

CMS (HK) Research Highlights

Jutal Offshore Oil Services (3303 HK, HK\$1.94 BUY TP HK\$1.9) announces new share and warrant issuances

Jutal announced last night that it will issue 40,000,000 new shares representing approximately 5.44% of the existing 735,949,278 shares at a subscription price of HK\$1.85/share, a discount of approximately 4.64% to yesterday's the closing price of HK\$1.94/share.

Furthermore, the company will issue 20,000,000 warrants for subscription of 20,000,000 new shares that may be exercised at any time between 7 to 36 months commencing from the date of issue at a subscription price of HK\$2.10/share.

In aggregate, the company hopes to raise net proceeds of approximately HK\$116mn (HK\$73.9mn from new shares and HK\$42.18mn from exercise of warrant). Proceeds will be used as general working capital and/or to finance possible investment or development.

We will review our earnings estimate, target price, and recommendation. (Michael Yuk)

Hong Kong Market Strategy Bi-weekly (Vol.12,2014) --- Style rotation is ending; seize the opportunities in momentum stocks and underperformed sectors in Q3

The Hong Kong stock market becomes attractive again with low valuation in some sectors and compared with other stock markets, although neither the scale of global liquidity nor the current market condition is comparable to the situation during the last round of fund inflows in mid-2012.

Newly-added funds tend to flow to the underperformed sectors, such as Chinese property and highly cyclical industries as well as momentum stocks in Q3, given the high level of the broad market index. Investors can seize the opportunities before the market volatility rebounds

Our suggestions:

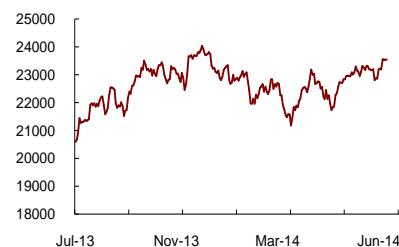
- 1) Increase positions moderately in the previously underperformed sectors with rebound potential such as Macau gaming (MGM China 2282 HK, Sands China 1928 HK), China property (Sunac 1918 HK, Greentown 3900 HK), non-banking financials (Pingan 2318 HK, CPIC 2601 HK), internet & software (Kingsoft 3888 HK, Netdragon 777 HK, Wisdom 1661 HK and Sinomedia 623 HK) and cement (CNBM 3323 HK, BBMG 2009 HK).
- 2) Hold sectors with steady fundamentals and potential benefits from the policies, such as pharmaceuticals & healthcare (Phoenix 1515 HK, Essex 1061 HK, Dawnrays 2348 HK, CSPC 1093 HK, Sihuan 460 HK and Sinopharm 1099 HK), alternative energy (Goldwind 2208 HK, Singyes Solar 750 HK, GCL-Poly 3800 HK and Longyuan Power 916 HK), hardware (Lenovo 992 HK, Coolpad 2369 HK, TCL Comm 2618 HK and Truly 732 HK) and energy infrastructure (Hilong 1623 HK, SPT Energy 1251 HK, Chu Kong Petroleum 1938 HK).
- 3) Take profits gradually from the blue chips with larger gains, such as Hong Kong property, Chinese banks, telecommunication services and energy. (Cliff Zhao, George Chen, Zichen Xu)

HK Indices	Last price	chg	% chg
HSI	23,540.92	-5.44	-0.02
Finance	31,271.21	-14.07	-0.04
Properties	29,993.39	171.0	0.57
Utilities	51,943.54	34.67	0.07
Commerce&Industrv	14,591.17	-21.65	-0.15
HSCEI	10,487.34	-2.22	-0.02
HSCCI	4,472.49	30.74	0.69
HKSPGEM	516.84	-2.45	-0.47

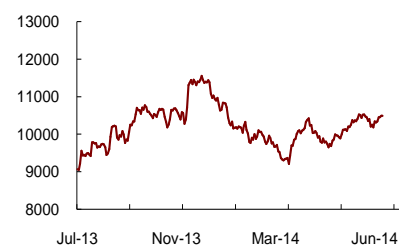
World Indices	Last price	chg	% chg
FTSE 100	6,853.65	-12.40	-0.18
DAX 30	9,988.24	-20.84	-0.21
CAC 40	4,453.02	-15.96	-0.36
DJIA	17,068.26	92.02	0.54
S&P500	1,985.44	10.82	0.55
Nasdaq Composite	4,485.93	28.19	0.63
Nikkei 225	15,379.44	-57.69	-0.37

Asia-Pacific Indices	Last price	chg	% chg
KOSPI	2,005.12	-4.54	-0.23
TWSE	9,520.20	10.15	0.11
STI	3,283.94	11.69	0.36
India BSE 30	26,032.08	70.02	0.27
S&P/ASX 200	5,518.91	-6.07	-0.11

HSI One Year



HSCEI One Year



Source: Bloomberg

China Merchants Securities (HK)

Research

+852-3189-6888

A-share Research Highlights (CMS Research Center)

Home Appliance Industry Report July 2014 – Pressure Ahead in Q3?

[Ji Min, July 6, 2014]

Market focus: Stress test ahead in Q3? During 1H14, the rapidly growing home appliance sector only recorded relative return in March and April. With high risk-free rate of return, low valuation and high certainty in profitability, home appliance stocks only consolidated amid market downturn and slightly rebounded with policy expectation during 1H14. After July, home appliance industry will be going through the testing of interim results and Q3 sales: On the one hand, it is estimated that the interim results of home appliance companies will continue the strong performance as in Q1 and revenue of industry leaders will not be lower than Q1 in most cases; on the other hand, pressure from base effect and property industry will become higher in 2H14, and the strong growth in 1H14 will be facing headwind – stress test to white appliance stocks will be looming in Q3.

