

Shenzhen International (152 HK)

Bruce Yeung, CFA
+852 2135 0214
bruce.yeung@oriental-patron.com.hk

Company Update

BUY

UNCHANGED

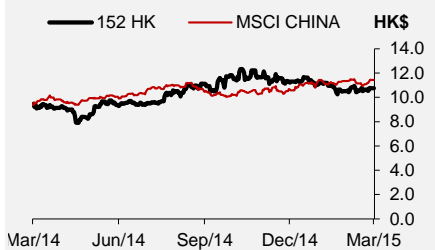
Close price: **HK\$10.76**
Target Price: **HK\$14.88 (+38%)**
Prior TP: **HK\$14.88**

Key Data

HKEx code	152
12 Months High (HK\$)	12.42
12 Month Low (HK\$)	8.16
3M Avg Dail Vol. (mn)	3.28
Issue Share (mn)	1,892.02
Market Cap (HK\$m)	20,358.08
Fiscal Year	12/2013
Major shareholder (s)	Shenzhen Investment Holdings Company Limited (43.9%)

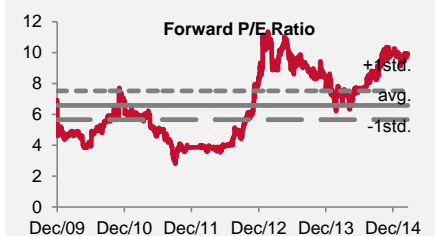
Source: Company data, Bloomberg, OP Research
Closing price are as of 20/03/2015

Price Chart



	1mth	3mth	6mth
Absolute %	2.5	-3.9	-2.9
Rel. MSCI CHINA %	1.8	-11.3	-11.3

PE



Company Profile

Shenzhen International Holdings Limited is involved in investments, construction and operation of logistic infrastructure facilities, such as toll roads, integrated logistics hubs and ports. The company also offers logistics services to customers by utilizing its infrastructure facilities. The company also has a passive investment in Shenzhen Airlines and property development of the land in Qianhai.

Decent dividend from toll road subsidiary

- **SZ Expressway FY14 net profit up 204% by disposal gains**
- **Decent dividend from SZE with payout ratio of 45%**
- **SZ Airlines would be an upbeat factor for SZI in FY14 results**
- **Maintain BUY, accumulate before results**

SZ Expressway FY14 net profit up 204% as expected: SZE (548 HK, NR), a 50.89% owned subsidiary of SZI (152 HK, BUY, TP HK\$14.88), released FY14 result with revenue and net profit up 10.4% and 203.9% to Rmb3,620mn and Rmb2,187mn respectively, which is well expected as the company announced a positive profit alert for 185% - 215% increase in net profit. The profit jump was mainly contributed by the one-off Rmb1,496mn pre-tax gain on disposal of Meiguan Assets. For the toll road business in SZE, the core profit increased 16.4% yoy to Rmb963mn. We believe SZE result is inline with our estimates in SZI assumptions – HK\$1,900 one-off gains and 10% revenue growth in toll road.

Decent dividend from SZE: Most surprisingly, the dividend payout ratio of SZE stayed at a high level of 45% (48% in FY13), even with a one-off disposal gain. For Rmb0.45 dividend per share in SZE, it is expected SZI will receive HK\$624mn cash dividend, which would strengthen their balance sheet for logistics hubs development.

SZ Airlines would be an upbeat factor: Although the toll road business remains stable as expected, we believe SZ Airlines, a 49% owned subsidiary, would bring a surprise to SZI due to (1) much lower fuel costs in 2H14 (2) increasing air passenger traffic flow from increasing outbound travel by Chinese tourists and (3) higher possibility for SZI to spin-off SZ Airlines given rising sentiments in wake of IPO of Spring Airlines in Shanghai and potential listing of HK Airlines in Hong Kong.

Maintain BUY, TP HK\$14.88, accumulate before results: As SZI will soon release FY14 results on 27 Mar, we keep our estimates and TP unchanged. As airlines sector has outperformed the market, we recommend accumulating SZI before results, given SZI underperformed MSCI China by 11.3% in 3 months.

