

March 25, 2015

COSCO Pacific

We Cut Estimates after Disappointing 2014 Results; Downgrade to EW

Industry View	Stock Rating	Price Target
In-Line	Equal-weight	HK\$11.16

Our revised earnings estimates are 9% below consensus for 2015 and 6% below for 2016. Though valuation is inexpensive vs. global peers, upside potential to our new price target is a limited 8%, and we see a lack of catalysts for re-rating.

What's Changed?	From:	To:
COSCO Pacific		
Rating	Overweight	Equal-weight
Price Target	HK\$14.12	HK\$11.16

Valuation is inexpensive vs. global peers... Based on our new 2015 estimates, P/E is 11.2x, P/BV is 0.7x, and EV/EBITDA is 8.8x, 48%, 64% and 8% below global peer averages.

...but the outlook is weak for both container leasing and terminals: Our estimate cuts mainly reflect lower assumptions for container leasing rates and margins, in view of the poor industry cycle that could be sustained over the next 2-3 years. For container terminals, we expect organic volume growth at 9.3% for 2015 and 7.3% for 2016, with 3%-5% tariff hikes at various terminals, according to management guidance.

2014 recurring profit was 3% below our estimate and 7% below consensus: Excluding disposal gain from CIMC shares in 2013, it rose just 2% YoY, to US\$293m. Container terminals maintained stable earnings growth at 18% YoY, but the container leasing segment booked a significant profit decline of 23.6% YoY, disappointing our expectation. It announced DPS of HK\$0.31, implying a 40% payout ratio, slightly below our estimate of 43%.

Container leasing – management expects continued pressure on leasing rates, led by oversupply and increasing competition: Specifically, it expects container prices to remain low, led by further decline in steel prices. Furthermore, the structural change from expiration of high rate leases is likely to lower average leasing rates too. Finally, it expects pricing pressure on second-hand containers as well, affecting the disposal of returned containers.

Container terminals – it expects low visibility on volumes in 2015-16: Despite a traffic rebound in the first two months of 2015, it does not expect the momentum to be sustained in the remainder of the year. However, moderate tariff hikes are expected for major terminals in Xiamen, Qingdao, Shanghai, and Ningbo. For capex, the US\$1.1bn guidance appears surprising. It includes US\$400m on container leasing and US\$740m on terminals.

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COSCO Pacific (1199.HK , 1199 HK)**Hong Kong/China Transportation & Infrastructure / China**

Stock Rating	Equal-weight
Industry View	In-Line
Price target	HK\$11.16
Up/downside to price target (%)	8
Shr price, close (Mar 24, 2015)	HK\$10.34
52-Week Range	HK\$11.92-9.71
Sh out, dil, curr (mn)	2,712
Mkt cap, curr (mn)	US\$3,615
EV, curr (mn)	US\$4,823
Avg daily trading value (mn)	HK\$50

Fiscal Year Ending	12/14	12/15e	12/16e	12/17e
ModelWare EPS (US\$)	0.10	0.12	0.14	0.15
Prior ModelWare EPS (US\$)	0.11	0.13	0.15	-
Consensus EPS (US\$)§	0.11	0.13	0.14	0.17
Revenue, net (US\$ mn)	870	930	997	1,038
EBITDA (US\$ mn)	610	659	729	777
ModelWare net inc (US\$ mn)	293	322	370	400
P/E	14.2	11.2	9.8	9.0
P/BV	0.8	0.7	0.7	0.7
RNOA (%)	5.8	5.7	5.4	5.4
ROE (%)	6.4	6.8	7.5	7.7
EV/EBITDA	8.3	8.8	8.2	7.7
Div yld (%)	2.8	3.8	4.4	4.8
FCF yld ratio (%)	3.4	(15.6)	0.2	4.1
Leverage (EOP) (%)	18.8	37.2	38.3	36.9

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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CPL: Financial Summary

