

Research Highlights

1. February Eurozone Flash PMI data moderated, reflecting slowdown in manufacturing

[Lynn Song] The Eurozone released its February 2014 flash PMI figures on February 20th. Eurozone February flash composite PMI dipped to 52.7 from 52.9, flash manufacturing PMI fell to 53.0 from 53.9. In contrast, flash services PMI rose to 51.7 from 51.6.

February PMI moderated, mostly due to a slowdown of manufacturing in the Eurozone, as well as due to continued poor performance of France's PMI. The moderation in February was not a big surprise, as January's PMI was unusually strong. As we have stated in our previous reports, the Eurozone recovery will be fragile and uneven. We maintain our view that 2014 will be a year of modest recovery, and do not view February's moderation as cause for concern.

1. The decline in the Eurozone composite PMI was due to a slowdown in manufacturing (down 0.9 ppt), while services edged up (0.1 ppt). February's release marked the eighth straight month of expansion. The manufacturing PMI slowdown primarily reflected a dip in output outweighing an improvement in employment. Although the headline data moderated, continued improvement in the employment subcategory was encouraging.

2. Germany's February flash composite PMI registered at 56.1, up from 55.9, a 32 month high, higher than market expectations. The improvement was led by services, which rose to 55.4 from 53.6, mostly attributed to a rise in new orders, backlog of orders, and employment. In contrast, manufacturing expanded at a slower pace compared to January, falling to 54.7 from 56.3, as output slowed. Germany's economic data continues to show recovery on track in the Eurozone's largest economy.

3. France's PMI continued to deteriorate after a one month rebound in January. France's February flash composite PMI registered at 47.6, down from 48.9 in January. The slowdown primarily reflected a slowdown of services activity, which fell to 46.9 from 48.9 (a 9 month low), while manufacturing also fell, dropping to 48.5 from 49.3. We continue to reiterate that France's PMI has diverged from the actual performance of its real economy, and caution investors to take view this latest measure with a grain of salt.

4. Other countries were said to have showed some improvement in February, although details were not provided in the flash PMI release. Improving export order momentum starting from 4Q13 continued in the first two months and should buoy growth across the region. We expect an overall improvement of conditions in the periphery countries in 2014, as earlier fiscal consolidation efforts begin to bear fruit.

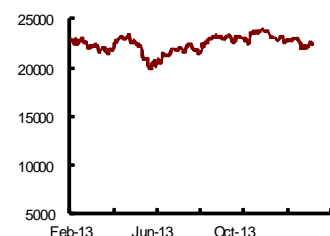
The moderation of February flash composite PMI may not have a large impact in and of itself, but if inflation data continues to trend downward, it may increase pressure on the ECB to cut rates in March. The ECB will release the flash estimate for February CPI next Friday (February 28), and this should provide us with insight on monetary policy action in March. While momentum appears to be building for an unprecedented rate cut to a negative deposit rate, at this juncture we still believe the ECB will stand pat, and await the flash CPI release as a key event.

HK Indices	Last price	chg	% chg
HSI	22,394.08	-270.4	-1.19
Finance	30,628.48	-515.2	-1.65
Properties	27,404.45	-245.4	-0.89
Utilities	46,709.21	-119.5	-0.26
Commerce&Industr	13,638.98	-115.2	-0.84
HSCEI	9,978.06	-79.46	-0.79
HSCCI	4,219.14	-50.73	-1.19
HKSPGEM	539.16	1.66	0.31

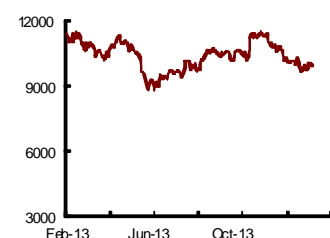
World Indices	Last price	chg	% chg
FTSE 100	6,812.99	16.28	0.24
DAX 30	9,618.85	-41.20	-0.43
CAC 40	4,355.49	14.39	0.33
DJIA	16,133.23	92.67	0.58
S&P500	1,839.78	11.03	0.60
Nasdaq Composite	4,267.55	29.59	0.70
Nikkei 225	14,449.18	-317.35	-2.15

Asia-Pacific Indices	Last price	chg	% chg
KOSPI	1,930.57	-12.36	-0.64
TWSE	8,524.62	-52.39	-0.61
STI	3,086.64	-2.15	-0.07
India BSE 30	20,536.64	-186.33	-0.90
S&P/ASX 200	5,446.70	34.36	0.63

HSI One Year



HSCEI One Year



Source: Bloomberg

China Merchants Securities (HK)

Research

+852-3189-6888

2. Sinopec (00386.HK) - Up for sale

[Michael Yuk] Sinopec has announced that it plans to sell as much as 30% of its oil retail unit (fueling stations) to private investors. We calculate that FY14 EPS could surge to RMB1.389/share (from RMB0.704/share) as a result. Assuming a disposal gain of RMB79.8bn in FY14 and a 8.4x pro-forma FY15 EPS of RMB0.652/share (10% less than current FY15 estimates due to less contribution), we think a fair value for Sinopec could be HK\$8.53/share. Maintain Buy.

1) What's the impact? Sinopec operated 30,532 fuel stations across China as of the end of 2013 with 'Marketing and Distribution' assets totaling RMB266,107mn as of 1H13. If 30% of these assets were sold at 2x book value, Sinopec could see a disposal gain of RMB79,832mn or approximately RMB0.685/share from the divestiture, which would raise our FY14 earnings estimate to RMB1.389/share (from RMB0.704/share).

