Deutsche Bank
Markets Research

Industry
China TMT

Date
15 July 2015

Asia
China

Technology
Software & Services

Vivian Hao
Research Analyst
(+852) 2203 6241
vivian.hao@db.com

F.I.T.T. for investors

China ADRs: Long Way Home

A tempting return home clouded by regulatory uncertainties

The year 2015 has thus far seen a frenzy of privatization offers to US-listed Chinese companies, some with an intention of subsequent re-listing back home. Questions, however, have arisen about the practicality of this scheme, with virtually no successful precedents yet. In this report, we analyze major hurdles like legal complexities, IPO procedures and timing issues. VIE set-up and unwinding, and the new foreign investment law may further hinder the privatization process. Even with early signs of relaxation of some restrictions, developments are at a premature stage. Nonetheless, we shortlist and assess 'likely go-through bids', those that screen well for a bid and "maybe not's".

Deutsche Bank AG/Hong Kong

Deutsche Bank does and seeks to do business with companies covered in its research reports. Thus, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision. DISCLOSURES AND ANALYST CERTIFICATIONS ARE LOCATED IN APPENDIX 1. MCI (P) 124/04/2015.

Deutsche Bank
Markets Research

Asia
China
Technology
Software & Services

Industry
China TMT

Date
15 July 2015

FITT Research

China ADRs: Long Way Home

Vivian Hao
Research Analyst
(+852) 2203 6241
vivian.hao@db.com

A tempting return home clouded by regulatory uncertainties

The year 2015 has thus far seen a frenzy of privatization offers to US-listed Chinese companies, some with an intention of subsequent re-listing back home. Questions, however, have arisen about the practicality of this scheme, with virtually no successful precedents yet. In this report, we analyze major hurdles like legal complexities, IPO procedures and timing issues. VIE set-up and unwinding, and the new foreign investment law may further hinder the privatization process. Even with early signs of relaxation of some restrictions, developments are at a premature stage. Nonetheless, we shortlist and assess 'likely go-through bids', those that screen well for a bid and "maybe not's".

Going home is more easily said than done: challenges in privatization and…

Privatization requires a significant amount of immediate funding for the share repurchase, repatriation tax and professional fees. Funding, usually raised through equity capital and debt borrowings from a consortium, largely depends on the target's ability to generate cash flow, its franchise value and to a lesser extent, its balance sheet strength. Further, the entire process is lengthy (a minimum of 6-12 months) to complete. In addition, the offerors could face litigation from unsatisfied minority shareholders on matters such as abuse of super voting power that might even derail the whole programme.

….challenges in re-listing: complications with the VIE structure

While some controls have been eased, there is still a long way to go for the Chinese supervisory bodies to continue their relaxation of key restricted areas such as ICP (internet content provider) license, which is a pre-requisite for almost all Chinese internet companies. Those intending to unwind these structures and return home face the risk of being disqualified on other key regulatory pre-requisites, including but not limited to: *a) a continued track record of profitability after repatriation tax liabilities, b) unchanged ownership structure, c) consistent historical business operations for the entity intended for listing, d) autonomy of the company over its operations and decision-making power, and e) fairness in related party transactions*.

Options available for returning home; many "what if's"

Re-IPO'ing, backdoor listing and an equity carve-out are the three major options currently available for making an entrance into the domestic market. While re-IPO and backdoor listing are preferred approaches, the process takes considerable time under the current approval regime by the CSRC and subject to strict regulatory oversight in China. An equity/asset carve-out and subsequent injection into a domestically listco would potentially bypass the aforementioned obstacles. All of the above options would face restrictions relating to VIE structures. A dual-listing, without unwinding VIE structures, could be an alternative yet not permitted in the A-share market currently.

Investment implications

Despite the recent volatility in the A-share market and the complex process post any bid, we expect privatization to be an ongoing theme and expect there to be further offers. Based on the screening criteria, we consider potential upside risk that applies to SINA (D/G to HOLD on valuation), SOHU (HOLD), YY (BUY), RENN (SELL), YOKU (SELL), FENG (HOLD). Our analysis provides further support to existing Buy ratings on YY, NetEase.

Top picks	
Tencent (0700.HK),HKD150.00	Buy
NetEase Inc. (NTES.OQ),USD145.21	Buy
Vipshop (VIPS.N),USD22.74	Buy

Source: Deutsche Bank

Companies Featured	
Baidu (BIDU.OQ),USD191.28	Buy
NetEase Inc. (NTES.OQ),USD145.21	Buy
New Oriental (EDU.N),USD23.79	Hold
Sina Corp (SINA.OQ),USD45.08	Hold
Sohu.com Inc (SOHU.OQ),USD47.61	Hold
Phoenix New Media (FENG.N),USD7.27	Hold
SouFun (SFUN.N),USD7.67	Hold
YY (YY.OQ),USD58.79	Buy
Youku Tudou (YOKU.N),USD20.63	Sell
Renren Inc (RENN.N),USD3.58	Sell

Source: Deutsche Bank

Deutsche Bank AG/Hong Kong

Deutsche Bank does and seeks to do business with companies covered in its research reports. Thus, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision. DISCLOSURES AND ANALYST CERTIFICATIONS ARE LOCATED IN APPENDIX 1. MCI (P) 124/04/2015.

Table Of Contents

A rocky road down the line

Major obstacles too big to ignore

While a privatization of ADRs followed by a re-listing in the domestic market offers very appealing incentives due to the current valuation premium of A-shares over the US-listings that still exists notwithstanding the sharp decline in the Chinese market in recent weeks (discussed in more detail on page 5), it also presents some major obstacles such as the following:

- **Withdrawal of offer.** A vast majority of current privatization proposals are 'non-binding offers', which are subject to free withdrawal from the offeror. Even at the stage of Definitive Merger Agreement (DMA), a withdrawal is allowable provided that a 'break-up fee' is paid. Previous withdrawal cases include CNinsure, Ambow and UT Starcom.
- **Greater need for immediate funding:** As per US SEC regulations, the outstanding shares should be bought back with payment made in cash often at a premium over the market value of the said shares, which usually requires the offeror to present at least an indicative 'Highly Confident Letter' for funding when tendering the non-binding offer; and later a 'Debt Commitment Letter' to the special committee to call for shareholder voting on the DMA. Apart from equity capital/equity rollover, cash funding, usually raised from a consortium of creditors, can impose stringent requirements around the target's ability to generate cash flow. 'Franchise lending' (eg. Alibaba) is sometimes made available too. The strength of the target's balance sheet and cash position are also considered under such review. Based on the case study of some past transactions, the required debt to EBITDA tends to fall below 3~4x, while lending rate is usually structured as LIBOR + x%. Related advisory, repatriation tax, income tax claw-back for profitable operating entities under PRC law and consulting fees would also account for a considerable portion of the total funding requirement.
- **Uncertainty in the ability to re-list and the unwinding of the VIE structure:** Due to the adoption of complex VIE structures (discussed in detail in page 22), many US-listed Chinese companies intending a domestic re-listing face the risk of being disqualified during the application review process on specific key regulatory pre-requisites such as a *continued track-record of profitability after tax, unchanged ownership structure, consistent historical business operations, autonomy of the company over its operations and decision-making power, and fairness in related party transactions*.
- **Time-consuming process:** The whole privatization process would usually take at least 6-12 months, e.g. Focus Media, Seven Days, or even longer if the deal becomes subject to litigation by minority stakeholders. The subsequent re-listing, subject to regulatory changes, could mean another three to five years.

- **Litigation by stakeholders:** A privatization offer can face many challenges from different parties including the target's shareholders, directors, or even the regulator itself that could prolong or even derail the entire deal. In a public company privatization case, according to industry experts, once the Board of Directors of the target agrees with the preliminary terms of the offering, the offer is presented to all the shareholders for voting. The 'Majority of the Minority' shareholders should vote in favour of the "fairness opinion" in order for the deal to go through.
- **Significant tax implications:** Through an SPV incorporated in Hong Kong or BVI, the offshore holding company currently enjoys a preferential 5% WHT (withholding tax) rate. With the unwinding of the VIE structure (discussed in detail in page 22), the company would face the risk of losing this benefit. Further, the new onshore entities are also subject to repatriation tax and claw-back of prior income tax liabilities (since the date entity started to be audited) if profitable assets are to be injected into the new entity.

Pre-requisites and typical profiles for candidacy

So far this year, 25 Chinese companies with ADRs listed on US exchanges received offers from buyer consortia led by their main shareholders. We identify the following conditions that led to these offers:

- **Unique business model understood better by the home market.** A domestic investor tends to have greater and timelier access to information relating to domestic market conditions and the subject company, compared to a foreign investor. Accordingly, domestic investors view themselves as more conversant with the company's business model than their foreign counterparts. As a result, the latter are perceived to know the real value of the company better than the former.
- **Relatively depressed valuation in overseas market.** Currently, the Chinese stock market is trading at a significantly higher valuation (Shenzhen composite trades at ~50x PE despite the sharp decline in recent weeks) vs. the US market (Nasdaq composite is trading at ~30x PE).
- **Favourable regulatory changes.** The Chinese government recently raised foreign shareholding limits for selective industries, such as operational e-commerce companies. These measures have been interpreted as a signal of further regulatory relaxation to encourage 'going-home'.
- **Smaller market cap (e.g., <US$3bn).** Largely driven by the lower funding requirements, small-cap companies (except for a few outliers such as QIHU) are more likely to receive privatization offers than large-cap companies.
- **Relatively simple VIE structure.** Given the complications that would arise in applying for re-listing in the mainland, companies with simple/no VIE structures are more attractive than those with highly complicated structures, such as SINA, WB, BIDU, BABA.

- **Large cash position.** Most of the US-listed Chinese companies are highly cash rich or cash generative entities providing an in-house financing source for the prospective acquirer for post-privatization funding requirements.
- **Concentrated voting rights.** The existence of a dual class structure amongst ordinary shares grants the founders/management of most of the Chinese companies an advantage over other investors in exercising their voting rights. In the usual proxy voting process for a company, super voting rights resulting from a dual-class structure would apply irrespective of actual shareholding. 10/25 cos. who received privatization offers have dual class structure.
- **Support from PE investors and consortia.** Most of the US-listed Chinese companies are still largely funded and counseled by their PE investors. Thus, the prospective acquirer could seek support from these PE investors and consortia in making a privatization offer.
- **Founder's willingness to repatriate:** Despite being in the early stages of non-binding offers, and with significant impending funding needs and other technical aspects to be dealt with, we deem the founder's (also usually the offeror's) willingness to repatriate as one of the most important determinants for a privatization to close.

Figure 1 summarizes the above discussed criteria of selected companies including few companies that have received offers for privatization in 2015 and are most likely to go through and companies that screen well but have not received any privatization offers.

Figure 1: Companies that screen well through privatization criteria

Criteria/Candidates	Bucket 1: Cos. That already received offers for privatization	Bucket 2: Cos. In the DB coverage universe who screen well for potential privatization	Bucket 3: Cos. Who meet the criteria but may not receive privatization offers	Bucket 4: Some selected cos. not rated by DB
	YY (BUY) RENN (SELL) HMIN (BUY)	FENG (HOLD) SINA (HOLD) SOHU (HOLD) YOKU (SELL)	SFUN (HOLD) BIDU (BUY) NTES (BUY) EDU (HOLD)	QIHU (received privatization offer) DANG (received privatization offer) JMEI (potential candidate) VNET (received privatization offer)
A. Unique business model better understood by the home market	**YY:** highly profitable business **HMIN:** leads the economy hotels with the largest geographic coverage and hotel chain	**SINA:** strong value contribution by Weibo **SOHU:** Growth driven by the online video and search segment **YOKU:** strategic value of online video segment as an effective customer acquisition and retention tool	**BIDU:** highly profitable business **NTES:** greatly successful gaming business **EDU:** growing K-12 business	**QIHU:** steady cash cow search and game business **DANG:** operating in the highly attractive e-com sector **JMEI:** a leader in beauty and cosmetic e-com sector
B. Relatively depressed valuation in overseas market	**YY:** trading at ~22% of disc. cf. DB TP **RENN:** trading at ~14% of disc. cf. offer price **HMIN:** trading at ~10% of disc. cf. DB TP	**FENG:** trading at ~34% of disc. Cf. IPO price **SOHU:** trading at ~10% of disc. Cf. DB TP	**SFUN:** trading at ~80% of disc. Cf. IPO price **BIDU:** trading at ~19% of disc. Cf. DB TP **NTES:** trading at ~13% of disc. Cf. DB TP **EDU:** trading at ~6% of disc. Cf. DB TP	
C. Favourable regulatory changes	NA	NA	NA	**DANG & JMEI:** Govt's green light on e-commerce cos. with special ownership structures
D.Smaller market cap (e.g., <US$3bn)	**RENN:** US$1.9bn **HMIN:** US$1.4bn	**FENG:** US$516m **SINA:** US$2.6bn **SOHU:** US$1.8bn		**DANG:** US$552m **JMEI:** US$2.8bn **VNET:** US$1.7bn
E. Relatively simple VIE structure			**EDU:** simplified/streamlined VIE structure	
F. Large cash position (% of market cap)	**YY:** 10% **RENN:** 36%	**FENG:** 41% **SINA:** 52% **SOHU:** 38% **YOKU**: 32%	**NTES:** 17% **EDU:** 27%	**JMEI:** 21%
G. Concentrated voting rights	**YY:** offerors hold 75.1% of voting rights (35.7% of ord. shares) **RENN:** offerors hold 49% of voting rights (32% of ord. shares)	**FENG:** Controlling shareholder holds 66% of voting rights **YOKU:** Founder holds 48% of voting rights (18% or ord. shares)	**SFUN:** Mgt. holds 100% of voting rights **BIDU:** Founder holds ~54% of voting rights **NTES:** Mgt. holds ~45% of voting rights	**DANG:** offerors hold 83.5% of voting rights (35.9% of ord. shares) **JMEI:** offerors hold 75.5% of voting rights **VNET:** Chairman/CEO holds 30% of voting rights (8% of ord. shares)
I. Founder's commitment/willingness to privatize	**YY:** David Li is a visionary founder with capacity and commitment to further invest in the co.. Supported by well-known China TMT angel investor and founder of Xiaomi, Lei Jun. **RENN:** CEO Joe Chen is determined to transform from an entrepreneur to TMT sector investor, whose track record is well recognized in China	**SINA:** MBO suggests CEO's improving dedication and engagement in the company while Fosun, a veteran in buyout and privatization is involved in this deal	**SFUN:** Founder/CEO's strong focus on co.'s business transition	

Source: Deutsche Bank, company data; Bloomberg Finance LP

Those likely to go-through after the bid

Below is a list of companies we believe to have decent chance to go through based on the assessment of aforementioned criteria.

- **YY (BUY):** buyers group holds 35.7% stake while holding 75.1% of voting rights; highly profitable business with good cash flow (CF yield at 4% for FY15E); cash position at 10% of market cap; business model is unique to China and under-appreciated by overseas investors.
- **RENN (SELL):** maturing game segment with lackluster advertising performance. However, Joe Chen, the founder and CEO of the co is deemed visionary and capable in investing. Given the co's value as holdco of investments in a few internet finance start-ups, potential exit through asset divestiture is possible. Co is trading at FWD FY15E/16E P/S of 17x/16x versus DBe of 10x/9x; a ~75% discount over IPO price of US$14 and 21% discount over offering price of US$4.20; a significant cash balance of ~39% of market cap.

Companies screening well for a privatization

Below, we identify a few companies within our coverage universe that screen well for potential privatization.

- **FENG (HOLD)**: trading at ~20% discount cf. IPO price; high cash position of ~45% of market cap; controlling shareholder casts ~66%[1] of voting rights. An offer would be a clear upside risk to our HOLD rating.
- **SINA (HOLD):** total equity investment apart from Weibo holding accounts for ~19% of the current market cap; net cash position at ~54% of market cap; lower value for the business ex-Weibo. Relatively complicated VIE structure and less concentrated management shareholding; potential technical issues.
- **SOHU (HOLD)**: sturdy performance of Sogou but deteriorating cash flow from gaming business (Changyou; CYOU); high cash position of ~41% of market cap; potential carve-outs of Changyou, Sogou and Sohu Video.
- **YOKU (SELL)**: even as the company has seen accelerated growth due to aggressive investment in content procurement, we do not see a sustainable standalone business model as the online video sector can hardly achieve profitability or positive cash flow due to the intense competition as well as the 'squeeze' from upstream content providers. Nonetheless, we do see the strategic value of online video to internet platforms as an effective customer acquisition and retention tool. Given YOKU's deteriorating financials, we see an upside risk due to a potential privatization and merger proposal offered by cash-strong internet platforms, such as BABA, which owns 20.7% of YOKU at US$30.50 per ADR valuation. In case of such event, we expect potentially higher premium offered due to the platform's scarcity value. Founder/CEO Victor Koo owns 18.1% of ordinary shares.
- **HMIN (BUY):** received an offer for privatization at ~12% premium over current market price; the No.1 leading economy hotel brand in China and largest network nationwide; currently trades at FWD EV/EBITDA of 5x and PE of 19.5x vs. 32x and 19x, respectively of its Chinese counterpart, Jinjiang Economy Hotels (600754.CN); Founder with the buyer group holds ~35% of voting rights. HMIN does not adopt a VIE structure while majority of assets/cash is on shore. One of its close competitor Seven Days (SVN) successfully completed privatization in 2013.