Exhibit 1: CPL: Financial Summary, 2012-17E

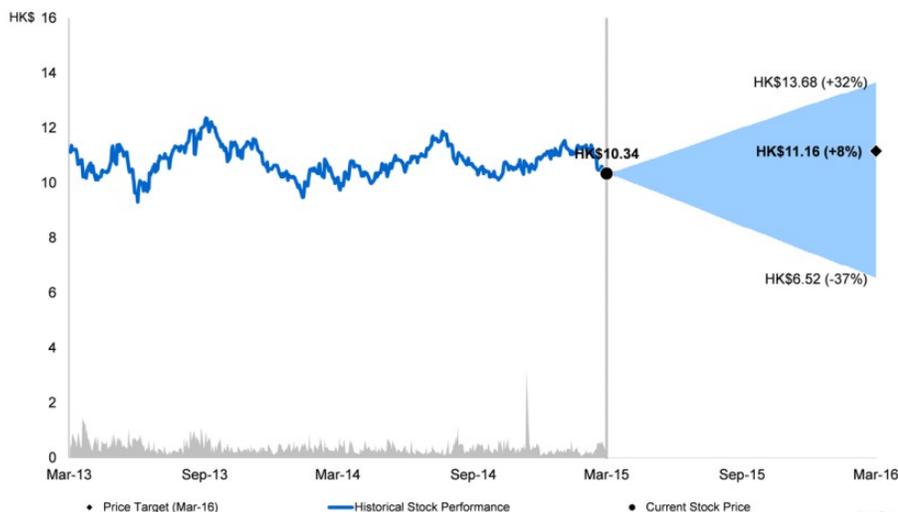
Profit and Loss Statement (US\$ mn)							Ratio Analysis						
	2012	2013	2014	2015E	2016E	2017E		2012	2013	2014	2015E	2016E	2017E
Turnover	736	799	870	930	997	1,038	Growth (%)						
Operating expenses	(512)	(583)	(666)	(712)	(750)	(783)	Turnover	22.8	8.6	8.9	6.9	7.1	4.1
Other operating income	4	425	23	2	3	3	Operating profit	19.8	13.9	14.1	7.0	5.3	4.4
Operating profit	227	640	227	221	249	258	Shar of profit from associates	(29.4)	(24.5)	(25.2)	9.8	18.1	8.1
Finance costs	(68)	(66)	(47)	(47)	(47)	(47)	Share of profit from JCEs	(0.2)	(15.6)	22.5	15.3	4.9	11.8
Share of profit from associates	127	96	71	79	93	100	Pretax profit	(10.3)	96.3	(53.1)	4.4	13.2	7.3
Share of profit from JCEs	96	81	100	115	121	135	Net profit	(12.0)	105.3	(58.3)	10.1	14.8	8.1
Profit before taxation	382	751	352	367	416	446	Recurrent net profit	(23.1)	2.1	2.3	10.1	14.8	8.1
Taxation	(28)	(33)	(39)	(26)	(24)	(24)	Port EBITDA	1.8	2.2	10.2	9.2	3.6	6.5
Minority interest	(12)	(15)	(20)	(19)	(22)	(23)	EBITDA	(1.1)	81.4	(51.2)	3.9	11.7	6.6
Net profit	342	703	293	322	370	400	EPS	(12.7)	99.4	(59.9)	18.8	14.8	8.1
Recurrent net profit	280	286	293	322	370	400	Recurrent EPS	(23.1)	2.1	2.3	10.1	14.8	8.1
							DPS	(11.7)	98.0	(59.8)	27.1	14.8	8.1
Port EBITDA	245	250	275	301	312	332	Margins (%)						
EBITDA	450	817	399	414	463	493	Operating margin	30.9	80.2	26.1	23.7	25.0	24.9
Reported EPS, (US\$ Cents)	12.5	24.9	10.0	11.9	13.6	14.8	EBITDA margin	61.2	102.3	45.8	44.5	46.4	47.5
Recurrent EPS (US\$ Cents)	10.3	10.6	10.8	11.9	13.6	14.8	Net profit margin	46.5	88.0	33.6	34.7	37.1	38.5
DPS (US\$ Cents)	5.1	10.0	4.0	5.1	5.9	6.3	Return (%)						
							MW ROE	9.6	18.1	6.5	6.9	7.6	7.9
							ROA	4.6	9.3	3.8	4.0	4.4	4.6
							Gearing						
							Net debt/equity (%)	47.4	18.9	18.8	37.2	38.3	36.9
							Net interest coverage (x)	6.6	12.3	8.5	8.9	9.9	10.5
							Dividend Coverage	(0.40)	0.25	1.15	(3.54)	0.48	1.27
							Operational Analysis						
							2012	2013	2014	2015E	2016E	2017E	
Balance Sheet (US\$ mn)	2012	2013	2014	2015E	2016E	2017E	CT8 throughput ('000 TEU)	1,684	1,639	1,640	1,640	1,640	1,640
Net fixed assets	3,718	4,168	4,069	5,188	5,522	5,738	PRC port throughput ('000 TEU)	46,696	50,411	54,927	59,865	63,941	67,573
Jointly controlled entities	605	640	914	937	962	988	Overseas port throughput ('000 TEU)	7,306	9,235	10,759	12,057	13,366	14,372
Associated companies	1,601	858	857	888	925	965	Total throughput ('000 TEU)	55,686	61,285	67,326	73,561	78,947	83,585
Investment securities	0	0	0	0	0	0	Recurrent throughput ('000 TEU)	55,686	61,285	67,326	73,561	78,947	83,585
Finance lease receivables	14	12	25	25	25	25	COSCON leasing rate (US\$/TEU/day)	0.77	0.77	0.74	0.73	0.72	0.71
Restricted bank deposits	0	0	0	0	0	0	LT leasing rates (US\$/TEU/day)	0.67	0.66	0.62	0.58	0.55	0.52
Other assets	334	393	422	422	422	422	ST leasing rates (US\$/TEU/day)	0.81	0.62	0.51	0.44	0.45	0.46
Non-current assets	6,271	6,070	6,287	7,460	7,855	8,139	Florens - utilisation rate (%)	98.9	98.7	97.7	98.1	98.3	98.4
Bank balances and cash	848	1,237	1,116	434	293	276	Florens container purchase price (US\$/	2,284	1,906	1,898	1,850	1,900	1,950
Other current assets	244	244	214	220	227	234	Growth%						
Total current assets	1,092	1,481	1,330	654	520	510	CT8 throughput	3.6	(2.6)	0.0	0.0	0.0	0.0
Current borrowings	775	276	430	430	430	430	PRC port throughput	10.2	8.0	9.0	9.0	6.8	5.7
Other current liabilities	366	554	474	484	500	515	Overseas port throughput	8.9	26.4	16.5	12.1	10.9	7.5
Total Current Liabilities	1,141	830	903	914	930	945	Total throughput	9,8435	10,0551	9,85775	9,26124	7,3211	5,87479
Net Assets	6,223	6,721	6,713	7,201	7,446	7,704	Recurrent throughput	9,8435	10,0551	9,85775	9,26124	7,3211	5,87479
Long-term debt	1,948	1,820	1,578	1,842	1,842	1,842	COSCON leasing rate	5.0	0.0	(3.0)	(2.0)	(1.0)	(1.0)
Other long-term liabilities	57	57	76	76	76	76	LT leasing rates	3.0	(1.3)	(5.9)	(7.0)	(5.6)	(4.4)
Minority interests	263	297	316	335	358	380	ST leasing rates	(5.3)	(23.5)	(18.5)	(13.4)	2.7	2.6
Shareholders equity	3,954	4,546	4,742	4,947	5,169	5,405	Florens container purchase price	0.0	(0.2)	(0.9)	0.4	0.2	0.1
Capital Employed	6,223	6,721	6,713	7,201	7,446	7,704	MW Valuation						
							2012	2013	2014	2015E	2016E	2017E	
Cash Flow Statement (US\$ mn)	2012	2013	2014	2015E	2016E	2017E	P/E	11.4	5.5	14.2	11.2	9.8	9.0
Pretax operating profit	450	817	399	414	463	493	P/BV	1.0	0.8	0.8	0.7	0.7	0.7
Depreciation and amortisation	168	190	212	245	266	284	EV/EBITDA	9.7	4.8	8.3	8.8	8.2	7.7
Other non-cash items	(332)	(1,153)	(244)	(224)	(240)	(263)	Dividend yield	3.6	7.3	2.8	3.8	4.4	4.8
Gross Cash Flow	286.3	-145.71	366.44	435.44	488.39	514.06	FCF Yield	(3.3)	30.1	3.4	-15.6	0.2	4.1
Capex	(704)	(480)	(377)	(1,100)	(600)	(500)							
Change in working capital	38	43	(49)	4	9	8							
Profit tax paid	(18)	(21)	(39)	(26)	(24)	(24)							
Dividend income from associates/JCEs	217	70	125	142	155	172							
Minority interest in net income	(12)	(15)	(20)	(19)	(22)	(23)							
Free Cash Flow	(192)	(548)	6	(564)	6	148							
Share issues	0	2	0	0	0	0							
Dividend paid	(40)	(110)	(111)	(118)	(147)	(165)							
Net borrowings/repayment	438	(637)	(153)	0	0	0							
Net Cash Flow	267	389	(121)	(682)	(141)	(17)							
Beginning Cash	581	848	1,237	1,116	434	293							
Ending Cash	848	1,237	1,116	434	293	276							

E = Morgan Stanley Estimates; NM = Not Meaningful

Source: Company Data, Morgan Stanley Research

Risk-Reward Snapshot: COSCO Pacific (1199.HK, HK\$10.34, EW, PT HK\$11.16)

Risk-Reward View: Limited Upside Potential on Our Reduced Scenario Values



Price Target **HK\$11.16**

Derived from DCF-based sum-of-the-parts, probability-weighted: bull (20%), base (70%), and bear (10%).

