China / Hong Kong Market Focus

The Good Cat Weekly

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DBS Group Research . 3 Apr 2018

Trade war still a big overhang

HSI : 30,180

Do not expect a happy ending in the short term. Our macro team believes that the US' efforts to reduce the trade deficit is unlikely to succeed. The deficit is largely the result of its low savings rates and industry structure, and not because of China. China may not want to take a hostile stance, but the tension would remain, perhaps even after the US mid-term elections in November.

Current market level not attractive enough. The HSI has pulled back to near 30,000 – but it is in fact just back to the end-2017 level. The current level offers around 10% upside to our year-end target of 33,000, which is not very attractive. It is too early to talk about bottom-fishing opportunities, and investors can wait for better entry levels. A 5% pull back of the market from the peak seems to under-estimate the impact of significantly worsening US-China relations, and the biggest threat to global free-trade since 2002.

Screening exercise to pick names that have large US exposure. We did a screening exercise to pick HK-listed stocks that generate more than 10% of revenue from US. Sectors with high exposure include autos (parts), biotech and pharmaceuticals, consumer, electronics, industrials, shipping, software and tech, and textiles. Only five stocks have seen their share prices correct by more than 10%. Among all the names that were highlighted from the screening, the average share price correction was 3.1%, similar to the index. The stocks with US exposure did not significantly underperform the market, and price corrections so far are not enough.

Out top ten picks have little exposure to the US. Our top ten picks consist of two China banks, two China insurers, and two China developers. These have no exposure to the US at all. Apart from these sectors, others like HK properties, HK banks, HK and China telecom carriers, and many consumer, gas utilities, environmental and healthcare stocks generate most of their income from the domestic market, and will not be substantially affected even if US-China trade tensions escalate. Our analysts have also evaluated the potential impact of trade wars on their sectors, and picked out names that will be most and least affected. Details can be found on page 5-7.

ANALYST
Ivan LI CFA, +852 2971 1930
ivansyli@dbs.com
Chris GAO, +852 2820 4602
Chris_gao@dbs.com

Names with more than 10% income from US/N. America

Autos (parts)	Nexteer (1316 HK), Minth (425 HK)
Textile	Shenzhou (2313 HK), Crystal (2232 HK), Texwinca (321 HK)
Consumer	Samsonite (1910 HK), L'occitane (973 HK), WH Group (288 HK), Man Wah (1999 HK), Stella (1836 HK), Regina Miracle (2199 HK)
Electronics	AAC (2018 HK), FIT (6088 HK), Hua Hong semiconductor (1347 HK), SMIC (981 HK), V tech (303 HK)
Industrials	Yue Yuen (551 HK), China High Speed Trans (658 HK), Techtronic (669 HK), Xinyi Glass (868 HK), Johnson Electric (179 HK), CMIC ENRIC (3899 HK), TK Group (2283 HK)
Biotech and pharm	Wuxi Bio (2269 HK), Genscript (1548 HK), CK Life Science (775 HK), Microport (853 HK)
Shipping	COSCO Ship Dev. (2866 HK), Orient Overseas (316 HK)
Software and tech	IGG (799 HK), Net Dragon (777 HK), Leyou (1089 HK)
Others	Li & Fung (494 HK), RUSAL (486 HK),

Source: DBS Vickers, Bloomberg Finance L.P

Out top ten picks

	Ticker	Closing price	FY18F PBV (X)	FY18F PER (X)	FY18F yield (%)	FY18F ROE (%)	Tgt Price (HK$)
China Construction Bank	939 HK	8.1	1.0	6.7	4.6	11.4	10.6
China ZhengTong	1728 HK	5.7	1.0	8.5	2.6	15.4	9.6
China Merchants Bank	3968 HK	32.2	1.5	9.0	3.4	19.3	38.7
China Resources Land	1109 HK	28.6	1.4	8.0	4.3	9.6	34.5
Ping An Insurance	2318 HK	79.8	2.5	12.6	2.5	14.1	115.0
China Taiping	966 HK	26.0	1.4	12.2	1.2	12.2	42.0
Tencent	700 HK	409.6	12.3	33.7	0.3	10.1	560.0
Texhong Textile Group	2678 HK	11.0	1.4	6.2	4.7	6.1	14.4
Yangtze Optical Fibre and Cable	6869 HK	36.3	3.8	13.8	0.0	14.6	48.7
Yuexiu Property	123 HK	1.9	0.6	7.8	5.1	23.1	2.1

Source: Thomson Reuters, DBS Vickers, Bloomberg Finance L.P.

Market largely ignored the risk of trade war before. In our Year of the Dog strategy report, we highlighted that US-China trade tensions is a potential risk for the market this year. At the time of writing, we believed a trade war would be a low probability event. The market has largely ignored the risk of escalating trade tensions – until it came. Most agree the US-China "trade war" started on 22nd March, when US President Mr. Donald Trump announced US$50bn tariffs on Chinese imports. China hit back by announcing tariffs of US$3bn.

Market stabilised, but risk from trade war not fully priced in. The global markets have stabilised slightly, after a choppy week following Mr. Trump's action, on hopes that there will be negotiations, but the rebound didn't last long. We expect the concern on trade war to stay for a while, and the market has not yet fully priced in this potential risk.

Macro models likely underestimated the risk. According to our macro team, based on macroeconomic models, China's GDP growth would be hurt by just 0.1-0.2%. However, note that: (i) macroeconomic models tend to underestimate the impact, according to our economists; (ii) this estimate is based on the current round of trade tariffs, but we believe this is only the beginning of further trade tensions; (iii) many exporters are surviving on thin margins; a moderate trade tariff could drive them into the dire straits, and the multiplying effect on the economy may be much bigger.

Do not expect a happy ending in the short term. Our macro team believes that the US' efforts to reduce the trade deficit is unlikely to succeed. The deficit is largely the result of its low savings rates and industry structure, and not because of China. China may not want to take a hostile stance, but tensions would remain, perhaps even after the US mid-term elections in November.

Current market level not attractive enough. The HSI has pulled back to near 30,000 – but it is in fact just back to the end-2017 level. The current level offers around 10% upside to our year-end target of 33,000, which is not very attractive. It is too early to talk about bottom-fishing opportunities, and investors can wait for better entry levels.

We believe the market has still not fully priced in the potential risk of a trade war. A 5% pull back of the market from the peak seems to underestimate the impact of significantly worsening US-China relations, and the biggest threat to global free-trade since 2002.

We screened names that have large US exposure. We did a screening exercise to pick HK-listed stocks, with market cap more than HK$5bn, that generate more than 10% of revenue from US (or North America, if US figures not listed out). Sectors with high exposure include autos (parts), biotech and pharmaceuticals, consumer, electronics, industrials, shipping, software and tech, and textiles.

