

CMS (HK) Research Highlights

Springland (1700 HK, Neutral, TP HK\$3.30) Maintain NEUTRAL on its conservative business strategy

1H14 Group GSP increased 0.2% with department stores down by 1.7% and supermarkets up by 6.6%. Department stores SSSG reported -1.1% while supermarkets SSSG reached 1%. Gift cards sales dropped by 15% YoY in 1H14 vs. 10% YoY growth in 1H13.

Weak growth indicating a deteriorating industry outlook but should be expected by the market. The company is very conservative in its O2O strategy with only WeChat launched for products promotion. Considering a slight erosion of concessionaire rate and 10% labour costs hike, we estimate that 1H14 earnings would drop around 10%, in line with its China peers (10%-15% drop in 1H14).

We are cautious to 2H 2014 outlook as no specific O2O strategy rolling out and limited stores are opening. 3 shopping malls will be completed by 2017, which would support the company's GSP growth from 2016.

The company is trading at 7.6x2015E P/E, with 5.3% dividend yield and 9% net gearing. We revised down our earnings forecast for the company by 9%/7% for 2014/2015, our new TP HK\$3.3 is based on 8x2015E P/E, 10% discount to its historical average due to its more conservative business model. We maintain our NEUTRAL rating for the company. (Gloria Wang)

Vitasoy (345 HK, Neutral, TP HK\$10.80) Income growth stable: Maintain NEUTRAL

- Income growth supported by new products, accelerating sales growth in mainland China and transition in industry to development stage
- Valuation not attractive at 2014E PE 28.2x
- 2014-16E EPS adjusted by -1% to 5%, maintain Neutral

What's new

We communicated with management of Vitasoy International latterly and firmly believe that the company's revenue growth is stable, being backed by new products launch in the short term, growth in China in the medium term, and also benefiting from transition in industry cycle in the long term. However, valuation is not attractive at 2014E PE of 28.2x, higher than sector average by 6%. Therefore, we maintain a NEUTRAL rating. Based on P/E valuation methodologies, we set 1-yr target price at HK\$10.8.

Our views

Short-term driver: new categories launched in Hong Kong. We are bullish to Hong Kong-style milk tea, for: 1) a good customer base; 2) less direct competition with previous products as that is a new category.

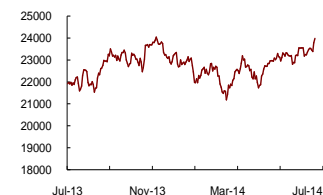
Medium-term driver: China sales growth accelerates. Mainland revenue grew 28% YoY in FY 2013/2014, higher than the 5-year average of 18%. We expect the mainland will become a main source of income in 2016.

HK Indices	Last price	chg	% chg
HSI	23,971.87	189.7	0.80
Finance	31,768.86	283.9	0.90
Properties	30,511.94	539.7	1.80
Utilities	52,660.37	213.7	0.41
Commerce&Industrv	14,907.90	73.96	0.50
HSCEI	10,820.71	215.4	2.03
HSCCI	4,628.41	43.09	0.94
HKSPGEM	521.52	3.35	0.65

World Indices	Last price	chg	% chg
FTSE 100	6,798.67	3.33	0.05
DAX 30	9,781.68	47.35	0.49
CAC 40	4,382.88	13.36	0.31
DJIA	17,113.54	61.81	0.36
S&P500	1,983.53	9.90	0.50
Nasdaq Composite	4,456.02	31.31	0.71
Nikkei 225	15,328.56	-14.72	-0.10

Asia-Pacific Indices	Last price	chg	% chg
KOSPI	2,028.32	-0.61	-0.03
TWSE	9,499.36	58.39	0.62
STI	3,338.13	21.22	0.64
India BSE 30	26,104.31	78.51	0.30
S&P/ASX 200	5,576.75	33.45	0.60

HSI One Year



HSCEI One Year



Source: Bloomberg

China Merchants Securities (HK)

Research

+852-3189-6888

Long-term driver: Industry transition to development stage. We estimate sector CAGR at 11% for the coming 5 years, which is about 1.5x of that of the GDP. The main drivers of the current industry cycle transitions are: 1) alternative products to dairy; 2) vegetable protein beverage soars; 3) urbanization and consumption upgrade facilitates the transfer of animal to vegetable protein; and 4) expansion of modern chain channels in favor of operators like Vitasoy International.

