

Research Highlights

1. PetroChina (00857.HK)- Continual benefit from industry reform

PetroChina's FY13 results beat street estimates as a rebound in natural gas profits and reduced losses from refining offset lower contribution from E&P and marketing due to higher costs. FY14 should see further liberalization of natural gas prices (i.e. price hikes); increased PSC/JV cooperation on upstream E&P projects; and possibly more private capital investment in natural gas pipelines, all benefiting PetroChina and yet its P/E is at the low end of its historical trading range. Maintain Buy.

1) E&P – Aggressively developing opportunities FY13 realized crude oil price was US\$100.42/bbl (-3.1%yoy), while lifting cost was US\$11.74/bbl (+12.7%YoY), contributing to an 11.7%YoY decline in E&P profit to RMB189.7bn. The company is targeting a 3.2%YoY increase in oil & gas production during FY14 to 1,444.7mboe, whereby it hopes to aggressively grow its production by attracting private capital and partners (e.g. Schlumberger, Halliburton) to development/rework new/current oilfields in hopes of efficiently boosting production while lowering costs.

2) Refining's profit offset by chemical's loss Refining operations continued to book profits during 4Q13 (+RMB613mn), but chemicals recorded a quarterly loss (-RMB5bn). This rendered refining & chemical a loss-making segment for the group booking a FY13 loss of RMB24.3bn, albeit a 43.9%YoY decrease versus one year ago. Going forward, we should continue to see greater improvements in refining & chemical margins, as the company capitalizes on the prices premiums for selling NS IV (Euro IV) standard compliant fuels.

3) More natural gas divestments possible FY13 natural gas core profit was RMB10bn versus a RMB2.1bn loss one year ago. Management believes that further liberalization of natural gas prices should continue during FY14, which would greatly benefit PetroChina, being the largest natural gas supplier in China. The company may also further invite private capital to invest in equity interest of natural gas pipelines, similar to the West Pipeline Assets deal, in order to quickly recover the construction costs, which could lead to further exceptional gains for the segment.

4) Valuation Our estimates remain unchanged. We roll over to FY14 earnings and revise up our target price to HK\$11.20/share (from HK\$10.55/share) based on historical mid-cycle 12.0x fwd-P/E, FY14 EPS of RMB0.74/share. The stock is trading at the bottom of its historical trading range, and thus downside risks should be limited. Maintain BUY.

Company Comments

1. Huadian Power (1071 HK) 2013 net profit grew by 183.17% YoY

Huadian Power (1071 HK) has announced 2013 results. The company achieved revenue of RMB66.05bn, up 11.8% YoY; net profit attributable to shareholders of RMB4.10bn, up 183.17% YoY; EPS of RMB0.556, increased by RMB0.351 YoY, beating market consensus forecast by 7%.

The main reason of the growth of revenue is that Huadian's power generated grew by 11.80% YoY in 2013. As the company's coal consumption price decreased by 14.83%, fuel costs were reduced by 3.68%.

HK Indices	Last price	chg	% chg
HSI	21,436.70	254.5	1.20
Finance	28,526.27	303.4	1.08
Properties	25,970.72	553.9	2.18
Utilities	46,382.75	-15.96	-0.03
Commerce&Industrv	13,434.80	168.2	1.27
HSCEI	9,427.33	224.2	2.44
HSCCI	3,973.97	27.47	0.70
HKSPGEM	569.11	-1.23	-0.22

World Indices	Last price	chg	% chg
FTSE 100	6,557.17	14.73	0.23
DAX 30	9,342.94	46.82	0.50
CAC 40	4,335.28	7.37	0.17
DJIA	16,302.77	-28.28	-0.17
S&P500	1,866.52	-5.49	-0.29
Nasdaq Composite	4,276.79	-42.50	-0.98
Nikkei 225	14,224.23	-238.29	-1.65

Asia-Pacific Indices	Last price	chg	% chg
KOSPI	1,934.94	15.42	0.80
TWSE	8,577.17	-20.16	-0.23
STI	3,073.39	16.19	0.53
India BSE 30	21,755.32	1.57	0.01
S&P/ASX 200	5,325.50	-12.58	-0.24

HSI One Year



HSCEI One Year



Source: Bloomberg

China Merchants Securities (HK)

Research

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As to the fundamentals, Huadian's ROE of 19.30% is greater than that of its peers (Huaneng: 17.58%; CRP: 18.51%; CPI: 12.24%), but its 6.17% net margin is lower than that of the others (Huaneng: 7.85%; CRP: 15.38%; CPI: 12.06%). Its 80.68% debt-to-asset ratio is high (Huaneng: 17.33%; CRP: 60.38%; CPI: 69.65%).

In 2014, we expect coal price to decrease but with a lower extent and tariff cut to be possible. Given Huadian's high earnings sensitivity to coal price and tariff, we believe it will be difficult to achieve continuous improvement in profitability. Our current rating for Huadian is Neutral with 12-month TP of HK\$3.8. We expect its 2014E and 2015E EPS to reach RMB0.45 and 0.55 and our numbers are under review. (Vera Liang)

2. Hilong's (1623 HK, Neutral, TP: HK\$5.10) FY13 results miss estimates as drill pipe sales drop

Hilong reported FY13 net profit of RMB344.6mn and EPS of RMB0.2073/share, which were both 18% below street estimates. Sales of drill pipes and related products (the company's main revenue generator) fell 6% YoY as both domestic and international sales volumes and ASP declined. The only silver lining is the 41.2% YoY growth in oilfield services to RMB872.5mn, which now constitutes 35.5% and 32.2% of Hilong's revenue and gross profit respectively. We remain Neutral on the stock.