2) Who are the would-be buyers? We believe that international oil majors (e.g. ExxonMobil, Shell, BP), who have been waiting years to increase market share or gain access to China's fast growing retail fuels market, would be the main buyers of Sinopec fueling stations. HK-listed companies like NewOcean (342.HK, BUY, TP:HK\$9.83/share) and possibly ENN (2688.HK, NR) may buy fueling stations in key locations that would complement their retail oil and gas businesses.

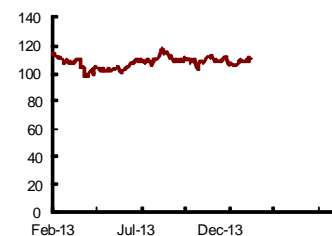
3) Longer-term implication Beyond the one-off gain from the possible sale during FY14, Sinopec would have to find ways to make up for the loss in revenue and profits beyond the current financial year. 'Marketing & distribution' is the company's biggest revenue contributor (1H13 revenue: RMB729.245bn or 51.5% of revenue) and second largest operating profit contributor (1H13 operating profit: RMB16.852bn or 36.1% of operating profit) respectively. A highly successful shale gas development could make up for some of the lost revenue and income over time.

4) Valuation We have not changed our earnings estimates. We maintain that Sinopec is a "BUY" with a target price of HK\$7.20/share, a 15% premium above the stock's historical mid-cycle valuation of 7.3x earnings, which translates to 8.4x our FY13 EPS of RMB0.680/share. We will review and adjust our earnings estimates to factor in Sinopec's potential sale accordingly pending additional information.

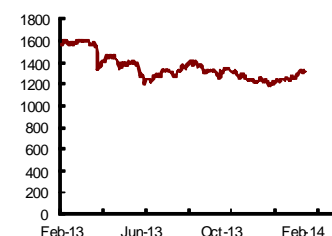
Global Commodity	Last price	chg	% chg
Brent Oil	110.48	0.00	0.00
Gold	1,322.6	-0.34	-0.03
LME Aluminum	1,769.0	3.00	0.17
LME Copper	7,181.0	-14.00	-0.19
BDI	1,164.0	4.00	0.34
API Coal	80.65	-0.35	-0.43

Exchange /Bond Market	/Currency	Last price	chg	% chg
USD/RMB		6.11	0.00	0.00
USD/HKD		7.76	0.00	0.00
1-YR RMB NDF		6.13	0.00	0.00
EUR/USD		1.37	-0.30	-0.22
3-M Libor		0.52	0.00	0.00
3-M Shibor		5.60	0.00	0.00
10 YR US T-Note Yield		2.75	0.01	0.36

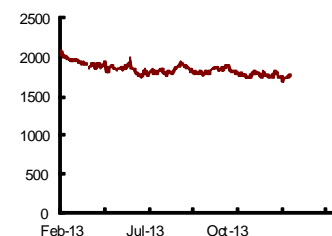
Brent Oil One Year



Gold Commodity One Year



LME Aluminum Commodity One Year



Source: Bloomberg

A-share Research Highlights (CMS Research Center)

1. Bank shares driven by the Internet concept when the bad news has been priced in

[Xiao Liqiang, Luo Yi and Zou Tianjie, Feb. 19, 2014] China Citic Bank (601998 CH) has soared over 42% since the beginning of February. Citic Bank's cooperation with Tencent has aroused the market's optimism over banks' development of online businesses. Meanwhile, 4x 2014E P/E and 0.7x P/B have already priced in the unfavorable fundamentals. We believe cooperation with Internet companies will be the major driver in the severely undervalued banking sector. We recommend Ping An Bank (000001 CH), China Minsheng Banking (600016 CH), Shanghai Pudong Development Bank (600000 CH), Industrial Bank (601166 CH), Bank of Beijing (601169) and Bank of Ningbo (002142 CH).

We believe banks' cooperation with Internet companies will continue to boost share prices of the banking sector. In our opinion, banks' cooperation with Internet companies is non-exclusive, with is the major

difference between Sinolink Securities' and Citic Bank's cooperation with Tencent. This means other listed banks are also able to and could be motivated to cooperate with Internet giants.

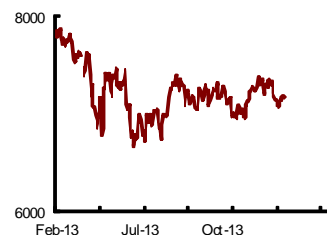
Ping An Bank, China Minsheng Banking and Shanghai Pudong Development Bank have advantages in online business development. Although it is still too early to say Internet finance will overturn traditional banks, and the cooperation with Internet companies is hard to bring substantial earnings to banks in 2014, it is in-line with the future trend. Ping An Bank's Internet finance business division and 1qianbao (e-wallet), Minsheng's cooperation with Alibaba, and Shanghai Pudong Development Bank's major shareholder of China Mobile, development of the mobile payment business and the cooperation with Tencent make it easier for these banks to develop online business.

The sector is of high safety margin as bad news has been priced in. The banking sector has declined over 10% since December 2013, reflecting soaring interbank rates and concerns over credit risk. But the PMI data announced during the Chinese New Year and fluctuations of emerging markets did lead to selling in corrections after the holiday, which is a signal that bad news has been priced in gradually. We believe the current valuation is overly pessimistic. If principal and interest payments of wealth management products are not ensured any more, banks will be negatively affected in the short term, but the impact will not be fatal. Increase in holdings of the bank by Bank of Beijing's management indicates the management's confidence in the future.

