

## Research Highlights

### 1. Comment on New Real Estate Policies: Influence of Decision on Deepening Reform of Third Plenum

**[Feiqin Duan]** On late Nov. 15, the Decision of the Central Committee on Important Issues in Comprehensively Deepening Reforms (hereafter referred to as the Decision) of the Third Plenum of 18TH CPC Central Committee was issued. Compared with the previously-announced Communiqué, the Decision includes more contents and covers almost all major fields of reform for today's China. We believe the following six points deserve attention from the perspective of the real estate sector.

- (1) Reform of the household registration system. The property sector in medium-sized cities will benefit the most from urbanization.
- (2) Real estate regulation and control policies will become increasingly independent from administrative measures. But restrictive policies on house purchase are still needed in first-tier cities in the short term.
- (3) The relaxation of one-child policy will not lead to significantly more demands for housing in the short term. But related demands deserve attention from property developers.
- (4) The property tax pilot program will inevitably be expanded. Its legislative status as the most important regulation and control tool was mentioned for the first time.
- (5) The biggest highlight in fiscal reform is "duties, responsibilities and payment obligations must be mutually adapted." In the long term, this will help solve land finance problems in a fundamental way.
- (6) The introduction of rural land to the market will not have a big impact on urban land supply in the short term. However, the urbanization of farmers will increase effective demands for housing.

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

### 1. CSR Corporation (601766) – Accelerating growth from strong high-speed train demand

**[Guan Meng, Nov. 19, 2013]** The reason behind our previous recommendation of CSR was opportunities related to the launch of railway vehicle tendering. As the tendering has started, the company has entered a peak period of product delivery since the beginning of Q4. This means investment opportunities in high-certainty fast growth of the company's earnings. We maintain the "Strong Buy" rating, with target share price of RMB6. As of Sep. 30, 2013, the company had existing orders of RMB89.7 billion, up 13.5% YoY. We expect a peak period of vehicle delivery in 2014 considering the factor of the second round of tendering. Our forecasts of its 2013-2015 EPS are RMB0.31, 0.39 and 0.44 respectively.

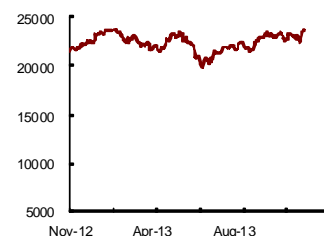
2014 and 2015 will be the peak period of high-speed railway project completion in China. We estimate the total length of high-speed railway project completion will be 4,491 and 4,423 kilometers in 2014 and 2015 respectively, meaning demands for standard powered train sets will be around 262, 376 and 439 sets in 2013, 2014 and 2015 respectively. We expect CSR to achieve an around 30% growth of revenue from the powered train set business next year. China could make a breakthrough in high-speed train technology export in the Thailand market when the

HK Indices	Last price	chg	% chg
HSI	23,700.86	43.05	0.18
Finance	33,409.17	128.2	0.39
Properties	30,042.18	65.82	0.22
Utilities	49,344.64	271.8	0.55
Commerce&Industrv	13,816.04	-16.12	-0.12
HSCEI	11,437.44	71.99	0.63
HSCCI	4,620.61	-7.21	-0.16
HKSPGEM	465.05	-0.93	-0.20

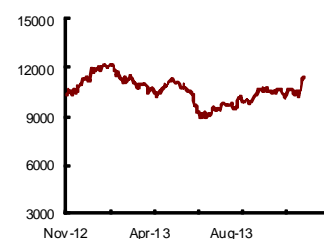
World Indices	Last price	chg	% chg
FTSE 100	6,681.08	-16.93	-0.25
DAX 30	9,202.07	8.78	0.10
CAC 40	4,268.37	-3.92	-0.09
DJIA	15,900.82	-66.21	-0.41
S&P500	1,781.37	-6.50	-0.36
Nasdaq Composite	3,921.27	-10.28	-0.26
Nikkei 225	15,076.08	-50.48	-0.33

Asia-Pacific Indices	Last price	chg	% chg
KOSPI	2,017.24	-14.40	-0.71
TWSE	8,204.46	-55.75	-0.67
STI	3,184.23	-7.85	-0.25
India BSE 30	20,635.13	-255.69	-1.22
S&P/ASX 200	5,298.50	-9.17	-0.17

HSI One Year



HSCEI One Year



Source: Bloomberg

China Merchants Securities (HK)

Research

+852-3189-6888

country starts international tendering for its high-speed train program in September 2014 as expected. CSR's locomotive business will depend on China's freight rail transportation reform and the company's export orders growth. In the first tendering of 2013, CSR won tenders for 359 locomotives, or 45.2% of all locomotive tenders. We expect the company to win over 50% of locomotive tenders in the second round of tendering. CSR's growth in domestic locomotive business depends on demands for big-power electric locomotives for freight transportation after the freight rail transportation reform. The company has been making a smooth progress in developing the overseas locomotive market with the prospect of making a breakthrough in export orders.

We estimate China's demands for new urban rail vehicles will grow at a CAGR of 13.4% in the next three years. CSR has abundant existing orders for urban rail vehicles and is expected to win major contracts from Argentine clients within this year; the business could achieve a 20% growth next year. We expect CSR's export and non-vehicle businesses to continue to grow fast. The size of the global new rail vehicle market is around EUR54.7 billion, and the size of the corresponding service market is around EUR53.5 billion. CSR has entered the international market in all business segments except high-speed powered train sets. Its export orders continued the growth trend, up 21% YoY in the first three quarters of 2013.

