

## Morning Express

17 November 2010

### Today's Focus

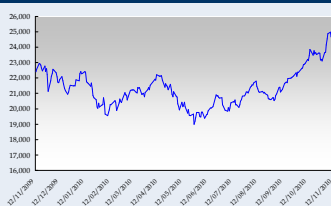
#### Indices

	Close	1d %	Ytd %
HSI	23,693	-1.39	8.32
H Shares	13,193	-1.67	3.11
SH A	3,032	-3.98	-11.80
SH B	293	-3.97	15.89
SZ A	1,341	-3.50	6.36
SZ B	823	-2.39	31.54
DJIA	11,024	-1.59	5.71
S&P 500	1,178	-1.62	5.67
Nasdaq	2,470	-1.75	8.84
FTSE	5,682	-2.38	4.97
CAC	3,762	-2.63	-4.42
DAX	6,663	-1.87	11.85

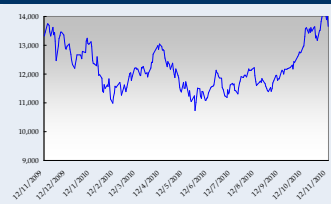
#### Indicators

	Close	3m %	Ytd %
Crude	82.50	6.11	-1.94
Gold	1,339.40	9.35	22.10
Silver	25.39	37.11	50.43
Copper	8,150.00	12.41	10.51
JPY	83.40	2.55	11.53
GBP	1.59	1.85	-1.83
EURO	1.35	4.61	-5.88
<b>bps change</b>		<b>3 m</b>	<b>6 m</b>
HIBOR	0.26	-0.04	0.06
US 10 yield	2.84	0.22	-0.64

#### Hang Seng Index (1 year)



#### HS China Enterprise Index (1 year)



**China VTM Mining (893.HK)** - The Company announced yesterday that Lingyu, an indirect wholly-owned subsidiary of the Company, acquired the entire equity interest of Aba Mining at a consideration of RMB150m. Lingyu also purchased a 7.23% stake in Huili Caitong at a consideration of RMB445m. Possessing Maoling Mine and Yanglongshan Mine, Aba Mining has a resource reserve of 78.16m tonnes. Its Maoling Mine and Yanglongshan Mine are mines that China VTM Mining targeted to acquire. Maoling Mine's current production capacity of iron concentrates is approximately 150,000 tonnes per annum and the production line will enter production by end of year. Yanglongshan Mine is expected to commence production in 2013 with a designated production capacity of 100,000 tonnes. Taking into account the latest acquisition, we raised its 2010-2012 EPS to RMB0.26, RMB0.33 and RMB0.41, respectively. "Buy" rating maintained with TP of HK\$4.9.

**Skyworth Digital (751.HK)** - SD announced that the domestic sales of its LCD TV in October fell 13% YoY to 427,000 units, slightly behind our expectation. The Company also cut its sales target for FY11 to 7m units, which met our expectation. Meanwhile, the Company expected to record a significant YoY drop in its net profit in 1HFY11 due to declines in sales volume and gross margin. Turnover and net profit for 1HFY11 are projected to be HK\$10.5bn and HK\$444m. We believe the Company has survived the toughest period in 1HFY11 and all the negative factors have been priced in. "Buy" rating maintained while we slightly cut its TP to HK\$6.0, corresponding to the FY12F P/E of 9.3x.

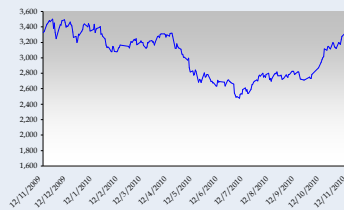
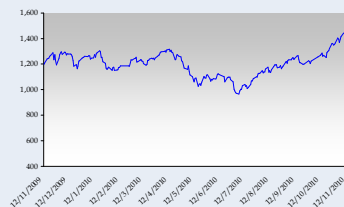
**Sino Biopharm (1177.HK)** - For the first three quarters of 2010, revenue rose 21.7% YoY and net profit attributable to shareholders climbed 16.8% YoY. EPS were HK\$6.5 cents, basically in line with expectation. Expenses reduced sharply and net margin was improved in 3Q10. We expect increase in sales volume of Mingzheng and Kaishi products under medical insurance system next year. We are bullish on the growth potentials of Kaishi, Kaifen and other key products, as well as new products such as Tianqingganmei, Tianqingning and Tomudex. "Buy" rating maintained.