Bull **HK\$13.68**

14.8x 2015e base case P/E

Strong volume rebound: 10-15% port traffic growth in 2015-16e, led by improving demand outlook; tariff hikes of 5% in 2015-16e; long-term CAGR at 2% for 2014-35e. Recovery in container leasing segment.

Base **HK\$11.10**

12.0x 2015e base case P/E

Moderate growth outlook: 9.3%, 7.3%, 5.9% traffic growth in 2015e, 2016e and 2017e with stable tariffs. Container leasing segment slowly recovering.

Bear **HK\$6.52**

7.1x 2015e base case P/E

Double dip: Zero volume growth in 2015-16e; no tariff hikes from 2015e onward. Container leasing segment remains sluggish.

Investment Thesis

- Recurring profit increased only marginally by 2% YoY to US\$293m, 3% below our estimate and 7% below consensus. Specifically, container leasing segment booked a significant profit decline of 23.6% YoY, disappointing our expectation.
- Management is guiding for a weak outlook on leasing rates and low container prices. It also believes that structural change from expiration of high rate leases is likely to lower average leasing rates.
- We are cutting our earnings estimates by 7% for 2015 and 9% for 2016 based on lower assumptions for container leasing rates and margins, in view of a poor industry cycle that could be sustained in the next 2-3 years.
- 2015e P/E of 11.2x, P/BV of 0.7x, and EV/EBITDA of 8.8x are 48%, 64% and 8% below global peer averages. However, we see a lack of catalysts for re-rating given the weak outlook for both container leasing and terminals.

Key Value Drivers

- Volume growth
- Valuation of new investment projects
- Port tariffs
- Allocation of the disposal proceeds

Key Upside Risks

- Rebound in container leasing demand and rates
- Recovery in European market
- Potential tariff raise

Key Downside Risks

- Operating risk at specific terminals (e.g., Guangzhou Nansha, Hong Kong HIT) due to cost pressures or market competition.
- Double-dip in China's export growth, led by weakness in global trade demand.
- Exogenous risks from wars or natural disasters.

2014 Results – Summary

Net profit reached US\$293m (-58% YoY) in 2014, while recurring net profit (excluding disposal gains from CIMC shares) increased a slight 2% YoY, 3% below our estimate and 7% below consensus. Despite a slide in profit from the container leasing segment (-24%) amid low leasing rates and weak demand, port earnings grew +7%, supporting overall profit growth.

Container terminals: Throughput growth ended 2014 at 9.9% YoY (10.6% in 4Q14; 8.7% in 3Q14; 11.0% in 2Q14; 9.2% in 1Q14), but was resilient in view of the weak performance in China's export growth at +4.9% YoY and above ports industry growth of +6.1% YoY.

Bohai Rim area: Traffic growth reached +6.8% YoY in 2014, accounting for 37.3% of the company's total throughput. Specifically, 4Q14 growth reached 13.1%, gaining momentum from 5.5% in 3Q14, 3.5% in 2Q14 and 5.6% in 1Q14. Qingdao Qianwan Terminal, in particular, achieved a strong 32.2% profit increase to US\$39m, led by an increase in tariffs and volume (+7.5%).

YRD area: Traffic growth reached +4.1% YoY in 2014, accounting for 14.7% of the company's total throughput. Specifically, traffic momentum has weakened to -5.6% YoY in 4Q14, down from -2.9% in 3Q14, 13.7% in 2Q14 and 14.4% in 1Q14. Shanghai Pudong terminal achieved 5.7% traffic growth in 2014, driving 5.1% profit growth to US\$20.7m. Ningbo also achieved 14.5% traffic growth, which drives a 5.6% increase in profit to US\$10.5m.

PRD and Southeast coast: Traffic growth reached +13.4% YoY in 2014, with strong 17% momentum in 4Q14 (vs. 14.6% in 3Q14; 16.0% in 2Q14; 4.8% in 1Q14). Xiamen Ocean Gate is ramping up with 32.3% growth in traffic. Quanzhou Pacific's traffic increase by 6.4%, thanks to an increase in cargo volume from domestic transshipments.

Overseas: Throughput in overseas terminals increased 16.9%, to 9.4m TEU, accounting for 14% of total traffic. Growth normalized to 7.9% in 4Q14, down from 16.4% YoY in 3Q14, 19.2% in 2Q14 and 26.5% in 1Q14.

Please refer to [Exhibit 2](#) for more information.

Exhibit 2: CPL: 2014 Container Terminal Results

000 TEUs	Equity Owned	2014 Throughput	2013 Throughput	YoY%	4Q14 Throughput	4Q13 Throughput	YoY%
Bohai Rim		25,130	23,534	6.8%	6,271	5,542	13.1%
Qingdao Qianwan Terminal	20%	16,108	14,982	7.5%	4,121	3,493	18.0%
Dalian Port Terminal	20%	2,732	2,732	0.0%	682	650	4.9%
Tianjin Five Continental Terminal	14%	2,570	2,301	11.7%	641	554	15.8%
Tianjin Port Euroasia Int'l	30%	2,004	1,803	11.1%	475	447	6.2%
Yingkou Terminal	50%	1,716	1,716	0.0%	352	399	-11.8%
Yangtze River Data		9,903	9,513	4.1%	2,443	2,586	-5.6%
Shanghai Pudong Terminal	30%	2,374	2,246	5.7%	589	660	-10.7%
Ningbo Yuan Dong Terminal	20%	3,215	2,806	14.5%	816	696	17.2%
Zhangjiagang Terminal	51%	799	1,375	-41.9%	166	354	-53.2%
Yangzhou Yuanyang Terminal	56%	482	450	7.1%	122	118	2.9%
Nanjing Longtan Terminal	20%	2,496	2,400	4.0%	637	615	3.6%
Taicang International Container	39%	538	236	128.3%	114	143	-20.7%
Pearl River Delta & Southeast Coast		22,867	20,174	13.4%	6,117	5,230	17.0%
Quanzhou Pacific Terminal	71%	1,160	1,091	6.4%	299	304	-1.7%
Jinjiang Pacific Terminal	80%	468	418	11.8%	110	98	12.2%
Yantian Terminal (I, II, III)	15%	11,673	10,796	8.1%	3,103	2,842	9.2%
Guangzhou South China Terminal	39%	4,647	4,449	4.4%	1,326	1,157	14.5%
COSCO-HIT Terminal	50%	1,640	1,639	0.0%	382	345	10.8%
Xiamen Ocean Gate Terminals	70%	806	609	32.3%	168	163	3.6%
Asia Container Terminal Holdings	40%	1,139	-	n.a.	360	-	n.a.
Kao Ming Marine Transport	10%	1,333	1,171	13.9%	369	320	15.0%
Overseas		9,426	8,064	16.9%	2,408	2,232	7.9%
COSCO-PSA Terminal	49%	1,312	1,049	25.1%	346	291	18.9%
Antwerp Gateway	20%	1,727	1,371	26.0%	454	378	n.a.
Suez Canal Terminal	20%	3,400	3,125	8.8%	847	850	-0.4%
Piraeus Container Terminal S.A.	100%	2,987	2,520	18.5%	761	714	6.6%
Total							
Organic		65,648	61,285	7.1%	16,766	15,591	7.5%
Non-Organic		67,326	61,285	9.9%	17,239	15,591	10.6%
Total (Mainland China, HK, and Taiwan)							
Organic		56,222	53,221	5.6%	14,358	13,359	7.5%
Non-Organic		57,900	53,221	8.8%	14,831	13,359	11.0%