Prosperity to continue in June while base effect and property market exert pressure in Q3. As pressure from base effect was lower in 1H14 and strong retail sales in May led to higher consumption in inventory, we estimate the domestic sales of air conditioners in June to extend the growth during January to May. According to ChinalOL.com, however, pressure from base effect on the domestic sales of air conditioners will significantly increase in 2H14, and sales of commodity housing has been decreasing for more than six months since November 2013, such downturn may spread to home appliance industry. Therefore, potential decline in domestic sales of air conditioners in Q3 is becoming one of the major concerns in the market.

Business review January to May 2014: Growth in gross margin narrowed amid strong domestic sales. According to ChinalOL.com, accumulated domestic sales of air conditioners were up 20.1% and exports were down 8% during January to May. According to China Market Monitor, the ASP of air conditioners of domestic brands for January to May was flat with the same period in 2013, indicating that the rising trend of retail prices over the last few years could not further extend. In the same period, decrease in raw material prices has been narrowing, indicating a narrowing gap between upside product ASP and downside material prices, which suggests that the factor favoring rise in gross margin is weakening in the short term. The strong performance in domestic sales of air conditioners during the first five months of the year can be attributed to the following two reasons: first, domestic sales in 2013 increased towards the end of the year due to the issue of weather, and the base for 1H14 is therefore lower; second, the boom of the property market from early 2012 to end of 2013 also drove up demand in home appliances.

Risk reminder: Q3 downturn stronger than expected; changes in competition environment.

Building Materials Weekly Report (2014.7.6) - Weak demand coupled with low season, cement price downtrend continues

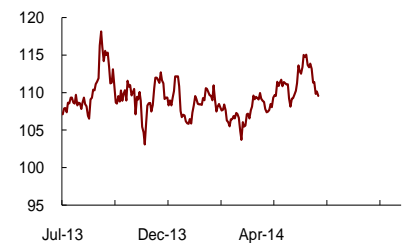
[Wang Jingjing, Han Chuang, July 6, 2014]

For the latest week, the national cement market prices fell 1.1% WoW, recording declines of RMB10-40 per ton in places like Anhui, Jiangsu, Zhejiang, Shanghai, Hainan, Gansu, Ningxia and so on. For the latest

Global Commodity	Last price	chg	% chg
Brent Oil	109.57	-0.08	-0.07
Gold	1,314.1	-6.39	-0.48
LME Aluminum	1,923.0	-12.00	-0.62
LME Copper	7,150.0	-25.00	-0.35
BDI	893.00	3.00	0.34
API Coal	77.70	-0.20	-0.26

Exchange /Bond Market	/Currency	Last price	chg	% chg
USD/RMB		6.17	0.00	0.00
USD/HKD		7.75	0.00	0.00
1-YR RMB NDF		6.26	-0.01	-0.16
EUR/USD		1.36	0.83	0.61
3-M Libor		0.56	0.00	0.00
3-M Shibor		4.75	0.00	0.00
10 YR US T-Note Yield		2.65	0.01	0.38

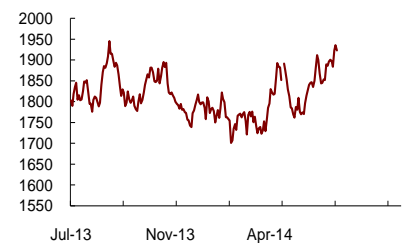
Brent Oil One Year



Gold Commodity One Year



LME Aluminum Commodity One Year



Source: Bloomberg

week, the national cement inventory was 71.4%, up 0.5pct WoW, recording gains in the cement inventory of China's northern region, the eastern region and the south-western region; the national clinker inventory was 71.2%, up 2.1pct WoW, with only the north-eastern region staying flat while other regions recording gains in clinker inventory. Shutting down of kiln and capacity: Jiangsu's Suzhou-Wuxi-Changzhou and northern Zhejiang's enterprises plan to restrict capacity by 33% in July, and requesting a shutdown of 50% or more by July 10.

Glass: For the latest week, the average price of float glass fell 1.2% WoW, among which the central region recording slight rebound in prices while all other regions declined, with the greatest plunge in the northern region. Inventory: for the latest week the national inventory of float glass was 32.36mn weight boxes, up 60,000 weight boxes WoW. Capacity: at present there are 325 national production lines of float glass in total, with a total capacity of 1.13bn weight boxes, up 10% YoY; actual capacity was 920mn weight boxes, up 8% YoY.

Investment strategy: 1. At present, the cement industry is in its traditional low season, with the demand of cement itself possessing a seasonal decline. Coupled with the weak performance of demand in most regions this year, the cement enterprises are facing even more pressure due to the double negative factors. After the price fall in the Yantze River delta region for the latest week, the average price is already almost flat against the same period last year. We are concerned about the degree of continual price declines to come. We maintain our thoughts of differentiated operation for the cement industry. The Yangtze River delta region enters a stable period. Apart from the market leader with national expansion, others will be mainly operating in their respective range. Both the supply and demand sides of Beijing-Tianjin-Hebei continue to have room for improvement. Recently Hebei has launched a stimulus policy of 1.2tn. Moreover, the integrated planning of Beijing-Tianjin-Hebei may soon be launched. We continue to monitor the efforts of policy implementation. The demand of Xinjiang is relatively stable. After digesting the new capacity this year, an upward cycle of prosperity will come next year. 2. For new types of building materials, we continue to recommend Weixing New Building Materials (002372 CH), Oriental Yuhong (002271 CH), Youpon Integrated Ceiling (002718 CH) etc., while bargain hunting on Beijing New Building Materials (000786 CH).