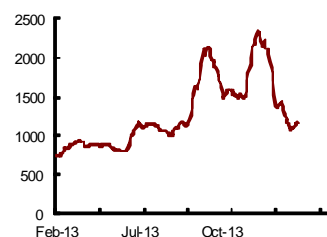
What to Watch

Economic Data	HK: Nil US: Existing Home Sales		
Date	Ticker	Stock Name	Earnings
2014/02/21	00029	DYNAMIC HOLD	
2014/02/21	00330	ESPRIT HOLDINGS	
2014/02/21	00333	TOP FORM INT'L	
2014/02/21	00812	TANRICH	
2014/02/21	00862	Vision Values	
2014/02/21	01082	HK EDU INTL	
2014/02/21	01205	CITIC RESOURCES	
2014/02/21	01249	TONLY ELEC	
2014/02/21	01299	AIA	
2014/02/21	01633	MAGIC HOLDINGS	
2014/02/21	01866	CHINA XLX FERT	
2014/02/21	08321	C AUTO INT DECO	
Date	Ticker	Stock Name	Issue Price
2014/02/21	01636	CMRU	1.130

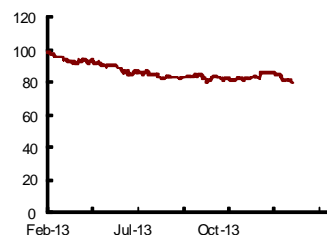
LME Copper Commodity One Year



BDI One Year



API Coal One Year



Source: Bloomberg

China Merchants Securities (Hong Kong) Stock Pool Update Weekly
 2014-2-21

Stock Code	Short Name	Rating	Price Currency	Latest Price	12- Month Target Price	Upside Potential	EPS Currency	EPS			P/E			1-Month Performance	Analyst
								2013E	2014E	2015E	2013E	2014E	2015E		
Textiles, Apparel & Luxury Goods															
589	Ports	Neutral	HKD	5.23	5.30	1%	RMB	0.55	0.56	0.64	7.5	7.4	6.4	-11.4%	Ivy Zhao
1880	Belle	Buy	HKD	8.54	14.03	64%	RMB	0.55	0.62	0.69	12.1	10.8	9.8	-7.3%	Ivy Zhao
1368	Xtep	Neutral	HKD	3.80	4.00	5%	RMB	0.27	0.27	0.29	11.1	11.1	10.3	-2.6%	Ivy Zhao
2020	Anta Sports	Buy	HKD	10.80	13.47	25%	RMB	0.49	0.54	0.60	17.5	15.8	14.1	-5.9%	Ivy Zhao
1361	361 Degrees	Neutral	HKD	2.02	1.71	-15%	RMB	0.17	0.16	0.16	9.4	10.1	10.0	-0.5%	Ivy Zhao
1968	Peak Sport	Neutral	HKD	2.05	1.48	-28%	RMB	0.16	0.17	0.19	10.2	9.4	8.3	-1.4%	Ivy Zhao
2331	Li Ning	Buy	HKD	6.08	5.20	-14%	RMB	-0.10	0.18	0.20	N.A.	27.2	24.1	-10.5%	Ivy Zhao
3818	China Dongxiang	Buy	HKD	1.52	1.64	8%	RMB	0.04	0.04	0.05	32.4	28.5	25.5	1.3%	Ivy Zhao
953	Meike	Neutral	HKD	0.34	0.30	-12%	RMB	0.04	0.05	0.06	7.4	5.8	4.9	-15.0%	Ivy Zhao
1234	China Lilang	Buy	HKD	4.98	5.25	5%	RMB	0.41	0.41	0.47	9.6	9.6	8.3	5.1%	Ivy Zhao
891	Trinity	Buy	HKD	2.21	4.63	110%	RMB	0.21	0.25	0.30	8.3	7.0	5.8	-10.9%	Ivy Zhao
873	C Taifeng Bed	Buy	HKD	1.35	2.86	112%	RMB	0.52	0.65	0.80	2.0	1.7	1.3	-16.7%	Ivy Zhao
Metals & Mining															
1818	Zhaojin Mining	Neutral	HKD	5.29	6.00	13%	RMB	0.43	0.38	0.34	9.7	11.0	12.3	13.5%	Li Xiang
2899	Zijin Mining	Neutral	HKD	1.76	1.69	-4%	RMB	0.14	0.15	0.12	9.9	9.2	11.6	3.5%	Li Xiang
358	Jiangxi Copper	Buy	HKD	13.88	10.30	-26%	RMB	0.96	0.87	0.67	11.4	12.6	16.4	0.7%	Li Xiang
3993	Cmcc	Neutral	HKD	3.05	3.10	2%	RMB	0.19	0.20	0.21	12.4	12.3	11.6	-11.1%	Li Xiang
2600	Chalco	Neutral	HKD	2.92	2.54	-13%	RMB	0.07	-0.01	0.02	32.9	N.A.	115.0	5.0%	Li Xiang
1378	China Hongqiao	Buy	HKD	4.69	5.80	24%	RMB	0.94	1.11	1.23	3.9	3.3	3.0	-2.7%	Li Xiang
486	Rusal	Sell	HKD	2.79	1.90	-32%	USD	0.00	0.03	0.04	N.A.	12.0	9.0	12.5%	Li Xiang
3948	Yitai Coal	Buy	HKD	10.36	25.10	142%	RMB	1.88	2.11	2.22	4.4	3.9	3.7	-8.2%	Li Xiang