### Market View - HSI should be able to find support at 23,200.

Asian stocks fell for a third day on speculation that governments in the region will take further steps to cool inflation, the tightening move became more obvious after the central bank of Korea decided to raise interest rate. KOSPI index dropped 0.8% to 1899. The MSCI Asia Pacific Index declined 0.6% to 130.8, with about three stocks falling for every one that climbed. The same is happening in the China's stock market yesterday. China's stocks fell on speculation the government will intensify measures to curb accelerating inflation including higher interest rates and price controls. Speculation that the central bank will tighten monetary policy continues to hurt the market. SHCOMP fell below 2900pts, losing 119pts or 3.98%.

**HSI Technical**

HSI	23,693
50 d MA	23,001
200 d MA	21,241
14 d RSI	49
Short Sell (HK\$ m)	6,596

**Shanghai A-shares (1 year)**

**Shenzhen A-shares (1 year)**

**Result Announcement This Week**

Date	Company	Code	
15/11/2010	CULTURELANDMARK	674	Interim
15/11/2010	GOME	493	3Q
15/11/2010	HKET HOLDINGS	423	Interim
15/11/2010	SOUTHGOBI	1878	1Q
15/11/2010	TINGYI	322	3Q
15/11/2010	UPBEST GROUP	335	Interim
15/11/2010	WEIGAO GROUP	1066	3Q
16/11/2010	GIORDANO INTL	709	3Q
16/11/2010	SINO BIOPHARM	1177	3Q
17/11/2010	CASSAVA RES	841	Interim
17/11/2010	GOLDIN PPT	283	Interim
17/11/2010	ORIENTAL WATCH	398	Interim
17/11/2010	PNG RESOURCES	221	Interim
17/11/2010	POKFULAM	225	Final
17/11/2010	VTECH HOLDINGS	303	Interim
17/11/2010	WAI YUEN TONG	897	Interim
17/11/2010	WANG ON GROUP	1222	Interim
18/11/2010	AV CONCEPT HOLD	595	Interim
18/11/2010	CHINA RESOURCES	291	3Q
18/11/2010	KING FOOK HOLD	280	Interim
18/11/2010	LEE'S PHARM	950	3Q
18/11/2010	SA SA INTL	178	Interim
18/11/2010	VITASOY INTL	345	Interim
18/11/2010	VXL CAPITAL	727	Interim
19/11/2010	CHEONG MING INV	1196	Interim
19/11/2010	CVM MINERALS	705	3Q
19/11/2010	DAISHOMICROLINE	567	Interim
19/11/2010	EASYKNIT ENT	616	Interim
19/11/2010	NEWAY GROUP	55	Interim
19/11/2010	RESING DEV HOLD	1004	Interim
19/11/2010	TERMBRAY IND	93	Interim
19/11/2010	UDL HOLDINGS	620	Final
19/11/2010	YEEBO (INTL. H)	259	Interim
19/11/2010	ZHEJIANGEXPRESS	576	3Q

HSI opened 17pts lower and soon rebounded to its intra-day high of 24085pts. However, the A-share market plunged in the afternoon session on worries that Beijing Government might soon implement rate hike after the Korea announced to raise interest rates. The local benchmark fell back to the negative territory and fell below its 20-day moving average (at 23956pts), reaching its intra-day low of 23578pts. Daily volatility was 507pts. The HSI lost 334pts or 1.4% yesterday, closing at 23693pts. Turnover of the Main Board expanded to HK\$10.18bn yesterday. HSCEI fell 223pts or 1.7% to 13192pts.

HSI has reported losses for 3 days in a row, evaporating 1000pts or 4%. Compared to its highest level on 8 Nov, the index fell nearly 1300pts or 5%. Further corrections for the rally over the past 2 months might continue this week. As for SHCOMP, the index has corrected half of the index rally since late Sep. We believe it could take a breather at its current level at 2894pts.

The Bank of Korea increased interest rates for the second time this year, and dropped a reference to keeping borrowing costs "accommodative" after inflation surged past the central bank's ceiling. The bank raised the seven-day repurchase rate by 0.25 percentage point to 2.5%. South Korea's CPI accelerated to a 20-month high of 4.1% in October, the central bank aims for 2-4% on average through 2012, South Korea made it clear that they will keep raising interest rates when necessary. The won climbed the most in two weeks against the US\$ to 1129.47.

