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Investment Research

GBC - Best of China

"The dragon does not sleep
- further strong growth ahead"

Asian Bamboo

JOYOU

Vtion

KINGHERO

ZDWT ZhongDe Waste Technology AG

Important Information:
Please pay regard to disclaimer/risk information
as well as potential conflicts of interests according to §34b WpHG from page 18 on

Date of completion: 2010/10/20 **Date of publishing: 2010/10/20**

Market and Market Environment

China's economic reform named as ´Socialism with Chinese characteristics´

In 1978, China launched the economic reform to change the economy from government-centrally planned in which all the companies were owned by the state to market-oriented.

The reform started with changing policy concerning about the agriculture sector, which allows the farmer more freedom of the product allocation. In the meanwhile an open-door policy was introduced to permit international trade and foreign direct investment.

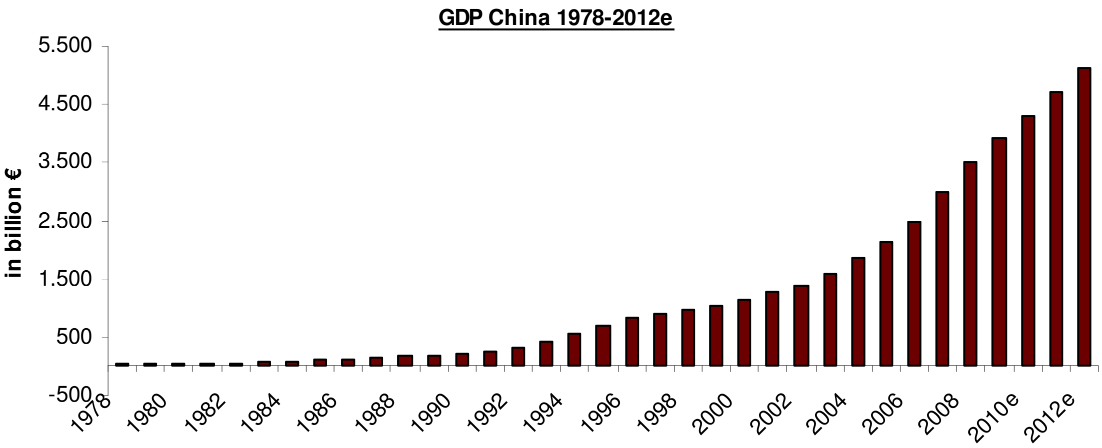
Since the beginning of the reform, the government has put efforts to convert administratively-driven economy to a price-driven economy, but in which still some goods and services are allocated at state controlled price. Future expansion of the reform is expected, but with some key aspects of the economy watched tightly by the government to avoid inflation and political discontent.

After the start of the 21st century, increased focus has been placed on narrowing the gap between rich and poor in China and braking the overheating economy which made the GDP growth slow down.

The Chinese economic reform has been an economic success, generating over three decades of rapid economic growth. The standard of living of most Chinese has improved markedly since 1978. In the same time, one can witness the rapid modernization of infrastructure, including new superhighways, airports and telecommunication facilities.

The GDP rate has been increasing sharply since the reform. In 1978, the GDP number in China was only RMB 362.4 billion but in 2009 China almost centupled the number of that and achieved RMB 33,553.5 billion at year end.

In 2008, the global economic crisis started to reduce China's growth rate. The central government later on November, 2008 decided a stimulus package at RMB 4 trillion (about $570 billion) to finance programs in 10 major areas, such as low-income housing, rural infrastructure, water, electricity, transportation, environment, technological innovation and rebuilding from several disasters. In November, 2008 the central government revealed that only 1.18 trillion RMB was provided and the rest of the fund would be reallocated from the government budget of provincial and local government and gradually put in use until the end of 2010. The second largest allocation of the fund, 1 trillion, was distributed to reconstruction in regions which were devastated by the 8-magnitude Sichuan earthquake, which was followed by financing social welfare plans. Rural development and technology advancement programs shared the same amount of allocation-at RMB 370 billion each. Some RMB 210 billion was placed for promoting energy saving and gas emission cuts, and environment projects. The left RMB 150 billion was allocated for educational, cultural and family planning purposes.



Source: National Bureau of Statistics China, World Bank, Morgan Stanley

Five reasons for the fast Chinese development

There are five main characteristics that contributed significantly to the strong development of the Chinese economy and influenced the change during the past years.

First, the curbed development before 1978 was mainly from the periodic political reasons which made the two periods-pre1978 and post1978 with nothing similar to compare.

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Second, the trend of migration towards to urban areas, especially the 70 big and middle-sized cities only started to happen after the economic reform launched in 1978.

Third, the increasing productivity was witnessed in every aspect of China´s economy. Nearly 4 in 5 Chinese worked in the agriculture before the economic reform, and then the proportion reduced to 1 in 2 persons. The reform expanded property rights in the countryside and encouraged to form small non-agricultural businesses in rural area. Decollectivization and higher price for agriculture products also led to more productivity in family farms and more efficient use of labour. With the above reasons and also more workers moving out of agriculture, the rapid growth of village enterprises has occurred and drawn millions of people into higher-value-added manufacturing, which later boost the industry development in China.

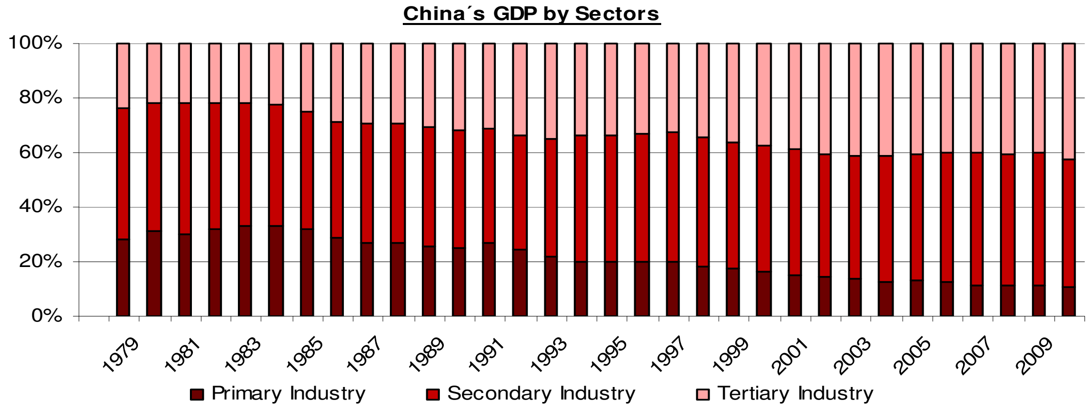
Fourth, the reform starting since 1978 generated greater autonomy for State-Owned-Enterprise managers, which made them more free to set the own business pattern. Also the private ownership was given room for running business and attracting foreign investment.

Fifth, by welcoming foreign investment, the open-door policy was attached with importance. As a result, the total foreign investment at year end raised from almost nothing in 1978 to $90 billion in 2009, when the whole world was still under the strike of the financial crisis.

The World Bank projects China´s GDP growth rate at 9.5% in 2010, higher than the earlier announcement of 8.7% in November 2009, which is far more beyond the prospected global GDP growth rate of 2.7% and the United States´ GDP growth rate of 2.5%. Views of China´s future vary widely. While some believe that the collapse of China is inevitable, others see the emergence of a new superpower that increasingly poses a threat to the US. What is undeniable is China´s rapid economic growth over the past three decades since the beginning of economic reforms in 1978. By the measurement in Gross Domestic Product (GDP), China is only surpassed by the US and Japan with the average 10% annual GDP growth in the last three decades.

