

Research Highlights

1. Guodian T&E (1296.HK)-Key takeaways of conference call on Oct. 17th

[Yin Lei] On Oct. 17th, we organized a conference call with Guodian T&E (1296 HK). Board Secretary Mr. Dong introduced the company's business in detail. Currently, the company's core businesses include energy conservation and environmental protection, wind turbine manufacturing and solar EPC.

Solar business: The company expects to complete 500 MW EPC projects in 2013 (1H13 115MW) and around 500 MW in 2014. Gross profit margin of the company's solar business in 1H13 was 8.9% (15.45% for solar EPC and 4.6% for other solar businesses). The company expects gross margin of solar EPC to remain stable.

Wind turbine sales: The company records sufficient orders in 2H2013, expects to sell 1400 units in 2013, and will try to meet a more ambitious target of 1500 units. Sales recognition of the company is slower than its competitors for debugging reasons. The company expects wind turbine price to remain stable. The company will increase gross margin by improving supply chain and producing more parts by itself.

Energy conservation and environmental protection business: The company expects gross profit margins of desulfurization and denitration businesses to be 15% and 17% respectively in the second half of this year. The contribution of denitration concession may increase in the years to come. Denitration catalyst contributes to RMB700 mn - RMB800 mn revenue, with gross margin of 35%. Growth of water treatment business in 1H13 exceeds 60%. The company is optimistic on the outlook of this business. Projects with over RMB20 bn are being evaluated by the company. The BT model is mainly adopted. As of green power station EPC, the company will be responsible for all the new generating unit EPC business of China Guodian Group. A project with two generating units (660, 000 kW each) is in process, with potential revenue contribution of over RMB5 bn in three years.

Comments:

1. Bright prospect of its solar EPC business. GD Solar under the company is the largest company providing solar EPC services in China. GD Solar has established Photovoltaic Green-Ecosystem Organization with the State Grid, GCL-Poly Energy, Zhongli Talesun Solar, Singyes Solar, Goldpoly New Energy, etc. This organization plans to build a 5GW solar power station in five years. Companies including GD Solar are in charge of development and construction, and Goldpoly New Energy is responsible for investment, acquisition and operation.

2. Less loss of the solar business expected. 600MW is the breakeven point for the company's solar business due to the heavy investment in previous years. 500MW EPC means significant loss reduction in the second half of the year.

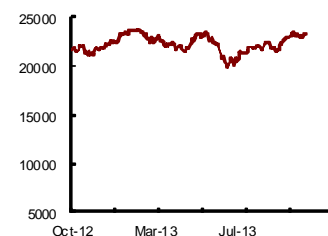
3. Guodian United Power Technology under the company is the second largest wind turbine manufacturer in China, next only to Xinjiang Goldwind. The environment for wind turbine is favorable in China, with considerable demand, rising price and low costs. The trend of growing share of high-power generating units will help to improve gross margin. Demand for Guodian United Power Technology's products mainly comes from

HK Indices	Last price	chg	% chg
HSI	23,340.10	245.2	1.06
Finance	32,263.80	340.3	1.07
Properties	30,563.46	108.0	0.35
Utilities	50,166.04	23.74	0.05
Commerce&Industrv	13,761.71	184.8	1.36
HSCEI	10,644.04	75.33	0.71
HSCCI	4,532.93	7.62	0.17
HKSPGEM	473.14	2.47	0.52

World Indices	Last price	chg	% chg
FTSE 100	6,622.58	46.42	0.71
DAX 30	8,865.10	53.12	0.60
CAC 40	4,286.03	46.39	1.09
DJIA	15,399.65	28.00	0.18
S&P500	1,744.50	11.35	0.65
Nasdaq Composite	3,914.28	51.13	1.32
Nikkei 225	14,561.54	-24.97	-0.17

Asia-Pacific Indices	Last price	chg	% chg
KOSPI	2,052.40	11.79	0.58
TWSE	8,441.19	66.51	0.79
STI	3,192.90	6.28	0.20
India BSE 30	20,882.89	467.38	2.29
S&P/ASX 200	5,358.60	37.13	0.70

HSI One Year



HSCEI One Year



Source: Bloomberg

China Merchants Securities (HK)

Research

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Longyuan Power, the largest wind power operator in China with the highest annual capacity target (1.6 - 2GW) and lowest debt-to-asset ratio (60 - 70%) among China's top 3 operators. Despite slow recognition of sales, we believe the company will enjoy evident improvement in wind turbine sales between 2014 and 2015.

4.As to the environmental protection business, pay attention to potential earnings drivers including green power station EPC, water treatment, and the denitration concession business.

Macro Monitor

1. Eurozone week in review

Last week's Eurozone data releases showed a slight monthly improvement but still below 2012 levels. August Eurozone IP remained in negative growth at -2.1% YoY, but seasonally adjusted rose 1.0% MoM. Construction activity followed a similar trend, down -4.7% YoY but up 0.5% MoM. Additionally, August Eurozone seasonally adjusted trade balance rose to EUR 12.3 bn, up from EUR 11.0 bn, and the current account rose to EUR 17.4 bn, up from EUR 15.5 bn. We expect capital to continue to flow into Europe in the coming months. September Eurozone CPI inflation registered at 1.1%, unchanged from August. The low level of inflation will allow for the ECB to maintain accommodative monetary policy.