The Chinese property sector fell 1.5% as a whole on concerns over possible rate hikes. Meanwhile, the MIIT Vice Minister Xi Guohua said in a meeting that China could phase out 50% of all obsolete capacity and targets on energy saving for industrial added value could be achieved successfully during the 11th Five-Year Plan period. However, over-capacity still exists in steel and cement sectors and repeated constructions could be found in wind power, polysilicon and other emerging sectors. Meanwhile, RMB appreciation and trade protectionism will intensify the seriousness of these problems. Iron & steel and cement sectors fell 1.5% yesterday.

US stocks dropped, as fears of higher interest rates in China and the potential for a new round of bailouts in the European Union fueled unease over the global economy. DJIA fell 178 pts, or 1.59% to 11023, oil and the financial sectors led the decline. S&P 500 and Nasdaq dropped by 1.62% and 1.75% respectively. We see the recent correction in the US market as a normal phenomenon after the rapid climb in the last two months.

Shares of Wal-Mart Stores rose 0.6% to US\$54.26 after its 3Q earnings rose 9.3% to US\$3,436m. US same-store sales fell for a sixth straight quarter but international operations again drove better results.

Fears of monetary tightening continued to spur broad stock losses in Asia. China's SHCOMP slumped 4% after new limits were announced that restrict the ability of foreigners to buy residential or commercial property on the mainland.

In Europe, concerns simmered over whether Ireland, and potentially Portugal, will be forced to accept bailouts from the European Union. Ireland has so far resisted, saying it is fully funded until mid-2011. European stock indexes fell by about 2% yesterday.

### News Reaction

**China Jan-Sep rare earths exports 32,000 tons; exports to Japan up 170%.** China exported a total of 32,200 tons of rare earths in the first nine months of the year, with exports to Japan increasing 167% YoY to 16,000 tons, equivalent to 49.8% of its total rare earth exports, MOC spokesman Yao Jian said. The rare earths exported in the first nine months of the year were at an average price of US\$14,800 per ton. Apart from Japan being the major importing country of Chinese rare earths, exports to the US increased 5.5% YoY to 62m tons during the same period, equivalent to 19% of China's total rare earth exports. Yao said the Chinese government has tightened regulations concerning the development, production and export of rare earth out of concern for the environment. China cut its 2010 rare earth export quota 39% YoY while rare earth development and production capacities were reduced by 25% and 23%, respectively, he said. In addition, China has added a 15-25% export duty on rare earth exports while banning the export of 41 rare earth-related processed products.

**China export growth to slow in next 2 months.** China's Oct export growth slowed 2.2 ppts from Sep to 22.9%, posting a fall for 5 months in a row since May 2010, showing that exports are moving from strong recovery growth to normal growth. China's export growth will slow in the next two months and the trade surplus will narrow as the pace of import growth strengthens, MOC spokesman Yao Jian told today.

**MIIT: 11<sup>th</sup> Five-Year Plan's targets on energy saving could be achieved, but over-capacity remains serious.** China expects to phase out 50% of all obsolete capacity and targets on energy saving for industrial added value could be achieved successfully during the 11<sup>th</sup> Five-Year Plan period, MIIT Vice Minister Xi Guohua said today. However, over-capacity still exists in steel and cement sectors and repeated constructions could be found in wind power, polysilicon and other emerging sectors. Meanwhile, RMB appreciation and trade protectionism will intensify the seriousness of these problems.

**NDRC: China emerging sectors to make up 15% GDP in 10 years.** The NDRC Vice Minister Peng Sen said during the 12th China Hi-Tech Fair that it is expected China will become one of the developed countries with estimated per capita GDP exceeding US\$4,000 in 2010. Peng said China's future development will depend more on emerging industries. According to the Chinese Government's plan, value-added of emerging industries will represent about 8% of the GDP by 2015 and extend to 15% by 2020, finally reaching the international leading standard and becoming a strong support of national economy. Peng said the country will further introduce private capital to invest in emerging sectors, given the biggest contributions of private economy to emerging sectors.

