

CMS(HK) Research Highlights

Macau Gaming (OVERWEIGHT) July Review More positives on the way

July GGR down 3.6% YoY to MOP28,415mn. Daily GGR was MOP917mn, up 1.0% from MOP907mn in June. It was in line with market expectation of YoY decline of 2-4%. While the sector's GGR growth did not make much turnaround from June, we saw share prices stabilized in July, reflecting that the market has mostly digested negatives/uncertainties related to VIP gaming. We maintain our positive view that the sector's fundamental remains solid and expect further recovery in market sentiment. Our top picks are MGM China and Sands China.

VIP volatile but picking up. Mass maintaining robust growth on seasonality.

We heard junket liquidity return to Macau in July, partially due to reduced bets on sports games after the World Cup. Small-sized junkets were also said to be delivering in July, while the relatively weak hold rate dragged revenue from high rollers. We estimate VIP GGR dropped 13% YoY in July, from 17% YoY decline in June.

Mass kept growing strongly on boosted visitor arrivals in summer vacation. We expect mass GGR to grow 30% YoY last month, from 26% YoY growth in June. Overall, we estimate contribution from the mass market increased by 3ppts to 41%.

Valuation attractive with improving YoY growth outlook

The sector trades at 0.8x FY14E PEG for EPS CAGR during FY13-16E. Gloomy overseas market and relatively weak 2Q14E results from remaining four Macau casino operators cast shadow on the sector in early August. We expect another rally to come in late August after these factors are digested by the market, accompanied by the continued recovery in gross gaming revenue. Our top picks are MGM China (resilient growth in premium mass, valuation laggard, and the biggest improvement in room/table after Cotai opening) and Sands China (biggest exposure to mass-market gaming, Sands Cotai Central keeps ramp-up strongly, and the biggest table yield improver in the coming three years).

Key risks for the sector are: 1) slowdown in mass market gaming growth, and 2) restriction on visa policy regarding frequency of traveling between mainland China and Macau. (Angela Han Lee)

Anton Oilfield Services Group (3337 HK, HK\$4.42, BUY, TP HK\$5.50) announces profit warning

Anton announced that it expects a significant decline in 1H14 profits due to a slowdown in revenue growth and lower ASP as a result of delay in project starts and increased costs. This announcement comes after the company reported stable overall operations during 2Q14, with RMB693.4mn in new orders awarded. Total order backlog stood at RMB1,814.9mn as of 30 June 2014, which is 54.8% of our FY14 revenue of RMB3,309mn. We are reviewing our estimates and TP for the stock. (Michael Yuk)

Huaneng Power (902 HK, HK\$8.67, BUY, TP HK\$10.70) 2014E full-year power generation target achievable

Profitability expected to grow steadily in 2014-2015:

We expect the company to achieve a capacity growth of 7% and 10% in 2014 and 2015, pushing up revenue to grow by 5% and 11% respectively. With a further decline of fuel cost, we expect its net profit to grow by 15% and 11%. We expect net margin to be 8.5% and 8.5%, compared with 7.8% in 2013; ROE to be 17.5% and 17.7%, compared with 16.7% in 2013 and debt/asset ratio to be 69.2% and 67.6%, compared with 71.3% in 2013. As Huaneng's 1H14 earnings beat our estimation by 12%, we revise down the fuel cost estimate, raise the 2014-16 investment income estimates and assume tariff cut of 2.5% will be implemented from Oct 1st. We revise up 2014-2016 EPS estimates by 10% to RMB0.85/RMB0.95/RMB1.00, 1%/13%/12% higher than consensus. Based on the historical average of 10x2014E P/E, we revise up 12-month TP to HK\$10.7. Reiterate BUY.