## 2. Comment on RMB26 billion convertible bond issuance by Ping An Insurance Group (601318) – Solidifying the foundation of insurance business

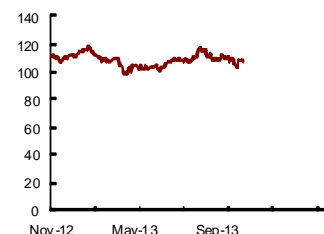
**[Luo Yi, Hong Jinping and Wang Yuhang, Nov. 20, 2013]** Ping An Insurance Group swiftly begins to raise funds through its RMB26 billion convertible bond offering after the issuance was approved by regulators. Funds raised will support the development of the company's main business of insurance in the next two to three years. Bond-to-stock conversion could be a fast process. We are still bullish on Ping An's share price, which is expected to be boosted by the company's growth strategy focused on main business value and innovation. If all the bonds are converted to stocks, it will increase the equity by 630 million shares, diluting its share capital by 8% and its 2014 EPS by 7%. The long-anticipated financing plan is finally being implemented, leading to positive expectations that Ping An Insurance Group will keep outperforming peers in main business value. The company's new life insurance products and quality control for property insurance products this year should both be commended. We maintain its "Strong Buy" rating.

On late Nov. 19, Ping An Insurance Group announced the detailed plan of its RMB26 billion convertible bond offering. The initial conversion price of the bonds is RMB41.33 per A-share. The bonds have a term of six years and pay a coupon of 0.8% in the first year, 1.0% in the second year, 1.2% in the third, 1.8% in the fourth, 2.2% in the fifth and 2.6% in the sixth. These rates are lower than those of convertible bonds recently issued by XCMG, which are also rated AAA. So Ping An is conducting this round of financing at lower costs amid currently tight liquidity. Based on a static estimate, it will increase the Group's solvency ratio by 19 percentage points. As expected, the funds raised will mainly be used to augment the solvency status of Ping An Life Insurance and Ping An Property & Casualty Insurance (the solvency ratios of both are expected to rise to over 210% assuming full injections, making Ping An the listed insurer with the best solvency status).

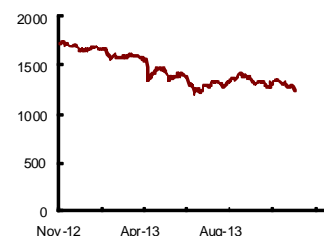
Global Commodity	Last price	chg	% chg
Brent Oil	108.32	0.84	0.78
Gold	1,244.8	0.57	0.05
LME Aluminum	1,794.0	11.00	0.62
LME Copper	6,970.0	-5.00	-0.07
BDI	1,527.0	32.00	2.14
API Coal	83.00	1.10	1.34

Exchange /Bond Market	/Currency	Last price	chg	% chg
USD/RMB		6.13	0.00	0.00
USD/HKD		7.75	0.00	0.00
1-YR RMB NDF		6.15	0.00	0.00
EUR/USD		1.34	0.14	0.10
3-M Libor		0.52	0.00	0.00
3-M Shibor		4.71	0.00	0.00
10 YR US T-Note Yield		2.80	0.09	3.32

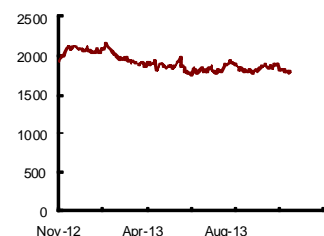
Brent Oil One Year



Gold Commodity One Year



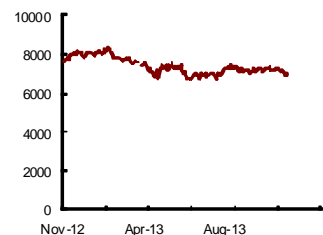
LME Aluminum Commodity One Year



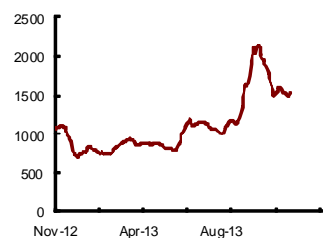
Source: Bloomberg

Existing financing plans will lay a good foundation for the company's development in the next two to three years. According to the company's estimate, the capital gaps of the Group and its subsidiaries in the next two to three years can be filled by methods like their disclosed capital replenishment plans (including the current convertible bond offering and Ping An Bank's private placement), endogenous profit and capital accumulation and secondary debt offerings by subsidiaries. The Group itself does not have any other bond offering plan for the next two to three years.

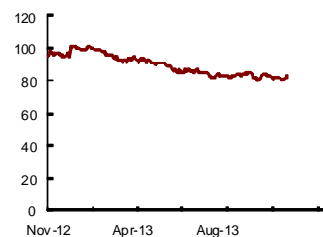
LME Copper Commodity One Year



BDI One Year



API Coal One Year



Source: Bloomberg

### What to Watch

Economic Data	HK: Nil		
	US: PPI		
Date	Ticker	Stock Name	Earnings
2013/11/21	00365	SUN EAST TECH	Interim
2013/11/21	00444	SINCEREWATCH HK	Interim
2013/11/21	00712	COMTEC SOLAR	1st Quarter
2013/11/21	00745	CH RAILS MEDIA	Interim
2013/11/21	01160	GRAND INV INTL	Interim
2013/11/21	01170	KINGMAKER	Interim
2013/11/21	03368	PARKSON GROUP	Final
Date	Ticker	Stock Name	Issue Price
2013/11/21	08326	JC GROUP HLDG	0.500