Source: Company Data, Morgan Stanley Research

Container leasing: Profit dropped 23.6%, to US\$96m, 38% below our estimate of US\$154m (According to CPL, overall average utilization rate was 95.3% for 2014, up from 94.5% in 2013. However, leasing rates remained at low levels due to sluggish leasing demand. Meanwhile, intense competition amid excess market supply is driving down new container prices. Weak resale prices of old containers and the expiration of some leased containers at high rates gave rise to the profit drop in 2014. Fleet size increased 1.0% YoY to 1.91m TEU by 2014, as the company added 161,106 TEU of new containers in 2014.

With the negative impact from the container leasing business, operating profit after finance cost (excluding one-off disposable gain from CIMC shares in 2013) grew only 0.1%.

Exhibit 3: CPL: Container Leasing Results

TEUs	2014	2013	YoY%
Owned containers	1,083,756	1,085,507	-0.2%
COSCON	519,492	490,191	6.0%
Int'l customers	564,264	595,316	-5.2%
Managed containers	537,454	552,403	-2.7%
Sale-and-leaseback containers	286,568	250,290	14.5%
Total	1,907,778	1,888,200	1.0%
Average age (years)	6.50	6.35	
Container leasing division	2014	2013	YoY%
Division revenue (US\$mn)	357.1	347.7	2.7%
Container leasing revenue	295.8	290.9	1.7%
Disposal of returned containers	47.8	43.0	11.2%
Management income	6.4	7.4	-13.8%
Others	7.2	6.5	10.0%
% of total revenues	41.0%	40.0%	1.1ppt
Division profits (US\$mn)	95.8	125.3	-24%
% of total recurrent profits	32.7%	43.8%	-11.1ppt
Average utilization rate	95.3%	94.5%	.8ppt
Fleet Capacity (TEU)	1,907,778	1,888,200	1.0%
Purchase of new containers	161,106	151,500	6.3%
Average purchase price (US\$/TEU)	1,898	1,906	-0.4%
Disposal of returned containers (TEU)	50,860	35,714	42.4%

Source: Company Data, Morgan Stanley Research

Exhibit 4: CPL: 2014 Results – Summary

(US\$ mn)	2014	2013	% Chg	2014 MS Est.	vs. MS Est	2H14	2H13	%Chg	1H14	1H13	%Chg
Turnover											
Container leasing, management, sale and related businesses	357	348	2.7%	381	-6.4%	173	168	3.3%	184	180	2.1%
Container terminal operations	513	451	13.8%	532	-3.6%	257	236	8.9%	256	215	19.1%
Total	870	799	8.9%	914	-4.8%	430	403	6.6%	440	395	11.4%
Operating expenses	(666)	(583)	14.1%	(658)	1.2%	(336)	(315)	6.6%	(329)	(268)	22.9%
Other income	23	425	-94.6%	2	963.4%	14	22	-36.0%	9	403	-97.8%
Operating Profit	227	640	-64.5%	258	-11.8%	108	110	-2.0%	120	530	-77.4%
<i>Operating profit margin</i>	<i>26.1%</i>	<i>80.2%</i>	<i>-54.0ppt</i>	<i>28.2%</i>	<i>-2.1ppt</i>	<i>25.1%</i>	<i>27.2%</i>	<i>-2.2ppt</i>	<i>27.2%</i>	<i>134.2%</i>	<i>-107.0ppt</i>
Finance costs	(47)	(66)	-29.6%	(66)	-29.6%	(24)	(26)	-7.9%	(23)	(41)	-43.1%
Share of profit from associated companies	71	96	-25.2%	68	5.9%	41	40	2.5%	31	56	-44.9%
Share of profit from jointly controlled entities	100	81	22.5%	94	6.6%	49	43	14.8%	51	39	31.0%
Profit before taxation	352	751	-53.1%	353	-0.2%	174	167	4.3%	178	584	-69.5%
Less: Taxation	(39)	(33)	16.4%	(35)	12.9%	(19)	(18)	5.4%	(20)	(16)	29.1%
Profit after taxation	313	717	-56.4%	318	-1.6%	155	149	4.2%	158	569	-72.2%
Less: Minority interests	(20)	(15)	37.9%	(18)	14.2%	(9)	(6)	41.7%	(11)	(8)	35.0%
Net profit	293	703	-58.3%	300	-2.6%	146	142	2.5%	147	560	-73.8%
<i>Net margin</i>	<i>34%</i>	<i>88%</i>	<i>-54.3ppt</i>	<i>33%</i>	<i>0.8ppt</i>	<i>34%</i>	<i>35%</i>	<i>-1.3ppt</i>	<i>33%</i>	<i>142%</i>	<i>-108.4ppt</i>
Recurrent Net Profit	293	286	2.3%	300	-2.6%	146	142	2.5%	147	144	2.1%
<i>Recurrent net margin</i>	<i>34%</i>	<i>36%</i>	<i>-2.2ppt</i>	<i>33%</i>	<i>0.8ppt</i>	<i>34%</i>	<i>35%</i>	<i>-1.3ppt</i>	<i>33%</i>	<i>36%</i>	<i>-3.0ppt</i>
Full-year dividend	118	282	-58.3%	129	-8.9%						
Dividend Payout	40%	40%	0.0ppt	43%	-2.8ppt						

Source: Company Data, Morgan Stanley Research

Earnings Estimates and Valuation

Earnings Estimate Adjustments for 2015 and 2016; Introducing Estimate for 2017

We are cutting our 2015 and 2016 net profit forecasts by 7% and 9%, to US\$322m and US\$370m, and introduce our 2017 net profit forecast of US\$400m. Detailed changes are highlighted in [Exhibit 10](#).

