

Research Highlights

1. Sohu.com Inc. (SOHU.O) - Game marketing expenses cause a decline in margin; maintain "Neutral"

[Mike Chen] On Oct. 28, 2013, Sohu released the results of the third quarter of 2013. Sales grew 29% YoY to US\$368 million, while online advertising, search and online gaming grew 60%, 53% and 7% YoY respectively. Given serious decline in margin due to \$53 incremental game marketing expenses in Q4, we lower our 2013/2014 EPS forecasts from \$2.42/\$2.97 to \$1.48/\$2.44, TP from US\$64.7 to US\$61.4, and maintain "Neutral" rating.

Earnings forecast. Because of rapid growth in video and search business and significant increase of marketing expenses of game business, we raise our sales forecast of 2013/2014 from US\$139.8 million/US\$161.4 million to US\$140.1 million/US\$165.2 million and lower 2013/2014 EPS forecast from \$2.42/\$2.97 to \$1.48/\$2.44.

Valuation Using DCF, we derived the company's fair value of US\$61.4 per share, corresponding to P/E of 41.5x FY 2013 and 25.1x FY 2014.

2. PetroChina (00857.HK) - 3Q13 core profits improve on burgeoning energy reform

[Michael Yuk] PetroChina's 3Q13/9M13 results show a strong quarterly rebound in core earnings with all segments posting better results. This comes on the heels of a more liberalized refined product pricing mechanism and a natural gas price hike. We believe this momentum will continue to pick up during 4Q13 and carry on into FY14. Maintain Buy.

1) E&P quarterly profits bounced back along with crude oil prices 3Q13 realized crude oil price was USD98.58/bbl, up from 2Q13 trough of USD97.92/bbl, which led to a 15%QoQ increase in operating profits to RMB48.2bn. 9M13 operating profits fell 10%YoY to RMB147.0bn due to lower crude oil prices throughout FY13. Production remained steady at 1039.4mmboe, up 4.3%YoY. E&P profits will remain subdued to crude oil price changes, which have YTD declined 1.3%YoY versus one year ago.

2) Refining books quarterly profit but chemical losses widens Refining operations turned profitable during 3Q13, generating an operating profit of RMB2.44bn after recent price adjustments, but chemical's losses widened to RMB6.59bn. Overall, refining & chemical losses shrank 46.5%YoY to RMB20bn during 9M13. The rebound in PetroChina's refining profitability has been slower than its rival, Sinopec, since its refineries are older. Going forward, we should continue to see greater improvements in refining & chemical margins, especially when the government rolls out NS4 (Euro 4) gasoline standards and China's economic recovering boosts chemical profitability in 2014.

3) Natural gas profit accelerates on price increase 3Q13 natural gas profits (ex. one-off items) increased 26.0%QoQ to RMB1.55bn, growing faster than the 12.3%QoQ increase during 2Q13. PetroChina's natural gas business has made an operating profit of RMB3.89bn during 9M13, which confirms the turnaround in profitability that we observed during 1Q13. The market liberalization efforts seen during 2H13 will only continue in 2014 and higher natural gas profits should reflect the policy changes.

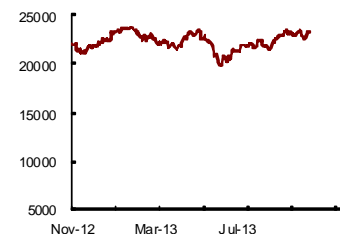
4) Valuation We have not changed our earnings estimates. Given that the stock is currently trading at the bottom of its historical trading range, we

HK Indices	Last price	chg	% chg
HSI	23,206.37	-97.65	-0.42
Finance	32,328.94	-114.9	-0.35
Properties	29,994.37	-163.9	-0.54
Utilities	50,060.56	-325.0	-0.65
Commerce&Industrv	13,596.33	-59.71	-0.44
HSCEI	10,627.02	-13.87	-0.13
HSCCI	4,550.95	9.89	0.22
HKSPGEM	464.95	-3.06	-0.65

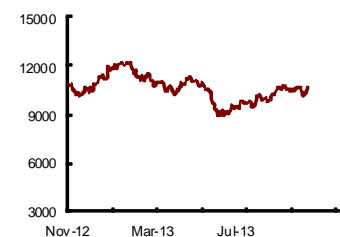
World Indices	Last price	chg	% chg
FTSE 100	6,731.43	-46.27	-0.68
DAX 30	9,033.92	23.65	0.26
CAC 40	4,299.89	25.78	0.60
DJIA	15,545.75	-73.01	-0.47
S&P500	1,756.54	-6.77	-0.38
Nasdaq Composite	3,919.71	-10.91	-0.28
Nikkei 225	14,327.94	-174.41	-1.20

Asia-Pacific Indices	Last price	chg	% chg
KOSPI	2,030.09	-29.49	-1.43
TWSE	8,450.06	-15.00	-0.18
STI	3,210.67	-19.77	-0.61
India BSE 30	21,164.52	130.55	0.62
S&P/ASX 200	5,411.90	-13.60	-0.25

HSI One Year



HSCEI One Year



Source: Bloomberg

China Merchants Securities (HK)

Research

+852-3189-6888

still believe that the risk-reward looks attractive for the stock, with stable dividend yield of about 4%. Target price remains at HK\$10.55/share based on our FY13 EPS of RMB0.71/share and historical mid-cycle valuation of 12.0x earnings.

