

Research Highlights

1. Geely (175.HK) - Sep. sales missed expectation; revising down 2013E sales volume

[Colleen Li] The Sep. sales result missed our expectation due to export sales decrease amid political instability in Egypt and other Middle East countries. Also, old models' sales dropped and EC7 sales recorded only 1% growth in Sep. We expect the political problem in Middle East will not be solved in short term and no new model will be launched in 2013. We revise down the whole year sales volume estimate from 574,000 units to 535,000 units. We expect 2013-2015E EPS to be RMB0.30, 0.35 and 0.37 (Prev. RMB0.33, 0.39 and 0.42). Given 2013E earnings estimate and auto manufacturer sector's historical average valuation of 13x P/E, we adjust 12-month TP from HK\$5.40 to HK\$4.93, and maintain BUY rating.

2. China Internet - opportunities after share prices tumbled - Healthy fundamentals will support future share price rebound

[Mike Chen] The share price of Chinese Internet stocks fell sharply this week. We think the sell off is mainly due to risk-aversion and profit-taking and could happen in near future. After examining these companies' fundamentals such as growth, profit margins and valuation, we believe that healthy fundamentals will support future share prices rebound.

Stocks with high beta and high YTD returns led the declines. This week, amid investors' concerns over U.S. government shutdown, share prices of 27 U.S. listed China Internet companies fell 6.82% on average on a single day. The first observation shows that stocks with high beta and high YTD returns led the declines. We think it is mainly due to risk-aversion and profit-taking as similar trading behavior happened to U.S. technology stocks on that day. U.S. listed China Internet stocks have the hardest hit each time when the market crashes in recent years. On June 20, 2013, the Fed's plan to reduce the size of QE caused sharp decline of the overall market. NASDAQ index fell 2.28%, while U.S. listed China Internet companies declined 3.3% on average. On June 24, 2013, the overall market fell again. These Internet companies slumped 4.8%, while NASDAQ index fell 1.09%.

Healthy fundamentals support future share prices rebound. After examining 1M and 3M share price performance after the June 24 share price decline, we've found the average return of 27 U.S. listed China Internet companies was 25.16% and 55.30% respectively, while the NASDAQ index only rose 7.8% and 13.48% during same period. We believe as negative sentiment fades away, investors will re-examine the fundamentals of these Internet companies. We believe healthy fundamentals will support future share price rebound. We currently have Buy rating of EDU, BIDU, QIHU, NTES and SINA.

3. China-Eurozone currency swap deal marks another step forward in the RMB internationalization process

[Lynn Song] Event: The ECB and the PBOC agreed to a currency swap line on October 10th, valued at RMB 350 bn or EUR 45 bn, and valid for three years. The arrangement will allow for both central banks to freely purchase and repurchase their currencies from each other, and will "serve as a backstop liquidity facility."

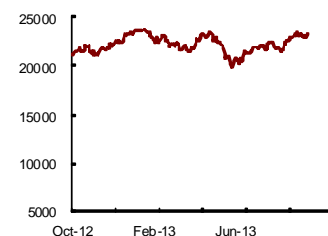
Comment: The ECB and PBOC's currency swap deal is the newest in a series of bilateral currency swap deals, and is the third largest currency

HK Indices	Last price	chg	% chg
HSI	23,218.32	267.0	1.16
Finance	32,102.00	386.9	1.22
Properties	30,866.94	355.0	1.16
Utilities	50,742.60	217.4	0.43
Commerce&Industrv	13,606.00	159.6	1.19
HSCEI	10,580.75	120.5	1.15
HSCCI	4,552.60	32.35	0.72
HKSPGEM	461.61	3.19	0.70

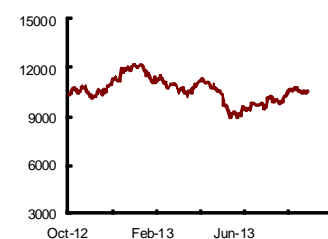
World Indices	Last price	chg	% chg
FTSE 100	6,487.19	56.70	0.88
DAX 30	8,724.83	39.06	0.45
CAC 40	4,219.98	1.87	0.04
DJIA	15,237.11	111.04	0.73
S&P500	1,703.20	10.64	0.63
Nasdaq Composite	3,791.87	31.13	0.83
Nikkei 225	14,404.74	210.03	1.48

Asia-Pacific Indices	Last price	chg	% chg
KOSPI	2,024.90	23.50	1.17
TWSE	8,349.37	4.64	0.06
STI	3,179.71	9.80	0.31
India BSE 30	20,528.59	255.68	1.26
S&P/ASX 200	5,201.30	-29.57	-0.57

HSI One Year



HSCEI One Year



Source: Bloomberg

China Merchants Securities (HK)

Research

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swap agreement for China, behind only Hong Kong and South Korea. Our views on the currency swap deal are as follows.

1. The deal marks another step of RMB internationalization in Europe, and improves the RMB's global status. The ECB / PBOC swap comes several months after the PBOC signed a deal with the Bank of England in June for RMB 200 bn. China had already signed deals with Hungary, Albania, and Iceland earlier this year. The agreement with the ECB is a big step for the RMB internationalization process globally; with a CNY-EUR swap set, the only major currency China does not have a swap line set up with is the USD. We do not expect a swap line with the Fed to be set up in the near future, given political factors and a lack of actual need.

