

Research Highlights

1. HK Market Strategy Bi-weekly(Vol.04, 2014) - Time to Switch the Themes? Not yet!

[Cliff ZHAO, Zhizhong CHEN, Zichen XU] Our Strategy

With the National People's Congress (NPC) and the Chinese People's Political Consultative Conference (CPPCC) to be held in less than two weeks, sporadic rebound of traditional sectors may occur, but a general switch of investment themes is unlikely. SOE reforms would be a big theme in the NPC and CPPCC. Emerging sectors could still keep their rising trend until the end of March, while the release of results poses a significant test for them. Further into 2Q, the chances for external turmoil in foreign markets and domestic economic slowdown in China could increase, weighting heavily on the market. Only when major negative concerns are cleared can a strong rebound be expected.

We suggest a more balanced strategy instead of a simple and heavy focus on emerging sectors. Buy on dips for financials, marine transportation and consumables that have secured earnings and low valuations. Stay away from property and its upstream sectors for now due to policy headwinds. Stay away from emerging sectors including Macau casinos for similar reasons. Reduce the holdings of internet stocks a bit for profit taking and keep cash at hand.

Market Watch

Starting from January 2014, liquidity crunch from last year has been largely alleviated. Credit has expanded, rates have trended down. Traditional sectors such as bank, property, cement, marine transportation or even mining rebounded from time to time. Yet these rebounds were not lasting due to negative macroeconomic news. For example, news reported last weekend that banks have suspended certain types of financing to property companies as well as loans to the upstream of property industry, with the exception of loans to ordinary property development and secured loans to commercial properties.

Under such circumstances, the breakthrough point for traditional sectors will lie on embracing new economies and pursuing reforms. Properties and financials that integrate the application of internet will be favored by the markets. SOE reforms in energy sector also boosted imagination of anti-monopoly and raised valuation.

Emerging sectors still led the market, yet some among them already slowed down. Macau casinos were subject to policy headwinds. Internet stocks were propelled by active M&A and could continue their rising trend until the end of March, when the release of results might bring down some of them while consolidating the positions of the others.

Company Comments

1. Lenovo (992 HK, BUY) CEO plans to end losses at Motorola in 4-6 quarters

Lenovo's CEO Yang Yuanqing commented in an interview at MWC that Lenovo plans to turn Motorola profitable within four to six quarters without eliminating jobs. [Company Announcement]

Comment: This is in-line with our previous note that Lenovo should

HK Indices	Last price	chg	% chg
HSI	22,317.20	-71.36	-0.32
Finance	30,172.68	-308.1	-1.01
Properties	27,167.51	64.84	0.24
Utilities	47,237.21	218.9	0.47
Commerce&Industry	13,763.96	34.25	0.25
HSCEI	9,740.56	-57.30	-0.58
HSCCI	4,144.76	-13.94	-0.34
HKSPGEM	532.95	-10.96	-2.02

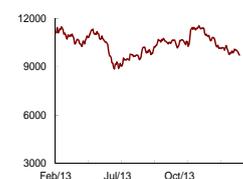
World Indices	Last price	chg	% chg
FTSE 100	6,830.50	-35.36	-0.52
DAX 30	9,699.35	-9.59	-0.10
CAC 40	4,414.55	-4.58	-0.10
DJIA	16,179.66	-27.48	-0.17
S&P500	1,845.12	-2.49	-0.13
Nasdaq Composite	4,287.59	-5.38	-0.13
Nikkei 225	15,051.60	213.92	1.44

Asia-Pacific Indices	Last price	chg	% chg
KOSPI	1,964.86	15.81	0.81
TWSE	8,575.62	15.01	0.18
STI	3,103.62	-2.22	-0.07
India BSE 30	20,852.47	41.03	0.20
S&P/ASX 200	5,435.30	1.46	0.03

HSI One Year



HSCEI One Year



Source: Bloomberg

China Merchants Securities (HK)

Research

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be able to achieve turnaround in MMI within 6 quarters, given 1)

cost/scale synergies, 2) Motorola's opportunity in China, 3) reference from TCL/Alcatel deal (6 quarters to turnaround), 4) Google's (5% post-deal stake in Lenovo) strong support for Lenovo on Android platform to penetrate into China/EM and defend Samsung's Tizen OS. We believe higher visibility of the MMI turnaround strategy and Motorola's product launches will be positive catalysts to Lenovo. We reiterate BUY with PT of HK\$10.50.

For this week, we believe market focus is shifting to MWC in Barcelona, expecting product launches from major handset brands (e.g. Samsung's S5, Nokia's Android phones, Motorola's new phones, HTC's mid/low-end smartphones, Coolpad's 10+ 4G-LTE handsets, TCL's Idol series and Pop tablets). (Alex Ng)

A-share Research Highlights (CMS Research Center)

1. Expect boom of new energy vehicles in China

[Wang Liusheng, Peng Qi, Zhang Shibao, Wang Haidong and Li Hui, Feb. 23, 2014] Sales volume of mainstream new energy vehicle brands overseas is a major driver of Chinese upstream manufacturers' share prices. Major manufacturers in the U.S., Europe and Japan only control vital links with core competitiveness, while auto parts are mainly purchased globally. Among upstream manufacturers listed on the A-share market, we recommend Sinomach Automobile (600335 CH), Ningbo Joyson Electronic (600699 CH), Shenzhen Capchem Technology (300037 CH) and Kingray New Materials (600390 CH).

