

# China / Hong Kong Market Focus

## The Good Cat Weekly

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DBS Group Research . Equity

3 May 2018

### Two pharmaceutical stocks may join HSI

- **CSPC Pharm (1093 HK) and Sino Biopharm (1177 HK) may join HSI in the next review.**
- **China Merchants Port (144 HK) and Lenovo (992 HK) expected to be removed**
- **New entrants outperformed market historically**

**Two pharmaceutical stocks expected to join HSI; Sunac a dark horse.** After market close this Friday (4<sup>th</sup> May), the Hang Seng Index Company (HSI Company) will announce the results of the first quarter 2018 review of the Hang Seng Index (HSI). We expect China Merchants Port (144 HK) and Lenovo (992 HK) to be removed from the HSI. Two pharmaceutical companies, CSPC Pharm (1093 HK) and Sino Biopharm (1177 HK), are expected to be included. For dark horses, there is a small chance that China Resources Power (836 HK) will be removed, while Sunac (1918 HK) may be a new entrant.

**New entrants have outperformed historically, get on board before announcement date.** We studied the stock price performance of HSI kick-outs and new entrants in the past. Over the period from announcement date to effective date, new members usually significantly outperformed the HSI. The best strategy would be to buy the potential new entrants on or before the announcement day.

**Latest market thoughts.** 1) Aggregate balance in the HK banking system fell; HIBOR rose for 13 days in a row; LIBOR-HIBOR spread has narrowed; HKD has strengthened. The whole process has been smooth, and the market should be less concerned about this in the future. 2) Latest US inflation figures have aroused concerns of quicker rate hikes, but it is still too early to believe that such pressure is mounting. 3) We continue to believe that the market has largely underestimated the risk and impact of the trade tensions. Expect some new conflicts to surface after the talks.

**US and HK corporate profits stayed strong.** Most of the companies under our coverage universe reported upbeat 1Q results or operating figures. Figures of domestic consumer and oil stocks were particularly strong. China banks' profit growth momentum is accelerating, while net interest margin is expanding. With most of the banks trading at 6-7x earnings, we still like the sector. HK banks were on a run after BOCHK (2388 HK) released strong operating figures as the positive impact of higher HIBOR is finally kicking in, and should be more prominent in 2Q18. HK banks' valuations are still reasonable.

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#### Performance of key indices

Indices	As of 5/3/2018	% change			
		1 week	1 month	QTD	YTD
HSI	30,313	(0.0)	0.4	0.7	1.3
HSCEI	12,019	(0.6)	(1.0)	0.2	2.6
Dow Jones	23,925	(0.7)	(0.5)	(0.7)	(3.2)
S&P	2,636	(0.1)	0.8	(0.2)	(1.4)
Nasdaq	7,101	1.4	2.3	0.5	2.9
Japan	22,473	0.9	5.5	4.7	(1.3)
Shanghai	3,101	(0.9)	(1.1)	(2.1)	(6.2)
Shenzhen	1,793	(0.6)	(2.7)	(3.3)	(5.6)
Taiwan	10,514	(0.4)	(2.8)	(3.7)	(1.2)
Korea	2,487	1.6	1.8	1.7	0.8
India	35,169	1.9	5.4	6.7	3.3
Singapore	3,572	0.1	4.7	4.2	5.0
Malaysia	1,855	0.2	0.2	(0.5)	3.2
Thailand	1,792	0.7	1.5	0.9	2.2
Indonesia	5,878	(3.3)	(5.6)	(5.0)	(7.5)
UK	7,543	1.6	7.3	6.9	(1.9)
France	5,515	1.9	7.0	6.7	3.8
Germany	12,772	2.8	6.4	5.6	(1.1)
Brazil	84,547	(1.1)	(0.1)	(1.0)	10.7
Russia	2,308	1.0	2.0	1.6	9.4

#### Recommendation & valuation

Ticker	Closing price	FY18F				Tgt Price (HK\$)	
		PBV (X)	PER (X)	yield (%)	ROE (%)		
China Construction Bank	939 HK	8.2	1.0	6.8	4.5	10.2	10.6
China ZhongTong	1728 HK	6.4	1.1	7.8	3.0	16.9	9.2
China Merchants Bank	3968 HK	33.8	1.7	9.2	3.3	19.3	38.7
China Resources Land	1109 HK	30.0	1.5	8.4	4.1	9.6	34.5
Ping An Insurance	2318 HK	76.7	2.4	12.1	2.6	14.5	115.0
China Traditional Chinese Medicine	570 HK	7.0	2.0	19.2	1.6	22.7	7.4
Tencent	700 HK	393.4	11.7	32.1	0.4	10.1	560.0
Texhong Textile Group	2678 HK	10.6	1.3	6.0	4.9	5.9	14.4
Yangtze Optical Fibre and Cable	6869 HK	35.0	3.7	13.3	0.0	14.7	48.7
Yuexiu Property	123 HK	1.8	0.6	7.5	5.3	20.2	2.1

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

**Two pharmaceutical stocks expected to join HSI; Sunac a dark horse.** After market close this Friday (4th May), the Hang Seng Index Company (HSI Company) will announce the results of the first quarter 2018 review of the Hang Seng Index (HSI). We expect China Merchants Port (144 HK) and Lenovo (992 HK) to be removed from the HSI. The two pharmaceutical companies, CSPC Pharm (1093 HK) and Sino Biopharm (1177 HK), are expected to be included. For dark horses, there is a small chance that China Resources Power (836 HK) will be removed, while Sunac (1918 HK) may be a new entrant.

**No change last time, this time is different.** Note that the HSI Company did not remove or add any companies from the HSI during the last review in Feb18 (the removal of Wharf (4 HK) was just a technical one, after the spin-off of Wharf REIC (1997 HK)), probably due to the big revamp of HSCEI announced during that review. We expect there will be changes in the HSI constituent stocks this round.

#### **China Merchants Port and Lenovo likely to be removed.**

We examined the free-float adjusted (FFA) market cap, and noted that there are only three companies with FFA market cap lower than HKD30bn, namely China Merchants Port, Lenovo, and China Resources Power. Historically, HSI Company seldom removed more than two stocks from the HSI in a single review (this has never occurred since 2013), so we believe this round of review will witness the removal of China Merchants Port and Lenovo. In the rare event that a third stock is removed, China Resources Power is a likely candidate.

#### **CSPC Pharm and Sino Biopharm expected to join HSI.**

Using a similar methodology, we examined potential candidates tipped to join the HSI. Turns out that CSPC Pharm, Sino Biopharm and Sunac are three with largest FFA market cap. Their 6-month average daily turnover ranged from HKD300-965m, which is also much higher than 40% of the existing HSI members. CSPC Pharm and Sino Biopharm are expected to join HSI, while Sunac will join only in the rare event that HSI company adds three new entrants in a single review. Note that while Evergrande (3333 HK) has a much bigger market cap than Sunac, it is not expected to join the HSI this time, due to its low free-float percentage.