2. The deal will promote bilateral trade and investment. The currency swap deal marks the growing importance of the RMB in international trade. Though RMB denominated trade is expected to rise to nearly 15% of China's total trade in 2013, most of this trade is centered in China's trade with Asia. This deal will allow for China-Europe trade contracts to be increasingly denominated directly in the RMB and Euro, reducing exchange rate risk and costs, and allow for companies to utilize the ECB as a source of liquidity if the RMB is not easily available on the market.

3. The RMB swap deal can also increase the use of RMB as an international reserve currency and in asset portfolios. The swap line can provide an easier way for European countries to obtain RMB, as the RMB is not freely convertible in the market yet. Countries seeking to diversify their foreign reserves to include the RMB can benefit from swap deals in order to obtain more sizeable quantities of the currency. MNCs are also encouraged to include the RMB in their asset portfolios

4. As the currency swap deals are designed as "backstop liquidity facilities", the tangible swaps are less important than the symbolism of the deals. In terms of financial stability, Eurozone banks can now be reassured of RMB availability, mitigating liquidity risk. Additionally, the willingness of the ECB to engage in the deal reflects their implicit belief in the value of the RMB. Currency swaps allow for economic actors to acclimate themselves to utilizing the RMB in settlement and investment, and have the benefit of familiarizing the international community with the currency. In terms of offshore development of the RMB, any offshore center in Europe would most likely be in London rather than continental Europe, as London is well entrenched as the world's leading FX center.

With the ECB becoming the latest central bank to sign a swap deal, China has taken another important step forward in the RMB's internationalization process. With this deal, China now has over RMB 2.5 tn in currency swap deals with countries around the world.

Macro Monitor

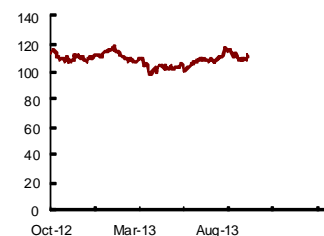
1. Eurozone week in review

Last week's Eurozone data releases continued to show the same trends as in previous weeks. Germany continued to show signs of moderating growth, with August factory orders down -0.3% MoM, lower than the market consensus of 1.1% MoM. This decline mostly reflected the -2.1% MoM drop in overseas orders. Germany's August IP also remained weak at 0.3% YoY. France's August IP grew 0.2% MoM, but declined -2.9% YoY. The goods producing sector has been weak in France, and indicates our forecast of a slowdown in 3Q13 should be accurate. Italy's economic indicators remained weak, with August IP falling -0.3% MoM and -4.6%

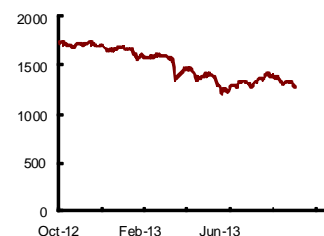
Global Commodity	Last price	chg	% chg
Brent Oil	110.77	-0.30	-0.27
Gold	1,273.4	1.24	0.10
LME Aluminum	1,881.5	0.50	0.03
LME Copper	7,200.0	55.00	0.77
BDI	1,985.0	-26.00	-1.29
API Coal	80.75	-0.90	-1.10

Exchange /Bond /Market	/Currency	Last price	chg	% chg
USD/RMB		6.15	0.00	0.00
USD/HKD		7.75	0.00	0.00
1-YR RMB NDF		6.16	0.00	0.00
EUR/USD		135.55	0.13	0.10
3-M Libor		0.52	0.00	0.00
3-M Shibor		4.67	0.00	0.00
10 YR US T-Note Yield		2.69	0.00	0.00

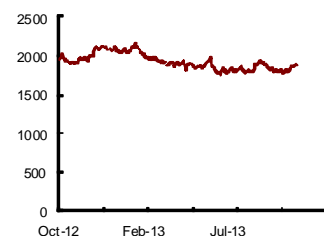
Brent Oil One Year



Gold Commodity One Year



LME Aluminum Commodity One Year



Source: Bloomberg

YoY; of the Eurozone's four largest economies, we are the most negative on Italy.

September CPI inflation remained low across Germany, Spain and Italy, confirming the HICP Flash out two weeks ago. The low level of inflation will allow for the ECB to maintain accommodative monetary policy. Greece's July unemployment rate continued to rise, up to 27.6% from 27.5% in June; given persisting difficulties and structural problems, we expect unemployment to remain between 27-30% in the upcoming year.

Macroeconomic indicators out this week include the Eurozone IP, inflation, and trade data, as well as Germany's ZEW survey. **(Lynn Song)**

Company Comments

1. Intime (1833 HK) announced operational data for the first three quarters

Intime announced operational data for the first nine months of 2013. Total sales proceeds (TSP) grew by 14.2% YoY to RMB10.04 bn, and SSS growth rate reached 11%.