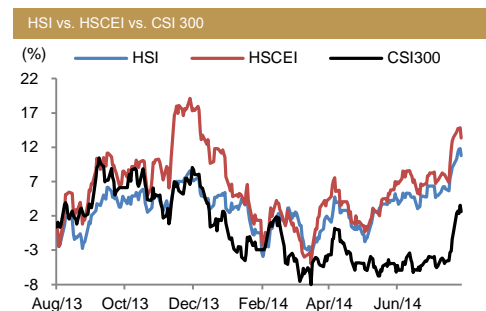
1H14 net profit grew by 21.1%:

In 1H14, Huaneng recorded operating revenue of RMB64.606bn, up 0.85% YoY, mainly caused by the power generation growth of 1.51%; net profit was RMB6.81bn, up 21.09% YoY, benefiting from fuel costs decline of 3.1% as well as investment income growth of

Stock Market Indices	Close	1-day chg	% chg
Hang Seng Index	24532.43	-224.42	-0.91
Hang Seng Finance Index	32824.37	-304.03	-0.92
Hang Seng Utilities Index	7442.37	+25.37	+0.34
Hang Seng Property Index	31671.12	-824.97	-2.54
Hang Seng Composite Index	15091.39	-92.47	-0.61
HSCEI	10982.65	-147.55	-1.33
CSI 300	2329.4	-20.85	-0.89
Shanghai Composite Index	2185.3	-16.26	-0.74
TWSE	9266.51	-49.34	-0.53

Global	Last price	chg	%chg
Brent Oil	104.62	-0.8	-0.76
COMEX Gold	1294.7	+13.0	+1.01
COMEX Copper	322.45	-0.6	-0.19
LME Copper	1964.0	-52.0	-2.58
LME Aluminum	7077.5	-57.5	-0.81
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	6.25	-0.01	-0.1
3M Libor	0.23	-0.0	-0.43
3M Shibor	4.71	-0.01	-0.14
10Y US T-Note Yield	2.52	-0.06	-2.33



27.2%. The company recorded asset impairment loss of RMB410mn, up 559.8%, because of power plant shut-downs and poor performance of coal mine investment. EPS was RMB0.48, up RMB0.08 YoY, achieving 58% of Bloomberg's full-year EPS estimate. Net margin was 10.5%, up 2.3ppt; ROE was 10.26%, up 0.06ppt and debt/asset ratio was 70.4%, down 0.9ppt.

Annual generation target expected to be met:

Huaneng expects its 2014 average raw coal purchasing price to decrease by 5% and the standard coal price to decrease by 6% YoY, which may lead to unit fuel cost drop of 3% YoY. The guidance of power generation and utilization hours remains unchanged at 325bn kWh and 5,000 hours. The target of 2014 CAPEX is unchanged at RMB24.8bn and new capacities of 4,046/4,298MW are planned to be installed in 2014/2015. Considering the summer peak season of power demand as well as the new capacities installed, we believe the generation target will be met by the end of the year.

Key risks:

a) Tariff cut, b) coal price rebound, c) delay of new capacity production. (Vera Liang)

US 2Q14 GDP rebounded to 4.0% QoQ SAAR, reflecting recovery in motion

Key data:

■ On QoQ SAAR basis, US 2Q14 GDP rose to 4.0% from -2.1% (revised up). On YoY basis, GDP grew to 2.4% from 1.9% (revised up)

■ Personal consumption expenditures increased 2.5% QoQ SAAR, up from 1.2% QoQ SAAR

■ Nonresidential fixed investment increased 5.5% QoQ SAAR, up from 1.6% QoQ SAAR

■ Trade continued to drag growth; exports of goods and services increased 9.5% QoQ SAAR (up from -9.2%), while imports rose 11.7% QoQ SAAR (up from 2.2%)

■ Federal government consumption expenditures and gross investment registered at -0.8% QoQ SAAR

■ 2Q PCE inflation rose to 2.3% YoY, up from 1.4% YoY in 1Q, but monthly core PCE remained below Fed target

Comment:

The US GDP released confirmed the data published over the last several months illustrating a rebound of the economy after a weak 1Q attributed to weather factors. Growth was higher than consensus forecasts, and the strength was even greater than seen on the surface as the 1Q growth was also revised up.

By contribution, most subcategories improved from 1Q. Personal consumption expenditure continued to be the largest contributor to GDP growth on a QoQ SAAR basis, contributing 1.69 ppt to growth, up from 0.83 ppt. Change in private inventories also contributed significantly in 2Q, up to 1.66 ppt after dragging 1Q growth by -1.16 ppt. Importantly, government expenditures also provided a lift of 0.3 ppt in 2Q, after being negative or zero for 14 of the past 15 quarters.

