

Research Highlights

1. ZOOMLION HEAVY-H(1157.HK) - Recovery is expected; overdue rate is controllable

[Jiao Yiding] Zoomlion's 1H2013 revenue is RMB20.17 billion, net profit attributable to shareholders is RMB2.91 billion, and EPS is RMB 0.38. The result is lower than market consensus, but there are clear seasonally adjusted QoQ improvements. We believe the worst time is over. The credit risk due to former aggressive sales has been climbing since last year; but after quantifying the risk, we believe the risk is most likely under control. Based on 1.03x P/B multiplier, our 12-month target price is HK\$7.20, HK\$0.20 lower than last TP; maintain BUY rating.

Revenue still recorded a YoY decline, but the decline was narrowing. 2Q's YoY revenue growth was -19.38%, compared with -48% in 1Q. 2Q's YoY net profit growth was -35%, compared with -72% in 1Q. 2Q's QoQ revenue and net profit growth rates were 238.17% and 387.38% respectively. The data are still lower than the market consensus, but signs of recovery are very clear. Given benefits from several positive policy stimulations, we estimate the second half of the year will outperform the first half of the year for the company.

The credit tightening policy starts to show a positive impact, with the average down payment rate increasing to 15% from 10% in 2012. The high credit risk caused by aggressive sales needs at least three years to be fully digested, and due to bank funding shortfall, the overdue rate increased to 14.6% from 9.3% in 2012. We quantify the risk and estimate the loss to be about RMB0.21 per share.

According to the company's most recent operating data, we adjusted the company's 2013/14/15E EPS to RMB0.76/0.91/0.99, down 3.80%/5.21%/4.80% respectively. We adjusted the 12-month target price to HK\$7.20 from HK\$7.40; maintain Buy rating.

2. Kingsoft(03888.HK)--Mobile Internet is the key for future valuation (BUY)

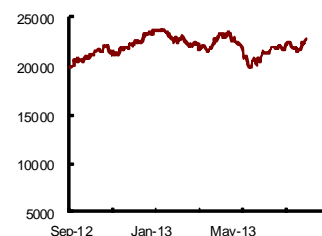
[Jeff Hao] Kingsoft's 1H2013 revenue was RMB953mn, up 55% YoY; net profit was RMB381mn, up 83% YoY. We believe development of Mobile Internet (MI) business is the key driver of future valuation for Internet companies. In our view, Kingsoft has well established its mobile security roadmap based on a group of mobile security and management apps. In terms of monetization, we believe mobile app distribution will be Kingsoft's first attempt to monetize its mobile traffic. Other than MI business, we believe there are more growth drivers 1) WPS corporate market & individual market (monetization has begun) 2) mobile game 3) KIS web game platform. We advise investors to 1) focus more on Kingsoft's top-line growth and operating data of its products 2) focus more on Kingsoft as a whole rather than an individual business line when evaluating Kingsoft's valuation. We lift TP to HK\$24.37 (from HK\$14.23), and reiterate BUY.

HK Indices	Last price	chg	% chg
HSI	22,750.65	129.4	0.57
Finance	31,651.79	116.10	0.37
Properties	29,735.56	105.6	0.36
Utilities	50,151.67	-74.84	-0.15
Commerce&Industrv	13,277.30	126.8	0.96
HSCEI	10,528.69	194.6	1.88
HSCCI	4,354.25	29.82	0.69
HKSPGEM	417.59	5.14	1.25

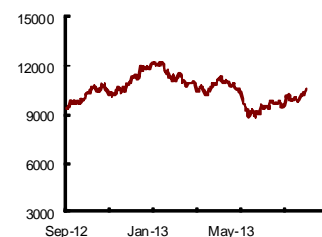
World Indices	Last price	chg	% chg
FTSE 100	6,530.74	-16.59	-0.25
DAX 30	8,276.32	0.65	0.01
CAC 40	4,040.33	-8.86	-0.22
DJIA	15,063.12	140.62	0.94
S&P500	1,671.71	16.54	1.00
Nasdaq Composite	3,706.18	46.17	1.26
Nikkei 225	14,205.23	344.42	2.48

Asia-Pacific Indices	Last price	chg	% chg
KOSPI	1,974.67	19.36	0.99
TWSE	8,192.11	27.91	0.34
STI	3,088.20	39.85	1.31
India BSE 30	19,270.06	290.30	1.53
S&P/ASX 200	5,181.47	36.48	0.71

HSI One Year



HSCEI One Year



Source: Bloomberg

China Merchants Securities (HK)

Research

+852-3189-6888

Sector Updates

1. NDRC set to adjust on-grid wind power tariff policy

The National Development and Reform Commission and National Energy Administration held meetings with Chinese wind power companies in a bid to make a new assessment on wind power tariff. The Economic Observer reported. A NEA official admitted that the authority is considering an adjustment to on-grid power tariff, but no conclusive decision has been made.

