

Morning Express

China Merchants Securities (HK)
Hong Kong Equity Research

CMS(HK) Research Highlights

OOIL (316 HK, BUY, HK\$39.5, TP HK\$51.0,) announced its operational updates for 2Q14

OOIL announced its operational updates for 2H14

Volume increased by 11.2% YoY to 1453mn TEUs in 2Q14, while ASP saw a decline of 4.0% YoY.

Revenue continued to improve in 2Q14, up 6.8% YoY (vs. 1.7% YoY in 1Q14).

Loadable capacity increased by 2.1%, while load factor notably improved by 6.5%.

For 1H14, revenue was up by 4.3% YoY, on the back of a 10.1% increase in volume and 5.3% decline in ASP.

Comments:

1. The Asia-Europe route experienced the best improvements in 2Q14, thanks to better external demand and last year's low base. Revenue was up by 24.4% YoY, on the back of a 22.1% increase in volume and 1.9% increase in ASP.
2. However, the improvement in Asia-Europe route was much less than the spot market (SCFI Asia-Europe route up 53% YoY in 2Q) due to its larger exposure to long-term contracts.
3. We forecast OOIL's shipping revenue, volume and ASP will increase 5.9%/4.7%/1.2% YoY respectively in 2014.
4. We maintain our 12-month TP of HK\$51.0, based on industry average of 0.9x 2014E P/B. (Kate Li)

ICBC (1398 HK, HK\$5.28, BUY, HK\$5.95)

RMB80bn A+H preference shares to further strengthen its capital base-positive for long-term business growth

- ICBC announced to issue no more than RMB80bn A+H preference shares on 25 July 2014, well in line with our expectation.
- Non-core T1/total CAR should be lifted by around 63bps while ROE, EPS, BVPS and DPS shall be slightly diluted.
- Reiterate BUY rating with TP of HKD5.95.

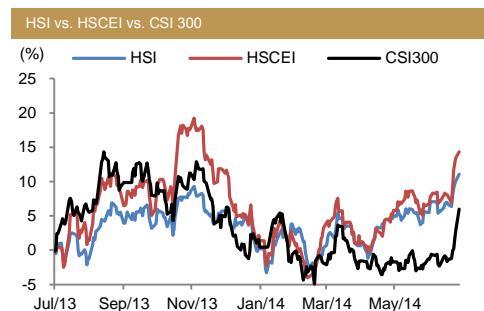
1. No more than RMB80bn preference share issuance plan

ICBC announced to issue no more than RMB45bn preference shares in domestic market and no more than RMB35bn in offshore market on 25 July 2014, subject to the approval from shareholders' general meeting, CBRC and CSRC. The shares will be issued via non-public placement to qualified

Stock Market Indices	Close	1-day chg	% chg
Hang Seng Index	24428.63	+212.62	+0.88
Hang Seng Finance Index	32646.46	+348.09	+1.08
Hang Seng Utilities Index	7463.26	-39.85	-0.53
Hang Seng Property Index	30796.93	+79.1	+0.26
Hang Seng Composite Index	15131.16	+139.62	+0.93
HSCEI	11072.62	+79.38	+0.72
CSI 300	2323.9	+63.44	+2.81
Shanghai Composite Index	2177.95	+51.33	+2.41
TWSE	9420.18	-19.11	-0.2

Global	Last price	chg	%chg
Brent Oil	108.16	+0.94	+0.88
COMEX Gold	1308.5	+14.4	+1.11
COMEX Copper	324.8	-1.4	-0.43
LME Copper	2008.0	-5.0	-0.25
LME Aluminum	7180.0	+29.0	+0.41
BDI	989.0	+12.0	+1.23

Exchange/interest rates	Last price	chg	%chg
USD/RMB	6.09	-0.0	-0.0
USD/HKD	7.75	-0.0	-0.02
EUR/USD	1.35	+0.0	+0.05
1Y RMB NDF	6.24	-0.0	-0.06
3M Libor	0.23	0.0	0.0
3M Shibor	4.75	0.0	0.0
10Y US T-Note Yield	2.48	-0.04	-1.59



domestic and overseas investors with no voting rights; no maturity and no lock-up period. The dividend of preference shares will be paid annually in cash although non-compulsorily and non-cumulatively. The dividend rate is yet to be determined but we believe it is most likely at 6-7% p.a. given the current stock dividend yield of 6.64%.

