

Company Report

Cheung Kong (0001 HK) & Hutchison Whampoa (0013 HK)

NOT RATED

Company Research

Enter the HSI: All About Timing

Impact on HSI and the Two Sub-index

In this report, we analyze how the reorganization exercise jointly announced by Cheung Kong (CKH) and Hutchison Whampoa (HWL) will affect the HSI, with respect to the composition of its constituents and the two sub-indexes involved, namely the Properties, and Commerce and Industry.

When CK Property Will Join HSI is the Key

We follow the progress of the reorganization and analyze the transformation of various entities during the process, their substances, and their impact on the composition of HSI constituents. CK Property is identified as the swing factor.

CK Property on Fast Lane to HSI

The methodology and selection criteria on constituents are studied and two scenarios of when CK Property will become an HSI constituent are presented. A seamless transition with CK Property taking the position of CKH in HSI will minimize the impact to HSI. Though this is unlikely.

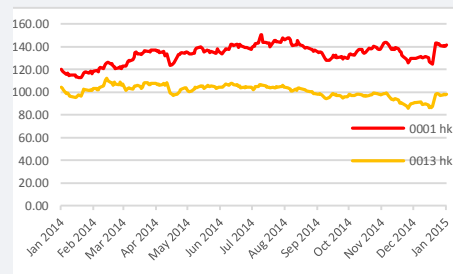
CK Property on Queue to HSI

If CK Property is to follow the regular quarterly review procedure and to meet the minimum listing history requirement, a series of HSI constituent reshuffle will ensue. Given its expected large market capitalization, the impact on HSI and its sub-indexes can be significant. So the timing of CK Property to become an HSI constituent will be the key.

Key Data

Cheung Kong (0001 HK)	
Price as at 22JAN (HK\$)	141.50
12-Month Price Target (HK\$)	n/a
Market Capitalization (HK\$ bn / US\$ bn)	328 / 42
Public Float	n/a
Hutchison Whampoa (0013 HK)	
Price as at 22JAN (HK\$)	98.30
12-Month Price Target (HK\$)	n/a
Market Cap (HK\$ bn / US\$ bn)	419 / 54
Public Float	n/a

Price Performance Chart

**Cheung Kong (0001 HK)**

Share Price Performance (%)	3 M	6 M	12 M
Absolute	6.3	1.4	17.7
Relative to HSI	1.5	-1.8	11.5

Source: Bloomberg

Hutchison Whampoa (0013 HK)

Share Price Performance (%)	3 M	6 M	12 M
Absolute	0.4	-5.4	-5.8
Relative to HSI	-4.4	-8.5	-12.1

Source: Bloomberg

H. C. Kwan
(852) 2159 – 4506
kwan.hc@hooraysec.com.hk

CKH & HWL Joint Announcement on a Scheme of Arrangement

Cheung Kong (CKH) and Hutchison Whampoa (HWL) made a joint announcement on January 9, regarding the:

- a) Cheung Kong Reorganization Proposal
- b) Merger Proposal
- c) Spin-off Proposal

The market responded positively in the next trading day with sharp jumps in the share prices of both CKH and HWL. Yet one of the objectives of the proposals, which is the elimination of the holding company discount on CKH, is hardly realized as the share prices of CKH and HWL rose by almost the same percentage. The two counters contributed a big lift to the Hang Seng Index (HSI).

As the proposals proceed to completion, the disappearance and emergence of companies, their listing status, their eligibilities and timing for admission to HSI, together with the sheer size of CKH and HWL, can have a profound effect on the fluctuation of HSI.

Technical Issues Involved

For the full impact on HSI, it is a little bit complicate when taking the associated technical issues of the following events into consideration:

- a) Change of the holding company of CKH group by way of a scheme of arrangement;
- b) Share exchange offer to the HWL shareholders by way of a scheme of arrangement; and
- c) Spin-off and separate listing of the property businesses by way of introduction.

Of which, timing is everything and it will show up in:

- a) Time elapsed between the completion of the scheme of arrangement and the listing by way of introduction, in particular the second one;
- b) When, if not whether, the two newly created listcos will be admitted as HSI constituents; and
- c) The technicality in the calculation of the HSI.

It may be easier to tackle these issues with reference to how HSI constituents are selected and how the index is calculated, which are specified in written rules. In the meantime, the impacts due to the progress of the proposals will be analyzed.

