



Rating
Buy

Asia
China

Resources
Construction Materials

Company
West China Cement

Reuters 2233.HK Bloomberg 2233 HK Exchange HSI Ticker 2233

Date
30 March 2015

Company Update

Price at 27 Mar 2015 (HKD)	1.11
Price target - 12mth (HKD)	1.50
52-week range (HKD)	1.15 - 0.70
HANG SENG INDEX	24,486

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NDR takeaways – recovery continues in 2015

FY14 post-results NDR in HK and Singapore; reiterate Buy with TP of HKD1.50

Following WCC's poor FY14 results, most investors WCC met with at the NDR were convinced that the worst is over. The key takeaways were: 1) WCC's chairman was open to giving up majority control provided that any M&A will maximize shareholder value; 2) WCC will continue to pay down debt with an expected FCF of RMB400-500m for FY15; 3) Shaanxi demand will remain robust, being the transportation hub for Silk Road development; 4) prices should recover in 2015 with greater price coordination in Shaanxi; and 5) Conch is now managing Shengtai's plants so there is progress in consolidation.

Consolidation in Shaanxi

In 2014, the price war in Central Shaanxi was mainly due to Conch's desire to consolidate. We learnt from WCC that Shaanxi's fifth-largest player, Shengtai Cement (6mt), has signed an operating lease agreement with Conch, paving the way for an acquisition. This means four instead of five major players will now control c.73% of the market in Central Shaanxi. WCC does not rule out the possibility of further M&A in the province, including for themselves if the price is right. WCC believes their quality assets should be valued at a premium to the industry replacement cost at RMB400/t (equivalent to a share price of HKD2.04). WCC sees equity cooperation as the new trend in the cement sector as well as an effective way to ensure steady price coordination.

Solid fundamentals supporting price recovery in 2015

Since there will be no more new supply in Shaanxi, steady demand growth will continue to digest over-capacity. During 1Q15, WCC estimates that the peak-shifting production scheme has eradicated 5-8mt or c.13% of excess capacity in Central Shaanxi and similar arrangements will continue during crop harvesting season and the national holidays. A number of key infrastructure projects will also start in 2015 – for example, Xi'an-Wuhan Railway and Xi'an-Chongqing Railway – so demand should continue to grow. Low inventory levels and a solid supply-demand outlook should support price hikes in the near term. WCC expects pricing to return to 2013 levels in 2015 (RMB250/t in Central Shaanxi), implying RMB30/t of prices hikes in the region from here.

WCC remains our conviction Buy for China Cement in 2015

WCC is significantly undervalued, trading at a replacement cost of RMB275/t while other potential acquisition targets such as Shanshui re-rate to RMB400/t+. Our TP of HKD1.50 is derived using 1x P/B or replacement cost of RMB327/t, but we see upside as the sector replacement cost is RMB400/t (target price of HKD2.04/sh). We believe any M&A involving WCC would need to occur at minimum of book value. Risks: demand slowdown and price war.

Forecasts And Ratios

Year End Dec 31	2013A	2014A	2015E	2016E	2017E
Sales (CNYm)	4,167.8	3,883.4	4,621.9	5,209.3	5,754.9
EBITDA (CNYm)	1,261.5	983.6	1,298.3	1,605.3	1,864.9
Reported EPS FD(CNY)	0.08	0.01	0.09	0.15	0.20
Yield (net) (%)	2.0	0.3	3.0	5.8	8.9

Source: Deutsche Bank estimates, company data

Key changes

Price target	1.55 to 1.50	↓	-3.2%
Sales (FYE)	4,571 to 4,622	↑	1.1%
Op prof margin (FYE)	16.5 to 15.5	↓	-5.7%
Net profit (FYE)	425.2 to 395.6	↓	-7.0%