As we have communicated over the past several months, the US is in the best shape of the major developed economies. While there are several weak points such as what was seen in the June new homes market, on a whole recent data indicates that the recovery is likely to continue. With that being said, factoring in the base effect, 3Q growth is likely to moderate slightly. We also caution readers to note that a downward revision of the 2Q numbers is possible, particularly as the 1Q growth was revised down twice earlier; recovery remains gradual rather than explosive.

Overall, the higher than expected GDP growth and inflation data will raise the likelihood of an earlier than expected rate hike. In our view, unless inflation exceeds 2.5% YoY for a sustained period, it will have a limited impact on the Fed's decision making process. We view a rate hike in 2Q15 as the likeliest timing currently. (Lynn SONG, Cliff Zhao, David Xie)

Hopson Development (754 HK)

Negative expectation priced in whilst aggressive pricing strategy pushing discount back

Aggressive pricing strategy pushing discount to NAV back to average

Despite unsatisfactory 1H14 sales, the company is trying aggressive pricing strategy. Taking into account the 69.9% discount of its share price to NAV, which is much lower than the average of 47.7%, we believe its aggressive pricing strategy will be pushing the discount to its NAV back to average.

Our views

Aggressive pricing strategy taking effect despite unsatisfactory 1H14 sales: Contracted sales for the 1H2014 amounted to approximately RMB1,815mn, down 67.38% YoY. The company

has been attempting to accomplish its annual target of RMB15 bn through aggressive pricing. For example, the average selling price of its Shijicun Project in Tongzhou, Beijing, was previously around RMB15,000~18,000 per sqm. Currently, 160 units were rolled out at a discounted price of RMB9,800 per sqm. A survey has shown that more than 120 customers had made reservations in only three days.

Most of land bank locates in first-tier cities: The land bank of Hopson Development in first-tier cities is leading in the industry. It has around 17.69 mn sqm of land bank in Beijing, Shanghai and Guangzhou, accounting for 55% of its total land bank.

Property shares with discounts to NAV benefit most in second half of rebound cycle: Data of the property market gradually improved in June amid easing policy control and improving liquidity conditions. The property industry had a satisfactory rebound after we upgraded it from Neutral to BUY on May 12. We believe that property companies with discounts to NAV should be focused now.

Maintain BUY: We maintain a BUY rating. However, taking into account its unsatisfactory 1H14 sales, we revise down our TP from HK\$19.2 to HK\$11.7 about 60% discount of its NAV HK\$29.2 per share

Estimated Earnings/Valuation

We estimate the NAV of the company to be HK\$29.2 per share, and its valuation would be HK\$11.7 at a discount of 60%. Its 2014E/2015E/2016E profit attributable to parent is HK\$1.45/1.75/2.05 per share, corresponding to a PE of 8.1/6.7/5.7x. (Feiqin Duan, Kate Li)

A-share Research Highlights

Investment Opportunities in Bank Shares III

Do Add Positions for Upcoming New Highs

The current upswing of bank shares has not yet reached an end and absolute share prices of most banks are going to break the highs in early 2013. Whether in terms of macroeconomic conditions and fundamentals of banks or new funds and estimated fund inflows, bank shares do have sufficient momentum to surge. Don't hesitate or wait for correction, the correction over the last 2 days was adequate. We recommend Ping An (000001 CH), Pudong Development (600000 CH), Ningbo (002142 CH), and suggest paying attention to the leading signals from BOCOM (601328 CH).

I. As a leader, BOCOM will release potential after breaking its early 2013 record high

If we use July 24 as the starting point of the current upswing of bank shares, Bank of Communications is undoubtedly the leader of the banking sector. It has surged 23.6% since July 24 and was just 12.6% behind its high in early 2013. We expect that it will break its previous high in a few trading days and then trigger the momentum and potential of the other bank shares.