Names with more than 10% income from US/N. America

Autos (parts)	Nexteer (1316 HK), Minth (425 HK)
Textile	Shenzhou (2313 HK), Crystal (2232 HK), Texwinca (321 HK)
Consumer	Samsonite (1910 HK), L'occitane (973 HK), WH Group (288 HK), Man Wah (1999 HK), Stella (1836 HK), Regina Miracle (2199 HK)
Electronics	AAC (2018 HK), FIT (6088 HK), Hua Hong semiconductor (1347 HK), SMIC (981 HK), V tech (303 HK)
Industrials	Yue Yuen (551 HK), China High Speed Trans (658 HK), Techtronic (669 HK), Xinyi Glass (868 HK), Johnson Electric (179 HK), CMIC ENRIC (3899 HK), TK Group (2283 HK)
Biotech and pharm	Wuxi Bio (2269 HK), Genscript (1548 HK), CK Life Science (775 HK), Microport (853 HK)
Shipping	COSCO Ship Dev. (2866 HK), Orient Overseas (316 HK)
Software and tech	IGG (799 HK), Net Dragon (777 HK), Leyou (1089 HK)
Others	Li & Fung (494 HK), RUSAL (486 HK),

Source: DBS Vickers, Bloomberg Finance L.P

(Note that we did not include financials like Prudential (2378 HK) or Manulife (945 HK), or names like Cathay (293 HK), Swire (19 HK), BOC Aviation (2588 HK), HK & Shanghai Hotels (45 HK) and Great Eagle (41 HK))

For details, please refer to the table on page 4

Share price corrections of these names not deep enough. Autos (parts), consumers, electronics and software and tech were sectors that saw the biggest share price corrections, but only 5 names saw share prices correct by more than 10% - which some may argue was caused by weakness on global technology sector (on fears of tighter regulatory control), rather than trade war. Among all the names highlighted by our screening exercise, the average share price correction was 3.1%, just the same as the index. Names related to the US did not significantly underperformed market, and the corrections do not seem to be enough.

Out top ten picks have little exposure to US if at all. Our top ten picks (listed on page 1) consist of two China banks, two China insurers, and two China Developers. These obviously have no exposure to the US at all. Tencent (700 HK) also generates more than 90% of its revenue from China. For our remaining three picks. China Zhentong (1728 HK) and YOFC (6869 HK) also generates most of their income in China. Texhong (2678 HK) generates part of its income outside China, but exposure to the US is minimal.

Sectors with little exposure to the US. Apart from China banks, China insurers and China property developers (mentioned above), sectors like HK properties, HK banks, HK and China telecom carriers, China educations, cements, as well as many consumer, gas utilities, environmental and healthcare names generate most of their income from the domestic market, and will not be substantially affected even if US-China trade tension escalates.

Impact on DBSV coverage universe stocks: Our sector analysts have also examined their coverage universe, and analysed the impact of the trade tension on sectors and individual stocks. Here is a quick summary:

1. Industries that are likely to be harmed: home appliances, metals, autos and F&B.
2. Names that have large exposure to the US markets: Midea (000333 CN), Samsonite (1910 HK), ZTE (763 HK), Minth (425 HK), Xinyi Glass (868 HK), WH Group (288 HK), Tongda (698 HK).
3. Stocks with least exposure to the US market: Various. We highlight that Haier (1169 HK), Qingdao Haier (600690 CN) and the China auto makers do not have much exposure.

For details, please refer to the table on page 5-7

Names with more than 10% income from US/N. America

Ticker	Name	Market Cap (HK$ bn)	% Rev from USA	% Rev from N. America	Industry	Share price change since tariff announced (%)	Average share price change for industry (%)
425 HK	MINTH GROUP LTD	42.2		20	Autos (parts)	-6.5	
1316 HK	NEXTEER AUTOMOTIVE GROUP LTD	30.8	44	44	Autos (parts)	-7.7	
868 HK	XINYI GLASS HOLDINGS LTD	46.6		10	Autos (parts)	-1.7	-5.3
775 HK	CK LIFE SCIENCES INTL HLDGS	5.6		39	Biotech and pharm	0.0	
1548 HK	GENSCRIPT BIOTECH CORP	45.0		54	Biotech and pharm	-2.9	
853 HK	MICROPORT SCIENTIFIC CORP	11.7		24	Biotech and pharm	5.7	
2269 HK	WUXI BIOLOGICS CAYMAN INC	93.9	56	56	Biotech and pharm	3.5	1.6
973 HK	L'OCCITANE INTERNATIONAL SA	21.1	13	13	Consumer	2.7	
1999 HK	MAN WAH HOLDINGS LTD	24.2	41	45	Consumer	-10.0	
2199 HK	REGINA MIRACLE INTERNATIONAL	8.2	60	60	Consumer	-1.6	
1910 HK	SAMSONITE INTERNATIONAL SA	51.1	38	40	Consumer	1.4	
1836 HK	STELLA INTERNATIONAL	8.4	47	50	Consumer	-4.0	
288 HK	WH GROUP LTD	123.0	57	57	Consumer	-11.7	-3.9
2018 HK	AAC TECHNOLOGIES HOLDINGS IN	185.4	65	65	Electronics	-9.3	
6088 HK	FIT HON TENG LTD	27.1	33	33	Electronics	-17.5	
1347 HK	HUA HONG SEMICONDUCTOR LTD	17.0	20	20	Electronics	-2.4	
981 HK	SEMICONDUCTOR MANUFACTURING	52.6	29	29	Electronics	-3.0	
303 HK	VTECH HOLDINGS LTD	24.8		49	Electronics	-2.4	-6.9
658 HK	CHINA HIGH SPEED TRANSMISSIO	19.8	25	25	Industrials	6.7	
3899 HK	CIMC ENRIC HOLDINGS LTD	14.9	8	20	Industrials	2.3	
179 HK	JOHNSON ELECTRIC HOLDINGS	27.2		47	Industrials	-3.3	
669 HK	TECHTRONIC INDUSTRIES CO LTD	85.1		76	Industrials	-0.5	
2283 HK	TK GROUP HOLDINGS LTD	5.2		12	Industrials	-8.1	
551 HK	YUE YUEN INDUSTRIAL HLDG	49.9	24	24	Industrials	-9.1	-2.0
494 HK	LI & FUNG LTD	32.9	66	66	Others	-10.9	
486 HK	UNITED CO RUSAL PLC	71.7	14	14	Others	0.4	-5.2
2866 HK	COSCO SHIPPING DEVELOPMENT-H	35.7	12	12	Shipping	-5.2	
316 HK	ORIENT OVERSEAS INTL LTD	44.7		13	Shipping	-1.1	-3.2
799 HK	IGG INC	15.1		26	Software and Tech	-2.5	
1089 HK	LEYOU TECHNOLOGIES HOLDINGS	5.0		87	Software and Tech	-3.0	
777 HK	NETDRAGON WEBSOFT HOLDINGS L	10.4	30	30	Software and Tech	-10.3	-5.3
2232 HK	CRYSTAL INTERNATIONAL GROUP	22.2	38	38	Textile	2.9	
2313 HK	SHENZHOU INTERNATIONAL GROUP	120.3	13	13	Textile	3.0	
321 HK	TEXWINCA HOLDINGS LTD	5.8	25	25	Textile	-0.7	1.7
Average						-3.1	
HSI index						-3.1	

Source: DBS Vickers, Bloomberg Finance L.P

Impact on sectors (DBSV Universe)

