

Research Highlights

1. Huadian Power(1071.HK)-High sensitivity to coal price leads to short-term outperformance

[Vera Liang] Huadian Power's net profit attributable to shareholders increased by 603.65% YoY, benefiting from its high sensitivity to coal prices. Despite significantly improved financial status, its profitability is still weaker than its peers. Given the trend of coal price rebound, we believe its profitability will be difficult to improve continuously. Taking into account the decline of Huadian's coal purchase price, we revise the standard coal price decline estimate from 13% to 15%. We revise up 2013-2015E EPS by 12-15% to RMB0.46/0.45/0.55 accordingly. Based on 0.8x 2014E P/B, we maintain 12-month TP of HK\$3.8 and reiterate our Neutral rating on Huadian.

1-3Q 2013 net profit increased significantly. Thanks to the hot weather and power contribution by new production units, Huadian's power generation capacity in the first three quarters grew by 11.7% YoY, and revenue increased by 13.99% YoY to RMB49.3 billion accordingly. Coal purchase price decreased by 17% YoY. As a result, net profit attributable to shareholders surged to RMB2.92billion, up 603.65% YoY. EPS was RMB0.397, 5% higher than market consensus.

Profitability improved but lower than peers'. In 1-3Q 2013, Huadian's gross margin reached 22.9%, up 8.4 pct.YoY, lower than Huaneng/Datang's 24.0%/27.7%. Net margin rose by 6.6 pct. to 8.2%, lower than Huaneng/Datang's 11.2%/10.1%. ROE reached 14.2%, up 1.8 pct, compared with 15.8% and 8.6% for Huaneng and Datang.

Actively optimizing debt structure. The company intends to issue 1.15 billion new A shares with RMB3.12/share to China Huadian. The issuance will raise RMB3.588 billion once it is approved by the shareholders and relevant regulatory authorities. Huadian's current debt-to-asset ratio is 81.3%, down 1.9 pct. from the beginning of the year. The issuance will help to reduce the company's debt-to-asset ratio by 2 pct. to 79.3%. However, the ratio will be still higher than the current level of 71.8% and 77.9% for Huaneng and Datang.

Coal prices rebound. Bohai thermal coal prices index rose consecutively for three weeks. On Oct. 30th, the index rose by RMB4 to RMB537/ton. If coal price rebound continues, the advantage of Huadian's high coal-price sensitivity will be a disadvantage. We are concerned about the company's weaker profitability. We estimate Huadian's 2014E gross margin/ net margin will decrease to 17.6%/4.9% from 19.3%/5.5% in 2013E, and 2014E ROE/ROIC will fall from 14.9%/8% in 2013E to 12.6%/7.5%.

2. Zoomlion Heavy (1157 HK) - The outlook is mixed, downgrade to "Neutral"

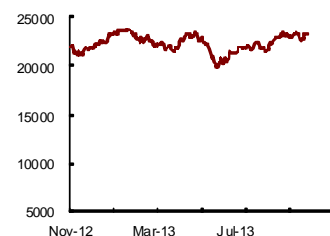
[Jiao Yiding] Zoomlion's 3Q revenue is RMB8.732 billion, down 12.58% YoY; 3Q gross margin is 29.77%, representing a decrease of 5.79 percentage points. Turnover and gross margin are lower than our expectations. The recovery of concrete and lifting machinery sales is slow. Gross margin has declined due to changes in product mix, but financial uncertainty is eased gradually. The negatives and positives are roughly balanced. Therefore, we maintain our previous target price of HK\$7.20, corresponding to 9.48x/8.25x 2013/14E EPS. Since there is only 3% upside left for the stock price, we change the rating from BUY to

HK Indices	Last price	chg	% chg
HSI	23,249.79	43.42	0.19
Finance	32,405.28	76.34	0.24
Properties	30,163.55	169.1	0.56
Utilities	50,060.25	-0.31	0.00
Commerce&Industrv	13,603.99	7.66	0.06
HSCEI	10,678.69	51.67	0.49
HSCCI	4,536.50	-14.45	-0.32
HKSPGEM	468.03	3.08	0.66

World Indices	Last price	chg	% chg
FTSE 100	6,734.74	3.31	0.05
DAX 30	9,007.83	-26.09	-0.29
CAC 40	4,273.19	-26.70	-0.62
DJIA	15,615.55	69.80	0.45
S&P500	1,761.64	5.10	0.29
Nasdaq Composite	3,922.04	2.34	0.06
Nikkei 225	14,201.57	-126.37	-0.88

Asia-Pacific Indices	Last price	chg	% chg
KOSPI	2,039.42	9.33	0.46
TWSE	8,388.18	-61.88	-0.73
STI	3,201.20	-9.47	-0.29
India BSE 30	21,239.36	42.55	0.20
S&P/ASX 200	5,427.80	15.18	0.28

HSI One Year



HSCEI One Year



Source: Bloomberg

China Merchants Securities (HK)

Research

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NEUTRAL.

The YoY declines of both revenue and EPS continue to narrow. Zoomlion's 3Q revenue is down 12.85% YoY, and YTD revenue is down 26.11%. 3Q EPS is RMB0.11, down 35.29% YoY, and YTD EPS is down 45.56%. The results are lower than our expectation, but still better than that of major competitors. Market share recorded a small increase. The sluggish concrete and lifting machinery sales have dragged the revenue. We believe sales will be flat or rise slightly in the next year.

