

Research Highlights

1. 2014 Hong Kong TMT Sector Investment Strategy

[Jeff Hao] Industry outlook

- 1) Mobile internet will be the key investment theme throughout year 2014.
- 2) Structural investment opportunity in telecom operators has passed.
- 3) Mobile internet application opens the next major investment cycle, and we are at the beginning of the cycle .

Telecom operators sector investment strategy

- 1) 3G business remains main earnings driver in 2014.
- 2) Evidences from overseas operators have shown 4G service leads to incremental ARPU.
- 3) As China's 4G market is in early stage, we do not expect meaningful earnings contribution until 2015.
- 4) We like China Unicom and China Telecom due to 1) Mature 3G service and 2) Flexible 4G CAPEX.

Mobile internet sector investment strategy

- 1) Investment cycle has just begun; key investment areas are 1) Portals 2) Mobile games.
- 2) Portals: Majority of portal mobile applications are incubating; however they have led to the rise of internet companies, and will continue to support future valuations.
- 3) Mobile games: 2014 will be the best year for investing in mobile game companies.

Stock recommendation

- 1) Kingsoft (3888.HK, HK\$19.82, Buy, TP HK\$27.00).
- 2) Wisdom (1661.HK, HK\$3.90, Buy, TP HK\$4.50).

A-share Research Highlights (CMS Research Center)

1. Comment on China's November economic data – investment slowdown, consumption recovery, stable economy

[Xie Yaxuan, Zhao Wenli, Zhang Yiping, Yan Ling and Zhao Ke, Dec. 10, 2013] (1) November economic data were broadly in line with expectation. Industrial growth was 10%, supported by export and consumption demands, although investment demand slowed down. The Chinese economy grew steadily in November, with better-than-expected inflation. The reasonable level of economic growth lays a good foundation for the start of comprehensively deepening reforms in 2014. Pay attention to the Central Economic Work Conference now under way, especially the overall targets and major tasks for 2014 that will be set at the conference.

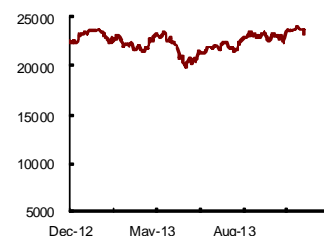
(2) Industrial value added grew 10.0% in real terms in November, 0.3 percentage point slower than in October, in line with expectation. The slowdown was mainly due to the contraction in investment demand growth. Steel output growth, which is closely related to infrastructure and real

HK Indices	Last price	chg	% chg
HSI	23,338.24	-405.9	-1.71
Finance	32,380.25	-708.9	-2.14
Properties	28,608.70	-434.4	-1.50
Utilities	48,309.12	-658.8	-1.35
Commerce&Industrv	13,986.48	-182.3	-1.29
HSCEI	11,073.93	-308.2	-2.71
HSCCI	4,609.49	-51.54	-1.11
HKSPGEM	466.49	-4.96	-1.05

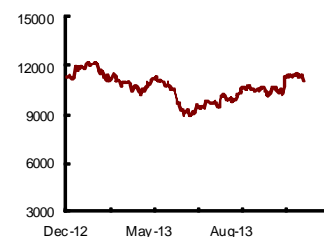
World Indices	Last price	chg	% chg
FTSE 100	6,507.72	-15.59	-0.24
DAX 30	9,077.11	-37.33	-0.41
CAC 40	4,086.86	-4.28	-0.10
DJIA	15,843.53	-129.60	-0.81
S&P500	1,782.22	-20.40	-1.13
Nasdaq Composite	4,003.81	-56.68	-1.40
Nikkei 225	15,515.06	-96.25	-0.62

Asia-Pacific Indices	Last price	chg	% chg
KOSPI	1,977.97	-15.48	-0.78
TWSE	8,433.77	-9.62	-0.11
STI	3,060.74	-20.98	-0.68
India BSE 30	21,171.41	-83.85	-0.39
S&P/ASX 200	5,115.50	11.25	0.22

HSI One Year



HSCEI One Year



Source: Bloomberg

China Merchants Securities (HK)

Research

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estate investments, slowed down to 10.0% from 12.3% in October. Power generation growth also slowed down to 6.8% from 8.4%. But industrial growth remained at a relatively high level of 10%, supported by export and consumption demands. Export delivery value amounted to RMB1.0383 trillion in November, the highest level in 2013 to date, indicating strong real overseas demand.

(3) Investment growth in the first 11 months of the year slowed down by 0.2 percentage point to 19.9%, mainly due to slower manufacturing growth (from 19.1% to 18.6%) and still slow real estate investment growth (19.5%, 0.3 percentage point faster than a month earlier). Housing start area growth picked up from 6.5% to 11.5%, the highest level in two years. Land acquisition area growth is likely to rebound by 1Q14 due to the base effect. However, commercial housing sales area and sales value growth rates could also decline significantly due to the base effect. The housing start area does not point to a sharp slowdown in real estate investment growth in the short term. Fixed asset investment is in a low season before year-end. The slowdown in investment growth was basically in line with expectation.