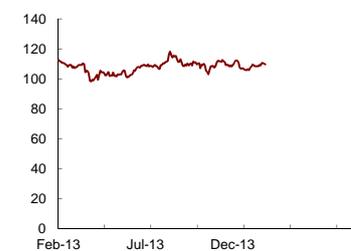
Supportive policies in China will help to boost new energy vehicle sales. In the past, new energy vehicles were mainly taxis and buses due to local protectionism and limited battery charging facilities. These constraints are likely to be overcome in 2014, judging from policy development and technological accumulation. New energy vehicle sales volume in China and the development of charging equipments will become major drivers of relevant companies' share prices. Among this category, we recommend BYD (002594 CH), Wanxiang Qianchao (000559 CH), Zhengzhou Yutong Bus (600066 CH), Shenzhen Auto Electric Power Plant (002227 CH), NARI Technology Development (600406 CH), XJ Electric (000400 CH) and Shenzhen Inovance Technology (300124 CH).

Top government officials' frequent visit to BYD can reflect great expectations for China's own new energy vehicles. Tesla's rapid entrance into China's market at a much lower price than expectation will help to prompt new energy vehicle development in China.

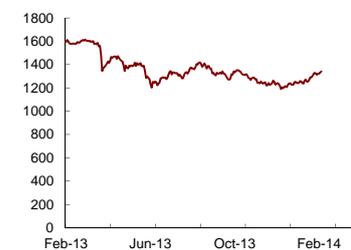
Global Commodity	Last price	chg	% chg
Brent Oil	109.64	-1.03	-0.93
Gold	1,340.8	0.18	0.01
LME Aluminum	1,762.0	-9.00	-0.51
LME Copper	7,077.0	-78.00	-1.09
BDI	1,197.0	23.00	1.96
API Coal	80.20	-0.20	-0.25

Exchange /Bond Market	/Currency	Last price	chg	% chg
USD/RMB		6.12	0.00	0.00
USD/HKD		7.76	0.00	0.00
1-YR RMB NDF		6.15	0.01	0.16
EUR/USD		1.37	-0.02	-0.01
3-M Libor		0.52	0.00	0.00
3-M Shibor		5.56	-0.01	-0.18
10 YR US T-Note Yield		2.70	-0.04	-1.46

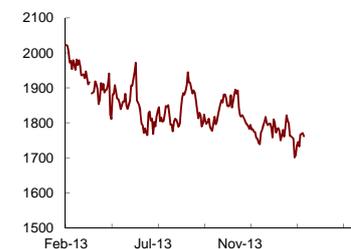
Brent Oil One Year



Gold Commodity One Year



LME Aluminum Commodity One Year

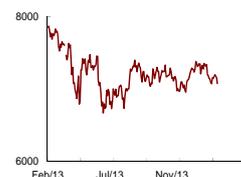


Source: Bloomberg

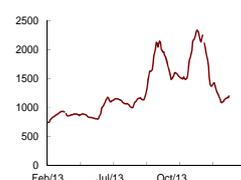
What to Watch

Economic Data	HK: Nil		
	US: MBA Mortgage Index		
Date	Ticker	Stock Name	Earnings
2014/02/26	00017	NEW WORLD DEV	
2014/02/26	00041	GREAT EAGLE H	
2014/02/26	00073	ASIAN CITRUS	
2014/02/26	00083	SINO LAND	
2014/02/26	00131	CHEUK NANG HOLD	
2014/02/26	00159	BROCKMAN MINING	
2014/02/26	00194	LIU CHONG HING	
2014/02/26	00247	TST PROPERTIES	
2014/02/26	00388	HKEX	
2014/02/26	00482	SANDMARTIN INTL	
2014/02/26	00522	ASM PACIFIC	
2014/02/26	00530	GOLDIN FIN HOLD	
2014/02/26	00550	CINMEDIA	
2014/02/26	00721	C FIN INT INV	
2014/02/26	00817	FRANSHION PPT	
2014/02/26	00868	XINYI GLASS	
2014/02/26	00880	SJM HOLDINGS	
2014/02/26	00884	CIFI HOLD GP	
2014/02/26	00968	XINYI SOLAR	
2014/02/26	01097	I-CABLE COMM	
2014/02/26	01111	CHONG HING BANK	
2014/02/26	01127	1010 PRINTING	
2014/02/26	01151	ELEC & ELTEK	
2014/02/26	01221	SINO HOTELS	
2014/02/26	01421	KINGBO STRIKE	
2014/02/26	02020	ANTA SPORTS	
2014/02/26	02200	HOSA INT'L	
2014/02/26	03993	CMOC	
2014/02/26	06823	HKT-SS	
Date	Ticker	Stock Name	Issue Price
Nil			