Home Appliance Sector	Air-con/refrigerator/washing machine exports accounted for 13%/18%/3% of industry total sales in 2017, based on estimates by ChinaIoL. However, as more than half of the air-con/refrigerator production capacity is in China and the US is dependent on China exports (34%/23% of its air-cons/fridges are imported), the possible tariff hike or export quota is unlikely to have a disastrous effect on home appliance players. We opine that pure OEM players might suffer a greater impact.
Consumer discretionary	Relatively higher impact on global players versus local HK/China players
Consumer staples - food retailing	Limited impact (perhaps except for imported products that generally only make up <5-10% of total sales)
Steels	US announced tariffs of 25% on steel imports from China. In 2017, US accounted for 1.6% of China's finished steel exports. It is said that China's Ministry of Commerce plans to impose 15% tariff on steel pipes on US imports. In 2017, China imported 0.08mt of finished steel products from the US, which accounted for 0.7% of US total finished steel exports.
Aluminium	US announced tariffs of 10% on aluminium imports from China. In 2017, China exported 0.67mt aluminum products to the US, accounting for 16% of China's total aluminium products that were exported. It is said that China's Ministry of Commerce plans to impose 25% tariff on aluminium scrap on US imports. In 2017, China imported 0.62mt scrap aluminium from the US, accounting for 40% of US total scrap aluminium exports.
TMT	Limited impact on telecom operators. There will be impact on some telecom equipment providers who export to the US or source supplies from the US.
Gas Utilities	Trade war negotiations could impact gas supply in China, which in turn will affect the dollar margin for gas distributors in China. Expansion of LNG exports to China would be one of the actions the US intends to do in order to reverse the trade deficit. If China signs a deal with the US to expand LNG imports, this could potentially diversify gas supply sources and lower LNG costs during winter, which is positive for dollar margins of gas utility players
Airlines	Business travel between the US and China might be negatively impacted. Meanwhile, if the RMB appreciated as a result of government negotiations, this would be positive for the Chinese airlines sector.
China Ports	Some of the terminals owned by COSCO SHIPPING Ports and China Merchants Ports have very large exposure to the China-US trade, especially those in the Pearl River Delta region i.e. Hong Kong and Shenzhen, where many of the factories producing exports reside. Other terminals with significant exposure include those in the Yangtze River Delta. This is partially mitigated by the fact that both companies are acquiring more overseas ports to diversify their revenue and income streams. However, if a large scale trade war ensues, there is no doubt both companies will be materially affected by both sentiment and actual impact.
Autos	Exports of automotives to the US amounted to US$17.6bn, accounting for 21% of total export values. Of this, exports of radial tires to the US was US$2.1bn last year.
F&B	The sector currently faces direct pressure from talks of increased tariffs on agriculture products (grain, feed), particularly soybean as US is the largest net exporter of soybeans and wheat to China. If this occurs, this will increase the overall costs across the supply chain for several categories, including fresh produce (tomatoes, apples, garlic, etc) animal feed, animal protein (dairy, pork, beef, lamb, etc), beer etc. Not only that, China is also an important market for farm equipment exports, hence any trade war affecting the agricultural sector is largely negative to the sector.

Source: DBS Vickers, Bloomberg Finance L.P

Impact on sectors (DBSV Universe) (cont'd)

Internet and Tech	Electronic products may fall in the categories that the US government is targeting.
Paper	Trade war could limit the amount of waste paper being imported to China, forcing containerboard manufacturers to source more waste paper domestically. This could increase COGS and hurt margins.
Textiles	China centric garment manufacturers shipping directly to the US will be impacted. But most listed companies have non-China manufacturing sites and can re-allocate capacity if necessary. As it is unlikely that the massive China garment supplying base can be shifted to anywhere else in a quick period of time, end consumers may end up paying for the tariff. Manufacturers along the supply chain will likely also bear the burden.

Source: DBS Vickers, Bloomberg Finance L.P

Stocks most exposed to US and details (DBSV Universe)

Home Appliance Sector	Midea (000333 CN); estimated 46% is overseas income with c.20% from the US , effectively c.9% income from the US; if the trade dispute further expands to Europe, that might have an adverse impact on its KUKA business.
Brewery	n.a.
Consumer discretionary	Samsonite (1910 HK): >30% sales coming from the US market with key brands including "Samsonite", "American Tourister" and "Tumi".
Consumer staples - food retailing	n.a.
TMT	ZTE (763 HK): Export sales to the US accounted for c.10% of income. ZTE also relies on chip supplies from the US for manufacture of products.
Airlines	Cathay Pacific (293 HK): 28% of its revenue is from the North America market. Air China (753 HK): 9% of its revenue is from the North America market. And it owns c.20.67% share of the domestic China to US market capacity, ranked behind only United Airlines (22.06%), highest among all Chinese airlines.
Autos	Minth (425 HK) : About 9% exposure of total revenue is from the US. The company manufactures trims, decorative parts, body structural parts, seat frame systems, roof racks etc. Xinyi Glass (868 HK) : About 10% of total sales is from North America. The company sells automotive glass products.
F&B	WH Group (288 HK): US revenue and operating profit account for 57% and 50% of the total respectively. WH Group accounts for 52% of total pork export volume to China in FY16. Assuming a similar magnitude, we estimate WH Group sales would be impacted by US$513m (or c.4% of US sales), assuming the tariff is hiked up to 25%.
Internet and Tech	Tongda (698 HK): Supplies smartphone waterproof components to an American client, which accounted for 13% of FY17 revenue.
Textiles	Texwinca (321 HK) only has China manufacturing site for its textile operation.

Source: DBS Vickers, Bloomberg Finance L.P

Stocks least exposed to US and details (DBSV Universe)

Home Appliance Sector	Haier Electronic (1169 HK) & Qingdao Haier (600690 CN): Not much direct exports to the US e.g. <1% of washing machine sales is to the US. Potential trade dispute may benefit its GE Appliances (GEA) business in the US thanks to easing competition.
Brewery	CR Beer (291 HK): Almost 100% income from domestic market with limited overseas exposure.
Consumer discretionary	HK/China plays: e.g. Lifestyle (1212 HK), Chow Sang Sang (116 HK), Chow Tai Fook* (1929 HK), Luk Fook* (590 HK), Sa Sa (178 HK), Li Ning (2331 HK), Golden Eagle (3308 HK), Springland (1700 HK), etc. (* They have a few stores in the US that merely represent <1% of their overall store portfolio.)
Consumer staples - food retailing	Sun Art (6808 HK), Yonghui Superstores (601933 CH), Beijing Jingkelong (814 HK)
TMT	Telecom operators: YOFC (6869 HK), CCS (552 HK), China Mobile (941 HK), China Unicom (762 HK), China Telecom (728 HK), HKT (6823 HK), HKBN (1310 HK), Huchison Telecom (215 HK) and SmarTone (315 HK) have little exposure to the US.
Airlines	China Southern Airlines (1055 HK): 74% of its revenue is from the China/HK market, highest among all the airlines we cover (the company does not disclose the revenue exposed to the US).
Autos	Chinese automakers are least affected by the potential trade war. Our top pick is BAIC Motor (1958 HK). The company is restructuring its loss-making business to strengthen its outlook. The JV with Daimler is doing well while the JV with Hyundai is expected to post a better operating performance this year.
F&B	Tingyi (322 HK), China Foods (506 HK), UPC (220 HK), Mengniu (2319 HK), Nissin Foods (1475 HK), Want Want (151 HK), Café de Coral (341 HK): all derive over 95% of sales from HK/China.
Internet and Tech	Q Tech (1478 HK): Supplies camera modules to China's smartphone vendors, which accounted for 100% of FY17 revenue
Textiles	Shenzhou (2313 HK) only has 13% of sales to the US and it has sizeable Vietnam and Cambodia operations to reallocate if necessary.