Some future prospects have been made towards the upcoming development of China´s economy. It is projected between 2025 and 2030, a dramatic shift in the world GDP will happen when China will have taken over the USA as the biggest economic unit. The share of China´s GDP in PPP term will reach to 19.8%, at the same time USA´s share will decrease to 15.5%.

Economic structures have changed



Source: National Bureau of Statistics China

China´s phenomenal economic growth since the reform is mainly due to the growth in the secondary and tertiary industry sectors of the economy. The slight growth in agriculture just started to show in the late 1980s and the early 1990s.

Before the reform, China´s economy was driven by agriculture. Since 1978, the unhealthy proportion among the three different industries has been improved. The share of agriculture has been reduced from 28.2% in 1978 to 11.3% in 2009 while the share of the secondary industry has slightly increased by 0.7% during the past 30 years. But to be noticed, the internal structure has also changed: light and heavy industries have escalated from the light-pattern structure stressing ´consumption compensation´ to the heavy-pattern structure of ´investment guidance´; within the tertiary industry the proportion of the traditional industries, such as communications, transportation and commerce, has declined, while real estate, banking and insurance, and telecommunications have developed rapidly.

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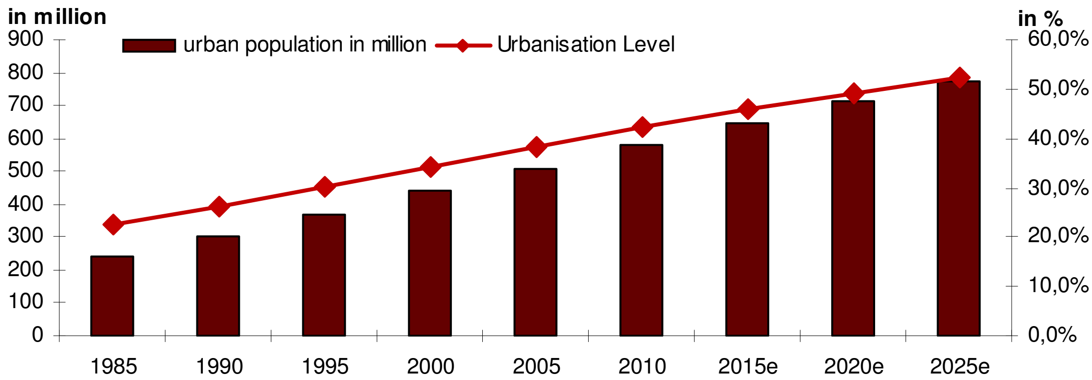
The economy now in China is being empowered by the secondary and tertiary industries. To be more specific, the ratio of the secondary industry in 2009 was 48.6%, moderately higher than the ratio of tertiary industry 40.1%.

For instance, as of November 2009, China is the biggest auto market in the world now. China´s automobile industry has been in rapid development since the early 1990s. In 2009, China produced 13.79 million units of automobile, of which 44.3% are local brands and the rest are produced by joint ventures with foreign car enterprises such as Volkwagen, General Motors, etc. Most of the cars manufactured in China are sold within China, with only 369,600 cars being exported in 2009.

Urbanisation is on a giant leap and still lower than world average

After reforms were launched at the end of 1987, urban population growth began to accelerate. While the urbanization rate in China is 46%, lower than the world average (~50%), the speed of China´s urbanization is nonetheless unprecedented. In a rapidly urbanizing world, China is expected to play an important role, chiefly because of its size and the speed at which it is changing. In 1980, China´s urban population was 191 million. By 2008, it was 606 million, excluding migrants. The number of cities in China grew from 132 by the end of the 1940s to 660 according to the statistics in 2008.

Urban Population and Urbanisation Level

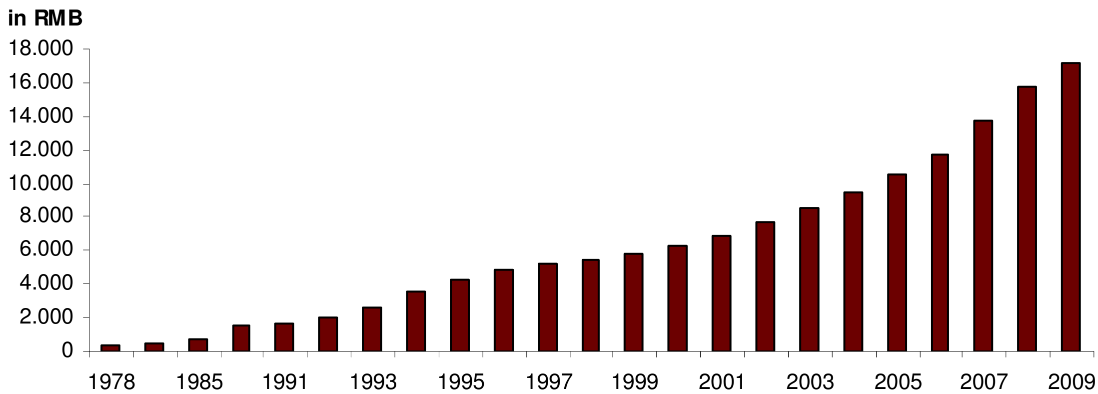


Source: National Bureau of Statistics China

Personal income rises but wealth concentrates on the east

According the research by the National Development and Reform Commission of China, ten major metropolitan regions are forming in China. Urban economic growth has been greater than that of the country as a whole. The east coast of China has embraced the most significant reforms, where most of the wealth of the nation is concentrated. All the 25 most affluent metropolitan regions are on the east coast and 14 of the richest 20 metropolitan regions (measured by per capita GDP) in China are in the two river delta regions, the Pearl and The Yangtze.

Per capita annual disposable income of urban household



Source: National Bureau of Statistics China

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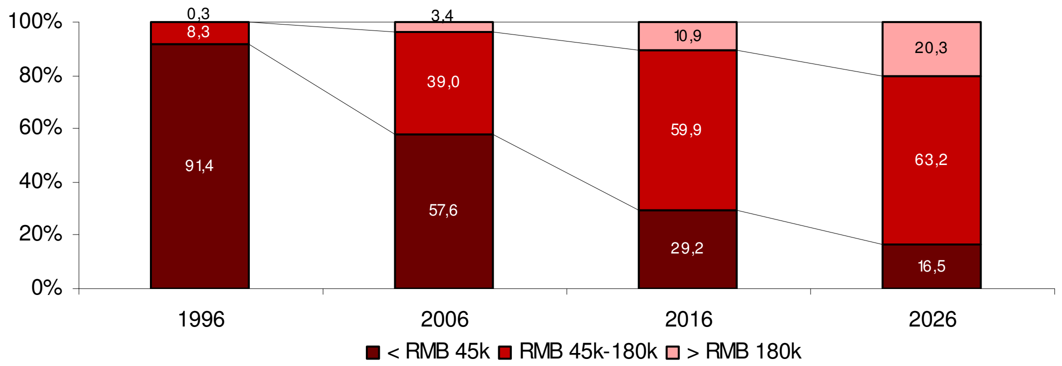
The strong personal income growth will accompany with the rapid GDP growth, of which the new emerging middle class of China is showing strong buying power and annual disposable income growth. Although the average annual household disposable income of the emerging middle class is projected to grow with 9.5% per year over the period 2010 to 2020, the average annual disposable income can only reach $9,515 by the year of 2010, which is much lower than the average of US with $71,440 since it started from a lower base, only $3,200 at the end of 2008.

