Everyone should short Treasuries P. 3

Huaqiao in the Middle Kingdom

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Key Market Indices

	Value	1M	YTD
HSI	20,788	5.7	(5.0)
HSCEI	11,927	7.1	(6.8)
HSCCI	4,031	4.0	(0.7)
MSCI HK	9,139	6.1	(2.0)
MSCI China	61	5.4	(5.6)
FTSE-Xinhua A50	10,660	2.0	(11.3)
Shanghai Comp	3,031	3.1	(7.5)
CSI 300 (SHSZ 300)	3,260	3.4	(8.8)

	P/E *(x)*		EPS *(chg %)*	
	10E	11E	10E	11E
HSI	15.0	13.6	16.9	10.1
HSCEI	14.0	12.8	16.0	9.5
HSCCI	13.0	11.9	14.9	8.8
MSCI HK	17.3	15.7	15.8	10.4
MSCI China	14.6	13.4	20.1	8.8
FTSE-Xinhua A50	18.9	17.0	10.1	11.3
SHSZ300	18.6	16.7	15.6	11.3
SHCOMP	20.3	18.4	20.9	10.3

Sources: Bloomberg, BOCI Research

Concerns about rising local government debt in China are exaggerated. Even if we take this into consideration, the debt burden for China is still far lower than for the West, which has a similar problem (think California). We also examine history to answer the age-old question of "why Europe and not China" and attempt to explain why China's ascendancy is not a short-term phenomenon.

- **China-HK recommended stocks:**
  In – Tingyi, China Minsheng Bank.
  Out – Want Want.
- **HK-HK recommended stocks:**
  In – SmarTone.
  Out – iCable.
- **China-A recommended stocks:**
  In – China Minsheng Bank, Jiangling Motors.
  Out – Fuyao Glass.

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Every Single Human Being Should Short Treasuries

"US government debt is a safe haven the way Pearl Harbor was a safe haven in 1941" – Niall Ferguson, 11 February 2010

Professor Ferguson's view is in good company, as Nassim Nicholas Taleb, author of 2007 book *The Black Swan* and principal at Universa Investments in Santa Monica, California, echoed similar thoughts when he said "'every single human being should have that trade' [short US Treasury bonds]… it's 'a no brainer'… Deficits are like putting dynamite in the hands of children. They can get out of control very quickly. The problem we have in the United States, the level of debt is still very high and being converted to government debt. We are worse-off today than we were last year. In the United States and in Europe, you have fewer people employed and a larger amount of debt."

BCA recently issued a piece titled, "Sowing the seeds of the next fiscal crisis" that echoes similar thoughts. "Global policymakers learned from the volatility during the first half of the 20th century: when faced with an adverse economic shock, the natural tendency for a modern economy with leverage is to deflate and undergo an Austrian-style cleansing process. Thus, there is an incentive for authorities to reflate each time economic and financial problems break out, encouraging a further build-up of debt and leverage in the economy (i.e. push today's problems forward to the next generation). We have coined this the Debt Supercycle. Unfortunately, the dramatic increase in the policy response needed to end the current recession suggests that the Debt Supercycle is nearing an end. In fact, we would argue that the household sector in the US, UK, and many parts of the euro area have already moved beyond their natural debt ceilings, due in part by lax bank lending standards in recent years. Given that authorities have reached the limit of their ability to convince households to take on more leverage, governments have instead been forced to leverage themselves to prevent a deflationary economic adjustment. In addition, the nature of the synchronised global downturn meant that substantial currency depreciation was not a viable reflation option for policymakers. As such, monetary and fiscal policy had to do the heavy lifting. Sizable deficits were a necessary evil if authorities wanted to avoid a sustained period of debt-deflation."

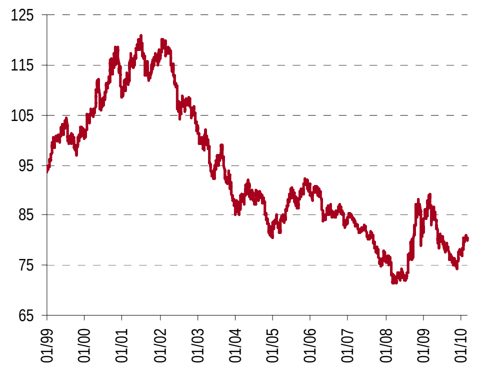
Long-term readers will know that I am partial to this view of the United States and Europe. Essentially, it can be summed as, the consumers took on way too much debt and now that the bubble has popped and the trend has reversed, the government has to step in to avoid debt-deflation. However, governments' ability to continue to raise deficits is increasingly being constrained (think Iceland and Greece), which means eventually they have to reign in deficits. The problem is that with unemployment high and baby-boomers now retiring, structural deficits are now very high. In other words, something is going to break eventually. I suspect it will not be this year, but it might begin in 2011.

On the other side, there are those who think China's debt problem is worse than it appears, with Victor Shih of Northwestern University estimating that debts at the local government level could be as high as US$1.7trn, or about half of GDP. Critics cite local-level governments that have set up investment companies to bypass regulations restricting them from directly borrowing money from banks. Our own estimates are that Rmb4trn out of last year's Rmb9.6trn in new loans were used by local governments principally to finance infrastructure programmes. While parts of this argument are undoubtedly true, I have long taken issue with foreign economists who make comments about the debt burden of China. After the Asian financial crisis and before the bank recapitalisations and restructurings during 2000-05, it was common for economists to state that China's real government debt level was not 20%, but much higher once you add back the NPLs, local government debt, and pension and healthcare shortfalls. I remember estimates that China's real government debt would be more like 80-100% of GDP if all of these are factored in.

However, one can hardly do this exercise for China and then blithely ignore the same overhangs for other countries like the United States. For example, independent analysts estimate the actuarial shortfall for America's Social Security and Medicare/Medicaid programmes at about US$60trn, or about 400% of GDP. At the same time, the problems of California show that it is not only China that has to worry about state and municipal-level debts and deficits. Allianz estimates that total Eurozone debt is 78.2% of GDP, which is substantially lower than the 190% in Japan and even the 83.1% in the US. On the other hand, China's government debt is about 20% of GDP, plus it has around US$2.4trn in foreign-exchange reserves. Only a trained economist with doctorate degrees and possibly a Nobel Prize to boot could look at those numbers and come to the conclusion that China's financial position is weaker than that of the developed world.

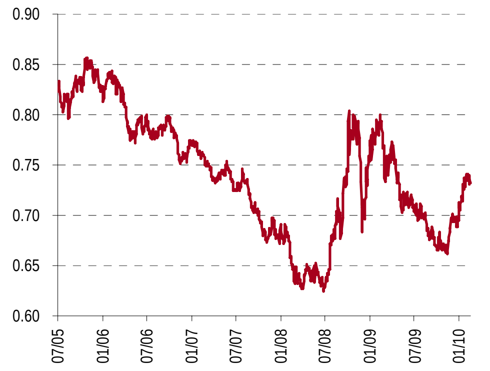
What about my short-term outlook? With the Greek crisis now looking to be over for the short-term given the successful issue of €5bn in Greek sovereign debt and relatively firm backing from Germany and the ECB, I expect that the euro will now recover after the weakness of the past several months. This is contrary to market consensus which seems to believe that the euro is structurally unstable and thus the US dollar will strengthen. While this is probably true in the long term (in fact, I argued much the same point 17 years ago with my professor at the Stockholm School of Economics), I think that a euro rebound is very likely in the short term given the sharp sell-off of the last few months. The flipside of this argument is, of course, that the US dollar will weaken, which means I also expect commodity prices to stage a relatively strong rebound over the next few months. I am still looking for oil to hit US$100/bbl by the end of the year, although the gains over the next few months are likely to mean we may go up dramatically first before correcting, and then rise again towards the end of the year.

USD Index



Source: Bloomberg

US-Euro FX Rate



Source: Bloomberg

George Friedman's book, *The Next 100 Years* has very scary views that are riddled with a massive American-centric vision of the world that borders of hubris. "The crisis of 2008 was a fairly routine postwar event… Clearly, this crisis was milder than the 1982 crisis. But if you lack a sense of history – if you do not remember things that happened twenty or thirty years ago – it is easy to lose your bearings… But the financial crisis was not an event that changed the cycle in the United States. As I point out, there is a fifty-year cycle in American life. The last one began in 1980 and it still has twenty years or so to run. This was simply a cycle within a cycle."

One would hope that Friedman's military and geopolitical analysis is a little stronger than his economic skills because the assertion that the current financial crisis in America is milder than 1982 is simply absurd. The 27 February issue of *The Economist*, an article titled "Back to the Crash" asserts that "The American economy has just had its worst decade since the 1930s… Though the recession is now supposedly at an end, the pain of the noughties' miserable economic performance will be felt for a long time to come."

Friedman has very few positive things to say about China and maintains an overly pessimistic view of the Middle Kingdom. "China, too, is reeling. In China, according to official statistics, more than 600 million people live in households with incomes of less than $1,000 a year. More than 400 million have incomes of $2,000 a year. About 60 million live in households with more than $20,000 a year in income. Aside from a thin sliver, China is a vastly impoverished third world country. Its coastal region factories are not really tied to China but are more closely connected to the United States, Europe, or Australia. They cannot sell to the rest of China any more than they can sell to sub-Saharan Africa. Thus, if the West, and particularly the United States, slows down, China is in desperate trouble."

"But thirty years of growth does not mean unending growth. It means that the probability of China continuing to grow at this rate is diminishing. And in the case of China, slower growth means substantial social and political problems. I don't share the view that China is going to be a major world power. I don't even believe it will hold together as a unified country… Under the stress of an economic downturn, China fragments along traditional regional lines, while the central government weakens and becomes less powerful. Traditionally, this is a more plausible scenario in China – and one that will benefit the wealthier classes as well as foreign investors…"

The major flaw with this view is that it assumes China is inextricably dependent on the United States and Europe. While we all know that domestic demand and consumption in China are weak, we also know that it is gaining momentum in not just the major cities but in less developed western and rural regions as well. This is not to say that external trade with developed nations is not vital; just that internal demand as well as exports to other countries such as Latin America, the Middle East and sub-Saharan Africa are increasingly important as well. China's current focus on rural and interior regional development is, to a certain extent, working better than Friedman thinks possible. Moreover, it is rather western-centric to the extreme to say that China is dependent on Australia. That's a little like saying America is dependent on Canada. Clearly China-Australian trade is of mutual benefit, although, on balance, I think it is probably true to say that Australia depends more on China than vice versa.

Readers should not put too much stock in Friedman's thoughts, although they should take note of them just for the intellectual value of figuring out why they are so wrong. In his 1991 book, *The Coming War with Japan* he asserted many of the same things that he has done in his most recent book almost 20 years later. Namely, China will disintegrate and America will come in direct conflict with an increasingly militaristic Japan that is bent on expanding into Asia to grab land, labour and resources (essentially a replay of events leading up to World War II).

Seeing that his predictions have not panned out over the past 20 years, all he has done this time is to take the same arguments he made in 1991 and extend out the timeframe, with China fragmenting by 2020 and Japan coming into conflict with the United States by 2030-40. Despite its powerful manufacturing base, I highly doubt that Japan, with both an aging and falling population, has the ability to effectively wage a land war in Asia even if it somehow chooses to re-militarise. On the other side, while military strategists may question China's ability to project power abroad; it certainly is strong enough to stop a conventional incursion into its own territory while its nuclear arsenal is probably more than sufficient to deter any strategic Japanese threat were it to emerge.

Harvard University's Kenneth Rogoff offers a more balanced perspective. "People say China won't have a financial crisis because there's central planning, because there's a high savings rate, because there's a large pool of labour. I say, of course China will have a financial crisis one day… If there's a this-time-is-different story in the world right now, it's China."

Paradoxically, these views are echoed by George Friedman, "China has expanded extraordinarily for the last thirty years. The idea that such growth rates can be sustained indefinitely or permanently violates basic principles of economics. At some point the business cycle, culling weak business, must rear its ugly head – and it will. At some point a simple lack of skilled labour will halt continued growth. There are structural limits to growth, and China is reaching them."

On the surface, this basic logic is true and there is little historic precedent for a country to experience constant rapid growth over such a long period of time. Looking deeper though, the basic premise is slightly flawed in the case of China, as the idea that it has enjoyed 30 years of undisturbed rapid growth is false. Close China watchers will remember that the first decade of economic opening in the 1980s was hardly a smooth march upwards, and there were numerous starts and stops along with substantial setbacks (call this the era of three steps forward and two steps back) culminating in the events on 4 June 1989. The 1990s were scarcely better, as the move to reign in an overheated economy and property market in the mid-1990s resulted in substantial economic dislocation. We all know that an investment in Shanghai property at the peak of the bubble in 1995 often did not even break even until almost a decade later in about 2003. There was also the substantial disruption that occurred during the Asian financial crisis of 1997-98. While looking at the official GDP numbers, one might erroneously think that China emerged unscathed, but we all know that growth was probably seriously overstated during this era. The state-owned enterprise reform that started at the time and continued into the new millennium is estimated to have resulted in over 30m job losses; a fact that does not fit well with the current view of China that serious retrenchment and restructuring never took place.

Moreover, the banking reform, restructuring and recapitalisation of the banking system was not substantially completed until the listing of the major banks around 2005. Following the carve-out of bad debts, NPLs fell from a peak of around 30% or more to the current low single-digit level. Again, this is lost on those who think that China's NPL problem today is the culmination of 30 years of bad lending practices.

While I do not disagree that someday there will be a reckoning for China and that 8% GDP growth will have to be replaced by 5%, even Rogoff hedges his bets by saying that a crisis may happen sometime in the next decade. But for the next year or two, I remain relatively sanguine on China's growth prospects.

