

## Research Highlights

### 1. Minth (425.HK) - 1H2013 results beat expectation. Maintain Buy.

**[Colleen Li]** Minth's 1H13 results beat our expectation due to higher gross margin and strong earnings growth from overseas business. We adjusted 2013-2015E EPS to RMB0.9, RMB1.01 and RMB1.16 (prev. RMB0.87, RMB0.90 and RMB1.10). The key reasons for the earnings upgrade are better revenue contribution from rising roof rack sales and the development of overseas business. We also raised 2013E gross margin to 33% from 32.5%. Given 2014E earnings estimate and auto parts sub-sector's historical average valuation of 13x P/E, We lift 12-month TP from HK\$13.2 to HK\$16.60. Maintain BUY.

### 2. Beijing Enterprise Water (371.HK) - Highlights of our recent site visit

**[Ivy Zhao, Lei Yin]** We have arranged a Joint Field Research trip from 2nd to 12th September, with the key theme "Looking for winners in new-type urbanization and economic restructuring". We have met with Mr. Zeng Yiping, Assistant General Manager of Hengling Sewage Treatment Plant of Beijing Enterprise Water Group (BEWG), and discussed the company's development.

BEWG has become one of the largest companies in China's water industry through M&A. In recent years, BEWG has increased capacity by 2~3 million tons a year. Nationwide, main competitors include Beijing Capital and Veolia Water; in the Shenzhen market, competitors include formerly state-owned Shenzhen Water Group and Southern Water. The future trend of water treatment includes watershed governance, sludge disposal and sea water desalination.

BEWG has a capacity of 0.8 million tons in Shenzhen which represents a market share of 13~16%. Hengling Sewage Treatment Plant (Phase 1 & 2) is the largest BOT sewage treatment project in Shenzhen, serving three towns with an accumulated capacity of 0.6 million ton/day. In Shenzhen there are around 28 sewage treatment plants with an accumulated capacity of 5~6 million tons. BEWG's projects in Shenzhen contributes 5~8% of the Group's total capacity and 11~15% of its total profit. BEWG evaluates a new project according to water quantity, capacity and financial status of the local government.

BEWG conducts strict internal management. In the water industry, BEWG is famous for its management and capacity expansion. Indicators for performance appraisal mainly focus on profit. For subordinate sewage treatment plants, they need to work hard to meet the targets set by BEWG. Year-end bonuses are tied to the status of target meeting. Under the premise of qualified water treatment, subordinate sewage treatment plants can increase profit by cost saving in electricity and chemicals consumption.

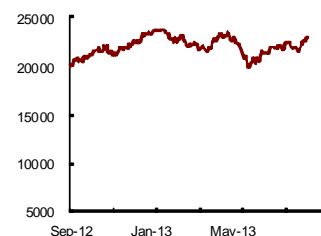
BEWG helps employees grow up. Due to rapid expansion, BEWG has strong demands for talents. Team stability is important for a sewage treatment plant. After M&A, some employees cannot adapt to the new corporate culture and quit their jobs. BEWG will make internal transfers to cope with the problem.

HK Indices	Last price	chg	% chg
HSI	22,976.65	226.0	0.99
Finance	31,943.54	291.7	0.92
Properties	29,969.48	233.9	0.79
Utilities	49,999.80	-151.8	-0.30
Commerce&Industrv	13,449.10	171.8	1.29
HSCEI	10,697.44	168.7	1.60
HSCCI	4,418.31	64.06	1.47
HKSPGEM	424.69	7.10	1.70

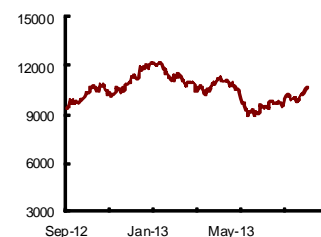
World Indices	Last price	chg	% chg
FTSE 100	6,583.99	53.25	0.82
DAX 30	8,446.54	170.22	2.06
CAC 40	4,116.64	76.31	1.89
DJIA	15,191.06	127.94	0.85
S&P500	1,683.99	12.28	0.73
Nasdaq Composite	3,729.02	22.84	0.62
Nikkei 225	14,423.36	218.13	1.54

Asia-Pacific Indices	Last price	chg	% chg
KOSPI	1,994.06	19.39	0.98
TWSE	8,208.77	16.66	0.20
STI	3,123.89	35.69	1.16
India BSE 30	19,997.10	727.04	3.77
S&P/ASX 200	5,201.17	19.70	0.38

HSI One Year



HSCEI One Year



Source: Bloomberg

China Merchants Securities (HK)

Research

+852-3189-6888

### 3. 2013 Field Visit to U.S.-Listed Chinese Companies - Looking for winners of urbanization and economic restructuring series

**[Ivy Zhao, Mike Chen]** From September 2-6, 2013, we organized visit the U.S.-listed Chinese companies: New Oriental, TAL education, Baidu, Soufun, E-commerce China Dangdang, YY and Giant Interactive. Institutional investors had a chance to have in-depth discussion with company executives about the companies' future development.

**New Oriental:** the company's business outlook in FY 2014, the comparative advantage of K-12 business, learning center openings and closings, dividend policy, new definition of learning center utilization rate, the relationship between headquarters and local divisions, assessment of local divisions, and the market share of local business.

**TAL Education:** current main business, the company's expansion strategy, competitive advantage, learning center break-even time, G&A costs, K-12 curriculum coverage, K-12 penetration rate, the optimized teacher management system, proprietary content development process and the location of learning centers.

**Baidu:** the integration with 91 Wireless and comparison with Qihoo 360's search business, mobile advertising bidding system, LBS, light app and video revenue.

**Soufun:** new home business, Soufun card business, agency business, second-hand house business, Soufun shop, advertising prices, the company's competitors, mobile and penetration rate.

