

## Research Highlights

### 1. HK Stock Market Strategy: Is there golden opportunity in the "Golden Week"?

**[Cliff ZHAO, Zhizhong CHEN]**Where is the opportunity? The essence of the "Golden Week" factor is based on the market's consensus of the seasonal fluctuations in the revenue of related sectors, boosted by a surge in tourists. Government statistics show clear evidence that related sectors in mainland China have been affected by the "Super Golden Week" factor. However, we can't find the same clear evidence in Hong Kong retail and Macau gaming sectors. Different sub-industries show different levels of sensitivity to the holiday factor. The revenue of these sectors are also significantly affected by cyclical and policy factors.

How much gold is in store for the Golden Week? The gaming sector is the most heavily-weighted among all sectors related to the holiday factor. Historical data show that the gaming sector has been affected significantly. Among all 6 related sub-industries (Macau gaming, local retail, jewelry & watch, mainland Chinese retail, and transportation), statistics show that the gaming sector and China's transportation sector have the most potential to benefit from the holiday factor.

**Investment advice:** The "Golden Week" factor usually prompts short-term rallies, which reflect market consensus, within 1-2 weeks before or after the holiday. Sectors with stronger consensus tend to have more potential. For the "Super Golden Week" this year, we recommend focusing on the gaming sector and China's transportation industry as they are more sensitive to the influx of mainland China's tourists.

## Macro Monitor

### 1. HK Market Strategy: Enjoy the Final Round of Market Carnival within 2013; Conviction BUY!

The just-concluded Fed FOMC meeting brought huge surprise to the market, as almost all had expected a "falling stone", but a "pie" dropped instead. The Fed decision exempts market from painful quantitative guessing about QE tapering, and the focus becomes the re-evaluation of the emergency of QE exit and monetary policy direction. As Ben Bernanke said, Fed doesn't have a clear schedule of exit. In view of the potential debt ceiling debate in October and the replacement of Fed chairman in January 2014, QE tapering is unlikely to restart before the end of 2013. It seems the market may safely enjoy the final round of carnival within 2013. Emerging markets and some asset categories that suffered most from the preview of QE exit may take a breath and see sort of capital flowing back. Among them, HK market may still take the lead as economic fundamentals, policy and liquidity are all favorable.

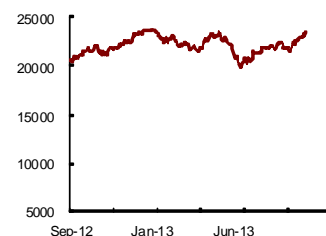
However, it should be noted that both the change of Fed policy stance and China's demand recovery may stimulate the inflation expectation earlier than expected. From the end of 2013 to the 1st half of 2014, the capital market may have to face an awkward situation of economic slowdown with inflation pickup again. At that time, the overbought market which will have overdrawn both the Fed easing policy and China's reform dividend may see another round of significant correction. Hence, if we call the rally in July and August "unmissable", then the peak-searching in the coming month will be "now or never".

HK Indices	Last price	chg	% chg
HSI	23,502.51	385.0	1.67
Finance	32,739.12	557.0	1.73
Properties	31,526.77	1019.	3.34
Utilities	50,863.58	226.6	0.45
Commerce&Industrv	13,634.21	175.5	1.30
HSCEI	10,769.54	181.5	1.71
HSCCI	4,488.14	34.87	0.78
HKSPGEM	436.00	2.71	0.63

World Indices	Last price	chg	% chg
FTSE 100	6,596.43	-28.96	-0.44
DAX 30	8,675.73	-18.45	-0.21
CAC 40	4,203.66	-2.38	-0.06
DJIA	15,451.09	-185.46	-1.19
S&P500	1,709.91	-12.43	-0.72
Nasdaq Composite	3,774.73	-14.66	-0.39
Nikkei 225	14,742.42	-23.76	-0.16

Asia-Pacific Indices	Last price	chg	% chg
KOSPI	2,005.58	-7.79	-0.39
TWSE	8,209.18	-40.60	-0.49
STI	3,237.53	-14.25	-0.44
India BSE 30	20,263.71	-382.93	-1.85
S&P/ASX 200	5,276.69	-18.86	-0.36

HSI One Year



HSCEI One Year



Source: Bloomberg

China Merchants Securities (HK)

Research

+852-3189-6888

We reiterate our strategic view expressed on September 13 with "conviction BUY" and slightly revise upward our peak target price for HSI and HSCEI. We strongly suggest investors to seize the last round of buying opportunity and pay attention to the style rotation toward liquidity-sensitive cyclicals (basically fund will flood into cyclicals first followed by emerging sectors) and lock profit around mid-October.