2. T1/total CAR should be boosted by around 63bps

Non-core T1/total CAR should be lifted by 63bps assuming a dividend yield of 6% and based on data as of 2013, further strengthening its already strong capital base – core T1/T1 CAR at 10.88% and total CAR at 13.22% in 1Q14. With initial conversion price of RMB3.44/HKD5.0 per share, respectively, the converted A+H shares accounted for 6.22% of total existing outstanding shares as of end 2013 provided a full conversion. Despite a slight dilution on ROE, EPS, BVPS and DPS, we view this as positive for the bank's long-term business growth.

3. Catalysts and valuation

A sustainably stronger recovery in economic growth, a broad-based RRR cut, and an earlier-than-expected reverse in asset quality trend could be positive catalysts. Our TP of HKD5.95 is based on a 1.16x target P/B multiple applied to the FY14E BVPS of RMB4.15. Trading at 1.0x FY14E P/B and 5.28x FY14E P/E, we believe the valuation is still undemanding compared to the historical average P/B of 1.39x and P/E of 7.22x. (Wang Donger)

A-share Research Highlights

Industrial Profits for January to June 2014

Fluctuation Enlarged due to Huge Drop in Bases and Quarter-End Accounting Factors

Event:

On July 27, 2014, the National Bureau of Statistics released the Profits of Industrial Enterprises above Designated Size for January–June 2014: From January to June 2014, profits of industrial enterprises above designated size amounted to RMB2,864.98 bn, up 11.4% YoY, of which profits from primary business activities amounted to RMB2,672.20 bn, up 10.8% YoY. For June, profits of industrial enterprises above designated size amounted to RMB588.08 bn, up 17.9% YoY.

Comments:

1. The accumulated growth of profits of industrial enterprises for January to June amounted to 11.4%, 1.6 ppt higher than from January to May. Except the improvement in revenue from primary business activities, growth in profit for June significantly improved by 9 ppt. On the one hand, this was mainly contributed by the significant drop in the base of June. On the other hand, some of the major and listed companies recorded most of the profits of their non-primary business activities in the month of quarter end, thereby enlarged the fluctuations. The costs per hundred RMB of revenue of industrial enterprises have also increased for the fourth consecutive month.

2. The finished inventory of industrial enterprises continued to increase at a

rate which was much higher than that of the revenue of primary business activities. In the meantime, the decrease in inventory turnover suggested that the pressure of inventory consumption on businesses has increased. The risen net amount of account receivables of industrial enterprises, the increased overdue payments of businesses, plus the recovery in the Stocks of Purchases of the HSBC Flash PMI and that the Stocks of Finished Goods was below threshold for July suggested that the incentive for businesses to replenish inventory was not strong.

3. As for of up-, mid- and downstream, the accumulated growth of total profits of coal mining and washing enterprises in the upstream was still in negative territory, whilst those of non-ferrous metal enterprises recovered thanks to the rise in the prices of bulk commodities; only the mid-stream industries related to growth stabilization policies such as railway, vessel, aerospace manufacturing and black metal metallurgical industries showed improvement.