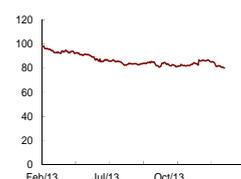
LME Copper Commodity One Year



BDI One Year



API Coal One Year



Source: Bloomberg

China Merchants Securities (Hong Kong) Stock Pool Update Weekly
 2014/2/26

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	5.11	5.30	4%	RMB	0.55	0.56	0.64	7.3	7.2	6.3	-11.9%	Ivy Zhao
1880	Belle	Buy	HKD	9.49	14.03	48%	RMB	0.55	0.62	0.69	13.5	12.0	10.9	5.4%	Ivy Zhao
1368	Xtep	Neutral	HKD	3.67	4.00	9%	RMB	0.27	0.27	0.29	10.7	10.7	10.0	-6.9%	Ivy Zhao
2020	Anta Sports	Buy	HKD	10.68	13.47	26%	RMB	0.49	0.54	0.60	17.3	15.7	14.0	-4.1%	Ivy Zhao
1361	361 Degrees	Neutral	HKD	1.99	1.71	-14%	RMB	0.17	0.16	0.16	9.3	9.9	9.9	-2.9%	Ivy Zhao
1968	Peak Sport	Neutral	HKD	2.00	1.48	-26%	RMB	0.16	0.17	0.19	10.0	9.2	8.1	-2.0%	Ivy Zhao
2331	Li Ning	Buy	HKD	5.57	5.20	-7%	RMB	-0.10	0.18	0.20	N.A.	25.0	22.1	-11.6%	Ivy Zhao
3818	China Dongxiang	Buy	HKD	1.51	1.64	9%	RMB	0.04	0.04	0.05	32.2	28.4	25.3	-6.2%	Ivy Zhao
953	Meike	Neutral	HKD	0.34	0.30	-12%	RMB	0.04	0.05	0.06	7.5	5.8	4.9	-2.9%	Ivy Zhao
1234	China Lilang	Buy	HKD	4.96	5.25	6%	RMB	0.41	0.41	0.47	9.5	9.5	8.3	4.9%	Ivy Zhao
891	Trinity	Buy	HKD	2.07	4.63	124%	RMB	0.21	0.25	0.30	7.8	6.5	5.4	-15.2%	Ivy Zhao
873	C Taifeng Bed	Buy	HKD	1.30	2.86	120%	RMB	0.52	0.65	0.80	2.0	1.6	1.3	-16.7%	Ivy Zhao
Metals & Mining															
1818	Zhaojin Mining	Neutral	HKD	5.26	6.00	14%	RMB	0.43	0.38	0.34	9.7	10.9	12.2	13.1%	Li Xiang
2899	Zijin Mining	Neutral	HKD	1.75	1.69	-3%	RMB	0.14	0.15	0.12	9.9	9.2	11.5	2.3%	Li Xiang
358	Jiangxi Copper	Buy	HKD	13.54	10.30	-24%	RMB	0.96	0.87	0.67	11.1	12.4	16.0	-4.9%	Li Xiang
3993	Cmcc	Neutral	HKD	3.06	3.10	1%	RMB	0.19	0.20	0.21	12.5	12.3	11.7	-8.1%	Li Xiang
2600	Chalco	Neutral	HKD	2.83	2.54	-10%	RMB	0.07	-0.01	0.02	31.9	N.A.	111.6	-3.1%	Li Xiang
1378	China Hongqiao	Buy	HKD	4.81	5.80	21%	RMB	0.94	1.11	1.23	4.0	3.4	3.1	0.2%	Li Xiang
486	Rusal	Sell	HKD	2.67	1.90	-29%	USD	0.00	0.03	0.04	N.A.	11.5	8.6	-5.7%	Li Xiang
3948	Yitai Coal	Buy	HKD	9.96	25.10	152%	RMB	1.88	2.11	2.22	4.2	3.7	3.6	-5.0%	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	21.10	36.40	73%	RMB	2.44	2.90	3.07	6.8	5.7	5.4	-0.7%	Li Xiang
1898	China Coal	Neutral	HKD	3.95	5.00	27%	RMB	0.47	0.43	0.42	6.6	7.3	7.4	-1.5%	Li Xiang
Auto & Others															
1211	Byd Company	Neutral	HKD	43.65	32.90	-25%	RMB	0.27	0.69	1.03	127.5	49.9	33.4	22.3%	Colleen Li
489	Dongfeng Group	Buy	HKD	9.83	14.17	44%	RMB	1.13	1.26	1.29	6.9	6.2	6.0	-16.3%	Colleen Li
175	Geely Auto	Buy	HKD	2.91	5.04	73%	RMB	0.32	0.36	0.38	7.2	6.4	6.0	-10.2%	Colleen Li
2333	Greatwall Motor	Buy	HKD	34.30	43.40	27%	RMB	2.74	3.40	3.82	9.9	8.0	7.1	-2.4%	Colleen Li
1114	Brilliance Chi	Buy	HKD	12.04	12.00	0%	RMB	0.71	0.80	0.89	13.4	11.9	10.7	-0.8%	Colleen Li
425	MintH Group	Buy	HKD	15.64	13.20	-16%	RMB	0.78	0.87	0.97	15.8	14.2	12.7	0.1%	Colleen Li
1728	Zhengtong Auto	Buy	HKD	4.45	5.85	31%	RMB	0.55	0.81	1.11	6.4	4.3	3.2	-7.3%	Colleen Li
881	Zhongsheng Hldg	Neutral	HKD	10.94	10.30	-6%	RMB	0.58	0.71	0.99	14.9	12.2	8.7	-3.9%	Colleen Li
1766	CSR	Buy	HKD	5.84	8.08	38%	RMB	0.31	0.40	0.45	14.9	11.5	10.2	-4.1%	Colleen Li