(4) A notable piece of data in November was stronger consumption, which grew 13.7% in nominal terms and 11.8% in real terms in the month, better than expectation. The seasonally adjusted MoM growth rate picked up to 1.32%, the highest level in a year, showing clear improvement in consumption demand. The strong data was mainly due to faster growth of goods retail sales, which grew 14.3% YoY in November, 0.5 percentage point faster than in October. The stabilizing economy and seasonality (year-end) were also factors behind strong consumption expenditure. Sales growth of furniture and home appliances, which are related to property sales, rebounded significantly. Catering revenue growth continued to slow down to only 9.4% in November due to government policy factors.

2. Coal industry weekly – weak coking coal price, still rebounding steam coal price

[Lu Ping and Zhang Shun, Dec. 9, 2013] Investment strategy: There are no major investment themes in coal stocks. Short-term opportunities only lie in inventory replenishment. Power plants are still restocking. Steam coal price is expected to continue to rise in the near term, but to very limited extent. Metallurgical coal inventory replenishment has already been done at a high level, and steel output is expected to fall. So in the short term, we expect metallurgical coal price to oscillate lower. We suggest turning to a defensive strategy and focusing on companies with high certainty of earnings, such as TOP Energy, Wintime Energy, and Henan Shenhua Coal & Power.

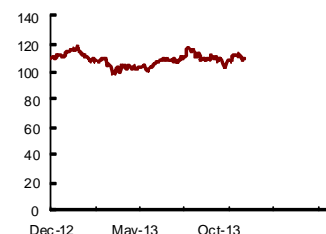
Metallurgical coal food chain: Futures prices fluctuated in a narrow range. Steel price rose moderately. International coking coal price continued to weaken. Inventories: Social steel inventory rebounded slightly, while coking coal inventory continued to recover. Steam coal food chain: Qinhuangdao coal price continued to rebound by RMB30 per ton; Guangzhou Port coal price rebounded by RMB10 per ton; Bohai-rim coal price rebounded by RMB18 per ton. International steam coal price fluctuated mildly. Downstream power plant inventory declined modestly. Thermal power plants' inventories equaled 16.7 days of consumption.

Metallurgical coal: (1) Domestic coking coal prices were generally flat. Australian coking coal was quoted at US\$151.3/ton at Qingdao Port, down by 1.0%. (2) Steel output fell from the previous statistical period. (3) Steel

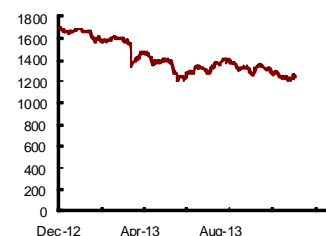
Global Commodity	Last price	chg	% chg
Brent Oil	109.30	0.00	0.00
Gold	1,253.2	1.01	0.08
LME Aluminum	1,803.0	10.00	0.56
LME Copper	7,159.0	24.00	0.34
BDI	2,299.0	62.00	2.77
API Coal	83.65	0.55	0.66

Exchange /Bond Market	/Currency	Last price	chg	% chg
USD/RMB		6.11	0.00	0.00
USD/HKD		7.75	0.00	0.00
1-YR RMB NDF		6.12	0.00	0.00
EUR/USD		1.38	0.01	0.01
3-M Libor		0.52	0.00	0.00
3-M Shibor		5.33	-0.01	-0.19
10 YR US T-Note Yield		2.85	0.05	1.79

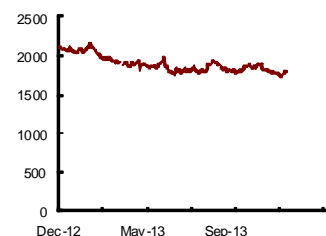
Brent Oil One Year



Gold Commodity One Year



LME Aluminum Commodity One Year



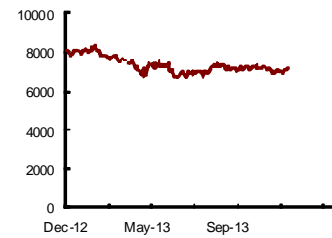
Source: Bloomberg

inventory fell moderately, while coking coal inventory rebounded. (4) The earnings situation deteriorated. Steam coal: (1) Coal price continued to rebound. (2) Output chain: Weekly coal output in Shanxi was 2.61 million tons, down 4.6%. (3) Inventory fell modestly. (4) Steam coal companies improved their earnings situation, turning loss into profit of about RMB4/ton based on Qinhuangdao price.

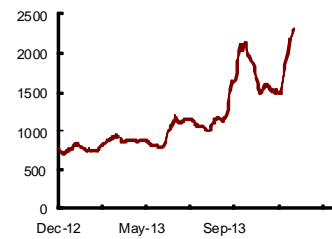
What to Watch

Economic Data	HK: Nil		
	US: Treasury Budget		
Date	Ticker	Stock Name	Earnings
2013/12/12	02339	NORSTAR	Interim
2013/12/12	08021	WLS HOLDINGS	Interim
2013/12/12	08158	CHINA BIO-MED	Interim
2013/12/12	08158	CHINA BIO-MED	Interim
Date	Ticker	Stock Name	Issue Price
2013/12/12	01359	CHINA CINDA	3.580
2013/12/12	02211	JINTIAN PHARM	2.910
2013/12/12	03369	QHD PORT	5.250

