

## Macro Monitor

### 1. HK Stock Market Strategy Weekly

"Sell in May" returned. Hang Seng Index (HSI) rose first before paring its gains and closed down by 1.5% or 344 points for the week. The main reasons behind the current round of Hong Kong stock market correction were quite similar with those behind the decoupling of HK and U.S. stock markets in early February: market concerns over an early exit of the Fed's super loose monetary policy, a sudden strengthening of the U.S. dollar and disappointments over China's macro policies due to its economic slowdown. Key differences this time: (1) Profit-taking intentions were more obvious. Previously outperforming high-dividend sectors such as real estate and utilities saw major correction as U.S. Treasury yields surged amid market concerns over rising interest rate risks. (2) Pressures for the HK market to decline mainly came from plummeting external markets rather than the lackluster A-share market, and corrections were more orderly this time around. We expect the scope for further declines of the HK market to be limited as it has lagged behind external markets (first the Japanese and then potentially the U.S. and European stock markets) recently. But there could be more divergence among sectors and individual stocks. Meanwhile, the upward momentum is still constrained by the mainland factor. China's economy continues to slow down. Its macro policies remain in a dilemma. We do not expect new stimulus measures to be announced in the short term. Details of substantial reforms would not be clear until 2H 2013.

IMF and OECD revised down their forecasts of China's economic growth and issued warnings over its debt risks. China released a slightly-better-than-expected official manufacturing PMI for May over the weekend, but it was not enough to eliminate investors' concerns over China's economic slowdown.

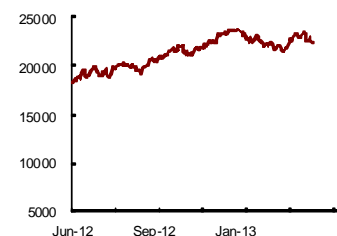
In the U.S., revised Q1 GDP growth was lower than expected, showing increasingly significant drag by fiscal tightening. Corporate profits fell for the first time in a year. But better-than-expected manufacturing, real estate and consumer consumption data became reasons behind market expectations of an early exit of QE policies. The U.S. stock market rose first before falling. S&P 500 posted consecutive weekly losses for the first time since November. As a result, Hong Kong stocks could be under pressure in market opening this Monday. There will be a slew of economic data to be released this week. The market will pay attention to May manufacturing PMIs in Europe and the U.S., the Fed's beige book and U.S. non-farm employment data for new signs of the

HK Indices	Last price	chg	% chg
HSI	22,392.16	-92.15	-0.41
Finance	32,082.15	-85.85	-0.27
Properties	30,306.04	-87.87	-0.29
Utilities	53,234.53	-927.3	-1.71
Commerce&Industrv	12,351.59	-55.13	-0.44
HSCEI	10,599.21	-90.78	-0.85
HSCEI	4,365.44	6.58	0.15
HKSPGEM	412.83	5.62	1.38

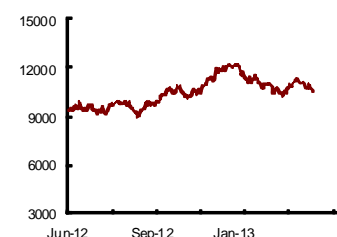
World Indices	Last price	chg	% chg
FTSE 100	6,583.09	-73.90	-1.11
DAX 30	8,348.84	-51.36	-0.61
CAC 40	3,948.59	-47.72	-1.19
DJIA	15,115.57	-208.96	-1.36
S&P500	1,630.74	-23.67	-1.43
Nasdaq Composite	3,455.91	-35.38	-1.01
Nikkei 225	13,774.54	185.51	1.37

Asia-Pacific Indices	Last price	chg	% chg
KOSPI	2,001.05	0.95	0.05
TWSE	8,254.80	11.51	0.14
STI	3,311.37	-24.64	-0.74
India BSE 30	19,760.30	-455.10	-2.25
S&P/ASX 200	4,926.57	-4.11	-0.08

HSI One Year



HSCEI One Year



Source: Bloomberg

China Merchants Securities (HK)

Research

852-3189-6888

Fed's monetary policy. ECB is expected to maintain benchmark interest rates unchanged.

**Comments: The market could remain in a fluctuation/correction stage in early June. The current round of correction could offer another opportunity of buying on dips to prepare for possible rebounds in Q3 driven by improvements in policies and fundamentals. We suggest continuing with range trading between 22,000 and 23,500, controlling position and appropriately cutting allocation to electronics, TMT, energy conservation & environment protection, energy equipment and infrastructure stocks that have recorded decent gains and can be bought again after corrections. Focus on rebound opportunities in early-cyclical stocks such as photovoltaics, wind power, electric power, construction materials, automobiles and home appliances. Carefully select quality stocks in the real estate, pharmaceutical and consumption sectors with a bottom-up approach. (Chief Strategist Dr.Cliff ZHAO, CFA)**

### Company Comments

#### 1. Sunac-Greentown to Buy Shanghai Project

Greentown China Holdings Ltd. (3900) and Sunac China Holdings Ltd. (1918), both Hong Kong-listed developers of land in China, said they will jointly buy a property project in Shanghai for 5.68 billion yuan.

Sunac Greentown Investment Holdings Ltd., a 50-50 venture between the companies, will also assume 2.32 billion yuan of debt, according to a Hong Kong stock exchange filing.