- For container terminals, we are assuming 9.3%, 7.3% and 5.9% throughput growth in 2015, 2016, and 2017. In particular, we are lowering our overseas volume growth assumptions by 3% and 3% for 2015 and 2016, implying 12%, 11% and 8% YoY growth for 2015-2017e after the ramp-up stages from previous years.
- For container leasing, we are assuming average daily leasing rates at US\$0.73, US\$0.72, and US\$0.71 per TEU for COSCON and US\$0.58, US\$0.55, and US\$0.52 per TEU for international customers. We are projecting fleet size (excluding managed boxes) to increase by 4.7%, 4.2%, and 3.7% p.a. for 2015-17e, with absolute year-end volumes at 1.44m, 1.50m and 1.55m TEU, respectively.

Our revised earnings estimates are below consensus estimates by -9%, -6% and -9%, for 2015-2017e respectively.

Exhibit 5: CPL: Morgan Stanley Estimates vs. Consensus

Year to Dec 31		2015E	2016E	2017E
CPL (1199.HK)				
MS estimates	USD mn	322 e	370 e	400 e
Consensus estimates	USD mn	354	392	440
% variance		-9%	-6%	-9%

Source: Thomson Reuters Consensus, Morgan Stanley Research estimates

Cut PT to HK\$11.16 and Downgrade to EW

We continue to value CPL using a probability-weighted methodology derived from a DCF-based sum-of-the-parts valuation. We keep the weightings for our base-, bear- and bull-case scenarios unchanged at 70%, 10% and 20%, respectively. We continue to place a 20% probability on our bull case because we believe port stocks could benefit from the increasing evidence of recovery in the US and possibly Europe given their volume-driven nature with stable tariff regimes, and so we view our bear case scenario as relatively unlikely. We also roll forward our valuation from 2014 to 2015.

Base Case: 70% weighting (unchanged) Scenario Value: to HK\$11.10 from HK\$14.04

Our base-case valuation dropped in part because we lower our earnings estimates by 7% for 2015 and 9% for 2016, with a weaker outlook for container leasing. On the other hand, with a weaker outlook and visibility in the container leasing segment, we lower our book value net of debt valuation for the container segment from 60% to 18%. After the adjustment, the container leasing value implies 8.2x 2015E P/E, which we believe is fair. As a result, base case valuation dropped by 21%.

In our WACC assumption for CPL's terminal valuation, we have left the variables unchanged at 14.4% cost of equity, 4.9% cost of debt and a consistent target capital structure at 67% equity and 33% debt. As a result, we apply 11.2% as a discount factor.

Bull Case: 20% weighting (unchanged)

Exhibit 6: CPL: Probability-weighted Price Target

HK\$	SOP valuations	Prob.	Prob-wt values
Bull case	13.68	20%	2.74
Base case	11.10	70%	7.77
Bear case	6.52	10%	0.65
Price target		100%	11.16

Source: Morgan Stanley Research estimates

Scenario Value: to HK\$13.68 from HK\$17.30 previously

In our bull case scenario, we assume stronger volume rebound; 10-15% port traffic growth in 2015-17e led by an improving demand outlook; tariff hikes of 5% in 15-17e, and long-term CAGR at 2% for 2014-35e. We also factor in a more optimistic outlook for container leasing segment (demand and lease rates).

The decrease in our bull case value is driven by the same factors in our valuation of the container leasing segment, as well as the changes in variables based on our base case scenario. Therefore, the change in scenario value is similar.

**Bear Case: 10% weighting (unchanged)
Scenario Value: to HK\$6.52 from HK\$8.25**

Our bear-case scenario is based on the risk of a double dip in the global economy; nil volume growth in 2015-17e, and failure of any tariff hikes from 2015 onward. In our bear case, the magnitude of the decrease in our scenario value is the same, reflecting the same factors.

Exhibit 7: CPL: WACC Assumption

Weighted average cost of capital (WACC)	
Equity beta	1.10
30-year risk free rate (%)	5.0
Equity risk premium (%)	8.5
Cost of equity (%)	14.4
Marginal cost of long-term debt (%)	6.0
Marginal tax rate (%)	19.0
Post-tax cost of debt (%)	4.9
MVE/(MVD+MVE) (%)	67.0
MVD/(MVD+MVE) (%)	33.0
Weighted average cost of capital (%)	11.2

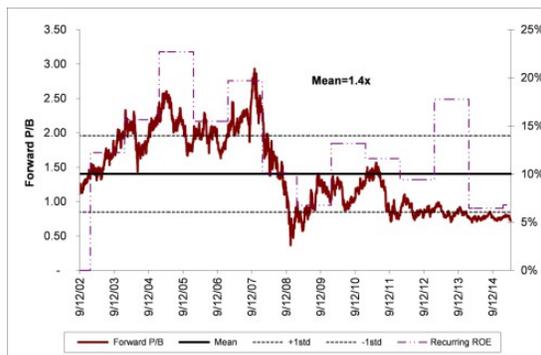
Source: Morgan Stanley Research estimates