II. Potential exists in both allocation and revaluation

In 1H14, the allocation of active funds to bank shares accounted for 1.9% of their positions. Plenty of funds increased their positions of banks shares at the end of July, but we estimate that the overall position will not be more than 3.5%. In terms of valuation, the highest of the banking sector at the end of 2012 were P/E 7.3x and P/B 1.36x, while the current one is P/E 4.7x and P/B 0.86x. Therefore, the valuation is still not demanding even if the absolute share prices are higher than the peak in 2013.

III. A signal for withdrawal?

With steady economic fundamentals, optimistic expectation on interim results, upside potential on both fund flows and valuation, we don't see any signal for withdrawal in the short run. We believe that attention should be paid in the short run to any changes in the flow of funds (recently clear to emerging markets) that might be caused by possible changes in external markets, such as the U.S. Dollar Index. In the medium and long run, major economic indicators, particularly the PMI, should be closely monitored. As long as the PMI is above the expansionary state of 50, bank shares are relatively safe. (Xiao Liqiang and Zou Tianjie, July 31, 2014)

What to Watch

Company Events

Date	Ticker	Company	Event
2014/08/04	00005 .HK	HSBC HOLDINGS	Interim Result
2014/08/04	00011 .HK	HANG SENG BANK	Interim Result/ Dividend
2014/08/04	00120 .HK	COSMOPOL-NEW	Interim Result
2014/08/04	00327 .HK	PAX GLOBAL	Interim Result/ Dividend
2014/08/04	00368 .HK	SINOTRANS SHIP	Interim Result
2014/08/04	00376 .HK	REORIENT GROUP	Interim Result
2014/08/04	00818 .HK	HI SUN TECH	Interim Result
2014/08/04	00960 .HK	LONGFOR PPT	Interim Result
2014/08/04	01448 .HK	FU SHOU YUAN	Interim Result
2014/08/04	02168 .HK	YINGDE GASES	Interim Result/ Dividend
2014/08/04	02920 .HK	COSMOPOL INT'L	Interim Result
2014/08/04	08031 .HK	ETS GROUP	Interim Result
2014/08/04	08053 .HK	PIZU GROUP	First Quarter Result

Research Coverage List

As of August 4, 2014. Updated weekly.