Index Methodology Rules

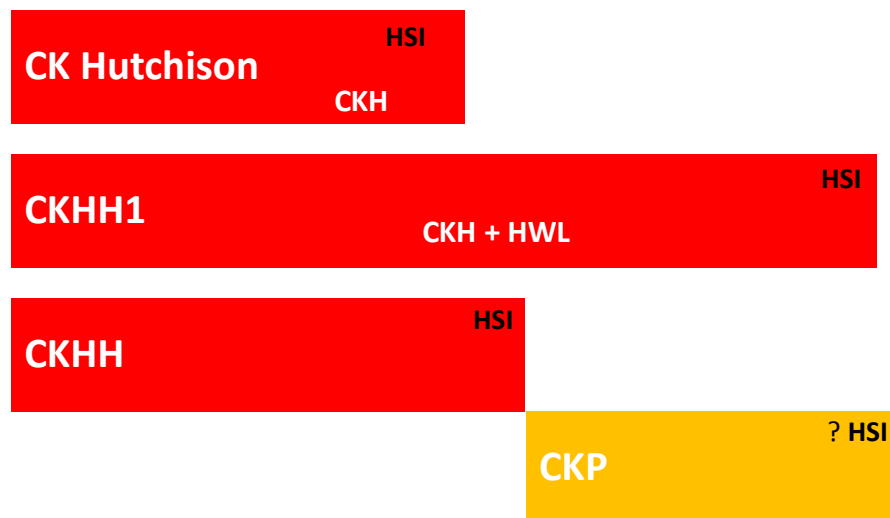
Hang Seng Indexes Company Limited (HSIL) issues the Index Methodology For Managing the Hang Seng Index (Version 1.2 Nov 2013) which sets the rules on the HSI constituent eligibility, index review and constituent changes, index calculation, index rebalancing, and dissemination. These rules govern the CKH, HWL, and the two new legal entities to be created in the proposals, regarding their admission to HSI.

CKH + HWL in 4 Forms

In the CKH and HWL joint announcement, there are two legal entities to be created, in four forms of varying substances, that should be taken care of, namely:

- CKH** – CK Hutchison Holdings Limited after the reorganization proposal and listing by way of introduction, but before the merger proposal, same as the current counter in substance
- CKHH1** – CK Hutchison Holdings Limited as enlarged after the merger proposal with the incorporation of HWL, but before the spin-off of Cheung Kong Property Holdings Limited by way of introduction
- CKHH** – CK Hutchison Holdings Limited, the remaining entity, after the spin-off of CKP
- CKP** – Cheung Kong Property Holdings Limited after spin-off by way of introduction

Figure 1: Transition from CKH + HWL to CKHH + CKP

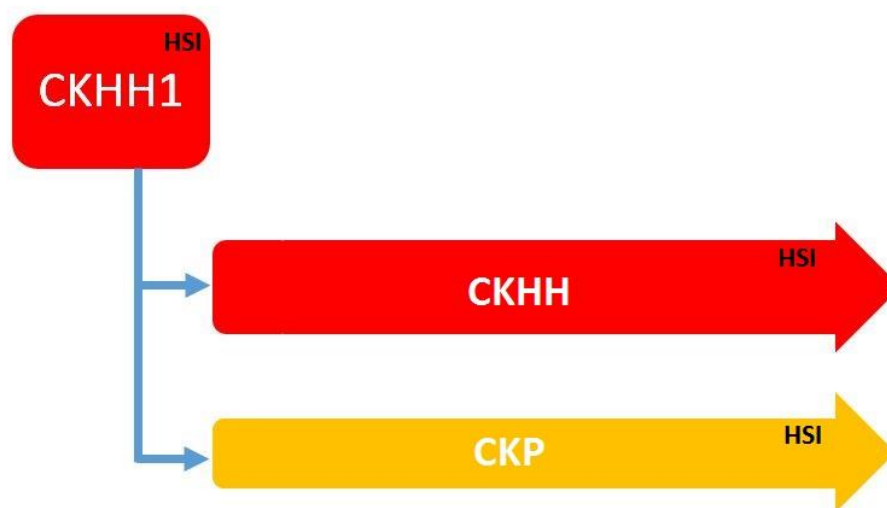


Source: Hooray Securities Research

For CK Hutchison, it inherits all of the existing CKH to the extent that even the SFC and the Stock Exchange have granted waivers regarding the requirement for CK Hutchison to appoint a sponsor in its listing by way of introduction. So it is natural to argue for its continuation to be an HSI constituent. We called HSIL and have an understanding in the regard.