Valuation: We cut EPS in 2014 by 1% to factor in the increasing SG&A cost but left 2015-2016 EPS by 1% to 5% given economic scale reached. We estimate 2014-2016E EPS to be HK\$0.36, HK\$0.39 and HK\$0.42, respectively. Based on P/E valuation methodologies, we set 1-yr target price at HK\$10.8. We maintain NEUTRAL rating. (Ling Hua)

A-share Research Highlights (CMS Research Center)
Comments on Guiding Opinions of State Council on New Energy Vehicles – New Energy Vehicle Industry Continues to Benefit

[Wang Liusheng, Tang Nan, Fang Xiaojian and Peng Qi, July 22, 2014]

Policy actions to tackle on current constraints.

On the basis of two major favorable factors earlier, namely the waiver of vehicle purchase tax and the promotion of purchasing new energy vehicles for government official vehicles, this round of “guiding opinions” continued to provide detailed arrangement for the comprehensive policies regarding local protection (which mainly includes the performance evaluation criteria for the promotion progress of new energy vehicles by local governments, the specific goals and ways of such promotion, the abolition of local electricity charging and other local standards, the sources of local subsidies funding, as well as a detailed definition and specification for charging infrastructure subsidies and local funding sources, thus dispelling the widespread attitude of luck among the local governments earlier), charging pile promotion sites, electricity price standards, and related technology research and development, fiscal policy concessions, promotion details of public service vehicles, as well as model cities for the appraisal system and the launching mechanism etc.; on resolving the tough basis of market concerns earlier regarding the “chicken and egg” problem between the matching of new energy vehicles ownership and charging facilities, this round of policy actions would continue to pave the way for the follow-up norms and access of industry standards. We reckon the 30-point guiding opinions by the State Council focus on tackling the current constraints to the development of new energy vehicles, which will be beneficial to the entire industry chain of new energy vehicles.

Management on differentiated recharge tariffs as well as waiver on vehicle, vessel and consumption tax to be implemented.

On the basis of the earlier waiver on purchase tax, the “Opinions” have placed the wavier on vehicle and vessel tax and consumption tax on the agenda. We estimate that new energy vehicles will grow significantly from September given the waiver of the three taxes and the purchase of buses. The number of new energy vehicles sold for the year is likely to reach 70,000 or above, with the purchase of buses expected to pick up from 4Q14.

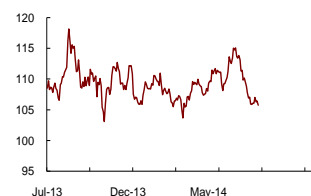
Key recommendations:

Manufacturers of complete vehicles: BYD (002594 CH), Yutong Bus (600066 CH), Zhongtong Bus (000957 CH) and Ankai Automobile (000868 CH); parts and components manufacturers: Joyson Electronic (600699 CH); importers and exporters: Sinomach Automobile (600335 CH), the import agency of Tesla; and upstream companies: Cangzhou Mingzhu (002108 CH), a supplier of membranes for BYD, Xinzhi Motor (002664 CH), Ocean Motor (002249 CH), Faratron (600563 CH) will directly benefit. We maintain an OVERWEIGHT rating for the sector.

Global Commodity	Last price	chg	% chg
Brent Oil	105.74	0.36	0.34
Gold	1,307.9	1.48	0.11
LME Aluminum	2,043.0	23.00	1.14
LME Copper	7,040.0	15.00	0.21
BDI	723.00	-1.00	-0.14
API Coal	79.00	0.00	0.00

Exchange /Bond Market	/Currency	Last price	chg	% chg
USD/RMB		6.16	0.00	0.00
USD/HKD		7.75	0.00	0.00
1-YR RMB NDF		6.25	-0.01	-0.16
EUR/USD		1.35	0.03	0.02
3-M Libor		0.56	0.00	0.00
3-M Shibor		4.75	0.01	0.21
10 YR US T-Note Yield		2.47	0.01	0.41

Brent Oil One Year



Gold Commodity One Year



LME Aluminum Commodity One Year



Source: Bloomberg

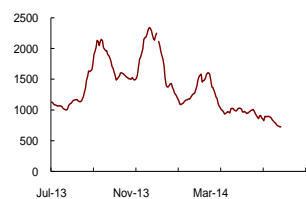
What to Watch

Economic Data	HK: Nil		
	US : Initial Claims		
Date	Ticker	Stock Name	Earnings Results
2014/07/24	00006	POWER ASSETS	
2014/07/24	01038	CKI HOLDINGS	
2014/07/24	01373	IH RETAIL	
2014/07/24	02379	ZHONGTIAN INT'L	
2014/07/24	08021	WLS HOLDINGS	
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
 2014-7-24