Source: DBS Vickers, Bloomberg Finance L.P

DBSV universe comparison table

Stock code	Stock name	Mkt Cap (US$m)	Share Price (HK$)	Target Price (HK$)	upside (%)	Remd	PE (x) 17F	PE (x) 18F	PB (x) 17F	Yld (%) 17F	ROE (%) 17F
	Airlines										
753	Air China	26,239	12.16	13.10	8	B	16.0	14.3	1.6	1.2	12.6
601111 CH	Air China-A@@@	26,239	12.16	14.40	18	B	19.7	17.6	2.0	1.0	12.6
670	China Eastern Airlines	14,621	5.70	7.70	35	B	10.4	10.9	1.2	1.1	12.1
600115 CH	China Eastern Airlines-A@@@	14,621	7.24	9.10	26	B	16.5	17.3	1.9	0.7	12.1
1055	China Southern Airlines	15,431	8.10	10.50	30	B	10.9	10.2	1.3	1.5	14.0
600029 CH	China Southern Airlines-A@@@	15,431	11.04	12.24	11	B	18.3	17.2	2.2	0.9	14.0
293	Cathay Pacific	6,792	13.54	14.20	5	H	n.a.	46.5	0.9	0.4	-2.1
	Auto manufacturers & dealers										
1114	Brilliance China	10,539	16.38	25.60	56	B	13.7	9.4	2.4	0.7	19.5
1211	BYD Company	25,154	61.20	92.00	50	B	30.6	23.2	2.6	1.0	8.7
002594 CH	BYD Company-A@@@	25,154	62.80	74.00	18	H	37.0	28.1	3.1	0.8	8.7
1958	BAIC Motor Co	2,577	9.62	13.20	37	B	12.6	8.5	1.4	2.8	11.4
1728	China ZhengTong	1,811	5.70	9.60	68	B	10.3	8.5	1.0	2.4	10.6
3669	China Yongda Automobiles	1,956	8.36	11.90	42	B	8.1	6.6	1.7	3.4	22.8
1828	Dah Chong Hong	933	3.96	4.90	24	B	9.1	7.6	0.7	4.3	8.5
489	Dongfeng Motor Group	3,318	9.11	11.00	21	H	4.8	4.6	0.6	3.0	13.5
175	Geely Automobile	25,860	22.60	24.00	6	H	16.2	13.1	4.9	1.2	34.8
2333	Great Wall Motor	14,630	7.87	11.10	41	H	9.5	7.7	1.2	3.2	13.2
601633 CH	Great Wall Motor-A @@@	14,630	12.08	13.40	11	H	17.1	13.9	2.2	2.1	13.2
2238	Guangzhou Automobile	21,959	14.46	25.00	73	B	7.6	6.2	1.5	3.9	22.0
601238 CH	Guangzhou Automobile-A @@@	21,959	22.24	30.40	37	H	13.8	11.3	2.8	2.2	22.0
425	Minth Group	5,215	35.75	39.80	11	B	15.5	12.8	2.7	2.6	19.3
1316	Nexteer Automotive Group	3,776	11.82	15.60	32	B	10.7	10.5	2.7	1.9	28.6
1148	Xinchen China Power Hldgs	155	0.95	1.40	47	B	7.3	5.1	0.3	0.0	4.7
881	ZhongSheng	6,201	21.45	24.30	13	B	11.4	9.8	2.4	1.8	23.8
	Banking and Finance (China)										
1288	Agricultural Bank of China	208,207	4.46	5.12	15	B	6.7	6.2	0.9	4.6	14.4
601288 CH	Agricultural Bank of China-A@@@	208,207	4.10	4.66	14	B	7.1	6.5	1.0	4.3	14.4
3988	Bank of China	184,037	4.22	5.12	21	B	6.3	5.7	0.8	5.0	12.5
601988 CH	Bank of China-A@@@	184,037	4.17	4.88	17	B	7.2	6.5	0.9	4.4	12.5
3328	Bank of Communications	67,136	6.15	6.59	7	H	6.0	5.9	0.6	5.0	11.1
601328 CH	Bank of Communications-A@@@	67,136	6.39	5.88	-8	H	7.2	7.1	0.8	4.2	11.1
939	China Construction Bank	259,415	8.06	10.56	31	B	7.3	6.7	1.0	4.1	14.6
601939 CH	China Construction Bank-A@@@	259,415	8.11	9.61	18	B	8.5	7.7	1.2	3.5	14.6
998	China Citic Bank	46,426	5.36	6.07	13	H	5.5	5.5	0.6	4.6	11.6
601998 CH	China Citic Bank-A@@@	46,426	6.73	5.53	-18	FV	8.0	8.0	0.9	3.2	11.6
6818	China Everbright Bank	32,546	3.77	3.82	1	H	5.3	5.7	0.7	2.8	12.7
601818 CH	China Everbright Bank-A@@@	122,455	4.20	3.48	-17	FV	6.9	7.3	0.9	2.5	12.7
3968	China Merchants Bank	119,955	32.15	38.70	20	B	10.0	9.0	1.5	3.0	16.4
600036 CH	China Merchants Bank-A@@@	119,955	30.99	35.20	14	B	11.1	10.0	1.7	2.7	16.4
1988	China Minsheng Bank	45,548	7.63	7.57	-1	H	5.0	5.3	0.7	4.3	13.8
600016 CH	China Minsheng Bank-A@@@	45,548	8.30	6.89	-17	FV	6.3	6.6	0.8	3.4	13.8
3618	Chongqing Rural Com Bank	7,664	6.01	7.28	21	B	5.9	5.4	0.8	4.0	15.2
1398	ICBC	353,002	6.73	8.48	26	B	7.4	6.8	1.0	4.1	14.2
601398 CH	ICBC-A	353,002	6.53	7.72	18	B	8.3	7.6	1.1	3.7	14.2
	Banking and Finance (HK)										
2388	Bank of China HK	51,504	38.20	53.70	41	B	13.4	11.3	1.7	3.7	12.8
23	Bank of East Asia	11,044	31.30	30.05	-4	FV	12.3	16.4	0.9	3.2	7.8
2356	Dah Sing Banking Group	3,066	17.12	21.70	27	B	9.7	8.8	0.9	2.6	10.1
11	Hang Seng Bank	44,274	181.60	220.00	21	B	17.5	15.4	2.3	3.7	13.7