Company	Ticker	Rating	Share px Aug. 1	12-month TP	% Upside	Mkt cap (US\$mn)	2014E	EPS 2015E	2016E	2014E	P/E 2015E	2016E	Analyst
Auto & Auto Parts													
Brilliance China	1114 HK	BUY	HK\$14.2	HK\$12.0	-15	9,427	0.71	0.80	0.89	16.4	14.6	13.1	Colleen LI
BYD Company	1211 HK	NEUTRAL	HK\$50.25	HK\$32.9	-35	4,558	0.27	0.69	1.03	132.5	51.9	34.7	Colleen LI
China ZhengTong Auto	1728 HK	BUY	HK\$4.1	HK\$5.85	43	1,237	0.55	0.81	1.11	6.3	4.3	3.1	Colleen LI
Geely Automobile	175 HK	BUY	HK\$3.09	HK\$5.04	63	3,100	0.32	0.36	0.38	6.9	6.1	5.8	Colleen LI
CSR	1766 HK	BUY	HK\$6.92	HK\$8.08	17	1,522	0.31	0.40	0.45	15.1	11.7	10.4	Colleen LI
Great Wall Motor	2333 HK	BUY	HK\$32.25	HK\$43.4	35	3,838	2.74	3.40	3.82	8.4	6.8	6.1	Colleen LI
CSR Times Electric	3898 HK	BUY	HK\$26.05	HK\$32.03	23	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	-13	2,123	0.78	0.87	0.97	15.5	13.9	12.5	Colleen LI
Dongfeng Motor	489 HK	BUY	HK\$13.48	HK\$14.17	5	5,113	1.13	1.26	1.29	9.9	8.9	8.6	Colleen LI
Zhongsheng Group	881 HK	NEUTRAL	HK\$9.83	HK\$10.3	5	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\$4.13	HK\$6.2	50	807	0.20	0.23	0.32	16.4	14.2	10.2	Michael YUK
Hilong Holding	1623 HK	BUY	HK\$4.5	HK\$5.2	16	842	0.21	0.28	0.37	15.5	11.7	8.7	Michael YUK
Chu Kong Petroleum	1938 HK	BUY	HK\$2.7	HK\$3.8	41	350	0.04	0.28	0.40	53.8	7.7	5.4	Michael YUK
China Oilfield Services	2883 HK	NEUTRAL	HK\$19.4	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\$2.88	HK\$1.8	-38	173	0.08	0.09	0.10	20.5	18.1	16.1	Michael YUK
Anton Oilfield Services	3337 HK	BUY	HK\$4.42	HK\$5.5	24	1,493	0.18	0.22	0.29	23.6	19.3	14.6	Michael YUK
NewOcean Energy	342 HK	BUY	HK\$5.28	HK\$9.83	86	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	-0	24,322	0.57	0.66	0.68	10.4	9.0	8.7	Michael YUK
CIMC Enric	3899 HK	NEUTRAL	HK\$9.11	HK\$13.88	52	2,492	0.50	0.59	0.68	16.4	13.9	12.1	Michael YUK
United Energy Group	467 HK	BUY	HK\$1.14	HK\$2.0	75	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	4	922	0.08	0.10	0.13	17.9	14.3	11.0	Michael YUK
Petrochina	857 HK	BUY	HK\$10.14	HK\$11.2	10	26,646	0.71	0.74	0.78	11.1	10.6	10.1	Michael YUK
CNOOC	883 HK	BUY	HK\$13.78	HK\$17.0	23	80,173	1.26	1.40	1.50	8.9	8.0	7.5	Michael YUK
Property													
China Resources Land	1109 HK	NEUTRAL	HK\$18.04	HK\$17.0	-6	10,666	2.52	2.11	2.28	5.6	6.7	6.2	Feiqin DUAN
Sunac China	1918 HK	BUY	HK\$6.3	HK\$6.7	6	1,884	0.96	1.14	1.34	3.7	3.1	2.6	Feiqin DUAN
Evergrande Real Estate	3333 HK	BUY	HK\$3.33	HK\$4.38	32	5,641	0.79	0.79	0.80	3.1	3.1	3.0	Feiqin DUAN
