

CMS (HK) Research Highlights

Huadian Power (1071 HK, Buy, TP HK\$6.1)

Valuation entering upward channel

1H14 results are expected to beat market consensus:

In 1H14, we expect Huadian to achieve revenue of RMB34.9bn, net profit of RMB2.71bn and EPS of RMB0.37, up 55.8% YoY, beating Bloomberg consensus by 37.0%. We maintain our 2014-2016E EPS estimates of RMB0.61-0.69, higher than consensus by 10.9-20.0%. Based on 8x2014E P/E, we revise up 12-month TP by 38.6% to HK\$6.1, reiterate BUY.

1,650MW new capacities would start operation in 2H14:

Huadian generated power of 87.9mn MWh in 1H14, up 7.6% YoY, completing 47.3% of its full-year target. Thermal, wind and hydro power accounted for 95.3%, 3.3% and 1.3% of the total respectively. We expect the company to put 1,650MW new capacities into operation in 2H14, in which 496MW of Ningxia wind power has started operation since Jun 23 and 210MW of Sichuan hydropower has completed the test run in June. We believe the annual power generation would grow by 9.2%, contributed by 1) 3Q traditional peak season for power consumption and 2) expected capacity growth of 9.3% in 2014.

A share subscription from China Huadian got approved:

1.15bn new A shares would possibly be issued to its parent company China Huadian at a price of RMB2.895/share and will raise RMB3.33bn funds in total. We expect the subscription to lower its debt/asset ratio from 80.7% in 2013 to 78.7%. China Huadian owns installed capacity of 112,690MW, about 3 times the total of Huadian Power. We believe the promoting SOE reform will speed up the process of asset injection and further enhance the company's power generation capacity.

IPPs valuation entering upward channel:

On Jul 9, Bohai Rim thermal coal price index fell by 13% YoY to RMB513/ton. In 1H14, China's accumulative power consumption totalled 2.63bn KWh, up 5.3% YoY, with growth rate slightly higher than that of 2013 by 0.16 ppt. We consider that weak coal price, stable power consumption growth and constant tariff will raise market expectation for the interim results of IPPs. Along with the upcoming interim results and summer peak of power consumption, we believe the industry valuation has entered an upward channel. (Vera Liang)

Sa Sa International (178 HK, HK\$5.99, Neutral, TP HK\$5.7)

A Challenging Year Ahead

We cut our earnings estimates by 18%/20% for 2015/2016E, and cut TP to HK\$5.7 and downgrade to Neutral. 1Q SSSG was only 1.9% with sales up 5.3% YoY in its major market HK & Macau. Our earnings estimates translated into a CAGR of 8% from 2015-2017E, much lower than 17% growth rate from 2012 to 2014.

1Q data was in line with market expectation and mainly resulted from lower average sales per transaction and a higher base in 1Q14. 2Q will turn better in SSSG but still face margin pressure and a trend of decelerating sales per transaction. We revise down SSSG for 2015/2016 to 5%/6%.

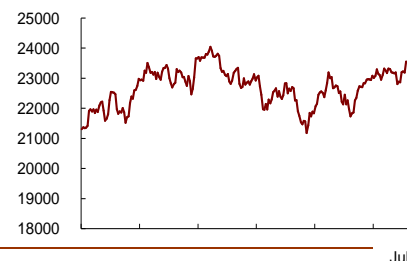
The company is restructuring its China business by closing large stores

HK Indices	Last price	chg	% chg
HSI	23,523.28	63.32	0.27
Finance	31,066.31	61.65	0.20
Properties	29,668.06	138.0	0.47
Utilities	52,317.51	181.5	0.35
Commerce&Industrv	14,694.59	42.90	0.29
HSCEI	10,475.38	-13.77	-0.13
HSCCI	4,522.16	6.86	0.15
HKSPGEM	516.48	-1.18	-0.23