3898	CSR Times Electric	Buy	HKD	23.25	32.03	38%	RMB	1.10	1.35	1.62	16.7	13.6	11.3	-7.2%	Colleen Li
Oil & Gas															
857	Petro China	Buy	HKD	7.90	10.55	34%	RMB	0.71	0.74	0.78	8.8	8.4	8.0	0.4%	Michael Yuk
386	Sinopec Corp	Buy	HKD	6.38	7.20	13%	RMB	0.68	0.70	0.73	7.4	7.2	6.9	1.4%	Michael Yuk
883	Cnooc	Buy	HKD	12.46	17.00	36%	RMB	1.44	1.56	1.69	6.8	6.3	5.8	-1.6%	Michael Yuk
603	China Oil & Gas	Neutral	HKD	1.35	1.45	7%	HKD	0.09	0.12	0.15	15.0	11.3	9.0	2.3%	Michael Yuk
342	Newocean Energy	Buy	HKD	7.30	5.30	-27%	HKD	0.55	0.63	0.79	13.3	11.6	9.2	19.1%	Michael Yuk
467	Unitedenergy Gp	Buy	HKD	1.27	1.59	25%	HKD	0.10	0.09	0.09	12.7	14.1	14.1	9.5%	Michael Yuk
Oil & Gas Services/Equipment															
3899	Cimc Enric	Buy	HKD	10.70	13.88	30%	RMB	0.51	0.58	0.67	16.6	14.6	12.6	-18.1%	Michael Yuk
569	Ch Automation	Buy	HKD	1.49	2.50	68%	RMB	0.26	0.29	0.33	4.5	4.1	3.6	-8.6%	Michael Yuk
3337	Anton Oilfield	Buy	HKD	5.40	4.75	-12%	RMB	0.19	0.23	0.28	22.4	18.5	15.2	5.1%	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	2.52	2.26	-10%	RMB	0.11	0.40	0.55	18.1	5.0	3.6	4.6%	Michael Yuk
2883	China Oilfield	Buy	HKD	21.05	21.00	0%	RMB	1.42	1.52	1.61	11.7	10.9	10.3	-10.4%	Michael Yuk
3303	Jutal Oil Ser	Buy	HKD	1.57	2.40	53%	RMB	0.13	0.17	0.15	9.5	7.3	8.3	-3.1%	Michael Yuk
1623	Hilong	Buy	HKD	6.05	5.10	-16%	RMB	0.16	0.28	0.29	29.1	17.2	16.6	-3.4%	Michael Yuk
Property															
688	China Overseas	Buy	HKD	20.20	22.56	12%	HKD	2.29	2.30	2.68	8.8	8.8	7.5	-6.7%	DuanFeiqin
410	Soho China	Neutral	HKD	5.97	6.42	8%	HKD	2.37	2.13	1.96	2.5	2.8	3.0	-2.8%	DuanFeiqin
813	Shimao Property	Neutral	HKD	15.36	16.70	9%	HKD	2.07	2.19	2.46	7.4	7.0	6.3	-13.2%	DuanFeiqin
1109	China Res Land	Buy	HKD	17.30	23.80	38%	HKD	1.81	1.91	2.20	9.6	9.1	7.9	-8.6%	DuanFeiqin
2777	R&F Properties	Buy	HKD	10.24	13.90	36%	HKD	2.15	2.23	2.45	4.8	4.6	4.2	-1.2%	DuanFeiqin
2007	Country Garden	Neutral	HKD	3.84	4.68	22%	HKD	0.48	0.53	0.60	8.1	7.3	6.4	-11.3%	DuanFeiqin
3383	Agile Property	Neutral	HKD	6.45	10.10	57%	HKD	1.81	1.98	2.02	3.6	3.3	3.2	-11.6%	DuanFeiqin
3333	Evergrande	Buy	HKD	3.29	4.38	33%	HKD	0.84	0.97	0.98	3.9	3.4	3.4	15.9%	DuanFeiqin
960	Longfor Ppt	Buy	HKD	10.28	13.23	29%	HKD	1.50	1.65	1.81	6.9	6.2	5.7	-7.7%	DuanFeiqin
1813	Kwg Property	Neutral	HKD	3.96	5.05	28%	HKD	1.02	1.10	1.18	3.9	3.6	3.4	-5.3%	DuanFeiqin
3366	Oct (Asia)	Buy	HKD	2.95	3.50	19%	HKD	0.43	0.54	0.64	6.9	5.5	4.6	-5.8%	DuanFeiqin
3900	Greentown China	Buy	HKD	10.04	18.80	87%	HKD	3.17	3.33	3.49	3.2	3.0	2.9	-8.9%	DuanFeiqin
754	Hopson Dev Hold	Buy	HKD	7.22	12.20	69%	HKD	1.72	1.98	2.22	4.2	3.7	3.3	-6.2%	DuanFeiqin
978	CMLL	Buy	HKD	1.46	2.30	58%	HKD	0.15	0.21	0.28	9.7	6.9	5.3	-16.1%	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	3.99	6.66	67%	HKD	1.07	1.26	1.41	3.7	3.2	2.8	-17.6%	DuanFeiqin
Consumer Discretionary															
1833	Intime	Buy	HKD	7.62	10.30	35%	RMB	0.52	0.60	0.69	11.6	10.0	8.7	-1.0%	Gloria Wang
1700	Springland	Neutral	HKD	3.23	4.10	27%	RMB	0.28	0.32	0.36	9.1	8.0	7.1	-18.6%	Gloria Wang