3. Sinopec (00386.HK)-Earnings growth to come from new fuel standards

[Michael Yuk]Sinopec's 3Q13/9M13 results slightly beat estimates after refining showed stronger results. Refining will continue to be the company's main earnings driver in FY14 as the rollout of NS4 (Euro 4) fuel standards increase refining margins. Maintain Buy.

1)Results review Sinopec's 3Q13/9M13 turnover rose 7.2%YoY/5.7%YoY to RMB724.68bn/RMB2.13tn with net profit rising 20.1%YoY/22.1%YoY to RMB22.01bn/RMB52.30bn, representing an EPS of RMB0.189/RMB0.451 per share. EPS was 11% higher than the expected RMB0.169/share.

2)Refining profits should moderate in 4Q13 Profits from refining operations, which surged to RMB6.4bn during 3Q13 was the key reason for the earnings surprise, as moderately increasing crude oil prices allowed the group to capture excess profits above its purchase cost, due to a one-month transportation lag. Refining profitability was at RMB14.92/bbl, the highest since 4Q10. We should expect this to normalize at about RMB5.00/bbl during the 4Q13.

3)New fuel standards will expand refining profitability Next year's rollout of NS4 (equivalent to Euro 4) gasoline fuel standards followed by the diesel rollout in 2015, should increase Sinopec's refining margins over the next two years since most of the capital expenditure required has already been spent during the upgrade to the current NS3 standard. Management expects that it will be able to completely capture the RMB290/tonne premium for gasoline and RMB270/tonne premium for diesel after the rollout.

4)E&P exploration intensifies Current exploration results have been better than expected with dryhole expenses dropping 23.0%YoY to RMB9.36bn in 9M13, despite E&P capex increasing 17%YoY to RMB41.24bn. Capital spending has primarily been to develop tight gas in the south Ordos region, and Yuanba and Daniudi gas fields. These efforts will ensure that the company can sustain the double digit growth in natural gas production, which reached 486.34bcf (+10.9%YoY) during 9M13.

5)Valuation We have not changed our earnings estimates. We continue to give 15% premium above the stock's historical mid-cycle valuation of 7.3x earnings to reflect increased crude price pass through. We maintain our target price of HK\$7.20/share, which translates to 8.4x our FY13 EPS of RMB0.680/share. Maintain "Buy".

A-share Research Highlights (CMS Research Center)

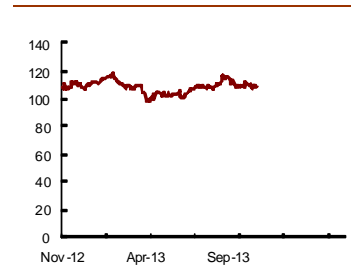
1. The Third Plenum – what are we expecting?

[Ding Anhua, Oct. 31, 2013] A distinct feature of China's political cycles is that the "policy programs" of a new administration are not unveiled until after the new leadership is officially formed. The Third Plenum of CPC Central Committee has special significance in China's political cycle. To quantify the length of the "political honeymoon" of China's new administration, it should be around 200 days, or about twice as long as the U.S. counterpart. More than 200 days have passed since the government succession was completed in March. Therefore, in my view, the Third

Global Commodity	Last price	chg	% chg
Brent Oil	108.89	-1.17	-1.06
Gold	1,323.9	0.85	0.06
LME Aluminum	1,893.0	10.00	0.53
LME Copper	7,290.0	90.00	1.25
BDI	1,504.0	20.00	1.35
API Coal	82.25	-0.85	-1.02

Exchange /Bond Market	/Currency	Last price	chg	% chg
USD/RMB		6.14	0.00	0.00
USD/HKD		7.75	0.00	0.00
1-YR RMB NDF		6.16	0.00	0.00
EUR/USD		1.36	0.12	0.09
3-M Libor		0.51	0.00	0.00
3-M Shibor		4.69	0.00	0.00
10 YR US T-Note Yield		2.55	0.02	0.79

Brent Oil One Year



Gold Commodity One Year



LME Aluminum Commodity One Year



Source: Bloomberg

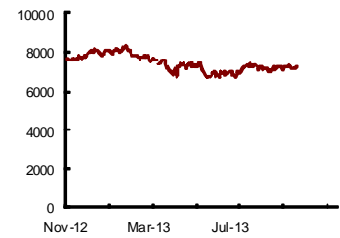
Plenum will represent the end of the “honeymoon period.” Now let me present my observations on the economic policies of the new government.

The first set of issues is centered around economic restructuring amid the overcapacity problem. This is an old issue, involving a series of key questions such as the relationship between economic growth and restructuring. It is not difficult to observe that the new government takes a clearly different approach to this issue compared with the previous administration. First, the new leadership has fully recognized the long-term trend of economic slowdown. Second, it is more patient about the negative output gap, or even more tolerant of a fast slowdown of economic growth. Third, President Xi Jinping has said China would rather see a slowdown of economic growth in order to proceed with structural reforms. The No. 1 priority of structural reforms after the Third Plenum will be the elimination of outdated or excessive production capacities.

