

Morning Express

China Merchants Securities (HK)  
Hong Kong Equity Research

CMS(HK) Research Highlights

Wynn Macau (1128 HK, HK\$32.3, SELL, TP HK\$31.7) reports weaker than expected 2Q14 EBITDA

In 2Q14, Wynn Macau achieved US\$307mn EBITDA, up 5.8% YoY, down 20.1% QoQ.

Weaker than our/street estimates. While we projected 4% lower EBITDA than street estimates, the result turned lower than our HK\$362mn expectation. We think main reasons are:

- 11.7% YoY decline in rolling chip volume caused bigger than expected dilution in EBITDA margin, due to squeezed economies of scale
- Construction of a new gaming area, to be opened in Chinese New Year of 2015, caused less gaming tables available to the public

Other takeaways:

- Slowdown in June was mainly caused by small junkets, while big junkets did relatively well.
- VIP business in July picked up, and recorded best-ever month.
- Guidance in Cotai construction remained unchanged, targeted to open in 1H16E.

US\$ mn	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	YoY	QoQ
Net revenues	992.1	930.9	997.6	1,119.9	1,132.7	960.6	3.2%	-15.2%
Adjusted EBITDA	330.7	290.1	329.1	374.2	384.3	307.0	5.8%	-20.1%
Adjusted EBITDA Margin (as of net revenues)	33.30%	31.20%	33.00%	33.40%	33.90%	32.00%		
Operating Income	251.5	216.2	249.1	285.6	284.9	217.7	0.7%	-23.6%
Operating Margin (as of net revenue)	25.40%	23.20%	25.00%	25.50%	25.20%	22.70%		
Occupancy Rate	93.80%	95.50%	95.80%	96.70%	98.10%	98.40%		
Average Daily Rate (US\$)	315	314	310	315	315	338		
Revenue per Available Room (US\$)	296	300	297	304	331	329		
Rolling Chip Volume	28,414	29,900	30,335	34,400	36,000	26,400	-11.7%	-26.7%
Rolling Chip Win Rate	3.14%	2.94%	3.04%	2.92%	2.79%	2.93%		
Non-Rolling Chip Drop	684.8	626.6	630.7	691.8	692.5	682.3	8.9%	-1.5%
Non-Rolling Chip Win Rate	35.50%	34.60%	38.00%	42.30%	43.40%	45.60%		
Slot Handle	1,116.1	1,171.3	1,165.8	1,400.0	1,398.5	1,500.0	28.1%	7.3%
Average number of gaming tables	494	489	487	492	492	455		
Table games win per unit per day (US\$)	25,550	24,571	25,927	28,663	29,457	26,146	6.4%	-11.2%
Average number of slot machines	843	869	879	874	842	624		
Slot machine win per unit per day (US\$)	809	731	689	879	917	1,163	59.1%	26.8%

Comments:

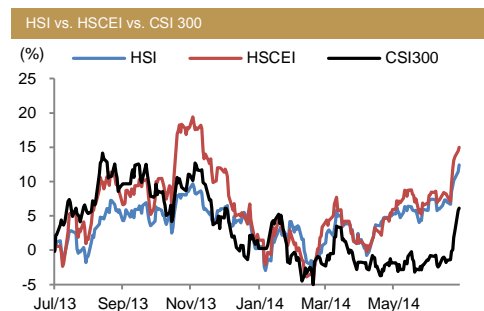
- While we projected weaker result than the market, the outcome was even worse than we expected. Although market has lowered its expectation after the 2Q14 announcement of Sands China (1928 HK, HK\$57.70, TP 81.20, BUY), we think it will still put pressure on share price in near term.

- We currently have SELL rating on the stock, and we see limited catalyst for Wynn Macau by now. In Macau gaming space, our top pick is MGM China (2282 HK, HK\$28.60, TP HK\$42.90, BUY) on its resilient performance with focus on premium mass, and also for its valuation. We also like Sands China for the biggest exposure on Cotai and mass market gaming.