Source: Deutsche Bank

Price/price relative



Performance (%)	1m	3m	12m
Absolute	9.9	42.3	33.7
HANG SENG INDEX	-1.4	4.9	12.1

Source: Deutsche Bank

DBe vs Cons

	DBe	Cons	%diff
FY15e	0.088	0.098	-10%
FY16e	0.148	0.128	16%

Source: Deutsche Bank

Deutsche Bank AG/Hong Kong

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Model updated: 29 March 2015

Running the numbers

Asia
China
Construction Materials

West China Cement

Reuters: 2233.HK Bloomberg: 2233.HK

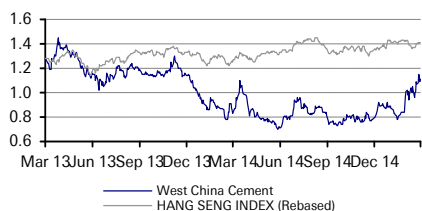
Buy

Price (27 Mar 15) HKD 1.11
Target Price HKD 1.50
52 Week range HKD 0.70 - 1.15
Market Cap (m) HKDm 4,732
USDm 610

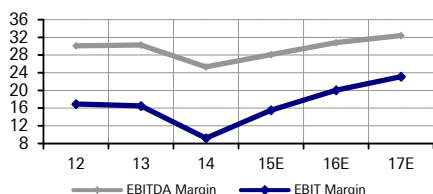
Company Profile

West China Cement Limited is a leading producer of cement and clinker in North Western China, currently operating in Shaanxi and Xinjiang provinces. The company employs NSP technology in all of its production lines.

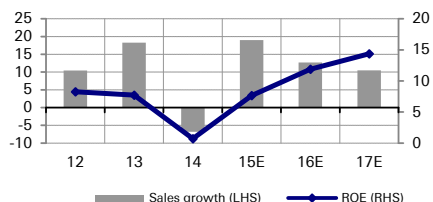
Price Performance



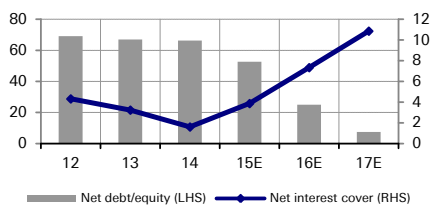
Margin Trends



Growth & Profitability



Solvency



Fiscal year end 31-Dec

	2012	2013	2014	2015E	2016E	2017E
DB EPS (CNY)	0.08	0.08	0.01	0.09	0.15	0.20
Reported EPS (CNY)	0.08	0.08	0.01	0.09	0.15	0.20
DPS (CNY)	0.02	0.02	0.00	0.03	0.05	0.08
BVPS (CNY)	1.0	1.1	1.1	1.2	1.3	1.5
Weighted average shares (m)	4,416	4,547	4,528	4,517	4,517	4,517
Average market cap (CNYm)	5,347	4,565	3,046	3,792	3,792	3,792
Enterprise value (CNYm)	8,789	8,013	6,417	6,688	5,338	4,357

Valuation Metrics

P/E (DB) (x)	14.7	12.1	84.9	10.2	6.0	4.5
P/E (Reported) (x)	14.7	12.1	84.9	10.2	6.0	4.5
P/BV (x)	1.20	0.82	0.59	0.75	0.68	0.61
FCF Yield (%)	10.0	2.0	7.7	13.4	37.9	31.5
Dividend Yield (%)	1.7	2.0	0.3	3.0	5.8	8.9
EV/Sales (x)	2.5	1.9	1.7	1.4	1.0	0.8
EV/EBITDA (x)	8.3	6.4	6.5	5.2	3.3	2.3
EV/EBIT (x)	14.7	11.7	18.0	9.3	5.1	3.3

Income Statement (CNYm)