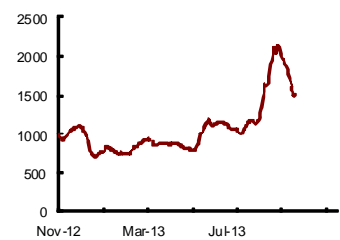
The second set of issues is related to local government debts. This problem, which has drawn much attention, involves fiscal reforms and the shift of local governments’ functions. According to Premier Li Keqiang’s remarks on fiscal reform, the new administration will adopt a strategy covering the following aspects: (1) Proceeding with budget mechanism reform to increase the government’s fiscal trustworthiness. (2) Activating existing money. (3) Transforming government functions.

The third set of issues is related to the hot issue of market-oriented interest rate reform, which involves overall financial reform, the emergence of shadow banking and the full convertibility of RMB. I believe that the core issue of this process is the establishment and perfection of the central bank’s interest rate tools. Interest rate is one of the most important monetary policy tools of the central bank. To proceed with market-oriented interest rate reforms, it will be crucial for the central bank to find a benchmark (anchor) interest rate policy as interest rate regulations are being scrapped. I have three suggestions on this regard: (1) Further improving the financial infrastructure with the key task being a major development of the interbank market. (2) Setting up the policy framework for an interest rate corridor, and locking short-term (overnight) interest rate fluctuations in a certain range. (3) Establishing a prudent supervision system that complies with the requirement of market-oriented interest rate reforms.

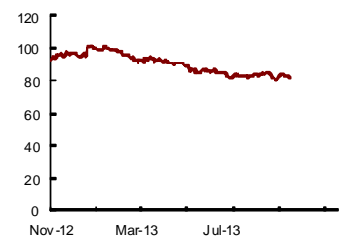
LME Copper Commodity One Year



BDI One Year



API Coal One Year



Source: Bloomberg

What to Watch

Economic Data	HK: Nil US: ISM Index		
Date	Ticker	Stock Name	Earnings
2013/11/01	08007	DIGITALHONGKONG	1st Quarter
2013/11/01	08137	HONBRIDGE	Final
2013/11/01	08168	UKF	Interim
2013/11/01	08286	CCOE	3rd Quarter
2013/11/01	08356	CNC HOLDINGS	Interim
Date	Ticker	Stock Name	Issue Price
2013/11/01	00153	CHINA SAITE	1.030