Source: DBS Vickers

 # P/NAV ; @@@ denominated in RMB; ^^ Core profit and EPS

DBSV universe comparison table

Stock code	Stock name	Mkt Cap (US$m)	Share Price (HK$)	Target Price (HK$)	upside (%)	Remd	PE (x) 17F	PE (x) 18F	PB (x) 17F	Yld (%) 17F	ROE (%) 17F
	Basic Materials										
914	Anhui Conch Cement	28,016	42.75	52.74	23	B	25.0	9.8	2.7	1.2	18.4
600585 CH	Anhui Conch Cement-A @@@	28,016	33.08	40.35	22	B	23.3	9.1	2.5	1.3	18.4
3323	China Nat'l Bldg Mat	3,128	8.52	7.80	-8	H	36.3	8.3	0.7	0.5	4.9
1313	China Resources Cement	5,648	6.78	8.89	31	B	43.5	8.8	1.7	0.3	12.8
347	Angang Steel	7,322	7.50	8.60	15	B	nm	7.9	1.1	0.0	10.7
000898 CH	Angang Steel-A @@@	7,322	6.46	8.10	25	B	nm	8.0	1.1	0.0	10.7
1378	China Hongqiao Group	9,594	8.57	10.70	25	H	12.0	5.9	1.2	1.8	13.7
3993	China Molybdenum	26,752	5.92	8.00	35	B	100.1	21.7	4.4	2.6	0.0
603993 CH	China Molybdenum-A@@@	26,752	8.51	6.42	-25	H	179.0	38.8	7.8	1.8	0.0
323	Maanshan I & S	4,434	3.36	3.29	-2	FV	nm	5.1	1.1	0.0	17.7
600808 CH	Maanshan I & S-A @@@	4,434	3.91	4.06	4	H	nm	7.5	1.6	0.0	17.7
486	United Co RUSAL PLC	9,203	4.75	8.10	71	B	19.9	5.0	6.6	2.7	31.6
	Conglomerates-HK										
4	Wharf Holdings #	10,461	26.95	29.00	8	H	5.2	11.9	0.6	5.9	6.9
20	Wheelock #	14,932	57.35	71.30	24	B	9.8	11.1	0.6	2.5	5.2
	Education										
1317	China Maple Leaf Educational Systems	1,998	10.52	8.86	-16	H	28.5	26.3	5.0	1.2	18.6
6169	China Yuhua Education ^^	1,674	4.02	4.60	14	B	20.9	23.5	4.1	2.1	18.5
1569	Minsheng Education Group	830	1.62	1.85	14	H	17.4	17.5	1.6	0.0	11.0
2001	China New Higher Education Group^^	980	5.37	7.20	34	B	23.0	18.7	3.6	1.1	18.1
1565	Virscend Education	1,922	4.88	4.70	-4	H	38.2	25.2	4.7	1.3	12.7
6068	Wisdom Education	1,432	5.50	5.14	-7	B	40.1	27.5	5.4	1.1	15.5
	Food and Beverages										
600597 CH	Bright Dairy & Food@@@	2,660	13.73	14.20	3	B	29.9	27.4	3.1	1.1	10.9
506	China Foods ^^	1,288	3.61	5.08	41	H	6.0	33.8	1.4	2.8	26.8
2319	China Mengniu	13,472	26.90	30.80	14	B	37.3	28.9	3.7	0.6	10.5
1117	China Modern Dairy	1,048	1.34	1.57	17	H	n.a.	n.a.	1.1	0.0	-16.5
291	China Resources Beer	14,066	34.00	36.80	8	B	62.2	39.8	4.7	0.6	7.9
1475	Nissin Foods Co Ltd	469	3.42	4.38	28	B	18.9	16.8	1.0	1.6	6.1
322	Tingyi Holding	11,660	16.28	17.20	6	B	40.5	32.5	4.0	1.2	10.0
168	Tsingtao Brewery	7,857	41.00	28.20	-31	H	32.2	30.0	2.6	1.0	8.3
600600 CH	Tsingtao Brewery-A @@@	7,857	40.26	24.40	-39	FV	36.2	33.7	2.9	1.0	8.3
220	Uni-President China	3,740	6.79	6.34	-7	H	32.0	28.0	1.9	0.9	6.0
345	Vitasoy	2,727	20.20	18.70	-7	H	34.3	37.1	8.6	1.7	26.5
151	Want Want China	9,996	6.29	7.10	13	H	20.7	19.8	4.9	2.8	24.7
288	WH Group	15,644	8.36	10.61	27	B	15.2	12.7	2.2	2.0	15.5
	Gas Utilities										
384	China Gas Holdings	18,089	28.55	28.20	-1	B	33.8	22.1	6.8	0.9	21.6
1600	China Tian Lun Gas Holdings	708	5.61	7.60	35	B	11.7	8.7	1.7	2.1	15.0
2688	ENN Energy Holdings	9,694	70.10	76.00	8	B	17.9	15.7	3.6	2.7	21.4
	Hardware & Equipment										
552	China Comm Services	1,430	4.69	5.80	24	B	9.9	9.0	1.0	3.6	10.1
600498 CH	FiberHome Telecom	3,939	27.73	43.00	55	B	34.5	25.8	3.3	1.4	10.8
6869	Yangtze Optical Fibre and Cable	3,158	36.30	48.70	34	B	15.8	13.8	3.8	n.a.	27.0
763	ZTE	19,889	25.55	28.30	11	H	19.1	17.6	2.2	1.6	12.3
000063 CH	ZTE -A @@@	19,889	32.05	29.60	-8	FV	28.4	26.0	2.8	n.a.	12.3

Source: DBS Vickers

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DBSV universe comparison table