Our baseline view with minor revision: the market will continue to climb after a temporary consolidation in September and October, and then reach a 2H or 2013 high in late Q3 or early Q4 (estimated to be 24000-25000 for HSI and 11800-12500 for HSCEI). We suggest buying the following stocks: leading companies with low valuation in cyclical industries (mainly financials, precious metals, resources, HK local rental property and high dividend yield stocks, shipping, railway & urban infrastructure, domestic-brand & new energy automobile, and smart home appliances), as well as those in emerging industries that benefit from reform expectations and are supported by good earnings (mainly TMT, electronics, tourism & entertainment, holiday consumption, energy conservation & environment protection, and pharmaceuticals). [Chief Strategist Dr. Cliff ZHAO, CFA]

## 2. Eurozone week in review

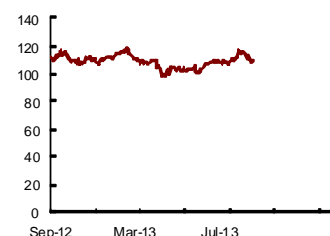
In Europe, most of the attention last week was placed on the German elections and the Fed's FOMC meeting, with the exception of Germany's ZEW survey. Last week's Eurozone data releases did not contain many surprises. In line with market consensus, August Eurozone CPI inflation remained stable at 1.3% YoY, unchanged from July. We expect inflation to remain at manageable levels for the rest of the year and in early 2014. July Eurozone seasonally adjusted trade balance declined to EUR 11.1 bn from EUR 13.5 bn (revised down) in June, primarily due to exports dropping -1.6% MoM. Germany's September ZEW survey showed current conditions surging to 30.6 from 18.3, a 15 month high. This indicator contrasts the slowing economic data released earlier in the month; the upcoming PMI survey will be helpful to gauge the situation. We continue to expect German economic growth to moderate in 2H13 as a whole.

Macroeconomic indicators out this week include the September Flash PMI data for the Eurozone, France, and Germany, as well as the September Eurozone economic sentiment. Additionally, the results of the German election will be available early this week. "Slow but steady" will be the policy motto for Europe moving forward as the region's economies continue to balance growth with fiscal consolidation and structural reforms. Our view is that the German elections will result in Europe staying the course for austerity. **(Lynn Song)**

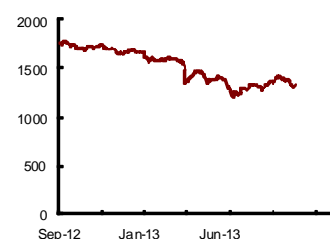
Global Commodity	Last price	chg	% chg
Brent Oil	109.91	-0.28	-0.25
Gold	1,330.5	4.50	0.34
LME Aluminum	1,800.0	-29.00	-1.59
LME Copper	7,280.0	-55.00	-0.75
BDI	1,904.0	44.00	2.37
API Coal	84.25	-0.30	-0.35

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		6.19	0.00	0.00
EUR/USD		135.33	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		2.73	-0.02	-0.73

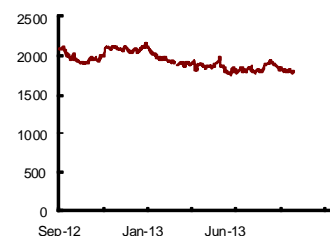
Brent Oil One Year



Gold Commodity One Year



LME Aluminum Commodity One Year



Source: Bloomberg

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

**1. Shanghai Free-Trade Zone Concept Investment Strategy –After across-the-board rises**

**[Chen Wenzhao, Zhang Quan, Xiong Xiaoyun, Pengxin, Sept. 18, 2013]**

The Shanghai free-trade zone trial is considered to be the most important step of further opening-up in China after the opening-up in 1978 and accession to the WTO. Shanghai free-trade zone could become the test field of a new round of reforms and China's new growth pole.

Shanghai is expected to become a hub of trade, logistics and finance. According to the current policy planning, the development of free-trade zone means not only tax exemptions and special trade policies, but also financial opening, government function transformation, and institutional innovation.

Policies may include innovations of management, taxation, and regulation in the fields of finance, trade, shipping, etc. Major policies to be launched at the next stage: tax incentives including income taxes, value-added tax-related policies, transformation of trade development mode, further opening-up in the field of investment, and financial liberalization.

Companies benefiting from the concept include: companies enjoying tax reduction or exemption, real estate developers and construction companies in the area, relevant port, transportation, warehousing, logistics companies and business and trade retailers.

For theme-related investment, there generally comes the stage of varied performance after across-the-board rises of the relevant stocks. We believe the anticipations of favorable policies have been fully priced in and the across-the-board rises have come to an end. We should wait for the implementation of policies and select the ones after analyzing the extent of benefits.

Risk factors: Rally of relevant stocks may extend too far. Detailed rules may miss expectations.

