

ASIAN CONSUMER & LUXURY NEWSLETTER

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A quarterly newsletter of developments in the consumer & luxury products sector in Asia

Business Development Asia (“BDA”) is an investment banking firm which advises on cross-border transactions in Asia, especially acquisitions, divestments, joint ventures and capital raising.

We have offices throughout Asia, the Middle East, Europe, and the US. If you think that BDA’s services may be useful to you, or you would like to speak to a member of our Consumer & Luxury Goods Practice team, please contact us at one of our offices or email me at pdigiacomobdallc.com.

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Fashion & Luxury

A consortium of investors has acquired 60% of **Miki Shoko**, a Japanese manufacturer and distributor of children's clothing and baby care goods, from Japanese private equity firm **Tokio Marine Capital** for JPY6bn (US\$78m). The consortium includes **Nisshinbo, N.I. Teijin Shoji, Kondo Cotton Spinning** and **Tamurakoma**, all Japanese apparel and textile groups.

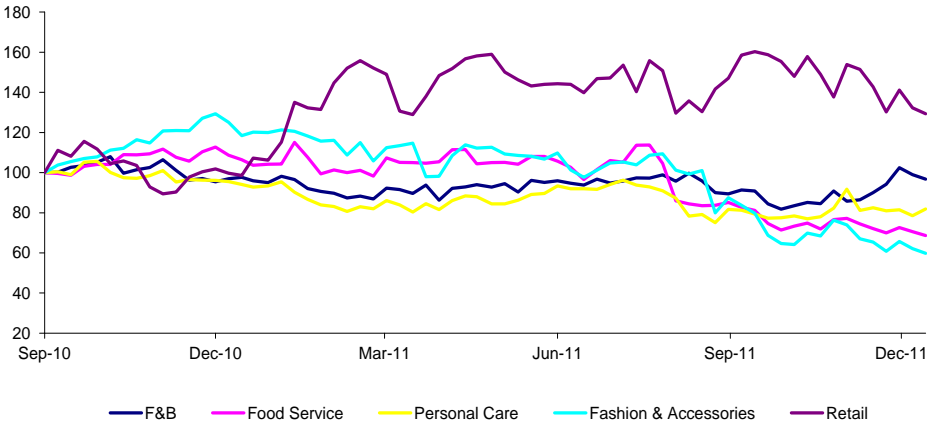
November 22, 2011

Aoyama Trading, a Japanese men's apparel manufacturer, will acquire **FUKURYO**, another Japanese manufacturer of apparel and leathers, for JPY2bn (US\$28m).

November 11, 2011

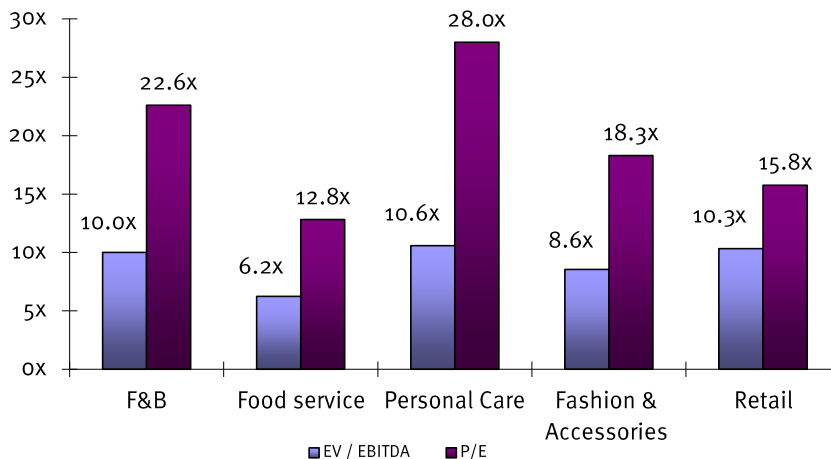
Bosideng, one of the largest Chinese down apparel manufacturers, plans to acquire 70% of **Talent Shine**, a Chinese apparel company behind the ladies'