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	Household/Personal (China/HK)										
2111	Best Pacific Int'l Hldgs	506	3.83	4.80	25	B	10.3	8.0	1.8	2.5	18.4
1169	Haier Electronics	9,990	27.95	33.08	18	B	19.2	16.1	2.9	1.0	16.9
1044	Hengan	11,182	72.70	83.00	14	B	19.4	17.3	4.6	3.1	24.9
494	Li & Fung	4,148	3.84	n.a.	n.a.	NR	17.1	n.a.	1.3	5.2	7.9
2331	Li Ning	2,229	8.04	7.70	-4	B	33.3	22.1	3.3	0.0	10.9
311	Luen Thai	211	1.14	3.36	195	B	5.0	n.a.	0.4	12.2	7.4
000333 CH	Midea Group Co Ltd@@@	61,726	59.34	56.70	-4	H	22.5	18.3	4.4	1.7	23.1
1982	Nameson Holdings Ltd	488	1.68	3.40	102	B	9.1	8.5	1.9	4.0	29.3
1382	Pacific Textiles	1,385	7.51	10.50	40	B	11.1	12.6	3.4	8.0	29.8
1913	Prada	11,829	36.25	34.09	-6	B	35.7	42.3	3.2	2.8	9.0
600690 CH	Qingdao Haier@@@	19,282	19.99	21.60	8	B	17.9	15.7	5.2	1.7	27.5
1910	Samsonite Int'l ^^	6,484	35.70	39.29	10	B	24.8	22.5	3.9	1.4	14.8
1836	Stella International	1,060	10.46	13.00	24	H	12.9	11.3	1.1	5.8	8.3
2678	Texhong Textile Group	1,284	11.00	14.40	31	B	7.1	6.2	1.4	4.1	20.8
321	Texwinca	726	4.12	4.50	9	H	11.9	15.0	1.0	15.0	8.3
	Industrials										
517	Cosco SHIPPING International	637	3.26	4.32	33	B	15.1	16.4	0.6	4.6	4.2
2314	Lee and Man Paper	4,757	8.29	9.50	15	H	7.4	7.1	1.7	4.5	26.0
2689	Nine Dragons	6,998	11.74	19.30	64	B	10.1	6.0	1.5	3.2	15.7
1478	Q Technology	1,425	10.02	13.50	35	B	20.3	14.2	4.1	3.7	23.5
2283	T K Group	648	6.10	7.10	16	B	16.7	12.7	5.5	2.8	37.8
698	Tongda Group	1,158	1.50	2.50	67	B	8.9	6.7	1.6	3.6	19.2
3393	Wasion Group	512	4.00	2.95	-26	FV	11.6	11.8	0.8	3.9	7.1
	Insurance										
1299	AIA	102,240	66.40	80.00	20	B	16.6	18.8	2.4	1.5	15.9
2628	China Life Insurance	105,256	21.60	32.00	48	B	16.6	14.8	1.6	2.1	9.6
601628 CH	China Life Insurance-A@@@	105,256	25.73	28.07	9	H	23.3	20.7	2.2	1.5	9.6
2601	China Pacific Insurance	47,417	35.15	54.00	54	B	16.9	13.6	1.8	3.1	15.4
601601 CH	China Pacific Insurance-A@@@	47,417	35.17	47.37	35	B	21.0	17.2	2.3	2.5	15.4
1508	China Reinsurance	8,830	1.63	1.50	-8	FV	9.8	8.7	0.7	3.8	7.6
966	China Taiping	11,893	25.95	42.00	62	B	16.5	12.2	1.4	0.9	9.4
945	Manulife	36,339	143.70	197.00	37	B	9.7	9.3	1.0	3.5	11.1
1339	PICC Group	4,084	3.67	3.90	6	H	7.9	7.6	0.7	1.3	11.8
2328	PICC P&C	8,059	13.74	11.70	-15	S	8.3	7.7	1.3	3.0	16.3
2318	Ping An Insurance	189,559	79.80	115.00	44	B	16.1	12.8	2.7	1.3	17.8
601318 CH	Ping An Insurance-A@@@	189,559	66.39	87.75	32	B	16.5	14.3	2.7	1.3	17.8
	Media										
752	Pico Far East	493	3.13	3.90	25	B	13.7	11.9	2.0	5.9	15.2
511	TVB ^^	1,452	26.00	35.50	37	B	23.0	13.1	1.6	5.8	7.2
	Oil & Gas producers										
386	China Petroleum & Chem	22,417	6.89	8.50	23	B	14.1	14.6	1.0	4.6	7.0
883	CNOOC	65,817	11.56	15.00	30	B	16.7	8.7	1.1	4.5	6.5
857	PetroChina	125,798	5.39	6.50	21	B	36.1	20.9	0.7	2.1	1.9

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	Pharmaceutical & Health Care										
2877	China Shineway	1,261	11.96	14.00	17	B	20.9	15.7	1.4	3.4	8.0
570	China Traditional Chinese Medicine	3,272	5.79	6.50	12	B	18.6	15.5	1.7	1.6	9.6
1681	Consun Pharmaceutical	928	8.33	10.00	20	B	16.2	13.3	2.9	1.1	19.8
000999 CH	CR Sanjiu Medical & Pharm@@@	4,212	27.20	26.40	-3	B	19.1	17.3	2.8	1.8	15.2
1093	CSPC Pharmaceutical	16,599	20.85	14.60	-30	B	46.7	37.8	10.4	0.7	24.3
853	Microport Scientific	1,585	8.51	6.90	-19	H	38.7	30.3	4.2	0.6	11.4
1515	CR Phoenix Healthcare	1,566	9.47	11.80	25	B	21.6	26.5	1.8	1.4	8.9
1498	PuraPharm Corporation	81	2.57	4.20	63	B	9.1	n.a.	1.1	3.4	12.1
1066	Shandong Weigao	1,256	5.23	6.20	19	H	14.4	12.6	1.6	2.1	11.4
1099	Sinopharm Group	5,978	39.30	44.00	12	B	18.2	16.1	2.6	1.5	14.9
600535 CH	Tasly Pharmaceutical Group	7,379	43.17	32.00	-26	H	21.0	n.a.	5.0	1.7	26.1
300026 CH	Tianjin Chase Sun Pharm@@@	1,967	4.13	7.13	73	H	4.5	n.a.	0.6	2.9	14.9
2666	Universal Medical	1,497	6.84	10.40	52	B	8.8	7.2	1.3	3.4	16.2
2393	Yestar International	757	2.73	3.40	25	H	21.8	17.3	4.7	1.8	22.9
2120	Wenzhou Kangning Hospital	103	39.95	45.00	13	B	32.5	25.8	2.3	0.9	7.4
002603 CH	Yiling Pharmaceutical	2,911	15.28	14.20	-7	H	25.5	n.a.	2.9	0.8	11.9
	Properties (China)										
3383	Agile Property #	8,102	16.22	18.57	14	B	10.8	10.0	0.9	4.9	11.7
832	Central China #	1,124	3.60	3.87	8	B	8.7	9.4	0.7	3.4	11.5
817	China Jinmao Holdings #	6,599	4.47	3.20	-28	H	13.0	11.3	1.0	3.1	10.3
81	China Overseas Grand Oceans #	1,659	3.80	5.00	32	B	6.2	4.3	0.3	0.8	12.5
688	China Overseas #	38,072	27.25	34.32	26	B	9.9	8.1	1.0	3.0	12.9
1109	China Resources Land #	25,234	28.55	34.50	21	B	8.6	8.0	1.0	3.4	17.7
2202	China Vanke #	54,214	35.80	39.18	9	B	13.7	11.7	1.6	3.2	20.3
000002 CH	China Vanke-A @@@	54,214	31.34	31.34	0	H	14.1	12.0	1.5	3.1	20.3
2007	Country Garden #	44,800	16.16	20.65	28	B	10.4	7.6	0.8	3.1	32.4
3333	China Evergrande Group #	41,499	24.70	40.51	64	B	8.6	6.8	0.9	n.a.	51.2
207	Joy City #	2,287	1.26	1.77	40	B	13.3	11.8	0.5	3.7	4.0
960	Longfor Properties	18,104	24.00	25.63	7	B	12.4	9.9	0.7	2.8	14.8
813	Shimao Property #	9,589	22.20	26.38	19	B	8.7	7.3	0.7	6.2	13.0
272	Shui On Land #	2,190	2.13	2.05	-4	H	10.1	19.9	0.4	3.0	3.9
3377	Sino-Ocean Group #	5,505	5.69	6.68	17	B	8.9	8.1	0.7	3.9	9.0
410	Soho China #	2,725	4.11	5.02	22	B	46.1	51.1	0.6	0.0	1.2
123	Yuexiu Property #	2,926	1.85	2.08	12	B	8.2	7.8	0.6	4.0	7.2
	Properties (HK) #										
1113	CK Asset Holdings	31,049	65.85	80.90	23	B	8.1	6.9	0.6	2.6	10.7
35	Far East Consortium	1,256	4.28	5.46	28	B	8.3	6.3	0.3	4.3	10.8
41	Great Eagle	3,495	39.80	41.00	3	H	14.4	15.5	0.5	4.5	3.2
101	Hang Lung Properties	10,484	18.28	23.20	27	B	14.9	17.7	0.5	4.1	4.2
12	Henderson Land	26,073	51.10	59.20	16	B	12.0	13.5	0.6	3.4	6.3
HKL SP	Hongkong Land @	16,258	6.91	8.53	23	B	16.8	15.5	0.6	2.9	2.8
14	Hysan Development	5,535	41.50	44.50	7	H	17.4	17.8	0.6	3.3	3.6
173	K. Wah Intl	2,033	5.21	6.45	24	B	4.1	4.5	0.4	3.5	12.9
683	Kerry Properties	6,530	35.35	39.00	10	B	7.7	9.6	0.4	4.2	7.5
488	Lai Sun Development	994	12.86	16.14	26	B	31.0	11.9	0.4	0.8	8.2
66	MTR	32,333	42.20	45.00	7	B	23.9	24.8	0.8	7.9	6.7
17	New World Dev	14,270	11.08	13.90	25	B	14.8	13.9	0.5	4.2	4.1
16	SHK Properties	45,809	124.00	157.50	27	B	13.8	12.2	0.5	3.3	5.3
83	Sino Land	10,443	12.70	15.84	25	B	14.3	7.4	0.5	4.2	4.4
1972	Swire Properties	20,515	27.50	32.25	17	B	20.5	21.0	0.6	2.8	3.2
88	Tai Cheung	689	8.75	10.58	21	B	27.5	15.1	0.4	3.7	2.8
1997	Wharf REIC	19,785	51.10	56.20	10	B	16.3	16.9	0.7	1.9	4.7
369	Wing Tai Properties	1,039	6.04	7.13	18	B	7.8	5.0	0.3	3.1	4.1

