,497	-2,666	-2,811	-2,893	ROE (%)	27.4	24.1	18.8	22.0	25.8
Amortisation	-29	-31	-47	-47	-47	<b>Cashflow (Rmbm)</b>	<b>2021</b>	<b>2022</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>
<b>EBIT (Adj)</b>	<b>3,989</b>	<b>3,430</b>	<b>2,799</b>	<b>3,193</b>	<b>3,793</b>	EBITDA	6,621	5,958	5,512	6,051	6,734
EBIT Margin (Adj) (%)	11.1	10.8	10.3	10.4	11.1	Working capital	-968	528	1,165	-397	-322
Net interest	-138	-104	-114	-49	-97	Other	-947	-797	-698	-817	-961
Associates	0	0	0	0	0	<b>Operating cashflow</b>	<b>4,706</b>	<b>5,690</b>	<b>5,979</b>	<b>4,837</b>	<b>5,451</b>
Non-Op/Except/Other Adj	0	0	0	0	0	Capex	-643	-716	-732	-766	-802
<b>Pre-tax profit</b>	<b>3,851</b>	<b>3,326</b>	<b>2,685</b>	<b>3,144</b>	<b>3,696</b>	Net acq/disposals	5	3	8	8	8
Tax	-1,081	-880	-698	-817	-961	Other	-859	42	105	194	165
Extraord./Min.Int./Pref.div.	0	0	0	0	0	<b>Investing cashflow</b>	<b>-1,497</b>	<b>-671</b>	<b>-619</b>	<b>-564</b>	<b>-629</b>
<b>Reported net profit</b>	<b>2,770</b>	<b>2,447</b>	<b>1,987</b>	<b>2,327</b>	<b>2,735</b>	Dividends paid	-5,294	-1,550	-1,987	-2,327	-2,735
Net Margin (%)	7.7	7.7	7.3	7.6	8.0	<b>Financing cashflow</b>	<b>-8,398</b>	<b>-4,494</b>	<b>-3,881</b>	<b>-4,750</b>	<b>-4,562</b>
Core NPAT	2,773	2,447	1,987	2,327	2,735	Net change in cash	-5,190	524	1,479	-478	261
<b>Per share data</b>	<b>2021</b>	<b>2022</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>	<b>Free cashflow to s/holders</b>	<b>4,063</b>	<b>4,973</b>	<b>5,247</b>	<b>4,071</b>	<b>4,649</b>
Reported EPS (Rmb)	0.447	0.395	0.320	0.375	0.441						
Core EPS (Rmb)	0.447	0.395	0.320	0.375	0.441						
DPS (Rmb)	0.640	0.430	0.320	0.375	0.441						
CFPS (Rmb)	0.759	0.917	0.964	0.780	0.879						
FCFPS (Rmb)	0.655	0.802	0.846	0.656	0.750						
BVPS (Rmb)	1.565	1.706	1.706	1.706	1.706						
Wtd avg ord shares (m)	6,201	6,201	6,201	6,201	6,201						
Wtd avg diluted shares (m)	6,201	6,201	6,201	6,201	6,201						
<b>Growth rates</b>	<b>2021</b>	<b>2022</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>						
Sales revenue (%)	6.9	-11.5	-14.8	13.2	11.0						
EBIT (Adj) (%)	18.3	-14.0	-18.4	14.1	18.8						
Core NPAT (%)	16.4	-11.8	-18.8	17.1	17.6						
Core EPS (%)	5.8	-11.8	-18.8	17.1	17.6						
<b>Balance Sheet (Rmbm)</b>	<b>2021</b>	<b>2022</b>	<b>2023E</b>	<b>2024E</b>	<b>2025E</b>						
Cash & cash equiv.	1,229	1,753	3,232	2,754	3,015						
Accounts receivables	2,177	1,107	1,413	1,599	1,775						
Inventory	6,211	6,686	4,987	5,243	5,464						
Net fixed & other tangibles	6,177	5,723	5,956	6,103	6,204						
Goodwill & intangibles	1,090	1,093	996	949	903						
Financial & other assets	823	1,435	1,400	1,400	1,400						
<b>Total assets</b>	<b>17,706</b>	<b>17,796</b>	<b>17,984</b>	<b>18,049</b>	<b>18,760</b>						
Accounts payable	445	927	638	684	759						
Short-term debt	1,337	518	0	0	0						
Long-term debt	0	0	0	0	0						
Provisions & other liab	6,218	5,770	6,764	6,784	7,420						
<b>Total liabilities</b>	<b>8,001</b>	<b>7,215</b>	<b>7,403</b>	<b>7,468</b>	<b>8,179</b>						
Shareholders' equity	9,706	10,582	10,582	10,582	10,582						
Minority interests	0	0	0	0	0						
<b>Total equity</b>	<b>9,706</b>	<b>10,582</b>	<b>10,582</b>	<b>10,582</b>	<b>10,582</b>						
<b>Net debt (Adj)</b>	<b>108</b>	<b>-1,234</b>	<b>-3,232</b>	<b>-2,754</b>	<b>-3,015</b>						
Net debt to equity (Adj) (%)	1.1	-11.7	-30.5	-26.0	-28.5						

For definitions of the items in this table, please click [here](#).

0291.HK: Fiscal year end 31-Dec					Price: HK\$57.45; TP: HK\$72.30; Market Cap: HK\$186,378m; Recomm: Buy						
Profit & Loss (Rmbm)	2020	2021	2022E	2023E	2024E	Valuation ratios	2020	2021	2022E	2023E	2024E
Sales revenue	31,448	33,387	36,023	38,884	42,053	PE (x)	61.5	45.6	37.9	30.8	24.7
Cost of sales	-19,373	-20,313	-21,759	-23,062	-24,395	PB (x)	7.7	6.7	6.0	5.4	4.8
Gross profit	12,075	13,074	14,264	15,822	17,658	EV/EBITDA (x)	28.7	24.8	21.4	17.5	14.2
Gross Margin (%)	38.4	39.2	39.6	40.7	42.0	FCF yield (%)	2.1	2.2	2.8	4.5	4.1
<b>EBITDA (Adj)</b>	<b>5,574</b>	<b>6,293</b>	<b>7,087</b>	<b>8,390</b>	<b>9,996</b>	Dividend yield (%)	0.5	1.1	1.1	1.3	1.6
EBITDA Margin (Adj) (%)	17.7	18.8	19.7	21.6	23.8	Payout ratio (%)	32	51	40	40	40
Depreciation	-1,746	-1,641	-1,621	-1,672	-1,724	ROE (%)	10.2	20.1	16.7	18.6	20.6
Amortisation	0	0	0	0	0	<b>Cashflow (Rmbm)</b>	<b>2020</b>	<b>2021</b>	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>
<b>EBIT (Adj)</b>	<b>3,828</b>	<b>4,652</b>	<b>5,466</b>	<b>6,718</b>	<b>8,272</b>	EBITDA	5,574	6,293	7,087	8,390	9,996
EBIT Margin (Adj) (%)	12.2	13.9	15.2	17.3	19.7	Working capital	185	-96	864	2,855	967
Net interest	-70	224	308	451	655	Other	-1,279	-1,202	-1,448	-1,857	-2,306
Associates	0	-21	5	10	20	<b>Operating cashflow</b>	<b>4,480</b>	<b>4,995</b>	<b>6,503</b>	<b>9,389</b>	<b>8,657</b>
Non-Op/Except/Other Adj	-749	1,360	0	0	0	Capex	-1,047	-1,471	-2,000	-2,000	-2,000
<b>Pre-tax profit</b>	<b>3,009</b>	<b>6,215</b>	<b>5,779</b>	<b>7,179</b>	<b>8,947</b>	Net acq/disposals	384	-1,019	-19	0	0
Tax	-915	-1,625	-1,474	-1,867	-2,326	Other	-407	-260	169	451	655
Extraord./Min.Int./Pref.div.	0	-3	-3	-3	-3	<b>Investing cashflow</b>	<b>-1,070</b>	<b>-2,750</b>	<b>-1,850</b>	<b>-1,549</b>	<b>-1,345</b>
<b>Reported net profit</b>	<b>2,094</b>	<b>4,587</b>	<b>4,302</b>	<b>5,309</b>	<b>6,617</b>	Dividends paid	-561	-1,284	-1,721	-2,124	-2,647
Net Margin (%)	6.7	13.7	11.9	13.7	15.7	<b>Financing cashflow</b>	<b>-1,197</b>	<b>-1,366</b>	<b>-1,701</b>	<b>-2,124</b>	<b>-2,647</b>
Core NPAT	2,656	3,583	4,302	5,309	6,617	Net change in cash	2,198	838	2,953	5,716	4,665
<b>Per share data</b>	<b>2020</b>	<b>2021</b>	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>	<b>Free cashflow to s/holders</b>	<b>3,433</b>	<b>3,524</b>	<b>4,503</b>	<b>7,389</b>	<b>6,657</b>
Reported EPS (Rmb)	0.645	1.414	1.326	1.637	2.040						
Core EPS (Rmb)	0.819	1.104	1.326	1.637	2.040						
DPS (Rmb)	0.259	0.566	0.530	0.655	0.816						
CFPS (Rmb)	1.381	1.540	2.005	2.894	2.668						
FCFPS (Rmb)	1.058	1.086	1.388	2.278	2.052						
BVPS (Rmb)	6.540	7.531	8.327	9.309	10.533						
Wtd avg ord shares (m)	3,244	3,244	3,244	3,244	3,244						
Wtd avg diluted shares (m)	3,244	3,244	3,244	3,244	3,244						
<b>Growth rates</b>	<b>2020</b>	<b>2021</b>	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>						
Sales revenue (%)	-5.2	6.2	7.9	7.9	8.2						
EBIT (Adj) (%)	8.5	21.5	17.5	22.9	23.1						
Core NPAT (%)	-6.4	34.9	20.1	23.4	24.6						
Core EPS (%)	-6.4	34.9	20.1	23.4	24.6						
<b>Balance Sheet (Rmbm)</b>	<b>2020</b>	<b>2021</b>	<b>2022E</b>	<b>2023E</b>	<b>2024E</b>						
Cash & cash equiv.	4,614	5,378	8,331	14,047	18,712						
Accounts receivables	2,378	3,436	2,961	1,065	1,152						
Inventory	6,014	6,458	6,617	6,950	7,218						
Net fixed & other tangibles	20,745	20,639	21,075	21,403	21,679						
Goodwill & intangibles	9,646	9,523	9,550	9,550	9,550						
Financial & other assets	378	5,619	5,750	5,750	5,750						
<b>Total assets</b>	<b>43,775</b>	<b>51,053</b>	<b>54,284</b>	<b>58,765</b>	<b>64,061</b>						
Accounts payable	19,327	21,007	21,580	22,873	24,194						
Short-term debt	0	0	0	0	0						
Long-term debt	0	0	0	0	0						
Provisions & other liab	3,174	5,557	5,630	5,630	5,630						
<b>Total liabilities</b>	<b>22,501</b>	<b>26,564</b>	<b>27,210</b>	<b>28,503</b>	<b>29,824</b>						
Shareholders' equity	21,217	24,432	27,013	30,199	34,169						
Minority interests	57	57	60	63	67						
<b>Total equity</b>	<b>21,274</b>	<b>24,489</b>	<b>27,074</b>	<b>30,263</b>	<b>34,236</b>						
<b>Net debt (Adj)</b>	<b>-4,614</b>	<b>-5,378</b>	<b>-8,331</b>	<b>-14,047</b>	<b>-18,712</b>						
Net debt to equity (Adj) (%)	-21.7	-22.0	-30.8	-46.4	-54.7						

For definitions of the items in this table, please click [here](#).

## Bull/Bear: China CYTS Tours Holding (600138.SS)

### Bull/Bear: China CYTS Tours Holding (600138.SS)

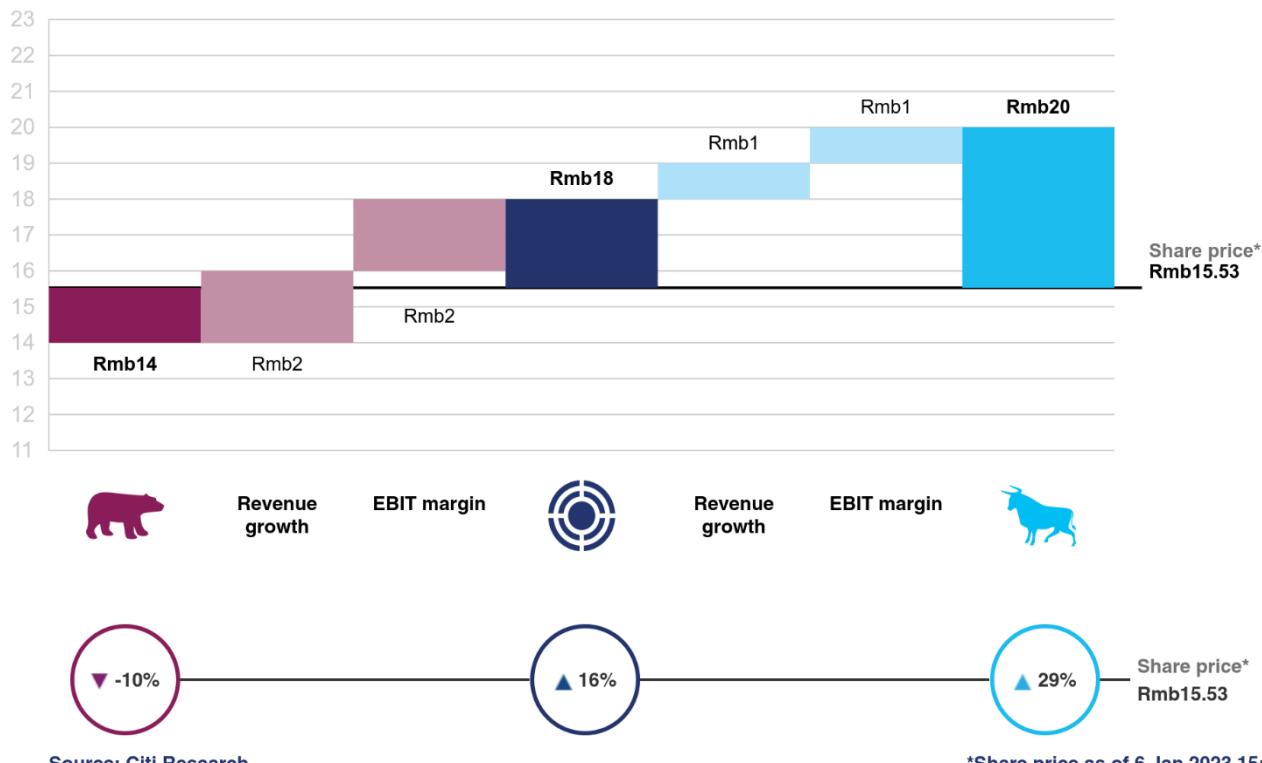


Rmb18 target price

16% expected share price return

Buy rating

39pp Bull/Bear Spread



Source: Citi Research



Rmb20

- Revenue increases 70% YoY in 23E
- EBIT margin arrives at 8.3% in 23E

Rmb20



Rmb18

- Revenue increases 53% YoY in 23E
- EBIT margin arrives at 7.6% in 23E

Rmb18



Rmb14

- Revenue increases 30% YoY in 23E
- EBIT margin arrives at 6.5% in 23E

Rmb14

## Bull/Bear: China Resources Beer (0291.HK)

### Bull/Bear: China Resources Beer (0291.HK)

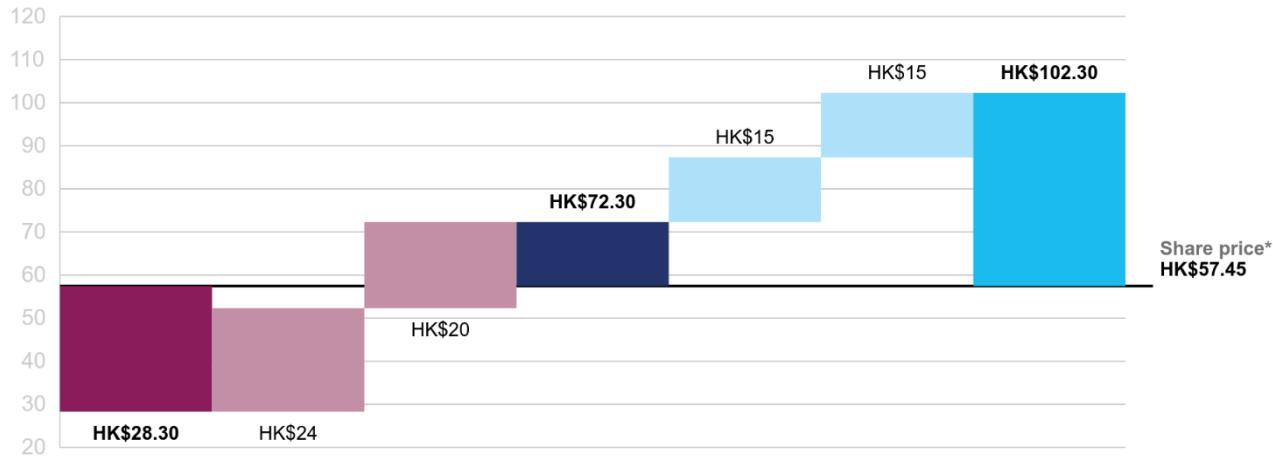


HK\$72.3 target price

26% expected share price return

Buy rating

129pp Bull/Bear Spread



Volume growth    ASP change



Volume growth    ASP change



Source: Citi Research



\*Share price as of 6 Jan 2023 16:10

Share price\*  
HK\$57.45



- Sales volume to grow 5% in 2021E
- ASP to increase by 11% in 2022E

HK\$102.3



- Sales volume to grow 1.5% YoY in 2022E
- ASP to increase by 6.3% in 2022E

HK\$72.3



- Sales volume to decline 4% YoY in 2022E
- ASP to increase by 3% in 2022E

HK\$28.3

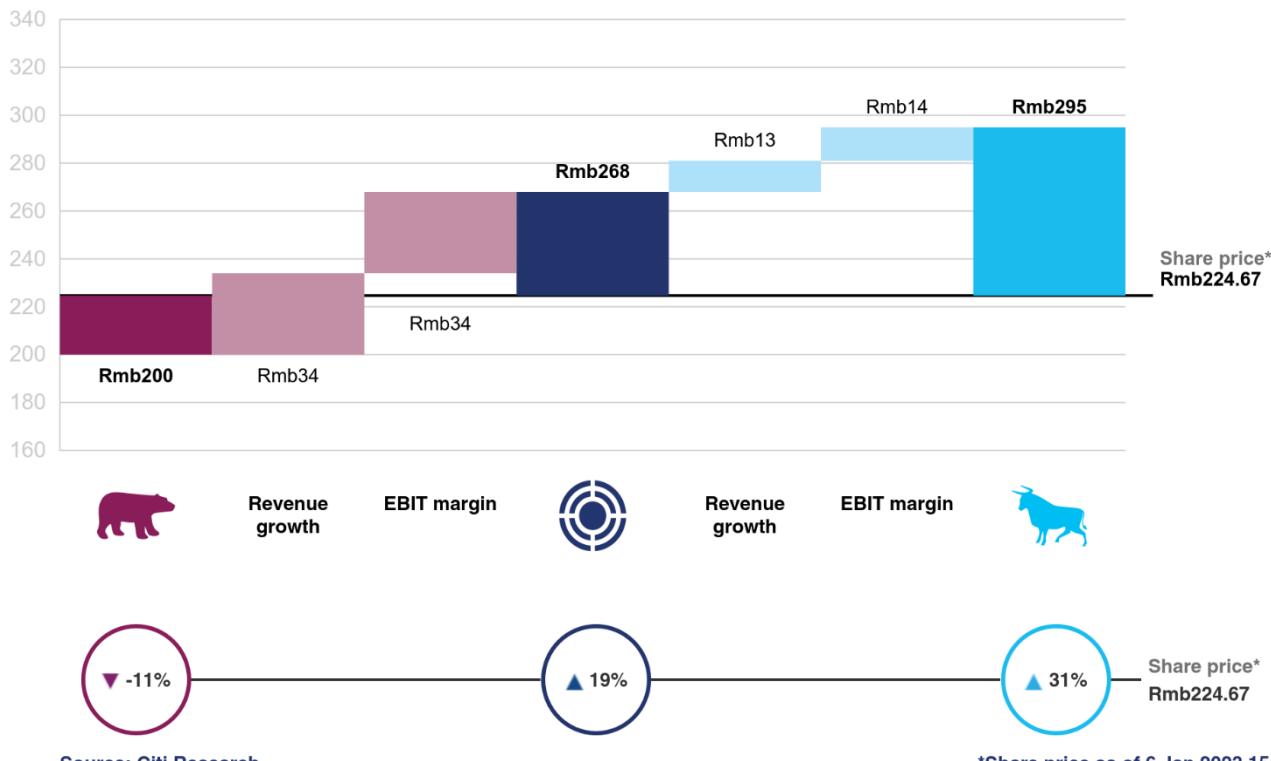
## Bull/Bear: China Tourism Group Duty Free Corp (601888.SS)