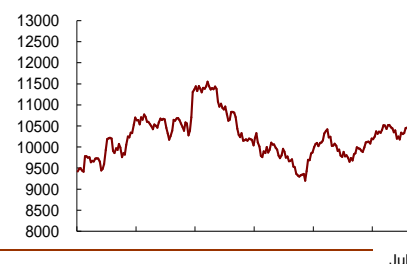
World Indices	Last price	chg	% chg
FTSE 100	6,747.01	36.56	0.54
DAX 30	9,779.29	59.88	0.62
CAC 40	4,342.18	36.87	0.86
DJIA	17,060.68	5.26	0.03
S&P500	1,973.28	-3.82	-0.19
Nasdaq Composite	4,416.39	-24.03	-0.54
Nikkei 225	15,379.30	-15.86	-0.10

Asia-Pacific Indices	Last price	chg	% chg
KOSPI	2,013.48	0.76	0.04
TWSE	9,484.73	-84.44	-0.88
STI	3,301.29	9.87	0.30
India BSE 30	25,341.91	113.26	0.45
S&P/ASX 200	5,518.86	7.56	0.14

HSI One Year



HSCEI One Year



Source: Bloomberg

China Merchants Securities (HK)

Research

+852-3189-6888

and opening small stores to improve its profitability. This would lead to a narrowing loss in 2015E according to management.

We cut TP from HK\$8.2 to HK\$5.7, based on 15x2016E P/E. We downgrade it to Neutral as we see weak SSSG, persisting gross margin pressure and rental pressure going forward. The robust growth of online cosmetics sales in China will be another risk factor to the company's business in our view. (Gloria Wang)

A-share Research Highlights (CMS Research Center)

Finance and Monetary Data Comments June 2014

Monetary Policies may be Adjusted amid Strong Data

[Xie Yaxuan, Zhao Wenli, Zhang Yiping, Yan Ling and Zhao Ke, July 16, 2014]

Event:

Data released by People's Bank of China (PBC) on June 13, 2014: As at end of June 2014, balance of M2 amounted to RMB120.96 tn, up 14.7% YoY and up 1.3 ppt MoM; M1 up 8.9% YoY and up 3.2 ppt MoM. Size of financing for the economy for June reached RMB1.97 tn, up RMB567.8 bn MoM.

Comments:

1. New credit for June amounted to RMB1.08 tn, much better than consensus. Since bottoming at end of April, growth in balance of credit has been improving to 14%. The amount of credit was mainly determined by: First, targeted RRR cut by the central bank and reinforced accommodative measures such as targeted re-financing. Second, adjustment in the calculation standard of loan-deposit ratio released more credit to particular areas. Third, directions of recent policies have become clearer and fiscal expenditure has increased, which has boosted the incentive for commercial banks in granting credit. The significant growth in the size of credit for the month was a result of the targeted accommodative policies executed earlier.

2. In June, M2 increased by 14.7%, up 1.3 ppt MoM and much better than consensus, which was mainly due to: First, granting of credit exceeded expectation. Second, targeted relaxation in monetary policies increased the size of monetary base. Third, execution on fiscal budget was reinforced. Fourth, PBC injected funds to the open market throughout June with an aim to maintain liquidity in the inter-bank market. Fifth, the low base due to the credit crunch last June helped boosting the increase of M2 for the month. Amid an improving economy and better sentiment in the real economy, the significant increase in M1 for June by 8.9% was the highest since the beginning of the year.

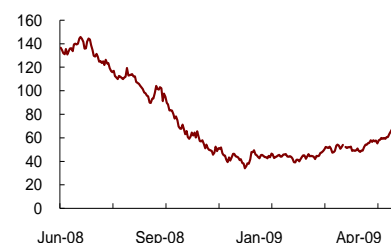
3. The increase of RMB deposits for June was RMB3.79 tn, much higher than the historic level for the corresponding period. The surge in deposits was attributable to the aggressive strategy of banks in acquiring deposits and the decreasing yield rate of monetary fund products, which lead to an outflow of funds back to deposits. Furthermore, the supply of credit led to increase in multiplication of deposits. In June, deposits from public finance reached RMB303.7 bn, indicating a much stronger fiscal expenditure. Due to the depreciation in RMB, deposits in foreign currencies increased by US\$27.9 bn for June, and deposits of foreign currencies for 1H14 were up by 34.5% YoY.