Stock Market Indices	Close	1-day chg	% chg
Hang Seng Index	24640.53	+211.9	+0.87
Hang Seng Finance Index	32950.05	+303.59	+0.93
Hang Seng Utilities Index	7440.4	-22.86	-0.31
Hang Seng Property Index	31551.07	+754.14	+2.45
Hang Seng Composite Index	15216.95	+85.79	+0.57
HSCEI	11122.22	+49.6	+0.45
CSI 300	2331.37	+7.47	+0.32
Shanghai Composite Index	2183.19	+5.24	+0.24
TWSE	9391.88	-28.3	-0.3

Global	Last price	chg	%chg
Brent Oil	107.55	-0.61	-0.56
COMEX Gold	1304.0	-4.5	-0.34
COMEX Copper	324.3	-0.5	-0.15
LME Copper	1987.0	-21.0	-1.05
LME Aluminum	7130.0	-50.0	-0.7
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	+0.05
3M Libor	0.23	0.0	0.0
3M Shibor	4.74	-0.01	-0.16
10Y US T-Note Yield	2.5	+0.02	+0.81



- Wynn Macau currently trades at 19.5x P/E, 15.9x EV/EBITDA and 4.6% yield on our FY14E forecast. (Angela Han Lee)

#### Huaneng Power (902 HK, HK\$9.3, BUY, TP HK\$11.0) announced 2014 interim results

Huaneng Power recorded consolidated operating revenue of RMB64.606 bn in 1H, up by 0.85% YoY; profit attributable to equity holders of the company was RMB6.808 bn, up by 21.09% YoY; earnings per share was RMB0.48, up by RMB0.08 YoY, achieving 57.8% of Bloomberg's full-year EPS estimate and above market expectations.

- The mild growth of operating revenue was driven by the total power generation of 151.739 bn kWh in 1H, up by 1.51% YoY, achieving 47% of the full-year power generation target;

- The growth of net profit was mainly driven by 13% YoY decline of coal prices in 1H;

- The company received government subsidy of RMB630 mn in 1H, which was significantly higher than RMB180 mn in the same period last year; however, owing to shut down of generating units, asset impairment losses increased 559.8% YoY to RMB410 mn;

- Net profit margin was 13%, up by 2.4ppt YoY; ROE was 10.26%, up by 0.06ppt YoY; debt/asset ratio was 70.4%, down by 0.9ppt YoY;

- 32.5MW Tembusu generator at Tuas Power, a wholly owned subsidiary in Singapore, was put into operation in 1H, which would contribute to power generation in 2H;

- The company is estimated to have new installed power generation capacity of 4,000MW for the year, with annual growth of installed capacity reaching 7% and 10% in 2014-2015 respectively, driving up operating revenue by 6%-11%;

- As the company has over 50% of high quality large-scale generating units with above 600MW and its dividend payout ratio remaining at 50%, we reckon Huaneng Power International is the most steady investment target of thermal power. The company's EPS will be RMB0.77, RMB0.86 and RMB0.91 in 2014-16E, with valuation of 9.6x2014E P/E and 8.6x2015E P/E at its current share price;

- The company will hold a conference call meeting with analysts at 4:30pm-6:00pm tomorrow. We will have update on management guidance by then. (Vera Liang)

#### Property (OVERWEIGHT)

#### Two more provincial cities suspended the purchase limitation orders of commodity housing

[Hexun.com] On July 28, Shijiazhuang and Hangzhou were both said to have suspended the purchase limitation orders of commodity housing, and up till now two more provincial capitals have joined the league of

suspending the purchase limitation orders. According to the public media reports, at present almost 60% of the 46 mainland cities involved in the purchase limitation orders have already been given relaxations.

Comments:

Individual policies: At present both cities have already confirmed policy suspension of the purchase limitation orders for commodity housing. Hangzhou effective from 0:00 on July 29, it will not be necessary to provide inquiry record of housing situation when one purchases housing in Xiaoshan district and Yuhang district (including commodity housing and second-hand housing); to purchase housing of 140 sq. m. or above in the main city area (including commodity housing and second-hand housing), it will not be necessary to provide inquiry record of housing situation. As for Shijiazhuang, effective from July 28, it will not be necessary to have proof of housing purchase when one purchases new commodity housing and second-hand housing in Shijiazhuang.