From 1995 to now, the middle class has grown from practically zero to the 13.5% of China´s population by 2009. Unlike the US, where income typically peaks between the ages of 45 to 54, it is predicted that the wealthiest Chinese mainly fall into the age group of 25 to 44, as the younger generation tends to be more highly educated. The contribution to be made by the middle class is confined to the economic sphere or the social wealth.

Development of Income Levels



Source: Monitor Group

Times of cheap labour seem come to an end

The unemployment rate is remained around 4% since 2007, but the official data is only for urban areas. The unemployment rate may boost to 9% if including the migrants from rural areas to urban areas with substantial unemployment.

Two walkout strikes happened since the beginning of June at Honda Motors which locates in Foshan. The second Honda Strike comes just days after the company settled a separate strike by agreeing to substantial pay rises for 1900 workers at its transmission factory. Foxconn Technology, a giant contract electronics manufacturer, is another one struggling with the labour issue, which is a string of suicides among workers at its campuses in the southern metropolis of Shenzhen. Foxconn said it is considering turning the management of some of its worker dormitories over to the local government in China and is reconsidering the way to run the operations in response to criticism of the workplace practices.

The above events show the remarkable shift of labour dynamics and China´s huge migrant work force is gaining bargaining power. The new pressure to raise payment and improve labour conditions, coming partly from the Chinese government, is likely to cause the wonder if the government is willing to raise the cost of doing business in China. Since the early 1990s, Chinese leadership has worked hard to make China attractive to foreign companies. By all measures, the goal is achieved: China attracts more foreign direct investment than another country and has the fastest growing economy in the world. But a large part of China's extraordinary growth pattern is predicated on cheap labour which is not a long-term sustainable pattern for future economic development.

Rising wealth and wages bring up personal consumption

Ever since the reform started in 1978, the economic growth of Mainland China has been driven mainly by investment and exports, which was especially obvious since the mid-1990s when the Mainland accelerated domestic investment and opening. Between 2000 and 2007, the Mainland´s economy grew by an average of 14.3% year on year in nominal terms, of which 56.6% was contributed by investment and net exports. Private consumption contributed only 30.1%.

This is the result that China´s rapid economic growth was driven by consumption from developed western countries. But this demand will not grow as quickly as it did before the crisis starting to hit US since mid-2007, said Stephen Roach, chairman of Morgan Stanley, Asia. The external consumption model does not work now, which leaves China with two main choices: accept lower economic growth and po-

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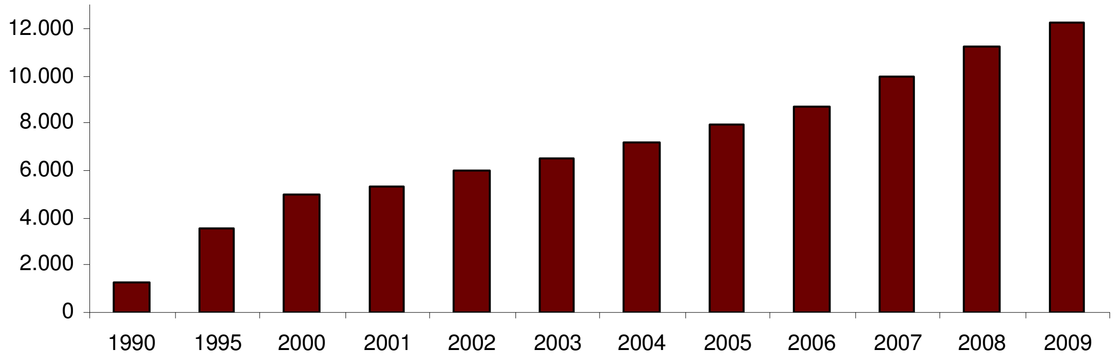
tential social instability, or shift to more internal consumption. He also forecasts the proportion of personal consumption in GDP will climb from the present 35% to 42% between 2011 and 2016.

China is now on the way to embark the new-coming 12th five year plan to boost the internal consumption as the country adjusts to the post-crisis world in which the external demand from the US and Europe remains sluggish.

Per Capita Annual Consumption Expenditure (in RMB)



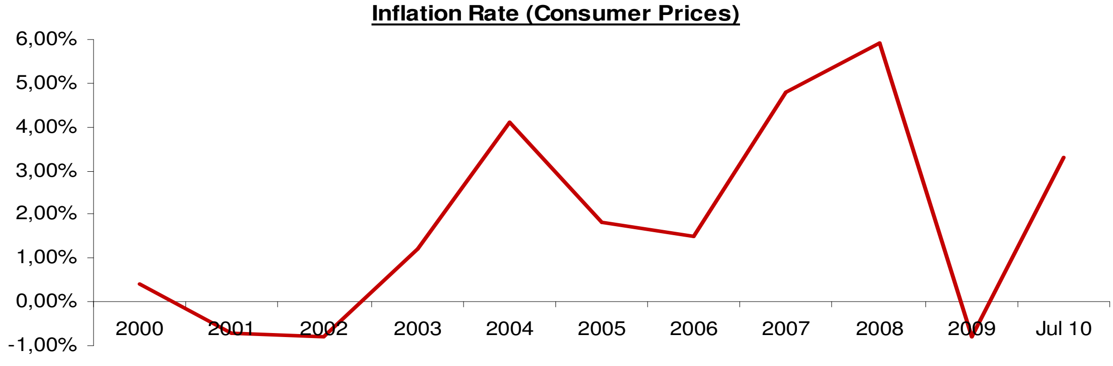
Source: National Bureau of Statistics China

Fears of asset bubbles and inflation as a result of the enormous growth

The annual rate of consumer price inflation rose to 3.3% in July 2010 according to the latest announcement from the National Bureau of Statistics, which can be a sign that China´s rebound from the global slump is slowing. Rising inflation has prompted concern China might hike interest rates or take other measures to cool growth which hit 11.9% in the first quarter in 2010. That could affect the US, Europe and others who look to China to help drive demand for their exports.

The spokesman from the National Bureau rejected the possibility of stagnation and confirmed the three driving forces-trade, investment and consumer expenditures-are still on raise. The rapid expansion of China is expected to pick up as the initial impact of its 4 trillion RMB stimulus package, while the World Bank still forecasts a 9.5% growth rate of GDP of year 2010.

Inflation Rate (Consumer Prices)



Source: National Bureau of Statistics China

In a pre-emptive action to curb inflation, China has ratcheted up the official reserve rate which demands lenders put more of their deposits in the central bank to arrest a crest of money supply. In the beginning of this year, China´s central bank moved to tighten monetary policy, raising the bank reserve requirement ratio by 0.5%. The credit tightening moves reflect concerns over a possible reserve rise in inflation this year as China´s economy continues to rebound from the global financial crisis. The global financial meltdown hastened China's RMB 4 trillion ($586 billion) government stimulus to keep its economy and consumption growing while the US and other markets struggled with recession. China´s GDP growth rate still hit 8.7% in 2009, for which the stimulus package counts an important role, but this economic rebound also brings along with fears of inflation and soaring asset bubbles, particularly with property values and equity prices.