What to Watch

Economic Data	HK: Nil US : JOLTS - Job Openings		
Date	Ticker	Stock Name	Earnings Results
Nil			
Date	Ticker	Stock Name	Issue Price
2014/07/08	01599	UCD	2.75
2014/07/08	06188	BJ DIGITAL	5.30
2014/07/08	08216	BAMBOOSHEALTH	0.50

LME Copper Commodity One Year



BDI One Year



API Coal One Year



Source: Bloomberg

China Merchants Securities (Hong Kong) Stock Pool Update Weekly
 2014-7-8

Company	Ticker	Rating	Share px		% Upside	Mkt cap (US\$m)	EPS			P/E			Analyst
			Jul. 7	12-month TP			2014E	2015E	2016E	2014E	2015E	2016E	
Auto & Auto Parts													
Brilliance China	1114 HK	BUY	HK\$16.06	HK\$12.0	-17	9,427	0.71	0.80	0.89	16.4	14.6	13.1	Colleen LI
BYD Company	1211 HK	NEUTRAL	HK\$46.2	HK\$32.9	-26	4,558	0.27	0.69	1.03	132.5	51.9	34.7	Colleen LI
China ZhengTong Auto	1728 HK	BUY	HK\$4.49	HK\$5.85	35	1,237	0.55	0.81	1.11	6.3	4.3	3.1	Colleen LI
Geely Automobile	175 HK	BUY	HK\$2.95	HK\$5.04	85	3,100	0.32	0.36	0.38	6.9	6.1	5.8	Colleen LI
CSR	1766 HK	BUY	HK\$6.53	HK\$8.08	39	1,522	0.31	0.40	0.45	15.1	11.7	10.4	Colleen LI
Great Wall Motor	2333 HK	BUY	HK\$30.6	HK\$43.4	51	3,838	2.74	3.40	3.82	8.4	6.8	6.1	Colleen LI
CSR Times Electric	3898 HK	BUY	HK\$25.5	HK\$32.03	36	1,663	1.10	1.35	1.62	17.2	14.0	11.7	Colleen LI
Minth Group	425 HK	BUY	HK\$15.42	HK\$13.2	-12	2,123	0.78	0.87	0.97	15.5	13.9	12.5	Colleen LI
Dongfeng Motor	489 HK	BUY	HK\$14.68	HK\$14.17	2	5,113	1.13	1.26	1.29	9.9	8.9	8.6	Colleen LI
Zhongsheng Group	881 HK	NEUTRAL	HK\$10.18	HK\$10.3	2	2,797	0.58	0.71	0.99	14.0	11.4	8.2	Colleen LI
Oil and Gas													
SPT Energy	1251 HK	BUY	HK\$4.31	HK\$6.2	52	807	0.20	0.23	0.32	16.4	14.2	10.2	Michael YUK
Hilong Holding	1623 HK	NEUTRAL	HK\$4.46	HK\$5.1	32	842	0.21	0.28	0.33	14.7	11.0	9.4	Michael YUK
Chu Kong Petroleum	1938 HK	BUY	HK\$2.7	HK\$3.8	42	350	0.04	0.28	0.40	53.8	7.7	5.4	Michael YUK
China Oilfield Services	2883 HK	NEUTRAL	HK\$19.16	HK\$21.0	13	4,355	1.49	1.52	1.61	10.1	9.9	9.3	Michael YUK
Jutal Offshore Oil Serv	3303 HK	BUY	HK\$1.94	HK\$1.9	4	173	0.08	0.10	0.11	18.4	14.7	13.4	Michael YUK
Anton Oilfield Services	3337 HK	BUY	HK\$5.32	HK\$5.5	4	1,493	0.18	0.22	0.29	23.6	19.3	14.6	Michael YUK
NewOcean Energy	342 HK	BUY	HK\$5.78	HK\$9.83	69	1,110	0.55	0.56	0.75	10.6	10.4	7.7	Michael YUK
Sinopec	386 HK	BUY	HK\$7.33	HK\$7.52	2	24,322	0.57	0.66	0.68	10.4	9.0	8.7	Michael YUK
CIMC Enric	3899 HK	NEUTRAL	HK\$10.66	HK\$13.88	36	2,492	0.50	0.59	0.68	16.4	13.9	12.1	Michael YUK
United Energy Group	467 HK	BUY	HK\$1.15	HK\$2.0	74	1,936	0.09	0.12	0.16	12.8	9.6	7.2	Michael YUK
China Oil And Gas Group	603 HK	NEUTRAL	HK\$1.4	HK\$1.45	1	922	0.08	0.10	0.13	17.9	14.3	11.0	Michael YUK
Petrochina	857 HK	BUY	HK\$9.78	HK\$11.2	14	26,646	0.71	0.74	0.78	11.1	10.6	10.1	Michael YUK
CNOOC	883 HK	BUY	HK\$13.6	HK\$17.0	22	80,173	1.26	1.40	1.50	8.9	8.0	7.5	Michael YUK
Property													
CHINA RES LAND	1109 HK	NEUTRAL	HK\$15.4	HK\$17.0	20	10,666	2.52	2.11	2.28	5.6	6.7	6.2	Feiqin DUAN
Sunac China	1918 HK	BUY	HK\$4.81	HK\$6.7	53	1,884	0.96	1.14	1.34	3.7	3.1	2.6	Feiqin DUAN
Evergrande Real Estate	3333 HK	BUY	HK\$3.23	HK\$4.38	46	5,641	0.79	0.79	0.80	3.1	3.1	3.0	Feiqin DUAN
Greentown China	3900 HK	BUY	HK\$8.6	HK\$15.8	104	2,155	2.18	2.49	2.19	2.9	2.5	2.8	Feiqin DUAN
China Overseas Land	688 HK	BUY	HK\$20.65	HK\$22.56	20	19,820	2.82	2.91	3.50	6.7	6.5	5.4	Feiqin DUAN
Hopson Development	754 HK	BUY	HK\$8.03	HK\$19.1	153	2,185	2.10	2.00	2.22	3.6	3.8	3.4	Feiqin DUAN