Comments: Operational data is in-line with our estimates and market expectation. Even though some of the company's stores are impacted by typhoon for four days in early October, we believe the company's guidance of 9%-10% SSS growth is totally achievable in 2013. Share price weakness in the short term provides buying opportunity. We maintain our earnings forecast and TP of HK\$10.5. Reiterate BUY rating. (Gloria Wang)

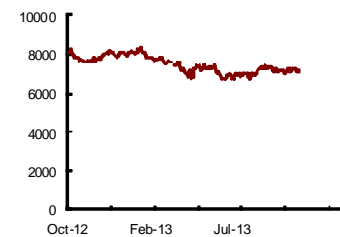
A-share Research Highlights (CMS Research Center)

1. Part 3 of report series on capital market reforms – focus on innovation

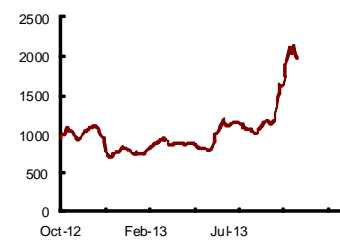
[Hong Jinping, Luo Yi and Shen Juan, Oct. 11, 2013] This report analyzes the reform path of securities companies from the perspectives of industry environment and corporate strategy, and looks for tenbaggers in the sector. According to the 10-year plan made by regulators, net earnings of the securities industry are to grow 10 times in the next ten years to over RMB200 billion with a CAGR of 21%. Considering both innovation and risks, we believe there are the following conditions for the brokerage industry reform: (1) Capital regulation changes from a focus on net capital to a focus on core capital adequacy ratio, with increasing leverage ratio as long as risks are under control. (2) Improving corporate governance structure, with an introduction of more long-term investors, equity incentive plans, more power endowed upon the management and more incentives for workers. (3) Corporate organization reforms with a focus on client value chains instead of licenses, and increasing capabilities of research pricing, sales network and high-end trading. (4) Encouraging innovation with more tolerance for trial and error.

The biggest threats to securities firms are potential entrants and substitutes. Judging from international experiences, loosening license-issuance is inevitable, but will not be done in one go, as a sudden loosening would have a huge impact on the industry given the relatively small size of the securities sector. A buffer period of two to three years should be given to securities companies to allow them to make business transition and capital accumulation and foster core competitiveness. The investment banking business is a core field where securities firms can

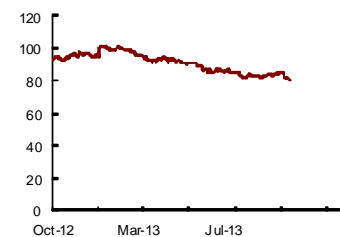
LME Copper Commodity One Year



BDI One Year



API Coal One Year



Source: Bloomberg

show their professional and high-end service capabilities. In the future, this business can focus more on structural financing and M&A, which will help smooth revenue fluctuations in bearish and bullish cycles. Securities research, which is good at industry and company researches, should be repositioned as a value creator rather than merely a value distributor, and play more active roles in financing, M&A, product design and capital intermediary businesses, especially the M&A, restructuring and direct investment businesses which focus more on long-term corporate value.

As an extension of our opinions expressed in the first two parts of this report series, we believe reforms in securities issuance rules, multi-layered capital market and securities firms are complementary to each other. As for stock recommendation, focus on stable earnings and well-prepared innovation. Big firms remain our top picks. We are bullish on CITIC Securities, Haitong Securities, GF Securities, and Founder Securities with fast extensional expansion. Risk factors: slower-than-expected reforms and worse-than-expected liquidity crunch.

2. Comment on September sales data of Poly Real Estate Group (600048) – sales recovered moderately

[Luo Yi and Liao Shuang, Oct. 10, 2013] The company's September sales recovered moderately: contracted sales area and revenue grew 8.94% YoY and 23.92% YoY or 10.80% MoM and 13.09% MoM respectively to 0.8557 million square meters and RMB9.615 billion, representing a modest recovery from the lackluster sales in July and August amid inadequate supplies. The company's property supplies started to increase in September, but transactions were under pressure as more banks suspended mortgage lending or cut the extent of preferential lending rates, delaying the release of some home purchase demands. The company continues to increase property supplies in Q4, which should extend the sales recovery trend. In the first nine months of 2013, the company achieved contracted sales area of 7.8748 million square meters, up 17.68% YoY, and contracted sales revenue of RMB88.668 billion, up 17.24% YoY. The company will increase the proportion of rigid-demand properties in Q4 home supplies and accelerate the destocking process. The sales recovery trend is expected to continue amid sustained supply increase and strong pending demands.

The company maintained its strong efforts in land acquisition in September, with increasing land reserves in first- and second-tier cities to ensure future growth. It added eight new projects with total construction area of 2.1533 million square meters, total land transaction value of RMB7.896 billion and land right transaction value of RMB6.097 billion. In the first nine months of the year, the company added 43 new projects with total construction area of 15.0141 million square meters and total land transaction value of RMB44.478 billion; it acquired land at an average floor price of RMB2,962 per square meter, lower than the 2012 average price of RMB3,386 per square meter. With a focus on first- and second-tier cities, the company's land acquisition strategy is to ensure its geographical land reserve advantage and control costs.

Earnings forecast: We estimate the company's real estate settlement revenue to be RMB89.6 billion, RMB117.1 billion and RMB147.2 billion in 2013, 2014 and 2015 respectively, with EPS of RMB1.53, 1.93 and 2.36. We give a target share price of RMB13.77 based on a 9x dynamic 2013 P/E. We maintain the company's "Strong Buy-A" investment rating. Risk factors: slower-than-expected destocking amid expansion of property tax schemes and tightened mortgage lending.