Exhibit 1: Forecast and Valuation

Year to Dec (HK\$ mn)	FY12A	FY13A	FY14E	FY15E	FY16E
Revenue	5,739.5	5,962.8	6,597.9	7,026.4	7,558.3
Growth (%)	2.8	3.9	10.7	6.5	7.6
Net Profit	1,878.3	1,641.0	2,132.0	1,985.5	2,083.1
Growth (%)	7.6	(12.6)	29.9	(6.9)	4.9
Diluted EPS (HK\$)	1.128	0.982	1.122	1.045	1.096
EPS growth (%)	7.9	(13.0)	14.3	(6.9)	4.9
Change to previous EPS (%)			0.0	0.0	0.0
Consensus EPS (HK\$)			1.090	1.085	1.213
ROE (%)	15.7	12.3	13.4	10.8	10.6
P/E (x)	9.5	11.0	9.6	10.3	9.8
P/B (x)	1.4	1.3	1.1	1.1	1.0
Yield (%)	3.5	3.5	4.0	3.7	3.9
DPS (HK\$)	0.374	0.374	0.428	0.398	0.418

Source: Bloomberg, OP Research

Financial Summary

Year to Dec	FY12A	FY13A	FY14E	FY15E	FY16E
Income Statement (HK\$ mn)					
Toll roads	4,817	4,934	5,427	5,726	6,023
Logistics business	922	1,029	1,171	1,300	1,535
Head Office	0	0	0	0	0
Turnover	5,740	5,963	6,598	7,026	7,558
YoY%	3	4	11	6	8
COGS	(3,102)	(3,025)	(3,339)	(3,285)	(3,628)
Gross profit	2,638	2,937	3,259	3,741	3,931
Gross margin	46.0%	49.3%	49.4%	53.2%	52.0%
Other income	80	42	1,972	72	72
Selling & distribution	(43)	(64)	(68)	(70)	(73)
Admin	(337)	(331)	(332)	(342)	(353)
R&D	0	0	0	0	0
Other opex	0	0	0	0	0
Total opex	(379)	(395)	(400)	(413)	(426)
Operating profit (EBIT)	2,339	2,584	4,831	3,401	3,577
Operating margin	40.7%	43.3%	73.2%	48.4%	47.3%
Provisions	0	0	0	0	0
Interest Income	73	77	126	172	163
Finance costs	(928)	(816)	(1,075)	(912)	(867)
Profit after financing costs	1,484	1,845	3,882	2,661	2,873
Associated companies & JVs	1,291	792	488	761	761
Pre-tax profit	2,775	2,637	4,370	3,423	3,635
Tax	(479)	(531)	(1,164)	(766)	(828)
Minority interests	(417)	(465)	(1,073)	(671)	(724)
Net profit	1,878	1,641	2,132	1,985	2,083
YoY%	8	(13)	30	(7)	5
Net margin	32.7%	27.5%	32.3%	28.3%	27.6%
EBITDA	2,628	2,884	6,144	4,722	5,091
EBITDA margin	45.8%	48.4%	93.1%	67.2%	67.4%
EPS (HK\$)	1.128	0.982	1.122	1.045	1.096
YoY%	8	(13)	14	(7)	5
DPS (HK\$)	0.374	0.374	0.428	0.398	0.418
Cash Flow (HK\$ mn)					
Operating cash	3,339	3,709	6,154	4,600	5,138
Interests paid	(768)	(881)	(1,101)	(977)	(977)
Tax	(642)	(493)	(173)	(1,164)	(766)
Net cash from operations	1,929	2,336	4,879	2,458	3,395
Capex	(1,318)	(1,319)	(979)	(2,459)	(4,157)
Investments	(97)	(86)	0	0	0
Dividends received	112	480	298	462	462
Sales of assets	45	385	0	0	0
Interests received	71	81	126	172	163
Others	40	35	0	0	0
Investing cash	(1,147)	(425)	(556)	(1,826)	(3,532)
FCF	782	1,911	4,324	633	(137)
Issue of shares	0	84	2,342	0	0
Buy-back	0	0	0	0	0
Minority interests	177	97	0	0	0
Dividends paid	(782)	(776)	(620)	(806)	(751)
Net change in bank loans	957	(1,229)	0	0	0
Others	7	(4)	0	0	0
Financing cash	360	(1,828)	1,722	(806)	(751)
Net change in cash	1,142	82	6,046	(173)	(887)
Exchange rate or other Adj	0	2	0	0	0
Opening cash	3,724	4,866	4,950	10,996	10,823
Closing cash	4,866	4,950	10,996	10,823	9,935
CFPS (HK\$)	1.159	1.397	2.568	1.294	1.787