**New entrants have outperformed historically, get on board before announcement date.** We studied the stock price performance of HSI kick-outs and new entrants in the past. Over the period from announcement date to effective date, new members usually significantly outperformed the HSI (average outperformance of 4.7%), while stocks removed slightly underperformed the HSI (on average by 0.9%). The largest impact predominantly occurs on the first day after the announcement, and fades away subsequently. The best strategy would be to buy the potential new entrants on or before the announcement day.

**Latest market thoughts.** 1) On HKD and HIBOR: As expected, aggregate balance in the HK banking system fell; HIBOR rose for 13 days in a row; LIBOR-HIBOR spread narrowed; HKD strengthened. The whole process was carried out smoothly, and market should be less concerned on this in the future. 2) On the US: A mixed bag. Corporates results were mostly strong, especially tech stocks – but surely they will be facing tighter controls. Treasury yields rose to over 3%, retreated, but should stay at about this level later. The market has stayed calm and the crash in early Feb18 did not re-occur. Latest inflation figures have aroused concerns, but it is still too early to believe that such pressure is mounting. 3) On trade tensions: “Peace talks” will take place in China this week. The market may turn more optimistic in short term, but we still believe that the market has largely underestimated the risk and impact of the trade tension. Expect some new conflicts after the talks. 4) On China: A-shares underperformed most global markets YTD; A-H premium narrowed to a one-year low, but the upcoming inclusion in the MSCI may help sentiment.

Amid all the uninspiring signs, corporate profits stayed strong. Most of the companies under our coverage universe reported upbeat 1Q results or operating figures. This is probably the reason that the market held up so well (the HK market is one of the best performing market YTD). The results/operating figures of consumer and oil stocks were particularly strong. China banks’ results were mostly in line, but their profit growth momentum is accelerating, while net interest margin is expanding. With most of them still trading at 6-7x earnings, we still like the sector. HK banks were on a run after BOCHK (2388 HK) released strong operating figures, which highlighted that the positive impact of higher HIBOR has finally kicked in, and should be more prominent in 2Q18. HK banks’ valuations are still reasonable.

## Existing HSI members (in ascending order of FFA market cap)

Ticker	Name	HK listed Market cap (HKDb)	Free-Float %	FFA market cap (HKDb)	180 day avg turnover (HKDm)
144 HK Equity	China Merchants Port Holdings Co Ltd	58	37.5	22	128
992 HK Equity	Lenovo Group Ltd	45	57.4	26	221
836 HK Equity	China Resources Power Holdings Co Ltd	73	37.0	27	113
151 HK Equity	Want Want China Holdings Ltd	87	39.6	34	109
101 HK Equity	Hang Lung Properties Ltd	84	43.0	36	97
1038 HK Equity	CK Infrastructure Holdings Ltd	165	22.9	38	137
19 HK Equity	Swire Pacific Ltd	71	54.4	38	114
83 HK Equity	Sino Land Co Ltd	90	43.1	39	64
3328 HK Equity	Bank of Communications Co Ltd	226	20.7	47	234
1044 HK Equity	Hengan International Group Co Ltd	84	55.7	47	266
12 HK Equity	Henderson Land Development Co Ltd	200	27.1	54	199
267 HK Equity	CITIC Ltd	350	16.9	59	109
17 HK Equity	New World Development Co Ltd	117	55.4	65	205
762 HK Equity	China Unicom Hong Kong Ltd	342	19.3	66	510
1088 HK Equity	China Shenhua Energy Co Ltd	66	100.0	66	470
2319 HK Equity	China Mengniu Dairy Co Ltd	100	68.1	68	327
1997 HK Equity	Wharf Real Estate Investment Co Ltd	179	38.4	69	158
66 HK Equity	MTR Corp Ltd	266	26.1	69	165
288 HK Equity	WH Group Ltd	120	58.4	70	337
6 HK Equity	Power Assets Holdings Ltd	125	62.0	77	268
23 HK Equity	Bank of East Asia Ltd/The	97	80.1	78	50
1109 HK Equity	China Resources Land Ltd	206	38.7	80	403
2018 HK Equity	AAC Technologies Holdings Inc	140	59.4	83	851
2382 HK Equity	Sunny Optical Technology Group Co Ltd	143	61.1	87	1,162
175 HK Equity	Geely Automobile Holdings Ltd	188	54.9	104	1,355
1928 HK Equity	Sands China Ltd	370	29.9	110	591
857 HK Equity	PetroChina Co Ltd	122	98.6	120	775
688 HK Equity	China Overseas Land & Investment Ltd	291	44.0	128	577
3 HK Equity	Hong Kong & China Gas Co Ltd	230	58.2	134	171
2007 HK Equity	Country Garden Holdings Co Ltd	353	38.0	134	878
11 HK Equity	Hang Seng Bank Ltd	382	37.9	144	218
2388 HK Equity	BOC Hong Kong Holdings Ltd	432	33.9	147	476
2 HK Equity	CLP Holdings Ltd	206	71.4	147	209
823 HK Equity	Link REIT	150	99.8	149	304
27 HK Equity	Galaxy Entertainment Group Ltd	300	53.0	159	759
2628 HK Equity	China Life Insurance Co Ltd	167	100.0	167	1,361

Source: DBS Vickers, Bloomberg Finance L.P.

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#### Existing HSI members (in ascending order of FFA market cap) (con't)

Ticker	Name	HK listed Market cap (HKDb)	Free-Float %	FFA market cap (HKDb)	180 day avg turnover (HKDm)
1113 HK Equity	CK Asset Holdings Ltd	252	68.1	171	383
16 HK Equity	Sun Hung Kai Properties Ltd	367	50.1	184	469
386 HK Equity	China Petroleum & Chemical Corp	196	97.8	191	757
883 HK Equity	CNOOC Ltd	588	35.6	209	858
1 HK Equity	CK Hutchison Holdings Ltd	359	69.3	249	517
388 HK Equity	Hong Kong Exchanges & Clearing Ltd	319	94.4	301	2,267
3988 HK Equity	Bank of China Ltd	360	91.0	327	1,679
2318 HK Equity	Ping An Insurance Group Co of China Ltd	578	69.3	401	4,427
941 HK Equity	China Mobile Ltd	1,540	27.3	420	1,351
1398 HK Equity	ICBC	606	90.0	545	2,167
939 HK Equity	China Construction Bank Corp	2,000	38.4	769	2,790
1299 HK Equity	AIA Group Ltd	854	99.9	853	1,427
5 HK Equity	HSBC Holdings PLC	1,581	100.0	1,581	2,081
700 HK Equity	Tencent Holdings Ltd	3,716	59.9	2,225	10,666

Source: DBS Vickers, Bloomberg Finance L.P.