Asian Consumer Companies Stock Indices for Selected Sectors
(12 months ending 19Dec11)



Source: Capital IQ, BDA

Consumer & Luxury LTM Trading Multiples (19Dec11)



Source: Capital IQ, BDA

wear brand, **JESSIE**, for RMB893m (US\$140m). *October 28, 2011*

Esprit, the Hong Kong listed clothing retailer, will **sell its North American operation**. Same-store sales for the company's directly managed 90 North American outlets fell 5% in 1H2011, compared with a 2% decline for Europe and a 0.6% increase for the Asia-Pacific region. Esprit generated group profits of HKD79m (US\$10m) for fiscal year of 2011. The Company expects to complete the deal by end of 2011.

October 1, 2011

Fashion-Co-Lab, a Japanese online apparel retailer, has acquired **Fashion Walker**, a Japanese peer, for JPY1bn (US\$14m). *October 1, 2011*

Galosun, a Shenzhen based jewelry designer, manufacturer and retailer, plans to raise RMB100m to RMB200m (US\$15m-US\$30m) in exchange for a minority stake sale in the company in

2012. The company previously raised RMB100m (US\$15m) from **NewMargin Ventures** for its first round of funding in August 2011. Galosun has 40 outlets in Guangdong, Zhejiang and Jiangsu provinces, with total 500 employees.

October 27, 2011

HLL, the Singapore based investment holding company backed by **LVMH** and **Koh Family**, plans to acquire **Heng Long International**, one of the top five global crocodile leather tanneries based in Singapore, for US\$125m. *October 7, 2011*

Jovan, a Zhejiang based jewelry group, has acquired **gdiamond.com**, a Shanghai based online jewelry retailer, for an undisclosed amount. **gdiamond.com** was founded in 2005, and has previously raised US\$10m from four Chinese venture capital groups in 2008. *October 1, 2011*

Kaiser, a Chinese manufacturer of mid to high end branded apparel, shoes,

hats and leather bags, plans to acquire 51% of **Yu Xin Guangdong**, a Chinese company engaged in the wholesale and retail of apparels, for US\$10m. *November 22, 2011*

Kela.cn, a Beijing-based online diamond retailer backed by **Tencent**, plans to raise US\$10m via a minority stake sale. It also plans to launch an **IPO on Shenzhen's Growth Enterprises Market Board** in late 2012. Founded in 2007, Kela.cn has more than 1.1m registered customers and is a major B2C online diamond retailer in China. Its direct competitors include **Zbird**. Kela.cn expects to generate turnover of RMB450m (US\$70m) in 2011.

October 3, 2011

Tokyo Style, a Japanese fashion house, will acquire 95% of **Arpege**, a retailer of women's clothing and fashion apparel in Japan, from Japanese private equity firm **JAFCO** for JPY4bn (US\$52m). Tokyo Style is a subsidiary of **TSI Group**, a women's fashion apparel manufacturer.

September 29, 2011

VF Corporation, the US designer and manufacturer of apparel and footwear, acquired 40% of **VF Arvind Brands**, an Indian manufacturer of branded apparel, from **Arvind Group**, an Indian textile group, for INR3bn (US\$52m).

November 2, 2011

Food & Beverage

Asian Citrus, a Hong Kong listed orange plantation and processing group, has set aside RMB800m (US\$123m) for acquisitions of citrus and orange plantations in Yunan and Sichuan provinces of China. *October 1, 2011*

China Lifestyle Food and Beverage Group plans to IPO in Hong Kong for HKD542m (US\$70m). The listing will be arranged by Guotai Junan while Citigroup and BOC International being the joint book-runners. *November 29, 2011*