In Germany, the Greens withdrew from consideration to form a coalition government with Merkel's CDU/CSU. This was in line with our expectations, as the differences of these two parties were too large to accept. We continue to expect a grand coalition with the SPD, instead of the CDU/CSU being forced to govern in a minority government. The SPD now has a stronger negotiating standpoint as it is the only realistic party left for the CDU/CSU to ally with. Consequently, they may be able to argue for a national minimum wage or higher taxes. The October Germany ZEW survey reinforced our earlier views for moderating growth in 2H13 and an improvement in 2014. The current situation indicator was down to 29.7 from 30.6, but expectations rose to 52.8 from 49.6.

Macroeconomic indicators out this week include the Flash PMI data for the major Eurozone economies, the Eurozone money supply data, the French business climate indicator, and Italian retail sales data. **(Lynn Song)**

A-share Research Highlights (CMS Research Center)

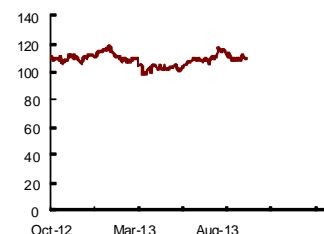
1. Retail industry – O2O and consumption recovery lead to improvement in earnings and valuation

[Liu Jun, Yang Xia and Zeng Min, Oct. 18, 2013] The O2O (Online to Offline) business model continues to mature. Intime Department Store Group and Tmall reached a strategic cooperation deal. Better Life Commercial Chain Share announced its entry into e-commerce to build an all-round O2O strategy. Rainbow Department Store also launched a WeChat shopping platform that allows goods deliveries at real stores. In the first nine months of this year, China's retail market stabilized and recovered. According to data from the Ministry of Commerce, total sales of the 3,000 key retailers grew 8.9% YoY in this period, 0.7 percentage point faster than in the same period last year; sales grew 9.2% YoY in September alone. We are still optimistic about valuation restoration of the retail industry driven by the O2O model and the gradual recovery of the

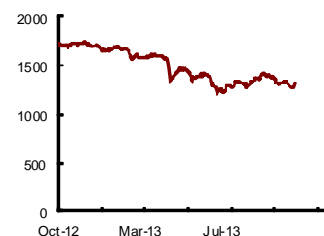
Global Commodity	Last price	chg	% chg
Brent Oil	110.32	0.07	0.06
Gold	1,317.2	1.04	0.08
LME Aluminum	1,847.0	-3.00	-0.16
LME Copper	7,245.0	15.00	0.21
BDI	1,901.0	-59.00	-3.01
API Coal	83.70	0.20	0.24

Exchange /Bond Market	/Currency	Last price	chg	% chg
USD/RMB		6.14	-0.01	-0.16
USD/HKD		7.75	0.00	0.00
1-YR RMB NDF		6.15	0.00	0.00
EUR/USD		1.37	0.03	0.02
3-M Libor		0.52	0.00	0.00
3-M Shibor		4.67	0.00	0.00
10 YR US T-Note Yield		2.58	-0.01	-0.39

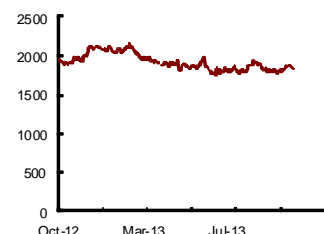
Brent Oil One Year



Gold Commodity One Year



LME Aluminum Commodity One Year



Source: Bloomberg

industry's growth. We still strongly recommend Wuhan Department Store Group, Beijing Wangfujing Department Store Group, Chongqing Department Store, Hefei Department Store Group, Changchun Eurasia Group, Rainbow Department Store, Hunan Friendship & Apollo Commercial, and Suning Commerce Group.

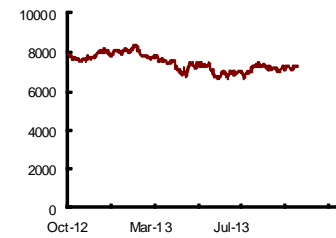
The O2O (Online to Offline) business model continues to develop along the trend of integration. The stabilization and recovery of the consumption market and the improvement of the retail industry's sentiment will lead to the restoration of earnings and valuation. In the first nine months of the year, sales of department stores, superstores and specialty stores grew 11.1%, 8.4% and 6.9% respectively, showing a general trend of stabilization and recovery. Main trends in the retail market: (1) Major retailers recorded steady sales growth. (2) Household consumption grew at a faster pace. Sales of home appliances, furniture and construction materials grew by 10.4%, 6.5% and 5.3% respectively. (3) Consumption demand growth for automobiles, communication products and value maintenance products slowed down. (4) Online consumption continued to grow fast. In the January-September period, online sales of the 3,000 key retailers monitored by the Ministry of Commerce grew 34.7% YoY. We expect the retail industry to recover slowly in Q4 as CPI gradually rebounds.