China Merchants Securities (Hong Kong) Stock Pool Update Weekly
 2013-11-1

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	5.78	5.30	-8%	RMB	0.55	0.56	0.64	8.3	8.2	7.2	7.2%	Ivy Zhao
1880	Belle	Buy	HKD	10.94	16.39	50%	RMB	0.52	0.61	0.71	16.7	14.2	12.2	-6.5%	Ivy Zhao
1368	Xtep	Neutral	HKD	3.82	4.00	5%	RMB	0.27	0.27	0.29	11.2	11.2	10.4	3.2%	Ivy Zhao
2020	Anta Sports	Neutral	HKD	11.12	9.14	-18%	RMB	0.49	0.53	0.57	18.0	16.6	15.5	11.0%	Ivy Zhao
1361	361 Degrees	Neutral	HKD	2.22	1.45	-35%	RMB	0.29	0.28	0.28	6.1	6.4	6.2	16.2%	Ivy Zhao
1968	Peak Sport	Neutral	HKD	1.78	1.48	-17%	RMB	0.16	0.17	0.19	8.9	8.2	7.3	-4.8%	Ivy Zhao
2331	Li Ning	Buy	HKD	7.10	5.20	-27%	RMB	-0.10	0.18	0.20	N.A.	32.0	28.3	18.5%	Ivy Zhao
3818	China Dongxiang	Buy	HKD	1.21	1.47	21%	RMB	0.04	0.04	0.05	25.9	22.8	20.4	0.8%	Ivy Zhao
953	Meike	Neutral	HKD	0.61	0.30	-51%	RMB	0.04	0.05	0.06	13.4	10.5	8.8	56.4%	Ivy Zhao
1234	China Lilang	Buy	HKD	5.01	5.25	5%	RMB	0.41	0.41	0.47	9.7	9.7	8.5	11.8%	Ivy Zhao
891	Trinity	Buy	HKD	2.90	4.63	60%	RMB	0.21	0.25	0.30	10.9	9.2	7.7	11.5%	Ivy Zhao
873	C Taifeng Bed	Buy	HKD	1.71	2.86	67%	RMB	0.52	0.65	0.80	2.6	2.1	1.7	2.4%	Ivy Zhao
Metals & Mining															
1818	Zhaojin Mining	Neutral	HKD	6.28	6.00	-4%	RMB	0.43	0.38	0.34	11.6	13.1	14.6	-9.3%	Li Xiang
2899	Zijin Mining	Neutral	HKD	1.79	1.69	-6%	RMB	0.14	0.15	0.12	10.1	9.5	11.8	-4.8%	Li Xiang
358	Jiangxi Copper	Buy	HKD	14.90	15.20	2%	RMB	1.02	1.05	0.85	11.6	11.2	13.9	-3.5%	Li Xiang
3993	Cmcc	Neutral	HKD	3.14	3.10	-1%	RMB	0.19	0.20	0.21	12.9	12.7	12.0	3.0%	Li Xiang
2600	Chalco	Sell	HKD	2.90	1.60	-45%	RMB	-0.28	-0.11	-0.10	N.A.	N.A.	N.A.	1.1%	Li Xiang
1378	China Hongqiao	Buy	HKD	4.90	5.80	18%	RMB	0.97	1.11	1.23	4.0	3.5	3.2	7.7%	Li Xiang
486	Rusal	Sell	HKD	2.37	2.03	-14%	USD	0.01	0.04	0.05	30.6	7.6	6.1	1.7%	Li Xiang
3948	Yitai Coal	Buy	HKD	15.20	25.10	65%	RMB	1.88	2.11	2.22	6.4	5.7	5.4	8.3%	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	23.60	36.40	54%	RMB	2.44	2.90	3.07	7.7	6.4	6.1	-1.9%	Li Xiang
1898	China Coal	Neutral	HKD	4.76	5.00	5%	RMB	0.47	0.43	0.42	8.0	8.8	9.0	0.9%	Li Xiang
Auto & Others															
1211	Byd Company	Neutral	HKD	38.40	13.00	-66%	RMB	0.33	0.68	1.10	92.2	44.7	27.7	13.4%	Colleen Li
489	Dongfeng Group	Buy	HKD	10.96	14.17	29%	RMB	1.13	1.26	1.29	7.7	6.9	6.7	-7.4%	Colleen Li
175	Geely Auto	Buy	HKD	3.91	5.04	29%	RMB	0.32	0.36	0.38	9.7	8.6	8.2	-2.3%	Colleen Li
2333	Greatwall Motor	Neutral	HKD	45.55	38.62	-15%	RMB	2.78	3.41	3.74	13.0	10.6	9.7	7.6%	Colleen Li
1114	Brilliance Chi	Buy	HKD	13.56	12.00	-12%	RMB	0.71	0.80	0.89	15.1	13.4	12.1	13.6%	Colleen Li
425	Mint Group	Buy	HKD	16.24	13.20	-19%	RMB	0.78	0.87	0.97	16.5	14.8	13.3	5.2%	Colleen Li
1728	Zhengtong Auto	Buy	HKD	5.40	5.85	8%	RMB	0.55	0.81	1.11	7.8	5.3	3.9	7.8%	Colleen Li
881	Zhongsheng Hldg	Neutral	HKD	12.42	10.30	-17%	RMB	0.58	0.71	0.99	17.0	13.9	9.9	1.1%	Colleen Li
Oil & Gas															
857	Petro China	Buy	HKD	8.88	10.55	19%	RMB	0.71	0.74	0.78	9.9	9.5	9.0	2.0%	Michael Yuk
386	Sinopec Corp	Buy	HKD	6.33	7.20	14%	RMB	0.68	0.70	0.73	7.4	7.2	6.9	2.3%	Michael Yuk
883	Cnooc	Buy	HKD	15.92	17.00	7%	RMB	1.44	1.56	1.69	8.8	8.1	7.5	-0.4%	Michael Yuk
603	China Oil & Gas	Neutral	HKD	1.24	1.45	17%	HKD	0.09	0.12	0.15	13.8	10.3	8.3	12.7%	Michael Yuk
342	Newocean Energy	Buy	HKD	4.72	5.30	12%	HKD	0.55	0.63	0.79	8.6	7.5	6.0	-10.1%	Michael Yuk
467	Unitedenergy Gp	Buy	HKD	1.21	1.59	31%	HKD	0.10	0.09	0.09	12.1	13.4	13.4	-2.4%	Michael Yuk
Oil & Gas Services/Equipment															
3899	Cimc Enric	Buy	HKD	10.92	10.00	-8%	RMB	0.49	0.60	0.72	17.7	14.4	12.0	5.0%	Michael Yuk
569	Ch Automation	Buy	HKD	1.63	2.50	53%	RMB	0.26	0.29	0.33	5.0	4.5	3.9	5.2%	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	-6.1%	Michael Yuk
1938	Chu Kong Pipe	Buy	HKD	2.90	2.26	-22%	RMB	0.11	0.40	0.55	20.9	5.7	4.2	14.2%	Michael Yuk
2883	China Oilfield	Buy	HKD	21.70	18.00	-17%	RMB	1.29	1.45	1.66	13.3	11.9	10.4	11.2%	Michael Yuk