The purchase gives the developers, which have been cooperating in Shanghai since June 2012, a site with a view of the Huangpu river, a "rarity," according to the statement. In March, the companies announced a framework agreement for the purchase at a total consideration of 9.02 billion yuan, according to a joint statement at the time.

The project, in the city's Huangpu district, will have a total of 674,564 square meters of floor area, including apartments, offices, commercial space and parking, the companies said. Of this, 207,937 square meters are complete and the balance is under construction, they said.

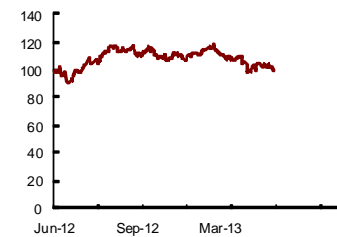
#### [Bloomberg]

**Comment: The project has more than 600,000 square meters of unsold floor area with average floor area land price of RMB13,500 per square meter, much lower than the RMB20,000 of neighboring projects. We believe Greentown and Sunac will enter a new investment cycle, and maintain their "Buy" rating. (Duan Feiqin)**

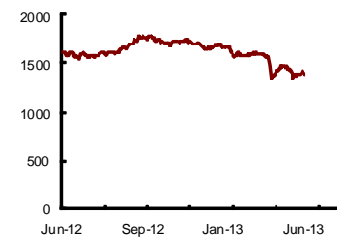
Global Commodity	Last price	chg	% chg
Brent Oil	99.66	-0.37	-0.37
Gold	1,389.8	1.95	0.14
LME Aluminum	1,906.0	-1.00	-0.05
LME Copper	7,309.0	-8.00	-0.11
BDI	809.00	-2.00	-0.25
API Coal	90.25	-0.50	-0.55

Exchange /Bond Market	/Currency	Last price	chg	% chg
USD/RMB		6.18	0.00	0.00
USD/HKD		7.76	0.00	0.00
1-YR RMB NDF		6.26	0.08	1.29
EUR/USD		129.93	0.04	0.03
3-M Libor		0.51	0.00	0.00
3-M Shibor		3.88	0.00	0.00
10 YR US T-Note Yield		2.13	0.02	0.95

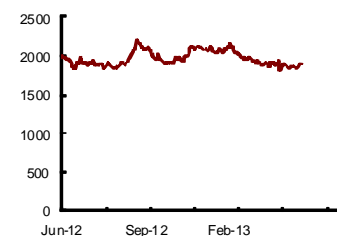
Brent Oil One Year



Gold Comdty One Year



LME Aluminum Comdty One Year



Source: Bloomberg

**A-share Research Highlights (CMS Research Center)**

**1. Natural gas industry: demand growth slows down slightly; market share of imported gas keeps climbing**

**[He Yin and Peng Quangang, May 30, 2013]** China's natural gas consumption growth slowed down temporarily. Domestic gas output grew only moderately, while gas imports kept rising fast. LNG price climbed slightly from the previous month. We expect a steady earnings growth of the sector in 2013 amid stable growth in overall gas supplies. In April, China's natural gas consumption was 12.8 billion cubic meters, up 12.5% YoY. In the first four months of this year, China produced 40.2 billion cubic meters of natural gas, up 7.7% YoY, imported 6.214 million tons of natural gas in gas form, up 29.0% YoY, and imported 5.731 million tons of liquefied natural gas (LNG), up 32.9% YoY. In April, imported natural gas (in gas form) price was US\$496 per ton, down 11.4% YoY and down 0.6% MoM; imported LNG price was US\$570 per ton, up 8.1% YoY and up 3.4% MoM.

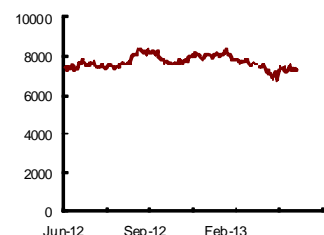
China's natural gas reform has been gaining pace recently. Administrative approval processes have been simplified. Natural gas price reform has been made a key component of economic reform and could make substantial progress. Driven by strong demand, construction projects in the natural gas industry chain are making fast progress and will provide large supplies of gas to downstream users in the future. Natural gas utilization has also been developing fast, thanks to supports from local governments.

The natural gas sector has an average forward 2013 P/E of 30.1x, a relatively high level. Earnings growth could be flatter this year. The chance is low for general investment opportunities in the industry in the short term. Potential catalysts for some stocks' good performance include stronger-than-expected earnings of some companies and substantial progress in natural gas price reform. We suggest attention to the following companies: Shenzhen Gas, PetroChina Jinhong Energy Investment, and Xinjiang Haoyuan Gas.

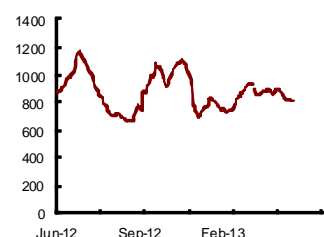
**2. Textile manufacturing industry: fundamentals of cotton companies keep improving, meaning sustainable and clear investment opportunities this year**

**[Sun Yu, Wang Wei and Liu Yi, May 31, 2013]** Since the beginning of the year, cotton companies in the textile manufacturing industry have had an impressive performance in the stock market. Since the beginning of Q2, improving orders and rebounding sales prices (from the previous months/quarters) have further strengthened the confidence of leading cotton companies in this year's earnings. In Q1,

LME Copper Comdty One Year



BDI One Year



API Coal One Year



Source: Bloomberg

we repeatedly suggested that investors can pay more attention to opportunities in some high-quality leading players in the textile manufacturing industry this year than before, and also upgraded the ratings of leading cotton companies. Looking forward, stock prices could still be supported by improving fundamentals despite the decent rise that has already been recorded. We continue to recommend investment opportunities in leading cotton companies such as Luthai Textile, Huafu Top Dyed Melange Yarn, and Bros Eastern.