China Merchants Securities (Hong Kong) Stock Pool Update Weekly  
 2013-11-21

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		
<b>Textiles, Apparel &amp; Luxury Goods</b>															
589	Ports	Neutral	HKD	6.01	5.30	-12%	RMB	0.55	0.56	0.64	8.6	8.5	7.4	3.6%	Ivy Zhao
1880	Belle	Buy	HKD	9.72	14.03	44%	RMB	0.55	0.62	0.69	13.9	12.3	11.2	-14.9%	Ivy Zhao
1368	Xtep	Neutral	HKD	4.03	4.00	-1%	RMB	0.27	0.27	0.29	11.8	11.8	11.0	5.2%	Ivy Zhao
2020	Anta Sports	Buy	HKD	11.12	13.47	21%	RMB	0.49	0.54	0.60	18.1	16.4	14.6	-3.8%	Ivy Zhao
1361	361 Degrees	Neutral	HKD	2.31	1.71	-26%	RMB	0.17	0.16	0.16	10.8	11.6	11.5	3.6%	Ivy Zhao
1968	Peak Sport	Neutral	HKD	1.84	1.48	-20%	RMB	0.16	0.17	0.19	9.2	8.5	7.5	-4.2%	Ivy Zhao
2331	Li Ning	Buy	HKD	6.72	5.20	-23%	RMB	-0.10	0.18	0.20	N.A.	30.2	26.7	-7.3%	Ivy Zhao
3818	China Dongxiang	Buy	HKD	1.24	1.64	32%	RMB	0.04	0.04	0.05	26.5	23.4	20.9	-3.1%	Ivy Zhao
953	Meike	Neutral	HKD	0.53	0.30	-43%	RMB	0.04	0.05	0.06	11.7	9.1	7.6	6.0%	Ivy Zhao
1234	China Lilang	Buy	HKD	5.09	5.25	3%	RMB	0.41	0.41	0.47	9.8	9.8	8.6	-0.4%	Ivy Zhao
891	Trinity	Buy	HKD	3.00	4.63	54%	RMB	0.21	0.25	0.30	11.3	9.5	7.9	4.5%	Ivy Zhao
873	C Taifeng Bed	Buy	HKD	1.83	2.86	56%	RMB	0.52	0.65	0.80	2.8	2.2	1.8	-1.6%	Ivy Zhao
<b>Metals &amp; Mining</b>															
1818	Zhaojin Mining	Neutral	HKD	5.41	6.00	11%	RMB	0.43	0.38	0.34	10.0	11.3	12.6	-16.4%	Li Xiang
2899	Zijin Mining	Neutral	HKD	1.84	1.69	-8%	RMB	0.14	0.15	0.12	10.4	9.7	12.1	0.6%	Li Xiang
358	Jiangxi Copper	Buy	HKD	14.68	15.20	4%	RMB	1.02	1.05	0.85	11.4	11.1	13.7	-1.2%	Li Xiang
3993	Cmcc	Neutral	HKD	3.44	3.10	-10%	RMB	0.19	0.20	0.21	14.1	13.9	13.2	11.7%	Li Xiang
2600	Chalco	Sell	HKD	2.84	1.60	-44%	RMB	-0.28	-0.11	-0.10	N.A.	N.A.	N.A.	0.4%	Li Xiang
1378	China Hongqiao	Buy	HKD	4.78	5.80	21%	RMB	0.97	1.11	1.23	3.9	3.4	3.1	0.6%	Li Xiang
486	Rusal	Sell	HKD	2.19	2.03	-7%	USD	0.01	0.04	0.05	28.3	7.1	5.7	-4.8%	Li Xiang
3948	Yitai Coal	Buy	HKD	14.50	25.10	73%	RMB	1.88	2.11	2.22	6.1	5.5	5.2	-3.5%	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	26.00	36.40	40%	RMB	2.44	2.90	3.07	8.4	7.1	6.7	7.0%	Li Xiang
1898	China Coal	Neutral	HKD	4.94	5.00	1%	RMB	0.47	0.43	0.42	8.3	9.1	9.3	1.0%	Li Xiang
<b>Auto &amp; Others</b>															
1211	Byd Company	Neutral	HKD	37.75	13.00	-66%	RMB	0.33	0.68	1.10	90.5	43.9	27.2	-4.1%	Colleen Li
489	Dongfeng Group	Buy	HKD	12.50	14.17	13%	RMB	1.13	1.26	1.29	8.8	7.9	7.7	9.5%	Colleen Li
175	Geely Auto	Buy	HKD	4.10	5.04	23%	RMB	0.32	0.36	0.38	10.1	9.0	8.5	5.1%	Colleen Li
2333	Greatwall Motor	Neutral	HKD	47.00	38.62	-18%	RMB	2.78	3.41	3.74	13.4	10.9	9.9	-1.0%	Colleen Li
1114	Brilliance Chi	Buy	HKD	13.36	12.00	-10%	RMB	0.71	0.80	0.89	14.9	13.2	11.9	5.4%	Colleen Li
425	Mint Group	Buy	HKD	16.10	13.20	-18%	RMB	0.78	0.87	0.97	16.3	14.6	13.1	-3.4%	Colleen Li
1728	Zhengtong Auto	Buy	HKD	5.24	5.85	12%	RMB	0.55	0.81	1.11	7.5	5.1	3.7	-6.9%	Colleen Li
881	Zhongsheng Hldg	Neutral	HKD	11.38	10.30	-9%	RMB	0.58	0.71	0.99	15.5	12.7	9.1	-15.1%	Colleen Li
<b>Oil &amp; Gas</b>															
857	Petro China	Buy	HKD	9.59	10.55	10%	RMB	0.71	0.74	0.78	10.7	10.3	9.7	5.5%	Michael Yuk
386	Sinopec Corp	Buy	HKD	6.97	7.20	3%	RMB	0.68	0.70	0.73	8.1	7.9	7.6	12.6%	Michael Yuk
883	Cnooc	Buy	HKD	15.76	17.00	8%	RMB	1.44	1.56	1.69	8.7	8.0	7.4	-1.9%	Michael Yuk
603	China Oil & Gas	Neutral	HKD	1.38	1.45	5%	HKD	0.09	0.12	0.15	15.3	11.5	9.2	19.0%	Michael Yuk
342	Newocean Energy	Buy	HKD	4.98	5.30	6%	HKD	0.55	0.63	0.79	9.1	7.9	6.3	2.1%	Michael Yuk
467	Unitedenergy Gp	Buy	HKD	1.19	1.59	34%	HKD	0.10	0.09	0.09	11.9	13.2	13.2	-5.6%	Michael Yuk
<b>Oil &amp; Gas Services/Equipment</b>															
3899	Cimc Enric	Buy	HKD	12.46	10.00	-20%	RMB	0.49	0.60	0.72	20.1	16.4	13.7	8.4%	Michael Yuk
569	Ch Automation	Buy	HKD	1.93	2.50	30%	RMB	0.26	0.29	0.33	5.9	5.3	4.6	19.1%	Michael Yuk
3337	Anton Oilfield	Buy	HKD	4.96	4.75	-4%	RMB	0.19	0.23	0.28	20.7	17.1	14.0	1.2%	Michael Yuk
1938	Chu Kong Pipe	Buy	HKD	2.80	2.26	-19%	RMB	0.11	0.40	0.55	20.1	5.5	4.0	2.2%	Michael Yuk