Greentown China	3900 HK	BUY	HK\$9.81	HK\$15.8	61	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
			Aug. 1	12-month TP	% Upside		2014E	2015E	2016E	2014E	2015E	2016E	
China Overseas Land	688 HK	BUY	HK\$23.25	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\$8.6	HK\$19.1	122	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\$1.16	HK\$2.3	98	645	0.11	0.17	0.19	7.5	4.8	4.3	Feiqin DUAN
Metals and Mining													
China Hongqiao	1378 HK	BUY	HK\$6.56	HK\$6.2	-5	4,229	0.95	1.08	1.32	4.7	4.1	3.4	Shawn LEE
Zhaojin Mining	1818 HK	NEUTRAL	HK\$4.8	HK\$4.7	-2	500	0.25	0.24	0.17	14.2	14.8	20.9	Shawn LEE
Aluminum Corp of China	2600 HK	NEUTRAL	HK\$3.47	HK\$2.8	-19	1,414	0.07	-0.07	-0.06	31.9	N.A.	N.A.	Shawn LEE
Zijin Mining	2899 HK	NEUTRAL	HK\$1.96	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\$14.54	HK\$10.2	-30	2,194	1.03	0.81	0.66	9.6	12.2	14.9	Shawn LEE
China Molybdenum	3993 HK	NEUTRAL	HK\$5.01	HK\$3.1	-38	671	0.19	0.20	0.21	16.8	15.9	15.2	Shawn LEE
RUSAL	486 HK	NEUTRAL	HK\$3.99	HK\$3.1	-22	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\$4.29	HK\$3.45	-20	6,785	0.22	0.25	0.28	13.8	12.2	10.9	Alex NG
China Unicom	762 HK	NEUTRAL	HK\$13.34	HK\$11.34	-15	36,759	0.44	0.65	0.76	21.9	14.8	12.7	Alex NG
China Mobile	941 HK	NEUTRAL	HK\$85.3	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\$3.94	HK\$7.0	78	920	0.14	0.20	0.29	25.4	17.8	12.3	Jeff HAO
Kingdee	268 HK	NEUTRAL	HK\$2.69	HK\$1.4	-48	836	0.05	0.08	0.10	40.8	25.5	20.4	Jeff HAO
Chinasoft	354 HK	NEUTRAL	HK\$2.39	HK\$2.0	-16	530	0.08	0.10	0.13	22.2	17.8	13.7	Jeff HAO
Kingsoft	3888 HK	BUY	HK\$23.15	HK\$37.05	60	3,563	0.55	0.63	0.95	34.1	29.8	19.7	Jeff HAO
SinoMedia	623 HK	BUY	HK\$5.9	HK\$8.07	37	448	0.64	0.73	0.83	7.5	6.6	5.8	Jeff HAO
Tencent	700 HK	BUY	HK\$128.2	HK\$127.6	-0	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\$45.65	HK\$40.0	-12	7,992	1.83	2.16	2.48	22.1	18.8	16.3	Alex NG
Coolpad	2369 HK	BUY	HK\$1.79	HK\$2.73	53	588	0.13	0.21	0.26	16.5	10.2	8.2	Alex NG
Sunny Optical	2382 HK	NEUTRAL	HK\$9.78	HK\$8.37	-14	1,551	0.41	0.54	0.73	21.5	16.3	12.1	Alex NG
TCL Comm	2618 HK	BUY	HK\$9.52	HK\$12.5	31	1,406	0.28	0.98	1.34	33.5	9.6	7.0	Alex NG
Truly	732 HK	BUY	HK\$4.52	HK\$7.15	58	1,775	0.56	0.67	0.79	8.4	7.0	6.0	Alex NG
Lenovo Group	992 HK	BUY	HK\$10.66	HK\$10.5	-2	14,203	0.06	0.07	0.11	22.8	19.5	12.4	Alex NG
Textile & Garment													
China Lilang	1234 HK	BUY	HK\$5.08	HK\$5.14	1	766	0.43	0.41	0.44	9.2	9.7	9.0	Ivy ZHAO