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493	Gome	Buy	HKD	1.32	1.64	24%	RMB	0.05	0.06	0.07	20.8	17.4	14.9	0.8%	Gloria Wang
1169	Haier Electronics	Buy	HKD	22.75	24.40	7%	RMB	0.80	0.95	1.17	22.4	18.9	15.3	-0.9%	Gloria Wang
178	Sasa International	Buy	HKD	6.82	8.20	20%	HKD	0.35	0.41	0.47	19.5	16.6	14.5	-8.5%	Gloria Wang
653	Bonjour Holdings	Neutral	HKD	1.50	1.58	5%	HKD	0.09	0.11	0.12	16.7	13.6	12.5	-5.1%	Gloria Wang
Telecommunication															
941	China Mobile	Neutral	HKD	73.20	78.00	7%	RMB	6.37	6.26	6.27	9.1	9.2	9.2	-3.9%	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	-3.1%	Jeff Hao
728	China Telecom	Buy	HKD	3.39	4.67	38%	RMB	0.24	0.27	0.31	11.1	9.9	8.6	-7.9%	Jeff Hao
Information Technology															
700	Tencent	Buy	HKD	575.50	455.00	-21%	RMB	8.58	11.47	15.37	52.9	39.6	29.5	14.9%	Jeff Hao
3888	Kingsoft	Buy	HKD	25.45	27.00	6%	RMB	0.52	0.70	0.94	38.6	28.7	21.4	9.0%	Jeff Hao
1661	Wisdom	Buy	HKD	5.82	6.40	10%	RMB	0.13	0.21	0.29	35.3	21.9	15.8	4.9%	Jeff Hao
777	Netdragon	Buy	HKD	16.14	26.27	63%	RMB	0.78	0.89	1.12	16.3	14.3	11.4	3.1%	Jeff Hao
354	Chinasoft	Neutral	HKD	2.32	2.00	-14%	RMB	0.10	0.12	0.15	18.3	15.3	12.2	-3.3%	Jeff Hao
268	Kingdee	Neutral	HKD	2.90	1.40	-52%	RMB	0.02	0.04	0.05	114.4	57.2	45.7	-1.4%	Jeff Hao
Port															
144	China Mer Hold	Neutral	HKD	26.00	26.43	2%	HKD	1.55	1.75	2.05	16.8	14.9	12.7	-5.3%	Kate Li
1199	Cosco Pacific	Buy	HKD	10.34	12.58	22%	USD	0.26	0.13	0.14	5.1	10.3	9.5	1.4%	Kate Li
Shipping															
368	Sinotrans Ship	Buy	HKD	2.58	2.40	-7%	USD	0.01	0.02	0.03	33.3	16.6	11.1	1.2%	Kate Li
316	Ooil	Buy	HKD	37.10	51.00	37%	USD	0.17	0.23	0.41	28.1	20.8	11.7	4.2%	Kate Li
2866	Cscl	Neutral	HKD	1.89	1.82	-4%	RMB	-0.06	0.03	0.07	N.A.	49.7	21.3	0.0%	Kate Li
Alternative Energy															
3800	Gcl-Poly Energy	Buy	HKD	2.70	1.97	-27%	HKD	0.01	0.05	0.07	270.0	54.0	38.6	0.0%	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	1.42	1.76	24%	RMB	0.05	0.11	0.16	22.4	10.2	7.0	2.2%	Yin Lei
750	Singyes Solar	Buy	HKD	8.83	9.40	6%	RMB	0.81	0.91	1.04	8.6	7.7	6.7	-0.9%	Yin Lei
2208	Goldwind	Buy	HKD	8.33	10.04	21%	RMB	0.15	0.32	0.45	43.8	20.5	14.6	-6.0%	Yin Lei
916	Longyuan Power	Neutral	HKD	9.14	8.16	-11%	RMB	0.36	0.43	0.52	20.0	16.8	13.9	-6.5%	Yin Lei
1798	Datang Power	Neutral	HKD	1.52	1.59	5%	RMB	0.05	0.08	0.13	24.0	15.0	9.2	-3.8%	Yin Lei
816	Huadian Fuxin	Buy	HKD	3.70	2.99	-19%	RMB	0.19	0.24	0.28	15.4	12.2	10.4	4.8%	Yin Lei
579	Jingneng	Buy	HKD	4.22	3.62	-14%	RMB	0.18	0.24	0.29	18.5	13.9	11.5	-9.6%	Yin Lei
819	Tianneng Power	Buy	HKD	2.74	6.65	143%	RMB	0.16	0.57	1.10	13.5	3.8	2.0	-16.2%	Yin Lei
Food & Beverage															
322	Tingyi	Buy	HKD	20.50	25.40	24%	USD	0.08	0.11	0.12	33.0	25.2	22.0	-5.5%	Ling Hua
2319	Mengniu Dairy	Buy	HKD	38.55	33.26	-14%	RMB	0.85	1.10	1.48	35.8	27.6	20.5	5.5%	Ling Hua