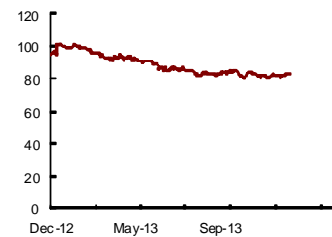
LME Copper Commodity One Year



BDI One Year



API Coal One Year



Source: Bloomberg

China Merchants Securities (Hong Kong) Stock Pool Update Weekly
 2013-12-12

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	5.93	5.30	-11%	RMB	0.55	0.56	0.64	8.5	8.4	7.3	3.7%	Ivy Zhao
1880	Belle	Buy	HKD	8.99	14.03	56%	RMB	0.55	0.62	0.69	12.8	11.4	10.3	-8.5%	Ivy Zhao
1368	Xtep	Neutral	HKD	4.02	4.00	-1%	RMB	0.27	0.27	0.29	11.7	11.7	10.9	0.0%	Ivy Zhao
2020	Anta Sports	Buy	HKD	10.52	13.47	28%	RMB	0.49	0.54	0.60	17.1	15.5	13.8	-10.7%	Ivy Zhao
1361	361 Degrees	Neutral	HKD	2.29	1.71	-25%	RMB	0.17	0.16	0.16	10.7	11.4	11.4	-0.4%	Ivy Zhao
1968	Peak Sport	Neutral	HKD	1.95	1.48	-24%	RMB	0.16	0.17	0.19	9.7	8.9	7.9	14.0%	Ivy Zhao
2331	Li Ning	Buy	HKD	6.92	5.20	-25%	RMB	-0.10	0.18	0.20	N.A.	31.0	27.4	4.5%	Ivy Zhao
3818	China Dongxiang	Buy	HKD	1.22	1.64	34%	RMB	0.04	0.04	0.05	26.0	22.9	20.5	2.5%	Ivy Zhao
953	Meike	Neutral	HKD	0.43	0.30	-30%	RMB	0.04	0.05	0.06	9.4	7.4	6.2	-12.2%	Ivy Zhao
1234	China Lilang	Buy	HKD	4.87	5.25	8%	RMB	0.41	0.41	0.47	9.4	9.4	8.2	-1.8%	Ivy Zhao
891	Trinity	Buy	HKD	2.71	4.63	71%	RMB	0.21	0.25	0.30	10.2	8.6	7.1	-2.9%	Ivy Zhao
873	C Taifeng Bed	Buy	HKD	1.91	2.86	50%	RMB	0.52	0.65	0.80	2.9	2.3	1.9	4.4%	Ivy Zhao
Metals & Mining															
1818	Zhaojin Mining	Neutral	HKD	4.86	6.00	23%	RMB	0.43	0.38	0.34	8.9	10.1	11.3	-11.6%	Li Xiang
2899	Zijin Mining	Neutral	HKD	1.76	1.69	-4%	RMB	0.14	0.15	0.12	9.9	9.3	11.6	0.6%	Li Xiang
358	Jiangxi Copper	Buy	HKD	14.08	15.20	8%	RMB	1.02	1.05	0.85	10.9	10.6	13.1	-3.2%	Li Xiang
3993	Cmcc	Neutral	HKD	3.37	3.10	-8%	RMB	0.19	0.20	0.21	13.8	13.6	12.8	4.7%	Li Xiang
2600	Chalco	Sell	HKD	2.74	1.60	-42%	RMB	-0.28	-0.11	-0.10	N.A.	N.A.	N.A.	-0.4%	Li Xiang
1378	China Hongqiao	Buy	HKD	4.79	5.80	21%	RMB	0.97	1.11	1.23	3.9	3.4	3.1	3.0%	Li Xiang
486	Rusal	Sell	HKD	2.30	2.03	-12%	USD	0.01	0.04	0.05	29.7	7.4	5.9	0.9%	Li Xiang
3948	Yitai Coal	Buy	HKD	14.58	25.10	72%	RMB	1.88	2.11	2.22	6.1	5.5	5.2	-2.8%	Li Xiang