Sales revenue	3,524	4,168	3,883	4,622	5,209	5,755
Gross profit	675	729	598	912	1,250	1,538
EBITDA	1,060	1,261	984	1,298	1,605	1,865
Depreciation	464	574	626	580	561	534
Amortisation	0	0	0	0	0	0
EBIT	597	687	357	718	1,045	1,331
Net interest income/(expense)	-138	-212	-222	-186	-142	-123
Associates/affiliates	0	0	0	0	0	0
Exceptionals/extraordinaries	0	0	0	0	0	0
Other pre-tax income/(expense)	0	0	0	0	0	0
Profit before tax	459	475	135	533	902	1,208
Income tax expense	86	93	96	133	226	302
Minorities	8	4	4	4	7	9
Other post-tax income/(expense)	0	0	0	0	0	0
Net profit	365	378	36	396	670	897
DB adjustments (including dilution)	0	0	0	0	0	0
DB Net profit	365	378	36	396	670	897

Cash Flow (CNYm)

Cash flow from operations	1,090	662	903	883	1,667	1,356
Net Capex	-557	-569	-670	-342	-142	-92
Free cash flow	533	93	233	540	1,525	1,264
Equity raised/(bought back)	0	0	-2	0	0	0
Dividends paid	-60	-91	-91	-9	-119	-235
Net inc/(dec) in borrowings	259	-607	3	-490	-1,001	-1
Other investing/financing cash flows	-892	742	-154	-93	-81	-69
Net cash flow	-161	138	-11	-51	324	959
Change in working capital	392	-205	167	-207	345	-144

Balance Sheet (CNYm)

Cash and other liquid assets	519	623	708	697	1,053	2,042
Tangible fixed assets	7,830	8,004	8,071	7,859	7,468	7,055
Goodwill/intangible assets	798	770	800	831	861	889
Associates/investments	0	0	0	0	0	0
Other assets	1,153	1,268	1,189	1,562	1,390	1,700
Total assets	10,299	10,665	10,768	10,949	10,772	11,686
Interest bearing debt	3,869	4,030	4,033	3,543	2,542	2,541
Other liabilities	1,583	1,550	1,719	1,999	2,265	2,508
Total liabilities	5,452	5,579	5,752	5,542	4,807	5,049
Shareholders' equity	4,756	5,044	4,971	5,358	5,909	6,571
Minorities	91	41	46	50	56	65
Total shareholders' equity	4,847	5,085	5,016	5,407	5,965	6,637
Net debt	3,350	3,407	3,325	2,846	1,489	499

Key Company Metrics

Sales growth (%)	10.5	18.3	-6.8	19.0	12.7	10.5
DB EPS growth (%)	-46.8	0.7	-90.5	1,004.7	69.4	33.9
EBITDA Margin (%)	30.1	30.3	25.3	28.1	30.8	32.4
EBIT Margin (%)	16.9	16.5	9.2	15.5	20.1	23.1
Payout ratio (%)	24.2	24.0	25.0	30.0	35.0	40.0
ROE (%)	8.3	7.7	0.7	7.7	11.9	14.4
Capex/sales (%)	16.0	13.9	17.2	7.4	2.7	1.6
Capex/depreciation (x)	1.2	1.0	1.1	0.6	0.3	0.2
Net debt/equity (%)	69.1	67.0	66.3	52.6	25.0	7.5
Net interest cover (x)	4.3	3.2	1.6	3.9	7.3	10.9

Source: Company data, Deutsche Bank estimates



Q&A from NDR

Consolidation

Q: Could you give us some color on the price war launched by Conch last year? Where is the bottom line? What's Conch's cost like in Central Shaanxi?

A: Conch's production cost is a little lower than WCC. But transportation cost matters a lot more here and we are much closer to the markets, so this brings our cost down. Overall, it's quite similar. In 2014, despite the price war, the market share of different producers stayed the same. So market players have reached consensus that price war does nothing but harm profitability; therefore price coordination will likely be better in 2015. In terms of bottom line, we saw the bottom in 3Q14, when prices were around RMB180/t and everyone was losing RMB20/t in Central Shaanxi.

Q: What's your take on Conch's acquisition of Shengwei and Shengtai?