3. Sinopec (386 HK, BUY, TP: HK\$7.20/share) - E&P and marketing & distribution offset Refining's turnaround

Sinopec (386 HK, BUY, TP: HK\$7.20/share) announced a 3.5% YoY increase in FY13 net profit to RMB66.132bn (EPS: RMB0.570/share). The results are about 2-4% below street estimates. Reduced profitability at the company's E&P (RMB54.7bn, -21.7%YoY) and marketing & distribution (RMB35.1bn, -17%YoY) offset the turnaround at the company's refining division (RMB8.5bn). Sinopec could see an exceptional gains as it begins divesting assets. However, it would have to find ways to make up for the loss in revenue and profits beyond the current financial year. (Michael Yuk)

4. Coolpad (2369 HK, BUY, TP HK\$5.45): Results beat on better GPM and OPEX; A cheerful year on 4G and ecommerce trend

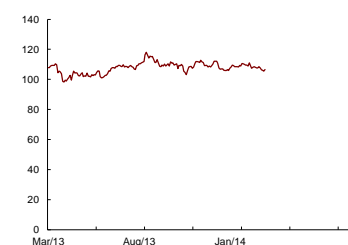
1) 2013 results beat on better gross margin and OPEX. Coolpad (2369 HK) reported 2013 net profit of HK\$348mn (+7% YoY), slightly above our and consensus estimates. Revenue of HK\$19.6bn (+37% YoY) and EPS of HK\$0.17 are mostly in-line with market/our estimates. Excluding one-time reconstruction write-down of HK\$136mn, adjusted net income was HK\$484mn (+49% YoY), above the consensus of HK\$416mn and in-line with our estimate of HK\$492mn. Gross margin improved 90bps YoY to 12.9%, above our/consensus estimates of 12.7%, mainly due to improving product mix and economies of scale.

2) First-mover in 4G and ecommerce; Promising outlook in 2014. Coolpad targets to become the largest 4G smartphone brand in China in 2014, and management reiterates Coolpad's 4G shipment target of 40mn units (total 60mn units; +58% YoY), by leveraging its established operator channels and strong product pipeline. Management indicated that Coolpad's 4G product pipeline is at least two months ahead of its Chinese peers. Recent industry developments about CM's reinstatement to 5-mode requirements and Chinese operators' 4G shipment targets (CM: 100mn; CU: 100mn, inc 4G/42M; CT: 36mn) also support our positive view that Coolpad will be the

Global Commodity	Last price	chg	% chg
Brent Oil	106.56	-0.36	-0.34
Gold	1,331.4	-3.25	-0.24
LME Aluminum	1,723.0	11.00	0.64
LME Copper	6,480.0	50.00	0.78
BDI	1,599.0	-22.00	-1.36
API Coal	81.60	0.65	0.80

Exchange /Bond /Market	/Currency	Last price	chg	% chg
USD/RMB		6.15	0.00	0.00
USD/HKD		7.76	0.00	0.00
1-YR RMB NDF		6.22	0.00	0.00
EUR/USD		1.38	0.26	0.19
3-M Libor		0.52	0.00	0.00
3-M Shibor		5.50	0.00	0.00
10 YR US T-Note Yield		2.74	-0.03	-1.08

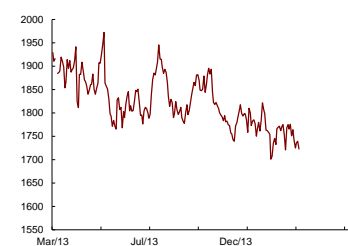
Brent Oil One Year



Gold Commodity One Year



LME Aluminum Commodity One Year



Source: Bloomberg

major beneficiary of operators' aggressive subsidy in 4G terminals in 2014. In particular, JD's RMB10bn procurement agreement in FY14 will significantly strengthen Coolpad's ecommerce distribution network and brand equity.

3) Valuation: Reiterate BUY rating. We reiterate our BUY rating, as we expect Coolpad to benefit from a) first mover advantage in RMB-1K 4G smartphones, b) close partnership with China Mobile, c) strengthening e-commerce sales channel with JD.com, and d) smartphone brand consolidation in China. Trading at 11.8x our 2014 EPS of HK\$0.38, we believe valuation remains attractive. We expect upward earnings revision to continue on increasing visibility of monthly 4G shipments. (Alex Ng)

Macro Monitor

1. Eurozone week in review

Last week's Eurozone data included the finalized February Eurozone inflation data, which was revised down from flash estimates. The headline CPI was revised down to 0.7% YoY from 0.8% YoY, and 0.3% MoM from 0.4% MoM. The core CPI was unchanged at 1.0% YoY, as the downward revision was due to energy prices. This trend should be reversed in March due to tensions in Ukraine raising energy prices. Overall, we do not think this downward revision will heavily impact the ECB's monetary policy decision in April.

The March German ZEW survey showed sentiment deteriorating in Germany and the Eurozone, mostly reflecting the crisis in Ukraine. In Germany, the business expectations indicator fell from 55.7 to 46.6, while falling from 68.5 to 61.5 in the Eurozone. In contrast, the current conditions continued to improve in Germany, up from 50.0 to 51.3. The ongoing crisis in Ukraine will continue to weigh on sentiment, but unless the conflict escalates significantly (i.e. Russia abruptly cuts energy exports), it should not have a major impact on the current conditions indicator.

January Eurozone trade balance registered at EUR 0.9 bn, up from Jan 2013's EUR -5.4 bn but significantly lower than December's EUR 13.7 bn, partly due to seasonal effects. Exports rose 1.0% YoY, while imports fell -3.0% YoY. Net exports should have a positive effect on GDP growth in the Eurozone in 2014.

Macroeconomic indicators out this week include the Eurozone flash PMI data, German IFO survey, Eurozone money supply data, and the Eurozone economic sentiment data. (Lynn Song)

A-share Research Highlights (CMS Research Center)

1. Meat & Poultry Industry: Be prepared for the long-term boom

[Huang Jun, Zhang Weiwei and Hu Qiao, March 18, 2014] Good news for the industry: The White Feather Broiler Alliance will start to eliminate grandparent-generation breeding hens on April 1. Prices of baby chicken rose above the RMB2.5 breakeven level. The number of breeding sows fell below the warning level. The industry as a whole rebounded.