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1088	China Shenhua	Buy	HKD	24.55	36.40	48%	RMB	2.44	2.90	3.07	7.9	6.7	6.3	2.1%	Li Xiang
1898	China Coal	Neutral	HKD	4.73	5.00	6%	RMB	0.47	0.43	0.42	7.9	8.7	8.9	0.4%	Li Xiang
Auto & Others															
1211	Byd Company	Neutral	HKD	38.55	13.00	-66%	RMB	0.33	0.68	1.10	92.1	44.7	27.6	2.3%	Colleen Li
489	Dongfeng Group	Buy	HKD	12.84	14.17	10%	RMB	1.13	1.26	1.29	9.0	8.0	7.9	12.6%	Colleen Li
175	Geely Auto	Buy	HKD	3.84	5.04	31%	RMB	0.32	0.36	0.38	9.5	8.4	8.0	-1.5%	Colleen Li
2333	Greatwall Motor	Neutral	HKD	45.60	38.62	-15%	RMB	2.78	3.41	3.74	12.9	10.5	9.6	4.4%	Colleen Li
1114	Brilliance Chi	Buy	HKD	12.82	12.00	-6%	RMB	0.71	0.80	0.89	14.2	12.6	11.4	-6.2%	Colleen Li
425	MintH Group	Buy	HKD	16.72	13.20	-21%	RMB	0.78	0.87	0.97	16.9	15.2	13.6	7.5%	Colleen Li
1728	Zhengtong Auto	Buy	HKD	5.20	5.85	13%	RMB	0.55	0.81	1.11	7.5	5.1	3.7	-1.0%	Colleen Li
881	Zhongsheng Hldg	Neutral	HKD	11.84	10.30	-13%	RMB	0.58	0.71	0.99	16.1	13.2	9.4	4.6%	Colleen Li
1766	CSR	Buy	HKD	6.59	8.08	23%	RMB	0.31	0.40	0.45	16.8	13.0	11.6	-4.4%	Colleen Li
3898	CSR Times Electric	Buy	HKD	28.35	32.03	13%	RMB	1.10	1.35	1.62	20.3	16.6	13.8	0.2%	Colleen Li
Oil & Gas															
857	Petro China	Buy	HKD	8.76	10.55	20%	RMB	0.71	0.74	0.78	9.7	9.3	8.9	0.2%	Michael Yuk
386	Sinopec Corp	Buy	HKD	6.47	7.20	11%	RMB	0.68	0.70	0.73	7.5	7.3	7.0	1.4%	Michael Yuk
883	Cnooc	Buy	HKD	15.44	17.00	10%	RMB	1.44	1.56	1.69	8.5	7.8	7.2	-0.4%	Michael Yuk
603	China Oil & Gas	Neutral	HKD	1.39	1.45	4%	HKD	0.09	0.12	0.15	15.4	11.6	9.3	7.8%	Michael Yuk
342	Newocean Energy	Buy	HKD	5.11	5.30	4%	HKD	0.55	0.63	0.79	9.3	8.1	6.5	12.3%	Michael Yuk
467	Unitedenergy Gp	Buy	HKD	1.14	1.59	39%	HKD	0.10	0.09	0.09	11.4	12.7	12.7	-3.4%	Michael Yuk
Oil & Gas Services/Equipment															
3899	Cimc Enric	Buy	HKD	12.90	10.00	-22%	RMB	0.49	0.60	0.72	20.8	17.0	14.1	24.0%	Michael Yuk
569	Ch Automation	Buy	HKD	1.74	2.50	44%	RMB	0.26	0.29	0.33	5.3	4.7	4.2	-1.7%	Michael Yuk
3337	Anton Oilfield	Buy	HKD	4.85	4.75	-2%	RMB	0.19	0.23	0.28	20.1	16.6	13.7	6.1%	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		
1938	Chu Kong Pipe	Buy	HKD	2.87	2.26	-21%	RMB	0.11	0.40	0.55	20.6	5.7	4.1	-2.1%	Michael Yuk
2883	China Oilfield	Buy	HKD	23.45	18.00	-23%	RMB	1.29	1.45	1.66	14.3	12.8	11.1	4.0%	Michael Yuk
3303	Jutal Oil Ser	Buy	HKD	1.53	2.40	57%	RMB	0.13	0.17	0.15	9.3	7.1	8.0	2.0%	Michael Yuk
1623	Hilong	Buy	HKD	5.69	5.10	-10%	RMB	0.16	0.28	0.29	27.4	16.1	15.6	-2.7%	Michael Yuk
Property															
688	China Overseas	Buy	HKD	22.55	22.56	0%	HKD	2.29	2.30	2.68	9.9	9.8	8.4	-3.0%	DuanFeiqin
410	Soho China	Neutral	HKD	6.90	6.42	-7%	HKD	2.37	2.13	1.96	2.9	3.2	3.5	2.2%	DuanFeiqin
813	Shimao Property	Neutral	HKD	18.54	16.70	-10%	HKD	2.07	2.19	2.46	9.0	8.5	7.5	-0.4%	DuanFeiqin
1109	China Res Land	Buy	HKD	20.20	23.80	18%	HKD	1.81	1.91	2.20	11.2	10.6	9.2	-2.7%	DuanFeiqin
2777	R&F Properties	Buy	HKD	11.74	13.90	18%	HKD	2.15	2.23	2.45	5.5	5.3	4.8	-7.9%	DuanFeiqin
2007	Country Garden	Neutral	HKD	4.74	4.68	-1%	HKD	0.48	0.53	0.60	10.0	8.9	7.9	-11.2%	DuanFeiqin
3383	Agile Property	Neutral	HKD	8.41	10.10	20%	HKD	1.81	1.98	2.02	4.7	4.3	4.2	-6.7%	DuanFeiqin
3333	Evergrande	Buy	HKD	3.06	4.38	43%	HKD	0.84	0.97	0.98	3.6	3.2	3.1	-3.8%	DuanFeiqin
960	Longfor Ppt	Buy	HKD	11.30	13.23	17%	HKD	1.50	1.65	1.81	7.5	6.9	6.3	-6.6%	DuanFeiqin
1813	Kwg Property	Neutral	HKD	4.47	5.05	13%	HKD	1.02	1.10	1.18	4.4	4.1	3.8	-3.5%	DuanFeiqin
3366	Oct (Asia)	Buy	HKD	3.54	3.50	-1%	HKD	0.43	0.54	0.64	8.2	6.6	5.5	4.4%	DuanFeiqin
3900	Greentown China	Buy	HKD	12.04	18.80	56%	HKD	3.17	3.33	3.49	3.8	3.6	3.5	-15.1%	DuanFeiqin
754	Hopson Dev Hold	Buy	HKD	8.76	12.20	39%	HKD	1.72	1.98	2.22	5.1	4.4	4.0	-5.1%	DuanFeiqin
1918	Sunac	Buy	HKD	4.67	6.66	43%	HKD	1.07	1.26	1.41	4.4	3.7	3.3	-9.3%	DuanFeiqin
Consumer Discretionary															
1833	Intime	Buy	HKD	8.21	10.50	28%	RMB	0.54	0.64	0.75	12.0	10.1	8.6	-7.4%	Gloria Wang
1700	Springland	Neutral	HKD	3.99	4.50	13%	RMB	0.29	0.33	0.37	10.9	9.5	8.5	-5.0%	Gloria Wang
493	Gome	Buy	HKD	1.28	1.90	48%	RMB	0.05	0.06	0.07	20.2	16.8	14.4	-3.0%	Gloria Wang
Telecommunication															