4. The size of financing of the economy reached RMB1.97 tn for June, representing significant YoY and MoM increases. Significant rebounds in credit and non-standardized businesses were the main reasons for the high aggregate financing of the economy for the month. In June, the size of non-standardized business such as entrusted loan reached RMB535.9 bn, up more than 100% MoM. On the one hand, inelastic demand for financing from the real economy was still high. On the other hand, the negative impact of the earlier regulation on non-standardized business

Global Commodity	Last price	chg	% chg
Brent Oil	106.05	0.80	0.76
Gold	1,297.5	3.45	0.27
LME Aluminum	1,960.0	18.00	0.93
LME Copper	7,130.0	7.50	0.11
BDI	782.00	-16.00	-2.01
API Coal	77.65	-0.20	-0.26

Exchange /Bond Market	/Currency	Last price	chg	% chg
USD/RMB		6.15	0.00	0.00
USD/HKD		7.75	0.00	0.00
1-YR RMB NDF		6.26	0.00	0.00
EUR/USD		1.36	-0.15	-0.11
3-M Libor		0.56	0.00	0.00
3-M Shibor		4.75	0.00	0.00
10 YR US T-Note Yield		2.53	-0.01	-0.39

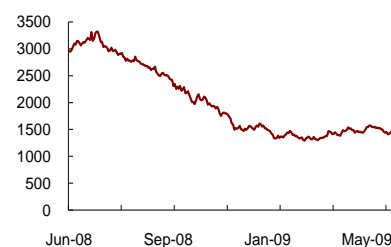
Brent Oil One Year



Gold Commodity One Year



LME Aluminum Commodity One Year



Source: Bloomberg

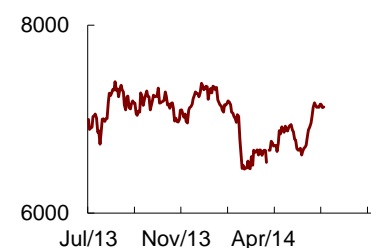
may have all been absorbed by banks. From the overall 1H14 data, however, the proportion of loans in aggregate financing of the economy surged, with RMB loans accounting for 54.3% of the financing of the economy for the period, up 4.3 ppt YoY.

5. In general, finance and monetary data of June was much better than consensus, indicating reinforced counter-cycle adjustments from the central bank. Apart from maintaining sufficient liquidity in the inter-bank market, the central bank also reinforced its targeted support to the real economy, making the M2 growth to significantly deviate from target, and the base of M2 growth for 2H14 is still low. As a result, strong data also suggests that moderate adjustment may become more likely.

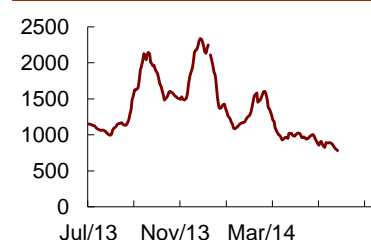
What to Watch

Economic Data	HK: Nil US : Fed		
Date	Ticker	Stock Name	Earnings Results
2014/07/17	08158	CHINA BIO-MED	
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
 2014-7-17