Investment strategy: We recommend New Hope Liuhe (000876 CH) with large earnings improvement potential and Fujian Sunner Development with the best product mix (002299 CH). Also pay attention to Shandong Minhe Animal Husbandry (002234 CH) and Shandong Yisheng Livestock & Poultry Breeding (002458 CH). We expect gradual rise of the industry in the next two to three years and the third of wave of industry boom to start

in June or July.

We have pointed out the turning point the industry in January, i.e. the grandparent generation, the parent generation, the commodity generation, feed and slaughtering will not deteriorate further. The rebound in baby chicken in March belongs to the middle stage of the second wave of industry boom. We expect gradual rise in the industry in the coming two years.

The first wave of industry boom started in August and ended in November of 2013. The second wave started in mid-February after the Chinese New Year, triggered by sharp purchase price increase as fast-food restaurants such as KFC and McDonald ran out of inventory. Elimination of the parent generation amid repeated H7 virus outbreak in 2013 alleviated the imbalance between supply and demand to a large extent and the whole industry turned slightly profitable.

We expect to see the third wave of industry boom In June or July, with support from the fast-food restaurants, elimination of the grandparent and parent generations, and the bottoming out of hog prices. At that time, every link of the industry is expected to stay consistently above the breakeven level.

2. Fashion Semimonthly (1st Issue, March) on Apparel and Textile Industry – Retail Sales Remained Low in the Relatively Defensive Industry

[Wang Wei, Sun Yu, Liu Yi and Zhao Xiao, March 20, 2014] The most unique feature of Fashion Semimonthly is that it closely follows companies around the world and listed in Hong Kong to provide reference and lessons for research and investment in A shares.

Key points on fundamental data: The retail sales of apparel for the first two months of the year were rather sluggish. The growth in retail sales of apparel and jewelry of 50 retail companies for January and February were -2.5% and +5.4% YoY respectively, indicating a slowdown in growth. The performance of exports also dropped as compared with last year. For January and February, the amount of exports of fabric and apparel decreased by 2% and 5% respectively. As at March 17, gold price in domestic and global markets increased by +3.5% and +4.0% respectively compared to end of February, while the gap of cotton prices between domestic and global markets further narrowed by 8% to nearly RMB4,000 per tonne.

A-share company monitoring: Retail data for February was not favorable due to difference in the dates of Chinese New Year. In general, retail sales for January and February remained stable at low levels.

Hong Kong stocks and foreign companies: The fall 2014 orders of Lilang (01234 HK) resumed growth; while Cabbeen (02030 HK) continued to deliver two-digit growth in fall 2014 orders; Peak (01968 HK) has a 10-20% YoY growth in 14Q3 orders; the total outlets of Xtep (01368 HK) decreased by 150 for 2013 to more than 7,300; retail adults' outlets of 361 Degrees (01361 HK) decreased by nearly 800 for 2013 to 7,300, whilst revenue from kids' wear accounted for 12% of the total. As at the end of February, the same store sales of footwear and sportswear of Belle (01880 HK) grew by -2.7% and +7.0% respectively, whilst the same store sales of Le Saunda (00738 HK) grew by 10%. As at the financial quarter ended February 28, sales at H&M increased 13% and it has nearly 3,200 outlets around the world; revenue of VF up 8% for 13Q4; same store sales of Gap

down 7% for February; Fast Retailing (06288 HK) boarded on the stock market of Hong Kong with a capitalization of nearly HK\$300 bn.

Review on trend: In the first half of March (as at the 17th), the ranking of the capitalization of the industry was still relatively near the upper end and outperformed the CSI300 Index. Most branded goods still gained, Septwolves (002029 CH), Fuanna (002327 CH), Canal (600398 CH) and Aokang (603001 CH) took the lead, whilst Souyute (002503 CH) led the drop. Most manufacturing climbed (led by Shandong Ruyi (002193 CH)), whilst most brands in the Hong Kong stock market shed (Lilang (01234 HK) led those climbed, whilst Belle (01880 HK) and Ports (00589 HK) led those dropped). Most key manufacturing categories dropped (led by Shenzhou (02313 HK)).

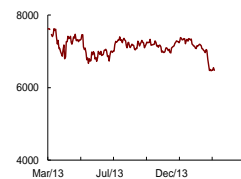
Investment strategy: Retail sales returned stable and remained at low levels for January and February, and are expected to move in line with the market for March. In general, recovery for the industry is still not certain. However, O2O business at the mobile end is expected to have certain progress in 2014 with the aggressive attempts of the participants in the industry. With results and valuation remained near the bottom and limited downside risks, the tendency of parallel development of online and offline business may stabilize or temporarily boost valuation. It is expected that opportunities may occasionally arise during the year with the help of parallel online and offline business development. Due to the recent defensive sentiment in the market, the downside risks of the valuation on branded apparel industry are relatively controllable and showed certain defensiveness. We still recommend allocation to Fuanna (002327 CH), Metersbonwe (002269 CH) and Tread (300005 CH) according to the parallel development of online and offline business during the year. In addition, the theme of style is prevailing in the market this year, we recommend to pay attention on Canal (600398 CH) (rapid growth), Semir (002563 CH) (children's apparel) and Lao Feng Xiang (600612 CH) (SOE reform) at selected timing.

Risk reminder: Economic slowdown may affect end consumption; sluggish external demand may affect exports; transformation in industry may be lower than expected.