Chinese listings in Germany at a glance (due date: 2010/10/20)

The following table gives an overview over Chinese companies currently listed in Germany:

Company	Sector	ISIN	Issuing bank for IPO/listing	Transparency Level	First Trading Day
Asian Bamboo	**Basic Resources/Forest & Paper Products**	**DE000A0M6M79**	**Sal. Oppenheim**	**Prime Standard**	**2007/11/16**
JOYOU AG	**Consumer/Household**	**DE000A0WMLD8**	**Equinet**	**Prime Standard**	**2010/03/30**
Kinghero AG	**Consumer**	**DE000A0XFMW8**	**BankM**	**Entry Standard**	**2010/08/06**
Vtion Wireless Technology Ag	**Technology/Communication Technology**	**DE000CHEN993**	**Sal. Oppenheim**	**Prime Standard**	**2009/10/01**
ZhongDe Waste Technology AG	**Industrial**	**DE000ZDWT018**	**Sal. Oppenheim**	**Prime Standard**	**2007/07/06**
Business Media China AG	Media	DE0005250401	Equinet	General Standard	2009/09/09
CFQ Holding AG	Industrial	CH0046813215	k.A	First Quotation Board	2009/01/14
China Zongbao Clean Tech Ltd.	Chemicals	GB00B3YGKN73	k.A	First Quotation Board	2010/07/28
Cheung Wing Biotechnology Company Ltd.	Biotechnology	GB00B62N8P96	k.A	First Quotation Board	2010/07/09
Classic Dream Properties Ltd	Real Estate	VGG219481071	VEM Aktienbank	Entry Standard	2008/10/15
Ecoinvest Holding N.V.	Renewable Energy	NL0006147449	k.A	First Quotation Board	2008/01/09
Euro Asia Premier Real Estate Company Limited	Real Estate	VGG3223A1057	k.A	Entry Standard	2010/05/26
Evergreen Bamboo International Ltd.	Food & Beverage	GB00B67BHD90	k.A	First Quotation Board	2010/09/02
Gongyou Machines Ltd.	Machinery	SG9999002927	VEM Aktienbank	First Quotation Board	2007/03/30
Greater China Precision Components Ltd	Industrial	SG9999005052	VEM Aktienbank	Entry Standard	2007/11/20
High Win PLC Inc	Furniture	VGG4570A1021	k.A	First Quotation Board	2010/04/08
IBMC China AG	Franchising	CH0036541933	k.A	First Quotation Board	2008/02/20
Initation Enterprises Company	Automobile	HK0000056082	k.A	First Quotation Board	2009/11/09
Innosis Ecological AG	Industrial	DE000A0WMQ46	k.A	First Quotation Board	2008/10/21
Madison Property AG	Real Estate	DE000A0V9KR3	k.A	First Quotation Board	2010/08/12
Nitestar Holding N.V.	Traffic Safety Products	NL0006193351	k.A	First Quotation Board	2008/03/28
Sino International Logistics Co. N.V.	Financial Services	NL0000871044	k.A	First Quotation Board	2007/05/31
Shigo Asia AG	Consumer/Household	DE000A0S9NM3	mwb fairtrade Wertpapierhandelsbank AG	Entry Standard	2010/06/05
UFC Holding N.V.	Financial Services	NL0000817005	RG Securities AG	First Quotation Board	2007/04/27

Rating: BUY

Price target: € 42.79

Current price: 38.30

2010-10-19 / ETR

Currency: EUR

Basic data:

ISIN: DE000A0M6M79

WKN: A0M6M7

Stock symbol: 5AB

Number of shares³: 13.996

Marketcap³: 536.05

EnterpriseValue³: 518.03

³ in m / mEUR

Freefloat: 51.4 %

Transparancy Level: Prime Standard

Market Segment: Regulierter Markt

Accounting Standard: IFRS

Financial Year: 12/31

Designated Sponsor: M.M. Warburg&CO

Analysts:

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Yiqing Yang
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* Catalogue of potential conflicts of interest on page 22

Asian Bamboo AG

Company Profile:

Sector: Raw Materials

Focus: Bamboo

Employees: 1,196 Due date: 2010/06/30

Foundation: 1992

Head Office: Hamburg

Management Board: Lin Zuojun, Richard Jiang Haiyan, Peter Sjovall, Qiu Hai

Asian Bamboo AG, the group holding company, was incorporated in 2007 as a German stock corporation by the German law, which is engaged in the cultivation of bamboo forests in China as well as the sales of organic bamboo products. The origins of Asian Bamboo can be traced back to 1992 when the CEO and founder Mr. Lin started a bamboo trading business in Fujian, China. Asian Bamboo concentrates its activities on two main business segments. First, bamboo trees, which are a renewable alternative to wood, are used for the construction, flooring, furniture and paper industries. Second, organically grown bamboo shoots, both fresh and processed, are provided to restaurants, hotels and organic food retailers, mainly in Japan and China. The company leases the bamboo plantations in Fujian China. The company also cooperates with a number of scientific and academic institutions to develop new cultivation and preservation techniques for Moso Bamboo. The Asian Bamboo AG wholly owns two subsidiaries, Hong Kong XRX Bamboo Investment Co., Ltd and the newly incorporated Asian Bamboo Industrial (Hong Kong) Co., Ltd, which carries out the

Data & Estimates

P&L in EURm / due date	FY 2008	FY 2009	FY 2010e	FY 2011e
Revenue	43.83	58.62	90.00	117.00
EBITDA	33.18	29.20	38.60	52.30
EBIT	31.04	26.08	34.60	47.30
Net Profit	27.30	30.82	41.10	53.85
Figures in EUR				
Earnings per share	2.12	2.39	2.94	3.85
Dividend per share	0.12	0.30	0.44	0.58
Ratios				
EV/Sales	11.91	8.84	5.76	4.43
EV/EBITDA	15.74	17.74	13.42	9.90
EV/EBIT	16.82	19.86	14.97	10.95
P/E	19.64	17.39	13.04	9.95
P/B		2.67		

Financial Dates:

Date: Event

2010/11/12: Report 9M/10

2010/11/22-24: Deutsches Eigenkapitalforum

**** last research published by GBC:**

Date: publication/price target in €/rating

RS = Research Report; RG = Research Guide;

** the research reports can be obtained on our website www.gbc-ag.de or can be requested at GBC AG, Halderstraße 27, D-86150 Augsburg

Asian Bamboo AG

`Bamboo shows strong growth´ - also for shareholders

Revenue growth remains strong in HY1 10 with growing earnings

By the end of 2009, Asian Bamboo had a total plantation size of 31,736 ha, of which 22,229 ha were mature and 9,507 ha were immature, while in 2008, 18,368 ha mature plantations and 8,261 ha immature plantations comprised the total plantations of 26,629 ha. New plantation leases generally yield limited output in the first year, as some preparation work needs to be carried out, which classifies them as immature until they start generating output of full capacity.

The total revenue was up by 34% to €58.6m in FY09 (€43.8m in FY08). With the exception of the export to Japan decreasing from €6.1m in FY08 to €4.1m due to the declining demand, all the other domestic sales aspects of Asian Bamboo performed well. Revenue per hectare increased by 11% to €2,637 compared to €2,386 in FY08. Adjusted for changes in the fair value of biological assets and taxes thereon net profit grew from €21.2m in FY08 by 31% to €27.8m while the net profit margin for the year was unchanged at 48%.

The solid increase in revenue and net profit was the result of the additional income derived from 3,861 ha of previously immature plantation which started to generate output and 11% higher revenue per hectare than in FY08. To strengthen the financial position ahead of the phase of accelerated growth, Asian Bamboo conducted two major fund raising activities during FY09, which ended with a total of around €35m.

In HY1 10, revenue of Asian Bamboo increased year-on-year by €15.6m (61 %) to €41.4m in the first half year. Net profit was up by €4.6m, 35 % to €17.5m (€13.0m in HY1 09). By 20th Sep, Asian bamboo made total plantation of 47,811 ha, of which 30,050 ha were mature plantation.