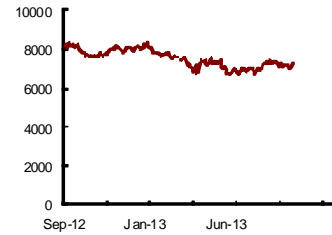
**2. Auto industry: Comment on new plan of alternative-energy vehicle subsidy**

**[Wang Liusheng, Tang Nan, Fang Xiaojian, Peng Qi, Sept. 17, 2013]**

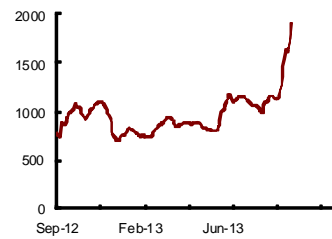
China has introduced a new incentive plan for fuel-efficient cars. The new subsidy plan stresses blade electric vehicles, with detailed standard for buses and fuel-cell vehicles and less focus on hybrid cars. The new subsidy plan is based on cruising distance rather than battery capacity as in the plan introduced in June, 2010 or the extent of fuel saving as the market expected. Only BYD E6 can enjoy the same extent of support as in the previous plan. The new plan fuels technological upgrading of blade electric vehicles by supporting blade electric vehicles with long cruising distance.

In the new plan, the funding is no longer shared by the central government and local government. The subsidies will be given to the manufacturers directly by the central government on a quarterly basis, with a diminishing tendency. The new policy restricts entry barriers for non-local brands, and sets the minimum standard for the share of alternative-energy vehicles in the vehicles to be purchased for public transportation, governments, logistics and urban cleaning. This policy will facilitate BYD's business development.

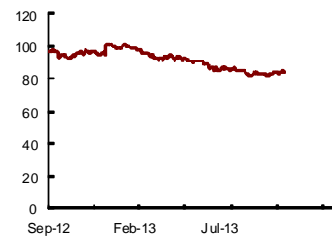
LME Copper Commodity One Year



BDI One Year



API Coal One Year



Source: Bloomberg

**What to Watch**

Economic Data	HK: Nil US: Nil		
Date	Ticker	Stock Name	Earnings
2013/09/23	00026	CHINA MOTOR BUS	Final
2013/09/23	00029	DYNAMIC HOLD	Final
2013/09/23	00491	SEE CORPORATION	Final
2013/09/23	00812	TANRICH	Final
2013/09/23	00862	Vision Values	Final
2013/09/23	08039	PEGASUS ENT	Final
Date	Ticker	Stock Name	Issue Price
Nil			

China Merchants Securities (Hong Kong) Stock Pool Update Weekly  
 2013-9-23

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	5.11	5.30	4%	RMB	0.55	0.56	0.64	7.4	7.3	6.4	-5.9%	Ivy Zhao
1880	Belle	Buy	HKD	11.28	16.39	45%	RMB	0.52	0.61	0.71	17.2	14.7	12.6	-4.2%	Ivy Zhao
1368	Xtep	Neutral	HKD	3.50	4.00	14%	RMB	0.27	0.27	0.29	10.3	10.3	9.6	-13.2%	Ivy Zhao
2020	Anta Sports	Neutral	HKD	9.24	9.14	-1%	RMB	0.49	0.53	0.57	15.0	13.9	12.9	-6.8%	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	-9.4%	Ivy Zhao
1968	Peak Sport	Neutral	HKD	1.74	1.48	-15%	RMB	0.16	0.17	0.19	8.8	8.0	7.1	1.2%	Ivy Zhao
2331	Li Ning	Buy	HKD	5.52	5.20	-6%	RMB	-0.10	0.18	0.20	N.A.	24.9	22.1	-1.3%	Ivy Zhao
3818	China Dongxiang	Buy	HKD	1.19	1.47	24%	RMB	0.04	0.04	0.05	25.6	22.5	20.1	-13.8%	Ivy Zhao
953	Meike	Neutral	HKD	0.43	0.30	-30%	RMB	0.04	0.05	0.06	9.5	7.4	6.2	-4.4%	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	-6.2%	Ivy Zhao
891	Trinity	Buy	HKD	2.71	4.63	71%	RMB	0.21	0.25	0.30	10.3	8.6	7.2	-10.9%	Ivy Zhao
873	C Taifeng Bed	Buy	HKD	1.56	2.86	83%	RMB	0.52	0.65	0.80	2.4	1.9	1.6	0.0%	Ivy Zhao
<b>Metals &amp; Mining</b>															
1818	Zhaojin Mining	Neutral	HKD	7.40	6.00	-19%	RMB	0.43	0.38	0.34	13.7	15.5	17.3	11.1%	Li Xiang
2899	Zijin Mining	Neutral	HKD	2.02	1.69	-16%	RMB	0.14	0.15	0.12	11.5	10.7	13.4	11.0%	Li Xiang
358	Jiangxi Copper	Buy	HKD	16.46	15.20	-8%	RMB	1.02	1.05	0.85	12.8	12.5	15.4	6.1%	Li Xiang
3993	Cmcc	Neutral	HKD	3.06	3.10	1%	RMB	0.19	0.20	0.21	12.6	12.4	11.8	-2.6%	Li Xiang
2600	Chalco	Sell	HKD	2.78	1.60	-42%	RMB	-0.28	-0.11	-0.10	N.A.	N.A.	N.A.	3.4%	Li Xiang
1378	China Hongqiao	Buy	HKD	4.37	5.80	33%	RMB	0.97	1.11	1.23	3.6	3.1	2.8	-5.4%	Li Xiang
486	Rusal	Sell	HKD	2.27	2.03	-11%	USD	0.01	0.04	0.05	29.3	7.3	5.9	-7.7%	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	-7.7%	Li Xiang