---

[1] Calculated from data provided in the co.'s 20-F

[2] Internet Content Providers

[3] The re-listing is pending, since a director of Hongda's has been investigated by CSRC due to violation of

Those screen well but unlikely

The companies we discuss below, filtering well through our privatization criteria. Nevertheless, it is unlikely that these companies would receive such a tender offer based on our analysis.

- **SFUN (HOLD)**: greater uncertainty in expected outcome from the business model transition; trading at ~80% discount cf. IPO price; founder wields ~90% of voting power. But, in our view, a de-listing is unlikely thanks to the founder and CEO's dedicated focus on the company's business transition at the moment; however, a carve-out of new EC business is a possibility.
- **BIDU (BUY)**: a highly profitable and cash generative business; yet depressed valuation at FWD FY15E/FY16E PE of 24x/18x versus China internet universe at 32x/21x due to business model transition and investment in margin-drag O2O business; but would face difficulties in re-listing due to highly complicated VIE structure unwinding and significant funding needs given the size. BIDU, similar to GOOG, has been a well owned name with appreciation of mainstream overseas investors.
- **NTES (BUY)**: though technically it screens well, the market appreciates the company relative to other game companies at a FWD FY15E/16E PE of 18x/14x versus online gaming universe at 15x/13x. Yet it's still significantly lower than Tencent's gaming segment valuation at 22X FWD FY15E. The company is dividend paying (25% payout) and at 19% net cash position of market cap, while major shareholder and founder William Ding is the major beneficiary of such cash flow. We also consider a carve-out listing of the e-commerce business as an option for A-share listing in the domestic market.
- **EDU (HOLD)**: a high cash balance of ~28% of market cap; a recently simplified/streamlined VIE structure with founder Michael Yu with real control and 16.4% shareholding of the company. Separately, majority of the co's cash is kept onshore within operating entities (learning centers). EDU is currently trading at a ~40% discount to peer XRS. Yet, we note the risk that based on the prudent founder behavior pattern; it is unlikely the founder raises such a proposal before fully assessing the immediate costs and tax implications incurred.

Figure 2 and Figure 3 present some key financial indicators of the companies which have received offers in YTD 2015 and the companies that screen well though have not received any offer while Figure 4 looks at the shareholding and voting structure of these companies.

Figure 2: A look at some key financial indicators of companies that have received going private offers

Companies that received going private offers											
Company	**Ticker**	**Recommendation**	**Market cap (US$m)**	**Last price (US$) (July 14, 2015)**	**Offer price (US$)**	**Upside/downside to offer price**	**CY15E P/E**	**CY16E P/E**	**Net cash/MV**	**EV/EBITDA**	**FCF yield % (FCF/MV)**
Qihoo 360 Technology Co. Ltd.	QIHU	Not Rated	8,254	64.0	77.0	-17%	19 x	13 x	1%	22 x	3%
YY Inc.	YY	Buy (US$75.0)	3,332	58.8	68.5	-14%	17 x	12 x	10%	20 x	5%
Mindray Medical International Limited	MR	Not Rated	3,166	27.0	30.0	-10%	17 x	15 x	26%	9 x	7%
WuXi PharmaTech Cayman Inc	WX	Not Rated	3,040	42.5	46.0	-8%	24 x	21 x	7%	14 x	2%
Momo Inc.	MOMO	Not Rated	3,041	16.1	18.9	-15%	75 x	24 x	15%	N/A	-1%
Renren Inc.	RENN	Sell (US$1.9)	1,953	3.6	4.2	-14%	N/A	N/A	36%	N/A	5%
Homeinns Hotel Group	HMIN	Buy (US$32.5)	1,405	29.4	32.8	-10%	21 x	18 x	-1%	6 x	8%
21Vianet Group, Inc.	VNET	Not Rated	1,688	20.1	23.0	-13%	448 x	58 x	-24%	31 x	-10%
Perfect World Co., Ltd.	PWRD	Not Rated	981	19.7	20.2	-2%	9 x	7 x	36%	N/A	N/A
E-House (China) Holdings Limited	EJ	Not Rated	875	6.2	7.4	-16%	14 x	12 x	53%	8 x	-2%
Bona Film Group Limited	BONA	Not Rated	766	11.8	13.7	-14%	34 x	26 x	-8%	25 x	-13%
China Mobile Games and Entertainment Group Limited	CMGE	Not Rated	583	21.3	22.0	-3%	11 x	N/A	11%	11 x	-1%
E-Commerce China Dangdang Inc.	DANG	Not Rated	552	6.8	7.8	-13%	N/A	28 x	40%	29 x	4%
iDreamSky Technology Limited	DSKY	Not Rated	522	12.0	14.0	-14%	14 x	9 x	29%	216 x	0%
China Cord Blood Corporation	CO	Not Rated	406	5.6	6.4	-13%	28 x	19 x	67%	2 x	21%
JA Solar Holdings Co., Ltd.	JASO	Not Rated	390	7.7	9.7	-21%	9 x	8 x	-84%	3 x	-5%
Kongzhong Corp	KZ	Not Rated	327	7.2	8.6	-16%	N/A	N/A	33%	4 x	11%
AirMedia Group Inc.	AMCN	Not Rated	294	4.8	6.0	-20%	N/A	N/A	28%	N/A	-17%
Vimicro International Corp.	VIMC	Not Rated	258	10.8	13.5	-20%	24 x	10 x	5%	25 x	-13%
China Nepstar Chain Drugstore Ltd.	NPD	Not Rated	218	2.2	2.6	-15%	N/A	N/A	21%	16 x	-12%
Jiayuan.com International Ltd.	DATE	Not Rated	220	6.6	7.2	-8%	29 x	16 x	14%	77 x	8%
Xueda Education Group	XUE	Not Rated	206	3.3	3.4	-2%	N/A	N/A	101%	N/A	-4%
Sungy Mobile Limited	GOMO	Not Rated	145	4.6	4.9	-6%	27 x	12 x	132%	N/A	35%
Taomee Holdings Ltd.	TAOM	Not Rated	109	3.0	3.6	-16%	N/A	51 x	95%	40 x	1%
China Information Technology, Inc.	CNIT	Not Rated	96	2.8	4.4	-37%	N/A	N/A	-54%	N/A	-11%

Source: Deutsche Bank, Bloomberg Finance LP
NA: Not applicable; n/a: not available; NM: not meaningful
The net cash/MV, EV/EBITDA, and FCF Yield ratios are calculated for the FY14
For cos. rated by DB, PE, EV/EBITDA, and FCF Yield are calculated based on DB estimates while those for other cos. are calculated based on info. from BBG
Net cash.MV is calculated after deducting ST/LT borrowings from C&CE

Figure 3: A look at some key financial indicators of companies that screen well but have not received going private offers

Companies that screen well but has not received any offers												
Company	Ticker	Recommendation	Market cap (US$m)	Last price (US$) (July 14, 2015)	% fall since 2 July	DB Target price (US$)	Upside/ downside to TP	CY15E P/E	CY16E P/E	Net cash/MV	EV/EBITDA	FCF yield % (FCF/MV)
Baidu, Inc	BIDU	Buy	67,183	191.3	-3%	236.0	-19%	25 x	18 x	8%	23 x	3%
NetEase, Inc.	NTES	Buy	18,976	145.2	0%	167.6	-13%	17 x	14 x	17%	9 x	7%
Youku Tudou Inc.	YOKU	Sell	3,988	20.6	-12%	13.4	54%	N/A	N/A	30%	N/A	3%
New Oriental Education & Technology Group Inc.	EDU	Hold	3,753	23.8	0%	25.2	-6%	18 x	15 x	27%	13 x	8%
SouFun Holdings Ltd.	SFUN	Hold	3,166	7.7	-7%	7.3	5%	55 x	28 x	7%	13 x	7%
Jumei International Holding Ltd.	JMEI	Not Rated	2,785	19.5	-11%	NA	NA	39 x	23 x	21%	N/A	N/A
SINA Corporation	SINA	Hold	2,630	45.1	-14%	50.0	-10%	54 x	25 x	52%	45 x	0%
Sohu.com Inc.	SOHU	Hold	1,837	47.6	-19%	52.6	-10%	N/A	58 x	38%	30 x	3%
Phoenix New Media	FENG	Hold	516	7.3	-4%	6.8	7%	14 x	9 x	41%	10 x	6%

Source: Deutsche Bank, Bloomberg Finance LP
NA: Not applicable; n/a: not available; NM: not meaningful
The net cash/MV, EV/EBITDA, and FCF Yield ratios are calculated for the FY14
For cos. rated by DB, PE, EV/EBITDA, and FCF Yield are calculated based on DB estimates while those for other cos. are calculated based on info. from BBG
Net cash.MV is calculated after deducting ST/LT borrowings from C&CE

Figure 4: Voting structure of companies which have received going private offers and some companies that screen well but have not received privatization offer

Company	Ticker	Dual class structure	Aggregate shareholding by the offerror(s)	Aggregate voting power by the offerror(s)	Status of the Privatization offer
Cos. that received going private offers					
Perfect World Co., Ltd.	PWRD	Class A: 10 votes Class B: 1 vote	a. 16.8% of ord shares	a. 56.0% of voting power	Entered into definite merger agreement
Jiayuan.com International Ltd.	DATE	NA	a. 19.6% of ordinary share	a. 19.6% of voting power	Non-binding offer Hired finance and legal advisors
Sungy Mobile Limited	GOMO	Class A: 1 vote Class B: 10 votes	a. 42% of ordinary share	a. 67.8% of voting power	Entered into definite merger agreement
Xueda Education Group	XUE	NA	n/a	n/a	Non-binding offer Hired finance and legal advisors
China Cord Blood Corporation	CO	NA	a. 53.3% of ord shares	n/a	Non-binding offer Hired finance and legal advisors
WuXi PharmaTech Cayman Inc	WX	NA	n/a	n/a	Non-binding offer Appointed a special committee
China Mobile Games and Entertainment Group Limited	CMGE	Class A: 1 vote Class B: 5 votes	n/a	n/a	Entered into definite merger agreement
Taomee Holdings Ltd.	TAOM	NA	n/a	n/a	Non-binding offer Hired finance and legal advisors
Mindray Medical International Limited	MR	Class A: 1 vote Class B: 5 votes	a. 27.7% of ordinary share	a. 63.5% of voting power	Non-binding offer Appointed a special committee
JA Solar Holdings Co., Ltd.	JASO	NA	a. 15.6% of ordinary share	a. 15.6% of voting power	Non-binding offer Appointed a special committee
E-House (China) Holdings Limited	EJ	NA	a. 26% of ordinary share	a. 26% of voting power	Non-binding offer Hired finance and legal advisors
Renren Inc.	RENN	Class A: 1 vote Class B: 10 votes	a. 32% of ordinary share	a. 49% of voting power	Non-binding offer
21Vianet Group, Inc.	VNET	Class A: 1 vote Class B: 10 votes	n/a	n/a	Non-binding offer Appointed a special committee
Homeinns Hotel Group	HMIN	NA	a. 35% of ordinary share	a. 35% of voting power	Non-binding offer Hired finance and legal advisors
Bona Film Group Limited	BONA	NA	a. 54.6% of ordinary share	a. 54.6% of voting power	Non-binding offer
iDreamSky Technology Limited	DSKY	Class A: 1 vote Class B: 10 votes	a. 22.1% of ordinary share	a. 40.6% of voting power	Non-binding offer Hired finance and legal advisors
Qihoo 360 Technology Co. Ltd.	QIHU	Class A: 1 vote Class B: 5 votes	a. 16.2% by CEO	n/a	Non-binding offer Hired finance and legal advisors
AirMedia Group Inc.	AMCN	NA	a. 38% of ordinary share	a. 38% of voting power	Non-binding offer Hired finance and legal advisors
China Information Technology, Inc.	CNIT	NA	n/a	n/a	Non-binding offer Appointed a special committee
Vimicro International Corp.	VIMC	NA	a. 11.6% of ordinary share	a. 11.6% of voting power	Non-binding offer Hired finance and legal advisors
Momo Inc.	MOMO	NA	a. 47.8% of ordinary share	a. 84.1% of voting power	Non-binding offer
Kongzhong Corp	KZ	NA	a. 40.6% of ordinary share	a. 40.6% of voting power	Non-binding offer
China Nepstar Chain Drugstore Ltd.	NPD	NA	a. 79.5% of ordinary share	a. 79.5% of voting power	Non-binding offer
YY Inc.	YY	Class A: 1 vote Class B: 10 votes	a. 35.7% of ordinary share	a. 75.1% of voting power	Non-binding offer
E-Commerce China Dangdang Inc.	DANG	Class A: 1 vote Class B: 10 votes	a. 35.9% of ordinary share	a. 83.5% of voting power	Non-binding offer
Companies that screen well but have not received privatization offer					
Company	**Ticker**	**Dual class structure**	**Aggregate shareholding by the mgt.**	**Aggregate voting power by the mgt.**	**Status of the Privatization offer**
SINA Corporation	SINA	NA	a. 18.4% of ordinary share	a. 18.4% of voting power	NA
Sohu.com Inc.	SOHU	NA	a. 21.26% of ordinary share	n/a	NA
Phoenix New Media	FENG	Class A: 1 vote Class B: 1.3 votes	a. 61.3% of ordinary share	a. 66.0% of voting power	NA
Youku Tudou Inc.	YOKU	Class A: 1 vote Class B: 4 votes	a. 43.6% of ordinary share	Chengwei Funds & Victor Koo: 48%	NA
SouFun Holdings Ltd.	SFUN	Class A: 1 vote Class B: 10 votes	a. 100% of ordinary share	a. 100% of voting power	NA
Baidu, Inc	BIDU	Class A: 1 vote Class B: 10 votes	a. 16.6% of ordinary share	Robin Li holds 53.6% of voting power	NA
NetEase, Inc.	NTES	NA	a. 44.6% of ordinary share	a. 44.6% of voting power	NA
New Oriental Education & Technology Group Inc.	EDU	NA	a. 16.9% of ordinary share	a. 16.9% of voting power	NA
Jumei International Holding Limited	JMEI	Class A: 1 vote Class B: 10 votes	a. 40.8% of ordinary share	a. 87.2% of voting power	NA

Source: Deutsche Bank, Company data;
n/a: not available; NA: not applicable;
Phoenix Satellite Television (B.V.I.) Holding Limited holds 100% of Class B shares of FENG; Voting rights % for FENG is calculated based on info from 20-F
Ownership and voting right % for SINA is inclusive of 11m fresh shares CEO agreed to buy
Ownership and voting right % for PWRD, CO, BONA, VIMC, and NPD are based on 20-F data
Shanda Games (GAME) who received an offer for going private in Jan 2014 has entered into a definitive merger agreement in April 2015

Figure 5 and Figure 6 present details on the internet universe covered by DB and the domestic A-share comparables for the ADRs.