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361 Degrees	1361 HK	NEUTRAL	HK\$1.82	HK\$1.76	-3	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	2	918	0.28	0.29	0.31	9.4	9.1	8.5	Ivy ZHAO
Belle	1880 HK	NEUTRAL	HK\$9.75	HK\$7.89	-19	9,357	0.52	0.52	0.54	13.3	13.3	12.8	Ivy ZHAO
Peak Sport	1968 HK	BUY	HK\$2.06	HK\$2.72	32	512	0.12	0.16	0.17	12.7	9.5	8.9	Ivy ZHAO
ANTA Sports Products	2020 HK	BUY	HK\$12.72	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\$4.69	HK\$5.3	13	6,470	-0.30	-0.21	0.06	N.A.	N.A.	60.5	Ivy ZHAO
China Dongxiang	3818 HK	BUY	HK\$1.49	HK\$1.59	7	1,043	0.04	0.04	0.05	29.3	29.3	23.5	Ivy ZHAO
Ports Design	589 HK	NEUTRAL	HK\$3.28	HK\$4.0	22	250	0.54	0.55	0.66	5.2	5.1	4.3	Ivy ZHAO
Trinity	891 HK	BUY	HK\$1.92	HK\$2.0	4	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	23	18,685	0.05	0.06	0.07	28.7	24.0	20.5	Ling HUA
China Mengniu Dairy	2319 HK	BUY	HK\$38.1	HK\$47.0	23	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	14	15,134	0.07	0.10	0.11	40.0	28.0	25.5	Ling HUA
Vitasoy	345 HK	NEUTRAL	HK\$10.02	HK\$10.8	8	1,319	0.30	0.36	0.39	33.1	28.2	25.6	Ling HUA
Retail													
Haier Electronics	1169 HK	BUY	HK\$21.65	HK\$24.6	14	7,709	0.78	0.89	1.05	23.1	20.2	17.1	Gloria WANG
Springland International	1700 HK	NEUTRAL	HK\$3.19	HK\$3.3	3	1,019	0.28	0.29	0.33	9.2	8.9	7.8	Gloria WANG
Sa Sa International	178 HK	NEUTRAL	HK\$6.31	HK\$5.7	-10	2,212	0.34	0.35	0.38	17.7	17.2	15.9	Gloria WANG
Intime Retail Group	1833 HK	BUY	HK\$7.35	HK\$10.3	40	1,759	0.52	0.60	0.69	10.5	9.1	7.9	Gloria WANG
GOME ELECTRICAL	493 HK	BUY	HK\$1.3	HK\$1.8	38	2,938	0.05	0.08	0.09	21.7	13.6	12.0	Gloria WANG
Bonjour Holdings	653 HK	NEUTRAL	HK\$1.2	HK\$1.2	0	532	0.09	0.09	0.10	13.4	13.4	12.1	Gloria WANG
Alternative Energy													
Datang Renewable Power	1798 HK	SELL	HK\$1.15	HK\$0.74	-36	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	75	716	0.02	0.04	0.06	31.0	15.5	10.3	Lei YIN
Xinjiang Goldwind	2208 HK	BUY	HK\$8.59	HK\$12.3	43	582	0.16	0.37	0.55	45.3	19.6	13.2	Lei YIN
GCL-Poly Energy	3800 HK	BUY	HK\$2.48	HK\$2.83	14	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\$2.92	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\$7.86	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\$2.56	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\$11.56	HK\$12.46	8	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
			Aug. 1	12-month TP	% Upside		2014E	2015E	2016E	2014E	2015E	2016E	
China Merchants	144 HK	NEUTRAL	HK\$25.85	HK\$26.43	2	7,889	1.67	1.75	2.05	14.5	13.8	11.8	Kate LI
CSCIL	2866 HK	NEUTRAL	HK\$2.25	HK\$1.82	-19	968	-0.22	0.01	0.05	N.A.	160.6	32.1	Kate LI
Orient Overseas	316 HK	BUY	HK\$41.0	HK\$51.0	24	3,064	0.08	0.21	0.37	61.2	23.3	13.2	Kate LI
Sinotrans Shipping	368 HK	NEUTRAL	HK\$2.13	HK\$2.4	13	1,143	0.00	0.01	0.01		28.6	28.6	Kate LI
Machinery & Equipment													
Zoomlion Heavy	1157 HK	NEUTRAL	HK\$4.79	HK\$4.2	-12	885	0.51	0.26	0.29	7.2	14.0	12.6	Yiding JIAO
CMEC	1829 HK	BUY	HK\$4.7	HK\$7.01	49	537	0.54	0.63	0.68	6.8	5.8	5.4	Yiding JIAO
Lonking	3339 HK	BUY	HK\$1.36	HK\$2.06	51	734	0.11	0.13	0.16	9.7	8.2	6.7	Yiding JIAO
Sany Heavy	631 HK	NEUTRAL	HK\$1.79	HK\$1.47	-18	675	0.12	0.12	0.13	11.5	11.5	10.6	Yiding JIAO
Electric Power													
Huadian Power	1071 HK	BUY	HK\$4.94	HK\$6.1	23	866	0.56	0.61	0.65	6.7	6.2	5.8	Vera LIANG
China Power	2380 HK	BUY	HK\$3.22	HK\$3.6	12	2,542	0.40	0.41	0.47	6.1	6.0	5.2	Vera LIANG