**Dangdang:** unit price, flash sales business, future trend of logistics run by e-commerce companies, book business, the general merchandise sales from the marketplace and self-procurement, pricing war among e-commerce companies and the future of cooperation with Tmall.

**YY:** revenue breakdown, monetization of the education business, user base statistics, active users and active paying users, cooperation with Hunan TV, mobile future growth and competition with QQ Talk.

**Giant Interactive:** the company's growth strategy, the company's view on MMO, Web games as well as mobile games, the operation of ZT and ownership structure of the gaming business.

### 4. Anton Oilfield Services (03337.HK) - Shares are looking attractive. Upgrading to "BUY".

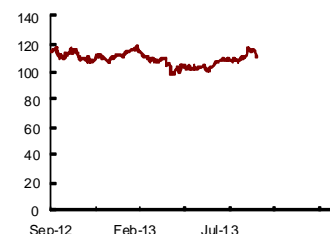
**[Michael Yuk]** After dropping 20% since our last report, shares for Anton Oilfield Services (03337.HK) now look attractive, especially after the company won an RMB100mn contract to multistage frack 53 wells. This is a good first step in sustaining top-line growth between 25-30% throughout FY14 and mitigates any negative impact from a possible capex cut by Chinese oil majors. Upgrade to "Buy".

**1) New contract a good first step** Anton secured an RMB100mn multistage fracking contract that utilizes coiled tubing fracturing technologies in the Erdos Basin. Despite being the highest priced tender, Anton was still able to secure the contract due to its higher technical ranking while beating out two other bidders. ASP, based on the company's own conservative estimates, is about RMB1.9mn. However, actual price is determined by the individual characteristics of each well to be fracked, hence, there is upside price potential. Margins are expected to remain stable (1H13 downhole operation EBITDA was 50%+).

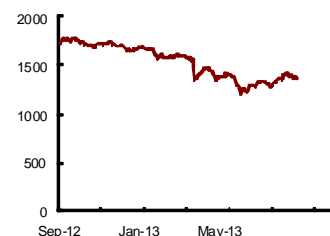
Global Commodity	Last price	chg	% chg
Brent Oil	111.21	-2.08	-1.84
Gold	1,366.0	2.15	0.16
LME Aluminum	1,797.0	-9.00	-0.50
LME Copper	7,170.0	-26.00	-0.36
BDI	1,541.0	63.00	4.26
API Coal	83.85	-0.15	-0.18

Exchange /Bond Market	/Currency	Last price	chg	% chg
USD/RMB		6.16	0.00	0.00
USD/HKD		7.75	0.00	0.00
1-YR RMB NDF		6.22	0.00	0.00
EUR/USD		132.65	-0.03	-0.02
3-M Libor		0.52	0.00	0.00
3-M Shibor		4.65	0.00	0.00
10 YR US T-Note Yield		2.96	0.05	1.72

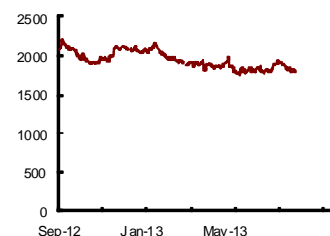
Brent Oil One Year



Gold Commodity One Year



LME Aluminum Commodity One Year



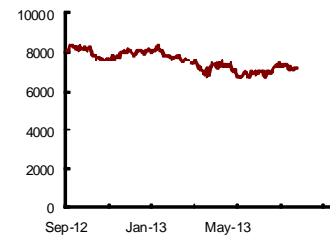
Source: Bloomberg

**2) Sinopec orders are company's focus** Anton's management has reiterated that over recent years orders from Sinopec and Yanchang Petroleum have been the main focus of the company. In contrast, orders from CNPC's Daqing and Changqing oilfields constitute less than 1% and 3% of total revenue, respectively.

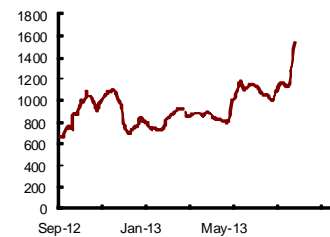
**3) Risks** Other than a possible reduction in next year's capex, Anton may face stiffer competition if CNPC/Sinopec's own oil services companies get listed or are allowed to bid on marginal field contracts, which have traditionally been left for independent oil service providers like Anton. However, we believe that Anton, with a technical advantage through its alliance with Schlumberger, will be hard to beat even if competition were to intensify.

**4) Valuation** The stock is currently trading at about 15.7x FY14 EPS of RMB0.2260/share. Anton's valuation multiple has not been this low since this January. Given the potential for consistent 25-30% top-line growth throughout 2014, we believe that Anton's stock now looks attractive. Upgrade to "Buy". Target price remains at HK\$5.70/share (20x FY14 earnings), +26% upside.

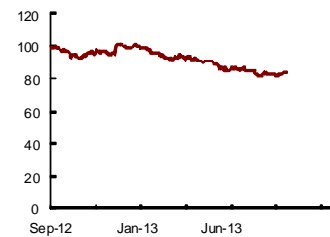
LME Copper Commodity One Year



BDI One Year



API Coal One Year



Source: Bloomberg

## Company Comments

### 1. CMHI (144.HK) 8M13 container volume grew 15.8% with gain in overseas contribution

In the first eight months of 2013, CMHI's total container throughput rose to 45.9mn TEUs, up 15.8% YoY (vs. up 11.8% YoY in 1H13). Management guided stronger volumes growth in 2H13. CMHI's ports in Mainland China recorded container throughput of 37.8mn TEUs, up 5.8% YoY, sustaining its leading position among China's port operators. **[Company Announcement]**