#### Potential new HSI entrants (in descending order of FFA market cap)

Ticker	Name	HK listed Market cap (HKDb)	Free-Float %	FFA market cap (HKDb)	180 day avg turnover (HKDm)
1093 HK EQUITY	CSPC Pharmaceutical Group Ltd	126	77.1	97	352
1177 HK EQUITY	Sino Biopharmaceutical Ltd	141	62.6	88	300
1918 HK EQUITY	Sunac China Holdings Ltd	149	51.5	77	965
2313 HK EQUITY	Shenzhen International Group H	130	48.1	62	197
3333 HK EQUITY	China Evergrande Group	333	15.1	50	767
384 HK EQUITY	China Gas Holdings Ltd	139	35.2	49	141
2020 HK EQUITY	ANTA Sports Products Ltd	121	38.1	46	171

Source: DBS Vickers, Bloomberg Finance L.P.

## Past HSI additions

HK Equity	Name		Announcement date	Review date + 1 trading day	Effective date - 1 trading day	Effective date	Total % change	Relative to HSI
			11/10/2017			12/4/2017		
2007 HK Equity	Country Garden Holdings Co Ltd	Last Price	12.28	12.98	12.88	13.28		
		% change		5.7	4.7	3.1	8.1	8.1
2382 HK Equity	Sunny Optical Technology Group	Last Price	140.6	149	132	132		
		% change		6.0	1.5	0.0	-6.1	-6.2
			8/16/2017			9/4/2017		
288 HK Equity	Wh Group Ltd	Last Price	7.98	8.2	8.41	8.35		
		% change		2.8	2.8	-0.7	4.6	3.4
			2/10/2017			3/6/2017		
175 HK Equity	Geely Automobile Holdings Ltd	Last Price	10.08	10.78	10.7	10.64		
		% change		6.9	0.2	-0.6	5.6	5.5
			6/3/2016			9/5/2016		
2018 HK Equity	Aac Technologies Holdings Inc	Last Price	64.05	64.45	86.55	86.55		
		% change		0.6	-0.5	0.0	35.1	22.2
			2/25/2016			3/14/2016		
1038 HK Equity	Ck Infrastructure Holdings Ltd	Last Price	76.65	79	75.35	75.65		
		% change		3.1	-2.3	0.4	-1.3	-9.5
			8/14/2015			9/14/2015		
1766 HK Equity	Crrc Corp Ltd	Last Price	10.08	10.02	9.71	9.59		
		% change		-0.6	0.4	-1.2	-4.9	5.3
6886 HK Equity	Huatai Securities Co Ltd	Last Price	15.96	15.64	16.1	15.82		
		% change		-2.0	1.1	-1.7	-0.9	9.2
			11/7/2014			12/8/2014		
823 HK Equity	Link Reit	Last Price	46.05	47.25	51.2	48.9		
		% change		2.6	2.9	-4.5	6.2	4.1
			2/10/2014			3/10/2014		
2319 HK Equity	China Mengniu Dairy Co Ltd	Last Price	18.35	18.425	20.4	19.875		
		% change		-0.3	1.5	-2.6	8.3	5.1
						Average	5.5	4.7

Source: DBS Vickers, Bloomberg Finance L.P.

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#### Past HSI deletions

HK Equity	Name		Announcement date	Review date + 1 trading day	Effective date - 1 trading day	Effective date	Total % change	Relative to HSI
4 HK Equity	Wharf Holdings Ltd/The	Last Price	2/6/2018	28.45	29.2	3/5/2018		
		% change	29.9	-4.8	-2.3	28.6	-4.3	-2.0
293 HK Equity	Cathay Pacific Airways Ltd	Last Price	11/10/2017	-3.9	0.7	12/4/2017		
		% change	12.34	-1.0	-1.5	11.64	-5.7	-5.7
494 HK Equity	Li & Fung Ltd	Last Price	2/10/2017	3.34	3.51	3/6/2017		
		% change	3.42	-2.3	3.2	3.62	5.8	5.8
322 HK Equity	Tingyi Cayman Islands Holding	Last Price	6/3/2016	6.94	7.64	9/5/2016		
		% change	6.98	-0.6	2.3	8.12	16.3	3.4
291 HK Equity	China Resources Beer Holdings	Last Price	2/25/2016	11.384	13.823	3/14/2016		
		% change	11.678	-2.5	3.7	13.749	17.7	9.5
1898 HK Equity	China Coal Energy Co Ltd	Last Price	8/14/2015	3.83	3.37	9/14/2015		
		% change	3.84	-0.3	0.6	3.29	-14.3	-4.2
2238 HK Equity	Guangzhou Automobile Group Co	Last Price		6.35	5.38			
		% change	6.22	2.1	2.9	5.52	-11.3	-1.1
1199 HK Equity	Cosco Shipping Ports Ltd	Last Price	11/7/2014	9.762	9.798	12/8/2014		
		% change	9.872	-1.1	-0.4	9.688	-1.9	-4.0
1898 HK Equity	China Coal Energy Co Ltd	Last Price	2/10/2014	4.07	3.82	3/10/2014		
		% change	4.04	1.5	-2.6	3.81	-5.7	-8.9
						Average	-0.5	-0.9

Source: DBS Vickers, Bloomberg Finance L.P.