A: We actually encourage industry consolidation because smaller players usually distort the market and don't play by the rules. We think progress has already been made, at least with Conch and Shengtai, with Conch sending over staff to manage Shengtai's plants. This should be the first step of an eventual acquisition.

Q: What do you think is a fair price for other players seeking to conduct equity investment in WCC?

A: Italcementi acquired c.6% of our shares in 2012 at a fair price of HKD2.18/sh, implying EV/t of RMB420/t (the industry replacement cost at the time). We see that asset prices are getting bid up, with the latest deal between Tianrui and Shanshui at RMB374/t. We think that WCC's quality assets are definitely more valuable compared to Shanshui given our more favourable geographical position.

Q: Would you ever consider being acquired?

A: For us, it's all about how to maximize shareholder value and how to better run the company. We don't rule out the possibility of being acquired if it helps the company.

Q: Will Conch buy our equity?

A: A number of players have expressed interest in our shares. As mentioned before, we can negotiate, but the pricing is important.

Q: Will you consider equity cooperation with other players?

A: We will. Because it helps price coordination in the region. Cooperation is likely to be more stable with equity investments made. For example, in Henan, cooperation between Tongli and Tianrui is supporting price hikes; in Shandong, cooperation between CNBM and Shanshui is holding up prices.



Supply-demand

Q: What is the supply-demand outlook in Shaanxi in 2015?

A: Demand is there with a 3-5% growth rate.

Supply: There's no new capacity coming on stream in Shaanxi. Last year we saw a peak-shifting production scheme that effectively absorbed extra supply (in Jan and Feb 2015 production lines were halted for two months in Central Shaanxi. Clinker supply was reduced by c.5-8mt, accounting for c.10% of total clinker capacity). We see this as the new norm for the cement sector.

Q: Could you give us some examples of infrastructure projects in Shaanxi in 2015?

A: Xi'an-Wuhan Railway and Xi'an-Chongqing Railways, North Xi'an-Airport Intercity Railway, Xi'an-Tongchuan Intercity Railway, Inner Mongolia – Jiangxi Coal Transportation Railway, and Xi'an Metro Line 5 are expected to start construction in Shaanxi. Key infrastructure projects include the Xi'an-Chengdu High Speed Railway, Xi'an-Hefei Double Track Railway, Hanjiang-Weihe River Waste Transfer Project, Ankang-Yangpingguan Double Track Railway, Baoji-Hanzhong Highway and Southern-Shaanxi Resettlement Project, which will continue construction in 2015. WCC has won tendering for most of these sections.

Q: What's the progress on the elimination of obsolete capacity?

A: The government now has stricter environmental standards. Smaller producers who fail to meet the new standards will be forced out the market. Previously, since they contributed to tax revenue, the government didn't really want to shut them down. But now, since the elimination of obsolete capacity is even in "Li Keqiang's Working Report", local governments have to take action.

Operations

Q: Could you briefly walk us through your operation in Guizhou?

A: In 2014, we had just finished building our Guizhou Guiyang Huaxi Plant. It's in a great location (closest plant to Guiyang city area). Utilisation rates are expected to be close to 100% in 2015 and prices are high at c.RMB240/t currently.

Q: What can you tell us about prospects in Xinjiang?

A: In Xinjiang, competition has intensified. We have three plants: two in South Xinjiang and one in the North. Our Yili plant is looking to commission in 1Q15. In 2014, we booked impairment losses on our Yutian plant due to low utilization rates in the previous years. However, we are optimistic about the outlook of the Xinjiang market, especially with the "One Belt, One Road" plan becoming the development focus of the government now.

Q: What is the capacity utilization rate in Shaanxi for WCC and overall?



A: 75% for Shaanxi overall; WCC is 80% in South Shaanxi and 70% in Central Shaanxi.

Q: What is the operating data for 2M15?

A: ASP in Central Shaanxi: RMB220/t; South Shaanxi: RMB250-260/t. Inventory levels are close to 0 due to peak-shifting production scheme.