4. Unfavorable factors persist: 1) Continued rise in total costs of businesses and decreased asset productive ratios indicated that the drop at cost-end of the real economy as suggested by the accommodative policies could not be seen yet; 2) Continual increase in inventory of finished goods at a rate which was much higher than that of revenue of primary business activities, inventory turnover dropped and overdue payments of businesses increased; and 3) In terms of industries, non-ferrous industry in the upstream benefited from the rise in the prices of bulk commodities, whilst the growth of the other industries was still in negative territory. Improvement in mid-stream industries was only limited to those related to growth stabilization policies, such as black metal metallurgical and railway. (Xie Yaxuan, Zhao Wenli, Zhang Yiping, Yan Ling and Zhao Ke, July 27, 2014)

What to Watch

Company Events

Date	Ticker	Company	Event
2014/07/29	00902.HK	Huaneng Power	Interim Result
2014/07/29	06889.HK	Dynam Japan	Quarterly Result
2014/07/29	08225.HK	Venture Pharm	Final Result

Research Coverage List

As of July 29, 2014. Updated weekly.

Company	Ticker	Rating	Share px			Mkt cap (US\$m)	EPS			P/E			Analyst
			Jul. 28	12-month TP	% Upside		2014E	2015E	2016E	2014E	2015E	2016E	
Auto & Auto Parts													
Brilliance China	1114 HK	BUY	HK\$14.74	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\$4.55	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\$3.19	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\$6.96	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\$32.05	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\$26.75	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\$15.1	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\$13.76	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\$10.06	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\$3.84	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\$4.15	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\$2.61	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\$19.76	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\$2.9	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\$4.41	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\$5.31	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\$7.54	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\$9.57	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\$10.68	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\$13.98	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\$17.2	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\$6.19	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\$3.47	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\$9.59	HK\$15.8	104	2,155	2.18	2.49	2.19	2.9	2.5	2.8	Feiqin DUAN

Company	Ticker	Rating	Share px			Mkt cap (US\$m)	EPS			P/E			Analyst
			Jul. 28	12-month TP	% Upside		2014E	2015E	2016E	2014E	2015E	2016E	
China Overseas Land	688 HK	BUY	HK\$22.7	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\$8.74	HK\$19.1	153	2,185	2.10	2.00	2.22	3.6	3.8	3.4	Feiqin DUAN
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\$1.17	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\$6.78	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\$4.91	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\$3.62	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\$1.98	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\$15.02	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\$5.29	HK\$3.1	-22	671	0.19	0.20	0.21	16.8	15.9	15.2	Shawn LEE
RUSAL	486 HK	NEUTRAL	HK\$4.05	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\$4.26	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\$13.26	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\$84.85	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\$4.39	HK\$7.0	58	920	0.14	0.20	0.29	25.4	17.8	12.3	Jeff HAO
Kingdee	268 HK	NEUTRAL	HK\$2.85	HK\$1.4	-45	836	0.05	0.08	0.10	40.8	25.5	20.4	Jeff HAO
Chinasoft	354 HK	NEUTRAL	HK\$2.32	HK\$2.0	-10	530	0.08	0.10	0.13	22.2	17.8	13.7	Jeff HAO
Kingsoft	3888 HK	BUY	HK\$24.45	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\$5.94	HK\$8.07	35	448	0.64	0.73	0.83	7.5	6.6	5.8	Jeff HAO
Tencent	700 HK	BUY	HK\$128.9	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\$14.54	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\$48.4	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\$1.97	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\$11.08	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\$10.32	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\$4.75	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\$10.8	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\$5.09	HK\$5.14	4	766	0.43	0.41	0.44	9.2	9.7	9.0	Ivy ZHAO