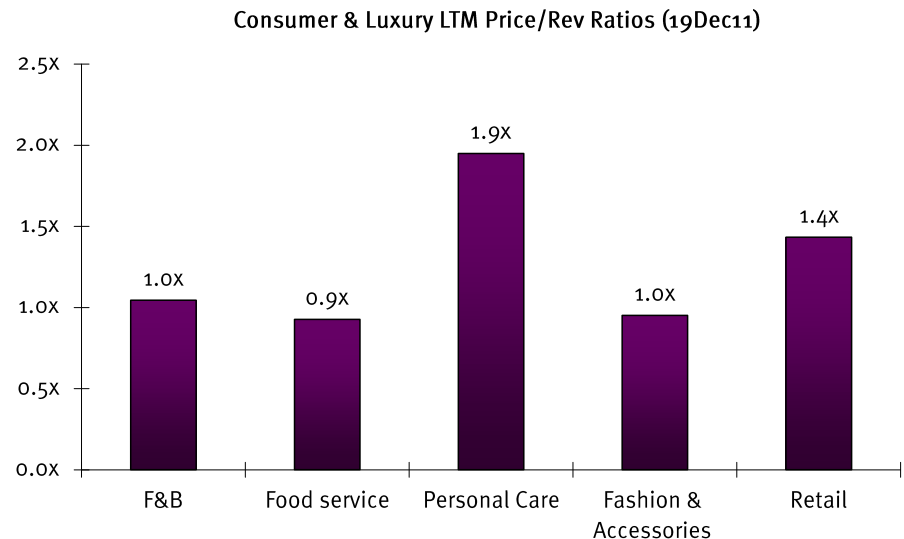
China Resources Snow Breweries plans to acquire **Suntory's** beer plants in Lianyungang, Huaian and Suzhou for an undisclosed amount. *November 17, 2011*

China Tontine Wines, a Chinese sweet wine producer, has signed an MOU to acquire 60% of **Yantai Baiyanghe Winery** for an undisclosed amount. Yantai Baiyanghe Winery's portfolio includes over 80 types of wine products across categories such as grape wine, brandy and rice wine. Yantai Baiyanghe Winery generates annual turnover of RMB120m (US\$19m). *November 8, 2011*

High Liner Foods, a Canadian seafood processing and marketing company, plans to acquire **Icelandic Group's** processing plant and seafood procurement operations in China and the US for US\$231m. Icelandic Group produces fresh and frozen seafood products in Iceland, US, Europe, China and Thailand. *November 17, 2011*

Legend Holdings, a Beijing based investment group, will acquire 87% of **Qianlong Zuijiu**, a Hebei based liquor maker, for an undisclosed amount. Legend will also have an option to acquire the remaining 13% of Qianlong Zuijiu, which generated sales of RMB1bn (US\$157m) in 2010. *November 30, 2011*

Macrolink, a Beijing based real estate group, and **Beijing Sanyuan Foods** have entered into a restructuring agreement



Source: Capital IQ, BDA

with yogurt producer **Hunan Taizina**. Under the agreement, Macrolink and Beijing Sanyuan Foods would jointly offer RMB715m (US\$113m) to repay the outstanding debts of Hunan Taizina and its Hunan-based subsidiaries. Post transaction, Macrolink will hold 40% of Hunan Taizina, while Beijing Sanyuan Foods will own the remaining 60%. *November 9, 2011*

Olam International, a Singapore agricultural products and food ingredients conglomerate, has acquired **Vallabhdas Kanji**, an Indian processor of spices and spice ingredients, for US\$18m. *October 24, 2011*

Sanyuan Group, a Beijing based food and dairy company, has formed a JV, **Beijing AGV Health Technology**, with **AGV Products**, a Taiwanese beverages and sauces manufacturer. Total investment into the JV is estimated to be RMB335m (US\$53m). Sanyuan Group, AGV Products and **Beijing Jingtai Investment** will hold 30%, 51% and 19% of the JV, respectively. *November 9, 2011*