Stock Code	Short Name	Rating	Price Currency	Latest Price	12- Month Target Price	Upside Potential	EPS Currency	EPS			P/E			1-Month Performance	Analyst
								2013E	2014E	2015E	2013E	2014E	2015E		
1088	China Shenhua	Buy	HKD	25.70	36.40	42%	RMB	2.44	2.90	3.07	8.4	7.0	6.6	3.4%	Li Xiang
<b>Auto &amp; Others</b>															
1211	Byd Company	Neutral	HKD	33.25	13.00	-61%	RMB	0.33	0.68	1.10	80.1	38.9	24.0	6.6%	Colleen Li
489	Dongfeng Group	Buy	HKD	11.22	14.17	26%	RMB	1.13	1.26	1.29	7.9	7.1	6.9	1.8%	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	6.5%	Colleen Li
2333	Greatwall Motor	Neutral	HKD	42.50	38.62	-9%	RMB	2.78	3.41	3.74	12.2	9.9	9.0	10.0%	Colleen Li
1114	Brilliance Chi	Buy	HKD	11.88	12.00	1%	RMB	0.71	0.80	0.89	13.3	11.8	10.6	6.8%	Colleen Li
425	Mint Group	Buy	HKD	14.92	13.20	-12%	RMB	0.78	0.87	0.97	15.2	13.6	12.2	12.2%	Colleen Li
1728	Zhengtong Auto	Buy	HKD	5.14	5.85	14%	RMB	0.55	0.81	1.11	7.4	5.0	3.7	13.7%	Colleen Li
881	Zhongsheng Hldg	Neutral	HKD	12.50	10.30	-18%	RMB	0.58	0.71	0.99	17.1	14.0	10.0	26.1%	Colleen Li
<b>Oil &amp; Gas</b>															
857	Petro China	Buy	HKD	8.93	10.55	18%	RMB	0.71	0.74	0.78	10.0	9.6	9.1	-0.1%	Michael Yuk
386	Sinopec Corp	Buy	HKD	6.25	7.20	15%	RMB	0.68	0.70	0.73	7.3	7.1	6.8	5.8%	Michael Yuk
883	Cnooc	Buy	HKD	16.08	17.00	6%	RMB	1.44	1.56	1.69	8.9	8.2	7.6	6.6%	Michael Yuk
603	China Oil & Gas	Neutral	HKD	1.13	1.45	28%	HKD	0.09	0.12	0.15	12.6	9.4	7.5	-18.7%	Michael Yuk
342	Newocean Energy	Buy	HKD	5.21	5.30	2%	HKD	0.55	0.63	0.79	9.5	8.3	6.6	5.9%	Michael Yuk
467	Unitedenergy Gp	Buy	HKD	1.11	1.59	43%	HKD	0.10	0.09	0.09	11.1	12.3	12.3	0.0%	Michael Yuk
<b>Oil &amp; Gas Services/Equipment</b>															
3899	Cimc Enric	Buy	HKD	10.10	10.00	-1%	RMB	0.49	0.60	0.72	16.4	13.4	11.2	7.8%	Michael Yuk
569	Ch Automation	Buy	HKD	1.62	2.50	54%	RMB	0.26	0.29	0.33	5.0	4.4	3.9	4.5%	Michael Yuk
3337	Anton Oilfield	Neutral	HKD	4.60	5.70	24%	RMB	0.19	0.23	0.28	19.2	15.9	13.1	-14.2%	Michael Yuk
1938	Chu Kong Pipe	Neutral	HKD	2.46	2.26	-8%	RMB	0.11	0.41	0.56	17.8	4.8	3.5	13.4%	Michael Yuk
2883	China Oilfield	Buy	HKD	19.60	18.00	-8%	RMB	1.29	1.45	1.66	12.1	10.7	9.4	5.2%	Michael Yuk
3303	Jutal Oil Ser	Buy	HKD	1.52	2.40	58%	RMB	0.13	0.17	0.15	9.3	7.1	8.1	-13.1%	Michael Yuk

