

March 9, 2015

Hong Kong & China Gas

Downgrade to EW due to valuation

Industry View	Stock Rating	Price Target
In-Line	Equal-weight	HK\$17.60

We downgrade HKCG to EW mainly on valuation. We think HKCG's stock still deserves a premium over its peers, but the P/E is close to its historical average. We trim our forecasts but still estimate HKCG will deliver ~10% recurring growth in 2014-16.

What's Changed?	From:	To:
Hong Kong & China Gas		
Rating	Overweight	Equal-weight
Price Target	HK\$17.82	HK\$17.60

We downgrade to EW mainly on valuation:

HKCG is trading at 23x 2015e P/E (based on recurring profit), close to its historical average of 24x since 1997. We continue to believe HKCG deserves its valuation premium (i) over other HK power utilities due to its unregulated nature in HK, and (ii) and over PRC city gas utilities due to its excellent track record, higher credit rating, lower connection fee exposure and free cash flow status. We reduce our 2014-16e EPS by 2.6%, 3.1%, and 1.8%, respectively, and estimate HKCG's core operation will see profit growth of 9%, 11%, and 11% YoY, respectively, in 2014-16. The change is mainly due to lower gas sales in HK and China and lower earnings from new energy segment.

Towngas China (and other China gas distributors) provide better risk reward if investors prefer "growth"

After the recent pull back in China Gas Utilities, HKCG's P/E is at a 64% premium to Towngas China, higher than the average of 45% in the last six years. Towngas China shares the same management and in our view offers more growth potential, as most of the new city gas projects were owned by Towngas China in recent years (although they are still loss making given in ramp up period). We see other HK utilities, such as CKI, as better for investors preferring "defensive" business due to higher dividend yield.

IRR of coal to gasoline project still mid teens based on gasoline price in early Jan

One of the major concerns is the impact of lower oil prices on HKCG's new projects in "new energy" segment. The coal to gasoline project commissioned in late Dec-2014. Management expects IRR of 20-25% when oil price is US\$80-90/bbl. Although this is the first coal to gasoline project operated by HKCG, the project had already reached 80% utilization in the first month with smooth operation, according to management. In our model, we conservatively estimate that mid teens IRR is achieved in the third year of operation.

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Hong Kong & China Gas (0003.HK , 3 HK)

Hong Kong Utilities / Hong Kong

Stock Rating	Equal-weight
Industry View	In-Line
Price target	HK\$17.60
Up/downside to price target (%)	0
Shr price, close (Mar 6, 2015)	HK\$17.56
52-Week Range	HK\$18.90-14.45
Sh out, dil, curr (mn)	10,516
Mkt cap, curr (mn)	HK\$184,655
EV, curr (mn)	HK\$179,576
Avg daily trading value (mn)	HK\$140

Fiscal Year Ending	12/13	12/14e	12/15e	12/16e
ModelWare EPS (HK\$)	0.65	0.67	0.74	0.85
Prior ModelWare EPS (HK\$)	-	0.69	0.77	0.86
Consensus EPS (HK\$)§	0.74	0.69	0.75	0.81
Revenue, net (HK\$ mn)	28,246	32,022	33,578	35,401
EBITDA (HK\$ mn)	8,349	9,118	9,686	10,503
ModelWare net inc (HK\$ mn)	6,854	7,020	7,815	8,905
P/E	24.8	26.6	23.6	20.7
P/BV	3.4	3.3	3.1	2.8
RNOA (%)	15.0	13.7	14.5	15.6
ROE (%)	15.1	14.1	14.0	14.8
EV/EBITDA	19.8	19.3	17.6	15.9
Div yld (%)	2.0	2.0	2.2	2.4
FCF yld ratio (%)	0.8	2.0	2.0	2.3
Leverage (EOP) (%)	37.8	22.5	14.4	6.2

Unless otherwise noted, all metrics are based on Morgan Stanley ModelWare framework
 § = Consensus data is provided by Thomson Reuters Estimates
 e = Morgan Stanley Research estimates