Figure 5: Internet universe comparable data

Company	RIC ticker	DB-rated	Year end	Rep. ccy	Price (USD)	Mkt cap (USDm)	P/E (x) 2013	P/E (x) 2014	P/E (x) 2015E	P/E (x) 2016E	EV/Sales (x) 2013	EV/Sales (x) 2014	EV/Sales (x) 2015E	EV/Sales (x) 2016E	EV/EBITDA (x) 2013	EV/EBITDA (x) 2014	EV/EBITDA (x) 2015E	EV/EBITDA (x) 2016E
China internet																		
Alibaba Group Holding Ltd	BABA.K	Buy	31-Mar	CNY	81.50	197,637	nm	50.1	31.3	22.8	nm	21.0	11.8	7.9	nm	36.2	35.3	20.9
Tencent Holdings Ltd	0700.HK	Buy	31-Dec	CNY	19.57	177,849	29.8	35.6	36.3	19.6	7.6	9.8	10.5	7.9	20.1	21.8	22.4	16.5
Baidu Inc	BIDU.OQ	Buy	31-Dec	CNY	191.28	66,858	23.5	29.6	25.0	18.2	7.6	7.9	5.4	3.8	17.5	23.1	19.7	13.9
Jd.Com Inc	JD.O	Hold	31-Dec	CNY	33.92	40,798	nm	>100	nm	>100	nm	1.4	1.2	0.9	nm	nm	nm	>100
Vipshop Holdings Ltd	VIPS.N	Buy	31-Dec	USD	22.74	13,286	47.0	67.9	48.3	32.1	1.2	2.6	1.7	1.1	37.6	66.8	38.1	19.5
Netease, Inc	NTES.OQ	Buy	31-Dec	CNY	145.21	18,733	10.4	12.8	16.8	14.3	3.0	3.5	4.4	3.7	6.5	8.8	13.0	10.1
Qihoo 360 Technology Co Ltd	QIHU.N	Not rated	31-Dec	USD	63.61	8,202	46.4	28.9	18.2	nm	nm	nm	5.5	4.3	nm	nm	15.5	nm
Ctrip.Com International Ltd	CTRP.OQ	Buy	31-Dec	CNY	74.33	11,196	28.8	61.4	52.3	30.0	4.1	5.0	3.8	2.7	22.9	70.8	71.3	34.3
Yy Inc	YY.OQ	Buy	31-Dec	CNY	58.79	3,398	19.7	22.8	16.9	12.4	4.9	6.4	3.1	2.0	17.0	20.2	13.0	8.4
Qunar Cayman Islands Ltd	QUNR.OQ	Buy	31-Dec	CNY	41.42	5,186	nm	nm	nm	>100	18.2	10.7	6.0	3.9	nm	nm	nm	>100
Weibo Corp	WB.O	Not rated	31-Dec	USD	15.09	3,118	nm	nm	57.8	21.2	nm	nm	5.6	4.1	nm	nm	41.8	16.2
Jumei International Holding Lt	JMEI.K	Not rated	31-Dec	USD	19.92	2,892	nm	23.1	24.0	16.2	nm	nm	2.3	1.8	nm	nm	17.9	11.4
58.Com Inc	WUBA.N	Not rated	31-Dec	USD	62.28	7,195	nm	nm	>100	46.3	nm	nm	16.8	11.4	nm	nm	nm	62.1
Autohome Inc	ATHM.N	Hold	31-Dec	CNY	44.93	4,755	40.6	33.3	25.8	18.9	14.2	10.6	7.1	5.1	29.4	24.0	17.2	11.5
Soufun Holdings Ltd	SFUN.n	Hold	31-Dec	USD	7.67	3,088	10.2	19.9	54.6	28.0	4.2	6.1	2.9	2.1	7.4	13.1	34.1	14.9
Youku Tudou Inc	YOKU.N	Sell	31-Dec	CNY	20.63	3,385	nm	nm	nm	nm	6.6	4.6	2.5	2.1	nm	nm	nm	nm
Cheetah Mobile Inc	CMCM.K	Not rated	31-Dec	CNY	25.26	3,578	nm	nm	36.6	15.0	nm	nm	6.1	3.4	nm	nm	32.4	11.9
Sina Corp	SINA.OQ	Buy	31-Dec	USD	45.08	3,005	57.7	66.7	53.7	24.7	4.2	1.4	0.8	0.6	47.5	45.4	15.5	4.9
Sohu.Com Inc	SOHU.OQ	Hold	31-Dec	USD	47.61	1,833	6.7	nm	nm	58.0	1.3	1.0	0.7	0.7	3.2	30.3	12.5	4.8
Bitauto Holdings Ltd	BITA.K	Not rated	31-Dec	CNY	48.20	2,897	nm	36.2	17.6	12.6	nm	nm	5.4	4.3	nm	nm	18.4	13.6
Renren Inc	RENN.N	Sell	31-Dec	USD	3.58	1,450	14.7	13.0	nm	nm	0.5	1.4	5.7	5.2	nm	nm	nm	nm
500.Com Ltd	WBAI.N	Sell	31-Dec	CNY	19.30	679	>100	30.4	31.6	19.4	>20	11.5	9.5	6.7	76.8	41.8	>100	21.2
E Commerce China Dangdang I	DANG.N	Not rated	31-Dec	CNY	6.98	564	nm	nm	17.0	nm	nm	nm	0.3	nm	nm	nm	8.9	nm
Phoenix New Media Ltd	FENG.N	Hold	31-Dec	CNY	7.27	566	10.8	15.0	13.8	9.2	0.9	1.6	0.7	0.4	4.8	9.7	5.2	2.3
Tuniu Corp	TOUR.O	Not rated	31-Dec	CNY	16.31	1,033	nm	nm	nm	>100	nm	nm	0.7	0.4	nm	nm	nm	>100
Elong Inc	Long.OQ	Not rated	31-Dec	CNY	14.63	491	nm	>100	17.6	16.1	nm	nm	2.1	1.0	nm	nm	36.4	12.5
Leju Holdings Ltd	LEJU.K	Not rated	31-Dec	USD	7.63	1,025	nm	nm	nm	nm	nm	nm	1.4	1.2	nm	nm	nm	nm
Overall internet average							**28.3**	**40.6**	**32.5**	**21.4**	**7.0**	**12.3**	**8.7**	**6.2**	**19.8**	**29.6**	**27.9**	**18.4**
China web/mobile games																		
Kingsoft Corp Ltd	3888.HK	Not rated	31-Dec	CNY	2.96	3,854	33.6	26.9	21.8	26.5	nm	nm	5.0	5.1	nm	nm	13.9	nm
Nq Mobile Inc	NQ.N	Not rated	31-Dec	USD	4.05	323	nm	nm	2.3	nm	nm	nm	0.8	nm	nm	nm	2.7	nm
Forgame Holdings Ltd	0484.HK	Not rated	31-Dec	CNY	2.18	319	nm	nm	2.9	nm	nm	nm	0.4	nm	nm	nm	1.1	nm
Boyaa Interactive International	0434.HK	Not rated	31-Dec	CNY	0.60	461	nm	nm	6.7	5.1	nm	nm	1.2	0.9	nm	nm	3.0	2.1
Taomee Holdings Ltd	TAOM.N	Not rated	31-Dec	USD	3.01	106	27.4	18.5	nm	nm	nm	nm	0.9	nm	nm	nm	2.3	nm
China Mobile Games And Ente	CMGE.OQ	Not rated	31-Dec	CNY	20.95	656	nm	nm	9.0	8.1	nm	nm	1.6	1.2	nm	nm	5.9	4.2
Netdragon Websoft Inc	0777.HK	Not rated	31-Dec	CNY	3.21	1,598	19.9	27.5	21.6	nm	nm	nm	7.9	nm	nm	nm	13.6	nm
Average							**29.6**	**26.9**	**17.9**	**22.1**	**nm**	**nm**	**4.7**	**4.2**	**nm**	**nm**	**11.2**	**3.3**
China online games																		
Netease, Inc	NTES.OQ	Buy	31-Dec	CNY	145.21	18,733	10.4	12.8	16.8	14.3	3.0	3.5	4.4	3.7	6.5	8.8	13.0	10.1
Changyou.Com Ltd	CYOU.OQ	Not rated	31-Dec	USD	23.71	1,251	5.1	4.7	4.0	3.7	nm	nm	1.3	1.3	nm	nm	3.0	3.2
Shanda Games Ltd	GAME.OQ	Not rated	31-Dec	CNY	6.78	1,833	8.2	8.2	7.8	11.9	nm	nm	2.2	2.5	nm	nm	5.4	9.4
Perfect World Co Ltd	PWRD.OQ	Not rated	31-Dec	CNY	19.67	979	13.5	10.5	8.6	5.6	nm	nm	1.4	1.0	nm	nm	5.8	4.0
Average							**10.1**	**11.9**	**15.0**	**13.1**	**3.0**	**3.5**	**3.9**	**3.3**	**6.5**	**8.8**	**11.5**	**9.4**
Overall games average							**13.9**	**14.9**	**15.7**	**14.7**	**3.0**	**3.5**	**4.1**	**3.5**	**6.5**	**8.8**	**11.4**	**9.1**

Source: Deutsche Bank, Company data, Bloomberg Finance LP, Thomson Reuters
Updated as at July 15, 2015

Figure 6: Domestic A-share comparables for the ADRs

Company	Ticker	Price (RMB)	Market cap (RMB 100mn)	PE TTM	PE 15E	PE 16E	PS（TTM）	EPS(RMB) TTM	EPS(RMB) 15E	EPS(RMB) 16E
China A-share market internet universe										
Leshi Internet Information and Technology Corp	300104.SZ	57.70	1,067.81	285.7	197.3	130.5	13.5	0.2	0.3	0.4
East Money Information	300059.SZ	56.68	963.28	277.9	119.8	60.7	108.7	0.2	0.5	0.9
Wangsu Science and Technology	300017.SZ	53.36	372.58	69.8	48.9	31.0	18.2	0.8	1.1	1.7
Searainbow Holding Corp	000503.SZ	35.74	321.24	6,006.6	517.6	256.2	168.9	0.0	0.1	0.1
Shanghai 2345 Network Holding Group	002195.SZ	35.57	310.08	182.8	96.3	68.8	35.5	0.2	0.4	0.5
Beijing Baofeng Technology	300431.SZ	249.12	298.94	938.2	579.5	404.4	74.0	0.3	0.4	0.6
People.cn	603000.SH	26.89	297.32	98.2	58.9	43.8	17.8	0.3	0.5	0.6
Beijing Sinnet Technology	300383.SZ	97.06	264.88	268.3	165.2	86.2	58.6	0.4	0.6	1.1
Navinfo	002405.SZ	36.98	255.75	215.5	150.8	115.4	22.3	0.2	0.2	0.3
Hangzhou Shunwang Technology	300113.SZ	57.70	168.37	93.3	71.2	47.8	23.5	0.6	0.8	1.2
Nsfocus Information Technology	300369.SZ	46.84	167.68	130.6	79.2	60.9	23.6	0.4	0.6	0.8
China National Software and Service Company Limited	600536.SH	28.58	141.35	583.2	144.7	50.1	4.5	0.0	0.2	0.6
Zhejiang Netsun	002095.SZ	49.73	125.68	400.7	95.3	52.2	82.6	0.1	0.5	1.0
Focus Technology	002315.SZ	88.58	104.08	83.4	70.1	49.6	21.2	1.1	1.3	1.8
Shanghai Ganglian E-commerce Holdings	300226.SZ	58.47	91.21	1,593.6	415.9	133.2	0.9	0.0	0.1	0.4
Guangbo Group Stock	002103.SZ	28.42	86.71	749.3	85.8	61.7	9.4	0.0	0.3	0.5
Sichuan Xun You Network Technology	300467.SZ	211.28	84.51	139.5	110.6	86.8	47.9	1.5	1.9	2.4
Everyday Network	300295.SZ	83.28	79.97	61.6	38.3	27.5	16.0	1.4	2.2	3.0
Newcapec Electronics	300248.SZ	26.36	75.24	198.6	134.1	97.5	22.0	0.1	0.2	0.3
Shenzhen Zhongqingbao Interaction Network	300052.SZ	22.00	57.20	(243.6)	-	-	12.6	(0.1)	-	-
Xiamen 35.com Technology	300051.SZ	11.86	38.07	2,571.5	-	-	14.1	0.0	-	-
Average		**44.41**	**255.81**	**199.4**	**113.0**	**70.4**	**15.8**	**0.2**	**0.4**	**0.7**
Median		**49.73**	**167.68**	**215.5**	**110.6**	**61.7**	**22.0**	**0.2**	**0.5**	**0.6**

Source: Deutsche Bank, Wind
Updated as at July 15, 2015

A glance at privatization process

The privatization process

The following sections discuss the privatization process, the arguments for and against privatization of listed companies, options available for US-listed Chinese companies returning home capital market, pre-requisites for an A-share listing in the mainland, implications of existing VIE structures along with a few examples of successfully completed privatization programmes and some failed attempts.

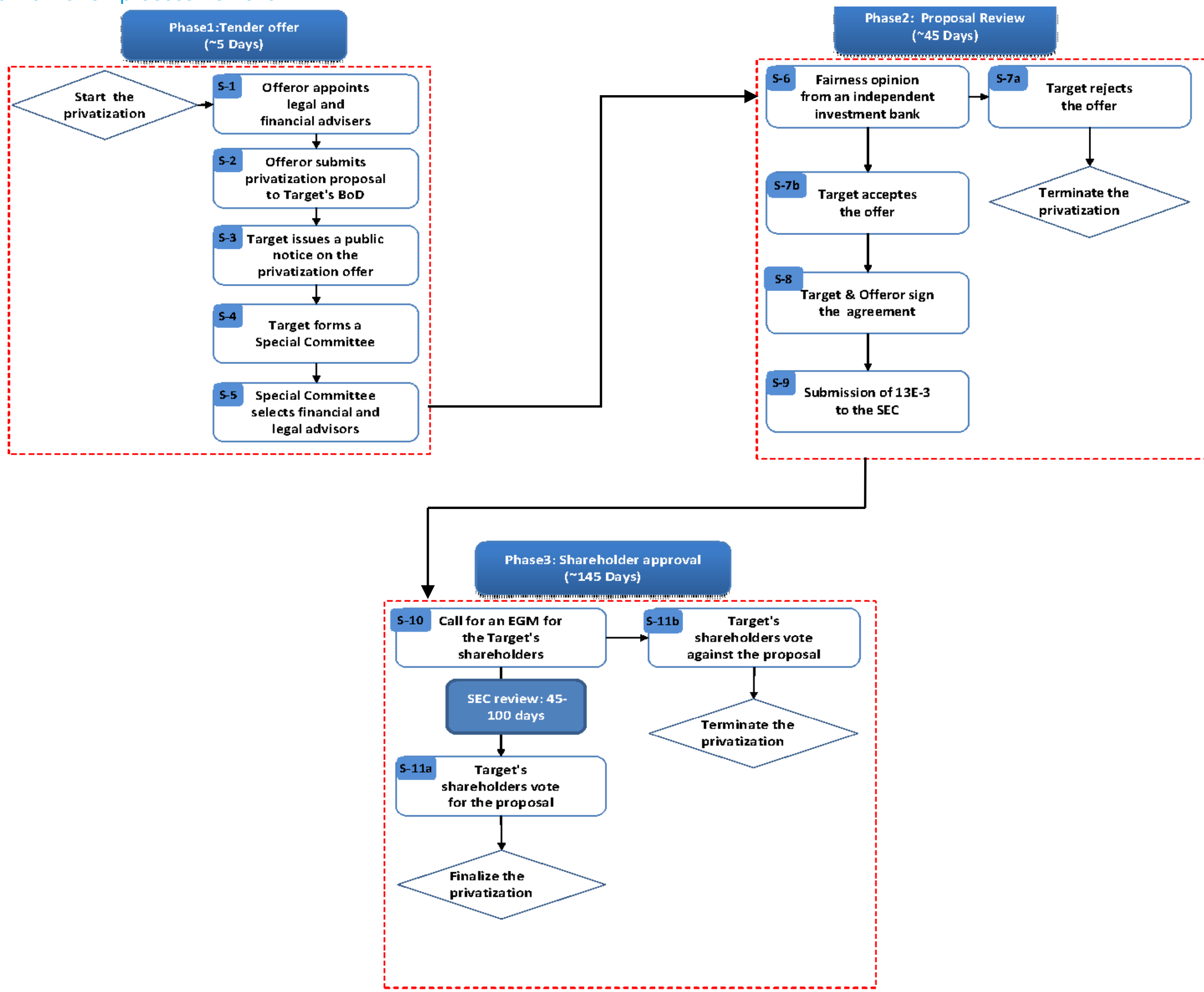
Two key pre-requisites in ***voluntarily privatizing*** a company listed on a US exchange are:

- A ***controlling shareholder*** of the company should ***initiate*** the process, and
- All outstanding shares must be acquired with ***payment in cash***.

Further, in the case of a company incorporated in the Cayman Islands (as is the case with most of the US-listed Chinese companies), at least two-thirds of the ordinary shareholders' consent is required for proxy voting. In a public company privatization case, according to industry experts, once the Board of Directors of the target agrees with the preliminary terms of the offering, the offer is presented to all shareholders for voting. The 'Majority of the Minority' shareholders should vote in favour upon consent on an independently determined "fairness opinion/valuation" in order for the deal to go through.

Figure 7 presents the privatization process.

Figure 7: ADR privatization process flowchart



Source: Deutsche Bank
Note: BoD-Board of Directors; EGM- Extra-ordinary General Meeting; SEC-Securities & Exchange Commission

No free lunch

While privatization of a listed company has its advantages such as the ability to gain from pricing disparities among different markets through re-listing, the challenges linked to the whole process could sometimes outweigh those benefits.