2883	China Oilfield	Buy	HKD	24.30	18.00	-26%	RMB	1.29	1.45	1.66	14.9	13.3	11.6	15.4%	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		
3303	Jutal Oil Ser	Buy	HKD	1.63	2.40	47%	RMB	0.13	0.17	0.15	9.9	7.6	8.6	8.0%	Michael Yuk
1623	Hilong	Buy	HKD	6.30	5.10	-19%	RMB	0.16	0.28	0.29	30.4	17.9	17.3	30.4%	Michael Yuk
<b>Property</b>															
688	China Overseas	Buy	HKD	24.50	22.56	-8%	HKD	2.29	2.30	2.68	10.7	10.7	9.1	0.8%	DuanFeiqin
410	Soho China	Neutral	HKD	6.88	6.42	-7%	HKD	2.37	2.13	1.96	2.9	3.2	3.5	0.4%	DuanFeiqin
813	Shimao Property	Neutral	HKD	19.44	16.70	-14%	HKD	2.07	2.19	2.46	9.4	8.9	7.9	-2.7%	DuanFeiqin
1109	China Res Land	Buy	HKD	21.50	23.80	11%	HKD	1.81	1.91	2.20	11.9	11.3	9.8	-5.5%	DuanFeiqin
2777	R&F Properties	Buy	HKD	13.02	13.90	7%	HKD	2.15	2.23	2.45	6.1	5.8	5.3	-3.3%	DuanFeiqin
2007	Country Garden	Neutral	HKD	5.15	4.68	-9%	HKD	0.48	0.53	0.60	10.8	9.7	8.6	-7.0%	DuanFeiqin
3383	Agile Property	Neutral	HKD	9.01	10.10	12%	HKD	1.81	1.98	2.02	5.0	4.6	4.5	-2.6%	DuanFeiqin
3333	Evergrande	Buy	HKD	3.30	4.38	33%	HKD	0.84	0.97	0.98	3.9	3.4	3.4	-7.8%	DuanFeiqin
960	Longfor Ppt	Buy	HKD	11.94	13.23	11%	HKD	1.50	1.65	1.81	8.0	7.2	6.6	-9.8%	DuanFeiqin
1813	Kwg Property	Neutral	HKD	4.72	5.05	7%	HKD	1.02	1.10	1.18	4.6	4.3	4.0	-6.4%	DuanFeiqin
3366	Oct (Asia)	Buy	HKD	3.50	3.50	0%	HKD	0.43	0.54	0.64	8.1	6.5	5.5	-1.4%	DuanFeiqin
3900	Greentown China	Buy	HKD	13.46	18.80	40%	HKD	3.17	3.33	3.49	4.3	4.0	3.9	-14.1%	DuanFeiqin
754	Hopson Dev Hold	Buy	HKD	9.51	12.20	28%	HKD	1.72	1.98	2.22	5.5	4.8	4.3	-5.5%	DuanFeiqin
1918	Sunac	Buy	HKD	5.24	6.66	27%	HKD	1.07	1.26	1.41	4.9	4.2	3.7	0.8%	DuanFeiqin
<b>Consumer Discretionary</b>															
1833	Intime	Buy	HKD	9.08	10.50	16%	RMB	0.54	0.64	0.75	13.3	11.2	9.6	-0.1%	Gloria Wang
1700	Springland	Neutral	HKD	4.15	4.50	8%	RMB	0.29	0.33	0.37	11.3	10.0	8.9	-12.6%	Gloria Wang
<b>Telecommunication</b>															
941	China Mobile	Neutral	HKD	82.05	78.00	-5%	RMB	6.37	6.26	6.27	10.2	10.4	10.4	-3.0%	Jeff Hao
762	China Unicom	Buy	HKD	12.26	14.08	15%	RMB	0.45	0.58	0.69	21.6	16.7	14.1	-3.3%	Jeff Hao
728	China Telecom	Buy	HKD	4.16	4.67	12%	RMB	0.24	0.27	0.31	13.7	12.2	10.6	0.0%	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		
<b>Information Technology</b>															
700	Tencent	Buy	HKD	419.00	455.00	9%	RMB	8.58	11.47	15.37	38.6	28.9	21.6	-2.5%	Jeff Hao
3888	Kingsoft	Buy	HKD	19.10	24.37	28%	RMB	0.50	0.66	0.83	30.2	22.9	18.2	-10.5%	Jeff Hao
1661	Wisdom	Buy	HKD	3.70	2.90	-22%	RMB	0.13	0.20	0.25	22.5	14.6	11.7	43.4%	Jeff Hao
777	Netdragon	Buy	HKD	16.42	26.27	60%	RMB	0.78	0.89	1.12	16.7	14.6	11.6	-42.6%	Jeff Hao
354	Chinasoft	Neutral	HKD	2.21	2.00	-10%	RMB	0.10	0.12	0.15	17.5	14.6	11.7	-4.3%	Jeff Hao
268	Kingdee	Neutral	HKD	2.34	1.40	-40%	RMB	0.02	0.04	0.05	92.6	46.3	37.0	-11.7%	Jeff Hao
<b>Port</b>															
144	China Mer Hold	Neutral	HKD	28.95	26.43	-9%	HKD	1.55	1.75	2.05	18.7	16.5	14.1	3.4%	Kate Li
1199	Cosco Pacific	Buy	HKD	11.44	12.58	10%	USD	0.26	0.13	0.14	5.7	11.4	10.5	0.4%	Kate Li
<b>Shipping</b>															
368	Sinotrans Ship	Buy	HKD	2.67	2.40	-10%	USD	0.01	0.02	0.03	34.4	17.2	11.5	6.0%	Kate Li
316	Ooil	Buy	HKD	40.55	51.00	26%	USD	0.17	0.23	0.41	30.8	22.7	12.8	-6.5%	Kate Li
2866	Cscl	Neural	HKD	2.04	1.82	-11%	RMB	-0.06	0.03	0.07	N.A.	53.8	23.1	2.0%	Kate Li
<b>Alternative Energy</b>															
3800	Gcl-Poly Energy	Buy	HKD	2.63	1.97	-25%	HKD	0.01	0.05	0.07	263.0	52.6	37.6	1.9%	Yin Lei
712	Comtec Solar	Buy	HKD	1.74	1.76	1%	RMB	0.05	0.11	0.16	27.5	12.5	8.6	-5.4%	Yin Lei
750	Singyes Solar	Buy	HKD	8.71	9.40	8%	RMB	0.81	0.91	1.04	8.5	7.6	6.6	4.7%	Yin Lei
2208	Goldwind	Buy	HKD	7.20	10.04	39%	RMB	0.15	0.32	0.45	38.0	17.8	12.7	1.6%	Yin Lei
916	Longyuan Power	Neutral	HKD	9.81	8.16	-17%	RMB	0.36	0.43	0.52	21.6	18.1	14.9	5.6%	Yin Lei
1798	Datang Power	Neutral	HKD	1.50	1.99	33%	RMB	0.08	0.14	0.21	14.8	8.5	5.7	-8.5%	Yin Lei
816	Huadian Fuxin	Buy	HKD	2.78	2.99	8%	RMB	0.19	0.24	0.28	11.6	9.2	7.9	11.2%	Yin Lei
579	Jingneng	Buy	HKD	3.82	3.62	-5%	RMB	0.18	0.24	0.29	16.8	12.6	10.4	17.2%	Yin Lei
<b>Food &amp; Beverage</b>															