Another 50 % sales growth estimated in 2010 - Net profit margin of at least 45 % expected

In FY10, on average for the year, Asian Bamboo anticipates to harvest from 31,000 ha, which is a 39% increase compared to the end of FY09 (22,229 ha). Asian Bamboo forecasts a 30%-35% annual increase in the mature plantation size and plans to continue widening the geographical reach in China. The company is planning to reach the longer term goal of a total plantation size of at least 70,000 ha by Q1 2013 and further to penetrate the established markets. In order to improve the sales to Japan, which counted 31% of the process bamboo shoots sales in FY09, Asian Bamboo is working with a Japanese partner, which will enhance the image in the Japanese market and strengthen the ability to control the distribution channels. Asian Bamboo's goal is to increase sales to the Japanese market by 50% in FY10.

Asian Bamboo anticipates that the profit margin will be maintained at the current high level, which is benefiting from higher product prices and the nearly fixed key cost items, such as leasing and labour costs in the short to medium term. A long-term net profit margin (excluding non-recurrent items) of 45% is expected by Asian Bamboo.

According to our estimates, the revenue of Asian Bamboo will reach €90.0m in FY10 and €117.0m in FY11. EBIT is expected to increase to €34.6m in FY10 and €47.3m in FY11; EBIT margin will remain at a high level of 38.4% and 40.4% respectively. The earnings estimate excludes gains arising from fair value of biological assets. Net profit therefore is expected at €41.1m in FY10 and €53.9m in FY11, complying with the companies expectation of a net profit margin higher than 45%. Furthermore Asian Bamboo plans to proceed paying dividends of around 15% of the adjusted net profit.

Strong balance sheet and cash position - high earnings quality - share valuation very moderate

Asian Bamboo has a high equity ratio, which is 90.6%, showing the solid foundation of the financial position. Asian Bamboo does not profoundly rely on debt to operate and by HY1 10 bank loans of only €14.4m were attributable. As well Asian Bamboo is in a strong cash position. Cash and cash equivalents improved significantly to €73.8m by HY1 10, compared to €29.1m at the end of FY09, which is also a result of a successful capital increase of €43.4m. But also the earnings quality is steadily high, expressed by an cash conversion rate (operating cash flow/EBIT) of 1.3 in FY09. From the other perspective return on capital employed (ROCE) was 14.2% in FY09 and is expected to remain on that level in FY10, which underscores the high profitability. The P/E-ratio is expected to be at 13.0 in FY10 and 10.0 in FY11, showing the fast development of Asian Bamboo.

As a fair value we have calculated €42.79, which is 11.7% above the current share price. Despite the rapid share price increase during the last months, there still is some upside potential for the shares of Asian Bamboo.

JOYOU AG

Rating Buy
Price target: € 22.63

Current price: 12.87
2010-10-19 / ETR

Currency: EUR

Basic data:

ISIN: DE000A0WMLD8

WKN: A0WMLD

Stock symbol: JY8

Number of shares[3]: 23.970

Marketcap[3]: 308.49
EnterpriseValue[3]: 366.65
[3] in m / mEUR

Freefloat: 27.7 %

Transparancy Level:
Prime Standard

Market Segment:
Regulierter Markt

Accounting Standard:
IFRS

Financial Year: 12/31

Designated Sponsor:
EQUINET AG

Analysts:

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* Catalogue of potential conflicts of interest on page 22

Company Profile:

Sector: Consumer Products

Focus: bathroom and kitchen applicants

Employees: 3,105 Due date: 2010/06/30

Foundation: 2008

Head Office: Hamburg

Management Board: Jianshe Cai, Jilin Cai, Gang Zheng, Zufang Li

JOYOU designs, produces and sells faucets and other sanitary ware products. The main product groups sold in its own brand business are bathroom faucets, kitchen products, shower products, other bathroom products and other faucets and sanitary hardware. Joyou sells its products in China under its brand name and is supplier for international sanitary ware companies, wholesalers and trading companies in the United States and Europe as well as certain emerging markets. Joyou has established an extensive retail network in China. The operating facilities including its two production facilities are in Fujian, China. Joyou retail network consists of 3,199 points of sale in China. In October 2009, Grohe and JOYOU entered into a distribution agreement for certain Grohe-branded products in Chinese markets through unaffiliated JOYOU's regional distributors which gives JOYOU the exclusive distributorship in China of its Asian product range.

Data & Estimates

P&L in EURm / due date	FY 2008	FY 2009	FY 2010e	FY 2011e
Revenue	135.05	172.33	236.00	310.00
EBITDA	25.04	41.19	47.50	65.30
EBIT	25.04	38.95	45.00	62.55
Net Profit	16.13	22.26	30.07	48.07
Figures in EUR				
Earnings per share	1.61	2.23	1.25	2.01
Dividend per share	0.00	0.00	0.00	0.00
Ratios				
EV/Sales	2.44	2.13	1.55	1.18
EV/EBITDA	13.18	8.90	7.72	5.61
EV/EBIT	13.18	9.41	8.15	5.86
P/E	19.12	13.86	10.26	6.42
P/B		4.68		

Financial Dates:

Date: Event
Nov. 10: Report 9M/10
2010/11/22-24: Deutsches Eigenkapitalforum

**** last research published by GBC:**

Date: publication/price target in €/rating

RS = Research Report; RG = Research Guide;
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JOYOU AG

Clean growth for investors with sanitary products

Strong growth rate and increasing margins in 2009 - higher gross margin in HY1 10 - retail network expanded

The growth of China's construction sector is primarily attributable to a continuing strong urbanization trend accompanied with increasing disposable incomes and demand for bigger per capita floor space. The demand for sanitary ware products in China is mainly driven by the construction industry. For FY09, the sales volume of 100.3m units is expected to be sold, which values €2,278.5m.

Despite the impairments of the financial crisis in the global economy and also in Chinese economy, JOYOU accomplished its revenues at €172.3m, a surge of 27.6 % compared to FY08. JOYOU´s own brand products sales increased by €31.7m to €125.3m, accounting to 73% of the total revenue due to the expanded retail network and increasing market demand in China. The OEM/ODM business (selling finished sanitary ware products) contributed 21% or €35.8m to total revenues, which presented a sharp increase from 13% or €17.8m in FY08. EBIT also increased significantly from €25.0m in FY08 to €39.0m in FY09. Also the EBIT-margin climbed from 18.5% in FY08 to 22.6 % in FY09.

In HY1 10 revenue reached €102.6m, 24% higher than HY1 09. Gross profit margin at the same time grew up to 27.8%, from 26.7% in HY1 09. This is the result of improving product mix and brand awareness in China. JOYOU also benefited from the expansion of the products strategy, which showed strong result in increasing sales, such as shower products up 72% and other bathroom products or accessories rising to more than €15.6m from practically zero. In HY1 10, JOYOU kept expanding the retail network and set up 672 new retail points, mounting the total number to 3,199.

Revenue growth of more than 30 % within the next two years - EBIT-margin remains strong above 20 %

The Chinese sanitary ware market has grown significantly over the past few years and JOYOU expects this growth to continue in the foreseeable future. In order to benefit from this growth, JOYOU will try to capture new market share through expanding the domestic distribution, which will substantially assist the increase in the domestic recognition of the brand and thereby increase domestic sales of the brand products. The products are delivered to the retail sales in JOYOU's own retail distribution network operated and controlled by regional distributors and retail shop-owners. Most of the new outlets of JOYOU have been opened in small and medium-sized Chinese cities, which is in line with the company's strategy of focusing its growth on smaller and medium sized cities in particular, experiencing a faster growth, as a result of increasing purchasing power.