Stock Code	Short Name	Rating	Price Currency	Latest Price	12- Month Target Price	Upside Potential	EPS Currency	EPS			P/E			1-Month Performance	Analyst
								2013E	2014E	2015E	2013E	2014E	2015E		
1623	Hilong	Neutral	HKD	4.05	4.58	13%	RMB	0.26	0.30	0.32	12.4	10.7	10.1	-5.2%	Michael Yuk
<b>Property</b>															
688	China Overseas	Buy	HKD	24.05	22.56	-6%	HKD	2.29	2.30	2.68	10.5	10.5	9.0	-0.4%	DuanFeiqin
410	Soho China	Neutral	HKD	6.53	6.42	-2%	HKD	2.37	2.13	1.96	2.8	3.1	3.3	2.0%	DuanFeiqin
813	Shimao Property	Neutral	HKD	18.70	16.70	-11%	HKD	2.07	2.19	2.46	9.0	8.5	7.6	2.5%	DuanFeiqin
1109	China Res Land	Buy	HKD	23.45	23.80	1%	HKD	1.81	1.91	2.20	13.0	12.3	10.7	2.6%	DuanFeiqin
2777	R&F Properties	Buy	HKD	12.70	13.90	9%	HKD	2.15	2.23	2.45	5.9	5.7	5.2	-1.9%	DuanFeiqin
2007	Country Garden	Neutral	HKD	5.05	4.20	-17%	HKD	0.48	0.53	0.60	10.6	9.5	8.4	2.9%	DuanFeiqin
3383	Agile Property	Neutral	HKD	8.81	10.10	15%	HKD	1.81	1.98	2.02	4.9	4.5	4.4	5.4%	DuanFeiqin
3333	Evergrande	Buy	HKD	3.39	4.38	29%	HKD	0.84	0.97	0.98	4.0	3.5	3.5	0.6%	DuanFeiqin
960	Longfor Ppt	Buy	HKD	12.92	13.23	2%	HKD	1.50	1.65	1.81	8.6	7.8	7.2	-3.4%	DuanFeiqin
1813	Kwg Property	Neutral	HKD	5.37	5.05	-6%	HKD	1.02	1.10	1.18	5.2	4.9	4.5	5.9%	DuanFeiqin
3366	Oct (Asia)	Buy	HKD	3.97	3.50	-12%	HKD	0.43	0.54	0.64	9.2	7.4	6.2	-4.3%	DuanFeiqin
3900	Greentown China	Buy	HKD	14.46	18.80	30%	HKD	3.17	3.33	3.49	4.6	4.3	4.1	-8.6%	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	-1.9%	DuanFeiqin
1918	Sunac	Buy	HKD	5.10	6.66	31%	HKD	1.07	1.26	1.41	4.8	4.1	3.6	-11.6%	DuanFeiqin
<b>Consumer Discretionary</b>															
3308	Golden Eagle	Neutral	HKD	11.96	13.50	13%	RMB	0.63	0.69	0.76	15.1	13.8	12.5	-5.1%	TangJingjing
1212	Lifestyle	Neutral	HKD	17.54	18.40	5%	HKD	1.18	1.30	1.35	14.9	13.5	13.0	-3.3%	TangJingjing
1833	Intime	Buy	HKD	9.00	9.62	7%	RMB	0.54	0.63	0.63	13.3	11.4	11.4	-0.2%	TangJingjing
178	Sa Sa	Buy	HKD	9.10	8.78	-4%	HKD	0.26	0.36	0.43	35.0	25.3	21.2	11.9%	TangJingjing
<b>Telecommunication</b>															
941	China Mobile	Neutral	HKD	87.95	80.00	-9%	RMB	6.52	6.58	6.79	10.7	10.6	10.3	4.8%	Jeff Hao
762	China Unicom	Buy	HKD	12.84	14.00	9%	RMB	0.44	0.54	0.63	23.2	18.9	16.2	5.6%	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	4.14	4.80	16%	RMB	0.25	0.29	0.33	13.2	11.4	10.0	3.0%	Jeff Hao
<b>Information Technology</b>															
700	Tencent	Buy	HKD	410.20	401.00	-2%	RMB	8.61	11.35	15.08	37.9	28.7	21.6	10.8%	Jeff Hao
3888	Kingsoft	Buy	HKD	18.58	24.37	31%	RMB	0.50	0.66	0.83	29.5	22.4	17.8	24.0%	Jeff Hao
1661	Wisdom	Buy	HKD	2.32	2.90	25%	RMB	0.13	0.20	0.25	14.2	9.2	7.4	N.A.	Jeff Hao
777	Netdragon	Buy	HKD	18.20	26.27	44%	RMB	0.78	0.89	1.12	18.6	16.3	12.9	-3.7%	Jeff Hao
354	Chinasoft	Neutral	HKD	2.21	2.00	-10%	RMB	0.10	0.12	0.15	17.6	14.6	11.7	-6.8%	Jeff Hao