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	22.15	23.10	4%	USD	0.09	0.11	0.13	32.5	27.2	22.0	7.0%	Ling Hua
2319	Mengniu Dairy	Buy	HKD	34.75	33.26	-4%	RMB	0.85	1.10	1.48	32.3	25.0	18.6	-4.3%	Ling Hua
506	China Foods	Neutral	HKD	3.40	4.25	25%	HKD	0.17	0.22	0.27	20.0	15.5	12.6	-9.1%	Ling Hua
151	Want Want China	Neutral	HKD	11.22	12.10	8%	USD	0.05	0.06	0.07	29.0	24.1	20.7	-0.9%	Ling Hua
345	Vitasoy	Buy	HKD	11.20	9.00	-20%	HKD	0.31	0.35	0.48	36.1	32.0	23.3	15.6%	Ling Hua
<b>Machinery &amp; Equipment</b>															
1157	Zoomlion	Neutral	HKD	7.81	7.20	-8%	RMB	0.60	0.67	0.80	10.3	9.2	7.7	8.9%	Jiao Yiding
631	Sany	Buy	HKD	2.58	3.40	32%	RMB	0.22	0.24	0.26	9.3	8.5	7.9	8.0%	Jiao Yiding
<b>Electricity</b>															
902	Huaneng Power	Buy	HKD	7.69	11.00	43%	RMB	0.89	0.87	0.93	6.8	7.0	6.5	-6.8%	Vera Liang
991	Datang Power	Buy	HKD	3.53	3.90	10%	RMB	0.37	0.38	0.47	7.6	7.4	5.9	0.6%	Vera Liang
1071	Huadian Power	Neutral	HKD	3.29	3.80	16%	RMB	0.46	0.45	0.55	5.7	5.8	4.7	-2.4%	Vera Liang
<b>Pharmaceuticals &amp; Medical Devices</b>															
2348	Dawnrays Pharma	Buy	HKD	4.11	3.20	-22%	RMB	0.18	0.14	0.17	18.1	23.2	19.1	17.4%	Jonathan Hsu
<b>Semi and Hardware Technology</b>															
992	Lenove	Buy	HKD	8.99	9.20	2%	USD	0.06	0.08	0.09	19.3	14.5	12.9	11.4%	Alex Ng
2382	Sunny Optical	Neutral	HKD	6.84	8.37	22%	RMB	0.41	0.54	0.73	13.2	10.0	7.4	-10.4%	Alex Ng
732	Truly	Buy	HKD	4.54	7.15	57%	HKD	0.56	0.67	0.79	8.1	6.8	5.8	-9.2%	Alex Ng
2018	Aac Tech	Neutral	HKD	31.35	40.00	28%	RMB	1.83	2.16	2.48	13.6	11.5	10.0	-8.1%	Alex Ng
2618	Tcl Comm	Buy	HKD	7.75	8.52	10%	HKD	0.28	0.76	0.96	27.7	10.2	8.1	30.3%	Alex Ng
2369	China Wireless	Neutral	HKD	2.59	3.10	20%	HKD	0.20	0.24	0.30	13.0	10.8	8.6	-16.5%	Alex Ng
<b>US Stock</b>															
BIDU	Baidu Inc	Buy	USD	158.76	151.10	-5%	USD	4.89	7.36	9.67	32.5	21.6	16.4	-4.3%	Mike Chen
SINA	Sina Corp	Buy	USD	78.46	97.50	24%	USD	0.53	2.43	4.20	148.0	32.3	18.7	-13.9%	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		
SOHU	Sohu.Com Inc	Neutral	USD	64.07	61.40	-4%	USD	1.48	2.44	3.28	43.3	26.3	19.5	-25.6%	Mike Chen
NTES	Netease Inc	Buy	USD	66.15	85.50	29%	USD	5.56	5.80	6.60	11.9	11.4	10.0	-5.9%	Mike Chen
QIHU	Qihoo 360	Buy	USD	84.04	94.47	12%	USD	1.16	2.00	3.68	72.5	42.0	22.8	-11.2%	Mike Chen
YOKU	Youku Tudou Inc	Neutral	USD	27.36	23.82	-13%	USD	-0.47	-0.18	0.19	N.A.	N.A.	144.0	-9.1%	Mike Chen
EDU	New Oriental Education	Buy	USD	29.00	24.50	-16%	USD	0.89	1.25	1.43	32.6	23.2	20.3	9.6%	Mike Chen
DANG	Dangdang	Neutral	USD	8.92	6.40	-28%	USD	-0.82	-0.52	-0.18	N.A.	N.A.	N.A.	-21.4%	Mike Chen
CTRP	Ctrip	Buy	USD	48.16	25.70	-47%	USD	1.15	1.48	1.76	41.9	32.5	27.4	-19.2%	Mike Chen