The revenues of JOYOU for FY10 and FY11 are anticipated to be €236.0m and €310.0m respectively. EBIT will also climb to €45.0m in FY10 and €62.6m in FY11; EBIT margin will be expected to be 19.1% in FY10 and 20.2% in FY11. Net profit will embrace a surge to €30.1m in FY10 and €48.1m in FY11.

JOYOU positioned the brand products in the medium-range segment of the Chinese sanitary ware market, targeting the sales mainly at private consumers of the growing Chinese middle class, as well as large-scale construction projects such as new constructed hotels or other buildings for public use.

In October 2009 JOYOU entered into a distribution agreement with Grohe for certain Grohe-branded products in Chinese markets through unaffiliated JOYOU's regional distributors which gives JOYOU the exclusive distributorship in China of its Asian product range. JOYOU is planning to open some 500 sales outlets for Grohe in 2010. The first Grohe store was opened in April 2010 in Beijing.

IPO-proceeds of 91.0m - sound financial position - high capital returns and moderate valuation

By the end of HY1 10, JOYOU has a equity ratio of 65.3%, a leap from only 35.4% at the end of FY09. Cash and cash equivalents also showed strong increase to €123.7m (36.0% of balance sheet total) by HY1 10 from €34.3m by the end of FY09. The reason for the increase is the IPO-proceed of €91.0m. The two factors above indicate the comfortable financial position of JOYOU.

The return on capital employed (ROCE) made a profound result of 51.5% in FY09 and is expected to stabilize at a high level of 43.1% in FY10. The construction industry in China and the company itself are promising a solid growth in the most recent and upcoming years. Therefore the P/E-ratio on projected earnings is at 10.3 in FY10 and even lower at 6.4 in FY11. This indicates that JOYOU currently is undervalued.

This assumption is supported by the DCF-valuation, which brings up a fair value for JOYOU`s shares of €22.63. The deduced upside potential therefore is more than 75%.

Rating: BUY

Price target: € 28.40

Current price: 22.45

2010-10-19 / ETR

Currency: EUR

Basic data:

ISIN: DE000A0XFMW8

WKN: A0XFMW

Stock symbol: KH6

Number of shares³: 6.125

Marketcap³: 137.51

EnterpriseValue³: 107.51

³ in m / mEUR

Freefloat: 22.5 %

Transparency Level: Entry Standard

Market Segment: Freiverkehr

Accounting Standard: IFRS

Financial Year: 12/31

Designated Sponsor: BIW Bank AG / BankM

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* Catalogue of potential conflicts of interests on page 22

Kinghero AG *5

Company Profile:

Sector: Fashion

Focus: Menswear, Womenswear

Employees: 910 Due date: 2010/06/30

Foundation: 1986

Head Office: Munich

Management Board: Zhang Yu, He Xiumung, Xiaoping Zhao-Moll

The Kinghero AG is a fashion company designing, manufacturing and selling primarily casual and business wear in the Chinese market. While the production facilities are located in Xiamen (Fujian Province/China), the registered office of the German holding company is located in Munich, Germany. During the past years the Kinghero brand grew to be one of the top 10 Chinese brands for men's casual fashion and was awarded several times. The company sells its products under the two brands 'Kinghero menswear' and 'Kinghero womenswear'. Within the more than 20 years of history the company could establish a wide sales network across major Chinese provinces and cities. For production Kinghero makes use of a flexible and cost-effective combination of inhouse production and outsourcing. A high emphasize is put on R&D and product quality to adequately target the consumers of the quickly growing Chinese middle class aged from 28 to 45. Uniting all steps from market research to sales in-house, Kinghero covers the whole value chain.

Data & Estimates

P&L in EURm / due date	FY 2008	FY 2009	FY 2010e	FY 2011e
Sales	32.14	48.92	71.73	91.29
EBITDA	8.40	13.41	17.69	22.79
EBIT	8.34	13.29	17.19	21.80
Net profit	6.90	10.65	14.39	17.58
Figures in EUR				
Net Profit per share	1.37	2.11	2.35	2.87
Dividend per share	0.00	0.00	0.00	0.00
Ratios				
EV/Sales	4.22	2.20	1.50	1.18
EV/EBITDA	16.14	8.02	6.08	4.72
EV/EBIT	16.26	8.09	6.25	4.93
P/E	19.94	12.91	9.56	7.82
P/B		2.86		

Financial Dates:

Date: Event

2010/11/22-24: Deutsches Eigenkapitalforum

2010/11/30 Report 9M/10

2010/12/08-09: Münchner Kapitalmarktkonf.

April 2011: Report FY10

May 2011: Report Q1/11

May 2011: Entry & General Standard Konf.

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Date: publication/price target in €/Rating

2010/10/14: RD / 28.40 / BUY

2010/08/31: RS / 25.54 / BUY

2010/07/23: RS / 24.54 / BUY

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Kinghero AG

Well dressed in a strongly growing Chinese clothing market

Strong revenue growth and EBIT-margins - good development continued in HY1 10

During the past years Kinghero experienced a strong growth in revenues. With revenues of €24.3m in FY07 and €48.9m in FY09 the compound annual growth rate was 42% within the last three years. Besides the strong growth of the Chinese economy also the raising demand for individual styles and good quality clothing of the expanding urban population was a reason for that development. But more than that Kinghero also achieved a consistent increase in earnings. While the gross margin declined as a result of increasing price pressure of raw materials and on the chinese clothing market, the EBIT-margins at the same time enhanced from 22.6% in FY07 to 27.2% in FY09. The background for this pleasant development is the effect of economies of scale, which came up accompanied with the revenue growth.

This size effect also led to a strong growth in the absolute earnings measures. The net profit in FY09 was €10.6m and therewith could be more than doubled since FY07. The net profit margin made up to 21.8% by FY09. The good net profit is also a result of the reduced tax rate applicable for Kinghero. The tax rate in FY09 amounted to 20%, but will increase to 25% until FY12.

The good development could also be proceeded within the HY1 10. With a revenue increase of 46.4% the strong revenue growth rate of the past was affirmed. Also the EBIT-margin with 26.7% remained strong. The net profit after the first half year amounted €7.0m and therewith made up approx. 65% of the total net profit that was accumulated in the whole FY09.

IPO-proceeds used for further expansion - increased gross margins expected - strong cashflows generated

Kinghero generated net-IPO-proceeds of €12.0m. They will be invested to expand the company growth. A first steps are already taken by opening the first flagship store in August and taking over assets of a knitting company as well as a zipper company. The establishment of flagship-stores is one part of the strategic direction of Kinghero to enhance the brand strength as well as to accelerate growth. Furthermore the IPO-proceeds will be used to increase the sales network, to modernise the production facilities and to launch marketing campaigns.

These measures will not only keep the revenue growth up, but will also contribute to stabilise margins on a high level. The planned investments will have the result of an improved brand awareness and product quality which attracts an urban customer base with above average purchasing power. As a result the revenues are expected to increase by 46.6% in FY09. Also for the subsequent years we estimate growth rates of approx. 30% per year. The described measures at the same time will lead to an increasing gross margin, after several years of decline. At the same time the expected strong operational progress will lead to futher economies of scale, which makes it possible to keep EBIT-margins stable at levels of around 24%. Also the net profit will benefit from the expected development and jump up to €14.4m and €17.6m in FY10 and FY11, respectively. Not least we believe that Kinghero also in the upcoming years will be able to show a strong operational cashflow which in combination with the IPO-proceeds will enable the company to finance future growth.