506	China Foods	Neutral	HKD	2.74	4.25	55%	HKD	0.17	0.22	0.27	16.1	12.5	10.2	-4.9%	Ling Hua
151	Want Want China	Neutral	HKD	11.62	12.10	4%	USD	0.05	0.06	0.07	30.0	25.0	21.4	5.6%	Ling Hua
345	Vitasoy	Neutral	HKD	10.80	11.60	7%	HKD	0.33	0.36	0.39	32.7	30.0	27.7	0.4%	Ling Hua
Machinery & Equipment															
1157	Zoomlion	Neutral	HKD	5.42	7.20	33%	RMB	0.60	0.67	0.80	7.1	6.4	5.3	-16.5%	Jiao Yiding
631	Sany	Buy	HKD	2.01	3.40	69%	RMB	0.22	0.24	0.26	7.2	6.6	6.1	-6.9%	Jiao Yiding
3339	Lonking	Buy	HKD	1.51	1.92	27%	RMB	0.12	0.13	0.16	9.9	9.2	7.4	-4.4%	Jiao Yiding
Electricity															
902	Huaneng Power	Buy	HKD	6.88	10.70	56%	RMB	0.82	0.93	1.07	6.6	5.8	5.1	-8.8%	Vera Liang
991	Datang Power	Buy	HKD	2.94	4.40	50%	RMB	0.37	0.43	0.56	6.3	5.4	4.1	-10.1%	Vera Liang
1071	Huadian Power	Neutral	HKD	3.30	3.80	15%	RMB	0.46	0.45	0.55	5.7	5.8	4.7	-5.2%	Vera Liang
Semi and Hardware Technology															
992	Lenove	Buy	HKD	7.72	9.20	19%	USD	0.06	0.08	0.09	16.6	12.4	11.1	-26.1%	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	6.52	8.37	28%	RMB	0.41	0.54	0.73	12.5	9.5	7.0	-6.6%	Alex Ng
732	Truly	Buy	HKD	4.20	7.15	70%	HKD	0.56	0.67	0.79	7.5	6.3	5.3	-4.1%	Alex Ng
2018	Aac Tech	Neutral	HKD	33.95	40.00	18%	RMB	1.83	2.16	2.48	14.6	12.4	10.8	-4.2%	Alex Ng
2618	Tcl Comm	Buy	HKD	8.53	8.52	0%	HKD	0.28	0.76	0.96	30.5	11.2	8.9	2.8%	Alex Ng
2369	China Wireless	Neutral	HKD	4.47	3.10	-31%	HKD	0.20	0.24	0.30	22.4	18.6	14.9	20.8%	Alex Ng
Pharmaceuticals & Medical Devices															
2348	Dawnrays Pharma	Buy	HKD	5.69	3.20	-44%	RMB	0.18	0.14	0.17	24.9	32.1	26.4	3.3%	Jonathan Hsu
460	Sihuan Pharm	Buy	HKD	8.85	8.00	-10%	RMB	0.16	0.17	0.19	43.6	41.1	36.7	16.9%	Jonathan Hsu
1177	Sino Biopharm	Buy	HKD	7.15	6.70	-6%	HKD	0.09	0.18	0.22	79.4	39.7	32.5	12.1%	Jonathan Hsu
1093	CSPC Pharm	Buy	HKD	6.94	5.70	-18%	HKD	1.48	0.20	0.24	4.7	34.7	28.9	10.7%	Jonathan Hsu
1099	Sinopharm	Buy	HKD	21.55	24.40	13%	RMB	0.66	0.82	1.01	25.8	20.7	16.8	-3.6%	Jonathan Hsu
2877	Shineway Pharm	Neutral	HKD	11.74	12.30	5%	RMB	0.91	0.78	0.89	10.2	11.9	10.4	0.3%	Jonathan Hsu
US Stock															
BIDU	Baidu Inc	Buy	USD	170.15	151.10	-11%	USD	4.89	7.36	9.67	34.8	23.1	17.6	5.4%	Mike Chen
SINA	Sina Corp	Buy	USD	68.98	97.50	41%	USD	0.53	2.43	4.20	130.2	28.4	16.4	-1.5%	Mike Chen
SOHU	Sohu.Com Inc	Neutral	USD	73.73	61.40	-17%	USD	1.48	2.44	3.28	49.8	30.2	22.5	2.0%	Mike Chen
NTES	Netease Inc	Buy	USD	66.57	85.50	28%	USD	5.56	5.80	6.60	12.0	11.5	10.1	-10.6%	Mike Chen
QIHU	Qihoo 360	Buy	USD	104.74	94.47	-10%	USD	1.16	2.00	3.68	90.3	52.4	28.5	23.6%	Mike Chen
YOKU	Youku Tudou Inc	Neutral	USD	29.94	23.82	-20%	USD	-0.47	-0.18	0.19	N.A.	N.A.	157.6	-0.1%	Mike Chen
EDU	New Oriental Education	Buy	USD	32.50	24.50	-25%	USD	0.89	1.25	1.43	36.5	26.0	22.7	8.5%	Mike Chen
DANG	Dangdang	Neutral	USD	9.98	6.40	-36%	USD	-0.82	-0.52	-0.18	N.A.	N.A.	N.A.	7.5%	Mike Chen