In general, NDRC and NEA may have two main reasons for wind FIT cut: first, significant decreases in wind turbine prices; second, huge financial deficit of the renewable energy development fund. **[AASTOCKS]**

Comments: (1) Although formal adjustment policy has not been issued, we believe the expectation of wind FIT cut will be formed gradually and “sell” may be the best choice. (2) Wind farm operators have inexpensive P/E ratios (15-20x) because of high and stable profit margins, and positive growth prospects. Wind FIT cut will harm P/E more than profit. (3) According to our estimates, for a typical wind farm, the generation cost per kWh is between RMB0.3-0.4. Once FIT decreases by RMB0.01, IRR may decrease by 0.5-1 ppt. (4) In the short term, investors should pay attention to the downside risk of leading wind farm operators like Datang Renewable Power (1798.HK), Hueneng Renewables (958.HK) and Longyuan Power (916.HK). (Yin Lei)

A-share Research Highlights (CMS Research Center)

1. August trade data – export continued to improve

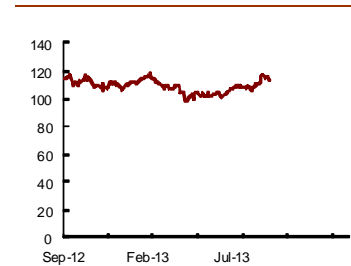
[Zhang Yiping, Sep. 9, 2013] Comment: (1) August exports grew 7.2% YoY to exceed US\$190 bn for the first time in a single month. The continued recovery of export growth was in line with the recent rebound of the new export orders index in PMI. Two main reasons: First, the improvement of the external environment. The U.S. revised up its 2Q economic growth rate; its ISM PMI continued to pick up in August. The situation was stable in Europe, with economic growth rates in core countries including Germany and France accelerating moderately. China's exports to the U.S. grew 6% in August, while exports to Europe increased 2.5%. The improvement in western economies was also conducive to China's exports to other trading partners. Exports to ASEAN jumped 30.82% in August. Second, China's exports enter a high season as 4Q approaches. Exports of labor-intensive products grew fast ahead of the western holiday season. In August, apparel and toy exports grew 12.7% and 13.6% respectively; exports of major labor-intensive products grew 8.9%, while mechanical & electrical product exports grew 6.7%.

(2) August imports grew 7% YoY, slower than market expectation. In July, the large imports of industrial raw materials like crude oil and iron ore propelled import growth. In August, iron ore import growth slowed down by nearly 16 ppt from July; oil import growth was basically flat from July, which meant much slower MoM growth compared with July and considerable decline in absolute terms. The current pro-growth macro policies are mainly structural measures. As the economic growth rate recovers and the graduate employment situation improves, structural adjustment and reforms become more important. Policy makers' emphasis on the stabilization of economic growth turned significantly weaker in August from July. The general trade surplus, which reflects the strength of domestic

Global Commodity	Last price	chg	% chg
Brent Oil	113.29	-2.34	-2.02
Gold	1,387.3	0.27	0.02
LME Aluminum	1,806.0	-18.00	-0.99
LME Copper	7,196.0	36.00	0.50
BDI	1,478.0	126.00	9.32
API Coal	84.00	0.10	0.12

Exchange /Bond Market	/Currency	Last price	chg	% chg
USD/RMB		6.16	-0.01	-0.16
USD/HKD		7.76	0.00	0.00
1-YR RMB NDF		6.23	0.01	0.16
EUR/USD		132.55	0.02	0.02
3-M Libor		0.52	0.00	0.00
3-M Shibor		4.66	0.00	0.00
10 YR US T-Note Yield		2.91	-0.02	-0.68

Brent Oil One Year



Gold Commodity One Year



LME Aluminum Commodity One Year



Source: Bloomberg

demand, turned positive in August after being negative in July. The slower import growth in August reflected a slower pace of the improvement in domestic demand.

(3) August imports were weaker than expected, but exports continued to pick up pace on support from external demand. As a result, trade surplus expanded to US\$28.519 bn in August. China's monthly average trade surplus was US\$27.7 bn last year. The surplus is usually wider in 2H than in 1H every year. If this trend stays intact, China's trade surplus will be wider in 2013 than in 2012. From this perspective, RMB faces bigger pressure to appreciate than to depreciate in the short term.

(4) China has entered a traditional high season of exports. Export growth is further supported by the external environment. As for imports, improving exports will lead to faster growth of imports related to processing trade. However, the more important general trade imports depend on domestic policies that try to balance economic growth and structural adjustment & reforms. There are signs that the policy focus is returning to structural adjustment & reforms. Therefore, general trade import growth will slow down, while overall import growth will also become lackluster.

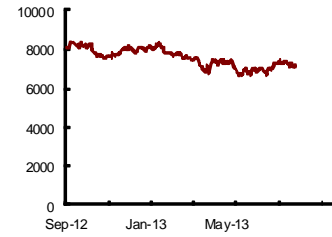
2. August CPI and PPI numbers – temporary fall in inflation, but we think the rising trend is still there

[Yan Ling, Sep. 9, 2013] The National Bureau of Statistics released the following data on Sep. 9, 2013: China's CPI rose 2.6% YoY and 0.5% MoM in August; PPI fell 1.6% YoY and rose 0.1% MoM; industrial producers purchase price index fell 1.6% YoY and rose 0.1% MoM.