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								2013E	2014E	2015E	2013E	2014E	2015E		
3303	Jutal Oil Ser	Buy	HKD	1.53	2.40	57%	RMB	0.13	0.17	0.15	9.3	7.1	8.1	-4.4%	Michael Yuk
1623	Hilong	Buy	HKD	5.16	5.10	-1%	RMB	0.16	0.28	0.29	24.9	14.7	14.2	12.4%	Michael Yuk
Property															
688	China Overseas	Buy	HKD	24.00	22.56	-6%	HKD	2.29	2.30	2.68	10.5	10.4	9.0	4.1%	DuanFeiqin
410	Soho China	Neutral	HKD	6.79	6.42	-5%	HKD	2.37	2.13	1.96	2.9	3.2	3.5	1.0%	DuanFeiqin
813	Shimao Property	Neutral	HKD	19.52	16.70	-14%	HKD	2.07	2.19	2.46	9.4	8.9	7.9	8.8%	DuanFeiqin
1109	China Res Land	Buy	HKD	22.45	23.80	6%	HKD	1.81	1.91	2.20	12.4	11.8	10.2	1.4%	DuanFeiqin
2777	R&F Properties	Buy	HKD	13.60	13.90	2%	HKD	2.15	2.23	2.45	6.3	6.1	5.5	11.8%	DuanFeiqin
2007	Country Garden	Neutral	HKD	5.30	4.68	-12%	HKD	0.48	0.53	0.60	11.2	10.0	8.8	6.6%	DuanFeiqin
3383	Agile Property	Neutral	HKD	9.35	10.10	8%	HKD	1.81	1.98	2.02	5.2	4.7	4.6	9.2%	DuanFeiqin
3333	Evergrande	Buy	HKD	3.27	4.38	34%	HKD	0.84	0.97	0.98	3.9	3.4	3.3	-0.3%	DuanFeiqin
960	Longfor Ppt	Buy	HKD	12.64	13.23	5%	HKD	1.50	1.65	1.81	8.4	7.7	7.0	0.5%	DuanFeiqin
1813	Kwg Property	Neutral	HKD	5.02	5.05	1%	HKD	1.02	1.10	1.18	4.9	4.6	4.2	1.2%	DuanFeiqin
3366	Oct (Asia)	Buy	HKD	3.50	3.50	0%	HKD	0.43	0.54	0.64	8.1	6.5	5.5	-9.8%	DuanFeiqin
3900	Greentown China	Buy	HKD	15.06	18.80	25%	HKD	3.17	3.33	3.49	4.8	4.5	4.3	3.6%	DuanFeiqin
754	Hopson Dev Hold	Buy	HKD	9.53	12.20	28%	HKD	1.72	1.98	2.22	5.5	4.8	4.3	-0.7%	DuanFeiqin
1918	Sunac	Buy	HKD	5.38	6.66	24%	HKD	1.07	1.26	1.41	5.0	4.3	3.8	8.5%	DuanFeiqin
Consumer Discretionary															
1833	Intime	Buy	HKD	9.23	10.50	14%	RMB	0.54	0.64	0.75	13.5	11.4	9.8	8.8%	Gloria Wang
1700	Springland	Neutral	HKD	4.25	4.50	6%	RMB	0.29	0.33	0.37	11.6	10.2	9.1	0.5%	Gloria Wang
Telecommunication															
941	China Mobile	Neutral	HKD	81.40	80.00	-2%	RMB	6.52	6.58	6.79	9.9	9.8	9.5	-7.7%	Jeff Hao
762	China Unicom	Buy	HKD	12.24	14.00	14%	RMB	0.44	0.54	0.63	22.0	18.0	15.4	1.0%	Jeff Hao
728	China Telecom	Buy	HKD	4.05	4.80	19%	RMB	0.25	0.29	0.33	12.8	11.1	9.7	2.8%	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		
Information Technology															
700	Tencent	Buy	HKD	423.20	401.00	-5%	RMB	8.61	11.35	15.08	38.9	29.5	22.2	1.3%	Jeff Hao
3888	Kingsoft	Buy	HKD	19.26	24.37	27%	RMB	0.50	0.66	0.83	30.5	23.1	18.4	1.5%	Jeff Hao
1661	Wisdom	Buy	HKD	3.14	2.90	-8%	RMB	0.13	0.20	0.25	19.1	12.4	10.0	30.8%	Jeff Hao
777	Netdragon	Buy	HKD	17.86	26.27	47%	RMB	0.78	0.89	1.12	18.1	15.9	12.6	-13.5%	Jeff Hao
354	Chinasoft	Neutral	HKD	2.27	2.00	-12%	RMB	0.10	0.12	0.15	18.0	15.0	12.0	6.1%	Jeff Hao
268	Kingdee	Neutral	HKD	2.50	1.40	-44%	RMB	0.02	0.04	0.05	99.0	49.5	39.6	10.6%	Jeff Hao
Port															
144	China Mer Hold	Neutral	HKD	27.50	26.43	-4%	HKD	1.55	1.75	2.05	17.7	15.7	13.4	-5.3%	Kate Li
1199	Cosco Pacific	Buy	HKD	11.30	12.58	11%	USD	0.26	0.13	0.14	5.6	11.2	10.4	-8.4%	Kate Li
Shipping															
368	Sinotrans Ship	Buy	HKD	2.55	2.40	-6%	USD	0.01	0.02	0.03	32.9	16.5	11.0	2.8%	Kate Li
316	Ooil	Buy	HKD	40.05	52.30	31%	USD	0.37	0.52	0.69	14.0	9.9	7.5	-11.7%	Kate Li
2866	Cscl	Neural	HKD	1.92	1.82	-5%	RMB	-0.06	0.03	0.07	N.A.	50.7	21.7	-5.4%	Kate Li
Alternative Energy															
3800	Gcl-Poly Energy	Buy	HKD	2.38	1.97	-17%	HKD	0.01	0.05	0.07	238.0	47.6	34.0	10.2%	Yin Lei
712	Comtec Solar	Buy	HKD	1.69	1.76	4%	RMB	0.05	0.11	0.16	26.8	12.2	8.4	-5.6%	Yin Lei
750	Singyes Solar	Buy	HKD	8.41	9.40	12%	RMB	0.81	0.91	1.04	8.2	7.3	6.4	2.8%	Yin Lei
2208	Goldwind	Buy	HKD	7.92	5.52	-30%	RMB	0.17	0.21	0.27	36.9	29.9	23.2	51.4%	Yin Lei
916	Longyuan Power	Neutral	HKD	8.91	8.16	-8%	RMB	0.36	0.43	0.52	19.6	16.4	13.6	10.8%	Yin Lei
1798	Datang Power	Neutral	HKD	1.57	1.99	27%	RMB	0.08	0.14	0.21	15.6	8.9	5.9	2.6%	Yin Lei
816	Huadian Fuxin	Buy	HKD	2.39	2.99	25%	RMB	0.19	0.24	0.28	10.0	7.9	6.8	3.5%	Yin Lei
579	Jingneng	Buy	HKD	3.22	3.62	12%	RMB	0.18	0.24	0.29	14.2	10.6	8.8	11.0%	Yin Lei
Food & Beverage															