Company	Ticker	Rating	Share px			Mkt cap (US\$m)	EPS			P/E			Analyst
			Jul. 7	12-month TP	% Upside		2014E	2015E	2016E	2014E	2015E	2016E	
OVU	798 HK	BUY	HK\$0.77	HK\$1.06	39	392	0.08	0.15	0.23	7.6	4.1	2.7	Feiqin DUAN
Ch Mercha	978 HK	BUY	HK\$1.08	HK\$2.3	125	645	0.11	0.17	0.19	7.5	4.8	4.3	Feiqin DUAN
Metals and Mining													
China Hongqiao	1378 HK	BUY	HK\$5.78	HK\$6.2	11	4,229	0.95	1.08	1.32	4.7	4.1	3.4	Shawn LEE
Zhaojin Mining	1818 HK	NEUTRAL	HK\$4.75	HK\$4.7	6	500	0.25	0.24	0.17	14.2	14.8	20.9	Shawn LEE
Aluminum Corp of China	2600 HK	NEUTRAL	HK\$2.83	HK\$2.8	1	1,414	0.07	-0.07	-0.06	31.9	N.A.	N.A.	Shawn LEE
Zijin Mining	2899 HK	NEUTRAL	HK\$1.77	HK\$1.57	-11	1,364	0.10	0.10	0.08	14.1	14.1	17.7	Shawn LEE
Jiangxi Copper	358 HK	SELL	HK\$13.36	HK\$10.2	-17	2,194	1.03	0.81	0.66	9.6	12.2	14.9	Shawn LEE
China Molybdenum	3993 HK	NEUTRAL	HK\$4.29	HK\$3.1	-22	671	0.19	0.20	0.21	16.8	15.9	15.2	Shawn LEE
RUSAL	486 HK	NEUTRAL	HK\$3.7	HK\$3.1	-12	6,822	-0.21	0.04	0.05	N.A.	11.3	9.1	Shawn LEE
Technology, Media & Telecom													
China Telecom	728 HK	NEUTRAL	HK\$3.93	HK\$3.45	-9	6,785	0.22	0.25	0.28	13.8	12.2	10.9	Alex NG
China Unicom	762 HK	NEUTRAL	HK\$12.06	HK\$11.34	-5	36,759	0.44	0.65	0.76	21.9	14.8	12.7	Alex NG
China Mobile	941 HK	NEUTRAL	HK\$76.15	HK\$78.0	4	196,089	6.02	5.34	5.27	10.0	11.3	11.5	Alex NG
Wisdom	1661 HK	BUY	HK\$4.31	HK\$7.0	58	920	0.14	0.20	0.29	25.4	17.8	12.3	Jeff HAO
Kingdee	268 HK	NEUTRAL	HK\$2.68	HK\$1.4	-45	836	0.05	0.08	0.10	40.8	25.5	20.4	Jeff HAO
Chinasoft	354 HK	NEUTRAL	HK\$2.3	HK\$2.0	-10	530	0.08	0.10	0.13	22.2	17.8	13.7	Jeff HAO
Kingsoft	3888 HK	BUY	HK\$23.5	HK\$37.05	59	3,563	0.55	0.63	0.95	34.1	29.8	19.7	Jeff HAO
SinoMedia	623 HK	BUY	HK\$6.35	HK\$8.07	35	448	0.64	0.73	0.83	7.5	6.6	5.8	Jeff HAO
Tencent	700 HK	BUY	HK\$125.4	HK\$127.6	8	28,432	1.66	2.45	3.15	57.2	38.7	30.1	Jeff HAO
NetDragon	777 HK	BUY	HK\$14.62	HK\$20.34	42	940	0.32	0.65	0.82	35.9	17.7	14.0	Jeff HAO
Hardware Technology													
AAC Technologies	2018 HK	NEUTRAL	HK\$52.45	HK\$40.0	-21	7,992	1.83	2.16	2.48	22.1	18.8	16.3	Alex NG
Coolpad	2369 HK	BUY	HK\$2.16	HK\$2.73	28	588	0.13	0.21	0.26	16.5	10.2	8.2	Alex NG
Sunny Optical	2382 HK	NEUTRAL	HK\$11.14	HK\$8.37	-24	1,551	0.41	0.54	0.73	21.5	16.3	12.1	Alex NG
TCL Comm	2618 HK	BUY	HK\$9.22	HK\$12.5	33	1,406	0.28	0.98	1.34	33.5	9.6	7.0	Alex NG
Truly	732 HK	BUY	HK\$4.77	HK\$7.15	51	1,775	0.56	0.67	0.79	8.4	7.0	6.0	Alex NG
Lenovo Group	992 HK	BUY	HK\$10.46	HK\$10.5	-1	14,203	0.06	0.07	0.11	22.8	19.5	12.4	Alex NG
Textile & Garment													
China Lilang	1234 HK	BUY	HK\$5.12	HK\$5.14	4	766	0.43	0.41	0.44	9.2	9.7	9.0	Ivy ZHAO
361 Degrees	1361 HK	NEUTRAL	HK\$1.77	HK\$1.76	-1	472	0.12	0.12	0.13	11.8	11.8	10.9	Ivy ZHAO
Xtep International	1368 HK	BUY	HK\$3.4	HK\$3.31	1	918	0.28	0.29	0.31	9.4	9.1	8.5	Ivy ZHAO
Belle	1880 HK	NEUTRAL	HK\$8.82	HK\$7.89	-8	9,357	0.52	0.52	0.54	13.3	13.3	12.8	Ivy ZHAO
Peak Sport	1968 HK	BUY	HK\$1.9	HK\$2.72	44	512	0.12	0.16	0.17	12.7	9.5	8.9	Ivy ZHAO