### Bull/Bear: China Tourism Group Duty Free Corp (601888.SS)



Rmb,268 target price  
19% expected share price return

Buy rating  
42pp Bull/Bear Spread



- Revenue increases 80% YoY in 23E
- EBIT margin arrives at 21.0% in 23E

Rmb295



- Revenue increases 67% YoY in 23E
- EBIT margin arrives at 20.7% in 23E

Rmb268



- Revenue increases 45% YoY in 23E
- EBIT margin arrives at 19.9% in 23E

Rmb200

## Bull/Bear: Chow Tai Fook Jewellery Group (1929.HK)

### Bull/Bear: Chow Tai Fook Jewellery Group (1929.HK)

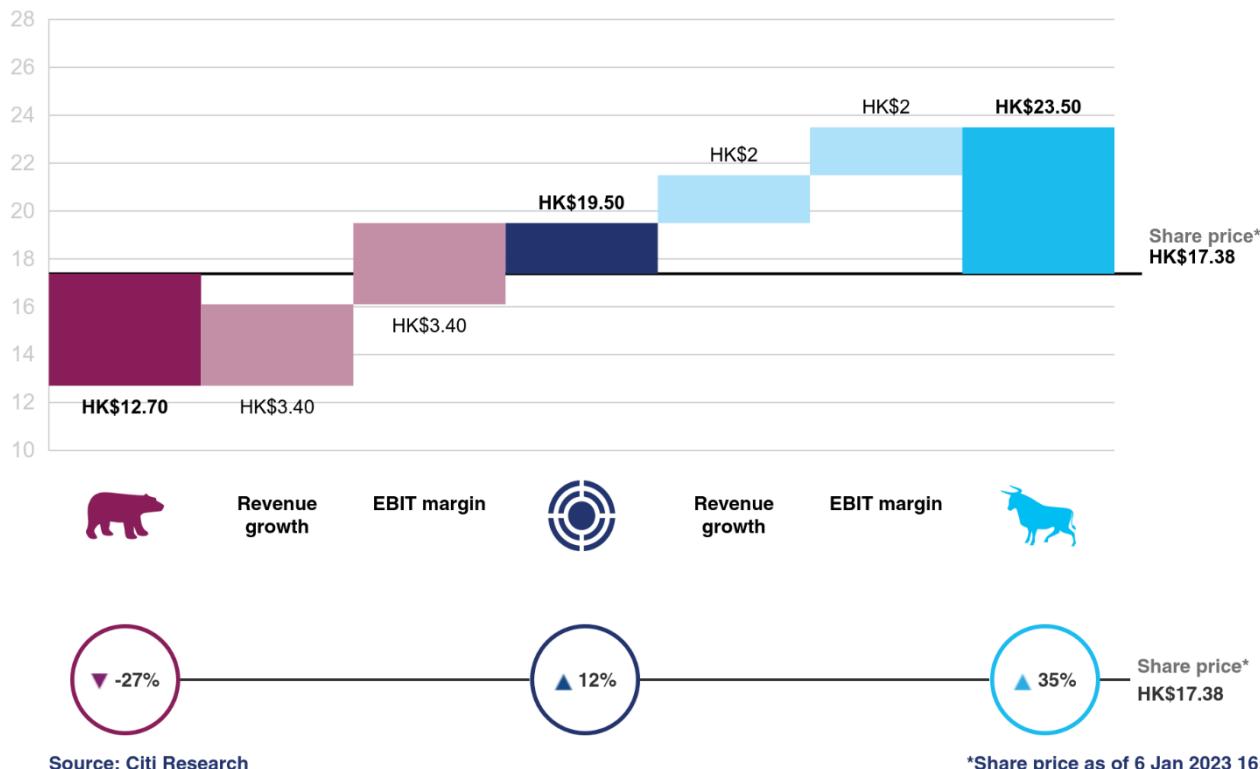


HK\$19.5 target price

12% expected share price return

Buy rating

62pp Bull/Bear Spread



- Revenue increases 5% YoY in FY23E
- EBIT margin arrives at 8.8% in FY23E

HK\$23.5



- Revenue increases 1.5% YoY in FY23E
- EBIT margin arrives at 8.5% in FY23E

HK\$19.5



- Revenue increases 0.1% YoY in FY23E
- EBIT margin arrives at 8.5% in FY23E

HK\$12.7

## Bull/Bear: Haidilao International Holding Ltd (6862.HK)

### Bull/Bear: Haidilao International Holding Ltd (6862.HK)

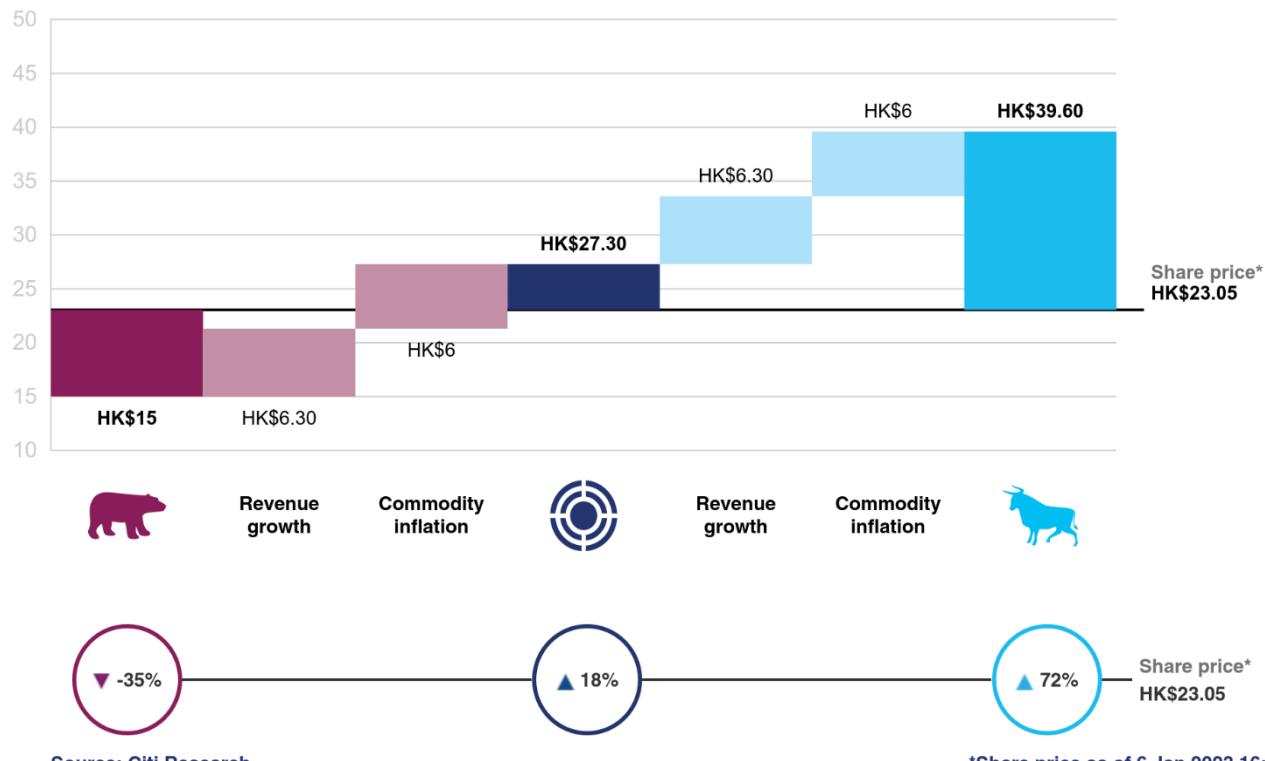


HK\$27.3 target price

18% expected share price return

Buy rating

107pp Bull/Bear Spread



- Revenue increases 16% in 2023E
- Commodity inflation of 2% in 2023E

HK\$39.6



- Revenue increases 11% in 2023E
- Commodity inflation of 4% in 2023E

HK\$27.3



- Revenue increases 6% in 2023E
- Commodity inflation of 6% in 2023E

HK\$15

## Bull/Bear: Li Ning (2331.HK)

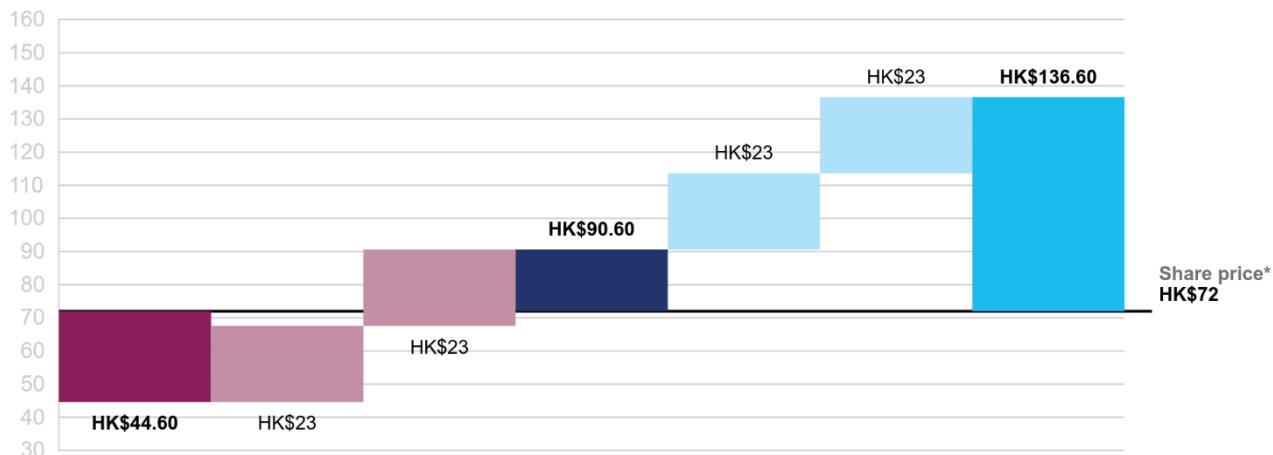
### Bull/Bear: Li Ning (2331.HK)

HK\$90.6 target price

26% expected share price return

Buy rating

128pp Bull/Bear Spread



Revenue growth

EBIT margin



Revenue growth

EBIT margin



Source: Citi Research

\*Share price as of 6 Jan 2023 16:10



- Revenue grows by 19% YoY in 2023E
- EBIT margin arrives at 22.4% in 2023E

HK\$136.6



- Revenue grows by 15% YoY in 2023E
- EBIT margin arrives at 21.4% in 2023E

HK\$90.6



- Revenue grows by 11% YoY in 2023E
- EBIT margin arrives at 20.4% in 2023E

HK\$44.6

## Bull/Bear: Mengniu (2319.HK)

### Bull/Bear: Mengniu (2319.HK)

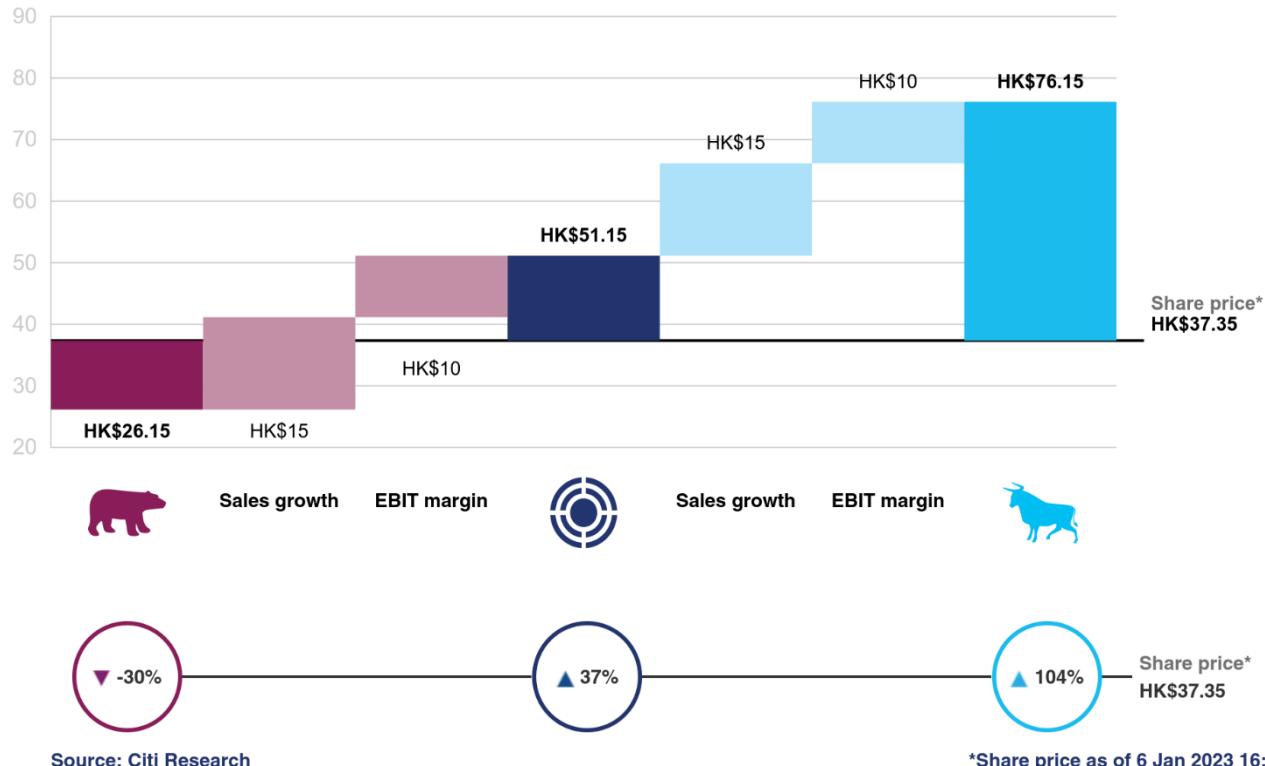


HK\$51.15 target price

37% expected share price return

Buy rating

134pp Bull/Bear Spread



- Revenue grows 14% in 23E
- EBIT margin arrives at 6.4% in 23E

HK\$76.15



- Revenue grows 12% in 23E
- EBIT margin arrives at 5.9% in 23E

HK\$51.15



- Revenue grows 10% in 23E
- EBIT margin arrives at 5.4% in 23E

HK\$26.15

## Bull/Bear: Topsports (6110.HK)

### Bull/Bear: Topsports (6110.HK)

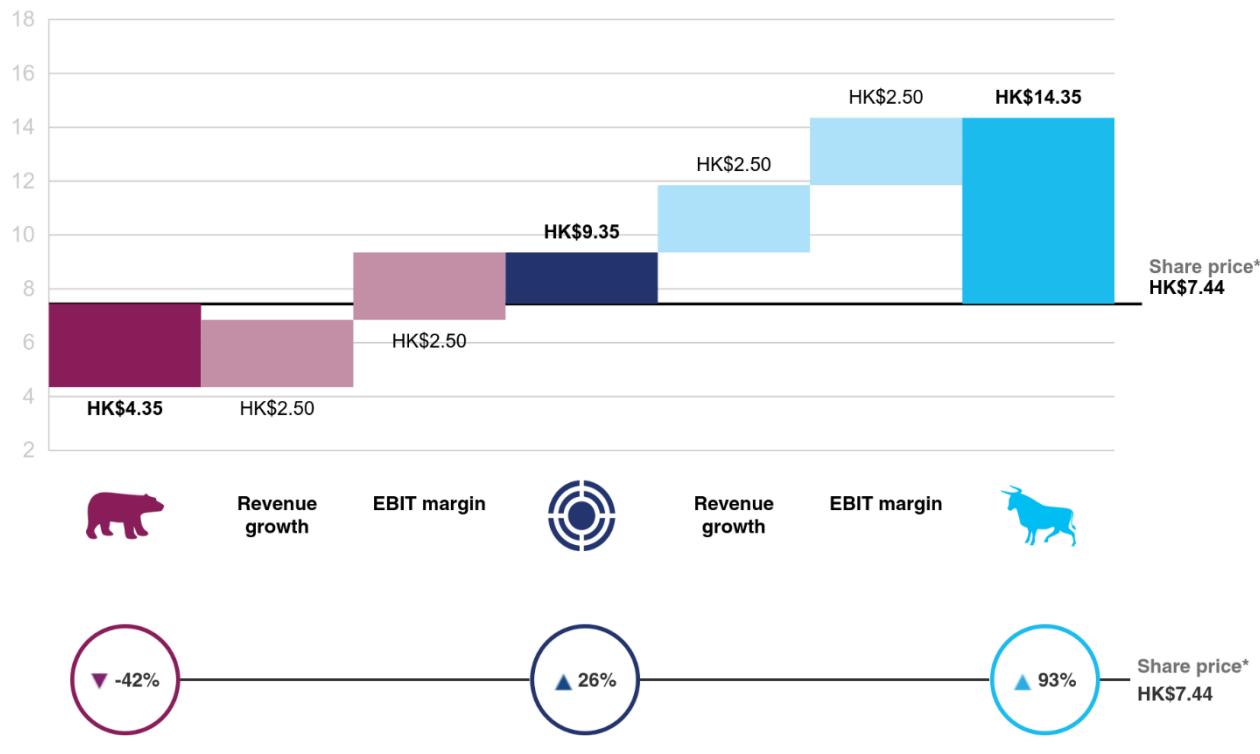


HK\$9.35 target price

26% expected share price return

Buy rating

135pp Bull/Bear Spread



- Revenue grows 17% YoY in FY24E
- EBIT margin arrives at 10.7% in FY24E

HK\$14.35



- Revenue grows 13% YoY in FY24E
- EBIT margin arrives at 10.4% in FY24E

HK\$9.35



- Revenue grows 9% YoY in FY24E
- EBIT margin arrives at 9.9% in FY24E

HK\$4.35

## China Resources Beer

### Valuation

Our target price for CRB of HK\$72.30 is based on a 2023E EV/EBITDA of 24x, a 100% premium over the market-cap-weighted average of its global peer group, given its strong topline growth and margin expansion on the back of its ongoing premiumization. We use EV/EBITDA, rather than P/E, as it eliminates differences in capital structures and expansion strategies in China's beer industry. EV/EBITDA also captures CRB's long-term intrinsic value.

### Risks

Downside risks that could impede CRB shares from reaching our target price include: (1) weaker-than-expected beer industry growth in China; (2) slower-than-expected consolidation of China's beer market; (3) fierce competition from domestic and foreign peers; (4) unfavorable weather conditions impacting peak consumption in summer; (5) higher than expected raw material costs (including barley, packaging costs); and (6) execution risk in newly acquired companies.

## China Tourism Group Duty Free Corp

### Valuation

Our DCF-based target price for CTGDF-A of Rmb268 implies 32x FY24E PE. We believe a DCF valuation is most appropriate for CTGDF to capture the long-term structural growth of its duty free business. Our DCF valuation is based on a WACC of 11.0% (3.0% risk free rate, 7.6% market premium, and a beta of 1.05) and a terminal growth rate of 4%.

### Risks

Key downside risks that could mean the CTGDF shares fail to achieve our target price include: 1) Unfavorable duty free policy, i.e., increasing the issuance of duty free licenses and potentially opening up the duty free segment to foreign operators, may result in rising competition. 2) Slowdown in passenger flows and spending affected by disruptive events, epidemic, and economic slowdown. 3) Loss of pricing advantage. Price gap of imported goods among different channels may narrow in the future as the government loosens import tariff policy and makes cross-border ecommerce legitimate.

## Chow Tai Fook Jewellery Group

### Valuation

Our target price of HK\$19.5 is based on a discounted cash flow (DCF) model with a 10.5% WACC and a terminal growth rate of 2%. Our WACC is derived from a capital structure of 100% equity, and cost of equity 10.5%. Our target price implies 23x FY24E P/E.

### Risks

Downside risks that could prevent the shares from reaching our target price include: 1) gold price volatility; 2) weak consumption sentiment due to slower-than-expected economy recovery, trade disputes, and RMB depreciation; 3) increased rental cost in HK and operating deleverage impact; and 4) capex increase and lower dividend.

## Haidilao International Holding Ltd

### Valuation

Our target price for Haidilao of HK\$27.30 is based on 20x 2023E EV/adjusted EBITDA (excl the impact of IFRS16) and is set at 30% premium to global restaurant peers. We use EV/EBITDA as the primary valuation methodology for Haidilao to eliminate valuation distortions between the company and global peers arising from different business models, stages of expansion and capital structures. We think a premium is justified given the company's disciplined strategy, growth outlook, and market positioning as China reopens after Covid.

### Risks

Key downside risks that could prevent the shares from achieving our target price include: (1) Haidilao has no ownership of the "Haidilao" brand, which is also used by connected parties (e.g. Yihai); (2) the terms of connected-party transactions; (3) any slowdown in consumption in China; (4) slower-than-expected store openings; (5) lower-than-expected store efficiency due to intensified competition and cannibalization from new openings given its accelerated store openings; (6) higher-than-expected commodity and wage inflation; and (7) any significant food safety issues. Key upside risks include: (1) quicker-than-expected new store ramp-up; (2) lower-than-expected commodity and labor inflation; and (3) faster-than-expected development of new businesses.

## Li Ning

### Valuation

Our target price for Li Ning of HK\$90.6 is based on a DCF valuation with free cash flow projections up to 2032E, a WACC of 11.2%, and a terminal growth rate of 5.0%. We derive our WACC using a 3.0% market risk-free rate, a 7.7% market premium and a beta of 1.07, which reflects the company's execution risk and channel inventory risk of its wholesale-dominated distribution model.

### Risks

Key downside risks that could prevent the shares from reaching our target price include: (1) More volatile sales and earnings growth for the China sportswear industry than we are modeling; (2) Competition with foreign brands in the up-market segment and domestic peers in the mass market segment; (3) Execution risk in the mass market segment, in which Li Ning has a relative lack of operating experience; and (4) With high operating leverage in the cost structure, any weaker-than-expected topline growth may result in profits that disappoint market expectations.

## Mengniu

### Valuation

Our target price for Mengniu of HK\$51.15 is calculated as 26x 23E P/E based on core EPS, at par to average global F&B trading peers. Mengniu remains our top pick in the China staples space.

### Risks

Key downside risks that could prevent the shares from achieving our target price include: (1) China's dairy market is still highly fragmented with fierce competition; (2) Various food-safety incidents hit China's dairy industry in recent years, constituting one of the biggest investment risks for sector stocks; (3) Weak demand for dairy product consumption with a soft macro environment; (4) Low net margins mean Mengniu's profits are sensitive to ASPs and raw-milk prices, and (5) Execution risk in newly acquired businesses.

## Topsports

### Valuation

Our target price for Topsports of HK\$9.35 is based on 23x calendarized year (CY) 2023E P/E, or a ~25% discount to the average trading P/E of Nike/Adidas due to Topsports' relatively short trading period as a listed company.

### Risks

Although we normally assign a default High Risk rating to stocks with a shorter trading history, we believe this is not warranted for Topsports given its long track record in sportswear. Key downside risks that could impede the stock from achieving our target price include: (1) More volatile sales and earnings growth for the China sportswear industry than we are modeling; (2) Intensified competition with other foreign brands in the up-market segment and domestic peers in the mass market segment; (3) Inappropriate decisions on inventory management; and (4) Any failure to maintain good relationships or renew retail agreements with the company's principal brand partners.

If you are visually impaired and would like to speak to a Citi representative regarding the details of the graphics in this document, please call USA 1-888-800-5008 (TTY: 711), from outside the US +1-210-677-3788

## Appendix A-1

### ANALYST CERTIFICATION

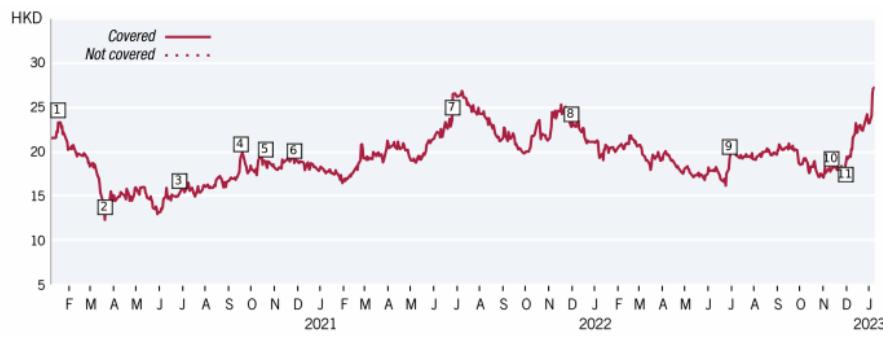
The research analysts primarily responsible for the preparation and content of this research report are either (i) designated by "AC" in the author block or (ii) listed in bold alongside content which is attributable to that analyst. If multiple AC analysts are designated in the author block, each analyst is certifying with respect to the entire research report other than (a) content attributable to another AC certifying analyst listed in bold alongside the content and (b) views expressed solely with respect to a specific issuer which are attributable to another AC certifying analyst identified in the price charts or rating history tables for that issuer shown below. Each of these analysts certify, with respect to the sections of the report for which they are responsible: (1) that the views expressed therein accurately reflect their personal views about each issuer and security referenced and were prepared in an independent manner, including with respect to Citigroup Global Markets Inc. and its affiliates; and (2) no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in this report.