Guns, Germs, and Steel – Why Europe and not China?

"Yes, world history is indeed such an onion! But that peeling back of the onion's layers is fascinating, challenging – and of overwhelming importance to us today, as we seek to grasp our past's lessons for our future." – Jared Diamond

I think that every professional investor should have some time off to do some serious reading outside of the usual industry rags like the *Financial Times*, *Wall Street Journal*, *Fortune* and *Caijing*. I finally got around to finishing the Pulitzer Prize-winning and *New York Times* bestseller, *Guns, Germs, and Steel* by Jared Diamond although the book was first published in 1997. For readers who have not read the book and are disinclined to wade through its over 450 pages (it does drag on in some parts), I can summarise the main thesis as follows:

Those civilisations that settled down to become farmers had a huge advantage and eventually displaced hunter-gatherers in their vicinity due to higher population densities, which was made possible by enhanced food production. To become farmers, you first had to have access to wild plants (wheat, barley, rice) and animals (cows, pigs, horses, chickens) that could be domesticated. The largest collection of these were in the Fertile Crescent (Middle East), and these practices spread westward (into Europe) and eastward (into Asia). Africa and the Americas were not as fortunate, as they had few domesticable crops (corn, sorghum) and animals (llamas). Moreover, the natural trade flow for these two continents was not east-to-west (where temperatures and climates are similar, which helps in spreading seed crops and animals) as in Eurasia, but north-to-south. They also suffered a further slowdown in technology transfer from natural barriers such as deserts and mountains on their north-to-south axis.

Higher population density also allows civilisations to become sedentary, thus supporting a rising surplus urban population that can concentrate on manufacturing and inventing things like guns and steel. The high population density and domestication of animals, however, also increases the spread of diseases, as we all know from our recent experiences with the "bird flu" and "swine flu". This goes a long way in explaining why the Spanish wiped out the numerically, and in many ways technologically, superior civilisations in Mesoamerica (Aztecs) and the Andes (Incas). Steel was not the Spaniard's main weapon; disease did most of the work, as the natives had little resistance to virulent Eurasian germs.

While these points answer the question as to why Eurasia has historically been more advanced and dominant over Africa, Australia and the Americas, it begs the additional question of why Europe emerged to be the dominant force in Eurasia and not the Middle East or China, given that up until 1500, both of these regions had clear technological advantages over Europe.

"For the Fertile Crescent, the answer is clear. Once it had lost the head start that it had enjoyed thanks to its locally available concentration of domesticable wild plants and animals, the Fertile Crescent possessed no further compelling geographic advantages… Today large areas of the former Fertile Crescent are now desert, semidesert, steppe, or heavily eroded or salinised terrain unsuited for agriculture… Its woodlands were cleared for agriculture, or cut to obtain construction timber, or burned as firewood or for manufacturing plaster. Because of low rainfall and hence low primary productivity, regrowth of vegetation could not keep pace with its destruction, especially in the presence of overgrazing by abundant goats."

"Why did China also lose its lead? The end of China's treasure fleets gives us a clue. Seven of those fleets sailed from China between A.D. 1405 and 1433. They were then suspended as a result of a typical aberration of local politics that could happen anywhere in the world: a power struggle between two factions at the Chinese court… But in China there was a difference, because the entire region was politically unified. One decision stopped fleets over the whole of China. That one temporary decision became irreversible, because no shipyards remained to turn out ships that would prove the folly of that temporary decision… China's frequent unity and Europe's perpetual disunity both have a long history. The most productive areas of modern China were politically joined for the first time in 221 B.C. and have remained so for most of the time since then. China has had only a single writing system from the beginnings of literacy, a single dominant language for a long time, and substantial cultural unity for two thousand years."

Sadly, Jared Diamond's discussion on the issue more or less ends there. He does not even begin to answer a more fundamental question more important to us in the investment business, which is: "Why have some countries, specifically in Asia, narrowed and even surpassed the Europeans in economic development?" The same question could be applied to even Europe itself with its division between the northern countries (the UK, France, Germany) and the "Club Med" countries (now often referred to with the not-so-pleasant acronym PIGS). Even within countries such as Italy, there is a clear north-south divide with the north far more developed than the Mezzogiorno in the south. You could even take the analysis one step further and ask why is it that the European offshoot countries also mirror this trend with those colonised by the northern countries (namely the United States, Canada, Australia, New Zealand, South Africa) having done better than those that were colonised by the southern ones (Latin America, Philippines).

To a certain extent, the rise of Asian economies fits with this model, as the long-established civilisations in East Asia have the "foundation" that is the prerequisite for developing an advanced economy. But why did Japan emerge over a hundred years ago and China only begin its recovery recently?

While some concentrate on cultural reasons such as Confucianism versus Islam versus Christianity (cited as part of the reason for the north-south split in Europe between the Protestant reformation and the Catholic south), I find these explanations somewhat lacking. It certainly does not explain why China and the Islamic world were far more advanced than Europe technologically and scientifically well into the 1500s. Others have noted authoritarianism versus free-market democracies, but this also lacks explanative power as places like Singapore and Hong Kong vary dramatically but have still managed to develop rather well. Jared Diamond himself believes that the central control and unification of China did not fare well against the diverse and ununified Europeans. One misstep in policy in a unified China could not be reversed, while Europeans could not help but to adapt if a neighbour continued to advance, as it risked falling behind and getting conquered. On the other hand, the advance of some European countries can be attributed to unification and authoritarianism, such as that of Germany under Otto von Bismarck from 1862-1890 or even Japan under the Meiji Restoration around the same time, which allowed them to catch up to and even surpass others.

This leads Jared Diamond to postulate about an "Optimal Fragmentation Principle", but even this does not quite ring true as larger countries such as China, Russia and the US seem to have substantial competitive advantages, while previously optimally fragmented places like European countries increasingly seemed destined to secondary power status, hence the move to create the European Union. Perhaps his observation that, "Circumstances change, and past primacy is no guarantee of future primacy" is the most relevant.

Indeed, I think this is the correct answer as centralisation sometimes works better than fragmentation, with the reverse also being true depending on the situation and the environment. For me, as I have noted in the past, the answer is surprisingly simple. Whether authoritarian or democratic, Confucian or Christian, centralised or fragmented, economic advancement depends on two principal ideas. The first is relative stability. Constant political instability and/or wars are not conducive to development. Second is the relative freedom that allows entrepreneurs and companies to pursue growth. Instability only ensures that kleptocracy rules, as businessmen and politicians concentrate on quick short-term gains and then try to funnel their money offshore so that it can be safe.

So unless George Friedman is right and China does fragment, I think that any setbacks that occur along the way to development will be temporary. The key long-term driver is the continued industrialization and urbanization of the country and with this, a more domestic consumption led economy will eventually emerge.

China – HK Strategy

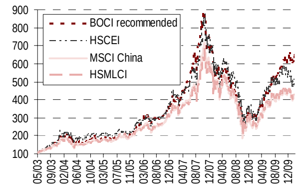
- We add Tingyi as it is the best F&B stock, in our view, and as the company has superb cost controls.
- We add China Minsheng Bank because despite facing somewhat of a growth bottleneck since 2006, it has managed to post an impressive growth rate since the turn of the century. It has begun to formulate and implement reforms in both its internal organisation and information systems. This innovative structural reform has provided the bank with a new start in terms of development opportunities.
- We remove Want Want due to the limited upside from our target price.

Performance Comparison

	% Change 1M	% Change YTD	Since incept*
BOCI recommended	9	3	549
MSCI China	1	(6)	322
HSMLCI	6	(4)	329
HSCEI	7	(7)	413

** Inception May 2003*
Sources: Bloomberg, BOCI Research

Relative Performance



Source: BOCI Research

BOCI China-HK Recommended Stocks

	Stock code	Last price (HK$)	3M avg. daily T/O (HK$ m)	Free float mkt cap (HK$ m)	P/E (x) FY08	P/E (x) FY09E	P/E (x) FY10E	Yield (%) FY09E	Yield (%) FY10E	Change (%) 1M	Change (%) YTD	Change (%) Since rec.	Date rec.	Wgt (%)
Tingyi	0322.HK	19.68	78	32,986	53.9	37.3	29.5	1.3	1.7	11	4	0	5-Mar-10	4
China Minsheng Bank	1988.HK	8.01	227	26,748	16.8	11.4	11.6	1.2	1.3	3	(8)	0	5-Mar-10	4
Tontine Wine	0389.HK	1.81	32.53	1,647	15.5	14.5	12.0	N.A.	N.A.	8	7	8	5-Feb-10	4
Jiangsu Expressway	0177.HK	7.43	39	8,984	20.7	15.8	13.7	5.3	6.2	9	6	9	5-Feb-10	4
Xinyu Hengdeli	3389.HK	3.40	39	7,609	27.9	24.9	20.1	1.2	1.5	20	15	16	8-Jan-10	5
Asian Citrus Holdings	0073.HK	6.24	14.64	4,889	11.6	10.7	14.9	1.3	1.4	(0)	(1)	(6)	4-Dec-09	4
Yanzhou Coal (H)	1171.HK	16.70	342	32,852	11.1	16.8	11.9	1.5	2.1	10	1	3	4-Dec-09	4
Kingdee International	0268.HK	2.46	11	3,394	23.8	22.3	19.3	0.9	1.1	19	46	29	06-Nov-09	5
China Oilfield Services	2883.HK	11.20	125	17,167	14.3	13.6	11.3	1.4	1.7	8	28	27	06-Nov-09	5
China Molybdenum	3993.HK	6.37	46	7,144	16.6	39.4	21.8	0.8	1.5	9	4	1	04-Sep-09	4
China Resources Gas	1193.HK	11.24	29	11,920	22.7	45.9	26.4	0.5	0.9	7	(1)	73	31-Jul-09	5
Poly (Hong Kong)	0119.HK	9.56	136	11,981	81.7	43.1	20.3	0.2	0.5	17	(1)	78	03-Jul-09	5
Weichai Power	2338.HK	62.55	95	12,505	23.7	14.1	12.3	0.4	0.5	13	4	144	08-May-09	7
Tencent	0700.HK	158.30	827	136,543	91.9	50.1	37.8	0.4	0.5	14	(5)	166	03-Apr-09	5
Tsingtao Brewery	0168.HK	38.40	58	24,902	63.1	34.2	28.4	1.5	1.8	9	(5)	113	03-Apr-09	4
China Everbright Int'l	0257.HK	4.24	33	6,772	40.0	31.2	23.2	0.6	0.9	10	5	209	09-Jan-09	7
Ajisen (China)	0538.HK	6.91	11	3,469	33.1	24.6	19.9	1.8	2.3	5	5	131	07-Nov-08	4
Hengan International	1044.HK	54.90	112	25,885	47.5	31.7	27.8	2.0	2.3	9	0	109	05-Sep-08	6
Wumart Stores	8277.HK	13.70	30	10,360	37.3	37.6	28.1	1.3	1.8	2	18	130	07-Mar-08	7
Cash (incl. dividends)														6
Total														100
Stocks removed or reduced from the BOCI China-HK recommended list														
Want Want	0151.HK	5.32	64	33,510	34.3	34.3	22.8	1.5	2.9	6	(2)	73	05-Dec-08	3
A bank		3.93	1,330	298,777	13.8	11.1	10.2	4.6	5.5	8	(4)	80	06-Feb-09	5

Note: Stocks in bold are new additions to the recommended list
Sources: Bloomberg, BOCI Research estimates

Hong Kong Strategy

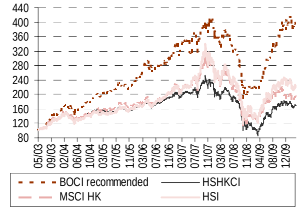
- We add SmarTone following its stronger than expected interim results on sustained data usage, which will be further boosted by its *iPhone* sales.
- We are taking profit on i-Cable on the back of its strong performance in the last few months.