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			Jul. 7	12-month TP	% Upside		2014E	2015E	2016E	2014E	2015E	2016E	
ANTA Sports Products	2020 HK	BUY	HK\$12.94	HK\$13.47	9	3,966	0.53	0.57	0.63	18.7	17.4	15.7	Ivy ZHAO
Li Ning	2331 HK	BUY	HK\$5.56	HK\$5.2	-16	1,096	-0.05	0.27	0.30	N.A.	18.4	16.6	Ivy ZHAO
China Dongxiang	3818 HK	BUY	HK\$1.51	HK\$1.59	9	1,043	0.04	0.04	0.05	29.3	29.3	23.5	Ivy ZHAO
Ports Design	589 HK	NEUTRAL	HK\$3.57	HK\$4.0	14	250	0.54	0.55	0.66	5.2	5.1	4.3	Ivy ZHAO
Trinity	891 HK	BUY	HK\$1.97	HK\$2.0	21	369	0.18	0.16	0.18	9.2	10.3	9.2	Ivy ZHAO
Food & Beverage													
Want Want China	151 HK	NEUTRAL	HK\$10.84	HK\$13.05	17	18,685	0.05	0.06	0.07	28.7	24.0	20.5	Ling HUA
China Mengniu Dairy	2319 HK	BUY	HK\$35.25	HK\$47.0	31	9,052	0.90	1.24	1.54	32.0	23.2	18.7	Ling HUA
Tingyi	322 HK	BUY	HK\$22.0	HK\$24.9	15	15,134	0.07	0.10	0.11	40.0	28.0	25.5	Ling HUA
Vitasoy	345 HK	NEUTRAL	HK\$10.04	HK\$11.6	17	1,319	0.33	0.36	0.39	30.0	27.5	25.4	Ling HUA
Retail													
Haier Electronics	1169 HK	BUY	HK\$21.85	HK\$24.4	20	6,881	0.80	0.95	1.17	20.3	17.1	13.9	Gloria WANG
Sa Sa International	178 HK	BUY	HK\$5.67	HK\$8.2	53	1,962	0.35	0.41	0.47	15.3	13.1	11.4	Gloria WANG
Intime Retail (Group)	1833 HK	BUY	HK\$6.84	HK\$10.3	52	1,759	0.52	0.60	0.69	10.5	9.1	7.9	Gloria WANG
GOME ELECTRICAL	493 HK	BUY	HK\$1.34	HK\$1.64	29	2,765	0.05	0.06	0.07	20.4	17.0	14.6	Gloria WANG
Bonjour Holdings	653 HK	NEUTRAL	HK\$1.26	HK\$1.58	31	485	0.09	0.11	0.12	13.4	11.0	10.1	Gloria WANG
Alternative Energy													
Datang Renewable Power	1798 HK	SELL	HK\$1.01	HK\$0.74	-24	316	0.03	0.03	0.04	26.2	26.2	19.7	Lei YIN
CHINA WIND POWER	182 HK	BUY	HK\$0.67	HK\$1.1	77	716	0.02	0.04	0.06	31.0	15.5	10.3	Lei YIN
Xinjiang Goldwind	2208 HK	BUY	HK\$9.13	HK\$12.3	36	582	0.16	0.37	0.55	45.3	19.6	13.2	Lei YIN
GCL-Poly Energy	3800 HK	BUY	HK\$2.8	HK\$2.83	9	5,174	-0.04	0.11	0.18	N.A.	23.6	14.4	Lei YIN
Singyes Solar	750 HK	BUY	HK\$13.26	HK\$14.23	9	1,169	0.75	1.02	1.14	14.0	10.3	9.2	Lei YIN
Tianneng Power	819 HK	BUY	HK\$2.99	HK\$6.65	128	419	0.16	0.57	1.10	14.7	4.1	2.1	Lei YIN
China Longyuan Power	916 HK	BUY	HK\$8.46	HK\$11.39	35	3,624	0.26	0.42	0.50	26.0	16.1	13.5	Lei YIN
Huaneng Renewables	958 HK	BUY	HK\$2.6	HK\$3.2	25	2,982	0.10	0.12	0.19	20.6	17.1	10.8	Lei YIN
Port & Shipping													
COSCO Pacific	1199 HK	BUY	HK\$10.96	HK\$12.46	16	4,035	0.25	0.12	0.13	5.5	11.6	10.7	Kate LI
China Merchants	144 HK	NEUTRAL	HK\$25.75	HK\$26.43	9	7,889	1.67	1.75	2.05	14.5	13.8	11.8	Kate LI
CSCCL	2866 HK	NEUTRAL	HK\$2.01	HK\$1.82	-9	968	-0.22	0.01	0.05	N.A.	160.6	32.1	Kate LI
Orient Overseas	316 HK	BUY	HK\$39.3	HK\$51.0	34	3,064	0.08	0.21	0.37	61.2	23.3	13.2	Kate LI
Sinotrans Shipping	368 HK	NEUTRAL	HK\$2.19	HK\$2.4	8	1,143	0.00	0.01	0.01		28.6	28.6	Kate LI
Machinery & Equipment													
Zoomlion Heavy	1157 HK	NEUTRAL	HK\$4.86	HK\$4.66	-3	885	0.51	0.49	0.52	7.6	7.9	7.4	Yiding JIAO
CMEC	1829 HK	BUY	HK\$4.41	HK\$7.01	53	537	0.54	0.63	0.68	6.8	5.8	5.4	Yiding JIAO