Exhibit 8: CPL: Forward P/E, Sep-02 to Current



Source: Bloomberg, Morgan Stanley Research

Exhibit 9: CPL: Forward P/B, Sep-02 to Current



Source: Bloomberg, Morgan Stanley Research

Exhibit 10: CPL: New vs. Old Estimates, 2015-16E

	New Estimation 2015E	Original Estimation 2015E	% Chng	New Estimation 2016E	Original Estimation 2016E	% Chng
Pearl River Delta	21,805,128	21,237,486	3%	22,844,636	22,020,359	4%
COSCO-HIT	1,639,995	1,606,416	2%	1,639,995	1,606,416	2%
Yantian Int'l Terminals (Phase I & II & III)	12,489,894	11,898,492	5%	13,114,389	12,255,447	7%
Guangzhou Nansha Phase II	4,926,102	4,857,746	1%	5,073,885	5,003,478	1%
Quanzhou Pacific Container Terminal - Fujian	1,253,318	1,295,870	-3%	1,341,051	1,386,581	-3%
Xiamen Yuanhai Container Terminal	967,420	1,060,530	-9%	1,083,510	1,187,794	-9%
Jinjiang Pacific Terminal	528,399	518,431	2%	591,807	580,643	2%
Yantze River Delta	10,181,329	10,208,652	0%	10,956,348	10,931,358	0%
Shanghai Pudong Int'l Container Terminals	2,444,829	2,660,624	-8%	2,493,725	2,713,836	-8%
Zhangjiagang Win Hanversk Container Terminals	878,650	982,839	-11%	922,583	1,031,981	-11%
Yangzhou Yuanyang Int'l Port	539,508	554,277	-3%	593,459	609,704	-3%
Nanjing Port Longtan Container Terminals	2,745,169	2,545,851	8%	3,019,686	2,800,436	8%
Yanshan Phase II	na	na	na	na	na	na
Ningbo Beilun Port Phase 4 (Berth 7)	1,501,173	1,506,692	0%	1,606,255	1,582,027	2%
Ningbo Beilun Port Phase 5	2,072,000	1,958,369	6%	2,320,640	2,193,374	6%
Bohai Rim	27,698,591	27,042,788	2%	29,804,594	29,103,882	2%
Qingdao Qianwan Terminal	17,718,960	17,138,950	3%	18,782,097	18,167,287	3%
Dalian Port Terminal (Dagaoan Phase II)	3,169,278	3,105,738	2%	3,676,362	3,602,656	2%
Yingkou Container Terminal	1,870,580	1,907,849	-2%	2,038,932	2,079,555	-2%
Tianjin Five Continents Int'l Terminal	2,775,271	2,708,737	2%	2,969,540	2,898,349	2%
Tianjin Port Euroasia Int'l Terminal	2,164,504	2,181,514	-1%	2,337,664	2,356,035	-1%
Overseas	10,563,533	10,917,937	-3%	11,723,604	12,122,913	-3%
COSCO-PSA Terminal	1,390,452	1,389,925	0%	1,459,974	1,459,421	0%
Antwerp Gateway	1,899,828	1,884,575	1%	2,089,810	2,073,033	1%
Suez Canal Container Terminal - Port Said, Egypt	3,808,445	3,989,872	-5%	4,189,289	4,388,860	-5%
Piraeus Container Terminal S.A.	3,464,809	3,653,565	-5%	3,984,530	4,201,600	-5%
Total	70,248,581	69,406,862	1%	75,329,183	74,178,512	2%
	New Estimation 2015E	Old Estimation 2015E	% Chng	New Estimation 2016E	Old Estimation 2016E	% Chng
Year to Dec (US\$ Mn)						
Turnover						
Container leasing	304	346	-12%	314	380	-17%
Income from finance lease and container mgt.	50	52	-3%	50	52	-3%
Container handling, transportation and storage	12	13	-4%	13	14	-4%
Container terminal operations	564	604	-7%	619	660	-6%
Total	930	1,014	-8%	997	1,105	-10%
Operating expenses	(712)	(723)	-2%	(750)	(775)	-3%
Other income	2	2	11%	3	2	11%
Operating profit before finance costs	221	293	-25%	249	333	-25%
Operating profit margin (%)	24%	29%	-5%	25%	30%	-5%
Less: Finance costs	(47)	(66)	-30%	(47)	(66)	-30%
Segment results						
Container leasing	99	166	-40%	101	177	-43%
Disposal gain	0	0	na	0	0	na
Container leasing, net	99	166	-40%	101	177	-43%
Dividend income from unlisted container terminals	2	2	11%	3	2	11%
Container terminal and related facilities	119	125	-5%	146	153	-5%
Loss from River Tade Terminal	0	0	na	0	0	na
Disposal gain	0	0	na	0	0	na
Container terminal and related facilities, net	122	127	-4%	149	156	-5%
Others	0	0	na	0	0	na
Operating profit after finance cost	174	227	-23%	203	266	-24%
Depreciation and amortisation	245	254	-4%	266	268	-1%
EBITDA (include share of profits from asso. and JCEs)	414	472	-12%	463	536	-14%
Share of profit from associated companies	79	78	1%	93	92	1%
Shanghai Container Terminal (10%)	0	0	na	0	0	na
Shanghai Pudong Int'l Container Terminal (30%)	23	26	-11%	25	28	-10%
Chong Hing Bank (20%)	0	0	na	0	0	na
CIMC (16.23% to 21.8% by end-07, disposed at May 2013)	0	0	na	0	0	na
Belgium Antwerp Gateway (20%)	5	3	60%	6	4	49%
Dalian Port Container Terminal (20%)	0	(0)	-234%	1	(0)	-4075%
Suez Canal Terminal (20%)	12.3	14.1	-12%	14.1	16.0	-12%
Yantian terminal (15%)	59.2	59.1	0%	70.4	70.0	0%
Shanghai Yixian Road & Bridge	0	0	na	0	0	na
Share of profit from jointly controlled entities	115	102	13%	121	111	9%
COSCO-HIT (50%)	19	15	28%	19	15	28%
Qingdao Qianwan Terminal (20%)	49	38	28%	49	42	16%
COSCO-PSA Terminal (49%)	3	3	0%	3	3	0%
COSCO Logistics (49%)	0	0	na	0	0	na
Yangzhou Yuanyang Int'l Ports (55.59%)	0	0	na	0	0	na
Yingkou Container Terminals (50%)	1	2	-23%	1	2	-21%
Qingdao Cosport Terminal (50%)	0	0	na	0	0	na
Nanjing Longtan (20%)	4	3	39%	4	3	34%
Guangzhou Nansha Port Phase II (39%)	0	0	na	0	0	na
Ningbo Phase 4 (berth 7) (20%)	10	10	0%	10	10	0%
Ningbo Phase 5 (20%)	3	2	45%	5	4	30%
Dalian Automobile Terminals (30%)	2	2	na	2	2	na
Tianjin Euroasia Terminal (30%)	1	1	-19%	1	1	-17%
Profit before taxation	367	406	-9%	416	469	-11%
Profit after taxation	342	365	-7%	392	429	-9%
Net profit	322	346	-7%	370	406	-9%
Recurrent Net Profit	322	346	-7%	370	406	-9%
Weighted average EPS (US\$ Cents)	11.89	12.74	-7%	13.65	14.96	-9%