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		
322	Tingyi	Buy	HKD	21.90	23.10	5%	USD	0.09	0.11	0.13	32.1	26.9	21.7	4.5%	Ling Hua
2319	Mengniu Dairy	Buy	HKD	34.10	33.26	-2%	RMB	0.85	1.10	1.48	31.8	24.6	18.3	-3.8%	Ling Hua
506	China Foods	Neutral	HKD	3.52	4.25	21%	HKD	0.17	0.22	0.27	20.7	16.0	13.0	24.4%	Ling Hua
151	Want Want China	Neutral	HKD	11.92	12.10	2%	USD	0.05	0.06	0.07	30.8	25.6	22.0	0.0%	Ling Hua
345	Vitasoy	Buy	HKD	10.00	9.00	-10%	HKD	0.31	0.35	0.48	32.3	28.6	20.8	2.0%	Ling Hua
Machinery & Equipment															
1157	Zoomlion	Buy	HKD	7.15	7.40	4%	RMB	0.79	0.96	1.04	7.2	5.9	5.5	5.9%	Jiao Yiding
631	Sany	Buy	HKD	2.24	3.40	52%	RMB	0.22	0.24	0.26	8.1	7.4	6.8	-7.8%	Jiao Yiding
Electricity															
902	Huaneng Power	Buy	HKD	8.10	11.00	36%	RMB	0.79	0.86	0.93	8.1	7.5	6.9	3.2%	Vera Liang
991	Datang Power	Buy	HKD	3.55	4.10	15%	RMB	0.40	0.42	0.52	7.0	6.7	5.4	3.8%	Vera Liang
Pharmaceuticals & Medical Devices															
2348	Dawnrays Pharma	Buy	HKD	3.84	3.20	-17%	RMB	0.18	0.14	0.17	16.9	21.7	17.9	16.4%	Jonathan Hsu
Semi and Hardware Technology															
992	Lenove	Buy	HKD	8.30	9.20	11%	USD	0.06	0.08	0.09	17.9	13.4	11.9	0.5%	Alex Ng
2382	Sunny Optical	Buy	HKD	7.51	11.00	46%	RMB	0.52	0.69	0.84	11.4	8.6	7.1	-6.9%	Alex Ng
732	Truly	Buy	HKD	4.92	7.15	45%	HKD	0.56	0.67	0.79	8.8	7.3	6.2	7.7%	Alex Ng
2018	Aac Tech	Neutral	HKD	34.25	40.00	17%	RMB	1.83	2.16	2.48	14.8	12.6	10.9	-6.6%	Alex Ng
2618	Tcl Comm	Buy	HKD	7.05	5.20	-26%	HKD	0.05	0.33	0.47	141.0	21.4	15.0	48.1%	Alex Ng
2369	China Wireless	Neutral	HKD	2.90	3.10	7%	HKD	0.20	0.24	0.30	14.5	12.1	9.7	-5.5%	Alex Ng
US Stock															
BIDU	Baidu Inc	Buy	USD	160.80	149.50	-7%	USD	4.89	7.36	9.67	32.9	21.9	16.6	4.5%	Mike Chen
SINA	Sina Corp	Buy	USD	83.60	90.70	8%	USD	-0.36	2.51	4.49	N.A.	33.3	18.6	1.6%	Mike Chen
SOHU	Sohu.Com Inc	Neutral	USD	66.96	64.20	-4%	USD	2.42	2.97	3.56	27.7	22.6	18.8	-11.7%	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	67.51	85.50	27%	USD	5.56	5.80	6.60	12.1	11.6	10.2	-5.8%	Mike Chen
QIHU	Qihoo 360	Buy	USD	82.64	94.47	14%	USD	1.16	2.00	3.68	71.2	41.3	22.5	-1.5%	Mike Chen
YOKU	Youku Tudou Inc	Neutral	USD	27.24	23.82	-13%	USD	-0.47	-0.18	0.19	N.A.	N.A.	143.4	-3.1%	Mike Chen
EDU	New Oriental Education	Buy	USD	26.21	24.50	-7%	USD	0.89	1.25	1.43	29.5	21.0	18.3	5.3%	Mike Chen
DANG	Dangdang	Neutral	USD	8.85	6.40	-28%	USD	-0.82	-0.52	-0.18	N.A.	N.A.	N.A.	-19.0%	Mike Chen
CTRP	Ctrip	Buy	USD	54.26	25.70	-53%	USD	1.15	1.48	1.76	47.2	36.7	30.8	-4.7%	Mike Chen
HMIN	Home Inns	Neutral	USD	34.84	27.40	-21%	USD	1.09	1.62	2.04	32.0	21.5	17.1	2.7%	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	121.2	-1.2	168	TSINGTAO BREW-H	63.50	0.2