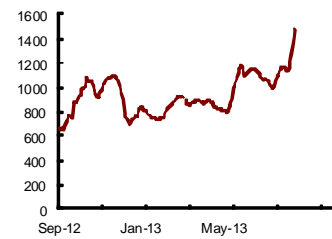
Comment: (1) CPI growth was slightly slower than the July level, but the moderately rising trend of inflation during this year stays intact. Food prices rose 1.2% from July. Among non-food prices, service prices rose at a monthly pace in line with historical average, reflecting that even if the potential growth rate of the economy slows down, labor cost still tends to rise rather than fall. Economic restructuring drives consumption upgrading and leads to strong rigidity of non-food prices. The recent gain in crude oil price propelled fast increases in vehicle fuel and auto parts prices. (2) We expect 2013 inflation rate to be 2.7% and 4Q CPI to grow 3.2%. It will be difficult for China's inflation level to fall, given the recovery of the domestic economy, the rigidity of labor cost, the policy-driven rationalization of resources prices and the rising imported inflation pressure. Short-term fluctuations caused by carryover effects cannot be ruled out.

(3) PPI growth was -1.6% YoY, with clear improvements in upstream and midstream prices. The month-on-month rate turned positive after five consecutive months of negative growth, and the data again showed MoM improvement, in line with indicators such as HSBC and CFLP PMI that returned to expansion zone and power generation data that remained high. Ex-factory prices of major industries were released for the first time, with most upstream industries' prices rebounding significantly MoM except for those of the coal industry. (4) PPI YoY rate is expected to continue to pick up moderately while remaining in negative zone during the year amid the stabilization and recovery of the domestic economy and the recovery of external economies. (5) As for China's monetary policy, interest rate or RRR cuts are not likely. The maneuvering room of policy easing is very limited given the moderately climbing inflation. The hawkish-neutral stance recently exhibited by the central bank also proved this point. The central bank has been preventing long-term interest rates from falling while loosening the control on short-term rates. Liquidity injections through open market operations are limited in scale. Reverse repo rates are relatively

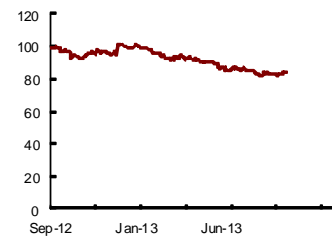
LME Copper Commodity One Year



BDI One Year



API Coal One Year



Source: Bloomberg

high. Besides, we believe the market is in a wait-and-see mode ahead of real monetary policy moves by the Fed. The volatility of cross-border capital flows is increasing, but continuous and significant outflows are not likely. We expect new funds outstanding for foreign exchange of financial institutions to grow moderately in August. The chance for RRR cut is low as cross-border capital continues to flow into China.

What to Watch

Economic Data	HK: Nil US: Consumer Credit		
Date	Ticker	Stock Name	Earnings
2013/09/10	00330	ESPRIT HOLDINGS	Final
2013/09/10	08008	SUNEVISION	Final
Date	Ticker	Stock Name	Issue Price
Nil			