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								2013E	2014E	2015E	2013E	2014E	2015E		
941	China Mobile	Neutral	HKD	81.40	78.00	-4%	RMB	6.37	6.26	6.27	10.1	10.3	10.2	-0.1%	Jeff Hao
762	China Unicom	Buy	HKD	11.74	14.08	20%	RMB	0.45	0.58	0.69	20.6	16.0	13.4	-2.0%	Jeff Hao
728	China Telecom	Buy	HKD	3.95	4.67	18%	RMB	0.24	0.27	0.31	13.0	11.5	10.1	-0.5%	Jeff Hao
Information Technology															
700	Tencent	Buy	HKD	474.60	455.00	-4%	RMB	8.58	11.47	15.37	43.6	32.6	24.3	15.4%	Jeff Hao
3888	Kingsoft	Buy	HKD	20.80	24.37	17%	RMB	0.50	0.66	0.83	32.8	24.9	19.8	7.1%	Jeff Hao
1661	Wisdom	Buy	HKD	4.11	2.90	-29%	RMB	0.13	0.20	0.25	24.9	16.2	13.0	30.5%	Jeff Hao
777	Netdragon	Buy	HKD	14.82	26.27	77%	RMB	0.78	0.89	1.12	15.0	13.1	10.4	-17.6%	Jeff Hao
354	Chinasoft	Neutral	HKD	2.05	2.00	-2%	RMB	0.10	0.12	0.15	16.2	13.5	10.8	-10.9%	Jeff Hao
268	Kingdee	Neutral	HKD	2.12	1.40	-34%	RMB	0.02	0.04	0.05	83.6	41.8	33.4	-14.2%	Jeff Hao
Port															
144	China Mer Hold	Neutral	HKD	28.80	26.43	-8%	HKD	1.55	1.75	2.05	18.6	16.5	14.1	2.5%	Kate Li
1199	Cosco Pacific	Buy	HKD	10.94	12.58	15%	USD	0.26	0.13	0.14	5.4	10.9	10.1	-2.2%	Kate Li
Shipping															
368	Sinotrans Ship	Buy	HKD	2.52	2.40	-5%	USD	0.01	0.02	0.03	32.5	16.3	10.8	-4.9%	Kate Li
316	Ooil	Buy	HKD	38.95	51.00	31%	USD	0.17	0.23	0.41	29.6	21.9	12.3	-4.7%	Kate Li
2866	Cscl	Neural	HKD	2.03	1.82	-10%	RMB	-0.06	0.03	0.07	N.A.	53.4	22.9	5.2%	Kate Li
Alternative Energy															
3800	Gcl-Poly Energy	Buy	HKD	2.22	1.97	-11%	HKD	0.01	0.05	0.07	222.0	44.4	31.7	-6.7%	Yin Lei
712	Comtec Solar	Buy	HKD	1.33	1.76	32%	RMB	0.05	0.11	0.16	21.0	9.5	6.6	-23.1%	Yin Lei
750	Singyes Solar	Buy	HKD	7.62	9.40	23%	RMB	0.81	0.91	1.04	7.4	6.6	5.8	-13.0%	Yin Lei
2208	Goldwind	Buy	HKD	7.78	10.04	29%	RMB	0.15	0.32	0.45	40.9	19.2	13.6	5.3%	Yin Lei
916	Longyuan Power	Neutral	HKD	9.50	8.16	-14%	RMB	0.36	0.43	0.52	20.8	17.4	14.4	2.2%	Yin Lei
1798	Datang Power	Neutral	HKD	1.51	1.59	5%	RMB	0.05	0.08	0.13	23.8	14.9	9.2	1.3%	Yin Lei