Greater need for immediate funding

One of the key pre-requisites for the privatization of a public company is that the outstanding shares should be bought back with payment made in cash, which is often at a premium over the market value of such shares. Further, the related consultant fees account for a considerable portion of the privatization-related fund requirements. Overall, sourcing of the required funds would be a challenging task for the offeror, especially if the prospective fund providers such as PE firms and banks perceive great uncertainties and risks in relation to the deal. Some of the key criteria considered by the lending firms in reviewing such a privatization related funding proposal are as follows:

- **Cash flow generation ability:** this is the first and foremost criteria for creditors who consider loan to asset light technology companies. Sustainable cash flow (usually EBITDA) is considered the main metric to secure loans associated with privatization. Normally 3~4x debt to EBITDA is acceptable while pricing is based on LIBOR + x%. Refinancing can be initiated at the end of the tenor if the exit is not viable at the time.
- **Equity capital and Equity rollover:** when the equity contribution by the buying consortia is high, the prospective lenders tend to be more confident on the former's commitment towards the deal.
- **Level of cash in hand: the** higher the net cash balance, more comfortable the lenders will be due to the higher buffer provided from such cash balance.
- **Assets pledge:** this considers the sufficiency, liquidity, clean title, and quality of the tangible assets that are to be pledged for the debt financing. Founder/offerors share pledge may be required, which can serve as downside protection for creditors.
- **Availability of a sound exit plan:** the existence of a sound business plan and exit roadmap, for instance for the company's next market entrance (e.g., a re-listing, carve-out injection), is also a critical factor in attracting prospective lenders/PEs.
- **Brand recognition (known as franchise lending):** usually franchise financing, which usually is provided to start-up companies, rates are considerably higher than the rates offered for well established companies with lower levels of operational uncertainties. Nevertheless, provided that the company has a good brand recognition in the market with a clear focus on the future operations (e.g., Alibaba, Focus Media), the offeror can seek for a lower rate from the lenders.

Usually, when a non-binding offer is made to a target, the offeror submits a "Highly Confident Letter" stating the commitment by an invest bank or other lending party to provide the necessary funding for the deal. This provides a certain level of assurance for the investors as to the offeror's ability to obtain the required funds. However, for the Chinese companies, we do not observe such practice. The details of such commitment are provided at the point of entering into definitive merger agreements and not at the stage of non-binding offer.

Time consuming

Privatization of a listed company requires a great amount of planning and approval from several parties. Accordingly, even in the absence of any litigation related to the privatization, the whole process would usually take *at least 6-12 months.* During this time period, the target is required to abide by all the regulatory reporting and disclosure requirements as usual. Further, by the end of this time period, the favourable market conditions that might have induced the initiation of the de-listing programme (e.g., an undervalued equity market) might no longer be prevailing, rendering the privatization option less attractive than it was at the beginning.

Delisting may be subject to litigation by stakeholders

A privatization offer can face many challenges from different parties including the target's shareholders, directors, or even the regulator itself (on the grounds of anti-trust or anti-competition laws, for example). These disagreements and objections can even advance as far as to result in litigation. While such developments would slow down the privatization process, some might even go to the extent of derailing the entire programme. As a result, the final offering price could be pushed higher to persuade minority shareholders who create a hostage situation. In addition to the litigations related to the privatization offer, other pending litigations or investigations would also affect the progress of the privatization process. Figure 8 presents details of the ongoing investigations initiated by shareholders of some of the companies that have received going private offers.

Figure 8: Ongoing investigations on the companies that have received going private offers

Company	Ticker	Nature of investigation
Perfect World Co., Ltd.	PWRD	To investigate the PWRD's sale - Whether there's any violation of fiduciaries duties of the BoD towards shareholders - Whether Mr. Chi is using his position as Chairman to purchase shares at an unfair rate
China Cord Blood Corporation	CO	No investigation. Rather a request made from the BoD to reject the offer on the grounds of unfair offer price
iDreamSky Technology Limited	DSKY	To investigate the PWRD's sale - Whether there's any violation of fiduciaries duties of the BoD towards shareholders by failing to obtain a fair price for the shareholders
		A class action alleging overstatement of the co.'s prospective performance - the ability in userbase monetization and the distribution channel integration resulting in lower guidance on earnings causing loss of investment value for the investors
AirMedia Group Inc.	AMCN	A class action lawsuit on securities fraud - for misrepresntation and ommission of material facts about the operations, business and prospects of the company resulting in artificially inflated share prices - False information on the sale of 75% equity stake in AM Advertising
Momo Inc.	MOMO	To investigate the fairness of the terms of the going-private proposal

Source: Deutsche Bank, company data

Uncertainty in the ability to re-list and VIE structure

US-listed Chinese companies may wish to delist their ADRs and re-list the A-shares in the domestic market. However, listing in the mainland involves more stringent restrictions (e.g. restrictions on foreign ownership of domestic companies that would result in the VIE structure being unwound) than being listed in the US market. As such, the option of re-listing in the domestic market might not be a feasible solution for some companies unless the Chinese government works towards adopting a more accommodative stance on the matter. Further, there's a greater level of uncertainty in relation to re-listing timing depending on whether to go through an asset injection, backdoor listing, new OTCBB (Over the Counter Bulletin Board), or main board IPO. The current issue facing a potential IPO candidate in the A-share market is the suspension of IPOs (which we believe will be temporary) and we should also flag the suspension of A-share IPOs that occurred in 2012.

Areas under close inspection by CSRC and likely major re-listing obstacles include but are not limited to:

- ***Consistent record of profitability in operating entities.*** At the listed company level, Chinese ADRs may report positive earnings and cash flow. However, under VIE structure where cash has been directed to the WFOE (see page 22 for more details), this may not be the case for the onshore opco, which is the subject of re-IPO application. The intended new listco may in fact not have the pre-requisite profitability track record deducting accumulated onshore income taxes and legal fees immediately after repatriation of minimal 3 years and Chinext for 2 years.
- ***Unwinding VIE structure a potential legal issue***. Successful A-share listing would require no major changes in ownership structure in the prior three years. As such, unwinding the VIE structure and adjustment in WFOE structure could lead to disqualification of a company's legal record and historical audited financial results. For example, New Oriental revised its holding structure in 2013 on the back of an SEC investigation. A historical VIE structure may not be acceptable to domestic listing supervisory bodies and a potential waiver might not be grandfathered to qualify an immediate listing.
- ***Consistent business operation records***: With the requirement to dismantle the VIE structure prior to applying for a domestic re-listing, it is uncertain whether the opco's previous records of operations would be counted when considering the new listco's qualification under the requirement for continuous operations for three consecutive years.
- ***Ambiguous independence of the listco***: As per the terms under the contractual agreement with the WFOE, the effective control of the opco's operations rest with the former. As such, it is likely that the new listco might not meet the pre-requisite of being an entity with complete autonomy on its affairs. However, with the unwinding of the VIE structure making the listco an independent entity; this issue might be resolved as historical records will not be considered in reviewing this criteria. Preferred share structure is not permitted under PRC law, which will be required to be cleared before filing for new IPO.
- ***Disqualification under related-party transactions rule***: The terms under agreement with related parties should abide by the regulations of voluntary conformity, fair compensation, and equality. The related-party transactions should be conducted at a fair value (at third-party market rates) without the existence of any financial manipulation and be fully disclosed to the public. As such, listco's transfer of all the economic benefits to the WFOE under a VIE structure could be deemed as a related-party transaction violating such regulations. Nevertheless, this criteria does not take account of historical transactions and thus, allowing the listco to resolve this issue with the unwinding of the VIE structure before applying for a re-listing by entering into fresh agreements with its related parties abiding by the rules stipulated by the regulator. Otherwise, during the VIE unwinding process,

the offshore holdco economic benefits need to be arranged with non-related third parties.

- ***Possible contradictions between existing laws***: "The provision of the safety review on the overseas investors' M&A of domestic enterprise" promulgated by the Ministry of Commerce affirms that an overseas investment entity controlled by Chinese nationals can be deemed as a Chinese investment entity. However, as per the new draft of "Foreign Investment Law", such an entity is identified as a foreign invested entity. Such ambiguities, unless clarified and revised promptly, would hinder the re-listing progress.
- ***Reform in A*-share** listing might not end with complete adoption entirely replacing the previous system. It is more likely to result in a more streamlined vetting-based hybrid system, similar to Hong Kong, where the process is handed over to exchanges, while internal reconciliation with securities supervisory bodies is required.

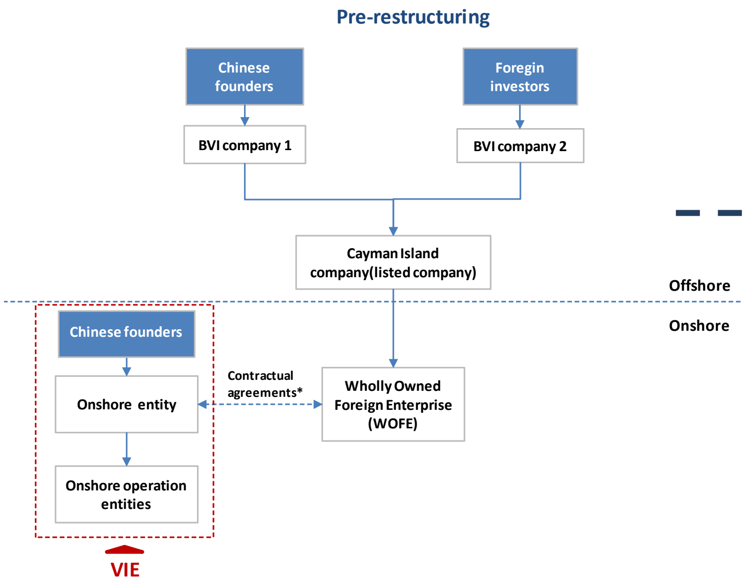
Implication of VIE structure on re-listing

Primary reason for adopting a not quite legal VIE structure

Foreign direct investments in Chinese companies are subject to greater regulatory restrictions than many other emerging markets. Thus, companies operating in such restricted sectors such as telecommunication and technology turned to an 'engineered approach' such as VIE organization structure to bypass these regulatory restrictions. So far, there has been no clear ruling that that Chinese law allows, approves or supports such a structure.

Figure 9, Figure 10, and Figure 11 show how a VIE structure could be dismantled to qualify for A-share listing in the domestic market. Under a VIE structure, investors in the offshore SPV (Special Purpose Vehicle) would be able to enjoy actual control and all economic benefits of onshore operations through contractual agreements between the fully owned onshore entity (WFOE) and the onshore VIE, without the need to hold ownership of the onshore company.

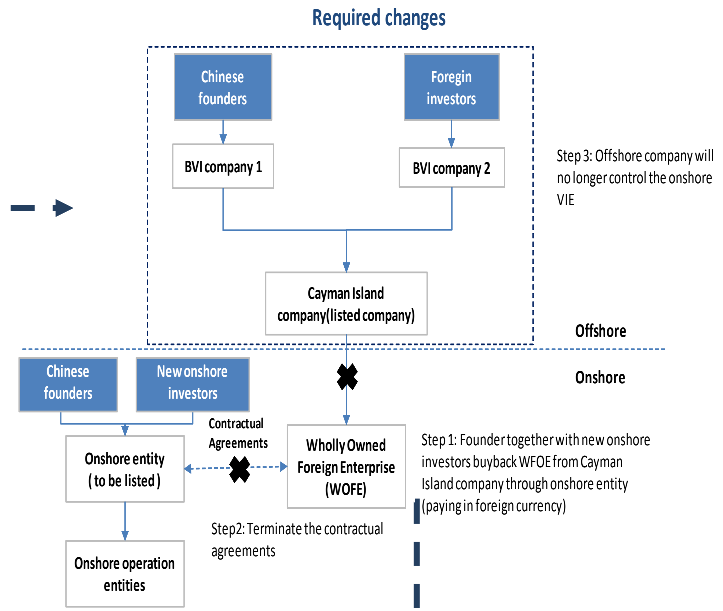
Figure 9: Pre-restructuring



*Contractual agreements includes technolgy service agreement, managment service agreement, consulting service agreement, equipment leasing agreement etc.

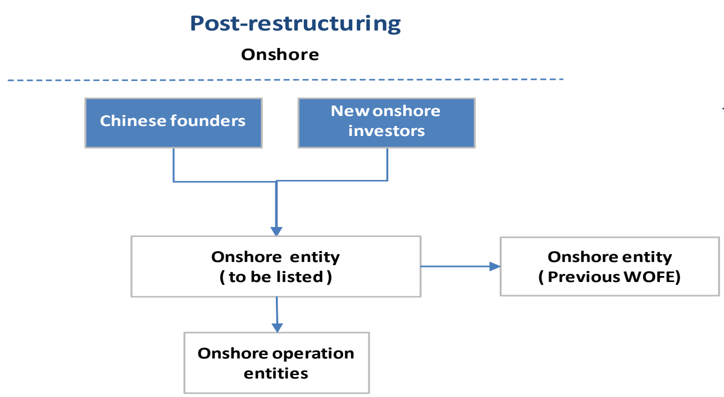
Source: Deutsche Bank,

Figure 10: Required changes



Source: Deutsche Bank,

Figure 11: Post-restructuring



Source: Deutsche Bank,

Figure 12 provides details of some popular Chinese companies that are listed in the US market through the adoption of VIE structures.

Figure 12: Examples of VIE structures

Company	Ticker	Sector	VIE assets as a% of total assets	VIE revenues as a% of total revenue
Alibaba	BABA.N	Internet	16.9%	11.8%
Baidu	BIDU.OQ	Internet	12.7%	26.8%
Vipshop	VIPS.N	Internet	2.1%	na
JD.com	JD.OQ	Internet	5.7%	3.0%
Sina	SINA.OQ	Internet	7.2%	80.9%
Qihoo 360	QIHU.N	Internet	28.7%	76.9%
Ctrip	CTRP.OQ	Internet	43.1%	53.2%
Qunar	QUNR.OQ	Internet	55.7%	21.2%
NetEase	NTES.OQ	Internet	11.4%	90.5%
Sohu	SOHU.OQ	Internet	22.9%	63.6%
Youku	YOKU.OQ	Internet	25.3%	94.9%
Autohome	ATHM.N	Internet	42.7%	69.1%
SouFun	SFUN.N	Internet	28.5%	15.4%
YY	YY.OQ	Internet	38.6%	96.3%
New Oriental	EDU.N	Education	65.3%	98.4%
TAL Education	XRS.N	Education	39.2%	90.7%

Source: Deutsche Bank, Company data, Latest 20F fillings as at the fiscal year end.
Note: Vipshop asset % is based on net asset

Complications in unwinding the VIE structure for a company returning home

While very recently the regulator allowed 100% foreign ownership of operational e-commerce companies (discussed in detail below), for companies operating in other sectors who are intending to return home, changing the current VIE structure would be a challenging task.

- **Possible disqualification on A-share listing requirements**: Due to the strict listing conditions set up by CSRC, these ADR companies, even with the new organizational structure stripping out the VIE element, could be disqualified on certain key listing conditions such as continued profitability, cash balances and ownership structures without major changes. For example, a company might have to wait ~2 additional years after tearing down the VIE structure before applying for a re-IPO in the A-share growth enterprise market in order to meet the listing requirement that a company has achieved profitability in most recent two years consecutively, with accumulative two years profit no less than RMB10m.
- **Potential loss of preferential tax benefits**: Through the SPV incorporated in Hong Kong or BVI, the offshore holding company currently enjoys a preferential 5% or 10% WHT (withholding tax) rate. With the unwinding of the VIE structure, the company would face the risk of losing this benefit.

More friendly government gesture on foreign ownership

At a recent public conference, Mr. Li Keqiang, Chinese Premier, stated that the government would take necessary steps to encourage start-up companies with special ownership structures to list domestically. He requested local governments to provide special tax incentives to these start-up companies including their angel investors to promote innovations in the emerging industries of the country. While such changes would certainly benefit up-and-coming companies in the long term, it is still unclear whether these policy changes would be applicable to companies that are already listed on US exchanges as well.

The new draft of “Foreign Investment Law” introduced by the Ministry of Commerce in January is intended to replace “Sino-foreign Equity Joint Venture Enterprise Law”, “Wholly Foreign Invested Enterprise Law”, and “Sino-foreign Cooperative Joint Venture Enterprise Law” that are currently regulating foreign investments in the mainland. Through the proposed law, the government is intending to streamline the regulations governing domestic and foreign investments in order to rectify the existing disparities between the regulatory treatments of the two. As per the definition provided by the draft law for the “effective control” of an entity, the US-listed Chinese companies currently operating under VIE structures are in effect treated as foreign invested companies with special structure.