268	Kingdee	Neutral	HKD	2.36	1.40	-41%	RMB	0.02	0.04	0.05	93.8	46.9	37.5	6.3%	Jeff Hao
<b>Port</b>															
144	China Mer Hold	Neutral	HKD	28.40	26.43	-7%	HKD	1.55	1.75	2.05	18.3	16.2	13.9	18.8%	Kate Li
1199	Cosco Pacific	Buy	HKD	11.98	12.58	5%	USD	0.26	0.13	0.14	5.9	11.9	11.0	6.0%	Kate Li
<b>Shipping</b>															
368	Sinotrans Ship	Buy	HKD	2.41	2.40	0%	USD	0.01	0.02	0.03	31.1	15.5	10.4	19.3%	Kate Li
316	Ooil	Buy	HKD	47.75	52.30	10%	USD	0.37	0.52	0.69	16.7	11.9	8.9	4.0%	Kate Li
2866	Cscl	Neural	HKD	2.17	1.82	-16%	RMB	-0.06	0.03	0.07	N.A.	57.5	24.6	2.4%	Kate Li
<b>Alternative Energy</b>															
3800	Gcl-Poly Energy	Buy	HKD	2.10	1.97	-6%	HKD	0.01	0.05	0.07	210.0	42.0	30.0	4.0%	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	-25.0%	Yin Lei
750	Singyes Solar	Buy	HKD	7.94	9.40	18%	RMB	0.81	0.91	1.04	7.8	6.9	6.1	5.3%	Yin Lei
2208	Goldwind	Buy	HKD	4.80	5.52	15%	RMB	0.17	0.21	0.27	22.4	18.2	14.1	10.1%	Yin Lei
916	Longyuan Power	Neutral	HKD	8.03	8.16	2%	RMB	0.36	0.43	0.52	17.7	14.8	12.3	-3.5%	Yin Lei
1798	Datang Power	Neutral	HKD	1.50	1.99	33%	RMB	0.08	0.14	0.21	14.9	8.5	5.7	-13.8%	Yin Lei
816	Huadian Fuxin	Buy	HKD	2.14	2.99	40%	RMB	0.19	0.24	0.28	9.0	7.1	6.1	-5.7%	Yin Lei
579	Jingneng	Buy	HKD	2.73	3.62	33%	RMB	0.18	0.24	0.29	12.1	9.0	7.5	-3.2%	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	21.10	23.10	9%	USD	0.09	0.11	0.13	30.9	25.9	20.9	8.3%	Ling Hua
2319	Mengniu Dairy	Buy	HKD	33.95	33.26	-2%	RMB	0.85	1.10	1.48	31.8	24.5	18.2	7.3%	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	-7.4%	Ling Hua
151	Want Want China	Neutral	HKD	11.84	12.10	2%	USD	0.05	0.06	0.07	30.6	25.5	21.8	8.6%	Ling Hua
345	Vitasoy	Buy	HKD	9.78	9.00	-8%	HKD	0.31	0.35	0.48	31.6	27.9	20.4	2.7%	Ling Hua
<b>Machinery &amp; Equipment</b>															
1157	Zoomlion	Buy	HKD	6.85	7.40	8%	RMB	0.79	0.96	1.04	6.9	5.7	5.2	2.2%	Jiao Yiding
<b>Electricity</b>															
902	Huaneng Power	Buy	HKD	7.72	11.00	42%	RMB	0.79	0.86	0.93	7.8	7.1	6.6	0.3%	Vera Liang
991	Datang Power	Buy	HKD	3.55	4.10	15%	RMB	0.40	0.42	0.52	7.1	6.7	5.4	8.2%	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	27.7%	Jonathan Hsu
<b>US Stock</b>															
BIDU	Baidu Inc	Buy	USD	146.25	149.50	2%	USD	4.89	7.36	9.67	29.9	19.9	15.1	8.4%	Mike Chen
SINA	Sina Corp	Buy	USD	80.80	90.70	12%	USD	-0.36	2.51	4.49	N.A.	32.2	18.0	1.2%	Mike Chen
SOHU	Sohu.Com Inc	Neutral	USD	72.06	64.20	-11%	USD	2.42	2.97	3.56	29.8	24.3	20.2	20.1%	Mike Chen
NTES	Netease Inc	Buy	USD	74.10	85.50	15%	USD	5.56	5.80	6.60	13.3	12.8	11.2	-0.1%	Mike Chen
QIHU	Qihoo 360	Buy	USD	88.03	94.47	7%	USD	1.16	2.00	3.68	75.9	44.0	23.9	24.4%	Mike Chen
YOKU	Youku Tudou Inc	Neutral	USD	27.08	23.82	-12%	USD	-0.47	-0.18	0.19	N.A.	N.A.	142.5	26.0%	Mike Chen
EDU	New Oriental Education	Buy	USD	23.09	24.50	6%	USD	0.89	1.25	1.43	25.9	18.5	16.2	2.9%	Mike Chen