**Comments: Overseas ports recorded a total container throughput of 3.5mn TEUs, thanks to the incremental throughput of Terminal Link, Port de Djibouti, and CICT. In 1H13, CMHI's port operation profits rose by 15.2% YoY to HK\$1906mn; profits from Shanghai International Port (SIPG) and overseas terminals rose by 25% YoY and 195% YoY respectively. SIPG and new overseas terminals are becoming the key growth drivers. (Yiqian Li)**

### 2. HOPSON DEV HOLD contracted sales grew 31% in first eight months of 2013

The Group's contracted sales for the eight months ended 31 August 2013 amounted to approximately RMB7.58 billion, representing an increase of 31% as compared to approximately RMB5.79 billion in the same period of last year, with a gross floor area of approximately 450,000 square metres. For the eight months ended 31 August 2013, the Group's average selling price of contracted sales recorded RMB16,738 per square metre, up 7% year-on-year compared to RMB15,581 per square metre in the same period of last year. **[Company Announcement]**

**Comment: In August, the company recorded a single month's contracted sales of approximately RMB1.29 billion, up 79.2% from July, and the sales of respective property projects have speeded up. The record-breaking land sales prices in first-tier cities are good news for Hopson, which has large land reserves in these cities. We maintain its Buy rating. (Duan Feiqin)**

### 3. Evergrande Real Estate Group August sales jumped 58.8% YoY

The Group's contracted sales for August 2013 amounted to approximately RMB11.4 billion, up 58.8% YoY, with contracted sales area of approximately 1,676,000 square meters, up 41.8% YoY. The aggregate contracted sales for the period from January to August 2013 amounted to approximately RMB64.12 billion, up 27% YoY, with aggregate contracted sales equivalent to 64.1% of the full-year contracted sales target. **[Company Announcement]**

**Comment: In August, the company's average contracted selling price was RMB6,803 per square meter, up 12% YoY. Its average selling price for the period from January to August 2013 amounted to RMB6,776 per square meter, up 11.2% YoY. We maintain the company's Buy rating and TP of HK\$4.38. (Duan Feiqin)**

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

#### 1. Coal industry – steam coal price stabilizing, coking coal price rising

**[Zhang Shun, Sep. 9, 2013]** Investment strategy: We maintain "Outperform" rating of the industry. Coal price stops declining and starts rebounding as the economy stabilizes. Coal companies are in a stage of the highest earnings flexibility. Coal price gains will lead to increasing upside potential of coal stocks. We suggest gradually increasing allocation to metallurgical coal stocks and companies with real stories, such as Wintime Energy, Jizhong Energy Resources, Shanxi Lu'an Environmental Energy Development, Henan Shenhua Coal & Power, TOP Energy, and Henan Dayou Energy.

Along the metallurgical coal industry chain, prices of coking coal and coke climbed moderately, steel price fell slightly, and international coking coal price continued to rebound. Inventories: steel destocking continued, while coking coal inventories of steel and coking coal companies rose, with steel-making loss per ton increasing. Along the steam coal industry chain, Shanxi production site price and Qinhuangdao price were flat, Bohai-rim price dropped by RMB6/ton, and international price fell modestly; in-transit inventories declined, while consumer inventories recovered slightly; steam coal companies' earnings were flat; thermal power plants' inventories were 19.7 days of consumption. Steam coal price is stabilizing, and coking coal price is expected to keep rebounding.

Metallurgical coal price chain: steel futures price fell by RMB30/ton or 0.8%; iron ore price dropped moderately. Port coke price continued to rise by RMB30/ton; domestic coking coal price rose by RMB10-30/ton; international coking coal price kept rising, with Australian coking coal quoted at US\$164.8/ton at Qingdao Port, up 1.9%. Output chain: crude steel output was 2.12 million tons in mid-August, down 1.2% from the previous statistical period; steel makers' capacity utilization rate was 96%; coking plants' capacity operating rate was 82%, up by 2 ppt. Steam coal industry price chain: production site price was basically flat; Qinhuangdao price was stabilizing; Bohai-rim price continued to drop by RMB6/ton; coastal freight rate continued to jump by over 5%; Australian BJ coal price closed at US\$77/ton, down by US\$2.1/ton; domestic coal price was flat at Guangzhou Port. Output chain: weekly coal output in Shanxi was 2.64 million tons, down 0.7%.

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## 2. Food and beverage industry -- food sector is improving but time still tough for white liquor sector

**[Dong Guangyang and Wang Han, Sep. 10, 2013]** The good sentiment of the general food industry contrasts sharply with the poor sentiment of the white liquor industry. The divergent fundamentals and valuations make for a “Davis double-killing effect”, which is an ongoing investment theme. We maintain our view that the dairy theme will play throughout the year, and still recommend Inner Mongolia Yili Industrial Group and Zhejiang Beingmate Technology Industry & Trade. We suggest attention to opportunities in leading mass consumption stocks with good fundamentals, and continue to recommend Henan Shuanghui Investment & Development which has cheap valuation.

Shuanghui starts to see a high season effect in its meat product sales. Low-priced frozen meat raw materials reserves stockpiled by the company earlier ensure that its meat products will continue to have low cost in Q3. The high profitability of its butchery business can be maintained, with business volume expected to keep rising given the increase in the number of sales channels and the upcoming Mid-Autumn Festival and National Day holidays. We expect the company’s 2013 earnings to be sound or slightly beat expectation. It will not be difficult for Shuanghui to achieve a 20% earnings growth in 2014 barring sharp gains in pork price. The company can also benefit from the shift in investment style in the market. Also pay attention to leading health product, condiment and frozen food makers, such as By-health, Sanquan Food, and Jonjee High-Tech Industrial And Commercial Holding. We believe these three companies have good fundamentals and clear growth prospects, but suggest waiting for a better buying opportunity given their relatively high valuation after the recent sharp gains in prices. The market may believe that a higher concentration ratio and an improved product structure of the beer industry will lead to faster earnings growth, but in our view, the competitive landscape is still not stable in the beer industry, while leading players still spend much on grabbing market shares. From the perspective of fund allocation, Tsingtao Brewery might be a good investment target.