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	Renewable Energy										
1250	Beijing Enterprises Clean Energy %	2,066	0.26	0.31	22	B	13.7	9.9	2.2	0.0	19.6
1381	Canvest Environment Protection	1,409	4.50	4.44	-1	B	18.7	15.3	2.3	0.7	14.8
1816	CGN Power	2,890	2.03	3.04	50	B	10.0	8.6	1.2	3.0	13.2
916	China Longyuan Power	2,564	6.02	7.51	25	B	10.2	9.1	0.9	2.0	9.5
451	GCL New Energy	1,082	0.45	0.69	55	B	7.4	6.2	1.3	0.0	18.9
958	Huaneng Renewables Corp	1,880	2.93	4.00	37	B	7.7	7.2	1.1	1.9	15.0
2208	Xinjiang Goldwind-H	9,631	12.58	11.20	-11	B	12.7	10.1	1.7	3.1	14.0
002202 CH	Xinjiang Goldwind-A@@@	9,631	18.68	14.82	-21	B	22.2	17.6	2.9	1.8	14.0
968	Xinyi Solar Holdings	3,002	3.17	3.00	-5	B	9.6	8.4	2.5	4.4	30.6
	Railway & Construction										
1800	China Comm Construction	28,505	8.06	12.90	60	B	5.8	5.1	0.7	3.5	12.9
601800 CH	China Comm Construction-A @@@	28,505	12.89	17.00	32	H	10.9	9.6	1.3	2.2	12.9
1186	China Railway Construction	20,788	7.86	12.90	64	B	5.7	5.2	0.6	2.6	11.4
601186 CH	China Railway Construction-A @@@	20,788	10.28	12.50	22	H	8.9	8.0	1.0	2.0	11.4
390	China Railway Group	25,001	5.44	8.90	64	B	7.3	6.8	0.7	2.3	10.8
601390 CH	China Railway Group-A@@@	25,001	7.49	9.30	24	H	11.8	11.0	1.2	1.7	10.8
1766	CRRC Corp	43,331	6.69	8.40	26	B	13.3	11.9	1.5	4.0	11.4
601766 CH	CRRC Corp-A @@@	43,331	10.29	10.60	3	H	24.0	21.5	2.7	2.6	11.4
3311	China State Construction	6,168	9.58	13.60	42	B	8.3	7.0	1.3	3.6	18.4
	Real Estate Investment Trust										
2778	Champion REIT	4,159	5.59	5.50	-2	H	nm	nm	0.5	4.3	20.1
778	Fortune REIT	2,322	9.51	10.68	12	B	nm	nm	0.7	5.3	12.4
6139	Jinmao Investment	1,224	4.80	5.10	6	B	nm	nm	1.2	7.5	5.3
1270	Langham Hospital Investments	899	3.36	3.78	13	B	nm	nm	0.6	6.4	9.5
808	Prosperity REIT	614	3.27	3.72	14	B	nm	nm	0.6	5.5	9.6
435	Sunlight REIT	1,115	5.33	5.70	7	B	nm	nm	0.6	6.2	5.4
823	Link REIT	18,478	67.00	69.00	3	H	nm	nm	1.1	3.4	13.3
405	Yuexiu REIT	2,100	5.44	6.46	19	B	nm	nm	1.0	6.7	3.9
	Restaurants										
341	Cafe de Coral	1,464	19.60	24.00	22	H	22.5	22.6	3.3	4.1	14.3
	Retailers										
BABA US	Alibaba Group @@^^	498,221	194.53	234.00	20	B	50.8	34.9	10.9	0.0	17.5
814	Beijing Jingkelong	44	1.89	2.56	35	H	15.8	14.1	0.4	3.1	2.5
116	Chow Sang Sang	1,425	16.50	20.65	25	B	13.0	11.3	1.2	3.0	9.3
330	Esprit Holdings	643	2.67	3.40	27	H	76.6	n.a.	0.4	0.0	0.6
709	Giordano	921	4.60	5.10	11	B	14.3	12.9	2.5	7.0	17.9
3308	Golden Eagle	1,918	8.99	12.76	42	B	14.4	10.9	2.4	4.7	17.7
493	GOME Retail Holdings	2,337	0.85	1.00	18	H	54.3	47.7	0.7	0.5	1.3
JD US	JD.com Inc@@	60,397	44.15	61.00	38	B	n.a.	247.4	7.6	0.0	-0.4
1212	Lifestyle	2,628	12.86	14.35	12	B	8.2	12.0	4.8	5.0	82.6
590	Luk Fook	2,134	28.50	37.32	31	H	16.5	14.4	1.9	3.9	11.6
178	Sa Sa	1,573	4.06	3.46	-15	B	36.4	31.9	5.5	4.2	14.5
1700	Springland Int'l	532	1.88	1.73	-8	H	12.1	11.0	0.7	4.2	6.1
6808	Sun Art Retail Group	11,107	9.13	9.31	2	B	27.7	25.4	3.4	1.8	12.3
601933 CH	Yonghui Superstores-A@@@	12,876	10.55	11.13	5	B	53.7	44.9	4.8	1.7	9.4