Gross profit margin declined due to changes in product mix. Zoomlion's 3Q gross margin is 29.77%, down 0.85 percentage point from 2Q, and down 5.79 percentage points from last year. The reasons are: A) lower proportion of high margin concrete equipment, such as pump truck, in the product mix B) lower proportion of high margin financial leasing business.

Account receivable is in line with our expectation: "worst at the end of the year, begin to improve in the next year". The overdue rate of financial leasing rose slightly, but overdue rate of installment started to fall. Zoomlion has been able to keep its prudent sales policies. The proportions of both full payment and installment sales have increased by 5 percentage points, and the proportion of financial leasing has declined by 10 percentage points.

3. TCL Communication (2618 HK)-Solid smartphone momentum has just begun; raise TP to HK\$8.52

[Alex Ng] Following our NDR with mgmt this week, we stick to our positive view on TCL Comm's growth outlook, given its strong shipment momentum, continued GM/ASP expansion, expanding global sales network and well-planned product pipeline, including 4G-LTE models. We believe the stock is the best proxy for emerging market smartphones amid product commodization. We raise our 2013-15E EPS by 507%/132%/102% for 3Q results, better ASP/GM and higher smartphone volumes. We reiterate BUY rating with new TP of HK\$8.52, implying 11.2x 14E P/E.

1) Impressive margin expansion and operating leverage in 3Q Stronger gross margins due to improving mix and cost optimization, as well as scaling benefits helped to support better-than-expected profitability improvement in 3Q. We expect both GM and net profit in 4Q to reach pre-transition level in 4Q11-1Q12. We lift our 2013-15E smartphone shipment forecast to 17mn/33mn/46mn and gross margin to 19.0%/20.1%/20.5% for 3Q results and stronger shipment volume.

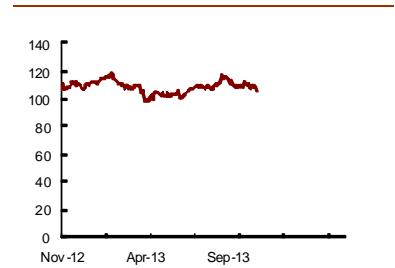
2) Key beneficiary of smartphone commodization. We expect TCL Comm's strong smartphone momentum in 3Q to continue into 2014, supported by recent launches of mid-end flagship smartphones (IdolX / Hero) and 4G-LTE product pipeline in 2014. Given its extensive overseas network, strong brand equity and narrowing hardware gap with global high-end brands, we believe TCL Comm will be the key Chinese brand to benefit from low-end volume ramp in emerging markets and replacement demand in developed market.

3) Stronger products, enhanced scale, and solid execution. By focusing on fast-fashion product strategy targeting mass market, TCL Comm is winning consumers globally, especially in emerging markets with huge upgrade demand and low smartphone penetration. We believe the new world-class production base in Huizhou and high R&D commitment could improve time-to-market and operational efficiency, accelerating share gains from global peers like Nokia, Sony and LG.

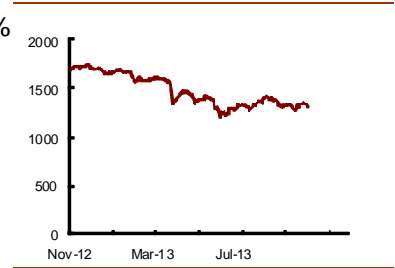
Global Commodity	Last price	chg	% chg
Brent Oil	105.46	-0.24	-0.23
Gold	1,313.7	-2.08	-0.16
LME Aluminum	1,843.0	-16.00	-0.86
LME Copper	7,245.0	-4.00	-0.06
BDI	1,525.0	21.00	1.40
API Coal	82.10	-0.15	-0.18

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		1.35	0.02	0.01
3-M Libor		0.52	0.00	0.00
3-M Shibor		4.69	0.00	0.00
10 YR US T-Note Yield		2.62	0.00	0.00

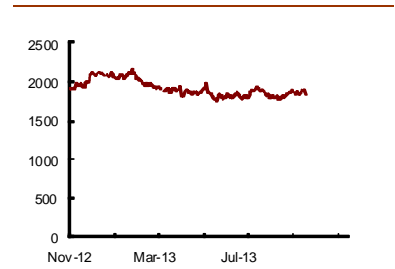
Brent Oil One Year



Gold Commodity One Year



LME Aluminum Commodity One Year



Source: Bloomberg

4) Promising earnings growth outlook; lift TP to HK\$8.52. We raise our 2013-15E EPS forecast by 507%/132%/102% to reflect higher volume, rising ASP and improving margins. Despite 86% rally since our initiation two month ago, we think current valuation (8.7x 14E PE) is still attractive, given its promising growth prospect and strengthening market position. We reiterate our BUY rating with new TP of HK\$8.52, based on peers average of 11.2x 14E PE. Catalysts include new product releases and monthly shipment data. Downside risks include component shortage and delayed 4G product launches.

Macro Monitor

1. Eurozone week in review

Last week's Eurozone data releases were in line with our expectations. October Eurozone economic confidence continued to improve for the 6th consecutive month, rising to 97.8 from 96.9. October's level marked a 26 month high. However, we must emphasize that though this data and the PMI show improvement over the past several months, the actual values are still not high and the recovery will remain fragile and moderate.