What to Watch

Economic Data	HK: Nil US: Nil		
Date	Ticker	Stock Name	Earnings
2013/10/14	03993	CMOC	3rd Quarter
Date	Ticker	Stock Name	Issue Price
Nil			

China Merchants Securities (Hong Kong) Stock Pool Update Weekly
 2013-10-14

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	6.24	5.30	-15%	RMB	0.55	0.56	0.64	9.0	8.8	7.7	19.5%	Ivy Zhao
1880	Belle	Buy	HKD	11.42	16.39	44%	RMB	0.52	0.61	0.71	17.4	14.9	12.8	1.4%	Ivy Zhao
1368	Xtep	Neutral	HKD	3.83	4.00	4%	RMB	0.27	0.27	0.29	11.3	11.3	10.5	6.1%	Ivy Zhao
2020	Anta Sports	Neutral	HKD	11.50	9.14	-21%	RMB	0.49	0.53	0.57	18.6	17.2	16.0	16.3%	Ivy Zhao
1361	361 Degrees	Neutral	HKD	2.09	1.45	-31%	RMB	0.29	0.28	0.28	5.7	6.0	5.9	12.4%	Ivy Zhao
1968	Peak Sport	Neutral	HKD	1.96	1.48	-24%	RMB	0.16	0.17	0.19	9.8	9.0	8.0	6.0%	Ivy Zhao
2331	Li Ning	Buy	HKD	6.96	5.20	-25%	RMB	-0.10	0.18	0.20	N.A.	31.4	27.8	21.7%	Ivy Zhao
3818	China Dongxiang	Buy	HKD	1.25	1.47	18%	RMB	0.04	0.04	0.05	26.8	23.6	21.1	-2.3%	Ivy Zhao
953	Meike	Neutral	HKD	0.43	0.30	-30%	RMB	0.04	0.05	0.06	9.5	7.4	6.2	4.9%	Ivy Zhao
1234	China Lilang	Buy	HKD	5.19	5.25	1%	RMB	0.41	0.41	0.47	10.0	10.0	8.8	17.4%	Ivy Zhao
891	Trinity	Buy	HKD	2.78	4.63	67%	RMB	0.21	0.25	0.30	10.5	8.8	7.4	0.4%	Ivy Zhao
873	C Taifeng Bed	Buy	HKD	1.89	2.86	51%	RMB	0.52	0.65	0.80	2.9	2.3	1.9	20.4%	Ivy Zhao
Metals & Mining															
1818	Zhaojin Mining	Neutral	HKD	6.62	6.00	-9%	RMB	0.43	0.38	0.34	12.2	13.8	15.5	-4.9%	Li Xiang
2899	Zijin Mining	Neutral	HKD	1.77	1.69	-5%	RMB	0.14	0.15	0.12	10.0	9.4	11.7	-5.9%	Li Xiang
358	Jiangxi Copper	Buy	HKD	15.10	15.20	1%	RMB	1.02	1.05	0.85	11.8	11.4	14.1	-8.5%	Li Xiang
3993	Cmcc	Neutral	HKD	3.00	3.10	3%	RMB	0.19	0.20	0.21	12.3	12.2	11.5	-4.2%	Li Xiang
2600	Chalco	Sell	HKD	2.86	1.60	-44%	RMB	-0.28	-0.11	-0.10	N.A.	N.A.	N.A.	-0.7%	Li Xiang
1378	China Hongqiao	Buy	HKD	4.70	5.80	23%	RMB	0.97	1.11	1.23	3.8	3.4	3.0	2.0%	Li Xiang
486	Rusal	Sell	HKD	2.30	2.03	-12%	USD	0.01	0.04	0.05	29.7	7.4	5.9	-5.4%	Li Xiang
3948	Yitai Coal	Buy	HKD	14.60	25.10	72%	RMB	1.88	2.11	2.22	6.2	5.5	5.2	-5.8%	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	23.50	36.40	55%	RMB	2.44	2.90	3.07	7.6	6.4	6.1	-13.0%	Li Xiang
Auto & Others															
1211	Byd Company	Neutral	HKD	38.25	13.00	-66%	RMB	0.33	0.68	1.10	92.0	44.6	27.6	11.4%	Colleen Li
489	Dongfeng Group	Buy	HKD	11.00	14.17	29%	RMB	1.13	1.26	1.29	7.7	6.9	6.8	-1.6%	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	0.5%	Colleen Li
2333	Greatwall Motor	Neutral	HKD	46.20	38.62	-16%	RMB	2.78	3.41	3.74	13.2	10.8	9.8	11.3%	Colleen Li
1114	Brilliance Chi	Buy	HKD	12.38	12.00	-3%	RMB	0.71	0.80	0.89	13.8	12.3	11.0	7.3%	Colleen Li
425	Mint Group	Buy	HKD	14.82	13.20	-11%	RMB	0.78	0.87	0.97	15.1	13.5	12.1	3.6%	Colleen Li
1728	Zhengtong Auto	Buy	HKD	5.60	5.85	4%	RMB	0.55	0.81	1.11	8.1	5.5	4.0	5.3%	Colleen Li
881	Zhongsheng Hldg	Neutral	HKD	13.32	10.30	-23%	RMB	0.58	0.71	0.99	18.2	14.9	10.7	12.9%	Colleen Li
Oil & Gas															
857	Petro China	Buy	HKD	8.91	10.55	18%	RMB	0.71	0.74	0.78	10.0	9.6	9.1	3.6%	Michael Yuk
386	Sinopec Corp	Buy	HKD	6.20	7.20	16%	RMB	0.68	0.70	0.73	7.2	7.0	6.7	1.1%	Michael Yuk
883	Cnooc	Buy	HKD	15.84	17.00	7%	RMB	1.44	1.56	1.69	8.7	8.1	7.4	-2.3%	Michael Yuk
603	China Oil & Gas	Neutral	HKD	1.19	1.45	22%	HKD	0.09	0.12	0.15	13.2	9.9	7.9	11.2%	Michael Yuk
342	Newocean Energy	Buy	HKD	4.95	5.30	7%	HKD	0.55	0.63	0.79	9.0	7.9	6.3	-5.5%	Michael Yuk
467	Unitedenergy Gp	Buy	HKD	1.27	1.59	25%	HKD	0.10	0.09	0.09	12.7	14.1	14.1	3.3%	Michael Yuk
Oil & Gas Services/Equipment															
3899	Cimc Enric	Buy	HKD	11.46	10.00	-13%	RMB	0.49	0.60	0.72	18.6	15.2	12.6	33.4%	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	-1.3%	Michael Yuk
3337	Anton Oilfield	Buy	HKD	5.44	4.75	-13%	RMB	0.19	0.23	0.28	22.7	18.8	15.4	16.7%	Michael Yuk
1938	Chu Kong Pipe	Buy	HKD	2.54	2.26	-11%	RMB	0.11	0.40	0.55	18.3	5.0	3.7	4.1%	Michael Yuk
2883	China Oilfield	Buy	HKD	20.60	18.00	-13%	RMB	1.29	1.45	1.66	12.7	11.3	9.9	3.1%	Michael Yuk
3303	Jutal Oil Ser	Buy	HKD	1.56	2.40	54%	RMB	0.13	0.17	0.15	9.5	7.3	8.3	-0.6%	Michael Yuk