In theory, under ideal timing, the enlarged CKHH1 exists for only one night and the spin-off exercise is done overnight, so by day time the CKHH and CKP are there for good. In addition, assuming that CKP can become an HSI constituent on its first day of listing. We have two companies in HSI to start with, and we end up with two companies in HSI. Case closed.

Figure 2: Over-night Express, All Green Lights for CKP



Source: Hooray Securities Research

However, there is no such expediency under a scheme of arrangement, which can take months to completion. As the enlarged CKHH1 may exist for some time, though not sure for how long, it is necessary to investigate what may happen in the interim period.

First and foremost, HWL is gone. Its 2.6% weighting in the HSI will merge with the 2.4% weighting of CKH, though the combine entity CKHH1 as enlarged may not account for 5% weighting in HSI. It may be a bit technical to untangle the holding structure.

HSI Sub-index: Properties or Commerce and Industry?

But how will that affects the Properties sub-index and the Commerce and Industry sub-index will be an imminent issue. Given that HWL is bigger in market

capitalization than CKH, there is a point for the combined entity, the enlarged CKHH1, to be in the Commerce and Industry sub-index. So the net effect is that CKH moves from the Properties sub-index to the Commerce and Industry sub-index. The technical calculation of the sub-indexes should account for such changes in constituents, but as CKH now accounts for a quarter of weighting in the Properties sub-index, it will be subject to more marked movement by other smaller players. The much bigger Commerce and Industry sub-index, which accounting for 40% of the HSI, can readily absorb CKH.

Should the enlarged CKHH1 be in the Properties sub-index, it will account for nearly 50% of the weighting.

There is also a positive factor for the technical calculation of the HSI, the freefloat adjusted factor (FAF). Currently, the FAFs for CKH and HWL are 60% and 50%, respectively. Yet the FAF may rise to 70% as Li family will be holding only 30.15% of the enlarged CKHH1. This is to be countered by the potentially smaller combined entity, in market capitalization, on untangling the holding structure.

Whether the elimination of the holding company discount on CKH will be realized is debatable at this point in time, as the new entity is just an even larger conglomerate.

Either way, there will be one less constituent in the HSI in the interim period before the spin-off of CKP and its admission to HSI. The question is just when.

We have called HSIL for comment and the understanding is that the total of 50 HSI constituents will be maintained. Regarding the timing for a seamless transition, there is no indication. On one hand, if the regular quarterly review process is to follow, there will be a gap as the schedule is fixed. On the other hand, if a candidate is identified and announced well in advance, there will be a round of jockey for the position and rebalancing activities by funds.

CKP – Eligible for HSI Constituent in Day 1?

Before the spin-off of CKP and its listing by way of introduction, the impact on HSI is straight forward. Also, the representation of Li family in the HSI can be maintained. After the spin-off, CKHH should have no trouble to remain an HSI constituent. Whether CKP is an eligible HSI constituent is debatable, the timing that it is in HSI can have a major impact in the index.

It is necessary to study the Index Methodology for the technical details. According to the methodology, eligible stocks must be among those in the universe of stocks that meets the:

- a) Market Value Requirement – top 90 percentile of the total market value;
- b) Turnover Requirement – top 90 percentile of the aggregate market turnover; and
- c) Listing History Requirement – normally be listed for at least 24 months, exemption available to large market value stocks.

It is also stipulated that eligible stocks will be subject to the principles of final selection which include:

- a) Market value and turnover rank of stocks;
- b) Representation of the relevant sub-sector within the HSI directly reflecting that of the market; and
- c) Financial performance.

Apparently, there is no dispute in the market value requirement, if we can dismiss the trading history issue. It can only expect that the market is interested in CKP and turnover will be active, if we can again dismiss the trading history issue. For listing history requirement, it is not that straight forward.

In clause 3.10 of the methodology, it states that:

For a stock with a very large market value but with a listing history of less than 24 months, it may be considered for inclusion in the HSI if it satisfies the more stringent market value requirement.