Since the industry regulatory policies are still in the ongoing trend of continuous relaxations, we currently maintain our Overweight rating for the real estate industry. Our key recommendations are Sunac China (1918 HK), China Merchants Land (978 HK), Greentown China (3900 HK), CR Land (1109 HK), China Overseas Land (688 HK), Kaisa (1396 HK) and Hopson Development (754 HK). (Feiqin Duan)

## A-share Research Highlights

### Investment Opportunities in Bank Shares

Favorable Factors that Deserve Expectation:

#### I. Stable Interim Results that Slightly Beat Consensus

We estimate the net profit of banking sector for 1H14 to grow by 11% YoY. In particular, strategically leading joint-stock banks will maintain faster growth. We estimate that the 1H14 net profit of Ping An Bank (000001 CH) will grow by 35%, and Pudong Development Bank (600000 CH) will grow by 21% YoY. These three banks possess the most solid fundamentals. Although banking is a developed industry, Ping An, and Pudong Development still have better growth potential in terms of revenue. The YoY growth of their revenue increased from around 10% for 1Q13 to 49%, 33% and 25% respectively in 1Q14, significantly better than the other banks. Under stable risk control, the credit and administration costs of banks will remain stable, and their profits will eventually grow as long as revenue grows rapidly. As a result, we continue to strongly recommend Ping An and Pudong Development in a fundamental perspective. In addition, the impact of the Notice in respect of Regulation of Business between Financial Institutions (Document no. 127) on Industrial Bank (601166 CH) has been gradually priced in, whilst Bank of Ningbo (002142 CH) has the concept of disclosure when a party holds more than 5% of its equity interests, both are flexible and should be followed.

#### II. 7% Discount on A to H Shares, New Funds for QFII, RQFII and Shanghai-HK Stock Connect Still Favor Bank Shares

The discount on A to H Shares of the banking sector is currently 7%.

Premium exists on CITIC (601998 CH) (10%) and Minsheng (600016 CH) (7%), whilst Agricultural Bank of China (601288 CH) has the highest discount (-16%). It is reported that Shanghai-HK Stock Connect may commence operation in early October. With the inflow of new funds, blue-chip bank shares with low valuation and steady growth are likely to become top targets of allocation among foreign funds and the price gaps between A and H Shares will gradually be eliminated.

### III. Expectation on Shanghai-HK Stock Connect, New Funds and Movements of Funds Fuel Continual Rally

We believe that the future rally of bank shares will follow a path of catching up (switching of positions from institutions) → funds in deposits strategically converted into new inflow of funds to the market for driving the first round (foreign funds, such as RQFII, QFII and Shanghai-HK Stock Connect; switching of positions from institutions) → new funds driving the second round (domestic funds outside the stock market), or a crossover of such movements.

### IV. Economic Consolidation and Policy Relaxation to Continue

As pro-cyclical shares, we have recommended banking sector since June in two perspectives: first, increase in monetary supply advances economic growth; second, PMI, a leading indicator, continued surging. Under growth stabilization and accommodative monetary policies, we expect economic consolidation and recovery in 2H14 and a rally of bank shares to take place. (Xiao Liqiang and Zou Tianjie, July 28, 2014)

## What to Watch

### Company Events

Date	Ticker	Company	Event
2014/07/30	00215.HK	HUTCHTEL HK	Interim Result/Dividend
2014/07/30	00715.HK	HUTCH HARB RING	Interim Result
2014/07/30	00840.HK	TIANYE WATER	Interim Result
2014/07/30	01151.HK	ELEC & ELTEK	Result/ Interim Dividend
2014/07/30	02383.HK	TOM GROUP	Interim Result/Dividend

## Research Coverage List

As of July 30, 2014. Updated weekly.