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								2013E	2014E	2015E	2013E	2014E	2015E		
1623	Hilong	Buy	HKD	4.84	5.10	5%	RMB	0.16	0.28	0.29	23.4	13.8	13.3	30.5%	Michael Yuk
Property															
688	China Overseas	Buy	HKD	24.35	22.56	-7%	HKD	2.29	2.30	2.68	10.6	10.6	9.1	2.1%	DuanFeiqin
410	Soho China	Neutral	HKD	6.70	6.42	-4%	HKD	2.37	2.13	1.96	2.8	3.1	3.4	1.2%	DuanFeiqin
813	Shimao Property	Neutral	HKD	20.20	16.70	-17%	HKD	2.07	2.19	2.46	9.8	9.2	8.2	3.8%	DuanFeiqin
1109	China Res Land	Buy	HKD	23.35	23.80	2%	HKD	1.81	1.91	2.20	12.9	12.2	10.6	3.8%	DuanFeiqin
2777	R&F Properties	Buy	HKD	13.40	13.90	4%	HKD	2.15	2.23	2.45	6.2	6.0	5.5	4.2%	DuanFeiqin
2007	Country Garden	Neutral	HKD	5.55	4.20	-24%	HKD	0.48	0.53	0.60	11.7	10.5	9.3	7.4%	DuanFeiqin
3383	Agile Property	Neutral	HKD	9.34	10.10	8%	HKD	1.81	1.98	2.02	5.2	4.7	4.6	3.6%	DuanFeiqin
3333	Evergrande	Buy	HKD	3.65	4.38	20%	HKD	0.84	0.97	0.98	4.3	3.8	3.7	7.0%	DuanFeiqin
960	Longfor Ppt	Buy	HKD	13.48	13.23	-2%	HKD	1.50	1.65	1.81	9.0	8.2	7.5	0.0%	DuanFeiqin
1813	Kwg Property	Neutral	HKD	5.17	5.05	-2%	HKD	1.02	1.10	1.18	5.1	4.7	4.4	-6.7%	DuanFeiqin
3366	Oct (Asia)	Buy	HKD	3.65	3.50	-4%	HKD	0.43	0.54	0.64	8.5	6.8	5.7	-8.1%	DuanFeiqin
3900	Greentown China	Buy	HKD	15.86	18.80	19%	HKD	3.17	3.33	3.49	5.0	4.8	4.5	2.6%	DuanFeiqin
754	Hopson Dev Hold	Buy	HKD	10.10	12.20	21%	HKD	1.72	1.98	2.22	5.9	5.1	4.6	-4.5%	DuanFeiqin
1918	Sunac	Buy	HKD	5.41	6.66	23%	HKD	1.07	1.26	1.41	5.1	4.3	3.8	-0.2%	DuanFeiqin
Consumer Discretionary															
3308	Golden Eagle	Neutral	HKD	12.16	13.50	11%	RMB	0.63	0.69	0.76	15.3	14.0	12.7	5.9%	TangJingjing
1212	Lifestyle	Neutral	HKD	16.56	18.40	11%	HKD	1.18	1.30	1.35	14.0	12.7	12.3	-7.5%	TangJingjing
1833	Intime	Buy	HKD	8.09	9.62	19%	RMB	0.54	0.63	0.63	11.9	10.2	10.2	-11.5%	TangJingjing
178	Sa Sa	Buy	HKD	8.30	8.78	6%	HKD	0.26	0.36	0.43	31.9	23.1	19.3	-5.1%	TangJingjing
Telecommunication															
941	China Mobile	Neutral	HKD	85.10	80.00	-6%	RMB	6.52	6.58	6.79	10.4	10.3	10.0	-2.4%	Jeff Hao
762	China Unicom	Buy	HKD	12.54	14.00	12%	RMB	0.44	0.54	0.63	22.6	18.4	15.8	0.3%	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	3.95	4.80	22%	RMB	0.25	0.29	0.33	12.5	10.8	9.5	-4.8%	Jeff Hao
Information Technology															
700	Tencent	Buy	HKD	419.00	401.00	-4%	RMB	8.61	11.35	15.08	38.6	29.3	22.1	4.2%	Jeff Hao
3888	Kingsoft	Buy	HKD	20.70	24.37	18%	RMB	0.50	0.66	0.83	32.9	24.9	19.8	12.5%	Jeff Hao
1661	Wisdom	Buy	HKD	2.35	2.90	23%	RMB	0.13	0.20	0.25	14.3	9.3	7.5	6.3%	Jeff Hao
777	Netdragon	Buy	HKD	24.80	26.27	6%	RMB	0.78	0.89	1.12	25.2	22.1	17.6	36.4%	Jeff Hao
354	Chinasoft	Neutral	HKD	2.31	2.00	-13%	RMB	0.10	0.12	0.15	18.3	15.3	12.2	2.2%	Jeff Hao
268	Kingdee	Neutral	HKD	2.48	1.40	-44%	RMB	0.02	0.04	0.05	98.4	49.2	39.4	9.3%	Jeff Hao
Port															