2. Aviation industry report (1H of Oct. 2013) – international demand improves; low season ahead

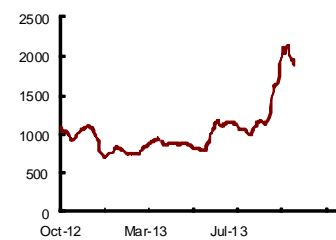
[Chen Shuran and Luo Yanyan, Oct. 17, 2013] Investment strategy: (1) Airline sector (Neutral): For major airlines, passenger demand for international routes was clearly better than that for domestic routes in September, driven by outbound travel demand during the Mid-Autumn Festival and the National Day Golden Week holidays. RPK maintained fast growth, and seat utilization rate was relatively high (around 80%). After the holidays, the tourism industry entered a low season, while the business travel market did not show signs of recovery. We expect RPK growth and air fares to decline. Especially air fares, which have fallen significantly this year, will be under considerable pressure again in the low season. The prospect of airlines' main business in Q4 is not optimistic. We maintain "Neutral" rating of the sector. (2) Airport sector (Outperform): This sector has both defensive and offensive value given its rapid growth, high certainty, high dividends and low valuation. We give Strong Buy rating on Shanghai International Airport, which has themes of Free Trade Zone, state-owned enterprise reforms, overall listing and Disneyland expectations. We give Buy rating on Guangzhou Baiyun International Airport, which has made tangible achievements in building an aviation hub, benefits from the Guangdong Free Trade Zone concept and still has low valuation.

Passenger turnaround: RPK of major airlines continued to grow at a moderate pace of around 10% in September; international routes performed much better than domestic ones. Cargo turnaround: RFTK of Air China contracted YoY in both domestic and international routes; that of China Southern continued to grow moderately, while that of China Eastern was flat from a year earlier. Passenger transport capacity: ASK growth rates of the top three airlines were all around 10% YoY in September; Air China and China Eastern made major efforts in capacity supplies in their international routes. Cargo transport capacity: AFTK of China Eastern grew relatively fast (+9.2%), while Air China was more cautious in capacity

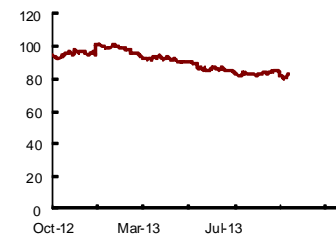
LME Copper Commodity One Year



BDI One Year



API Coal One Year



Source: Bloomberg

supply (basically flat from a year earlier). Supply/demand: Seat utilization rate of Air China rose YoY in September, while those of China Southern and China Eastern fell; Air China still led the top three in seat utilization rate, but the lead narrowed; seat utilization rates of Air China, China Southern and China Eastern were 81.3% (+0.7 pct), 79.3% (-1 pct) and 80.1% (-0.3 pct) respectively in September.

What to Watch

Economic Data	HK: Nil US: Nil		
Date	Ticker	Stock Name	Earnings
2013/10/21	01319	OIWAHPAWN	Interim
Date	Ticker	Stock Name	Issue Price
Nil			

China Merchants Securities (Hong Kong) Stock Pool Update Weekly
 2013-10-21

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	5.80	5.30	-9%	RMB	0.55	0.56	0.64	8.4	8.2	7.2	11.1%	Ivy Zhao
1880	Belle	Buy	HKD	11.42	16.39	44%	RMB	0.52	0.61	0.71	17.4	14.8	12.7	0.5%	Ivy Zhao
1368	Xtep	Neutral	HKD	3.83	4.00	4%	RMB	0.27	0.27	0.29	11.2	11.2	10.5	6.7%	Ivy Zhao
2020	Anta Sports	Neutral	HKD	11.56	9.14	-21%	RMB	0.49	0.53	0.57	18.7	17.3	16.1	21.2%	Ivy Zhao
1361	361 Degrees	Neutral	HKD	2.23	1.45	-35%	RMB	0.29	0.28	0.28	6.1	6.4	6.3	22.5%	Ivy Zhao
1968	Peak Sport	Neutral	HKD	1.92	1.48	-23%	RMB	0.16	0.17	0.19	9.6	8.8	7.8	9.1%	Ivy Zhao
2331	Li Ning	Buy	HKD	7.25	5.20	-28%	RMB	-0.10	0.18	0.20	N.A.	32.6	28.9	27.6%	Ivy Zhao
3818	China Dongxiang	Buy	HKD	1.28	1.47	15%	RMB	0.04	0.04	0.05	27.4	24.2	21.6	8.5%	Ivy Zhao
953	Meike	Neutral	HKD	0.50	0.30	-40%	RMB	0.04	0.05	0.06	11.0	8.6	7.2	22.0%	Ivy Zhao
1234	China Lilang	Buy	HKD	5.11	5.25	3%	RMB	0.41	0.41	0.47	9.9	9.9	8.6	18.3%	Ivy Zhao
891	Trinity	Buy	HKD	2.87	4.63	61%	RMB	0.21	0.25	0.30	10.8	9.1	7.6	5.9%	Ivy Zhao
873	C Taifeng Bed	Buy	HKD	1.86	2.86	54%	RMB	0.52	0.65	0.80	2.8	2.3	1.8	20.8%	Ivy Zhao
Metals & Mining															
1818	Zhaojin Mining	Neutral	HKD	6.47	6.00	-7%	RMB	0.43	0.38	0.34	11.9	13.5	15.1	-4.2%	Li Xiang
2899	Zijin Mining	Neutral	HKD	1.83	1.69	-8%	RMB	0.14	0.15	0.12	10.4	9.7	12.1	-1.1%	Li Xiang
358	Jiangxi Copper	Buy	HKD	14.86	15.20	2%	RMB	1.02	1.05	0.85	11.5	11.2	13.9	-5.8%	Li Xiang
3993	Cmcc	Neutral	HKD	3.08	3.10	1%	RMB	0.19	0.20	0.21	12.6	12.5	11.8	2.7%	Li Xiang
2600	Chalco	Sell	HKD	2.83	1.60	-43%	RMB	-0.28	-0.11	-0.10	N.A.	N.A.	N.A.	-0.4%	Li Xiang
1378	China Hongqiao	Buy	HKD	4.75	5.80	22%	RMB	0.97	1.11	1.23	3.9	3.4	3.1	7.2%	Li Xiang
486	Rusal	Sell	HKD	2.30	2.03	-12%	USD	0.01	0.04	0.05	29.7	7.4	5.9	-2.1%	Li Xiang
3948	Yitai Coal	Buy	HKD	15.02	25.10	67%	RMB	1.88	2.11	2.22	6.4	5.7	5.4	-1.2%	Li Xiang