We believe cotton companies offer more sustainable opportunities this year than before, mainly because of improving orders due to the weak economic recovery overseas, and the stabilization and recovery of product sales prices following the stabilization of cotton price. Most importantly, the high-cost raw materials inventory of last year led to a very low base, indicating considerable room for earnings recovery this year. As a result, valuation flexibility of cotton companies could increase this year. In Q1, product sales prices rebounded moderately with low single-digit growth from the previous months/quarters due to the slight narrowing of domestic-international cotton price spread. This will be conducive to the further improvement in cotton companies' earnings in Q2. Based on our estimates of domestic/international cotton prices, we believe product sales prices could remain stable in 2H 2013, while the YoY decline in raw materials cost could help cotton companies' earnings improve continuously.

### Economic Calendar

Economic Data	HK: Nil US: Nil		
Date	Ticker	Stock Name	Earnings
2013/06/03	00777	NETDRAGON	1st Quarter
2013/06/03	08239	MING KEI HOLD	Final
Date	Ticker	Stock Name	Issue Price
Nil			

China Merchants Securities (Hong Kong) Stock Pool Update Weekly  
 2013-6-3

Stock Code	Short Name	Rating	Price Currency	Latest Price	12- Month Target Price	Upside Potential	EPS Currency	EPS			P/E			1-Month Performance	Analyst
								2013E	2014E	2015E	2013E	2014E	2015E		
<b>Textiles, Apparel &amp; Luxury Goods</b>															
589	Ports	Neutral	HKD	6.39	5.91	-8%	RMB	0.63	0.64	0.85	8.1	8.0	6.0	5.3%	Ivy Zhao
1880	Belle	Buy	HKD	11.98	17.55	46%	RMB	0.56	0.64	0.75	17.0	14.9	12.8	-5.4%	Ivy Zhao
1368	Xtep	Neutral	HKD	3.39	2.47	-27%	RMB	0.23	0.23	0.25	11.6	11.7	10.6	4.3%	Ivy Zhao
2020	Anta Sports	Neutral	HKD	7.20	6.50	-10%	RMB	0.44	0.47	0.52	13.2	12.2	11.1	10.8%	Ivy Zhao
1361	361 Degrees	Sell	HKD	1.95	1.45	-26%	RMB	0.29	0.28	0.28	5.4	5.6	5.5	-7.1%	Ivy Zhao
1968	Peak Sport	Neutral	HKD	1.41	1.48	5%	RMB	0.16	0.17	0.19	7.1	6.5	5.8	1.4%	Ivy Zhao
2331	Li Ning	Buy	HKD	5.29	5.20	-2%	RMB	-0.15	0.22	0.28	N.A.	19.2	15.3	23.6%	Ivy Zhao
3818	China Dongxiang	Buy	HKD	1.47	1.67	14%	RMB	0.04	0.04	0.04	30.8	29.3	27.9	10.5%	Ivy Zhao
953	Meike	Neutral	HKD	0.37	0.35	-5%	RMB	0.04	0.05	0.06	8.2	6.4	5.4	2.8%	Ivy Zhao
1234	China Lilang	Neutral	HKD	4.14	3.91	-6%	RMB	0.36	0.35	0.36	9.2	9.6	9.2	-13.2%	Ivy Zhao
891	Trinity	Buy	HKD	3.21	3.50	9%	RMB	0.21	0.25	0.30	12.2	10.2	8.5	4.9%	Ivy Zhao
873	C Taifeng Bed	Neutral	HKD	1.81	2.86	58%	RMB	0.52	0.65	0.80	2.8	2.2	1.8	-7.2%	Ivy Zhao
<b>Metals &amp; Mining</b>															
1818	Zhaojin Mining	Buy	HKD	7.70	13.50	75%	RMB	0.64	0.60	0.57	9.7	10.3	10.9	-10.7%	Li Xiang
2899	Zijin Mining	Buy	HKD	2.16	3.20	48%	RMB	0.28	0.28	0.28	6.3	6.3	6.2	-5.7%	Li Xiang
358	Jiangxi Copper	Buy	HKD	15.10	22.30	48%	RMB	1.53	1.59	1.45	7.8	7.6	8.3	0.4%	Li Xiang
3993	Cmcc	Neutral	HKD	3.09	3.10	0%	RMB	0.19	0.20	0.21	12.8	12.6	11.9	3.0%	Li Xiang
2600	Chalco	Sell	HKD	3.16	2.50	-21%	RMB	-0.14	0.02	0.05	N.A.	125.8	50.3	7.9%	Li Xiang
1378	China Hongqiao	Buy	HKD	4.73	5.60	18%	RMB	0.85	0.91	0.98	4.5	4.2	3.9	5.4%	Li Xiang
486	Rusal	Sell	HKD	3.71	3.10	-16%	USD	0.01	0.05	0.08	68.3	10.0	5.9	-4.1%	Li Xiang
3948	Yitai Coal	Buy	HKD	39.50	50.30	27%	RMB	3.75	4.22	4.44	8.4	7.5	7.1	-6.0%	Li Xiang