Stock Code	Short Name	Rating	Price Currency	Latest Price	12- Month Target Price	Upside Potential	EPS Currency	EPS			P/E			1-Month Performance	Analyst
								2013E	2014E	2015E	2013E	2014E	2015E		
1088	China Shenhua	Buy	HKD	20.70	36.40	76%	RMB	2.44	2.90	3.07	6.7	5.6	5.3	-4.6%	Li Xiang
1898	China Coal	Neutral	HKD	3.94	5.00	27%	RMB	0.47	0.43	0.42	6.6	7.2	7.4	-4.8%	Li Xiang
Auto & Others															
1211	Byd Company	Neutral	HKD	42.80	32.90	-23%	RMB	0.27	0.69	1.03	124.8	48.8	32.7	17.9%	Colleen Li
489	Dongfeng Group	Buy	HKD	10.50	14.17	35%	RMB	1.13	1.26	1.29	7.3	6.6	6.4	-9.2%	Colleen Li
175	Geely Auto	Buy	HKD	3.04	5.04	66%	RMB	0.32	0.36	0.38	7.5	6.7	6.3	-7.6%	Colleen Li
2333	Greatwall Motor	Buy	HKD	35.40	43.40	23%	RMB	2.74	3.40	3.82	10.2	8.2	7.3	0.9%	Colleen Li
1114	Brilliance Chi	Buy	HKD	12.26	12.00	-2%	RMB	0.71	0.80	0.89	13.6	12.1	10.9	0.3%	Colleen Li
425	Mint Group	Buy	HKD	15.24	13.20	-13%	RMB	0.78	0.87	0.97	15.4	13.8	12.4	-0.4%	Colleen Li
1728	Zhengtong Auto	Buy	HKD	4.48	5.85	31%	RMB	0.55	0.81	1.11	6.4	4.4	3.2	-6.7%	Colleen Li
881	Zhongsheng Hldg	Neutral	HKD	11.32	10.30	-9%	RMB	0.58	0.71	0.99	15.4	12.6	9.0	-9.7%	Colleen Li
1766	CSR	Buy	HKD	5.93	8.08	36%	RMB	0.31	0.40	0.45	15.1	11.7	10.4	3.5%	Colleen Li
3898	CSR Times Electric	Buy	HKD	24.10	32.03	33%	RMB	1.10	1.35	1.62	17.3	14.1	11.7	-4.4%	Colleen Li
Oil & Gas															
857	Petro China	Buy	HKD	8.15	10.55	29%	RMB	0.71	0.74	0.78	9.0	8.7	8.2	1.2%	Michael Yuk
386	Sinopec Corp	Buy	HKD	6.62	7.20	9%	RMB	0.68	0.70	0.73	7.7	7.5	7.1	8.2%	Michael Yuk
883	Cnooc	Buy	HKD	12.34	17.00	38%	RMB	1.44	1.56	1.69	6.8	6.2	5.8	-11.6%	Michael Yuk
603	China Oil & Gas	Neutral	HKD	1.36	1.45	7%	HKD	0.09	0.12	0.15	15.1	11.3	9.1	-1.5%	Michael Yuk
342	Newocean Energy	Buy	HKD	8.24	5.30	-36%	HKD	0.55	0.63	0.79	15.0	13.1	10.4	31.0%	Michael Yuk
467	Unitedenergy Gp	Buy	HKD	1.30	1.59	22%	HKD	0.10	0.09	0.09	13.0	14.4	14.4	17.1%	Michael Yuk
Oil & Gas Services/Equipment															
3899	Cimc Enric	Buy	HKD	11.28	13.88	23%	RMB	0.51	0.58	0.67	17.4	15.3	13.3	-18.9%	Michael Yuk
569	Ch Automation	Buy	HKD	1.55	2.50	61%	RMB	0.26	0.29	0.33	4.7	4.2	3.7	-1.9%	Michael Yuk
3337	Anton Oilfield	Buy	HKD	5.29	4.75	-10%	RMB	0.19	0.23	0.28	21.9	18.1	14.9	-5.2%	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	2.57	2.26	-12%	RMB	0.11	0.40	0.55	18.4	5.1	3.7	7.1%	Michael Yuk
2883	China Oilfield	Buy	HKD	21.15	21.00	-1%	RMB	1.42	1.52	1.61	11.7	11.0	10.3	-9.2%	Michael Yuk
3303	Jutal Oil Ser	Buy	HKD	1.70	2.40	41%	RMB	0.13	0.17	0.15	10.3	7.9	8.9	-2.3%	Michael Yuk
1623	Hilong	Buy	HKD	6.39	5.10	-20%	RMB	0.16	0.28	0.29	30.7	18.1	17.5	-7.7%	Michael Yuk
Property															
688	China Overseas	Buy	HKD	21.20	22.56	6%	HKD	2.29	2.30	2.68	9.3	9.2	7.9	-1.9%	DuanFeiqin
410	Soho China	Neutral	HKD	6.01	6.42	7%	HKD	2.37	2.13	1.96	2.5	2.8	3.1	-3.5%	DuanFeiqin
813	Shimao Property	Neutral	HKD	17.66	16.70	-5%	HKD	2.07	2.19	2.46	8.5	8.1	7.2	0.8%	DuanFeiqin
1109	China Res Land	Buy	HKD	18.54	23.80	28%	HKD	1.81	1.91	2.20	10.2	9.7	8.4	-2.0%	DuanFeiqin
2777	R&F Properties	Buy	HKD	10.92	13.90	27%	HKD	2.15	2.23	2.45	5.1	4.9	4.5	6.0%	DuanFeiqin
2007	Country Garden	Neutral	HKD	4.40	4.68	6%	HKD	0.48	0.53	0.60	9.3	8.3	7.3	1.2%	DuanFeiqin
3383	Agile Property	Neutral	HKD	7.02	10.10	44%	HKD	1.81	1.98	2.02	3.9	3.6	3.5	-4.5%	DuanFeiqin
3333	Evergrande	Buy	HKD	3.51	4.38	25%	HKD	0.84	0.97	0.98	4.2	3.6	3.6	27.6%	DuanFeiqin
960	Longfor Ppt	Buy	HKD	10.78	13.23	23%	HKD	1.50	1.65	1.81	7.2	6.5	6.0	-2.4%	DuanFeiqin
1813	Kwg Property	Neutral	HKD	4.24	5.05	19%	HKD	1.02	1.10	1.18	4.1	3.9	3.6	3.2%	DuanFeiqin
3366	Oct (Asia)	Buy	HKD	3.16	3.50	11%	HKD	0.43	0.54	0.64	7.4	5.9	4.9	2.9%	DuanFeiqin
3900	Greentown China	Buy	HKD	11.80	18.80	59%	HKD	3.17	3.33	3.49	3.7	3.6	3.4	7.5%	DuanFeiqin
754	Hopson Dev Hold	Buy	HKD	7.63	12.20	60%	HKD	1.72	1.98	2.22	4.4	3.9	3.4	-5.5%	DuanFeiqin
978	CMLL	Buy	HKD	1.55	2.30	48%	HKD	0.15	0.21	0.28	10.3	7.3	5.6	-8.8%	DuanFeiqin
1668	Csc	-	HKD		0.00	N.A.	HKD	0.46	0.42	0.60	N.A.	N.A.	N.A.	N.A.	DuanFeiqin
1918	Sunac	Buy	HKD	4.65	6.66	43%	HKD	1.07	1.26	1.41	4.3	3.7	3.3	-0.9%	DuanFeiqin
Consumer Discretionary															
1833	Intime	Buy	HKD	7.77	10.30	33%	RMB	0.52	0.60	0.69	11.8	10.2	8.9	-0.5%	Gloria Wang
1700	Springland	Neutral	HKD	3.45	4.10	19%	RMB	0.28	0.32	0.36	9.7	8.5	7.6	-13.1%	Gloria Wang