China Merchants Securities (Hong Kong) Stock Pool Update Weekly
 2013-9-10

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		
Textiles, Apparel & Luxury Goods															
589	Ports	Neutral	HKD	5.29	5.30	0%	RMB	0.55	0.56	0.64	7.6	7.5	6.6	-8.6%	Ivy Zhao
1880	Belle	Buy	HKD	10.92	16.39	50%	RMB	0.52	0.61	0.71	16.7	14.2	12.2	-4.7%	Ivy Zhao
1368	Xtep	Neutral	HKD	3.71	4.00	8%	RMB	0.27	0.27	0.29	10.9	10.9	10.2	-4.4%	Ivy Zhao
2020	Anta Sports	Neutral	HKD	9.89	9.14	-8%	RMB	0.49	0.53	0.57	16.0	14.8	13.8	-2.7%	Ivy Zhao
1361	361 Degrees	Neutral	HKD	1.84	1.45	-21%	RMB	0.29	0.28	0.28	5.0	5.3	5.2	-3.2%	Ivy Zhao
1968	Peak Sport	Neutral	HKD	1.83	1.48	-19%	RMB	0.16	0.17	0.19	9.2	8.5	7.5	19.6%	Ivy Zhao
2331	Li Ning	Buy	HKD	5.85	5.20	-11%	RMB	-0.10	0.18	0.20	N.A.	26.4	23.3	11.9%	Ivy Zhao
3818	China Dongxiang	Buy	HKD	1.26	1.47	17%	RMB	0.04	0.04	0.05	27.0	23.8	21.3	-12.5%	Ivy Zhao
953	Meike	Neutral	HKD	0.44	0.30	-32%	RMB	0.04	0.05	0.06	9.7	7.6	6.4	18.9%	Ivy Zhao
1234	China Lilang	Buy	HKD	4.39	5.25	20%	RMB	0.41	0.41	0.47	8.5	8.5	7.4	-2.2%	Ivy Zhao
891	Trinity	Buy	HKD	2.77	4.63	67%	RMB	0.21	0.25	0.30	10.5	8.8	7.3	-12.9%	Ivy Zhao
873	C Taifeng Bed	Buy	HKD	1.54	2.86	86%	RMB	0.52	0.65	0.80	2.3	1.9	1.5	-4.4%	Ivy Zhao
Metals & Mining															
1818	Zhaojin Mining	Neutral	HKD	7.22	6.00	-17%	RMB	0.43	0.38	0.34	13.3	15.1	16.9	39.7%	Li Xiang
2899	Zijin Mining	Neutral	HKD	1.94	1.69	-13%	RMB	0.14	0.15	0.12	11.0	10.3	12.8	15.5%	Li Xiang
358	Jiangxi Copper	Buy	HKD	15.84	15.20	-4%	RMB	1.02	1.05	0.85	12.3	12.0	14.8	11.4%	Li Xiang
3993	Cmcc	Neutral	HKD	3.09	3.10	0%	RMB	0.19	0.20	0.21	12.7	12.5	11.9	0.0%	Li Xiang
2600	Chalco	Sell	HKD	2.80	1.60	-43%	RMB	-0.28	-0.11	-0.10	N.A.	N.A.	N.A.	12.5%	Li Xiang
1378	China Hongqiao	Buy	HKD	4.51	5.80	29%	RMB	0.97	1.11	1.23	3.7	3.2	2.9	7.4%	Li Xiang
486	Rusal	Sell	HKD	2.30	2.03	-12%	USD	0.01	0.04	0.05	29.7	7.4	5.9	-9.5%	Li Xiang
3948	Yitai Coal	Buy	HKD	14.50	25.10	73%	RMB	1.88	2.11	2.22	6.1	5.5	5.2	-6.5%	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	26.35	36.40	38%	RMB	2.44	2.90	3.07	8.6	7.2	6.8	12.9%	Li Xiang
Auto & Others															
1211	Byd Company	Neutral	HKD	31.10	13.00	-58%	RMB	0.33	0.68	1.10	74.8	36.3	22.4	-0.6%	Colleen Li
489	Dongfeng Group	Buy	HKD	11.24	14.17	26%	RMB	1.13	1.26	1.29	7.9	7.1	6.9	2.6%	Colleen Li
175	Geely Auto	Buy	HKD	4.10	5.04	23%	RMB	0.32	0.36	0.38	10.2	9.0	8.6	12.6%	Colleen Li
2333	Greatwall Motor	Neutral	HKD	41.10	38.62	-6%	RMB	2.78	3.41	3.74	11.7	9.6	8.7	5.7%	Colleen Li
1114	Brilliance Chi	Buy	HKD	11.62	12.00	3%	RMB	0.71	0.80	0.89	13.0	11.5	10.4	11.1%	Colleen Li
425	Mint Group	Buy	HKD	14.66	13.20	-10%	RMB	0.78	0.87	0.97	14.9	13.4	12.0	13.6%	Colleen Li
1728	Zhengtong Auto	Buy	HKD	5.24	5.85	12%	RMB	0.55	0.81	1.11	7.6	5.1	3.8	18.8%	Colleen Li
881	Zhongsheng Hldg	Neutral	HKD	11.48	10.30	-10%	RMB	0.58	0.71	0.99	15.7	12.8	9.2	27.7%	Colleen Li
Oil & Gas															
857	Petro China	Buy	HKD	8.81	10.55	20%	RMB	0.71	0.74	0.78	9.9	9.5	9.0	-0.7%	Michael Yuk
386	Sinopec Corp	Buy	HKD	6.16	7.20	17%	RMB	0.68	0.70	0.73	7.2	7.0	6.7	9.4%	Michael Yuk