Tingyi, one of the largest food and beverage companies in China, and **PepsiCo** have formed a strategic alliance in China. Under the partnership agreement, Tingyi's beverage subsidiary, **Tingyi-Asahi Beverages ("TAB")**, will become PepsiCo's franchise bottler in China. TAB is one of the leading beverage manufacturers in China, and its product portfolio includes ready-to-drink tea, bottled water and juice. Upon closing of the transaction, PepsiCo will transfer the stakes it holds in **China Bottlers (Hong Kong)**, the Chinese bottling business of PepsiCo, to TAB, in exchange for a 5% indirect equity stake in TAB. PepsiCo will also have an option to increase its indirect equity interest in TAB to 20% by 2015. *November 4, 2011*

Tsingtao Brewery, the Shandong based beer company, has acquired **Huoli Brewery**, a Guangdong based brewery, for an undisclosed amount. Huoli Brewery has an annual production

capacity of 150,000 tonnes.

December 1, 2011

Food Service

Bain Capital will acquire **Skylark**, an operator of Japanese restaurant chains, from **Nomura Principal Finance** and **Chuo Mistui Capital** for JPY260bn (US\$3.3bn), including debt. Skylark's annual turnover was JPY343bn (US\$4bn) and operating profit was JPY13bn (US\$168m) in 2010. *October 21, 2011*

China's MOFCOM has approved **Yum's** proposal to acquire an additional 66% stake in **Little Sheep** for US\$588m. Little Sheep specializes in Mongolian style hot pot and had 458 outlets across China and another 22 overseas as of 2010. *November 8, 2011*

Christine Foodstuff, the Shanghai based bakery chain backed by Chinese industrial conglomerate **Fosun**, has hired UBS and BNP Paribas to arrange its **Hong Kong IPO** in 2012, with a target to raise US\$150m to US\$200m to support its further expansion in China. *October 1, 2011*

Hop Hing Group, a Hong Kong listed edible oils distributor, has acquired **Summerfield Profits** from the **Hung Family**, which is also the Family behind Hop Hing Group itself, for HKD 3.5bn (US\$447m). Summerfield Profits is an investment holding company that owns the rights to operate **Yoshinoya** and **Dairy Queen** QSR chains in Beijing, Tianjin, Hebei, Liaoning, Heilongjiang, Jilin, and Inner Mongolia. *December 2, 2011*

Morgan Stanley Private Equity Asia will

acquire a majority stake between 60% and 100% of **Nolboo**, a Korean cuisine restaurant chain operator, for US\$108m. Nolboo generated revenue of KRW111bn (US\$99m) and operating profit of KRW8.1bn (US\$7m) in 2010.

November 8, 2011

Qiming Ventures, **Hotung Investment** and **Mitsui Global Investment** have invested US\$20m in **YPX Cayman Holdings**, a chain of Chinese Wonton restaurants operated under the brand of **Cloud 9**. The company has also received funding from individual investors, including the **founders of Chinese recruitment site 51Job.com** and **Koh Boon Hwee**, former chairman of DBS Bank and Singapore Airlines. *November 1, 2011*

Personal care

AmorePacific, a Korean beauty and health products company, will acquire **Cosvision Corporation**, another Korean peer, for an undisclosed amount. Cosvision Corporation has annual turnover of KRW 36bn (US\$30m) and operating profit of KRW1.5bn (US\$1m). *October 4, 2011*

LG Household & Healthcare, a Korean producer of personal care as well as laundry and household cleaning products, plans to acquire **VOV Corporation**, a Korean manufacturer and distributor of cosmetics and skincare products, for KRW55bn (US\$50m). *October 27, 2011*

L'Occitane International, the Hong Kong listed French cosmetics retailer, is looking to make acquisitions in Brazil, Asia and other emerging markets. L'Occitane International has an

HKD23bn (US\$3bn) market cap.