Performance Comparison

	% Change 1M	% Change YTD	Since incept*
BOCI recommended	5	(2)	298
MSCI HK	3	(2)	93
HSHKCI	5	(3)	71
HSI	6	(5)	123

** Inception May 2003.*
Sources: Bloomberg, BOCI Research

Relative Performance



Source: BOCI Research

BOCI HK-HK Recommended Stocks

	Stock code	Last price (HK$)	3M avg. daily T/O (HK$ m)	Free float mkt cap (HK$ m)	P/E (x) FY08	P/E (x) FY09E	P/E (x) FY10E	Yield (%) FY09E	Yield (%) FY10E	Change (%) 1M	Change (%) YTD	Change (%) Since rec.	Date rec.	Wgt (%)
SmarTone	0315.HK	6.95	1.6	1,828	14.4	89.1	16.7	1.2	5.7	(0)	11	0	5-Mar-10	5
V-Tech	0303.HK	79.65	38.0	11,756	11.6	17.6	14.9	5.2	5.4	(5)	8	(5)	5-Feb-10	5
Lifestyle	1212.HK	13.18	16.0	7,052	26.2	26.2	19.3	1.9	2.2	(0)	(8)	(0)	5-Feb-10	5
Lee & Man Paper	2314.HK	5.35	60.7	2,251	4.2	20.3	3.7	0.9	8.1	9	4	4	4-Dec-09	6
Fairwood	0052.HK	8.26	1.9	587	11.7	13.3	11.4	4.6	5.4	5	7	7	4-Dec-09	6
Great Eagle	0041.HK	21.85	13.1	6,649	11.6	10.6	10.4	2.4	2.5	15	12	9	9-Oct-09	5
BOC(HK)	2388.HK	17.78	277.7	64,291	15.5	15.1	13.7	3.9	4.4	4	4	10	4-Sep-09	4
Yue Yuen	0551.HK	23.30	43.3	14,733	12.7	10.5	10.7	3.8	3.3	(2)	5	6	4-Sep-09	4
Sun Hung Kai	0016.HK	110.30	664.1	164,029	24.9	22.9	20.9	2.3	2.6	12	(2)	16	3-Jul-09	6
Link REIT	0823.HK	19.16	105.7	37,609	25.4	22.6	18.9	4.4	5.2	2	(2)	12	3-Jul-09	6
Li & Fung	0494.HK	39.25	273.8	95,538	57.8	40.3	26.8	2.0	3.0	15	27	82	8-May-09	5
SCMP	0583.HK	1.57	0.3	613	14.1	74.8	28.5	3.8	4.5	5	(8)	52	3-Apr-09	4
Ports	0589.HK	18.96	49.1	6,477	22.0	19.3	15.7	4.7	3.9	(10)	(20)	114	6-Mar-09	5
Galaxy	0027.HK	3.12	16.6	3,088	(1.1)	18.4	39.0	0.0	0.0	8	(0)	117	9-Jan-09	5
Café de Coral	0341.HK	17.72	8.5	4,776	23.3	21.5	19.2	3.8	3.7	6	0	27	7-Nov-08	4
TVB	0511.HK	36.25	18.4	10,797	15.0	17.8	13.6	4.0	5.0	4	1	36	7-Nov-08	5
Standard Chartered Bank	2888.HK	199.70	147.5	303,294	15.6	15.9	13.0	2.7	3.3	14	6	7	9-Mar-07	6
HK & China Gas	0003.HK	18.28	111.1	65,801	28.3	24.4	22.4	2.5	2.7	13	(6)	84	23-May-03	5
Cash (incl. dividends)														8
Total														100
Stocks removed or reduced from the BOCI HK-HK recommended list														
I-Cable	1097.HK	1.32	1.07	878.6	(132.0)	165.0	22.0	0.0	0.8	13	16	5	8-Jan-10	5

Note: Stocks in bold are new additions to the recommended list
Sources: Bloomberg, BOCI Research

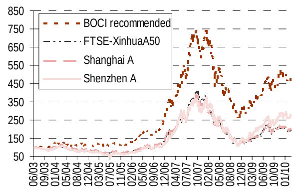
China – A Strategy

Performance Comparison

	% Change 1M	YTD	Since incept. *
BOCI recommended	2	(7)	371
Shanghai A	3	(8)	98
Shenzhen A	6	(3)	175
FTSE-XinhuaA50	2	(11)	89

** Inception May 2003*
Sources: Bloomberg, BOCI Research

Relative Performance



Source: BOCI Research

- We add the A shares of China Minsheng Bank as we expect the lender to enhance its profitability over the next few years through margin expansion and operating efficiency improvement.
- We add Jiangling Motors as it posted full-year EPS of Rmb1.22 for 2009. We believe the higher sales proportion of the Quanshun series, lower raw material costs and stronger capital management all boosted its results. We anticipate sales of all company models will post stable growth this year, and raise our 2010 EPS estimate from Rmb1.32 to Rmb1.46.
- We remove Fuyao Glass. Although its performance in 2010-11 could be steady and it may even benefit from a recovery in overseas auto markets, the low visibility of both orders and prices lend some uncertainty to its results.

BOCI China-A Recommended Stocks

	Stock code	Last price (Rmb)	3M avg. daily T/O (Rmb m)	Free float mkt cap (Rmb m)	P/E (x) FY08	FY09E	FY10E	Yield (%) FY09E	FY10E	Change (%) 1M	YTD	Since rec.	Date rec.	Wgt. (%)
China Minsheng Bank	**600016.SS**	**7.25**	**1,058.4**	**129,643**	**17.3**	**11.1**	**11.4**	**(1.3)**	**(1.3)**	**2**	**(8)**	**0**	**5-Mar-10**	**3**
Jiangling Motors	**000550.SZ**	**21.48**	**55.6**	**5,376**	**23.6**	**19.0**	**16.3**	**1.4**	**2.0**	**10**	**(4)**	**0**	**5-Mar-10**	**3**
Qinghai Salt Lake Potash	000792.SZ	54.55	235.1	21,324	30.7	34.1	23.0	3.1	0.7	(0)	(5)	(0)	5-Feb-10	3
Hefei Department Store	000417.SZ	15.31	76.1	4,409	45.6	36.6	32.8	0.5	0.6	(1)	5	(1)	5-Feb-10	4
China Northern Rolling	601299.SS	5.47	N.A.	9,080	28.8	23.8	21.0	0.5	0.7	(2)	(11)	(6)	8-Jan-10	7
CITS	601888.SS	18.53	202.6	3,261	55.3	54.0	41.9	0.8	1.1	(3)	(11)	(10)	8-Jan-10	7
Baotou Steel Rare-Earth	600111.SS	25.23	341.7	10,268	120.4	373.8	54.9	0.0	0.3	16	(8)	(15)	4-Dec-09	5
China Oilfield Services	601808.SS	15.49	168.4	7,659	22.1	21.4	17.7	1.0	0.9	2	(4)	(1)	6-Nov-09	6
Wuliangye Yibin	000858.SZ	28.29	876.5	57,990	59.3	36.1	23.6	0.2	0.2	(2)	(11)	21	4-Sep-09	5
Suning Appliance	002024.SZ	18.31	473.7	57,510	37.5	28.6	22.9	0.6	1.4	5	(12)	26	4-Sep-09	5
Poly Real Estate	600048.SS	19.12	690.0	34,324	30.1	19.5	14.0	0.0	0.6	0	(13)	(37)	3-Jul-09	3
Dongfang Electric	600875.SS	44.75	241.1	19,735	223.8	24.4	19.8	0.0	0.1	10	2	5	5-Jun-09	4
China Vanke	000002.SZ	9.36	1,231.0	87,476	26.1	17.4	14.9	0.0	0.5	2	(13)	(12)	5-Jun-09	4
Yanjing Brewery	000729.SZ	20.59	180.6	9,966	54.0	39.7	28.6	0.8	1.4	(2)	10	49	8-May-09	8
China Life	601628.SS	27.02	497.1	36,331	75.9	29.6	24.6	1.3	1.6	1	(14)	3	1-Aug-08	3
Yabao Pharmaceutical	600351.SS	20.47	136.0	5,369	37.9	50.0	31.0	1.0	1.6	14	23	187	29-May-08	7
Shandong Gold Mining	600547.SS	67.62	680.9	23,591	75.6	61.3	48.1	0.8	1.0	6	(15)	60	2-Nov-07	7
Kweichow Moutai	600519.SS	164.41	426.9	58,965	40.8	32.4	25.0	1.4	1.9	(4)	(4)	1,028	20-Jun-03	9
Cash (incl. dividends)														7
Total														100
Stocks removed or reduced from the BOCI China-A recommended list														
A bank		4.15	271.6	26,968	16.6	13.4	12.2	3.9	4.6	0	(4)	27	6-Feb-09	3
Fuyao Glass	600660.SS	12.35	293.9	11,404	100.4	27.4	19.4	0.0	1.8	4	(16)	17	31-Jul-09	4

Notes: 600351 and 600547 shares up 100% (100% bonus), and all prices are now adjusted;; Stocks in bold are new additions to the recommended list
Sources: Bloomberg, BOCI Research

China Economy

- The 11th National People's Congress (NPC) held its third plenary session in Beijing on 5 March. After the aggressive monetary and fiscal stimulus measures in 2009, what policy adjustments will be made this year are of great significance. According to Premier Wen's working report, the State Council still set a target of 8% for gross domestic product (GDP) growth in 2010. Premier Wen explained that the 8% target underscored the government's focus on the transition of the economic development pattern and on structural adjustments; implying that Beijing is fully confident of realising the growth target in 2010. Considering the tail-raising factor (base effect), the transmission of international commodity inflation, lagged impact of high lending as well as probable resource price and tax hike, the cabinet set the target for Consumer Price Index (CPI) growth at about 3%. The premier pointed out that the most important thing was to strengthen the current recovery while hastening economic structural adjustments and maintaining price stability.
- Premier Wen Jiabao mentioned that 2010 will be a very complicated year in terms of economic policy. He implied that inflation risk is rising, but it is difficult to draw the conclusion that the financial crisis is now in the past. Although the growth of the Consumer Price Index (CPI) remained low in January and likely in February as well, the alarming shortage of labour in different regions of late suggests that cost - pushing inflation is on the horizon after the significant increase in lending last year. Some indicators show that it was quite difficult for the government to manage loan growth during the past two months. We believe that the central government is now more worried about possible overheating and the spectre of inflation.
- While Premier Wen reaffirmed that China would maintain the renminbi exchange rate at relative stable level, Zhou Xiaochuan, the chairman of the People's Bank of China (PBOC) elaborated more on the renminbi exchange rate. During the press conference held on 6 March for major ministers, Zhou admitted that the current renminbi exchange rate system (US dollar peg) was only a special arrangement made in response to the global financial crisis. By revealing this, Zhou indicated that the current dollar-pegged policy actually formed part of China's stimulus package to handle the crisis. Confirming that the current special arrangement will be "exited" ahead, Zhou implied that it is only a matter of timing.

- It is clear that the government will reduce fiscal expenditures for infrastructure investment, as December's central economic work conference suggested that authorities would dramatically curtail approvals for new infrastructure investments ahead. According to the Rmb4tn stimulus plan, the total fiscal expenditure for infrastructure investment would have been around Rmb950bn in 2009, increasing to Rmb1.3tn this year. However, we estimate that actual fiscal expenditures will come in much lower, perhaps remaining within the Rmb1trn mark, as the government is concerned about overheating and may make moves to tighten spending.
- We anticipate that the government will allocate more funds to improve the coverage of the social security system, including increasing retiree income. The government is also expected to increase subsidies for the sales of electronic goods, automobiles and motorcycles in rural areas.
- Short-term policies will mainly focus on supporting newly emergent strategic industries along with curbing overcapacity and obsolete production to accelerate structural adjustments within the manufacturing industry. The list of government-supported sectors could include nuclear power, large-scale digital integrated circuits, alternative energy, environmentally friendly materials, alternative-energy vehicles and sewage treatment devices. Officially listed products will benefit from a series of favourable policies, such as tax breaks.

BOC INTERNATIONAL March 2010

China Monthly Economic Indicators (2009-11E)

	2009	2010E	2011E	Feb09	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan10
Real economy (YoY %)															
GDP*	8.7	7.8	7.6	-	6.1	-	-	7.9	-	-	8.9	-	-	10.7	-
VAIO (real)	11	11.2	11	3.8	8.3	7.3	8.9	10.7	10.8	12.3	13.9	16.1	19.2	18.5	-
-Light industry	9.7	9.5	10	6.5	8.5	8.2	9.7	10.2	9.2	9.8	11.8	11.3	12.6	12.1	-
-Heavy industry	11.5	11.7	11.1	2.7	8.3	6.9	8.6	10.9	11.3	13.2	14.8	18.1	22.2	21.4	-
Industrial sales ratio (%)	97.7	97	97.5	97.2	96.9	97.8	97.3	97.3	97.9	97.7	97.7	98	97.8	99.3	-
FAI* (YoY %)	30.5	23.8	22	26.5	28.6	30.5	32.9	33.6	32.9	33	33.3	33.1	32.1	30.5	-
- Property	16.1	22	20	1.0	1.0	4.1	4.9	5.8	8.3	9.5	12.5	15.4	16.6	17.8	-
Retail sales*	15.5	15	15.5	15.2	14.7	14.8	15.2	15	15.2	15.4	15.5	16.2	15.8	17.5	-
External sector															
Exports (US$ bn)	1,201.7	1,309.9	1414.7	64.9	90.3	91.9	88.8	95.5	105.4	103.7	115.9	110.8	113.7	130.7	109.5
Export growth (YoY %)	(16)	9	8	(25.7)	(17.1)	(22.5)	(26.4)	(21.3)	(23)	(23.4)	(15.2)	(13.8)	(1.2)	17.7	21
Imports (US$ bn)	1,005.7	1,136.5	1272.8	60	71.7	78.8	75.4	87.2	94.8	88.0	103	86.8	94.6	112.3	95.3
Import growth (YoY %)	(11.2)	13	12	(24.1)	(25.2)	(23)	(25.2)	(13.2)	(14.9)	(17)	(3.5)	(6.4)	26.7	55.9	85.5
Trade balance (US$ bn)	196	173.5	141.9	4.9	18.6	13.3	13.4	8.3	10.6	15.7	12.9	24	19.1	18.4	14.2
FDI* (US$ bn)	90	72.1	60	5.8	8.4	5.9	6.4	8.1	5.4	7.5	7.9	7.1	7	12.1	8.1
Money supply (YoY %)															
M0	11.8	12.6	13.2	8.3	10.9	10.9	11.2	11.5	11.6	11.5	16.0	14.1	15.0	11.8	(0.8)
M1	32.4	18	16.2	10.9	17.0	17.0	18.7	24.8	26.4	27.7	29.5	32.0	34.6	32.4	39.0
M2	27.7	17.5	16.5	20.5	25.5	25.5	25.7	28.5	28.4	28.5	29.3	29.4	29.7	27.7	26.0
Deposit rate, 12M (%)	2.25	2.79	3.06	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25	2.25
Lending rate, 12M (%)	5.31	5.85	6.12	5.31	5.31	5.31	5.31	5.31	5.31	5.31	5.31	5.31	5.31	5.31	5.31
FX reserves* (US$ bn)	2,399	2963.5	3,437	1,912	1,954	2,009	2,090	2,132	2,175	2,211	2,273	2,328	2,389	2,399	-
Inflation (YoY %)															
National CPI	(0.7)	2.8	2.5	(1.6)	(1.2)	(1.5)	(1.4)	(1.7)	(1.8)	(1.2)	(0.8)	(0.5)	0.6	1.9	1.5

**Periodical; no single-month data from the NBS*
Sources: NBS, MOF, MOC, PBOC, BOCI Research

Foreign Trade

	2008	2009												2010
YoY %	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Exports	(2.8)	(17.5)	(25.7)	(17.1)	(22.6)	(26.4)	(21.3)	(23)	(23.4)	(15.2)	(13.8)	(1.2)	17.7	21
Imports	(21.3)	(43.1)	(24.1)	(25.1)	(23)	(25.2)	(13.2)	(14.9)	(17)	(3.5)	(6.4)	26.7	55.9	85.5
Trade balance (US$ bn)	39	39.1	4.9	18.6	13.3	13.4	8.3	10.6	15.7	12.9	24	19.1	18.4	14.2

Source: GAC

China's exports grew 21% YoY (all on a year-on-year basis below unless otherwise specified) in January 2010 after posting growth of 17.7% in December 2009, according to the State Administration of Customs. Imports leapt about 85.5% in January, a higher-than-expected jump from 55.9% in December. The improvement in exports was mainly attributed to the on-going rebound of the global economy and the much lower base of comparison last year. In January, the trade surplus reached about US$14.2bn, down 63.8% compared to the same period last year.