Figure 3: Minimum Listing History Requirements

MV Rank by Review Cut-off Date	Minimum Listing History
Top 5	3 Months
6 – 15	6 Months
16 – 20	12 Months
21 – 25	18 Months
Below 25	24 Months

Note: MV Rank refers to:

- I. Average of month-end MVs since the listing date for stocks listed for less than 12 months; and
- II. Average of month-end MVs of the past 12 months for stocks listed for more than 12 months.

Source: *Hang Seng Indexes Company*

Can CKP be on Fast Track to HSI Constituent in Day 1?

CKH now ranked within the top 15. Yet CKP is not CKH. As the details of assets and liabilities splitting between CKP and CKHH are not yet released, it is not known for sure but that is highly likely. Despite the ranking, exemption regarding the minimum listing history should be sought for CKP to be eligible as an HSI constituent. That is the fast lane.

Beating the Record of AIA?

A case good for reference is the AIA Group (1299 HK), which is listed on October 2010 and become an HSI constituent in June 2011. It went thru the regular quarterly review process for the quarter ended March 2011 with results announced in May, during a period that HSIL is adding more constituents to the HSI to make up for 50.

At the time of announcement, the weighting of AIA in the HSI was 3.59%, making it only the 7th heavy weight. By market capitalization, it should rank even lower. At the time of quarterly review, it has been listed for 5 months and at review results announcement, it has been listed for 6.5 months. So there will be room for maneuver.

In the Index Methodology, it also mentions a mechanism in making ad hoc proposals – which must be approved by the Chairman of the HSI Advisory Committee – if constituent changes between the regular reviews are needed. In our call with HSIL, we understand that this is at the discretion of HSI Advisory Committee. Fair enough.

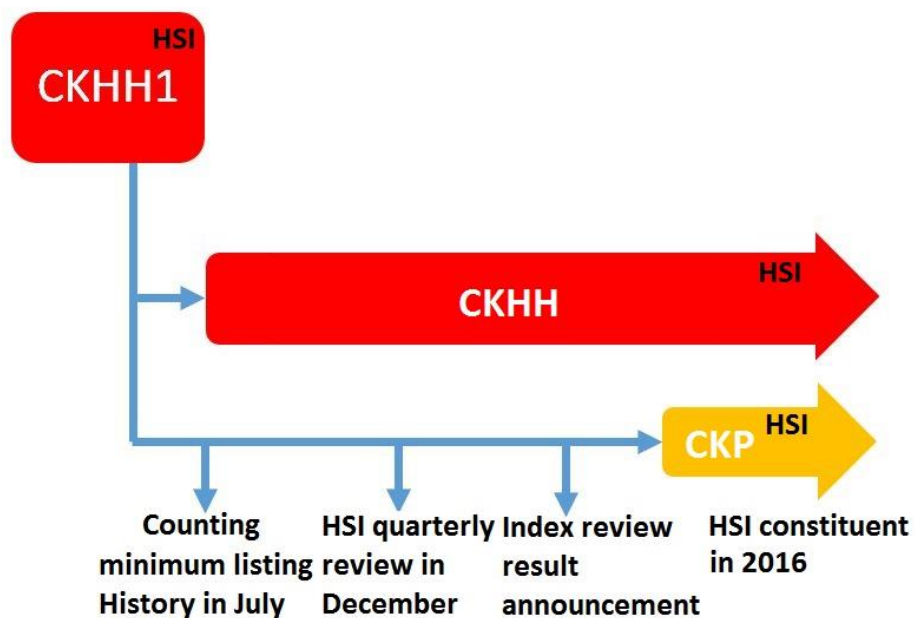
It should be noted that Li family's representation in HSI will be short of the CKP in the interim period. For how long, that depending on whether CKP can be in the right time to squeeze in the quarterly review. If, just in case, CKP is not joining the HSI, it is an entirely different issue.

CKP on Queue to HSI Constituent

In the case that CKP cannot become an HSI constituent in the first day of its listing, it has to go thru the regular index rebalancing process. To the HSI, the "new norm" will persist for some time without the property business of Li family. The effect on Properties sub-index can be significant.

For the CKP to be in HSI again, it will have to go thru the regular quarterly review process and if all formalities are to be followed, it will be at least six months after the spin-off and its listing, for there is no hope for CKP to be in the top 5 by market capitalization.

