

Research Highlights

1. EVERGRANDE REAL(3333.HK) - Perfect sales will gradually break negative expectations

[Duan Feiqin]The aggregate contracted sales for the period from January to August 2013 amounted to approximately RMB64.1bn with aggregate contracted sales area of approximately 9.46mn square meters, representing an increase of 27.1% and 14.2%, respectively, over the same period in 2012. The average selling price for the period from January to August 2013 amounted to RMB6,776 per square meter, representing an increase of 11.2% from the same period in 2012. Contracted sales in August is RMB11.4bn, above market expectation, representing an increase of 58.8%YoY and 40.6% MoM.

Sales GFA and ASP increased simultaneously: The aggregate contracted sales for the period from January to August 2013 amounted to approximately RMB64.1bn with aggregate contracted sales area of approximately 9.46mn square meters, representing an increase of 27.1% and 14.2%, respectively, over the same period in 2012. The average selling price for the period from January to August 2013 amounted to RMB6,776 per square meter, representing an increase of 11.2% from the same period in 2012.

Monthly contracted sales topped RMB10bn for the first time in 2013: Contracted sales in August were better than market expectation. The aggregate contracted sales in August 2013 amounted to approximately RMB11.4bn with aggregate contracted sales area of approximately 1.68mn square meters, representing an increase of 58.8% and 41.8% YoY, and an increase of 40.6% and 47.0% MoM respectively. More importantly, the average selling price in August was RMB6,803 per square meter, up 12% YoY.

Valuation and rating: The valuation of Evergrande is lower than peers. We believe the positive data will drive up its valuation. We maintain the target price of HK\$4.38. The corresponding 2013 P/E multiple is 5x. We maintain its "Buy" rating.

2. Qihoo 360 Technology (QIHU.N) -Search monetization and mobile business development accelerate

[Mike Chen]2013 Q2 Results Review: Personal start-up page's user activity boosted online advertising sales; mobile game monetization started and we estimate sales of the mobile game business to be approximately US\$10 mn in Q2, accounting for 6% of total sales. Search business R&D and sales channel development of the search business have almost completed. The share of R&D and selling expenses in sales shrank. The US\$550 mn issuance of the convertible senior note contributed to cash position increase from US\$378 mn to US\$928 mn. We believe the cash will be used for small scale M&A or US\$300 mn-500 mn investment.

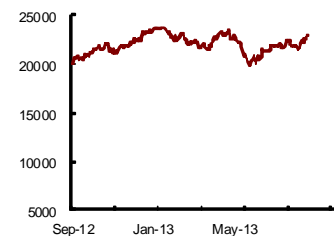
Search Business: Monetization of the search business is still at the early stage. In Q2, the company established advertising agency network in first- and second-tier cities and the search clients reached 10,000, lower than 15,000 customers when Sogou started search monetization. We estimate sales of the search business to reach US\$50mn-75 mn in Q2. We believe that search monetization will accelerate in 2014. The company needs to improve the user stickiness of search engine as the traffic from 360 search

HK Indices	Last price	chg	% chg
HSI	22,937.14	-39.51	-0.17
Finance	31,873.85	-69.69	-0.22
Properties	29,973.77	4.29	0.01
Utilities	50,123.59	123.7	0.25
Commerce&Industrv	13,420.07	-29.03	-0.22
HSCEI	10,636.71	-60.73	-0.57
HSCCI	4,430.52	12.21	0.28
HKSPGEM	423.92	-0.77	-0.18

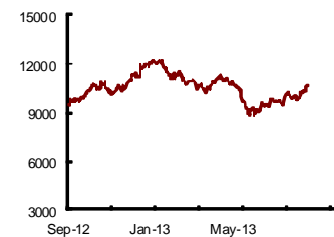
World Indices	Last price	chg	% chg
FTSE 100	6,588.43	4.44	0.07
DAX 30	8,495.73	49.19	0.58
CAC 40	4,119.11	2.47	0.06
DJIA	15,326.60	135.54	0.89
S&P500	1,689.13	5.14	0.31
Nasdaq Composite	3,725.01	-4.01	-0.11
Nikkei 225	14,425.07	1.71	0.01

Asia-Pacific Indices	Last price	chg	% chg
KOSPI	2,003.85	9.79	0.49
TWSE	8,208.99	0.22	0.00
STI	3,108.19	-15.70	-0.50
India BSE 30	19,997.45	0.35	0.00
S&P/ASX 200	5,234.39	33.22	0.64

HSI One Year



HSCEI One Year



Source: Bloomberg

China Merchants Securities (HK)

Research

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still accounts for a small proportion.

Mobile business: Given respective advantages of native app and web app in terms of user experience, cost and development process, we believe they will co-exist in the short run. We believe that the comprehensive mobile apps will be mainly distributed by two to three stores, while more app stores will distribute mobile games distribution and launch payment service and cloud storage, etc. to enhance user stickiness. Mobile app search will be the next battleground as the current search algorithm has limitations.