Company	Ticker	Rating	Share px Jul. 16	12-month TP	% Upside	Mkt cap (US\$m)	2014E	EPS 2015E	2016E	P/E 2014E	2015E	2016E	Analyst
Auto & Auto Parts													
Brilliance China	1114 HK	BUY	HK\$14.8	HK\$12.0	-17	9,427	0.71	0.80	0.89	16.4	14.6	13.1	Colleen LI
BYD Company	1211 HK	NEUTRA	HK\$48.85	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\$4.2	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\$3.11	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\$6.63	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\$30.4	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\$26.7	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\$15.22	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\$14.6	HK\$14.17	2	5,113	1.13	1.26	1.29	9.9	8.9	8.6	Colleen LI
Zhongsheng Group	881 HK	NEUTRA	HK\$10.06	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\$4.07	HK\$6.2	52	807	0.20	0.23	0.32	16.4	14.2	10.2	Michael YUK
Hilong Holding	1623 HK	BUY	HK\$4.16	HK\$5.2	32	842	0.21	0.28	0.37	15.5	11.7	8.7	Michael YUK
Chu Kong Petroleum	1938 HK	BUY	HK\$2.67	HK\$3.8	42	350	0.04	0.28	0.40	53.8	7.7	5.4	Michael YUK
China Oilfield Services	2883 HK	NEUTRA	HK\$20.4	HK\$21.0	13	4,355	1.49	1.52	1.61	10.1	9.9	9.3	Michael YUK
Jutal Offshore Oil Services	3303 HK	NEUTRA	HK\$2.59	HK\$1.8	4	173	0.08	0.09	0.10	20.5	18.1	16.1	Michael YUK
Anton Oilfield Services	3337 HK	BUY	HK\$5.15	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\$5.82	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\$7.29	HK\$7.52	2	24,322	0.57	0.66	0.68	10.4	9.0	8.7	Michael YUK
CIMC Enric	3899 HK	NEUTRA	HK\$10.36	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	NEUTRA	HK\$1.37	HK\$1.45	1	922	0.08	0.10	0.13	17.9	14.3	11.0	Michael YUK
Petrochina	857 HK	BUY	HK\$10.18	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\$13.48	HK\$17.0	22	80,173	1.26	1.40	1.50	8.9	8.0	7.5	Michael YUK
Property													
China Resources Land	1109 HK	NEUTRA	HK\$15.44	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\$4.99	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\$3.35	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\$8.47	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\$20.35	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\$8.1	HK\$19.1	153	2,185	2.10	2.00	2.22	3.6	3.8	3.4	Feiqin DUAN

Please read the important notice on the last page.

Company	Ticker	Rating	Share px Jul. 16	12-month TP	% Upside	Mkt cap (US\$m)	2014E	EPS 2015E	2016E	2014E	P/E 2015E	2016E	Analyst
Optics Valley Union	798 HK	BUY	HK\$0.76	HK\$1.06	39	392	0.08	0.15	0.23	7.6	4.1	2.7	Feiqin DUAN
China Merchants Land	978 HK	BUY	HK\$1.03	HK\$2.3	125	645	0.11	0.17	0.19	7.5	4.8	4.3	Feiqin DUAN
Sfun	SFUN	BUY		US\$12.1	0	4,955	0.73	0.75	0.89	0.0	0.0	0.0	Feiqin DUAN
Metals and Mining													
China Hongqiao	1378 HK	BUY	HK\$5.94	HK\$6.2	11	4,229	0.95	1.08	1.32	4.7	4.1	3.4	Shawn LEE
Zhaojin Mining	1818 HK	NEUTRA	HK\$4.73	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	NEUTRA	HK\$3.03	HK\$2.8	1	1,414	0.07	-0.07	-0.06	31.9	N.A.	N.A.	Shawn LEE
Zijin Mining	2899 HK	NEUTRA	HK\$1.8	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\$13.96	HK\$10.2	-17	2,194	1.03	0.81	0.66	9.6	12.2	14.9	Shawn LEE
China Molybdenum	3993 HK	NEUTRA	HK\$4.75	HK\$3.1	-22	671	0.19	0.20	0.21	16.8	15.9	15.2	Shawn LEE
RUSAL	486 HK	NEUTRA	HK\$3.82	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	NEUTRA	HK\$4.13	HK\$3.45	-9	6,785	0.22	0.25	0.28	13.8	12.2	10.9	Alex NG
China Unicom	762 HK	NEUTRA	HK\$12.9	HK\$11.34	-5	36,759	0.44	0.65	0.76	21.9	14.8	12.7	Alex NG
China Mobile	941 HK	NEUTRA	HK\$81.65	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\$4.26	HK\$7.0	58	920	0.14	0.20	0.29	25.4	17.8	12.3	Jeff HAO
Kingdee	268 HK	NEUTRA	HK\$2.82	HK\$1.4	-45	836	0.05	0.08	0.10	40.8	25.5	20.4	Jeff HAO
Chinasoft	354 HK	NEUTRA	HK\$2.26	HK\$2.0	-10	530	0.08	0.10	0.13	22.2	17.8	13.7	Jeff HAO
Kingsoft	3888 HK	BUY	HK\$23.4	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\$6.62	HK\$8.07	35	448	0.64	0.73	0.83	7.5	6.6	5.8	Jeff HAO
Tencent	700 HK	BUY	HK\$124.3	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\$14.28	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	NEUTRA	HK\$49.35	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\$2.18	HK\$2.73	28	588	0.13	0.21	0.26	16.5	10.2	8.2	Alex NG
Sunny Optical	2382 HK	NEUTRA	HK\$10.98	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\$9.78	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\$4.71	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\$10.96	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\$5.22	HK\$5.14	4	766	0.43	0.41	0.44	9.2	9.7	9.0	Ivy ZHAO
361 Degrees	1361 HK	NEUTRA	HK\$1.84	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\$3.46	HK\$3.31	1	918	0.28	0.29	0.31	9.4	9.1	8.5	Ivy ZHAO
Belle	1880 HK	NEUTRA	HK\$8.77	HK\$7.89	-8	9,357	0.52	0.52	0.54	13.3	13.3	12.8	Ivy ZHAO