What to Watch

Economic Data	HK: Nil US: Nil		
Date	Ticker	Stock Name	Earnings
2014/03/24	00322	TINGYI	
2014/03/24	00631	SANY INT'L	
2014/03/24	00956	CHINA SUNTIEN	
2014/03/24	01076	FIRST NATURAL	
2014/03/24	01093	CSPC PHARMA	
2014/03/24	01215	KAI YUAN HLDGS	
2014/03/24	01230	YASHILI INT'L	
2014/03/24	01829	CMEC	
2014/03/24	01918	SUNAC	
2014/03/24	02196	FOSUN PHARMA	
2014/03/24	02688	ENN ENERGY	
2014/03/24	08129	CH BIO CASSAVA	
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
 2014/3/24

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	4.14	5.30	28%	RMB	0.55	0.56	0.64	6.0	5.9	5.1	-20.2%	Ivy Zhao
1880	Belle	Buy	HKD	7.41	14.03	89%	RMB	0.55	0.62	0.69	10.6	9.4	8.6	-15.8%	Ivy Zhao
1368	Xtep	Neutral	HKD	3.07	4.00	30%	RMB	0.27	0.27	0.29	9.0	9.0	8.4	-18.8%	Ivy Zhao
2020	Anta Sports	Buy	HKD	12.18	13.47	11%	RMB	0.49	0.54	0.60	19.9	18.0	16.0	11.3%	Ivy Zhao
1361	361 Degrees	Neutral	HKD	1.90	1.71	-10%	RMB	0.17	0.16	0.16	8.9	9.5	9.5	-4.5%	Ivy Zhao
1968	Peak Sport	Neutral	HKD	2.14	1.48	-31%	RMB	0.16	0.17	0.19	10.7	9.9	8.7	3.4%	Ivy Zhao
2331	Li Ning	Buy	HKD	5.96	5.20	-13%	RMB	-0.10	0.18	0.20	N.A.	26.8	23.7	-2.3%	Ivy Zhao
3818	China Dongxiang	Buy	HKD	1.67	1.64	-2%	RMB	0.04	0.04	0.05	35.8	31.5	28.2	8.4%	Ivy Zhao
953	Meike	Neutral	HKD	0.42	0.30	-29%	RMB	0.04	0.05	0.06	9.3	7.2	6.1	23.5%	Ivy Zhao
1234	China Lilang	Buy	HKD	6.07	5.25	-14%	RMB	0.41	0.41	0.47	11.7	11.7	10.2	21.9%	Ivy Zhao
891	Trinity	Buy	HKD	2.08	4.63	123%	RMB	0.21	0.25	0.30	7.9	6.6	5.5	-3.3%	Ivy Zhao
873	C Taifeng Bed	Buy	HKD	1.26	2.86	127%	RMB	0.52	0.65	0.80	1.9	1.6	1.3	-5.3%	Ivy Zhao
Metals & Mining															
1818	Zhaojin Mining	Neutral	HKD	4.78	6.00	26%	RMB	0.43	0.38	0.34	8.8	10.0	11.1	-9.0%	Li Xiang
2899	Zijin Mining	Neutral	HKD	1.66	1.69	2%	RMB	0.14	0.15	0.12	9.4	8.8	11.0	-4.1%	Li Xiang
358	Jiangxi Copper	Buy	HKD	12.32	10.30	-16%	RMB	0.96	0.87	0.67	10.2	11.3	14.6	-12.1%	Li Xiang
3993	Cmcc	Neutral	HKD	3.06	3.10	1%	RMB	0.19	0.20	0.21	12.6	12.4	11.7	-1.3%	Li Xiang
2600	Chalco	Neutral	HKD	2.67	2.54	-5%	RMB	0.07	-0.01	0.02	30.2	N.A.	105.8	-8.6%	Li Xiang
1378	China Hongqiao	Buy	HKD	4.61	5.80	26%	RMB	0.94	1.11	1.23	3.9	3.3	3.0	-3.8%	Li Xiang
486	Rusal	Sell	HKD	2.70	1.90	-30%	USD	0.00	0.03	0.04	N.A.	11.6	8.7	-2.9%	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	-4.6%	Li Xiang