**Economic Releases This Week**

China		Survey	Prior
<b>USA</b>			
16-Nov	PPI (MoM)	0.8%	0.4%
16-Nov	PPI ex food & energy (MoM)	0.1%	0.1%
16-Nov	Industrial production	0.3%	-0.2%
17-Nov	MBA mortgage applications	-	5.8%
17-Nov	Consumer price index (MoM)	0.3%	0.1%
17-Nov	CPI ex food & energy (MoM)	0.1%	0.0%
17-Nov	Housing start (k)	600	610
18-Nov	Initial jobless claims (k)	445	435
18-Nov	Leading indicators	0.5%	0.3%

Source: Bloomberg

**BOCOM Research Latest Reports**

3 Nov 10	MSB (1988.HK) - Shang Dai Tong loans maintained strong growth	Li Shanshan; Wan Li
4 Nov 10	CITIC Bank (998.HK) - Non-interest income growth accelerated; Provision charges remained low	Li Shanshan; Wan Li
4 Nov 10	MY Medicare (233.HK) - Cooperation with SPC to expand market share	Wu Bin
5 Nov 10	BYD (1211.HK) - Oct sales rebounded, setting upswing momentum	George Yin
5 Nov 10	China Yurun Food (1068.HK) - Negative impact of share placement won't last long	Gary Lau, CPA
8 Nov 10	Loan impairment charges fell further; Emerging market remained the key growth driver	Li Shanshan; Wan Li
10 Nov 10	Auto Sector - China's Oct auto data remained strong	George Yin
10 Nov 10	Sinopec (386.HK) - Natural gas business as key growth driver	He Wei
10 Nov 10	Real Gold Mining (246.HK) - Earnings saw steady growth; 3Q gold production slightly behind expectation	Luo Rongjin
11 Nov 10	Medical Biotech Sector - Industry consolidation to benefit innovative drugs and medical equipment manufacturers	Wu Bin
11 Nov 10	China Macro - Single-digit export growth expected in Dec	Li Miaoxian
11 Nov 10	China Banking Sector - Uplift of RRR within expectation	Li Shanshan; Wan Li
11 Nov 10	Coal Sector - Coal prices surged on seasonal factors	He Wei
12 Nov 10	Jingkelong (814.HK) - Fundamental side sets to improve	Albert Yip, CFA
12 Nov 10	China retail sector - Income growth supports domestic consumption	Albert Yip, CFA
12 Nov 10	Petrochem Sector - International oil price to break through resistance	He Wei
12 Nov 10	China Banking Sector - Ample liquidity and tight credit will continue	Li Shanshan; Wan Li
15 Nov 10	China Macro - Inflationary pressure exceeds expectation	Li Miaoxian
15 Nov 10	Parkson (3368.HK) - Slow growth in 3Q10	Albert Yip, CFA
15 Nov 10	VODone (82.HK) - Target at internet lottery business	Li Zhiwu