883	Cnooc	Buy	HKD	16.20	17.00	5%	RMB	1.44	1.56	1.69	8.9	8.2	7.6	15.7%	Michael Yuk
603	China Oil & Gas	Neutral	HKD	1.10	1.45	32%	HKD	0.09	0.12	0.15	12.2	9.2	7.3	-23.1%	Michael Yuk
342	Newocean Energy	Buy	HKD	4.97	5.30	7%	HKD	0.55	0.63	0.79	9.0	7.9	6.3	3.5%	Michael Yuk
467	Unitedenergy Gp	Buy	HKD	1.22	1.59	30%	HKD	0.10	0.09	0.09	12.2	13.6	13.6	11.9%	Michael Yuk
Oil & Gas Services/Equipment															
3899	Cimc Enric	Buy	HKD	8.79	10.00	14%	RMB	0.49	0.60	0.72	14.2	11.6	9.7	-6.6%	Michael Yuk
569	Ch Automation	Buy	HKD	1.56	2.50	60%	RMB	0.26	0.29	0.33	4.8	4.3	3.8	1.3%	Michael Yuk
3337	Anton Oilfield	Neutral	HKD	4.49	5.70	27%	RMB	0.19	0.23	0.28	18.8	15.5	12.7	-17.6%	Michael Yuk
1938	Chu Kong Pipe	Neutral	HKD	2.35	2.26	-4%	RMB	0.11	0.41	0.56	17.0	4.6	3.3	8.8%	Michael Yuk
2883	China Oilfield	Buy	HKD	20.25	18.00	-11%	RMB	1.29	1.45	1.66	12.5	11.1	9.7	13.6%	Michael Yuk
3303	Jutal Oil Ser	Buy	HKD	1.53	2.40	57%	RMB	0.13	0.17	0.15	9.3	7.1	8.1	-14.0%	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	3.85	4.58	19%	RMB	0.26	0.30	0.32	11.8	10.2	9.6	-18.3%	Michael Yuk
Property															
688	China Overseas	Buy	HKD	23.10	22.56	-2%	HKD	2.29	2.30	2.68	10.1	10.0	8.6	-2.5%	DuanFeiqin
410	Soho China	Neutral	HKD	6.61	6.42	-3%	HKD	2.37	2.13	1.96	2.8	3.1	3.4	3.0%	DuanFeiqin
813	Shimao Property	Neutral	HKD	18.50	16.70	-10%	HKD	2.07	2.19	2.46	8.9	8.4	7.5	6.7%	DuanFeiqin
1109	China Res Land	Buy	HKD	21.80	23.80	9%	HKD	1.81	1.91	2.20	12.0	11.4	9.9	-1.4%	DuanFeiqin
2777	R&F Properties	Buy	HKD	12.34	13.90	13%	HKD	2.15	2.23	2.45	5.7	5.5	5.0	-3.9%	DuanFeiqin
2007	Country Garden	Neutral	HKD	5.14	4.20	-18%	HKD	0.48	0.53	0.60	10.8	9.7	8.6	11.7%	DuanFeiqin
3383	Agile Property	Neutral	HKD	8.68	10.10	16%	HKD	1.81	1.98	2.02	4.8	4.4	4.3	5.0%	DuanFeiqin
3333	Evergrande	Buy	HKD	3.37	4.38	30%	HKD	0.84	0.97	0.98	4.0	3.5	3.4	6.3%	DuanFeiqin
960	Longfor Ppt	Buy	HKD	13.40	13.23	-1%	HKD	1.50	1.65	1.81	8.9	8.1	7.4	8.8%	DuanFeiqin
1813	Kwg Property	Neutral	HKD	5.27	5.05	-4%	HKD	1.02	1.10	1.18	5.2	4.8	4.5	15.8%	DuanFeiqin
3366	Oct (Asia)	Buy	HKD	4.00	3.50	-13%	HKD	0.43	0.54	0.64	9.3	7.4	6.3	-2.4%	DuanFeiqin
3900	Greentown China	Buy	HKD	15.44	18.80	22%	HKD	3.17	3.33	3.49	4.9	4.6	4.4	0.3%	DuanFeiqin
754	Hopson Dev Hold	Buy	HKD	10.22	12.20	19%	HKD	1.72	1.98	2.22	5.9	5.2	4.6	4.4%	DuanFeiqin
1918	Sunac	Buy	HKD	5.38	6.66	24%	HKD	1.07	1.26	1.41	5.0	4.3	3.8	-6.9%	DuanFeiqin
Consumer Discretionary															
3308	Golden Eagle	Neutral	HKD	10.74	13.50	26%	RMB	0.63	0.69	0.76	13.5	12.4	11.2	-9.8%	TangJingjing
1212	Lifestyle	Neutral	HKD	17.38	18.40	6%	HKD	1.18	1.30	1.35	14.7	13.4	12.9	-3.9%	TangJingjing
1833	Intime	Buy	HKD	8.83	9.62	9%	RMB	0.54	0.63	0.63	13.0	11.1	11.1	2.0%	TangJingjing
178	Sa Sa	Buy	HKD	8.30	8.78	6%	HKD	0.26	0.36	0.43	31.9	23.1	19.3	0.4%	TangJingjing
Telecommunication															
941	China Mobile	Neutral	HKD	86.10	80.00	-7%	RMB	6.52	6.58	6.79	10.5	10.4	10.1	4.3%	Jeff Hao
762	China Unicom	Buy	HKD	12.18	14.00	15%	RMB	0.44	0.54	0.63	22.0	17.9	15.4	3.2%	Jeff Hao