DANG	Dangdang	Neutral	USD	9.84	6.40	-35%	USD	-0.82	-0.52	-0.18	N.A.	N.A.	N.A.	16.3%	Mike Chen
CTRP	Ctrip	Buy	USD	50.16	25.70	-49%	USD	1.15	1.48	1.76	43.6	33.9	28.5	8.5%	Mike Chen
HMIN	Home Inns	Neutral	USD	33.19	27.40	-17%	USD	1.09	1.62	2.04	30.5	20.5	16.3	2.9%	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	122.8	2.3	168	TSINGTAO BREW-H	59.60	-0.4
2	CLP HLDGS LTD	64.05	0.6	177	JIANGSU EXPRES-H	8.93	0.9
3	HONG KG CHINA GS	18.50	0.4	323	MAANSHAN IRON-H	2.07	-0.5
4	WHARF HLDG	70.40	4.5	338	SINOPEC SHANG-H	2.98	-0.7
5	HSBC HLDGS PLC	87.95	2.0	347	ANGANG STEEL-H	5.07	-1.4
6	POWER ASSETS HOL	68.00	0.5	358	JIANGXI COPPER-H	16.46	5.2
11	HANG SENG BK	127.6	0.3	386	CHINA PETROLEU-H	6.25	2.0
12	HENDERSON LAND D	49.65	4.2	390	CHINA RAIL GR-H	4.36	1.2
13	HUTCHISON WHAMPO	94.45	1.7	489	DONGFENG MOTOR-H	11.22	1.3
16	SUN HUNG KAI PRO	108.7	5.0	552	CHINA COMM SER-H	4.86	-1.0
17	NEW WORLD DEV	12.50	4.3	576	ZHEJIANG EXPRESS	6.99	-0.1
19	SWIRE PACIFIC-A	92.95	1.1	694	BEIJING CAP AI-H	5.19	0.0
23	BANK EAST ASIA	32.65	1.9	728	CHINA TELECOM-H	4.14	2.2
66	MTR CORP	30.80	-0.7	753	AIR CHINA LTD-H	5.71	0.4
83	SINO LAND CO	11.86	8.6	857	PETROCHINA CO-H	8.93	2.2
101	HANG LUNG PROPER	26.40	1.3	902	HUANENG POWER-H	7.72	0.8
144	CHINA MERCHANT	28.40	6.2	914	ANHUI CONCH-H	26.65	0.8
267	CITIC PACIFIC	10.04	1.3	939	CHINA CONST BA-H	6.21	1.6
291	CHINA RES ENTERP	25.00	0.4	991	DATANG INTL PO-H	3.55	-0.8
293	CATHAY PAC AIR	14.88	-0.1	998	CHINA CITIC BK-H	4.34	2.4
330	ESPRIT HLDGS	12.20	1.3	1088	CHINA SHENHUA-H	25.70	0.8
386	CHINA PETROLEU-H	6.25	2.0	1133	HARBIN ELECTRIC	4.98	0.8
388	HONG KONG EXCHNG	130.4	0.7	1138	CHINA SHIPPING-H	4.28	-1.8
494	LI & FUNG LTD	11.96	2.6	1171	YANZHOU COAL-H	8.21	2.5
551	YUE YUEN INDUS	20.95	-3.5	1186	CHINA RAIL CN-H	8.48	2.3
688	CHINA OVERSEAS	24.05	1.1	1398	IND & COMM BK-H	5.59	1.8
700	TENCENT HOLDINGS	410.2	1.9	1800	CHINA COM CONS-H	6.42	1.4
762	CHINA UNICOM HON	12.84	1.1	1898	CHINA COAL ENE-H	5.08	2.2
857	PETROCHINA CO-H	8.93	2.2	1919	CHINA COSCO HO-H	3.95	-0.3
883	CNOOC LTD	16.08	0.6	2318	PING AN INSURA-H	60.90	2.0
939	CHINA CONST BA-H	6.21	1.6	2328	PICC PROPERTY &	11.34	0.7
941	CHINA MOBILE	87.95	0.7	2600	ALUMINUM CORP-H	2.78	0.4
1088	CHINA SHENHUA-H	25.70	0.8	2628	CHINA LIFE INS-H	21.20	1.7
1199	COSCO PAC LTD	11.98	3.3	2727	SHANGHAI ELECT-H	2.80	0.4
1398	IND & COMM BK-H	5.59	1.8	2777	GUANGZHOU R&F -H	12.70	0.6
2038	FIH MOBILE LTD	4.75	-2.9	2866	CHINA SHIPPING-H	2.17	-0.5
2318	PING AN INSURA-H	60.90	2.0	2883	CHINA OILFIELD-H	19.60	0.2
2388	BOC HONG KONG HO	25.20	1.4	2899	ZIJIN MINING-H	2.02	10.4
2600	ALUMINUM CORP-H	2.78	0.4	3323	CHINA NATL BDG-H	7.85	0.9
2628	CHINA LIFE INS-H	21.20	1.7	3328	BANK OF COMMUN-H	5.98	1.4
3328	BANK OF COMMUN-H	5.98	1.4	3968	CHINA MERCH BK-H	15.20	2.2
3988	BANK OF CHINA-H	3.65	1.4	3988	BANK OF CHINA-H	3.65	1.4
				3993	CHINA MOLYBDENUM	3.06	1.7