### IMPORTANT DISCLOSURES

#### Luk Fook Holdings (International) (0590.HK)

Ratings and Target Price History  
Fundamental Research

Analyst: Tiffany Feng



Date	Rating	Target Price	Closing Price
[1] 17-Jan-20 01:30:18	1	*25.50	23.28
[2] 19-Mar-20 07:53:40	1	*15.80	12.30
[3] 26-Jun-20 13:46:45	1	*18.10	15.21
[4] 16-Sep-20 03:09:08	1	*22.50	19.47

Date	Rating	Target Price	Closing Price
[5] 19-Oct-20 01:16:31	1	*21.90	18.88
[6] 26-Nov-20 09:31:14	1	*22.00	18.72
[7] 24-Jun-21 12:57:31	1	*28.10	23.52
[8] 29-Nov-21 15:14:35	1	*29.20	22.85

Date	Rating	Target Price	Closing Price
[9] 28-Jun-22 13:56:33	1	*30.10	19.16
[10] 09-Nov-22 22:24:08	1	*26.50	17.74
[11] 28-Nov-22 14:27:48	1	*27.60	17.70

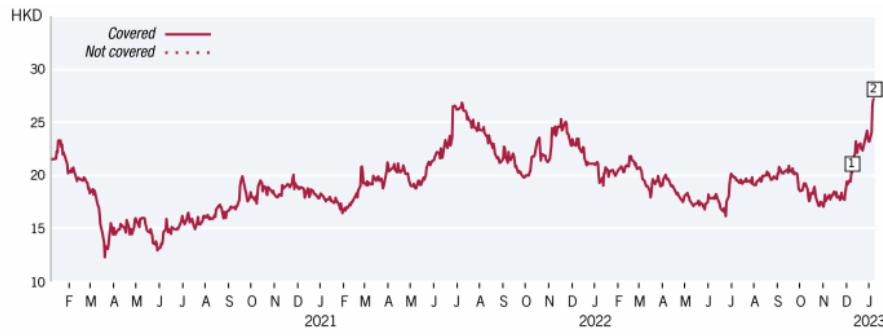
\*Indicates Change

Rating/target price changes above reflect Eastern Time

#### Luk Fook Holdings (International) (0590.HK)

Catalyst Watch Research

Analyst: Tiffany Feng



Date	Expected Direction	Duration	Closing Price
[1] 08-Dec-22 11:25:47	Upside	30 Days	20.25

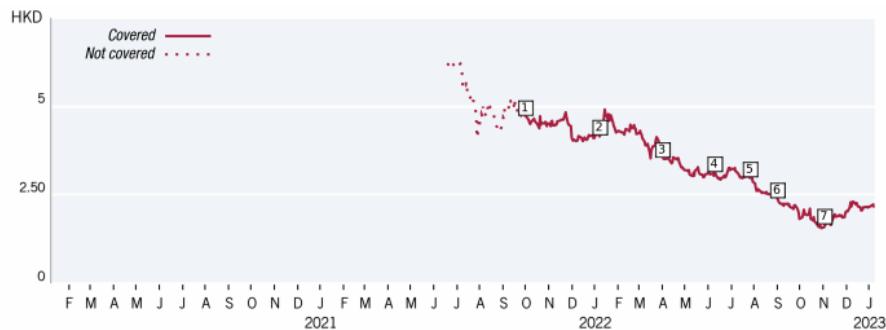
Date	Expected Direction	Duration	Closing Price
[2] 08-Jan-23 04:43:16	Upside	30 Days	27.20

Rating/target price changes above reflect Eastern Time

### Youran Dairy (9858.HK)

Ratings and Target Price History  
Fundamental Research

Analyst: Tiffany Feng



Date	Rating	Target Price	Closing Price
[1] 29-Sep-21 09:47:14	*1	*7.40	4.73
[2] 06-Jan-22 09:21:58	1	*7.00	4.15
[3] 01-Apr-22 00:33:03	1	*5.30	3.52

Date	Rating	Target Price	Closing Price
[4] 09-Jun-22 07:08:22	1	*4.70	3.12
[5] 25-Jul-22 02:47:30	1	*3.90	2.98
[6] 31-Aug-22 12:12:39	1	*3.60	2.38

Date	Rating	Target Price	Closing Price
[7] 02-Nov-22 13:59:47	1	*2.90	1.66

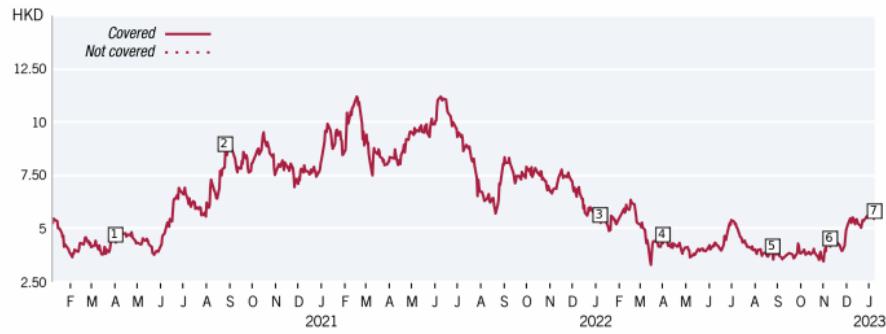
\*Indicates Change

Rating/target price changes above reflect Eastern Time

### Zhou Hei Ya (1458.HK)

Ratings and Target Price History  
Fundamental Research

Analyst: Lydia Ling



Date	Rating	Target Price	Closing Price
[1] 01-Apr-20 10:56:18	*2	*4.50	4.35
[2] 25-Aug-20 09:37:59	*1	*10.00	8.60
[3] 07-Jan-22 06:21:11	1	*8.80	5.27

Date	Rating	Target Price	Closing Price
[4] 31-Mar-22 06:56:55	1	*6.65	4.32
[5] 24-Aug-22 10:07:54	1	*5.00	3.80
[6] 09-Nov-22 22:24:08	1	*4.90	4.16

Date	Rating	Target Price	Closing Price
[7] 08-Jan-23 14:53:16	1	*6.10	5.46

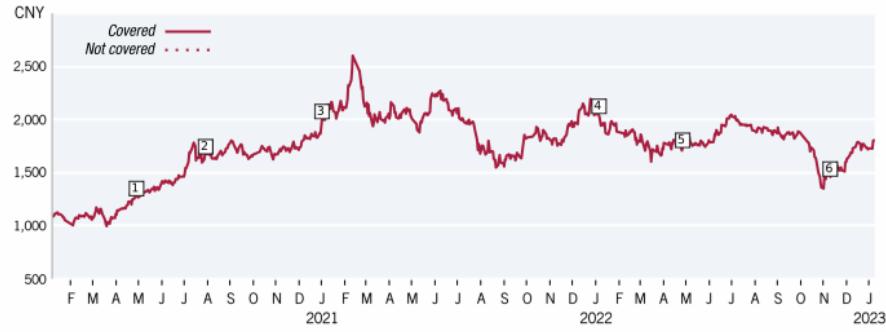
\*Indicates Change

Rating/target price changes above reflect Eastern Time

### Kweichow Moutai (600519.SS)

Ratings and Target Price History  
Fundamental Research

Analyst: Xiaopo Wei, CFA



Date	Rating	Target Price	Closing Price
[1] 27-Apr-20 14:13:25	1	*1,450.00	1,276.00
[2] 28-Jul-20 15:50:56	1	*2,005.00	1,670.00

Date	Rating	Target Price	Closing Price
[3] 31-Dec-20 02:01:59	1	*2,300.00	1,998.00
[4] 04-Jan-22 21:35:38	1	*2,685.00	2,051.23

Date	Rating	Target Price	Closing Price
[5] 26-Apr-22 14:08:33	1	*2,500.00	1,732.48
[6] 09-Nov-22 22:24:08	1	*2,272.00	1,459.90

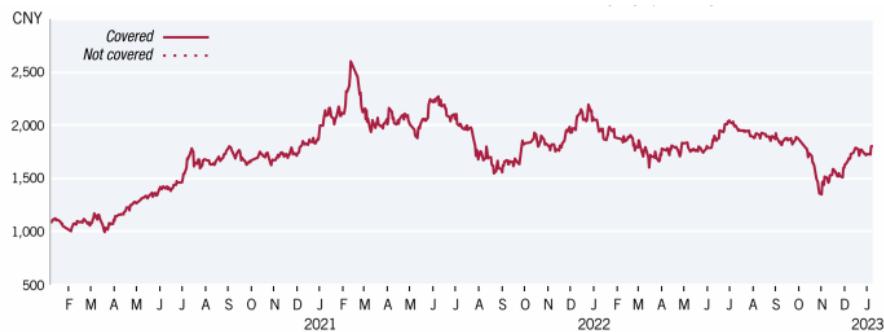
\*Indicates Change

Rating/target price changes above reflect Eastern Time

## Kweichow Moutai (600519.SS)

Catalyst Watch Research

Analyst: Xiaopo Wei, CFA



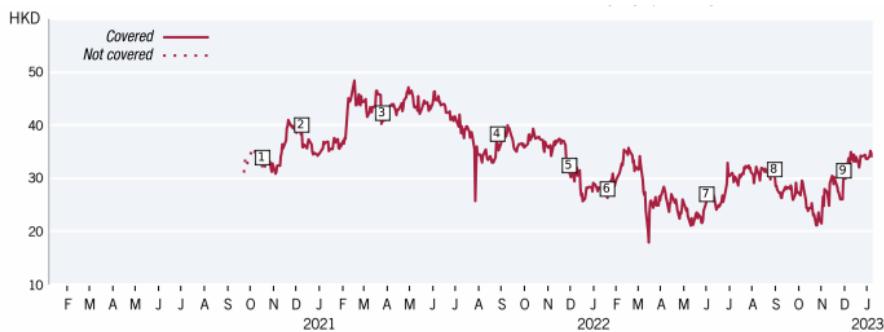
\*Indicates Change

Rating/target price changes above reflect Eastern Time

## H World (1179.HK)

Ratings and Target Price History  
Fundamental Research

Analyst: Lydia Ling



	Date	Rating	Target Price	Closing Price
[1]	16-Oct-20 05:47:00	*2	*35.80	32.27
[2]	07-Dec-20 14:43:47	2	*40.00	38.25
[3]	26-Mar-21 10:18:38	2	*44.50	40.67

	Date	Rating	Target Price	Closing Price
[4]	25-Aug-21 18:41:03	2	*40.50	36.57
[5]	30-Nov-21 22:30:45	2	*35.00	30.82
[6]	19-Jan-22 00:50:51	*1	*33.00	26.33

	Date	Rating	Target Price	Closing Price
[7]	30-May-22 21:22:07	1	*30.00	25.20
[8]	30-Aug-22 22:20:42	1	*35.00	30.00
[9]	29-Nov-22 07:56:53	1	*34.50	29.70

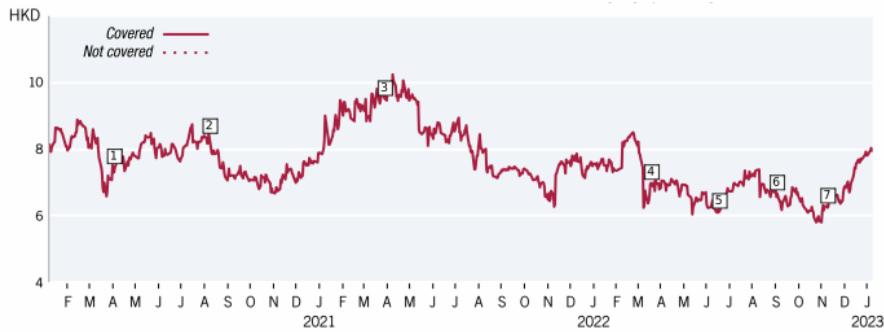
\*Indicates Change

Rating/target price changes above reflect Eastern Time

## Uni-President China (0220.HK)

Ratings and Target Price History  
Fundamental Research

Analyst: Xiaopo Wei, CFA



	Date	Rating	Target Price	Closing Price
[1]	03-Apr-20 08:39:43	1	*9.13	7.44
[2]	09-Aug-20 20:25:19	1	*9.40	8.35
[3]	29-Mar-21 14:16:22	1	*11.20	9.50

	Date	Rating	Target Price	Closing Price
[4]	20-Mar-22 17:42:58	1	*10.38	6.98
[5]	19-Jun-22 21:59:02	1	*9.77	6.12
[6]	04-Sep-22 23:09:49	1	*9.09	6.66

	Date	Rating	Target Price	Closing Price
[7]	09-Nov-22 12:06:54	1	*8.79	6.28

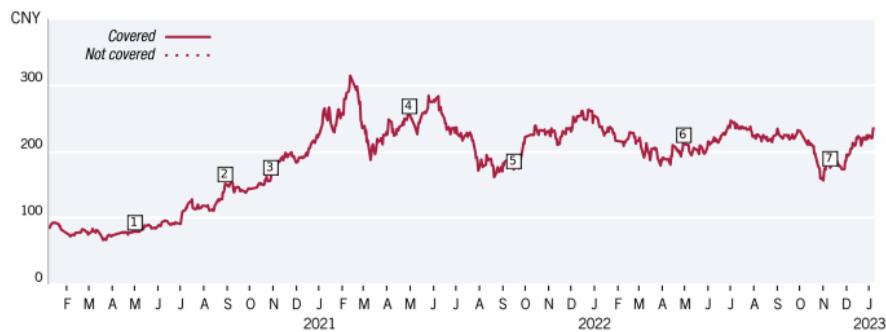
\*Indicates Change

Rating/target price changes above reflect Eastern Time

### Luzhou Laojiao (000568.SZ)

Ratings and Target Price History  
Fundamental Research

Analyst: Xiaopo Wei, CFA



Date	Rating	Target Price	Closing Price
[1] 03-May-20 11:02:04	1	*95.00	79.17
[2] 28-Aug-20 15:43:44	1	*172.70	151.49
[3] 28-Oct-20 11:29:47	1	*187.00	162.70

Date	Rating	Target Price	Closing Price
[4] 04-May-21 03:05:02	*2	*264.00	255.58
[5] 15-Sep-21 09:23:39	*1	264.00	172.87
[6] 03-May-22 06:54:43	1	*292.00	210.73

Date	Rating	Target Price	Closing Price
[7] 09-Nov-22 22:24:08	1	*262.00	175.50

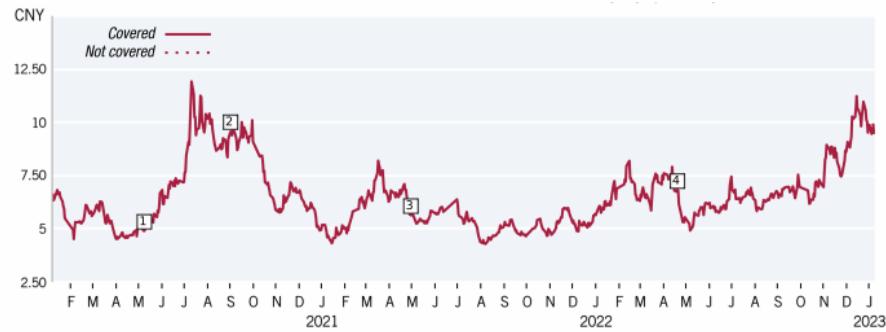
\*Indicates Change

Rating/target price changes above reflect Eastern Time

### UTour Group (002707.SZ)

Ratings and Target Price History  
Fundamental Research

Analyst: Lydia Ling



Date	Rating	Target Price	Closing Price
[1] 07-May-20 04:19:14	1	*6.00	4.91
[2] 31-Aug-20 20:39:53	*3	*7.00	9.56

Date	Rating	Target Price	Closing Price
[3] 29-Apr-21 13:08:34	3	*5.30	5.63
[4] 19-Apr-22 14:14:37	3	*5.00	6.82

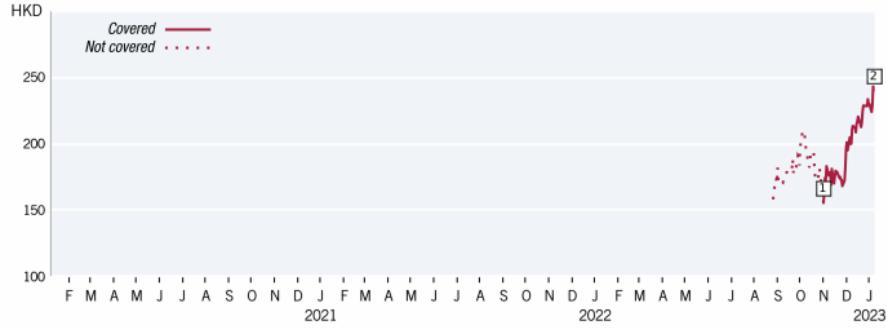
\*Indicates Change

Rating/target price changes above reflect Eastern Time

### China Tourism Group Duty Free Corp Ltd (1880.HK)

Ratings and Target Price History  
Fundamental Research

Analyst: Lydia Ling



Date	Rating	Target Price	Closing Price
[1] 31-Oct-22 06:53:13	*1	*225.00	155.30

Date	Rating	Target Price	Closing Price
[2] 08-Jan-23 16:36:55	1	*277.00	240.60

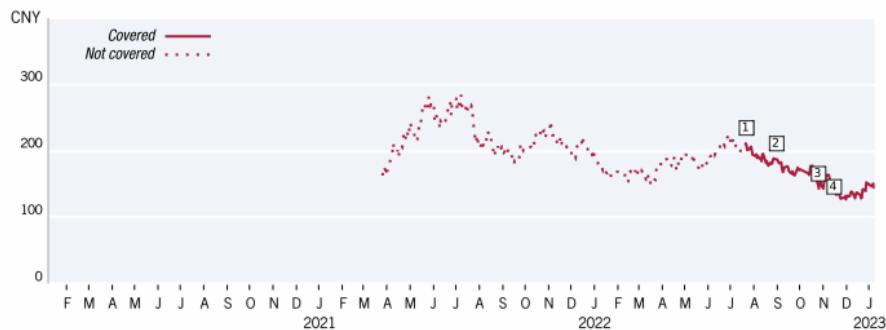
\*Indicates Change

Rating/target price changes above reflect Eastern Time

### Botanee (300957.SZ)

Ratings and Target Price History  
Fundamental Research

Analyst: Tiffany Feng



Date	Rating	Target Price	Closing Price
[1] 20-Jul-22 07:23:17	*1	*251.80	211.00
[2] 29-Aug-22 12:51:42	1	*232.50	187.00

Date	Rating	Target Price	Closing Price
[3] 25-Oct-22 13:56:25	1	*188.50	142.99
[4] 14-Nov-22 21:50:51	1	*162.50	139.90

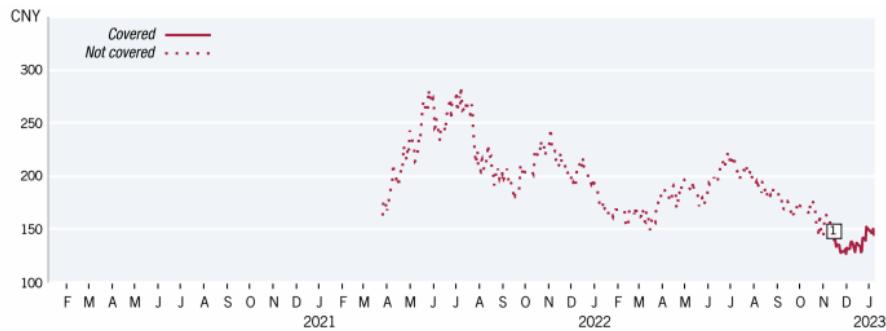
\*Indicates Change

Rating/target price changes above reflect Eastern Time

### Botanee (300957.SZ)

Catalyst Watch Research

Analyst: Tiffany Feng



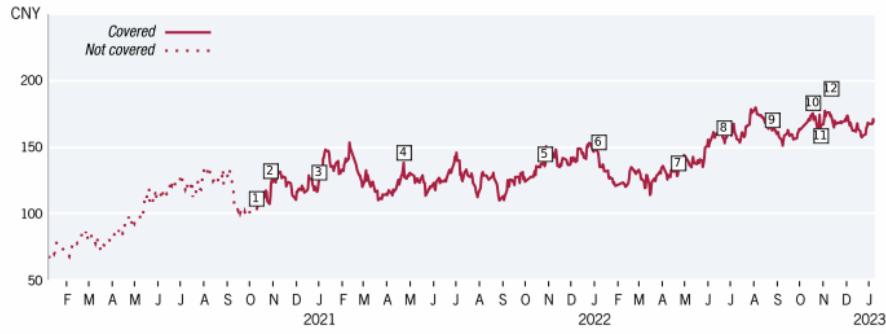
Date	Expected Direction	Duration	Action	Closing Price
[1] 14-Nov-22 21:50:51	Downside	90 Days	Open	139.90

Rating/target price changes above reflect Eastern Time

### Proya (603605.SS)

Ratings and Target Price History  
Fundamental Research

Analyst: Tiffany Feng



Date	Rating	Target Price	Closing Price
[1] 09-Oct-20 07:03:25	*1	*123.79	103.30
[2] 27-Oct-20 11:37:45	1	*135.14	111.79
[3] 30-Dec-20 09:28:51	1	*148.71	123.12
[4] 22-Apr-21 14:33:35	1	*172.14	138.14

Date	Rating	Target Price	Closing Price
[5] 27-Oct-21 15:57:29	1	*161.86	136.79
[6] 05-Jan-22 01:07:26	1	*173.86	145.70
[7] 21-Apr-22 13:20:25	1	*177.14	129.54
[8] 21-Jun-22 11:52:55	1	*177.14	156.10

Date	Rating	Target Price	Closing Price
[9] 25-Aug-22 11:52:24	1	*192.10	162.80
[10] 17-Oct-22 09:24:46	1	*205.50	175.37
[11] 27-Oct-22 12:59:15	1	*206.20	163.54
[12] 09-Nov-22 22:24:08	1	*205.70	173.32

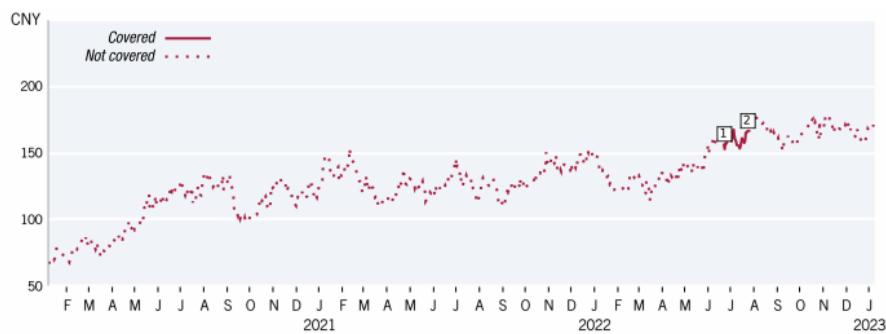
\*Indicates Change

Rating/target price changes above reflect Eastern Time

### Proya (603605.SS)

Catalyst Watch Research

Analyst: Tiffany Feng



	Date	Expected Direction	Duration	Action	Closing Price
[1]	21-Jun-22 11:52:55	Downside	90 Days	Open	156.10