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728	China Telecom	Buy	HKD	4.19	4.80	15%	RMB	0.25	0.29	0.33	13.3	11.5	10.1	7.2%	Jeff Hao
Information Technology															
700	Tencent	Buy	HKD	390.40	401.00	3%	RMB	8.61	11.35	15.08	36.0	27.3	20.6	9.2%	Jeff Hao
3888	Kingsoft	Buy	HKD	18.92	24.37	29%	RMB	0.50	0.66	0.83	30.0	22.8	18.1	20.7%	Jeff Hao
777	Netdragon	Buy	HKD	17.56	26.27	50%	RMB	0.78	0.89	1.12	17.9	15.7	12.5	-4.6%	Jeff Hao
354	Chinasoft	Neutral	HKD	2.31	2.00	-13%	RMB	0.10	0.12	0.15	18.3	15.3	12.2	4.1%	Jeff Hao
268	Kingdee	Neutral	HKD	2.24	1.40	-38%	RMB	0.02	0.04	0.05	88.9	44.5	35.6	28.7%	Jeff Hao
Port															
144	China Mer Hold	Neutral	HKD	27.20	23.89	-12%	HKD	1.82	2.11	2.45	15.0	12.9	11.1	14.3%	Kate Li
1199	Cosco Pacific	Buy	HKD	11.92	12.58	6%	USD	0.26	0.13	0.14	5.9	11.8	11.0	9.0%	Kate Li
Shipping															
368	Sinotrans Ship	Buy	HKD	2.46	2.40	-2%	USD	0.01	0.02	0.03	31.7	15.9	10.6	29.5%	Kate Li
316	Ooil	Buy	HKD	45.15	52.30	16%	USD	0.37	0.52	0.69	15.7	11.2	8.4	1.5%	Kate Li
2866	Cscl	Neural	HKD	2.24	1.82	-19%	RMB	-0.06	0.03	0.07	N.A.	59.3	25.4	16.1%	Kate Li
Alternative Energy															
3800	Gcl-Poly Energy	Buy	HKD	2.12	1.97	-7%	HKD	0.01	0.05	0.07	212.0	42.4	30.3	3.4%	Yin Lei
712	Comtec Solar	Buy	HKD	1.73	1.76	2%	RMB	0.05	0.11	0.16	27.5	12.5	8.6	-28.5%	Yin Lei
750	Singyes Solar	Buy	HKD	7.41	9.40	27%	RMB	0.81	0.91	1.04	7.3	6.5	5.7	-2.6%	Yin Lei
2208	Goldwind	Buy	HKD	5.05	5.52	9%	RMB	0.17	0.21	0.27	23.6	19.1	14.9	12.7%	Yin Lei
916	Longyuan Power	Neutral	HKD	7.72	8.16	6%	RMB	0.36	0.43	0.52	17.0	14.3	11.8	-4.5%	Yin Lei
1798	Datang Power	Neutral	HKD	1.32	1.99	51%	RMB	0.08	0.14	0.21	13.1	7.5	5.0	-25.8%	Yin Lei
816	Huadian Fuxin	Buy	HKD	2.05	2.99	46%	RMB	0.19	0.24	0.28	8.6	6.8	5.8	-13.5%	Yin Lei
579	Jingneng	Buy	HKD	2.65	3.62	37%	RMB	0.18	0.24	0.29	11.7	8.8	7.3	-8.0%	Yin Lei
Food & Beverage															