Source: DBS Vickers

 # P/NAV ; @@@ denominated in RMB; ^^ Core profit and EPS

DBSV universe comparison table

Stock code	Stock name	Mkt Cap (US$m)	Share Price (HK$)	Target Price (HK$)	upside (%)	Remd	PE (x) 17F	PE (x) 18F	PB (x) 17F	Yld (%) 17F	ROE (%) 17F
	Software & Computer Services										
1310	HKBN Ltd.	1,188	9.26	13.30	44	B	54.4	25.1	8.2	4.9	13.7
268	Kingdee ^^	2,930	7.90	3.30	-58	H	96.7	66.7	5.4	0.0	5.8
3888	Kingsoft Corp ^^	4,362	24.90	31.00	24	B	27.9	20.4	3.0	0.4	11.2
777	NetDragon Websoft	1,299	19.10	29.00	52	B	607.7	48.5	2.0	1.1	0.3
1686	SUNeVision	1,468	4.95	7.60	54	B	31.8	27.7	5.4	2.8	17.4
700	Tencent ^^	496,180	409.60	560.00	37	B	47.3	33.6	13.4	0.3	34.5
600588 CH	Yonyou Network Tech@@@	8,566	36.98	12.60	-66	FV	133.4	88.0	9.3	0.5	7.0
	Telecom Services (China)										
941	China Mobile	187,866	71.95	104.00	45	B	11.0	10.4	1.3	8.7	11.5
762	China Unicom	38,629	9.90	15.60	58	B	46.9	29.8	0.9	0.7	1.9
728	China Telecom	6,123	3.46	5.00	45	B	11.9	10.8	0.7	3.5	6.2
	Telecom Services (HK)										
1883	CITIC Telecom	1,026	2.27	3.00	32	B	9.1	8.7	1.0	5.4	11.0
6823	HKT Trust	9,530	9.87	12.60	28	B	15.8	15.5	1.9	6.4	12.1
215	Hutchison Telecom	1,696	2.76	3.10	12	H	2.0	39.3	0.7	3.1	45.5
315	SmarTone	1,185	8.35	7.30	-13	FV	13.5	13.7	2.0	7.1	15.1
	Transportation - Ports & Airports										
2588	BOC Aviation	4,129	46.65	61.00	31	B	8.3	7.1	1.1	5.0	16.3
694	Beijing Capital Intl Airport ^^	2,526	10.54	16.50	57	B	16.4	12.5	1.8	2.5	11.8
1848	China Aircraft Leasing Group	715	8.27	11.70	41	B	8.0	6.8	1.7	6.2	22.1
144	China Merchants Port Hldgs	7,231	17.30	28.70	66	B	9.4	12.0	0.8	12.8	8.1
1199	COSCO SHIPPING Ports ^^	2,573	6.60	9.30	41	B	10.9	10.0	0.5	3.7	11.3
	Warehouse										
925	Beijing Properties	240	0.28	0.44	60	B	n.a.	n.a.	0.4	0.0	-3.1
600340 CH	China Fortune Land Dev@@@	16,160	34.57	41.45	20	B	10.0	10.0	3.3	2.4	29.7
1668	China South City	1,808	1.77	2.77	56	B	12.3	12.3	0.5	2.8	15.9
200053 CH	Shenzhen Chiwan Petroleum	741	25.21	28.71	14	B	n.a.	n.a.	2.8	0.0	-0.8
	Water Infrastructure, Environmental										
371	Beijing Enterprises Water %	5,164	4.38	6.00	37	B	8.9	8.9	1.9	3.1	21.6
300070 CH	Beijing Originwater@@@	8,373	16.89	23.50	39	B	17.9	17.9	3.0	0.5	15.3
257	China Everbright Intl	6,288	11.00	13.50	23	B	10.8	10.8	2.2	2.2	17.6
CEWL SP	China Everbright Water @@	860	0.43	0.65	51	B	11.7	11.7	0.8	0.2	7.0
1363	CT Environmental Group	1,136	1.41	1.70	21	B	11.4	11.4	1.9	2.0	17.5
6136	Kangda International	385	1.47	2.10	43	B	5.7	5.7	0.6	1.5	10.1
SIIC SP	SIIC Environment @@	1,012	0.51	0.53	4	H	12.6	12.6	0.9	0.0	6.1
1065	Tianjin Cap Environmental	2,509	4.43	5.00	13	H	9.8	9.8	1.0	1.9	10.1
600874 CH	Tianjin Cap Environmental-A @@@	2,509	13.47	8.10	-40	S	36.6	36.6	3.8	0.5	10.1
CEL SP	CITIC Envirotech @@	1,270	0.73	0.80	10	H	14.2	14.2	1.6	1.1	9.7

Source: DBS Vickers

 # P/NAV ; @@@ denominated in RMB; ^^ Core profit and EPS

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FULLY VALUED (negative total return i.e. > -10% over the next 12 months)

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Share price appreciation + dividends

Completed Date: 3 Apr 2018 15:29:38 (HKT)
Dissemination Date: 3 Apr 2018 18:22:12 (HKT)

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18th Floor Man Yee building, 68 Des Voeux Road Central, Central, Hong Kong

Tel: (852) 2820-4888, Fax: (852) 2868-1523

Company Regn. No. 31758

DBS Regional Research Offices

HONG KONG
DBS Vickers (Hong Kong) Ltd
Contact: Carol Wu
18th Floor Man Yee Building
68 Des Voeux Road Central
Central, Hong Kong
Tel: 852 2820 4888
Fax: 852 2863 1523
e-mail: dbsvhk@dbs.com
Participant of the Stock Exchange of Hong Kong Ltd

MALAYSIA
AllianceDBS Research Sdn Bhd
Contact: Wong Ming Tek (128540 U)
19th Floor, Menara Multi-Purpose,
Capital Square,
8 Jalan Munshi Abdullah 50100
Kuala Lumpur, Malaysia.
Tel.: 603 2604 3333
Fax: 603 2604 3921
e-mail: general@alliancedbs.com

SINGAPORE
DBS Bank Ltd
Contact: Janice Chua
12 Marina Boulevard,
Marina Bay Financial Centre Tower 3
Singapore 018982
Tel: 65 6878 8888
Fax: 65 65353 418
e-mail:research@dbs.com
Company Regn. No. 196800306E

INDONESIA
PT DBS Vickers Sekuritas (Indonesia)
Contact: Maynard Priajaya Arif
DBS Bank Tower
Ciputra World 1, 32/F
Jl. Prof. Dr. Satrio Kav. 3-5
Jakarta 12940, Indonesia
Tel: 62 21 3003 4900
Fax: 6221 3003 4943
e-mail: research@id.dbsvickers.com

THAILAND
DBS Vickers Securities (Thailand) Co Ltd
Contact: Chanpen Sirithanarattanakul
989 Siam Piwat Tower Building,
9th, 14th-15th Floor
Rama 1 Road, Pathumwan,
Bangkok Thailand 10330
Tel. 66 2 857 7831
Fax: 66 2 658 1269
e-mail: research@th.dbs.com
Company Regn. No 0105539127012
Securities and Exchange Commission, Thailand