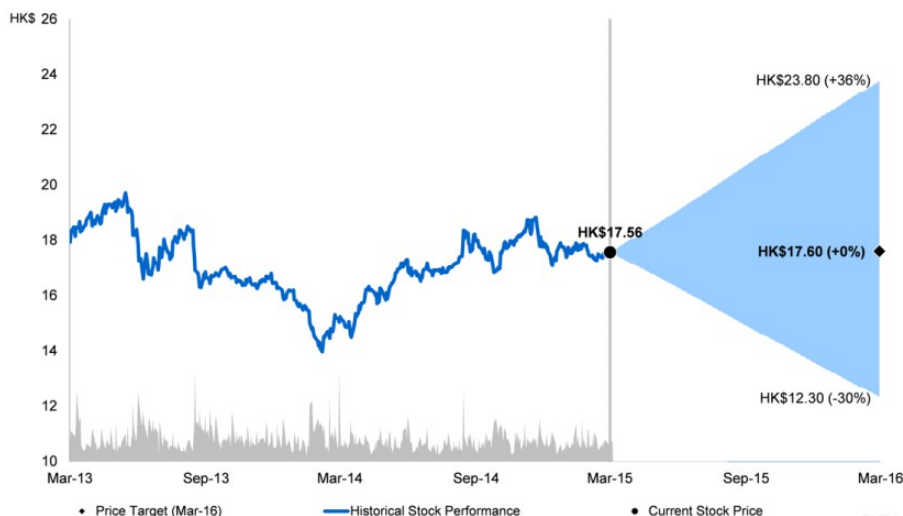
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Risk Reward

Fairly valued



Source: Thomson Reuters, Morgan Stanley Research

Price Target **HK\$17.60** SOTP valuation

Bull 27x Bull Case 2015e EPS	HK\$23.80	Non-HK new energy business delivers unleveraged IRR of >20% according to management guidance. 5% gas tariff hike in HK in 2015 and 2017. PRC Utility business delivers higher volume growth of 20% YoY growth in 2014/15 and achieves better operating margin. HKCG utilizes HK\$5bn for new acquisitions.
Base 24x Base Case 2015e EPS	HK\$17.60	We assume ROI of ~15% for committed new energy business versus guidance of >20%. We assume PRC volume growth of 12% and 10% in 2015/16. HKCG raises tariffs in HK by around 3% from April 2015
Bear 21x Bear Case 2015e EPS	HK\$12.30	Non-HK new energy business delivers 5% IRR versus guidance of >20%. PRC utility business disappoints with low volume growth of 10% YoY growth in 2015/16 and suffers from margin squeeze.

Investment Thesis

- HKCG is the only HK utilities business whose tariff is not regulated and not linked to capex.
- The largest city gas distributor in China, however, gas sales volume growth looks likely to slow down.
- Fairly valued compared with peers

Key Value Drivers

- Self funded organic growth from its PRC gas / water business
- Strong recurring cash flow from HK gas supply business to fund its expansion in new energy.

Potential Catalysts

- Launch of share buyback program offers share price support.
- PRC gas / water business offers better than expected margins and volume growth.
- Secure value-accretive projects to deploy the HK\$12bn cash

Risks to Achieving Price Target

- Downside risks: high gas tariff attracts regulatory pressure from HK government; poor execution on new energy business such as project delays; slowdown in volume and connection growth in PRC city gas business; adverse regulatory environment in China such as margin squeeze in PRC city gas business
- Upside risks: better-than-expected PRC gas sales volume; better-than-expected new energy business operation

Financial Analysis

We reduce our 2014-16e EPS by 2.6%, 3.1%, and 1.8%, respectively.

The adjustment is mainly due to the reasons below. After adjustment, we estimate HKCG's core operation will see profit growth of 9%, 11%, and 11% YoY in 2014-16, respectively.

- We have cut earnings from the Thailand E&P project in 2H14 and 2015 due to weak oil price, leading to cuts of around 1% in 2014 and 2% in 2015.
- We have cut the gas sales volume in China to 13% in both 2014 and 2015 from 16% and 15% YoY, respectively, earlier.
- We have cut gas sales in HK by 2% in 2014 as volumes in 2H14 were affected by warm weather.

Exhibit 1: We Adjust Our EPS Down Slightly Due to Weaker Volume Growth in China and Lower Earnings from Thailand E&P

	New	Prior estimates	Change
2014	0.67 e	0.69 e	-2.6%
2015	0.74 e	0.77 e	-3.1%
2016	0.85 e	0.86 e	-1.8%

Source: Morgan Stanley Research Estimates

HK Gas: Likely decline YoY in 2H14, but we anticipate another tariff hike in April 2015.