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		
322	Tingyi	Buy	HKD	21.80	23.10	6%	USD	0.09	0.11	0.13	31.9	26.8	21.6	12.1%	Ling Hua
2319	Mengniu Dairy	Buy	HKD	33.60	33.26	-1%	RMB	0.85	1.10	1.48	31.4	24.3	18.0	3.9%	Ling Hua
506	China Foods	Neutral	HKD	2.99	4.25	42%	HKD	0.17	0.22	0.27	17.6	13.6	11.1	-2.9%	Ling Hua
151	Want Want China	Neutral	HKD	11.22	12.10	8%	USD	0.05	0.06	0.07	28.9	24.1	20.7	8.3%	Ling Hua
345	Vitasoy	Buy	HKD	9.95	9.00	-10%	HKD	0.31	0.35	0.48	32.1	28.4	20.7	5.5%	Ling Hua
Machinery & Equipment															
1157	Zoomlion	Buy	HKD	6.94	7.40	7%	RMB	0.79	0.96	1.04	7.0	5.7	5.3	21.3%	Jiao Yiding
Electricity															
902	Huaneng Power	Buy	HKD	7.21	11.00	53%	RMB	0.79	0.86	0.93	7.2	6.7	6.2	-9.7%	Vera Liang
991	Datang Power	Buy	HKD	3.39	4.10	21%	RMB	0.40	0.42	0.52	6.7	6.4	5.2	1.2%	Vera Liang
Pharmaceuticals & Medical Devices															
2348	Dawnrays Pharma	Buy	HKD	3.23	3.20	-1%	RMB	0.18	0.14	0.17	14.2	18.3	15.1	19.6%	Jonathan Hsu
US Stock															
BIDU	Baidu Inc	Buy	USD	136.58	149.50	9%	USD	4.89	7.36	9.67	27.9	18.6	14.1	-1.2%	Mike Chen
SINA	Sina Corp	Buy	USD	81.87	90.70	11%	USD	-0.36	2.51	4.49	N.A.	32.6	18.2	4.9%	Mike Chen
SOHU	Sohu.Com Inc	Neutral	USD	64.55	64.20	-1%	USD	2.42	2.97	3.56	26.7	21.7	18.1	4.2%	Mike Chen
NTES	Netease Inc	Buy	USD	71.83	85.50	19%	USD	5.56	5.80	6.60	12.9	12.4	10.9	18.9%	Mike Chen
QIHU	Qihoo 360	Buy	USD	85.56	34.83	-59%	USD	0.65	1.07	1.64	131.6	80.0	52.2	23.7%	Mike Chen
YOKU	Youku Tudou Inc	Neutral	USD	23.89	23.82	0%	USD	-0.47	-0.18	0.19	N.A.	N.A.	125.7	2.6%	Mike Chen
EDU	New Oriental Education	Buy	USD	22.00	24.50	11%	USD	0.89	1.25	1.43	24.7	17.6	15.4	0.0%	Mike Chen
DANG	Dangdang	Neutral	USD	9.23	6.40	-31%	USD	-0.82	-0.52	-0.18	N.A.	N.A.	N.A.	-9.1%	Mike Chen
CTRP	Ctrip	Buy	USD	47.12	25.70	-45%	USD	1.15	1.48	1.76	41.0	31.8	26.8	11.5%	Mike Chen
HMIN	Home Inns	Neutral	USD	35.50	27.40	-23%	USD	1.09	1.62	2.04	32.6	21.9	17.4	22.2%	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	113.2	-0.3	168	TSINGTAO BREW-H	60.15	0.6
2	CLP HLDGS LTD	62.80	0.2	177	JIANGSU EXPRES-H	8.81	-0.5
3	HONG KG CHINA GS	18.30	-0.1	323	MAANSHAN IRON-H	2.17	2.8
4	WHARF HLDG	67.00	0.9	338	SINOPEC SHANG-H	2.90	-1.0
5	HSBC HLDGS PLC	85.65	-0.8	347	ANGANG STEEL-H	5.10	0.6
6	POWER ASSETS HOL	67.85	-0.7	358	JIANGXI COPPER-H	15.84	2.1
11	HANG SENG BK	124.6	-0.1	386	CHINA PETROLEU-H	6.16	2.3
12	HENDERSON LAND D	46.90	-0.6	390	CHINA RAIL GR-H	4.36	1.4
13	HUTCHISON WHAMPO	92.95	-0.1	489	DONGFENG MOTOR-H	11.24	0.2
16	SUN HUNG KAI PRO	103.0	1.0	552	CHINA COMM SER-H	4.94	-1.2
17	NEW WORLD DEV	11.68	0.2	576	ZHEJIANG EXPRESS	6.84	3.6
19	SWIRE PACIFIC-A	92.05	0.1	694	BEIJING CAP AI-H	5.12	0.6
23	BANK EAST ASIA	31.20	-1.1	728	CHINA TELECOM-H	4.19	2.0
66	MTR CORP	30.05	-0.2	753	AIR CHINA LTD-H	5.29	2.3
83	SINO LAND CO	10.90	-0.7	857	PETROCHINA CO-H	8.81	1.3
101	HANG LUNG PROPER	25.90	1.8	902	HUANENG POWER-H	7.21	1.1
144	CHINA MERCHANT	27.20	0.9	914	ANHUI CONCH-H	26.80	2.7
267	CITIC PACIFIC	9.46	0.9	939	CHINA CONST BA-H	6.01	1.0
291	CHINA RES ENTERP	23.55	1.5	991	DATANG INTL PO-H	3.39	-0.3
293	CATHAY PAC AIR	14.12	0.6	998	CHINA CITIC BK-H	4.16	4.0
330	ESPRIT HLDGS	12.56	-1.0	1088	CHINA SHENHUA-H	26.35	1.5
386	CHINA PETROLEU-H	6.16	2.3	1133	HARBIN ELECTRIC	4.84	0.6
388	HONG KONG EXCHNG	125.8	-0.1	1138	CHINA SHIPPING-H	4.56	2.9
494	LI & FUNG LTD	11.40	0.7	1171	YANZHOU COAL-H	7.27	0.8
551	YUE YUEN INDUS	23.10	5.5	1186	CHINA RAIL CN-H	8.33	2.6
688	CHINA OVERSEAS	23.10	-0.2	1398	IND & COMM BK-H	5.39	2.1
700	TENCENT HOLDINGS	390.4	0.9	1800	CHINA COM CONS-H	6.23	0.0
762	CHINA UNICOM HON	12.18	0.0	1898	CHINA COAL ENE-H	4.89	-0.6
857	PETROCHINA CO-H	8.81	1.3	1919	CHINA COSCO HO-H	4.00	2.3
883	CNOOC LTD	16.20	1.6	2318	PING AN INSURA-H	58.85	2.5
939	CHINA CONST BA-H	6.01	1.0	2328	PICC PROPERTY &	11.22	-1.6
941	CHINA MOBILE	86.10	0.1	2600	ALUMINUM CORP-H	2.80	1.5
1088	CHINA SHENHUA-H	26.35	1.5	2628	CHINA LIFE INS-H	20.80	1.2
1199	COSCO PAC LTD	11.92	0.3	2727	SHANGHAI ELECT-H	2.79	-0.4
1398	IND & COMM BK-H	5.39	2.1	2777	GUANGZHOU R&F -H	12.34	0.7
2038	FIH MOBILE LTD	5.39	-1.1	2866	CHINA SHIPPING-H	2.24	3.2
2318	PING AN INSURA-H	58.85	2.5	2883	CHINA OILFIELD-H	20.25	4.2
2388	BOC HONG KONG HO	25.25	-1.2	2899	ZIJIN MINING-H	1.94	2.1
2600	ALUMINUM CORP-H	2.80	1.5	3323	CHINA NATL BDG-H	7.66	2.7
2628	CHINA LIFE INS-H	20.80	1.2	3328	BANK OF COMMUN-H	5.74	4.6
3328	BANK OF COMMUN-H	5.74	4.6	3968	CHINA MERCH BK-H	14.74	2.5
3988	BANK OF CHINA-H	3.50	1.5	3988	BANK OF CHINA-H	3.50	1.5
				3993	CHINA MOLYBDENUM	3.09	1.0