Valuation: We expect in Q3 2013, game revenue including web and mobile game revenue to reach US\$63 mn, and revenue of start-up page and search business to reach US\$93 mn and US\$25 mn respectively. Using DCF and segment valuation methods, we derive the company's fair value of US\$94.47 per share (average of the two), corresponding to P/E of 81x FY 2013 and 47x FY 2014. We maintain BUY rating.

Company Comments

1. Apple unveils iPhone 5C and iPhone 5S

Apple introduced a pair of new iPhones with upgraded features, but didn't stray far from its usual playbook to address concerns about intensifying competition from rivals such as Samsung Electronics Co. In a first, Apple added a second model to its lineup called the 5C—priced at US\$99 with a service contract—that repackages much of the technology in its previous-generation iPhone 5 in a new colorful polycarbonate case. Apple said it would begin taking preorders for the iPhone 5C on Sept. 13, and begin selling both it and the iPhone 5S on Sept. 20 in various countries including the U.S., the U.K. and, for a first time at launch, China. **[WSJ]**

Comment: Given narrowing hardware differentiation among smartphone brands, we believe lower pricing is the key for Apple to successfully penetrate into mid-end smartphone segment. iPhone 5C was widely expected as Apple's low-cost model targeting mid-end segment and China market. However, off contract, 16GB 5c will cost RMB4,488 unlocked in China, which is much higher than market estimate of below RMB4,000. We maintain our view that pricing, branding and marketing capability will be key for handset brands as smartphones become commoditized. In particular, China market is highly fragmented and thus we believe new wave of domestic high-spec mid-priced products (e.g. Xiaomi's Hongmi/M3, Mezu's MX3, Huawei's Honor 3) in 3Q will accelerate share gain of local brands, given that iPhone 5C is not attractively priced. We remain cautious with Apple/Samsung-related stocks, and positive on leaders with high exposure to domestic brands. We like TCL Comm (2618.HK, TP HK\$5.2), Sunny Optical (2382.HK, TP HK\$11.0) and Truly (732.HK, TP HK\$7.15), and remain neutral on AAC (2018.HK, TP HK\$36.15) and China Wireless (2369.HK, TP HK\$3.1). (Alex Ng)

2. China August passenger vehicle sales rose 11% YoY

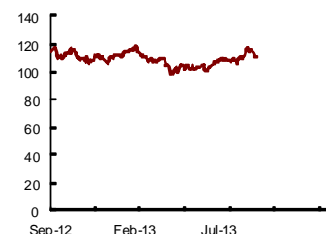
Passenger vehicle output and sales in August rose 6.9% and 9.3% MoM, and 13% and 11% YoY respectively. Domestic-brand passenger vehicle sales accounted for 38% of overall sales, up 2.8 and 1.6 ppt from a month and a year earlier respectively. **[CAAM]**

Comment: Passenger vehicle output and sales growth rates continued to slow down slightly. Domestic-brand passenger vehicle

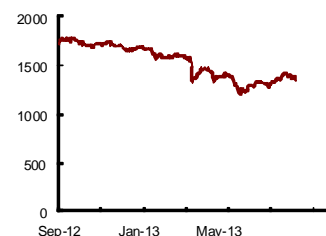
Global Commodity	Last price	chg	% chg
Brent Oil	111.34	0.13	0.12
Gold	1,364.2	-1.24	-0.09
LME Aluminum	1,803.0	6.00	0.33
LME Copper	7,170.0	0.00	0.00
BDI	1,628.0	87.00	5.65
API Coal	83.75	-0.10	-0.12

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	0.01	0.16
EUR/USD		133.11	-0.01	-0.01
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	-0.05	-1.69

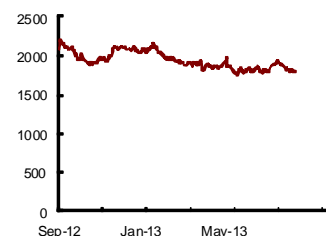
Brent Oil One Year



Gold Commodity One Year



LME Aluminum Commodity One Year



Source: Bloomberg

sales grew 15.8% YoY, faster than the overall passenger vehicle sales growth. We maintain our view that 2H13 passenger vehicle sales YoY growth will be slower than 1H13. Coupled with many policy risks, we maintain “Neutral” rating of the industry. (Colleen Li)

A-share Research Highlights (CMS Research Center)