144	China Mer Hold	Neutral	HKD	29.65	26.43	-11%	HKD	1.55	1.75	2.05	19.1	16.9	14.5	7.4%	Kate Li
1199	Cosco Pacific	Buy	HKD	11.68	12.58	8%	USD	0.26	0.13	0.14	5.8	11.6	10.8	5.8%	Kate Li
Shipping															
368	Sinotrans Ship	Buy	HKD	2.53	2.40	-5%	USD	0.01	0.02	0.03	32.6	16.3	10.9	3.7%	Kate Li
316	Ooil	Buy	HKD	44.00	52.30	19%	USD	0.37	0.52	0.69	15.3	10.9	8.2	-8.1%	Kate Li
2866	Cscl	Neural	HKD	2.04	1.82	-11%	RMB	-0.06	0.03	0.07	N.A.	54.0	23.1	-10.5%	Kate Li
Alternative Energy															
3800	Gcl-Poly Energy	Buy	HKD	2.42	1.97	-19%	HKD	0.01	0.05	0.07	242.0	48.4	34.6	11.0%	Yin Lei
712	Comtec Solar	Buy	HKD	1.84	1.76	-4%	RMB	0.05	0.11	0.16	29.2	13.3	9.1	4.0%	Yin Lei
750	Singyes Solar	Buy	HKD	8.10	9.40	16%	RMB	0.81	0.91	1.04	7.9	7.1	6.2	2.8%	Yin Lei
2208	Goldwind	Buy	HKD	6.92	5.52	-20%	RMB	0.17	0.21	0.27	32.3	26.2	20.3	44.5%	Yin Lei
916	Longyuan Power	Neutral	HKD	8.78	8.16	-7%	RMB	0.36	0.43	0.52	19.4	16.2	13.4	14.5%	Yin Lei
1798	Datang Power	Neutral	HKD	1.63	1.99	22%	RMB	0.08	0.14	0.21	16.2	9.2	6.2	17.3%	Yin Lei
816	Huadian Fuxin	Buy	HKD	2.40	2.99	25%	RMB	0.19	0.24	0.28	10.0	7.9	6.8	11.1%	Yin Lei
579	Jingneng	Buy	HKD	3.07	3.62	18%	RMB	0.18	0.24	0.29	13.5	10.2	8.4	11.2%	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	19.72	23.10	17%	USD	0.09	0.11	0.13	28.9	24.2	19.6	-5.0%	Ling Hua
2319	Mengniu Dairy	Buy	HKD	35.50	33.26	-6%	RMB	0.85	1.10	1.48	33.1	25.6	19.0	7.3%	Ling Hua
506	China Foods	Neutral	HKD	3.55	4.25	20%	HKD	0.17	0.22	0.27	20.9	16.1	13.2	13.8%	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	5.9%	Ling Hua
345	Vitasoy	Buy	HKD	9.72	9.00	-7%	HKD	0.31	0.35	0.48	31.4	27.8	20.3	-2.1%	Ling Hua
Machinery & Equipment															
1157	Zoomlion	Buy	HKD	7.40	7.40	0%	RMB	0.79	0.96	1.04	7.4	6.1	5.7	-0.3%	Jiao Yiding
Electricity															
902	Huaneng Power	Buy	HKD	8.08	11.00	36%	RMB	0.79	0.86	0.93	8.1	7.5	6.9	4.8%	Vera Liang
991	Datang Power	Buy	HKD	3.57	4.10	15%	RMB	0.40	0.42	0.52	7.1	6.7	5.5	-0.6%	Vera Liang
Pharmaceuticals & Medical Devices															
2348	Dawnrays Pharma	Buy	HKD	3.70	3.20	-14%	RMB	0.18	0.14	0.17	16.3	21.0	17.3	17.5%	Jonathan Hsu
US Stock															
BIDU	Baidu Inc	Buy	USD	154.90	149.50	-3%	USD	4.89	7.36	9.67	31.7	21.1	16.0	5.2%	Mike Chen
SINA	Sina Corp	Buy	USD	86.58	90.70	5%	USD	-0.36	2.51	4.49	N.A.	34.5	19.3	1.7%	Mike Chen
SOHU	Sohu.Com Inc	Neutral	USD	82.05	64.20	-22%	USD	2.42	2.97	3.56	33.9	27.6	23.1	24.1%	Mike Chen
NTES	Netease Inc	Buy	USD	69.57	85.50	23%	USD	5.56	5.80	6.60	12.5	12.0	10.5	-6.0%	Mike Chen
QIHU	Qihoo 360	Buy	USD	82.92	94.47	14%	USD	1.16	2.00	3.68	71.5	41.5	22.5	-8.7%	Mike Chen
YOKU	Youku Tudou Inc	Neutral	USD	29.55	23.82	-19%	USD	-0.47	-0.18	0.19	N.A.	N.A.	155.5	26.1%	Mike Chen
EDU	New Oriental Education	Buy	USD	24.98	24.50	-2%	USD	0.89	1.25	1.43	28.1	20.0	17.5	8.7%	Mike Chen