The good sentiment of the general food industry contrasts sharply with the poor sentiment of the white liquor industry. The divergent fundamentals and valuations make for a “Davis double-killing effect”. The white liquor industry: We expect continuous destocking in sales channels and less shipment from liquor makers in the next few quarters, which means huge pressure on the industry and faster pace of market clearing. In terms of earnings, second- and third-tier players will be under bigger impact than first-tier companies. In the current stage, we believe major efforts should be made in maintaining stable sales channels and consumer confidence. The dairy theme will play throughout the year. Urbanization is driving market demand for dairy products and structural upgrading. The dairy industry is paying more attention to quality and financial performance as compared to a focus on business size in the past. China’s milk power industry has started the process of consolidation. Government policies will continue to support high-quality homegrown brands with domestic milk sources.

## What to Watch

Economic Data	HK: Nil US: MBA Mortgage Index		
Date	Ticker	Stock Name	Earnings
2013/09/11	00159	BROCKMAN MINING	Final
2013/09/11	00315	SMARTONE TELE	Final
2013/09/11	00756	CHI TIANYI HOLD	Final
Date	Ticker	Stock Name	Issue Price
Nil			

China Merchants Securities (Hong Kong) Stock Pool Update Weekly  
 2013-9-11

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	5.32	5.30	0%	RMB	0.55	0.56	0.64	7.7	7.6	6.6	-8.1%	Ivy Zhao
1880	Belle	Buy	HKD	11.24	16.39	46%	RMB	0.52	0.61	0.71	17.2	14.7	12.6	-1.9%	Ivy Zhao
1368	Xtep	Neutral	HKD	3.76	4.00	6%	RMB	0.27	0.27	0.29	11.1	11.1	10.3	-3.1%	Ivy Zhao
2020	Anta Sports	Neutral	HKD	9.68	9.14	-6%	RMB	0.49	0.53	0.57	15.7	14.5	13.5	-4.7%	Ivy Zhao
1361	361 Degrees	Neutral	HKD	1.87	1.45	-22%	RMB	0.29	0.28	0.28	5.1	5.4	5.3	-1.6%	Ivy Zhao
1968	Peak Sport	Neutral	HKD	1.85	1.48	-20%	RMB	0.16	0.17	0.19	9.3	8.6	7.6	20.9%	Ivy Zhao
2331	Li Ning	Buy	HKD	5.78	5.20	-10%	RMB	-0.10	0.18	0.20	N.A.	26.1	23.1	10.5%	Ivy Zhao
3818	China Dongxiang	Buy	HKD	1.30	1.47	13%	RMB	0.04	0.04	0.05	27.9	24.6	22.0	-9.7%	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	4.40	5.25	19%	RMB	0.41	0.41	0.47	8.5	8.5	7.4	-2.0%	Ivy Zhao
891	Trinity	Buy	HKD	2.78	4.63	67%	RMB	0.21	0.25	0.30	10.5	8.8	7.4	-12.6%	Ivy Zhao
873	C Taifeng Bed	Buy	HKD	1.55	2.86	85%	RMB	0.52	0.65	0.80	2.4	1.9	1.5	-3.7%	Ivy Zhao
<b>Metals &amp; Mining</b>															
1818	Zhaojin Mining	Neutral	HKD	7.17	6.00	-16%	RMB	0.43	0.38	0.34	13.3	15.0	16.8	38.7%	Li Xiang
2899	Zijin Mining	Neutral	HKD	1.93	1.69	-12%	RMB	0.14	0.15	0.12	11.0	10.2	12.8	14.9%	Li Xiang
358	Jiangxi Copper	Buy	HKD	16.32	15.20	-7%	RMB	1.02	1.05	0.85	12.7	12.4	15.3	14.8%	Li Xiang
3993	Cmcc	Neutral	HKD	3.17	3.10	-2%	RMB	0.19	0.20	0.21	13.1	12.9	12.2	2.6%	Li Xiang
2600	Chalco	Sell	HKD	2.86	1.60	-44%	RMB	-0.28	-0.11	-0.10	N.A.	N.A.	N.A.	14.9%	Li Xiang
1378	China Hongqiao	Buy	HKD	4.63	5.80	25%	RMB	0.97	1.11	1.23	3.8	3.3	3.0	10.2%	Li Xiang
486	Rusal	Sell	HKD	2.39	2.03	-15%	USD	0.01	0.04	0.05	30.8	7.7	6.2	-5.9%	Li Xiang
3948	Yitai Coal	Buy	HKD	15.00	25.10	67%	RMB	1.88	2.11	2.22	6.4	5.7	5.4	-3.2%	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	26.85	36.40	36%	RMB	2.44	2.90	3.07	8.7	7.4	6.9	15.0%	Li Xiang
<b>Auto &amp; Others</b>															
1211	Byd Company	Neutral	HKD	31.35	13.00	-59%	RMB	0.33	0.68	1.10	75.5	36.6	22.7	0.2%	Colleen Li
489	Dongfeng Group	Buy	HKD	11.42	14.17	24%	RMB	1.13	1.26	1.29	8.0	7.2	7.0	4.2%	Colleen Li
175	Geely Auto	Buy	HKD	4.11	5.04	23%	RMB	0.32	0.36	0.38	10.2	9.1	8.6	12.9%	Colleen Li