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								2013E	2014E	2015E	2013E	2014E	2015E		
1088	China Shenhua	Buy	HKD	20.80	36.40	75%	RMB	2.44	2.90	3.07	6.8	5.7	5.4	-1.0%	Li Xiang
1898	China Coal	Neutral	HKD	4.28	5.00	17%	RMB	0.47	0.43	0.42	7.2	7.9	8.1	7.8%	Li Xiang
Auto & Others															
1211	Byd Company	Neutral	HKD	49.50	32.90	-34%	RMB	0.27	0.69	1.03	145.3	56.9	38.1	15.3%	Colleen Li
489	Dongfeng Group	Buy	HKD	10.32	14.17	37%	RMB	1.13	1.26	1.29	7.2	6.5	6.3	0.2%	Colleen Li
175	Geely Auto	Buy	HKD	2.91	5.04	73%	RMB	0.32	0.36	0.38	7.2	6.4	6.1	-3.3%	Colleen Li
2333	Greatwall Motor	Buy	HKD	35.05	43.40	24%	RMB	2.74	3.40	3.82	10.1	8.2	7.3	-0.7%	Colleen Li
1114	Brilliance Chi	Buy	HKD	10.08	12.00	19%	RMB	0.71	0.80	0.89	11.3	10.0	9.0	-17.7%	Colleen Li
425	Mint Group	Buy	HKD	15.20	13.20	-13%	RMB	0.78	0.87	0.97	15.4	13.9	12.4	1.2%	Colleen Li
1728	Zhengtong Auto	Buy	HKD	4.10	5.85	43%	RMB	0.55	0.81	1.11	5.9	4.0	2.9	-7.9%	Colleen Li
881	Zhongsheng Hldg	Neutral	HKD	10.48	10.30	-2%	RMB	0.58	0.71	0.99	14.3	11.7	8.4	-6.4%	Colleen Li
1766	CSR	Buy	HKD	6.41	8.08	26%	RMB	0.31	0.40	0.45	16.4	12.7	11.3	8.3%	Colleen Li
3898	CSR Times Electric	Buy	HKD	25.20	32.03	27%	RMB	1.10	1.35	1.62	18.2	14.8	12.3	7.7%	Colleen Li
Oil & Gas															
857	Petro China	Buy	HKD	7.86	10.55	34%	RMB	0.71	0.74	0.78	8.8	8.4	8.0	-3.2%	Michael Yuk
386	Sinopec Corp	Buy	HKD	6.63	7.20	9%	RMB	0.68	0.70	0.73	7.7	7.5	7.2	1.4%	Michael Yuk
883	Cnooc	Buy	HKD	11.92	17.00	43%	RMB	1.44	1.56	1.69	6.6	6.1	5.6	-3.9%	Michael Yuk
603	China Oil & Gas	Neutral	HKD	1.23	1.45	18%	HKD	0.09	0.12	0.15	13.7	10.3	8.2	-9.6%	Michael Yuk
342	Newocean Energy	Buy	HKD	5.90	5.30	-10%	HKD	0.55	0.63	0.79	10.7	9.4	7.5	-29.8%	Michael Yuk
467	Unitedenergy Gp	Buy	HKD	1.17	1.59	36%	HKD	0.10	0.09	0.09	11.7	13.0	13.0	-7.9%	Michael Yuk
Oil & Gas Services/Equipment															
3899	Cimc Enric	Buy	HKD	11.38	13.88	22%	RMB	0.51	0.58	0.67	17.7	15.6	13.5	-0.4%	Michael Yuk
569	Ch Automation	Buy	HKD	1.48	2.50	69%	RMB	0.26	0.29	0.33	4.5	4.0	3.6	-3.9%	Michael Yuk
3337	Anton Oilfield	Buy	HKD	4.98	4.75	-5%	RMB	0.19	0.23	0.28	20.8	17.2	14.1	-4.1%	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	2.30	2.26	-2%	RMB	0.11	0.40	0.55	16.6	4.6	3.3	-10.2%	Michael Yuk
2883	China Oilfield	Buy	HKD	18.76	21.00	12%	RMB	1.42	1.52	1.61	10.5	9.8	9.2	-12.1%	Michael Yuk
3303	Jutal Oil Ser	Buy	HKD	1.65	2.40	45%	RMB	0.13	0.17	0.15	10.1	7.7	8.7	1.9%	Michael Yuk
1623	Hilong	Buy	HKD	5.27	5.10	-3%	RMB	0.16	0.28	0.29	25.5	15.0	14.5	-13.5%	Michael Yuk
Property															
688	China Overseas	Buy	HKD	19.44	22.56	16%	HKD	2.29	2.30	2.68	8.5	8.5	7.3	-7.4%	DuanFeiqin
410	Soho China	Neutral	HKD	5.72	6.42	12%	HKD	2.37	2.13	1.96	2.4	2.7	2.9	-5.1%	DuanFeiqin
813	Shimao Property	Neutral	HKD	14.96	16.70	12%	HKD	2.07	2.19	2.46	7.2	6.8	6.1	-11.9%	DuanFeiqin
1109	China Res Land	Buy	HKD	16.10	23.80	48%	HKD	1.81	1.91	2.20	8.9	8.4	7.3	-12.8%	DuanFeiqin
2777	R&F Properties	Buy	HKD	10.18	13.90	37%	HKD	2.15	2.23	2.45	4.7	4.6	4.2	-6.4%	DuanFeiqin
2007	Country Garden	Neutral	HKD	3.24	4.68	44%	HKD	0.48	0.53	0.60	6.8	6.1	5.4	-23.2%	DuanFeiqin
3383	Agile Property	Neutral	HKD	6.10	10.10	66%	HKD	1.81	1.98	2.02	3.4	3.1	3.0	-11.5%	DuanFeiqin
3333	Evergrande	Buy	HKD	3.45	4.38	27%	HKD	0.84	0.97	0.98	4.1	3.6	3.5	0.9%	DuanFeiqin
960	Longfor Ppt	Buy	HKD	9.77	13.23	35%	HKD	1.50	1.65	1.81	6.5	5.9	5.4	-10.4%	DuanFeiqin
1813	Kwg Property	Neutral	HKD	4.16	5.05	21%	HKD	1.02	1.10	1.18	4.1	3.8	3.5	-0.7%	DuanFeiqin
3366	Oct (Asia)	Buy	HKD	2.93	3.50	19%	HKD	0.43	0.54	0.64	6.8	5.4	4.6	-10.4%	DuanFeiqin
3900	Greentown China	Buy	HKD	8.85	18.80	112%	HKD	3.17	3.33	3.49	2.8	2.7	2.5	-24.1%	DuanFeiqin
754	Hopson Dev Hold	Buy	HKD	6.90	12.20	77%	HKD	1.72	1.98	2.22	4.0	3.5	3.1	-9.3%	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	3.97	6.66	68%	HKD	1.07	1.26	1.41	3.7	3.2	2.8	-13.5%	DuanFeiqin
Consumer Discretionary															
1833	Intime	Buy	HKD	9.10	10.30	13%	RMB	0.52	0.60	0.69	13.9	12.0	10.5	18.0%	Gloria Wang
1700	Springland	Neutral	HKD	3.45	4.10	19%	RMB	0.28	0.32	0.36	9.8	8.5	7.6	1.2%	Gloria Wang