November 29, 2011

Pola Orbis, a major Japanese cosmetics producer, plans to buy **Jurlique International**, an Australian firm that manufactures organic cosmetics in 20 different markets globally, for A\$300m (US\$308m). *December 1, 2011*

Shanghai Pingpu Investment, a subsidiary of **Ping An Insurance**, has become the final bidder for 100% of **Jahwa Group**, the Shanghai-based state-owned personal care group. Other bidders included **HNA**, the group behind Hainan Airline, and **Fosun**, one of the largest privately held Chinese industrial conglomerates. Ping An plans to invest RMB7bn (US\$1bn) within the next five years to support Jahwa's business expansion and acquisition. *November 8, 2011*

Uniasia Cosmetics, a Guangzhou based privately held manufacturer of skin care products, plans to launch its **IPO in Hong Kong** to raise HKD800m to HKD1bn (US\$125m-US\$150m). The company generated a net profit of RMB120m (US\$18m) in 2010 and expects to growth the bottom line to RMB180m (US\$28m) in 2011. *October 1, 2011*

Retail

Aeon, a Japanese retailer that operates general merchandise stores, plans to acquire Japanese supermarket chain **Marunaka** from the **founding Nakayama family** for JPY36bn (US\$474m). *October 5, 2011*

Aiyingshi.com, a Shanghai based baby and maternity ("B&M") products

retailer, has retained **Shenyin Wanguo Securities** to handle its potential **ChiNext listing** in 2012. Aiyingshi is among the top five B&M products online retailers in China in terms of revenues, competing against **Leyou.com** and **Lijibaby.com.cn**. It operates 60 *Aiyingshi* outlets across Eastern China. The company generated net profit of RMB50m (US\$8m) in 2010.

November 14, 2011

Fujian New Hua Du Supercenter, a Fujian based supermarket chain, plans to acquire of **Ningbo E-Mart**, **Changzhou Shinsegae E-Mart**, **Taizhou Shinsegae** and **Hangzhou E-Mart**, from Korean **E-Mart Group**, for RMB125m (US\$20m).

November 3, 2011

LES Enphants, the Taiwanese retailer of children's clothing and accessories, plans to list its China operation in China or Hong Kong. The China business is expected to generate a net profit of RMB50m (US\$8m) in 2011. LES Enphants group's total revenue was US\$225m in 2010, of which 62% was generated from China, 33% from Taiwan and the rest from Southeast Asia.

November 25, 2011

Leyou, a Beijing based baby and maternity products retailer, plans to **IPO in the US** in 2012. It has hired UBS and Barclays to arrange the planned listing. Leyou markets products through over 180 *Leyou* stores and its own online portal. The physical stores account for 90% of the total revenue for the company. Established in 1999, Leyou raised US\$37m from **Deutsche Bank** and **AsiaVest Partners** in 2008.

November 11, 2011

Li & Fung, the Hong Kong based trading conglomerate managing various supply chains for major global brands and

retailers, will acquire 30% of the **Asia operation of Toys "R" Us**, the retailer of toys, baby products and children's apparel, for an undisclosed amount. Toys "R" Us's Asia operation has 350 staff and 90 Toys "R" Us stores in Brunei, China, Hong Kong, Malaysia, Singapore, Taiwan and Thailand. *October 31, 2011*

Liquin Department Store, a Qingdao based department store chain, will sell a minority stake to **Goldman Sachs** for RMB335m (US\$52m), and plans to launch an IPO in the near future.

November 28, 2011

Parkson Retail Group, the mainland based retailer, plans to issue 147m shares in an **IPO on the Singapore stock exchange** to raise US\$110m.