Source: Morgan Stanley Research (E) estimates

Exhibit 11: CPL: Base-case Scenario Sum-of-the-parts Valuation

Divisions	Valuation Methodology	2015E Net Profit US\$m	2015E Valuation US\$m	2015E PE (x)
Container leasing	NBV net of debt	73	603	8.2
Container terminals - HK		19	482	25.4
HK CT8 East - 50%	DCF	19	268	14.1
ACT - 40%	Cost of investment		214	
Container terminals - China and overseas		189	3,579	19.0
Pearl River Delta				
Guangzhou Nansha Phase II - 39%	DCF	5	54	10.2
Yantian Phase I, II, III and West Port - 14%	DCF	59	739	12.5
Quanzhou Pacific Container Terminal - 71.4%	DCF	9	131	14.9
Xiamen Haicang - 70%	DCF	(9)	0	0.0
Jinjiang Pacific Terminal - 80%	DCF	3	47	15.7
Taicang Terminal	Cost of investment	2	28	15.6
Yangtze River Delta				
WCT Phase 1 - 30%	DCF	23	261	11.3
Zhangjiagang Terminals - 51%	DCF	3	42	13.7
Yangzhou Yuanyang Int'l Port - 55.59%	DCF	2	23	10.5
Nanjing Port Longtan Container Terminals - 20%	DCF	4	43	11.5
Ningbo Phase 4 (berth 7) - 20%	DCF	10	79	7.7
Ningbo Phase 5 - 20%	DCF	3	57	16.5
Bohai Bay				
QQCT - 20%	DCF	50	1,113	22.3
Dalian Port Terminal (Dayaowan Phase II) - 20%	DCF	0	6	19.4
Dalian Automobile Terminal - 30%	Cost of investment	na	15	na
Yingkou Container Terminals - 50%	DCF	1	15	13.0
Tianjin Five Continents -14% (Dividend accounting)	DCF	1	22	24.5
Tianjin Port Euroasia Int'l Terminal - 30%	DCF	1	23	22.4
Overseas				
COSCO-PSA - 49%	DCF	3	29	11.4
Antwerp Gateway - 20%	DCF	5	68	13.4
Suez Canal - 20%	DCF	12	95	7.7
Piraeus terminal	DCF	34	680	19.8
Kao Ming Terminal - 10% effective	Cost of investment	0	8	27.7
Container terminals - total		208	4,061	19.6
Unallocated interest income/(expense)		(47)	(166)	
Unallocated corporate expenses		0	(314)	10.0
Sub-total		322	4,184	
Less: Unpaid capex on existing projects after end-2015			(300)	
Total		322.45172	3,884	12.0
Total number of shares as of Dec 2014		2,712	2,712	
Per share (HK\$)			11.10	
Share price (HK\$)			10.34	
Upside/(Downside)			7.4%	

Source: Morgan Stanley Research Estimates

Exhibit 12: Global Port Operators Valuation Comps Sheet

Ports	CURR	Last px	Target	MS	Mkt Cap	Mkt Cap	Share Price Perf.			52-wk	
		3/24/15	Price	Rating	(LC Mn)	(USD Mn)	1-mo	3-mo	12-mo	High	Low
China Merchants Holdings (International) Co. Ltd.*	HKD	28.95	29.19	O	73,662	9,497	-1%	14%	16%	29.95	22.75
Cosco Pacific Ltd.*	HKD	10.34	11.16	E	28,037	3,615	-9%	-5%	3%	11.92	9.71
Xiamen International Port Co Ltd	CNY	2.09	NC	NC	5,698	735	12%	7%	110%	2.50	1.01
Tianjin Port Development Holdings Ltd	HKD	1.56	NC	NC	9,668	1,247	1%	-4%	29%	2.03	1.16
Dalian Port PDA Co Ltd	CNY	7.05	NC	NC	26,173	4,211	37%	52%	194%	7.21	2.34
Shanghai International Port Group Co Ltd	CNY	7.79	NC	NC	177,263	28,517	19%	27%	77%	8.00	4.37
Shenzhen Chiwan Wharf Holdings Ltd	CNY	22.99	NC	NC	12,930	2,080	13%	18%	63%	25.94	11.78
Tianjin Port Holdings Co Ltd	CNY	20.91	NC	NC	35,019	5,634	13%	19%	128%	22.40	7.48
Ningbo Port Co Ltd	CNY	5.60	NC	NC	71,680	11,532	29%	24%	148%	5.70	2.21
Shenzhen Yan Tian Port Holdings Co Ltd	CNY	11.16	NC	NC	21,675	3,487	15%	11%	96%	12.44	4.82
Hutchison Port Holdings Trust*	USD	0.69	0.64	E	46,620	6,011	-1%	2%	9%	0.76	0.62
DP World*	USD	20.00	27.00	O	16,600	16,600	-4%	-6%	14%	21.70	17.22
Hamburger Hafen und Logistik AG*	EUR	21.12	14.50	U	1,478	1,618	10%	22%	11%	21.53	15.70
Santos Brasil Participacoes SA	BRL	11.36	NC	NC	1,513	483	-8%	-20%	-32%	21.03	10.11
Global Ports Investments PLC*	USD	3.88	5.00	E	741	741	0%	55%	-66%	12.57	2.29

	P/E (x)			P/B (x)			ROE(%)			EV/EBITDA (x)			Dividend Yield (%)		
	14	15E	16E	14	15E	16E	14	15E	16E	14	15E	16E	14	15E	16E
China Merchants Holdings (International) Co. Ltd.*	16.9	16.0	14.3	1.3	1.3	1.2	9.6	8.3	8.9	11.0	10.3	9.6	3.2	3.5	3.4
Cosco Pacific Ltd.*	14.2	11.2	9.8	0.8	0.7	0.7	6.4	6.8	7.5	8.3	8.8	8.2	2.8	3.8	4.4
Xiamen International Port Co Ltd	12.1	10.5	9.5	0.9	0.9	NA	7.8	8.5	NA	5.5	4.1	4.8	3.5	4.2	4.5
Tianjin Port Development Holdings Ltd	12.4	11.1	10.5	0.8	NA	NA	6.8	NA	NA	5.7	5.2	4.7	3.3	3.7	4.0
Dalian Port PDA Co Ltd	31.1	NA	NA	2.3	NA	NA	7.4	NA	NA	88.8	NA	NA	0.1	NA	NA
Shanghai International Port Group Co Ltd	28.2	25.7	23.5	3.3	3.0	2.8	11.7	11.8	11.9	16.4	16.3	15.6	1.6	1.9	2.3
Shenzhen Chiwan Wharf Holdings Ltd	30.7	29.4	27.4	3.5	3.3	3.1	11.6	11.4	11.5	12.1	10.8	10.0	1.6	1.7	1.8
Tianjin Port Holdings Co Ltd	28.0	26.2	25.0	2.6	2.5	2.4	9.4	9.6	9.6	12.0	NA	NA	1.7	1.8	2.1
Ningbo Port Co Ltd	23.6	21.7	19.6	2.3	2.2	2.1	9.9	10.1	10.6	NA	NA	NA	1.2	1.4	NA
Shenzhen Yan Tian Port Holdings Co Ltd	186.0	50.3	NA	4.4	3.8	NA	2.4	7.5	NA	153.4	NA	NA	0.2	NA	NA
Chinese Median	25.8	21.7	17.0	2.3	2.4	2.2	8.6	9.0	10.1	12.0	9.6	8.9	1.7	2.7	3.4
Hutchison Port Holdings Trust*	25.8	23.3	21.8	1.1	1.1	1.1	2.8	4.5	5.0	12.4	11.5	10.9	7.7	6.8	7.0
DP World*	25.8	20.4	16.5	2.1	1.8	1.7	7.9	9.6	11.1	12.7	11.7	9.7	1.1	1.4	1.8
Hamburger Hafen und Logistik AG*	24.1	26.2	21.5	2.1	2.5	2.3	9.1	9.9	11.5	6.9	7.7	6.9	2.6	2.3	2.6
Santos Brasil Participacoes SA	20.3	17.2	16.6	1.3	1.0	1.0	6.3	6.2	6.2	6.8	5.9	6.2	6.4	2.8	3.7
Global Ports Investments PLC*	2.2	9.1	7.2	1.3	1.7	1.3	17.8	22.2	22.9	4.5	6.5	6.4	4.9	0.0	0.0
Foreign Median	24.1	20.4	16.6	1.3	1.7	1.3	7.9	9.6	11.1	6.9	7.7	6.9	4.9	2.3	2.6
Mixed Median	24.9	21.7	18.1	2.1	2.0	1.9	8.5	9.6	10.8	12.0	9.6	8.9	2.2	2.1	2.6