Please read the important notice on the last page.

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		
493	Gome	Buy	HKD	1.34	1.64	22%	RMB	0.05	0.06	0.07	21.1	17.6	15.1	6.4%	Gloria Wang
1169	Haier Electronics	Buy	HKD	22.90	24.40	7%	RMB	0.80	0.95	1.17	22.5	19.0	15.4	0.2%	Gloria Wang
178	Sasa International	Buy	HKD	6.96	1.82	-74%	HKD	0.35	0.41	0.47	19.9	17.0	14.8	-6.7%	Gloria Wang
653	Bonjour Holdings	Neutral	HKD	1.52	1.58	4%	HKD	0.09	0.11	0.12	16.9	13.8	12.7	4.1%	Gloria Wang
Telecommunication															
941	China Mobile	Neutral	HKD	72.95	78.00	7%	RMB	6.37	6.26	6.27	9.0	9.2	9.2	-4.8%	Jeff Hao
762	China Unicom	Buy	HKD	10.00	14.08	41%	RMB	0.45	0.58	0.69	17.5	13.6	11.4	-2.3%	Jeff Hao
728	China Telecom	Buy	HKD	3.49	4.67	34%	RMB	0.24	0.27	0.31	11.5	10.2	8.9	-3.6%	Jeff Hao
Information Technology															
700	Tencent	Buy	HKD	564.50	455.00	-19%	RMB	8.58	11.47	15.37	51.8	38.8	28.9	8.5%	Jeff Hao
3888	Kingsoft	Buy	HKD	25.90	27.00	4%	RMB	0.52	0.70	0.94	39.2	29.1	21.7	2.2%	Jeff Hao
1661	Wisdom	Buy	HKD	5.39	6.40	19%	RMB	0.13	0.21	0.29	32.7	20.2	14.6	0.6%	Jeff Hao
777	Netdragon	Buy	HKD	16.74	26.27	57%	RMB	0.78	0.89	1.12	16.9	14.8	11.8	2.2%	Jeff Hao
354	Chinasoft	Neutral	HKD	2.38	2.00	-16%	RMB	0.10	0.12	0.15	18.7	15.6	12.5	12.3%	Jeff Hao
268	Kingdee	Neutral	HKD	3.06	1.40	-54%	RMB	0.02	0.04	0.05	120.5	60.2	48.2	-4.7%	Jeff Hao
Port															
144	China Mer Hold	Neutral	HKD	26.65	26.43	-1%	HKD	1.55	1.75	2.05	17.2	15.2	13.0	-2.9%	Kate Li
1199	Cosco Pacific	Buy	HKD	10.54	12.58	19%	USD	0.26	0.13	0.14	5.2	10.5	9.7	3.3%	Kate Li
Shipping															
368	Sinotrans Ship	Buy	HKD	2.59	2.40	-7%	USD	0.01	0.02	0.03	33.4	16.7	11.1	0.0%	Kate Li
316	Ooil	Buy	HKD	38.00	51.00	34%	USD	0.17	0.23	0.41	28.8	21.3	12.0	6.6%	Kate Li
2866	Cscl	Neural	HKD	1.90	1.82	-4%	RMB	-0.06	0.03	0.07	N.A.	49.9	21.4	-0.5%	Kate Li
Alternative Energy															
3800	Gcl-Poly Energy	Buy	HKD	2.66	1.97	-26%	HKD	0.01	0.05	0.07	266.0	53.2	38.0	-6.7%	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		
712	Comtec Solar	Buy	HKD	1.44	1.76	22%	RMB	0.05	0.11	0.16	22.7	10.3	7.1	-7.7%	Yin Lei
750	Singyes Solar	Buy	HKD	8.85	9.40	6%	RMB	0.81	0.91	1.04	8.6	7.7	6.7	0.8%	Yin Lei
2208	Goldwind	Buy	HKD	8.33	10.04	21%	RMB	0.15	0.32	0.45	43.7	20.5	14.6	-5.3%	Yin Lei
916	Longyuan Power	Neutral	HKD	9.22	8.16	-12%	RMB	0.36	0.43	0.52	20.2	16.9	14.0	-7.8%	Yin Lei
1798	Datang Power	Neutral	HKD	1.54	1.59	3%	RMB	0.05	0.08	0.13	24.3	15.2	9.3	-9.4%	Yin Lei
816	Huadian Fuxin	Buy	HKD	3.74	2.99	-20%	RMB	0.19	0.24	0.28	15.5	12.3	10.5	3.9%	Yin Lei
579	Jingneng	Buy	HKD	4.48	3.62	-19%	RMB	0.18	0.24	0.29	19.6	14.7	12.2	-9.3%	Yin Lei
819	Tianneng Power	Buy	HKD	2.92	6.65	128%	RMB	0.16	0.57	1.10	14.4	4.0	2.1	-9.3%	Yin Lei
Food & Beverage															
322	Tingyi	Buy	HKD	20.10	25.40	26%	USD	0.08	0.11	0.12	32.4	24.7	21.6	-7.6%	Ling Hua
2319	Mengniu Dairy	Buy	HKD	39.00	33.26	-15%	RMB	0.85	1.10	1.48	36.1	27.9	20.8	4.4%	Ling Hua
506	China Foods	Neutral	HKD	2.89	4.25	47%	HKD	0.17	0.22	0.27	17.0	13.1	10.7	0.0%	Ling Hua
151	Want Want China	Neutral	HKD	11.32	12.10	7%	USD	0.05	0.06	0.07	29.2	24.3	20.8	8.0%	Ling Hua
345	Vitasoy	Neutral	HKD	10.58	11.60	10%	HKD	0.33	0.36	0.39	32.1	29.4	27.1	-2.0%	Ling Hua
Machinery & Equipment															
1157	Zoomlion	Neutral	HKD	5.67	7.20	27%	RMB	0.60	0.67	0.80	7.4	6.7	5.6	-13.0%	Jiao Yiding
631	Sany	Buy	HKD	2.08	3.40	63%	RMB	0.22	0.24	0.26	7.4	6.8	6.3	-5.0%	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	7.05	10.70	52%	RMB	0.82	0.93	1.07	6.8	6.0	5.2	-2.5%	Vera Liang
991	Datang Power	Buy	HKD	3.04	4.40	45%	RMB	0.37	0.43	0.56	6.5	5.6	4.3	-4.1%	Vera Liang
1071	Huadian Power	Neutral	HKD	3.26	3.80	17%	RMB	0.46	0.45	0.55	5.6	5.7	4.7	0.3%	Vera Liang
Semi and Hardware Technology															
992	Lenove	Buy	HKD	8.09	9.20	14%	USD	0.06	0.08	0.09	17.4	13.0	11.6	-20.5%	Alex Ng