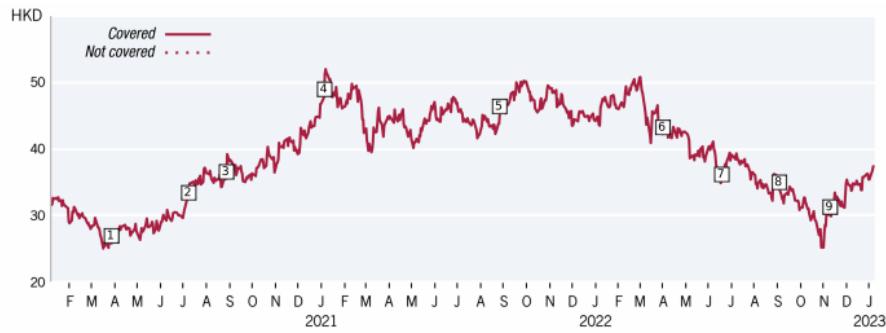
	Date	Expected Direction	Duration	Action	Closing Price
[2]	22-Jul-22 05:33:32	Downside	90 Days	Close	166.20

Rating/target price changes above reflect Eastern Time

### Mengniu (2319.HK)

Ratings and Target Price History  
Fundamental Research

Analyst: Xiaopo Wei, CFA



	Date	Rating	Target Price	Closing Price
[1]	29-Mar-20 18:22:34	1	*39.05	25.75
[2]	07-Jul-20 01:52:53	1	*41.27	32.40
[3]	27-Aug-20 13:25:19	1	*44.36	35.50

	Date	Rating	Target Price	Closing Price
[4]	04-Jan-21 08:59:21	1	*55.05	47.80
[5]	26-Aug-21 13:27:03	1	*57.80	45.35
[6]	31-Mar-22 17:00:25	1	*57.30	42.20

	Date	Rating	Target Price	Closing Price
[7]	19-Jun-22 21:59:02	1	*52.90	35.05
[8]	04-Sep-22 18:37:21	1	*58.10	34.00
[9]	09-Nov-22 22:24:08	1	*51.15	30.25

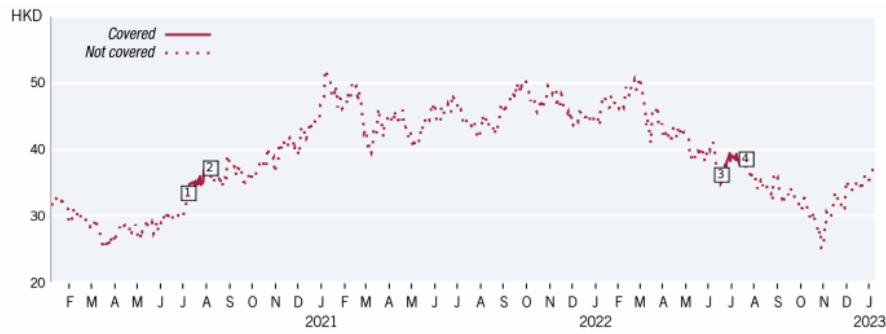
\*Indicates Change

Rating/target price changes above reflect Eastern Time

### Mengniu (2319.HK)

Catalyst Watch Research

Analyst: Xiaopo Wei, CFA



	Date	Expected Direction	Duration	Action	Closing Price
[1]	07-Jul-20 01:52:53	Upside	30 Days	Open	32.40
[2]	06-Aug-20 04:15:29	Upside	30 Days	Close	36.10

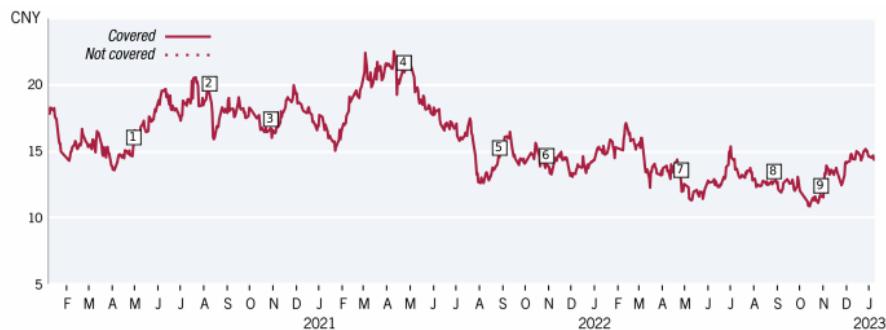
	Date	Expected Direction	Duration	Action	Closing Price
[3]	19-Jun-22 21:59:02	Upside	30 Days	Open	35.05
[4]	20-Jul-22 04:18:40	Upside	30 Days	Close	37.40

Rating/target price changes above reflect Eastern Time

## Songcheng Performance Development (300144.SZ)

Ratings and Target Price History  
Fundamental Research

Analyst: Lydia Ling



Date	Rating	Target Price	Closing Price
[1] 28-Apr-20 11:42:02	1	*17.78	15.29
[2] 09-Aug-20 16:13:08	1	*22.22	19.36
[3] 28-Oct-20 12:26:32	1	*20.50	16.70

Date	Rating	Target Price	Closing Price
[4] 23-Apr-21 13:07:28	1	*24.10	20.95
[5] 29-Aug-21 21:40:13	1	*21.00	14.53
[6] 28-Oct-21 17:49:54	1	*16.80	13.89

Date	Rating	Target Price	Closing Price
[7] 25-Apr-22 10:27:20	1	*15.00	12.82
[8] 28-Aug-22 20:22:38	1	*14.70	12.72
[9] 27-Oct-22 14:38:03	1	*14.00	11.70

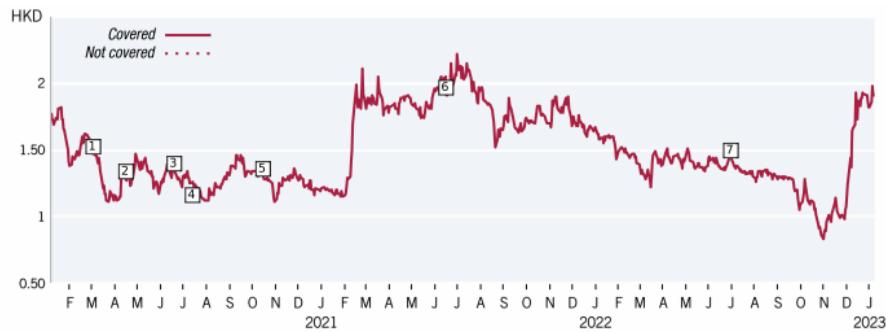
\*Indicates Change

Rating/target price changes above reflect Eastern Time

## Sa Sa (0178.HK)

Ratings and Target Price History  
Fundamental Research

Analyst: Tiffany Feng



Date	Rating	Target Price	Closing Price
[1] 02-Mar-20 19:39:01	3	*1.04	1.47
[2] 15-Apr-20 12:13:25	3	*1.06	1.28
[3] 18-Jun-20 11:45:32	3	*1.00	1.34

Date	Rating	Target Price	Closing Price
[4] 13-Jul-20 11:52:38	3	*0.96	1.26
[5] 15-Oct-20 13:04:19	3	*0.93	1.30
[6] 16-Jun-21 11:07:05	3	*0.90	1.91

Date	Rating	Target Price	Closing Price
[7] 30-Jun-22 16:15:12	3	*0.92	1.44

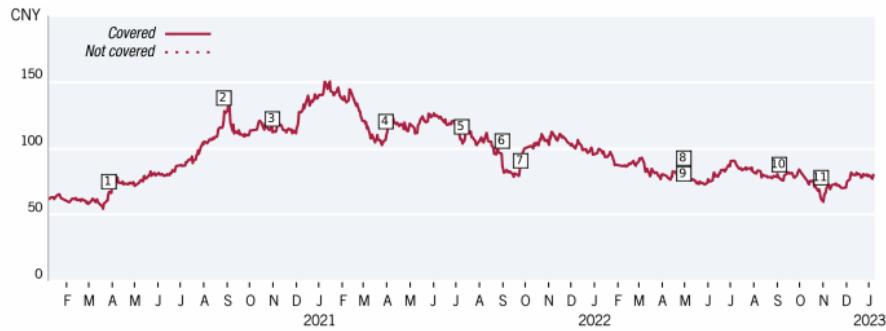
\*Indicates Change

Rating/target price changes above reflect Eastern Time

## Foshan Haitian Flavouring and Food (603288.SS)

Ratings and Target Price History  
Fundamental Research

Analyst: Tiffany Feng



Date	Rating	Target Price	Closing Price
[1] 26-Mar-20 05:55:35	1	*72.26	65.27
[2] 27-Aug-20 14:02:03	1	*154.20	127.99
[3] 01-Nov-20 09:58:42	1	*152.52	112.03
[4] 30-Mar-21 12:23:29	1	*140.56	110.20

Date	Rating	Target Price	Closing Price
[5] 07-Jul-21 14:12:38	1	*140.55	106.33
[6] 30-Aug-21 14:54:06	1	*111.27	95.94
[7] 24-Sep-21 15:49:17	*2	*91.00	91.58
[8] 28-Apr-22 11:50:38	2	*86.09	82.62

Date	Rating	Target Price	Closing Price
[9] 29-Apr-22 04:25:47	2	*84.80	81.52
[10] 02-Sep-22 07:54:34	2	*83.50	78.00
[11] 26-Oct-22 10:28:25	*3	*57.60	67.87

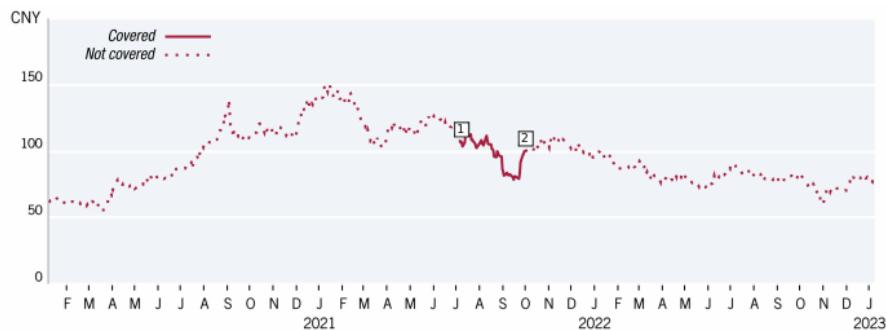
\*Indicates Change

Rating/target price changes above reflect Eastern Time

## Foshan Haitian Flavouring and Food (603288.SS)

Catalyst Watch Research

Analyst: Tiffany Feng



	Date	Expected Direction	Duration	Action	Closing Price
[1]	07-Jul-21 14:12:38	Downside	90 Days	Open	106.33

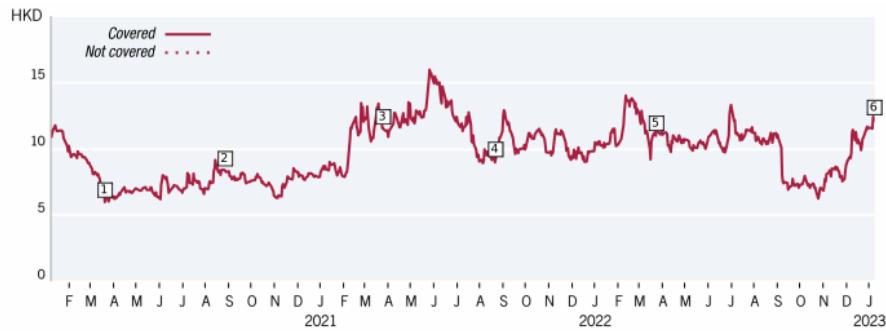
	Date	Expected Direction	Duration	Action	Closing Price
[2]	06-Oct-21 17:03:14	Downside	90 Days	Close	100.00

Rating/target price changes above reflect Eastern Time

## Fosun Tourism (1992.HK)

Ratings and Target Price History  
Fundamental Research

Analyst: Lydia Ling



	Date	Rating	Target Price	Closing Price
[1]	19-Mar-20 08:26:03	1H	*14.00	5.99
[2]	26-Aug-20 16:28:02	1H	*11.00	8.36

	Date	Rating	Target Price	Closing Price
[3]	25-Mar-21 00:08:44	*1	*13.50	11.46
[4]	20-Aug-21 12:41:02	1	*13.00	8.98

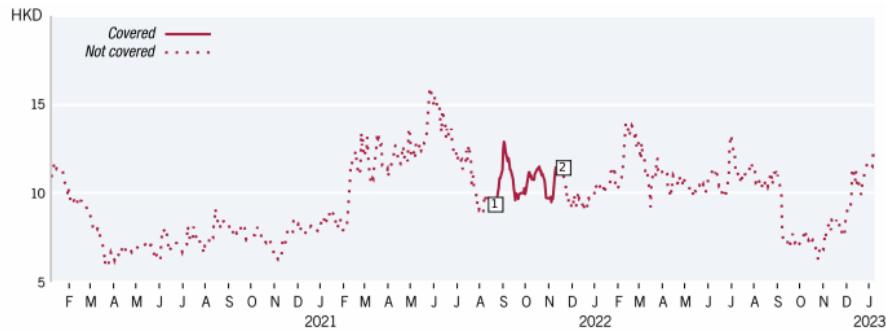
	Date	Rating	Target Price	Closing Price
[5]	22-Mar-22 08:42:59	1	*13.50	10.98
[6]	08-Jan-23 16:30:38	1	*15.60	12.14

Rating/target price changes above reflect Eastern Time

## Fosun Tourism (1992.HK)

Catalyst Watch Research

Analyst: Lydia Ling



	Date	Expected Direction	Duration	Action	Closing Price
[1]	20-Aug-21 12:41:02	Upside	90 Days	Open	8.98

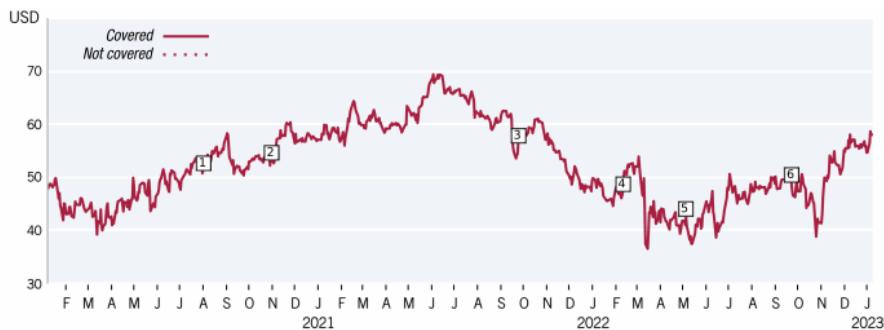
	Date	Expected Direction	Duration	Action	Closing Price
[2]	19-Nov-21 03:25:20	Upside	90 Days	Close	11.00

Rating/target price changes above reflect Eastern Time

## YUM China Holdings INC (YUMC)

Ratings and Target Price History  
Fundamental Research

Analyst: Xiaopo Wei, CFA



Date	Rating	Target Price	Closing Price
[1] 31-Jul-20 01:12:17	1	*60.15	51.24
[2] 01-Nov-20 17:00:11	1	*71.30	53.23

Date	Rating	Target Price	Closing Price
[3] 23-Sep-21 17:50:02	1	*71.10	56.44
[4] 09-Feb-22 08:31:25	1	*60.32	47.31

Date	Rating	Target Price	Closing Price
[5] 04-May-22 06:20:32	1	*58.48	42.56
[6] 21-Sep-22 06:05:17	1	*57.20	49.04

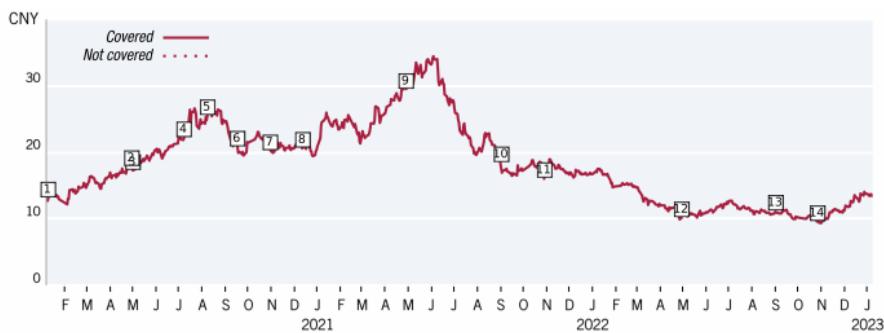
\*Indicates Change

Rating/target price changes above reflect Eastern Time

## C&S Paper (002511.SZ)

Ratings and Target Price History  
Fundamental Research

Analyst: Tiffany Feng



Date	Rating	Target Price	Closing Price
[1] 09-Jan-20 07:26:01	1	*16.30	13.20
[2] 29-Apr-20 20:03:49	1	*20.50	17.90
[3] 04-May-20 10:42:41	1	*20.40	17.26
[4] 07-Jul-20 16:20:37	1	*25.80	22.08
[5] 07-Aug-20 11:37:42	1	*30.00	25.46

Date	Rating	Target Price	Closing Price
[6] 16-Sep-20 06:51:00	*2	*22.60	20.86
[7] 01-Nov-20 18:19:43	2	*21.00	20.24
[8] 13-Dec-20 11:22:53	2	*23.10	20.58
[9] 28-Apr-21 18:19:04	2	*30.00	29.52
[10] 31-Aug-21 00:10:00	*3	*16.00	18.33

Date	Rating	Target Price	Closing Price
[11] 28-Oct-21 14:54:04	3	*12.30	16.02
[12] 27-Apr-22 22:42:44	3	*9.40	10.19
[13] 31-Aug-22 03:19:27	3	*9.10	11.04
[14] 25-Oct-22 13:39:48	3	*8.30	9.59

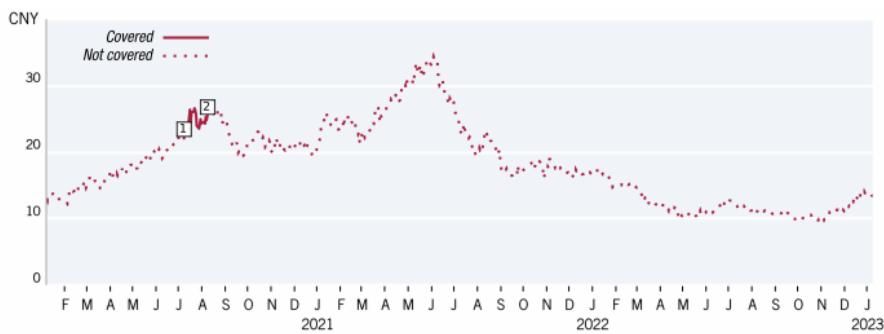
\*Indicates Change

Rating/target price changes above reflect Eastern Time

## C&S Paper (002511.SZ)

Catalyst Watch Research

Analyst: Tiffany Feng



Date	Expected Direction	Duration	Action	Closing Price
[1] 07-Jul-20 16:20:37	Upside	30 Days	Open	22.08

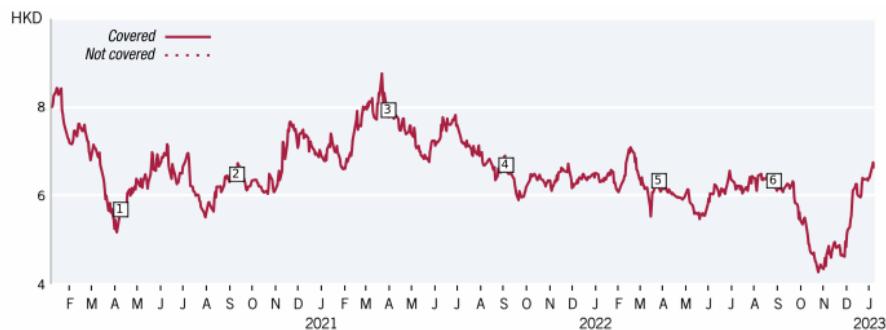
Date	Expected Direction	Duration	Action	Closing Price
[2] 07-Aug-20 17:08:28	Upside	30 Days	Close	25.46

Rating/target price changes above reflect Eastern Time

### Shangri-La (0069.HK)

Ratings and Target Price History  
Fundamental Research

Analyst: Lydia Ling



	Date	Rating	Target Price	Closing Price
1	08-Apr-20 09:13:10	1	*9.80	5.56
2	09-Sep-20 00:48:53	1	*8.80	6.38

	Date	Rating	Target Price	Closing Price
3	30-Mar-21 03:04:36	1	*9.20	7.82
4	03-Sep-21 04:46:14	1	*8.00	6.59

	Date	Rating	Target Price	Closing Price
5	27-Mar-22 22:16:30	1	*7.50	6.21
6	28-Aug-22 22:41:24	1	*7.20	6.23

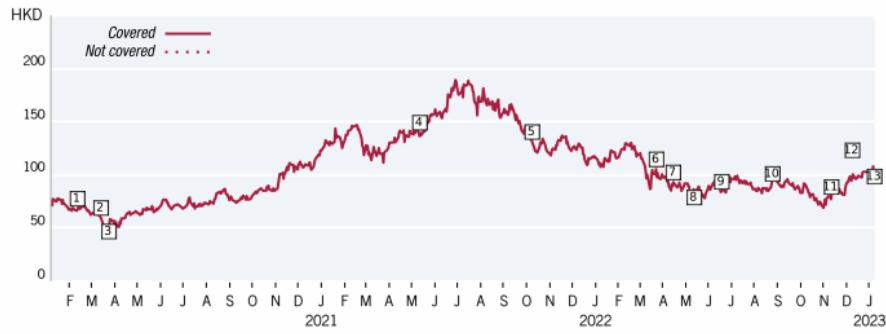
\*Indicates Change

Rating/target price changes above reflect Eastern Time

### Anta Sports Products (2020.HK)

Ratings and Target Price History  
Fundamental Research

Analyst: Xiaopo Wei, CFA



	Date	Rating	Target Price	Closing Price
1	11-Feb-20 18:31:09	*3	*56.40	68.06
2	15-Mar-20 18:21:37	3	*52.50	59.23
3	24-Mar-20 15:56:47	3	*49.60	53.50
4	12-May-21 11:08:51	3	*59.00	139.41
5	10-Oct-21 18:25:52	3	*71.30	131.03

	Date	Rating	Target Price	Closing Price
6	22-Mar-22 15:48:07	3	*75.00	105.40
7	18-Apr-22 11:54:10	3	*74.00	93.10
8	12-May-22 17:49:00	3	*71.00	85.45
9	19-Jun-22 21:59:02	3	*67.40	84.25
10	23-Aug-22 16:31:10	*1	*105.30	92.00

	Date	Rating	Target Price	Closing Price
11	09-Nov-22 22:24:08	1	*96.20	78.75
12	08-Dec-22 13:20:20	1	*111.10	97.30
13	06-Jan-23 09:24:40	1	*122.10	104.90

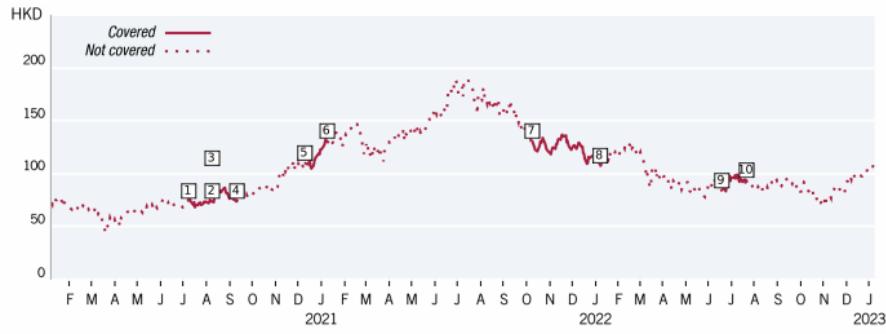
\*Indicates Change

Rating/target price changes above reflect Eastern Time

### Anta Sports Products (2020.HK)

Catalyst Watch Research

Analyst: Xiaopo Wei, CFA



	Date	Expected Direction	Duration	Action	Closing Price
1	07-Jul-20 12:47:27	Downside	30 Days	Open	74.64
2	07-Aug-20 04:12:29	Downside	30 Days	Close	74.14
3	09-Aug-20 18:48:58	Downside	30 Days	Open	74.14
4	09-Sep-20 04:22:59	Downside	30 Days	Close	73.79