Stock Code	Short Name	Rating	Price Currency	Latest Price	12- Month Target Price	Upside Potential	EPS Currency	EPS			P/E			1-Month Performance	Analyst
								2013E	2014E	2015E	2013E	2014E	2015E		
1088	China Shenhua	Buy	HKD	25.45	36.40	43%	RMB	2.44	2.90	3.07	8.3	7.0	6.6	-7.3%	Li Xiang
<b>Auto &amp; Others</b>															
1211	Byd Company	Neutral	HKD	34.15	13.00	-62%	RMB	0.33	0.68	1.10	82.4	40.0	24.7	23.3%	Colleen Li
489	Dongfeng Group	Buy	HKD	12.24	14.17	16%	RMB	1.13	1.26	1.29	8.6	7.7	7.6	5.9%	Colleen Li
175	Geely Auto	Buy	HKD	3.85	5.04	31%	RMB	0.32	0.36	0.38	9.6	8.5	8.1	-1.3%	Colleen Li
2333	Greatwall Motor	Neutral	HKD	37.15	33.09	-11%	RMB	2.36	2.66	2.86	12.5	11.1	10.3	10.4%	Colleen Li
1114	Brilliance Chi	Neutral	HKD	8.94	10.63	19%	RMB	0.61	0.75	0.92	11.7	9.5	7.7	-5.9%	Colleen Li
425	Mint Group	Neutral	HKD	13.36	13.20	-1%	RMB	0.78	0.87	0.97	13.6	12.2	11.0	-3.8%	Colleen Li
1728	Zhengtong Auto	Neutral	HKD	4.35	5.85	34%	RMB	0.55	0.81	1.11	6.3	4.3	3.1	-9.6%	Colleen Li
881	Zhongsheng Hldg	Neutral	HKD	9.78	10.68	9%	RMB	0.59	0.79	0.93	13.2	9.9	8.4	-9.3%	Colleen Li
<b>Oil &amp; Gas</b>															
857	Petro China	Neutral	HKD	9.04	10.55	17%	RMB	0.71	0.74	0.78	10.1	9.7	9.2	-8.4%	Michael Yuk
386	Sinopec Corp	Neutral	HKD	8.02	9.00	12%	RMB	0.88	0.92	0.95	7.3	6.9	6.7	-5.5%	Michael Yuk
883	Cnooc	Buy	HKD	13.72	17.00	24%	RMB	1.44	1.56	1.69	7.6	7.0	6.5	-5.3%	Michael Yuk
603	China Oil & Gas	Neutral	HKD	1.45	1.45	0%	HKD	0.09	0.12	0.15	16.1	12.1	9.7	2.1%	Michael Yuk
342	Newocean Energy	Buy	HKD	5.45	5.30	-3%	HKD	0.55	0.63	0.79	9.9	8.7	6.9	12.6%	Michael Yuk
467	Unitedenergy Gp	Buy	HKD	1.19	1.59	34%	HKD	0.10	0.09	0.09	11.9	13.2	13.2	-0.8%	Michael Yuk
<b>Oil &amp; Gas Services/Equipment</b>															
3899	Cimc Enric	Buy	HKD	10.56	10.00	-5%	RMB	0.49	0.60	0.72	17.2	14.0	11.7	25.7%	Michael Yuk
569	Ch Automation	Buy	HKD	1.95	2.50	28%	RMB	0.26	0.29	0.33	6.0	5.4	4.7	12.1%	Michael Yuk
3337	Anton Oilfield	Neutral	HKD	6.70	4.75	-29%	RMB	0.19	0.24	0.29	28.1	22.2	18.4	8.2%	Michael Yuk
1938	Chu Kong Pipe	Buy	HKD	3.73	4.10	10%	RMB	0.35	0.40	0.54	8.5	7.4	5.5	-1.6%	Michael Yuk
2883	China Oilfield	Buy	HKD	16.42	18.00	10%	RMB	1.29	1.45	1.66	10.1	9.0	7.9	7.3%	Michael Yuk
3303	Jutal Oil Ser	Buy	HKD	2.32	2.40	3%	RMB	0.13	0.17	0.15	14.2	10.9	12.3	24.1%	Michael Yuk