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	1.25	1.64	31%	RMB	0.05	0.06	0.07	19.8	16.5	14.2	-5.3%	Gloria Wang
1169	Haier Electronics	Buy	HKD	20.80	24.40	17%	RMB	0.80	0.95	1.17	20.6	17.4	14.1	-10.0%	Gloria Wang
178	Sasa International	Buy	HKD	6.85	8.20	20%	HKD	0.35	0.41	0.47	19.6	16.7	14.6	-0.2%	Gloria Wang
653	Bonjour Holdings	Neutral	HKD	1.43	1.58	10%	HKD	0.09	0.11	0.12	15.9	13.0	11.9	-7.7%	Gloria Wang
Telecommunication															
941	China Mobile	Neutral	HKD	64.50	78.00	21%	RMB	6.37	6.26	6.27	8.0	8.2	8.2	-12.8%	Jeff Hao
762	China Unicom	Buy	HKD	9.35	14.08	51%	RMB	0.45	0.58	0.69	16.5	12.8	10.7	-7.6%	Jeff Hao
728	China Telecom	Buy	HKD	3.25	4.67	44%	RMB	0.24	0.27	0.31	10.7	9.5	8.3	-7.1%	Jeff Hao
Information Technology															
700	Tencent	Buy	HKD	572.50	455.00	-21%	RMB	8.58	11.47	15.37	52.9	39.6	29.5	-1.4%	Jeff Hao
3888	Kingsoft	Buy	HKD	31.30	27.00	-14%	RMB	0.52	0.70	0.94	47.7	35.4	26.4	18.8%	Jeff Hao
1661	Wisdom	Buy	HKD	5.67	6.40	13%	RMB	0.13	0.21	0.29	34.6	21.4	15.5	2.4%	Jeff Hao
777	Netdragon	Buy	HKD	16.34	26.27	61%	RMB	0.78	0.89	1.12	16.6	14.6	11.6	-2.4%	Jeff Hao
354	Chinasoft	Neutral	HKD	2.99	2.00	-33%	RMB	0.10	0.12	0.15	23.7	19.8	15.8	27.2%	Jeff Hao
268	Kingdee	Neutral	HKD	3.39	1.40	-59%	RMB	0.02	0.04	0.05	134.3	67.2	53.7	9.4%	Jeff Hao
Port															
144	China Mer Hold	Neutral	HKD	25.00	26.43	6%	HKD	1.55	1.75	2.05	16.1	14.3	12.2	-7.2%	Kate Li
1199	Cosco Pacific	Buy	HKD	10.02	12.58	26%	USD	0.26	0.13	0.14	5.0	9.9	9.2	-4.0%	Kate Li
Shipping															
368	Sinotrans Ship	Buy	HKD	2.28	2.40	5%	USD	0.01	0.02	0.03	29.4	14.7	9.8	-11.6%	Kate Li
316	Ooil	Buy	HKD	35.60	51.00	43%	USD	0.17	0.23	0.41	27.0	20.0	11.2	-7.2%	Kate Li
2866	Cscl	Neutral	HKD	1.75	1.82	4%	RMB	-0.06	0.03	0.07	N.A.	46.2	19.8	-9.3%	Kate Li
Alternative Energy															
3800	Gcl-Poly Energy	Buy	HKD	2.75	1.97	-28%	HKD	0.01	0.05	0.07	275.0	55.0	39.3	-1.8%	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	1.46	1.76	21%	RMB	0.05	0.11	0.16	23.1	10.5	7.2	-0.7%	Yin Lei
750	Singyes Solar	Buy	HKD	11.78	9.40	-20%	RMB	0.81	0.91	1.04	11.5	10.3	9.0	29.5%	Yin Lei
2208	Goldwind	Buy	HKD	8.39	10.04	20%	RMB	0.15	0.32	0.45	44.3	20.8	14.8	2.3%	Yin Lei
916	Longyuan Power	Neutral	HKD	8.02	8.16	2%	RMB	0.36	0.43	0.52	17.7	14.8	12.2	-12.7%	Yin Lei
1798	Datang Power	Neutral	HKD	1.31	1.59	21%	RMB	0.05	0.08	0.13	20.8	13.0	8.0	-13.8%	Yin Lei
816	Huadian Fuxin	Buy	HKD	3.80	2.99	-21%	RMB	0.19	0.24	0.28	15.9	12.6	10.8	1.9%	Yin Lei
579	Jingneng	Buy	HKD	3.82	3.62	-5%	RMB	0.18	0.24	0.29	16.8	12.6	10.4	-16.6%	Yin Lei
819	Tianneng Power	Buy	HKD	2.83	6.65	135%	RMB	0.16	0.57	1.10	14.0	3.9	2.0	-4.4%	Yin Lei
Food & Beverage															
322	Tingyi	Buy	HKD	20.90	25.40	22%	USD	0.08	0.11	0.12	33.7	25.7	22.5	3.0%	Ling Hua
2319	Mengniu Dairy	Buy	HKD	37.30	33.26	-11%	RMB	0.85	1.10	1.48	34.8	26.9	20.0	-4.7%	Ling Hua
506	China Foods	Neutral	HKD	2.69	4.25	58%	HKD	0.17	0.22	0.27	15.8	12.2	10.0	-4.3%	Ling Hua