	Date	Expected Direction	Duration	Action	Closing Price
5	10-Dec-20 15:00:31	Downside	30 Days	Open	109.89
6	10-Jan-21 03:13:05	Downside	30 Days	Close	130.84
7	10-Oct-21 18:25:52	Downside	90 Days	Open	131.03
8	09-Jan-22 03:23:49	Downside	90 Days	Close	107.50

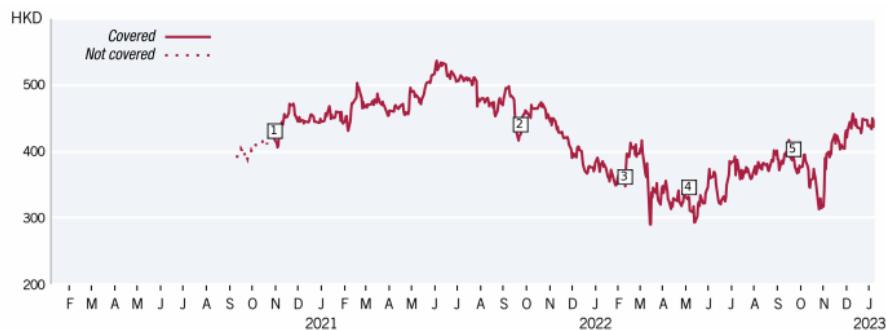
	Date	Expected Direction	Duration	Action	Closing Price
9	19-Jun-22 21:59:02	Downside	30 Days	Open	84.25
10	20-Jul-22 04:18:40	Downside	30 Days	Close	93.85

Rating/target price changes above reflect Eastern Time

### **Yum China (9987.HK)**

Ratings and Target Price History  
Fundamental Research

Analyst: Xiaopo Wei, CFA



Date	Rating	Target Price	Closing Price
1 01-Nov-20 17:00:11	*1	*556.00	418.00
2 23-Sep-21 17:50:02	1	*554.00	426.20

Date	Rating	Target Price	Closing Price
3 09-Feb-22 08:31:25	1	*470.00	347.40
4 04-May-22 06:20:32	1	*456.00	331.60

Date	Rating	Target Price	Closing Price
5 21-Sep-22 05:34:32	1	*446.20	389.80

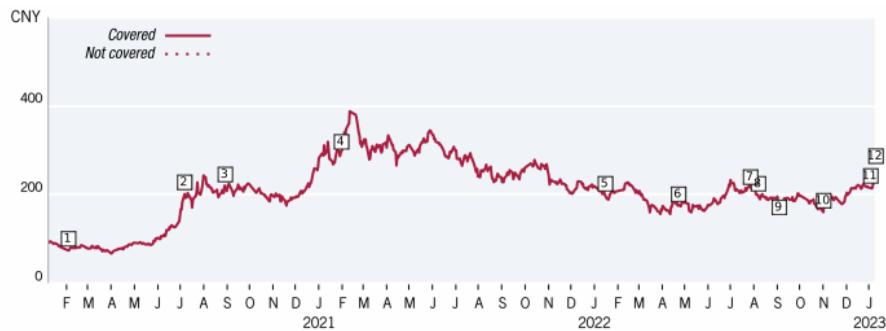
\*Indicates Change

Rating/target price changes above reflect Eastern Time

### **China Tourism Group Duty Free Corp (601888.SS)**

Ratings and Target Price History  
Fundamental Research

Analyst: Lydia Ling



Date	Rating	Target Price	Closing Price
1 03-Feb-20 13:02:28	1	*100.00	73.80
2 06-Jul-20 01:08:50	1	*220.00	201.03
3 30-Aug-20 19:30:38	1	*255.00	220.30
4 31-Jan-21 23:03:40	1	*350.00	294.00

Date	Rating	Target Price	Closing Price
5 16-Jan-22 18:57:04	1	*300.00	200.49
6 24-Apr-22 22:02:45	1	*250.00	176.98
7 27-Jul-22 10:26:40	1	*247.00	214.83
8 07-Aug-22 17:55:41	1	*245.00	198.90

Date	Rating	Target Price	Closing Price
9 02-Sep-22 11:42:39	1	*235.00	180.31
10 31-Oct-22 06:53:13	1	*230.00	160.36
11 02-Jan-23 02:18:16	1	*250.00	216.03
12 08-Jan-23 16:36:55	1	*268.00	224.67

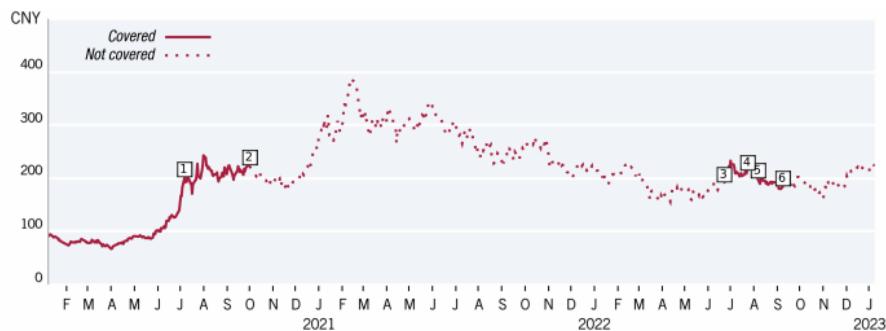
\*Indicates Change

Rating/target price changes above reflect Eastern Time

### **China Tourism Group Duty Free Corp (601888.SS)**

Catalyst Watch Research

Analyst: Lydia Ling



Date	Expected Direction	Duration	Action	Closing Price
1 06-Jul-20 01:08:50	Upside	90 Days	Open	201.03
2 04-Oct-20 17:05:05	Upside	90 Days	Close	222.94

Date	Expected Direction	Duration	Action	Closing Price
3 22-Jun-22 16:10:46	Upside	30 Days	Open	192.30
4 23-Jul-22 17:12:55	Upside	30 Days	Close	214.62

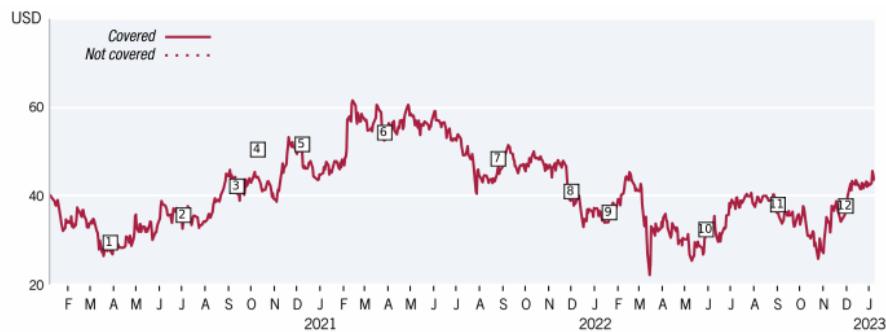
Date	Expected Direction	Duration	Action	Closing Price
5 07-Aug-22 17:55:41	Downside	30 Days	Open	198.90
6 07-Sep-22 17:01:25	Downside	30 Days	Close	183.95

Rating/target price changes above reflect Eastern Time

## H World (HTHT)

Ratings and Target Price History  
Fundamental Research

Analyst: Lydia Ling



Date	Rating	Target Price	Closing Price
1 29-Mar-20 17:14:50	*2	*30.00	27.60
2 02-Jul-20 04:20:05	2	*33.00	34.03
3 13-Sep-20 19:56:52	2	*43.00	40.53
4 11-Oct-20 16:49:11	2	*46.00	44.31

Date	Rating	Target Price	Closing Price
5 07-Dec-20 14:43:47	2	*51.50	50.02
6 26-Mar-21 10:18:38	2	*57.00	52.51
7 25-Aug-21 18:41:03	2	*52.00	46.57
8 30-Nov-21 22:30:45	2	*45.00	39.28

Date	Rating	Target Price	Closing Price
9 19-Jan-22 00:50:51	*1	*43.00	34.58
10 30-May-22 21:22:07	1	*38.00	30.76
11 30-Aug-22 22:20:42	1	*45.00	36.21
12 29-Nov-22 07:56:53	1	*44.50	36.06

\*Indicates Change

Rating/target price changes above reflect Eastern Time

## H World (HTHT)

Catalyst Watch Research

Analyst: Lydia Ling



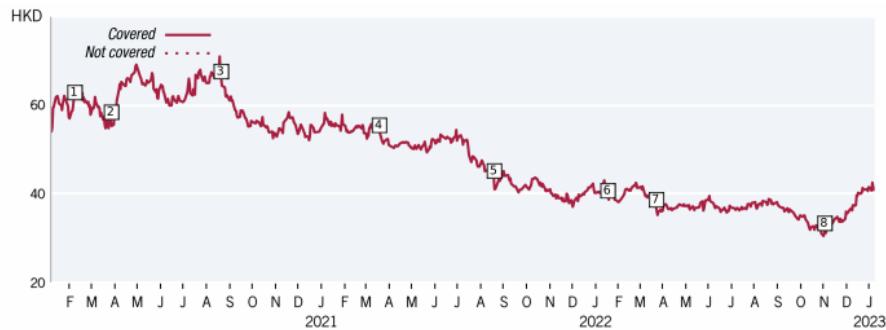
\*Indicates Change

Rating/target price changes above reflect Eastern Time

## Hengan (1044.HK)

Ratings and Target Price History  
Fundamental Research

Analyst: Tiffany Feng



Date	Rating	Target Price	Closing Price
1 07-Feb-20 01:21:40	*2	*59.70	61.30
2 26-Mar-20 11:58:52	2	*60.10	56.85
3 20-Aug-20 08:03:56	2	*62.90	66.00

Date	Rating	Target Price	Closing Price
4 19-Mar-21 13:24:50	2	*55.10	53.90
5 18-Aug-21 11:44:46	*3	*37.20	43.45
6 17-Jan-22 09:24:42	3	*31.40	39.15

Date	Rating	Target Price	Closing Price
7 22-Mar-22 06:38:59	3	*31.00	36.95
8 02-Nov-22 12:48:11	3	*29.70	31.70

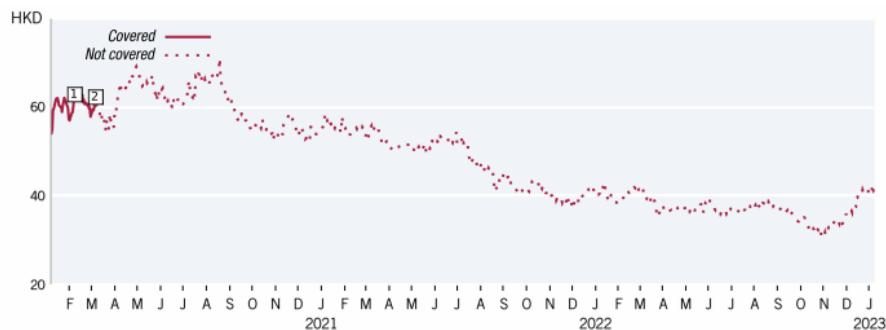
\*Indicates Change

Rating/target price changes above reflect Eastern Time

## Hengan (1044.HK)

Catalyst Watch Research

Analyst: Tiffany Feng



	Date	Expected Direction	Duration	Action	Closing Price
[1]	07-Feb-20 01:21:40	Upside	30 Days	Open	61.30

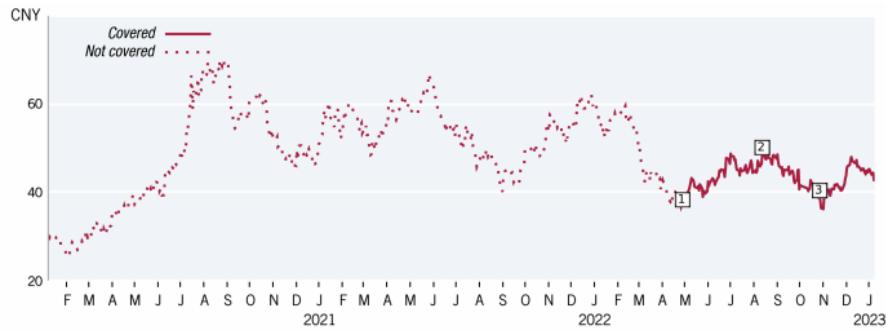
	Date	Expected Direction	Duration	Action	Closing Price
[2]	08-Mar-20 04:13:49	Upside	30 Days	Close	60.70

Rating/target price changes above reflect Eastern Time

## Angel Yeast (600298.SS)

Ratings and Target Price History  
Fundamental Research

Analyst: Tiffany Feng



	Date	Rating	Target Price	Closing Price
[1]	26-Apr-22 05:58:27	*3	*32.50	37.31

	Date	Rating	Target Price	Closing Price
[2]	11-Aug-22 10:24:37	3	*30.40	49.00

	Date	Rating	Target Price	Closing Price
[3]	26-Oct-22 01:34:54	3	*27.60	39.13

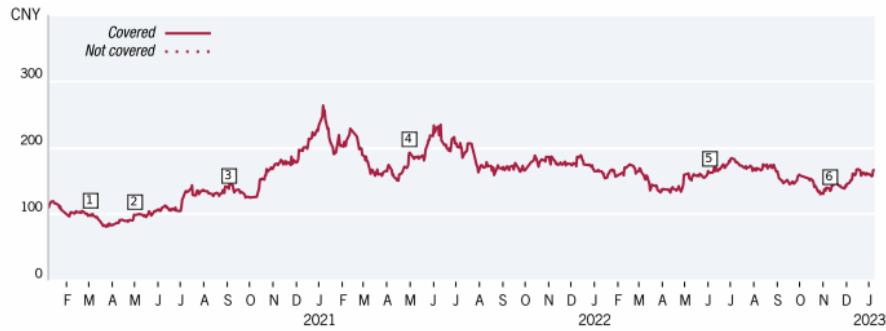
\*Indicates Change

Rating/target price changes above reflect Eastern Time

## Jiangsu Yanghe Brewery (002304.SZ)

Ratings and Target Price History  
Fundamental Research

Analyst: Xiaopo Wei, CFA



	Date	Rating	Target Price	Closing Price
[1]	02-Mar-20 22:03:38	1	*132.50	99.12
[2]	01-May-20 02:56:54	1	*115.70	98.44

	Date	Rating	Target Price	Closing Price
[3]	02-Sep-20 04:23:43	1	*160.80	138.18
[4]	04-May-21 03:05:02	1	*231.00	192.50

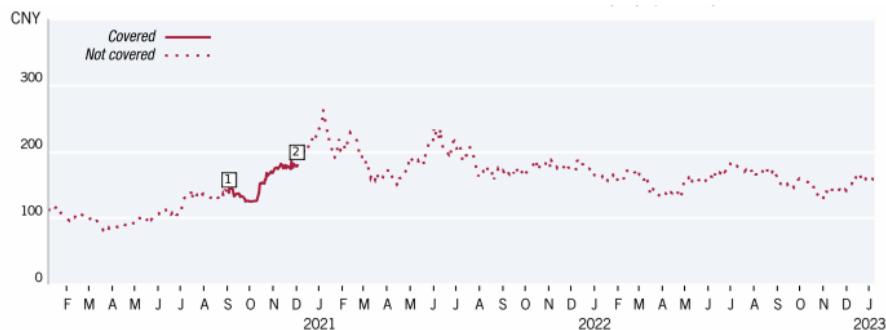
	Date	Rating	Target Price	Closing Price
[5]	02-Jun-22 00:42:58	1	*222.00	162.29
[6]	09-Nov-22 22:24:08	1	*191.00	135.09

Rating/target price changes above reflect Eastern Time

## Jiangsu Yanghe Brewery (002304.SZ)

Catalyst Watch Research

Analyst: Xiaopo Wei, CFA



	Date	Expected Direction	Duration	Action	Closing Price
1	02-Sep-20 04:23:43	Upside	90 Days	Open	138.18

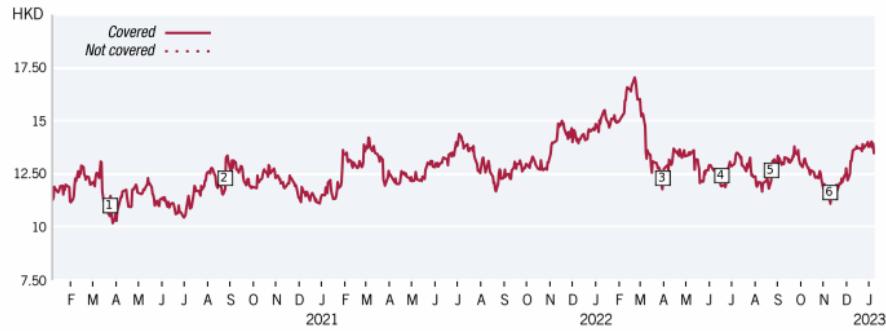
	Date	Expected Direction	Duration	Action	Closing Price
2	01-Dec-20 16:02:03	Upside	90 Days	Close	177.90

Rating/target price changes above reflect Eastern Time

## Tingyi (0322.HK)

Ratings and Target Price History  
Fundamental Research

Analyst: Xiaopo Wei, CFA



	Date	Rating	Target Price	Closing Price
1	23-Mar-20 15:42:00	3	*11.01	10.51
2	24-Aug-20 14:42:22	*2	*14.13	11.79

	Date	Rating	Target Price	Closing Price
3	30-Mar-22 15:52:41	2	*13.63	11.78
4	19-Jun-22 21:59:02	2	*12.83	11.92

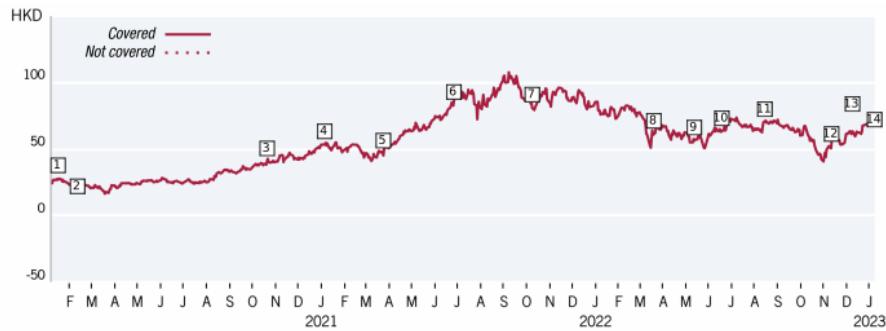
	Date	Rating	Target Price	Closing Price
5	22-Aug-22 11:18:30	2	*12.99	12.17
6	09-Nov-22 22:24:08	2	*11.76	11.10

Rating/target price changes above reflect Eastern Time

## Li Ning (2331.HK)

Ratings and Target Price History  
Fundamental Research

Analyst: Xiaopo Wei, CFA



	Date	Rating	Target Price	Closing Price
1	16-Jan-20 17:54:27	1	*32.60	27.05
2	11-Feb-20 18:31:09	1	*32.53	22.20
3	20-Oct-20 10:00:02	1	*47.95	40.70
4	04-Jan-21 08:59:21	1	*62.15	53.30
5	23-Mar-21 10:18:03	1	*65.30	46.50

	Date	Rating	Target Price	Closing Price
6	27-Jun-21 17:07:22	1	*100.50	82.60
7	10-Oct-21 18:25:52	1	*103.40	80.95
8	20-Mar-22 17:04:19	1	*109.85	60.60
9	12-May-22 17:49:00	1	*95.20	56.30
10	19-Jun-22 21:59:02	1	*92.20	63.05

	Date	Rating	Target Price	Closing Price
11	14-Aug-22 19:47:10	1	*98.00	70.10
12	09-Nov-22 22:24:08	1	*79.50	50.95
13	08-Dec-22 13:20:20	1	*75.00	63.25
14	06-Jan-23 09:24:40	1	*90.60	72.00

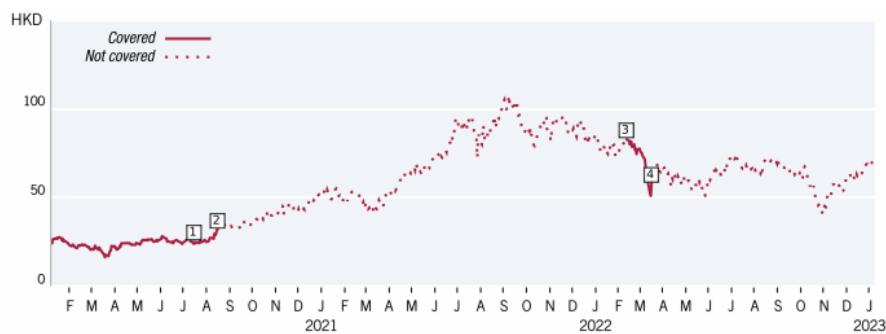
\*Indicates Change

Rating/target price changes above reflect Eastern Time

### Li Ning (2331.HK)

Catalyst Watch Research

Analyst: Xiaopo Wei, CFA



	Date	Expected Direction	Duration	Action	Closing Price
1	15-Jul-20 15:57:29	Upside	30 Days	Open	24.85
2	15-Aug-20 04:19:31	Upside	30 Days	Close	31.55

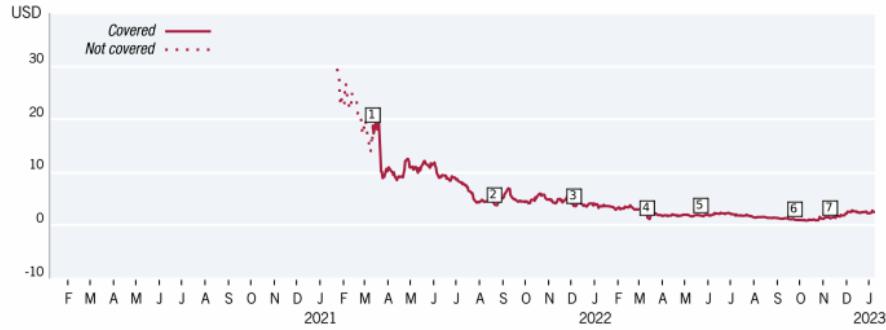
	Date	Expected Direction	Duration	Action	Closing Price
3	13-Feb-22 16:00:27	Upside	30 Days	Open	82.70
4	16-Mar-22 04:18:43	Upside	30 Days	Close	57.90

Rating/target price changes above reflect Eastern Time

### RLX Technology (RLX)

Ratings and Target Price History  
Fundamental Research

Analyst: Lydia Ling



	Date	Rating	Target Price	Closing Price
1	11-Mar-21 04:18:52	*1H	*20.00	18.80
2	22-Aug-21 22:15:57	1H	*15.10	3.91
3	05-Dec-21 16:02:27	1H	*11.50	3.69

	Date	Rating	Target Price	Closing Price
4	13-Mar-22 13:21:52	1H	*6.00	1.49
5	22-May-22 12:23:10	1H	*4.55	1.87
6	22-Sep-22 07:33:20	1H	*3.45	1.16