In 2H14, HK gas sales volume was -2.6% YoY vs +4.1% YoY in 1H14, likely due to warmer weather in 2H14 vs 1H14. As a result, we expect a slight decline in 2H2014. Overall, gas sales in HK increased by 0.9% YoY in FY2014. In 1H14, profit after tax in HK went up 5% YoY, driven by 4.1% YoY increase in gas sales and 4.6% YoY tariff increase, effective from 2Q13. However, we assume HKCG will raise tariffs in HK by around 3% from April 2015, similar to the power tariff increase by CLP HK.

Exhibit 2: Gas Sales in HK Affected by Warmer Weather in 2H14

Period	YoY
1H2014	4.1%
2H2014	-2.6%

Source: Census and Statistics Department, Morgan Stanley Research

China Gas Distribution: Slower gas sales volume growth in 2H14 but limited impact from cost hike

HKCG's Jan-Nov volume growth was 14% YoY (vs 17% in 1H14). According to management, the slower growth was mainly due to the weaker economy. Management expects growth to improve back to low to mid teens in 2015, due to an improved economy after loosening and more gas supply to the Northeast and Jiangxi areas. We estimate full year profit growth from Mainland Utilities of 16% YoY (vs 18% YoY in 1H14).

New Energy: Existing new energy projects continue to run smoothly

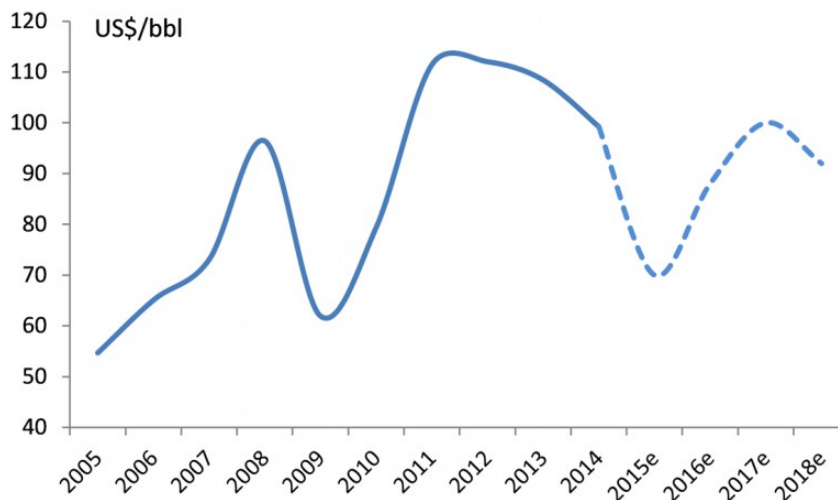
In our view, most of the existing new energy projects, including mainly coal bed methane to LNG and permanent aviation fuel storage project (PAFF), remain stable. PAFF is a guaranteed return project while the coal

bed methane to LNG project remains one of the most cost competitive LNG liquefaction projects in China. Overall, we expect contribution from new energy to remain stable YoY.

New Energy: Production in Thailand more than doubles; affected by weak oil price but immaterial

Production in Thailand E&P project increased to 6,500 bbl per day as of end 2014 vs original target of >4,000bbl/day. However, we estimate earnings in 2H14 will remain similar to 1H14 due to lower average oil price. We estimate earnings from Thailand E&P project will be around HK\$110mn in FY14, accounting for around 1% of our recurring profit estimate.

Exhibit 3: Crude Oil Price Expected to Remain at Low Level of US\$70/bbl in 2015, After Sharp Decline in 2H14