Spain published its 3Q13 GDP results, and the data showed the first QoQ expansion since 2Q11, rising 0.1% QoQ from -0.1 QoQ in 2Q13. The growth remained negative on a YoY basis, registering at -1.2% YoY. The third quarter GDP was a formal indicator of Spain's 2 year recession ending, and is in line with our expectations of improving macroeconomic fundamentals in Spain. The main reasons behind the economic recovery are improving external demand and successful fiscal consolidation efforts.

Although Italy did not release the actual growth data yet, the head of their statistics bureau Istat confirmed that the 3Q13 GDP would remain negative. The first estimates for Italy's 3Q13 GDP will be released on November 14. We expect Italy's growth to remain around 0% in 4Q13 and early 2014.

Germany's data continued to confirm our view of a moderation of growth. September retail sales contracted at -0.4% MoM, dramatically lower than consensus forecasts of 0.4% MoM and down from August's 0.2% MoM (revised down). Germany's consumption was an unexpectedly strong driver of the economy in 2Q13, and the September retail sales data further supports our view of slowing growth in 3Q13.

Regarding October inflation, data released last week continued to show inflation remaining at low levels. The Eurozone CPI fell to 0.7% YoY from 1.1% YoY, as most constituent countries showed declining inflation. Germany's CPI registered at 1.2% YoY, down slightly from 1.4% YoY in September, primarily reflecting falling energy costs. Spain's CPI fell -0.1% YoY, down from 0.3% YoY in September, while Italy's fell to 0.7% YoY from 0.9% YoY.

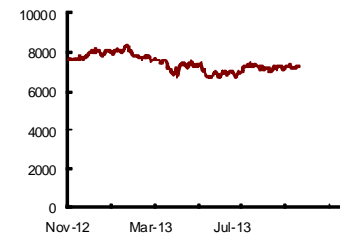
Macroeconomic indicators out this week include the composite PMI data, Germany's manufacturers' orders, IP, and trade data, and the ECB monetary policy announcement. **(Lynn Song)**

A-share Research Highlights (CMS Research Center)

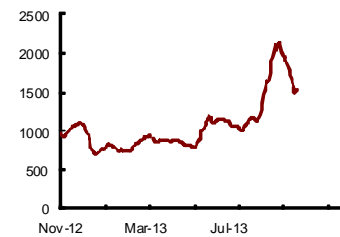
1. Comment on Oct. China official PMI – output expands at faster pace, indicating stable economic trend

[Xie Yaxuan, Zhao Wenli, Zhang Yiping and Yan Ling, Nov. 1, 2013]
Event: On Nov. 1, 2013, China Federation of Logistics & Purchasing

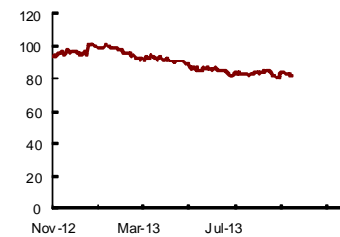
LME Copper Commodity One Year



BDI One Year



API Coal One Year



Source: Bloomberg

(CFLP) released its October manufacturing Purchasing Managers' Index (PMI) at 51.4%, up 0.3% from September.

Comment: (1) Manufacturing activities continued to expand at a faster pace. The supply side was the major driver of PMI expansion in October, with the output index at 54.4%, up 1.5% from September. It is notable that the production expectation index fell 0.9% from September, the second consecutive monthly decline, indicating that manufacturers became more cautious about the economic prospect. The continued rise of the official PMI in October showed a stable economic trend ahead of the end of 2013. However, manufacturers became more cautious about the future given the lack of endogenous growth momentum. This problem can only be solved through economic restructuring. The market is focusing on the Third Plenum of the 18th CPC Central Committee to be held in Nov. 9-12.

(2) The demand side was again weaker than the supply side, implying an oversupply problem. The new orders and new export orders indices expanded at a slower pace in October. The new orders index was 52.5%, and the new export orders index was 50.4%, both 0.3% lower than in September. This could mean slower production and worse inventory situation in the coming months. However, the October finished goods inventory index plummeted 1.8% to 45.6%, the lowest level in two years. On the other hand, the purchase index rose 0.2% MoM to 52.7% and the raw materials inventory index rose 0.1% MoM to 48.6% as production activities expanded.

(3) The employment index rose 0.1% MoM to 49.2%. The PMI indices for large and medium-sized enterprises were both above the 50% borderline, indicating accelerating expansion. But the PMI index for small enterprises fell 0.3% MoM to 48.5%, contracting at a faster pace. This shows that recent pro-growth policies had a smaller direct positive influence on small enterprises than on large and medium-sized ones. But small enterprises absorb much labor force. Dragged by small enterprises, the October employment situation only improved very modestly from September. The employment situation can still be used as an effective indicator for China's macro control policy direction.

(4) The output index of the CFLP PMI expanded at a surprisingly fast pace to the highest level since the beginning of 2013. The acceleration of manufacturing expansion is conducive to the stabilization of short-term economic growth, but without corresponding expansion on the demand side, that could break the market equilibrium, and exacerbate the excessive production capacity problem again. Therefore, economic restructuring amid overcapacities is crucial for China's sustainable and stable economic growth in the medium-to-long term. The No. 1 priority of structural reforms after the Third Plenum will be the elimination of outdated or excessive production capacities.