**Hang Seng Index Constituents**

	Code	Price (HK\$)	Mkt Cap (HK\$ m)	5 d	Ytd	52-week		PE (X)			Yield	P/B
				% chg	% chg	Hi	Lo	09 A	10 F	11F	(%)	(X)
CHEUNG KONG	1 HK	125.50	290,679	-1.9	25.1	132.90	85.05	14.3	15.2	13.5	3.0	1.2
HANG LUNG PROPER	101 HK	36.55	163,166	-2.5	19.4	40.50	25.35	6.8	23.5	21.5	2.4	1.7
CHINA SHENHUA -H	1088 HK	34.45	601,219	-7.3	-9.3	42.00	27.10	17.2	15.6	13.8	2.1	3.3
HANG SENG BK	11 HK	123.70	236,495	1.1	7.8	124.90	101.00	17.2	16.5	14.5	5.0	3.7
CHINA RES LAND	1109 HK	14.90	80,262	-8.0	-15.5	20.45	12.90	11.3	18.2	14.7	1.9	1.8
COSCO PAC LTD	1199 HK	12.64	34,274	-5.4	28.6	14.00	8.41	26.0	13.4	13.3	2.5	1.4
HENDERSON LAND D	12 HK	58.80	127,948	-0.2	0.7	61.50	42.20	10.5	26.5	21.0	1.3	0.9
HUTCHISON WHAMPO	13 HK	81.00	345,333	-2.9	51.7	86.30	46.25	23.3	23.3	17.4	3.6	1.3
CHINA COAL ENE-H	1898 HK	12.88	175,634	-8.3	-9.6	16.40	9.26	16.5	14.6	11.9	1.7	2.2
BELLE INTERNATIO	1880 HK	14.58	122,971	-2.0	62.2	16.00	8.01	35.6	31.4	25.5	0.9	6.4
IND & COMM BK -H	1398 HK	6.35	1,993,317	-6.1	-1.4	7.07	5.38	12.4	11.5	9.9	4.2	2.6
CHINA MERCHANT	144 HK	30.60	74,670	-4.7	21.2	32.85	21.60	21.7	20.6	18.2	2.2	2.2
SUN HUNG KAI PRO	16 HK	140.30	360,577	-2.0	20.6	147.00	97.50	12.8	19.6	18.5	2.5	1.5
NEW WORLD DEV	17 HK	16.32	63,942	-5.0	2.3	17.98	11.60	5.5	11.4	11.5	3.0	0.7
SWIRE PACIF 'A'	19 HK	121.30	177,389	-1.1	29.0	130.00	79.95	6.0	15.3	16.6	3.6	1.1
CLP HLDGS LTD	2 HK	63.05	151,707	-1.1	20.2	65.00	51.75	13.9	15.2	16.0	4.4	2.1
FOXCONN INTL HLD	2038 HK	5.55	39,645	-4.5	-38.5	11.68	4.76	N/A	N/A	59.7	0.0	1.5
BANK EAST ASIA	23 HK	34.10	69,632	-1.6	10.5	35.45	26.15	19.1	19.6	16.9	3.0	1.7
PING AN INSURA-H	2318 HK	87.10	565,674	1.1	28.1	94.75	57.50	30.1	32.4	25.5	0.8	5.4
BOC HONG KONG HO	2388 HK	26.60	281,236	-6.8	51.1	29.40	15.92	19.8	18.4	16.1	5.4	2.6
ALUMINUM CORP-H	2600 HK	7.24	149,207	-6.1	-15.3	10.66	5.66	N/A	68.9	24.6	0.0	1.6
CHINA LIFE INS-H	2628 HK	33.95	809,952	-6.5	-11.5	41.45	29.35	25.1	23.8	20.2	2.3	4.3