151	Want Want China	Neutral	HKD	11.30	12.10	7%	USD	0.05	0.06	0.07	29.1	24.3	20.8	-2.9%	Ling Hua
345	Vitasoy	Neutral	HKD	11.10	11.60	5%	HKD	0.33	0.36	0.39	33.6	30.8	28.5	4.7%	Ling Hua
Machinery & Equipment															
1157	Zoomlion	Neutral	HKD	5.53	7.20	30%	RMB	0.60	0.67	0.80	7.3	6.5	5.5	-0.9%	Jiao Yiding
631	Sany	Buy	HKD	2.03	3.40	67%	RMB	0.22	0.24	0.26	7.3	6.7	6.2	-0.5%	Jiao Yiding
3339	Lonking	Buy	HKD	1.49	1.92	29%	RMB	0.12	0.13	0.16	9.8	9.1	7.4	-3.9%	Jiao Yiding
Engineering															
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
Electricity															
902	Huaneng Power	Buy	HKD	7.48	10.70	43%	RMB	0.82	0.93	1.07	7.2	6.4	5.5	7.0%	Vera Liang
991	Datang Power	Buy	HKD	3.01	4.40	46%	RMB	0.37	0.43	0.56	6.5	5.6	4.3	-0.3%	Vera Liang
1071	Huadian Power	Neutral	HKD	3.50	3.80	9%	RMB	0.46	0.45	0.55	6.0	6.2	5.0	4.8%	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		
Semi and Hardware Technology															
992	Lenove	Buy	HKD	8.38	9.20	10%	USD	0.06	0.08	0.09	18.0	13.5	12.0	6.1%	Alex Ng
2382	Sunny Optical	Neutral	HKD	8.09	8.37	3%	RMB	0.41	0.54	0.73	15.6	11.9	8.8	28.4%	Alex Ng
732	Truly	Buy	HKD	4.85	7.15	47%	HKD	0.56	0.67	0.79	8.7	7.2	6.1	12.5%	Alex Ng
2018	Aac Tech	Neutral	HKD	31.75	40.00	26%	RMB	1.83	2.16	2.48	13.8	11.7	10.2	-10.3%	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	4.50	3.10	-31%	HKD	0.20	0.24	0.30	22.5	18.8	15.0	-3.6%	Alex Ng
Pharmaceuticals & Medical Devices															
2348	Dawnrays Pharma	Buy	HKD	5.27	3.20	-39%	RMB	0.18	0.14	0.17	23.2	29.8	24.6	-9.0%	Jonathan Hsu
460	Sihuan Pharm	Buy	HKD	9.85	8.00	-19%	RMB	0.16	0.17	0.19	48.8	45.9	41.1	6.4%	Jonathan Hsu
1177	Sino Biopharm	Buy	HKD	7.20	6.70	-7%	HKD	0.09	0.18	0.22	80.0	40.0	32.7	3.3%	Jonathan Hsu
1093	CSPC Pharm	Buy	HKD	7.79	5.70	-27%	HKD	1.48	0.20	0.24	5.3	39.0	32.5	12.1%	Jonathan Hsu
1099	Sinopharm	Buy	HKD	21.10	24.40	16%	RMB	0.66	0.82	1.01	25.3	20.4	16.6	-5.4%	Jonathan Hsu
2877	Shineway Pharm	Neutral	HKD	12.74	12.30	-3%	RMB	0.91	0.78	0.89	11.1	12.9	11.3	7.8%	Jonathan Hsu
US Stock															
BIDU	Baidu Inc	Buy	USD	158.31	151.10	-5%	USD	4.89	7.36	9.67	32.4	21.5	16.4	-8.3%	Mike Chen
SINA	Sina Corp	Buy	USD	66.13	97.50	47%	USD	0.53	2.43	4.20	124.8	27.2	15.8	-9.4%	Mike Chen
SOHU	Sohu.Com Inc	Neutral	USD	70.50	61.40	-13%	USD	1.48	2.44	3.28	47.6	28.9	21.5	-6.1%	Mike Chen
NTES	Netease Inc	Buy	USD	64.48	85.50	33%	USD	5.56	5.80	6.60	11.6	11.1	9.8	-9.1%	Mike Chen
QIHU	Qihoo 360	Buy	USD	107.83	94.47	-12%	USD	1.16	2.00	3.68	93.0	53.9	29.3	1.9%	Mike Chen
YOKU	Youku Tudou Inc	Neutral	USD	28.78	23.82	-17%	USD	-0.47	-0.18	0.19	N.A.	N.A.	151.5	-7.1%	Mike Chen
EDU	New Oriental Education	Buy	USD	28.71	24.50	-15%	USD	0.89	1.25	1.43	32.3	23.0	20.1	-10.3%	Mike Chen
DANG	Dangdang	Neutral	USD	14.57	6.40	-56%	USD	-0.82	-0.52	-0.18	N.A.	N.A.	N.A.	41.9%	Mike Chen
CTRP	Ctrip	Buy	USD	49.49	25.70	-48%	USD	1.15	1.48	1.76	43.0	33.4	28.1	0.4%	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	29.95	27.40	-9%	USD	1.09	1.62	2.04	27.5	18.5	14.7	-19.2%	Mike Chen