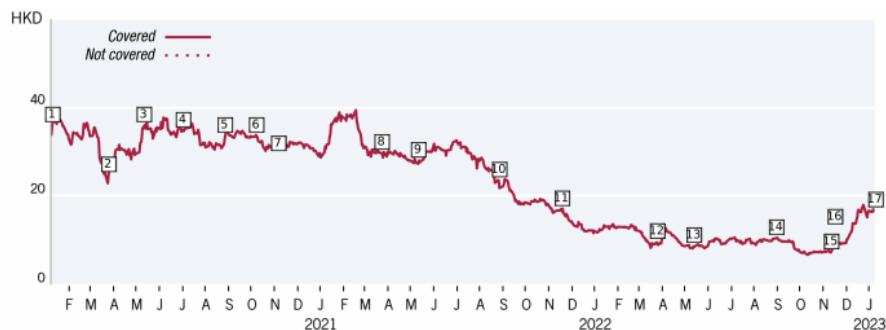
	Date	Rating	Target Price	Closing Price
7	09-Nov-22 22:24:08	1H	*2.60	1.34

Rating/target price changes above reflect Eastern Time

### Health and Happiness (H&H) (1112.HK)

Ratings and Target Price History  
Fundamental Research

Analyst: Tiffany Feng



	Date	Rating	Target Price	Closing Price
1	09-Jan-20 08:12:28	1	*41.00	35.95
2	24-Mar-20 12:04:55	1	*37.80	24.85
3	11-May-20 08:08:49	1	*44.00	36.00
4	02-Jul-20 04:35:24	1	*40.30	34.65
5	26-Aug-20 01:07:51	1	*41.40	33.50
6	07-Oct-20 11:36:03	1	*38.10	33.45

	Date	Rating	Target Price	Closing Price
7	05-Nov-20 13:08:50	1	*41.30	33.15
8	23-Mar-21 14:19:33	1	*40.50	29.70
9	11-May-21 13:55:50	1	*40.00	28.00
10	25-Aug-21 16:01:15	1	*33.80	23.50
11	16-Nov-21 14:22:10	1	*29.30	17.10
12	23-Mar-22 04:51:12	1	*18.80	9.51

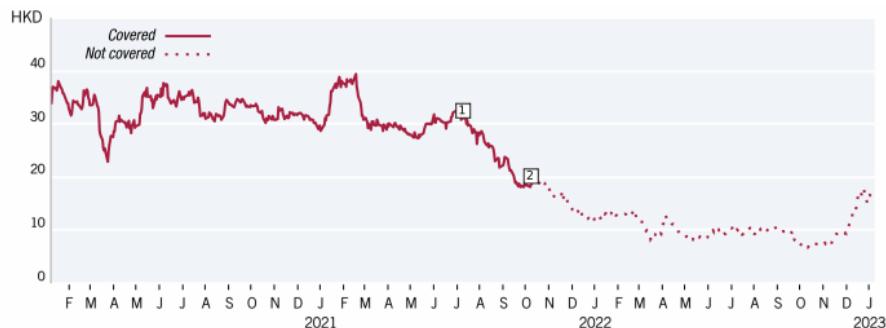
	Date	Rating	Target Price	Closing Price
13	11-May-22 09:50:15	1	*16.20	8.63
14	29-Aug-22 16:23:11	1	*15.30	10.50
15	09-Nov-22 22:24:08	1	*11.60	7.29
16	15-Nov-22 09:55:02	1	*11.40	9.12
17	08-Jan-23 16:32:42	1	*19.00	16.68

Rating/target price changes above reflect Eastern Time

## Health and Happiness (H&H) (1112.HK)

Catalyst Watch Research

Analyst: Tiffany Feng



	Date	Expected Direction	Duration	Action	Closing Price
[1]	09-Jul-21 09:59:45	Downside	90 Days	Open	31.10

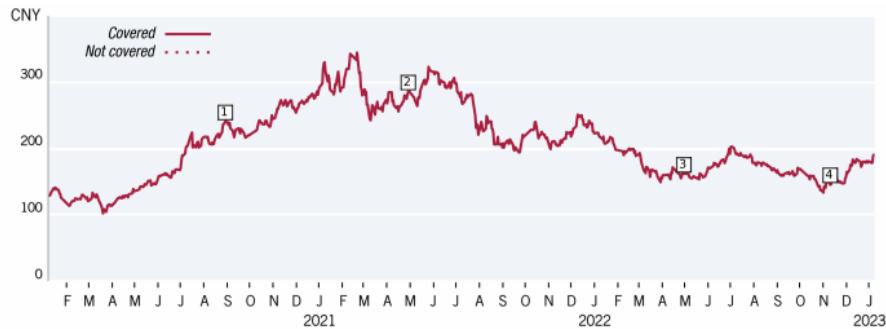
	Date	Expected Direction	Duration	Action	Closing Price
[2]	07-Oct-21 04:25:13	Downside	90 Days	Close	18.74

Rating/target price changes above reflect Eastern Time

## Wuliangye (000858.SZ)

Ratings and Target Price History  
Fundamental Research

Analyst: Xiaopo Wei, CFA



	Date	Rating	Target Price	Closing Price
[1]	30-Aug-20 19:17:07	1	*274.23	240.50
[2]	28-Apr-21 21:18:19	1	*330.75	285.60

	Date	Rating	Target Price	Closing Price
[3]	02-May-22 03:42:52	1	*281.30	162.13
[4]	09-Nov-22 22:24:08	1	*234.10	145.40

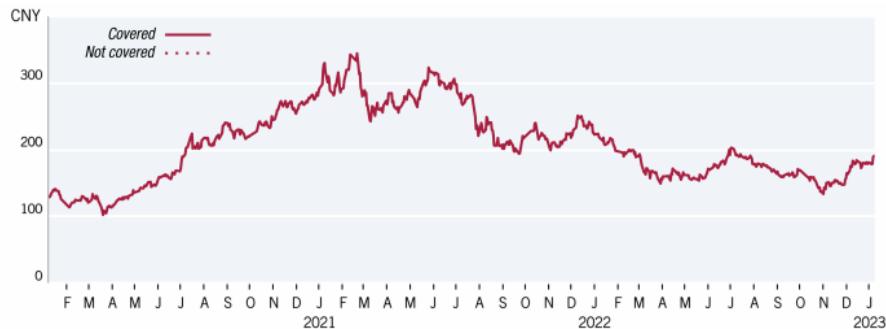
\*Indicates Change

Rating/target price changes above reflect Eastern Time

## Wuliangye (000858.SZ)

Catalyst Watch Research

Analyst: Xiaopo Wei, CFA



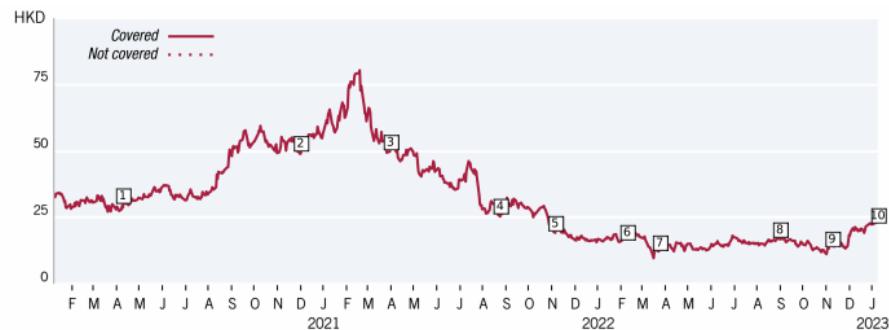
\*Indicates Change

Rating/target price changes above reflect Eastern Time

## Haidilao International Holding Ltd (6862.HK)

Ratings and Target Price History  
Fundamental Research

Analyst: Xiaopo Wei, CFA



Date	Rating	Target Price	Closing Price
[1] 13-Apr-20 15:50:06	2	*31.44	30.58
[2] 02-Dec-20 06:06:17	2	*52.88	50.58
[3] 31-Mar-21 09:36:19	2	*51.92	51.11
[4] 25-Aug-21 06:41:19	2	*29.13	26.87

Date	Rating	Target Price	Closing Price
[5] 07-Nov-21 20:00:26	2	*22.88	20.24
[6] 08-Feb-22 03:22:24	2	*18.88	17.12
[7] 27-Mar-22 20:46:33	*1	*15.19	12.85
[8] 31-Aug-22 04:20:52	1	*21.25	17.88

Date	Rating	Target Price	Closing Price
[9] 09-Nov-22 22:24:08	1	*19.62	14.27

[10] 08-Jan-23 14:57:09	1	*27.30	23.05
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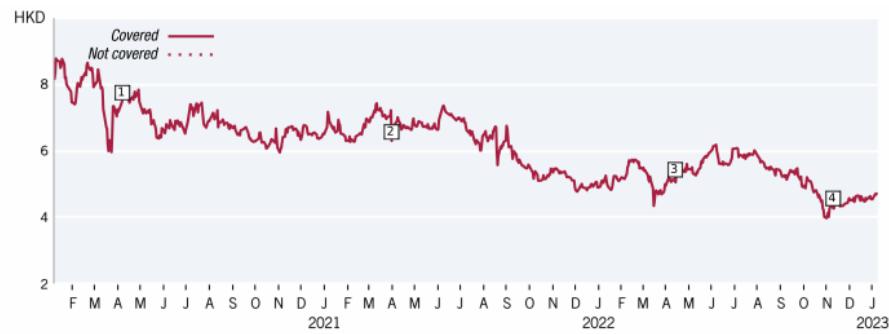
\*Indicates Change

Rating/target price changes above reflect Eastern Time

## WH Group Ltd (0288.HK)

Ratings and Target Price History  
Fundamental Research

Analyst: Xiaopo Wei, CFA



Date	Rating	Target Price	Closing Price
[1] 06-Apr-20 09:23:22	1	*9.91	7.48
[2] 31-Mar-21 11:14:21	1	*8.78	6.30

Date	Rating	Target Price	Closing Price
[3] 12-Apr-22 00:26:50	1	*7.23	5.16
[4] 09-Nov-22 22:24:08	1	*7.12	4.26

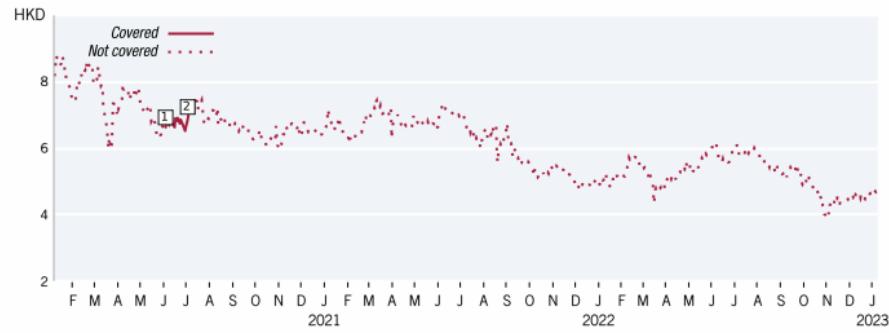
\*Indicates Change

Rating/target price changes above reflect Eastern Time

## WH Group Ltd (0288.HK)

Catalyst Watch Research

Analyst: Xiaopo Wei, CFA



Date	Expected Direction	Duration	Action	Closing Price
[1] 03-Jun-20 11:22:53	Upside	30 Days	Open	6.63

Date	Expected Direction	Duration	Action	Closing Price
[2] 03-Jul-20 04:16:42	Upside	30 Days	Close	6.94

Rating/target price changes above reflect Eastern Time

## Shanghai Jinjiang International Hotels (600754.SS)

Ratings and Target Price History  
Fundamental Research

Analyst: Lydia Ling



	Date	Rating	Target Price	Closing Price
1	30-Mar-20 12:59:58	1	*30.00	24.09
2	30-Aug-20 22:28:21	1	*48.00	41.54
3	31-Mar-21 22:25:22	1	*64.00	55.50

	Date	Rating	Target Price	Closing Price
4	02-Sep-21 05:12:13	1	*60.00	45.62
5	02-Nov-21 20:59:56	1	*63.00	52.46
6	19-Jan-22 00:50:51	1	*68.00	56.08

	Date	Rating	Target Price	Closing Price
7	29-Mar-22 06:43:39	1	*65.00	49.19
8	30-Aug-22 22:20:42	1	*69.00	59.40

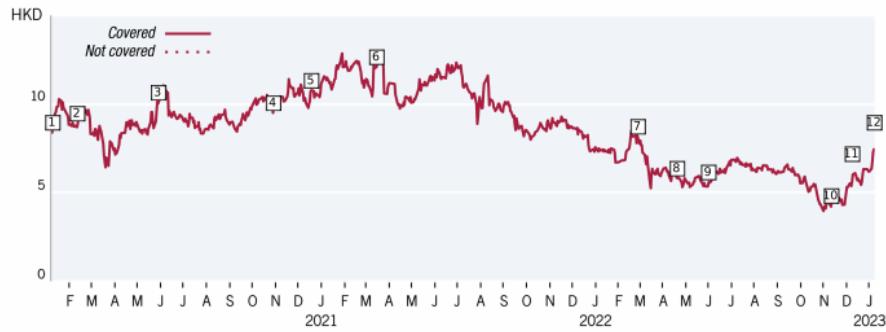
\*Indicates Change

Rating/target price changes above reflect Eastern Time

## Topsports (6110.HK)

Ratings and Target Price History  
Fundamental Research

Analyst: Xiaopo Wei, CFA



	Date	Rating	Target Price	Closing Price
1	08-Jan-20 01:00:00	*1	*12.49	8.39
2	11-Feb-20 18:31:09	1	*12.24	8.90
3	29-May-20 11:12:08	1	*13.09	10.15
4	28-Oct-20 12:35:33	1	*12.75	9.50

	Date	Rating	Target Price	Closing Price
5	20-Dec-20 15:28:51	1	*14.55	10.78
6	15-Mar-21 08:20:13	1	*16.26	12.10
7	27-Feb-22 17:34:24	1	*14.65	8.21
8	19-Apr-22 03:11:03	1	*11.85	5.82

	Date	Rating	Target Price	Closing Price
9	31-May-22 13:40:54	1	*10.30	5.58
10	09-Nov-22 22:24:08	1	*8.27	4.31
11	08-Dec-22 13:20:20	1	*7.92	5.65
12	06-Jan-23 09:24:40	1	*9.35	7.44

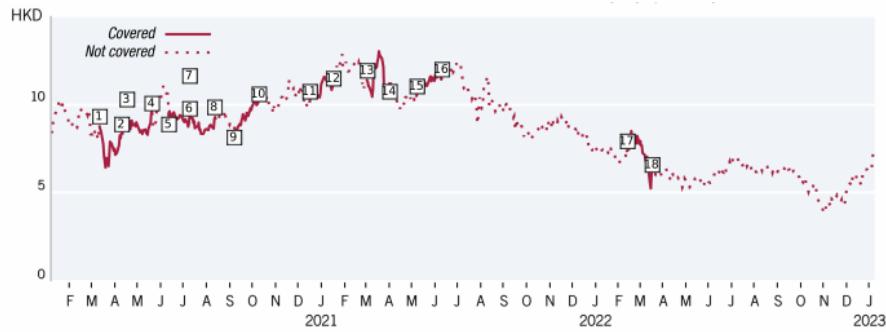
\*Indicates Change

Rating/target price changes above reflect Eastern Time

## Topsports (6110.HK)

Catalyst Watch Research

Analyst: Xiaopo Wei, CFA



	Date	Expected Direction	Duration	Action	Closing Price
1	11-Mar-20 10:28:08	Upside	30 Days	Open	8.76
2	10-Apr-20 04:22:56	Upside	30 Days	Close	8.35
3	19-Apr-20 17:23:14	Upside	30 Days	Open	8.75
4	20-May-20 04:14:45	Upside	30 Days	Close	9.54
5	11-Jun-20 12:13:42	Upside	30 Days	Open	9.35
6	12-Jul-20 04:15:43	Upside	30 Days	Close	9.22

	Date	Expected Direction	Duration	Action	Closing Price
7	12-Jul-20 18:30:50	Upside	30 Days	Open	9.22
8	12-Aug-20 04:13:23	Upside	30 Days	Close	9.28
9	07-Sep-20 19:19:44	Upside	30 Days	Open	8.62
10	08-Oct-20 04:22:06	Upside	30 Days	Close	10.07
11	16-Dec-20 04:14:48	Upside	30 Days	Open	10.18
12	15-Jan-21 03:25:05	Upside	30 Days	Close	10.95

	Date	Expected Direction	Duration	Action	Closing Price
13	02-Mar-21 02:44:31	Upside	30 Days	Open	11.37
14	01-Apr-21 04:24:22	Upside	30 Days	Close	11.18
15	09-May-21 18:27:26	Upside	30 Days	Open	10.47
16	09-Jun-21 04:19:48	Upside	30 Days	Close	11.41
17	13-Feb-22 16:00:27	Upside	30 Days	Open	7.36
18	16-Mar-22 04:18:43	Upside	30 Days	Close	6.08

Rating/target price changes above reflect Eastern Time

## Shanxi Xinghuacun Fen Wine (600809.SS)

Ratings and Target Price History  
Fundamental Research

Analyst: Xiaopo Wei, CFA



Date	Rating	Target Price	Closing Price
1 28-Aug-20 10:00:24	1	*158.71	138.13
2 11-Jan-21 07:44:05	1	*324.43	277.71

Date	Rating	Target Price	Closing Price
3 04-Jul-21 17:06:35	1	*521.00	309.91
4 28-Apr-22 03:57:25	1	*351.00	272.00

Date	Rating	Target Price	Closing Price
5 09-Nov-22 22:24:08	1	*299.00	252.72

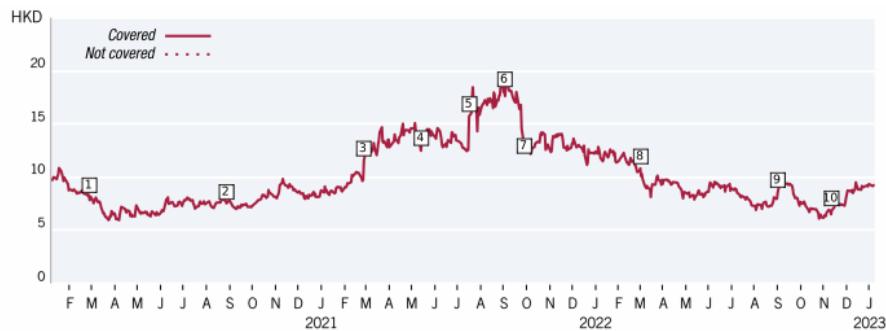
\*Indicates Change

Rating/target price changes above reflect Eastern Time

## JNBY Design (3306.HK)

Ratings and Target Price History  
Fundamental Research

Analyst: Lydia Ling



Date	Rating	Target Price	Closing Price
1 26-Feb-20 15:54:07	1	*12.50	8.13
2 27-Aug-20 13:38:00	1	*10.00	7.54
3 26-Feb-21 01:10:50	1	*12.40	11.56
4 13-May-21 08:04:53	1	*14.00	12.49

Date	Rating	Target Price	Closing Price
5 16-Jul-21 03:21:24	1	*16.80	15.72
6 01-Sep-21 18:06:58	1	*20.50	18.10
7 27-Sep-21 13:48:17	1	*19.50	13.21
8 01-Mar-22 09:29:27	1	*16.50	10.82

Date	Rating	Target Price	Closing Price
9 31-Aug-22 11:00:08	1	*12.38	8.58
10 09-Nov-22 22:24:08	1	*10.00	6.83

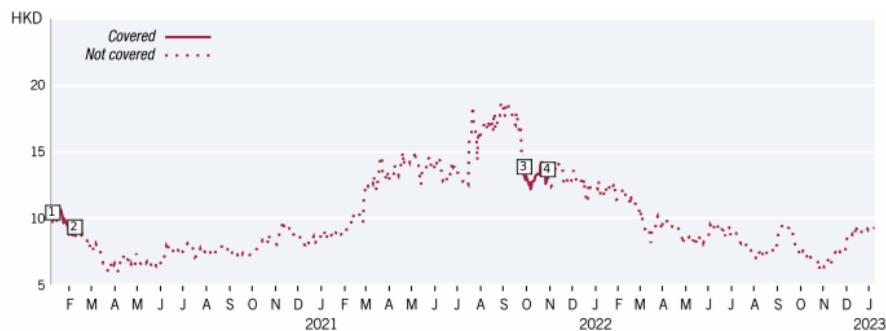
\*Indicates Change

Rating/target price changes above reflect Eastern Time

## JNBY Design (3306.HK)

Catalyst Watch Research

Analyst: Lydia Ling



Date	Expected Direction	Duration	Action	Closing Price
1 09-Jan-20 08:42:57	Downside	30 Days	Open	9.85
2 08-Feb-20 03:11:32	Downside	30 Days	Close	8.76

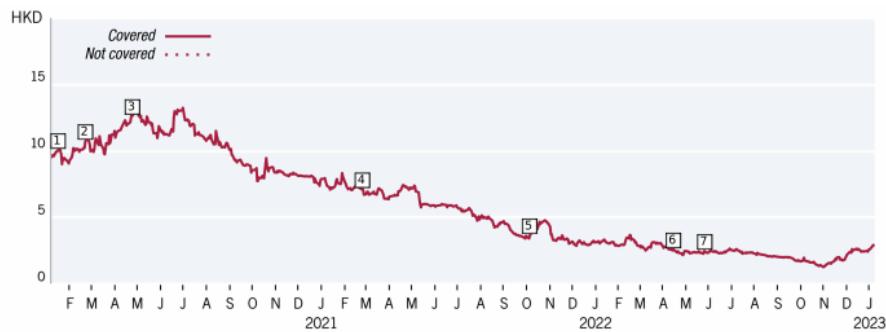
Date	Expected Direction	Duration	Action	Closing Price
3 27-Sep-21 13:48:17	Downside	30 Days	Open	13.21
4 28-Oct-21 04:22:23	Downside	30 Days	Close	13.04