Source: Company, OP Research

Year to Dec	FY12A	FY13A	FY14E	FY15E	FY16E
Ratios					
Gross margin (%)	46.0	49.3	49.4	53.2	52.0
Operating margin (%)	40.7	43.3	73.2	48.4	47.3
Net margin (%)	32.7	27.5	32.3	28.3	27.6
Selling & dist'n exp/Sales (%)	0.7	1.1	1.0	1.0	1.0
Admin exp/Sales (%)	5.9	5.5	5.0	4.9	4.7
Payout ratio (%)	33.1	38.1	38.1	38.1	38.1
Effective tax (%)	32.3	28.8	30.0	28.8	28.8
Total debt/equity (%)	147.3	127.0	99.5	93.4	87.2
Net debt/equity (%)	108.8	91.5	37.9	36.4	38.4
Current ratio (x)	1.2	1.8	2.5	2.7	2.4
Quick ratio (x)	1.2	1.7	2.4	2.6	2.3
Inventory T/O (days)	1	54	54	54	54
AR T/O (days)	74	82	82	82	82
AP T/O (days)	245	231	231	231	231
Cash conversion cycle (days)	(170)	(96)	(96)	(96)	(96)
Asset turnover (x)	0.1	0.1	0.1	0.1	0.1
Financial leverage (x)	3.4	3.2	2.9	2.7	2.6
EBIT margin (%)	40.7	43.3	73.2	48.4	47.3
Interest burden (x)	1.2	1.0	0.9	1.0	1.0
Tax burden (x)	0.7	0.6	0.5	0.6	0.6
Return on equity (%)	15.7	12.3	13.4	10.8	10.6
ROIC (%)	4.7	5.3	9.8	6.9	6.7
Balance Sheet (HK\$ mn)					
Fixed assets	4,951	5,257	5,611	6,867	9,055
Intangible assets & goodwill	24,189	23,618	22,956	22,904	23,469
Associated companies & JVs	5,339	5,842	6,032	6,331	6,631
Long-term investments	38	103	103	103	103
Other non-current assets	178	389	389	389	389
Non-current assets	34,694	35,209	35,092	36,594	39,647
Inventories	9	447	493	485	536
AR	1,165	1,340	1,482	1,578	1,698
Prepayments & deposits	0	0	0	0	0
Other current assets	1,649	1,278	1,278	1,278	1,278
Cash	4,866	4,950	10,996	10,823	9,935
Current assets	7,689	8,014	14,249	14,164	13,447
AP	2,082	1,918	2,117	2,083	2,300
Tax	123	173	1,164	766	828
Accruals & other payables	0	0	0	0	0
Bank loans & leases	3,898	2,297	2,297	2,297	2,297
CB & other debts	377	135	135	135	135
Other current liabilities	15	32	32	32	32
Current liabilities	6,496	4,555	5,745	5,313	5,591
Bank loans & leases	14,108	15,034	15,034	15,034	15,034
CB & other debts	244	294	294	294	294
Deferred tax & others	1,548	1,432	1,432	1,432	1,432
MI	7,343	7,918	8,992	9,662	10,387
Non-current liabilities	23,242	24,678	25,752	26,422	27,147
Total net assets	12,645	13,990	17,844	19,023	20,356
Shareholder's equity	12,645	13,990	17,844	19,023	20,356
Share capital	4,952	5,100	5,100	5,100	5,100
Reserves	7,693	8,890	12,743	13,923	15,255
BVPS (HK\$)	7.72	8.44	9.46	10.09	10.80
Total debts	18,627	17,760	17,760	17,760	17,760
Net cash/(debts)	(13,758)	(12,803)	(6,757)	(6,931)	(7,818)