Q: What's your development plan with all the extra cash in 2015?

A: We plan to increase our dividend payout to at least 30%. And we will also consider share buy-backs.

Q: Why did your AR days go up?

A: Shift in customers. Originally we only used cash for payments. Since 2013, cement over-capacity in the region has intensified competition and we had to adopt a different strategy for our payment collection. Also, since we are doing more key infrastructure projects now, our AR days would naturally go up a bit.

Q: What are the Shaanxi and Xinjiang coal prices?

A: In 2014, coal prices went down by RMB60/t overall for WCC. In 2015, coal prices shouldn't decrease more (already bottomed) but shouldn't increase either since over-capacity issues remain.

Q: How much would the cost go up due to stricter environmental standards?

A: The de-nox cost amounts to RMB3-5/t. But this is for the whole sector.

Q: Can cement inflows from Sichuan affect prices in South Shaanxi?

A: Not really. The transportation cost from the nearest Bazhong Conch is very high at RMB80-100/t. Currently, prices in Sichuan are around RMB270-280/t so the spread is not enough to attract them.

Guidance

Q: What is the sales volume guidance for 2015?

A: We are positive on the supply-demand outlook in our regions and are targeting 20mt sales volume in 2015 (up 13% yoy). In our main operating region of Shaanxi, there's no new capacity coming on stream. There are lots of major infra projects in South Shaanxi so the demand outlook is robust. Guizhou will also see 100% utilization rates on the plant due to its great location.

Overall, in 2015, we expect sales volume in Guizhou to grow from 0.4mt to c.1.4mt; Xinjiang from 0.8mt to 1.5mt and Shaanxi to be flat yoy.

Q: What is the capex guidance?



A: RMB400m for 2015 (RMB200m for leftovers for our new plants earlier; RMB200m on waste incineration – Fuping line takes RMB100m). From 2016 onwards, we will invest around c.RMB100m per year in our waste incineration business.

Q: What is the pricing outlook for 1H15?

A: 2M15 is better than 2M14. This year we had two months of a peak-shifting production scheme where production lines were halted for two months in Central Shaanxi. This largely helped the D/S situation in Shaanxi. We've reached consensus that the price war is not going to improve profitability.

Q: What is the GP/t and EBITDA/t guidance for 2015?

A: Costs are around the same so GP/t depends on our ASP. For 2M15 it is better compared with 2M14. Overall, we expect GP/t to go back to the 2013 level (RMB40-41/t). EBITDA/t should also be higher, since in 2014 our EBITDA included senior note redemption costs. We are forecasting EBITDA of RMB1-1.2bn.

Q: What is the net gearing guidance?

A: We don't plan to borrow more debt. And we have cut down our capex. Net gearing is expected to reach 50% in the next two years.

Q: What measures did you undertake to control costs in 2014?

A: We cut our staff by c.8% to increase efficiency.

Q: Can you explain why sales volume decreased in 2014?

A: There was new capacity coming online in Central Shaanxi (Shengtai Cement, c.5mt) in 2014.

Waste incineration

Q: Can you quickly walk us through your current operational status with the waste incineration business?

A: Our Lantian waste incineration project started in 2H14, and it mainly deals with industrial waste from Samsung. We are planning to construct phase 2 in 2015 and also install equipment in our Fuping plant so that it's able to deal with domestic waste.

Q: What's the pricing like for the waste incineration business?

A: As an example, for our contract with Samsung, prices are around RMB700/t for normal industrial waste and RMB2000/t for non-ferrous polluting waste.

Q: What's the revenue and GP you expect to generate from the waste incineration business?



A: In 2015, revenue from waste incineration should be around RMB30m (net profit: RMB20m). In 2016, it may reach RMB100m once the Fuping line is in production. In Lantian, we are rolling out phase 2 this year.

Q: What is the investment amount needed for development of the waste incineration business?

A: RMB70m for 200,000t p.a. waste treatment capacity and RMB10m for 60,000 p.a. And this will likely be our focus in the future.