Stock Code	Short Name	Rating	Price Currency	Latest Price	12- Month Target Price	Upside Potential	EPS Currency	EPS			P/E			1-Month Performance	Analyst
								2013E	2014E	2015E	2013E	2014E	2015E		
1088	China Shenhua	Buy	HKD	24.30	36.40	50%	RMB	2.44	2.90	3.07	7.9	6.6	6.3	-4.7%	Li Xiang
Auto & Others															
1211	Byd Company	Neutral	HKD	39.35	13.00	-67%	RMB	0.33	0.68	1.10	94.5	45.9	28.3	12.4%	Colleen Li
489	Dongfeng Group	Buy	HKD	11.42	14.17	24%	RMB	1.13	1.26	1.29	8.0	7.2	7.0	0.5%	Colleen Li
175	Geely Auto	Buy	HKD	3.90	5.04	29%	RMB	0.32	0.36	0.38	9.7	8.6	8.1	-6.5%	Colleen Li
2333	Greatwall Motor	Neutral	HKD	47.45	38.62	-19%	RMB	2.78	3.41	3.74	13.5	11.0	10.1	9.6%	Colleen Li
1114	Brilliance Chi	Buy	HKD	12.68	12.00	-5%	RMB	0.71	0.80	0.89	14.2	12.6	11.3	1.1%	Colleen Li
425	Mint Group	Buy	HKD	16.66	13.20	-21%	RMB	0.78	0.87	0.97	16.9	15.2	13.6	12.6%	Colleen Li
1728	Zhengtong Auto	Buy	HKD	5.63	5.85	4%	RMB	0.55	0.81	1.11	8.1	5.5	4.0	10.0%	Colleen Li
881	Zhongsheng Hldg	Neutral	HKD	13.40	10.30	-23%	RMB	0.58	0.71	0.99	18.3	15.0	10.7	11.3%	Colleen Li
Oil & Gas															
857	Petro China	Buy	HKD	9.09	10.55	16%	RMB	0.71	0.74	0.78	10.1	9.7	9.2	3.8%	Michael Yuk
386	Sinopec Corp	Buy	HKD	6.19	7.20	16%	RMB	0.68	0.70	0.73	7.2	7.0	6.7	0.2%	Michael Yuk
883	Cnooc	Buy	HKD	16.06	17.00	6%	RMB	1.44	1.56	1.69	8.8	8.2	7.5	0.1%	Michael Yuk
603	China Oil & Gas	Neutral	HKD	1.16	1.45	25%	HKD	0.09	0.12	0.15	12.9	9.7	7.7	2.7%	Michael Yuk
342	Newocean Energy	Buy	HKD	4.88	5.30	9%	HKD	0.55	0.63	0.79	8.9	7.8	6.2	-7.9%	Michael Yuk
467	Unitedenergy Gp	Buy	HKD	1.26	1.59	26%	HKD	0.10	0.09	0.09	12.6	14.0	14.0	0.8%	Michael Yuk
Oil & Gas Services/Equipment															
3899	Cimc Enric	Buy	HKD	11.50	10.00	-13%	RMB	0.49	0.60	0.72	18.6	15.2	12.7	14.3%	Michael Yuk
569	Ch Automation	Buy	HKD	1.62	2.50	54%	RMB	0.26	0.29	0.33	4.9	4.4	3.9	-1.2%	Michael Yuk
3337	Anton Oilfield	Buy	HKD	4.90	4.75	-3%	RMB	0.19	0.23	0.28	20.4	16.9	13.9	8.4%	Michael Yuk
1938	Chu Kong Pipe	Buy	HKD	2.74	2.26	-18%	RMB	0.11	0.40	0.55	19.7	5.4	4.0	11.8%	Michael Yuk
2883	China Oilfield	Buy	HKD	21.05	18.00	-14%	RMB	1.29	1.45	1.66	12.9	11.5	10.1	5.3%	Michael Yuk