October 28, 2011

PCD Stores, the operator of department stores focused on luxury and branded fashion and accessories in China, plans to acquire **Beijing Scitech Outlet Commerce**, the operator of Beijing Scitech Premium Outlet Mall, from Chinese individual **Jenny Tan** for RMB73m (US\$12m). *November 14, 2011*

Shenzhen Capital Group and **Luxin Venture Capital Group**, the investment arm of a Chinese manufacturer of non-metallic mineral products, has acquired an undisclosed stake in **Maimaicha.com**, one of the largest Chinese online tea retailers, for RMB100m (US\$16m). *October 12, 2011*

Van de Velde and **Getz Bros** have entered into a JV agreement to further develop **Private Shop**, a leading multi-brand lingerie retail chain in Hong Kong and the PRC, offering premium European and American lingerie brands. Van de Velde and Getz Bros will each

hold 50% of the newly established JV. **Private Shop** expects to generate a turnover of US\$8m in 2011. It has been active in lingerie retail in Hong Kong for 16 years and in PRC for 5 years, and currently operates 11 retail outlets in Hong Kong and 11 in China.

November 28, 2011

Vipstore.com, a Beijing based online luxury products retailer, has completed its Series D fundraising. It has raised US\$20m from **GSR**, **Chinese Founders Fund** and **Intel Capital**. *October 1, 2011*

Wine9.com, an online wine retailer, plans to have another round of fundraising for RMB60m (US\$10m) in 2012. The company expects to generate RMB50m (US\$8m) in revenue in 2011. Currently the CEO is the majority shareholder in the company, while **Cowin Capital** and its management team own the remainder. Cowin Capital invested RMB25m (US\$4m) in the company's Series A fundraising in June 2011. Wine9.com's major competitors include **yesmywine.com**, a Shanghai based online wine retailer backed by **DCM** and **Mandra Captial**. *October 1, 2011*

Selected Asia Consumer & Luxury Related Transactions with Multiples (3 months ending in 20Dec2011)

Announce Date	Target Name	Target Country	Acquirer Name	Acquirer Country	Deal Value	Percentage Acquired	EV / EBITDA	EV / Revenue	P/E
2-Dec-11	Summerfield Profits	China	Hop Hing Group	Hong Kong	\$447	100%	-	2.8x	28.5x
30-Nov-11	Jurlique	Australia	POLA Orbis	Japan	\$308	100%	-	3.6x	-
22-Nov-11	Rainbow Department Store	China	CATIC	China	\$995	40%	12.8x	0.9x	27.0x
17-Nov-11	Icelandic Group's US & China Operations	Iceland	High Liner Foods	Canada	\$231	100%	9.3x	0.9x	-
11-Nov-11	FUKURYO	Japan	Aoyama Tradin	Japan	\$28	100%	-	0.2x	9.4x
7-Nov-11	Nolboo	Korea	Morgan Stanley PE Asia	Asia	\$108	> 60%	10.6x	1.1x	-
1-Nov-11	Fujian New Hua Du Supercenter	China	Four E-Mart stores in China	China	\$20	100%	-	0.4x	-
28-Oct-11	Talent Shine	China	Bosideng	China	\$142	70%	-	-	18.3x
21-Oct-11	Skylark	Japan	Bain Capital	US	\$3,348	100%	-	0.8x	-
18-Oct-11	Maemura's mobile phone distribuion business	Japan	T-Gaia Corp	Japan	\$25	100%	-	-	17.5x
7-Oct-11	Heng Long International	Singapore	LVMH, Founding Koh Family	France, Singapore	\$125	100%	14.6x	2.3x	18.7x
5-Oct-11	Marunaka	Japan	Aeon	Japan	\$474	95%	-	0.2x	-
1-Oct-11	Fashion Walker	Japan	Fashion-Co-Lab	Japan	\$14	100%	-	0.1x	-
				Median	\$142	100.0%	11.7x	0.9x	18.5x

Source: Capital IQ, Mergermarket

The stock indices and trading multiples graphs shown in this newsletter represent the ten largest publicly traded consumer products companies in Asia.

Business Development Asia is an investment banking firm which assists multinational companies in expanding their businesses in Asia through acquisitions, divestments, JVs, and capital raising. For further information on BDA's services or on any of the articles in this newsletter, please contact the offices listed.

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