Stock substantially undervalued - P/E-ration for FY11 of 7.8 - share has upside potential of 25 %

Not only the operational performance of Kinghero makes a convincing impression, also the balance sheet underscores the good position of the company. By HY1 10, the equity ratio amounted to 78.3%. Also approx. 40% of the assets (€21,3m) were made up of cash and bank balances. On the other hand-side Kinghero made no use of bank liabilities. This situation allows the conclusion that Kinghero´s financial position is extraordinary strong and gives sufficient room for further expansion. Furthermore the company generated a strong operating cashflow of €7.8m during the half year of the current financial year.

Along with that comes a moderate valuation of Kinghero´s stock. According to our estimates, which can be considered to be conservative, the P/E-ratio for FY10 is 9.6 and 7.8 FY11. Given the strong growth and the high profitability we consider this valuation level as substantially too low. Proof of that statement gives the EV/EBITDA measure, which is 6.1 and 4.7 for the FY10 and FY11, respectively. Also the capital return ratios show the high profitability of Kinghero. The return on equity (ROE) for the current and upcoming fiancial years will range between 25% and 30% on a constant high level.

Overall Kinghero faces a big operational potential as well as the share does. As a fair value for Kinghero´s shares we calculated €28.40, which implies an upside potential of about 25%.

Vtion Wireless Technology AG

Rating: BUY
Price target: € 20.22

Current price: 9.53
2010-10-19 / ETR

Currency: EUR

Basic data:

ISIN: DE000CHEN993

WKN: CHEN99

Stock symbol: V33

Number of shares³: 15.980

Marketcap³: 152.27
EnterpriseValue³: 89.59
³ in m / mEUR

Freefloat: 28.1 %

Transparancy Level: Prime Standard

Market Segment: Regulierter Markt

Accounting Standard: IFRS

Financial Year: 12/31

Designated Sponsor: EQUINET AG

Analysts:

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* Catalogue of potential conflicts of interest on page 22

Company Profile:

Sector: Technology

Focus: Wireless Data Card Solutions

Employees: 184 Due date: 2010/06/30

Foundation: 2002

Head Office: Frankfurt

Management Board: Chen Guoping

The Vtion Group is one of the three leading providers of wireless data card solutions for mobile computing over wide area networks in China. Vtion is principally engaged in the development and sale of wireless data cards, including the provision of after-sales services. Vtion is keeping strong relationship with China's main and only three mobile network operators and is committed to maintain the leading position among providers of wireless data cards solutions in China. The company offers a broad range of wireless data cards, with PCMCIA, USB, Mini-USB, Express Card 34 and PCI Express Mini interfaces, which makes Vtion one of the few suppliers having the capability to produce wireless data cards for all 3G industry standards. The broad product portfolio provides it with the flexibility to meet the current and future customers' needs regardless of what standard emerges in Chinese telecommunications industry. In January 2006, Vtion started its data solutions service business targeting in particular business travellers in China by founding the online business club.

Data & Estimates

P&L in EURm / due date	FY 2008	FY 2009	FY 2010e	FY 2011e
Revenue	39.18	67.64	120.00	160.00
EBITDA	12.76	19.15	33.35	45.29
EBIT	12.60	18.93	33.10	45.04
Net Profit	12.39	16.56	25.03	39.94
Figures in EUR				
Earnings per share	1.13	1.31	1.57	2.50
Dividend per share	0.00	0.00	0.00	0.00
Ratios				
EV/Sales	3.11	1.32	0.75	0.56
EV/EBITDA	9.56	4.68	2.69	1.98
EV/EBIT	9.68	4.73	2.71	1.99
P/E	12.29	9.20	6.08	3.81
P/B		1.59		

Financial Dates:

Date: Event
2010/11/15: Report 9M/10

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Date: publication/price target in €/rating

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Vtion Wireless Technology AG

3G has just begun and brings great opportunity for investors

3G network standard lead to rapid growth - high margin levels maintained throughout 2009 and HY1 10

The year of 2009 witnessed the beginning of 3G commercialization in China, which placed an evident effect on the development of Vtion. China is the only country, where three different 3G network standards exist. Vtion keeps maintaining as a top-tier wireless data card supplier for all three of China's 3G network operators: China Unicom, China Telecom and China Mobile.

Vtion showed strong growth in the business performance last year. Concerning the total units sold, the number increased by 172% to 1,652,022 pieces. Revenues at the same time grew from €39.2m in FY08 by 73% to €67.6m in FY09, mainly due to increase of the wireless data card units sold. Meanwhile the dramatic increase of raw material brought down the gross profit margin from 41% in FY08 to 33% in FY09 and Vtion cleared out the 2.5G/2.75G wireless data card by providing discount prices in FY09, which also counted a major part of decreasing EBIT-margin from 32% to 28% in FY09.

In the HY1 10, Vtion increased its sales to €55.8m, a 164% growth compared to HY1 09. EBIT-margin increased from 28% in HY1 09 to 30% in HY1 10, which mainly results from the cost saving of 3G wireless data cards. The shrink of net profit margin from 25.3% in HY1 09 to 16.5% in HY1 10 was attributed to a foreign exchange loss of €5.4m, due to the fact that the RMB gained in value compared to the Euro within the HY1 10.

3G market growth in China ust begins - further improve in revenue and EBIT expected

The 3G market in China grew to over 31 million users by the end of August 2010; 31 million users only represented a small portion of over 800 million mobile users in China. And growth will continue due to the strong marketing campaigns by the three network operators.

Vtion predicts that the 3G-construction in 2009 was only the start of the commercialization in China, which laid the foundation for the expected full year development in 2010. Because all the 3G-network standards function exclusively and respectively by the only three telecommunication companies, Vtion's future success depends on the relationships with each above. In near future the hardware sales will continue to be a major drive of Vtion's business performance.

Vtion intents to remain its core strength in the hardware segment and also expand the business opportunities concerning about the non-hardware aspects, such as enlarge the number of members of the Vtion business club. Targeting on particular business travellers in China is a strategy for Vtion since 2006. Business Club of Vtion was formed to provide more services, such as online transition, to the members, who would pay the annual subscription-fee; the number of members by the end of HY1 10 was 279,300.

We estimate that revenues of Vtion will continue to grow fast. The leap from €67.6m in FY09 to €120.0m will happen in FY10 and revenue will be expected to be above the level of €160.0m in FY11. EBIT-margin on the other hand will remain stable and is projected at 27.6% in FY10 and 28.2% in FY11, with an absolute EBIT of €33.1m and €45.0m, respecticely. Also net profit will show dramatic growth, projected €25.0m in FY10, and €40.0m in FY11.

Strong balance sheet and cashflow - P/E ratio of only 6.1 in 2010 - share price has massive upside potential

Vtion is operating with a high equity ratio of 82.1%, which means the business performance of Vtion is financed securely by a strong balance sheet. By the end of HY1 10, Vtion did not have any bank liability. Contributing to the balance sheet total of €150.4m by HY1 10, cash and cash equivalents amounted to €92.0m (61.2% of balance sheet), a dramatic improve compared to €61.5m by the end of FY09. Vtion is also holding a firm cash flow. Cash conversion rate (operating cash flow/EBIT) reached to be at 1.1 by HY1 10, rebounding from negative cash conversion rate by the end of FY09.

