

## Research Highlights

### 1. Yellen, the Hawk?

[Qing LI] Flexibility in Monetary Policies Increases as Federal Reserve Gives Up Guidance on Unemployment Rate

Federal Reserve cuts the size of bond purchase to US\$55.0 bn and the QE Taper is expected to end in September to October

Fed officials are more optimistic on the forecast of labor market than last December while long-term inflation is expected to be stable

After the QE program ends, expectation on rate increases is anticipated to increase in the end of the third quarter and the fourth quarter this year amid better-than-expected economic data. Short-term rates may rise and global liquidity is expected to be more volatile

Size of QE Cut to US\$55.0 bn, in Line with Expectations

The FOMC statement after the meeting indicated that the Fed will keep the target range of the Federal Funds Rate at 0 to 0.25% unchanged, and the size of bond purchase will be cut down to US\$55.0 bn. It is expected that the Fed officials will keep its policy statement without quantitative guidance in the coming one to two meetings. Based on the recent economic data, we also expect that the Fed will keep the pace of cutting the QE size by US\$10.0 bn at each of their meeting.

Economic Outlook: Optimism Rises for Labor Market with Moderate and Controllable Inflation

The economic forecast revised in March indicated that the expectation on economic growth was not as optimistic as in last December, but the overall trend of moderate recovery was still unchanged. The outlook on inflation was still stable, whilst the forecast on unemployment was more optimistic than last December. In general, the decision of the Fed to cut the size of QE in the coming meetings on the discussion of interest rates is supported. We believe that the QE Taper plan will end in September or October.

The Fed First Defined Considerable Time as Around Six Months

In respect of the timing for rate increases, the FOMC statement indicated that members of the committee believe that keeping the target federal funds rate at the prevailing range for a considerable time is appropriate after the end of the asset purchase program, if expectation on long-term inflation is under control. Ms. Yellen, new chairwoman of the Fed, indicated that QE may end in fall this year and suggested that a considerable time may be around six months. Ms. Yellen added that the Fed may increase interest rates in fall 2015 if the economic growth is in line with expectations. In general, rate increases within this year is becoming more unlikely. We should be cautious to the degree of rate increases next year or any stronger-than-expected risks. We maintain our judgment that the earliest timing for the Fed to increase interest rates is the second quarter of 2015.

HK Indices	Last price	chg	% chg
HSI	21,182.16	-386.5	-1.79
Finance	28,222.85	-461.1	-1.61
Properties	25,416.79	-447.5	-1.73
Utilities	46,398.71	-489.4	-1.04
Commerce&Industrv	13,266.55	-282.6	-2.09
HSCEI	9,203.07	-157.6	-1.68
HSCCI	3,946.50	-58.79	-1.47
HKSPGEM	570.34	-0.07	-0.01

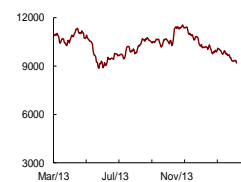
World Indices	Last price	chg	% chg
FTSE 100	6,513.53	-59.60	-0.91
DAX 30	9,199.67	-77.38	-0.83
CAC 40	4,278.13	-29.93	-0.69
DJIA	16,222.17	-114.02	-0.70
S&P500	1,860.77	-11.48	-0.61
Nasdaq Composite	4,307.60	-25.71	-0.59
Nikkei 225	14,224.23	-238.29	-1.65

Asia-Pacific Indices	Last price	chg	% chg
KOSPI	1,919.52	-18.16	-0.94
TWSE	8,597.33	-92.13	-1.06
STI	3,057.20	-23.55	-0.76
India BSE 30	21,740.09	-92.77	-0.42
S&P/ASX 200	5,294.00	-61.59	-1.15

HSI One Year



HSCEI One Year



Source: Bloomberg

China Merchants Securities (HK)

Research

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## Company Comments

### 1. Comments on China Mobile (941.HK, HK\$67, NEUTRAL, TP HK\$78) Results

China Mobile's revenue for 2013 was RMB630.1 bn, up 8.3% YoY, net profit amounted to RMB121.6 bn, down 5.9% YoY. The profit of the company is lower than the expectation of the market and us by 3.5%. This is mainly due to decrease in net profit margin to 19 % in 2013 from 23% in 2012, which is attributable to decrease in revenue from voice services and increase in marketing expenses and handset subsidies.

#### Comments:

1) The company indicated that it had 1.34 mn 4G users with average ARPU at RMB180 and average monthly traffic at 700 M as at February 2014. These figures showed that 4G will certainly stimulate more traffic usage from users and increase the ARPU from them.

2) Xi Guohua, Chairman of China Mobile, indicated in the results press conference that China Mobile is in a critical stage of transformation. The company will gradually transform from a revenue model mainly composed of revenue from voice services of 2G system, to one which is mainly composed of revenue from traffic usage of 4G system. Challenges are expected in the process of transformation, including (a) revenue from voice services, which accounts for more than 60% of the total revenue and has a relatively higher profit margin, will continue to decline; (b) revenue from traffic services will rapidly increase, but the profit margin is relatively lower; and (c) the company will adopt aggressive investment strategy in 4G business. As a result, we expect the profit of China Mobile for 2014 will continue to be on a falling trend.