HMIN	Home Inns	Neutral	USD	39.65	27.40	-31%	USD	1.09	1.62	2.04	36.4	24.5	19.4	7.3%	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	122.2	-0.7	168	TSINGTAO BREW-H	67.75	2.3
2	CLP HLDGS LTD	62.65	0.8	177	JIANGSU EXPRES-H	10.00	0.3
3	HONG KG CHINA GS	18.20	0.4	323	MAANSHAN IRON-H	2.08	2.0
4	WHARF HLDG	65.10	0.2	338	SINOPEC SHANG-H	2.04	-0.5
5	HSBC HLDGS PLC	86.70	0.2	347	ANGANG STEEL-H	5.28	2.3
6	POWER ASSETS HOL	62.85	1.3	358	JIANGXI COPPER-H	14.68	-0.5
11	HANG SENG BK	125.6	1.0	386	CHINA PETROLEU-H	6.97	-0.3
12	HENDERSON LAND D	46.10	-0.1	390	CHINA RAIL GR-H	4.61	-0.4
13	HUTCHISON WHAMPO	97.00	0.7	489	DONGFENG MOTOR-H	12.50	0.8
16	SUN HUNG KAI PRO	99.85	0.2	552	CHINA COMM SER-H	4.84	2.3
17	NEW WORLD DEV	10.88	0.6	576	ZHEJIANG EXPRESS	7.26	0.3
19	SWIRE PACIFIC-A	91.90	-0.1	694	BEIJING CAP AI-H	6.01	4.3
23	BANK EAST ASIA	34.30	0.3	728	CHINA TELECOM-H	4.16	0.7
66	MTR CORP	29.95	0.2	753	AIR CHINA LTD-H	5.55	3.7
83	SINO LAND CO	10.82	0.7	857	PETROCHINA CO-H	9.59	1.1
101	HANG LUNG PROPER	26.35	0.0	902	HUANENG POWER-H	7.69	-0.8
144	CHINA MERCHANT	28.95	-1.5	914	ANHUI CONCH-H	29.10	1.8
267	CITIC PACIFIC	11.06	0.9	939	CHINA CONST BA-H	6.29	0.8
291	CHINA RES ENTERP	27.05	0.9	991	DATANG INTL PO-H	3.53	-0.8
293	CATHAY PAC AIR	15.58	1.3	998	CHINA CITIC BK-H	4.55	0.9
330	ESPRIT HLDGS	16.34	-3.3	1088	CHINA SHENHUA-H	26.00	0.4
386	CHINA PETROLEU-H	6.97	-0.3	1133	HARBIN ELECTRIC	5.14	2.2
388	HONG KONG EXCHNG	138.9	3.0	1138	CHINA SHIPPING-H	5.00	5.0
494	LI & FUNG LTD	10.92	0.9	1171	YANZHOU COAL-H	7.94	1.2
551	YUE YUEN INDUS	22.40	2.3	1186	CHINA RAIL CN-H	8.78	-1.8
688	CHINA OVERSEAS	24.50	1.9	1398	IND & COMM BK-H	5.54	-0.2
700	TENCENT HOLDINGS	419.0	0.0	1800	CHINA COM CONS-H	6.51	1.9
762	CHINA UNICOM HON	12.26	0.0	1898	CHINA COAL ENE-H	4.94	1.7
857	PETROCHINA CO-H	9.59	1.1	1919	CHINA COSCO HO-H	3.78	3.3
883	CNOOC LTD	15.76	-0.6	2318	PING AN INSURA-H	71.40	2.2
939	CHINA CONST BA-H	6.29	0.8	2328	PICC PROPERTY &	13.04	1.2
941	CHINA MOBILE	82.05	-0.6	2600	ALUMINUM CORP-H	2.84	0.4
1088	CHINA SHENHUA-H	26.00	0.4	2628	CHINA LIFE INS-H	24.35	0.6
1199	COSCO PAC LTD	11.44	0.9	2727	SHANGHAI ELECT-H	2.81	0.4
1398	IND & COMM BK-H	5.54	-0.2	2777	GUANGZHOU R&F -H	13.02	0.6
2038	FIH MOBILE LTD	3.99	2.8	2866	CHINA SHIPPING-H	2.04	3.6
2318	PING AN INSURA-H	71.40	2.2	2883	CHINA OILFIELD-H	24.30	1.7
2388	BOC HONG KONG HO	26.30	1.9	2899	ZIJIN MINING-H	1.84	-0.5
2600	ALUMINUM CORP-H	2.84	0.4	3323	CHINA NATL BDG-H	8.39	3.6
2628	CHINA LIFE INS-H	24.35	0.6	3328	BANK OF COMMUN-H	5.80	0.9
3328	BANK OF COMMUN-H	5.80	0.9	3968	CHINA MERCH BK-H	16.96	-0.7
3988	BANK OF CHINA-H	3.72	0.5	3988	BANK OF CHINA-H	3.72	0.5
				3993	CHINA MOLYBDENUM	3.44	1.5