Miscellaneous

Q: The pledged asset increased, but secured borrowing didn't increase as much. Why?

A: According to the requirement from the bank, we have pledged RMB1.6bn of assets. But we haven't fully utilized our credits yet.

Q: Capitalized interest increased a lot. But capex was lower than in 2013. Why?

A: The calculation of capitalized interest is complicated, and doesn't involve just capex spending for that specific year.

Q: Can you give us some color on the redemption cost for FY14 results?

A: We redeemed our Jan 2016 bond early so we paid a redemption premium of 3.75% (translating into a RMB92.2m one-off loss). There's one month overlap time for our old Jan 2016 bond and the new Sep 2019 bond so we paid double the interest. However, through this our debt-restructuring is completed and we have reduced our interest rates by 1ppt.

Q: Who determines prices in Shaanxi?

A: In Central Shaanxi, no one has a large enough market share to decide prices. However, in South Shaanxi, we have pricing power because we occupy a 60-80% market share.

Q: How many shares does management hold?

A: Mr. Zhang (CEO of WCC) currently holds c.38%. His daughter holds c.5%. Mr. Ma (non-executive director) holds c.4-5%.



Revisions

Assumption revisions

Figure 1: Assumption revisions

For year ended Dec 31	Unit	New				Old			%chg		
		2014A	2015E	2016E	2017E	2015E	2016E	2017E	2015E	2016E	2017E
Cement Capacity	mt	27.0	27.0	27.0	27.0	27.0	27.0	na	0%	0%	na
Shaanxi	mt	21.1	21.1	21.1	21.1	21.1	21.1	na	0%	0%	na
Xinjiang	mt	4.1	4.1	4.1	4.1	4.1	4.1	na	0%	0%	na
Guizhou	mt	1.8	1.8	1.8	1.8	1.8	1.8	na	0%	0%	na
Cement & Clinker sales volume	mt	17.7	20.2	21.5	22.6	20.0	22.0	na	1%	-2%	na
Shaanxi	mt	16.8	17.7	18.5	19.0	17.0	18.0	na	4%	3%	na
Xinjiang	mt	0.8	1.0	1.5	2.0	2.0	2.5	na	-50%	-40%	na
Guizhou	mt	0.0	1.5	1.5	1.6	1.0	1.5	na	50%	0%	na
Cement & Clinker ASP	RMB/t	220.0	228.4	240.2	250.3	227.8	243.9	na	0%	-2%	na
Shaanxi	RMB/t	217.5	226.3	239.4	250.1	223.2	241.1	na	1%	-1%	na
Xinjiang	RMB/t	255.0	248.0	250.0	260.0	255.5	260.0	na	-3%	-4%	na
Guizhou	RMB/t	0.0	240.0	240.0	240.0	250.0	250.0	na	-4%	-4%	na
Unit Cement COGS	RMB/t	185.0	183.5	183.0	184.1	182.7	183.8	na	0%	0%	na
Unit Gross Profit	RMB/t	33.9	45.2	58.1	68.1	45.4	60.9	na	0%	-5%	na
Unit SG&A	RMB/t	16.7	16.7	16.7	16.7	15.5	15.5	na	7%	7%	na
Unit EBITDA	RMB/t	55.7	64.4	74.7	82.5	66.3	77.5	na	-3%	-4%	na
Unit EBIT	RMB/t	20.2	35.6	48.6	58.9	37.7	52.2	na	-6%	-7%	na
Unit Financing cost	RMB/t	12.6	9.2	6.6	5.4	9.0	6.8	na	2%	-3%	na
Unit Net Profit	RMB/t	2.0	19.6	31.2	39.7	21.3	33.6	na	-8%	-7%	na