3) We believe that the competition among telecom operators will be very keen in 2014. Whether it is China Mobile, which is on the strong side of the 4G market, or China Telecom and China Unicom, which are on the weak side, will undergo pressure of different extent on results. We reiterate our view that based on our judgment on the cycle of the mobile internet industry, we believe that the opportunistic investment opportunities for telecom operators have passed. Concern on the competition in 4G business and the influence of internet companies on the operators will continue to exert pressure on the share prices of the operators. We recommend investors to avoid telecom operators. [Jeff Hao]

### 2. PetroChina FY13 results beat street's estimate. More upstream production sharing during FY14.

PetroChina (857.HK, BUY, TP: HK\$10.55/share) announced a 12.4%YoY increase in FY13 net profit to RMB129,599mn (EPS: RMB0.71/share). The results are in line with our forecasts but beat street estimates. Reduced losses at the company's refining & chemical division (-RMB24,392mn) and a return to profitability in the natural gas & pipeline segment (+RMB28,888mn) offset the decline in profitability at E&P (+RMB189,698mn) and Marketing (+RMB7,562mn). Looking forward the company plans to allow a higher degree of production sharing with private oil & gas producers to improve the profitability of its upstream operations. Maintain 'Buy'. [Michael Yuk]

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

### 1. Electric Power Equipment: The development of electric vehicle charging network

[Wang Haidong and Huang Wei, March 19, 2014] We believe highly competitive electric vehicle is the key to industry development. In China, the development of charging facilities was once faster than that of electric vehicles. Charging facilities, however, did not boost the electric vehicle market. Mass production of electric vehicles by BYD, Beijing Automobile Works, SAIC Motor and JAC Motors helps to accelerate electric vehicle development in China. Construction of charging facilities will restart in china with government support. We recommend NARI (600406 CH) and XJ Electric (000400 CH).

Charging equipments in China can meet various demand of AC charging, DC charging and charging for removed batteries. With established industry standards, electric power equipment manufacturers in China can produce equipments required. Equipment production and supply will not be a bottleneck for the development of electric vehicle charging facilities.

We cannot find policies specifying the price of power charging currently. Profit models of charging facility construction and operating enterprises cannot be confirmed. The recent electric power reform focuses on the electricity price. According to power grids, the electric vehicle charging market will be a competitive market. After the profit model is confirmed, interests of both charging facility operators and car users will be considered when constructing charging facilities.

At the initial stage of charging facility development, companies such as NARI (600406 CH), XJ Electric (000400 CH), Shenzhen Auto Electric Power Plant (002227 CH), Shanghai Potevio (600680 CH) and Shenzhen Clou Electronics (002121 CH) will benefit most. But when large-scale equipment procurement starts, equipment prices will drop sharply. We believe charging network operators will benefit in the long term.

Global Commodity	Last price	chg	% chg
Brent Oil	105.49	-0.28	-0.26
Gold	1,327.3	-2.25	-0.17
LME Aluminum	1,739.0	3.00	0.17
LME Copper	6,553.0	70.00	1.08
BDI	1,570.0	52.00	3.43
API Coal	80.90	-0.40	-0.49

Exchange /Bond Market	/Currency	Last price	chg	% chg
USD/RMB		6.15	0.01	0.16
USD/HKD		7.76	0.00	0.00
1-YR RMB NDF		6.24	0.01	0.16
EUR/USD		1.38	-0.55	-0.40
3-M Libor		0.52	0.00	0.00
3-M Shibor		5.50	0.00	0.00
10 YR US T-Note Yield		2.78	0.01	0.36

Brent Oil One Year



Gold Commodity One Year



LME Aluminum Commodity One Year

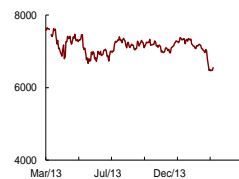


Source: Bloomberg

What to Watch

Economic Data	HK: nil US: nil		
Date	Ticker	Stock Name	Earnings
2014/03/21	00171	SILVER GRANT	
2014/03/21	00369	WING TAI PPT	
2014/03/21	00500	DVN	
2014/03/21	00386	SINOPEC CORP	
2014/03/21	00702	SINO OIL & GAS	
2014/03/21	01068	YURUN FOOD	
2014/03/21	00960	LONGFOR PPT	
2014/03/21	01099	SINOPHARM	
2014/03/21	01109	CHINA RES LAND	
2014/03/21	01258	CHINFMINING	
2014/03/21	01623	HILONG	
2014/03/21	01818	ZHAOJIN MINING	
2014/03/21	02208	GOLDWIND	
2014/03/21	02331	LI NING	
2014/03/21	02333	GREATWALL MOTOR	
2014/03/21	03900	GREENTOWN CHINA	
2014/03/21	08002	IGG	
Date	Ticker	Stock Name	Issue Price