Company	Ticker	Rating	Share px			Mkt cap (US\$m)	EPS			P/E			Analyst
			Jul. 29	12-month TP	% Upside		2014E	2015E	2016E	2014E	2015E	2016E	
<b>Auto &amp; Auto Parts</b>													
Brilliance China	1114 HK	BUY	HK\$15.02	HK\$12.0	-20	9,427	0.71	0.80	0.89	16.4	14.6	13.1	Colleen LI
BYD Company	1211 HK	NEUTRAL	HK\$52.75	HK\$32.9	-38	4,558	0.27	0.69	1.03	132.5	51.9	34.7	Colleen LI
China ZhengTong Auto	1728 HK	BUY	HK\$4.39	HK\$5.85	33	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	62	3,100	0.32	0.36	0.38	6.9	6.1	5.8	Colleen LI
CSR	1766 HK	BUY	HK\$7.02	HK\$8.08	15	1,522	0.31	0.40	0.45	15.1	11.7	10.4	Colleen LI
Great Wall Motor	2333 HK	BUY	HK\$31.7	HK\$43.4	37	3,838	2.74	3.40	3.82	8.4	6.8	6.1	Colleen LI
CSR Times Electric	3898 HK	BUY	HK\$26.65	HK\$32.03	20	1,663	1.10	1.35	1.62	17.2	14.0	11.7	Colleen LI
Minh Group	425 HK	BUY	HK\$14.94	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\$13.98	HK\$14.17	1	5,113	1.13	1.26	1.29	9.9	8.9	8.6	Colleen LI
Zhongsheng Group	881 HK	NEUTRAL	HK\$10.1	HK\$10.3	2	2,797	0.58	0.71	0.99	14.0	11.4	8.2	Colleen LI
<b>Oil and Gas</b>													
SPT Energy	1251 HK	BUY	HK\$3.84	HK\$6.2	61	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	25	842	0.21	0.28	0.37	15.5	11.7	8.7	Michael YUK
Chu Kong Petroleum	1938 HK	BUY	HK\$2.59	HK\$3.8	47	350	0.04	0.28	0.40	53.8	7.7	5.4	Michael YUK
China Oilfield Services	2883 HK	NEUTRAL	HK\$19.46	HK\$21.0	8	4,355	1.49	1.52	1.61	10.1	9.9	9.3	Michael YUK
Jutal Offshore Oil Services	3303 HK	NEUTRAL	HK\$2.83	HK\$1.8	-36	173	0.08	0.09	0.10	20.5	18.1	16.1	Michael YUK
Anton Oilfield Services	3337 HK	BUY	HK\$4.3	HK\$5.5	28	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	85	1,110	0.55	0.56	0.75	10.6	10.4	7.7	Michael YUK
Sinopec	386 HK	BUY	HK\$7.6	HK\$7.52	-1	24,322	0.57	0.66	0.68	10.4	9.0	8.7	Michael YUK
CIMC Enric	3899 HK	NEUTRAL	HK\$9.39	HK\$13.88	48	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\$1.37	HK\$1.45	6	922	0.08	0.10	0.13	17.9	14.3	11.0	Michael YUK
Petrochina	857 HK	BUY	HK\$10.44	HK\$11.2	7	26,646	0.71	0.74	0.78	11.1	10.6	10.1	Michael YUK
CNOOC	883 HK	BUY	HK\$13.82	HK\$17.0	23	80,173	1.26	1.40	1.50	8.9	8.0	7.5	Michael YUK
<b>Property</b>													
China Resources Land	1109 HK	NEUTRAL	HK\$17.38	HK\$17.0	-2	10,666	2.52	2.11	2.28	5.6	6.7	6.2	Feiqin DUAN
Sunac China	1918 HK	BUY	HK\$6.11	HK\$6.7	10	1,884	0.96	1.14	1.34	3.7	3.1	2.6	Feiqin DUAN
Evergrande Real Estate	3333 HK	BUY	HK\$3.42	HK\$4.38	28	5,641	0.79	0.79	0.80	3.1	3.1	3.0	Feiqin DUAN
Greentown China	3900 HK	BUY	HK\$9.41	HK\$15.8	68	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. 29	12-month TP	% Upside		2014E	2015E	2016E	2014E	2015E	2016E	