What to Watch

Economic Data	HK: Nil		
	US: Nil		
Date	Ticker	Stock Name	Earnings
2013/11/04	02018	AAC TECH	3rd Quarter
2013/11/04	08031	ETS GROUP	3rd Quarter

China Merchants Securities (Hong Kong) Stock Pool Update Weekly
 2013-11-4

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	10.72	14.03	31%	RMB	0.55	0.62	0.69	15.4	13.7	12.4	-8.4%	Ivy Zhao
1368	Xtep	Neutral	HKD	3.91	4.00	2%	RMB	0.27	0.27	0.29	11.5	11.5	10.7	5.7%	Ivy Zhao
2020	Anta Sports	Neutral	HKD	11.46	11.06	-3%	RMB	0.49	0.53	0.57	18.7	17.2	16.0	14.4%	Ivy Zhao
1361	361 Degrees	Neutral	HKD	2.20	1.52	-31%	RMB	0.22	0.20	0.20	8.1	8.6	8.6	15.2%	Ivy Zhao
1968	Peak Sport	Neutral	HKD	1.82	1.48	-19%	RMB	0.16	0.17	0.19	9.1	8.4	7.4	-2.7%	Ivy Zhao
2331	Li Ning	Buy	HKD	7.43	5.20	-30%	RMB	-0.10	0.18	0.20	N.A.	33.5	29.6	24.0%	Ivy Zhao
3818	China Dongxiang	Buy	HKD	1.22	1.47	20%	RMB	0.04	0.04	0.05	26.2	23.1	20.6	1.7%	Ivy Zhao
953	Meike	Neutral	HKD	0.56	0.30	-46%	RMB	0.04	0.05	0.06	12.3	9.7	8.1	43.6%	Ivy Zhao
1234	China Lilang	Buy	HKD	5.02	5.25	5%	RMB	0.41	0.41	0.47	9.7	9.7	8.5	12.1%	Ivy Zhao
891	Trinity	Buy	HKD	3.01	4.63	54%	RMB	0.21	0.25	0.30	11.4	9.6	8.0	15.8%	Ivy Zhao
873	C Taifeng Bed	Buy	HKD	1.73	2.86	65%	RMB	0.52	0.65	0.80	2.6	2.1	1.7	3.6%	Ivy Zhao
Metals & Mining															
1818	Zhaojin Mining	Neutral	HKD	6.23	6.00	-4%	RMB	0.43	0.38	0.34	11.5	13.0	14.5	-10.0%	Li Xiang
2899	Zijin Mining	Neutral	HKD	1.79	1.69	-6%	RMB	0.14	0.15	0.12	10.2	9.5	11.8	-4.8%	Li Xiang
358	Jiangxi Copper	Buy	HKD	14.82	15.20	3%	RMB	1.02	1.05	0.85	11.5	11.2	13.8	-4.0%	Li Xiang
3993	Cmcc	Neutral	HKD	3.18	3.10	-3%	RMB	0.19	0.20	0.21	13.1	12.9	12.2	4.3%	Li Xiang
2600	Chalco	Sell	HKD	2.84	1.60	-44%	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	15.42	25.10	63%	RMB	1.88	2.11	2.22	6.5	5.8	5.5	9.8%	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	23.55	36.40	55%	RMB	2.44	2.90	3.07	7.7	6.4	6.1	-2.1%	Li Xiang
1898	China Coal	Neutral	HKD	4.84	5.00	3%	RMB	0.47	0.43	0.42	8.2	8.9	9.1	2.5%	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	13.0%	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	-3.6%	Colleen Li
175	Geely Auto	Buy	HKD	3.88	5.04	30%	RMB	0.32	0.36	0.38	9.6	8.6	8.1	-3.0%	Colleen Li
2333	Greatwall Motor	Neutral	HKD	45.25	38.62	-15%	RMB	2.78	3.41	3.74	12.9	10.5	9.6	6.9%	Colleen Li
1114	Brilliance Chi	Buy	HKD	13.16	12.00	-9%	RMB	0.71	0.80	0.89	14.7	13.1	11.7	10.2%	Colleen Li
425	Mint Group	Buy	HKD	16.50	13.20	-20%	RMB	0.78	0.87	0.97	16.8	15.1	13.5	6.9%	Colleen Li
1728	Zhengtong Auto	Buy	HKD	5.44	5.85	8%	RMB	0.55	0.81	1.11	7.9	5.3	3.9	8.6%	Colleen Li
881	Zhongsheng Hldg	Neutral	HKD	12.38	10.30	-17%	RMB	0.58	0.71	0.99	16.9	13.8	9.9	0.8%	Colleen Li
Oil & Gas															
857	Petro China	Buy	HKD	8.82	10.55	20%	RMB	0.71	0.74	0.78	9.9	9.5	9.0	1.3%	Michael Yuk
386	Sinopec Corp	Buy	HKD	6.36	7.20	13%	RMB	0.68	0.70	0.73	7.4	7.2	6.9	2.8%	Michael Yuk
883	Cnooc	Buy	HKD	15.78	17.00	8%	RMB	1.44	1.56	1.69	8.7	8.0	7.4	-1.3%	Michael Yuk
603	China Oil & Gas	Neutral	HKD	1.21	1.45	20%	HKD	0.09	0.12	0.15	13.4	10.1	8.1	10.0%	Michael Yuk
342	Newocean Energy	Buy	HKD	4.69	5.30	13%	HKD	0.55	0.63	0.79	8.5	7.4	5.9	-10.7%	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	10.56	10.00	-5%	RMB	0.49	0.60	0.72	17.1	14.0	11.6	1.5%	Michael Yuk
569	Ch Automation	Buy	HKD	1.65	2.50	52%	RMB	0.26	0.29	0.33	5.0	4.5	4.0	6.5%	Michael Yuk
3337	Anton Oilfield	Buy	HKD	4.69	4.75	1%	RMB	0.19	0.23	0.28	19.6	16.2	13.3	-10.2%	Michael Yuk
1938	Chu Kong Pipe	Buy	HKD	2.87	2.26	-21%	RMB	0.11	0.40	0.55	20.7	5.7	4.1	13.0%	Michael Yuk
2883	China Oilfield	Buy	HKD	22.55	18.00	-20%	RMB	1.29	1.45	1.66	13.9	12.3	10.8	15.5%	Michael Yuk