LME Copper Commodity One Year



BDI One Year



API Coal One Year



Source: Bloomberg

China Merchants Securities (Hong Kong) Stock Pool Update Weekly  
 2014/3/21

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	4.24	5.30	25%	RMB	0.55	0.56	0.64	6.1	6.0	5.3	-18.9%	Ivy Zhao
1880	Belle	Buy	HKD	7.44	14.03	89%	RMB	0.55	0.62	0.69	10.6	9.5	8.6	-12.9%	Ivy Zhao
1368	Xtep	Neutral	HKD	3.08	4.00	30%	RMB	0.27	0.27	0.29	9.0	9.0	8.4	-19.0%	Ivy Zhao
2020	Anta Sports	Buy	HKD	11.86	13.47	14%	RMB	0.49	0.54	0.60	19.3	17.5	15.6	9.8%	Ivy Zhao
1361	361 Degrees	Neutral	HKD	1.87	1.71	-9%	RMB	0.17	0.16	0.16	8.8	9.4	9.3	-7.4%	Ivy Zhao
1968	Peak Sport	Neutral	HKD	2.10	1.48	-30%	RMB	0.16	0.17	0.19	10.5	9.7	8.6	2.4%	Ivy Zhao
2331	Li Ning	Buy	HKD	5.92	5.20	-12%	RMB	-0.10	0.18	0.20	N.A.	26.7	23.6	-2.6%	Ivy Zhao
3818	China Dongxiang	Buy	HKD	1.69	1.64	-3%	RMB	0.04	0.04	0.05	36.2	31.9	28.5	11.2%	Ivy Zhao
953	Meike	Neutral	HKD	0.38	0.30	-21%	RMB	0.04	0.05	0.06	8.4	6.6	5.5	11.8%	Ivy Zhao
1234	China Lilang	Buy	HKD	5.96	5.25	-12%	RMB	0.41	0.41	0.47	11.5	11.5	10.1	19.7%	Ivy Zhao
891	Trinity	Buy	HKD	1.94	4.63	139%	RMB	0.21	0.25	0.30	7.3	6.2	5.1	-12.2%	Ivy Zhao
873	C Taifeng Bed	Buy	HKD	1.22	2.86	134%	RMB	0.52	0.65	0.80	1.9	1.5	1.2	-9.6%	Ivy Zhao
<b>Metals &amp; Mining</b>															
1818	Zhaojin Mining	Neutral	HKD	4.83	6.00	24%	RMB	0.43	0.38	0.34	8.9	10.1	11.3	-8.7%	Li Xiang
2899	Zijin Mining	Neutral	HKD	1.60	1.69	6%	RMB	0.14	0.15	0.12	9.1	8.5	10.6	-9.1%	Li Xiang
358	Jiangxi Copper	Buy	HKD	11.84	10.30	-13%	RMB	0.96	0.87	0.67	9.8	10.9	14.1	-14.7%	Li Xiang
3993	Cmcc	Neutral	HKD	2.98	3.10	4%	RMB	0.19	0.20	0.21	12.2	12.1	11.4	-2.3%	Li Xiang
2600	Chalco	Neutral	HKD	2.61	2.54	-3%	RMB	0.07	-0.01	0.02	29.6	N.A.	103.4	-10.6%	Li Xiang
1378	China Hongqiao	Buy	HKD	4.73	5.80	23%	RMB	0.94	1.11	1.23	4.0	3.4	3.1	0.9%	Li Xiang
486	Rusal	Sell	HKD	2.64	1.90	-28%	USD	0.00	0.03	0.04	N.A.	11.3	8.5	-5.4%	Li Xiang
3948	Yitai Coal	Buy	HKD	9.75	25.10	157%	RMB	1.88	2.11	2.22	4.1	3.7	3.5	-5.9%	Li Xiang