Huaneng Power	902 HK	BUY	HK\$8.9	HK\$9.65	8	4,013	0.74	0.77	0.86	9.5	9.1	8.2	Vera LIANG
Datang Power	991 HK	BUY	HK\$3.87	HK\$4.4	14	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\$2.6	HK\$4.12	58	181	0.10	0.12	0.14	25.2	21.0	18.0	Jonathan HSU
CSPC Pharmaceutical	1093 HK	BUY	HK\$5.91	HK\$8.0	35	4,461	0.17	0.23	0.29	36.4	26.9	21.3	Jonathan HSU
Sinopharm Group	1099 HK	BUY	HK\$22.25	HK\$24.4	10	2,750	0.66	0.82	1.01	26.1	21.0	17.1	Jonathan HSU
Sino Biopharm	1177 HK	BUY	HK\$6.53	HK\$6.7	3	4,003	0.09	0.18	0.22	69.8	34.9	28.6	Jonathan HSU
Phoenix Healthcare	1515 HK	BUY	HK\$11.48	HK\$16.6	45	1,256	0.13	0.23	0.28	72.2	40.8	33.5	Jonathan HSU
Dawnrays	2348 HK	BUY	HK\$6.34	HK\$8.2	29	586	0.19	0.25	0.32	23.9	18.2	14.2	Jonathan HSU
Shineway Pharma	2877 HK	NEUTRAL	HK\$13.0	HK\$12.3	-5	1,451	0.91	0.78	0.89	12.0	14.0	12.3	Jonathan HSU
Sihuan Pharmaceutical	460 HK	BUY	HK\$4.76	HK\$5.5	16	6,329	0.13	0.15	0.18	29.3	25.4	21.2	Jonathan HSU
iKang Healthcare Group	KANG	BUY	US\$18.6	US\$21.3	15	1,219	0.33	0.50	0.71	56.4	37.2	26.2	Jonathan HSU
Bank													
ABC	1288 HK	BUY	HK\$3.75	HK\$4.19	12	143,803	0.51	0.55	0.60	5.6	5.2	4.7	Donger WANG
ICBC	1398 HK	BUY	HK\$5.24	HK\$5.95	14	226,646	0.75	0.79	0.84	5.4	5.1	4.8	Donger WANG
Minsheng	1988 HK	BUY	HK\$8.04	HK\$8.35	4	25,944	1.49	1.60	1.78	3.8	3.6	3.2	Donger WANG
BOCOM	3328 HK	NEUTRAL	HK\$5.88	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\$3.8	HK\$4.15	9	4,271	0.64	0.71	0.78	4.5	4.0	3.7	Donger WANG
BOC	3988 HK	BUY	HK\$3.66	HK\$4.05	11	126,133	0.56	0.59	0.63	5.0	4.8	4.5	Donger WANG
China Construction Bank	939 HK	BUY	HK\$5.92	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		% Upside	Mkt cap (US\$m)	EPS			P/E			Analyst
			Aug. 1	12-month TP			2014E	2015E	2016E	2014E	2015E	2016E	
Citic	998 HK	SELL	HK\$5.1	HK\$4.1	-20	28,850	0.84	0.85	0.96	4.6	4.5	4.0	Donger WANG
Gaming													
Wynn Macau	1128 HK	SELL	HK\$32.65	HK\$31.7	-3	20,344	1.48	1.65	1.76	20.5	18.4	17.3	Angela HAN LEE
Sands China	1928 HK	BUY	HK\$56.45	HK\$81.2	44	60,865	2.13	3.09	3.63	27.5	19.0	16.1	Angela HAN LEE
MGM China	2282 HK	BUY	HK\$28.0	HK\$42.9	53	13,187	1.40	1.70	1.88	19.2	15.8	14.3	Angela HAN LEE
Galaxy Entertainment	27 HK	BUY	HK\$64.4	HK\$79.9	24	33,685	2.39	2.96	3.91	25.9	21.0	15.9	Angela HAN LEE
Melco Crown	6883 HK	BUY	HK\$85.6	HK\$120.6	41	20,004	3.00	4.16	4.79	31.3	22.6	19.6	Angela HAN LEE
SJM	880 HK	SELL	HK\$20.6	HK\$16.3	-21	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\$10.42	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\$29.05	HK\$34.1	17	1,125	0.60	0.84	1.28	33.6	24.0	15.8	Shawn LEE
Industrial Goods													
TK group	2283 HK	BUY	HK\$1.02	HK\$1.74	71	131	0.14	0.18	0.21	8.8	6.8	5.9	Ling HUA

Source: Bloomberg, CMS (HK)

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2014-07-16	Huadian Power (1071 HK)	Vera LIANG

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	xiexx@cmschina.com.cn
Macro Research		
Chief Strategist	Cliff ZHAO	wenlizhao@cmschina.com.cn
China Macro Economy	David XIE	xiexx@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	hanleeam@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

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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
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NEUTRAL	Expected to outperform or underperform the market index by 10% or less over the next 12 months
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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