Exhibit 2: Peer Group Comparison

Company	Ticker	Price	Mkt cap (US\$m)	3-mth		PER FY2	EPS FY1	EPS FY2	3-Yr EPS Cagr (%)	PEG (x)	Div	Div	P/B FY1	P/B FY1	EV/ Ebitda	EV/ Ebitda	Net gearing	Gross margin	Net margin	ROE Hist	ROE FY1 (%)	Sh px 1-mth	Sh px 3-mth	
				avg t/o	PER Hist						yld Hist	yld FY1												EV/ Ebitda Hist
Shenz Intl Hldg	152 HK	10.76	2,624	4.6	11.9	10.4	11.2	14.3	(6.9)	3.8	2.77	3.2	3.7	1.38	1.23	11.1	4.7	91.5	49.3	27.5	12.3	13.4	1.7	(3.9)
HSI		24,375.24			10.2	11.6	10.4	(12.3)	11.4	2.4	4.91	3.7	3.5	1.35	1.27					13.3	10.9	(1.9)	4.5	
HSCEI		12,156.40			8.5	8.4	7.5	1.5	11.9	8.0	1.05	3.5	3.7	1.29	1.14					15.1	13.6	1.0	4.1	
CSI300		3,892.57			16.8	14.0	12.2	19.7	15.3	N/A	N/A	1.5	1.9	2.43	2.06					14.4	14.7	10.5	17.1	
Adjusted sector avg*					16.0	15.3	12.4	(0.3)	13.6	13.8	1.26	2.9	2.7	2.23	2.18	12.3	9.3	35.3	28.7	13.0	13.7	13.1	2.4	3.7
Toll Roads																								
Zhejiangexpre-H	576 HK	9.20	5,151	6.6	13.6	13.5	12.3	0.8	9.7	6.4	2.10	4.2	4.8	1.88	1.76	7.6	6.1	0.0	38.4	26.0	14.2	13.9	(1.8)	(1.7)
Shenzhen Expre-H	548 HK	5.65	2,652	2.6	4.5	9.6	8.9	(52.8)	7.8	N/A	N/A	3.5	4.0	0.87	0.78	9.6	8.9	74.0	51.8	62.7	19.4	8.7	1.1	8.0
Anhui Express-H	995 HK	5.30	1,630	1.1	8.4	8.7	8.6	(3.1)	1.0	(3.8)	N/A	5.1	4.7	0.97	0.93	6.6	6.6	27.5	39.3	24.7	11.7	10.7	(4.8)	3.7
Jiangsu Expre-H	177 HK	10.00	6,330	4.1	14.9	14.9	13.8	(0.1)	8.2	5.3	2.80	4.7	4.9	2.12	1.98	9.8	9.5	20.2	50.2	36.5	14.0	13.8	6.0	9.6
Hopewell Infr	737 HK	3.69	1,466	0.7	16.5	17.2	15.1	(4.1)	14.0	7.0	2.44	5.6	5.7	1.25	1.26	(245.9)	5.3	0.0	N/A	N/A	6.9	7.4	(1.9)	(3.7)
Yuexiu Transport	1052 HK	4.80	1,035	1.0	10.5	9.8	8.9	7.1	10.3	5.7	1.73	5.6	6.1	0.75	0.71	8.9	7.5	36.8	62.8	32.8	7.3	7.5	(7.7)	1.5
Sichuan Exp-H	107 HK	3.16	2,317	1.0	7.6	7.0	6.4	9.3	8.3	1.8	3.92	3.1	3.6	0.68	0.66	10.8	9.7	70.2	20.9	11.8	10.0	10.2	1.3	(2.8)
Airlines																								
Cathay Pac Air	293 HK	17.60	8,925	8.6	22.0	10.5	9.2	108.4	14.7	39.1	0.27	1.5	3.4	1.34	1.12	8.4	6.1	86.2	N/A	3.0	5.5	11.7	3.3	5.6