Company	Ticker	Rating	Share px		% Upside	Mkt cap (US\$m)	EPS			P/E			Analyst
			Jul. 7	12-month TP			2014E	2015E	2016E	2014E	2015E	2016E	
LONKING	3339 HK	BUY	HK\$1.33	HK\$2.06	55	734	0.11	0.13	0.16	9.7	8.2	6.7	Yiding JIAO
Sany Heavy	631 HK	NEUTRAL	HK\$1.77	HK\$1.47	-15	675	0.12	0.12	0.13	11.5	11.5	10.6	Yiding JIAO
Electric Power													
HUADIAN POWER	1071 HK	BUY	HK\$4.71	HK\$4.4	-6	866	0.56	0.61	0.65	6.7	6.2	5.8	Vera LIANG
CHINA POWER	2380 HK	BUY	HK\$3.27	HK\$3.6	18	2,542	0.40	0.41	0.47	6.1	6.0	5.2	Vera LIANG
Huaneng Power	902 HK	BUY	HK\$8.97	HK\$9.65	10	4,013	0.74	0.77	0.86	9.5	9.1	8.2	Vera LIANG
Datang Power	991 HK	NEUTRAL	HK\$0.0	HK\$3.3	9	1,296	0.27	0.33	0.39	9.0	7.4	6.2	Vera LIANG
Pharmaceutical & Healthcare													
Essex Bio-Technology	1061 HK	BUY	HK\$2.61	HK\$4.12	63	181	0.10	0.12	0.14	25.2	21.0	18.0	Jonathan HSU
CSPC Pharmaceutical	1093 HK	BUY	HK\$6.42	HK\$8.0	29	4,461	0.17	0.23	0.29	36.4	26.9	21.3	Jonathan HSU
Sinopharm Group	1099 HK	BUY	HK\$22.15	HK\$24.4	14	2,750	0.66	0.82	1.01	26.1	21.0	17.1	Jonathan HSU
Sino Biopharm	1177 HK	BUY	HK\$6.6	HK\$6.7	7	4,003	0.09	0.18	0.22	69.8	34.9	28.6	Jonathan HSU
Phoenix Healthcare	1515 HK	BUY	HK\$12.6	HK\$16.6	42	1,256	0.13	0.23	0.28	72.2	40.8	33.5	Jonathan HSU
Dawnrays	2348 HK	BUY	HK\$5.81	HK\$8.2	45	586	0.19	0.25	0.32	23.9	18.2	14.2	Jonathan HSU
Shineway Pharma	2877 HK	NEUTRAL	HK\$14.18	HK\$12.3	-10	1,451	0.91	0.78	0.89	12.0	14.0	12.3	Jonathan HSU
Sihuan Pharmaceutical	460 HK	BUY	HK\$4.98	HK\$5.5	16	6,329	0.13	0.15	0.18	29.3	25.4	21.2	Jonathan HSU
iKang Healthcare Group	KANG US	BUY	US\$19.34	US\$21.3	14	1,219	0.33	0.50	0.71	56.4	37.2	26.2	Jonathan HSU
Gaming													
Wynn Macau	1128 HK	SELL	HK\$31.25	HK\$31.7	4	20,344	1.48	1.65	1.76	20.5	18.4	17.3	Angela Han Lee
Sands China	1928 HK	BUY	HK\$59.9	HK\$81.2	39	60,865	2.13	3.09	3.63	27.5	19.0	16.1	Angela Han Lee
MGM CHINA	2282 HK	BUY	HK\$28.6	HK\$42.9	59	13,187	1.40	1.70	1.88	19.2	15.8	14.3	Angela Han Lee
Galaxy Entertainment	27 HK	BUY	HK\$65.65	HK\$79.9	29	33,685	2.39	2.96	3.91	25.9	21.0	15.9	Angela Han Lee
Melco Crown	6883 HK	BUY	HK\$94.2	HK\$120.6	28	20,004	3.00	4.16	4.79	31.3	22.6	19.6	Angela Han Lee
SJM	880 HK	SELL	HK\$20.5	HK\$16.3	-16	13,905	1.39	1.51	1.71	14.0	12.9	11.4	Angela Han Lee
Environmental Protection													
CHINA EB INT'L	257 HK	BUY	HK\$11.54	HK\$12.2	10	6,409	0.30	0.38	0.48	36.9	29.2	23.1	Shawn LEE
DONGJIANG ENV	895 HK	BUY	HK\$25.85	HK\$34.1	36	1,125	0.60	0.84	1.28	33.6	24.0	15.8	Shawn LEE
Industrial Good													
TK group	2283 HK	BUY	HK\$1.14	HK\$1.74	41	131	0.14	0.18	0.21	8.8	6.8	5.9	Ling HUA