CTRP	Ctrip	Buy	USD	50.05	25.70	-49%	USD	1.15	1.48	1.76	43.5	33.8	28.4	26.4%	Mike Chen
HMIN	Home Inns	Neutral	USD	37.85	27.40	-28%	USD	1.09	1.62	2.04	34.7	23.4	18.6	6.9%	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	119.2	0.3	168	TSINGTAO BREW-H	56.35	0.4
2	CLP HLDGS LTD	60.45	1.0	177	JIANGSU EXPRES-H	9.10	-2.3
3	HONG KG CHINA GS	16.30	0.9	323	MAANSHAN IRON-H	1.80	-1.1
4	WHARF HLDG	53.50	-0.2	338	SINOPEC SHANG-H	2.20	-0.9
5	HSBC HLDGS PLC	81.65	-2.7	347	ANGANG STEEL-H	4.73	-2.7
6	POWER ASSETS HOL	62.85	-0.2	358	JIANGXI COPPER-H	13.54	-0.9
11	HANG SENG BK	126.0	0.8	386	CHINA PETROLEU-H	6.38	-0.8
12	HENDERSON LAND D	43.20	0.9	390	CHINA RAIL GR-H	3.35	-2.1
13	HUTCHISON WHAMPO	102.4	-0.9	489	DONGFENG MOTOR-H	9.83	-1.7
16	SUN HUNG KAI PRO	98.45	1.0	552	CHINA COMM SER-H	3.87	-3.7
17	NEW WORLD DEV	9.67	-0.1	576	ZHEJIANG EXPRESS	6.56	-1.4
19	SWIRE PACIFIC-A	84.65	0.6	694	BEIJING CAP AI-H	5.61	-1.9
23	BANK EAST ASIA	32.10	1.1	728	CHINA TELECOM-H	3.39	-1.5
66	MTR CORP	27.20	-1.5	753	AIR CHINA LTD-H	5.10	-0.6
83	SINO LAND CO	10.84	0.6	857	PETROCHINA CO-H	7.90	0.0
101	HANG LUNG PROPER	21.00	-0.5	902	HUANENG POWER-H	6.88	-0.7
144	CHINA MERCHANT	26.00	-2.8	914	ANHUI CONCH-H	28.35	-0.4
267	CITIC PACIFIC	11.14	2.0	939	CHINA CONST BA-H	5.25	-0.2
291	CHINA RES ENTERP	21.45	-5.5	991	DATANG INTL PO-H	2.94	0.7
293	CATHAY PAC AIR	15.20	-0.4	998	CHINA CITIC BK-H	4.09	-2.6
330	ESPRIT HLDGS	14.02	-0.7	1088	CHINA SHENHUA-H	21.10	0.5
386	CHINA PETROLEU-H	6.38	-0.8	1133	HARBIN ELECTRIC	4.64	5.2
388	HONG KONG EXCHNG	121.0	0.2	1138	CHINA SHIPPING-H	4.96	-4.3
494	LI & FUNG LTD	10.14	0.6	1171	YANZHOU COAL-H	5.71	-0.4
551	YUE YUEN INDUS	23.15	-0.2	1186	CHINA RAIL CN-H	6.41	-3.2
688	CHINA OVERSEAS	20.20	-0.3	1398	IND & COMM BK-H	4.63	-0.4
700	TENCENT HOLDINGS	575.5	-0.4	1800	CHINA COM CONS-H	5.41	-2.0
762	CHINA UNICOM HON	10.00	0.5	1898	CHINA COAL ENE-H	3.95	-0.5
857	PETROCHINA CO-H	7.90	0.0	1919	CHINA COSCO HO-H	3.31	-1.8
883	CNOOC LTD	12.46	1.6	2318	PING AN INSURA-H	62.40	-1.6
939	CHINA CONST BA-H	5.25	-0.2	2328	PICC PROPERTY &	10.62	-1.3
941	CHINA MOBILE	73.20	-0.4	2600	ALUMINUM CORP-H	2.83	-1.7
1088	CHINA SHENHUA-H	21.10	0.5	2628	CHINA LIFE INS-H	22.35	-1.3
1199	COSCO PAC LTD	10.34	-0.2	2727	SHANGHAI ELECT-H	2.52	2.0
1398	IND & COMM BK-H	4.63	-0.4	2777	GUANGZHOU R&F -H	10.24	-1.7
2038	FIH MOBILE LTD	3.76	0.8	2866	CHINA SHIPPING-H	1.89	-0.5
2318	PING AN INSURA-H	62.40	-1.6	2883	CHINA OILFIELD-H	21.05	0.7
2388	BOC HONG KONG HO	23.90	0.0	2899	ZIJIN MINING-H	1.75	0.0
2600	ALUMINUM CORP-H	2.83	-1.7	3323	CHINA NATL BDG-H	7.40	-0.4
2628	CHINA LIFE INS-H	22.35	-1.3	3328	BANK OF COMMUN-H	4.94	-0.6
3328	BANK OF COMMUN-H	4.94	-0.6	3968	CHINA MERCH BK-H	13.78	-1.2
3988	BANK OF CHINA-H	3.24	0.3	3988	BANK OF CHINA-H	3.24	0.3
				3993	CHINA MOLYBDENUM	3.06	-1.0