Partially supported by the base effect, exports of most capital goods saw further significant improvement in January, although the performance actually lagged behind that of consumer goods in the previous year. In January, textile exports grew 18.2%, slightly down from the increase of 25.1% in the previous month. Meanwhile, exports of garments still showed a decline of 5%, while those of footwear rose 1.4% in January, compared to the decreases of 4.7% and 2.4% in December. Exports of automatic data-processing machines and units jumped 52.7% in January after climbing 39.6% in December. Exports of mechanical and electrical (M&E) products and high-tech products both registered high growth of 27.2% and 42.6% in January, compared to the increases of 26.7% and 40.5% in December. Exports of steel products and containers also showed significant improvement in January, although steel products still declined 5.4% after dropping 35.6% in December. Container exports turned to positive growth 4.5% from a decrease of 29.6% in the previous month.

Imports showed unexpectedly high growth of 85.5% in January, mainly supported by the base effect as well as huge commodity and processed product imports under strong domestic demand. In January 2009, total imports declined about 43.1% to the lowest level ever of US$51.3bn since 2006. If we used the figure in January 2008 to replace that of 2009 as the comparison base, the import growth in January 2010 would have been only about 5.7%. Meanwhile, imports of most commodities still showed a strong rising trend partially due to the high lending since last year. In January, import value of soybeans grew 58.4% while volume rose 34.7%, versus the corresponding increases of 56.5% and 44.8% in December. Meanwhile, the import value and volume of iron ore respectively rose 58.7% and 42.8% in January, down from the growth of 73.8% and 80% in December.

Foreign Direct Investment (FDI)

	2008	2009											2010
YoY %	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Actual FDI	(5.7)	(32.7)	(15.8)	(9.5)	(22.5)	(17.8)	(15.6)	(35.7)	7	18.9	5.7	32	103.1	8.1
US$ bn	6.0	7.5	5.8	8.5	5.9	6.4	8.1	5.4	7.5	7.9	7.1	7	12.1	7.8

Source: MOC

According to the Ministry of Commerce (MoC), China's actual foreign direct investment (FDI) increased 7.8% YoY to US$8.1bn in January 2010, but still 27.4% lower than the level in January 2008. The FDI rebounded steadily throughout 2H09. For full-year 2009, the total FDI declined about 2.6%, compared to the increase of 23.6% in 2008.

Looking ahead, as China's exports see likely improvement and due to the notable decrease in the comparison base, FDI looks set to climb in 1H10.

Consumer Price Index

	2009												2010
YoY %	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
CPI	1.0	(1.6)	(1.2)	(1.5)	(1.4)	(1.7)	(1.8)	(1.2)	(0.8)	(0.5)	0.6	1.9	1.5
- Food	4.2	(1.9)	(0.7)	(1.3)	(0.6)	(1.1)	(1.2)	0.5	1.5	1.6	3.2	5.3	3.7
- Clothing	(2.7)	(2.3)	(2.3)	(2.3)	(2.3)	(2.3)	(2.4)	(2.2)	(1.8)	(1.6)	(1.2)	(0.8)	(0.4)
- Trans.& comm.	(2.5)	(3.0)	(2.5)	(2.2)	(2.3)	(2.4)	(2.7)	(2.9)	(2.6)	(2.7)	(2.2)	(1.5)	(0.5)
- Household items	(2.3)	(2.9)	(3.5)	(4)	(4.8)	(5.7)	(5.8)	(5.4)	(5)	(3.8)	(1.2)	1.5	2.5
- Medical segment	1.6	1.3	1.0	0.9	0.9	0.9	0.7	0.9	1.1	1.2	1.6	2.2	2.3

Source: NBS

China's CPI edged up 1.5% in January 2010, after rising 1.9% in December 2009, according to the National Bureau of Statistics (NBS). The mitigation of CPI growth was mainly due to shrinkage of food price increase and the comparison base last year when the Spring Festival fell in January. China's CPI usually sees significant seasonal fluctuations due to a substantial weighting of food items in the index. The CPI often shows a marked month-on-month increase during the Spring Festival holiday (in January or February) as well during the flood season for South China (from June to August) along with month-on-month decreases in April and May with the increases in supply of certain agricultural products.

The CPI mitigation was a bit more pronounced than our forecast, which was mainly due to the more significant contraction in food prices, especially for pork as well as oil and fat. In January, the overall food price rose 3.7% (0.6% MoM), compared to the increase of 5.3% (1% MoM) in December. According to the NBS, the pork price dropped 8.6%, contributing about 0.26ppts to the mitigation of CPI growth in January. However, the grain price has maintained a steady pick-up since the beginning of the year. It posted 9.8% growth in January after rising 8.6% in December. The consecutive rises in grain prices will probably add further upward pressure to food prices. Meanwhile, the price of residential items (building materials, rent, electricity and gas, private housing and utilities) increased 2.5% in January compared to the rise of 1.5% in December. A breakdown shows that utilities rose the most (4.6%) in January, versus a 3.2% gain in the previous month.

Looking ahead, food prices may have continued to move up in February and March, and service-price hikes may continue in the short term. We expect the CPI to continue rising month-on-month in 1Q10. In February, due to the Spring Festival holiday, the CPI is likely to register a high month-on-month rise (more than 1%). The year-on-year growth of the CPI is likely to have approached 3% in February. Based on our calculations, CPI growth is likely to reach 2.5% in 1Q10 and 3.3% in 2Q10. We see it peaking around August at more than 3.5% and then tailing off slightly after that.

Inflation/Deflation

YoY %	2008 Dec	2009 Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2010 Jan
EFPI	(1.1)	(3.3)	(4.5)	(6.0)	(6.6)	(7.2)	(7.8)	(8.2)	(7.9)	(7)	(5.8)	(2.1)	1.7	4.3
PPI	(0.16)	(5.3)	(7.1)	(8.9)	(9.6)	(10.4)	(11.2)	(11.7)	(11.4)	(10.1)	(8.4)	(3.6)	3	8
CPI	1.2	1	(1.6)	(1.2)	(1.5)	(1.4)	(1.7)	(1.8)	(1.2)	(0.8)	(0.5)	0.6	1.9	1.5
Crude oil	(39.7)	(49.9)	(54.8)	(54.2)	(53.6)	(50.6)	(48.1)	(42.9)	(44.4)	(30.2)	(23.4)	(3.3)	43.9	69.7

Source: NBS

The ex-factory price index (EFPI) and the purchasing price index (PPI) for materials saw significant rises in January due to the lower comparison base last year and the consecutive price hikes of coal and some manufactured products in recent months. In January, the EFPI and PPI climbed 4.3% and 8%, respectively, after rising 1.7% and 3% in December. Although they have corrected in recent weeks, most commodity prices still registered high year-on-year growth due to the low base in 1Q09. Meanwhile, most manufactured product prices rebounded steadily after 3Q09, which offset the effect of month-on-month declines in some commodity prices. The overall EFPI was estimated to have registered month-on-month growth of 0.7% in January after climbing 1% MoM in December. In January, the prices of crude oil, butadiene rubber and coal mining rose 69.7%, 43.1% and 5%, while those of non-ferrous metals picked up 25.2%.

Looking forward, the peak of the EFPI growth might appear much earlier than expected. Mainly because the base effect will reach its highest point in March, we anticipate the growth of the EFPI to peak around March or April.

Monetary Performance

YoY %	2009 Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Dec	2010 Jan
M0	12.0	8.3	10.9	11.3	11.2	11.5	11.6	11.5	16.0	14.1	15.0	11.8	(0.8)	12.0
M1	6.7	10.9	17.0	17.5	18.7	24.8	26.4	27.7	29.5	32.0	34.6	32.4	39.0	6.7
M2	18.8	20.5	25.5	26.0	25.7	28.5	28.4	28.5	29.3	29.4	29.7	27.7	26.0	18.8
Loan/deposit	66.4	66.4	66.9	66.7	66.3	66.6	66.8	67.1	66.9	66.9	66.8	66.9	67.5	66.4
M1/M2, %	33.3	32.8	33.3	33.0	33.2	34.0	34.2	34.7	34.5	35.4	35.7	36.3	36.7	33.3

Source: PBOC

According to the PBOC, renminbi loans jumped 29.3% in January 2010, while renminbi deposits increased 26.8%, after rising 31.7% and 28.2%, respectively, in December 2009. The loan-to-deposit ratio stood at about 67.5% in January, compared to 66.9% at end-2009. Due to the rising comparison base and decrease in incremental loans compared to the same period in the previous year, the loan, deposit and M2 supply saw a further mitigation of growth. In January, M2 growth decelerated to 25.98% from 27.7% in December. However, M1 picked up 38.96% in January after rising 32.4% as of end-2009, while M0 saw a decline of 0.79% in January, compared to the increase of 11.8% in December 2009.

PBOC statistics show that incremental renminbi lending amounted to about Rmb1.39bn in January, a bit lower than the primary market expectation of Rmb1.5trn. Incremental loans posted a decline of 14.2% compared to the amount in January 2009, which indicated that the regulator’s controls have begun to take effect. The loan breakdown reveals that the newly increased loans were contributed by the mortgage lending as well as ordinary loans to enterprises. Due the lagged effect of booming property transactions at end-2009, incremental loans to households reached about Rmb450.2bn in January. However, as property sales started to show a significant decline and as the regulator raised its risk warnings over loans to the property sector at the start of the year, we expect newly increased household loans to see a gradual mitigation going forward. Incremental lending to the non-financial corporate sector reached Rmb941.5bn in January. Discount-bill loans saw a significant monthly decline of Rmb180.9bn due to banks’ actions to curtail their lending growth under regulatory requirements. However, incremental short-term loans rebounded to Rmb332.8bn in January from a negative amount of Rmb29.8bn in December. Incremental medium and long-term loans amounted to Rmb752.1bn in January, higher than the Rmb522.9bn posted in the same period last year.

Total incremental deposits came in at nearly Rmb1390bn in January, compared with Rmb503.2bn in December. Incremental savings deposits declined to Rmb241.5bn in January from Rmb670.4bn in December, while newly increased corporate deposits reached Rmb882.2bn, compared to 758.5bn the previous month. Incremental fiscal deposits rebounded to Rmb396.8bn in January 2010 from a negative figure of Rmb986.1bn in December 2009. Under the current fiscal management system, a substantial part of fiscal revenue is collected at the beginning of the year, while the majority of the budget funds are spent by year-end. Therefore, fiscal deposits usually jump early in the year and drop significantly toward the end.