3303	Jutal Oil Ser	Buy	HKD	1.51	2.40	59%	RMB	0.13	0.17	0.15	9.2	7.0	8.0	-1.3%	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	Buy	HKD	4.83	5.10	6%	RMB	0.16	0.28	0.29	23.3	13.8	13.3	15.3%	Michael Yuk
Property															
688	China Overseas	Buy	HKD	24.30	22.56	-7%	HKD	2.29	2.30	2.68	10.6	10.6	9.1	1.5%	DuanFeiqin
410	Soho China	Neutral	HKD	6.85	6.42	-6%	HKD	2.37	2.13	1.96	2.9	3.2	3.5	4.1%	DuanFeiqin
813	Shimao Property	Neutral	HKD	19.98	16.70	-16%	HKD	2.07	2.19	2.46	9.7	9.1	8.1	4.8%	DuanFeiqin
1109	China Res Land	Buy	HKD	22.75	23.80	5%	HKD	1.81	1.91	2.20	12.6	11.9	10.3	-1.9%	DuanFeiqin
2777	R&F Properties	Buy	HKD	13.46	13.90	3%	HKD	2.15	2.23	2.45	6.3	6.0	5.5	5.2%	DuanFeiqin
2007	Country Garden	Neutral	HKD	5.54	4.20	-24%	HKD	0.48	0.53	0.60	11.7	10.5	9.2	8.6%	DuanFeiqin
3383	Agile Property	Neutral	HKD	9.25	10.10	9%	HKD	1.81	1.98	2.02	5.1	4.7	4.6	4.3%	DuanFeiqin
3333	Evergrande	Buy	HKD	3.58	4.38	22%	HKD	0.84	0.97	0.98	4.3	3.7	3.7	5.6%	DuanFeiqin
960	Longfor Ppt	Buy	HKD	13.24	13.23	0%	HKD	1.50	1.65	1.81	8.8	8.0	7.3	1.2%	DuanFeiqin
1813	Kwg Property	Neutral	HKD	5.04	5.05	0%	HKD	1.02	1.10	1.18	4.9	4.6	4.3	-6.0%	DuanFeiqin
3366	Oct (Asia)	Buy	HKD	3.55	3.50	-1%	HKD	0.43	0.54	0.64	8.3	6.6	5.6	-8.3%	DuanFeiqin
3900	Greentown China	Buy	HKD	15.66	18.80	20%	HKD	3.17	3.33	3.49	4.9	4.7	4.5	6.2%	DuanFeiqin
754	Hopson Dev Hold	Buy	HKD	10.06	12.20	21%	HKD	1.72	1.98	2.22	5.9	5.1	4.5	-2.1%	DuanFeiqin
1918	Sunac	Buy	HKD	5.20	6.66	28%	HKD	1.07	1.26	1.41	4.9	4.1	3.7	3.2%	DuanFeiqin
Consumer Discretionary															
3308	Golden Eagle	Neutral	HKD	12.02	13.50	12%	RMB	0.63	0.69	0.76	15.1	13.8	12.5	1.7%	TangJingjing
1212	Lifestyle	Neutral	HKD	16.88	18.40	9%	HKD	1.18	1.30	1.35	14.3	13.0	12.5	-5.1%	TangJingjing
1833	Intime	Buy	HKD	9.09	9.62	6%	RMB	0.54	0.63	0.63	13.3	11.4	11.4	-0.6%	TangJingjing
178	Sa Sa	Buy	HKD	8.30	8.78	6%	HKD	0.26	0.36	0.43	31.9	23.1	19.3	-8.4%	TangJingjing
Telecommunication															
941	China Mobile	Neutral	HKD	84.60	80.00	-5%	RMB	6.52	6.58	6.79	10.3	10.2	9.9	-4.1%	Jeff Hao
762	China Unicom	Buy	HKD	12.68	14.00	10%	RMB	0.44	0.54	0.63	22.8	18.6	16.0	0.2%	Jeff Hao