## First quarter results and operating figures summary (DBSV Universe)

Date	Ticker	Name	Vs expectations	Remarks
12-Apr	178 HK Equity	Sa Sa International Holdings L	Better	Operating figures
12-Apr	1316 HK Equity	Nexeer Automotive Group Ltd	Better	Operating figures
16-Apr	600498 CH Equity	Fiberhome Telecommunication Te	Worse	FY results
16-Apr	1929 HK Equity	Chow Tai Fook Jewellery Group	Better	Operating figures
18-Apr	590 HK Equity	Luk Fook Holdings Internationa	Better	Operating figures
19-Apr	1310 HK Equity	HKBN Ltd	In line	1H results
20-Apr	1313 HK Equity	China Resources Cement Holding	Better	1Q results
20-Apr	941 HK Equity	China Mobile Ltd	Slightly better	1Q results
22-Apr	883 HK Equity	CNOOC Ltd	Better	Operating figures
23-Apr	762 HK Equity	China Unicom Hong Kong Ltd	Better	1Q results
23-Apr	2877 HK Equity	China Shineway Pharmaceutical	Better	Operating figures
23-Apr	2331 HK Equity	Li Ning Co Ltd	Better	Operating figures
24-Apr	914 HK Equity	Anhui Conch Cement Co Ltd	In line	1Q results
24-Apr	2333 HK Equity	Great Wall Motor Co Ltd	In line	1Q results
25-Apr	288 HK Equity	WH Group Ltd	In line	1Q results
26-Apr	1169 HK Equity	Haier Electronics Group Co Ltd	In line	1Q results
26-Apr	600690 CH Equity	Qingdao Haier Co Ltd	In line	1Q results
26-Apr	2318 HK Equity	Ping An Insurance Group Co of	In line	1Q results
26-Apr	2628 HK Equity	China Life Insurance Co Ltd	In line	1Q results
26-Apr	939 HK Equity	China Construction Bank Corp	In line	1Q results
26-Apr	916 HK Equity	China Longyuan Power Group Cor	Better	1Q results
26-Apr	2238 HK Equity	Guangzhou Automobile Group Co	In line	1Q results
26-Apr	698 HK Equity	Tongda Group Holdings Ltd	In line	Operating figures
26-Apr	998 HK Equity	China CITIC Bank Corp Ltd	In line	1Q results
27-Apr	6068 HK Equity	Wisdom Education International	Worse	1H results
27-Apr	386 HK Equity	China Petroleum & Chemical Cor	Better	1Q results
27-Apr	1099 HK Equity	Sinopharm Group Co Ltd	Worse	1Q results
27-Apr	1728 HK Equity	China ZhengTongAuto Services	Better	Operating figures
27-Apr	3669 HK Equity	China Yongda Automobiles Servi	Better	Operating figures
27-Apr	1199 HK Equity	COSCO SHIPPING Ports Ltd	In line	1Q results
27-Apr	1398 HK Equity	Industrial & Commercial Bank o	In line	1Q results
27-Apr	3993 HK Equity	China Molybdenum Co Ltd	Better	1Q results
27-Apr	3988 HK Equity	Bank of China Ltd	In line	1Q results
27-Apr	753 HK Equity	Air China Ltd	In line	1Q results
27-Apr	2601 HK Equity	China Pacific Insurance Group	Better	1Q results
27-Apr	2388 HK Equity	BOC Hong Kong Holdings Ltd	Better	Operating figures
27-Apr	857 HK Equity	PetroChina Co Ltd	Better	1Q results
30-Apr	3323 HK Equity	China National Building Materi	In line	1Q results
30-Apr	6869 HK Equity	Yangtze Optical Fibre and Cabl	In line	1Q results
30-Apr	763 HK Equity	ZTE Corp	Better	1Q results
30-Apr	1211 HK Equity	BYD Co Ltd	In line	1Q results
30-Apr	670 HK Equity	China Eastern Airlines Corp Lt	In line	1Q results
2-May	6169 HK Equity	China Yuhua Education Corp Ltd	In line	1H results
2-May	000333 CH Equity	Midea Group Co Ltd	Better	Operating figures

Source: DBS Vickers, Bloomberg Finance L.P.

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#### DBSV universe comparison table