No relaxation on core ICP[2] licenses yet

Further, as a result of ongoing proposals for relaxation of regulatory restrictions on foreign ownership, China Ministry of Industry and Information Technology on 19 June 2015 announced that it was opening the share percentage restriction and allowing 100% foreign shareholding for operational Chinese e-commerce companies. The regulatory relaxation pilot was adopted within the Shanghai Free Trade Zone at the beginning of this year and has now been extended nationwide.

The relaxation on the restriction suggests the ADR e-commerce companies could simplify the relisting procedure and accelerate the "go back to A-share" process, skipping the necessary VIE structure teardown. We believe this initiative marks the Chinese authorities’ willingness to pave the way home for foreign listed Internet companies. However, the foreign ownership restrictions on ICP licensing, telecom services and online broadcasting licenses have not been uplifted, which is a prerequisite for almost all Chinese Internet companies.

A practical example of a streamlined VIE structure – EDU

On 11 July 2012, New Oriental Education & Technology Group (EDU) announced that the company restructured its shareholding structure to adopt a much more simplified structure.

Under the previous ownership structure, the equity interests in New Oriental China (the VIE) had been held by 11 registered shareholders, including an entity controlled by Mr. Michael Minhong Yu (the founder). With the streamlined structure, 10 former shareholders transferred their equity interests to Mr. Yu without consideration and as a result, Mr. Yu solely controls the VIE.

[2] Internet Content Providers

Options available for returning home

Re-IPO (front-door listing)

Re-IPO is one of the three options presently available (while dual listing in the US and A-share market will only be possible after a favourable policy change in the future) for a company intending to enter the domestic market after being de-listed from the US market. While it is the most popular approach for listing A-shares, the level of time and resources required for the process is significantly higher in the mainland compared to developed markets. The issues relating to the complexity of the existing VIE structures need to be addressed under this option.

Backdoor listing (reverse merger)

The second option available for a company returning home is a backdoor listing. Since under this approach, the private company enters through a company already listed in the domestic market (shell company), the process is faster than a traditional IPO. As such, many companies prefer backdoor listing as a more practical approach than an IPO in entering the Chinese market (e.g. Focus Media's attempt).

Nevertheless, compared to an IPO, backdoor listing might carry a higher level of regulatory uncertainty as the regulator may toughen the rules related to backdoor listing given the increasing trend of companies' by-passing IPO approval procedures including some companies that had been previously rejected under the IPO process. In addition, the cost of backdoor listing is much higher than relisting, as the average price of a shell company in the A-share market is c.RMB3bn, according to local media reports, while the cost for relisting should be lower than 10% of the total offering value, normally quite minimal compared with the valuation. Further, the complexity of the VIE structure issue we discussed above would emerge under the backdoor listing approach as well.

Case study: Focus Media

Almost two years since its privatization, in a recent announcement, the management of Focus Media (FMCN) disclosed that the company will be re-listed[3] on the Shenzhen Stock Exchange under backdoor listing where the majority of the company's shares will be acquired by Jiangsu Hongda New Material (XSHE:002211), offering the controlling ownership of the latter in exchange. Accordingly, Jiangsu Hongda New Material, a silicone rubber product manufacturer plans to purchase a 100% stake of Focus Media via cash payment, new share offering and assets swap in realizing FMCN's assets injection. FMCN's valuation has amounted to RMB45.7bn (US$7.4bn) vs. RMB16.5bn (US$2.6bn) of privatized valuation in 2012. Notably, before privatization, FMCN was operating under a VIE structure with six layers of

[3] The re-listing is pending, since a director of Hongda's has been investigated by CSRC due to violation of information disclosure rules.

Cayman and BVI intermediate companies, controlled by Chairman Jiang Nanchun and other investors. In order to realize backdoor listing, the VIE structure has been unwound clearly, according to the latest filings. Mr. Jiang Nanchun, Chairman of FMCN would own ~26.7% of Jiangsu Hongda New Material at the completion of the deal.

According to the CSRC, in order to apply for IPO qualification, a company needs to fulfill the "Three years of existence without major restructuring" rule. As FMCN removed the VIE structure at the end of 2014, as per the rule, the company would have to wait until 2017 before applying for IPO. Backdoor listing on the other hand would take ~12 months providing a faster entry to the market, especially given the higher valuation level of the domestic market at the moment.

Carve-out of subsidiaries

Another possible option is to carve-out the business segments or subsidiaries and list them as independent entities through IPOs or inject the assets into other listcos. In a typical equity carve-out, ~20% of equity stake is sold to the public for cash proceeds while the remaining stake is distributed among the existing shareholders of the parent company. One major benefit of equity carve-outs is the ability to potentially bypass the regulatory nuances through asset injection to an existing listco, while re-listing process for deconsolidated profitable subsidiaries, however, will bode smaller scale profits on one hand, and is also subject to listing requirements.

Companies such as YY, SFUN, SOHU, and NTES with profitable business segments have the potential to try out equity carve-out rather than bundle everything into a re-IPO. However, the complications of a VIE structure would arise under this option as well requiring the unwinding of the VIE structure before applying for a listing of the carved-out business division.

Dual-listing

Provided that the Chinese government softens its stance on key issues such as restrictions on foreign ownership of mainland companies (e.g., already happening for e-commerce companies – discussed above), dual-listing presents another potential option for US-listed Chinese companies to enter the domestic market. However, ***A-share listing currently disallows dual-listing or preferred share structure***. As per the provisions under the new draft of "Foreign Investment Law" promulgated by MOFCOM (Ministry of Commerce), companies with VIE structures could be considered as foreign invested companies with special structure (discussed above). While allowing China ADRs to list A-shares, the draft is still yet to finalize among the three proposed treatments for such foreign invested entities that are in effect controlled by Chinese investors. A summary of the same is provided below (Figure 13):

Figure 13: Proposed treatments for foreign invested Chinese entities

	Requirement
Proposal I	a. Report to the State Council that the entity is in effect controlled by PRC nationals
Proposal II	a. Apply to the State Council to determine whether the entity is in effect controlled by PRC nationals or not b. The Council will determine whether the entity is in effect controlled by PRC nationals or not and approve/reject
Proposal II	a. Apply to the State Council for entry clearance b. The Council will take into account several factors including the control of the entity in order to determine whether to grant clearance or not

Source: Deutsche Bank, "China Practice Global Vision" by Han Kun Law Offices

Figure 14 presents a summary of the pros and cons of each of the options we have discussed above:

Figure 14: Pros and Cons of different listing options available

	Pros	Cons
Re-IPO	a. Most popular approach for listing A-shares b. No regulatory uncertainties	a. Considerably higher level of time and resources required b. Longer lock-up periods than many developed markets c. Winding down the VIE structure is a pre-requisite (no longer applicable for e-com cos.)
Backdoor listing	a. Faster than an IPO	a. High level of regulatory uncertainty relative to an IPO b. Costlier than a re-listing through an IPO c. Winding down the VIE structure is a pre-requisite
Carve-out	a. Ability develop a more focused business model	a. Considerably higher level of time and resources required in an IPO b. Longer lock-up period c. Winding down the VIE structure is a pre-requisite
Dual-listing	a. Ability to attract investors from both markets b. No need to wind down the VIE structure	a. High regulatory uncertainty

Source: Deutsche Bank

The pre-requisites for an A-Share IPO in China

Figure 15 provides the key conditions to be fulfilled by a company considering an IPO in the mainland.

Figure 15: Key conditions for A-share IPOs

	Mainboard and SMEs board	Growth enterprise market
Entity qualification	-A limited-liability company with at least 3-year consecutive operations - Registered capital has been fully paid - No disputes on assets ownership and equity ownership	
Profitability & Cash flow	- The company has achieved profitability over most recent 3 years consecutively with most recent 3 years accumulative profit exceeding RMB30m and most recent 3 years accumulative cash flow exceeding RMB50m; or most recent 3 years accumulative revenue exceeding RMB300m	- The company has achieved profitability over most recent 2 years consecutively, with accumulative 2 years profit no less RMB10m -Or the company achieve profitability over most recent 1 year with net profit no less than RMB5m, revenue no less than RMB50m and most recent 2 years YoY growth no less than 30%
Size of issuance	Pre-IPO share capital no less than RMB30m; post-IPO share capital no less than RMB 500m	Latest reported net asset no less than RMB20m; post-IPO share capital no less than RMB 300m
Asset quality	All losses have been covered; latest reported intangible asset no more than 20% of net asset	All losses have been covered
Controlling shareholders and senior management	-No significant directors and senior management change over the past 3 years - No controlling shareholder change over the past 3 years	-No significant directors and senior management change over the past 2 years - No controlling shareholder change over the past 2 years
Independence	-The company possess independent operation capability -No direct competition with controlling stakeholders -No unfair related party transaction	
Others	-No substantial change in major business models and company structure over most recent three years -No occurrence of critical risk-related events - No record of serious violations of laws	

Source: Deutsche Bank, CSRC

Figure 16 compares some of the key advantages and disadvantages linked with listing in the domestic market vs. the US market.

Figure 16: Listing in the domestic A-share market vs. US market

Perspectives	China mainland stock market		US stock market	
	Advantages	Disadvantages	Advantages	Disadvantages
Market premium	Fair valuation by domestic investors. (The co's major customers and business structure are embedded in home market, thus enjoying high level of recognition, avoiding the co's underestimation in US market due to information asymmetry.)	Time lag in seeking home premium. (The process of Public-Private-Public takes years which consumes the co's financial and management resources. Besides, when the co comes back, a bull market could go bear.)	Faster and more efficient listing process cf. to mainland listing. Thus, able to gain advantage of changing market sentiments.	Largely undervalued by foreign investor mainly due to lack of familiarity with the business model cf. to domestic investors
Regulatory and disclosure requirement	More flexibility to focus its resources and time on achieving a sustainable long-time growth without falling victim for undue market pressure in the short period.	Potential problems that the lower level regulation system endures, which, in the long run, would eventually evolve to jeopardize the co's core interest.	Increased investor confidence on the company's credibility as a player who abide by the investor friendly rules and regulations.	Stringent regulatory and disclosure requirements demanding more time and resources complying with them.
Product depth and Trading tools richness	Relatively easier trading mechanism to accommodate immature investors.	Lack of trading products and tools to manage sysytematic risk (e.g., immature financial derivatives market) Liquidity largely created by leveraged margin financing	Most mature market worldwide providing most rich and sophisticated trading tools and derivatives products to investors.	Over-complex trading products may lead to some risks under particular circumstance.
Brand awareness	Domestic brand awareness improvement	Decay of global brand awareness, incurring barriers for its overseas business expansion in the future.	Higher brand awareness by being listed on two of the world's best performing exchanges.	Higher level of prerequisites demanded for listing on NYSE exchange while Nasdaq allows start-up companies with small cap to more brand exposure.
Professional services quality and expense	Lower professional expenses such as attorney fees, audit fees, public announcement fees, etc.	Some local professional service institutions lack authority and credibility.	High quality professional services level with best-in-class credibility and investor awareness	Higher professional expenses including the public relations (PR) expenses in addition to other professional fees
Market maturation	The privilege of high P/E ratio and super raise funds.	-Irrationality, volatility and speculations, lacking long-period value-oriented capital. - Easily vaporized financial bubbles due to speculators' unpredictable "animal spirit".	- World's largest stock market with a US$25tn market cap, accommodating world first-class IPO deals -NYSE and Nasdaq are among the pioneer exchanges to allow dual/cross-border listing	-less attention to those overseas SME

Source: Deutsche Bank, Ernst & Young IPO Global Trends

China's reform plan in IPO system

For a company intending to publicly list its shares, two types of listing systems are available: verification and approval system, and registration system. The adoption of the registration system will enable the acceleration of the IPO process and optimization of IPO offerings. China currently adopts the approval system while the major developed markets, such as the UK, the US, Australia, Hong Kong, Singapore, Canada, France, and Germany adopt the registration system.

The CSRC (China Securities Regulatory Commission) in late 2013 unveiled a reform plan for the initial public offering system and recently CSRC Chairman affirmatively indicated that the registration system would be implemented in 2015, once the revision on Securities Law is approved in the National People's Congress and the Chinese Political Consultative Conference. The approximate rollout timeline is likely to be close to the end of 2015. It is seen as a major step towards a market-oriented IPO registration system from approval-based

IPO system. Supervisory bodies will focus more on qualification examination while value of the companies and related risk will be assessed by the market and investors. We do not expect a full migration to registration system like in the US but likely a more streamlined vetting-based hybrid system, like in Hong Kong, where the process is handed over to exchanges.

In that case, companies do not need to wait for an extended period of time or even apply for approval from CSRC. In addition, there will be substantially less administrative intervention in deciding IPO pricing, which will empower those high quality companies to enjoy a premium in valuation and achieve maximal financing target in A-share market.

Figure 17 identifies the key differences between these two systems available for publicly listing shares:

Figure 17: Types of systems available for listing shares

	Verification and approval system	Registration system
The role and responsibility of CSRC	Acts as the administrative and supervision entity, verifies the qualification and extend the approval of every IPO companies	Only executes the verification on IPO companies' qualifications, but no longer approve the IPO application
IPO pricing mechanism	Authority guided:CSRC gives the offering price guidance of each A-share IPO company	Market oriented: IPO company, underwriter and market investors jointly decide the offering price.

Source: Deutsche Bank, Notes: CSRC refers to China Securities Regulatory Commission

CSRC (China securities regulatory commission) recently announced suspension of new IPOs to stabilize the volatile stock market, following a significant market correction which resulted from panic sale and high margin balances. The regulator announced that it will continue to review IPO applications while the number of IPOs as well as the size of fundraising will be reduced significantly. Historically, the IPO suspension period ranged from three to 14 months and there’s no clear guidance on how long the current suspension would be. We believe the government will continue to evaluate the market bearing capability and more likely to resume IPOs in a staged approach (i.e., allowing larger sized IPOs first and shying away from smaller IPOs for a longer time period) after the restoration of market confidence. For the US-listed Chinese privatization candidates, the IPO suspension is likely to hurt the confidence of both proposal issuers and outside investors on the feasibility of the deal. However, given the fact that ‘de-listing to re-listing’ process generally should take at least more than three years, we believe the current suspension of A-share IPOs would not be a long-term re-listing obstacle.

Some practical examples

Successful stories

Figure 18 to Figure 20 highlight some of the successful privatizations that have taken place in the recent past.