Company	Ticker	Rating	Share px		% Upside	Mkt cap (US\$m)	EPS			P/E			Analyst
			Jul. 23	12-month TP			2014E	2015E	2016E	2014E	2015E	2016E	
Auto & Auto Parts													
Brilliance China	1114 HK	BUY	HK\$14.24	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\$49.75	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\$4.15	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\$3.02	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\$6.87	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\$30.25	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\$27.35	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\$15.4	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\$13.92	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\$10.14	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\$3.97	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\$4.14	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\$2.64	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\$20.35	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	NEUTRAL	HK\$2.98	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\$4.69	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\$5.42	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\$7.63	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\$9.65	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\$1.16	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\$1.39	HK\$1.45	1	922	0.08	0.10	0.13	17.9	14.3	11.0	Michael YUK
Petrochina	857 HK	BUY	HK\$10.8	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\$13.88	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	NEUTRAL	HK\$16.86	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\$5.46	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\$3.39	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\$8.87	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\$22.4	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\$8.4	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. 23	12-month TP	% Upside		2014E	2015E	2016E	2014E	2015E	2016E	
Optics Valley Union	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
China Merchants Land	978 HK	BUY	HK\$1.14	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\$6.32	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\$4.84	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\$3.45	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\$1.91	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\$14.74	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\$4.84	HK\$3.1	-22	671	0.19	0.20	0.21	16.8	15.9	15.2	Shawn LEE
RUSAL	486 HK	NEUTRAL	HK\$3.85	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\$4.14	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\$12.72	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\$84.1	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\$4.16	HK\$7.0	58	920	0.14	0.20	0.29	25.4	17.8	12.3	Jeff HAO
Kingdee	268 HK	NEUTRAL	HK\$2.78	HK\$1.4	-45	836	0.05	0.08	0.10	40.8	25.5	20.4	Jeff HAO
Chinasoft	354 HK	NEUTRAL	HK\$2.23	HK\$2.0	-10	530	0.08	0.10	0.13	22.2	17.8	13.7	Jeff HAO
Kingsoft	3888 HK	BUY	HK\$23.55	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\$6.04	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	NEUTRAL	HK\$48.6	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\$2.04	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\$11.0	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\$10.22	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\$4.71	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\$10.52	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\$5.05	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\$1.79	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\$3.24	HK\$3.31	1	918	0.28	0.29	0.31	9.4	9.1	8.5	Ivy ZHAO
Belle	1880 HK	NEUTRAL	HK\$8.91	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\$2.01	HK\$2.72	44	512	0.12	0.16	0.17	12.7	9.5	8.9	Ivy ZHAO

Company	Ticker	Rating	Share px			Mkt cap (US\$m)	EPS			P/E			Analyst
			Jul. 23	12-month TP	% Upside		2014E	2015E	2016E	2014E	2015E	2016E	
ANTA Sports Products	2020 HK	BUY	HK\$12.18	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\$4.52	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\$1.55	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\$3.34	HK\$4.0	14	250	0.54	0.55	0.66	5.2	5.1	4.3	Ivy ZHAO
Trinity	891 HK	BUY	HK\$1.98	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\$10.62	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\$37.9	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\$21.85	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\$10.0	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\$22.35	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\$5.97	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\$7.04	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\$1.39	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\$1.2	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\$1.08	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\$0.66	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\$9.35	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\$2.59	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\$11.64	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\$2.96	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\$8.1	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\$2.41	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\$11.26	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\$25.9	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\$2.22	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\$39.15	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\$2.14	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\$4.89	HK\$4.2	-3	885	0.51	0.26	0.29	7.2	14.0	12.6	Yiding JIAO
CMEC	1829 HK	BUY	HK\$4.59	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. 23	12-month TP			2014E	2015E	2016E	2014E	2015E	2016E	
Lonking	3339 HK	BUY	HK\$1.39	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\$1.7	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\$0.0	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\$3.26	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\$9.52	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\$4.05	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\$2.67	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\$6.36	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\$23.8	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\$6.9	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\$11.74	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\$6.55	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\$13.2	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\$5.01	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\$19.0	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\$3.63	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\$5.13	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\$7.32	HK\$8.35	18	25,944	1.49	1.60	1.78	3.8	3.6	3.2	Donger WANG
BOCOM	3328 HK	NEUTRAL	HK\$5.33	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\$3.67	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\$3.59	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\$5.74	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\$4.96	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\$30.85	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\$56.75	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\$27.6	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\$63.75	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\$84.6	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\$20.35	HK\$16.3	-16	13,905	1.39	1.51	1.71	14.0	12.9	11.4	Angela HAN LEE
Environmental Protection													