Air China Ltd-H	753 HK	7.03	17,008	12.5	21.2	20.8	10.5	1.7	98.5	33.8	0.62	0.8	0.9	1.38	1.27	13.5	9.7	168.3	N/A	3.4	5.0	6.1	7.8	11.4
China East Air-H	670 HK	4.16	11,847	5.8	16.6	15.3	8.1	8.5	88.5	36.1	0.43	N/A	0.3	1.57	1.34	13.7	9.7	251.0	N/A	2.7	6.4	9.1	12.1	12.4
China Southern-H	1055 HK	4.63	10,578	10.9	18.5	20.1	8.4	(8.0)	139.1	36.3	0.56	1.1	0.7	1.11	1.02	10.7	8.6	190.2	N/A	2.0	1.8	4.3	23.1	25.8
Integrated Logistics																								
Sinotrans Ltd-H	598 HK	5.19	3,082	6.9	20.8	15.1	12.6	37.5	20.0	23.9	0.63	1.7	1.7	1.54	1.43	13.5	9.0	0.0	N/A	1.8	9.5	10.0	(2.3)	0.6
Kerry Logistics	636 HK	11.96	2,608	2.5	8.5	19.5	17.2	(56.1)	13.0	(17.7)	N/A	1.4	1.0	1.45	1.38	12.8	11.3	1.2	N/A	9.2	13.6	7.4	5.1	(1.3)
Haier Electronic	1169 HK	20.05	6,961	7.8	20.0	17.8	14.9	12.4	19.8	16.9	1.05	0.5	0.6	4.31	4.11	13.0	10.9	0.0	14.7	3.3	27.0	26.4	(1.7)	7.0
Sitc	1308 HK	4.16	1,388	0.7	11.5	8.7	7.4	32.8	16.1	17.6	0.49	6.0	4.3	1.75	1.54	9.7	6.9	0.0	12.1	8.8	15.7	17.2	(3.7)	(3.3)
Asr Logistics	1803 HK	0.77	80	0.8	6.6	12.6	11.0	(47.5)	14.8	(14.4)	N/A	42.2	1.9	2.06	2.96	4.3	7.9	0.0	26.6	11.5	34.6	19.5	11.6	(25.2)
Global Logistic	GLP SP	2.56	8,988	21.8	13.5	32.0	26.2	(57.7)	22.4	(16.1)	N/A	1.8	1.9	1.02	1.00	35.0	27.9	11.1	N/A	116.1	6.2	3.7	1.6	3.6
Deutsche Post-Rg	DPW GR	29.41	38,536	117.6	17.2	16.2	14.6	6.1	11.1	8.5	1.90	2.7	3.2	3.79	3.36	8.7	8.2	19.2	N/A	3.7	21.6	21.6	(1.7)	7.8
Kuehne & Nagel-R	KNIN VX	147.50	18,104	22.3	27.9	26.7	24.4	4.5	9.7	6.0	4.49	4.0	3.4	7.23	7.55	16.5	16.0	0.0	35.9	3.6	25.4	27.6	8.6	8.4
Panalpina We-Reg	PWTN SW	143.80	3,493	3.2	39.1	28.9	21.2	35.2	36.4	31.8	0.91	1.5	2.2	4.73	4.39	17.6	14.0	0.0	23.6	1.3	12.3	16.2	10.3	7.2
United Parcel-B	UPS US	100.25	90,480	352.6	30.3	19.4	17.5	56.0	10.7	24.6	0.79	2.7	2.8	42.38	19.36	14.2	10.2	347.7	18.1	5.2	70.4	120.9	(1.7)	(10.5)
Expeditors Intl	EXPD US	49.27	9,448	53.5	25.7	23.0	20.8	11.4	10.6	10.4	2.23	1.3	1.4	5.05	5.19	13.2	12.1	0.0	13.2	5.7	19.1	22.3	8.3	10.7