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Peak Sport	1968 HK	BUY	HK\$2.05	HK\$2.72	44	512	0.12	0.16	0.17	12.7	9.5	8.9	Ivy ZHAO
ANTA Sports Products	2020 HK	BUY	HK\$12.68	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\$5.53	HK\$6.9	-16	1,096	-0.02	0.08	0.27	0.0	64.0	18.1	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	NEUTRA	HK\$3.39	HK\$4.0	14	250	0.54	0.55	0.66	5.2	5.1	4.3	Ivy ZHAO
Trinity	891 HK	BUY	HK\$1.99	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	NEUTRA	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\$37.15	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\$21.75	HK\$24.9	15	15,134	0.07	0.10	0.11	40.0	28.0	25.5	Ling HUA
Vitasoy	345 HK	NEUTRA	HK\$10.02	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\$21.55	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\$5.99	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\$7.32	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\$1.24	HK\$1.64	29	2,765	0.05	0.06	0.07	20.4	17.0	14.6	Gloria WANG
Bonjour Holdings	653 HK	NEUTRA	HK\$1.19	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\$1.12	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\$0.63	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\$9.08	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\$2.6	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\$12.16	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\$3.01	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\$8.04	HK\$9.84	35	3,624	0.26	0.36	0.45	24.7	17.8	14.3	Lei YIN
Huaneng Renewables	958 HK	BUY	HK\$2.52	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\$11.02	HK\$12.46	16	4,035	0.25	0.12	0.13	5.5	11.6	10.7	Kate LI
China Merchants	144 HK	NEUTRA	HK\$25.8	HK\$26.43	9	7,889	1.67	1.75	2.05	14.5	13.8	11.8	Kate LI
CSCL	2866 HK	NEUTRA	HK\$2.17	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\$38.65	HK\$51.0	34	3,064	0.08	0.21	0.37	61.2	23.3	13.2	Kate LI
Sinotrans Shipping	368 HK	NEUTRA	HK\$2.12	HK\$2.4	8	1,143	0.00	0.01	0.01		28.6	28.6	Kate LI
Machinery & Equipment													
Zoomlion Heavy	1157 HK	NEUTRA	HK\$4.58	HK\$4.66	-3	885	0.51	0.49	0.52	7.6	7.9	7.4	Yiding JIAO