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								2013E	2014E	2015E	2013E	2014E	2015E		
1088	China Shenhua	Buy	HKD	19.78	36.40	84%	RMB	2.44	2.90	3.07	6.4	5.4	5.1	-4.4%	Li Xiang
1898	China Coal	Neutral	HKD	4.04	5.00	24%	RMB	0.47	0.43	0.42	6.8	7.5	7.6	2.5%	Li Xiang
<b>Auto &amp; Others</b>															
1211	Byd Company	Neutral	HKD	47.60	32.90	-31%	RMB	0.27	0.69	1.03	139.7	54.7	36.6	11.2%	Colleen Li
489	Dongfeng Group	Buy	HKD	9.91	14.17	43%	RMB	1.13	1.26	1.29	7.0	6.2	6.1	-5.6%	Colleen Li
175	Geely Auto	Buy	HKD	2.96	5.04	70%	RMB	0.32	0.36	0.38	7.3	6.5	6.2	-2.6%	Colleen Li
2333	Greatwall Motor	Buy	HKD	34.45	43.40	26%	RMB	2.74	3.40	3.82	10.0	8.0	7.2	-2.7%	Colleen Li
1114	Brilliance Chi	Buy	HKD	9.87	12.00	22%	RMB	0.71	0.80	0.89	11.0	9.8	8.8	-19.5%	Colleen Li
425	Mint Group	Buy	HKD	14.78	13.20	-11%	RMB	0.78	0.87	0.97	15.0	13.5	12.1	-3.0%	Colleen Li
1728	Zhengtong Auto	Buy	HKD	4.01	5.85	46%	RMB	0.55	0.81	1.11	5.8	3.9	2.9	-10.5%	Colleen Li
881	Zhongsheng Hldg	Neutral	HKD	10.08	10.30	2%	RMB	0.58	0.71	0.99	13.8	11.3	8.1	-11.0%	Colleen Li
1766	CSR	Buy	HKD	6.15	8.08	31%	RMB	0.31	0.40	0.45	15.7	12.2	10.8	3.7%	Colleen Li
3898	CSR Times Electric	Buy	HKD	24.30	32.03	32%	RMB	1.10	1.35	1.62	17.5	14.3	11.9	0.8%	Colleen Li
<b>Oil &amp; Gas</b>															
857	Petro China	Buy	HKD	7.62	10.55	38%	RMB	0.71	0.74	0.78	8.5	8.2	7.7	-6.5%	Michael Yuk
386	Sinopec Corp	Buy	HKD	6.49	7.20	11%	RMB	0.68	0.70	0.73	7.6	7.4	7.1	-2.0%	Michael Yuk
883	Cnooc	Buy	HKD	11.62	17.00	46%	RMB	1.44	1.56	1.69	6.4	5.9	5.5	-5.8%	Michael Yuk
603	China Oil & Gas	Neutral	HKD	1.24	1.45	17%	HKD	0.09	0.12	0.15	13.8	10.3	8.3	-8.8%	Michael Yuk
342	Newocean Energy	Buy	HKD	5.84	5.30	-9%	HKD	0.55	0.63	0.79	10.6	9.3	7.4	-29.1%	Michael Yuk
467	Unitedenergy Gp	Buy	HKD	1.20	1.59	33%	HKD	0.10	0.09	0.09	12.0	13.3	13.3	-7.7%	Michael Yuk
<b>Oil &amp; Gas Services/Equipment</b>															
3899	Cimc Enric	Buy	HKD	12.08	13.88	15%	RMB	0.51	0.58	0.67	18.8	16.5	14.3	7.1%	Michael Yuk
569	Ch Automation	Buy	HKD	1.47	2.50	70%	RMB	0.26	0.29	0.33	4.5	4.0	3.5	-5.2%	Michael Yuk
3337	Anton Oilfield	Buy	HKD	5.12	4.75	-7%	RMB	0.19	0.23	0.28	21.4	17.6	14.5	-3.2%	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	2.28	2.26	-1%	RMB	0.11	0.40	0.55	16.4	4.5	3.3	-11.3%	Michael Yuk
2883	China Oilfield	Buy	HKD	18.24	21.00	15%	RMB	1.42	1.52	1.61	10.2	9.5	9.0	-13.8%	Michael Yuk
3303	Jutal Oil Ser	Buy	HKD	1.67	2.40	44%	RMB	0.13	0.17	0.15	10.2	7.8	8.8	-1.8%	Michael Yuk
1623	Hilong	Buy	HKD	5.42	5.10	-6%	RMB	0.16	0.28	0.29	26.2	15.5	14.9	-15.2%	Michael Yuk
<b>Property</b>															
688	China Overseas	Buy	HKD	18.16	22.56	24%	HKD	2.29	2.30	2.68	7.9	7.9	6.8	-14.3%	DuanFeiqin
410	Soho China	Neutral	HKD	5.65	6.42	14%	HKD	2.37	2.13	1.96	2.4	2.7	2.9	-6.0%	DuanFeiqin
813	Shimao Property	Neutral	HKD	13.92	16.70	20%	HKD	2.07	2.19	2.46	6.7	6.3	5.7	-21.2%	DuanFeiqin
1109	China Res Land	Buy	HKD	15.12	23.80	57%	HKD	1.81	1.91	2.20	8.4	7.9	6.9	-18.5%	DuanFeiqin
2777	R&F Properties	Buy	HKD	9.74	13.90	43%	HKD	2.15	2.23	2.45	4.5	4.4	4.0	-10.8%	DuanFeiqin
2007	Country Garden	Neutral	HKD	3.14	4.68	49%	HKD	0.48	0.53	0.60	6.6	5.9	5.2	-28.6%	DuanFeiqin
3383	Agile Property	Neutral	HKD	5.77	10.10	75%	HKD	1.81	1.98	2.02	3.2	2.9	2.9	-17.8%	DuanFeiqin
3333	Evergrande	Buy	HKD	3.35	4.38	31%	HKD	0.84	0.97	0.98	4.0	3.5	3.4	-4.6%	DuanFeiqin
960	Longfor Ppt	Buy	HKD	9.19	13.23	44%	HKD	1.50	1.65	1.81	6.1	5.6	5.1	-14.8%	DuanFeiqin
1813	Kwg Property	Neutral	HKD	4.03	5.05	25%	HKD	1.02	1.10	1.18	3.9	3.7	3.4	-5.0%	DuanFeiqin
3366	Oct (Asia)	Buy	HKD	2.79	3.50	25%	HKD	0.43	0.54	0.64	6.5	5.2	4.4	-11.7%	DuanFeiqin
3900	Greentown China	Buy	HKD	8.25	18.80	128%	HKD	3.17	3.33	3.49	2.6	2.5	2.4	-30.1%	DuanFeiqin
754	Hopson Dev Hold	Buy	HKD	6.70	12.20	82%	HKD	1.72	1.98	2.22	3.9	3.4	3.0	-12.2%	DuanFeiqin
978	CMLL	Buy	HKD	1.39	2.30	65%	HKD	0.15	0.21	0.28	9.3	6.5	5.1	-10.3%	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	3.68	6.66	81%	HKD	1.07	1.26	1.41	3.4	2.9	2.6	-20.9%	DuanFeiqin
<b>Consumer Discretionary</b>															
1833	Intime	Buy	HKD	8.92	10.30	15%	RMB	0.52	0.60	0.69	13.6	11.8	10.3	14.8%	Gloria Wang
1700	Springland	Neutral	HKD	3.48	4.10	18%	RMB	0.28	0.32	0.36	9.9	8.6	7.7	0.9%	Gloria Wang