Policy Highlights

- **China to hasten transformation of economic growth engine.** The Political Bureau of Central Committee of Communist Party of China (CCCPC) held a meeting on 2 February to discuss further the transformation of China's economic development mode. Top leaders reaffirmed their stance of an active fiscal policy and moderately lax monetary policy for this year and called for greater emphasis on transforming the country's growth engine. The bureau said it would adopt measures to strengthen the recovery, accelerate the next phase in the development of the economy, facilitate balanced growth between rural and urban areas, support agricultural development and improve the social security system as well as livelihoods. We believe the meeting sets the policy tone for the upcoming convening of the National People's Congress. Yesterday's meeting along with the speeches of various top leaders in recent months indicate that China might launch a series of reforms, especially for the social safety net and income distribution system, to stimulate consumption while reducing dependency on investment and export for economic growth.
- **State Council urges faster adjustment of key industries.** At its executive meeting on 24 February, the State Council called for the accelerated adjustment of key industries to facilitate the transformation of the country's economic growth model. The Council said it would encourage the shift of the manufacturing base for electronic information products, textiles and other light industrial goods to central and western regions while curbing the expansion of steel, cement, electrolytic aluminium, coke, calcium carbide and other industries with overcapacity by raising energy, resource, environment and land costs. The central government also vowed to facilitate technological upgrades and develop newly emergent strategic industries. As indicated by the repeated emphases by policymakers on structural adjustment, China is trying to hasten the evolution of its manufacturing sector. We expect further elimination of overcapacity and low-end sectors, while newly emergent industries such as alternative energy, new materials, new information technology, biotechnology and alternative-energy vehicles will secure stronger policy support from the government.
- **Measures to hasten transformation of economic development model.** Premier Wen Jiabao stated at a seminar on 4 February that the government would work to accelerate the development of science, education and workers' skills in order to facilitate the transformation of economic development mode. He stressed the importance of supporting newly emergent strategic industries as future economic growth drivers. Mr Wen also spoke about the necessity of technological upgrades in traditional industries and the need to encourage independent innovation and home-grown technologies. He said the government would step up reforms in the income distribution system to increase the proportion of workers' wages within total GDP and to improve the income level of the poor, especially farmers and migrant workers. The premier also said the government was committed to accelerating the development of the social security system, in particular the medicine and health industries, and to increasing steadily the proportion of social security spending within the total fiscal expenditure.
- **PBOC further hikes required reserve ratio of banks.** The People's Bank of China (PBOC) again raised the required reserve ratio (RRR) for mainland banks by 50bps to 16.5%, effective 25 February. This was the secondary increase following that on 18 January. It was noteworthy that no comment was made as to the reason for the hike. Non-official information suggested that the regulator had raised the RRR requirements of some banks at end-January to punish them for excessively fast lending growth. This move underscores the government's intent to make loan growth control a key priority in its work agenda. We believe the tightening also reveals concerns by Chinese leaders that an asset bubble is growing as a result of the huge loan growth last year. Besides the concerns over an asset-price bubble, rising commodity inflation is also causing monetary policy to be tightened.
- **Premier Wen vows to rein in housing prices.** In a public interview conducted on 27 February, premier Wen Jiabao fielded questions regarding employment, national income distribution, property, inflation, Sino-US trade and health system reform. Of particular note was his statement that the cabinet had decided to implement measures for the development of a healthy property market. He said that the government would possess the economic and legal instruments as well as the confidence to bring housing prices under control during his tenure as premier. Premier Wen pointed out that while the labour supply shortage in some eastern areas reflected the recovery in the economy and enterprise sale orders, the overall employment situation is still quite challenging. Wen emphasised the importance of balancing the relationship among economic growth, structural adjustment and inflation expectation in the government's work agenda. He said Beijing would adopt measures to raise the household income level and its share in the distribution of national income. With regard to the risk of inflation, Wen said a moderate money supply would be maintained and work would be done to assure a good harvest of agricultural products. Wen also vowed to accelerate the reform of the medical and health system. The premier made no mention of the renminbi exchange rate, although he expressed some concern over recent Sino-US trade issues.

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- **CBRC strengthens lending regulations to reduce credit risks.** The China Banking Regulatory Commission (CBRC) announced new regulations for personal loans and working capital loans on 20 February, effectively tightening banks' lending practices and risk management controls. Banks must set their lending quotas after "prudent calculation" of borrowers' "actual demand" and must not lend excessively, the CBRC said in a statement on its website. Banks are also required to improve risk control after granting loans and to be aware of factors that might influence the repayment capability of borrowers through inspections and monitoring, the CBRC said. For personal lending, the regulator urged banks to use more sophisticated management practices in the lending process, especially in terms of loan use. Borrowers would be barred from obtaining loans without declaring a specific purpose, and personal meetings with bank representatives would now be necessary in order to avoid false claims, it added.

- **CSRC approves rules for trading stock index futures.** The China Securities Regulatory Commission (CSRC) announced it had approved the trading contracts and the revised trading rules for stock index futures submitted by the China Financial Futures Exchange (CFFEX) on 20 February. Eligible investors became eligible for new accounts as of 22 February. A commission official told *Xinhuanet* that the system to open an account is now ready and qualified investors would be notified in a matter of days. However, the official cautioned that opening an account did not herald the beginning of trading. Before the official launch of the derivatives that will allow domestic investors to sell short for the first time, access rules need to be issued for institutional investors and a quota of registered investors needed to be reached. The commission said in January that it would take about three months to prepare everything for the launch of index futures trading.

- **China raises the minimum purchasing prices for rice.** The National Development and Reform Commission (NDRC) issued a notice on 20 February that the minimum state purchasing price for rice in major rice-production areas would rise 10.5% in 2010. The move was to encouraging farmers to increase grain production and help grain prices rise in a stable manner. Specifically, the state purchasing prices for japonica rice would rise 10.5% to Rmb105 per 50kg this year, according to the NDRC. Prices for early and middle-late indica rice would increase 3.3% and 5.4% to Rmb93 and Rmb97 per 50kg, respectively. The NDRC had already raised the minimum state purchasing prices for wheat in major production areas at the beginning of the year.

Hong Kong Economy

- Hong Kong's Composite CPI rose 1.0% YoY in January, down from the 1.3% YoY rise in December 2009. Breaking down the numbers, the tail-raising factor contributed 0.9% and the year-to-date price level accounted for 0.1% in January. The US-dollar exchange rate should see better performance this year than in 2009, which will help restrain the inflation pressure in Hong Kong. We expect a mild inflation rate of 2.5% in 2010.
- In January, Hong Kong's total exports climbed 18.4% YoY in value terms and imports swelled 39.5% YoY, continuing to grow from the year-on-year increases of 9.2% and 18.7% in December, respectively. Domestic exports grew 33.9%, versus the 50.6% decline in January 2009. Re-exports jumped 18%, as compared with the 20.7% decrease in January 2009. This significant rebound was mainly attributed to the low baseline last year. The low baseline will also contribute to a relatively strong growth rate in 1H10. However, we do not expect strong GDP growth for the developed countries this year, on par with the HKSAR trade turnover pattern.
- The seasonally adjusted unemployment rate remained flat at 4.9% from November 2009 to January 2010. The actual number of unemployed persons decreased from 172,800 to 166,400.
- Total retail sales in January increased 6.6% YoY in value terms, down from a 16% YoY rise the month before, mainly due to the Spring Festival effect. In volume terms, January retail sales edged up 3.2% YoY versus the 11.3% growth in December 2009.

Major Economic Indicators

				2009												2010
YoY %	2009	2010E	2011E	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
GDP	(2.7)	4.0	4.5	-	-	(7.5)	-	-	(3.7)	-	-	(2.2)	-	-	2.6	-
Total exports	(20.5)	10.0	9.0	(21.8)	(23.0)	(21.1)	(18.2)	(14.5)	(5.4)	(19.9)	(13.9)	(8.6)	(13.1)	1.3	9.2	18.4
- Domestic exports	(41.6)	12.0	10.0	(50.6)	(39.6)	(41.1)	(40.2)	(37.4)	(38.7)	(41.3)	(37.3)	(35.0)	(32.9)	(19.4)	(7.0)	33.9
- Re-exports	(19.8)	10.0	9.0	(20.7)	(22.4)	(20.5)	(17.5)	(13.7)	(4.2)	(19.2)	(13.2)	(7.8)	(12.5)	1.9	9.7	18.0
Imports	(19.5)	11.5	9.5	(27.1)	(17.5)	(22.7)	(17.0)	(19.2)	(7.9)	(17.8)	(9.8)	(3.1)	(10.7)	6.5	18.7	39.5
Trade balance (HK$ bn)	(218.0)	(245.0)	(280.0)	7.2	(23.2)	(18.2)	(16.4)	(11.0)	(16.5)	(21.7)	(21.8)	(29.1)	(19.2)	(20.7)	(33.4)	(29.5)
Retail sales value	0.6	5.0	8.0	7.4	(12.7)	(7.7)	(4.3)	(6.2)	(4.7)	(5.3)	(0.1)	2.6	9.8	11.9	16.0	6.6
Unemployment rate (%)	4.9	4.6	4.3	4.6	5.0	5.2	5.3	5.3	5.4	5.4	5.4	5.3	5.2	5.1	4.9	4.9
Composite CPI	1.3	2.5	3.0	3.1	0.8	1.2	0.6	0.1	(0.9)	(1.5)	(1.6)	0.5	2.2	0.5	1.3	1.0
Fiscal deficit/surplus (YTD HK$ bn)	(1.2)	(23.0)	(20.0)	49.8	43.2	1.4	(1.8)	(12.2)	(24.2)	(35.2)	(50.5)	(64.8)	(56.8)	(38.9)	(1.2)	47.9
Tourist arrivals	0.3	6.5	8.0	11.0	(8.1)	1.7	0.8	(13.4)	(15.0)	(12.2)	5.8	2.5	9.1	7.6	10.0	5.9
M2	5.3	6.5	7.5	3.2	1.5	4.2	4.4	7.3	9.8	9.6	10.5	9.7	11.3	10.1	5.3	-
Monetary base	99.2	(10.0)	(20.0)	59.9	59.5	73.4	89.7	112.7	116.1	137.7	143.3	131.2	145.0	138.6	99.2	88.2
3-month HIBOR (period average, %)	0.13	1.00	1.50	0.82	0.73	0.78	0.76	0.44	0.23	0.16	0.13	0.13	0.13	0.13	0.13	0.13
HSBC best lending rate (%)	4.75	5.25	5.50	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Property price (domestic premises)	27.6	(5.0)	1.0	(13.1)	(14.1)	(13.6)	(9.1)	(7.7)	(4.3)	(0.6)	3.7	6.6	15.2	25.6	27.6	27.7

Note: Forecast of unemployment rate and best lending rate refer to year-end figures

Sources: Hong Kong Census and Statistics Department, HKMA, HTKB, CEIC, BOCI Research

Policy Highlights:

- **HKMA expanding renminbi business in Hong Kong:** On 11 February 2010, Hong Kong Monetary Authority (HKMA) chief executive Norman Chan sent out a circular to elucidate the supervisory principles and operational arrangements regarding renminbi businesses in Hong Kong. The circular made clear the guiding principles for the supervisory arrangements for renminbi trade settlement transactions and other renminbi businesses as follows: (i) cross-border flows of renminbi funds into and out of the mainland should comply with the rules and requirements in the PRC. The mainland authorities and banks are responsible for verifying whether the transactions undertaken by the mainland counterparts are in compliance with the relevant rules and requirements in the PRC, while participating authorised institutions (AIs) in Hong Kong will process the renminbi transactions in accordance with Hong Kong's usual banking practices; (ii) with regard to the renminbi funds that have flowed into the HKSAR, participating AIs can develop the renminbi businesses based on Hong Kong's regulatory requirements and market conditions, as long as these businesses do not entail the flow of renminbi funds back to the mainland. The circular also made detailed operational arrangements for renminbi businesses, including deposit-taking, conversion, remittance, lending, renminbi bonds, cheque and credit-card services. The circular aimed to simplify the operational procedures so as to increase the flexibility in developing diversified renminbi-denominated financial services within the existing policy framework and to expand current renminbi businesses.

- **Highlights of Hong Kong 2010 fiscal budget:** On 24 February 2010, Hong Kong's financial secretary John C Tsang delivered the 2010-11 fiscal budget to the Legislative Council. "While our economy is in an early stage of recovery, the road ahead may not be smooth. We will promote sustainable development of our economy by furthering regional co-operation, investing in infrastructure and furthering the development of various industries", said Tsang. His budget proposals include a nearly HK$20bn relief package that encompass tax rebates, rate concessions and public-housing rental waivers in order to provide financial assistance to the community during the economic recovery. In terms of infrastructure development, Tsang estimated that capital works expenditure would increase to an all-time high of HK$49.6bn in 2010-11. To foster regional co-operation, he said that the government would set up a Hong Kong-Taiwan economic and cultural co-operation and promotion council to enhance cross-straits ties. He also added that Hong Kong would take

full advantage of the platform being provided under the National 12th Five-Year Plan and capitalise on its "China advantage". In addition, a series of measures will be adopted to support the development of six industries identified as priority areas to broaden the city's economic base in the wake of the financial crisis. These include medical services, education services, environmental industries, testing and certification, innovation and technology, as well as cultural and creative industries. What's more, he announced a series of measures to prevent volatility in the property market, such as raising the stamp duty on property sales of above HK$20m from 3.75% to 4.25%, and steps to curb excessive expansion of mortgage lending. Tsang drew attention to Hong Kong's strong rebound after the financial tsunami, pointing out that after four straight quarters of negative growth, the HKSAR's gross domestic product (GDP) expanded 2.6% in 4Q09. He forecast GDP growth of 4-5% and a mild inflation rate of 2.3% in 2010. As for annual fiscal budget numbers, the financial secretary forecast a larger-than-expected surplus of HK$13.8bn for 2009-10 and a deficit of HK$25.2bn for 2010-11. He projected a return to fiscal balance by 2013-14.

AUTOMOTIVE

Top pick: Weichai Power

HK listed – Overweight

A shares – Overweight

- Domestic passenger car sales in January 2010 totalled 1,315,990 units, up 113% YoY and 18% MoM.
- With an increasing number of wealthy households, we expect China's passenger car sales to rise 15% YoY in 2010.
- Sales of heavy-duty trucks (including chassis) and semi-tractors respectively jumped 412% YoY and 16.4x YoY in January 2010. Meanwhile, large bus sales increased 143% YoY in January.
- China's 19 key automobile manufacturing groups collectively registered a total profit increase of 82% YoY to Rmb117.28bn for 2009.

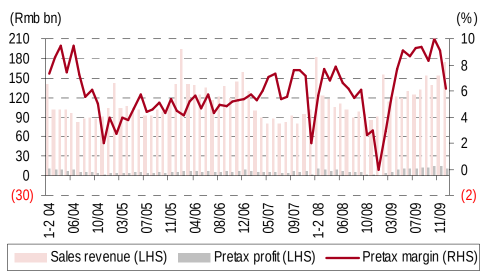
Foton Motor (600166.SS/Rmb21.05) — BUY

Beiqi Foton Motor reported 2009 EPS of Rmb1.13. With the upcoming peak season for heavy-duty truck sales in March-May and as light-duty trucks continue to benefit from government policies, we expect Foton to post sales growth in excess of 40% YoY for the heavy-duty truck segment and a 15-18% YoY in light-truck sales in 1Q10. We are confident of earnings growth of over 50% YoY for the quarter. Despite some uncertainties over the macro-economy and commercial-vehicle demand in 2H10, we anticipate Foton will register a 15% YoY increase in sales this year.