Figure 4: No Exemption Granted to CKP



Source: Hooray Securities Research

In the Index Methodology, there is also an index review and constituent changes mechanism for quarterly reviews of HSI constituents with data cut-off dates as of end of March, June, September and December. Such quarterly review is normally completed within eight weeks after the end of each calendar quarter. The effective dates of constituent changes will be the next trading day after the first Friday of March, June, September and December.

CKP: Spin-off by June, Review in December

If the CKP spin-off is completed by end of June, in accordance to the schedule in the joint announcement, it will accumulate 6 months of minimum listing history requirement by December and if it can meet the December quarterly review schedule, with results announcement in February 2016 and become an HSI constituent by March 2016, according to the quarterly review schedule.

Figure 5: Schedule for Regular Index Rebalancing for 2015

Month	Capping	Implementation	Effective Date
March	March 3	March 6	March 9
June	June 2	June 5	June 8
September	September 1	September 4	September 7
December	December 1	December 4	December 7

Source: Hang Seng Indexes Company

HSI Freefloat Adjusted Factor Higher at 70%

As already discussed, the Properties and Commerce and Industry sub-index can be expected to see big swing in weighting. Yet the impact from the holdings of Li family on the HSI may be more difficult to assess. On one hand, the freefloat adjusted factor will be higher at 70% under the new structure. On the other hand, the total market capitalization under Li family may be lower due to the elimination of double counting in HWL and the surge in share prices of CKP and CKHH may not be sufficient to compensate.

There is also a side issue that may aggravate the impact of the CKH and HWL joint proposals, particularly in the slow pace case with the CKP not eligible for HSI constituent in its first day of listing, thus freeing up hundreds of billion market capitalization in the HSI and one constituent quota.

Lower Cap on Individual Stock Weightings

This side issue is the change in index weighting methodology. The HSI initially adopts a freefloat-adjusted market capitalization weighted methodology with a 15% cap on individual stock weightings. Subsequent review in August 2014 announced the decision that the 15% cap should be lowered to 10% and this change will be phased in over the next 12 months through five rounds of index rebalancing. Details of the rebalancing schedule are set out below:

Figure 6: Index Weighting Implementation Schedule

After Market Close on	Capping Level
5 Sep 2014 (Fri)	14%
5 Dec 2014 (Fri)	13%
6 Mar 2015 (Fri)	12%
5 Jun 2015 (Fri)	11%
4 Sep 2015 (Fri)	10%

Source: Hang Seng Indexes Company

As a result, the freeing of 1% capping level from HSBC will aggravate the impact on the HSI when CKP is not taking a place in the HSI on its listing. So the HSI may see a period of higher volatility, due to smaller market capitalization represented by the HSI.

Application Proof in Draft Form Issued

On January 13, Cheung Kong Holding issued the application proof in draft form regarding the reorganization proposal to change the holding company of the group to CK Hutchison Holdings Limited by way of a scheme of arrangement. Yet timetable is not available.

For reference, a time table by International Financial Law Review is shown for illustration purpose.

Figure 7: Illustrative Timetable for a Scheme of Arrangement

General offer		Scheme (subject to the Court's timetable)	
Days		Days	
P-21	Announcement (35 for a securities exchange offer)	P-21 (35)	Announcement
		P-10	Issue of originating summons for Scheme
P	Post offer document to shareholders of target company	P	Post scheme of arrangement document to shareholders of target company
P+14	Post offeree's document		
P+21	First closing date		
P+35	Earliest possible closing date if offer unconditional on P+21	P+35	Court meeting and extraordinary general meeting of target company
P+39	Target company should not announce results and certain other information after this date		
P+42	Right of withdrawal commences if first closing date is P+21		
P+46	Last date to revise offer terms		
		P+56	Court hearing
		P+56	Effective date of Scheme
P+60	Final closing date (maximum period for offer to remain open, unless offer previously declared unconditional). If the offeror then wishes to avail itself of the compulsory acquisition procedures to secure 100% control this may take an additional two months.		

Source: *International Financial Law Review (IFLR)*

Effects on Warrants and CBBCs

The proposals will affect the warrants and CBBCs of CKH and HWL as the sequence of events unfold. As detailed above, CKH and HWL will undergo the metamorphosis and reincarnation into two entirely new entities, with 4 forms in all. In the process, it will trigger the merger or consolidation, and delisting clauses in the base listing document regarding the warrants and CBBCs.