2	CLP HLDGS LTD	62.40	0.0	177	JIANGSU EXPRES-H	9.76	0.5
3	HONG KG CHINA GS	18.12	-0.7	323	MAANSHAN IRON-H	1.98	1.5
4	WHARF HLDG	65.30	-0.7	338	SINOPEC SHANG-H	2.05	0.5
5	HSBC HLDGS PLC	85.45	-0.6	347	ANGANG STEEL-H	4.70	2.2
6	POWER ASSETS HOL	64.60	-1.2	358	JIANGXI COPPER-H	14.90	0.5
11	HANG SENG BK	129.0	0.2	386	CHINA PETROLEU-H	6.33	1.6
12	HENDERSON LAND D	45.95	-0.9	390	CHINA RAIL GR-H	4.38	1.2
13	HUTCHISON WHAMPO	96.60	-1.0	489	DONGFENG MOTOR-H	10.96	-1.3
16	SUN HUNG KAI PRO	101.6	-1.0	552	CHINA COMM SER-H	4.75	-2.1
17	NEW WORLD DEV	10.74	-1.5	576	ZHEJIANG EXPRESS	7.14	-0.8
19	SWIRE PACIFIC-A	89.55	-1.2	694	BEIJING CAP AI-H	5.47	-0.7
23	BANK EAST ASIA	33.55	0.9	728	CHINA TELECOM-H	4.05	-1.0
66	MTR CORP	30.05	0.2	753	AIR CHINA LTD-H	5.29	-1.7
83	SINO LAND CO	10.88	1.1	857	PETROCHINA CO-H	8.88	-1.3
101	HANG LUNG PROPER	25.55	-0.2	902	HUANENG POWER-H	8.10	-2.6
144	CHINA MERCHANT	27.50	-2.3	914	ANHUI CONCH-H	27.05	0.2
267	CITIC PACIFIC	11.04	1.1	939	CHINA CONST BA-H	6.02	-0.2
291	CHINA RES ENTERP	27.45	-0.2	991	DATANG INTL PO-H	3.55	-0.3
293	CATHAY PAC AIR	15.38	0.0	998	CHINA CITIC BK-H	4.35	0.7
330	ESPRIT HLDGS	14.24	3.2	1088	CHINA SHENHUA-H	23.60	-1.7
386	CHINA PETROLEU-H	6.33	1.6	1133	HARBIN ELECTRIC	4.87	1.0
388	HONG KONG EXCHNG	125.0	-0.8	1138	CHINA SHIPPING-H	4.39	-0.5
494	LI & FUNG LTD	10.96	-0.5	1171	YANZHOU COAL-H	8.04	-0.4
551	YUE YUEN INDUS	21.30	-0.9	1186	CHINA RAIL CN-H	8.50	1.0
688	CHINA OVERSEAS	24.00	0.6	1398	IND & COMM BK-H	5.43	-0.7
700	TENCENT HOLDINGS	423.2	-1.3	1800	CHINA COM CONS-H	6.33	2.6
762	CHINA UNICOM HON	12.24	-0.3	1898	CHINA COAL ENE-H	4.76	-1.2
857	PETROCHINA CO-H	8.88	-1.3	1919	CHINA COSCO HO-H	3.68	-1.6
883	CNOOC LTD	15.92	0.9	2318	PING AN INSURA-H	61.05	0.7
939	CHINA CONST BA-H	6.02	-0.2	2328	PICC PROPERTY &	11.88	1.0
941	CHINA MOBILE	81.40	-0.3	2600	ALUMINUM CORP-H	2.90	-3.3
1088	CHINA SHENHUA-H	23.60	-1.7	2628	CHINA LIFE INS-H	20.60	-0.5
1199	COSCO PAC LTD	11.30	-1.6	2727	SHANGHAI ELECT-H	2.74	-4.2
1398	IND & COMM BK-H	5.43	-0.7	2777	GUANGZHOU R&F -H	13.60	3.8
2038	FIH MOBILE LTD	4.37	3.3	2866	CHINA SHIPPING-H	1.92	-0.5
2318	PING AN INSURA-H	61.05	0.7	2883	CHINA OILFIELD-H	21.70	0.0
2388	BOC HONG KONG HO	25.30	-0.2	2899	ZIJIN MINING-H	1.79	0.0
2600	ALUMINUM CORP-H	2.90	-3.3	3323	CHINA NATL BDG-H	7.58	2.4
2628	CHINA LIFE INS-H	20.60	-0.5	3328	BANK OF COMMUN-H	5.67	-1.1
3328	BANK OF COMMUN-H	5.67	-1.1	3968	CHINA MERCH BK-H	15.40	0.0
3988	BANK OF CHINA-H	3.63	0.3	3988	BANK OF CHINA-H	3.63	0.3
				3993	CHINA MOLYBDENUM	3.14	0.3