Rating/target price changes above reflect Eastern Time

## Sun Art (6808.HK)

Ratings and Target Price History  
Fundamental Research

Analyst: Xiaopo Wei, CFA



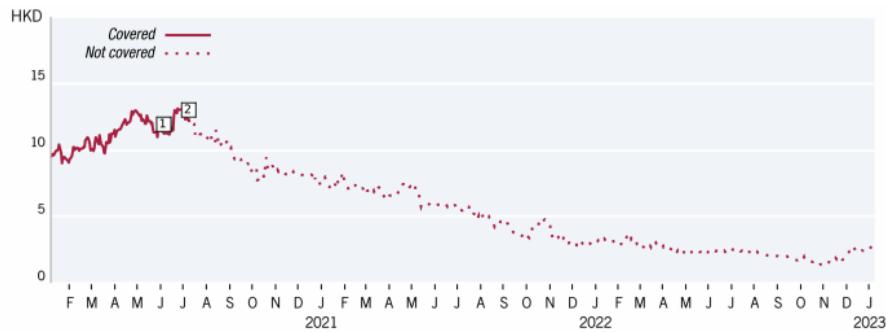
\*Indicates Change

Rating/target price changes above reflect Eastern Time

## Sun Art (6808.HK)

Catalyst Watch Research

Analyst: Xiaopo Wei, CFA

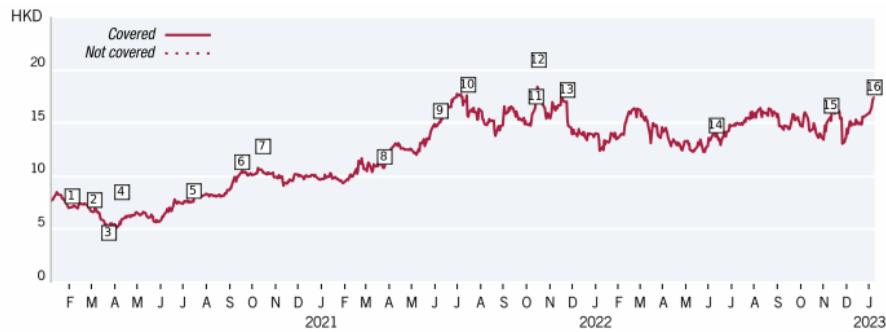


Rating/target price changes above reflect Eastern Time

## Chow Tai Fook Jewellery Group (1929.HK)

Ratings and Target Price History  
Fundamental Research

Analyst: Tiffany Feng



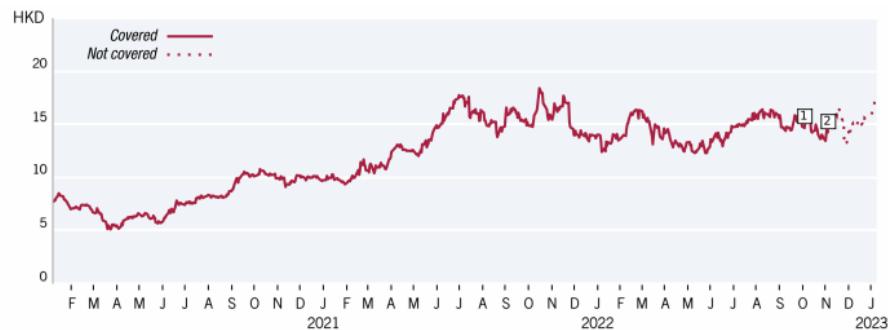
\*Indicates Change

Rating/target price changes above reflect Eastern Time

## **Chow Tai Fook Jewellery Group (1929.HK)**

Catalyst Watch Research

Analyst: Tiffany Feng



	Date	Expected Direction	Duration	Action	Closing Price
1	03-Oct-22 12:10:11	Upside	30 Days	Open	14.66

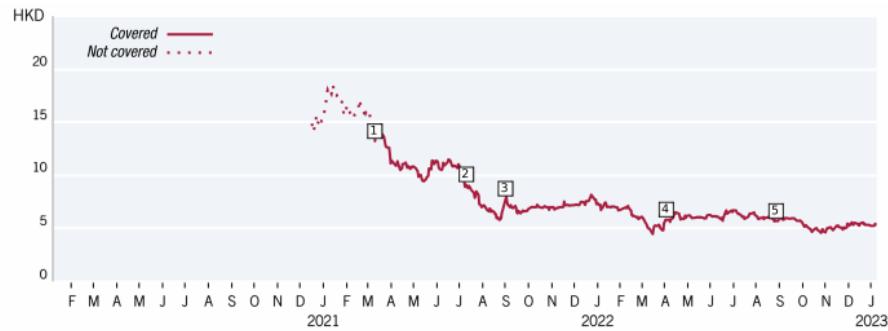
	Date	Expected Direction	Duration	Action	Closing Price
2	03-Nov-22 04:23:57	Upside	30 Days	Close	14.24

Rating/target price changes above reflect Eastern Time

## **Blue Moon (6993.HK)**

Ratings and Target Price History  
Fundamental Research

Analyst: Xiaopo Wei, CFA



	Date	Rating	Target Price	Closing Price
1	10-Mar-21 21:01:43	*1	*16.14	13.22
2	11-Jul-21 18:10:17	1	*12.36	9.13

	Date	Rating	Target Price	Closing Price
3	31-Aug-21 09:19:32	1	*10.39	7.76
4	03-Apr-22 18:51:28	1	*7.20	5.82

	Date	Rating	Target Price	Closing Price
5	28-Aug-22 22:24:12	*2	*6.10	5.70

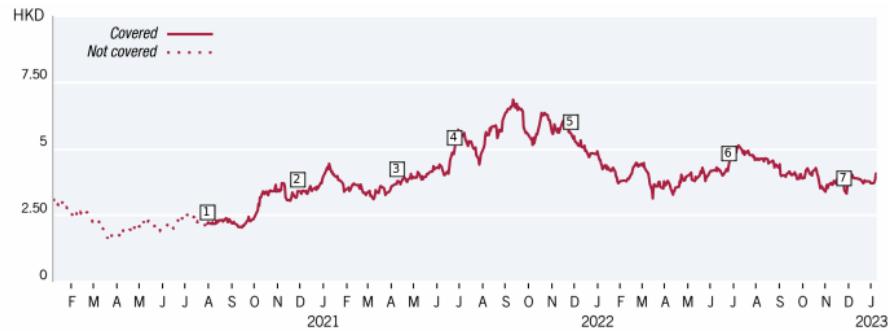
\*Indicates Change

Rating/target price changes above reflect Eastern Time

## **Bosideng International (3998.HK)**

Ratings and Target Price History  
Fundamental Research

Analyst: Lydia Ling



	Date	Rating	Target Price	Closing Price
1	30-Jul-20 06:50:37	*1	*3.10	2.19
2	27-Nov-20 12:31:26	1	*3.85	3.41

	Date	Rating	Target Price	Closing Price
4	24-Jun-21 15:19:05	1	*5.60	4.96
5	26-Nov-21 12:25:45	1	*6.50	5.58
6	26-Jun-22 19:09:51	1	*5.60	4.37

	Date	Rating	Target Price	Closing Price
7	27-Nov-22 21:44:15	1	*5.35	3.44

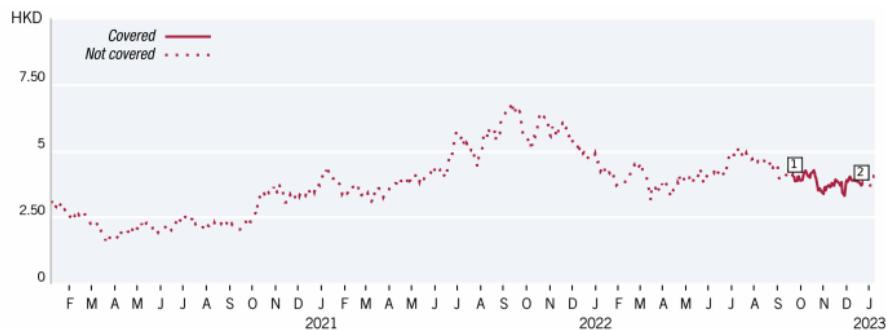
\*Indicates Change

Rating/target price changes above reflect Eastern Time

### Bosideng International (3998.HK)

Catalyst Watch Research

Analyst: Lydia Ling



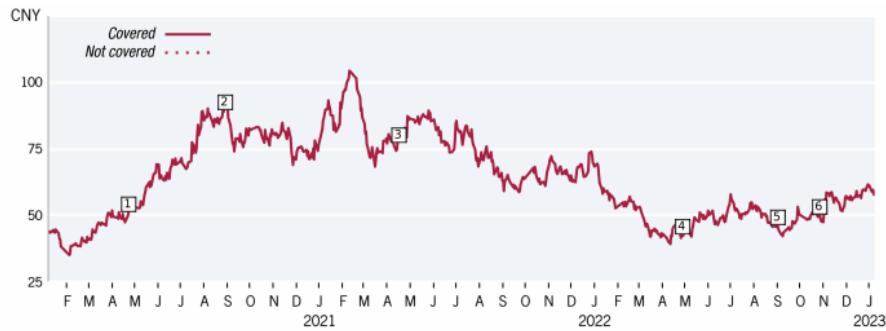
	Date	Expected Direction	Duration	Action	Closing Price
[1]	22-Sep-22 10:02:11	Upside	90 Days	Open	4.03
[2]	21-Dec-22 04:10:12	Upside	90 Days	Close	3.73

Rating/target price changes above reflect Eastern Time

### Juewei Food (603517.SS)

Ratings and Target Price History  
Fundamental Research

Analyst: Lydia Ling



	Date	Rating	Target Price	Closing Price
[1]	22-Apr-20 09:46:48	3	*30.00	51.59
[2]	28-Aug-20 02:59:50	3	*37.00	89.97

	Date	Rating	Target Price	Closing Price
[3]	16-Apr-21 04:58:01	3	*46.00	77.63
[4]	27-Apr-22 15:05:32	3	*36.00	43.30

	Date	Rating	Target Price	Closing Price
[5]	31-Aug-22 16:30:22	3	*35.00	46.67
[6]	26-Oct-22 13:42:06	3	*33.00	50.65

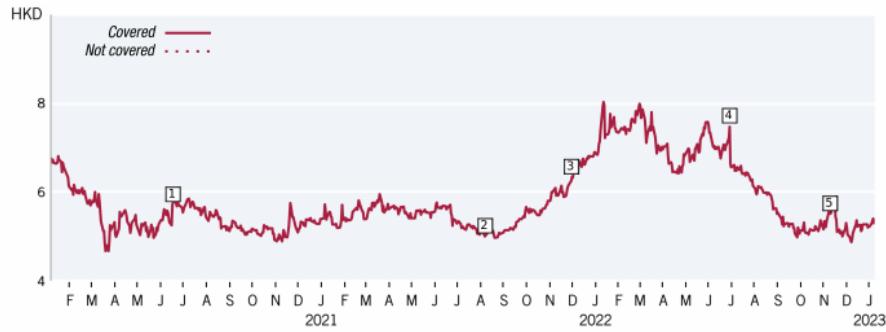
\*Indicates Change

Rating/target price changes above reflect Eastern Time

### Want Want China (0151.HK)

Ratings and Target Price History  
Fundamental Research

Analyst: Xiaopo Wei, CFA



	Date	Rating	Target Price	Closing Price
[1]	16-Jun-20 17:55:25	1	*8.69	5.70
[2]	08-Aug-21 20:11:59	1	*8.83	5.00

	Date	Rating	Target Price	Closing Price
[3]	30-Nov-21 12:09:56	1	*9.21	6.34
[4]	28-Jun-22 20:19:46	1	*9.03	7.47

	Date	Rating	Target Price	Closing Price
[5]	09-Nov-22 22:24:08	1	*8.10	5.51

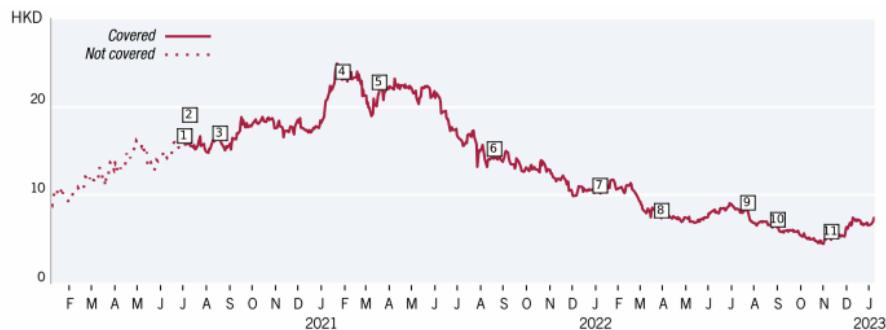
\*Indicates Change

Rating/target price changes above reflect Eastern Time

### China Feihe (6186.HK)

Ratings and Target Price History  
Fundamental Research

Analyst: Tiffany Feng



Date	Rating	Target Price	Closing Price
[1] 02-Jul-20 04:35:24	*1	*19.20	15.96
[2] 09-Jul-20 10:59:26	1	*21.20	16.00
[3] 19-Aug-20 03:14:05	1	*22.10	16.26
[4] 31-Jan-21 15:54:29	1	*27.20	23.20

Date	Rating	Target Price	Closing Price
[5] 19-Mar-21 11:20:38	1	*27.10	22.00
[6] 19-Aug-21 10:17:01	1	*27.30	14.36
[7] 07-Jan-22 07:12:32	1	*21.20	10.22
[8] 29-Mar-22 23:20:20	1	*10.80	7.42

Date	Rating	Target Price	Closing Price
[9] 24-Jul-22 13:12:03	1	*9.20	8.32
[10] 30-Aug-22 13:53:06	1	*8.90	6.40
[11] 09-Nov-22 22:24:08	1	*7.10	5.17

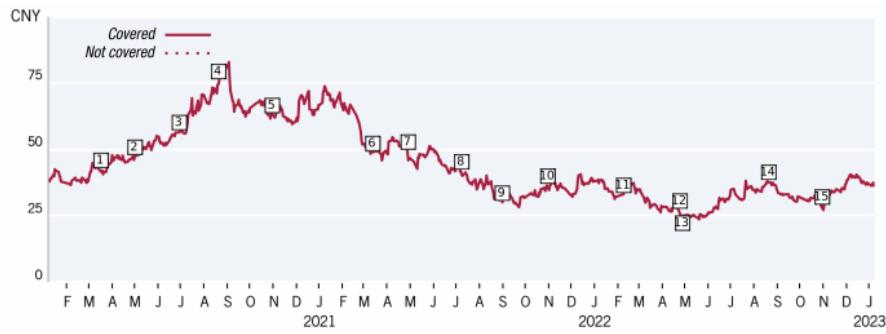
\*Indicates Change

Rating/target price changes above reflect Eastern Time

### Jonjee Hi-Tech (600872.SS)

Ratings and Target Price History  
Fundamental Research

Analyst: Tiffany Feng



Date	Rating	Target Price	Closing Price
[1] 17-Mar-20 02:59:55	1	*48.40	42.06
[2] 30-Apr-20 03:40:50	1	*52.60	47.34
[3] 29-Jun-20 10:35:01	1	*65.60	56.53
[4] 20-Aug-20 13:08:59	1	*86.70	75.70
[5] 01-Nov-20 10:12:40	1	*79.70	62.85

Date	Rating	Target Price	Closing Price
[6] 14-Mar-21 21:31:28	1	*56.70	48.86
[7] 27-Apr-21 11:36:17	*2	*54.10	49.23
[8] 07-Jul-21 15:05:21	2	*41.20	41.64
[9] 31-Aug-21 11:09:41	2	*32.60	30.05
[10] 31-Oct-21 17:37:05	*3	*29.60	36.35

Date	Rating	Target Price	Closing Price
[11] 07-Feb-22 05:01:24	3	*29.80	33.01
[12] 24-Apr-22 22:27:31	3	*25.50	26.95
[13] 26-Apr-22 04:29:44	3	*24.50	24.95
[14] 18-Aug-22 20:34:50	3	*24.60	37.90
[15] 28-Oct-22 10:13:50	3	*26.10	28.68

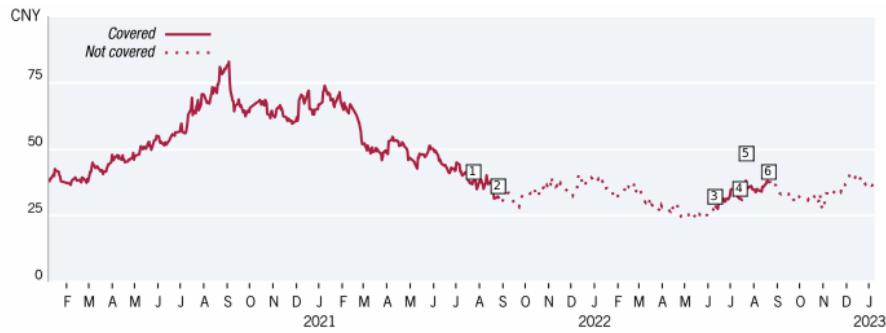
\*Indicates Change

Rating/target price changes above reflect Eastern Time

### Jonjee Hi-Tech (600872.SS)

Catalyst Watch Research

Analyst: Tiffany Feng



Date	Expected Direction	Duration	Action	Closing Price
[1] 25-Jul-21 19:30:32	Downsides	30 Days	Open	37.75
[2] 25-Aug-21 17:04:17	Downside	30 Days	Close	32.16

Date	Expected Direction	Duration	Action	Closing Price
[3] 12-Jun-22 19:15:49	Downsides	30 Days	Open	28.33
[4] 13-Jul-22 17:10:36	Downsides	30 Days	Close	31.24

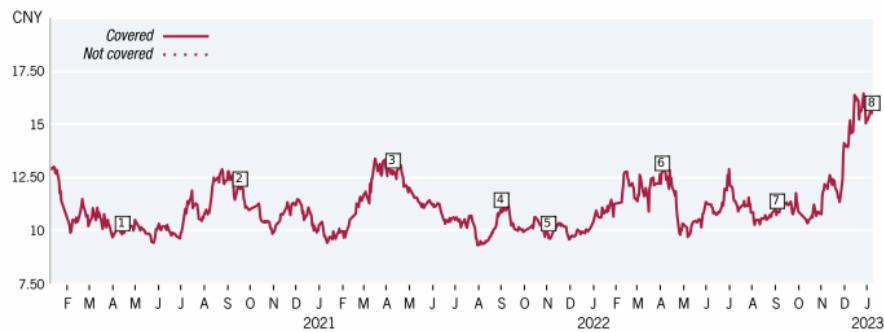
Date	Expected Direction	Duration	Action	Closing Price
[5] 20-Jul-22 12:11:07	Upside	30 Days	Open	38.07
[6] 20-Aug-22 17:08:19	Upside	30 Days	Close	37.56

Rating/target price changes above reflect Eastern Time

## China CYTS Tours Holding (600138.SS)

Ratings and Target Price History  
Fundamental Research

Analyst: Lydia Ling



Date	Rating	Target Price	Closing Price
[1] 13-Apr-20 00:19:46	1	*11.50	9.83
[2] 17-Sep-20 09:02:41	1	*14.00	11.95
[3] 09-Apr-21 09:45:58	1	*14.60	12.81

Date	Rating	Target Price	Closing Price
[4] 30-Aug-21 18:09:02	1	*14.00	10.99
[5] 01-Nov-21 18:38:01	1	*13.00	9.85
[6] 03-Apr-22 14:26:51	1	*14.65	12.71

Date	Rating	Target Price	Closing Price
[7] 02-Sep-22 04:22:17	1	*12.50	10.91
[8] 09-Jan-23 00:46:25	1	*18.00	15.53

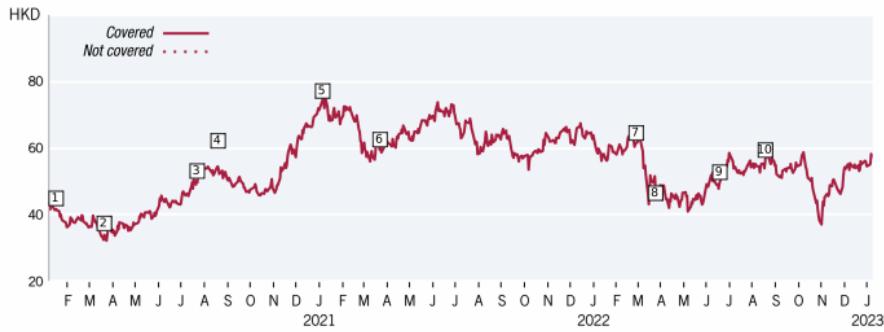
\*Indicates Change

Rating/target price changes above reflect Eastern Time

## China Resources Beer (0291.HK)

Ratings and Target Price History  
Fundamental Research

Analyst: Xiaopo Wei, CFA



Date	Rating	Target Price	Closing Price
[1] 16-Jan-20 17:54:27	1	*51.61	41.60
[2] 22-Mar-20 16:52:13	1	*46.91	33.85
[3] 22-Jul-20 09:19:48	1	*60.80	49.65
[4] 19-Aug-20 14:32:24	1	*67.82	53.85

Date	Rating	Target Price	Closing Price
[5] 04-Jan-21 08:59:21	1	*85.00	74.00
[6] 22-Mar-21 17:28:39	1	*80.06	59.40
[7] 27-Feb-22 11:27:52	1	*80.16	61.20
[8] 24-Mar-22 15:37:29	1	*72.55	47.95

Date	Rating	Target Price	Closing Price
[9] 19-Jun-22 21:59:02	1	*67.10	49.35
[10] 17-Aug-22 13:04:52	1	*72.30	56.00

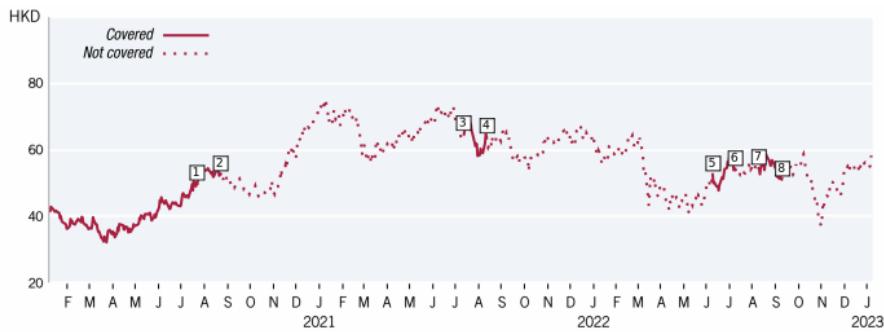
\*Indicates Change

Rating/target price changes above reflect Eastern Time

## China Resources Beer (0291.HK)

Catalyst Watch Research

Analyst: Xiaopo Wei, CFA



Date	Expected Direction	Duration	Action	Closing Price
[1] 22-Jul-20 09:19:48	Upside	30 Days	Open	49.65
[2] 21-Aug-20 04:20:38	Upside	30 Days	Close	52.40
[3] 12-Jul-21 09:43:34	Upside	30 Days	Open	64.65

Date	Expected Direction	Duration	Action	Closing Price
[4] 11-Aug-21 04:22:14	Upside	30 Days	Close	63.90
[5] 08-Jun-22 15:07:36	Upside	30 Days	Open	52.65
[6] 09-Jul-22 04:19:33	Upside	30 Days	Close	54.30

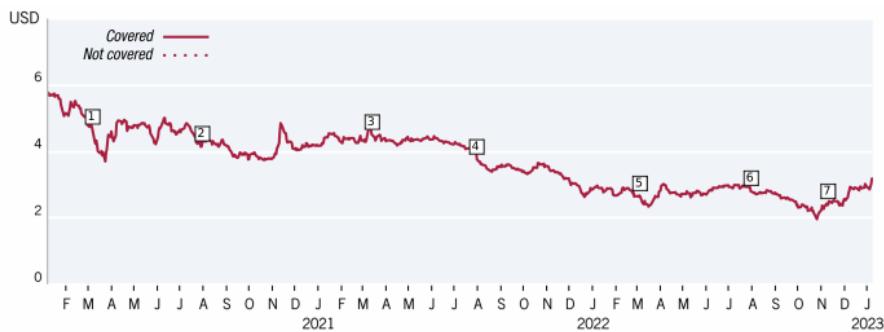
Date	Expected Direction	Duration	Action	Closing Price
[7] 08-Aug-22 21:00:49	Upside	30 Days	Open	54.45
[8] 08-Sep-22 04:13:25	Upside	30 Days	Close	51.00

Rating/target price changes above reflect Eastern Time

### DFI Retail (DFIR.SI)

Ratings and Target Price History  
Fundamental Research

Analyst: Tiffany Feng



Date	Rating	Target Price	Closing Price
[1] 08-Mar-20 17:41:04	*2	*5.10	4.64
[2] 29-Jul-20 12:32:11	2	*4.15	4.15
[3] 12-Mar-21 09:00:12	2	*4.70	4.51