Down the road, as the merger or consolidation, and delisting clauses are triggered, the discretionary action taken by the issuers pursuant to the term and conditions stipulated in the warrants and CBBCs listing documents may affected these instruments in a significant way.

The first step, the reorganization of CKH, should post minimal effect to the instruments. Despite the delisting clauses are technically triggered, the new entity CK Hutchison is listed seamlessly in the main board. According to the base listing document, the practice is that when shares are upon delisting, become listed on any other stock exchange, the terms and conditions of the instrument may, in the absolute discretion of the instrument issuer, be amended to allow for the substitution of that other stock exchange in place of the Stock Exchange

of Hong Kong. For this case, the stock exchange remained unchanged and the holding company is re-domiciled to Cayman Islands, while controlling and operating the same assets and businesses as its predecessor.

In the second step, with the creation of the enlarged group comprising the current CKH and HWL, all the related warrants and CBBCs will be affected. HWL is gone and there is no direct substitute in its place.

Usually, the base listing document stipulated that the issuer shall give effect to the terms and conditions in such manner and make such adjustments to the rights attaching to the instruments as it shall, in its absolute discretion, consider appropriate to ensure, so far as it is reasonably able to do so, that the interests of the instrument holders generally are not materially prejudiced as a consequence of such delisting. No concrete actions are specified. So the HWL warrants and CBBCs holders will be subject to the absolute discretion of the instrument issuers.

The case for CKH will be a bit complicate. As the enlarged CK Hutchison can be considered the surviving entity in the merger, the base listing document normally stipulated that the rights attaching to the instruments after the adjustment shall relate to the shares of the corporation resulting from the restructuring event. Yet such securities may, in the absolute discretion of the issuer, be deemed to be replaced by an amount in the relevant currency equal to the market value of such securities. So, holding CKH warrants and CBBCs now may end up holding warrants and CBBCs on the combined CKH and HWL entity upon completion of merger.

The third step, the spin-off of CKP, will further affect the current CKH warrants and CBBCs holders. Yet the exact treatment on these instruments will be subject to, according to the base listing documents we reviewed, other adjustments determined by the issuer in good faith to be appropriate and commercially reasonable.

As 31 CKH warrants and CBBCs now in issue are with maturity date on or before June, the expected completion of the proposals, so only the remaining 31 will be affected.

It is business as usual for two weeks since the joint announcement and the price performance of the warrants and CBBCs can be considered normal, rising or falling depending on the side the instrument is standing. Apparently, the market has properly priced in such effects on CKH and HWL warrants and CBBCs.

ANALYST CERTIFICATION

THE RESEARCH ANALYST, H. C. KWAN, WHO IS PRIMARILY RESPONSIBLE FOR THE CONTENT OF THIS RESEARCH REPORT, IN WHOLE OR IN PART, CERTIFIES THAT WITH RESPECT TO THE SECURITIES OR ISSUER THAT THE ANALYST COVERED IN THIS REPORT: (1) ALL OF THE VIEWS EXPRESSED ACCURATELY REFLECT HIS OR HER PERSONAL VIEWS ABOUT THE SUBJECT SECURITIES OR ISSUER; AND (2) NO PART OF HIS OR HER COMPENSATION WAS, IS, OR WILL BE, DIRECTLY OR INDIRECTLY, RELATED TO THE SPECIFIC VIEWS EXPRESSED BY THAT ANALYST IN THIS REPORT.

BESIDES, THE ANALYST CONFIRMS THAT NEITHER THE ANALYST NOR HIS/HER ASSOCIATES (AS DEFINED IN THE CODE OF CONDUCT ISSUED BY THE HONG KONG SECURITIES AND FUTURES COMMISSION) (1) HAVE DEALT IN OR TRADED IN THE SECURITIES COVERED IN THIS RESEARCH REPORT WITHIN 30 CALENDAR DAYS PRIOR TO THE DATE OF ISSUE OF THIS REPORT; (2) WILL DEALT IN OR TRADED IN THE SECURITIES COVERED IN THIS RESEARCH REPORT 3 BUSINESS DAYS AFTER THE DATE OF ISSUE OF THIS REPORT; (3) SERVE AS AN OFFICER OF ANY OF THE HONG KONG LISTED COMPANIES COVERED IN THIS REPORT; AND (4) HAVE ANY FINANCIAL INTERESTS IN THE HONG KONG LISTED COMPANIES COVERED IN THIS REPORT.