CITIC PACIFIC	267 HK	20.70	75,528	-7.2	-1.0	23.00	12.50	9.0	12.3	10.8	2.7	1.2
CHINA RES ENT	291 HK	32.75	78,535	-0.9	15.5	35.50	23.05	27.3	37.5	30.3	1.7	2.7
CATHAY PAC AIR	293 HK	22.80	89,692	3.2	57.5	23.60	12.52	8.4	8.3	9.2	2.8	1.8
HONG KG CHINA GS	3 HK	19.14	137,470	0.3	8.0	20.00	14.73	26.7	27.6	24.9	1.7	4.0
ESPRIT HLDGS	330 HK	41.40	53,335	-4.6	-20.0	64.45	39.70	12.4	12.8	11.2	3.3	3.3
BANK OF COMMUN-H	3328 HK	8.46	424,137	-5.6	-1.0	9.53	6.97	10.6	10.0	8.8	2.7	1.9
CHINA PETROLEU-H	386 HK	7.38	814,895	-4.3	6.8	7.98	5.67	8.6	8.0	7.4	3.4	1.4
HONG KONG EXCHNG	388 HK	182.40	196,641	-6.1	30.8	198.60	115.00	41.2	39.6	31.6	3.2	24.6
BANK OF CHINA-H	3988 HK	4.43	1,060,122	-7.3	10.0	4.88	3.41	11.0	10.5	9.3	4.0	1.9
WHARF HLDG	4 HK	55.20	152,013	-2.6	23.4	59.95	35.05	7.4	19.4	19.1	2.6	1.2
LI & FUNG LTD	494 HK	43.45	174,592	2.5	34.7	45.20	29.85	39.4	32.6	25.0	2.5	8.9
HSBC HLDGS PLC	5 HK	83.60	1,478,505	-3.7	-6.5	98.25	68.95	21.3	13.7	10.7	3.7	1.4
HONG KG ELEC	6 HK	50.20	107,140	-1.2	19.0	52.15	41.50	15.8	15.2	13.5	4.5	2.1
MTR CORP	66 HK	30.00	173,160	-2.3	11.9	31.55	24.80	14.6	19.1	20.9	2.0	1.5
CHINA OVERSEAS	688 HK	15.58	127,328	-8.4	-5.0	18.60	13.48	13.4	14.7	12.5	1.6	2.7
TENCENT HOLDINGS	700 HK	173.50	318,094	-4.4	3.0	193.00	120.40	40.6	33.2	25.3	0.3	17.4
CHINA UNICOM HON	762 HK	10.64	250,702	-3.1	3.5	12.22	8.11	39.6	43.8	28.3	1.7	1.1
SINO LAND CO	83 HK	17.16	84,101	-0.5	13.6	18.90	12.22	13.7	19.5	16.0	2.8	1.3
CHINA RES POWER	836 HK	14.84	69,937	0.1	-3.9	17.92	13.64	12.5	12.3	10.5	2.1	1.8
PETROCHINA CO-H	857 HK	9.85	2,396,431	-3.1	5.7	10.54	7.86	13.0	11.6	10.6	3.8	1.7
CNOOC LTD	883 HK	16.94	756,696	-4.0	38.9	18.10	10.78	15.1	12.8	11.7	3.1	3.4
CHINA CONST BA-H	939 HK	7.19	1,779,383	-8.2	11.1	8.22	5.55	12.2	11.1	9.5	3.7	2.6
CHINA MOBILE	941 HK	78.35	1,572,081	-4.2	7.5	84.80	69.00	11.5	11.4	10.9	3.7	2.5
<b>HANG SENG INDEX</b>		<b>23,693</b>	<b>12,493,730</b>	<b>-4.1</b>	<b>8.3</b>	<b>24,989</b>	<b>18,972</b>	<b>14.6</b>				<b>2.0</b>