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								2013E	2014E	2015E	2013E	2014E	2015E		
728	China Telecom	Buy	HKD	4.16	4.80	15%	RMB	0.25	0.29	0.33	13.2	11.4	10.0	0.7%	Jeff Hao
Information Technology															
700	Tencent	Buy	HKD	429.80	401.00	-7%	RMB	8.61	11.35	15.08	39.6	30.0	22.6	2.6%	Jeff Hao
3888	Kingsoft	Buy	HKD	21.35	24.37	14%	RMB	0.50	0.66	0.83	33.8	25.6	20.4	13.1%	Jeff Hao
1661	Wisdom	Buy	HKD	2.58	2.90	12%	RMB	0.13	0.20	0.25	15.7	10.2	8.2	17.8%	Jeff Hao
777	Netdragon	Buy	HKD	28.60	26.27	-8%	RMB	0.78	0.89	1.12	29.1	25.5	20.2	59.4%	Jeff Hao
354	Chinasoft	Neutral	HKD	2.31	2.00	-13%	RMB	0.10	0.12	0.15	18.3	15.3	12.2	7.4%	Jeff Hao
268	Kingdee	Neutral	HKD	2.65	1.40	-47%	RMB	0.02	0.04	0.05	105.0	52.5	42.0	13.3%	Jeff Hao
Port															
144	China Mer Hold	Neutral	HKD	28.00	26.43	-6%	HKD	1.55	1.75	2.05	18.1	16.0	13.7	1.8%	Kate Li
1199	Cosco Pacific	Buy	HKD	11.40	12.58	10%	USD	0.26	0.13	0.14	5.7	11.3	10.5	-3.6%	Kate Li
Shipping															
368	Sinotrans Ship	Buy	HKD	2.52	2.40	-5%	USD	0.01	0.02	0.03	32.5	16.3	10.8	5.0%	Kate Li
316	Ooil	Buy	HKD	43.35	52.30	21%	USD	0.37	0.52	0.69	15.1	10.8	8.1	-7.6%	Kate Li
2866	Cscl	Neural	HKD	2.00	1.82	-9%	RMB	-0.06	0.03	0.07	N.A.	52.8	22.6	-6.5%	Kate Li
Alternative Energy															
3800	Gcl-Poly Energy	Buy	HKD	2.58	1.97	-24%	HKD	0.01	0.05	0.07	258.0	51.6	36.9	23.4%	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	7.6%	Yin Lei
750	Singyes Solar	Buy	HKD	8.32	9.40	13%	RMB	0.81	0.91	1.04	8.1	7.2	6.3	9.8%	Yin Lei
2208	Goldwind	Buy	HKD	7.09	5.52	-22%	RMB	0.17	0.21	0.27	33.0	26.8	20.8	50.2%	Yin Lei
916	Longyuan Power	Neutral	HKD	9.29	8.16	-12%	RMB	0.36	0.43	0.52	20.5	17.1	14.2	18.8%	Yin Lei
1798	Datang Power	Neutral	HKD	1.64	1.99	21%	RMB	0.08	0.14	0.21	16.2	9.3	6.2	7.2%	Yin Lei
816	Huadian Fuxin	Buy	HKD	2.50	2.99	20%	RMB	0.19	0.24	0.28	10.4	8.3	7.1	16.3%	Yin Lei
579	Jingneng	Buy	HKD	3.26	3.62	11%	RMB	0.18	0.24	0.29	14.4	10.8	8.9	20.3%	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	20.70	23.10	12%	USD	0.09	0.11	0.13	30.3	25.4	20.5	-3.3%	Ling Hua
2319	Mengniu Dairy	Buy	HKD	36.30	33.26	-8%	RMB	0.85	1.10	1.48	33.8	26.2	19.4	5.7%	Ling Hua
506	China Foods	Neutral	HKD	3.74	4.25	14%	HKD	0.17	0.22	0.27	22.0	17.0	13.9	25.1%	Ling Hua
151	Want Want China	Neutral	HKD	11.32	12.10	7%	USD	0.05	0.06	0.07	29.2	24.3	20.9	-3.7%	Ling Hua
345	Vitasoy	Buy	HKD	9.69	9.00	-7%	HKD	0.31	0.35	0.48	31.3	27.7	20.2	0.1%	Ling Hua
Machinery & Equipment															
1157	Zoomlion	Buy	HKD	7.17	7.40	3%	RMB	0.79	0.96	1.04	7.2	5.9	5.5	1.9%	Jiao Yiding
Electricity															
902	Huaneng Power	Buy	HKD	8.25	11.00	33%	RMB	0.79	0.86	0.93	8.3	7.6	7.0	5.6%	Vera Liang
991	Datang Power	Buy	HKD	3.51	4.10	17%	RMB	0.40	0.42	0.52	7.0	6.6	5.4	-2.8%	Vera Liang
Pharmaceuticals & Medical Devices															
2348	Dawnrays Pharma	Buy	HKD	3.50	3.20	-9%	RMB	0.18	0.14	0.17	15.4	19.8	16.3	14.0%	Jonathan Hsu
Semi and Hardware Technology															
992	Lenove	Buy	HKD	8.07	9.20	14%	USD	0.06	0.08	0.09	17.4	13.0	11.6	-0.9%	Alex Ng
2382	Sunny Optical	Buy	HKD	7.63	11.00	44%	RMB	0.52	0.69	0.84	11.6	8.8	7.2	-15.2%	Alex Ng
732	Truly	Buy	HKD	5.00	7.15	43%	HKD	0.56	0.67	0.79	8.9	7.5	6.3	6.6%	Alex Ng
2018	Aac Tech	Neutral	HKD	34.10	40.00	17%	RMB	1.83	2.16	2.48	14.8	12.5	10.9	-7.3%	Alex Ng
2618	Tcl Comm	Buy	HKD	5.95	5.20	-13%	HKD	0.05	0.33	0.47	119.0	18.0	12.7	22.7%	Alex Ng
2369	China Wireless	Neutral	HKD	3.10	3.10	0%	HKD	0.20	0.24	0.30	15.5	12.9	10.3	1.0%	Alex Ng
US Stock															
BIDU	Baidu Inc	Buy	USD	165.91	149.50	-10%	USD	4.89	7.36	9.67	33.9	22.5	17.2	15.4%	Mike Chen
SINA	Sina Corp	Buy	USD	91.07	90.70	0%	USD	-0.36	2.51	4.49	N.A.	36.3	20.3	11.8%	Mike Chen
SOHU	Sohu.Com Inc	Neutral	USD	86.06	64.20	-25%	USD	2.42	2.97	3.56	35.6	29.0	24.2	27.0%	Mike Chen