Company	Ticker	Rating	Share px		% Upside	Mkt cap (US\$m)	EPS			P/E			Analyst
			Jul. 23	12-month TP			2014E	2015E	2016E	2014E	2015E	2016E	
Everbright International	257 HK	BUY	HK\$11.0	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\$25.55	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\$1.11	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	140.3	0.5	168	TSINGTAO BREW-H	61.90	1.0
2	CLP HLDGS LTD	63.90	0.1	177	JIANGSU EXPRES-H	9.81	2.0
3	HONG KG CHINA GS	17.00	0.4	323	MAANSHAN IRON-H	1.77	2.9
4	WHARF HLDG	59.75	3.0	338	SINOPEC SHANG-H	2.35	-0.4
5	HSBC HLDGS PLC	80.10	0.0	347	ANGANG STEEL-H	5.32	0.6
6	POWER ASSETS HOL	70.10	0.9	358	JIANGXI COPPER-H	14.74	5.3
11	HANG SENG BK	129.8	0.2	386	SINOPEC CORP-H	7.63	2.0
12	HENDERSON LAND D	47.30	2.1	390	CHINA RAIL GR-H	4.25	2.9
13	HUTCHISON WHAMPO	102.4	-1.4	489	DONGFENG MOTOR-H	13.92	-2.1
16	SHK PPT	107.4	0.6	552	CHINA COMM SER-H	3.76	1.4
17	NEW WORLD DEV	9.24	0.8	576	ZHEJIANG EXPRESS	8.14	-1.7
19	SWIRE PACIFIC-A	97.40	0.1	694	BEIJING CAP AI-H	5.46	2.3
23	BANK EAST ASIA	32.50	0.9	728	CHINA TELECOM-H	4.14	1.0
66	MTR CORP	30.15	0.8	753	AIR CHINA LTD-H	4.76	1.9
83	SINO LAND CO	12.80	1.8	857	PETROCHINA CO-H	10.80	3.1
101	HANG LUNG PROPER	23.80	0.9	902	HUANENG POWER-H	9.52	2.8
144	CHINA MERCHANT	25.90	1.6	914	ANHUI CONCH-H	30.10	3.1
267	CITIC PACIFIC	14.72	-0.4	939	CHINA CONST BA-H	5.74	1.1
291	CHINA RES ENTERP	22.35	1.6	991	DATANG INTL PO-H	4.05	0.3
293	CATHAY PAC AIR	14.60	1.5	998	CHINA CITIC BK-H	4.96	1.4
330	ESPRIT HLDGS	11.68	1.0	1088	CHINA SHENHUA-H	21.60	1.9
386	SINOPEC CORP-H	7.63	2.0	1133	HARBIN ELECTRIC	5.22	2.0
388	HKEX	159.1	1.3	1138	CHINA SHIPPING-H	4.98	3.3
494	LI & FUNG LTD	10.32	0.4	1171	YANZHOU COAL-H	6.09	2.9
551	YUE YUEN INDUS	25.70	0.2	1186	CHINA RAIL CN-H	7.46	1.8
688	CHINA OVERSEAS	22.40	4.4	1398	ICBC-H	5.13	1.6
700	TENCENT	124.3	0.2	1800	CHINA COM CONS-H	5.84	3.0
762	CHINA UNICOM HON	12.72	-0.5	1898	CHINA COAL ENE-H	4.27	2.6
857	PETROCHINA CO-H	10.80	3.1	1919	CHINA COSCO HO-H	3.26	4.5
883	CNOOC LTD	13.88	1.2	2318	PING AN INSURA-H	61.90	3.7
939	CHINA CONST BA-H	5.74	1.1	2328	PICC PROPERTY &	12.38	3.5
941	CHINA MOBILE	84.10	0.9	2600	ALUMINUM CORP-H	3.45	3.9
1088	CHINA SHENHUA-H	21.60	1.9	2628	CHINA LIFE INS-H	21.45	2.9
1199	COSCO PAC LTD	11.26	0.9	2727	SHANGHAI ELECT-H	3.34	1.8
1398	ICBC-H	5.13	1.6	2777	GUANGZHOU R&F -H	11.08	2.6
2038	FIH MOBILE LTD	4.52	0.4	2866	CHINA SHIPPING-H	2.22	1.8
2318	PING AN INSURA-H	61.90	3.7	2883	CHINA OILFIELD-H	20.35	3.3
2388	BOC HONG KONG HO	23.60	-0.4	2899	ZIJIN MINING-H	1.91	5.0
2600	ALUMINUM CORP-H	3.45	3.9	3323	CHINA NATL BDG-H	7.75	1.6
2628	CHINA LIFE INS-H	21.45	2.9	3328	BANK OF COMMUN-H	5.33	1.0
3328	BANK OF COMMUN-H	5.33	1.0	3968	CHINA MERCH BK-H	15.14	0.9
3988	BANK OF CHINA-H	3.59	1.7	3988	BANK OF CHINA-H	3.59	1.7
				3993	CMOC-H	4.84	0.2