Stock code	Stock name	Mkt Cap (US\$m)	Share Price (HK\$)	Target Price (HK\$)	Price upside (%)	Remd	PE (x) 17F	PE (x) 18F	PB (x) 17F	Yld (%) 17F	ROE (%) 17F
<b>Airlines</b>											
753	Air China	24,242	10.26	13.10	28	B	13.5	12.0	1.4	1.4	12.6
601111 CH	Air China-A@@@	24,242	11.62	14.40	24	B	18.9	16.8	1.9	1.0	12.6
670	China Eastern Airlines	14,532	6.48	7.70	19	B	11.8	12.4	1.4	1.0	12.1
600115 CH	China Eastern Airlines-A@@@	14,532	6.90	9.10	32	B	15.7	16.5	1.8	0.7	12.1
1055	China Southern Airlines	14,681	8.49	10.50	24	B	11.4	10.7	1.4	1.5	14.0
600029 CH	China Southern Airlines-A@@@	14,681	10.25	12.24	19	B	17.0	16.0	2.1	1.0	14.0
293	Cathay Pacific	6,335	12.64	14.20	12	H	n.a.	43.4	0.8	0.4	-2.1
<b>Auto manufacturers &amp; dealers</b>											
1114	Brilliance China	8,999	14.00	25.60	83	B	11.7	8.0	2.1	0.8	19.5
1211	BYD Company	21,333	54.00	92.00	70	B	27.0	20.5	2.3	1.1	8.7
002594 CH	BYD Company-A@@@	21,333	52.53	74.00	41	H	31.0	23.5	2.6	1.0	8.7
1958	BAIC Motor Co	1,980	7.40	10.60	43	B	20.1	6.6	1.1	1.7	5.6
1728	China ZhengTong	2,025	6.38	9.20	44	B	9.6	7.8	1.1	2.5	12.5
3669	China Yongda Automobiles	2,106	9.01	11.90	32	B	8.7	7.1	1.8	3.1	22.8
1828	Dah Chong Hong	1,009	4.29	4.90	14	B	9.8	8.3	0.8	4.0	8.5
489	Dongfeng Motor Group	3,140	8.63	11.00	27	H	4.5	4.4	0.6	3.1	13.5
175	Geely Automobile	24,749	21.65	24.00	11	H	15.5	12.6	4.7	1.3	34.8
2333	Great Wall Motor	13,620	8.22	11.10	35	H	9.9	8.1	1.3	3.1	13.2
601633 CH	Great Wall Motor-A @@@	13,620	10.90	13.40	23	H	15.4	12.6	2.0	2.3	13.2
2238	Guangzhou Automobile	18,516	14.22	25.00	76	B	7.5	6.1	1.5	4.0	22.0
601238 CH	Guangzhou Automobile-A @@@	18,516	18.08	30.40	68	H	11.2	9.1	2.3	2.7	22.0
425	Mint Group	5,509	37.80	39.80	5	B	16.4	13.5	2.9	2.5	19.3
1316	Nexteer Automotive Group	3,811	11.94	15.60	31	B	10.8	10.9	2.7	1.8	28.6
1148	Xinchen China Power Hldgs	144	0.88	1.40	59	B	6.8	4.7	0.3	0.0	4.7
881	ZhongSheng	6,556	22.70	24.30	7	B	12.1	10.4	2.5	1.7	23.8
<b>Banking and Finance (China)</b>											
1288	Agricultural Bank of China	193,396	4.45	5.12	15	B	6.7	6.1	0.9	4.6	14.6
601288 CH	Agricultural Bank of China-A@@@	193,396	3.79	4.66	23	B	6.5	6.0	0.9	4.7	14.6
3988	Bank of China	171,298	4.24	5.15	21	B	6.3	5.8	0.8	4.9	12.5
601988 CH	Bank of China-A@@@	171,298	3.79	4.69	24	B	6.5	5.9	0.8	4.8	12.5
3328	Bank of Communications	66,137	6.31	6.59	4	H	6.0	5.9	0.7	5.2	11.4
601328 CH	Bank of Communications-A@@@	66,137	6.13	5.88	-4	H	6.7	6.7	0.7	4.7	11.4
939	China Construction Bank	263,302	8.23	10.56	28	B	7.4	6.8	1.0	4.1	14.8
601939 CH	China Construction Bank-A@@@	263,302	7.41	9.61	30	B	7.7	7.1	1.1	3.9	14.8
998	China Citic Bank	44,978	5.63	6.80	21	B	5.8	5.4	0.6	5.3	11.6
601998 CH	China Citic Bank-A@@@	44,978	6.38	6.19	-3	H	7.6	7.1	0.9	4.1	11.6
6818	China Everbright Bank	31,554	3.93	4.15	6	H	5.3	5.7	0.7	5.3	12.3
601818 CH	China Everbright Bank-A@@@	114,146	4.01	3.78	-6	H	6.2	6.7	0.8	5.2	12.3
3968	China Merchants Bank	113,577	33.80	38.70	14	B	10.5	9.2	1.7	2.9	16.5
600036 CH	China Merchants Bank-A@@@	113,577	28.80	35.20	22	B	10.4	9.1	1.6	2.9	16.5
1988	China Minsheng Bank	42,310	7.33	6.54	-11	H	4.7	5.4	0.6	4.0	14.2
600016 CH	China Minsheng Bank-A@@@	42,310	7.68	5.95	-23	S	5.6	6.5	0.8	3.3	14.2
3618	Chongqing Rural Com Bank	7,147	5.61	7.28	30	B	5.2	4.8	0.8	4.1	15.4
1398	ICBC	329,923	6.93	8.48	22	B	7.6	6.9	1.0	4.0	14.3
601398 CH	ICBC-A	329,923	5.95	7.72	30	B	7.5	6.9	1.0	4.0	14.3
<b>Banking and Finance (HK)</b>											
2388	Bank of China HK	55,428	41.15	53.70	30	B	15.0	13.1	1.8	3.4	12.3
23	Bank of East Asia	12,180	34.55	30.05	-13	FV	13.6	18.2	1.0	2.9	7.8
2356	Dah Sing Banking Group	3,453	19.30	21.70	12	B	10.9	9.9	1.1	2.3	10.1
11	Hang Seng Bank	49,250	202.20	220.00	9	B	19.5	17.1	2.6	3.3	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
<b>Basic Materials</b>											
914	Anhui Conch Cement	29,198	48.30	57.26	19	B	27.4	9.4	2.9	1.1	19.2
600585 CH	Anhui Conch Cement-A @@@	29,198	33.57	43.80	30	B	23.6	8.0	2.5	1.3	19.2
3323	China Nat'l Bldg Mat	3,265	8.90	7.80	-12	H	37.9	8.7	0.7	0.5	4.9
1313	China Resources Cement	6,767	8.13	9.67	19	B	52.2	9.6	2.0	0.2	12.8
347	Angang Steel	7,216	8.37	8.60	3	B	nm	8.8	1.2	0.0	10.7
000898 CH	Angang Steel-A @@@	7,216	6.24	8.10	30	B	nm	7.7	1.0	0.0	10.7
1378	China Hongqiao Group	9,338	8.35	9.23	11	H	11.4	6.7	1.2	1.9	10.7
3993	China Molybdenum	24,612	5.92	8.62	46	B	100.0	20.1	4.4	2.6	9.6
603993 CH	China Molybdenum-A @@@	24,612	7.76	6.91	-11	B	163.2	32.9	7.2	2.0	0.0
323	Maanshan I & S	4,357	3.90	3.29	-16	FV	nm	6.0	1.3	0.0	17.7
600808 CH	Maanshan I & S-A @@@	4,357	3.71	4.06	9	H	nm	7.1	1.5	0.0	17.7
486	United Co RUSAL PLC	4,316	2.23	8.10	263	B	9.3	2.3	3.1	5.8	31.6
<b>Conglomerates-HK</b>											
4	Wharf Holdings #	10,024	25.85	29.00	12	H	5.0	11.4	0.5	6.2	6.9
20	Wheelock #	15,204	58.45	71.30	22	B	9.9	11.3	0.6	2.4	5.2
<b>Education</b>											
1317	China Maple Leaf Educational Systems	2,148	11.32	12.00	6	H	29.8	26.7	5.2	1.1	18.4
6169	China Yuhua Education ^^	1,822	4.38	4.60	5	B	22.8	25.6	4.5	1.9	18.5
1569	Minsheng Education Group	829	1.62	1.85	14	H	17.4	17.5	1.6	0.0	11.0
2001	China New Higher Education Group^^	1,087	5.96	7.20	21	B	25.5	20.8	4.0	1.0	18.1
1565	Viscend Education	1,810	4.60	4.70	2	H	36.1	27.0	4.3	0.9	12.1
6068	Wisdom Education	1,509	5.80	5.14	-11	B	42.3	29.0	5.7	1.0	15.5
<b>Food and Beverages</b>											
600597 CH	Bright Dairy & Food @@@	2,281	11.80	14.20	20	B	25.7	23.6	2.7	1.3	10.9
506	China Foods ^^	1,286	3.61	5.08	41	H	6.0	33.8	1.4	2.8	26.8
2319	China Mengniu	13,034	26.05	30.80	18	B	36.1	28.0	3.6	0.6	10.5
1117	China Modern Dairy	1,062	1.36	1.57	15	H	n.a.	n.a.	1.2	0.0	-16.5
291	China Resources Beer	13,887	33.60	39.05	16	B	74.2	44.7	4.7	0.5	6.5
322	Tingyi Holding	10,648	14.88	17.20	16	B	37.0	29.7	3.7	1.4	10.0
168	Tsingtao Brewery	7,918	41.00	28.20	-31	H	32.2	30.0	2.6	1.0	8.3
600600 CH	Tsingtao Brewery-A @@@	7,918	40.92	24.40	-40	FV	36.8	34.3	3.0	1.0	8.3
220	Uni-President China	3,990	7.25	6.34	-13	H	34.2	29.9	2.0	0.9	6.0
345	Vitasoy	2,806	20.80	18.70	-10	H	35.3	38.2	8.8	1.7	26.5
151	Want Want China	11,034	6.95	7.10	2	H	22.9	21.9	5.4	2.5	24.7
288	WH Group	15,293	8.18	10.61	30	B	13.5	12.6	2.0	3.2	16.4
<b>Gas Utilities</b>											
384	China Gas Holdings	17,882	28.25	28.20	0	B	33.4	21.9	6.7	0.9	21.6
1600	China Tian Lun Gas Holdings	680	5.39	7.60	41	B	11.3	8.3	1.6	2.2	15.0
2688	ENN Energy Holdings	10,155	73.50	76.00	3	B	18.8	16.4	3.8	2.6	21.4
<b>Hardware &amp; Equipment</b>											
552	China Comm Services	1,532	5.03	5.80	15	B	10.7	9.7	1.0	3.4	10.1
600498 CH	FiberHome Telecom	3,992	28.13	43.00	53	B	35.0	26.2	3.3	1.3	10.8
6869	Yangtze Optical Fibre and Cable	1,568	35.00	48.70	39	B	15.2	13.3	3.7	n.a.	27.0
763	ZTE	19,456	25.60	28.30	11	H	19.2	17.6	2.2	1.6	12.3
000063 CH	ZTE -A @@@	19,456	31.31	29.60	-5	FV	27.7	25.4	2.7	n.a.	12.3