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								2013E	2014E	2015E	2013E	2014E	2015E		
493	Gome	Buy	HKD	1.20	1.64	37%	RMB	0.05	0.06	0.07	19.0	15.9	13.6	-10.5%	Gloria Wang
1169	Haier Electronics	Buy	HKD	19.78	24.40	23%	RMB	0.80	0.95	1.17	19.6	16.5	13.4	-13.6%	Gloria Wang
178	Sasa International	Buy	HKD	6.94	8.20	18%	HKD	0.35	0.41	0.47	19.8	16.9	14.8	-0.3%	Gloria Wang
653	Bonjour Holdings	Neutral	HKD	1.44	1.58	10%	HKD	0.09	0.11	0.12	16.0	13.1	12.0	-5.3%	Gloria Wang
<b>Telecommunication</b>															
941	China Mobile	Neutral	HKD	67.00	78.00	16%	RMB	6.37	6.26	6.27	8.3	8.5	8.5	-8.2%	Jeff Hao
762	China Unicom	Buy	HKD	9.25	14.08	52%	RMB	0.45	0.58	0.69	16.3	12.6	10.6	-7.5%	Jeff Hao
728	China Telecom	Buy	HKD	3.19	4.67	46%	RMB	0.24	0.27	0.31	10.5	9.4	8.2	-8.6%	Jeff Hao
<b>Information Technology</b>															
700	Tencent	Buy	HKD	558.00	455.00	-18%	RMB	8.58	11.47	15.37	51.5	38.6	28.8	-1.2%	Jeff Hao
3888	Kingsoft	Buy	HKD	32.10	27.00	-16%	RMB	0.52	0.70	0.94	48.9	36.3	27.1	23.9%	Jeff Hao
1661	Wisdom	Buy	HKD	5.39	6.40	19%	RMB	0.13	0.21	0.29	32.9	20.3	14.7	0.0%	Jeff Hao
777	Netdragon	Buy	HKD	16.16	26.27	63%	RMB	0.78	0.89	1.12	16.4	14.4	11.4	-3.5%	Jeff Hao
354	Chinasoft	Neutral	HKD	2.90	2.00	-31%	RMB	0.10	0.12	0.15	23.0	19.2	15.3	21.9%	Jeff Hao
268	Kingdee	Neutral	HKD	3.45	1.40	-59%	RMB	0.02	0.04	0.05	136.7	68.4	54.7	12.8%	Jeff Hao
<b>Port</b>															
144	China Mer Hold	Neutral	HKD	24.85	26.43	6%	HKD	1.55	1.75	2.05	16.0	14.2	12.1	-6.8%	Kate Li
1199	Cosco Pacific	Buy	HKD	9.99	12.58	26%	USD	0.26	0.13	0.14	5.0	9.9	9.2	-5.2%	Kate Li
<b>Shipping</b>															
368	Sinotrans Ship	Buy	HKD	2.25	2.40	7%	USD	0.01	0.02	0.03	29.0	14.5	9.7	-13.1%	Kate Li
316	Oil	Buy	HKD	35.00	51.00	46%	USD	0.17	0.23	0.41	26.5	19.6	11.0	-7.9%	Kate Li
2866	Cscl	Neutral	HKD	1.73	1.82	5%	RMB	-0.06	0.03	0.07	N.A.	45.7	19.6	-9.0%	Kate Li
<b>Alternative Energy</b>															
3800	Gcl-Poly Energy	Buy	HKD	2.84	1.97	-31%	HKD	0.01	0.05	0.07	284.0	56.8	40.6	6.8%	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	1.48	1.76	19%	RMB	0.05	0.11	0.16	23.5	10.7	7.3	2.8%	Yin Lei
750	Singyes Solar	Buy	HKD	12.28	9.40	-23%	RMB	0.81	0.91	1.04	12.0	10.7	9.4	38.8%	Yin Lei
2208	Goldwind	Buy	HKD	8.70	10.04	15%	RMB	0.15	0.32	0.45	46.0	21.6	15.3	4.4%	Yin Lei
916	Longyuan Power	Neutral	HKD	8.05	8.16	1%	RMB	0.36	0.43	0.52	17.7	14.8	12.3	-12.7%	Yin Lei
1798	Datang Power	Neutral	HKD	1.38	1.59	15%	RMB	0.05	0.08	0.13	21.9	13.7	8.4	-10.4%	Yin Lei
816	Huadian Fuxin	Buy	HKD	4.06	2.99	-26%	RMB	0.19	0.24	0.28	16.9	13.4	11.5	8.6%	Yin Lei
579	Jingneng	Buy	HKD	4.11	3.62	-12%	RMB	0.18	0.24	0.29	18.1	13.6	11.2	-8.3%	Yin Lei
819	Tianneng Power	Buy	HKD	2.76	6.65	141%	RMB	0.16	0.57	1.10	13.7	3.8	2.0	-5.5%	Yin Lei
<b>Food &amp; Beverage</b>															
322	Tingyi	Buy	HKD	20.60	25.40	23%	USD	0.08	0.11	0.12	33.2	25.3	22.1	2.5%	Ling Hua
2319	Mengniu Dairy	Buy	HKD	35.50	33.26	-6%	RMB	0.85	1.10	1.48	33.1	25.6	19.0	-9.0%	Ling Hua
506	China Foods	Neutral	HKD	2.71	4.25	57%	HKD	0.17	0.22	0.27	15.9	12.3	10.0	-6.2%	Ling Hua
151	Want Want China	Neutral	HKD	11.22	12.10	8%	USD	0.05	0.06	0.07	28.9	24.1	20.7	-0.9%	Ling Hua
345	Vitasoy	Neutral	HKD	11.10	11.60	5%	HKD	0.33	0.36	0.39	33.6	30.8	28.5	4.9%	Ling Hua
<b>Machinery &amp; Equipment</b>															
1157	Zoomlion	Neutral	HKD	5.29	7.20	36%	RMB	0.60	0.67	0.80	7.0	6.3	5.2	-6.7%	Jiao Yiding
631	Sany	Buy	HKD	1.98	3.40	72%	RMB	0.22	0.24	0.26	7.1	6.5	6.0	-4.8%	Jiao Yiding
3339	Lonking	Buy	HKD	1.47	1.92	31%	RMB	0.12	0.13	0.16	9.7	9.0	7.3	-5.2%	Jiao Yiding
<b>Engineering</b>															
1829	CMEC	Buy	HKD		7.01	N.A.	RMB	0.54	0.63	0.68	N.A.	N.A.	N.A.	N.A.	Jiao Yiding
<b>Electricity</b>															
902	Huaneng Power	Buy	HKD	7.08	10.70	51%	RMB	0.82	0.93	1.07	6.8	6.0	5.2	0.4%	Vera Liang
991	Datang Power	Buy	HKD	2.90	4.40	52%	RMB	0.37	0.43	0.56	6.2	5.3	4.1	-4.6%	Vera Liang
1071	Huadian Power	Neutral	HKD	3.47	3.80	10%	RMB	0.46	0.45	0.55	6.0	6.1	5.0	6.4%	Vera Liang