HSI Index Components Performance

HSCEI Index Components Performance

Last price

Code	Name	Price	Chg 1D (%)	Code	Name	Price	Chg 1D (%)
1	CHEUNG KONG	122.8	1.8	168	TSINGTAO BREW-H	56.70	0.4
2	CLP HLDGS LTD	56.30	0.0	177	JIANGSU EXPRES-H	8.80	-0.2
3	HONG KG CHINA GS	15.94	-0.6	323	MAANSHAN IRON-H	1.60	1.3
4	WHARF HLDG	47.20	-0.5	338	SINOPEC SHANG-H	2.24	-1.8
5	HSBC HLDGS PLC	76.55	0.8	347	ANGANG STEEL-H	4.75	1.1
6	POWER ASSETS HOL	63.95	0.4	358	JIANGXI COPPER-H	12.32	4.1
11	HANG SENG BK	118.7	0.3	386	CHINA PETROLEU-H	6.63	2.2
12	HENDERSON LAND D	42.10	3.4	390	CHINA RAIL GR-H	3.35	5.0
13	HUTCHISON WHAMPO	107.0	1.0	489	DONGFENG MOTOR-H	10.32	4.1
16	SUN HUNG KAI PRO	91.40	0.6	552	CHINA COMM SER-H	3.33	1.2
17	NEW WORLD DEV	7.83	0.5	576	ZHEJIANG EXPRESS	6.90	-1.3
19	SWIRE PACIFIC-A	88.05	1.8	694	BEIJING CAP AI-H	5.65	-2.4
23	BANK EAST ASIA	29.55	-1.3	728	CHINA TELECOM-H	3.25	1.9
66	MTR CORP	27.95	1.5	753	AIR CHINA LTD-H	4.70	1.5
83	SINO LAND CO	10.86	2.7	857	PETROCHINA CO-H	7.86	3.2
101	HANG LUNG PROPER	20.40	1.0	902	HUANENG POWER-H	7.48	5.7
144	CHINA MERCHANT	25.00	0.6	914	ANHUI CONCH-H	29.90	2.8
267	CITIC PACIFIC	12.08	-0.2	939	CHINA CONST BA-H	5.00	1.6
291	CHINA RES ENTERP	20.00	1.2	991	DATANG INTL PO-H	3.01	3.8
293	CATHAY PAC AIR	15.10	0.3	998	CHINA CITIC BK-H	4.14	5.1
330	ESPRIT HLDGS	13.08	-1.7	1088	CHINA SHENHUA-H	20.80	5.2
386	CHINA PETROLEU-H	6.63	2.2	1133	HARBIN ELECTRIC	4.45	3.0
388	HONG KONG EXCHNG	114.5	1.2	1138	CHINA SHIPPING-H	4.74	6.3
494	LI & FUNG LTD	12.48	21.2	1171	YANZHOU COAL-H	5.62	6.0
551	YUE YUEN INDUS	23.40	0.2	1186	CHINA RAIL CN-H	6.39	7.8
688	CHINA OVERSEAS	19.44	7.1	1398	IND & COMM BK-H	4.43	2.1
700	TENCENT HOLDINGS	572.5	2.6	1800	CHINA COM CONS-H	5.24	3.4
762	CHINA UNICOM HON	9.35	1.1	1898	CHINA COAL ENE-H	4.28	5.9
857	PETROCHINA CO-H	7.86	3.2	1919	CHINA COSCO HO-H	3.26	0.6
883	CNOOC LTD	11.92	2.6	2318	PING AN INSURA-H	60.40	1.0
939	CHINA CONST BA-H	5.00	1.6	2328	PICC PROPERTY &	9.98	1.7
941	CHINA MOBILE	64.50	-3.7	2600	ALUMINUM CORP-H	2.67	2.3
1088	CHINA SHENHUA-H	20.80	5.2	2628	CHINA LIFE INS-H	20.35	1.0
1199	COSCO PAC LTD	10.02	0.3	2727	SHANGHAI ELECT-H	2.80	2.6
1398	IND & COMM BK-H	4.43	2.1	2777	GUANGZHOU R&F -H	10.18	4.5
2038	FIH MOBILE LTD	4.26	-8.8	2866	CHINA SHIPPING-H	1.75	1.2
2318	PING AN INSURA-H	60.40	1.0	2883	CHINA OILFIELD-H	18.76	2.9
2388	BOC HONG KONG HO	22.90	0.9	2899	ZIJIN MINING-H	1.66	3.8
2600	ALUMINUM CORP-H	2.67	2.3	3323	CHINA NATL BDG-H	7.24	1.7
2628	CHINA LIFE INS-H	20.35	1.0	3328	BANK OF COMMUN-H	4.73	4.0
3328	BANK OF COMMUN-H	4.73	4.0	3968	CHINA MERCH BK-H	12.60	3.1
3988	BANK OF CHINA-H	3.11	2.3	3988	BANK OF CHINA-H	3.11	2.3
				3993	CMOC-H	3.06	2.7

A+H Company Performance
 Last price

Name(H)	Code (H)	Price (H)	Code (A)	Price (A)	Spread (%)
NORTHEAST ELEC-H	42	0.81	000585	2.38	266.2
NANJING PANDA-H	553	3.59	600775	8.34	189.5
JINGCHENG MAC	187	2.59	600860	5.96	186.8
CHONGQING IRON-H	1053	1.03	601005	2.30	178.3
SHENJI GROUP-H	300	2.01	600806	4.43	174.7
TIANJIN CAP-H	1065	3.99	600874	8.67	170.8
SHANDONG XINHU-H	719	2.89	000756	6.04	160.5
SINOPEC YIZHEN-H	1033	1.62	600871	3.26	150.8
SINOPEC SHANG-H	338	2.24	600688	3.84	113.7
BEIJING NORTH-H	588	1.69	601588	2.67	96.9
JINGWEI TEXTIL-H	350	7.11	000666	10.35	81.4
DATANG INTL PO-H	991	3.01	601991	3.77	56.1
ALUMINUM CORP-H	2600	2.67	601600	3.26	52.2
GUANGZHOU SHIP-H	317	14.46	600685	17.35	49.5
CHINA CITIC BK-H	998	4.14	601998	4.70	41.5
YANZHOU COAL-H	1171	5.62	600188	6.33	40.4
ANHUI EXPRESS-H	995	3.80	600012	4.06	33.2
SHENZHEN EXPRE-H	548	3.41	600548	3.61	31.9
DONGFANG ELECT-H	1072	12.10	600875	12.80	31.8
MAANSHAN IRON-H	323	1.60	600808	1.62	26.2
CHINA SOUTHERN-H	1055	2.54	600029	2.55	25.1
GUANGZHOU BAIYUN	874	26.70	600332	26.76	24.9
JIANGXI COPPER-H	358	12.32	600362	12.28	24.2
HISENSE KELON -H	921	10.10	000921	9.64	19.0
CHINA SHIPPING-H	1138	4.74	600026	4.14	8.9
HUADIAN POWER-H	1071	3.50	600027	3.03	7.9
ZTE CORP-H	763	15.76	000063	13.04	3.1
BANK OF CHINA-H	3988	3.11	601988	2.53	1.4
GUANGSHEN RAIL-H	525	3.41	601333	2.77	1.2
LUOYANG GLASS-H	1108	1.34	600876	5.22	0.0
BANK OF COMMUN-H	3328	4.73	601328	3.77	-0.7
CHINA PETROLEU-H	386	6.63	600028	5.24	-1.5
CHINA MERCH BK-H	3968	12.60	600036	9.84	-2.7
IND & COMM BK-H	1398	4.43	601398	3.34	-6.0
AIR CHINA LTD-H	753	4.70	601111	3.51	-6.9
TSINGTAO BREW-H	168	56.70	600600	39.18	-13.9
HUANENG POWER-H	902	7.48	600011	4.97	-17.2
CHINA LIFE INS-H	2628	20.35	601628	13.47	-17.5
PING AN INSURA-H	2318	60.40	601318	37.50	-22.6
ANGANG STEEL-H	347	4.75	000898	2.90	-23.9
JIANGSU EXPRES-H	177	8.80	600377	5.35	-24.2
WEICHAI POWER-H	2338	28.70	000338	16.72	-27.4
ANHUI CONCH-H	914	29.90	600585	15.38	-35.9

Recently Published Research

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NEUTRAL	Expected to outperform or underperform the market index by 10% or less over the next twelve months
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