2333	Greatwall Motor	Neutral	HKD	41.95	38.62	-8%	RMB	2.78	3.41	3.74	12.0	9.8	8.9	7.8%	Colleen Li
1114	Brilliance Chi	Buy	HKD	11.38	12.00	5%	RMB	0.71	0.80	0.89	12.7	11.3	10.2	8.8%	Colleen Li
425	Mint Group	Buy	HKD	14.58	13.20	-9%	RMB	0.78	0.87	0.97	14.9	13.3	12.0	13.0%	Colleen Li
1728	Zhengtong Auto	Buy	HKD	5.35	5.85	9%	RMB	0.55	0.81	1.11	7.7	5.3	3.8	21.3%	Colleen Li
881	Zhongsheng Hldg	Neutral	HKD	11.80	10.30	-13%	RMB	0.58	0.71	0.99	16.2	13.2	9.5	31.3%	Colleen Li
<b>Oil &amp; Gas</b>															
857	Petro China	Buy	HKD	8.83	10.55	19%	RMB	0.71	0.74	0.78	9.9	9.5	9.0	-0.5%	Michael Yuk
386	Sinopec Corp	Buy	HKD	6.19	7.20	16%	RMB	0.68	0.70	0.73	7.2	7.0	6.7	10.0%	Michael Yuk
883	Cnooc	Buy	HKD	16.28	17.00	4%	RMB	1.44	1.56	1.69	9.0	8.3	7.7	16.3%	Michael Yuk
603	China Oil & Gas	Neutral	HKD	1.07	1.45	36%	HKD	0.09	0.12	0.15	11.9	8.9	7.1	-25.2%	Michael Yuk
342	Newocean Energy	Buy	HKD	5.12	5.30	4%	HKD	0.55	0.63	0.79	9.3	8.1	6.5	6.7%	Michael Yuk
467	Unitedenergy Gp	Buy	HKD	1.26	1.59	26%	HKD	0.10	0.09	0.09	12.6	14.0	14.0	15.6%	Michael Yuk
<b>Oil &amp; Gas Services/Equipment</b>															
3899	Cimc Enric	Buy	HKD	8.76	10.00	14%	RMB	0.49	0.60	0.72	14.2	11.6	9.7	-6.9%	Michael Yuk
569	Ch Automation	Buy	HKD	1.58	2.50	58%	RMB	0.26	0.29	0.33	4.8	4.3	3.8	2.6%	Michael Yuk
3337	Anton Oilfield	Neutral	HKD	4.56	5.70	25%	RMB	0.19	0.23	0.28	19.1	15.8	12.9	-16.3%	Michael Yuk
1938	Chu Kong Pipe	Neutral	HKD	2.43	2.26	-7%	RMB	0.11	0.41	0.56	17.6	4.7	3.5	12.5%	Michael Yuk
2883	China Oilfield	Buy	HKD	20.30	18.00	-11%	RMB	1.29	1.45	1.66	12.5	11.1	9.7	13.9%	Michael Yuk
3303	Jutal Oil Ser	Buy	HKD	1.55	2.40	55%	RMB	0.13	0.17	0.15	9.5	7.3	8.2	-12.9%	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	3.74	4.58	22%	RMB	0.26	0.30	0.32	11.4	9.9	9.3	-20.6%	Michael Yuk
<b>Property</b>															
688	China Overseas	Buy	HKD	23.80	22.56	-5%	HKD	2.29	2.30	2.68	10.4	10.4	8.9	0.4%	DuanFeiqin
410	Soho China	Neutral	HKD	6.62	6.42	-3%	HKD	2.37	2.13	1.96	2.8	3.1	3.4	3.1%	DuanFeiqin
813	Shimao Property	Neutral	HKD	19.56	16.70	-15%	HKD	2.07	2.19	2.46	9.5	8.9	8.0	12.8%	DuanFeiqin
1109	China Res Land	Buy	HKD	22.50	23.80	6%	HKD	1.81	1.91	2.20	12.4	11.8	10.2	1.8%	DuanFeiqin
2777	R&F Properties	Buy	HKD	12.92	13.90	8%	HKD	2.15	2.23	2.45	6.0	5.8	5.3	0.6%	DuanFeiqin
2007	Country Garden	Neutral	HKD	5.20	4.20	-19%	HKD	0.48	0.53	0.60	11.0	9.8	8.7	13.0%	DuanFeiqin
3383	Agile Property	Neutral	HKD	8.94	10.10	13%	HKD	1.81	1.98	2.02	4.9	4.5	4.4	8.1%	DuanFeiqin
3333	Evergrande	Buy	HKD	3.46	4.38	27%	HKD	0.84	0.97	0.98	4.1	3.6	3.5	9.2%	DuanFeiqin
960	Longfor Ppt	Buy	HKD	13.42	13.23	-1%	HKD	1.50	1.65	1.81	9.0	8.1	7.4	8.9%	DuanFeiqin
1813	Kwg Property	Neutral	HKD	5.51	5.05	-8%	HKD	1.02	1.10	1.18	5.4	5.0	4.7	21.1%	DuanFeiqin
3366	Oct (Asia)	Buy	HKD	4.05	3.50	-14%	HKD	0.43	0.54	0.64	9.4	7.5	6.3	-1.2%	DuanFeiqin
3900	Greentown China	Buy	HKD	15.30	18.80	23%	HKD	3.17	3.33	3.49	4.8	4.6	4.4	-0.7%	DuanFeiqin
754	Hopson Dev Hold	Buy	HKD	10.62	12.20	15%	HKD	1.72	1.98	2.22	6.2	5.4	4.8	8.5%	DuanFeiqin
1918	Sunac	Buy	HKD	5.56	6.66	20%	HKD	1.07	1.26	1.41	5.2	4.4	3.9	-3.8%	DuanFeiqin
<b>Consumer Discretionary</b>															
3308	Golden Eagle	Neutral	HKD	11.08	13.50	22%	RMB	0.63	0.69	0.76	14.0	12.8	11.6	-6.9%	TangJingjing
1212	Lifestyle	Neutral	HKD	17.70	18.40	4%	HKD	1.18	1.30	1.35	15.0	13.6	13.1	-2.1%	TangJingjing
1833	Intime	Buy	HKD	9.07	9.62	6%	RMB	0.54	0.63	0.63	13.4	11.4	11.4	4.7%	TangJingjing
178	Sa Sa	Buy	HKD	8.74	8.78	0%	HKD	0.26	0.36	0.43	33.6	24.3	20.3	5.7%	TangJingjing
<b>Telecommunication</b>															
941	China Mobile	Neutral	HKD	87.85	80.00	-9%	RMB	6.52	6.58	6.79	10.7	10.6	10.3	6.4%	Jeff Hao
762	China Unicom	Buy	HKD	12.32	14.00	14%	RMB	0.44	0.54	0.63	22.3	18.1	15.5	4.4%	Jeff Hao