Weichai Power (2338.HK/HK$62.55; 000338.SZ/Rmb66.00) — BUY

We expect demand for heavy-duty trucks to remain robust in 1Q10 thanks to the relatively strong growth in fixed-asset investment and the recovery of the domestic economy. We expect Weichai to sell approximately 110,000-120,000 diesel engines in 1Q10, up from about 90,000 units in 4Q09 and 68,000 units in 1Q09. We see its valuation as undemanding.

Operating Performance of Auto Industry



Source: China Automotive Industry Newsletter

Key Statistics

YoY %	2008	2009E	2010E	Aug09	Sep	Oct	Nov	Dec	Jan10
Trucks	6	34	19	62	63	61	86	106	167
Heavy	12	23	15	66	77	120	158	140	412
Semi-tractors	9	9	15	80	94	180	468	450	1,643
Medium	(13)	25	16	84	57	34	33	82	150
Light	5	30	22	49	60	52	96	104	144
Mini	19	73	15	104	65	73	53	99	141
Buses	(3)	4	9	34	37	23	43	36	91
Large	10	7	13	37	63	47	80	46	143
Medium	1	4	8	51	52	20	43	33	77
Light	(6)	3	8	27	27	20	35	35	86
Passenger cars	7	53	15	90	84	76	98	89	113
Sedans	7	48	16	83	77	66	94	82	112
MPVs	(13)	26	16	53	76	58	92	125	229
SUVs	25	47	15	72	88	78	104	96	156
Minivans	8	83	12	154	118	128	118	118	95
Total	7	46	16	82	78	72	96	92	124

Sources: China Automotive Industry Newsletter, BOCI Research estimates

CHEMICALS

Top pick: Yantai Wanhua

HK listed – Neutral

A shares – Overweight

- In February 2010, the prices of glyphosate, methylene diphenyl diisocyanate (MDI) and potash increased due to the approach of the mid season. We expect the prices of MDI and other polyurethane products to remain at relatively high levels due to the rising utilisation rate of the downstream sector. Nevertheless, fertiliser prices maybe see uncertainties due to the impact of the drought in southeast China and the inclement weather of rain and snow in northern China.

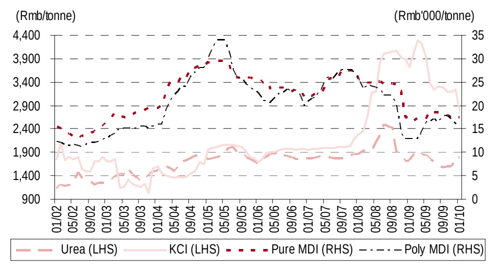
Hualu Hengsheng (600426.SS/Rmb20.23) — BUY

Shandong Hualu Hengsheng Chemical recorded an 11% YoY rise in net profit to Rmb425m in 2009, while its revenue jumped 16% YoY to Rmb4bn, largely in line with our forecasts. It also declared a dividend of Rmb1 for every 10 shares held. Over the next three years, Hualu is set to benefit from the breakthrough of its advanced clean coal gasification technology and ongoing capacity expansion. Looking ahead, we believe its profits will continue to go up. We raised our target price from Rmb20.90 to Rmb22.00 and kept intact our ***BUY*** rating.

Sichuan Meifeng (000731.SZ/Rmb8.98) — HOLD

Sichuan Meifeng Chemical reported a full-year net profit of Rmb138m for 2009, down 32%YoY and lower than both market consensus and our estimate. While the company has plans for capacity ramp-up over the next two years, the natural gas cost hike and the newly acquired businesses by Meifeng may drag down its earnings going forward. Given the stock's stretched valuation, we cut our target price from Rmb9.36 to Rmb8.20 and reiterated our ***HOLD*** rating.

Product Prices



Source: China Petroleum & Chemical Industry Association

Key Statistics

% YoY	08	09	10E	Aug09	Sep	Oct	Nov	Dec	Jan10
Output									
Urea	3.7	10.5	8.0	9.8	9.9	9.2	15.8	21.5	
Potash	3.4	24.6	15.0	17.1	(11.5)	27.2	138.0	237.0	
PVC	(5.3)	11.0	8.0	10.5	30.8	56.8	66.5	42.0	
Nitric acid	(6.0)	10.7	5.0	17.5	19.2	24.5	46.0	46.9	
Price	*% YoY*			*% MoM*					
Urea	13.8	(15.7)	(5.0)	(4.8)	(1.3)	1.9	(0.6)	3.5	1.1
KCI	71.6	(8.0)	(3.0)	1.5	(0.6)	(2.4)	0.0	(16.7)	(13.8)
Nitric acid	23.8	(15.1)	5.0	(21.7)	16.2	8.7	(10.0)	13.9	1.1
Pure MDI	(3.0)	(25.0)	5.0	0.0	(3.2)	0.0	(3.3)	0.0	0.0
Poly MDI	(14.7)	(27.0)	8.0	(2.9)	7.8	0.0	(5.6)	(4.8)	0.0
PVC	1.1	(13.0)	5.0	4.9	(2.8)	(3.0)	4.9	9.7	8.4

Sources: China Petroleum & Chemical Industry Association, BOCI Research estimates

CONSUMER – Beer, Wine & Liquor

HK listed – Neutral

Top pick: Wuliangye Yibin

A shares – Overweight

- Beer output grew around 7.1% YoY to 42.4m kl in 12M09.
- Revenue and profit of the beer industry rose 10.4% and 31.5% YoY in11M09, respectively.
- Liquor production volume increased about 23.8% YoY to 7.1m kl in 12M09.
- Revenue and profit of liquor industry rose 30.5% and 25.7% YoY in 11M09.
- Wine output grew about 27.6% to 1.01m kl in 12M09.
- Revenue and profit of wine industry rose 19.1% and 19.9% YoY in 11M09.

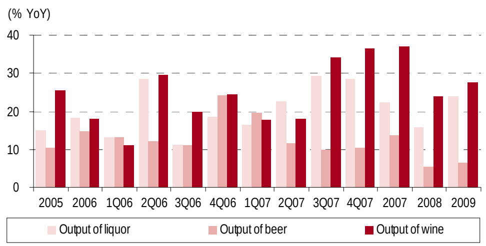
Yanjing Brewery (000729.SZ/Rmb20.59) — BUY

In line with market expectations, Yanjing Brewery reported respective year-on-year net profit and revenue increases of 36% and 15% in 2009 (diluted EPS: Rmb0.52). Along with its rising market share, the company's sales growth far outpaced that of the overall industry. The company has continued to adopt the "1+3" brand integration strategy. "1+3" brands accounted for 92.8% of its total sales in 2009. Sales of its core Yanjing brand swelled 19.6% YoY for the whole year. Brand integration drove up its unit average selling price by 4.5% in the period. Our 2010-12 EPS estimates stand at Rmb0.72, Rmb0.89 and Rmb1.08, respectively.

Fujian Sunner Development (002299.SZ/Rmb27.10) — BUY

In line with our estimates, the company guided for 2009 year-on-year net profit and revenue growth of 10.7% and 11.0%, respectively (EPS: Rmb0.49). Thanks to an improved operating environment, the company's net profit surged 60.2% YoY in 4Q09, while revenue swelled 29.7% YoY. As the incremental capacity from its fund-raising projects gradually came on line, Sunner recorded a 27.5% jump in chicken-meat sales in 2009. We left our 2010-11 EPS forecasts unchanged at Rmb0.81 and Rmb1.05, respectively. The company should remain in a capacity expansion phase over the next three years.

Beer & Liquor Output



Sources: China Light Industry Association, BOCI Research

Key Statistics

				2007	2008			2009		
(YoY %)	06	07	08	11M	5M	8M	11M	5M	8M	11M
Revenue										
Beer	16	17	16	16	14	16	16	10	11	10
Liquor	31	33	30	34	33	36	30	22	25	31
Wine	25	28	30	18	36	24	30	7	14	19
Profit										
Beer	20	21	(3)	17	(4)	3	(3)	11	30	32
Liquor	26	35	37	38	63	46	37	9	23	26
Wine	16	18	38	19	33	45	38	1	7	20
Gross margin *(%)*										
Beer	34.0	34.0	31.5	33.4	29.9	31.5	31.5	29.7	31.3	30.9
Liquor	34.8	36.0	34.2	36.0	36.1	34.3	34.2	35.5	33.6	33.7
Wine	36.7	37.0	32.8	35.7	37.5	34.3	32.8	32.0	30.8	30.8

Source: China Light Industry Association

CONSUMER – Dairy & Others

HK listed – Overweight

Top pick: Tingyi

A shares – Neutral

- Liquid milk product output grew 13.5% YoY to about 16.4m tonnes in 12M09.
- Dairy product output grew 12.9% YoY to about 19.4m tonnes in 12M09.
- Industry sales revenue grew 13.6% YoY to Rmb145.7bn in 11M09.
- Industry profit went up 104.5% YoY to Rmb8.2bn in 11M09.

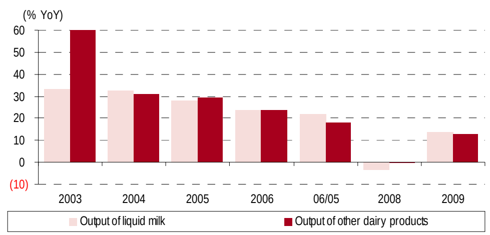
Tingyi Holding (0322.HK/HK$19.68) — BUY

The recent share price retreat represents a good re-entry point for this F&B giant. Tingyi has strong execution capability and the lowest production cost among listed peers, allowing it to remain relatively unscathed in times of food inflation. Given the better consumption sentiment, we revised up slightly our 2009-11 earnings estimates by 1-2%.

Huabao International (0336.HK/HK$8.44) — BUY

Following our recent meeting with management, we reaffirm our positive outlook for Huabao. Its tobacco flavourings business remains intact, and the food flavourings segment has surprised on the upside. Entering the RTL business would grant Huabao access to the broader cigarette-material industry.

Liquid Milk & Other Dairy Product Output



Sources: China Dairy Yearbook, BOCI Research

Key Statistics

				2007		2008		2009
YoY %	06	07	08	1H	2H	1H	2H	11M
Output								
Liquid milk	25	16	(4)	7	25	9	(4)	10.4
Other dairy products	15	23	(1)	16	29	13	(1)	10.2
Industry								
Total assets	11	15	19	14	15	15	19	16
Total sales	21	22	18	22	23	29	18	14
Gross margin (%)	23	22	20	23	22	21	21	24

Sources: China Statistical Yearbook, BOCI Research

CONSUMER – Retail

HK listed – Overweight

A shares – Overweight

Top picks: Pou Sheng (H); Wangfujing (A)

- During the Chinese New Year (CNY) on 13-19 February, the retail sales of 100 major retail enterprises amounted to Rmb4.3bn, up 24.45% YoY, according to the China Nation Commercial Information Center. Given the steady customer traffic, the increase was mainly driven by the rise in average ticket value. With Valentine's Day falling on the first day of the CNY, the sales of chocolate, cosmetics and jewellery further boosted retail sales.
- Retail sales of all retailers in the same period rose 17.2% YoY to Rmb340bn, according to the Ministry of Commerce. Jewellery sales were up 19.1% YoY, apparel up 17.7%, footwear up 14.6% and electrical appliances up 15.4%.

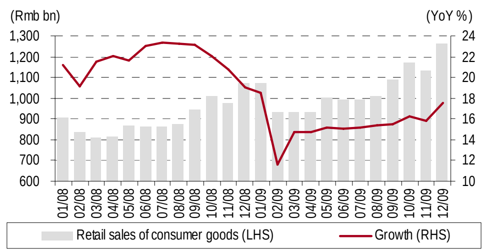
Parkson Group (3368.HK/HK$12.74) — HOLD

Parkson's gross sales proceeds rose 16% in 2009 while revenue grew 10% to Rmb3,909m, in line with our forecast of Rmb3,964m. Full-year same-store sales growth slightly improved to 7.5% versus 7.1% in 9M09 and 6.9% in 1H09, but its retail space expansion of 11% came in lower than management guidance. We left our 2010-11 same-store sales assumptions unchanged, but trim our respective earnings forecasts by 5.8% and 10% to reflect the higher-than-expected rental expenses. We reaffirmed our ***HOLD*** rating on the stock and kept intact our target price of HK$12.00.

Fujian New Hua Du (002264.SZ/Rmb33.32) — HOLD

Fujian New Hua Du posted a 36% YoY increase in revenue to Rmb3.1bn for 2009, in line with our expectation, despite a 14% decline in operating profit due to the 50% hike in selling expenses. Compared with the fast development of its supermarket chain business, the company has not made any substantial progress in the upgrades of its delivery centres and information systems. New Hua Du saw fast expansion during 2006-09, with a store area CAGR in excess of 40%. Its aggressive expansion strategy, cost control and dedicated management are the key factors for the long-term healthy growth of its core operations. We had a conservative view of the stock and rated it ***HOLD***.