Company	Ticker	Rating	Share px Jul. 16	12-month TP	% Upside	Mkt cap (US\$m)	2014E	EPS 2015E	2016E	2014E	P/E 2015E	2016E	Analyst
CMEC	1829 HK	BUY	HK\$4.32	HK\$7.01	53	537	0.54	0.63	0.68	6.8	5.8	5.4	Yiding JIAO
Lonking	3339 HK	BUY	HK\$1.37	HK\$2.06	55	734	0.11	0.13	0.16	9.7	8.2	6.7	Yiding JIAO
Sany Heavy	631 HK	NEUTRA	HK\$1.7	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\$5.76	HK\$6.1	-6	866	0.56	0.61	0.65	6.7	6.2	5.8	Vera LIANG
China Power	2380 HK	BUY	HK\$3.41	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\$9.31	HK\$9.65	10	4,013	0.74	0.77	0.86	9.5	9.1	8.2	Vera LIANG
Datang Power	991 HK	BUY	HK\$4.02	HK\$4.4	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\$2.54	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\$6.37	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\$23.2	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\$6.84	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\$11.96	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\$5.85	HK\$8.2	45	586	0.19	0.25	0.32	23.9	18.2	14.2	Jonathan HSU
Shineway Pharma	2877 HK	NEUTRA	HK\$14.04	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\$5.2	HK\$5.5	16	6,329	0.13	0.15	0.18	29.3	25.4	21.2	Jonathan HSU
iKang Healthcare Group	KANG 10	BUY	US\$18.7	US\$21.3	14	1,219	0.33	0.50	0.71	56.4	37.2	26.2	Jonathan HSU
Bank													
ABC	1288 HK	BUY	HK\$3.53	HK\$4.19	18	143,803	0.51	0.55	0.60	5.6	5.2	4.7	Donger WANG
ICBC	1398 HK	BUY	HK\$4.98	HK\$5.95	19	226,646	0.75	0.79	0.84	5.4	5.1	4.8	Donger WANG
Minsheng	1988 HK	BUY	HK\$7.08	HK\$8.35	18	25,944	1.49	1.60	1.78	3.8	3.6	3.2	Donger WANG
BOCOM	3328 HK	NEUTRA	HK\$5.21	HK\$4.81	-8	45,689	0.84	0.87	0.92	5.0	4.8	4.6	Donger WANG
CQRCB	3618 HK	BUY	HK\$3.53	HK\$4.15	17	4,271	0.64	0.71	0.78	4.5	4.0	3.7	Donger WANG
BOC	3988 HK	BUY	HK\$3.53	HK\$4.05	16	126,133	0.56	0.59	0.63	5.0	4.8	4.5	Donger WANG
China Construction Bank	939 HK	BUY	HK\$5.58	HK\$6.98	25	179,963	0.86	0.92	0.99	5.2	4.9	4.5	Donger WANG
Citic	998 HK	SELL	HK\$4.79	HK\$4.1	-14	28,850	0.84	0.85	0.96	4.6	4.5	4.0	Donger WANG
Gaming													
Wynn Macau	1128 HK	SELL	HK\$29.8	HK\$31.7	4	20,344	1.48	1.65	1.76	20.5	18.4	17.3	Angela HAN
Sands China	1928 HK	BUY	HK\$56.45	HK\$81.2	39	60,865	2.13	3.09	3.63	27.5	19.0	16.1	Angela HAN
MGM China	2282 HK	BUY	HK\$27.05	HK\$42.9	59	13,187	1.40	1.70	1.88	19.2	15.8	14.3	Angela HAN
Galaxy Entertainment	27 HK	BUY	HK\$62.75	HK\$79.9	29	33,685	2.39	2.96	3.91	25.9	21.0	15.9	Angela HAN
Melco Crown	6883 HK	BUY	HK\$85.0	HK\$120.6	28	20,004	3.00	4.16	4.79	31.3	22.6	19.6	Angela HAN
SJM	880 HK	SELL	HK\$19.72	HK\$16.3	-16	13,905	1.39	1.51	1.71	14.0	12.9	11.4	Angela HAN