Stock Code	Short Name	Rating	Price Currency	Latest Price	12- Month Target Price	Upside Potential	EPS Currency	EPS			P/E			1-Month Performance	Analyst
								2013E	2014E	2015E	2013E	2014E	2015E		
816	Huadian Fuxin	Buy	HKD	2.83	2.99	6%	RMB	0.19	0.24	0.28	11.7	9.3	8.0	5.6%	Yin Lei
579	Jingneng	Buy	HKD	3.80	3.62	-5%	RMB	0.18	0.24	0.29	16.6	12.5	10.3	10.1%	Yin Lei
Food & Beverage															
322	Tingyi	Buy	HKD	23.10	21.10	-9%	USD	0.08	0.11	0.12	37.3	28.4	24.8	5.5%	Ling Hua
2319	Mengniu Dairy	Buy	HKD	35.70	33.26	-7%	RMB	0.85	1.10	1.48	33.1	25.6	19.0	11.2%	Ling Hua
506	China Foods	Neutral	HKD	3.53	4.25	20%	HKD	0.17	0.22	0.27	20.8	16.1	13.1	5.1%	Ling Hua
151	Want Want China	Neutral	HKD	11.18	12.10	8%	USD	0.05	0.06	0.07	28.8	24.0	20.6	-0.2%	Ling Hua
345	Vitasoy	Buy	HKD	10.92	9.00	-18%	HKD	0.31	0.35	0.48	35.2	31.2	22.8	-0.7%	Ling Hua
Machinery & Equipment															
1157	Zoomlion	Neutral	HKD	7.36	7.20	-2%	RMB	0.60	0.67	0.80	9.7	8.7	7.3	1.9%	Jiao Yiding
631	Sany	Buy	HKD	2.53	3.40	34%	RMB	0.22	0.24	0.26	9.1	8.3	7.7	15.0%	Jiao Yiding
3339	Lonking	Buy	HKD	1.55	1.92	24%	RMB	0.12	0.13	0.16	10.2	9.4	7.6	-2.5%	Jiao Yiding
Electricity															
902	Huaneng Power	Buy	HKD	7.16	11.00	54%	RMB	0.89	0.87	0.93	6.3	6.5	6.1	-8.8%	Vera Liang
991	Datang Power	Buy	HKD	3.66	3.90	7%	RMB	0.37	0.38	0.47	7.8	7.6	6.1	2.8%	Vera Liang
1071	Huadian Power	Neutral	HKD	3.22	3.80	18%	RMB	0.46	0.45	0.55	5.5	5.6	4.6	-4.2%	Vera Liang
Semi and Hardware Technology															
992	Lenove	Buy	HKD	9.45	9.20	-3%	USD	0.06	0.08	0.09	20.3	15.2	13.6	7.5%	Alex Ng
2382	Sunny Optical	Neutral	HKD	6.83	8.37	23%	RMB	0.41	0.54	0.73	13.1	10.0	7.4	2.1%	Alex Ng
732	Truly	Buy	HKD	4.41	7.15	62%	HKD	0.56	0.67	0.79	7.9	6.6	5.6	-7.6%	Alex Ng
2018	Aac Tech	Neutral	HKD	37.30	40.00	7%	RMB	1.83	2.16	2.48	16.1	13.6	11.9	18.4%	Alex Ng
2618	Tcl Comm	Buy	HKD	7.72	8.52	10%	HKD	0.28	0.76	0.96	27.6	10.2	8.0	13.0%	Alex Ng
2369	China Wireless	Neutral	HKD	2.57	3.10	21%	HKD	0.20	0.24	0.30	12.9	10.7	8.6	-10.5%	Alex Ng
Pharmaceuticals & Medical Devices															