Source: Deutsche Bank, Company Data

Earnings revisions

Figure 2: Earnings revisions

For year ended Dec 31	New				Old			%chg		
	2014A	2015E	2016E	2017E	2015E	2016E	2017E	2015E	2016E	2017E
Revenue	3,883	4,622	5,209	5,755	4,571	5,410	na	1%	-4%	na
Cost of sales	(3,285)	(3,710)	(3,960)	(4,217)	(3,662)	(4,070)	na	1%	-3%	na
Gross Profit	598	912	1,250	1,538	909	1,341	na	0%	-7%	na
SG&A	(294)	(336)	(358)	(376)	(310)	(341)	na	8%	5%	na
Other Income	53	142	153	169	155	148	na	-8%	4%	na
EBITDA	984	1,298	1,605	1,865	1,326	1,704	na	-2%	-6%	na
Depreciation and Amortization	(626)	(580)	(561)	(534)	(572)	(557)	na	1%	1%	na
Operating Profit (EBIT)	357	718	1,045	1,331	754	1,147	na	-5%	-9%	na
Net interest	(222)	(186)	(142)	(123)	(181)	(150)	na	3%	-5%	na
Pre-tax profit	135	533	902	1,208	573	997	na	-7%	-9%	na
Income tax	(96)	(133)	(226)	(302)	(143)	(249)	na	-7%	-9%	na
Minority interests	(4)	(4)	(7)	(9)	(4)	(8)	na	-10%	-12%	na
Net Profit	36	396	670	897	425	740	na	-7%	-9%	na
EPS	0.008	0.088	0.148	0.199	0.094	0.163	na	-6%	-9%	na

Source: Deutsche Bank, Company Data

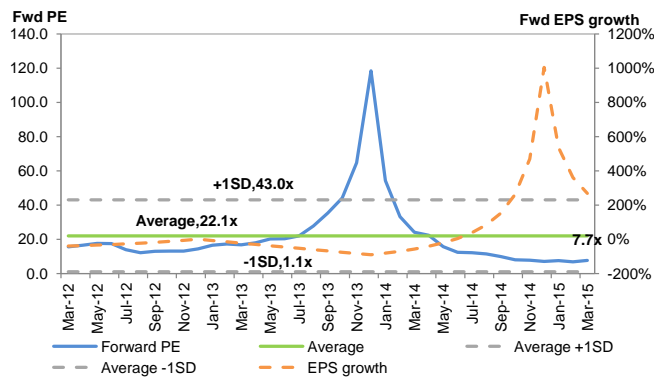


Valuation

Maintaining Buy with target price revised to HKD1.50

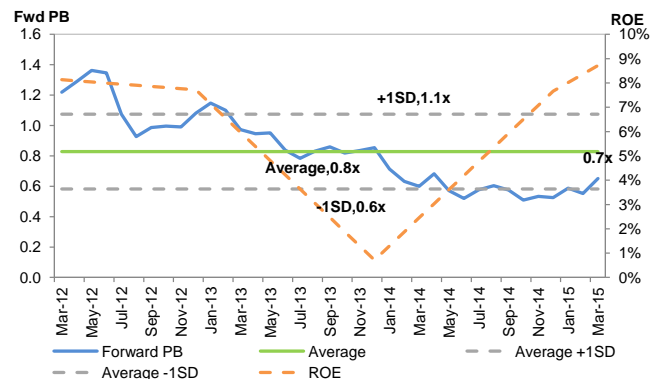
WCC is significantly undervalued, trading at a replacement cost of RMB275/t while other potential acquisition targets such as Shanshui have already re-rated to RMB400/t+. Our target price of HKD1.50 is derived using 1x P/B or a replacement cost of RMB327/t, but we see upside to this as the sector replacement cost is RMB400/t (target price of HKD2.04/sh). We believe any M&A involving WCC will need to occur at minimum of book value. Risks: demand slowdown and price war.