Company	Ticker	Rating	Share px Jul. 16	12-month TP	% Upside	Mkt cap (US\$mn)	2014E	EPS 2015E	2016E	2014E	P/E 2015E	2016E	Analyst
Environmental Protection													
Everbright International	257 HK	BUY	HK\$11.28	HK\$12.2	10	6,409	0.30	0.38	0.48	36.9	29.2	23.1	Shawn LEE
Dongjiang Environmental	895 HK	BUY	HK\$24.6	HK\$34.1	36	1,125	0.60	0.84	1.28	33.6	24.0	15.8	Shawn LEE
Industrial Goods													
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	139.5	0.3	168	TSINGTAO BREW-H	61.45	0.2
2	CLP HLDGS LTD	63.80	0.1	177	JIANGSU EXPRES-H	9.70	-0.4
3	HONG KG CHINA GS	16.92	0.1	323	MAANSHAN IRON-H	1.71	1.8
4	WHARF HLDG	57.25	1.6	338	SINOPEC SHANG-H	2.34	1.3
5	HSBC HLDGS PLC	79.60	0.4	347	ANGANG STEEL-H	5.52	1.5
6	POWER ASSETS HOL	68.80	0.8	358	JIANGXI COPPER-H	13.96	0.6
11	HANG SENG BK	128.6	-0.2	386	SINOPEC CORP-H	7.29	-0.1
12	HENDERSON LAND D	46.30	1.3	390	CHINA RAIL GR-H	4.09	0.3
13	HUTCHISON WHAMPO	104.7	0.9	489	DONGFENG MOTOR-H	14.60	0.7
16	SHK PPT	106.2	0.4	552	CHINA COMM SER-H	3.88	0.0
17	NEW WORLD DEV	9.13	0.4	576	ZHEJIANG EXPRESS	8.42	2.1
19	SWIRE PACIFIC-A	97.45	0.6	694	BEIJING CAP AI-H	5.53	-0.2
23	BANK EAST ASIA	32.35	0.6	728	CHINA TELECOM-H	4.13	0.2
66	MTR CORP	29.65	-0.5	753	AIR CHINA LTD-H	4.69	0.6
83	SINO LAND CO	12.66	0.0	857	PETROCHINA CO-H	10.18	1.0
101	HANG LUNG PROPER	23.45	0.0	902	HUANENG POWER-H	9.31	2.9
144	CHINA MERCHANT	25.80	0.0	914	ANHUI CONCH-H	28.40	-1.7
267	CITIC PACIFIC	14.72	3.4	939	CHINA CONST BA-H	5.58	0.0
291	CHINA RES ENTERP	21.75	0.7	991	DATANG INTL PO-H	4.02	2.8
293	CATHAY PAC AIR	14.42	0.3	998	CHINA CITIC BK-H	4.79	0.0
330	ESPRIT HLDGS	11.60	2.7	1088	CHINA SHENHUA-H	21.15	-1.9
386	SINOPEC CORP-H	7.29	-0.1	1133	HARBIN ELECTRIC	5.19	2.4
388	HKEX	154.2	0.2	1138	CHINA SHIPPING-H	4.81	1.1
494	LI & FUNG LTD	10.28	1.0	1171	YANZHOU COAL-H	5.82	-1.0
551	YUE YUEN INDUS	25.30	-1.2	1186	CHINA RAIL CN-H	7.44	0.1
688	CHINA OVERSEAS	20.35	0.0	1398	ICBC-H	4.98	-0.4
700	TENCENT	124.3	0.4	1800	CHINA COM CONS-H	5.68	1.8
762	CHINA UNICOM HON	12.90	-0.8	1898	CHINA COAL ENE-H	4.14	-1.0
857	PETROCHINA CO-H	10.18	1.0	1919	CHINA COSCO HO-H	3.12	1.0
883	CNOOC LTD	13.48	0.2	2318	PING AN INSURA-H	59.00	-0.8
939	CHINA CONST BA-H	5.58	0.0	2328	PICC PROPERTY &	11.72	-0.3
941	CHINA MOBILE	81.65	0.6	2600	ALUMINUM CORP-H	3.03	-0.3
1088	CHINA SHENHUA-H	21.15	-1.9	2628	CHINA LIFE INS-H	20.70	-1.2
1199	COSCO PAC LTD	11.02	-0.4	2727	SHANGHAI ELECT-H	3.31	2.2
1398	ICBC-H	4.98	-0.4	2777	GUANGZHOU R&F -H	10.56	0.0
2038	FIH MOBILE LTD	4.80	0.8	2866	CHINA SHIPPING-H	2.17	3.3
2318	PING AN INSURA-H	59.00	-0.8	2883	CHINA OILFIELD-H	20.40	2.2
2388	BOC HONG KONG HO	23.65	0.4	2899	ZIJIN MINING-H	1.80	-0.6
2600	ALUMINUM CORP-H	3.03	-0.3	3323	CHINA NATL BDG-H	7.80	3.2
2628	CHINA LIFE INS-H	20.70	-1.2	3328	BANK OF COMMUN-H	5.21	-0.4
3328	BANK OF COMMUN-H	5.21	-0.4	3968	CHINA MERCH BK-H	14.76	-0.1
3988	BANK OF CHINA-H	3.53	0.3	3988	BANK OF CHINA-H	3.53	0.3
				3993	CMOC-H	4.75	-2.7