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		
2382	Sunny Optical	Neutral	HKD	6.26	8.37	34%	RMB	0.41	0.54	0.73	12.0	9.1	6.8	-24.9%	Alex Ng
732	Truly	Buy	HKD	4.36	7.15	64%	HKD	0.56	0.67	0.79	7.8	6.5	5.5	-1.1%	Alex Ng
2018	Aac Tech	Neutral	HKD	36.60	40.00	9%	RMB	1.83	2.16	2.48	15.8	13.3	11.6	1.8%	Alex Ng
2618	Tcl Comm	Buy	HKD	9.05	8.52	-6%	HKD	0.28	0.76	0.96	32.3	11.9	9.4	13.6%	Alex Ng
2369	China Wireless	Neutral	HKD	4.56	3.10	-32%	HKD	0.20	0.24	0.30	22.8	19.0	15.2	20.0%	Alex Ng
Pharmaceuticals & Medical Devices															
2348	Dawnrays Pharma	Buy	HKD	5.78	3.20	-45%	RMB	0.18	0.14	0.17	25.3	32.5	26.8	-1.9%	Jonathan Hsu
460	Sihuan Pharm	Buy	HKD	9.20	8.00	-13%	RMB	0.16	0.17	0.19	45.3	42.6	38.1	18.4%	Jonathan Hsu
1177	Sino Biopharm	Buy	HKD	6.89	6.70	-3%	HKD	0.09	0.18	0.22	76.6	38.3	31.3	1.9%	Jonathan Hsu
1093	CSPC Pharm	Buy	HKD	6.89	5.70	-17%	HKD	1.48	0.20	0.24	4.7	34.5	28.7	6.3%	Jonathan Hsu
1099	Sinopharm	Buy	HKD	22.40	24.40	9%	RMB	0.66	0.82	1.01	26.7	21.5	17.5	-1.3%	Jonathan Hsu
2877	Shineway Pharm	Neutral	HKD	12.00	12.30	3%	RMB	0.91	0.78	0.89	10.4	12.1	10.6	0.0%	Jonathan Hsu
US Stock															
BIDU	Baidu Inc	Buy	USD	173.90	151.10	-13%	USD	4.89	7.36	9.67	35.6	23.6	18.0	2.2%	Mike Chen
SINA	Sina Corp	Buy	USD	73.88	97.50	32%	USD	0.53	2.43	4.20	139.4	30.4	17.6	-1.5%	Mike Chen
SOHU	Sohu.Com Inc	Neutral	USD	75.65	61.40	-19%	USD	1.48	2.44	3.28	51.1	31.0	23.1	-1.5%	Mike Chen
NTES	Netease Inc	Buy	USD	71.18	85.50	20%	USD	5.56	5.80	6.60	12.8	12.3	10.8	-10.4%	Mike Chen
QIHU	Qihoo 360	Buy	USD	108.38	94.47	-13%	USD	1.16	2.00	3.68	93.4	54.2	29.5	21.5%	Mike Chen
YOKU	Youku Tudou Inc	Neutral	USD	31.26	23.82	-24%	USD	-0.47	-0.18	0.19	N.A.	N.A.	164.5	-9.6%	Mike Chen
EDU	New Oriental Education	Buy	USD	32.00	24.50	-23%	USD	0.89	1.25	1.43	36.0	25.6	22.4	-5.0%	Mike Chen
DANG	Dangdang	Neutral	USD	10.31	6.40	-38%	USD	-0.82	-0.52	-0.18	N.A.	N.A.	N.A.	-3.0%	Mike Chen
CTRP	Ctrip	Buy	USD	49.70	25.70	-48%	USD	1.15	1.48	1.76	43.2	33.6	28.2	22.5%	Mike Chen
HMIN	Home Inns	Neutral	USD	37.57	27.40	-27%	USD	1.09	1.62	2.04	34.5	23.2	18.4	-6.7%	Mike Chen