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>Semi and Hardware Technology</b>															
992	Lenove	Buy	HKD	8.39	9.20	10%	USD	0.06	0.08	0.09	18.0	13.5	12.0	3.7%	Alex Ng
2382	Sunny Optical	Neutral	HKD	8.01	8.37	4%	RMB	0.41	0.54	0.73	15.5	11.8	8.7	28.0%	Alex Ng
732	Truly	Buy	HKD	4.94	7.15	45%	HKD	0.56	0.67	0.79	8.8	7.4	6.3	13.3%	Alex Ng
2018	Aac Tech	Neutral	HKD	31.95	40.00	25%	RMB	1.83	2.16	2.48	13.8	11.7	10.2	-12.7%	Alex Ng
2618	Tcl Comm	Buy	HKD	10.00	8.52	-15%	HKD	0.28	0.76	0.96	35.7	13.2	10.4	10.5%	Alex Ng
2369	China Wireless	Neutral	HKD	4.77	3.10	-35%	HKD	0.20	0.24	0.30	23.9	19.9	15.9	4.6%	Alex Ng
<b>Pharmaceuticals &amp; Medical Devices</b>															
2348	Dawnrays Pharma	Buy	HKD	5.00	3.20	-36%	RMB	0.18	0.14	0.17	22.0	28.3	23.3	-13.5%	Jonathan Hsu
460	Sihuan Pharm	Buy	HKD	10.02	8.00	-20%	RMB	0.16	0.17	0.19	49.6	46.7	41.8	8.9%	Jonathan Hsu
1177	Sino Biopharm	Buy	HKD	7.38	6.70	-9%	HKD	0.09	0.18	0.22	82.0	41.0	33.6	7.1%	Jonathan Hsu
1093	CSPC Pharm	Buy	HKD	7.86	5.70	-27%	HKD	1.48	0.20	0.24	5.3	39.3	32.8	14.1%	Jonathan Hsu
1099	Sinopharm	Buy	HKD	21.00	24.40	16%	RMB	0.66	0.82	1.01	25.2	20.3	16.5	-6.3%	Jonathan Hsu
2877	Shineway Pharm	Neutral	HKD	12.46	12.30	-1%	RMB	0.91	0.78	0.89	10.9	12.7	11.1	3.8%	Jonathan Hsu
<b>US Stock</b>															
BIDU	Baidu Inc	Buy	USD	160.58	151.10	-6%	USD	4.89	7.36	9.67	32.8	21.8	16.6	-7.5%	Mike Chen
SINA	Sina Corp	Buy	USD	67.11	97.50	45%	USD	0.53	2.43	4.20	126.6	27.6	16.0	-8.1%	Mike Chen
SOHU	Sohu.Com Inc	Neutral	USD	73.55	61.40	-17%	USD	1.48	2.44	3.28	49.7	30.1	22.4	-1.4%	Mike Chen
NTES	Netease Inc	Buy	USD	63.97	85.50	34%	USD	5.56	5.80	6.60	11.5	11.0	9.7	-12.4%	Mike Chen
QIHU	Qihoo 360	Buy	USD	111.83	94.47	-16%	USD	1.16	2.00	3.68	96.4	55.9	30.4	7.0%	Mike Chen
YOKU	Youku Tudou Inc	Neutral	USD	29.88	23.82	-20%	USD	-0.47	-0.18	0.19	N.A.	N.A.	157.3	-4.3%	Mike Chen
EDU	New Oriental Education	Buy	USD	29.84	24.50	-18%	USD	0.89	1.25	1.43	33.5	23.9	20.9	-9.3%	Mike Chen
DANG	Dangdang	Neutral	USD	15.81	6.40	-60%	USD	-0.82	-0.52	-0.18	N.A.	N.A.	N.A.	50.4%	Mike Chen
CTRP	Ctrip	Buy	USD	50.03	25.70	-49%	USD	1.15	1.48	1.76	43.5	33.8	28.4	2.7%	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		
HMIN	Home Inns	Neutral	USD	30.64	27.40	-11%	USD	1.09	1.62	2.04	28.1	18.9	15.0	-20.7%	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	120.6	-1.6	168	TSINGTAO BREW-H	56.45	-0.1
2	CLP HLDGS LTD	56.30	-2.1	177	JIANGSU EXPRES-H	8.82	-1.8