* Outliners and "N/A" entries are excl. from the calculation of averages

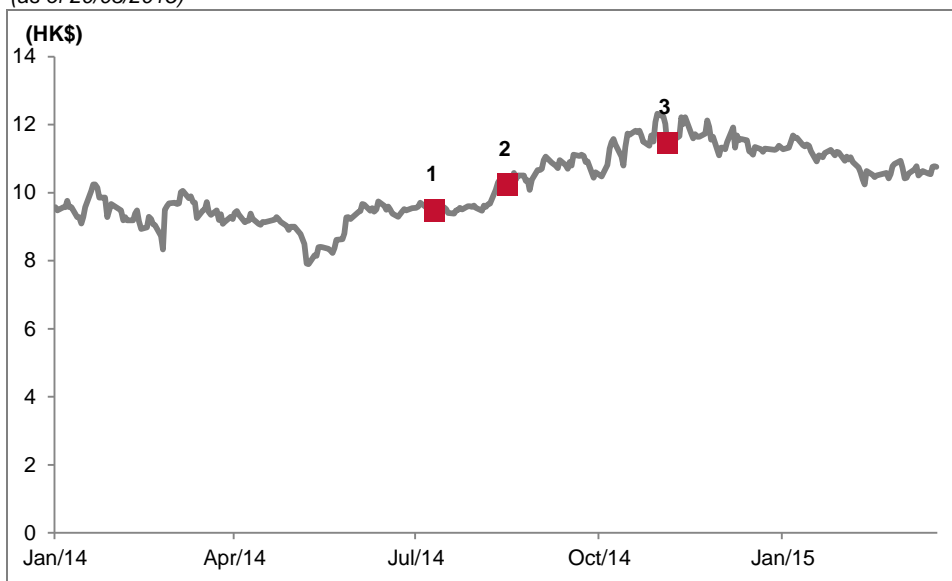
Source: Bloomberg, OP Research

Our recent reports

Date	Company / Sector	Stock Code	Title	Rating	Analyst
19/03/2015	Technovator	1206	FY14 results First Take	BUY	Yuji Fung
18/03/2015	Ju Teng Intl	3336	In-line FY14 result; Margin expansion resumed	BUY	Yuji Fung
17/03/2015	Kwoon Chung Bus	306	Value unlocked	NR	Bruce Yeung
12/03/2015	BWI Intl	2339	FY14 earnings hit huge gain of HK\$169 mn	NR	Kelvin Ng
10/03/2015	Technovator	1206	Spin-off and poised to swamp China	BUY	Yuji Fung
03/03/2015	TCL COMM	2618	Strong guidance ahead	BUY	Yuji Fung
06/02/2015	Technovator	1206	Positive signaling from stake increase by ParentCo	BUY	Yuji Fung
04/02/2015	Beijing Properties	925	Divest for reinvesting logistics properties	BUY	Bruce Yeung
03/02/2015	TK Group	2283	When the best is served by the best of best	NR	Lindsay Hu/ Yuji Fung
15/01/2015	Ju Teng Intl	3336	Correction overdone	BUY	Yuji Fung
12/01/2015	TCL COMM	2618	Profits soar with Iron Man, X-men and OneTouch	BUY	Yuji Fung
09/01/2015	Technovator	1206	Past year promising, New Year winning	BUY	Yuji Fung
06/01/2015	Sinomedia	623	Downgrade on economic slowdown	HOLD	Yuji Fung
05/01/2015	SCUD Group	1399	Beneficiary of Xiaomi Success	BUY	Yuji Fung
22/12/2014	China Fiber Optic Network	3777	Penetrating into a broadband service provider	BUY	Yuji Fung
10/12/2014	SCUD Group	1399	Introducing Value Partner as 2nd largest shareholder	BUY	Vivien Chan/ Yuji Fung
08/12/2014	Great Wall Motor	2333	SUV sales accelerates	BUY	Vivien Chan
27/11/2014	PAX Global	327	Overseas expansion on track	HOLD	Vivien Chan
26/11/2014	BWI Intl	2339	A Chinese-owned, Global Auto Parts Leader with a strong product	NR	Vivien Chan
24/11/2014	Tiangong	826	Solid order growth remains	BUY	Vivien Chan
19/11/2014	Sinotrans	598	A shift to risk aversion	HOLD	Bruce Yeung
17/11/2014	CMGC	8081	Mobile game coming to the stage	NR	Lindsay Hu/ Yuji Fung
13/11/2014	HC International	2280	3Q14 results miss	BUY	Yuji Fung
13/11/2014	CFON	3777	In line 3Q14 operation results	BUY	Yuji Fung
12/11/2014	Shenzhen International	152	A visionary logistics development plan with solid executions	BUY	Bruce Yeung
11/11/2014	UKF	8168	Interim results meet expectation	NR	Lily Man
11/11/2014	Geely Auto	175	Xindihao sales is ramping up	BUY	Vivien Chan

Historical recommendations and target price: Shenzhen International (152 HK)

(as of 20/03/2015)



1	11 Jul 2014	BUY, Target price HK\$13
2	28 Aug 2014	BUY, Target price change HK\$14
3	12 Nov 2014	BUY, Target price change HK\$14.88

TERMS FOR PROVISION OF REPORT, DISCLAIMERS AND DISCLOSURES

By accepting this report, you represent and warrant that you are entitled to receive such report in accordance with the restrictions set forth below and agree to be bound by the limitations contained herein. Any failure to comply with these limitations may constitute a violation of law or termination of such services provided to you.

Disclaimer

Research distributed in Hong Kong is intended only for institutional investors whose ordinary business activities involve investing in shares, bonds and associated securities and/or derivative securities and who have professional experience in such investments. Any person who is not an institutional investor must not rely on this communication.

The information and material presented herein are not directed at, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any jurisdiction where such distribution, publication, availability or use would be contrary to applicable law or regulation or which would subject Oriental Patron Securities Limited ("OPSL") and/or its associated companies and/or its affiliates (collectively "Oriental Patron") to any registration or licensing requirement within such jurisdiction.