Figure 3: WCC's 3-year historical forward PE



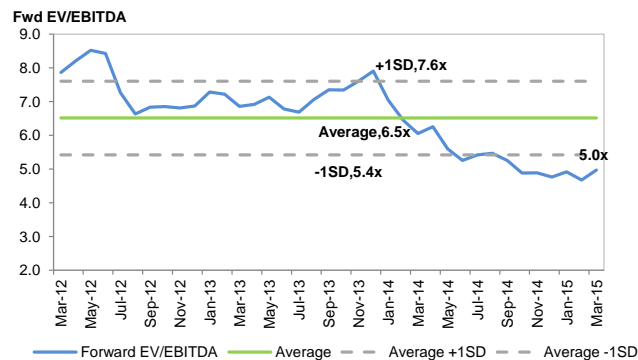
Source: Deutsche Bank

Figure 4: WCC's 3-year historical forward PB



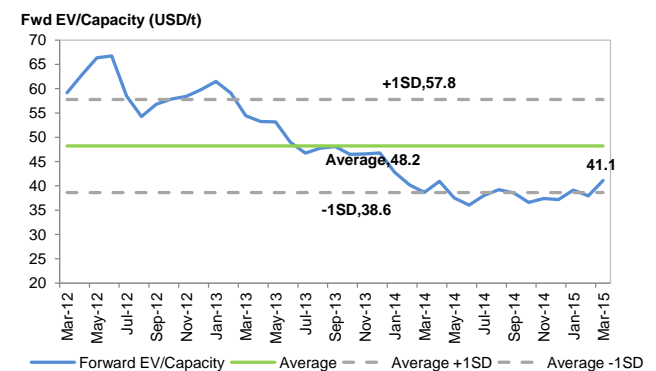
Source: Deutsche Bank

Figure 5: WCC's 3-year historical forward EV/EBITDA



Source: Deutsche Bank

Figure 6: WCC's 3-year historical forward EV/Capacity



Source: Deutsche Bank



Appendix 1

Important Disclosures

Additional information available upon request

Disclosure checklist

Company	Ticker	Recent price*	Disclosure
West China Cement	2233.HK	1.10 (HKD) 27 Mar 15	6,9

*Prices are current as of the end of the previous trading session unless otherwise indicated and are sourced from local exchanges via Reuters, Bloomberg and other vendors. Data is sourced from Deutsche Bank and subject companies.

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Historical recommendations and target price: West China Cement (2233.HK)

(as of 3/27/2015)



Previous Recommendations

- Strong Buy
- Buy
- Market Perform
- Underperform
- Not Rated
- Suspended Rating

Current Recommendations

- Buy
- Hold
- Sell
- Not Rated
- Suspended Rating

*New Recommendation Structure as of September 9,2002

1.	25/06/2013:	Buy, Target Price Change HKD1.40	5.	27/05/2014:	Buy, Target Price Change HKD1.13
2.	01/09/2013:	Buy, Target Price Change HKD1.58	6.	02/07/2014:	Buy, Target Price Change HKD1.11
3.	27/11/2013:	Buy, Target Price Change HKD1.42	7.	25/02/2015:	Buy, Target Price Change HKD1.55
4.	20/03/2014:	Buy, Target Price Change HKD1.36			

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Buy: Based on a current 12- month view of total share-holder return (TSR = percentage change in share price from current price to projected target price plus projected dividend yield) , we recommend that investors buy the stock.

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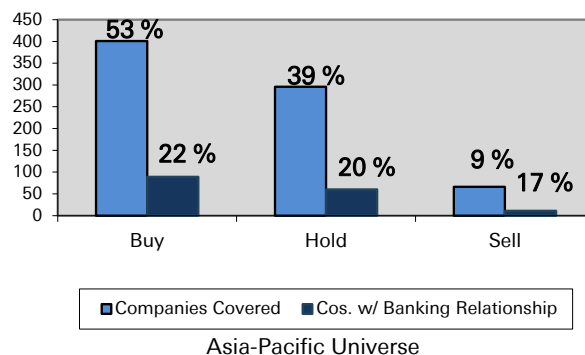
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Equity rating dispersion and banking relationships





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