Source: DBS Vickers

@@@ denominated in RMB; ^^ Valuation based on US-listed share

## China / Hong Kong Market Focus

### The Good Cat Weekly

#### 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
<b>Household/Personal (China/HK)</b>											
2111	Best Pacific Int'l Hldgs	419	3.17	4.80	51	B	8.6	6.6	1.5	3.0	18.4
1169	Haier Electronics	9,499	26.60	33.08	24	B	18.2	15.4	2.8	1.1	16.9
1044	Hengan	10,526	68.50	83.00	21	B	17.6	17.3	4.1	3.8	24.6
494	Li & Fung	4,446	4.12	n.a.	n.a.	NR	18.3	n.a.	1.4	4.9	7.9
2331	Li Ning	2,360	8.52	7.70	-10	B	35.3	23.4	3.5	0.0	10.9
311	Luen Thai	154	1.17	3.36	187	B	5.1	n.a.	0.4	11.8	7.4
000333 CH	Midea Group Co Ltd@@@	53,365	51.40	56.79	10	B	19.4	16.1	4.6	2.3	25.6
1982	Nameson Holdings Ltd	465	1.60	3.40	113	B	8.7	8.1	1.8	4.2	29.3
1382	Pacific Textiles	1,314	7.13	10.50	47	B	10.6	11.9	3.2	8.4	29.8
1913	Prada	13,333	40.90	44.01	8	B	43.4	35.8	3.8	1.8	8.4
600690 CH	Qingdao Haier@@@	16,733	17.38	21.69	25	B	15.3	13.5	3.3	2.0	23.6
1910	Samsonite Int'l ^^	6,332	34.90	39.29	13	B	24.2	22.0	3.5	1.7	20.5
1836	Stella International	922	9.11	13.00	43	H	11.2	9.8	0.9	6.7	8.3
2678	Texhong Textile Group	1,236	10.60	14.40	36	B	6.8	6.0	1.3	4.3	20.8
321	Texwinca	695	3.95	4.50	14	H	11.4	14.3	1.0	15.7	8.3
<b>Industrials</b>											
517	Cosco SHIPPING International	619	3.17	4.32	36	B	14.7	15.9	0.6	4.7	4.2
2314	Lee and Man Paper	4,966	8.72	9.50	9	H	7.8	7.4	1.8	4.2	26.0
2689	Nine Dragons	7,015	11.78	19.30	64	B	10.1	6.0	1.5	3.2	15.7
1478	Q Technology	1,399	9.84	13.50	37	B	20.0	13.9	4.1	3.8	23.5
2283	T K Group	630	5.93	7.10	20	B	16.2	12.4	5.4	2.9	37.8
698	Tongda Group	1,403	1.82	2.50	37	B	10.8	8.2	1.9	3.0	19.2
3393	Wasion Group	567	4.43	2.95	-33	FV	12.8	13.0	0.9	3.5	7.1
<b>Insurance</b>											
1299	AIA	107,219	69.70	80.00	15	B	17.4	19.7	2.6	1.4	15.9
2628	China Life Insurance	101,301	22.30	29.00	30	B	15.5	13.3	1.6	2.2	10.2
601628 CH	China Life Insurance-A@@@	101,301	24.38	27.57	13	H	21.0	18.0	2.1	1.6	10.2
2601	China Pacific Insurance	43,830	34.35	54.00	57	B	17.1	13.4	1.8	2.9	16.5
601601 CH	China Pacific Insurance-A@@@	43,830	31.92	47.37	48	B	19.7	15.5	2.1	2.5	16.5
1508	China Reinsurance	1,430	1.68	1.50	-11	H	10.8	9.8	0.8	3.5	7.1
966	China Taiping	12,065	26.35	42.00	59	B	15.4	11.9	1.4	0.4	9.9
1339	PICC Group	4,036	3.63	3.80	5	H	7.7	7.6	0.7	1.3	12.2
2328	PICC P&C	8,133	13.88	11.70	-16	H	8.4	7.6	1.2	3.0	15.7
2318	Ping An Insurance	177,743	76.70	115.00	50	B	12.7	12.1	2.4	2.4	20.8
601318 CH	Ping An Insurance-A@@@	177,743	61.37	87.75	43	B	15.3	13.2	2.5	1.4	17.8
<b>Media</b>											
752	Pico Far East	492	3.13	3.90	25	B	13.7	11.9	2.0	5.9	15.2
511	TVB ^^	1,387	24.85	35.50	43	B	22.0	12.5	1.5	6.0	7.2
<b>Oil &amp; Gas producers</b>											
386	China Petroleum & Chem	24,996	7.69	8.50	11	B	15.7	16.3	1.1	4.1	7.0
883	CNOOC	75,538	13.28	15.00	13	B	19.2	10.0	1.2	3.9	6.5
857	PetroChina	132,906	5.70	6.50	14	B	38.2	22.1	0.7	2.0	1.9