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		
728	China Telecom	Buy	HKD	4.22	4.80	14%	RMB	0.25	0.29	0.33	13.4	11.6	10.2	7.9%	Jeff Hao
<b>Information Technology</b>															
700	Tencent	Buy	HKD	399.00	401.00	1%	RMB	8.61	11.35	15.08	36.8	27.9	21.0	11.6%	Jeff Hao
3888	Kingsoft	Buy	HKD	18.38	24.37	33%	RMB	0.50	0.66	0.83	29.2	22.1	17.6	17.2%	Jeff Hao
1661	Wisdom	Buy	HKD	2.20	2.90	32%	RMB	0.13	0.20	0.25	13.5	8.7	7.0	N.A.	Jeff Hao
777	Netdragon	Buy	HKD	17.18	26.27	53%	RMB	0.78	0.89	1.12	17.5	15.3	12.2	-6.6%	Jeff Hao
354	Chinasoft	Neutral	HKD	2.36	2.00	-15%	RMB	0.10	0.12	0.15	18.8	15.6	12.5	6.3%	Jeff Hao
268	Kingdee	Neutral	HKD	2.34	1.40	-40%	RMB	0.02	0.04	0.05	93.0	46.5	37.2	34.5%	Jeff Hao
<b>Port</b>															
144	China Mer Hold	Neutral	HKD	28.00	23.89	-15%	HKD	1.82	2.11	2.45	15.4	13.3	11.4	17.7%	Kate Li
1199	Cosco Pacific	Buy	HKD	11.06	12.58	14%	USD	0.26	0.13	0.14	5.5	11.0	10.2	1.1%	Kate Li
<b>Shipping</b>															
368	Sinotrans Ship	Buy	HKD	2.44	2.40	-2%	USD	0.01	0.02	0.03	31.5	15.7	10.5	28.4%	Kate Li
316	Ooil	Buy	HKD	47.30	52.30	11%	USD	0.37	0.52	0.69	16.5	11.7	8.8	6.3%	Kate Li
2866	Cscl	Neural	HKD	2.30	1.82	-21%	RMB	-0.06	0.03	0.07	N.A.	60.9	26.1	19.2%	Kate Li
<b>Alternative Energy</b>															
3800	Gcl-Poly Energy	Buy	HKD	2.15	1.97	-8%	HKD	0.01	0.05	0.07	215.0	43.0	30.7	4.9%	Yin Lei
712	Comtec Solar	Buy	HKD	1.70	1.76	4%	RMB	0.05	0.11	0.16	27.0	12.3	8.4	-29.8%	Yin Lei
750	Singyes Solar	Buy	HKD	7.60	9.40	24%	RMB	0.81	0.91	1.04	7.5	6.6	5.8	-0.1%	Yin Lei
2208	Goldwind	Buy	HKD	4.92	5.52	12%	RMB	0.17	0.21	0.27	23.0	18.6	14.5	9.8%	Yin Lei
916	Longyuan Power	Neutral	HKD	7.92	8.16	3%	RMB	0.36	0.43	0.52	17.5	14.6	12.1	-2.0%	Yin Lei
1798	Datang Power	Neutral	HKD	1.39	1.99	43%	RMB	0.08	0.14	0.21	13.8	7.9	5.3	-21.9%	Yin Lei
816	Huadian Fuxin	Buy	HKD	2.18	2.99	37%	RMB	0.19	0.24	0.28	9.1	7.2	6.2	-8.0%	Yin Lei
579	Jingneng	Buy	HKD	2.73	3.62	33%	RMB	0.18	0.24	0.29	12.1	9.0	7.5	-5.2%	Yin Lei