China Overseas Land	688 HK	BUY	HK\$23.15	HK\$22.56	-3	19,820	2.82	2.91	3.50	6.7	6.5	5.4	Feiqin DUAN
Hopson Development	754 HK	BUY	HK\$8.77	HK\$19.1	118	2,185	2.10	2.00	2.22	3.6	3.8	3.4	Feiqin DUAN
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\$1.18	HK\$2.3	95	645	0.11	0.17	0.19	7.5	4.8	4.3	Feiqin DUAN
<b>Metals and Mining</b>													
China Hongqiao	1378 HK	BUY	HK\$6.76	HK\$6.2	-8	4,229	0.95	1.08	1.32	4.7	4.1	3.4	Shawn LEE
Zhaojin Mining	1818 HK	NEUTRAL	HK\$4.85	HK\$4.7	-3	500	0.25	0.24	0.17	14.2	14.8	20.9	Shawn LEE
Aluminum Corp of China	2600 HK	NEUTRAL	HK\$3.77	HK\$2.8	-26	1,414	0.07	-0.07	-0.06	31.9	N.A.	N.A.	Shawn LEE
Zijin Mining	2899 HK	NEUTRAL	HK\$1.97	HK\$1.57	-20	1,364	0.10	0.10	0.08	14.1	14.1	17.7	Shawn LEE
Jiangxi Copper	358 HK	SELL	HK\$15.18	HK\$10.2	-33	2,194	1.03	0.81	0.66	9.6	12.2	14.9	Shawn LEE
China Molybdenum	3993 HK	NEUTRAL	HK\$5.28	HK\$3.1	-41	671	0.19	0.20	0.21	16.8	15.9	15.2	Shawn LEE
RUSAL	486 HK	NEUTRAL	HK\$4.04	HK\$3.1	-23	6,822	-0.21	0.04	0.05	N.A.	11.3	9.1	Shawn LEE
<b>Technology, Media &amp; Telecom</b>													
China Telecom	728 HK	NEUTRAL	HK\$4.34	HK\$3.45	-21	6,785	0.22	0.25	0.28	13.8	12.2	10.9	Alex NG
China Unicom	762 HK	NEUTRAL	HK\$13.62	HK\$11.34	-17	36,759	0.44	0.65	0.76	21.9	14.8	12.7	Alex NG
China Mobile	941 HK	NEUTRAL	HK\$85.45	HK\$78.0	-9	196,089	6.02	5.34	5.27	10.0	11.3	11.5	Alex NG
Wisdom	1661 HK	BUY	HK\$4.28	HK\$7.0	64	920	0.14	0.20	0.29	25.4	17.8	12.3	Jeff HAO
Kingdee	268 HK	NEUTRAL	HK\$2.83	HK\$1.4	-51	836	0.05	0.08	0.10	40.8	25.5	20.4	Jeff HAO
Chinasoft	354 HK	NEUTRAL	HK\$2.53	HK\$2.0	-21	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	52	3,563	0.55	0.63	0.95	34.1	29.8	19.7	Jeff HAO
SinoMedia	623 HK	BUY	HK\$5.93	HK\$8.07	36	448	0.64	0.73	0.83	7.5	6.6	5.8	Jeff HAO
Tencent	700 HK	BUY	HK\$130.4	HK\$127.6	-2	28,432	1.66	2.45	3.15	57.2	38.7	30.1	Jeff HAO
NetDragon	777 HK	BUY	HK\$14.82	HK\$20.34	37	940	0.32	0.65	0.82	35.9	17.7	14.0	Jeff HAO
<b>Hardware Technology</b>													
AAC Technologies	2018 HK	NEUTRAL	HK\$47.65	HK\$40.0	-16	7,992	1.83	2.16	2.48	22.1	18.8	16.3	Alex NG
Coolpad	2369 HK	BUY	HK\$1.86	HK\$2.73	47	588	0.13	0.21	0.26	16.5	10.2	8.2	Alex NG
Sunny Optical	2382 HK	NEUTRAL	HK\$10.7	HK\$8.37	-22	1,551	0.41	0.54	0.73	21.5	16.3	12.1	Alex NG
TCL Comm	2618 HK	BUY	HK\$10.28	HK\$12.5	22	1,406	0.28	0.98	1.34	33.5	9.6	7.0	Alex NG
Truly	732 HK	BUY	HK\$4.72	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\$10.78	HK\$10.5	-3	14,203	0.06	0.07	0.11	22.8	19.5	12.4	Alex NG
<b>Textile &amp; Garment</b>													
China Lilang	1234 HK	BUY	HK\$5.09	HK\$5.14	1	766	0.43	0.41	0.44	9.2	9.7	9.0	Ivy ZHAO