Figure 18: Examples of successful privatizations

Company	Participants	Voting requirement/terms of privatization	Merger consideration	Financial sourcing
7 Days	a. 7 Days Group Holdings Ltd. ("Company") b. Keystone Lodging Holdings Ltd. ("Holdco") c. Keystone Lodging Company Ltd. ("Parent") d. Keystone Lodging Acquisition Ltd. ("Merger Sub") e. Mr. Boquan He f. Mr Nanyan Zheng g. Prototal Enterprises Ltd. h. Fortune News International Ltd. i. Keystone Asia Holdings Ltd. j. SCC Growth 2010 – Peak Holdco, Ltd k. Happy Travel Ltd. l. Meng Ann Lin	a. min of 2/3rd of shares that are present on the date and voting b. ADS needs to vote indirectly through ADS depository or directly by becoming a shareholder	a. $13.80 per ADS or $4.60 per Share (in cash after relevant WHT and with no interest.) b. The above consideration excludes certain shares ("excluded shares") c. Merger termination fee to be paid by either; i. the Co. (US$20m) or ii. the parent (US$32m), based on the conditions leading to termination	a. Total fund rqmt.: ~US$717m b. Sources: i. Up to US$120m through senior secured credit ii. US$311m rollover commitment from Rollover Shareholders iii. Balance ~US$286m by Mr. Boquan He and Sponsors as equity commitment c. Reverse termination fee and related exps reimbursement to the Company: i. Ltd guarantee has been provided by Co-Chairman and Sponsors (in case the merger is terminated) d. borrowings of up to $120 million under the Senior Secured Credit Facility
AutoNavi	a. AutoNavi Holdings Ltd. ("Company") b. Alibaba Investment Ltd. ("Parent") c. Ali ET Investment Holding Ltd. ("Merger Sub")	a. min of 2/3rd of shares that are present on the date and voting b. ADS needs to vote indirectly through ADS depository or directly by becoming a shareholder	a. $21.00 per ADS or $5.25 per Share (in cash after relevant WHT and with no interest. Also, a cancellation fee not more than $5.00 per 100 ADS will be deducted following the deposit agreement's term) b. The above consideration excludes certain shares ("excluded shares") c. Merger termination fee to be paid by either i. the company (US$40m) or ii. the parent (US$100m), based on the conditions leading to termination	a. Total fund rqmt.: ~US$1.1bn b. Sources: i. In-house cash balances of the Parent and its affiliated companies c. Reverse termination fee of US$100m will be paid by the Parent to the Company in the even the merger is terminated under certain conditions

Source: Deutsche Bank, SEC

Figure 19: Examples of successful privatizations cont'd…

Company	Participants	Voting requirement/terms of privatization	Merger consideration	Financial sourcing
Focus Media	a. Focus Media Holdings Ltd. ("Company") b. Giovanna Group Holdings Ltd. ("Holdco") c. Giovanna Intermediate Ltd. ("Midco") d. Giovanna Parent Ltd. ("Parent") e. Giovanna Acquisition Ltd. ("Merger Sub") f. The Chairman Parties (Jason Nanchun Jiang, JJ Media Investment Hldg Ltd., Target Sales Int'l Ltd., Top Notch Investments Hldg Ltd., Target Mgt. Group Ltd.) g. The Sponsors (Giovanna Investment Holdings Limited, Gio2 Holdings Ltd, Power Star Holdings Limited, State Success Limited) h. Fosun Int'l Ltd.	a. min of 2/3rd of shares that are present on the date and voting b. ADS needs to vote indirectly through ADS depository or directly by becoming a shareholder	a. $27.50 per ADS or $5.50 per Share (in cash after relevant WHT and with no interest. Also, a cancellation fee of $0.05 per ADS will be deducted following the deposit agreement's term) b. The above consideration excludes certain shares ("excluded shares") c. Merger termination fee to be paid by either i. the company (US$40m) or ii. the parent (US$60m), based on the conditions leading to termination	a. Total fund rqmt.: ~US$3.823bn b. Sources: i. $1.181bn equity commitment by selected affiliates of Sponsors ii. ~US$710m through rollover commitment by Chairman Parties of through restricted share units iii. ~US$400m through rollover commitment by Fosun of ~14.5m ADSs iv. ~US$7m through rollover commitment by Management Rollover Securityholders through restricted shares v. ~US$1.525bn through debt commitment under senior secured credit arrangement
Giant Interactive	a. Giant Interactive Group Inc. ("Company") b. Giant Group Holdings Ltd. ("Holdco") c. Giant Investment Ltd. ("Parent") d. Giant Merger Ltd. ("Merger Sub") e. Mr. Yuzhu Shi f. Union Sky Holding Ltd. g. Vogel Holding Group Limited h. Baring Private Equity Asia V Holding (12) Limited i. Rich Noble Enterprises Limited j. CDH Journey Limited	a. min of 2/3rd of shares that are present on the date and voting b. ADS needs to vote indirectly through ADS depository or directly by becoming a shareholder	a. $12.00 per ADS/Share (in cash after relevant WHT and with no interest. Also, a cancellation fee of $0.05 per ADS will be deducted following the deposit agreement's term) b. The above consideration excludes certain shares ("excluded shares") c. Merger termination fee to be paid by either i. the company (US$40.275m) or ii. the parent (US$80.55m), based on the conditions leading to termination	a. Total fund rqmt.: ~US$2.25bn b. Sources: i. Senior secured debt arrangement ii. Equity commitment by Holdco, Baring LP, Rich Noble, and CDH Fund iii. In-house cash balances

Source: Deutsche Bank, SEC

Figure 20: Examples of successful privatizations cont'd…

Company	Participants	Voting requirement/terms of privatization	Merger consideration	Financial sourcing
1688.com (alibaba.com)	a. Alibaba Group Holding Ltd. ("Offeror") b. Alibaba.com ("Company")	a. Min of 75% of votes exercised by independent shareholders of scheme shares and b. # of votes exercised by independent shareholders against the scheme cannot exceed 10% of the total #of votes represented by total # of scheme shares owned by all of the independent shareholders of the Company	a. HK$13.50 per Share (in cash net of relevant taxes) for the minority shareholders (i.e., excluding offeror and concert parties) – same as the company's IPO price b. Offeror will also make an offer to the eligible holders of share incentives i. Share options: HK$13.50 less exercise price (range b/n HK$5.54 – HK$20.60) ii. RSUs: HK$13.50 iii. Share awards: HK$13.50 iv. Offeror share options: HK$13.50 less exercise price (range b/n HK$0.13 – HK$20.60) v. offeror RSUs: HK$13.50 c. Merger termination fee to be paid by either Not applicable	a. Total fund rqmt.: ~HK$18.39bn (for the payments to the Scheme shares at HK$13.50 per share) b. Sources: i. Committed financing ii. In-house cash balances

Source: Deutsche Bank, SEC

Note: Details relating to the valuation approaches applied in arriving at the offer price and implied premiums are provided in Annexure A.

Failed attempts

While some listed companies are successfully privatized, not all privatization attempts have a happy ending. This is caused by several factors such as the offeror's inability to raise the necessary funds required for the privatization process, rejection of the privatization proposal by the target's shareholders or the Board of Directors, and regulatory interventions on the grounds of breach of anti-trust laws if the privatization is part of an M&A deal between two major players in a particular sector. Figure 21 presents a few examples of some failed attempts by US-listed Chinese companies to go private.

Figure 21: Examples of failed attempts

Company	Participants	Terms of the Offer	Reasons for failure
China Advanced Construction Materials Group, Inc (CADC)	a. China Advanced Construction Materials Group, Inc ("Company") b. Mr. Xianfu Han - Chairman/CEO ("joint offeror") c. Mr. Weili He - Vice Chairman and COO ("joint offeror")	a. $12.65 per Share (in cash) b. Premium: 48.3% over 30-day average closing price c. Financing source: combination of equity and debt d. the joint offerors already held ~49.5% equity stake in the co.	Rejection by the shareholders on the grounds of inadequacy of the offer price.
CNINSURE INC. (CISG)	a. CNinsure Inc ("Company") b. TPG Asia V MU, Inc ("joint offeror") c. Kingsford Resources Limited ("joint offeror") d. CDH Inservice Limited ("joint offeror")	a. $19.00 per ADS or $0.95 per Share (in cash) b. Premium: i. 44.4% over the closing price as of May 13, 2011 ii. 38.4% over 30-day VWA closing price c. Financing source: equity by TPG Asia, Mr. Yinan Hu, and ("Consortium Members") d. Kingsford Resources Ltd. was controlled by Mr. Yinan Hu, the Cahimarn/CEO of CISG e. Mr. Yinan Hu and CDH Inservice Ltd. jointly held ~34.3% equity stake in the co.	Withdrawal of the proposal by the Consirtium Members on the grounds that the prevailing and the near term volatile capital market conditions were unfavourable for the proposed deal
Ambow Education Holding Ltd (AMBO)	a. Ambow Education Holding Ltd ("Company") b. The Baring Asia Private Equity Fund V, L.P. ("offeror")	a. $1.46 per ADS or $0.73 per Share (in cash) b. Premium: i. 44.5% over the closing price as of Mar 14, 2013 ii. 10% over 30-day VWA closing price c. Financing source: equity	Withdrawal of the proposal by the Offeror (due to corporate governance issues of AMBO): -3 indep. directors resigned -indep. auditor resigned -ADSs suspended from trading in NYSE
UTStarcom Holdings Corp. (UTSI)	a. UTStarcom Holdings Corp. ("Company) b. Mr. Hong Liang Lu, a director ("joint offeror") c. Shah Capital Opportunity Fund LP ("joint offeror") d. Himanshu H. Shah ("joint offeror")	a. $3.20 per Share (in cash) b. Premium: 35.6% over closing price as of Mar 26, 2013 c. Financing source: combination of equity and debt d. the joint offerors already held ~20.8% equity stake in the co.	n/a

Source: Deutsche Bank, Company data
n/a: not available

Companies which received going-private offers in 2015 YTD

Figure 22 and Figure 23 provide the details of the going-private offers received by US-listed Chinese companies so far in 2015.

Figure 22: Going-private offers received YTD 2015

Company	Ticker	Date	IPO Date	Offeror	Aggregate shareholding by the founder	Aggregate shareholding by the offerror(s)	Aggregate voting power by the offerror(s)	Offer Price	Premium	Proposed financing
Perfect World Co., Ltd.	PWRD	31 December, 2014	26 July, 2007	a. Mr. Michael Yufeng Chi, Founder/Chairman	16.8% of ord shares	a. 16.8% of ord shares	a. 56.0% of voting power	a. US$4.04 per share or US$20.20 per ADS	a. 28.2% over closing price as of December 31st	a. a combination of equity & Debt
Jiayuan.com International Ltd.	DATE	03 March, 2015	11 May, 2011	a. Vast Profit Hldgs Ltd.	NA	a. 19.6% of ordinary share	a. 19.6% of voting power	a. US$4.80 per share or US$7.20 per ADS	a. ~55% over closing price as of March 2nd b. ~51% over 30-day VWA closing price c. ~53% over 60-day VWA closing price	a. a combination of equity & Debt
Sungy Mobile Limited	GOMO	13 April, 2015	22 November, 2013	a. Mr. Yuqiang Deng, Chairman/CEO b. Mr. Zhi Zhu, Co-COO c. IDG (consists of 4 IDG funds)	a. Mr. Deng: 23.4% of ord, shares (33.5% of voting power) b. Mr. Zhang holds no shares	a. 42% of ordinary share	a. 67.8% of voting power	a. US$0.82 per share or US$4.90 per ADS	a. 8.9% over closing price as of April 10th	a. Debt capital
Xueda Education Group	XUE	20 April, 2015	02 November, 2010	a. Insight Investment Co. Ltd.	58.8% of ord. shares	n/a	n/a	a. US$1.19 per share or US$3.38 per ADS	a. 19.9% over closing price as of April 17th	n/a
China Cord Blood Corporation	CO	27 April, 2015	27 November, 2009	a. Golden Meditech Hldgs Ltd.	NA	a. 53.3% of ord shares	n/a	a. US$6.40 per share b. Also proposed to acquire the existing 7% senior convertible notes as well	a. Disc. of 11.3% over closing price as of April 24th b. Prem. of 7.18% over 30-day VWA closing price c. Prem. of 10.63% over 60-day VWA closing price d. Prem. of 12.80% over 90-day VWA closing price	a. a combination of cash, equity & Debt
WuXi PharmaTech Cayman Inc	WX	29 April, 2015	09 August, 2007	a. Dr. Ge Li, Chairman/Founder/CEO b. Ally Bridge Group Capital Partners	1.4% of ord. shares	n/a	n/a	a. US$5.75 per share or US$46.00 per ADS	a. 16.2% over closing price as of April 28th b. 24.1% over 180-day VWA closing price c. 8.7% over 52-week high closing price	a. a combination of equity & Debt
China Mobile Games and Entertainment Group Limited	CMGE	18 May, 2015	25 September, 2012	a. Orient Hongtai (Beijing) Investment Mgt. Co. Ltd.	NA	n/a	n/a	a. US$1.5714 per share or US$22.00 per ADS b. Reverse termination fee: upto RMB300m	a. 5.50% over closing price on the last trading day b. 4.72% over 30-day VWA closing price c. 11.28% over 60-day VWA closing price d. 13.04% over 120-day VWA closing price	a. Equity capital (RMB5b already committed by co-investors and some of its affiliates)
Taomee Holdings Ltd.	TAOM	30 May, 2015	09 June, 2011	a. Mr. Benson Haibing Wang, CEO/Director b. Mr. Roc Yunpeng Cheng, President/Director c. Joy Union Hldgs Ltd. d. Orient Securities Ruide (Shanghai) Investment Mgt. Co. Ltd. e. Chharming China Ltd.	52.5% of ord. shares	n/a	n/a	a. US$0.1794 per share or US$3.588 per ADS	a. 20% over closing price as of May 29th b. 13.76% over 30-day VWA closing price	a. a combination of equity & Debt
Mindray Medical International Limited	MR	04 June, 2015	27 September, 2006	a. Mr. Li Xiting, Executive Chairman/President/CO-CEO b. Mr. Xu Hang, Chairman c. Mr. Cheng Minghe, Co-CEO/CSO	25.8% of ord shares and 59.5% of voting powers	a. 27.7% of ordinary share	a. 63.5% of voting power	a. US$30.00 per share/ADS	a. 9.21% over closing price as of June 3rd	a. a combination of equity (rollover equity capital and cash) & Debt
JA Solar Holdings Co., Ltd.	JASO	05 June, 2015	07 February, 2007	a. Mr. Baofang Jin, Chairman/CEO b. Jinglong Group Co. Ltd. (Mr. Jin is the only director)	NA	a. 15.6% of ordinary share	a. 15.6% of voting power	a. US$1.938 per share or US$9.69 per ADS	a. 20% over closing price as of June 4th	a. a combination of equity & Debt
E-House (China) Holdings Limited	EJ	09 June, 2015	08 August, 2007	a. Mr. Xin Zhou, CEO/Co-Chairman b. Mr. Neil Nanpeng Shen, Board member	Mr. Xin Zhou (co-founder): 24% of ord shares	a. 26% of ordinary share	a. 26% of voting power	a. US$7.38 per ADS/share	a. 10% over closing price as of June 8th b. 25% over 15-day avg closing price	a. a combination of equity & Debt