A+H Company Performance
 Last price

Name(H)	Code (H)	Price (H)	Code (A)	Price (A)	Spread (%)
TIANJIN CAP-H	1065	3.14	600874	8.64	250.1
NORTHEAST ELEC-H	42	0.90	000585	2.42	242.1
BEIREN PRINT-H	187	3.07	600860	8.23	241.1
SHENJI GROUP-H	300	1.94	600806	4.59	201.0
CHONGQING IRON-H	1053	1.10	601005	2.55	195.0
SHANDONG XINHU-H	719	2.01	000756	4.55	188.0
NANJING PANDA-H	553	3.61	600775	7.59	167.5
SINOPEC SHANG-H	338	2.05	600688	4.21	161.3
SINOPEC YIZHEN-H	1033	2.15	600871	4.34	156.8
JINGWEI TEXTIL-H	350	5.11	000666	8.58	113.6
BEIJING NORTH-H	588	1.74	601588	2.90	112.1
ALUMINUM CORP-H	2600	2.90	601600	4.18	83.4
HISENSE KELON -H	921	7.28	000921	9.86	72.3
DATANG INTL PO-H	991	3.55	601991	4.48	60.6
YANZHOU COAL-H	1171	8.04	600188	10.12	60.2
GUANGZHOU BAIYUN	874	28.10	600332	30.82	39.6
SHENZHEN EXPRE-H	548	3.26	600548	3.48	35.8
JIANGXI COPPER-H	358	14.90	600362	15.06	28.6
GUANGZHOU SHIP-H	317	11.44	600685	11.13	23.8
CHINA SHIPPING-H	1138	4.39	600026	4.25	23.2
CHINA SOUTHERN-H	1055	2.86	600029	2.75	22.3
DONGFANG ELECT-H	1072	12.48	600875	11.56	17.9
ANHUI EXPRESS-H	995	4.35	600012	3.99	16.7
HUADIAN POWER-H	1071	3.60	600027	3.28	15.9
CHINA CITIC BK-H	998	4.35	601998	3.93	15.0
ZTE CORP-H	763	16.90	000063	15.18	14.3
MAANSHAN IRON-H	323	1.98	600808	1.76	13.1
LUOYANG GLASS-H	1108	1.40	600876	4.88	0.0
BANK OF CHINA-H	3988	3.63	601988	2.82	-1.2
AIR CHINA LTD-H	753	5.29	601111	3.94	-5.2
BANK OF COMMUN-H	3328	5.67	601328	4.19	-6.0
GUANGSHEN RAIL-H	525	4.13	601333	2.99	-7.9
TSINGTAO BREW-H	168	63.50	600600	45.49	-8.9
CHINA PETROLEU-H	386	6.33	600028	4.51	-9.4
HUANENG POWER-H	902	8.10	600011	5.77	-9.4
IND & COMM BK-H	1398	5.43	601398	3.82	-10.5
CHINA MERCH BK-H	3968	15.40	600036	10.74	-11.3
CHINA LIFE INS-H	2628	20.60	601628	14.02	-13.4
ANGANG STEEL-H	347	4.70	000898	3.02	-18.3
WEICHAJ POWER-H	2338	31.05	000338	19.05	-21.9
PING AN INSURA-H	2318	61.05	601318	36.82	-23.3
JIANGSU EXPRES-H	177	9.76	600377	5.82	-24.1
ANHUI CONCH-H	914	27.05	600585	15.43	-27.4

Recently Published Research

Date published	Name of report	Analyst
31-Oct-13	PetroChina (00857.HK)	Michael Yuk
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30-Oct-13	Huadian Power (1071 HK)	Vera Liang
30-Oct-13	Report on capital flow to Europe	Lynn Song, Cliff Zhao, David Xie
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29-Oct-13	CNOOC (00883.HK)	Michael Yuk
29-Oct-13	China Coal Energy (1898.HK)	Li Xiang
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24-Sep-13	Comment on German elections	Lynn Song, Cliff Zhao, David Xie

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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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