Source: Datastream, Morgan Stanley Research estimates

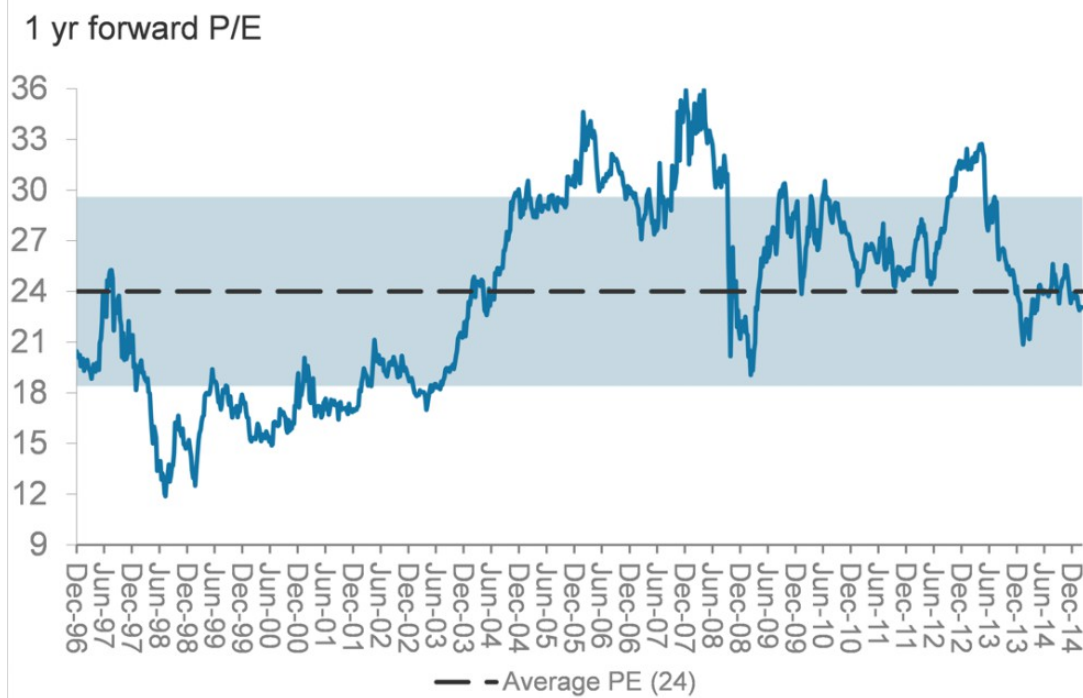
New Energy: Coal to gasoline project commissioned and achieved mid teens IRR based on the gasoline retail price in December

Management commented that the coal to gasoline project had commercially commissioned in late December 2014. Utilization was satisfactory in the first month of operation and achieved mid teens IRR even at December gasoline price. Since it is the first coal-related chemical project and given the low oil price environment, we assume only 3% ROI in 2015, but expect it to reach 15% in 2017. Management estimates that the project's IRR will exceed 20% if oil price recovers and moves back above US\$80/bbl.

Fair valuation

HKCG is trading in line with historical average

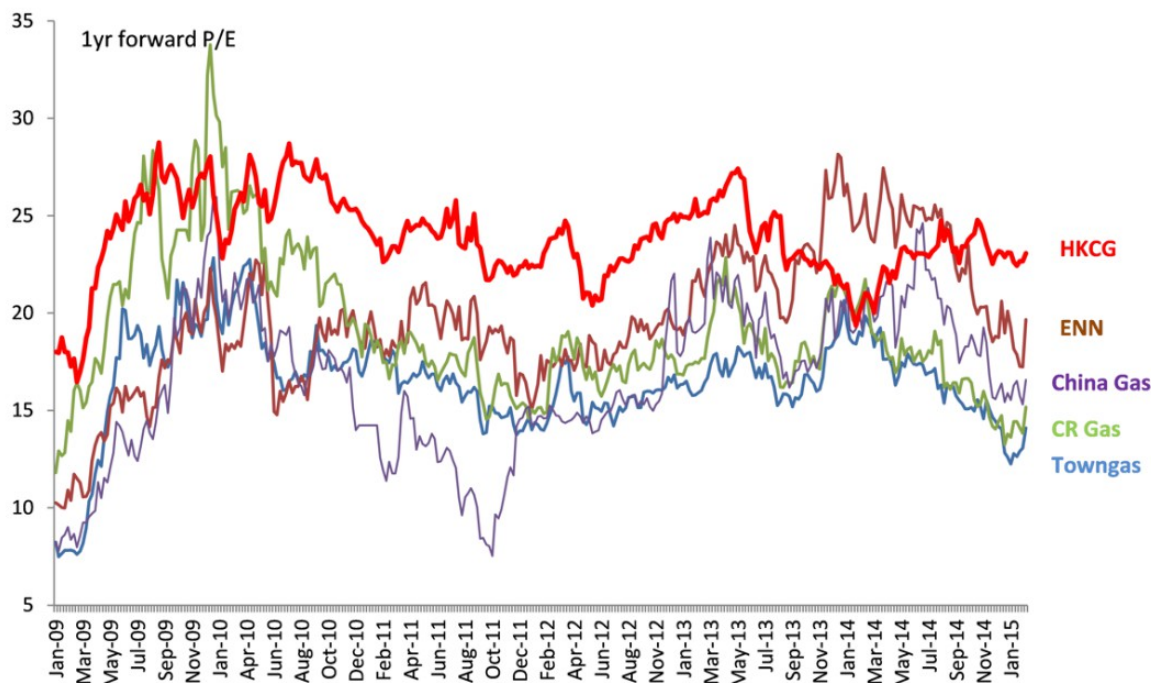
Exhibit 4: HKCG Forward P/E Is in Line with Its Average Forward P/E of 24x (based on recurring profit)