1. Banking industry August data comment – economic stabilization leads to rebound in funding demand

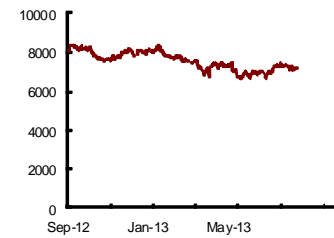
[Xiao Liqiang, Luo Yi and Zou Tianjie, Sep. 10, 2013] Banks’ operating performance will keep improving amid the stabilization of economic growth and better-than-expected liquidity. Economic data in July and August showed clear signs of the stabilization of economic growth. As for liquidity, we believe the Fed is not likely to taper its QE operations significantly in September. After the liquidity test in June, Chinese banks have improved their ability to cope with liquidity fluctuations markedly. China’s policy makers also have enough monetary tools to cope with changes in the external monetary environment. We expect China’s economy to continue to improve in Q4, with a better-than-expected liquidity situation. The solid progress in reforms will also alleviate market concerns over banking stocks’ investment value and provide strong momentum for the sustainable growth of the banking industry.

In August, new bank loans, new deposits and total social financing reached RMB711.3 bn, RMB805.2 bn and RMB1.57 tn respectively. New mid-to-long term loans and the loan structure remained stable. Total off-balance sheet financing soared by RMB706 bn. Economic stabilization led to a significant recovery in funding demand, which is conducive to a stable pricing power of banks for their loans. We expect funding demand to remain strong in September. New mid-to-long term loans in August amounted to RMB422 bn, accounting for 59% of total new loans, a still high proportion. China’s leadership has launched pro-growth policies and shown its commitment to reforms, improving the market’s expectation for economic growth and alleviating the pressure on banks’ asset quality. New deposits in August reached RMB805.2 bn. Money supply growth continued to pick up pace. In August, M1 and M2 grew 9.9% and 14.7% YoY respectively, both 0.2 ppt faster than in July. The further improvement in the liquidity situation will play an important role in shaping liquidity expectations and stabilizing funding cost in the real economy, and help with the strengthening of the endogenous growth momentum of the economy.

2. Shipping industry in-depth report – focus on capacity cutting

[Chang Tao and Chen Shuran, Sep. 10, 2013] In the mid-term cycle, the dry bulk market is recovering from fluctuations. But due to the serious overcapacity problem, the flexibility of freight rates will still be under pressure in the next few years. Sailing at slower speed has replaced idleness as a new method to save capacities. However, such capacities will be gradually released once freight rates recover to a certain level, constraining the room for further rebound of BDI. Investment strategy: shipowners with low unit cost and reasonable vessel age structure will take the lead in turning profitable in the recovery stage. Currently in the A-share market, there is no shipping company specializing in international dry bulk shipping. We are relatively bullish on China Merchants Energy Shipping whose fundamentals have bottomed out and which has abundant cash flow. Pay attention to 2014 operating plans of China COSCO Holdings. China Shipping Development faces considerable pressure from

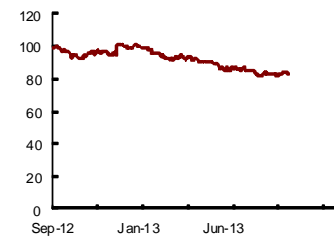
LME Copper Commodity One Year



BDI One Year



API Coal One Year



Source: Bloomberg

capacity deliveries in 2013 and 2014 and the risk of gross margin declines. Also pay attention to COSCO Shipping, which benefits from the recovery of the small vessel market.

The dry bulk market is recovering from fluctuations and starts to see a turning point for the industry. As we mentioned in our earlier reports, we are in the tail of the major cycle of dry bulk shipping due to declining demand. The super bull market of dry bulk shipping, which accompanied the bull market of commodities, is now gone for good. In the mid-term cycle, the dry bulk market is recovering from fluctuations, but the "recovery" stage will feature the absorption of existing excessive capacities. Capacity utilization rate will be a key factor to influence the flexibility of shipping rates in this stage. Based on static estimates, it will take several years for the flexibility of freight rates to return to a relatively high level, given the serious overcapacity problem. According to our estimates, excluding other capacity-absorption factors, the current overcapacity rate is between 25% and 30%. Even with a 7% annual growth rate of demand and a 2% annual contraction rate of supply, which is an optimistic assumption, it will still take at least three years for the supply-demand situation to reach a basic equilibrium. Pay close attention to new orders and the ship disassembling situation. New-type vessels with low cost and higher fuel efficiency will offer cost advantages to their owners in a recovering market. These shipowners will take the lead in turning profitable. However, if hasty shipbuilding becomes a trend in the industry amid low shipbuilding prices, the capacity cutting process will inevitably take a longer time.