HSI Index Components Performance

HSCEI Index Components Performance

Last price

Code	Name	Price	Chg 1D (%)	Code	Name	Price	Chg 1D (%)
1	CHEUNG KONG	116.1	-2.0	168	TSINGTAO BREW-H	57.25	-0.3
2	CLP HLDGS LTD	59.55	-0.6	177	JIANGSU EXPRES-H	9.57	1.8
3	HONG KG CHINA GS	15.90	-0.8	323	MAANSHAN IRON-H	1.87	0.5
4	WHARF HLDG	55.90	0.3	338	SINOPEC SHANG-H	2.37	5.3
5	HSBC HLDGS PLC	83.45	-1.7	347	ANGANG STEEL-H	4.94	0.0
6	POWER ASSETS HOL	62.35	0.2	358	JIANGXI COPPER-H	13.88	-2.5
11	HANG SENG BK	122.6	-1.3	386	CHINA PETROLEU-H	6.62	9.4
12	HENDERSON LAND D	42.50	0.6	390	CHINA RAIL GR-H	3.51	-2.8
13	HUTCHISON WHAMPO	101.4	-0.8	489	DONGFENG MOTOR-H	10.50	-3.1
16	SUN HUNG KAI PRO	98.15	0.0	552	CHINA COMM SER-H	4.07	1.8
17	NEW WORLD DEV	9.73	-0.9	576	ZHEJIANG EXPRESS	6.65	0.9
19	SWIRE PACIFIC-A	83.75	-0.5	694	BEIJING CAP AI-H	5.74	-0.2
23	BANK EAST ASIA	32.20	-2.0	728	CHINA TELECOM-H	3.49	-2.5
66	MTR CORP	27.75	-0.5	753	AIR CHINA LTD-H	5.16	-1.0
83	SINO LAND CO	10.62	-0.4	857	PETROCHINA CO-H	8.15	2.5
101	HANG LUNG PROPER	21.55	-1.2	902	HUANENG POWER-H	7.05	-1.1
144	CHINA MERCHANT	26.65	-1.7	914	ANHUI CONCH-H	30.20	0.8
267	CITIC PACIFIC	10.70	0.9	939	CHINA CONST BA-H	5.32	-2.0
291	CHINA RES ENTERP	23.00	-1.3	991	DATANG INTL PO-H	3.04	0.3
293	CATHAY PAC AIR	15.06	-0.4	998	CHINA CITIC BK-H	4.29	-4.0
330	ESPRIT HLDGS	14.58	-0.8	1088	CHINA SHENHUA-H	20.70	-1.9
386	CHINA PETROLEU-H	6.62	9.4	1133	HARBIN ELECTRIC	4.54	1.3
388	HONG KONG EXCHNG	121.8	-1.0	1138	CHINA SHIPPING-H	5.43	-1.3
494	LI & FUNG LTD	10.18	-2.3	1171	YANZHOU COAL-H	5.90	-2.2
551	YUE YUEN INDUS	23.55	-0.2	1186	CHINA RAIL CN-H	6.81	-4.2
688	CHINA OVERSEAS	21.20	-1.9	1398	IND & COMM BK-H	4.71	-2.7
700	TENCENT HOLDINGS	564.5	-3.1	1800	CHINA COM CONS-H	5.64	-2.3
762	CHINA UNICOM HON	10.00	-2.7	1898	CHINA COAL ENE-H	3.94	-2.0
857	PETROCHINA CO-H	8.15	2.5	1919	CHINA COSCO HO-H	3.37	-1.8
883	CNOOC LTD	12.34	-2.2	2318	PING AN INSURA-H	64.45	-2.2
939	CHINA CONST BA-H	5.32	-2.0	2328	PICC PROPERTY &	10.72	-1.3
941	CHINA MOBILE	72.95	-1.0	2600	ALUMINUM CORP-H	2.92	1.7
1088	CHINA SHENHUA-H	20.70	-1.9	2628	CHINA LIFE INS-H	22.80	-1.1
1199	COSCO PAC LTD	10.54	0.4	2727	SHANGHAI ELECT-H	2.59	1.2
1398	IND & COMM BK-H	4.71	-2.7	2777	GUANGZHOU R&F -H	10.92	-1.4
2038	FIH MOBILE LTD	3.87	-0.8	2866	CHINA SHIPPING-H	1.90	-1.6
2318	PING AN INSURA-H	64.45	-2.2	2883	CHINA OILFIELD-H	21.15	-1.6
2388	BOC HONG KONG HO	24.15	-1.0	2899	ZIJIN MINING-H	1.76	-2.2
2600	ALUMINUM CORP-H	2.92	1.7	3323	CHINA NATL BDG-H	7.72	-0.4
2628	CHINA LIFE INS-H	22.80	-1.1	3328	BANK OF COMMUN-H	5.04	-2.7
3328	BANK OF COMMUN-H	5.04	-2.7	3968	CHINA MERCH BK-H	14.40	-2.2
3988	BANK OF CHINA-H	3.27	-0.6	3988	BANK OF CHINA-H	3.27	-0.6
				3993	CHINA MOLYBDENUM	3.05	-1.6