Return on capital employed (ROCE) showed an impressive number of 72.5% in FY09 and is expected to be even higher at 115.7% in FY10. Giving the current share price, P/E-ratio is at 6.1 for the expected numbers in FY10 and only 3.8 for FY11-estimates. By the statement above, we believe that Vtion share price is undervalued massively.

Due to our calculations the fair value per share is €20.22, which is significantly higher than the current share price. The strong growth of the Chinese 3G-market on one hand and the low valuation on the other hand present a great chance for investors.

ZhongDe Waste Technology AG

Rating: BUY
Price target: € 16.25

Current price: 13.46
2010-10-19 / ETR

Currency: EUR

Basic data:

ISIN: DE000ZDWT018

WKN: ZDWT01

Stock symbol: ZEF

Number of shares³: 12.690

Marketcap³: 170.81
EnterpriseValue³: 59.33
³ in m / mEUR

Freefloat: 22.2 %

Transparancy Level: Prime Standard

Market Segment: Regulierter Markt

Accounting Standard: IFRS

Financial Year: 12/31

Designated Sponsor: CBS

Analysts:

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Yiqing Yang
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* Catalogue of potential conflicts of interest on page 22

Company Profile:

Sector: Industry

Focus: Medical waste incinerator, municipal waste incinerator

Employees: 343 Due date: 2010/06/30

Foundation: 1996

Head Office: Hamburg

Management Board: Zefeng Chen, William Jiuhua Wang

The ZhongDe Waste Technology AG is a Germany-based company engaged in the waste management activities in China. Most ZhongDe Group operations are carried out through three subsidiaries in China. The company designs, manufactures and installs waste incinerators for the disposal of solid medical, municipal and industrial waste. Founded in 1996, the ZhongDe Group has sold more than 180 waste incinerators to clients in 13 provinces throughout China, 120 of these in the last 3 financial years alone. ZhongDe Group waste incinerators are sold primarily to dedicated operators responsible for the disposal of medical waste created by the health industry, and also to small and medium-sized municipalities in developed areas of China. The ZhongDe Group is one of China's leading providers of small and medium-sized waste incineration equipment and also now focuses on big EPC and BOT projects.

Data & Estimates

P&L in EURm / due date	FY 2008	FY 2009	FY 2010e	FY 2011e
Revenue	43.53	40.20	45.00	60.00
EBITDA	21.57	8.38	3.80	8.31
EBIT	21.30	8.02	3.40	7.86
Net Profit	23.11	5.71	2.71	7.14
Figures in EUR				
Earnings per share	1.78	0.44	0.21	0.56
Dividend per share	0.15	0.15	0.15	0.15
Ratios				
EV/Sales	1.49	1.48	1.32	0.99
EV/EBITDA	3.01	7.08	15.61	7.14
EV/EBIT	3.04	7.40	17.45	7.55
P/E	7.39	29.90	62.96	23.92
P/B		1.37		

Financial Dates:

Date: Event
2010/11/29: Report 9M/10

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Date: publication/price target in €/rating

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ZhongDe Waste Technology AG

Burns waste, not money - good opportunity to invest

Focus shifted to large scale projects - Margins decrease on strategic change - Q1 significantly weaker

ZhongDe Waste Technology AG achieved total revenues of €40.2m in the FY09, representing a decrease of 19% compared to FY08. Due to reduced local tax revenue as a result of global economic crisis, the municipal authorities in China have postponed their purchase plans for small and medium-sized incinerators. In line with changing market demand in China, ZhongDe quickly shifted its focus to large waste-to-energy projects. The EPC (Engineering, Procurement, Construction) and BOT (Build, Operate, Transfer) project revenues accounted for 72% of total revenues in FY09, a big leap from only 25% in FY08, which showed the changed strategy and the capability of flexibility to react according to the market conversion. For the same reason with revenues and substantial reduction in the high-margin business with small and medium-sized incinerators, gross profit experienced a downturn to €15.0m, 46% decrease year-on-year. EBIT amounted to €8.0m in FY09, a 62% decrease compared to FY08 and EBIT -margin fell off from 43% in FY08 to 20% in FY09.

In the HY1 10, the revenues further dropped from €18.4m in HY1 09 to €15.0m in HY1 10. Compared the same period last year, gross profit deceased 61% to €3.0m and gross profit margin decreased to 20% from 43%. EBIT in HY1 10 went negative to -€0.6m. The main reasons are that the large-scale projects that ZhongDe is focusing on were held by the servere weather condition during the winter and the Chinese Lunar New Year in Q1 10 and that the lower margins of waste-to-energy projects are expected. Despite the weaker HY1 10 ZhongDe proved a good development with a new contract of Shouguang EPC project (€25.5m value). ZhongDe´s first large-scale waste-to-energy project, the Datong Project, went into operation, which is a strategic milestone for the company.

Market has not yet recovered - revenue to increase again - EBIT-margins to be stable in FY10 and FY11

According to the State Environment Protection Administration, the annual output of municipal waste will reach 152 million tons in 2010, 179 million tons in 2015 and 210 million tons in 2020. As China is currently under dual pressure from both the energy crisis and environmental deterioration, waste incineration with power generation has great growth potential with regard to conserving resources. Therefore, ZhongDe has the potential to grow larger since it has already laid the solid foundation in the Chinese market.

Because the small and medium-sized incinerators market has not yet recovered in China, ZhongDe is currently focusing on the large-scale waste-to-energy facilities. ZhongDe is working on the marketing and negotiation of potential waste-to-energy project contracts, some of which have already entered the approval stage. According to our estimate, a positive growth rate will be expected in the coming years. Revenue will be €45.0m in FY10 and €60.0m in FY11. EBIT-margin at the same time is projected to be at a lower level of 7.6% in FY10 but will rebound at 13.1% in FY11. The decline compared to the former years is mainly due to the slow recovery of the small and medium-sized incinerators market and lower gross profit margin of the EPC/BOT projects. Net profit is forecasted to be €2.7m in FY10 and €7.1m in FY11.

The five large-scale projects, Zhoukou, Kunming, Feicheng, Zhucheng, Dingzhou, are under construction smoothly, and the Zhucheng project is expected to be completed by the end of FY10. The order backlog amounts to €187.9m, a 36% expansion, compared to HY1 09 by the end of the HY1 10. This shows the potential growth in the foreseeable future of ZhongDe.

Massive cash position - order backlog promises future growth - dividend of €0,15 - share undervalued

ZhongDe had an equity ratio of 85.6% by the end of HY1 10, which indicates that ZhongDe is financed on a strong balance sheet. ZhongDe does not reply on loans by HY1 10, ZhongDe had no bank liabilities. Cash position holds strong with the cash and cash equivalents of 71.9% of the balance sheet total in HY1 10 (€119.5m in absolut measures). This covers 68.5% of the current market capitalisation.

Due to the fact that ZhongDe is now undergoing the strategic transition, focusing from small and medium incinerators to large EPC and BOT projects, it will take time for ZhongDe to pick up the high net profit level. But in the other perspective, by the end of HY1 10 ZhongDe had a order backlog of €187.9m, which promises the significant potential growth of revenue in the foreseeable years. Taking that into consideration a price/book value of ZhongDe of 1.4 can be considered fair. As well the company paid a dividend of €0.15 for FY08 and FY09 and is expected to preceed that in the upcoming years. The fair value according to our calculations is €16.25, which well above the current share price. In the long view even higher share prices are possible.

Annex

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The corresponding Ratings are as followed:

BUY	The expected yield, based on the calculated price target, incl. dividend payment within the corresponding time horizin is >= + 10 %.
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