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		
NTES	Netease Inc	Buy	USD	70.30	85.50	22%	USD	5.56	5.80	6.60	12.6	12.1	10.7	-5.2%	Mike Chen
QIHU	Qihoo 360	Buy	USD	94.67	94.47	0%	USD	1.16	2.00	3.68	81.6	47.3	25.7	12.0%	Mike Chen
YOKU	Youku Tudou Inc	Neutral	USD	30.09	23.82	-21%	USD	-0.47	-0.18	0.19	N.A.	N.A.	158.4	11.3%	Mike Chen
EDU	New Oriental Education	Buy	USD	26.46	24.50	-7%	USD	0.89	1.25	1.43	29.7	21.2	18.5	10.4%	Mike Chen
DANG	Dangdang	Neutral	USD	11.35	6.40	-44%	USD	-0.82	-0.52	-0.18	N.A.	N.A.	N.A.	25.6%	Mike Chen
CTRP	Ctrip	Buy	USD	59.58	25.70	-57%	USD	1.15	1.48	1.76	51.8	40.3	33.9	21.4%	Mike Chen
HMIN	Home Inns	Neutral	USD	36.96	27.40	-26%	USD	1.09	1.62	2.04	33.9	22.8	18.1	8.1%	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	124.0	0.7	168	TSINGTAO BREW-H	63.70	2.6
2	CLP HLDGS LTD	62.05	-0.2	177	JIANGSU EXPRES-H	9.47	3.1
3	HONG KG CHINA GS	18.22	0.6	323	MAANSHAN IRON-H	2.01	2.0
4	WHARF HLDG	69.25	1.6	338	SINOPEC SHANG-H	2.98	0.7
5	HSBC HLDGS PLC	84.85	1.0	347	ANGANG STEEL-H	4.82	1.3
6	POWER ASSETS HOL	66.30	-0.5	358	JIANGXI COPPER-H	14.86	0.0
11	HANG SENG BK	128.4	0.6	386	CHINA PETROLEU-H	6.19	0.5
12	HENDERSON LAND D	46.05	0.1	390	CHINA RAIL GR-H	4.25	0.5
13	HUTCHISON WHAMPO	96.80	0.8	489	DONGFENG MOTOR-H	11.42	2.0
16	SUN HUNG KAI PRO	102.2	0.1	552	CHINA COMM SER-H	4.83	0.6
17	NEW WORLD DEV	10.98	0.2	576	ZHEJIANG EXPRESS	6.79	-2.6
19	SWIRE PACIFIC-A	90.65	-0.1	694	BEIJING CAP AI-H	5.52	1.3
23	BANK EAST ASIA	32.90	-0.3	728	CHINA TELECOM-H	4.16	2.5
66	MTR CORP	29.95	-0.7	753	AIR CHINA LTD-H	5.52	2.8
83	SINO LAND CO	11.00	-0.4	857	PETROCHINA CO-H	9.09	1.2
101	HANG LUNG PROPER	25.50	0.0	902	HUANENG POWER-H	8.25	1.1
144	CHINA MERCHANT	28.00	0.7	914	ANHUI CONCH-H	26.90	-0.2
267	CITIC PACIFIC	11.02	1.5	939	CHINA CONST BA-H	6.05	0.8
291	CHINA RES ENTERP	26.55	1.1	991	DATANG INTL PO-H	3.51	1.2
293	CATHAY PAC AIR	15.04	0.3	998	CHINA CITIC BK-H	4.26	0.0
330	ESPRIT HLDGS	12.86	-0.5	1088	CHINA SHENHUA-H	24.30	-0.4
386	CHINA PETROLEU-H	6.19	0.5	1133	HARBIN ELECTRIC	4.97	0.4
388	HONG KONG EXCHNG	125.9	0.0	1138	CHINA SHIPPING-H	4.12	0.7
494	LI & FUNG LTD	10.78	-0.4	1171	YANZHOU COAL-H	8.04	1.1
551	YUE YUEN INDUS	21.20	-0.7	1186	CHINA RAIL CN-H	8.30	1.5
688	CHINA OVERSEAS	24.30	0.0	1398	IND & COMM BK-H	5.41	-0.6
700	TENCENT HOLDINGS	429.8	2.3	1800	CHINA COM CONS-H	6.29	-0.8
762	CHINA UNICOM HON	12.68	-0.5	1898	CHINA COAL ENE-H	4.89	-0.4
857	PETROCHINA CO-H	9.09	1.2	1919	CHINA COSCO HO-H	3.79	0.8
883	CNOOC LTD	16.06	0.5	2318	PING AN INSURA-H	58.55	0.6
939	CHINA CONST BA-H	6.05	0.8	2328	PICC PROPERTY &	11.76	2.1
941	CHINA MOBILE	84.60	0.9	2600	ALUMINUM CORP-H	2.83	1.4
1088	CHINA SHENHUA-H	24.30	-0.4	2628	CHINA LIFE INS-H	20.50	0.5
1199	COSCO PAC LTD	11.40	0.5	2727	SHANGHAI ELECT-H	2.92	3.2
1398	IND & COMM BK-H	5.41	-0.6	2777	GUANGZHOU R&F -H	13.46	-1.8
2038	FIH MOBILE LTD	4.39	6.0	2866	CHINA SHIPPING-H	2.00	1.0
2318	PING AN INSURA-H	58.55	0.6	2883	CHINA OILFIELD-H	21.05	2.7
2388	BOC HONG KONG HO	25.30	1.2	2899	ZIJIN MINING-H	1.83	2.8
2600	ALUMINUM CORP-H	2.83	1.4	3323	CHINA NATL BDG-H	7.71	0.0
2628	CHINA LIFE INS-H	20.50	0.5	3328	BANK OF COMMUN-H	5.73	0.7
3328	BANK OF COMMUN-H	5.73	0.7	3968	CHINA MERCH BK-H	15.36	1.6
3988	BANK OF CHINA-H	3.59	0.0	3988	BANK OF CHINA-H	3.59	0.0
				3993	CHINA MOLYBDENUM	3.08	0.3