Stock Code	Short Name	Rating	Price Currency	Latest Price	12- Month Target Price	Upside Potential	EPS Currency	EPS			P/E			1-Month Performance	Analyst
								2013E	2014E	2015E	2013E	2014E	2015E		
1623	Hilong	Neutral	HKD	4.92	4.58	-7%	RMB	0.26	0.30	0.32	15.1	13.1	12.2	55.2%	Michael Yuk
<b>Property</b>															
688	China Overseas	Neutral	HKD	23.15	22.56	-3%	HKD	2.29	2.30	2.68	10.1	10.1	8.6	-2.3%	Duan Feiqin
410	Soho China	Neutral	HKD	6.58	6.42	-2%	HKD	2.37	2.13	1.96	2.8	3.1	3.4	-1.8%	Duan Feiqin
813	Shimao Property	Neutral	HKD	16.88	15.70	-7%	HKD	2.07	2.19	2.46	8.2	7.7	6.9	1.0%	Duan Feiqin
1109	China Res Land	Buy	HKD	23.85	23.80	0%	HKD	1.81	1.91	2.20	13.2	12.5	10.8	1.5%	Duan Feiqin
2777	R&F Properties	Buy	HKD	14.46	13.90	-4%	HKD	2.15	2.23	2.45	6.7	6.5	5.9	3.0%	Duan Feiqin
2007	Country Garden	Neutral	HKD	4.46	4.20	-6%	HKD	0.48	0.53	0.60	9.4	8.4	7.4	1.4%	Duan Feiqin
3383	Agile Property	Neutral	HKD	9.40	10.10	7%	HKD	1.81	1.98	2.02	5.2	4.8	4.7	-6.4%	Duan Feiqin
3333	Evergrande	Buy	HKD	3.12	3.10	-1%	HKD	0.77	0.84	0.92	4.1	3.7	3.4	-1.6%	Duan Feiqin
960	Longfor Ppt	Neutral	HKD	13.20	13.23	0%	HKD	1.50	1.65	1.81	8.8	8.0	7.3	1.9%	Duan Feiqin
1813	Kwg Property	Neutral	HKD	5.14	5.05	-2%	HKD	1.02	1.10	1.18	5.0	4.7	4.3	-4.1%	Duan Feiqin
3366	Oct (Asia)	Buy	HKD	4.30	3.50	-19%	HKD	0.43	0.54	0.64	10.0	8.0	6.7	9.4%	Duan Feiqin
3900	Greentown China	Buy	HKD	13.82	18.80	36%	HKD	3.17	3.33	3.49	4.4	4.2	4.0	-8.4%	Duan Feiqin
754	Hopson Dev Hold	Buy	HKD	13.44	12.20	-9%	HKD	1.72	1.98	2.22	7.8	6.8	6.1	3.9%	Duan Feiqin
1918	Sunac	Buy	HKD	5.59	6.66	19%	HKD	1.07	1.26	1.41	5.2	4.4	4.0	-10.7%	Duan Feiqin
<b>Consumer Discretionary</b>															
3308	Golden Eagle	Neutral	HKD	12.36	13.50	9%	RMB	0.63	0.69	0.76	15.6	14.3	13.0	-9.5%	Tang Jingjing
1212	Lifestyle	Neutral	HKD	17.28	18.40	6%	HKD	1.18	1.30	1.35	14.6	13.3	12.8	0.8%	Tang Jingjing
1833	Intime	Buy	HKD	8.09	9.62	19%	RMB	0.54	0.63	0.63	11.9	10.2	10.2	-12.1%	Tang Jingjing
178	Sa Sa	Buy	HKD	8.68	8.78	1%	HKD	0.26	0.36	0.43	33.4	24.1	20.2	7.4%	Tang Jingjing
<b>Telecommunication</b>															
941	China Mobile	Neutral	HKD	82.45	80.00	-3%	RMB	6.52	6.58	6.79	10.1	10.0	9.7	-2.9%	Jeff Hao
762	China Unicom	Buy	HKD	10.66	14.00	31%	RMB	0.44	0.54	0.63	19.3	15.7	13.5	-4.3%	Jeff Hao

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728	China Telecom	Buy	HKD	3.72	4.80	29%	RMB	0.25	0.29	0.33	11.9	10.2	9.0	-6.1%	Jeff Hao
<b>Information Technology</b>															
700	Tencent	Neutral	HKD	307.80	247.00	-20%	RMB	8.69	10.70	12.97	28.2	22.9	18.9	15.6%	Jeff Hao
3888	Kingsoft	Buy	HKD	13.06	14.23	9%	RMB	0.47	0.59	0.73	22.1	17.6	14.3	46.3%	Jeff Hao
777	Netdragon	Buy	HKD	18.00	16.00	-11%	RMB	0.77	0.92	1.15	18.6	15.6	12.5	57.9%	Jeff Hao
354	Chinasoft	Neutral	HKD	2.20	2.00	-9%	RMB	0.10	0.12	0.15	17.5	14.6	11.7	14.6%	Jeff Hao
268	Kingdee	Neutral	HKD	1.71	1.40	-18%	RMB	0.02	0.04	0.05	68.1	34.1	27.2	33.6%	Jeff Hao
<b>Port</b>															
144	China Mer Hold	Neutral	HKD	25.80	23.89	-7%	HKD	1.82	2.11	2.45	14.2	12.2	10.5	5.1%	Kate Li
1199	Cosco Pacific	Buy	HKD	11.40	13.64	20%	USD	0.15	0.17	0.19	9.8	8.6	7.7	10.9%	Kate Li
<b>Shipping</b>															
368	Sinotrans Ship	Buy	HKD	1.96	2.40	22%	USD	0.01	0.02	0.03	25.3	12.6	8.4	3.2%	Kate Li
316	Ooil	Buy	HKD	48.95	62.00	27%	USD	0.56	0.66	0.96	11.3	9.6	6.6	6.2%	Kate Li
2866	Cscl	Buy	HKD	1.99	2.32	17%	RMB	0.05	0.12	0.16	31.7	13.2	9.9	7.6%	Kate Li
<b>Alternative Energy</b>															
3800	Gcl-Poly Energy	Buy	HKD	1.82	1.97	8%	HKD	0.01	0.05	0.07	182.0	36.4	26.0	15.9%	Lei Yin
712	Comtec Solar	Buy	HKD	1.71	1.76	3%	RMB	0.05	0.11	0.16	27.2	12.4	8.5	11.8%	Lei Yin
2208	Goldwind	Sell	HKD	5.85	3.02	-48%	RMB	0.17	0.19	0.22	27.4	24.5	21.2	24.7%	Lei Yin
750	Singyes Solar	Buy	HKD	8.60	9.40	9%	RMB	0.81	0.91	1.04	8.5	7.5	6.6	27.8%	Lei Yin
819	Tianneng Power	Buy	HKD	4.50	6.88	53%	RMB	0.80	1.23	1.32	4.5	2.9	2.7	-8.4%	Lei Yin
<b>Food Products</b>															
322	Tingyi	Buy	HKD	19.98	23.10	16%	USD	0.09	0.11	0.13	29.3	24.5	19.8	-6.9%	Ling Hua
2319	Mengniu Dairy	Buy	HKD	27.05	29.01	7%	RMB	0.83	1.03	1.35	26.0	20.9	16.0	23.8%	Ling Hua
506	China Foods	Neutral	HKD	3.90	4.25	9%	HKD	0.17	0.22	0.27	22.9	17.7	14.4	-1.5%	Ling Hua