Source: DBS Vickers

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## 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
<b>Pharmaceutical &amp; Health Care</b>											
2877	China Shineway	1,770	16.80	15.60	-7	B	24.7	16.7	1.9	2.4	8.0
570	China Traditional Chinese Medicine	3,935	6.97	7.40	6	B	21.2	19.2	2.0	1.5	9.7
1681	Consun Pharmaceutical	966	8.68	10.00	15	B	16.9	13.9	3.0	1.0	19.8
000999 CH	CR Sanjiu Medical & Pharm@@@	3,909	25.29	26.40	4	B	17.7	16.1	2.6	2.0	15.2
1093	CSPC Pharmaceutical	15,987	20.10	14.60	-27	B	45.1	36.5	10.1	0.8	24.3
853	Microport Scientific	1,675	9.00	6.90	-23	H	40.9	32.1	4.4	0.6	11.4
1515	CR Phoenix Healthcare	1,685	10.20	11.80	16	B	23.3	28.6	2.0	1.3	8.9
1498	PuraPharm Corporation	76	2.40	4.20	75	B	8.5	n.a.	1.0	3.7	12.1
1066	Shandong Weigao	1,207	5.03	6.20	23	H	13.9	12.2	1.5	2.2	11.4
1099	Sinopharm Group	4,855	31.95	36.00	13	H	13.3	13.3	2.0	2.2	15.8
600535 CH	Tasly Pharmaceutical Group	7,590	44.49	32.00	-28	H	21.7	n.a.	5.2	1.6	26.1
300026 CH	Tianjin Chase Sun Pharm@@@	1,868	3.93	7.13	82	H	4.3	n.a.	0.6	3.0	14.9
2666	Universal Medical	1,579	7.22	10.40	44	B	9.3	7.6	1.4	3.2	16.2
2393	Yestar International	740	2.67	3.40	27	H	21.3	17.0	4.6	1.9	22.9
2120	Wenzhou Kangning Hospital	106	41.00	45.00	10	B	33.4	26.5	2.4	0.9	7.4
002603 CH	Yiling Pharmaceutical	2,865	15.05	14.20	-6	H	25.1	n.a.	2.8	0.8	11.9
<b>Properties (China)</b>											
3383	Agile Property #	7,895	15.82	18.57	17	B	10.6	9.8	0.9	5.0	11.7
832	Central China #	1,126	3.61	3.87	7	B	8.8	9.4	0.7	3.4	11.5
817	China Jinmao Holdings #	6,652	4.51	3.20	-29	H	13.2	11.4	1.0	3.0	10.3
81	China Overseas Grand Oceans #	1,574	3.61	5.00	39	B	5.9	4.1	0.3	0.8	12.5
1109	China Resources Land #	26,490	30.00	34.50	15	B	9.0	8.4	1.1	3.2	17.7
2202	China Vanke #	49,254	32.80	39.18	19	B	10.5	8.6	1.4	3.4	22.8
000002 CH	China Vanke-A @@@	49,254	28.50	31.34	10	H	11.2	9.2	1.4	3.2	22.8
2007	Country Garden #	45,422	16.40	20.65	26	B	10.5	7.7	0.8	3.1	32.4
3333	China Evergrande Group #	43,305	25.80	40.51	57	B	9.0	7.2	0.9	n.a.	51.2
207	Joy City #	2,212	1.22	1.77	45	B	12.9	11.4	0.4	3.8	4.0
3380	Logan Property Holdings #	8,255	11.80	12.13	3	B	11.4	7.7	0.8	3.5	22.5
960	Longfor Properties	17,635	23.40	25.63	10	B	12.1	9.7	0.7	2.9	14.8
813	Shimao Property #	9,364	21.70	26.38	22	B	8.5	7.1	0.7	6.3	13.0
272	Shui On Land #	2,188	2.13	2.05	-4	H	10.1	19.9	0.4	3.0	3.9
3377	Sino-Ocean Group #	5,422	5.61	6.68	19	B	8.8	7.9	0.7	3.9	9.0
410	Soho China #	2,683	4.05	5.02	24	B	45.4	50.4	0.6	0.0	1.2
Yllg sp	Yanlord Land # @@	0	1.69	2.25	33	B	6.2	5.3	0.9	2.8	11.7
123	Yuexiu Property #	2,812	1.78	2.08	17	B	7.9	7.5	0.6	4.2	7.2
1628	Yuzhou Properties	3,167	5.94	7.31	23	B	6.5	5.3	0.4	5.8	22.2
<b>Properties (HK) #</b>											
1113	CK Asset Holdings	31,820	67.55	80.90	20	B	8.3	7.1	0.6	2.5	10.7
35	Far East Consortium	1,322	4.51	5.46	21	B	8.7	6.7	0.4	4.1	10.8
41	Great Eagle	3,407	38.75	41.00	6	H	14.0	15.1	0.5	4.6	3.2
101	Hang Lung Properties	10,738	18.74	23.20	24	B	15.2	18.2	0.5	4.0	4.2
12	Henderson Land	25,385	49.80	59.20	19	B	11.7	13.1	0.6	3.5	6.3
HKL SP	Hongkong Land @	0	7.14	8.53	19	B	17.3	16.0	0.6	2.8	2.8
14	Hysan Development	5,883	44.15	44.50	1	H	18.5	18.9	0.6	3.1	3.6
173	K. Wah Intl	1,894	4.86	6.45	33	B	5.9	4.2	0.3	3.7	12.9
683	Kerry Properties	7,077	38.35	39.00	2	B	8.3	10.5	0.5	3.9	7.5
488	Lai Sun Development	936	12.12	16.14	33	B	29.2	11.2	0.4	0.8	8.2
66	MTR	33,565	43.85	45.00	3	B	24.8	25.8	0.9	7.6	6.7
17	New World Dev	14,797	11.50	13.90	21	B	15.4	14.4	0.5	4.0	4.1
16	SHK Properties	46,430	125.80	157.50	25	B	14.0	12.4	0.5	3.3	5.3
83	Sino Land	11,124	13.54	15.84	17	B	15.3	7.9	0.5	3.9	4.4
1972	Swire Properties	20,794	27.90	32.25	16	B	20.8	21.3	0.6	2.8	3.2
88	Tai Cheung	688	8.75	10.68	22	B	27.5	18.2	0.4	3.7	2.8
1997	Wharf REIC	22,435	58.00	56.20	-3	B	18.5	19.2	0.8	1.6	4.7
369	Wing Tai Properties	1,048	6.10	7.13	17	B	7.9	5.1	0.3	3.1	4.1

Source: DBS Vickers

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## China / Hong Kong Market Focus

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<b>Renewable Energy</b>											
1250	Beijing Enterprises Clean Energy %	1,991	0.25	0.31	26	B	13.3	9.5	2.1	0.0	19.6
1381	Canvest Environment Protection	1,329	4.25	4.44	4	B	17.7	14.5	2.1	0.8	14.8
1816	CGN Power	3,044	2.14	3.04	42	B	10.6	9.1	1.3	2.8	13.2
916	China Longyuan Power	3,259	7.66	7.85	2	B	13.4	10.7	1.1	1.5	8.5
451	GCL New Energy	1,069	0.44	0.69	57	B	7.3	6.1	1.3	0.0	18.9
958	Huaneng Renewables Corp	2,179	3.40	4.00	18	B	9.3	7.3	1.1	1.6	13.5
2208	Xinjiang Goldwind-H	8,911	14.40	11.20	-22	B	14.5	11.6	1.9	2.8	14.0
002202 CH	Xinjiang Goldwind-A@@@	8,911	16.82	14.82	-12	B	20.0	15.9	2.6	2.0	14.0
968	Xinyi Solar Holdings	3,453	3.65	3.00	-18	B	11.0	9.6	2.8	3.8	30.6
<b>Railway &amp; Construction</b>											
1800	China Comm Construction	29,618	8.97	12.90	44	B	6.4	5.7	0.8	3.1	12.9
601800 CH	China Comm Construction-A @@@	29,618	13.24	17.00	28	H	11.2	9.9	1.4	2.1	12.9
1186	China Railway Construction	20,278	9.37	12.90	38	B	6.8	6.2	0.7	2.2	11.4
601186 CH	China Railway Construction-A @@@	20,278	9.80	12.50	28	H	8.4	7.6	0.9	2.1	11.4
390	China Railway Group	24,971	6.40	8.90	39	B	8.5	7.9	0.9	2.0	10.8
601390 CH	China Railway Group-A @@@	24,971	7.32	9.30	27	H	11.6	10.8	1.2	1.7	10.8
1766	CRRC Corp	40,548	6.87	8.40	22	B	13.6	12.2	1.5	3.9	11.4
601766 CH	CRRC Corp-A @@@	40,548	9.56	10.60	11	H	22.3	20.0	2.5	2.8	11.4
3311	China State Construction	6,445	10.02	13.60	36	B	8.7	7.4	1.4	3.5	18.4
<b>Real Estate Investment Trust</b>											
2778	Champion REIT	4,007	5.39	5.50	2	H	nm	nm	0.5	4.5	20.1
778	Fortune REIT	2,256	9.25	10.68	15	B	nm	nm	0.7	5.5	12.4
6139	Jinmao Investment	1,233	4.84	5.41	12	B	nm	nm	1.3	7.5	3.4
1270	Langham Hospital Investments	874	3.27	3.78	16	B	nm	nm	0.6	6.6	9.5
808	Prosperity REIT	602	3.21	3.72	16	B	nm	nm	0.6	5.6	9.6
435	Sunlight REIT	1,120	5.36	5.70	6	B	nm	nm	0.6	6.2	5.4
823	Link REIT	18,821	68.45	69.00	1	H	nm	nm	1.1	3.3	13.3
<b>Restaurants</b>											
341	Cafe de Coral	1,425	19.10	24.00	26	H	21.9	22.0	3.2	4.2	14.3
<b>Retailers</b>											
BABA US	Alibaba Group @@@	435,960	170.22	234.00	37	B	44.6	30.6	9.5	0.0	17.5
814	Beijing Jingkelong	44	1.91	2.56	34	H	15.9	14.2	0.4	3.1	2.5
116	Chow Sang Sang	1,490	17.26	20.65	20	B	13.3	12.6	1.2	3.0	9.1
330	Esprit Holdings	659	2.74	3.40	24	H	78.6	n.a.	0.5	0.0	0.6
709	Giordano	960	4.80	5.10	6	B	14.9	13.5	2.6	6.7	17.9
3308	Golden Eagle	1,920	9.01	12.76	42	B	14.4	11.0	2.4	4.7	17.7
493	GOME Retail Holdings	2,417	0.88	1.00	14	H	56.3	49.4	0.8	0.5	1.3
JD US	JD.com Inc@@	49,084	35.88	61.00	70	B	n.a.	201.4	6.2	0.0	-0.4
1212	Lifestyle	3,075	15.06	14.35	-5	B	9.6	14.1	5.7	4.2	82.6
590	Luk Fook	2,494	33.35	37.32	12	B	19.3	16.8	2.2	3.3	11.6
178	Sa Sa	1,974	5.10	5.11	0	B	45.7	38.0	6.9	3.3	14.5
1700	Springland Int'l	631	2.25	1.73	-23	H	14.4	13.2	0.9	3.5	6.1
6808	Sun Art Retail Group	10,987	9.04	9.31	3	B	27.4	25.2	3.3	1.8	12.3
601933 CH	Yonghui Superstores-A @@@	10,888	8.93	11.13	25	B	45.5	38.0	4.1	2.0	9.4