Company	Ticker	Rating	Share px			Mkt cap (US\$m)	EPS			P/E			Analyst
			Jul. 28	12-month TP	% Upside		2014E	2015E	2016E	2014E	2015E	2016E	
361 Degrees	1361 HK	NEUTRAL	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\$3.32	HK\$3.31	1	918	0.28	0.29	0.31	9.4	9.1	8.5	Ivy ZHAO
Belle	1880 HK	NEUTRAL	HK\$9.43	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
ANTA Sports Products	2020 HK	BUY	HK\$12.78	HK\$13.47	9	3,966	0.53	0.57	0.63	18.7	17.4	15.7	Ivy ZHAO
Li Ning	2331 HK	NEUTRAL	HK\$4.72	HK\$5.3	-16	6,470	-0.30	-0.21	0.06	N.A.	N.A.	60.5	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\$3.29	HK\$4.0	14	250	0.54	0.55	0.66	5.2	5.1	4.3	Ivy ZHAO
Trinity	891 HK	BUY	HK\$2.0	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\$10.6	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\$21.45	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\$10.06	HK\$10.8	17	1,319	0.30	0.36	0.39	33.1	28.2	25.6	Ling HUA
Retail													
Haier Electronics	1169 HK	BUY	HK\$22.25	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\$6.03	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\$7.0	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\$1.36	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\$1.21	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\$1.11	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\$0.64	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\$9.67	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\$2.62	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\$11.48	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\$2.98	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\$7.91	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\$2.39	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\$11.36	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\$25.8	HK\$26.43	9	7,889	1.67	1.75	2.05	14.5	13.8	11.8	Kate LI

Company	Ticker	Rating	Share px			Mkt cap (US\$m)	EPS			P/E			Analyst
			Jul. 28	12-month TP	% Upside		2014E	2015E	2016E	2014E	2015E	2016E	
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\$39.5	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\$2.18	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\$5.0	HK\$4.2	-3	885	0.51	0.26	0.29	7.2	14.0	12.6	Yiding JIAO
CMEC	1829 HK	BUY	HK\$4.66	HK\$7.01	53	537	0.54	0.63	0.68	6.8	5.8	5.4	Yiding JIAO
Lonking	3339 HK	BUY	HK\$1.42	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\$1.71	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\$5.11	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\$3.19	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\$9.29	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\$3.89	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\$2.71	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\$6.34	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\$23.4	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\$6.92	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\$11.56	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\$6.26	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\$13.16	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\$4.96	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\$19.39	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\$3.8	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\$5.28	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\$7.76	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\$5.81	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\$3.83	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\$3.7	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\$5.9	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\$5.18	HK\$4.1	-14	28,850	0.84	0.85	0.96	4.6	4.5	4.0	Donger WANG

Company	Ticker	Rating	Share px		% Upside	Mkt cap (US\$mn)	EPS			P/E			Analyst
			Jul. 28	12-month TP			2014E	2015E	2016E	2014E	2015E	2016E	
Gaming													
Wynn Macau	1128 HK	SELL	HK\$31.9	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\$56.95	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\$28.35	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\$65.25	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\$85.3	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													
Everbright International	257 HK	BUY	HK\$10.84	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\$26.45	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\$1.06	HK\$1.74	41	131	0.14	0.18	0.21	8.8	6.8	5.9	Ling HUA

Source: Bloomberg, CMS (HK)

Recently Published Reports

Date published	Name of report	Analyst
2014-07-28	ICBC (1398 HK)	Donger WANG
2014-07-25	US Housing Market Overview	David XIE, Cliff ZHAO, Lynn SONG
2014-07-24	Gome Electrical (493 HK)	Gloria WANG
2014-07-24	Wisdom Holdings Group (1661.HK)	Jeff HAO
2014-07-24	Hong Kong Stock Market Outlook 2H14	Cliff ZHAO, George CHEN, Zichen XU
2014-07-24	HK Market Strategy Bi-weekly	Cliff ZHAO, George CHEN, Zichen XU
2014-07-24	Dongjiang Environmental (895 HK)	Shawn LI
2014-07-23	VITASOYINT'L (00345.HK)	Ling HUA
2014-07-23	Springland International (1700 HK)	Gloria WANG
2014-07-22	TCL Comm (2618 HK)	Alex NG
2014-07-21	Sunac China Holdings Limited (1918 HK)	Kate LI
2014-07-21	Li Ning (2331 HK)	Ivy ZHAO
2014-07-21	Zoomlion (1157 HK)	Yiding JIAO
2014-07-17	Sands China (1928 HK)	Angela HAN LEE
2014-07-17	Bonjour Holdings (653 HK)	Gloria WANG
2014-07-16	Huadian Power (1071 HK)	Vera LIANG
2014-07-16	Sa Sa International (178 HK)	Gloria WANG
2014-07-15	China Longyuan (916HK)	Lei YIN
2014-07-15	China banks - Still in favor	Donger WANG
2014-07-14	Macau Gaming - 2Q14 Preview	Angela HAN LEE
2014-07-11	Intime Retail Group(1833.HK)	Gloria WANG