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>Food &amp; Beverage</b>															
322	Tingyi	Buy	HKD	20.90	23.10	11%	USD	0.09	0.11	0.13	30.6	25.7	20.7	7.5%	Ling Hua
2319	Mengniu Dairy	Buy	HKD	33.70	33.26	-1%	RMB	0.85	1.10	1.48	31.5	24.4	18.1	4.2%	Ling Hua
506	China Foods	Neutral	HKD	3.10	4.25	37%	HKD	0.17	0.22	0.27	18.2	14.1	11.5	0.7%	Ling Hua
151	Want Want China	Neutral	HKD	11.18	12.10	8%	USD	0.05	0.06	0.07	28.8	24.0	20.6	7.9%	Ling Hua
345	Vitasoy	Buy	HKD	9.74	9.00	-8%	HKD	0.31	0.35	0.48	31.4	27.8	20.3	3.3%	Ling Hua
<b>Machinery &amp; Equipment</b>															
1157	Zoomlion	Buy	HKD	7.07	7.40	5%	RMB	0.79	0.96	1.04	7.1	5.9	5.4	23.6%	Jiao Yiding
<b>Electricity</b>															
902	Huaneng Power	Buy	HKD	7.38	11.00	49%	RMB	0.79	0.86	0.93	7.4	6.8	6.3	-7.5%	Vera Liang
991	Datang Power	Buy	HKD	3.38	4.10	21%	RMB	0.40	0.42	0.52	6.7	6.4	5.2	0.9%	Vera Liang
<b>Pharmaceuticals &amp; Medical Devices</b>															
2348	Dawnrays Pharma	Buy	HKD	3.23	3.20	-1%	RMB	0.18	0.14	0.17	14.3	18.3	15.1	19.6%	Jonathan Hsu
<b>US Stock</b>															
BIDU	Baidu Inc	Buy	USD	140.60	149.50	6%	USD	4.89	7.36	9.67	28.8	19.1	14.5	1.7%	Mike Chen
SINA	Sina Corp	Buy	USD	84.56	90.70	7%	USD	-0.36	2.51	4.49	N.A.	33.7	18.8	8.3%	Mike Chen
SOHU	Sohu.Com Inc	Neutral	USD	65.41	64.20	-2%	USD	2.42	2.97	3.56	27.0	22.0	18.4	5.6%	Mike Chen
NTES	Netease Inc	Buy	USD	73.29	85.50	17%	USD	5.56	5.80	6.60	13.2	12.6	11.1	21.3%	Mike Chen
QIHU	Qihoo 360	Buy	USD	89.77	34.83	-61%	USD	0.65	1.07	1.64	138.1	83.9	54.7	29.8%	Mike Chen
YOKU	Youku Tudou Inc	Neutral	USD	23.84	23.82	0%	USD	-0.47	-0.18	0.19	N.A.	N.A.	125.5	2.4%	Mike Chen
EDU	New Oriental Education	Buy	USD	22.69	24.50	8%	USD	0.89	1.25	1.43	25.5	18.2	15.9	3.1%	Mike Chen
DANG	Dangdang	Neutral	USD	9.46	6.40	-32%	USD	-0.82	-0.52	-0.18	N.A.	N.A.	N.A.	-6.8%	Mike Chen
CTRP	Ctrip	Buy	USD	49.31	25.70	-48%	USD	1.15	1.48	1.76	42.9	33.3	28.0	16.6%	Mike Chen
HMIN	Home Inns	Neutral	USD	36.49	27.40	-25%	USD	1.09	1.62	2.04	33.5	22.5	17.9	25.6%	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	0.0	168	TSINGTAO BREW-H	60.45	0.5
2	CLP HLDGS LTD	62.50	-0.5	177	JIANGSU EXPRES-H	8.87	0.7
3	HONG KG CHINA GS	18.26	-0.2	323	MAANSHAN IRON-H	2.20	1.4
4	WHARF HLDG	67.70	1.0	338	SINOPEC SHANG-H	2.95	1.7
5	HSBC HLDGS PLC	85.90	0.3	347	ANGANG STEEL-H	5.36	5.1
6	POWER ASSETS HOL	67.30	-0.8	358	JIANGXI COPPER-H	16.32	3.0
11	HANG SENG BK	125.7	0.9	386	CHINA PETROLEU-H	6.19	0.5
12	HENDERSON LAND D	47.50	1.3	390	CHINA RAIL GR-H	4.38	0.5
13	HUTCHISON WHAMPO	92.30	-0.7	489	DONGFENG MOTOR-H	11.42	1.6
16	SUN HUNG KAI PRO	103.1	0.1	552	CHINA COMM SER-H	4.98	0.8
17	NEW WORLD DEV	11.62	-0.5	576	ZHEJIANG EXPRESS	6.94	1.5
19	SWIRE PACIFIC-A	92.30	0.3	694	BEIJING CAP AI-H	5.15	0.6
23	BANK EAST ASIA	31.70	1.6	728	CHINA TELECOM-H	4.22	0.7
66	MTR CORP	30.10	0.2	753	AIR CHINA LTD-H	5.63	6.4
83	SINO LAND CO	10.86	-0.4	857	PETROCHINA CO-H	8.83	0.2
101	HANG LUNG PROPER	25.85	-0.2	902	HUANENG POWER-H	7.38	2.4
144	CHINA MERCHANT	28.00	2.9	914	ANHUI CONCH-H	27.30	1.9
267	CITIC PACIFIC	9.92	4.9	939	CHINA CONST BA-H	6.10	1.5
291	CHINA RES ENTERP	23.95	1.7	991	DATANG INTL PO-H	3.38	-0.3
293	CATHAY PAC AIR	14.32	1.4	998	CHINA CITIC BK-H	4.24	1.9
330	ESPRIT HLDGS	11.66	-7.2	1088	CHINA SHENHUA-H	26.85	1.9
386	CHINA PETROLEU-H	6.19	0.5	1133	HARBIN ELECTRIC	5.10	5.4
388	HONG KONG EXCHNG	127.0	1.0	1138	CHINA SHIPPING-H	4.70	3.1
494	LI & FUNG LTD	11.48	0.7	1171	YANZHOU COAL-H	8.00	10.0
551	YUE YUEN INDUS	22.70	-1.7	1186	CHINA RAIL CN-H	8.42	1.1
688	CHINA OVERSEAS	23.80	3.0	1398	IND & COMM BK-H	5.49	1.9
700	TENCENT HOLDINGS	399.0	2.2	1800	CHINA COM CONS-H	6.52	4.7
762	CHINA UNICOM HON	12.32	1.2	1898	CHINA COAL ENE-H	5.23	7.0
857	PETROCHINA CO-H	8.83	0.2	1919	CHINA COSCO HO-H	4.16	4.0
883	CNOOC LTD	16.28	0.5	2318	PING AN INSURA-H	59.70	1.4
939	CHINA CONST BA-H	6.10	1.5	2328	PICC PROPERTY &	11.36	1.3
941	CHINA MOBILE	87.85	2.0	2600	ALUMINUM CORP-H	2.86	2.1
1088	CHINA SHENHUA-H	26.85	1.9	2628	CHINA LIFE INS-H	21.10	1.4
1199	COSCO PAC LTD	11.06	-7.2	2727	SHANGHAI ELECT-H	2.91	4.3
1398	IND & COMM BK-H	5.49	1.9	2777	GUANGZHOU R&F -H	12.92	4.7
2038	FIH MOBILE LTD	5.25	-2.6	2866	CHINA SHIPPING-H	2.30	2.7
2318	PING AN INSURA-H	59.70	1.4	2883	CHINA OILFIELD-H	20.30	0.3
2388	BOC HONG KONG HO	25.35	0.4	2899	ZIJIN MINING-H	1.93	-0.5
2600	ALUMINUM CORP-H	2.86	2.1	3323	CHINA NATL BDG-H	7.90	3.1
2628	CHINA LIFE INS-H	21.10	1.4	3328	BANK OF COMMUN-H	5.83	1.6
3328	BANK OF COMMUN-H	5.83	1.6	3968	CHINA MERCH BK-H	15.02	1.9
3988	BANK OF CHINA-H	3.56	1.7	3988	BANK OF CHINA-H	3.56	1.7
				3993	CHINA MOLYBDENUM	3.17	2.6