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		
2348	Dawnrays Pharma	Buy	HKD	4.90	3.20	-35%	RMB	0.18	0.14	0.17	21.5	27.6	22.7	30.3%	Jonathan Hsu
460	Sihuan Pharm	Buy	HKD	6.48	8.00	23%	RMB	0.16	0.17	0.19	31.9	30.1	26.9	13.7%	Jonathan Hsu
1177	Sino Biopharm	Buy	HKD	6.20	6.70	8%	HKD	0.09	0.18	0.22	68.9	34.4	28.2	15.2%	Jonathan Hsu
1093	CSPC Pharm	Buy	HKD	5.07	5.70	12%	HKD	1.48	0.20	0.24	3.4	25.4	21.1	7.2%	Jonathan Hsu
1099	Sinopharm	Buy	HKD	24.15	24.40	1%	RMB	0.66	0.82	1.01	28.9	23.2	18.9	15.6%	Jonathan Hsu
2877	Shineway Pharm	Neutral	HKD	10.94	12.30	12%	RMB	0.91	0.78	0.89	9.5	11.1	9.7	-1.4%	Jonathan Hsu
US Stock															
BIDU	Baidu Inc	Buy	USD	173.24	151.10	-13%	USD	4.89	7.36	9.67	35.4	23.5	17.9	14.3%	Mike Chen
SINA	Sina Corp	Buy	USD	78.51	97.50	24%	USD	0.53	2.43	4.20	148.1	32.3	18.7	1.2%	Mike Chen
SOHU	Sohu.Com Inc	Neutral	USD	66.42	61.40	-8%	USD	1.48	2.44	3.28	44.9	27.2	20.3	3.4%	Mike Chen
NTES	Netease Inc	Buy	USD	69.76	85.50	23%	USD	5.56	5.80	6.60	12.6	12.0	10.6	4.3%	Mike Chen
QIHU	Qihoo 360	Buy	USD	79.91	94.47	18%	USD	1.16	2.00	3.68	68.9	40.0	21.7	-4.2%	Mike Chen
YOKU	Youku Tudou Inc	Neutral	USD	29.62	23.82	-20%	USD	-0.47	-0.18	0.19	N.A.	N.A.	155.9	10.9%	Mike Chen
EDU	New Oriental Education	Buy	USD	28.94	24.50	-15%	USD	0.89	1.25	1.43	32.5	23.2	20.2	9.5%	Mike Chen
DANG	Dangdang	Neutral	USD	8.23	6.40	-22%	USD	-0.82	-0.52	-0.18	N.A.	N.A.	N.A.	-8.6%	Mike Chen
CTRP	Ctrip	Buy	USD	46.83	25.70	-45%	USD	1.15	1.48	1.76	40.7	31.6	26.6	-8.7%	Mike Chen
HMIN	Home Inns	Neutral	USD	39.00	27.40	-30%	USD	1.09	1.62	2.04	35.8	24.1	19.1	9.8%	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	120.4	-2.0	168	TSINGTAO BREW-H	64.60	-1.2
2	CLP HLDGS LTD	61.60	-1.5	177	JIANGSU EXPRES-H	9.62	-0.4
3	HONG KG CHINA GS	17.88	-1.1	323	MAANSHAN IRON-H	2.04	-4.2
4	WHARF HLDG	61.30	-1.6	338	SINOPEC SHANG-H	2.16	-3.1
5	HSBC HLDGS PLC	82.80	-1.3	347	ANGANG STEEL-H	5.41	-5.4
6	POWER ASSETS HOL	60.60	-1.1	358	JIANGXI COPPER-H	14.08	-2.4
11	HANG SENG BK	124.5	-1.7	386	CHINA PETROLEU-H	6.47	-3.0
12	HENDERSON LAND D	43.55	-1.4	390	CHINA RAIL GR-H	4.30	-2.1
13	HUTCHISON WHAMPO	99.45	-1.7	489	DONGFENG MOTOR-H	12.84	-1.2
16	SUN HUNG KAI PRO	96.20	-1.2	552	CHINA COMM SER-H	4.84	-0.6
17	NEW WORLD DEV	9.96	-1.4	576	ZHEJIANG EXPRESS	7.14	-0.4
19	SWIRE PACIFIC-A	91.80	-1.0	694	BEIJING CAP AI-H	6.48	0.3
23	BANK EAST ASIA	32.90	-2.8	728	CHINA TELECOM-H	3.95	-1.5
66	MTR CORP	29.60	-1.2	753	AIR CHINA LTD-H	5.72	-4.4
83	SINO LAND CO	10.32	-1.5	857	PETROCHINA CO-H	8.76	-2.6
101	HANG LUNG PROPER	24.90	-2.5	902	HUANENG POWER-H	7.16	-1.9
144	CHINA MERCHANT	28.80	-0.7	914	ANHUI CONCH-H	29.20	-2.8
267	CITIC PACIFIC	11.86	-3.0	939	CHINA CONST BA-H	6.06	-2.4
291	CHINA RES ENTERP	26.65	-0.7	991	DATANG INTL PO-H	3.66	2.2
293	CATHAY PAC AIR	16.06	-1.8	998	CHINA CITIC BK-H	4.28	-2.5
330	ESPRIT HLDGS	16.04	0.5	1088	CHINA SHENHUA-H	24.55	-3.9
386	CHINA PETROLEU-H	6.47	-3.0	1133	HARBIN ELECTRIC	5.15	-2.8
388	HONG KONG EXCHNG	133.5	-2.3	1138	CHINA SHIPPING-H	5.29	-1.1
494	LI & FUNG LTD	9.94	-1.8	1171	YANZHOU COAL-H	7.58	-2.6
551	YUE YUEN INDUS	24.85	-0.8	1186	CHINA RAIL CN-H	8.17	-3.3
688	CHINA OVERSEAS	22.55	-1.3	1398	IND & COMM BK-H	5.43	-2.7
700	TENCENT HOLDINGS	474.6	1.8	1800	CHINA COM CONS-H	6.45	-1.8
762	CHINA UNICOM HON	11.74	-1.3	1898	CHINA COAL ENE-H	4.73	-3.9
857	PETROCHINA CO-H	8.76	-2.6	1919	CHINA COSCO HO-H	3.80	-4.3
883	CNOOC LTD	15.44	-1.5	2318	PING AN INSURA-H	72.70	-4.0
939	CHINA CONST BA-H	6.06	-2.4	2328	PICC PROPERTY &	12.36	-3.9
941	CHINA MOBILE	81.40	-3.2	2600	ALUMINUM CORP-H	2.74	-2.5
1088	CHINA SHENHUA-H	24.55	-3.9	2628	CHINA LIFE INS-H	24.65	-3.3
1199	COSCO PAC LTD	10.94	-1.4	2727	SHANGHAI ELECT-H	2.87	-3.7
1398	IND & COMM BK-H	5.43	-2.7	2777	GUANGZHOU R&F -H	11.74	1.2
2038	FIH MOBILE LTD	4.04	2.3	2866	CHINA SHIPPING-H	2.03	-2.9
2318	PING AN INSURA-H	72.70	-4.0	2883	CHINA OILFIELD-H	23.45	-3.5
2388	BOC HONG KONG HO	24.95	-2.2	2899	ZIJIN MINING-H	1.76	-1.1
2600	ALUMINUM CORP-H	2.74	-2.5	3323	CHINA NATL BDG-H	8.32	-3.6
2628	CHINA LIFE INS-H	24.65	-3.3	3328	BANK OF COMMUN-H	5.53	-2.1
3328	BANK OF COMMUN-H	5.53	-2.1	3968	CHINA MERCH BK-H	15.86	-1.4
3988	BANK OF CHINA-H	3.62	-2.4	3988	BANK OF CHINA-H	3.62	-2.4
				3993	CHINA MOLYBDENUM	3.37	0.0