Contact

CMS (HK) Equity Research		
Head of Equity Research	Sam LEE	leeyf@cmschina.com.cn
Deputy Head of Equity Research	Cliff ZHAO	wenlizhao@cmschina.com.cn
Deputy Head of Equity Research	Liangsheng DENG	dengls@cmschina.com.cn
Deputy Head of Equity Research	David XIE	xieyx@cmschina.com.cn
Macro Research		
Chief Strategist	Cliff ZHAO	wenlizhao@cmschina.com.cn
China Macro Economy	David XIE	xieyx@cmschina.com.cn
Overseas Macro Economy	Lynn SONG	songs2@cmschina.com.cn
HK Market Strategy	George CHEN	chenzz@cmschina.com.cn
HK Market Strategy	Zichen XU	xuzc2@cmschina.com.cn
Industry Research		
Alternative Energy	Lei YIN	yinlei@cmschina.com.cn
Automobile, Auto Parts & Dealership	Colleen LI	lik@cmschina.com.cn
Banking	Donger WANG	wangde@cmschina.com.cn
Electric Power	Vera LIANG	liangwei@cmschina.com.cn
Food & Beverage	Ling HUA	hualing@cmschina.com.cn
Gaming	Angela HAN LEE	hanleam@cmschina.com.cn
Hardware Technology	Alex NG	nglh@cmschina.com.cn
Machinery	Yiding JIAO	jiaoyd@cmschina.com.cn
Metals and Mining	Shawn LEE	lixiang5@cmschina.com.cn
Oil and Gas	Michael YUK	yukmt@cmschina.com.cn
Pharmaceutical & Healthcare	Jonathan HSU	hsujs@cmschina.com.cn
Port & Shipping	Kate LI	liyiqian@cmschina.com.cn
Property	Feiqin DUAN	duanf@cmschina.com.cn
Retail	Gloria WANG	wangxd6@cmschina.com.cn
Technology, Media & Telecom	Jeff HAO	haoyf@cmschina.com.cn
Technology, Media & Telecom	Andrew Huang	huangx2@cmschina.com.cn
Textile & Garment	Ivy ZHAO	zhaox@cmschina.com.cn

Investment Ratings

Industry Rating	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 12 months
UNDERWEIGHT	Expected to underperform the market index by >10% over the next 12 months

Company Rating	Definition
BUY	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 12 months
SELL	Expected to underperform the market index by >10% over the next 12 months

Analyst Disclosure

The analysts primarily responsible for the preparation of all or part of the research report contained herein hereby certify that: (i) the views expressed in this research report accurately reflect the personal views of each such analyst about the subject securities and issuers; and (ii) no part of the analyst's compensation was, is, or will be directly or indirectly, related to the specific recommendations or views expressed in this research report.