RECOMMENDATION DEFINITIONS

BUY: SHARE PRICE EXPECTED TO APPRECIATE 20% OR MORE IN THE NEXT 12-MONTH
 HOLD: SHARE PRICE EXPECTED TO APPRECIATE BETWEEN 5% AND 20% IN THE NEXT 12-MONTH
 SELL: SHARE PRICE EXPECTED TO APPRECIATE LESS THAN 5% IN THE NEXT 12-MONTH
 NOT RATED: NO SPECIFIC SHARE PRICE ESTIMATIONS ARE MADE

DISCLOSURES OF RELEVANT BUSINESS RELATIONSHIP

HOORAY SECURITIES LIMITED (THE "HOORAYSEC") AND ITS AFFILIATE HOORAY CAPITAL LIMITED (THE "HOORAYCAP", TOGETHER THE "HOORAY GROUP") ARE LICENSED CORPORATIONS UNDER THE SECURITIES AND FUTURES ORDINANCE (THE "SFO"), MAY, UNDER CIRCUMSTANCES PERMITTED BY LAW, PARTICIPATE IN THE OFFERINGS OF SECURITIES ISSUED BY CHEUNG KONG (HOLDINGS) LIMITED AND HUTCHISON WHAMPOA LIMITED (THE "COMPANIES") FROM TIME TO TIME.

HOORAY GROUP MAY, TO THE EXTENT PERMITTED BY LAW, OWN OR HAVE A POSITION IN THE SECURITIES OF (OR OPTIONS, WARRANTS OR RIGHTS WITH RESPECT TO, OR INTEREST IN, THE SHARES OR OTHER SECURITIES OF) THE COMPANIES. HOORAY GROUP MAY ADD TO OR DISPOSE OF ANY SUCH SECURITIES OR MAKE A MARKET OR ACT AS A PRINCIPAL IN ANY TRANSACTION IN SUCH SHARES OR OTHER SECURITIES. HOORAY GROUP MAY FROM TIME TO TIME PROVIDE INVESTMENT BANKING, UNDERWRITING OR OTHER SERVICE TO, OR SOLICIT INVESTMENT BANKING, UNDERWRITING, OR OTHER BUSINESS FROM THE COMPANIES.

HOORAY GROUP HAS NO MORE THAN 1% FINANCIAL INTERESTS IN THE COMPANIES AS AT JANUARY 22, 2015.

HOORAY GROUP DOES NOT ACT AS A MARKET MAKER FOR THE COMPANIES ON JANUARY 22, 2015.

NO EMPLOYEE OF HOORAY GROUP SERVES AS AN OFFICER OF THE COMPANIES AS AT JANUARY 22, 2015.

HOORAY GROUP ACTS NO INVESTMENT BANKING ROLES FOR THE COMPANIES WITHIN THE PAST 12 MONTHS.

DISCLAIMER

THIS DOCUMENT IS STRICTLY CONFIDENTIAL TO THE RECIPIENT, AND MAY NOT BE DISTRIBUTED TO THE PRESS OR OTHER MEDIA, AND MAY NOT BE REPRODUCED IN ANY FORM, AND MAY NOT BE TAKEN OR TRANSMITTED INTO THE UNITED STATES OR PROVIDED OR TRANSMITTED TO ANY U.S. PERSON (WITHIN THE MEANING OF REGULATIONS UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED), INCLUDING ANY BRANCH OR AGENCY OF A NON-U.S. PERSON(S) LOCATED IN THE UNITED STATES. FAILURE TO COMPLY WITH THIS RESTRICTION MAY CONSTITUTE A VIOLATION OF UNITED STATES SECURITIES LAWS. THIS REPORT MAY NOT BE SENT INTO CANADA OR TO ANY CANADIAN PERSON. THIS REPORT MAY NOT BE SENT INTO JAPAN. THIS REPORT MAY NOT BE DISTRIBUTED OR PASSED TO ANY PERSON OTHER THAN A PERSON WHOSE ORDINARY BUSINESS IS TO BUY OR SELL SHARES OR DEBENTURES, WHETHER AS PRINCIPAL OR AS AGENT. THE DISTRIBUTION OF THIS REPORT IN OTHER JURISDICTIONS MAY BE RESTRICTED BY LAW, AND PERSONS INTO WHOSE POSSESSION THIS REPORT COMES SHOULD INFORM THEMSELVES ABOUT, AND OBSERVE, ANY SUCH RESTRICTIONS. BY ACCEPTING THIS REPORT, THE RECIPIENT AGREES TO BE BOUND BY THE FOREGOING LIMITATIONS.