HSI Index Components Performance

HSCEI Index Components Performance

Last price

Code	Name	Price	Chg 1D (%)	Code	Name	Price	Chg 1D (%)
1	CHEUNG KONG	141.9	0.6	168	TSINGTAO BREW-H	60.60	-0.6
2	CLP HLDGS LTD	63.70	0.5	177	JIANGSU EXPRES-H	9.45	1.0
3	HONG KG CHINA GS	16.86	-0.4	323	MAANSHAN IRON-H	1.74	1.2
4	WHARF HLDG	56.95	1.9	338	SINOPEC SHANG-H	2.20	0.0
5	HSBC HLDGS PLC	80.35	-0.1	347	ANGANG STEEL-H	5.41	0.4
6	POWER ASSETS HOL	68.15	-0.2	358	JIANGXI COPPER-H	13.36	-1.5
11	HANG SENG BK	128.0	0.2	386	SINOPEC CORP-H	7.33	0.0
12	HENDERSON LAND D	46.50	-1.0	390	CHINA RAIL GR-H	4.00	3.6
13	HUTCHISON WHAMPO	106.1	-0.6	489	DONGFENG MOTOR-H	14.68	3.0
16	SHK PPT	106.9	-0.2	552	CHINA COMM SER-H	3.87	-0.3
17	NEW WORLD DEV	9.12	-0.1	576	ZHEJIANG EXPRESS	7.89	0.3
19	SWIRE PACIFIC-A	97.80	0.4	694	BEIJING CAP AI-H	5.28	-0.2
23	BANK EAST ASIA	32.40	-0.2	728	CHINA TELECOM-H	3.93	1.3
66	MTR CORP	29.80	0.7	753	AIR CHINA LTD-H	4.62	1.5
83	SINO LAND CO	13.04	0.3	857	PETROCHINA CO-H	9.78	-0.3
101	HANG LUNG PROPER	24.20	0.4	902	HUANENG POWER-H	8.97	-0.7
144	CHINA MERCHANT	25.75	0.8	914	ANHUI CONCH-H	29.10	-1.5
267	CITIC PACIFIC	13.96	3.3	939	CHINA CONST BA-H	5.62	-0.4
291	CHINA RES ENTERP	21.75	0.7	991	DATANG INTL PO-H	3.03	0.0
293	CATHAY PAC AIR	14.50	-0.6	998	CHINA CITIC BK-H	4.84	-0.6
330	ESPRIT HLDGS	11.52	1.2	1088	CHINA SHENHUA-H	21.75	-0.5
386	SINOPEC CORP-H	7.33	0.0	1133	HARBIN ELECTRIC	4.90	-0.6
388	HKEX	154.1	3.1	1138	CHINA SHIPPING-H	4.74	-0.6
494	LI & FUNG LTD	10.50	0.4	1171	YANZHOU COAL-H	5.90	-0.8
551	YUE YUEN INDUS	26.15	-0.6	1186	CHINA RAIL CN-H	7.26	4.0
688	CHINA OVERSEAS	20.65	1.7	1398	IND & COMM BK-H	4.99	-0.4
700	TENCENT	125.4	0.2	1800	CHINA COM CONS-H	5.38	0.8
762	CHINA UNICOM HON	12.06	0.5	1898	CHINA COAL ENE-H	4.14	-0.5
857	PETROCHINA CO-H	9.78	-0.3	1919	CHINA COSCO HO-H	3.11	-1.0
883	CNOOC LTD	13.60	-0.6	2318	PING AN INSURA-H	60.95	0.5
939	CHINA CONST BA-H	5.62	-0.4	2328	PICC PROPERTY &	11.66	0.7
941	CHINA MOBILE	76.15	0.1	2600	ALUMINUM CORP-H	2.83	-1.1
1088	CHINA SHENHUA-H	21.75	-0.5	2628	CHINA LIFE INS-H	20.90	0.0
1199	COSCO PAC LTD	10.96	0.0	2727	SHANGHAI ELECT-H	3.16	0.0
1398	IND & COMM BK-H	4.99	-0.4	2777	GUANGZHOU R&F -H	10.66	1.5
2038	FIH MOBILE LTD	4.82	-0.6	2866	CHINA SHIPPING-H	2.01	-1.5
2318	PING AN INSURA-H	60.95	0.5	2883	CHINA OILFIELD-H	19.16	-1.4
2388	BOC HONG KONG HO	23.35	0.0	2899	ZIJIN MINING-H	1.77	-1.7
2600	ALUMINUM CORP-H	2.83	-1.1	3323	CHINA NATL BDG-H	7.19	-1.2
2628	CHINA LIFE INS-H	20.90	0.0	3328	BANK OF COMMUN-H	5.21	-0.6
3328	BANK OF COMMUN-H	5.21	-0.6	3968	CHINA MERCH BK-H	14.84	0.0
3988	BANK OF CHINA-H	3.59	-0.3	3988	BANK OF CHINA-H	3.59	-0.3
				3993	CMOC-H	4.29	3.1