## Morning Meeting Summary

Stock Code	Short Name	Rating	Price Currency	Latest Price	12- Month Target Price	Upside Potential	EPS Currency	EPS			P/E			1-Month Performance	Analyst
								2013E	2014E	2015E	2013E	2014E	2015E		
151	Want Want China	Neutral	HKD	11.48	12.10	5%	USD	0.05	0.06	0.07	29.6	24.7	21.1	-6.7%	Ling Hua
345	Vitasoy	Buy	HKD	9.99	9.00	-10%	HKD	0.31	0.35	0.48	32.2	28.5	20.8	6.3%	Ling Hua
<b>US Stock</b>															
BIDU	Baidu Inc	Neutral	USD	96.64	94.39	-2%	USD	6.09	8.12	9.31	15.9	11.9	10.4	4.7%	Mike Chen
SINA	Sina Corp	Buy	USD	57.70	56.04	-3%	USD	0.73	0.94	1.25	79.0	61.4	46.2	15.7%	Mike Chen
SOHU	Sohu.Com Inc	Neutral	USD	64.18	59.20	-8%	USD	2.75	3.78	4.31	23.3	17.0	14.9	27.6%	Mike Chen
NTES	Netease Inc	Buy	USD	63.93	68.20	7%	USD	5.35	5.65	6.01	12.0	11.3	10.6	16.2%	Mike Chen
QIHU	Qihoo 360	Buy	USD	43.81	34.83	-21%	USD	0.65	1.07	1.64	67.4	40.9	26.7	29.0%	Mike Chen
YOKU	Youku Tudou Inc	Neutral	USD	20.45	18.22	-11%	USD	-0.54	-0.37	-0.07	N.A.	N.A.	N.A.	8.7%	Mike Chen
EDU	New Oriental Education	Buy	USD	22.33	22.00	-1%	USD	0.82	1.30	1.64	27.2	17.2	13.6	14.9%	Mike Chen
DANG	Dangdang	Neutral	USD	6.42	6.40	0%	USD	-0.82	-0.52	-0.18	N.A.	N.A.	N.A.	62.5%	Mike Chen
CTRP	Ctrip	Buy	USD	31.15	25.70	-18%	USD	1.15	1.48	1.76	27.1	21.1	17.7	39.6%	Mike Chen
HMIN	Home Inns & Hotels	Neutral	USD	28.99	27.40	-5%	USD	1.09	1.62	2.04	26.6	17.9	14.2	13.7%	Mike Chen