What to Watch

Economic Data	HK: Nil US: Initial Claims		
Date	Ticker	Stock Name	Earnings
2013/09/12	00016	SHK PPT	Final
2013/09/12	08158	CHINA BIO-MED	1st Quarter
Date	Ticker	Stock Name	Issue Price
2013/09/12	02183	LIFESTYLE PPT	1.980

China Merchants Securities (Hong Kong) Stock Pool Update Weekly
 2013-9-12

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	5.22	5.30	2%	RMB	0.55	0.56	0.64	7.5	7.4	6.5	-9.8%	Ivy Zhao
1880	Belle	Buy	HKD	11.26	16.39	46%	RMB	0.52	0.61	0.71	17.2	14.7	12.6	-1.8%	Ivy Zhao
1368	Xtep	Neutral	HKD	3.61	4.00	11%	RMB	0.27	0.27	0.29	10.6	10.6	9.9	-7.0%	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	1.86	1.45	-22%	RMB	0.29	0.28	0.28	5.1	5.3	5.2	-2.1%	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	5.72	5.20	-9%	RMB	-0.10	0.18	0.20	N.A.	25.8	22.9	9.4%	Ivy Zhao
3818	China Dongxiang	Buy	HKD	1.28	1.47	15%	RMB	0.04	0.04	0.05	27.5	24.2	21.7	-11.1%	Ivy Zhao
953	Meike	Neutral	HKD	0.41	0.30	-27%	RMB	0.04	0.05	0.06	9.1	7.1	5.9	10.8%	Ivy Zhao
1234	China Lilang	Buy	HKD	4.42	5.25	19%	RMB	0.41	0.41	0.47	8.6	8.6	7.5	-1.6%	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	1.57	2.86	82%	RMB	0.52	0.65	0.80	2.4	1.9	1.6	-2.5%	Ivy Zhao
Metals & Mining															
1818	Zhaojin Mining	Neutral	HKD	6.96	6.00	-14%	RMB	0.43	0.38	0.34	12.9	14.6	16.3	34.6%	Li Xiang
2899	Zijin Mining	Neutral	HKD	1.88	1.69	-10%	RMB	0.14	0.15	0.12	10.7	10.0	12.5	11.9%	Li Xiang
358	Jiangxi Copper	Buy	HKD	16.50	15.20	-8%	RMB	1.02	1.05	0.85	12.9	12.5	15.4	16.0%	Li Xiang
3993	Cmcc	Neutral	HKD	3.13	3.10	-1%	RMB	0.19	0.20	0.21	12.9	12.7	12.0	1.3%	Li Xiang
2600	Chalco	Sell	HKD	2.88	1.60	-44%	RMB	-0.28	-0.11	-0.10	N.A.	N.A.	N.A.	15.7%	Li Xiang
1378	China Hongqiao	Buy	HKD	4.61	5.80	26%	RMB	0.97	1.11	1.23	3.8	3.3	3.0	9.8%	Li Xiang
486	Rusal	Sell	HKD	2.43	2.03	-16%	USD	0.01	0.04	0.05	31.4	7.8	6.3	-4.3%	Li Xiang
3948	Yitai Coal	Buy	HKD	15.50	25.10	62%	RMB	1.88	2.11	2.22	6.6	5.9	5.6	0.0%	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	27.00	36.40	35%	RMB	2.44	2.90	3.07	8.8	7.4	7.0	15.6%	Li Xiang
Auto & Others															
1211	Byd Company	Neutral	HKD	34.35	13.00	-62%	RMB	0.33	0.68	1.10	82.7	40.2	24.8	9.7%	Colleen Li
489	Dongfeng Group	Buy	HKD	11.18	14.17	27%	RMB	1.13	1.26	1.29	7.9	7.1	6.9	2.0%	Colleen Li
175	Geely Auto	Buy	HKD	4.09	5.04	23%	RMB	0.32	0.36	0.38	10.2	9.0	8.6	12.4%	Colleen Li
2333	Greatwall Motor	Neutral	HKD	41.50	38.62	-7%	RMB	2.78	3.41	3.74	11.9	9.7	8.8	6.7%	Colleen Li
1114	Brilliance Chi	Buy	HKD	11.54	12.00	4%	RMB	0.71	0.80	0.89	12.9	11.5	10.3	10.3%	Colleen Li
425	Mint Group	Buy	HKD	14.30	13.20	-8%	RMB	0.78	0.87	0.97	14.6	13.1	11.7	10.9%	Colleen Li
1728	Zhengtong Auto	Buy	HKD	5.32	5.85	10%	RMB	0.55	0.81	1.11	7.7	5.2	3.8	20.6%	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
Oil & Gas															
857	Petro China	Buy	HKD	8.60	10.55	23%	RMB	0.71	0.74	0.78	9.6	9.2	8.8	-3.0%	Michael Yuk
386	Sinopec Corp	Buy	HKD	6.13	7.20	17%	RMB	0.68	0.70	0.73	7.2	7.0	6.7	8.9%	Michael Yuk
883	Cnooc	Buy	HKD	16.22	17.00	5%	RMB	1.44	1.56	1.69	9.0	8.3	7.6	15.9%	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	5.24	5.30	1%	HKD	0.55	0.63	0.79	9.5	8.3	6.6	9.2%	Michael Yuk
467	Unitedenergy Gp	Buy	HKD	1.23	1.59	29%	HKD	0.10	0.09	0.09	12.3	13.7	13.7	12.8%	Michael Yuk
Oil & Gas Services/Equipment															
3899	Cimc Enric	Buy	HKD	8.59	10.00	16%	RMB	0.49	0.60	0.72	13.9	11.4	9.5	-8.7%	Michael Yuk
569	Ch Automation	Buy	HKD	1.60	2.50	56%	RMB	0.26	0.29	0.33	4.9	4.4	3.9	3.9%	Michael Yuk
3337	Anton Oilfield	Neutral	HKD	4.66	5.70	22%	RMB	0.19	0.23	0.28	19.5	16.1	13.2	-14.5%	Michael Yuk
1938	Chu Kong Pipe	Neutral	HKD	2.44	2.26	-7%	RMB	0.11	0.41	0.56	17.6	4.7	3.5	13.0%	Michael Yuk
2883	China Oilfield	Buy	HKD	19.98	18.00	-10%	RMB	1.29	1.45	1.66	12.3	11.0	9.6	12.1%	Michael Yuk
3303	Jutal Oil Ser	Buy	HKD	1.57	2.40	53%	RMB	0.13	0.17	0.15	9.6	7.3	8.3	-11.8%	Michael Yuk