A+H Company Performance
 Last price

Name(H)	Code (H)	Price (H)	Code (A)	Price (A)	Spread (%)
TIANJIN CAP-H	1065	3.17	600874	9.26	271.5
BEIREN PRINT-H	187	3.19	600860	9.04	260.4
NORTHEAST ELEC-H	42	0.91	000585	2.46	243.8
SHENJI GROUP-H	300	1.97	600806	5.30	242.2
CHONGQING IRON-H	1053	1.12	601005	2.69	205.5
NANJING PANDA-H	553	3.80	600775	9.10	204.6
SHANDONG XINHU-H	719	2.06	000756	4.86	200.1
SINOPEC YIZHEN-H	1033	2.09	600871	4.37	165.9
BEIJING NORTH-H	588	1.80	601588	3.02	113.4
JINGWEI TEXTIL-H	350	5.50	000666	9.20	112.7
ALUMINUM CORP-H	2600	2.83	601600	4.19	88.3
HISENSE KELON -H	921	6.43	000921	9.36	85.1
SINOPEC SHANG-H	338	2.98	600688	4.19	78.8
YANZHOU COAL-H	1171	8.04	600188	10.74	69.9
DATANG INTL PO-H	991	3.51	601991	4.44	60.9
SHENZHEN EXPRE-H	548	3.25	600548	3.66	43.2
CHINA SHIPPING-H	1138	4.12	600026	4.63	42.9
GUANGZHOU SHIP-H	317	11.58	600685	12.38	36.0
JIANGXI COPPER-H	358	14.86	600362	15.56	33.2
DONGFANG ELECT-H	1072	11.70	600875	11.76	27.8
GUANGZHOU BAIYUN	874	36.00	600332	36.04	27.3
ZTE CORP-H	763	17.38	000063	16.98	24.3
ANHUI EXPRESS-H	995	4.32	600012	4.09	20.4
HUADIAN POWER-H	1071	3.37	600027	3.17	19.6
CHINA SOUTHERN-H	1055	3.00	600029	2.82	19.6
MAANSHAN IRON-H	323	2.01	600808	1.80	13.9
CHINA CITIC BK-H	998	4.26	601998	3.81	13.8
LUOYANG GLASS-H	1108	1.43	600876	5.07	0.0
BANK OF CHINA-H	3988	3.59	601988	2.80	-0.8
TSINGTAO BREW-H	168	63.70	600600	46.92	-6.3
BANK OF COMMUN-H	3328	5.73	601328	4.21	-6.6
AIR CHINA LTD-H	753	5.52	601111	4.01	-7.6
IND & COMM BK-H	1398	5.41	601398	3.84	-9.7
CHINA PETROLEU-H	386	6.19	600028	4.37	-10.2
GUANGSHEN RAIL-H	525	4.18	601333	2.95	-10.2
HUANENG POWER-H	902	8.25	600011	5.71	-12.0
CHINA MERCH BK-H	3968	15.36	600036	10.63	-12.0
CHINA LIFE INS-H	2628	20.50	601628	13.76	-14.6
ANGANG STEEL-H	347	4.82	000898	3.03	-20.1
PING AN INSURA-H	2318	58.55	601318	35.71	-22.4
WEICHAJ POWER-H	2338	33.45	000338	20.39	-22.5
JIANGSU EXPRES-H	177	9.47	600377	5.70	-23.5
ANHUI CONCH-H	914	26.90	600585	15.91	-24.8

Recently Published Research

Date published	Name of report	Analyst
18-Oct-13	Springland International (1700.HK)	Wang Xiaodi
17-Oct-13	CHINA SHIPPING CONT-H (2866 .HK)	Kate Li
15-Oct-13	Intime Retail Group (1833 HK)	Wang Xiaodi
15-Oct-13	Goldpoly New Energy (686 HK)	Yin Lei
15-Oct-13	GEELY AUTOMOBILE (175.HK)	Colleen Li
15-Oct-13	Thermal Power Sector Review	Vera Liang
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15-Oct-13	Comment on U.S. government fiscal problem	Qing Li, Cliff Zhao, David Xie
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2-Oct-13	Intime Retail Group(01833.HK)	Wang Xiaodi
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26-Sep-13	Wisdom Holdings Group (1661.HK)	Jeff Hao
25-Sep-13	Sunac China (1918 HK)	Duan Feiqin
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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

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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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