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								2013E	2014E	2015E	2013E	2014E	2015E		
3303	Jutal Oil Ser	Buy	HKD	1.49	2.40	61%	RMB	0.13	0.17	0.15	9.1	7.0	7.9	-6.9%	Michael Yuk
1623	Hilong	Buy	HKD	5.27	5.10	-3%	RMB	0.16	0.28	0.29	25.5	15.0	14.5	14.8%	Michael Yuk
Property															
688	China Overseas	Buy	HKD	23.80	22.56	-5%	HKD	2.29	2.30	2.68	10.4	10.4	8.9	3.3%	DuanFeiqin
410	Soho China	Neutral	HKD	6.85	6.42	-6%	HKD	2.37	2.13	1.96	2.9	3.2	3.5	1.9%	DuanFeiqin
813	Shimao Property	Neutral	HKD	19.10	16.70	-13%	HKD	2.07	2.19	2.46	9.2	8.7	7.8	6.5%	DuanFeiqin
1109	China Res Land	Buy	HKD	22.70	23.80	5%	HKD	1.81	1.91	2.20	12.5	11.9	10.3	2.5%	DuanFeiqin
2777	R&F Properties	Buy	HKD	13.36	13.90	4%	HKD	2.15	2.23	2.45	6.2	6.0	5.5	9.9%	DuanFeiqin
2007	Country Garden	Neutral	HKD	5.35	4.68	-13%	HKD	0.48	0.53	0.60	11.3	10.1	8.9	7.7%	DuanFeiqin
3383	Agile Property	Neutral	HKD	9.24	10.10	9%	HKD	1.81	1.98	2.02	5.1	4.7	4.6	7.9%	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	12.70	13.23	4%	HKD	1.50	1.65	1.81	8.5	7.7	7.0	1.0%	DuanFeiqin
1813	Kwg Property	Neutral	HKD	4.91	5.05	3%	HKD	1.02	1.10	1.18	4.8	4.5	4.2	-1.0%	DuanFeiqin
3366	Oct (Asia)	Buy	HKD	3.57	3.50	-2%	HKD	0.43	0.54	0.64	8.3	6.6	5.6	-8.0%	DuanFeiqin
3900	Greentown China	Buy	HKD	15.02	18.80	25%	HKD	3.17	3.33	3.49	4.7	4.5	4.3	3.3%	DuanFeiqin
754	Hopson Dev Hold	Buy	HKD	9.39	12.20	30%	HKD	1.72	1.98	2.22	5.5	4.8	4.2	-2.2%	DuanFeiqin
1918	Sunac	Buy	HKD	5.54	6.66	20%	HKD	1.07	1.26	1.41	5.2	4.4	3.9	11.7%	DuanFeiqin
Consumer Discretionary															
1833	Intime	Buy	HKD	9.37	10.50	12%	RMB	0.54	0.64	0.75	13.8	11.6	9.9	10.5%	Gloria Wang
1700	Springland	Neutral	HKD	4.28	4.50	5%	RMB	0.29	0.33	0.37	11.7	10.3	9.2	1.2%	Gloria Wang
Telecommunication															
941	China Mobile	Neutral	HKD	81.00	80.00	-1%	RMB	6.52	6.58	6.79	9.9	9.8	9.5	-8.1%	Jeff Hao
762	China Unicom	Buy	HKD	12.12	14.00	16%	RMB	0.44	0.54	0.63	21.9	17.8	15.3	0.0%	Jeff Hao
728	China Telecom	Buy	HKD	4.06	4.80	18%	RMB	0.25	0.29	0.33	12.9	11.1	9.8	3.1%	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	422.60	401.00	-5%	RMB	8.61	11.35	15.08	39.0	29.5	22.2	1.2%	Jeff Hao
3888	Kingsoft	Buy	HKD	19.52	24.37	25%	RMB	0.50	0.66	0.83	31.0	23.5	18.7	2.9%	Jeff Hao
1661	Wisdom	Buy	HKD	3.28	2.90	-12%	RMB	0.13	0.20	0.25	20.0	13.0	10.4	36.7%	Jeff Hao
777	Netdragon	Buy	HKD	17.92	26.27	47%	RMB	0.78	0.89	1.12	18.2	16.0	12.7	-13.2%	Jeff Hao
354	Chinasoft	Neutral	HKD	2.26	2.00	-12%	RMB	0.10	0.12	0.15	17.9	14.9	12.0	5.6%	Jeff Hao
268	Kingdee	Neutral	HKD	2.50	1.40	-44%	RMB	0.02	0.04	0.05	99.2	49.6	39.7	10.6%	Jeff Hao
Port															
144	China Mer Hold	Neutral	HKD	27.65	26.43	-4%	HKD	1.55	1.75	2.05	17.8	15.8	13.5	-4.8%	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	-7.6%	Kate Li
Shipping															
368	Sinotrans Ship	Buy	HKD	2.61	2.40	-8%	USD	0.01	0.02	0.03	33.7	16.8	11.2	5.2%	Kate Li