Source: DBS Vickers

^^ Core profit and EPS @@@ denominated in RMB

## 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
<b>Software &amp; Computer Services</b>											
1310	HKBN Ltd.	1,425	11.12	13.40	21	B	65.4	26.6	9.9	4.0	13.7
268	Kingdee ^^	2,979	8.04	3.30	-59	H	98.4	67.8	5.5	0.0	5.8
3888	Kingsoft Corp ^^	4,139	23.65	31.00	31	B	22.9	21.6	2.0	0.5	32.1
777	NetDragon Websoft	1,336	19.66	29.00	48	B	n.a.	365.1	1.8	1.1	-0.5
1686	SUNevision	1,369	4.62	7.60	65	B	29.7	25.9	5.1	3.0	17.4
700	Tencent ^^	476,100	393.40	560.00	42	B	45.5	32.1	11.7	0.2	33.2
600588 CH	Yonyou Network Tech@@@	8,501	36.77	12.60	-66	FV	132.6	87.5	9.3	0.5	7.0
<b>Telecom Services (China)</b>											
941	China Mobile	195,121	74.80	104.00	39	B	11.5	10.8	1.3	8.4	11.5
762	China Unicom	42,880	11.00	15.60	42	B	52.1	33.1	1.0	0.7	1.9
728	China Telecom	6,665	3.77	5.00	33	B	13.0	11.8	0.8	3.2	6.2
<b>Telecom Services (HK)</b>											
1883	CITIC Telecom	1,052	2.33	3.00	29	B	9.4	8.9	1.0	5.3	11.0
6823	HKT Trust	9,974	10.34	12.60	22	B	16.6	16.3	2.0	6.1	12.1
215	Hutchison Telecom	1,811	2.95	3.10	5	H	2.1	42.0	0.8	2.9	45.5
315	SmarTone	1,168	8.24	7.30	-11	FV	13.3	13.5	2.0	7.2	15.1
<b>Transportation - Ports &amp; Airports</b>											
694	Beijing Capital Intl Airport ^^	2,567	10.72	16.50	54	B	16.7	12.7	1.9	2.4	11.8
1848	China Aircraft Leasing Group	731	8.46	11.70	38	B	8.2	6.9	1.7	6.1	22.1
144	China Merchants Port Hldgs	7,307	17.50	28.00	60	B	8.6	6.2	0.8	12.1	8.7
1199	COSCO SHIPPING Ports ^^	2,687	6.90	9.30	35	B	11.4	10.4	0.6	3.5	11.3
<b>Warehouse</b>											
925	Beijing Properties	266	0.31	0.44	44	B	n.a.	n.a.	0.5	0.0	-3.1
600340 CH	China Fortune Land Dev@@@	13,475	28.88	41.45	44	B	8.4	8.4	2.8	2.9	29.7
1668	China South City	1,775	1.74	2.77	59	B	12.1	12.1	0.5	2.9	15.9
200053 CH	Shenzhen Chiwan Petroleum	705	24.00	28.71	20	B	n.a.	n.a.	2.7	0.0	-0.8
<b>Water Infrastructure, Environmental</b>											
300070 CH	Beijing Originwater@@@	8,713	17.61	23.50	33	B	18.7	18.7	3.1	0.5	15.3
257	China Everbright Intl	6,099	10.68	13.50	26	B	10.5	10.5	2.1	2.2	17.6
CEWL SP	China Everbright Water @@	788	0.40	0.65	63	B	10.9	10.9	0.8	0.2	7.0
1363	CT Environmental Group	958	1.19	1.60	34	B	8.1	8.1	1.3	4.2	17.3
6136	Kangda International	354	1.35	2.10	56	B	5.3	5.3	0.6	1.7	10.1
SIIC SP	SIIC Environment @@	860	0.44	0.53	20	H	10.9	10.9	0.7	0.0	6.1
1065	Tianjin Cap Environmental	2,284	4.31	5.00	16	H	9.5	9.5	1.0	2.0	10.1
600874 CH	Tianjin Cap Environmental-A @@@	2,284	12.22	8.10	-34	S	33.2	33.2	3.4	0.6	10.1
CEL SP	CITIC Envirotech @@	1,217	0.71	0.80	13	H	13.8	13.8	1.6	1.2	9.7

Source: DBS Vickers

% - Fully Diluted EPS; @@@ denominated in RMB, ^^ Core Profit and EPS

## China / Hong Kong Market Focus

### The Good Cat Weekly

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**HOLD** (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)

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

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*Share price appreciation + dividends*

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