Source: Deutsche Bank, Company data

Figure 23: Going-private offers received YTD 2015 Cont'd

Company	Ticker	Date	IPO Date	Offeror	Aggregate shareholding by the founder	Aggregate shareholding by the offerror(s)	Aggregate voting power by the offerror(s)	Offer Price	Premium	Proposed financing
Renren Inc.	RENN	10 June, 2015	04 May, 2011	a. Mr. Joseph Chen, Chairman/CEO b. Mr. James Jian Liu, a Board member/COO	27.5% of ord shares and 48.0% of voting powers	a. 32% of ordinary share	a. 49% of voting power	a. US$1.40 per share or US$4.20 per ADS	a. 2.2% over closing price as of June 9th b. 22.0% over 30-day avg closing price	a. a combination of equity (rollover equity capital and cash) & Debt
21Vianet Group, Inc.	VNET	10 June, 2015	21 April, 2011	a. Mr. Josh Sheng Chen, Chairman/CEO b. Tsinghua Unigroup International Co. Ltd. c. Kingsoft Corporation Ltd.	a. Mr. Chen: 7.9% of ord, shares (30.2% of voting power) b. Mr. Zhang holds no shares	n/a	n/a	a. US$3.83 per share or US$23.00 per ADS	a. 15.5% over closing price as of June 9th b. 17.7% over 15-day avg closing price	n/a
Homeinns Hotel Group	HMIN	11 June, 2015	26 October, 2006	a. Mr. Neil Nanpeng Shen, Co-Chairman/Co-Founder b. Mr. James Jianzhang Liang, Co-Founder/Chairman/Director c.Mr. David Jian Sun, CEO/Director d. Poly Victory Investments Ltd. e. BTG Hotels (Group) Co. Ltd. f. Ctrip.com International Ltd.	34.5% of ord. shares	a. 35% of ordinary share	a. 35% of voting power	a. US$16.405 per share or US$32.81 per ADS	a. 8.8% over closing price as of June 10th b. 20% over 20-day avg closing price	a. a combination of equity (rollover equity capital and cash) & Debt
Bona Film Group Limited	BONA	12 June, 2015	09 December, 2010	a. Mr. Yu Dong, Founder/CEO/Chairman b. Fosun Int'l Ltd. C. Sequoia Capital China LP	30.13% of ord. shares	a. 54.6% of ordinary share	a. 54.6% of voting power	a. US$27.40 per share or US$13.70 per ADS	a. 6.5% over closing price as of June 11th b. 23.6% over 30-day avg closing price	n/a
iDreamSky Technology Limited	DSKY	13 June, 2015	07 August, 2014	a. Mr. Michael Xiangyu Chen, Chairman/CEO	26.5% of ord, shares (40.6% of voting power)	a. 22.1% of ordinary share	a. 40.6% of voting power	a. US$3.50 per share or US$14.00 per ADS	a. Disc. of 3.8% over closing price as of June 12th b. prem. of 24.5% over 30-day VWA closing price	a. a combination of equity & Debt
Qihoo 360 Technology Co. Ltd.	QIHU	17 June, 2015	30 March, 2011	a. Mr. Hongyi Zhou, Chairman/CEO of QIHU b. Golden Brick Capital Private Equity Fund I L.P. c. CITIC Securities Co. Ltd. & its affiliates, d. Sequoia Capital, and d. China Renaissance Holdings Limited & its affiliates	24.0% of ord. shares	a. 16.2% by CEO	n/a	a. US$51.33 per share or US$77.00 per ADS	a. 16.6% over closing price as of June 16th b. 32.7% over 30-day avg closing price	a. a combination of equity (rollover equity capital and cash) & Debt
AirMedia Group Inc.	AMCN	19 June, 2015	07 November, 2007	a. Mr. Herman Man Guo, Chairman/CEO (together with the mgt. of the co.)	32.88% of ord. shares	a. 38% of ordinary share	a. 38% of voting power	a. US$6.00 per ADS	a. 70.5% over closing price as of June 18th	a. a combination of equity & Debt
China Information Technology, Inc.	CNIT	19 June, 2015	22 September, 2006	a. Mr. Jianghuai Lin, CEO/Chairman b. Mr. Junping Sun, Senior VP c. Mr. Zhiqiang Zhao, COO/Director d. Mr. Jinzhu Cai, individual investor	NA	n/a	n/a	a. US$4.43 per share	a. prem. of 30.% over 15-day avg closing price	a. a combination of equity & Debt
Vimicro International Corp.	VIMC	22 June, 2015	15 November, 2005	a. Dr. Zhonghan (John) Deng, Chairman/Founder/CEO b. Zhaowei (Kevin) Jin, Co-CEO/Member of BOD	11.6% of ord. shares	a. 11.6% of ordinary share	a. 11.6% of voting power	a. US$3.375 per share or US$13.50 per ADS	a. prem. of 22.7% over 90-day avg closing price	a. a combination of equity & Debt
Momo Inc.	MOMO	23 June, 2015	11 December, 2014	a. Mr. Yan Tang, Chairman/Co-founder/CEO b. Matrix Partners China II Hong Kong Ltd. C. Sequoia Capital China Investment Mgt. L.P. d. Huatai Ruilian Fund Mgt. Co. Ltd.	30.6% of ord, shares (79.0% of voting power)	a. 47.8% of ordinary share	a. 84.1% of voting power	a. US$18.90 per ADS	a. 20.5% over closing price as of June 22nd	a. a combination of equity & Debt
Kongzhong Corp	KZ	29 June, 2015	08 July, 2004	a. Leilei Wang/Chairman/CEO b. IDG-Accel China Growth Fund II L.P.	NA	a. 40.6% of ordinary share	a. 40.6% of voting power	a. US$8.56 per ADS	a. prem. of 20% over the last 30 trading days b. prem. of 21.8% over the closing price on June 26, 2015	a. a combination of equity & Debt
China Nepstar Chain Drugstore Ltd.	NPD	06 July, 2015	08 November, 2007	a. Mr. Simin Zhang, Chairman b. China Neptunus Drugstore Holding Ltd., (owned by Mr. Simin Zhang)	79.5% of ord. shares	a. 79.5% of ordinary share	a. 79.5% of voting power	a. US$1.30 per share or US$2.60 per ADS	a. prem. of 18.18% over the closing price on July 02, 2015	a. a combination of equity & Debt
YY. Inc	YY	09 July, 2015	21 November, 2012	a. Mr. Jun Lei. Chairman b. Mr. David Xueling Li, CEO/Director	35.7% of ord shares and 75.1% of voting powers	a. 35.7% of ordinary share	a. 75.1% of voting power	a. US$3.425 per share or US$68.50 per ADS	a. prem. of 17.4% over the closing price on July 08, 2015	a. a combination of equity & Debt
E-Commerce China Dangdang Inc.	DANG	09 July, 2015	08 December, 2010	a. Ms. Peggy Yu Yu, Chairwoman b. Mr. Guoqing Li, CEO/Director	35.9% of ord shares and 83.5% of voting powers	a. 35.9% of ordinary share	a. 83.5% of voting power	a. US$1.5624 per share or US$7.812 per ADS	a. prem. of 20% over the closing price on July 08, 2015	a. a combination of equity & Debt

Source: Deutsche Bank, Company data

Appendix A

Figure 24: Financial indicators of some selected Chinese ADRs listed in US

Company	Ticker	IPO Price	Closing price (15-07-2015)	Gain since IPO (%)	PE 1Yr(EST)	PEG 1Yr(EST)	Market Cap (US$m) (15.07.2015)	Cash bal as % of MV	Ownership % by Mgt.	Voting power % by Mgt.	Corporate Structure	Convertible bonds o/s	Dual class structure
Daqo New Energy	DQ	9.50	21.10	122%	6x	0.46	222.00	3%	34.2%	34.2%	Not a VIE structure	NA	NA
ChinaCache International Holdings Ltd.	CCIH	13.90	10.70	-23%	17x	n/a	272.00	21%	15.6%	15.6%	VIE	NA	NA
NQ Mobile Inc.	NQ	11.50	4.10	-64%	8x	n/a	251.00	107%	19.8%	61.9%	VIE	a. **Amount:** US$172.5m b. **Due:** 15 Oct 2018	Class A: 1 vote Class B: 10 votes
Leju Holdings	LEJU	10.00	7.60	-24%	11x	0.44	1,025.00	31%	Mgt.: 1.8% EJ: 69.7%	71.5%	VIE	NA	NA
China Distance Education	DL	7.00	14.40	106%	16x	n/a	519.00	24%	46.1%	46.1%	VIE	NA	NA
Trina Solar	TSL	18.50	10.60	-43%	9x	0.25	980.00	40%	6.5%	6.5%	Not a VIE structure	a. **Amount**: US$172.5m and US$115m	NA
Tarena International, Inc.	TEDU	9.00	11.90	32%	15x	n/a	622.00	7%	26.6%	32.8%	VIE	NA	Class A: 1 vote Class B: 10 votes
Jumei International Holding Limited	JMEI	22.00	19.50	-11%	27x	0.63	2,785.00	21%	40.8%	87.2%	VIE	NA	Class A: 1 vote Class B: 10 votes
China Ming Yang Wind Power Group Limited	MY	14.00	2.30	-84%	n/a	n/a	356.00	98%	26.0%	26.0%	Not a VIE structure	NA	NA
Baidu, Inc	BIDU	27.00	191.30	609%	21x	0.82	67,183.00	14%	16.6%	Robin Li holds 53.6%	VIE	NA	Class A: 1 vote Class B: 10 votes
Tuniu Corporation	TOUR	9.00	16.50	83%	n/a	n/a	1,056.00	29%	63.6%	87.3%	VIE	NA	Class A: 1 vote Class B: 10 votes
SouFun Holdings Ltd.	SFUN	42.50	7.70	-82%	29x	n/a	3,166.00	26%	100.0%	100.0%	VIE	a. **Amount:** US$400m b. **Due:** 15 Dec 2018	Class A: 1 vote Class B: 10 votes

Source: Deutsche Bank, BBG, Nasdaq
Note: Cash balance for all cos. is based on 4Q14
n/a: not available; NA: not applicable

Figure 25: Financial indicators of some selected Chinese ADRs listed in US cont'd….

Company	Ticker	IPO Price	Closing price (15-07-2015)	Gain since IPO (%)	PE 1Yr(EST)	PEG 1Yr(EST)	Market Cap (US$m) (15.07.2015)	Cash bal as % of MV	Ownership % by Mgt.	Voting power % by Mgt.	Corporate Structure	Convertible bonds o/s	Dual class structure
New Oriental Education & Technology Group Inc.	EDU	15.00	23.80	59%	15x	1.12	3,753.00	27%	16.9%	16.9%	VIE	NA	NA
Sohu.com Inc.	SOHU	13.00	47.60	266%	n/a	n/a	1,837.00	58%	21.3%	n/a	VIE	NA	NA
NetEase, Inc.	NTES	15.50	145.20	837%	17x	0.97	18,976.00	19%	44.6%	44.6%	VIE	NA	NA
Weibo Corporation	WB	17.00	14.90	-12%	39x	n/a	3,043.00	15%	Mgt.: 3.2% SINA: 56.1%	Mgt.: 1.5% SINA: 79.3%	VIE	NA	Class A: 1 vote Class B: 3 votes
51job Inc.	JOBS	14.00	34.90	149%	18x	0.79	2,077.00	35%	25.5%	25.5%	Not a VIE structure	a. **Amount:** US$172,500 b. **Due:** 15 Apr 2019	NA
Zhaopin Ltd.	ZPIN	13.50	14.90	10%	16x	n/a	768.00	22%	68.4%	77.0%	VIE	NA	Class A: 1 vote Class B: 4 votes
Cheetah Mobile Inc.	CMCM	14.00	26.50	89%	42x	n/a	3,702.00	7%	Mgt: 19.1% Kingsoft: 46.9%	Mgt.: 17.8% Kingsoft: 59%	VIE	NA	Class A: 1 vote Class B: 10 votes
China Lodging Group, Limited	HTHT	12.25	22.90	87%	23x	1.54	1,425.00	9%	56.1%	56.1%	Not a VIE structure	NA	NA
Xunlei Limited	XNET	12.00	9.80	-18%	n/a	n/a	637.00	68%	Mgt.: 23.39% Xiaomi Ventures: 27.95%	Mgt.: 23.39% Xiaomi Ventures: 27.95%	VIE	NA	NA
Phoenix New Media	FENG	11.00	7.30	-34%	12x	n/a	516.00	41%	61.3%	66.0%	VIE	NA	Class A: 1 vote Class B: 1.3 votes
Changyou.com Limited	CYOU	16.00	24.00	50%	7x	0.27	1,266.00	33%	SOHU: 68%	95.4%	VIE	NA	Class A: 1 vote Class B: 10 votes
SINA Corporation	SINA	17.00	45.10	165%	46x	1.85	2,630.00	82%	18.4%	18.4%	VIE	a. **Amount:** US$800m b. **Due: 01** Dec 2018	NA
Youku Tudou Inc.	YOKU	27.00	20.60	-24%	n/a	n/a	3,988.00	32%	43.6%	Chengwei Funds & Victor Koo: 48%	VIE	NA	Class A: 1 vote Class B: 4 votes
500.com Limited	WBAI	13.00	19.30	48%	43x	2.02	678.00	23%	22.8%	56.5%	VIE	NA	Class A: 1 vote Class B: 10 votes
Sky-mobi Limited	MOBI	8.00	4.40	-45%	n/a	n/a	121.00	57%	37.5%	37.5%	VIE	NA	NA
Wowo Ltd.	WOWO	10.00	6.30	-37%	n/a	n/a	497.00	0%	69.1%	69.1%	VIE	NA	NA
Mecox Lane Ltd.	MCOX	11.00	3.30	-70%	n/a	n/a	42.00	44%	CNshangquan Ltd: 63.8%	63.8%	VIE	NA	NA

Source: Deutsche Bank, BBG, Nasdaq
Note: Cash balance for all cos is based on 4Q14
Phoenix Satellite Television (B.V.I.) Holding Limited holds 100% of Class B shares of FENG; Voting rights % for FENG is calculated based on info from 20-F
Ownership and voting right % for SINA is inclusive of 11m fresh shares CEO agreed to buy
n/a: not available; NA: not applicable

Appendix B

Figure 26: Details on valuation approaches and premium implied by the offer price on selected past privatizations

Company	Valuation	Premium
7 Days	a. DCF based i. Range US$701m – US$1,095m ii. Per ADS: US$11.74 – US$16.78 b. FV/EBITDA based i. Multiple range: 6.0x – 7.5x ii. Implied value per ADS: US$13.47 – US$16.56 c. Similar transactions (3 yrs before the merger date) i. Home Inns acquiring Motel 168 in May 2011 1. FV/EBITDA 11.0x – 12.0x 2. Implied value per ADS: US$20.80 – US$22.60	Closing price as at date prior to announcement (Sep 25th 2013) was at US$10.57 per ADS cf. offer price of US$13.8 per ADS a. Premium of 30.6% over closing price b. Premium of 43.2% over 30-day VWA closing price
AutoNavi	a. DCF based i. Range US$1,323.8m – US$1,842.0m ii. Per ADS: US$18.43 – US$25.64 b. EV/Revenue based i. Multiple range: 1. automotive navigation seg: 1.0x – 3.0x 2. internet and mobile location based seg: 11.2x – 12.0x (also 8.0x - .0x) ii. Implied value per ADS: US$11.92 – US$14.75 (also US$15.26 – US$18.75) c. Premiums paid in similar transaction with US-listed PRC cos. i. Premium range: 25% - 35% on closing price of $16.54 Implied value per ADS: US$20.68 – $22.33 ii. Premium range: 30% - 40% on 30 days VWAP Implied value per ADS: US$19.80 – $21.32 d. Similar transactions i. Automotive navigation/telematics sector and consumer internet sector 1. EV/Revenue automotive navigation seg: 8.0x – 9.0x internet and mobile location based seg: 9.0x – 11.0x 2. Implied value per ADS: US$19.48 – US$21.37	Closing price as at date prior to announcement (Feb 7, 2014) was at US$16.54 per ADS cf. offer price of US$21.00 per ADS a. Premium of 27.0% over closing price b. Premium of 39.8% over 60-day VWA price c. Premium of 68.0% over IPO price of US$12.5 in July 2010

Source: Deutsche Bank, SEC

Figure 27: Details on valuation approaches and premium implied by the offer price on selected past privatizations cont'd…

Company	Valuation	Premium
Focus Media	a. DCF based i. Per ADS: US$22.35 – US$31.17 b. Multiples based (2013E) i. Implied value per ADS: 1. $17.58 - $25.85 (FV/Sales based 1.5x – 2.5x) 2. $26.79 - $37.51 (FV/EBITDA based 6.0x – 9.0x) 3. $26.01 - $34.59 (P/E based 9.0x – 12.0x) c. Premiums paid in similar transaction with PRC cos. incorporated in Cayman Island and listed in US i. Premium range: 17% - 34% on closing price of $23.38 Implied value per ADS: US$27.35 – $31.33 ii. Premium range: 22% - 39% on 30 days VWAP (US$20.14) Implied value per ADS: US$24.57 – $27.99 d. Similar transactions i. LTM FV/Sales 1.0x – 2.5x Implied value per ADS: US$12.04 – US$22.35 ii. LTM FV/EBITDA 6.0x – 8.0x Implied value per ADS: US$23.67 – US$29.81	Closing price as at date prior to announcement (Aug 10, 2012) was at US$23.38 per ADS cf. offer price of US$27.5 per ADS a. Premium of 17.6% over closing price d. Premium of 33.9% over 60-day VWA price
Giant Interactive	a. DCF based i. Range US$3,223m – US$4,264m ii. Per ADS: US$15.74 – US$19.88 b. Broker price targets before merger announcement (undiscounted): US$8.10 – US$10.10 per ADS c. Multiples based i. Implied value per ADS: 1. AV (aggregate value)/Non-GAAP EBITDA based $8.20 - $11.91 (5.0x – 8.5x 2013A) $8.02 - $11.43 (4.5x – 7.5x 2014E) $8.85 - $12.56 (4.0x – 6.5x 2015E) 2. Price/Non-GAAP EPS based $7.07 - $13.13 (7.0x – 13.0x 2013A) $6.61 - $12.20 (6.5x – 12.0x 2014E) $7.22 - $13.24 (6.0x – 11.0x 2015E)	Closing price as at date prior to announcement (Nov 22, 2013) was at US$10.13 per ADS cf. offer price of US$12.00 per ADS a. Premium of 18.46% over closing price b Premium of 33.7% over 60-day VWA price

Source: Deutsche Bank, SEC

Figure 28: Details on valuation approaches and premium implied by the offer price on selected past privatizations cont'd…

Company	Valuation	Premium
Giant Interactive contd…	d. Premiums paid in similar transaction with PRC cos. incorporated in Cayman Island and listed in US i. Premium over last 3M VWAP of online gaming transactions: 20% - 30% Implied value per ADS: US$10.72 – $11.61 ii. Premium range: 30% - 35% on 3M VWAP (US$8.93) Implied value per ADS: US$11.61– $12.06 e. Leveraged Buyout based i. Internal rate of return: 25% - 35% ii. Exit multiple in 2019: 7.0x – 9.0x Implied value per ADS: US$9.82 – US$13.41 f. Similar transactions i. LTM Non-GAAP P/E based 8.0x – 17.x Implied value per ADS: US$8.08 – US$17.17 ii. NTM Non-GAAP P/E 7.0x – 16.0x Implied value per ADS: US$7.12 – US$16.27 iii. Non-GAAP AV/LTM EBITDA 7.0x – 9.0x Implied value per ADS: US$10.32 – US$12.43 iv. Non-GAAP AV/NTM EBITDA 6.0x – 8.0x Implied value per ADS: US$9.73 – US$12.00	

Source: Deutsche Bank, SEC

Figure 29: Details on valuation approaches and premium implied by the offer price on selected past privatizations cont'd…