316	Ooil	Buy	HKD	39.85	51.00	28%	USD	0.17	0.23	0.41	30.2	22.4	12.5	-12.1%	Kate Li
2866	Cscl	Neural	HKD	1.93	1.82	-6%	RMB	-0.06	0.03	0.07	N.A.	51.1	21.9	-4.9%	Kate Li
Alternative Energy															
3800	Gcl-Poly Energy	Buy	HKD	2.32	1.97	-15%	HKD	0.01	0.05	0.07	232.0	46.4	33.1	7.4%	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	8.57	9.40	10%	RMB	0.81	0.91	1.04	8.4	7.5	6.5	4.8%	Yin Lei
2208	Goldwind	Buy	HKD	7.41	5.52	-26%	RMB	0.17	0.21	0.27	34.6	28.0	21.8	41.7%	Yin Lei
916	Longyuan Power	Neutral	HKD	9.00	8.16	-9%	RMB	0.36	0.43	0.52	19.8	16.6	13.7	11.9%	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	2.38	2.99	26%	RMB	0.19	0.24	0.28	9.9	7.9	6.7	3.0%	Yin Lei
579	Jingneng	Buy	HKD	3.19	3.62	13%	RMB	0.18	0.24	0.29	14.1	10.6	8.7	10.0%	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	23.30	23.10	-1%	USD	0.09	0.11	0.13	34.2	28.6	23.1	11.2%	Ling Hua
2319	Mengniu Dairy	Buy	HKD	33.70	33.26	-1%	RMB	0.85	1.10	1.48	31.5	24.3	18.1	-4.9%	Ling Hua
506	China Foods	Neutral	HKD	3.60	4.25	18%	HKD	0.17	0.22	0.27	21.2	16.4	13.3	27.2%	Ling Hua
151	Want Want China	Neutral	HKD	12.00	12.10	1%	USD	0.05	0.06	0.07	31.0	25.8	22.1	0.7%	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	7.16	7.40	3%	RMB	0.79	0.96	1.04	7.2	5.9	5.5	6.1%	Jiao Yiding
631	Sany	Buy	HKD	2.25	3.40	51%	RMB	0.22	0.24	0.26	8.1	7.4	6.9	-7.4%	Jiao Yiding
Electricity															
902	Huaneng Power	Buy	HKD	8.27	11.00	33%	RMB	0.79	0.86	0.93	8.3	7.6	7.1	5.4%	Vera Liang
991	Datang Power	Buy	HKD	3.59	4.10	14%	RMB	0.40	0.42	0.52	7.1	6.8	5.5	5.0%	Vera Liang
Pharmaceuticals & Medical Devices															
2348	Dawnrays Pharma	Buy	HKD	3.77	3.20	-15%	RMB	0.18	0.14	0.17	16.6	21.4	17.6	14.2%	Jonathan Hsu
Semi and Hardware Technology															
992	Lenove	Buy	HKD	8.44	9.20	9%	USD	0.06	0.08	0.09	18.2	13.6	12.1	2.2%	Alex Ng
2382	Sunny Optical	Buy	HKD	7.49	11.00	47%	RMB	0.52	0.69	0.84	11.4	8.6	7.1	-7.2%	Alex Ng
732	Truly	Buy	HKD	4.95	7.15	44%	HKD	0.56	0.67	0.79	8.8	7.4	6.3	8.3%	Alex Ng
2018	Aac Tech	Neutral	HKD	35.35	40.00	13%	RMB	1.83	2.16	2.48	15.3	13.0	11.3	-3.6%	Alex Ng
2618	Tcl Comm	Buy	HKD	7.34	5.20	-29%	HKD	0.05	0.33	0.47	146.8	22.2	15.6	54.2%	Alex Ng
2369	China Wireless	Neutral	HKD	2.84	3.10	9%	HKD	0.20	0.24	0.30	14.2	11.8	9.5	-7.5%	Alex Ng
US Stock															
BIDU	Baidu Inc	Buy	USD	160.06	149.50	-7%	USD	4.89	7.36	9.67	32.7	21.8	16.6	4.0%	Mike Chen
SINA	Sina Corp	Buy	USD	82.34	90.70	10%	USD	-0.36	2.51	4.49	N.A.	32.8	18.3	0.1%	Mike Chen
SOHU	Sohu.Com Inc	Neutral	USD	66.47	61.40	-8%	USD	1.48	2.44	3.28	44.9	27.2	20.3	-12.3%	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	67.10	85.50	27%	USD	5.56	5.80	6.60	12.1	11.6	10.2	-6.4%	Mike Chen
QIHU	Qihoo 360	Buy	USD	86.46	94.47	9%	USD	1.16	2.00	3.68	74.5	43.2	23.5	3.0%	Mike Chen
YOKU	Youku Tudou Inc	Neutral	USD	27.09	23.82	-12%	USD	-0.47	-0.18	0.19	N.A.	N.A.	142.6	-3.7%	Mike Chen
EDU	New Oriental Education	Buy	USD	26.66	24.50	-8%	USD	0.89	1.25	1.43	30.0	21.3	18.6	7.1%	Mike Chen