E = Morgan Stanley Research estimates. NA = Not available. Source: Thomson Reuters, Morgan Stanley Research.

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Global Stock Ratings Distribution

(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		

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months.

Analyst Stock Ratings

Overweight (O). The stock's total return is expected to exceed the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Equal-weight (E). The stock's total return is expected to be in line with the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Not-Rated (NR). Currently the analyst does not have adequate conviction about the stock's total return relative to the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

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Unless otherwise specified, the time frame for price targets included in Morgan Stanley Research is 12 to 18 months.

Analyst Industry Views

Attractive (A): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be attractive vs. the relevant broad market benchmark, as indicated below.

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Cautious (C): The analyst views the performance of his or her industry coverage universe over the next 12-18 months with caution vs. the relevant broad market benchmark, as indicated below.

Benchmarks for each region are as follows: North America - S&P 500; Latin America - relevant MSCI country index or MSCI Latin America Index; Europe - MSCI Europe; Japan - TOPIX; Asia - relevant MSCI country index or MSCI sub-regional index or MSCI AC Asia Pacific ex Japan Index.

Stock Price, Price Target and Rating History (See Rating Definitions)



Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target --- No Price Target Assigned (NA)
 Stock Price (Not Covered by Current Analyst) --- Stock Price (Covered by Current Analyst) ---
 Stock and Industry Ratings (abbreviations below) appear as ♦ Stock Rating/Industry View
 Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) No Rating Available (NA)
 Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

Effective January 13, 2014, the stocks covered by Morgan Stanley Asia Pacific will be rated relative to the analyst's industry (or industry team's) coverage.

Effective January 13, 2014, the industry view benchmarks for Morgan Stanley Asia Pacific are as follows: relevant MSCI country index or MSCI sub-regional index or MSCI AC Asia Pacific ex Japan Index.

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INDUSTRY COVERAGE: Hong Kong/China Transportation & Infrastructure

COMPANY (TICKER)	RATING (AS OF)	PRICE* (03/24/2015)
Wong CFA, Victoria		
China COSCO (601919.SS)	U (08/19/2014)	Rmb7.23
China COSCO (1919.HK)	U (08/19/2014)	HK\$3.84
China Shipping CL (2866.HK)	E (07/09/2012)	HK\$2.33
China Shipping CL (601866.SS)	U (08/19/2014)	Rmb5.45
China Shipping Development (1138.HK)	O (10/23/2013)	HK\$5.11
China Shipping Development (600026.SS)	E (11/03/2014)	Rmb9.14
Hopewell Highway Infrastructure (0737.HK)	E (08/12/2014)	HK\$3.70
Jiangsu Expressway Company Limited (600377.SS)	O (08/12/2014)	Rmb7.77
Jiangsu Expressway Company Limited (0177.HK)	O (08/12/2014)	HK\$10.16
Orient Overseas Int'l Limited (0316.HK)	O (03/05/2014)	HK\$47.55
Pacific Basin Shipping (2343.HK)	O (11/03/2014)	HK\$2.51
Zhejiang Expressway Company (0576.HK)	U (07/16/2013)	HK\$9.92
Xu CFA, Edward H		
Air China Limited (0753.HK)	E (12/16/2014)	HK\$6.96
Air China Limited (601111.SS)	U (12/16/2014)	Rmb9.86
Beijing Capital Int'l Airport (0694.HK)	E (12/17/2013)	HK\$7.34
Cathay Pacific Airways (0293.HK)	E (08/19/2013)	HK\$17.76
China Eastern Airlines (0670.HK)	E (12/16/2014)	HK\$4.18
China Eastern Airlines (600115.SS)	U (12/16/2014)	Rmb7.58
China Merchants Hldg Int'l (0144.HK)	O (02/08/2007)	HK\$28.95
China Southern Airlines (600029.SS)	E (03/04/2015)	Rmb8.52
China Southern Airlines (1055.HK)	O (12/16/2014)	HK\$4.72
CIMC (2039.HK)	E (07/14/2014)	HK\$15.36
CIMC (000039.SZ)	U (01/19/2015)	Rmb21.24
COSCO Pacific (1199.HK)	E (03/25/2015)	HK\$10.34
Daqin Railway Co. Ltd. (601006.SS)	O (01/07/2010)	Rmb11.22
Guangshen Railway (0525.HK)	U (04/28/2014)	HK\$3.85
Guangshen Railway (601333.SS)	U (07/18/2014)	Rmb5.05
Hutchison Port Holdings Trust (HPHT.SI)	E (03/05/2014)	US\$0.69
Kerry Logistics Network (0636.HK)	E (01/22/2014)	HK\$11.94
Shanghai International Airport (600009.SS)	E (07/24/2014)	Rmb25.25
Shenzhen International Holdings (0152.HK)	O (05/27/2014)	HK\$11.12
Sinotrans Limited (0598.HK)	O (05/27/2014)	HK\$5.06
SITC International Holdings Company (1308.HK)	O (08/08/2011)	HK\$4.20
Spring Airlines (601021.SS)	O (02/24/2015)	Rmb92.25

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* Historical prices are not split adjusted.