Source: Datastream, Morgan Stanley Research

HKCG's valuation gap against other China city gas distributors has widened again; China gas distributors provide better risk reward now

Exhibit 5: Forward One Year P/E - HKCG Is trading at 17%, 39%, 52%, and 64% Premiums vs. ENN, China Gas, CR Gas, and Towngas, Respectively



Source: Datastream, Morgan Stanley Research

Valuation: Sum of the Parts

Our price target of HK\$17.60 is derived from our sum-of-the-parts valuation. The implied 12-month forward P/E is around 24x, which is in line with the historical average since 1997 (excluding non-recurring items). Due to difference in corporate structures and diversity in business nature, we have broken HKCG's valuation into three key components.

- Hong Kong Towngas business
- Piped gas business and new energy business in China including listed vehicle Towngas China
- Property portfolio in Hong Kong

We use 2014 based discounted cash flow for its HK and China Utilities business, and NAV to value the property portfolio. Our model does not include any value enhancement through debt financing and corporate leverage.

Hong Kong Business: HK\$8.5 per share

We calculate the DCF for the Hong Kong Towngas business using an unleveraged free cash flow (FCF) model. In deriving our terminal value, we use weighted average cost of capital (WACC) of 5.6% and terminal growth rate of 2%. Our WACC assumes a corporate cost of equity of 6.2%, after-tax cost of debt of 4.5% and debt to capital ratio of 35%. All these assumptions are unchanged.

Chinese business

We value the existing joint venture projects in China at HK\$11.0 per share, using a free cash flow model to calculate the value of the aggregate cash income stream generated till 2044 with no terminal value. We do not include the terminal value because city gas concession usually lasts for 25-30 years, and we are uncertain what will happen after the concession right expires. This approach is in line with other PRC city gas distributors under

our coverage. Our WACC of 7.2% assumes a corporate cost of equity of 8.4%, an after tax cost of debt of 4.8% and a debt to capital of 35%. These assumptions are also unchanged.

Hong Kong Property Portfolio

We value HKCG's property portfolio (mainly IFC complex) at HK\$0.6 per share. We have not included the Mau Tau Kok North sites. HKCG at the moment operates its gas plant at the North site, which is under-utilized and used only during peak hours. Although the site has already received government approvals to be redeveloped into residential sites, HKCG is waiting for the government to propose the land premium to convert the site into residential units.

We have applied an NAV discount of 40% to HKCG's property portfolio, consistent with NAV discount of listed HK property investors of 30-40% discount.

Why are we lowering our price target?

Our price target falls slightly from HK\$17.82 to HK\$17.60 mainly due to the slight reduction in earnings from both China and HK, leading to cut in NAV of both businesses.

Downside risks to our price target include:

- Adverse regulatory changes in China Utility business: The PRC government decides to lower the margin earned by gas distributors due to end users' affordability.
- Disappointing performance from new energy investment: HKCG's new energy business suffers from operational failure due to limited experience or the projects cannot achieve satisfactory returns due to their volatile business nature.
- Value-destructive investments in China: HKCG made wrong strategic decisions or overpaid for the acquisitions.
- Slowdown in China economy leading to disappointing gas sales.

Upside risks to our price target include:

- Stronger-than-expected economy in China leads to better gas sales volume
- Stronger-than-expected operating leverage from city gas business
- Better-than-expected returns from its investments in new energy.