A+H Company Performance

Last price

Name(H)	Code (H)	Price (H)	Code (A)	Price (A)	Spread (%)
NANJING PANDA-H	553	5.16	600775	8.38	102.9
JINGCHENG MAC	187	4.16	600860	6.24	87.4
JINGWEI TEXTIL-H	350	7.37	000666	10.87	84.3
NORTHEAST ELEC-H	42	1.70	000585	2.44	79.3
CHONGQING IRON-H	1053	1.65	601005	2.36	78.7
SHENJI GROUP-H	300	3.20	600806	4.46	74.1
TIANJIN CAP-H	1065	5.63	600874	7.84	74.0
SINOPEC SHANG-H	338	2.34	600688	3.23	72.4
SHANDONG XINHU-H	719	4.64	000756	6.23	67.7
BEIJING NORTH-H	588	2.04	601588	2.54	55.5
YANZHOU COAL-H	1171	5.82	600188	6.79	45.7
ALUMINUM CORP-H	2600	3.03	601600	3.23	33.2
BAIYUNSHAN PH-H	874	24.05	600332	23.53	22.2
CHINA SOUTHERN-H	1055	2.45	600029	2.39	21.9
DATANG INTL PO-H	991	4.02	601991	3.81	18.4
CHINA SHIPPING-H	1138	4.81	600026	4.54	17.9
MAANSHAN IRON-H	323	1.71	600808	1.60	16.9
DONGFANG ELECT-H	1072	13.08	600875	12.06	15.2
JIANGXI COPPER-H	358	13.96	600362	12.73	13.9
CHINA CITIC BK-H	998	4.79	601998	4.31	12.4
ANHUI EXPRESS-H	995	4.78	600012	4.26	11.3
GUANGSHEN RAIL-H	525	2.95	601333	2.61	10.5
SHENZHEN EXPRE-H	548	4.58	600548	3.82	4.2
HISENSE KELON -H	921	10.48	000921	8.68	3.5
ZTE CORP-H	763	16.26	000063	13.42	3.1
LUOYANG GLASS-H	1108	3.80	600876	7.24	0.0
SINOPEC YIZHEN-H	1033	1.77	600871	0.00	0.0
GUANGZHOU SHIP-H	317	13.73	600685	0.00	0.0
BANK OF CHINA-H	3988	3.53	601988	2.57	-9.1
AIR CHINA LTD-H	753	4.69	601111	3.36	-10.5
BANK OF COMMUN-H	3328	5.21	601328	3.73	-10.6
ICBC-H	1398	4.98	601398	3.46	-13.2
SINOPEC CORP-H	386	7.29	600028	5.00	-14.3
PING AN INSURA-H	2318	59.00	601318	39.72	-15.9
CHINA LIFE INS-H	2628	20.70	601628	13.78	-16.8
CHINA MERCH BK-H	3968	14.76	600036	9.79	-17.1
HUADIAN POWER-H	1071	5.76	600027	3.81	-17.4
HUANENG POWER-H	902	9.31	600011	6.15	-17.5
TSINGTAO BREW-H	168	61.45	600600	39.75	-19.2
JIANGSU EXPRES-H	177	9.70	600377	6.04	-22.2
WEICHAJ POWER-H	2338	30.65	000338	18.36	-25.2
ANHUI CONCH-H	914	28.40	600585	16.96	-25.4
ANGANG STEEL-H	347	5.52	000898	3.25	-26.5

Recently Published Research

Date published	Name of report	Analyst
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30-May-14	Kingsoft (3888.HK)	Jeff Hao

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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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