### HSI Index Components Performance

### HSCEI Index Components Performance

Last price

Code	Name	Price	Chg 1D (%)	Code	Name	Price	Chg 1D (%)
1	CHEUNG KONG	109.8	-0.2	168	TSINGTAO BREW-H	54.05	-1.7
2	CLP HLDGS LTD	65.55	-2.1	177	JIANGSU EXPRES-H	9.45	1.5
3	HONG KG CHINA GS	22.00	0.0	323	MAANSHAN IRON-H	1.86	0.0
4	WHARF HLDG	69.10	-1.1	338	SINOPEC SHANG-H	2.85	8.0
5	HSBC HLDGS PLC	86.10	0.1	347	ANGANG STEEL-H	4.22	-4.7
6	POWER ASSETS HOL	68.35	-3.1	358	JIANGXI COPPER-H	15.10	-0.4
11	HANG SENG BK	125.0	-1.1	386	CHINA PETROLEU-H	8.02	-1.5
12	HENDERSON LAND D	54.70	-0.8	390	CHINA RAIL GR-H	4.05	0.3
13	HUTCHISON WHAMPO	82.70	-0.7	489	DONGFENG MOTOR-H	12.24	-1.1
16	SUN HUNG KAI PRO	103.2	0.0	552	CHINA COMM SER-H	5.10	-1.4
17	NEW WORLD DEV	12.40	-0.3	576	ZHEJIANG EXPRESS	6.88	1.5
19	SWIRE PACIFIC-A	98.70	1.2	694	BEIJING CAP AI-H	5.30	-2.6
23	BANK EAST ASIA	30.40	0.5	728	CHINA TELECOM-H	3.72	-1.9
66	MTR CORP	30.70	-3.2	753	AIR CHINA LTD-H	6.42	-1.1
83	SINO LAND CO	11.58	-1.4	857	PETROCHINA CO-H	9.04	-2.2
101	HANG LUNG PROPER	27.30	-1.8	902	HUANENG POWER-H	7.98	-3.4
144	CHINA MERCHANT	25.80	-0.8	914	ANHUI CONCH-H	25.35	-0.8
267	CITIC PACIFIC	9.19	-1.8	939	CHINA CONST BA-H	6.30	-0.8
291	CHINA RES ENTERP	25.35	-1.0	991	DATANG INTL PO-H	3.20	-3.0
293	CATHAY PAC AIR	14.48	0.1	998	CHINA CITIC BK-H	4.19	0.0
330	ESPRIT HLDGS	11.90	0.0	1088	CHINA SHENHUA-H	25.45	-0.6
386	CHINA PETROLEU-H	8.02	-1.5	1133	HARBIN ELECTRIC	6.46	-0.3
388	HONG KONG EXCHNG	130.8	0.1	1138	CHINA SHIPPING-H	3.30	-4.4
494	LI & FUNG LTD	10.84	-0.7	1171	YANZHOU COAL-H	7.96	-1.1
551	YUE YUEN INDUS	22.70	2.5	1186	CHINA RAIL CN-H	7.72	0.8
688	CHINA OVERSEAS	23.15	0.9	1398	IND & COMM BK-H	5.47	1.1
700	TENCENT HOLDINGS	307.8	0.0	1800	CHINA COM CONS-H	7.30	0.0
762	CHINA UNICOM HON	10.66	-1.1	1898	CHINA COAL ENE-H	5.06	-1.6
857	PETROCHINA CO-H	9.04	-2.2	1919	CHINA COSCO HO-H	3.35	-0.9
883	CNOOC LTD	13.72	-0.3	2318	PING AN INSURA-H	57.80	-0.7
939	CHINA CONST BA-H	6.30	-0.8	2328	PICC PROPERTY &	9.17	0.3
941	CHINA MOBILE	82.45	-0.3	2600	ALUMINUM CORP-H	3.16	0.3
1088	CHINA SHENHUA-H	25.45	-0.6	2628	CHINA LIFE INS-H	20.05	-2.7
1199	COSCO PAC LTD	11.40	2.3	2727	SHANGHAI ELECT-H	2.89	-0.7
1398	IND & COMM BK-H	5.47	1.1	2777	GUANGZHOU R&F -H	14.46	3.4
2038	FOXCONN INTL HLD	4.41	18.2	2866	CHINA SHIPPING-H	1.99	0.0
2318	PING AN INSURA-H	57.80	-0.7	2883	CHINA OILFIELD-H	16.42	-2.7
2388	BOC HONG KONG HO	25.90	-1.9	2899	ZIJIN MINING-H	2.16	1.4
2600	ALUMINUM CORP-H	3.16	0.3	3323	CHINA NATL BDG-H	8.28	0.0
2628	CHINA LIFE INS-H	20.05	-2.7	3328	BANK OF COMMUN-H	5.95	-1.0
3328	BANK OF COMMUN-H	5.95	-1.0	3968	CHINA MERCH BK-H	15.68	0.1
3988	BANK OF CHINA-H	3.68	-1.1	3988	BANK OF CHINA-H	3.68	-1.1
				3993	CHINA MOLYBDENUM	3.09	1.0

**A+H Company Performance**

Last price

Name(H)	Code (H)	Price (H)	Code (A)	Price (A)	Spread (%)
SINOPEC YIZHEN-H	1033	2.11	600871	6.64	298.2
NORTHEAST ELEC-H	42	0.99	000585	2.84	263.0
TIANJIN CAP-H	1065	3.42	600874	9.39	247.4
BEIREN PRINT-H	187	3.78	600860	9.92	232.1
NANJING PANDA-H	553	3.36	600775	8.34	214.1
CHONGQING IRON-H	1053	1.12	601005	2.72	207.3
SHENJI GROUP-H	300	2.51	600806	6.00	202.5
SHANDONG XINHU-H	719	2.20	000756	5.08	192.2
SINOPEC SHANG-H	338	2.85	600688	6.43	185.5
YANZHOU COAL-H	1171	7.96	600188	14.47	130.0
JINGWEI TEXTIL-H	350	5.46	000666	9.91	129.7
BEIJING NORTH-H	588	1.92	601588	3.21	111.6
HISENSE KELON -H	921	4.76	000921	7.93	110.8
GUANGZHOU SHIP-H	317	7.29	600685	11.19	94.2
DATANG INTL PO-H	991	3.20	601991	4.83	91.0
JIANGXI COPPER-H	358	15.10	600362	21.00	76.0
CHINA SHIPPING-H	1138	3.30	600026	4.31	65.3
ALUMINUM CORP-H	2600	3.16	601600	4.11	64.6
GUANGZHOU PHAR-H	874	30.95	600332	37.97	55.3
HUADIAN POWER-H	1071	3.58	600027	3.92	38.6
DONGFANG ELECT-H	1072	12.04	600875	12.99	36.5
SHENZHEN EXPRE-H	548	3.02	600548	3.24	35.8
CHINA CITIC BK-H	998	4.19	601998	4.36	31.7
MAANSHAN IRON-H	323	1.86	600808	1.91	30.0
ZTE CORP-H	763	12.58	000063	12.63	27.1
ANHUI EXPRESS-H	995	4.06	600012	4.06	26.5
CHINA SOUTHERN-H	1055	3.58	600029	3.48	23.0
CHINA MERCH BK-H	3968	15.68	600036	13.58	9.6
CHINA PETROLEU-H	386	8.02	600028	6.74	6.4
CHINA LIFE INS-H	2628	20.05	601628	16.64	5.0
AIR CHINA LTD-H	753	6.42	601111	5.31	4.7
HUANENG POWER-H	902	7.98	600011	6.41	1.7
WEICHAJ POWER-H	2338	28.70	000338	23.04	1.6
BANK OF CHINA-H	3988	3.68	601988	2.95	1.4
BANK OF COMMUN-H	3328	5.95	601328	4.71	0.2
LUOYANG GLASS-H	1108	1.66	600876	5.63	0.0
GUANGSHEN RAIL-H	525	3.49	601333	2.73	-1.0
ANGANG STEEL-H	347	4.22	000898	3.29	-1.3
IND & COMM BK-H	1398	5.47	601398	4.18	-3.3
TSINGTAO BREW-H	168	54.05	600600	38.91	-8.9
PING AN INSURA-H	2318	57.80	601318	39.61	-13.3
ANHUI CONCH-H	914	25.35	600585	16.90	-15.6
JIANGSU EXPRES-H	177	9.45	600377	6.11	-18.2