A+H Company Performance
 Last price

Name(H)	Code (H)	Price (H)	Code (A)	Price (A)	Spread (%)
JINGCHENG MAC	187	2.15	600860	6.59	288.5
NORTHEAST ELEC-H	42	0.85	000585	2.29	241.5
NANJING PANDA-H	553	3.78	600775	8.63	189.4
TIANJIN CAP-H	1065	3.82	600874	8.63	186.3
SHENJI GROUP-H	300	2.08	600806	4.62	181.5
CHONGQING IRON-H	1053	1.09	601005	2.29	166.3
SINOPEC YIZHEN-H	1033	1.51	600871	3.10	160.2
SHANDONG XINHU-H	719	3.08	000756	6.08	150.2
SINOPEC SHANG-H	338	2.20	600688	3.34	92.4
BEIJING NORTH-H	588	1.73	601588	2.49	82.4
DATANG INTL PO-H	991	2.94	601991	3.78	63.0
CHINA CITIC BK-H	998	4.09	601998	4.94	53.1
YANZHOU COAL-H	1171	5.71	600188	6.79	50.7
ALUMINUM CORP-H	2600	2.83	601600	3.16	41.5
GUANGZHOU BAIYUN	874	25.20	600332	26.03	30.9
SHENZHEN EXPRE-H	548	3.38	600548	3.40	27.5
DONGFANG ELECT-H	1072	11.26	600875	11.29	27.1
ANHUI EXPRESS-H	995	3.94	600012	3.85	23.8
GUANGZHOU SHIP-H	317	18.36	600685	17.49	20.7
JIANGXI COPPER-H	358	13.54	600362	12.89	20.7
CHINA SOUTHERN-H	1055	2.69	600029	2.56	20.6
MAANSHAN IRON-H	323	1.80	600808	1.58	11.3
HUADIAN POWER-H	1071	3.30	600027	2.89	11.0
CHINA SHIPPING-H	1138	4.96	600026	4.14	5.8
HISENSE KELON -H	921	12.50	000921	10.28	4.2
ZTE CORP-H	763	15.92	000063	13.09	4.2
LUOYANG GLASS-H	1108	1.32	600876	4.69	0.0
JINGWEI TEXTIL-H	350	6.07	000666	0.00	0.0
BANK OF CHINA-H	3988	3.24	601988	2.54	-0.6
CHINA PETROLEU-H	386	6.38	600028	4.89	-2.9
BANK OF COMMUN-H	3328	4.94	601328	3.78	-3.0
GUANGSHEN RAIL-H	525	3.50	601333	2.61	-5.5
IND & COMM BK-H	1398	4.63	601398	3.37	-7.8
AIR CHINA LTD-H	753	5.10	601111	3.69	-8.3
CHINA MERCH BK-H	3968	13.78	600036	9.94	-8.6
TSINGTAO BREW-H	168	56.35	600600	39.99	-10.1
HUANENG POWER-H	902	6.88	600011	4.70	-13.4
CHINA LIFE INS-H	2628	22.35	601628	13.68	-22.4
PING AN INSURA-H	2318	62.40	601318	37.64	-23.6
JIANGSU EXPRES-H	177	9.10	600377	5.40	-24.8
ANGANG STEEL-H	347	4.73	000898	2.80	-25.0
WEICHAJ POWER-H	2338	29.65	000338	17.02	-27.3
ANHUI CONCH-H	914	28.35	600585	14.74	-34.1

Recently Published Research

Date published	Name of report	Analyst
24-Feb-14	Monthly Report on HK Stock Market Fund Flows (Feb 2014)	Qing Li, Cliff Zhao, David Xie
21-Feb-14	February Eurozone Flash PMI data	Lynn Song, Cliff Zhao, David Xie
21-Feb-14	Wisdom Holdings Group (1661.HK)	Jeff Hao
21-Feb-14	Sinopec(386.HK)	Michael Yuk
20-Feb-14	Kingsoft (3888.HK)	Jeff Hao
20-Feb-14	NewOcean Energy Ltd. (00342.HK)	Michael Yuk
19-Feb-14	Vitasoy Internaional (345 HK)	Hua Ling
19-Feb-14	Essex Bio -Technology Ltd. (1061 HK)	Jonathan Hsu
17-Feb-14	Eurozone 4Q13 GDP	Lynn Song, Cliff Zhao, David Xie
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
13-Feb-14	Phoenix Healthcare Group (1515 HK)	Jonathan Hsu
13-Feb-14	Lenovo Group (992 HK)	Alex Ng
13-Feb-14	1H2014 Auto Industry HK Stock Market Investment Outlook	Colleen Li
12-Feb-14	HK Market Strategy Bi-weekly (Vol.03, 2014)	Cliff Zhao, George Chen
30-Jan-14	COSL (02883.HK)	Michael Yuk
28-Jan-14	HK Market Strategy Bi-weekly(Vol.02, 2014)	Cliff Zhao, Zi chen Xu, George Chen
28-Jan-14	XTEP INTERNATIONAL(1368.HK)	Ivy Zhao
27-Jan-14	Nonferrous Metals Industry	Li Xiang
27-Jan-14	2014 Internet and Technology	Cliff Zhao, Zi chen Xu, George Chen
27-Jan-14	Lenovo Group (992 HK)	Alex Ng
27-Jan-14	FOMC statement Jan Preview	Qing Li, Cliff Zhao, David Xie
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24-Jan-14	Vitasoy Internaional (345 HK)	Hua Ling
23-Jan-14	Gome Electrical (493 HK)	Wang Xiaodi
23-Jan-14	10 big questions for the Japanese economy	Lynn Song, Cliff Zhao, David Xie
22-Jan-14	Springland International (1700.HK)	Wang Xiaodi
22-Jan-14	The Month Ahead-Jan.2014	Cliff Zhao, George Chen, Zi chen Xu
21-Jan-14	CNOOC (00883.HK)	Michael Yuk
20-Jan-14	Monthly Report on HK Stock Market Fund Flows (Jan 2014)	Qing Li, Cliff Zhao, David Xie
16-Jan-14	Haier Electronics (1169.HK)	Wang Xiaodi
14-Jan-14	Great Wall Mot-H (02333.HK)	Colleen Li
14-Jan-14	HK Market Strategy Bi-weekly(Vol.01, 2014)	Cliff Zhao, George Chen, Zi chen Xu
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

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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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