Exhibit 6: Valuation Assumptions and Sum-of-the-parts

Valuation assumption

	HK	China
Risk Free Rate	2.60%	2.60%
Equity Risk Premium	4.50%	6.50%
HKG Assumed Beta	0.80	0.85
HKG Equity Discount Rate	6.20%	8.43%
Debt/(Debt+Equity) Capitalization	35.00%	35.00%
Pre-Tax Cost of Local Debt	5.40%	6.40%
HKG After Tax Cost of Debt	4.51%	4.80%
WACC Discount Rate	5.61%	7.16%
Terminal growth rate - HK	1.00%	
Terminal growth rate - China	2.45%	

Breakdown of valuation

		Valuation per share
HK Business (Gas + PAFF)	DCF @ 5.7% WACC	8.5
China Business (after MI)	DCF @ 7.7% WACC	11.0
Property	40% discount to NAV	0.6
Cash / investment		1.2
Less: Borrowings/ deposits		-3.6
Value per share		17.6

Source: Morgan Stanley Research

Exhibit 7: HKCG vs PRC Gas Utilities

	TCCL	ENN	CR Gas	Kunlun	BJE	HKCG	COG	CGH
Ticker	1083.HK	2688.HK	1193.HK	135.HK	0392.HK	3.HK	603 HK	384.HK
Price	7.59	47.00	21.25	7.43	61.70	17.56	1.12	13.16
P/E (x)								
FY2014E	16.8	17.6	17.0	9.4	17.1	26.6	10.2	20.8
FY2015E	13.1	16.1	15.1	9.3	13.3	23.6	10.1	17.2
FY2016E	11.1	13.1	12.6	8.6	10.9	20.7	8.7	15.0
EV/EBITDA (x)								
FY2014E	12.5	10.1	11.0	8.6	10.6	19.3	5.7	13.3
FY2015E	8.9	8.7	9.8	5.9	9.1	17.6	5.0	10.9
FY2016E	6.6	7.3	8.1	6.0	7.7	15.9	4.4	9.4
Price/Book (x)								
FY2014E	1.5	3.5	2.7	2.2	1.4	3.3	1.2	3.4
FY2015E	1.3	3.2	2.4	1.1	1.3	3.1	1.3	2.9
FY2016E	1.2	2.7	2.1	1.0	1.2	2.8	1.1	2.5
ROE (%)								
FY2014E (%)	9.8%	24.3%	18.2%	15.4%	8.4%	14.1%	13.6%	20.8%
FY2015E	11.2%	23.7%	18.6%	12.5%	10.3%	14.0%	13.9%	19.7%
FY2016E	12.1%	24.7%	19.4%	11.8%	11.6%	14.8%	14.4%	19.6%
Dividend Yield (%)								
FY2014E	1.2%	1.8%	0.9%	1.7%	1.4%	2.0%	1.0%	1.2%
FY2015E	1.5%	2.0%	1.0%	3.1%	1.7%	2.2%	1.0%	1.5%
FY2016E	1.8%	2.9%	1.9%	2.9%	2.0%	2.4%	1.2%	1.7%
Net Gearing (%)								
FY2014E	27.3%	90.8%	72.2%	32.4%	35.4%	22.5%	27.3%	65.3%
FY2015E	19.5%	69.9%	55.6%	41.0%	35.5%	14.4%	25.4%	55.8%
FY2016E	7.1%	48.8%	34.6%	43.1%	28.3%	6.2%	19.2%	46.1%

E = Morgan Stanley Research estimates Prices as of March 6, 2015. Source: Morgan Stanley Research