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			Jul. 29	12-month TP	% Upside		2014E	2015E	2016E	2014E	2015E	2016E	
361 Degrees	1361 HK	NEUTRAL	HK\$1.84	HK\$1.76	-4	472	0.12	0.12	0.13	11.8	11.8	10.9	Ivy ZHAO
Xtep International	1368 HK	BUY	HK\$3.34	HK\$3.31	-1	918	0.28	0.29	0.31	9.4	9.1	8.5	Ivy ZHAO
Belle	1880 HK	NEUTRAL	HK\$9.59	HK\$7.89	-18	9,357	0.52	0.52	0.54	13.3	13.3	12.8	Ivy ZHAO
Peak Sport	1968 HK	BUY	HK\$2.0	HK\$2.72	36	512	0.12	0.16	0.17	12.7	9.5	8.9	Ivy ZHAO
ANTA Sports Products	2020 HK	BUY	HK\$12.7	HK\$13.47	6	3,966	0.53	0.57	0.63	18.7	17.4	15.7	Ivy ZHAO
Li Ning	2331 HK	NEUTRAL	HK\$4.63	HK\$5.3	14	6,470	-0.30	-0.21	0.06	N.A.	N.A.	60.5	Ivy ZHAO
China Dongxiang	3818 HK	BUY	HK\$1.5	HK\$1.59	6	1,043	0.04	0.04	0.05	29.3	29.3	23.5	Ivy ZHAO
Ports Design	589 HK	NEUTRAL	HK\$3.26	HK\$4.0	23	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	0	369	0.18	0.16	0.18	9.2	10.3	9.2	Ivy ZHAO
<b>Food &amp; Beverage</b>													
Want Want China	151 HK	NEUTRAL	HK\$10.58	HK\$13.05	23	18,685	0.05	0.06	0.07	28.7	24.0	20.5	Ling HUA
China Mengniu Dairy	2319 HK	BUY	HK\$37.65	HK\$47.0	25	9,052	0.90	1.24	1.54	32.0	23.2	18.7	Ling HUA
Tingyi	322 HK	BUY	HK\$21.6	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\$10.08	HK\$10.8	7	1,319	0.30	0.36	0.39	33.1	28.2	25.6	Ling HUA
<b>Retail</b>													
Haier Electronics	1169 HK	BUY	HK\$22.3	HK\$24.4	9	6,881	0.80	0.95	1.17	20.3	17.1	13.9	Gloria WANG
Springland International	1700 HK	NEUTRAL	HK\$3.25	HK\$3.3	2	1,019	0.28	0.29	0.33	9.2	8.9	7.8	Gloria WANG
Sa Sa International	178 HK	NEUTRAL	HK\$6.02	HK\$5.7	-5	2,212	0.34	0.35	0.38	17.7	17.2	15.9	Gloria WANG
Intime Retail Group	1833 HK	BUY	HK\$7.04	HK\$10.3	46	1,759	0.52	0.60	0.69	10.5	9.1	7.9	Gloria WANG
GOME ELECTRICAL	493 HK	BUY	HK\$1.32	HK\$1.8	36	2,938	0.05	0.08	0.09	21.7	13.6	12.0	Gloria WANG
Bonjour Holdings	653 HK	NEUTRAL	HK\$1.21	HK\$1.2	-1	532	0.09	0.09	0.10	13.4	13.4	12.1	Gloria WANG
<b>Alternative Energy</b>													
Datang Renewable Power	1798 HK	SELL	HK\$1.14	HK\$0.74	-35	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	67	716	0.02	0.04	0.06	31.0	15.5	10.3	Lei YIN
Xinjiang Goldwind	2208 HK	BUY	HK\$9.25	HK\$12.3	33	582	0.16	0.37	0.55	45.3	19.6	13.2	Lei YIN
GCL-Poly Energy	3800 HK	BUY	HK\$2.66	HK\$2.83	6	5,174	-0.04	0.11	0.18	N.A.	23.6	14.4	Lei YIN
Singyes Solar	750 HK	BUY	HK\$11.42	HK\$14.23	25	1,169	0.75	1.02	1.14	14.0	10.3	9.2	Lei YIN
Tianneng Power	819 HK	BUY	HK\$2.97	HK\$6.65	124	419	0.16	0.57	1.10	14.7	4.1	2.1	Lei YIN
China Longyuan Power	916 HK	BUY	HK\$7.86	HK\$9.84	25	3,624	0.26	0.36	0.45	24.7	17.8	14.3	Lei YIN
Huaneng Renewables	958 HK	BUY	HK\$2.45	HK\$3.2	31	2,982	0.10	0.12	0.19	20.6	17.1	10.8	Lei YIN
<b>Port &amp; Shipping</b>													
COSCO Pacific	1199 HK	BUY	HK\$11.38	HK\$12.46	9	4,035	0.25	0.12	0.13	5.5	11.6	10.7	Kate LI