A+H Company Performance  
 Last price

Name(H)	Code (H)	Price (H)	Code (A)	Price (A)	Spread (%)
SINOPEC YIZHEN-H	1033	1.50	600871	4.62	291.8
BEIREN PRINT-H	187	3.05	600860	8.53	255.8
NORTHEAST ELEC-H	42	0.92	000585	2.49	244.3
TIANJIN CAP-H	1065	3.33	600874	8.88	239.3
SHENJI GROUP-H	300	1.98	600806	4.69	201.3
CHONGQING IRON-H	1053	1.15	601005	2.65	193.2
SHANDONG XINHU-H	719	2.05	000756	4.68	190.4
SINOPEC SHANG-H	338	2.04	600688	4.21	162.5
NANJING PANDA-H	553	3.90	600775	7.96	159.7
JINGWEI TEXTIL-H	350	5.57	000666	9.17	109.4
BEIJING NORTH-H	588	1.77	601588	2.89	107.7
ALUMINUM CORP-H	2600	2.84	601600	3.95	76.9
DATANG INTL PO-H	991	3.53	601991	4.40	58.6
YANZHOU COAL-H	1171	7.94	600188	9.87	58.1
HISENSE KELON -H	921	8.94	000921	9.76	38.9
JIANGXI COPPER-H	358	14.68	600362	15.07	30.6
GUANGZHOU BAIYUN	874	27.80	600332	28.05	28.4
SHENZHEN EXPRE-H	548	3.49	600548	3.51	28.0
HUADIAN POWER-H	1071	3.29	600027	3.22	24.5
CHINA SOUTHERN-H	1055	3.02	600029	2.89	21.7
ZTE CORP-H	763	17.22	000063	16.35	20.8
ANHUI EXPRESS-H	995	4.45	600012	4.07	16.4
CHINA CITIC BK-H	998	4.55	601998	4.11	14.9
CHINA SHIPPING-H	1138	5.00	600026	4.36	10.9
DONGFANG ELECT-H	1072	13.56	600875	11.73	10.1
GUANGZHOU SHIP-H	317	17.24	600685	14.85	9.6
MAANSHAN IRON-H	323	2.08	600808	1.77	8.3
LUOYANG GLASS-H	1108	1.44	600876	5.07	0.0
BANK OF CHINA-H	3988	3.72	601988	2.83	-3.2
GUANGSHEN RAIL-H	525	4.00	601333	2.97	-5.5
AIR CHINA LTD-H	753	5.55	601111	4.12	-5.6
HUANENG POWER-H	902	7.69	600011	5.56	-8.0
BANK OF COMMUN-H	3328	5.80	601328	4.16	-8.8
CHINA PETROLEU-H	386	6.97	600028	4.93	-10.0
IND & COMM BK-H	1398	5.54	601398	3.83	-12.1
TSINGTAO BREW-H	168	67.75	600600	46.42	-12.8
CHINA LIFE INS-H	2628	24.35	601628	15.77	-17.6
CHINA MERCH BK-H	3968	16.96	600036	10.95	-17.9
ANGANG STEEL-H	347	5.28	000898	3.12	-24.8
ANHUI CONCH-H	914	29.10	600585	16.87	-26.3
WEICHAH POWER-H	2338	34.60	000338	20.02	-26.4
JIANGSU EXPRES-H	177	10.00	600377	5.76	-26.7
PING AN INSURA-H	2318	71.40	601318	41.00	-27.0