Source: Bloomberg

**China Ent Index Constituents**

	Code	Price	Mkt Cap	5 d	Ytd	52-week		PE (X)			Yield	P/B
		(HK\$)	(HK\$ m)	% chg	% chg	Hi	Lo	09 A	10F	11 F	(%)	(X)
CHINA SHENHUA -H	1088 HK	34.45	601,218.80	-7.3	-9.3	42.00	27.10	17.2	15.6	13.8	2.1	3.3
SINOPHARM-H	1099 HK	28.55	64,653.43	-6.7	3.6	38.60	24.55	52.0	43.3	31.9	0.0	5.1
HARBIN POWER-H	1133 HK	11.42	40,689.30	-9.7	-2.1	15.40	9.19	23.3	17.4	13.2	1.2	1.5
CHINA SHIP-H	1138 HK	22.70	135,330.90	-8.5	32.3	25.25	14.20	19.9	12.6	11.1	1.9	3.1
YANZHOU COAL-H	1171 HK	9.86	106,182.90	-0.3	-0.9	11.20	8.61	13.4	15.1	10.9	2.4	1.9
CHINA RAIL CON-H	1186 HK	46.60	106,019.70	-6.2	-31.9	84.00	43.05	17.7	23.2	18.6	0.6	4.9
IND & COMM BK -H	1398 HK	6.35	1,993,317.00	-6.1	-1.4	7.07	5.38	12.4	11.5	9.9	4.2	2.6
METALLURGICAL-H	1618 HK	3.57	87,840.41	-6.3	-22.2	5.30	3.30	11.6	11.8	9.9	0.0	1.5
TSINGTAO BREW-H	168 HK	40.90	55,547.54	-7.0	-4.9	46.60	32.50	32.5	30.0	25.2	0.5	5.4
CHINA COM CONS-H	1800 HK	7.10	105,257.50	-6.0	-4.4	8.53	6.00	11.0	10.8	9.3	1.8	1.7
CHINA COAL ENERG	1898 HK	12.88	175,633.90	-8.3	-9.6	16.40	9.26	16.5	14.6	11.9	1.7	2.2
CHINA COSCO HO-H	1919 HK	9.00	112,695.20	-5.0	-5.8	11.56	7.39	136.8	12.8	12.5	0.0	1.8
CHINA MINSHENG-H	1988 HK	7.15	168,303.60	-3.2	-1.6	7.70	6.04	10.8	9.9	8.3	N/A	1.6
PING AN INSURA-H	2318 HK	87.10	565,674.30	1.1	28.1	94.75	57.50	30.1	32.4	25.5	0.8	5.4
PICC PROPERTY & ALUMINUM CORP-H	2328 HK	11.40	127,016.50	-3.2	62.9	12.42	5.73	26.5	26.1	20.2	0.0	4.9
CHINA LIFE-H	2628 HK	33.95	809,951.90	-6.5	-11.5	41.45	29.35	25.1	23.8	20.2	2.3	4.3
SHANGHAI ELECT-H	2727 HK	5.08	115,221.20	-8.5	41.5	5.76	3.15	21.9	19.9	17.9	3.9	2.1
GUANGZHOU R&F -H	2777 HK	10.76	34,672.67	-8.3	-21.5	16.06	8.55	8.6	8.7	7.0	5.3	1.8
CHINA OILFIELD-H	2883 HK	13.44	101,211.70	-4.7	44.5	15.08	8.29	12.1	13.2	12.3	1.7	2.2
ZIJIN MINING GRP	2899 HK	7.34	133,036.00	-9.0	-1.1	9.33	4.36	21.0	18.1	15.0	2.0	4.7
CHINA NATL BDG-H	3323 HK	18.00	48,591.23	-10.4	12.1	21.85	10.40	14.8	12.9	10.9	0.6	2.7
BANK OF COMMUN-H	3328 HK	8.46	424,137.20	-5.6	-1.0	9.53	6.97	10.6	10.0	8.8	2.7	1.9
ANGANG STEEL-H	347 HK	11.88	73,168.52	-7.2	-30.6	18.36	9.05	14.5	18.0	12.8	0.7	1.3
JIANGXI COPPER-H	358 HK	23.85	102,479.50	-5.0	29.9	26.50	14.02	18.6	15.2	12.5	0.8	2.5
CHINA PETROLEU-H	386 HK	7.38	814,895.30	-4.3	6.8	7.98	5.67	8.6	8.0	7.4	3.4	1.4
CHINA RAIL GRP-H	390 HK	5.91	115,121.00	-3.9	-2.2	6.66	4.58	15.2	13.3	11.1	1.4	1.7
CHINA MERCH BK-H	3968 HK	21.10	364,014.80	-7.0	10.2	23.90	15.86	16.9	14.7	12.0	1.6	3.1
BANK OF CHINA-H	3988 HK	4.43	1,060,122.00	-7.3	10.0	4.88	3.41	11.0	10.5	9.3	4.0	1.9
DONGFENG MOTOR-H	489 HK	15.58	134,239.20	-13.7	39.4	18.50	7.67	11.3	10.7	9.7	1.1	3.5
ZHEJIANG EXPRESS	576 HK	7.89	34,267.17	-1.3	9.7	8.53	6.51	15.6	15.8	14.4	4.9	2.1
CHINA TELECOM-H	728 HK	4.01	324,538.80	-2.0	23.8	4.38	3.12	19.1	17.6	14.8	2.3	1.2
AIR CHINA LTD-H	753 HK	10.26	164,354.60	-7.1	69.0	11.64	5.14	15.5	10.2	10.0	0.0	3.8
ZTE CORP-H	763 HK	28.70	83,596.59	-4.2	-10.3	35.67	22.15	25.8	22.8	18.7	1.0	3.4
PETROCHINA CO-H	857 HK	9.85	2,396,431.00	-3.1	5.7	10.54	7.86	13.0	11.6	10.6	3.8	1.7
HUANENG POWER-H	902 HK	4.47	76,952.27	0.9	1.8	5.19	4.05	9.3	11.8	10.7	5.2	1.1
ANHUI CONCH-H	914 HK	31.15	99,537.88	-6.0	24.8	37.90	21.45	23.4	19.0	15.5	0.9	3.2
CHINA CONST BA-H	939 HK	7.19	1,779,383.00	-8.2	11.1	8.22	5.55	12.2	11.1	9.5	3.7	2.6
DATANG INTL PO-H	991 HK	2.94	80,988.82	-6.1	-12.2	3.84	2.76	16.6	16.2	11.9	2.5	1.1
CHINA CITIC BK-H	998 HK	5.62	237,701.70	-8.5	-15.2	6.98	4.16	10.5	9.8	8.9	2.0	1.7
<b>HANG SENG CHINA ENT INDX</b>		<b>13,193</b>	<b>4,881,821</b>	<b>-5.9</b>	<b>3.1</b>	<b>14,219</b>	<b>10,726</b>	<b>14.1</b>				<b>2.3</b>

*Source: Bloomberg*

**BOCOM International**

9/F, Man Yee Building, 68 Des Voeux Road  
Central, Hong Kong.