DANG	Dangdang	Neutral	USD	10.28	6.40	-38%	USD	-0.82	-0.52	-0.18	N.A.	N.A.	N.A.	14.1%	Mike Chen
CTRP	Ctrip	Buy	USD	56.21	25.70	-54%	USD	1.15	1.48	1.76	48.9	38.0	31.9	11.6%	Mike Chen
HMIN	Home Inns	Neutral	USD	37.53	27.40	-27%	USD	1.09	1.62	2.04	34.4	23.2	18.4	3.0%	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	123.9	1.2	168	TSINGTAO BREW-H	59.90	0.8
2	CLP HLDGS LTD	62.50	0.5	177	JIANGSU EXPRES-H	9.45	0.8
3	HONG KG CHINA GS	18.32	0.1	323	MAANSHAN IRON-H	1.97	0.5
4	WHARF HLDG	69.15	1.5	338	SINOPEC SHANG-H	3.00	0.0
5	HSBC HLDGS PLC	84.50	1.3	347	ANGANG STEEL-H	4.79	-1.8
6	POWER ASSETS HOL	68.10	0.8	358	JIANGXI COPPER-H	15.10	0.8
11	HANG SENG BK	127.7	0.6	386	CHINA PETROLEU-H	6.20	0.5
12	HENDERSON LAND D	47.00	1.7	390	CHINA RAIL GR-H	4.24	0.7
13	HUTCHISON WHAMPO	97.75	0.6	489	DONGFENG MOTOR-H	11.00	1.3
16	SUN HUNG KAI PRO	103.9	1.3	552	CHINA COMM SER-H	4.91	3.2
17	NEW WORLD DEV	11.22	0.2	576	ZHEJIANG EXPRESS	7.15	0.4
19	SWIRE PACIFIC-A	91.25	0.4	694	BEIJING CAP AI-H	5.38	3.7
23	BANK EAST ASIA	33.45	1.4	728	CHINA TELECOM-H	3.95	-1.0
66	MTR CORP	30.35	0.5	753	AIR CHINA LTD-H	5.38	1.9
83	SINO LAND CO	11.34	0.9	857	PETROCHINA CO-H	8.91	1.0
101	HANG LUNG PROPER	25.95	0.4	902	HUANENG POWER-H	8.08	0.1
144	CHINA MERCHANT	29.65	-0.3	914	ANHUI CONCH-H	26.60	2.1
267	CITIC PACIFIC	11.10	0.0	939	CHINA CONST BA-H	6.04	1.0
291	CHINA RES ENTERP	25.45	1.8	991	DATANG INTL PO-H	3.57	-0.3
293	CATHAY PAC AIR	15.46	1.2	998	CHINA CITIC BK-H	4.20	2.2
330	ESPRIT HLDGS	12.76	-1.9	1088	CHINA SHENHUA-H	23.50	0.2
386	CHINA PETROLEU-H	6.20	0.5	1133	HARBIN ELECTRIC	4.79	-0.2
388	HONG KONG EXCHNG	127.7	0.6	1138	CHINA SHIPPING-H	4.12	-0.7
494	LI & FUNG LTD	10.94	1.3	1171	YANZHOU COAL-H	7.46	1.2
551	YUE YUEN INDUS	21.40	1.2	1186	CHINA RAIL CN-H	8.17	1.1
688	CHINA OVERSEAS	24.35	1.0	1398	IND & COMM BK-H	5.52	1.3
700	TENCENT HOLDINGS	419.0	2.2	1800	CHINA COM CONS-H	6.27	3.3
762	CHINA UNICOM HON	12.54	-0.3	1898	CHINA COAL ENE-H	4.70	0.4
857	PETROCHINA CO-H	8.91	1.0	1919	CHINA COSCO HO-H	3.86	-1.0
883	CNOOC LTD	15.84	1.9	2318	PING AN INSURA-H	58.25	1.8
939	CHINA CONST BA-H	6.04	1.0	2328	PICC PROPERTY &	11.14	1.5
941	CHINA MOBILE	85.10	1.3	2600	ALUMINUM CORP-H	2.86	0.7
1088	CHINA SHENHUA-H	23.50	0.2	2628	CHINA LIFE INS-H	20.70	1.7
1199	COSCO PAC LTD	11.68	-1.0	2727	SHANGHAI ELECT-H	2.76	-0.7
1398	IND & COMM BK-H	5.52	1.3	2777	GUANGZHOU R&F -H	13.40	0.3
2038	FIH MOBILE LTD	4.61	-1.1	2866	CHINA SHIPPING-H	2.04	-0.5
2318	PING AN INSURA-H	58.25	1.8	2883	CHINA OILFIELD-H	20.60	1.2
2388	BOC HONG KONG HO	25.15	0.4	2899	ZIJIN MINING-H	1.77	-1.1
2600	ALUMINUM CORP-H	2.86	0.7	3323	CHINA NATL BDG-H	7.82	1.2
2628	CHINA LIFE INS-H	20.70	1.7	3328	BANK OF COMMUN-H	5.76	1.1
3328	BANK OF COMMUN-H	5.76	1.1	3968	CHINA MERCH BK-H	14.98	1.5
3988	BANK OF CHINA-H	3.62	0.8	3988	BANK OF CHINA-H	3.62	0.8
				3993	CHINA MOLYBDENUM	3.00	0.0