The information and material presented herein are provided for information purposes only and are not to be used or considered as an offer or a solicitation to sell or an offer or solicitation to buy or subscribe for securities, investment products or other financial instruments, nor to constitute any advice or recommendation with respect to such securities, investment products or other financial instruments.

This research report is prepared for general circulation. It does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may receive this report. This report is not to be relied upon in substitution for the exercise of independent judgment. Oriental Patron may have issued other reports that are inconsistent with, and reach different conclusions from, the information presented in this report. Those reports reflect the different assumptions, views and analytical methods of the analysts who prepared them. You should independently evaluate particular investments and you should consult an independent financial adviser before making any investments or entering into any transaction in relation to any securities mentioned in this report.

Information and opinions presented in this report have been obtained or derived from sources believed by Oriental Patron to be reliable, but Oriental Patron makes no representation as to their accuracy or completeness and Oriental Patron accepts no liability for loss arising from the use of the material presented in this report where permitted by law and/or regulation. Further, opinions expressed in this report are subject to change without notice. Oriental Patron does not accept any liability whatsoever whether direct or indirect that may arise from the use of information contained in this report.

The research analyst(s) primarily responsible for the preparation of this report confirm(s) that (a) all of the views expressed in this report accurately reflects his or their personal views about any and all of the subject securities or issuers; and (b) that no part of his or their compensation was, is or will be, directly or indirectly, related to the specific recommendations or views he or they expressed in this report.

Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is made regarding future performance.

Oriental Patron, its directors, officers and employees may have investments in securities or derivatives of any companies mentioned in this report, and may make investment decisions that are inconsistent with the views expressed in this report.

General Disclosure

Oriental Patron, its directors, officers and employees, including persons involved in the preparation or issuance of this report, may, to the extent permitted by law, from time to time participate or invest in financing transactions with the issuer(s) of the securities mentioned in this report, perform services for or solicit business from such issuers, and/or have a position or holding, or other material interest, or effect transactions, in such securities or options thereon, or other investments related thereto. In addition, it may make markets in the securities mentioned in the material presented in this report. Oriental Patron may, to the extent permitted by law, act upon or use the information presented herein, or the research or analysis on which they are based, before the material is published. One or more directors, officers and/or employees of Oriental Patron may be a director of the issuers of the securities mentioned in this report. Oriental Patron may have, within the last three years, served as manager or co-manager of a public offering of securities for, or currently may make a primary market in issues of, any or all of the entities mentioned in this report or may be providing, or have provided within the previous 12 months, significant advice or investment services in relation to the investment concerned or a related investment or investment banking service to the issuers of the securities mentioned in this report.

Regulatory Disclosures as required by the Hong Kong Securities and Futures Commission

Oriental Patron (inclusive of OPSL) which is carrying on a business in Hong Kong in investment banking, proprietary trading or market making or agency broking is not a market maker in the securities of the subject companies mentioned in this report. Unless otherwise specified, Oriental Patron does not have any investment banking relationship with the companies mentioned in this report within the last 12 months. As at the date of this report, Oriental Patron does not have any interests in the subject company(ies) aggregating to an amount equal to or more than 1% of the subject company(ies) market capitalization.

Analyst Certification:

The views expressed in this research report accurately reflect the analyst's personal views about any and all of the subject securities or issuers; and no part of the research analyst's compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.

Rating and Related Definitions

Buy (B)	We expect this stock outperform the relevant benchmark greater than 15% over the next 12 months.
Hold (H)	We expect this stock to perform in line with the relevant benchmark over the next 12 months.
Sell (S)	We expect this stock to underperform the relevant benchmark greater than 15% over the next 12 month.
Relevant Benchmark	Represents the stock closing price as at the date quoted in this report.

Copyright © 2015 Oriental Patron Financial Group. All Rights Reserved

This report is being supplied to you strictly on the basis that it will remain confidential. Except as specifically permitted, no part of this presentation may be reproduced or distributed in any manner without the prior written permission of Oriental Patron. Oriental Patron accepts no liability whatsoever for the actions of third parties in this respect.

CONTACT

27/F, Two Exchange Square,

8 Connaught Place, Central, Hong Kong

www.oriental-patron.com.hk

bruce.yeung@oriental-patron.com.hk

Tel: (852) 2135 0214

Fax: (852) 2135 0295