THIS REPORT HAS BEEN PREPARED BY HOORAY GROUP TO PROVIDE BACKGROUND INFORMATION ABOUT THE COMPANIES. IT HAS BEEN PRODUCED INDEPENDENT OF THE COMPANIES, AND THE FORWARD-LOOKING STATEMENTS, OPINIONS, AND EXPECTATIONS CONTAINED HEREIN ARE ENTIRELY THOSE OF HOORAY GROUP AND ARE GIVEN AS PART OF ITS NORMAL RESEARCH ACTIVITIES AND NOT IN CONNECTION WITH ANY OFFERING OF SECURITIES OR AS AN AGENT OF THE COMPANIES, ITS SHAREHOLDERS OR ANY OTHER PERSONS. THE READER IS CAUTIONED THAT ACTUAL RESULTS MAY DIFFER MATERIALLY FROM THOSE SET FORTH IN ANY FORWARD-LOOKING STATEMENTS HEREIN. WHILE ALL REASONABLE CARE HAS BEEN TAKEN TO ENSURE THAT THE FACTS STATED HEREIN ARE ACCURATE AND THAT THE FORWARD-LOOKING STATEMENTS, OPINIONS AND EXPECTATION CONTAINED HEREIN ARE BASED ON FAIR AND REASONABLE ASSUMPTIONS, NONE OF HOORAY GROUP, ITS ASSOCIATES INCLUDING HOORAYSEC, AND THE COMPANIES HAS INDEPENDENTLY VERIFIED ANY OF THE INFORMATION HEREIN. IF THE COMPANIES SHOULD AT ANY TIME COMMENCE AN OFFERING OF SECURITIES, ANY DECISION TO INVEST IN ANY SUCH OFFER TO SUBSCRIBE FOR OR ACQUIRE SECURITIES OF THE COMPANIES MUST BE BASED WHOLLY ON THE INFORMATION CONTAINED IN THE FINAL OFFERING MEMORANDUM ISSUED OR TO BE ISSUED BY THE COMPANIES IN CONNECTION WITH ANY SUCH OFFER AND NOT ON THE CONTENTS HEREOF. THIS IS NOT AND SHALL NOT BE TREATED AS AN OFFER (OR SOLICITATION OF AN OFFER) TO BUY OR SELL THE SECURITIES/INSTRUMENTS MENTIONED. HOORAY GROUP DOES NOT REPRESENT THIS IS ACCURATE OR COMPLETE AND WE MAY NOT UPDATE THIS. ACCORDINGLY, NONE OF THE COMPANIES, ANY UNDERWRITER OF SECURITIES OF THE COMPANIES, OR ANY OF THEIR RESPECTIVE DIRECTORS, OFFICERS OR EMPLOYEES, SHALL IN ANY WAY BE RESPONSIBLE FOR THE CONTENTS HEREOF, OR SHALL BE LIABLE FOR ANY LOSS ARISING FROM USE OF THIS REPORT OR OTHERWISE ARISING IN CONNECTION THEREWITH. BY ACCEPTING THIS REPORT, THE RECIPIENT AGREES TO BE BOUND BY THE FOREGOING LIMITATIONS.

© 2015 HOORAY SECURITIES ALL RIGHTS RESERVED

NO PART OF THIS MATERIAL MAY BE REPRODUCED OR REDISTRIBUTED WITHOUT THE PRIOR WRITTEN CONSENT OF HOORAY SECURITIES LIMITED.

Contact

H. C. Kwan – Head of Research	kwan.hc@hooraysec.com.hk	(852) 2159 – 4506
Ervin Lau – Research Assistant	ervin.lau@hooraysec.com.hk	(852) 2159 – 4505
Research Department	research@hooraysec.com.hk	(852) 2159 – 4500
Hooray Securities Limited 1/F & Unit B, 19/F Guangdong Investment Tower 148 Connaught Road Central Sheung Wan, Hong Kong		
Main :		(852) 2159 – 4500
Customer Services :		(852) 2159 – 4515
Dealing Hotline :		(852) 2159 – 4511
Facsimile :		(852) 2110 – 4044