## Recently Published Research

Date published	Name of report	Analyst
19-Nov-13	Comment on Chinese Railway	Colleen Li
19-Nov-13	Qihoo 360 Technology (QIHU.N)	Mike Chen
18-Nov-13	Comment on Fed monetary policy	Qing Li, Cliff Zhao, David Xie
18-Nov-13	China Property Sector Comment	Duan Feiqin
18-Nov-13	Comment on Eurozone 3Q13 GDP	Lynn Song, Cliff Zhao, David Xie
18-Nov-13	NewOcean Energy Ltd. (00342.HK)	Michael Yuk
14-Nov-13	Comment on Japan's 3Q13 GDP data	Lynn Song, Cliff Zhao, David Xie
13-Nov-13	HK Stock Market Strategy Comments	Cliff Zhao, George Chen
13-Nov-13	Comment on Communiqué of Third Plenum of 18TH CPC Central Committee	David Xie, Cliff Zhao, Qing Li
13-Nov-13	NetDragon (00777.HK)	Jeff Hao
13-Nov-13	Nov.11 Online Sales Comment	Wang Xiaodi
12-Nov-13	Comment on the ECB benchmark interest rate cut	Lynn Song, Cliff Zhao, David Xie
12-Nov-13	XINJIANG Goldwind-H(2208.HK)	Yin Lei
8-Nov-13	China Dongxiang (3818 HK)	Ivy Zhao
8-Nov-13	Comment on U.S. GDP 3Q2013	Qing Li, Cliff Zhao, David Xie
8-Nov-13	Comment on the ECB benchmark interest rate cut	Lynn Song, Cliff Zhao, David Xie
7-Nov-13	Baidu Inc. (BIDU.O)	Mike Chen
5-Nov-13	ANTA Sports Products (2020.HK)	Ivy Zhao
5-Nov-13	361 DEGREES	Ivy Zhao
5-Nov-13	Monthly Review Nov 2013	Cliff Zhao, George Chen
4-Nov-13	Datang International (991.HK)	Vera Liang
4-Nov-13	TCL Communication (2618 HK)	Alex Ng
1-Nov-13	Huadian Power (1071HK)	Vera Liang
1-Nov-13	Zoomlion Heavy (1157 HK)	Yiding Jiao
1-Nov-13	CSR CORP LTD (1766.HK)	Colleen Li
1-Nov-13	China Property Sector Comment	Duan Feiqin
31-Oct-13	Sohu.com Inc. (SOHU.O)	Mike Chen
31-Oct-13	Sinopec (00386.HK)	Michael Yuk
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
28-Oct-13	China Healthcare Sector	Jonathan Hsu
25-Oct-13	Sunny Optical (2382 HK)	Alex Ng
24-Oct-13	Hilong Holding Ltd. (01623.HK)	Michael Yuk
24-Oct-13	Maoye International (848 HK)	Wang Xiaodi
23-Oct-13	CHINA MOBILE(941.HK)	Jeff Hao
22-Oct-13	China Property Sector Outlook	Duan Feiqin

**RATING DEFINITION & DISCLAIMER**

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

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

**DISCLAIMER**

This document is prepared by China Merchants Securities (HK) Co., Limited ("CMS HK"). CMS HK is a licensed corporation to carry on Type 1 (dealing in securities), Type 2 (dealing in futures), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571). This document is for information purpose only. Neither the information nor opinion expressed shall be construed, expressly or impliedly, as an advice, offer or solicitation of an offer, invitation, advertisement, inducement, recommendation or representation of any kind or form whatsoever to buy or sell any security, financial instrument or any investment or other specific product. The securities, instruments or strategies discussed in this document may not be suitable for all investors, and certain investors may not be eligible to participate in some or all of them. Certain services and products are subject to legal restrictions and cannot be offered worldwide on an unrestricted basis and/or may not be eligible for sale to all investors.

The information and opinions, and associated estimates and forecasts, contained herein have been obtained from or are based on sources believed to be reliable. CMS HK, its holding or affiliated companies, or any of its or their directors, officers or employees ("CMS Group") do not represent or warrant, expressly or impliedly, that it is accurate, correct or complete and it should not be relied upon. CMS Group will not accept any responsibility or liability whatsoever for any use of or reliance upon this document or any of the content thereof. The contents and information in this document are only current as of the date of their publication and will be subject to change without prior notice. Past performance is not indicative of future performance. Estimates of future performance are based on assumptions that may not be realized. The analysis contained herein is based on numerous assumptions. Different assumptions could result in materially different results. Opinions expressed herein may differ or be contrary to those expressed by other business divisions or other members of CMS Group as a result of using different assumptions and/or criteria.

This document has been prepared without regard to the individual financial circumstances and investment objectives of the persons who receive it. Use of any information herein shall be at the sole discretion and risk of the user. Investors are advised to independently evaluate particular investments and strategies, take financial and/or tax advice as to the implications (including tax) of investing in any of the securities or products mentioned in this document, and make their own investment decisions without relying on this publication.

CMS Group may have a long or short position, make markets, act as principal or agent, or engage in transactions in securities of companies referred to in this document and may also perform or seek to perform investment banking services or provide advisory or other services for those companies. This document is for the use of intended recipients only and this document may not be reproduced, distributed or published in whole or in part for any purpose without the prior consent of CMS Group. CMS Group will not be liable for any claims or lawsuits from any third parties arising from the use or distribution of this document. This document is for distribution only under such circumstances as may be permitted by applicable law. This document is not directed at you if CMS Group is prohibited or restricted by any legislation or regulation in any jurisdiction from making it available to you. In particular, this document is only made available to certain US persons to whom CMS Group is permitted to make available according to US securities laws, but cannot otherwise be made available, distributed or transmitted, whether directly or indirectly, into the US or to any US person. This document also cannot be distributed or transmitted, whether directly or indirectly, into Japan and Canada and not to the general public in the People's Republic of China (for the purpose of this document, excluding Hong Kong, Macau and Taiwan).