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1623	Hilong	Neutral	HKD	3.71	4.58	23%	RMB	0.26	0.30	0.32	11.3	9.8	9.2	-21.2%	Michael Yuk
Property															
688	China Overseas	Buy	HKD	23.85	22.56	-5%	HKD	2.29	2.30	2.68	10.4	10.4	8.9	0.6%	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	19.46	16.70	-14%	HKD	2.07	2.19	2.46	9.4	8.9	7.9	12.2%	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	12.86	13.90	8%	HKD	2.15	2.23	2.45	6.0	5.8	5.2	0.2%	DuanFeiqin
2007	Country Garden	Neutral	HKD	5.17	4.20	-19%	HKD	0.48	0.53	0.60	10.9	9.8	8.6	12.4%	DuanFeiqin
3383	Agile Property	Neutral	HKD	9.02	10.10	12%	HKD	1.81	1.98	2.02	5.0	4.6	4.5	9.1%	DuanFeiqin
3333	Evergrande	Buy	HKD	3.41	4.38	28%	HKD	0.84	0.97	0.98	4.1	3.5	3.5	7.6%	DuanFeiqin
960	Longfor Ppt	Buy	HKD	13.48	13.23	-2%	HKD	1.50	1.65	1.81	9.0	8.2	7.5	9.4%	DuanFeiqin
1813	Kwg Property	Neutral	HKD	5.54	5.05	-9%	HKD	1.02	1.10	1.18	5.4	5.1	4.7	21.8%	DuanFeiqin
3366	Oct (Asia)	Buy	HKD	3.97	3.50	-12%	HKD	0.43	0.54	0.64	9.2	7.4	6.2	-3.2%	DuanFeiqin
3900	Greentown China	Buy	HKD	15.46	18.80	22%	HKD	3.17	3.33	3.49	4.9	4.7	4.4	0.4%	DuanFeiqin
754	Hopson Dev Hold	Buy	HKD	10.58	12.20	15%	HKD	1.72	1.98	2.22	6.2	5.4	4.8	8.1%	DuanFeiqin
1918	Sunac	Buy	HKD	5.42	6.66	23%	HKD	1.07	1.26	1.41	5.1	4.3	3.8	-6.2%	DuanFeiqin
Consumer Discretionary															
3308	Golden Eagle	Neutral	HKD	11.48	13.50	18%	RMB	0.63	0.69	0.76	14.5	13.2	12.0	-3.5%	TangJingjing
1212	Lifestyle	Neutral	HKD	17.90	18.40	3%	HKD	1.18	1.30	1.35	15.2	13.8	13.3	-1.0%	TangJingjing
1833	Intime	Buy	HKD	9.14	9.62	5%	RMB	0.54	0.63	0.63	13.5	11.5	11.5	5.5%	TangJingjing
178	Sa Sa	Buy	HKD	8.75	8.78	0%	HKD	0.26	0.36	0.43	33.7	24.3	20.4	5.8%	TangJingjing
Telecommunication															
941	China Mobile	Neutral	HKD	87.15	80.00	-8%	RMB	6.52	6.58	6.79	10.6	10.5	10.2	5.6%	Jeff Hao
762	China Unicom	Buy	HKD	12.50	14.00	12%	RMB	0.44	0.54	0.63	22.6	18.4	15.8	5.9%	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	4.15	4.80	16%	RMB	0.25	0.29	0.33	13.2	11.4	10.0	6.1%	Jeff Hao
Information Technology															
700	Tencent	Buy	HKD	402.20	401.00	0%	RMB	8.61	11.35	15.08	37.1	28.2	21.2	12.5%	Jeff Hao
3888	Kingsoft	Buy	HKD	18.40	24.37	32%	RMB	0.50	0.66	0.83	29.3	22.2	17.6	17.4%	Jeff Hao
1661	Wisdom	Buy	HKD	2.21	2.90	31%	RMB	0.13	0.20	0.25	13.5	8.8	7.0	N.A.	Jeff Hao
777	Netdragon	Buy	HKD	18.18	26.27	45%	RMB	0.78	0.89	1.12	18.5	16.2	12.9	-1.2%	Jeff Hao
354	Chinasoft	Neutral	HKD	2.26	2.00	-12%	RMB	0.10	0.12	0.15	18.0	15.0	12.0	1.8%	Jeff Hao
268	Kingdee	Neutral	HKD	2.27	1.40	-38%	RMB	0.02	0.04	0.05	90.2	45.1	36.1	30.5%	Jeff Hao
Port															
144	China Mer Hold	Neutral	HKD	27.60	23.89	-13%	HKD	1.82	2.11	2.45	15.2	13.1	11.3	16.0%	Kate Li