Company	Ticker	Rating	Share px			Mkt cap (US\$m)	EPS			P/E			Analyst
			Jul. 29	12-month TP	% Upside		2014E	2015E	2016E	2014E	2015E	2016E	
China Merchants	144 HK	NEUTRAL	HK\$25.65	HK\$26.43	3	7,889	1.67	1.75	2.05	14.5	13.8	11.8	Kate LI
CSC	2866 HK	NEUTRAL	HK\$2.2	HK\$1.82	-17	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	29	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	12	1,143	0.00	0.01	0.01		28.6	28.6	Kate LI
<b>Machinery &amp; Equipment</b>													
Zoomlion Heavy	1157 HK	NEUTRAL	HK\$4.91	HK\$4.2	-14	885	0.51	0.26	0.29	7.2	14.0	12.6	Yiding JIAO
CMEC	1829 HK	BUY	HK\$4.64	HK\$7.01	51	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	45	734	0.11	0.13	0.16	9.7	8.2	6.7	Yiding JIAO
Sany Heavy	631 HK	NEUTRAL	HK\$1.85	HK\$1.47	-21	675	0.12	0.12	0.13	11.5	11.5	10.6	Yiding JIAO
<b>Electric Power</b>													
Huadian Power	1071 HK	BUY	HK\$5.01	HK\$6.1	22	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	10	2,542	0.40	0.41	0.47	6.1	6.0	5.2	Vera LIANG
Huaneng Power	902 HK	BUY	HK\$9.3	HK\$9.65	4	4,013	0.74	0.77	0.86	9.5	9.1	8.2	Vera LIANG
Datang Power	991 HK	BUY	HK\$3.86	HK\$4.4	14	1,296	0.27	0.33	0.39	9.0	7.4	6.2	Vera LIANG
<b>Pharmaceutical &amp; Healthcare</b>													
Essex Bio-Technology	1061 HK	BUY	HK\$2.66	HK\$4.12	55	181	0.10	0.12	0.14	25.2	21.0	18.0	Jonathan HSU
CSPC Pharmaceutical	1093 HK	BUY	HK\$6.22	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\$22.95	HK\$24.4	6	2,750	0.66	0.82	1.01	26.1	21.0	17.1	Jonathan HSU
Sino Biopharm	1177 HK	BUY	HK\$6.95	HK\$6.7	-4	4,003	0.09	0.18	0.22	69.8	34.9	28.6	Jonathan HSU
Phoenix Healthcare	1515 HK	BUY	HK\$11.62	HK\$16.6	43	1,256	0.13	0.23	0.28	72.2	40.8	33.5	Jonathan HSU
Dawnrays	2348 HK	BUY	HK\$6.24	HK\$8.2	31	586	0.19	0.25	0.32	23.9	18.2	14.2	Jonathan HSU
Shineway Pharma	2877 HK	NEUTRAL	HK\$13.08	HK\$12.3	-6	1,451	0.91	0.78	0.89	12.0	14.0	12.3	Jonathan HSU
Sihuan Pharmaceutical	460 HK	BUY	HK\$4.87	HK\$5.5	13	6,329	0.13	0.15	0.18	29.3	25.4	21.2	Jonathan HSU
iKang Healthcare Group	KANG US	BUY	US\$18.88	US\$21.3	13	1,219	0.33	0.50	0.71	56.4	37.2	26.2	Jonathan HSU
<b>Bank</b>													
ABC	1288 HK	BUY	HK\$3.77	HK\$4.19	11	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	13	226,646	0.75	0.79	0.84	5.4	5.1	4.8	Donger WANG
Minsheng	1988 HK	BUY	HK\$7.99	HK\$8.35	5	25,944	1.49	1.60	1.78	3.8	3.6	3.2	Donger WANG
BOCOM	3328 HK	NEUTRAL	HK\$5.85	HK\$4.81	-18	45,689	0.84	0.87	0.92	5.0	4.8	4.6	Donger WANG
CQRCB	3618 HK	BUY	HK\$3.85	HK\$4.15	8	4,271	0.64	0.71	0.78	4.5	4.0	3.7	Donger WANG
BOC	3988 HK	BUY	HK\$3.74	HK\$4.05	8	126,133	0.56	0.59	0.63	5.0	4.8	4.5	Donger WANG
China Construction Bank	939 HK	BUY	HK\$5.93	HK\$6.98	18	179,963	0.86	0.92	0.99	5.2	4.9	4.5	Donger WANG