A+H Company Performance
 Last price

Name(H)	Code (H)	Price (H)	Code (A)	Price (A)	Spread (%)
NORTHEAST ELEC-H	42	1.50	000585	2.38	98.2
CHONGQING IRON-H	1053	1.52	601005	2.41	98.1
SINOPEC YIZHEN-H	1033	1.77	600871	2.78	96.2
SHANDONG XINHU-H	719	3.72	000756	5.78	94.1
JINGCHENG MAC	187	3.79	600860	5.88	93.8
SHENJI GROUP-H	300	2.88	600806	4.45	93.0
JINGWEI TEXTIL-H	350	6.93	000666	10.65	92.0
TIANJIN CAP-H	1065	5.30	600874	7.90	86.2
SINOPEC SHANG-H	338	2.20	600688	3.19	81.2
BEIJING NORTH-H	588	1.92	601588	2.50	62.7
YANZHOU COAL-H	1171	5.90	600188	6.97	47.6
DATANG INTL PO-H	991	3.03	601991	3.56	46.8
ALUMINUM CORP-H	2600	2.83	601600	3.07	35.5
BAIYUNSHAN PH-H	874	24.75	600332	24.66	24.5
CHINA SOUTHERN-H	1055	2.44	600029	2.33	19.3
JIANGXI COPPER-H	358	13.36	600362	12.74	19.1
ANHUI EXPRESS-H	995	4.68	600012	4.45	18.8
MAANSHAN IRON-H	323	1.74	600808	1.58	13.5
CHINA CITIC BK-H	998	4.84	601998	4.30	11.0
DONGFANG ELECT-H	1072	13.56	600875	11.98	10.4
GUANGSHEN RAIL-H	525	2.92	601333	2.57	10.0
CHINA SHIPPING-H	1138	4.74	600026	4.17	9.9
SHENZHEN EXPRE-H	548	4.17	600548	3.66	9.7
HISENSE KELON -H	921	10.32	000921	8.83	6.9
ZTE CORP-H	763	15.64	000063	13.22	5.6
GUANGZHOU SHIP-H	317	13.73	600685	0.00	0.0
LUOYANG GLASS-H	1108	3.80	600876	7.24	0.0
NANJING PANDA-H	553	4.52	600775	0.00	0.0
BANK OF COMMUN-H	3328	5.21	601328	3.96	-5.0
BANK OF CHINA-H	3988	3.59	601988	2.58	-10.2
AIR CHINA LTD-H	753	4.62	601111	3.30	-10.8
CHINA MERCH BK-H	3968	14.84	600036	10.32	-13.1
IND & COMM BK-H	1398	4.99	601398	3.45	-13.6
SINOPEC CORP-H	386	7.33	600028	5.04	-14.1
CHINA LIFE INS-H	2628	20.90	601628	13.90	-16.9
HUADIAN POWER-H	1071	4.71	600027	3.12	-17.2
TSINGTAO BREW-H	168	60.60	600600	39.81	-17.9
PING AN INSURA-H	2318	60.95	601318	40.04	-17.9
HUANENG POWER-H	902	8.97	600011	5.76	-19.8
JIANGSU EXPRES-H	177	9.45	600377	5.58	-26.2
ANGANG STEEL-H	347	5.41	000898	3.11	-28.2
ANHUI CONCH-H	914	29.10	600585	16.58	-28.8
WEICHAI POWER-H	2338	31.65	000338	17.90	-29.3

Recently Published Research

Date published	Name of report	Analyst
2-Jul-14	Macau Gaming	Angela Han Lee
30-Jun-14	Lenovo Group (992 HK)	Alex Ng
27-Jun-14	HK Stock Market Fund Flows (Issue of June 2014)	Lynn Song, Cliff Zhao, David Xie
26-Jun-14	2014 China Clean Energy Sector Investment Outlook	Yin Lei
26-Jun-14	2014 China Property Sector Investment Outlook	Duan Feiqin
24-Jun-14	HK Market Strategy Bi-weekly	Cliff Zhao, George Chen, Zi chen Xu
24-Jun-14	2H14 Hong Kong Metal&Mining Sector Investment	Li Xiang
24-Jun-14	2H14 Hong Kong Food&Beverage Sector Investment	Hua Ling
24-Jun-14	June Eurozone Flash Composite PMI	Lynn Song, Cliff Zhao, David Xie
23-Jun-14	Dongjiang Environmental (895 HK)	Li Xiang
20-Jun-14	iKang Healthcare Group (KANG US)	Jonathan Hsu
20-Jun-14	2014 Hong Kong TMT Sector Investment Outlook	Jeff Hao
20-Jun-14	2014 Hong Kong Thermal Power Sector Investment	Vera Liang
17-Jun-14	2H14 Hong Kong Stock Market Investment Outlook	Cliff Zhao, George Chen, Zi chen Xu
17-Jun-14	2H14 Hong Kong Shipping and Port Sector Investment	Kate Li
16-Jun-14	2H14 China Healthcare Equity Strategy	Jonathan Hsu
13-Jun-14	2H14 Oil & Gas Industry Outlook	Michael Yuk
12-Jun-14	HK Stock Market Machinery Sector Outlook	Yiding JIAO
10-Jun-14	Eurozone Monthly Chart Book (June 2014)	Lynn Song, Cliff Zhao, David Xie
10-Jun-14	China Wind Power Operator	Yin Lei
9-Jun-14	Truly International (732 HK)	Alex Ng
5-Jun-14	China Dongxiang (3818 HK)	Ivy Zhao
4-Jun-14	Belle(1880 HK)	Ivy Zhao
4-Jun-14	Environmental protection	Li Xiang
4-Jun-14	May Eurozone Flash HICP inflation	Lynn Song, Cliff Zhao, David Xie
3-Jun-14	Macau Gaming	Angela Han Lee
3-Jun-14	iKang Healthcare Group (KANG US)	Jonathan Hsu
30-May-14	Kingsoft (3888.HK)	Jeff Hao
30-May-14	SPT Energy (1251.HK)	Michael Yuk
30-May-14	HK Stock Market Fund Flows	Lynn Song, Cliff Zhao, David Xie
28-May-14	HK Market Strategy Bi-weekly	Cliff Zhao, Zi chen Xu, George Chen
27-May-14	SinoMedia(623 HK)	Jeff Hao
26-May-14	Tingyi Holding (322 HK)	Hua Ling
23-May-14	Dongjiang Environmental(895 HK)	Li Xiang
23-May-14	May Eurozone Flash Composite PMI	Lynn SONG
22-May-14	China Gas Distributors	Michael Yuk
21-May-14	Sunac China Holdings Limited (1918 HK)	Kate Li, Duan Feiqin
19-May-14	GCL -Poly Energy (3800 HK)	Yin Lei
19-May-14	China Hardware Technology	Alex Ng
16-May-14	Environmental protection– solid waste treatment	Li Xiang
16-May-14	Eurozone 1Q14 GDP unchanged	Lynn Song, Cliff Zhao, David Xie

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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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