1199	Cosco Pacific	Buy	HKD	11.04	12.58	14%	USD	0.26	0.13	0.14	5.5	11.0	10.2	0.9%	Kate Li
Shipping															
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	47.85	52.30	9%	USD	0.37	0.52	0.69	16.7	11.9	9.0	7.5%	Kate Li
2866	Cscl	Neural	HKD	2.28	1.82	-20%	RMB	-0.06	0.03	0.07	N.A.	60.4	25.9	18.1%	Kate Li
Alternative Energy															
3800	Gcl-Poly Energy	Buy	HKD	2.18	1.97	-10%	HKD	0.01	0.05	0.07	218.0	43.6	31.1	6.3%	Yin Lei
712	Comtec Solar	Buy	HKD	1.77	1.76	-1%	RMB	0.05	0.11	0.16	28.1	12.8	8.8	-26.9%	Yin Lei
750	Singyes Solar	Buy	HKD	7.88	9.40	19%	RMB	0.81	0.91	1.04	7.7	6.9	6.0	3.6%	Yin Lei
2208	Goldwind	Buy	HKD	4.79	5.52	15%	RMB	0.17	0.21	0.27	22.4	18.1	14.1	6.9%	Yin Lei
916	Longyuan Power	Neutral	HKD	7.67	8.16	6%	RMB	0.36	0.43	0.52	16.9	14.2	11.7	-5.1%	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	2.16	2.99	38%	RMB	0.19	0.24	0.28	9.0	7.2	6.1	-8.9%	Yin Lei
579	Jingneng	Buy	HKD	2.76	3.62	31%	RMB	0.18	0.24	0.29	12.2	9.1	7.6	-4.2%	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		
Food & Beverage															
322	Tingyi	Buy	HKD	20.75	23.10	11%	USD	0.09	0.11	0.13	30.4	25.5	20.6	6.7%	Ling Hua
2319	Mengniu Dairy	Buy	HKD	33.10	33.26	0%	RMB	0.85	1.10	1.48	31.0	23.9	17.8	2.3%	Ling Hua
506	China Foods	Neutral	HKD	3.12	4.25	36%	HKD	0.17	0.22	0.27	18.4	14.2	11.6	1.3%	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	9.93	9.00	-9%	HKD	0.31	0.35	0.48	32.0	28.4	20.7	5.3%	Ling Hua
Machinery & Equipment															
1157	Zoomlion	Buy	HKD	7.42	7.40	0%	RMB	0.79	0.96	1.04	7.5	6.1	5.7	29.7%	Jiao Yiding
Electricity															
902	Huaneng Power	Buy	HKD	7.71	11.00	43%	RMB	0.79	0.86	0.93	7.8	7.1	6.6	-3.4%	Vera Liang
991	Datang Power	Buy	HKD	3.59	4.10	14%	RMB	0.40	0.42	0.52	7.1	6.8	5.5	7.2%	Vera Liang
Pharmaceuticals & Medical Devices															
2348	Dawnrays Pharma	Buy	HKD	3.15	3.20	2%	RMB	0.18	0.14	0.17	13.9	17.9	14.7	16.7%	Jonathan Hsu
US Stock															
BIDU	Baidu Inc	Buy	USD	147.31	149.50	1%	USD	4.89	7.36	9.67	30.1	20.0	15.2	6.6%	Mike Chen
SINA	Sina Corp	Buy	USD	85.16	90.70	7%	USD	-0.36	2.51	4.49	N.A.	33.9	19.0	9.1%	Mike Chen
SOHU	Sohu.Com Inc	Neutral	USD	66.14	64.20	-3%	USD	2.42	2.97	3.56	27.3	22.3	18.6	6.7%	Mike Chen
NTES	Netease Inc	Buy	USD	74.03	85.50	15%	USD	5.56	5.80	6.60	13.3	12.8	11.2	22.6%	Mike Chen
QIHU	Qihoo 360	Buy	USD	90.85	34.83	-62%	USD	0.65	1.07	1.64	139.8	84.9	55.4	31.4%	Mike Chen
YOKU	Youku Tudou Inc	Neutral	USD	23.43	23.82	2%	USD	-0.47	-0.18	0.19	N.A.	N.A.	123.3	0.6%	Mike Chen
EDU	New Oriental Education	Buy	USD	22.98	24.50	7%	USD	0.89	1.25	1.43	25.8	18.4	16.1	4.5%	Mike Chen
DANG	Dangdang	Neutral	USD	9.01	6.40	-29%	USD	-0.82	-0.52	-0.18	N.A.	N.A.	N.A.	-11.2%	Mike Chen
CTRP	Ctrip	Buy	USD	50.35	25.70	-49%	USD	1.15	1.48	1.76	43.8	34.0	28.6	19.1%	Mike Chen