DANG	Dangdang	Neutral	USD	8.68	6.40	-26%	USD	-0.82	-0.52	-0.18	N.A.	N.A.	N.A.	-20.6%	Mike Chen
CTRP	Ctrip	Buy	USD	54.93	25.70	-53%	USD	1.15	1.48	1.76	47.8	37.1	31.2	-3.5%	Mike Chen
HMIN	Home Inns	Neutral	USD	35.64	27.40	-23%	USD	1.09	1.62	2.04	32.7	22.0	17.5	5.1%	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	122.4	1.0	168	TSINGTAO BREW-H	63.05	-0.7
2	CLP HLDGS LTD	62.50	0.2	177	JIANGSU EXPRES-H	9.55	-2.2
3	HONG KG CHINA GS	18.20	0.4	323	MAANSHAN IRON-H	1.99	0.5
4	WHARF HLDG	65.70	0.6	338	SINOPEC SHANG-H	2.05	0.0
5	HSBC HLDGS PLC	85.40	-0.1	347	ANGANG STEEL-H	4.66	-0.9
6	POWER ASSETS HOL	64.20	-0.6	358	JIANGXI COPPER-H	14.82	-0.5
11	HANG SENG BK	128.5	-0.4	386	CHINA PETROLEU-H	6.36	0.5
12	HENDERSON LAND D	46.45	1.1	390	CHINA RAIL GR-H	4.36	-0.5
13	HUTCHISON WHAMPO	97.35	0.8	489	DONGFENG MOTOR-H	11.42	4.2
16	SUN HUNG KAI PRO	102.3	0.7	552	CHINA COMM SER-H	4.73	-0.4
17	NEW WORLD DEV	10.72	-0.2	576	ZHEJIANG EXPRESS	7.10	-0.6
19	SWIRE PACIFIC-A	89.80	0.3	694	BEIJING CAP AI-H	5.56	1.7
23	BANK EAST ASIA	33.40	-0.5	728	CHINA TELECOM-H	4.06	0.3
66	MTR CORP	29.95	-0.3	753	AIR CHINA LTD-H	5.34	1.0
83	SINO LAND CO	10.94	0.6	857	PETROCHINA CO-H	8.82	-0.7
101	HANG LUNG PROPER	25.80	1.0	902	HUANENG POWER-H	8.27	2.1
144	CHINA MERCHANT	27.65	0.6	914	ANHUI CONCH-H	26.95	-0.4
267	CITIC PACIFIC	10.70	-3.1	939	CHINA CONST BA-H	6.05	0.5
291	CHINA RES ENTERP	27.20	-0.9	991	DATANG INTL PO-H	3.59	1.1
293	CATHAY PAC AIR	15.50	0.8	998	CHINA CITIC BK-H	4.37	0.5
330	ESPRIT HLDGS	14.16	-0.6	1088	CHINA SHENHUA-H	23.55	-0.2
386	CHINA PETROLEU-H	6.36	0.5	1133	HARBIN ELECTRIC	4.91	0.8
388	HONG KONG EXCHNG	125.4	0.3	1138	CHINA SHIPPING-H	4.46	1.6
494	LI & FUNG LTD	10.92	-0.4	1171	YANZHOU COAL-H	8.05	0.1
551	YUE YUEN INDUS	20.95	-1.6	1186	CHINA RAIL CN-H	8.40	-1.2
688	CHINA OVERSEAS	23.80	-0.8	1398	IND & COMM BK-H	5.42	-0.2
700	TENCENT HOLDINGS	422.6	-0.1	1800	CHINA COM CONS-H	6.33	0.0
762	CHINA UNICOM HON	12.12	-1.0	1898	CHINA COAL ENE-H	4.84	1.7
857	PETROCHINA CO-H	8.82	-0.7	1919	CHINA COSCO HO-H	3.73	1.4
883	CNOOC LTD	15.78	-0.9	2318	PING AN INSURA-H	61.50	0.7
939	CHINA CONST BA-H	6.05	0.5	2328	PICC PROPERTY &	11.88	0.0
941	CHINA MOBILE	81.00	-0.5	2600	ALUMINUM CORP-H	2.84	-2.1
1088	CHINA SHENHUA-H	23.55	-0.2	2628	CHINA LIFE INS-H	20.95	1.7
1199	COSCO PAC LTD	11.40	0.9	2727	SHANGHAI ELECT-H	2.72	-0.7
1398	IND & COMM BK-H	5.42	-0.2	2777	GUANGZHOU R&F -H	13.36	-1.8
2038	FIH MOBILE LTD	4.24	-3.0	2866	CHINA SHIPPING-H	1.93	0.5
2318	PING AN INSURA-H	61.50	0.7	2883	CHINA OILFIELD-H	22.55	3.9
2388	BOC HONG KONG HO	25.15	-0.6	2899	ZIJIN MINING-H	1.79	0.0
2600	ALUMINUM CORP-H	2.84	-2.1	3323	CHINA NATL BDG-H	7.73	2.0
2628	CHINA LIFE INS-H	20.95	1.7	3328	BANK OF COMMUN-H	5.68	0.2
3328	BANK OF COMMUN-H	5.68	0.2	3968	CHINA MERCH BK-H	15.36	-0.3
3988	BANK OF CHINA-H	3.62	-0.3	3988	BANK OF CHINA-H	3.62	-0.3
				3993	CHINA MOLYBDENUM	3.18	1.3