Retail Sales of Consumer Goods



Source: CEIC

Key Statistics

Wholesale and retail trade by category of main commodities

YoY %	Aug09	Sep09	Oct09	Nov09	Dec09
Grain and oil	12.9	10.0	20.7	16.3	17.3
Meat, poultry and eggs	na	na	9.2	6.8	n.a.
Clothing, shoes, hats and textiles	21.6	19.1	22.7	24.7	21.8
Sports & recreation	7.7	2.5	10.8	12.9	14.8
Household & video appliances	10.9	12.4	35.4	24.9	25.2
Furniture	41.6	34.0	26.2	41.0	37.6
Cosmetics	22.0	13.7	18.2	14.0	13.4
Gold, silver and jewellery	15.0	12.1	15.6	11.6	25.4
Communications appliances	(0.8)	4.3	2.5	6.9	11.5
Automobiles	34.8	44.5	43.6	61.5	57.7

Source: NBS

CONSUMER SERVICES – Gaming

HK listed – Neutral

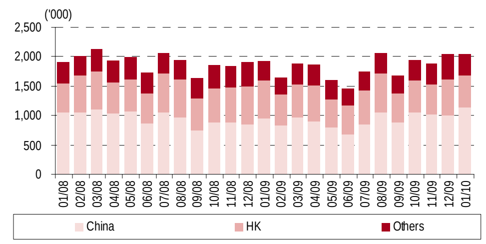
Top pick: Galaxy Entertainment

- Gross gaming revenue surged 69% YoY to MOP13bn in February, but dropped 4% MoM due to the low season in the Chinese New Year, according to Macau Daily. If we annualise the 2M10 figure, full-year gaming revenue should reach MOP180bn, or up 50% YoY.
- Macau's visitor arrivals in January rose 6.8% YoY to 2.0m, sustaining the uptrend seen since August 2009.

Galaxy Entertainment (0027.HK/HK$3.12) — BUY

Neto Valente was assigned as managing director of Galaxy Casino S.A. Valente served as managing director of Las Vegas Sands until early 2008. His first challenge will be the HK$14.1bn financing for the Mega Resort, which is scheduled for completion in March.

Macau Visitor Arrivals



Source: CEIC

Key Statistics

Gross revenue from games of fortune

MOP m	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09
VIP baccarat	17,255	15,616	16,828	16,287	21,742	24,976
YoY %	*26*	*(8)*	*(19)*	*(19)*	*26*	*60*
Slot machines	1,426	1,478	1,533	1,533	1,616	1,820
YoY %	*63*	*30*	*13*	*10*	*13*	*23*
Others	7,306	6,984	7,658	7,588	8,423	9,365
YoY %	*26*	*5*	*(0)*	*3*	*15*	*34*
Total	25,987	24,078	26,019	25,408	31,781	36,161
YoY %	*28*	*(3)*	*(13)*	*(12)*	*22*	*50*

Source: CEIC

ENERGY

Top pick: CNOOC

HK listed – Overweight
A shares – Overweight

- February oil price fluctuated and ended the month with a net gain as the market looked at various issues, including the economic outlook, US dollar strength and inventory data at different times. The spot price of ICE Brent rose from US$72/bbl to US$76/bbl in the first three trading days of February, followed by a fall to US$70/bbl in the next three trading days. It then surged to hit US$78/bbl in the following two weeks before closing the month at US$77/bbl.
- The price of Asian benchmark oils showed a mixed performance relative to those of global benchmarks in February. The premium of the price of Minas (the benchmark for Daqing oil) to that of ICE Brent remained stable at US$0.2-0.4/bbl. The price of Duri (the benchmark for Shengli oil) weakened from a discount of US$0.4/bbl to that of ICE Brent to a US$4.8/bbl discount.
- By the end of February, the coal inventory at Qinhuangdao (QHD) rose 32% MoM to 7.59m tonnes. The median settlement price of Datong high-grade coal at QHD fell 9.5% MoM to Rmb765/tonne and that of Shanxi high-grade coal also dropped 10.0% MoM to Rmb725/tonne. The spot FOB price of thermal coal at Newcastle, Australia, slid 6% to US$92.75/tonne from 28 January to 18 February.

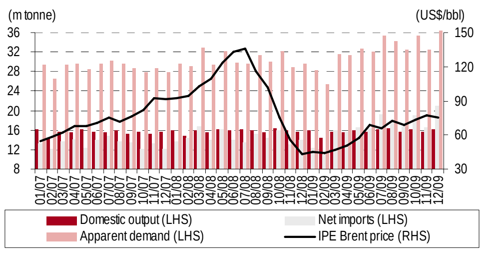
PetroChina (0857.HK/HK$8.93; 601857.SS/Rmb12.80) — BUY

We cut our 2009 earnings forecasts by 12% as the demand for refined oil products in 4Q09 was dampened by heavy snowstorms in northern China. We also reduced our 2010-11 forecasts by 10-12% mainly due to the higher resource tax from 2010 onwards. We reiterated our ***BUY*** call on both PetroChina's H shares and A shares, though we lowered our target prices from HK$11.13 to HK$10.50 and from Rmb15.98 to Rmb14.98, respectively.

Sinopec (0386.HK/HK$6.16; 600028.SS/Rmb11.04) — BUY

We trimmed our 2009 earnings forecasts by 1% to reflect the weaker demand for refined products in 4Q09 as a result of the widespread snowstorms in northern China. We also lowered our 2010-11 earnings forecasts by 5-7% mainly due to the higher resource tax from 2010 onwards and the lower-than-expected refined product prices year-to-date. We reiterated our ***BUY*** call on both Sinopec's H shares and A shares. We lowered our target price for its H shares from HK$8.41 to HK$8.09, but lifted that for the A shares from Rmb14.72 to Rmb15.51 respectively.

Crude Production, Import & Demand



Sources: NBS, China Petrochemical & Chemical Industry Association, Bloomberg

Key Statistics

YoY %	2009	2010E	2011E	Jul09	Aug	Sep	Oct	Nov	Dec
Output									
Crude oil	(0.2)	1.3	1.6	(0.2)	1.8	1.0	(0.6)	(1.2)	2.3
Natural gas	6.1	9.4	9.2	14.0	12.9	11.0	14.8	15.6	10.7
Refining throughput	9.3	5.0	5.0	9.3	11.5	16.2	11.7	22.4	27.4
Coal	9.0	7.7	10.0	(6.2)	8.5	9.8	17.1	19.1	24.8
Imports									
Crude oil	13.9	7.4	5.5	42.4	18.0	14.4	19.7	28.1	48.0
Price									
IPE Brent (US$/bbl)	62.4	81.4	81.4	65.6	72.9	68.4	73.3	77.4	75.3

Sources: NBS, China Petrochemical & Chemical Industry Association, Bloomberg, BOCI Research estimates

FINANCIALS (China)

Top pick: China Merchants Bank

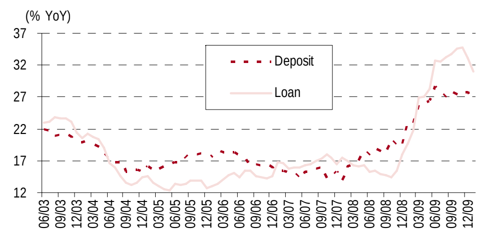
HK listed – Neutral
A shares – Neutral

- Since last year, there has been great debate over the Basel III Accord. We believe that the prime objective of the accord is to counter cyclical trends and make banks safer during down cycles. Its introduction would reduce considerably leverage ratios in banking sector, which would ultimately dampen shareholders' returns. In order to meet the requirements of the new accord, we estimate that mainland banks would have to raise capital through the equity markets, since subordinated debt is still virtually unavailable in the country at present. Additionally, we expect the sector to post a net profit growth of 23% YoY in 1Q10 due to NIM recovery, high loan growth and low credit risk.

Bank of Communications (3328.HK/HK$8.46; 601328.SS/Rmb8.12) — HOLD

Bank of Communications (BoCom) recently announced its right issue plan for Rmb42bn worth of H and A shares. Although the bank's capital basis is relatively better those of peers, almost all banks are competing for refinancing resources, so we are not surprised to see the bank eager to supplement its capital. The rights issue offering ratio will be no more than 1.5 new shares for 10 existing shares, and based on this ratio, the offering price represents around a 29% discount to the bank's latest A-share price and a 19% discount to its latest H-share price. Although the two largest shareholders (MoF and HSBC) are willing to participate in the plan, we do not believe the rights issue price is attractive. If the rights issue is successfully executed in 2010, BoCom will be able to maintain its total 2010-11E CAR at 13.09% and 12.26% and tier-1 CAR at 9.38% and 8.89%, respectively.

Growths of Loans & Deposits



Source: NBS

Key Statistics

	09	10E	Aug09	Sep	Oct	Nov	Dec	Jan10
New incremental loans (Rmb bn)	9,579	7,500	410	517	253	295	380	1,390
Deposits (% YoY)	28.0	18.0	27.4	28.4	28.1	28.2	28.2	27.3
Lending (% YoY)	32.0	19.0	34.1	34.2	34.2	33.8	31.7	29.3
7-day interbank lending rate (%)	1.3	1.8	1.2	1.3	1.3	1.3	1.3	1.2
Excess deposit reserve ratio (%)	2.0	1.5	n.a	2.1	n.a	n.a	3.1	n.a
NPLs (%)	1.6	1.5	n.a	1.7	n.a	n.a	1.6	1.5

**NPLs based on listed companies' data; all other data from PBOC*
Sources: Listed companies, PBOC, BOCI Research estimates

FINANCIALS (Hong Kong)

HK listed — Neutral

Top pick: Standard Chartered

- Outstanding loans ended 2009 almost flat on a year-on-year basis. Loans grew 3.3% in 4Q09 as demand for personal loans, trade loans and overseas loans continued on the recovery trend started in 3Q09. Commercial loan demand remained weak in 4Q09.
- Deposits at licensed banks grew 5.5% YoY in 2009. We observed an allocation shift to current and savings accounts as well as foreign currency accounts on the back of the current interest-rate environment. Renminbi deposits grew 11.9% YoY, representing 1.1% of total deposits.
- The loan-to-deposit ratio stood at 51.5%, relatively low compared to the 54.7% 5-yr average.
- New mortgage loan drawdowns reported another month of decline in December 2009, but HIBOR-pegged mortgages now represent 62.6% of new loans, up from the 56.6% and 61.6% reported in October and November, respectively. The market now expects a floor on mortgage rates to be imposed by the HKMA to alleviate the intensifying competition. BOCHK has taken the lead in the secondary mortgage market with the highest market share in January and February, according to statistics recently released by mReferral.

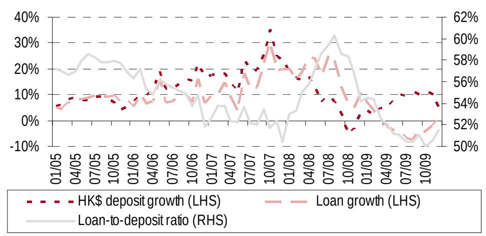
Standard Chartered (2888.HK/HK$199.70) — BUY

Standard Chartered's 2009 net profit attributable to ordinary shareholders rose 4.7% YoY to US$3.28bn, in line with market consensus. Pre-tax profit went up 35.8% YoY for wholesale banking, while consumer banking reported a 22.3% YoY decline. Operations in MESA and Korea showed profit declines, while all other operations recorded rises in profits. Income growth of 9% YoY was derived from well diversified markets. Capital was adequate with a core tier-1 capital ratio of 8.9% (vs. 8.4% reported in 1H09). We continue to favour StanChart for its emerging market-focused strategy and its track record of delivering consistent improvements. We reaffirmed our ***BUY*** rating and raised our target price from HK$210.00 to HK$225.00.

Hang Seng Bank (0011.HK/HK$109.50) — HOLD

Hang Seng Bank's 2009 net profit of HK$13.2bn fell 6.3% YoY, in line with consensus. Credit quality improved significantly as the loan impairment charge went down from HK$2.78bn to HK$0.81bn. However, given the potential impact of the Basel III Accord, management decided to reduce its dividend payout to HK$5.20 per share, which is 17.5% lower than the HK$6.30 declared in 2008. We downgraded Hang Seng to ***HOLD*** and cut our target price to HK$105.00.

Loan and Deposit Growth



Sources: HKMA, BOCI Research estimates

Key Statistics

(%)	2008	2009E	2010E	Sep09	Oct	Nov	Dec	Jan01	Feb
Prime	5.39	5.00	5.15	5.00	5.00	5.00	5.00	5.00	5.00
3M HIBOR	2.30	0.47	0.72	0.21	0.21	0.14	0.11	0.13	0.13
Prime - HIBOR	3.09	4.53	4.43	4.79	4.79	4.86	4.89	4.87	4.87
Savings deposit rate	0.14	0.01	0.16	0.01	0.01	0.01	0.01	0.01	0.01
(YoY %)									
Loan growth	10.9	5.0	7.5	(4.3)	(4.4)	(1.8)	0.1		
HK$ deposit growth	3.2	2.5	5.0	9.9	11.5	10.3	5.3		
Rmb deposit growth	67.8	5.0	30.0	(16.8)	(13.3)	(2.5)	11.9		

Sources: HKMA, BOCI Research estimates

FINANCIALS – Insurance

HK listed — Overweight

A shares – Overweight

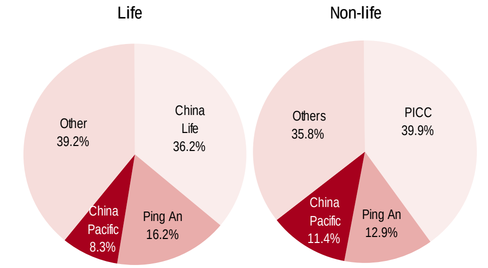
Top pick: China Life Insurance

- Domestic insurers China Life, China Ping An and China Pacific Insurance all posted robust premium growth in January. China Life announced a premium income of Rmb41.8bn, up 14.1% YoY. Ping An's life insurance and property and casualty (P&C) insurance premiums amounted to Rmb21.1bn and Rmb6.6bn, respectively, up 58.9% and 85.4% YoY. CPIC's life insurance premium grew 47.1% YoY to Rmb10.3bn, while its P&C insurance premium surged 57.3% YoY to Rmb6.6bn. After the slowdown in premium growth in 2009 due to strategy adjustments, major Chinese insurers have resumed their robust growth momentum this year. While insurers generally post the highest premium growth in the beginning of the year, we still expect their 2010 full-year premium growth to far exceed that for 2009. We believe the rapid premium increase will become an important driver for the performance of China's insurance industry in 2010. We reiterate our ***OVERWEIGHT*** rating on the country's insurance sector.