HMIN	Home Inns	Neutral	USD	36.45	27.40	-25%	USD	1.09	1.62	2.04	33.4	22.5	17.9	25.5%	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	113.6	0.4	168	TSINGTAO BREW-H	60.15	-0.5
2	CLP HLDGS LTD	62.80	0.5	177	JIANGSU EXPRES-H	8.86	-0.1
3	HONG KG CHINA GS	18.08	-1.0	323	MAANSHAN IRON-H	2.25	2.3
4	WHARF HLDG	67.40	-0.4	338	SINOPEC SHANG-H	3.03	2.7
5	HSBC HLDGS PLC	85.55	-0.4	347	ANGANG STEEL-H	5.61	4.7
6	POWER ASSETS HOL	66.55	-1.1	358	JIANGXI COPPER-H	16.50	1.1
11	HANG SENG BK	126.0	0.2	386	CHINA PETROLEU-H	6.13	-1.0
12	HENDERSON LAND D	47.25	-0.5	390	CHINA RAIL GR-H	4.40	0.5
13	HUTCHISON WHAMPO	92.90	0.7	489	DONGFENG MOTOR-H	11.18	-2.1
16	SUN HUNG KAI PRO	102.6	-0.5	552	CHINA COMM SER-H	4.92	-1.2
17	NEW WORLD DEV	11.62	0.0	576	ZHEJIANG EXPRESS	7.00	0.9
19	SWIRE PACIFIC-A	91.10	-1.3	694	BEIJING CAP AI-H	5.19	0.8
23	BANK EAST ASIA	31.65	-0.2	728	CHINA TELECOM-H	4.15	-1.7
66	MTR CORP	30.40	1.0	753	AIR CHINA LTD-H	5.78	2.7
83	SINO LAND CO	10.88	0.2	857	PETROCHINA CO-H	8.60	-2.6
101	HANG LUNG PROPER	26.15	1.2	902	HUANENG POWER-H	7.71	4.5
144	CHINA MERCHANT	27.60	-1.4	914	ANHUI CONCH-H	27.25	-0.2
267	CITIC PACIFIC	9.94	0.2	939	CHINA CONST BA-H	6.06	-0.7
291	CHINA RES ENTERP	23.75	-0.8	991	DATANG INTL PO-H	3.59	6.2
293	CATHAY PAC AIR	14.42	0.7	998	CHINA CITIC BK-H	4.26	0.5
330	ESPRIT HLDGS	12.00	2.9	1088	CHINA SHENHUA-H	27.00	0.6
386	CHINA PETROLEU-H	6.13	-1.0	1133	HARBIN ELECTRIC	5.09	-0.2
388	HONG KONG EXCHNG	126.9	-0.1	1138	CHINA SHIPPING-H	4.58	-2.6
494	LI & FUNG LTD	11.60	1.1	1171	YANZHOU COAL-H	8.14	1.8
551	YUE YUEN INDUS	22.40	-1.3	1186	CHINA RAIL CN-H	8.54	1.4
688	CHINA OVERSEAS	23.85	0.2	1398	IND & COMM BK-H	5.49	0.0
700	TENCENT HOLDINGS	402.2	0.8	1800	CHINA COM CONS-H	6.55	0.5
762	CHINA UNICOM HON	12.50	1.5	1898	CHINA COAL ENE-H	5.34	2.1
857	PETROCHINA CO-H	8.60	-2.6	1919	CHINA COSCO HO-H	4.15	-0.2
883	CNOOC LTD	16.22	-0.4	2318	PING AN INSURA-H	59.50	-0.3
939	CHINA CONST BA-H	6.06	-0.7	2328	PICC PROPERTY &	11.18	-1.6
941	CHINA MOBILE	87.15	-0.8	2600	ALUMINUM CORP-H	2.88	0.7
1088	CHINA SHENHUA-H	27.00	0.6	2628	CHINA LIFE INS-H	21.10	0.0
1199	COSCO PAC LTD	11.04	-0.2	2727	SHANGHAI ELECT-H	2.87	-1.4
1398	IND & COMM BK-H	5.49	0.0	2777	GUANGZHOU R&F -H	12.86	-0.5
2038	FIH MOBILE LTD	5.00	-4.8	2866	CHINA SHIPPING-H	2.28	-0.9
2318	PING AN INSURA-H	59.50	-0.3	2883	CHINA OILFIELD-H	19.98	-1.6
2388	BOC HONG KONG HO	25.60	1.0	2899	ZIJIN MINING-H	1.88	-2.6
2600	ALUMINUM CORP-H	2.88	0.7	3323	CHINA NATL BDG-H	7.71	-2.4
2628	CHINA LIFE INS-H	21.10	0.0	3328	BANK OF COMMUN-H	5.81	-0.3
3328	BANK OF COMMUN-H	5.81	-0.3	3968	CHINA MERCH BK-H	14.82	-1.3
3988	BANK OF CHINA-H	3.53	-0.8	3988	BANK OF CHINA-H	3.53	-0.8
				3993	CHINA MOLYBDENUM	3.13	-1.3