Company	Valuation	Premium
1688.com (alibaba.com)	a. Multiples based i. PE based 1. for Chinese B2B comparables: 7.2x – 75.4x (mean: 34.8x and median: 28.2x) 2. for internet forerunners in China: 5.6x – 66.9x (mean: 23.3x and median: 14.9x) 3. for all comparables: 5.6x – 75.4x (mean: 26.4x and median: 17.7x) 4. PE implied by offer price: 32.0x ii. EV/EBITDA 1. for Chinese B2B comparables: 3.6x – 31.9x (mean: 16.9x and median: 16.1x) 2. for internet forerunners in China: 3.6x – 93.4x (mean: 21.9x and median: 12.6x) 3. for all comparables: 3.6x – 93.4x (mean: 20.6x and median: 12.6x) 4. EV/EBITDA implied by offer price: 24.8x iii. PBV based (less reliance has been placed on this methodology given nature of the B2B e-com sector) 1. for all comparables: 1.6x – 20.8x (mean: 7.4x) 2. PBV implied by offer price: 7.4x b. Premiums paid in previous privatizations complet4ed in HK since 2010 i. Prem. over 30-day avg. price 1. Range – 14.6% - 51.8% 2. Mean – 37.5% 3. Median – 38.5% 4. Offer price – 58.8% ii. Prem. over 90-day avg. price 1. Range – 21.9% - 51.3% 2. Mean – 36.9% 3. Median – 37.2% 4. Offer price – 59.3% iii. Prem. over 180-day avg. price 1. Range – 10.9% - 60.9% 2. Mean – 36.7% 3. Median – 30.8% 4. Offer price – 42.0% c. Liquidity comparison i. for Chinese B2B comparables: 1.2% - 16.2% (mean: 8.0% and median: 7.3%) ii. for internet forerunners in China: 6.0% - 213.9% (mean: 53.7% and median: 37.7%) iii. for all comparables: 1.2% - 213.9% (mean: 43.5% and median: 17.3%) iv. liquidity of the Company: 3.5%	a. Premium implied by the offer price i. Premium of 60.4% over 60-day average closing price (HK$8.42) ii. Premium of 45.9% over closing price prior to suspension of its trading on Feb 8th (HK$9.25)

Source: Deutsche Bank, SEC

Appendix 1

Important Disclosures

Additional information available upon request

*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 . Other information is sourced from Deutsche Bank, subject companies, and other sources. For disclosures pertaining to recommendations or estimates made on securities other than the primary subject of this research, please see the most recently published company report or visit our global disclosure look-up page on our website at http://gm.db.com/ger/disclosure/DisclosureDirectory.eqsr

Analyst Certification

The views expressed in this report accurately reflect the personal views of the undersigned lead analyst about the subject issuers and the securities of those issuers. In addition, the undersigned lead analyst has not and will not receive any compensation for providing a specific recommendation or view in this report. Vivian Hao

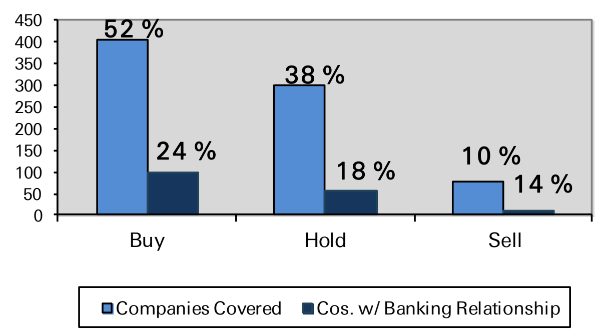
Equity rating key

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 pro-jected dividend yield) , we recommend that investors buy the stock.
Sell: Based on a current 12-month view of total share-holder return, we recommend that investors sell the stock
Hold: We take a neutral view on the stock 12-months out and, based on this time horizon, do not recommend either a Buy or Sell.
Notes:

1. Newly issued research recommendations and target prices always supersede previously published research.
2. Ratings definitions prior to 27 January, 2007 were:

   Buy: Expected total return (including dividends) of 10% or more over a 12-month period
   Hold: Expected total return (including dividends) between -10% and 10% over a 12-month period
   Sell: Expected total return (including dividends) of -10% or worse over a 12-month period

Equity rating dispersion and banking relationships



Asia-Pacific Universe

Regulatory Disclosures

1.Important Additional Conflict Disclosures

Aside from within this report, important conflict disclosures can also be found at https://gm.db.com/equities under the "Disclosures Lookup" and "Legal" tabs. Investors are strongly encouraged to review this information before investing.

2.Short-Term Trade Ideas

Deutsche Bank equity research analysts sometimes have shorter-term trade ideas (known as SOLAR ideas) that are consistent or inconsistent with Deutsche Bank's existing longer term ratings. These trade ideas can be found at the SOLAR link at http://gm.db.com.

Additional Information

The information and opinions in this report were prepared by Deutsche Bank AG or one of its affiliates (collectively "Deutsche Bank"). Though the information herein is believed to be reliable and has been obtained from public sources believed to be reliable, Deutsche Bank makes no representation as to its accuracy or completeness.

Deutsche Bank may consider this report in deciding to trade as principal. It may also engage in transactions, for its own account or with customers, in a manner inconsistent with the views taken in this research report. Others within Deutsche Bank, including strategists, sales staff and other analysts, may take views that are inconsistent with those taken in this research report. Deutsche Bank issues a variety of research products, including fundamental analysis, equity-linked analysis, quantitative analysis and trade ideas. Recommendations contained in one type of communication may differ from recommendations contained in others, whether as a result of differing time horizons, methodologies or otherwise. Deutsche Bank and/or its affiliates may also be holding debt securities of the issuers it writes on.

Analysts are paid in part based on the profitability of Deutsche Bank AG and its affiliates, which includes investment banking revenues.

Opinions, estimates and projections constitute the current judgment of the author as of the date of this report. They do not necessarily reflect the opinions of Deutsche Bank and are subject to change without notice. Deutsche Bank has no obligation to update, modify or amend this report or to otherwise notify a recipient thereof if any opinion, forecast or estimate contained herein changes or subsequently becomes inaccurate. This report is provided for informational purposes only. It is not an offer or a solicitation of an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Target prices are inherently imprecise and a product of the analyst’s judgment. The financial instruments discussed in this report may not be suitable for all investors and investors must make their own informed investment decisions. Prices and availability of financial instruments are subject to change without notice and investment transactions can lead to losses as a result of price fluctuations and other factors. If a financial instrument is denominated in a currency other than an investor's currency, a change in exchange rates may adversely affect the investment. Past performance is not necessarily indicative of future results. Unless otherwise indicated, prices are current as of the end of the previous trading session, and are sourced from local exchanges via Reuters, Bloomberg and other vendors. Data is sourced from Deutsche Bank, subject companies, and in some cases, other parties.

Macroeconomic fluctuations often account for most of the risks associated with exposures to instruments that promise to pay fixed or variable interest rates. For an investor who is long fixed rate instruments (thus receiving these cash flows), increases in interest rates naturally lift the discount factors applied to the expected cash flows and thus cause a loss. The longer the maturity of a certain cash flow and the higher the move in the discount factor, the higher will be the loss. Upside surprises in inflation, fiscal funding needs, and FX depreciation rates are among the most common adverse macroeconomic shocks to receivers. But counterparty exposure, issuer creditworthiness, client segmentation, regulation (including changes in assets holding limits for different types of investors), changes in tax policies, currency convertibility (which may constrain currency conversion, repatriation of profits and/or the liquidation of positions), and settlement issues related to local clearing houses are also important risk factors to be considered. The sensitivity of fixed income instruments to macroeconomic shocks may be mitigated by indexing the contracted cash flows to inflation, to FX depreciation, or to specified interest rates – these are common in emerging markets. It is important to note that the index fixings may -- by construction -- lag or mis-measure the actual move in the underlying variables they are intended to track. The choice of the proper fixing (or metric) is particularly important in swaps markets, where floating coupon rates (i.e., coupons indexed to a typically short-dated interest rate reference index) are exchanged for fixed coupons. It is also important to acknowledge that funding in a currency that differs from the currency in which coupons are denominated carries FX risk. Naturally, options on swaps (swaptions) also bear the risks typical to options in addition to the risks related to rates movements.

Derivative transactions involve numerous risks including, among others, market, counterparty default and illiquidity risk. The appropriateness or otherwise of these products for use by investors is dependent on the investors' own circumstances including their tax position, their regulatory environment and the nature of their other assets and liabilities, and as such, investors should take expert legal and financial advice before entering into any transaction similar to or inspired by the contents of this publication. The risk of loss in futures trading and options, foreign or domestic, can be substantial. As a result of the high degree of leverage obtainable in futures and options trading, losses may be incurred that are greater than the amount of funds initially deposited. Trading in options involves risk and is not suitable for all investors. Prior to buying or selling an option investors must review the "Characteristics and Risks of Standardized Options", at http://www.optionsclearing.com/about/publications/character-risks.jsp. If you are unable to access the website please contact your Deutsche Bank representative for a copy of this important document.

Participants in foreign exchange transactions may incur risks arising from several factors, including the following: (i) exchange rates can be volatile and are subject to large fluctuations; (ii) the value of currencies may be affected by numerous market factors, including world and national economic, political and regulatory events, events in equity and debt markets and changes in interest rates; and (iii) currencies may be subject to devaluation or government imposed exchange controls which could affect the value of the currency. Investors in securities such as ADRs, whose values are affected by the currency of an underlying security, effectively assume currency risk.

Unless governing law provides otherwise, all transactions should be executed through the Deutsche Bank entity in the investor's home jurisdiction.

United States: Approved and/or distributed by Deutsche Bank Securities Incorporated, a member of FINRA, NFA and SIPC. Non-U.S. analysts may not be associated persons of Deutsche Bank Securities Incorporated and therefore may not be subject to FINRA regulations concerning communications with subject company, public appearances and securities held by the analysts.

Germany: Approved and/or distributed by Deutsche Bank AG, a joint stock corporation with limited liability incorporated in the Federal Republic of Germany with its principal office in Frankfurt am Main. Deutsche Bank AG is authorized under German Banking Law (competent authority: European Central Bank) and is subject to supervision by the European Central Bank and by BaFin, Germany's Federal Financial Supervisory Authority.

United Kingdom: Approved and/or distributed by Deutsche Bank AG acting through its London Branch at Winchester House, 1 Great Winchester Street, London EC2N 2DB. Deutsche Bank AG in the United Kingdom is authorised by the Prudential Regulation Authority and is subject to limited regulation by the Prudential Regulation Authority and Financial Conduct Authority. Details about the extent of our authorisation and regulation are available on request.

Hong Kong: Distributed by Deutsche Bank AG, Hong Kong Branch.

Korea: Distributed by Deutsche Securities Korea Co.

South Africa: Deutsche Bank AG Johannesburg is incorporated in the Federal Republic of Germany (Branch Register Number in South Africa: 1998/003298/10).

Singapore: by Deutsche Bank AG, Singapore Branch or Deutsche Securities Asia Limited, Singapore Branch (One Raffles Quay #18-00 South Tower Singapore 048583, +65 6423 8001), which may be contacted in respect of any matters arising from, or in connection with, this report. Where this report is issued or promulgated in Singapore to a person who is not an accredited investor, expert investor or institutional investor (as defined in the applicable Singapore laws and regulations), they accept legal responsibility to such person for its contents.

Japan: Approved and/or distributed by Deutsche Securities Inc.(DSI). Registration number - Registered as a financial instruments dealer by the Head of the Kanto Local Finance Bureau (Kinsho) No. 117. Member of associations: JSDA, Type II Financial Instruments Firms Association, The Financial Futures Association of Japan, and Japan Investment Advisers Association. Commissions and risks involved in stock transactions - for stock transactions, we charge stock commissions and consumption tax by multiplying the transaction amount by the commission rate agreed with each customer. Stock transactions can lead to losses as a result of share price fluctuations and other factors. Transactions in foreign stocks can lead to additional losses stemming from foreign exchange fluctuations. We may also charge commissions and fees for certain categories of investment advice, products and services. Recommended investment strategies, products and services carry the risk of losses to principal and other losses as a result of changes in market and/or economic trends, and/or fluctuations in market value. Before deciding on the purchase of financial products and/or services, customers should carefully read the relevant disclosures, prospectuses and other documentation. "Moody's", "Standard & Poor's", and "Fitch" mentioned in this report are not registered credit rating agencies in Japan unless Japan or "Nippon" is specifically designated in the name of the entity. Reports on Japanese listed companies not written by analysts of DSI are written by Deutsche Bank Group's analysts with the coverage companies specified by DSI. Some of the foreign securities stated on this report are not disclosed according to the Financial Instruments and Exchange Law of Japan.

Malaysia: Deutsche Bank AG and/or its affiliate(s) may maintain positions in the securities referred to herein and may from time to time offer those securities for purchase or may have an interest to purchase such securities. Deutsche Bank may engage in transactions in a manner inconsistent with the views discussed herein.

Qatar: Deutsche Bank AG in the Qatar Financial Centre (registered no. 00032) is regulated by the Qatar Financial Centre Regulatory Authority. Deutsche Bank AG - QFC Branch may only undertake the financial services activities that fall within the scope of its existing QFCRA license. Principal place of business in the QFC: Qatar Financial Centre, Tower, West Bay, Level 5, PO Box 14928, Doha, Qatar. This information has been distributed by Deutsche Bank AG. Related financial products or services are only available to Business Customers, as defined by the Qatar Financial Centre Regulatory Authority.

Russia: This information, interpretation and opinions submitted herein are not in the context of, and do not constitute, any appraisal or evaluation activity requiring a license in the Russian Federation.

Kingdom of Saudi Arabia: Deutsche Securities Saudi Arabia LLC Company, (registered no. 07073-37) is regulated by the Capital Market Authority. Deutsche Securities Saudi Arabia may only undertake the financial services activities that fall within the scope of its existing CMA license. Principal place of business in Saudi Arabia: King Fahad Road, Al Olaya District, P.O. Box 301809, Faisaliah Tower - 17th Floor, 11372 Riyadh, Saudi Arabia.

United Arab Emirates: Deutsche Bank AG in the Dubai International Financial Centre (registered no. 00045) is regulated by the Dubai Financial Services Authority. Deutsche Bank AG - DIFC Branch may only undertake the financial services activities that fall within the scope of its existing DFSA license. Principal place of business in the DIFC: Dubai International Financial Centre, The Gate Village, Building 5, PO Box 504902, Dubai, U.A.E. This information has been distributed by Deutsche Bank AG. Related financial products or services are only available to Professional Clients, as defined by the Dubai Financial Services Authority.

Australia: Retail clients should obtain a copy of a Product Disclosure Statement (PDS) relating to any financial product referred to in this report and consider the PDS before making any decision about whether to acquire the product. Please refer to Australian specific research disclosures and related information at https://australia.db.com/australia/content/research-information.html

Australia and New Zealand: This research, and any access to it, is intended only for "wholesale clients" within the meaning of the Australian Corporations Act and New Zealand Financial Advisors Act respectively. Additional information relative to securities, other financial products or issuers discussed in this report is available upon request. This report may not be reproduced, distributed or published by any person for any purpose without Deutsche Bank's prior written consent. Please cite source when quoting.

Copyright © 2015 Deutsche Bank AG

David Folkerts-Landau
Group Chief Economist
Member of the Group Executive Committee

Raj Hindocha Global Chief Operating Officer Research	Marcel Cassard Global Head FICC Research & Global Macro Economics	Steve Pollard Global Head Equity Research
Michael Spencer Regional Head Asia Pacific Research	Ralf Hoffmann Regional Head Deutsche Bank Research, Germany	Andreas Neubauer Regional Head Equity Research, Germany

International locations

Deutsche Bank AG
Deutsche Bank Place
Level 16
Corner of Hunter & Phillip Streets
Sydney, NSW 2000
Australia
Tel: (61) 2 8258 1234

Deutsche Bank AG
Große Gallusstraße 10-14
60272 Frankfurt am Main
Germany
Tel: (49) 69 910 00

Deutsche Bank AG
Filiale Hongkong
International Commerce Centre,
1 Austin Road West,Kowloon,
Hong Kong
Tel: (852) 2203 8888

Deutsche Securities Inc.
2-11-1 Nagatacho
Sanno Park Tower
Chiyoda-ku, Tokyo 100-6171
Japan
Tel: (81) 3 5156 6770

Deutsche Bank AG London
1 Great Winchester Street
London EC2N 2EQ
United Kingdom
Tel: (44) 20 7545 8000

Deutsche Bank Securities Inc.
60 Wall Street
New York, NY 10005
United States of America
Tel: (1) 212 250 2500