Main: (852) 3710 3328; Fax: (852) 3798 0133

[www.bocomgroup.com](http://www.bocomgroup.com)

**Contacts:**

(852) 2977 9155	(852) 2977 9181
(852) 3710 3369	(852) 2297 9480
(852) 2297 9853	(852) 2297 9839
(8610) 8518 4068-99	

**Rating System**

**Company Rating**

Buy: Expect more than 20% upside in 12 months  
LT Buy: Expect more than 20% upside but longer than 12 months  
Neutral: Expect low volatility  
Sell: Expect more than 20% downside in 12 months

**Sector Rating**

Outperform: Expect more than 10% upside in 12 months  
Market perform: Expect low volatility  
Underperform: Expect more than 10% downside in 12 months

**Analyst Certification**

The authors of this report, hereby declare that: (i) all of the views expressed in this report accurately reflect their personal views about any and all of the subject securities or issuers; and (ii) no part of any of their compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this report; (iii) no insider information/ non-public price-sensitive information in relation to the subject securities or issuers which may influence the recommendations were being received by the authors.

The authors of this report further confirm that (i) neither they nor their respective associates (as defined in the Code of Conduct issued by the Hong Kong Securities and Futures Commission) have dealt in or traded in the stock(s) covered in this research report within 30 calendar days prior to the date of issue of the report; (ii) neither they nor their respective associates serve as an officer of any of the Hong Kong listed companies covered in this report; and (iii) neither they nor their respective associates have any financial interests in the stock(s) covered in this report.



Disclaimer

By accepting this report (which includes any attachment hereto), the recipient hereof represents and warrants that he is entitled to receive such report in accordance with the restrictions set forth below and agrees to be bound by the limitations contained herein. Any failure to comply with these limitations may constitute a violation of law.

This report is strictly confidential and is for private circulation only to clients of BOCOM International Securities Ltd. This report is being supplied to you strictly on the basis that it will remain confidential. No part of this report may be (i) copied, photocopied, duplicated, stored or reproduced in any form by any means or (ii) redistributed or passed on, directly or indirectly, to any other person in whole or in part, for any purpose without the prior written consent of BOCOM International Securities Ltd.

BOCOM International Securities Ltd, its affiliates and related companies, their directors, associates, connected parties and/or employees may own or have positions in securities of the company(ies) covered in this report or any securities related thereto and may from time to time add to or dispose of, or may be interested in, any such securities. Further, BOCOM International Securities Ltd, its affiliates and its related companies may do and seek to do business with the company(ies) covered in this report and may from time to time act as market maker or have assumed an underwriting commitment in securities of such company(ies), may sell them to or buy them from customers on a principal basis and may also perform or seek to perform investment banking, advisory, underwriting, financing or other services for or relating to such company(ies) as well as solicit such investment, advisory, financing or other services from any entity mentioned in this report. In reviewing this report, an investor should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest.

The information contained in this report is prepared from data and sources believed to be correct and reliable at the time of issue of this report. This report does not purport to contain all the information that a prospective investor may require and may be subject to late delivery, interruption and interception. BOCOM International Securities Ltd does not make any guarantee, representation or warranty, express or implied, as to the adequacy, accuracy, completeness, reliability or fairness of any such information and opinion contained in this report and accordingly, neither BOCOM International Securities Ltd nor any of its affiliates nor its related persons shall not be liable in any manner whatsoever for any consequences (including but not limited to any direct, indirect or consequential losses, loss of profits and damages) of any reliance thereon or usage thereof.

This report is general in nature and has been prepared for information purposes only. It is intended for circulation amongst BOCOM International Securities Ltd's clients generally and does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may receive this report. The information and opinions in this report are not and should not be construed or considered as an offer, recommendation or solicitation to buy or sell the subject securities, related investments or other financial instruments thereof.

The views, recommendations, advice and opinions in this report may not necessarily reflect those of BOCOM International Securities Ltd or any of its affiliates, and are subject to change without notice. BOCOM International Securities Ltd has no obligation to update its opinion or the information in this report.

Investors are advised to make their own independent evaluation of the information contained in this research report, consider their own individual investment objectives, financial situation and particular needs and consult their own professional and financial advisers as to the legal, business, financial, tax and other aspects before participating in any transaction in respect of the securities of company(ies) covered in this report. The securities of such company(ies) may not be eligible for sale in all jurisdictions or to all categories of investors.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to any law, regulation, rule or other registration or licensing requirement.

**BOCOM International Securities. Ltd is a wholly owned subsidiary of Bank of Communications Co Ltd.**