Regulatory Disclosure

China Merchants Securities (HK) Co., Limited acted as the Joint Book-runner of China Merchants Land Ltd. on its placement.
 China Merchants Securities (HK) Co., Limited acted as the Global Coordinator, Joint Book-runner and Joint Lead Manager of Evergrande Real Estate Group Ltd. in an offering.
 China Merchants Securities (HK) Co., Limited acted as the Joint Bookrunner and Joint Lead Manager of Lenovo Group Ltd. in an offering.
 China Merchants Securities (HK) Co., Limited acted as the Joint Global Coordinator and Joint Book-runner of Optics Valley Union Holding Co. Ltd. on the IPO.
 China Merchants Securities (HK) Co., Limited acted as the Sole Sponsor, Sole Global Coordinator and Sole Book-runner of TK Group (Holdings) Ltd. on the IPO.
 China Merchants Securities (HK) Co., Limited has received compensation from or mandates for investment banking services in the past 12 months from certain listed corporations whose securities are being reviewed in this research report.

Disclaimer

This document is prepared by China Merchants Securities (HK) Co., Limited ("CMS HK"). CMS HK is a licensed corporation to carry on Type 1 (dealing in securities), Type 2 (dealing in futures), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571). This document is for information purpose only. Neither the information nor opinion expressed shall be construed, expressly or impliedly, as an advice, offer or solicitation of an offer, invitation, advertisement, inducement, recommendation or representation of any kind or form whatsoever to buy or sell any security, financial instrument or any investment or other specific product. The securities, instruments or strategies discussed in this document may not be suitable for all investors, and certain investors may not be eligible to participate in some or all of them. Certain services and products are subject to legal restrictions and cannot be offered worldwide on an unrestricted basis and/or may not be eligible for sale to all investors.

The information and opinions, and associated estimates and forecasts, contained herein have been obtained from or are based on sources believed to be reliable. CMS HK, its holding or affiliated companies, or any of its or their directors, officers or employees ("CMS Group") do not represent or warrant, expressly or impliedly, that it is accurate, correct or complete and it should not be relied upon. CMS Group will not accept any responsibility or liability whatsoever for any use of or reliance upon this document or any of the content thereof. The contents and information in this document are only current as of the date of their publication and will be subject to change without prior notice. Past performance is not indicative of future performance. Estimates of future performance are based on assumptions that may not be realized. The analysis contained herein is based on numerous assumptions. Different assumptions could result in materially different results. Opinions expressed herein may differ or be contrary to those expressed by other business divisions or other members of CMS Group as a result of using different assumptions and/or criteria.

This document has been prepared without regard to the individual financial circumstances and investment objectives of the persons who receive it. Use of any information herein shall be at the sole discretion and risk of the user. Investors are advised to independently evaluate particular investments and strategies, take financial and/or tax advice as to the implications (including tax) of investing in any of the securities or products mentioned in this document, and make their own investment decisions without relying on this publication.

CMS Group may have a long or short position, make markets, act as principal or agent, or engage in transactions in securities of companies referred to in this document and may also perform or seek to perform investment banking services or provide advisory or other services for those companies. This document is for the use of intended recipients only and this document may not be reproduced, distributed or published in whole or in part for any purpose without the prior consent of CMS Group. CMS Group will not be liable for any claims or lawsuits from any third parties arising from the use or distribution of this document. This document is for distribution only under such circumstances as may be permitted by applicable law. This document is not directed at you if CMS Group is prohibited or restricted by any legislation or regulation in any jurisdiction from making it available to you. In particular, this document is only made available to certain US persons to whom CMS Group is permitted to make available according to US securities laws, but cannot otherwise be made available, distributed or transmitted, whether directly or indirectly, into the US or to any US person. This document also cannot be distributed or transmitted, whether directly or indirectly, into Japan and Canada and not to the general public in the People's Republic of China (for the purpose of this document, excluding Hong Kong, Macau and Taiwan).

Hong Kong

China Merchants Securities (HK) Co., Ltd.
 Address: 48/F, One Exchange Square, Central, Hong Kong
 Tel: +852 3189 6888 Fax: +852 3101 0828

South Korea

China Merchants Securities International
 Seoul Office
 Address: One IFC #2810, 23 Yeouido-dong, Yeongdeungpo-gu, Seoul
 150-876, Korea
 Tel: +82 2 6137 9935 Fax: +82 2 6137 9930