3	HONG KG CHINA GS	16.04	-1.8	323	MAANSHAN IRON-H	1.58	-1.3
4	WHARF HLDG	47.45	-4.0	338	SINOPEC SHANG-H	2.28	-0.9
5	HSBC HLDGS PLC	75.95	-1.1	347	ANGANG STEEL-H	4.70	1.3
6	POWER ASSETS HOL	63.70	-0.3	358	JIANGXI COPPER-H	11.84	-0.5
11	HANG SENG BK	118.3	-1.4	386	CHINA PETROLEU-H	6.49	-2.8
12	HENDERSON LAND D	40.70	-1.8	390	CHINA RAIL GR-H	3.19	-1.9
13	HUTCHISON WHAMPO	105.9	-2.9	489	DONGFENG MOTOR-H	9.91	-1.7
16	SUN HUNG KAI PRO	90.90	-0.6	552	CHINA COMM SER-H	3.29	-2.4
17	NEW WORLD DEV	7.79	-2.8	576	ZHEJIANG EXPRESS	6.99	2.3
19	SWIRE PACIFIC-A	86.50	0.2	694	BEIJING CAP AI-H	5.79	0.2
23	BANK EAST ASIA	29.95	-1.3	728	CHINA TELECOM-H	3.19	1.3
66	MTR CORP	27.55	-0.9	753	AIR CHINA LTD-H	4.63	-1.9
83	SINO LAND CO	10.58	-1.5	857	PETROCHINA CO-H	7.62	-0.9
101	HANG LUNG PROPER	20.20	-1.9	902	HUANENG POWER-H	7.08	-1.3
144	CHINA MERCHANT	24.85	-3.3	914	ANHUI CONCH-H	29.10	0.3
267	CITIC PACIFIC	12.10	1.3	939	CHINA CONST BA-H	4.92	-1.8
291	CHINA RES ENTERP	19.76	1.2	991	DATANG INTL PO-H	2.90	-2.0
293	CATHAY PAC AIR	15.06	-1.6	998	CHINA CITIC BK-H	3.94	-1.5
330	ESPRIT HLDGS	13.30	-2.6	1088	CHINA SHENHUA-H	19.78	-1.6
386	CHINA PETROLEU-H	6.49	-2.8	1133	HARBIN ELECTRIC	4.32	-5.5
388	HONG KONG EXCHNG	113.2	-1.8	1138	CHINA SHIPPING-H	4.46	-2.2
494	LI & FUNG LTD	10.30	1.0	1171	YANZHOU COAL-H	5.30	1.5
551	YUE YUEN INDUS	23.35	0.2	1186	CHINA RAIL CN-H	5.93	-1.0
688	CHINA OVERSEAS	18.16	-1.1	1398	IND & COMM BK-H	4.34	-1.6
700	TENCENT HOLDINGS	558.0	-1.7	1800	CHINA COM CONS-H	5.07	-0.6
762	CHINA UNICOM HON	9.25	0.9	1898	CHINA COAL ENE-H	4.04	1.3
857	PETROCHINA CO-H	7.62	-0.9	1919	CHINA COSCO HO-H	3.24	0.3
883	CNOOC LTD	11.62	-1.2	2318	PING AN INSURA-H	59.80	-1.6
939	CHINA CONST BA-H	4.92	-1.8	2328	PICC PROPERTY &	9.81	-2.3
941	CHINA MOBILE	67.00	-3.6	2600	ALUMINUM CORP-H	2.61	-1.5
1088	CHINA SHENHUA-H	19.78	-1.6	2628	CHINA LIFE INS-H	20.15	-2.4
1199	COSCO PAC LTD	9.99	-1.7	2727	SHANGHAI ELECT-H	2.73	-0.7
1398	IND & COMM BK-H	4.34	-1.6	2777	GUANGZHOU R&F -H	9.74	0.3
2038	FIH MOBILE LTD	4.67	-2.1	2866	CHINA SHIPPING-H	1.73	-1.7
2318	PING AN INSURA-H	59.80	-1.6	2883	CHINA OILFIELD-H	18.24	-3.2
2388	BOC HONG KONG HO	22.70	-1.3	2899	ZIJIN MINING-H	1.60	-2.4
2600	ALUMINUM CORP-H	2.61	-1.5	3323	CHINA NATL BDG-H	7.12	-0.1
2628	CHINA LIFE INS-H	20.15	-2.4	3328	BANK OF COMMUN-H	4.55	-1.9
3328	BANK OF COMMUN-H	4.55	-1.9	3968	CHINA MERCH BK-H	12.22	-1.0
3988	BANK OF CHINA-H	3.04	-1.6	3988	BANK OF CHINA-H	3.04	-1.6
				3993	CMOC-H	2.98	-0.7