Company	Ticker	Rating	Share px			Mkt cap (US\$m)	EPS			P/E			Analyst
			Jul. 29	12-month TP	% Upside		2014E	2015E	2016E	2014E	2015E	2016E	
Citic	998 HK	SELL	HK\$5.22	HK\$4.1	-21	28,850	0.84	0.85	0.96	4.6	4.5	4.0	Donger WANG
<b>Gaming</b>													
Wynn Macau	1128 HK	SELL	HK\$32.3	HK\$31.7	-2	20,344	1.48	1.65	1.76	20.5	18.4	17.3	Angela HAN LEE
Sands China	1928 HK	BUY	HK\$57.7	HK\$81.2	41	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	50	13,187	1.40	1.70	1.88	19.2	15.8	14.3	Angela HAN LEE
Galaxy Entertainment	27 HK	BUY	HK\$66.0	HK\$79.9	21	33,685	2.39	2.96	3.91	25.9	21.0	15.9	Angela HAN LEE
Melco Crown	6883 HK	BUY	HK\$86.8	HK\$120.6	39	20,004	3.00	4.16	4.79	31.3	22.6	19.6	Angela HAN LEE
SJM	880 HK	SELL	HK\$20.65	HK\$16.3	-21	13,905	1.39	1.51	1.71	14.0	12.9	11.4	Angela HAN LEE
<b>Environmental Protection</b>													
Everbright International	257 HK	BUY	HK\$10.46	HK\$12.2	17	6,409	0.30	0.38	0.48	36.9	29.2	23.1	Shawn LEE
Dongjiang Environmental	895 HK	BUY	HK\$27.55	HK\$34.1	24	1,125	0.60	0.84	1.28	33.6	24.0	15.8	Shawn LEE
<b>Industrial Goods</b>													
TK group	2283 HK	BUY	HK\$1.05	HK\$1.74	66	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	Kingsoft (3888 HK)	Jeff HAO
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
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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
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2014-07-15	China banks - Still in favor	Donger WANG
2014-07-14	Macau Gaming - 2Q14 Preview	Angela HAN LEE

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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 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

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