Exhibit 8: HK Utilities Valuation

	CKI	CLP	HKCG	PAH	HKEI
Ticker	1038-HK	2-HK	3-HK	6-HK	2638-HK
Currency	HKD	HKD	HKD	HKD	HKD
Share Price	66.95	67.20	17.56	76.10	5.25
P/E					
2015E	15.5 e	16.4 e	23.6 e	19.0 e	13.8 e
2016E	15.0 e	15.2 e	20.7 e	18.5 e	13.8 e
P/B					
2015E	1.5 e	1.8 e	3.1 e	1.3 e	0.9 e
2016E	1.4 e	1.7 e	2.8 e	1.2 e	0.9 e
EV/EBITDA					
2015E	14.7 e	9.8 e	17.6 e	15.0 e	11.2 e
2016E	14.2 e	9.1 e	15.9 e	14.3 e	11.1 e
ROE (%)					
2015E	10.0% e	11.5% e	14.0% e	6.8% e	6.8% e
2016E	9.8% e	11.9% e	14.8% e	6.9% e	6.8% e
EPS Growth (%)					
2015E	4.9% e	7.6% e	11.3% e	2.6% e	(3.3%) e
2016E	3.6% e	7.8% e	14.0% e	2.5% e	0.3% e
Dividend Yield (%)					
2015E	3.2% e	4.1% e	2.2% e	3.6% e	7.7% e
2016E	3.5% e	4.2% e	2.4% e	3.7% e	7.8% e
Net Debt / Equity					
2015E	6.6% e	81.8% e	14.4% e	(43.4%) e	86.6% e
2016E	5.1% e	78.3% e	6.2% e	(44.2%) e	86.5% e

E = Morgan Stanley Research estimates Prices as of March 6, 2015. Source: Morgan Stanley Research

Eversholt Investment Group S.C.S., a consortium comprising 3i Infrastructure plc, Morgan Stanley Infrastructure Partners and STAR Capital Partners announced on 20 January 2015 that it has agreed to sell 100% of Eversholt Rail Group to CK Investments S.A R.L., a company jointly owned by Cheung Kong Infrastructure Holdings Limited and Cheung Kong (Holdings) Limited. The proposed transaction is subject to receiving clearance from the European Commission under the EU Merger Regulation. Please refer to the notes at the end of the report.

Exhibit 9: Financial Summary

Income Statements					Cash Flow Statements				
Y/E Dec 31 (HK\$ mn)	2013	2014e	2015e	2016e	Y/E Dec 31 (HK\$ mn)	2013	2014e	2015e	2016e
Revenue	28,246	32,022	33,578	35,401	Profit before tax	9,411	9,922	11,024	12,512
Cost of Goods Sold	(14,722)	(16,037)	(15,657)	(15,813)	Add: Depreciation	1,649	1,782	1,852	1,924
Other expenses	(5,175)	(6,867)	(8,235)	(9,085)	Less: Associate	(2,672)	(2,858)	(3,234)	(3,814)
EBITDA	8,349	9,118	9,686	10,503	Change in working cap	(17)	321	(421)	(138)
Depreciation	(1,649)	(1,782)	(1,852)	(1,924)	Less: Tax paid	(1,301)	(1,978)	(2,181)	(2,436)
EBIT	6,700	7,336	7,834	8,579	Others	(959)	(370)	(370)	(370)
Associates/ JCE	2,672	2,858	3,234	3,814	Operating cash flow	6,112	6,818	6,669	7,678
Interest income/ (Expenses)	-599	-643	-414	-250	CAPEX	(5,294)	(2,494)	(2,267)	(2,648)
Other Income/ (Expenses)	638	370	370	370	Asso and JCE dividend	1,612	1,905	2,202	2,567
EBT	9,411	9,922	11,024	12,512	Others	(765)	1,905	2,202	2,567
Taxation	-1,655	-1,978	-2,181	-2,436	Investing cash flow	(6,059)	(589)	(65)	(81)
EAT	7,756	7,944	8,843	10,077	Net change in borrowings	(1,050)	(4,831)	(2,831)	(3,831)
Minorities	-902	-924	-1,028	-1,172	Dividend	(3,146)	(3,346)	(3,681)	(4,049)
Net profit	6,854	7,020	7,815	8,905	Share buy back	-	-	-	-
Recurrent NP (ex property)	5,790	6,300	7,094	8,185	Others	726	3,360	1,035	1,035
Total EPS	0.65	0.67	0.74	0.85	Financing Cash Flow	(3,470)	(4,818)	(5,477)	(6,845)
Recurrent EPS	0.55	0.60	0.67	0.78	Net cash flow	(3,417)	1,412	1,127	752
Total DPS	0.32	0.35	0.39	0.42	Beginning Cash	12,186	8,849	10,261	11,388
Dividend payout	57.8%	58.4%	57.1%	54.4%	Ending Cash	8,849	10,261	11,388	12,140

