



Rating
Hold

Asia
China

Consumer
Retail / Wholesale Trade

Company
Shanghai Jahwa

Reuters 600315.SS Bloomberg 600315 CH Exchange SHH Ticker 600315

Date
5 December 2017

Company Update

Price at 4 Dec 2017 (CNY)	36.54
Price target - 12mth (CNY)	30.04
52-week range (CNY)	37.49 - 25.79
Shanghai Composite	3,310

Ping An's tender offer successful

Tender offer from Ping An oversubscribed

Shanghai Jahwa (Jahwa), whose trading was suspended on 1 Dec after its subscription for the tender offer from its parent company Shanghai Jahwa Group was closed on 30 Nov, announced the results of the tender offer and resumed trading on 4 Dec.

From 1 Nov to 30 Nov, 261m shares subscribed to the tender offer, **accounting for 39% of the total shares, surpassing the acquirer's original plan (135m shares, i.e. 20% of total shares)**. Thus, for each shareholder, the no. of actual acquired shares is **51.6% (135 shares /261 shares) for the subscribed shares**. All the sold shares have been transferred and the payment was settled by 4 Dec.

The company also announced that Mr Huang Jian, vice president of Jahwa, sold 23,226 shares to the Jahwa parent company, accounting for 0.0034% of total Jahwa's shares. After this transaction, he owns 0.026% of Jahwa.

Deutsche Bank View

As we mentioned in our report titled [Shanghai Jahwa - Jahwa parent co. to buy 20% stake of Jahwa listco at RMB38 per share](#) published on 13 Oct 2017, we believe the offer price (RMB38/share) is more attractive with a larger premium vs the average price of the previous three/six months and the last tender offer in 2015. For now, Shanghai Jahwa Group has increased its share of the Jahwa listco from 27.09% to 47.09%. Ping An has also increased its shareholding from 32.02% to 52.02% and has become a controlling shareholder of the company. As we mentioned earlier, we believe its share price will normalize after the exercise. We maintain our Hold recommendation on Jahwa.

Valuation & Risks

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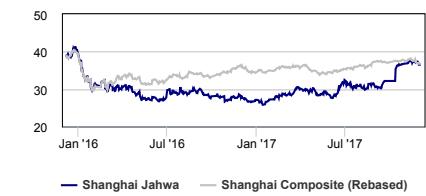
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Price/price relative



Performance (%)

	1m	3m	12m
Absolute	-0.8	19.0	32.2
Shanghai Composite	-1.8	-2.1	2.0

Source: Deutsche Bank

Key indicators (FY1)

ROE (%)	7.7
Net debt/equity (%)	-6.9
Book value/share (CNY)	8.23
Price/book (x)	4.4
Net interest cover (x)	49.1
Operating profit margin (%)	9.0

Source: Deutsche Bank

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Appendix 1

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Disclosure checklist			
Company	Ticker	Recent price*	Disclosure
Shanghai Jahwa	600315.SS	36.54 (CNY) 4 Dec 2017	NA

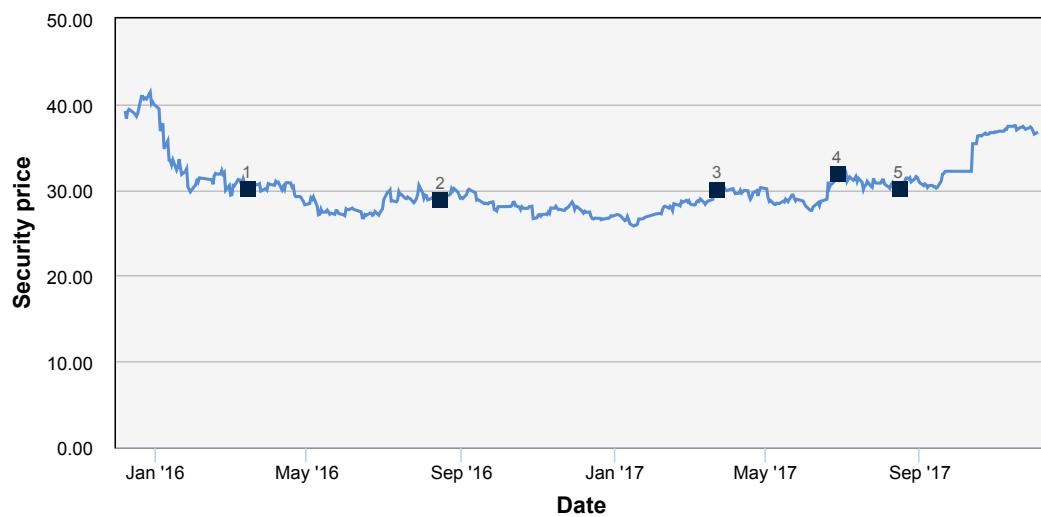
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Historical recommendations and target price. Shanghai Jahwa (600315.SS)

(as of 12/04/2017)



Current Recommendations

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

** Analyst is no longer at
 Deutsche Bank

1. 03/15/2016	Hold, Target Price Change CNY 25,76	Anne Ling
2. 08/16/2016	Hold, Target Price Change CNY 24,70	Anne Ling
3. 03/24/2017	Hold, Target Price Change CNY 31,60	Anne Ling
4. 06/28/2017	Hold, Target Price Change CNY 32,30	Anne Ling
5. 08/16/2017	Hold, Target Price Change CNY 30,04	Anne Ling



Equity Rating Key

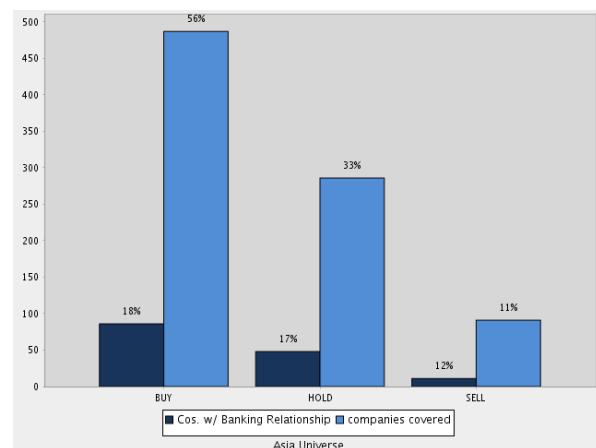
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Sell: Based on a current 12-month view of total share-holder return, we recommend that investors sell the stock.

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

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Equity rating dispersion and banking relationships





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