**Research reports published in the last one month**

<b>Date published</b>	<b>Name of report</b>	<b>Analyst</b>
29-May-13	Industry Report For Wind Power	Yin Lei
28-May-13	Pay attention to policy risks affecting liquidity	David Xie, Cliff Zhao, Li Qing
28-May-13	Kingsoft (03888.HK)	Jeff Hao
27-May-13	Meeting Minutes for the Market Strategy Conference Call	Cliff Zhao, Li Qing, George Chen
22-May-13	HK Stock Market Strategy Weekly	Cliff Zhao, George Chen
21-May-13	United Energy Group Ltd. (00467.HK)	Michael Yuk
20-May-13	NetEase INC (NTES.O)	Mike Chen
17-May-13	April & Labor Day Holiday Sales Data Review	Ivy Zhao, Jingjing Tang, Ling Hua
15-May-13	HK Stock Market Strategy Weekly	Cliff Zhao, George Chen
13-May-13	Jutal Offshore Oil Services (03303.HK)	Michael Yuk
10-May-13	Textile & Apparel Industry Series II	Ivy Zhao
9-May-13	Metal and Mining	Lee Xiang
9-May-13	Efforts on Three Fronts to Depress Arbitrage Capital Inflows	David Xie, Cliff Zhao, Li Qing
8-May-13	Baidu (Bidu.O)	Mike Chen
7-May-13	China Mengniu (02319.HK)	Hua Ling
7-May-13	New Oriental Education (EDU.N)	Mike Chen
7-May-13	International Capital Flows and Domestic Liquidity Review	David Xie, Cliff Zhao, Li Qing
6-May-13	Textile & Apparel Industry Series I	Ivy Zhao
6-May-13	HK Stock Market Strategy Weekly	Cliff Zhao, George Chen
2-May-13	Jiangxi Copper-H (00358.HK)	Lee Xiang
2-May-13	HK Stock Market Strategy Weekly	Cliff Zhao, George Chen
2-May-13	It could be unwise to widen RMB exchange rate band now	David Xie, Cliff Zhao, Li Qing
29-Apr-13	CNOOC (00883.HK)	Michael Yuk
29-Apr-13	CIMC Enric Holdings Ltd. (03899.HK)	Michael Yuk
26-Apr-13	China Mengniu DA (02319.HK)	Hua Ling
25-Apr-13	China Macro Outlook Q2 2013	David Xie, Cliff Zhao, Li Qing
25-Apr-13	Great Wall Mot-H (02333.HK)	Colleen Li
24-Apr-13	The investment strategy of the second quarter of retail industry	Tang Jingjing
24-Apr-13	China Singyes Solar (00750.HK)	Yin Lei
23-Apr-13	HK Stock Market Strategy Weekly	Cliff Zhao, George Chen
23-Apr-13	International Capital Flows and Domestic Liquidities	David Xie, Cliff Zhao, Li Qing
22-Apr-13	CMSHK Research Monthly Review	Cliff Zhao, George Chen
22-Apr-13	Automobile sector comment on 1Q result	Colleen Li
19-Apr-13	Hong Kong Market 2Q2013 Outlook	Cliff Zhao, George Chen
19-Apr-13	Automobile sector sell in May	Colleen Li

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<b>OVERWEIGHT</b>	Expected to outperform the market index over the next twelve months
<b>NEUTRAL</b>	Expected to outperform or underperform the market index over the next twelve months
<b>UNDERWEIGHT</b>	Expected to underperform the market index over the next twelve months

<b>COMPANY</b>	<b>DEFINITION</b>
<b>BUY</b>	Expected to outperform the market index by >10% over the next twelve months
<b>NEUTRAL</b>	Expected to outperform or underperform the market index by 10% or less over the next twelve months
<b>SELL</b>	Expected to underperform the market index by >10% over the next twelve months

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