A+H Company Performance
 Last price

Name(H)	Code (H)	Price (H)	Code (A)	Price (A)	Spread (%)
BEIREN PRINT-H	187	3.45	600860	10.12	271.6
TIANJIN CAP-H	1065	2.88	600874	8.32	266.0
SHENJI GROUP-H	300	1.90	600806	5.11	240.7
NORTHEAST ELEC-H	42	0.94	000585	2.46	231.6
CHONGQING IRON-H	1053	1.11	601005	2.81	220.7
NANJING PANDA-H	553	3.07	600775	7.49	209.1
SHANDONG XINHU-H	719	2.06	000756	4.62	184.1
SINOPEC YIZHEN-H	1033	1.98	600871	4.32	176.4
JINGWEI TEXTIL-H	350	5.70	000666	10.45	132.3
BEIJING NORTH-H	588	1.81	601588	3.06	114.2
HISENSE KELON -H	921	5.44	000921	8.50	98.0
GUANGZHOU SHIP-H	317	7.65	600685	11.62	92.4
YANZHOU COAL-H	1171	7.27	600188	10.50	83.0
SINOPEC SHANG-H	338	2.90	600688	4.18	82.6
DATANG INTL PO-H	991	3.39	601991	4.68	74.9
ALUMINUM CORP-H	2600	2.80	601600	3.46	56.6
GUANGZHOU BAIYUN	874	28.70	600332	33.31	47.0
ZTE CORP-H	763	15.12	000063	16.92	41.8
CHINA SHIPPING-H	1138	4.56	600026	5.02	39.5
JIANGXI COPPER-H	358	15.84	600362	17.22	37.7
HUADIAN POWER-H	1071	2.92	600027	3.13	35.8
SHENZHEN EXPRE-H	548	2.89	600548	3.03	32.8
DONGFANG ELECT-H	1072	11.38	600875	11.45	27.5
CHINA SOUTHERN-H	1055	2.92	600029	2.92	26.7
CHINA CITIC BK-H	998	4.16	601998	4.10	24.9
ANHUI EXPRESS-H	995	4.09	600012	3.79	17.4
BANK OF CHINA-H	3988	3.50	601988	2.85	3.2
MAANSHAN IRON-H	323	2.17	600808	1.75	2.2
AIR CHINA LTD-H	753	5.29	601111	4.20	0.6
LUOYANG GLASS-H	1108	1.52	600876	5.44	0.0
BANK OF COMMUN-H	3328	5.74	601328	4.51	-0.5
CHINA MERCH BK-H	3968	14.74	600036	11.58	-0.5
IND & COMM BK-H	1398	5.39	601398	4.08	-4.1
HUANENG POWER-H	902	7.21	600011	5.45	-4.2
CHINA PETROLEU-H	386	6.16	600028	4.61	-5.2
GUANGSHEN RAIL-H	525	4.12	601333	3.01	-7.4
CHINA LIFE INS-H	2628	20.80	601628	14.62	-11.0
TSINGTAO BREW-H	168	60.15	600600	42.16	-11.2
JIANGSU EXPRES-H	177	8.81	600377	5.66	-18.6
PING AN INSURA-H	2318	58.85	601318	37.61	-19.0
WEICHAJ POWER-H	2338	31.30	000338	19.83	-19.7
ANGANG STEEL-H	347	5.10	000898	3.19	-20.8
ANHUI CONCH-H	914	26.80	600585	16.21	-23.4

Recently Published Research

Date published	Name of report	Analyst
9-Sep-13	ZOOMLION HEAVY-H(1157.HK)	Yiding Jiao
9-Sep-13	Report on the German elections	Lynn Song, Cliff Zhao, David Xie
9-Sep-13	China Oil & Gas Group (00603.HK)	Michael Yuk
6-Sep-13	BIOSTIME INTERNA(1112.HK)	Ling Hua
6-Sep-13	Kingsoft (03888.HK)	Jeff Hao
4-Sep-13	SUNAC CHINA HOLD (1918.HK)	Duan Feiqin
4-Sep-13	Economic Outlook 4Q2013	David Xie, Cliff Zhao, Qing Li, Lynn Song
4-Sep-13	Overseas Economic Outlook 4Q2013	Cliff Zhao, Qing Li, Lynn Song, David Xie
4-Sep-13	Wisdom Holdings Group (1661.HK)	Jeff Hao
3-Sep-13	ZHONGSHENG GROUP (881 HK)	Colleen Li
3-Sep-13	PORTS DESIGN LTD(589 HK)	Ivy Zhao
2-Sep-13	Monthly Review	Cliff Zhao, George Chen
2-Sep-13	CHINA SHIPPING CONT-H (2866 .HK)	Kate Li, Colleen Li
2-Sep-13	Forecast of August Economic Data	David Xie, Cliff Zhao, Qing Li
2-Sep-13	Sinopec (00386.HK)	Michael Yuk
30-Aug-13	COSCO PACIFIC (1199 .HK)	Kate Li, Colleen Li
29-Aug-13	TINGYI HOLDING (322 HK)	Hua Ling
29-Aug-13	XINJIANG GOLDWIND (2208.HK)	Yin Lei
28-Aug-13	Comment on HSBC August Flash PMI	David Xie, Cliff Zhao, Qing Li
28-Aug-13	DATANG INTL PO-H(991.HK)	Vera Liang
28-Aug-13	EVERGRANDE REAL(3333.HK)	Duan Feiqin
27-Aug-13	Chu Kong Petroleum	Michael Yuk
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23-Aug-13	Commentary On Ongoing Emerging Market Turbulence	David Xie, Cliff Zhao, Qing Li
22-Aug-13	CNOOC (00883.HK)	Michael Yuk
22-Aug-13	GEELY AUTOMOBILE (175.HK)	Colleen Li
22-Aug-13	Special Report on International Capital Flows in China VII	Cliff Zhao, Qing Li, Lynn Song
22-Aug-13	Truly International (732 HK)	Alex Ng
21-Aug-13	Sina.com Inc. (SINA.O)	Mike Chen
21-Aug-13	NewOcean Energy Ltd. (00342.HK)	Michael Yuk
21-Aug-13	DATANG INTL PO-H (991 HK)	Vera Liang
21-Aug-13	China Property Sector	Duan Feiqin
20-Aug-13	ZOOMLION HEAVY-H (1157.HK)	Yiding Jiao
19-Aug-13	ZIJIN MINING-H(2899 HK)	Li Xiang
19-Aug-13	CHINA MOBILE(00941.HK)	Jeff Hao

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INDUSTRY	DEFINITION
OVERWEIGHT	Expected to outperform the market index by > 10% over the next 12 months
NEUTRAL	Expected to outperform or underperform the market index by 10% or less over the next twelve months
UNDERWEIGHT	Expected to underperform the market index by >10% over the next 12 months

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

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