Date	Rating	Target Price	Closing Price
[4] 30-Jul-21 12:34:57	2	*4.02	3.76
[5] 04-Mar-22 02:33:38	2	*2.90	2.64
[6] 29-Jul-22 03:35:17	2	*2.83	2.80

Date	Rating	Target Price	Closing Price
[7] 09-Nov-22 22:24:08	2	*2.36	2.42

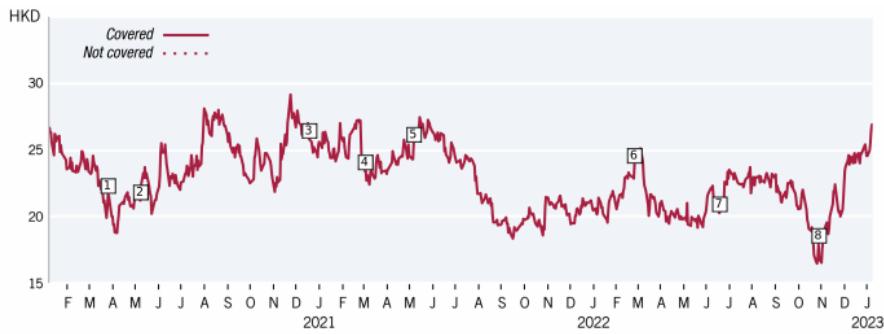
\*Indicates Change

Rating/target price changes above reflect Eastern Time

### Budweiser Brewing Company APAC Ltd (1876.HK)

Ratings and Target Price History  
Fundamental Research

Analyst: Xiaopo Wei, CFA



Date	Rating	Target Price	Closing Price
[1] 25-Mar-20 06:55:00	1	*29.50	21.70
[2] 07-May-20 07:06:34	1	*25.90	21.20
[3] 18-Dec-20 06:13:52	1	*30.40	25.80

Date	Rating	Target Price	Closing Price
[4] 02-Mar-21 12:05:15	1	*26.80	23.40
[5] 06-May-21 04:41:57	1	*28.40	25.50
[6] 24-Feb-22 14:13:02	1	*31.10	23.95

Date	Rating	Target Price	Closing Price
[7] 19-Jun-22 21:59:02	1	*29.80	20.25
[8] 27-Oct-22 19:56:52	1	*29.90	17.94

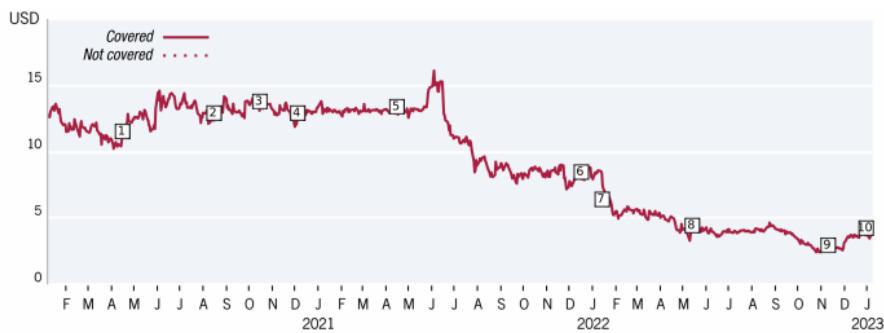
\*Indicates Change

Rating/target price changes above reflect Eastern Time

### GreenTree Hospitality (GHG)

Ratings and Target Price History  
Fundamental Research

Analyst: Lydia Ling



Date	Rating	Target Price	Closing Price
[1] 15-Apr-20 08:15:45	1	*14.00	11.05
[2] 14-Aug-20 11:27:15	1	*14.60	12.35
[3] 15-Oct-20 02:16:19	1	*15.60	13.24
[4] 03-Dec-20 08:04:49	1	*15.20	12.35

Date	Rating	Target Price	Closing Price
[5] 15-Apr-21 14:44:47	1	*16.00	12.92
[6] 15-Dec-21 14:11:49	1	*12.10	7.96
[7] 13-Jan-22 10:08:48	1	*10.10	7.44
[8] 12-May-22 06:26:10	1	*7.60	3.94

Date	Rating	Target Price	Closing Price
[9] 09-Nov-22 22:24:08	1	*5.71	2.48
[10] 28-Dec-22 09:10:04	1	*5.00	3.71

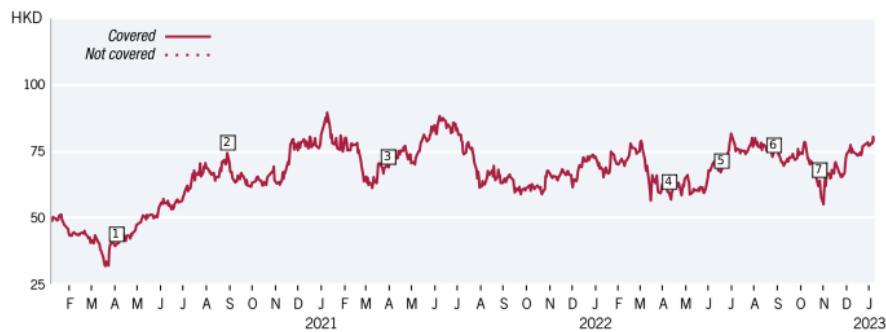
\*Indicates Change

Rating/target price changes above reflect Eastern Time

### Tsingtao Brewery (0168.HK)

Ratings and Target Price History  
Fundamental Research

Analyst: Xiaopo Wei, CFA



Date	Rating	Target Price	Closing Price
1 02-Apr-20 09:16:54	2	*42.93	40.15
2 30-Aug-20 21:26:49	2	*77.65	74.30
3 31-Mar-21 13:24:06	2	*78.45	68.90

Date	Rating	Target Price	Closing Price
4 10-Apr-22 18:52:52	2	*63.69	59.70
5 19-Jun-22 21:59:02	2	*72.50	67.65
6 25-Aug-22 14:06:53	2	*82.76	73.70

Date	Rating	Target Price	Closing Price
7 26-Oct-22 20:18:46	*1	*84.50	63.90

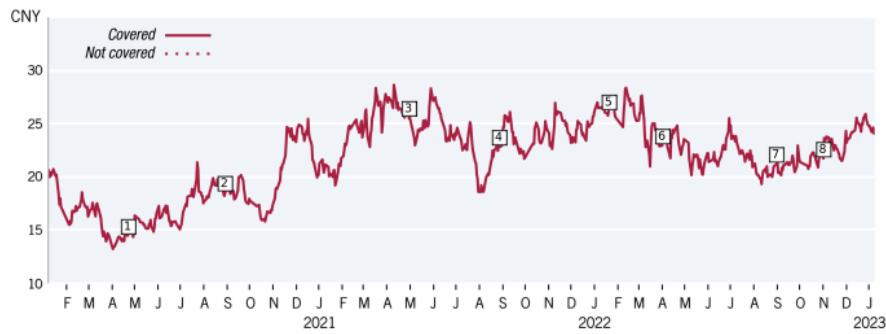
\*Indicates Change

Rating/target price changes above reflect Eastern Time

### BTG Hotels (600258.SS)

Ratings and Target Price History  
Fundamental Research

Analyst: Lydia Ling



Date	Rating	Target Price	Closing Price
1 21-Apr-20 12:33:19	1	*20.80	14.48
2 30-Aug-20 19:15:40	1	*25.00	18.48
3 30-Apr-21 11:25:52	1	*30.00	25.59

Date	Rating	Target Price	Closing Price
4 27-Aug-21 07:18:16	1	*29.00	22.79
5 19-Jan-22 00:50:51	1	*31.00	26.16
6 31-Mar-22 15:58:47	1	*29.00	22.92

Date	Rating	Target Price	Closing Price
7 30-Aug-22 22:20:42	1	*25.00	21.24
8 31-Oct-22 03:27:46	1	*25.55	21.73

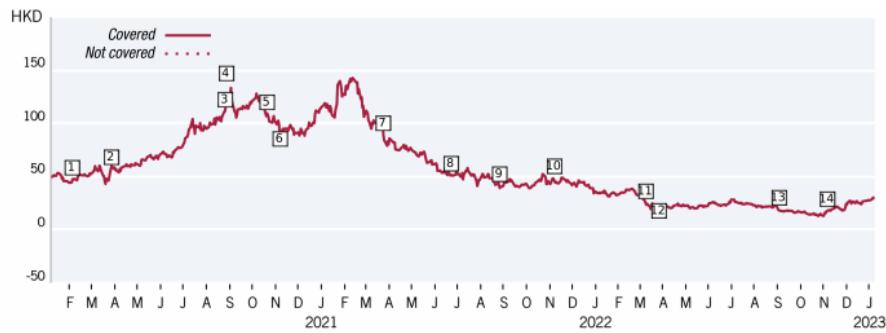
\*Indicates Change

Rating/target price changes above reflect Eastern Time

### Yihai International (1579.HK)

Ratings and Target Price History  
Fundamental Research

Analyst: Tiffany Feng



Date	Rating	Target Price	Closing Price
1 04-Feb-20 09:26:34	1	*55.00	47.45
2 26-Mar-20 23:07:11	1	*65.30	56.75
3 25-Aug-20 21:35:08	1	*129.50	111.20
4 27-Aug-20 23:39:43	1	*144.40	121.20
5 20-Oct-20 10:24:20	1	*131.40	109.50

Date	Rating	Target Price	Closing Price
6 06-Nov-20 12:11:09	1	*112.30	89.00
7 24-Mar-21 19:20:57	*3	*74.40	89.00
8 22-Jun-21 00:05:32	3	*43.70	51.45
9 25-Aug-21 11:45:13	3	*32.90	41.60
10 07-Nov-21 21:19:51	3	*31.20	48.30

Date	Rating	Target Price	Closing Price
11 08-Mar-22 10:08:34	3	*21.10	25.20
12 24-Mar-22 03:33:05	3	*18.50	21.70
13 01-Sep-22 15:00:49	3	*17.10	18.64
14 04-Nov-22 09:53:14	3	*16.40	17.32

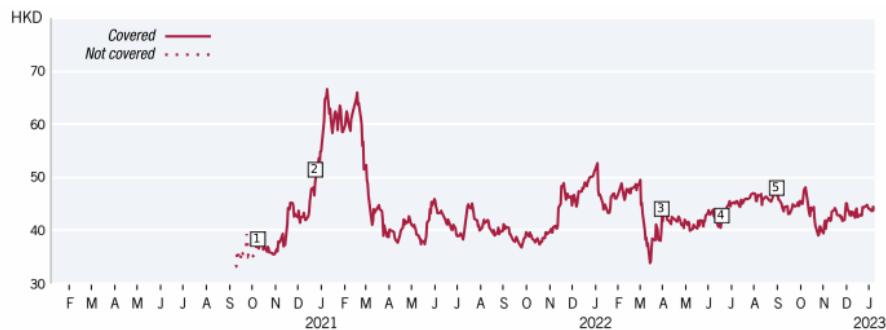
\*Indicates Change

Rating/target price changes above reflect Eastern Time

### Nongfu Spring (9633.HK)

Ratings and Target Price History  
Fundamental Research

Analyst: Xiaopo Wei, CFA



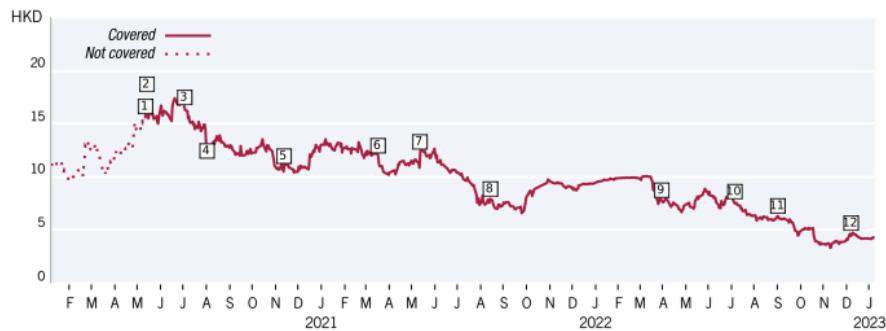
\*Indicates Change

Rating/target price changes above reflect Eastern Time

### Ausnutria Dairy (1717.HK)

Ratings and Target Price History  
Fundamental Research

Analyst: Tiffany Feng



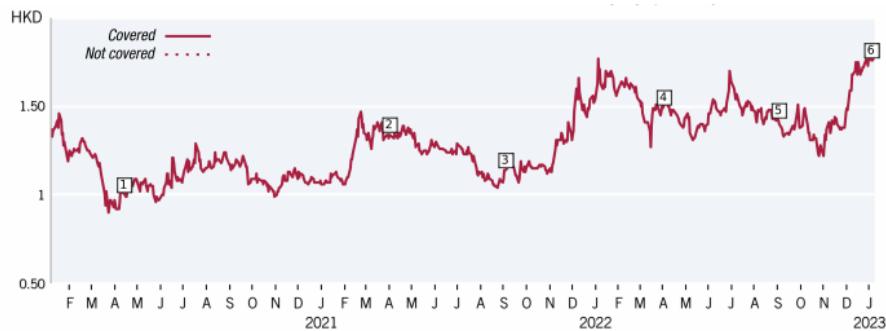
\*Indicates Change

Rating/target price changes above reflect Eastern Time

### China Travel International Investment Hong Kong (0308.HK)

Ratings and Target Price History  
Fundamental Research

Analyst: Lydia Ling



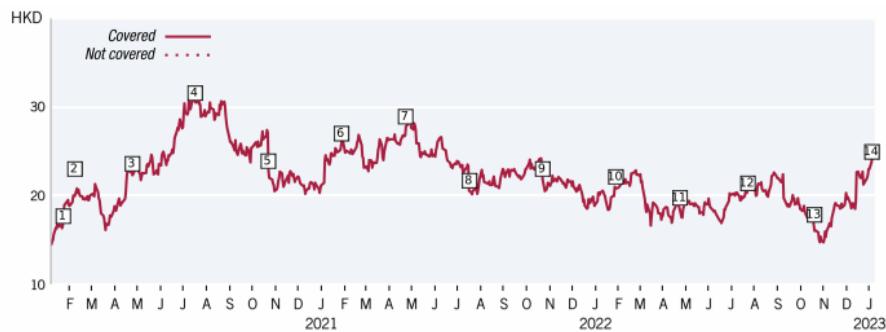
\*Indicates Change

Rating/target price changes above reflect Eastern Time

## Vinda (3331.HK)

Ratings and Target Price History  
Fundamental Research

Analyst: Tiffany Feng



	Date	Rating	Target Price	Closing Price
1	22-Jan-20 04:25:17	1	*20.20	16.60
2	07-Feb-20 01:21:40	1	*23.70	19.96
3	23-Apr-20 02:30:41	1	*26.10	22.50
4	17-Jul-20 09:11:40	1	*35.00	30.50
5	22-Oct-20 08:46:17	1	*26.50	22.80

	Date	Rating	Target Price	Closing Price
6	27-Jan-21 04:33:20	1	*29.20	25.90
7	23-Apr-21 04:48:50	1	*31.70	27.80
8	16-Jul-21 11:07:37	*2	*22.10	20.55
9	22-Oct-21 06:10:23	2	*21.90	21.80
10	26-Jan-22 16:23:09	2	*22.60	21.00

	Date	Rating	Target Price	Closing Price
11	22-Apr-22 04:37:27	2	*20.70	18.66
12	21-Jul-22 11:00:47	2	*22.50	20.30
13	18-Oct-22 08:24:10	2	*17.60	16.70
14	03-Jan-23 09:28:24	*1	*27.50	23.80

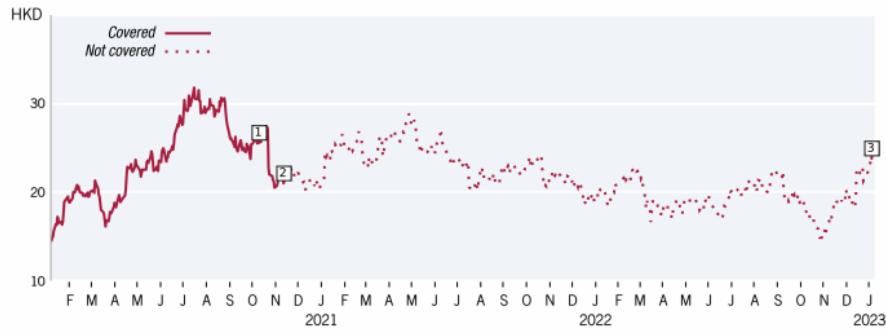
\*Indicates Change

Rating/target price changes above reflect Eastern Time

## Vinda (3331.HK)

Catalyst Watch Research

Analyst: Tiffany Feng



	Date	Expected Direction	Duration	Action	Closing
1	11-Oct-20 19:51:14	Upside	30 Days	Open	25.55
2	11-Nov-20 03:18:28	Upside	30 Days	Close	21.00

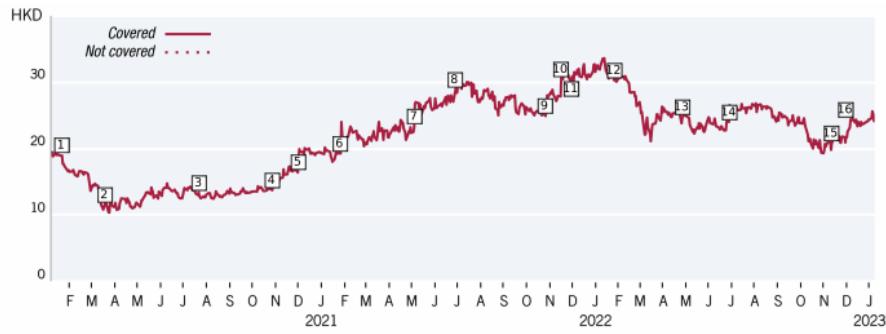
	Date	Expected Direction	Duration	Action	Closing
3	03-Jan-23 09:28:24	Upside	90 Days	Open	23.80

Rating/target price changes above reflect Eastern Time

## L'Occitane (0973.HK)

Ratings and Target Price History  
Fundamental Research

Analyst: Tiffany Feng



	Date	Rating	Target Price	Closing Price
1	21-Jan-20 20:01:46	*2	*20.40	18.92
2	18-Mar-20 12:39:17	*1	*13.60	11.58
3	21-Jul-20 12:25:38	*2	*13.30	13.38
4	27-Oct-20 13:15:47	2	*13.90	13.72
5	30-Nov-20 12:28:03	*1	*19.00	16.38
6	26-Jan-21 12:25:05	1	*22.00	19.26

	Date	Rating	Target Price	Closing Price
7	04-May-21 21:25:05	1	*28.00	23.25
8	28-Jun-21 14:26:57	1	*33.80	28.80
9	26-Oct-21 20:17:42	1	*31.30	24.90
10	15-Nov-21 19:34:54	1	*34.40	27.85
11	29-Nov-21 16:33:57	1	*37.60	30.05
12	25-Jan-22 15:02:15	1	*38.30	30.30

	Date	Rating	Target Price	Closing Price
13	26-Apr-22 11:24:20	1	*37.10	24.70
14	27-Jun-22 18:38:45	1	*35.30	24.00
15	09-Nov-22 22:24:08	1	*29.10	20.85
16	28-Nov-22 22:52:23	1	*30.40	21.70

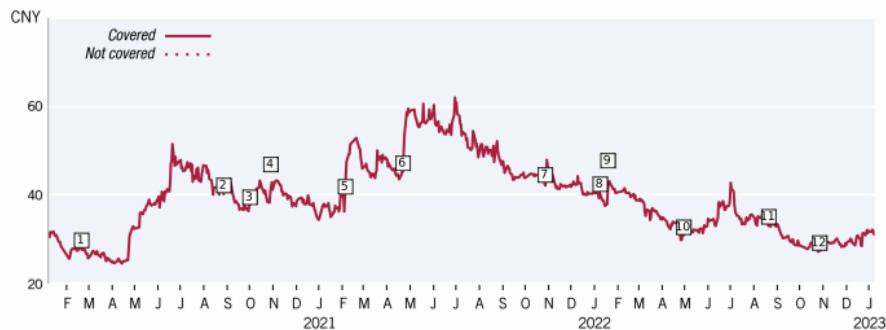
\*Indicates Change

Rating/target price changes above reflect Eastern Time

## Shanghai Jahwa (600315.SS)

Ratings and Target Price History  
Fundamental Research

Analyst: Tiffany Feng



Date	Rating	Target Price	Closing Price
1 19-Feb-20 13:01:04	3	*24.40	27.94
2 26-Aug-20 15:44:33	3	*30.40	40.20
3 08-Oct-20 01:32:31	3	*30.60	37.70
4 27-Oct-20 08:21:08	*2	*42.00	40.80

Date	Rating	Target Price	Closing Price
5 03-Feb-21 03:14:19	2	*44.30	39.91
6 21-Apr-21 13:08:46	*1	*55.10	45.27
7 26-Oct-21 21:42:43	1	*52.10	42.50
8 09-Jan-22 19:42:54	1	*47.20	40.61

Date	Rating	Target Price	Closing Price
9 18-Jan-22 15:22:00	1	*50.50	41.70
10 28-Apr-22 15:03:50	1	*44.80	30.80
11 19-Aug-22 16:35:38	1	*40.30	33.10
12 25-Oct-22 12:13:04	1	*34.00	27.23

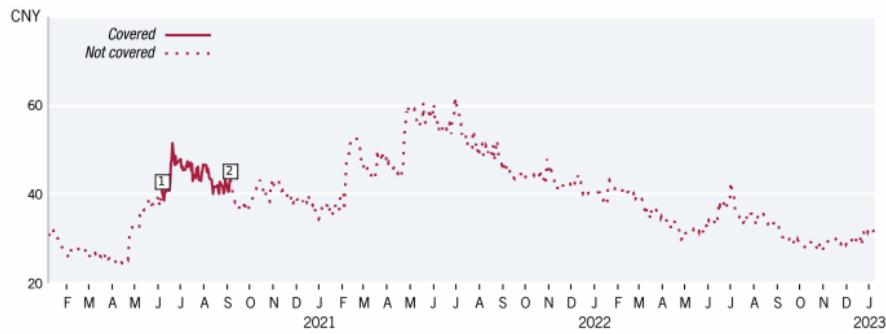
\*Indicates Change

Rating/target price changes above reflect Eastern Time

## Shanghai Jahwa (600315.SS)

Catalyst Watch Research

Analyst: Tiffany Feng



Date	Expected Direction	Duration	Action	Closing Price
1 07-Jun-20 18:09:01	Downside	90 Days	Open	40.74

Date	Expected Direction	Duration	Action	Closing Price
2 06-Sep-20 17:05:59	Downside	90 Days	Close	43.29

Rating/target price changes above reflect Eastern Time

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The Firm has made a market in the publicly traded equity securities of ANTA Sports Products Ltd on at least one occasion since 1 Jan 2021.

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The Firm has made a market in the publicly traded equity securities of WH Group Ltd on at least one occasion since 1 Jan 2021.

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Citigroup Global Markets Asia Limited

Xiaopo Wei, CFA; Tiffany Feng; Lydia Ling; Xiangrong Yu; Brian Cho; Vincent Yang

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