## A+H Company Performance

Last price

Name(H)	Code (H)	Price (H)	Code (A)	Price (A)	Spread (%)
NORTHEAST ELEC-H	42	0.81	000585	2.32	257.0
NANJING PANDA-H	553	3.51	600775	8.21	191.5
JINGCHENG MAC	187	2.57	600860	5.93	187.6
CHONGQING IRON-H	1053	1.01	601005	2.25	177.7
TIANJIN CAP-H	1065	3.96	600874	8.71	174.2
SHENJI GROUP-H	300	2.04	600806	4.34	165.2
SINOPEC YIZHEN-H	1033	1.63	600871	3.26	149.3
SHANDONG XINHU-H	719	2.97	000756	5.93	148.9
SINOPEC SHANG-H	338	2.28	600688	3.82	108.8
BEIJING NORTH-H	588	1.68	601588	2.53	87.7
DATANG INTL PO-H	991	2.90	601991	3.66	57.3
ALUMINUM CORP-H	2600	2.61	601600	3.17	51.4
YANZHOU COAL-H	1171	5.30	600188	6.07	42.8
CHINA CITIC BK-H	998	3.94	601998	4.46	41.1
GUANGZHOU SHIP-H	317	14.94	600685	16.71	39.4
SHENZHEN EXPRE-H	548	3.41	600548	3.55	29.8
ANHUI EXPRESS-H	995	3.81	600012	3.94	28.9
DONGFANG ELECT-H	1072	12.04	600875	12.13	25.6
JIANGXI COPPER-H	358	11.84	600362	11.91	25.4
MAANSHAN IRON-H	323	1.58	600808	1.58	24.6
CHINA SOUTHERN-H	1055	2.52	600029	2.49	23.2
GUANGZHOU BAIYUN	874	26.95	600332	26.41	22.1
HISENSE KELON -H	921	9.73	000921	9.31	19.3
CHINA SHIPPING-H	1138	4.46	600026	4.00	11.8
HUADIAN POWER-H	1071	3.47	600027	2.93	5.2
ZTE CORP-H	763	15.40	000063	12.58	1.8
BANK OF CHINA-H	3988	3.04	601988	2.46	0.9
JINGWEI TEXTIL-H	350	6.07	000666	0.00	0.0
LUOYANG GLASS-H	1108	1.32	600876	5.14	0.0
BANK OF COMMUN-H	3328	4.55	601328	3.64	-0.3
GUANGSHEN RAIL-H	525	3.38	601333	2.68	-1.2
CHINA PETROLEU-H	386	6.49	600028	5.07	-2.6
CHINA MERCH BK-H	3968	12.22	600036	9.46	-3.5
IND & COMM BK-H	1398	4.34	601398	3.28	-5.8
AIR CHINA LTD-H	753	4.63	601111	3.44	-7.4
TSINGTAO BREW-H	168	56.45	600600	38.79	-14.4
HUANENG POWER-H	902	7.08	600011	4.77	-16.0
CHINA LIFE INS-H	2628	20.15	601628	13.11	-18.9
ANGANG STEEL-H	347	4.70	000898	2.84	-24.7
PING AN INSURA-H	2318	59.80	601318	36.09	-24.8
JIANGSU EXPRES-H	177	8.82	600377	5.27	-25.5
WEICHAJ POWER-H	2338	28.10	000338	16.33	-27.6
ANHUI CONCH-H	914	29.10	600585	14.86	-36.4

## Recently Published Research

Date published	Name of report	Analyst
20-Mar-14	TIANNENG POWER (819 HK)	Yin Lei
19-Mar-14	China Hongqiao (1378 HK)	Li Xiang
19-Mar-14	Want Want China(00151 HK)	Hua Ling
17-Mar-14	China Hardware Technology	Alex Ng
17-Mar-14	NewOcean (00342.HK)	Michael Yuk
14-Mar-14	HK Market Strategy Bi-weekly (Vol.05, 2014)	Cliff Zhao, George Chen, Zi chen Xu
14-Mar-14	Orient Overseas (316HK)	Kate Li
13-Mar-14	Report on the deflation question in the Eurozone	Lynn Song, Cliff Zhao, David Xie
10-Mar-14	China Power Int (2380 HK)	Vera Liang
10-Mar-14	TK Group (2283 HK)	Hua Ling
7-Mar-14	Oil Industry Highlight	Michael Yuk
6-Mar-14	China Wind Power (182 HK)	Yin Lei
5-Mar-14	CMEC(1829.HK)	Yiding Jiao
4-Mar-14	Tingyi Holding (322 HK)	Hua Ling
27-Feb-14	NewOcean Energy Ltd. (00342.HK)	Michael Yuk
26-Feb-14	HK Market Strategy Bi-weekly (Vol.04, 2014)	Cliff Zhao, George Chen, Zi chen Xu
25-Feb-14	Coolpad Group (2369 HK)	Alex Ng
24-Feb-14	Monthly Report on HK Stock Market Fund Flows (Feb	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	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
24-Jan-14	Eurozone January PMI	Lynn Song, Cliff Zhao, David Xie

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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

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