A+H Company Performance
 Last price

Name(H)	Code (H)	Price (H)	Code (A)	Price (A)	Spread (%)
BEIREN PRINT-H	187	3.23	600860	9.53	273.9
TIANJIN CAP-H	1065	3.00	600874	8.75	269.6
NORTHEAST ELEC-H	42	0.92	000585	2.49	243.0
SHENJI GROUP-H	300	1.99	600806	5.08	223.5
CHONGQING IRON-H	1053	1.12	601005	2.80	216.8
SHANDONG XINHU-H	719	2.03	000756	4.80	199.7
NANJING PANDA-H	553	4.14	600775	9.43	188.7
SINOPEC YIZHEN-H	1033	2.09	600871	4.46	170.5
BEIJING NORTH-H	588	1.80	601588	3.11	119.0
JINGWEI TEXTIL-H	350	5.54	000666	9.43	115.7
ALUMINUM CORP-H	2600	2.86	601600	4.51	99.9
HISENSE KELON -H	921	6.19	000921	8.84	81.0
SINOPEC SHANG-H	338	3.00	600688	4.21	77.9
YANZHOU COAL-H	1171	7.46	600188	10.46	77.7
DATANG INTL PO-H	991	3.57	601991	4.47	58.7
SHENZHEN EXPRE-H	548	3.29	600548	3.72	43.3
CHINA SHIPPING-H	1138	4.12	600026	4.65	43.0
JIANGXI COPPER-H	358	15.10	600362	16.27	36.6
GUANGZHOU SHIP-H	317	11.70	600685	12.32	33.5
DONGFANG ELECT-H	1072	11.48	600875	12.07	33.3
ZTE CORP-H	763	17.28	000063	17.78	30.4
GUANGZHOU BAIYUN	874	37.00	600332	37.05	26.9
ANHUI EXPRESS-H	995	4.31	600012	4.24	24.7
HUADIAN POWER-H	1071	3.17	600027	3.11	24.3
CHINA SOUTHERN-H	1055	2.98	600029	2.91	23.8
MAANSHAN IRON-H	323	1.97	600808	1.82	17.1
CHINA CITIC BK-H	998	4.20	601998	3.83	15.6
LUOYANG GLASS-H	1108	1.45	600876	5.21	0.0
BANK OF CHINA-H	3988	3.62	601988	2.84	-0.6
AIR CHINA LTD-H	753	5.38	601111	4.11	-3.2
BANK OF COMMUN-H	3328	5.76	601328	4.32	-5.0
CHINA MERCH BK-H	3968	14.98	600036	10.94	-7.5
TSINGTAO BREW-H	168	59.90	600600	43.46	-8.1
CHINA PETROLEU-H	386	6.20	600028	4.47	-8.6
GUANGSHEN RAIL-H	525	4.29	601333	3.04	-10.2
IND & COMM BK-H	1398	5.52	601398	3.89	-10.7
HUANENG POWER-H	902	8.08	600011	5.50	-13.7
CHINA LIFE INS-H	2628	20.70	601628	13.94	-14.7
WEICHAH POWER-H	2338	30.25	000338	19.91	-16.6
ANGANG STEEL-H	347	4.79	000898	3.07	-18.8
PING AN INSURA-H	2318	58.25	601318	36.40	-20.8
JIANGSU EXPRES-H	177	9.45	600377	5.71	-23.4
ANHUI CONCH-H	914	26.60	600585	15.58	-25.8

Recently Published Research

Date published	Name of report	Analyst
11-Oct-13	ANTA SPORTS (2020 HK)	Ivy Zhao
11-Oct-13	China Hardware Technology	Alex Ng
7-Oct-13	Monthly Review Oct 2013	Cliff Zhao, George Chen
4-Oct-13	Chu Kong Petroleum and Natural Gas (01938.HK)	Michael Yuk
3-Oct-13	China Property Sector	Duan Feiqin
2-Oct-13	Intime Retail Group(01833.HK)	Wang Xiaodi
2-Oct-13	Data comment on Japan's consumption tax	Lynn Song, Cliff Zhao, David Xie
30-Sep-13	Anton Oilfield Services (03337.HK)	Michael Yuk
30-Sep-13	Solar Industry Report	Yin Lei
26-Sep-13	Wisdom Holdings Group (1661.HK)	Jeff Hao
25-Sep-13	Sunac China (1918 HK)	Duan Feiqin
25-Sep-13	China Hardware Technology	Alex Ng
24-Sep-13	TENCENT HOLDINGS(00700.HK)	Jeff Hao
24-Sep-13	Comment on German elections	Lynn Song, Cliff Zhao, David Xie
23-Sep-13	Hilong Holding Ltd. (01623.HK)	Michael Yuk
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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
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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

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

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

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