A+H Company Performance  
 Last price

Name(H)	Code (H)	Price (H)	Code (A)	Price (A)	Spread (%)
TIANJIN CAP-H	1065	2.78	600874	8.25	275.9
BEIREN PRINT-H	187	3.83	600860	10.75	255.6
NORTHEAST ELEC-H	42	0.95	000585	2.48	230.7
SHENJI GROUP-H	300	1.97	600806	5.05	224.7
CHONGQING IRON-H	1053	1.15	601005	2.85	213.9
NANJING PANDA-H	553	3.58	600775	8.30	193.7
SHANDONG XINHU-H	719	2.02	000756	4.52	183.5
SINOPEC YIZHEN-H	1033	2.01	600871	4.30	171.0
JINGWEI TEXTIL-H	350	5.40	000666	9.61	125.4
BEIJING NORTH-H	588	1.81	601588	3.16	121.2
HISENSE KELON -H	921	5.53	000921	8.75	100.4
GUANGZHOU SHIP-H	317	7.89	600685	11.79	89.3
SINOPEC SHANG-H	338	2.98	600688	4.19	78.1
DATANG INTL PO-H	991	3.55	601991	4.72	68.4
ALUMINUM CORP-H	2600	2.78	601600	3.63	65.4
YANZHOU COAL-H	1171	8.21	600188	10.41	60.6
CHINA SHIPPING-H	1138	4.28	600026	4.80	42.1
GUANGZHOU BAIYUN	874	28.70	600332	31.90	40.8
SHENZHEN EXPRE-H	548	2.92	600548	3.12	35.4
ZTE CORP-H	763	14.86	000063	15.79	34.6
HUADIAN POWER-H	1071	3.18	600027	3.20	27.5
ANHUI EXPRESS-H	995	4.21	600012	4.22	27.0
DONGFANG ELECT-H	1072	11.44	600875	11.38	26.0
JIANGXI COPPER-H	358	16.46	600362	16.34	25.8
CHINA SOUTHERN-H	1055	3.04	600029	2.96	23.4
CHINA CITIC BK-H	998	4.34	601998	3.93	14.7
MAANSHAN IRON-H	323	2.07	600808	1.81	10.8
LUOYANG GLASS-H	1108	1.54	600876	5.36	0.0
BANK OF CHINA-H	3988	3.65	601988	2.77	-3.9
GUANGSHEN RAIL-H	525	4.19	601333	3.14	-5.1
BANK OF COMMUN-H	3328	5.98	601328	4.43	-6.2
CHINA MERCH BK-H	3968	15.20	600036	11.15	-7.1
AIR CHINA LTD-H	753	5.71	601111	4.13	-8.4
HUANENG POWER-H	902	7.72	600011	5.53	-9.3
CHINA PETROLEU-H	386	6.25	600028	4.46	-9.6
IND & COMM BK-H	1398	5.59	601398	3.91	-11.4
TSINGTAO BREW-H	168	59.60	600600	40.73	-13.4
CHINA LIFE INS-H	2628	21.20	601628	14.27	-14.7
WEICHAH POWER-H	2338	30.70	000338	19.92	-17.8
ANGANG STEEL-H	347	5.07	000898	3.21	-19.8
JIANGSU EXPRES-H	177	8.93	600377	5.57	-21.0
PING AN INSURA-H	2318	60.90	601318	37.69	-21.6
ANHUI CONCH-H	914	26.65	600585	15.58	-25.9

## Recently Published Research

Date published	Name of report	Analyst
16-Sep-13	Special Report on the Path back to Normalization II	Qing Li, Cliff Zhao, David Xie
16-Sep-13	Great Wall Mot-H (02333.HK)	Colleen Li
16-Sep-13	HK Stock Market Strategy Report	Cliff Zhao, George Chen
12-Sep-13	CHINA MERCHANTS HOLDINGS (144.HK)	Kate Li
12-Sep-13	EVERGRANDE REAL(3333.HK)	Duan Feiqin
12-Sep-13	Qihoo 360 Technology (QIHU.N)	Mike Chen
10-Sep-13	Anton Oilfield Services (03337.HK)	Michael Yuk
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

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<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

COMPANY	DEFINITION
<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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