A+H Company Performance
 Last price

Name(H)	Code (H)	Price (H)	Code (A)	Price (A)	Spread (%)
NANJING PANDA-H	553	4.86	600775	7.35	89.1
JINGWEI TEXTIL-H	350	7.39	000666	10.94	85.1
NORTHEAST ELEC-H	42	1.69	000585	2.44	80.5
JINGCHENG MAC	187	4.28	600860	6.00	75.3
SHENJI GROUP-H	300	3.23	600806	4.50	74.2
TIANJIN CAP-H	1065	5.69	600874	7.82	71.8
CHONGQING IRON-H	1053	1.71	601005	2.35	71.8
SINOPEC SHANG-H	338	2.35	600688	3.18	69.2
SHANDONG XINHU-H	719	4.52	000756	5.91	63.5
BEIJING NORTH-H	588	2.10	601588	2.58	53.6
YANZHOU COAL-H	1171	6.09	600188	7.02	44.1
ALUMINUM CORP-H	2600	3.45	601600	3.50	26.8
BAIYUNSHAN PH-H	874	24.00	600332	23.15	20.6
CHINA SOUTHERN-H	1055	2.51	600029	2.36	17.5
DATANG INTL PO-H	991	4.05	601991	3.74	15.4
MAANSHAN IRON-H	323	1.77	600808	1.61	13.7
JIANGXI COPPER-H	358	14.74	600362	13.35	13.2
HISENSE KELON -H	921	9.50	000921	8.53	12.3
DONGFANG ELECT-H	1072	13.60	600875	12.21	12.2
ANHUI EXPRESS-H	995	4.74	600012	4.24	11.8
CHINA SHIPPING-H	1138	4.98	600026	4.43	11.2
GUANGSHEN RAIL-H	525	2.96	601333	2.63	11.1
SHENZHEN EXPRE-H	548	4.43	600548	3.91	10.3
CHINA CITIC BK-H	998	4.96	601998	4.11	3.6
ZTE CORP-H	763	16.26	000063	13.18	1.3
GUANGZHOU SHIP-H	317	13.73	600685	0.00	0.0
LUOYANG GLASS-H	1108	3.80	600876	7.24	0.0
SINOPEC YIZHEN-H	1033	1.77	600871	0.00	0.0
BANK OF CHINA-H	3988	3.59	601988	2.56	-10.9
AIR CHINA LTD-H	753	4.76	601111	3.38	-11.2
HUADIAN POWER-H	1071	5.46	600027	3.85	-11.9
BANK OF COMMUN-H	3328	5.33	601328	3.72	-12.8
ICBC-H	1398	5.13	601398	3.44	-16.2
CHINA MERCH BK-H	3968	15.14	600036	10.07	-16.9
PING AN INSURA-H	2318	61.90	601318	41.08	-17.0
SINOPEC CORP-H	386	7.63	600028	5.02	-17.8
CHINA LIFE INS-H	2628	21.45	601628	14.10	-17.8
TSINGTAO BREW-H	168	61.90	600600	40.19	-18.8
HUANENG POWER-H	902	9.52	600011	6.18	-18.9
JIANGSU EXPRES-H	177	9.81	600377	6.12	-22.0
ANGANG STEEL-H	347	5.32	000898	3.24	-23.9
WEICHAI POWER-H	2338	33.05	000338	19.49	-26.3
ANHUI CONCH-H	914	30.10	600585	17.60	-26.9

Recently Published Research

Date published	Name of report	Analyst
23-Jul-14	VITASOYINT'L (00345.HK)	Hua Ling
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22-Jul-14	TCL Comm (2618 HK)	Alex Ng
21-Jul-14	Sunac China Holdings Limited (1918 HK)	Kate Li
21-Jul-14	Li Ning (2331 HK)	Ivy Zhao
21-Jul-14	Zoomlion (1157 HK)	Yiding JIAO
17-Jul-14	Sands China (1928 HK)	Angela Han Lee
17-Jul-14	Bonjour Holdings (653 HK)	Wang Xiaodi
16-Jul-14	Huadian Power (1071 HK)	Vera Liang
16-Jul-14	Sa Sa International (178 HK)	Wang Xiaodi
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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

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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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