A+H Company Performance  
 Last price

Name(H)	Code (H)	Price (H)	Code (A)	Price (A)	Spread (%)
BEIREN PRINT-H	187	3.50	600860	10.33	274.0
TIANJIN CAP-H	1065	2.94	600874	8.53	267.6
SHENJI GROUP-H	300	1.93	600806	5.10	234.8
NORTHEAST ELEC-H	42	0.98	000585	2.50	223.2
NANJING PANDA-H	553	3.12	600775	7.50	204.6
CHONGQING IRON-H	1053	1.19	601005	2.85	203.4
SHANDONG XINHU-H	719	2.10	000756	4.66	181.2
SINOPEC YIZHEN-H	1033	1.99	600871	4.41	180.8
JINGWEI TEXTIL-H	350	5.66	000666	10.22	128.8
BEIJING NORTH-H	588	1.85	601588	3.15	115.7
HISENSE KELON -H	921	5.34	000921	8.73	107.1
GUANGZHOU SHIP-H	317	7.89	600685	12.38	98.8
SINOPEC SHANG-H	338	2.95	600688	4.34	86.4
DATANG INTL PO-H	991	3.38	601991	4.74	77.7
YANZHOU COAL-H	1171	8.00	600188	10.94	73.3
ALUMINUM CORP-H	2600	2.86	601600	3.62	60.4
CHINA SHIPPING-H	1138	4.70	600026	5.52	48.8
GUANGZHOU BAIYUN	874	28.35	600332	32.51	45.3
ZTE CORP-H	763	14.96	000063	16.65	41.0
HUADIAN POWER-H	1071	2.97	600027	3.25	38.7
JIANGXI COPPER-H	358	16.32	600362	17.46	35.6
SHENZHEN EXPRE-H	548	2.94	600548	3.12	34.5
CHINA SOUTHERN-H	1055	3.10	600029	3.09	26.3
DONGFANG ELECT-H	1072	11.96	600875	11.68	23.7
CHINA CITIC BK-H	998	4.24	601998	4.06	21.3
ANHUI EXPRESS-H	995	4.23	600012	3.84	15.0
MAANSHAN IRON-H	323	2.20	600808	1.82	4.8
BANK OF CHINA-H	3988	3.56	601988	2.84	1.1
GUANGSHEN RAIL-H	525	4.15	601333	3.31	1.1
LUOYANG GLASS-H	1108	1.51	600876	5.44	0.0
AIR CHINA LTD-H	753	5.63	601111	4.39	-1.2
BANK OF COMMUN-H	3328	5.83	601328	4.53	-1.6
CHINA MERCH BK-H	3968	15.02	600036	11.63	-1.9
HUANENG POWER-H	902	7.38	600011	5.58	-4.2
CHINA PETROLEU-H	386	6.19	600028	4.65	-4.8
IND & COMM BK-H	1398	5.49	601398	3.98	-8.2
TSINGTAO BREW-H	168	60.45	600600	42.35	-11.2
CHINA LIFE INS-H	2628	21.10	601628	14.78	-11.3
JIANGSU EXPRES-H	177	8.87	600377	5.73	-18.2
PING AN INSURA-H	2318	59.70	601318	38.16	-19.0
WEICHAJ POWER-H	2338	32.25	000338	20.31	-20.2
ANGANG STEEL-H	347	5.36	000898	3.25	-23.2
ANHUI CONCH-H	914	27.30	600585	16.43	-23.8

## Recently Published Research

Date published	Name of report	Analyst
10-Sep-13	2013 Field Visit to U.S.-Listed Chinese Companies	Mike Chen
10-Sep-13	MINTH GROUP LTD (425 HK)	Colleen Li
10-Sep-13	Beijing Enterprise Water (371.HK)	Yin Lei
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
27-Aug-13	Wisdom Holdings Group (1661.HK)	Jeff Hao
27-Aug-13	NetEase Inc. (NTES.O)	Mike Chen
27-Aug-13	XTEP INTERNATIONAL(1368.HK)	Ivy Zhao
26-Aug-13	PetroChina (00857.HK)	Michael Yuk
26-Aug-13	CHINA TELECOM-H (00728.HK)	Jeff Hao
26-Aug-13	Wisdom Holdings Group (1661.HK)	Jeff Hao
26-Aug-13	CHINA DONGXIANG(3818.HK)	Ivy Zhao
23-Aug-13	TENCENT HOLDINGS (00700.HK)	Jeff Hao
23-Aug-13	Commentary On Ongoing Emerging Market Turbulence	David Xie, Cliff Zhao, Qing Li
22-Aug-13	CNOOC (00883.HK)	Michael Yuk
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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

**RATING DEFINITION & DISCLAIMER**

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