A+H Company Performance
 Last price

Name(H)	Code (H)	Price (H)	Code (A)	Price (A)	Spread (%)
BEIREN PRINT-H	187	3.52	600860	10.31	271.2
TIANJIN CAP-H	1065	2.95	600874	8.44	262.6
NORTHEAST ELEC-H	42	0.95	000585	2.52	236.2
SHENJI GROUP-H	300	2.00	600806	5.30	235.8
CHONGQING IRON-H	1053	1.20	601005	3.06	223.2
NANJING PANDA-H	553	3.38	600775	7.78	191.7
SHANDONG XINHU-H	719	2.08	000756	4.67	184.5
SINOPEC YIZHEN-H	1033	2.00	600871	4.40	178.8
JINGWEI TEXTIL-H	350	5.60	000666	10.11	128.8
BEIJING NORTH-H	588	1.83	601588	3.15	118.1
HISENSE KELON -H	921	5.47	000921	8.73	102.3
GUANGZHOU SHIP-H	317	8.28	600685	12.78	95.6
SINOPEC SHANG-H	338	3.03	600688	4.29	79.4
ALUMINUM CORP-H	2600	2.88	601600	3.98	75.1
YANZHOU COAL-H	1171	8.14	600188	11.09	72.7
DATANG INTL PO-H	991	3.59	601991	4.86	71.6
CHINA SHIPPING-H	1138	4.58	600026	5.47	51.4
GUANGZHOU BAIYUN	874	28.60	600332	32.17	42.6
JIANGXI COPPER-H	358	16.50	600362	17.81	36.8
SHENZHEN EXPRE-H	548	2.91	600548	3.14	36.7
ZTE CORP-H	763	14.80	000063	15.75	34.9
HUADIAN POWER-H	1071	3.20	600027	3.33	31.9
CHINA SOUTHERN-H	1055	3.07	600029	3.07	26.7
DONGFANG ELECT-H	1072	11.84	600875	11.58	23.9
CHINA CITIC BK-H	998	4.26	601998	4.06	20.8
ANHUI EXPRESS-H	995	4.23	600012	3.85	15.3
MAANSHAN IRON-H	323	2.25	600808	1.98	11.5
GUANGSHEN RAIL-H	525	4.13	601333	3.29	1.0
BANK OF CHINA-H	3988	3.53	601988	2.81	0.9
LUOYANG GLASS-H	1108	1.50	600876	5.47	0.0
CHINA MERCH BK-H	3968	14.82	600036	11.62	-0.6
BANK OF COMMUN-H	3328	5.81	601328	4.49	-2.1
AIR CHINA LTD-H	753	5.78	601111	4.45	-2.4
CHINA PETROLEU-H	386	6.13	600028	4.69	-3.0
HUANENG POWER-H	902	7.71	600011	5.70	-6.3
IND & COMM BK-H	1398	5.49	601398	3.99	-7.9
CHINA LIFE INS-H	2628	21.10	601628	14.81	-11.1
TSINGTAO BREW-H	168	60.15	600600	41.95	-11.6
WEICHAH POWER-H	2338	32.40	000338	21.07	-17.6
PING AN INSURA-H	2318	59.50	601318	38.10	-18.9
JIANGSU EXPRES-H	177	8.86	600377	5.67	-18.9
ANHUI CONCH-H	914	27.25	600585	16.93	-21.3
ANGANG STEEL-H	347	5.61	000898	3.41	-23.0

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Date published	Name of report	Analyst
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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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