A+H Company Performance
 Last price

Name(H)	Code (H)	Price (H)	Code (A)	Price (A)	Spread (%)
BEIREN PRINT-H	187	3.19	600860	8.75	250.3
NORTHEAST ELEC-H	42	0.90	000585	2.40	240.6
SHENJI GROUP-H	300	2.12	600806	4.66	180.7
TIANJIN CAP-H	1065	4.03	600874	8.77	177.9
SHANDONG XINHU-H	719	2.19	000756	4.71	174.7
CHONGQING IRON-H	1053	1.21	601005	2.59	173.4
NANJING PANDA-H	553	3.81	600775	8.06	170.2
SINOPEC YIZHEN-H	1033	1.51	600871	2.90	145.3
BEIJING NORTH-H	588	1.74	601588	2.88	111.4
JINGWEI TEXTIL-H	350	6.07	000666	9.76	105.3
ALUMINUM CORP-H	2600	2.74	601600	3.81	77.6
YANZHOU COAL-H	1171	7.58	600188	9.82	65.5
DATANG INTL PO-H	991	3.66	601991	4.73	65.0
SINOPEC SHANG-H	338	2.16	600688	2.78	64.4
SHENZHEN EXPRE-H	548	3.62	600548	3.85	35.8
JIANGXI COPPER-H	358	14.08	600362	14.94	35.5
GUANGZHOU BAIYUN	874	30.85	600332	32.17	33.2
HISENSE KELON -H	921	12.58	000921	12.82	30.1
HUADIAN POWER-H	1071	3.22	600027	3.19	26.5
GUANGZHOU SHIP-H	317	16.30	600685	15.68	22.9
DONGFANG ELECT-H	1072	13.14	600875	12.64	22.9
CHINA SHIPPING-H	1138	5.29	600026	5.03	21.4
CHINA CITIC BK-H	998	4.28	601998	4.05	20.9
CHINA SOUTHERN-H	1055	3.06	600029	2.87	19.8
ZTE CORP-H	763	16.30	000063	14.93	17.0
ANHUI EXPRESS-H	995	4.47	600012	4.04	15.4
MAANSHAN IRON-H	323	2.04	600808	1.78	11.4
GUANGSHEN RAIL-H	525	3.48	601333	2.93	7.5
LUOYANG GLASS-H	1108	1.35	600876	4.84	0.0
BANK OF CHINA-H	3988	3.62	601988	2.79	-1.6
HUANENG POWER-H	902	7.16	600011	5.43	-3.2
BANK OF COMMUN-H	3328	5.53	601328	4.14	-4.4
CHINA PETROLEU-H	386	6.47	600028	4.74	-6.4
AIR CHINA LTD-H	753	5.72	601111	4.06	-9.4
TSINGTAO BREW-H	168	64.60	600600	45.25	-10.6
IND & COMM BK-H	1398	5.43	601398	3.78	-11.1
CHINA MERCH BK-H	3968	15.86	600036	11.02	-11.3
CHINA LIFE INS-H	2628	24.65	601628	15.66	-18.9
WEICHAJ POWER-H	2338	33.35	000338	20.23	-22.5
ANHUI CONCH-H	914	29.20	600585	17.57	-23.2
JIANGSU EXPRES-H	177	9.62	600377	5.74	-23.8
ANGANG STEEL-H	347	5.41	000898	3.20	-24.5
PING AN INSURA-H	2318	72.70	601318	41.73	-26.7

Recently Published Research

Date published	Name of report	Analyst
11-Dec-13	2014 Hong Kong TMT Sector Investment Strategy	Jeff Hao
10-Dec-13	2014 Hong Kong Stock Market Investment Outlook	Cliff Zhao, George Chen, Zi chen Xu
10-Dec-13	2014 Hong Kong Shipping and Port Sector Investment	Kate Li
9-Dec-13	2014 Hong Kong Thermal Power Sector Investment	Vera Liang
9-Dec-13	2014 Hong Kong Machinery Manufacturing Sector	Yiding Jiao
9-Dec-13	2014 Oil & Gas Industry Outlook	Michael Yuk
6-Dec-13	2014 China Metal and Mining Industry Outlook	Li Xiang
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4-Dec-13	2014 Overseas Economic Outlook	Qing Li, Lynn Song, Cliff Zhao, David Xie
4-Dec-13	2014 China retail sector outlook(Neutral)	Wang Xiaodi
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26-Nov-13	Truly International (732 HK)	Alex Ng
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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

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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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