A+H Company Performance

Last price

Name(H)	Code (H)	Price (H)	Code (A)	Price (A)	Spread (%)
JINGCHENG MAC	187	2.39	600860	7.05	276.0
NORTHEAST ELEC-H	42	0.84	000585	2.43	268.8
NANJING PANDA-H	553	3.78	600775	8.86	198.8
SHENJI GROUP-H	300	2.06	600806	4.80	197.0
TIANJIN CAP-H	1065	3.91	600874	9.01	193.7
SINOPEC YIZHEN-H	1033	1.73	600871	3.82	181.5
SHANDONG XINHU-H	719	2.50	000756	5.52	181.5
CHONGQING IRON-H	1053	1.11	601005	2.45	181.4
SINOPEC SHANG-H	338	2.37	600688	3.85	107.1
BEIJING NORTH-H	588	1.69	601588	2.67	101.4
DATANG INTL PO-H	991	3.04	601991	3.94	65.2
YANZHOU COAL-H	1171	5.90	600188	7.63	64.8
CHINA CITIC BK-H	998	4.29	601998	5.08	50.9
ALUMINUM CORP-H	2600	2.92	601600	3.39	48.0
GUANGZHOU BAIYUN	874	25.30	600332	28.02	41.2
DONGFANG ELECT-H	1072	11.48	600875	12.06	33.9
SHENZHEN EXPRE-H	548	3.45	600548	3.60	33.0
GUANGZHOU SHIP-H	317	18.00	600685	18.28	29.5
ANHUI EXPRESS-H	995	3.94	600012	4.00	29.4
JIANGXI COPPER-H	358	13.88	600362	13.68	25.6
CHINA SOUTHERN-H	1055	2.73	600029	2.69	25.6
HUADIAN POWER-H	1071	3.26	600027	3.01	17.7
MAANSHAN IRON-H	323	1.87	600808	1.66	13.2
HISENSE KELON -H	921	13.42	000921	11.87	12.8
ZTE CORP-H	763	16.36	000063	13.91	8.4
CHINA SHIPPING-H	1138	5.43	600026	4.53	6.3
GUANGSHEN RAIL-H	525	3.57	601333	2.88	2.8
BANK OF CHINA-H	3988	3.27	601988	2.61	1.7
LUOYANG GLASS-H	1108	1.32	600876	4.96	0.0
JINGWEI TEXTIL-H	350	6.07	000666	0.00	0.0
CHINA PETROLEU-H	386	6.62	600028	5.17	-0.5
BANK OF COMMUN-H	3328	5.04	601328	3.90	-1.4
AIR CHINA LTD-H	753	5.16	601111	3.85	-4.9
IND & COMM BK-H	1398	4.71	601398	3.44	-6.9
TSINGTAO BREW-H	168	57.25	600600	41.37	-7.9
CHINA MERCH BK-H	3968	14.40	600036	10.35	-8.4
HUANENG POWER-H	902	7.05	600011	4.95	-10.5
CHINA LIFE INS-H	2628	22.80	601628	14.20	-20.6
ANGANG STEEL-H	347	4.94	000898	2.98	-23.1
PING AN INSURA-H	2318	64.45	601318	38.58	-23.7
WEICHAH POWER-H	2338	30.00	000338	17.86	-24.1
JIANGSU EXPRES-H	177	9.57	600377	5.65	-24.7
ANHUI CONCH-H	914	30.20	600585	15.96	-32.6

Recently Published Research

Date published	Name of report	Analyst
19-Feb-14	Vitasoy Internaional (345 HK)	Hua Ling
19-Feb-14	Essex Bio -Technology Ltd. (1061 HK)	Jonathan Hsu
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17-Feb-14	Lenovo Group (992 HK)	Alex Ng
14-Feb-14	HK cosmetics retailers	Wang Xiaodi
14-Feb-14	Oil/Oil Service Industry Highlight	Michael Yuk
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13-Feb-14	Lenovo Group (992 HK)	Alex Ng
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13-Jan-14	Branded Apparel Investment Strategy	Ivy Zhao
13-Jan-14	Wisdom Holdings Group (1661.HK)	Jeff Hao
13-Jan-14	Nonferrous metals	Li Xiang
10-Jan-14	Belle Int'l (1880 HK)	Ivy Zhao
10-Jan-14	TIANNENG POWER (819 HK)	Yin Lei
6-Jan-14	Comment on Decemner US ISM data	Qing Li, Cliff Zhao, David Xie
2-Jan-14	TINGYI HOLDING (322 HK)	Hua Ling
30-Dec-13	Intime Retail Group (1833 HK)	Wang Xiaodi
27-Dec-13	BYD CO LTD (1211.HK)	Colleen Li
24-Dec-13	Huaneng Power (902 HK)	Vera Liang
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20-Dec-13	Dual impact of the earlier-than-expected QE tapering	Qing Li, Cliff Zhao, David Xie
19-Dec-13	2014 Branded Apparel Sector HK Stock Market Investment Outlook	Ivy 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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