Balance Sheet					Ratio				
Y/E Dec 31 (HK\$ mn)	2013	2014e	2015e	2016e		2013	2014e	2015e	2016e
Net Fixed Assets	46,097	46,809	47,224	47,948	Growth				
Associates/ JCEs	25,954	26,907	27,939	29,186	Revenue	13.3%	13.4%	4.9%	5.4%
Investment Securities	2,937	2,937	2,937	2,937	EBITDA	10.3%	9.2%	6.2%	8.4%
Other non current assets	9,718	10,088	10,459	10,829	EBIT	9.8%	9.5%	6.8%	9.5%
Current Assets					EBT	-5.0%	5.4%	11.1%	13.5%
Cash & Cash Equivalents	8,849	10,261	11,388	12,140	Net Profit	-11.3%	2.4%	11.3%	14.0%
Inventories	2,383	2,702	2,833	2,987	Recurrent Net Profit	10.3%	8.8%	12.6%	15.4%
Account Receivables	3,517	3,987	4,181	4,408	Margin				
Other Current Assets	6,939	6,939	6,939	6,939	EBITDA	29.6%	28.5%	28.8%	29.7%
Total Current Assets	21,689	23,889	25,342	26,475	EBIT	23.7%	22.9%	23.3%	24.2%
Total Assets	106,395	110,631	113,901	117,375	EBT	33.3%	31.0%	32.8%	35.3%
					Net Profit	24.3%	21.9%	23.3%	25.2%
Current Liabilities					Recurrent Net Profit	20.5%	19.7%	21.1%	23.1%
Short term Debt	6,222	8,831	8,831	8,831	Return				
Accounts Payable	11,272	12,279	11,988	12,108	ROA	7.3%	7.2%	7.8%	8.6%
Other Current Liabilities	1,767	1,870	2,065	2,188	ROAE	14.4%	13.6% e	13.9% e	14.4% e
Total Current Liabilities	19,262	22,981	22,885	23,127	ROE	15.1%	14.5% e	14.4% e	15.0% e
Long term debt	24,401	16,961	14,130	10,298	Recurrent ROE	11.6%	11.3%	11.8%	12.6%
Other Long Term Liabilities	6,362	6,362	6,362	6,362	Gearing				
Total Non Current Liabilities	30,763	23,323	20,491	16,660	Net Debt / Equity	37.8%	21.9% e	13.9% e	5.6% e
Minority Interests	6,503	8,461	10,524	12,730	EBITDA Int Coverage	9.0	11.4 e	15.6 e	18.5 e
					Net Debt/ Capital	42.1%	27.3% e	18.2% e	7.8% e
Shareholders Equity					Valuations				
Issued Share Capital	2,390	2,390	2,390	2,390	EV/ EBITDA	19.8	17.7 e	16.4 e	14.8 e
Share Premium	2,861	2,861	2,861	2,861	P/E	24.8	23.3 e	20.8 e	18.5 e
Reserves & Retained Earnings	44,617	50,616	54,750	59,607	P/BV	3.4	3.0 e	2.8 e	2.6 e
Total Shareholders Equity	49,868	55,867	60,001	64,857	Dividend Yield	2.0%	2.2% e	2.4% e	2.7% e
Total Equities and Liabilities	106,395	110,631	113,901	117,375					

Source: Company data, Morgan Stanley Research (e) estimates

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(as of February 28, 2015)

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STOCK RATING CATEGORY	COVERAGE UNIVERSE		INVESTMENT BANKING CLIENTS (IBC)		
	COUNT	% OF TOTAL	COUNT	% OF TOTAL	% OF RATING IBC CATEGORY
Overweight/Buy	1161	35%	321	41%	28%
Equal-weight/Hold	1459	44%	370	47%	25%
Not-Rated/Hold	101	3%	10	1%	10%
Underweight/Sell	609	18%	88	11%	14%
TOTAL	3,330		789		

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COMPANY (TICKER)	RATING (AS OF)	PRICE* (03/09/2015)
Chow CFA, Vincent		
Hong Kong & China Gas (0003.HK)	E (03/09/2015)	HK\$17.44
Lee CFA, Simon H.Y.		
Cheung Kong Infra. (1038.HK)	O (07/29/2014)	HK\$64.15
CLP Holdings (0002.HK)	E (07/29/2014)	HK\$66.75
HK Electric Investments (2638.HK)	E (03/04/2014)	HK\$5.23
Power Assets Holdings Ltd (0006.HK)	E (07/29/2014)	HK\$74.70

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