A+H Company Performance
 Last price

Name(H)	Code (H)	Price (H)	Code (A)	Price (A)	Spread (%)
TIANJIN CAP-H	1065	3.13	600874	8.64	250.9
BEIREN PRINT-H	187	3.19	600860	8.63	243.9
NORTHEAST ELEC-H	42	0.90	000585	2.43	243.2
SHENJI GROUP-H	300	1.95	600806	4.59	199.2
CHONGQING IRON-H	1053	1.10	601005	2.54	193.5
SHANDONG XINHU-H	719	2.05	000756	4.51	179.6
NANJING PANDA-H	553	3.58	600775	7.43	163.8
SINOPEC SHANG-H	338	2.05	600688	4.15	157.3
SINOPEC YIZHEN-H	1033	2.15	600871	4.28	153.0
JINGWEI TEXTIL-H	350	5.11	000666	8.35	107.7
BEIJING NORTH-H	588	1.76	601588	2.87	107.3
ALUMINUM CORP-H	2600	2.84	601600	4.16	86.2
HISENSE KELON -H	921	7.44	000921	10.19	74.1
YANZHOU COAL-H	1171	8.05	600188	10.24	61.7
DATANG INTL PO-H	991	3.59	601991	4.49	59.0
GUANGZHOU BAIYUN	874	28.50	600332	30.41	35.6
JIANGXI COPPER-H	358	14.82	600362	15.26	30.9
SHENZHEN EXPRE-H	548	3.34	600548	3.43	30.5
GUANGZHOU SHIP-H	317	11.32	600685	11.07	24.3
CHINA SOUTHERN-H	1055	2.90	600029	2.79	22.3
CHINA SHIPPING-H	1138	4.46	600026	4.25	21.1
CHINA CITIC BK-H	998	4.37	601998	4.03	17.2
ZTE CORP-H	763	16.54	000063	15.20	16.8
ANHUI EXPRESS-H	995	4.39	600012	3.99	15.5
HUADIAN POWER-H	1071	3.63	600027	3.28	14.9
DONGFANG ELECT-H	1072	12.84	600875	11.58	14.6
MAANSHAN IRON-H	323	1.99	600808	1.74	11.1
LUOYANG GLASS-H	1108	1.42	600876	4.87	0.0
BANK OF CHINA-H	3988	3.62	601988	2.83	-0.6
BANK OF COMMUN-H	3328	5.68	601328	4.22	-5.6
AIR CHINA LTD-H	753	5.34	601111	3.96	-5.7
GUANGSHEN RAIL-H	525	4.05	601333	2.99	-6.2
TSINGTAO BREW-H	168	63.05	600600	46.19	-6.9
CHINA PETROLEU-H	386	6.36	600028	4.53	-9.5
CHINA MERCH BK-H	3968	15.36	600036	10.91	-9.7
IND & COMM BK-H	1398	5.42	601398	3.84	-10.0
HUANENG POWER-H	902	8.27	600011	5.79	-11.0
CHINA LIFE INS-H	2628	20.95	601628	14.20	-13.9
ANGANG STEEL-H	347	4.66	000898	3.05	-16.8
WEICHAJ POWER-H	2338	31.35	000338	19.34	-21.6
PING AN INSURA-H	2318	61.50	601318	37.56	-22.4
JIANGSU EXPRES-H	177	9.55	600377	5.78	-23.1
ANHUI CONCH-H	914	26.95	600585	15.45	-27.1

Recently Published Research

Date published	Name of report	Analyst
31-Oct-13	PetroChina (00857.HK)	Michael Yuk
31-Oct-13	Monthly Review Nov 2013	Cliff Zhao, George Chen
30-Oct-13	Huadian Power (1071 HK)	Vera Liang
30-Oct-13	Report on capital flow to Europe	Lynn Song, Cliff Zhao, David Xie
30-Oct-13	CHINA UNICOM (00762.HK)	Jeff Hao
30-Oct-13	China Telecom (00728.HK)	Jeff Hao
30-Oct-13	Orient Overseas (316 HK)	Kate Li
29-Oct-13	Monthly Report on HK Stock Market Fund Flows	Qing Li, Cliff Zhao, David Xie
29-Oct-13	CNOOC (00883.HK)	Michael Yuk
29-Oct-13	China Coal Energy (1898.HK)	Li Xiang
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25-Oct-13	Sunny Optical (2382 HK)	Alex Ng
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23-Sep-13	Hilong Holding Ltd. (01623.HK)	Michael Yuk
23-Sep-13	HK Stock Market Strategy Comments	George Chen, Cliff Zhao

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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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