China Life Insurance (2628.HK/HK$34.35; 601628.SS/Rmb27.02) — BUY (H)/A (NR)

China Life revised up its annual result estimate with 2009E net profit growth of above 200% YoY based on new accounting standards. The company registered a net profit of Rmb10.068bn in 2008 under PRC generally accepted accounting principles (GAAP) and non-adjusted pro forma in accordance with the new accounting method. The net profit would be over Rmb20.1bn based on the announcement. Our net profit estimate for 2009 was at Rmb24.5bn. We reaffirmed our ***BUY*** rating on the H shares and anticipate the insurer will resume positive premium growth this year. We also expect a continued recovery in its net investment yield on rising interest rates and longer asset durations. While we note that the risk of a sharp drop in A-share stocks is likely to have a negative impact on its investment yield, we believe the accumulated equity yield in 2009 would help the listco gain a positive equity yield when the stock market is volatile. We also expected that its EV (embedded value) and AV (appraisal value) to improve with changes in the insurance policy mix.

Market Share Breakdown — Dec 2009



Source: CIRC

Insurance Premium Growth

(Rmb bn)	2007	2008	Jul09	Aug	Sep	Oct	Nov	Dec
Non-life insurance premiums	199	234	25	22	25	20	21	24
Life insurance premiums	494	745	55	58	73	58	65	68
Total insurance premiums	693	978	80	81	98	78	86	92
Growth rate *(%)*								
Non-life insurance premiums	28	17	39	29	33	23	32	33
Life insurance premiums	22	48	(3)	(2)	19	28	48	50
Total insurance premiums	23	39	7	5	22	27	44	45

Sources: Bloomberg, Company data, BOCI Research estimates

MEDIA

Top pick: TVB

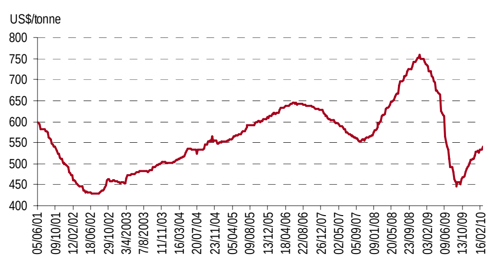
HK listed – Overweight
A listed – Underweight

- Hong Kong's Office of the Telecommunications Authority (OFTA) will auction a mobile TV broadcast licence in May. This licence is valid for 15 years, and the winner is required to cover 50% of the population within 18 months of licensing.

Clear Media (0100.HK/HK$4.30) — BUY

While we cut our earnings forecasts following Clear Media's lower-than-expected final results, we were convinced that the worst was over for the company and that the valuation was very attractive. Based on 17.8x P/E and 1x P/B, both one standard deviation below the historic average, we raised our target price from HK$4.50 to HK$5.20 and reaffirmed ***BUY***.

Newsprint Prices



Sources: Bloomberg

Key Statistics

	2001	2002	2003	2004	2005	2006	2007	2008
Hong Kong adspend *(HK$ m)*								
Total adspend	24,240	31,900	35,755	41,112	45,856	49,205	54,968	61,652
TV	10,344	13,696	14,934	16,477	17,546	19,384	19,606	21,592
Radio	N/A	692	1,149	1,236	1,442	1,486	1,710	2,596
Newspapers	8,389	11,104	12,651	14,221	15,895	16,648	18,059	19,732
Magazines	3,399	4,680	5,110	6,875	7,977	8,701	9,444	10,378
Internet	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	2,008	2,195
Outdoor	2,107	1,727	1,911	2,303	2,996	2,985	4,140	5,159
China adspend *(Rmb m)*								
Total adspend	38,035	47,318	57,643	64,541	74,386	86,323	90,843	107,821
Newspapers	15,770	18,848	24,301	23,072	25,605	31,259	32,219	34,541
TV	17,937	23,103	25,504	29,154	35,529	40,402	44,295	56,161
Magazines	1,186	1,521	2,438	2,037	2,487	2,410	2,646	4,235
Radio	1,828	2,190	2,557	3,293	3,886	5,719	6,282	6,404
Others	1,314	1,656	2,843	6,984	6,880	6,533	5,400	6,480

Sources: Admango for Hong Kong data, SAIC for mainland China data

METALS & MINING

Top pick: Jinduicheng Molybdenum

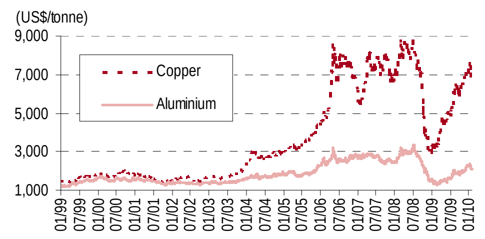
HK listed – Neutral
A shares – Overweight

- Non-ferrous metal prices corrected last month both overseas and in China except for nickel and molybdenum as they both benefited from rising utilisation rates among global steel producers.
- Mainland steel prices edged down with about a 1.5% MoM drop in long prices, while flat prices fell less than 1% MoM. China traditionally faces strong steel demand in the second quarter, so we expect mainland steel prices to trend up for the next two months.
- Non-ferrous metals fell month-on-month on concerns over Chinese government monetary policies. We believe there is more downside for copper given the reduced demand growth in the PRC following State Grid's decision to cut power project capex by 25% and the high inventory level in China following last year's 119% YoY increase in refined copper imports to 3.2m tonnes (representing 56% of Chinese copper demand in 2009).

Shougang Concord (0697.HK/HK$1.76) — BUY

We reaffirmed our BUY rating for Shougang Concord, which has successfully restructured to become an upstream play through its 25% stake in a certain coking coal company. We estimate that its iron ore and coking coal will represent 55% of its earnings this year while its steel manufacturing should account for only 18%. With its high exposure to upstream income, the company is set to benefit from a rise in iron ore and coking coal costs. Trading at 2010E P/E of 8.4x and P/B of 1.3x, the stock is attractive. Stripping out the 25% stake in a certain coking company, its own steel operation is valued at an even more enticing P/E of 3x and P/B of 0.4x.

3-month Futures Aluminium and Copper



Source: LME

Key Statistics

(% YoY)	07	08	09E	Oct09	Nov	Dec	Jan10	Feb
Quick speed wire rod	15.0	32.0	(25.1)	(29.3)	0.3	1.9	3.1	2.0
Ord. plate -40mm	17.0	26.6		(38.7)	(2.0)	4.3	3.3	(4.9)
Hot-rolled sheet	10.0	20.5	(26.9)	(34.2)	10.0	6.3	(1.5)	0.6
Cold-rolled sheet	5.0	19.2	(22.3)	(26.0)	18.9	23.1	22.2	21.5
Galvanised steel	1.0	14.9	(24.2)	(14.6)	11.3	13.8	11.0	9.3
Aluminium	(5.0)	(12.8)	(17.2)	6.8	10.8	37.5	47.0	40.2
Copper	0.0	(11.0)	(23.5)	21.6	57.4	96.1	112.8	99.7

Sources: Bloomberg, company data, BOCI Research estimates

PHARMACEUTICALS

HK listed – Overweight

A shares – Overweight

Top pick: Tasly Pharmaceutical

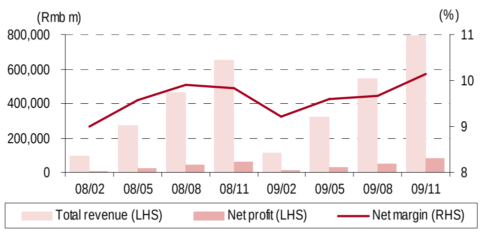
- On 23 February, five government departments, including the Ministry of Health (MoH) and the State Development and Reform Commission (SDRC), jointly published the document *Guidance for Public Hospital Trial Reforms*.

China announces guidance for public hospital trial reforms

According to the announcement, 1-2 cities will be selected among all provinces, autonomous regions and direct municipalities to host the pilot programmes. Shanghai, Shenzhen, Kunming and 13 other cities have already been chosen as pilot cities to coordinate the efforts nationwide. With public interest as the core theme, the government looks to phase out mark-ups on medicines, set up pharmaceutical-related service fees and include them in health insurance plans.

In our view, these pilot reforms will play a crucial role in the overall reform process of China's medical system as public hospitals are at the core of the medical industry, and reforming them poses the biggest challenges. This will have a major effect on the pharmaceutical sector. We have a favourable view of traditional Chinese medicine (TCM) and generic drugs, and expect their market shares to rise over time. We are also keen on the development prospects for innovative drugs.

Revenue of Pharmaceutical Industry



Source: Chinese Medicine Economic Information

Key Statistics

	Sales increase *(%)*			Profit increase *(%)*		
	May09	Aug09	Nov09	May09	Aug09	Nov09
Pharmaceutical total	18.5	18.1	21.4	18.7	15.1	25.2
Finished drugs	25.9	25.2	26.6	20.5	20.7	26.9
TCM Yinpian	32.8	29.6	30.9	60.7	48.9	50.2
TCM	16.8	15.5	19.7	27.5	17.8	24.7
Biological drugs	12.6	14.6	17.2	13.9	19.0	35.3
Bulk drugs	5.6	4.8	10.7	(4.0)	(8.4)	8.6
Medical devices	33.6	38.9	37.5	50.2	37.8	38.8

Sources: Chinese Medicine Economic Information, BOCI Research estimates

PROPERTY (China)

HK listed – Overweight

A shares – Neutral

Top picks: Poly (HK) (H), Risesun Development (A)

- The average selling price of commodity houses in 70 mainland cities rose 9.5% YoY in January, 1.7ppts higher than that in December 2009, according to the National Development and Reform Commission (NDRC). The cities of Haikou, Sanya and Guangzhou led the way in price hikes, up 35.1%, 31.2%, and 22.4%, respectively.

SPG Land (0337.HK/HK$4.81) — BUY

We believe SPG Land is on the verge of moving up to mid-sized developer status with the roll-out of its projects in the greater Yangtze River Delta region. We initiated coverage with a ***BUY*** rating given its attractive valuation.

Guangzhou R&F Properties (2777.HK/HK$12.96) — SELL

We initiated coverage on Guangzhou R&F Properties with a ***SELL*** rating in view of its high gearing ratio, lower-than-average net margin and extensive exposure to tier-1 cities.

Poly (Hong Kong) Investments (0119.HK/HK$9.56) — BUY

Poly (HK) announced in its 2009 results that underlying net profit rose 206% YoY to HK$612m, or 15% higher than our forecast, due to the earlier-than-expected booking of the 50% stake sale in Shanghai Poly Square. The company's financial position remains intact with HK$10.3bn in cash on hand and a net gearing of only 2.6% as of December 2009. Management also targets to expand the firm's land bank by not less than 5m sqm through asset injections and organic development.

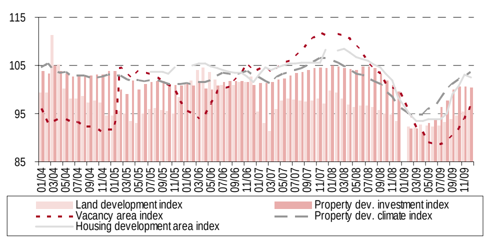
China Vanke (000002.SZ/Rmb9.36; 200002.SZ/HK$8.50) — BUY

Net profit of Vanke jumped 32.15% YoY to Rmb5.33bn in 2009, while revenue climbed 19.25% YoY to Rmb48.88bn. Vanke's contracted sales area and value swelled 34.1% YoY and 19.3% YoY, respectively. Its land reserves amounted to 24.36m sqm in GFA at the end of 2009.

Xinhu Zhongbao (600208.SS/Rmb8.97) — BUY

Xinhu Zhongbao posted 2009 net profit of Rmb1.15bn and revenue of Rmb6.379bn. Its full-year contracted sales surged 253.7% YoY by value and 215% YoY by GFA. The listco currently owns an attributable land bank of 10.96m sqm in GFA.

Property Indices



Source: Soufun.com

Key Statistics

(YoY %)	07	08	09	Jul09	Aug	Sep	Oct	Nov	Dec
Property investment	30	21	16	15	32	34	26	29	23
Residential property investment	32	23	14	13	27	29	20	31	18
Commodity housing starts (area)	21	2	13	0	24	56	55	194	34
Commodity housing completion area	10	(4)	6	37	28	22	10	49	11
Commodity housing sales area	26	(20)	42	68	85	56	82	100	43
Commodity housing sales amount	44	(20)	76	101	143	97	134	167	67
Average selling prices	15	(0)	21	17	19	20	21	22	21

Sources: China Real Estate Net, Soufun.com, BOCI Research estimates

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PROPERTY (Hong Kong)

Developers – Neutral
Investors/REITs – Neutral

Top pick: SHKP, The Link REIT

- The number of sale and purchase agreements in February rose 8.3% MoM to 13,404; while their total consideration only increased 8.8% MoM to HK$48.6bn.
- Secondary transactions continued to pick up in February with volume rising 15% MoM to 11,266 units, exceeding the 10,000 mark for the first time in five months. The City-centa Leading Index rose 2% MoM, surpassing the 2008 March peak by 4%.
- SHKP won the Tseung Kwan O land auction for HK$3.37bn, or an AV of HK$4,628/sqft, at the high-end of market estimates, showing the keen interest from developers to replenish their land bank. The price also set a new benchmark for TKO. The New World and Wheelock joint venture won the Austin Station project (land premium: HK$11.2bn, or AV of HK$9,130/sqft).
- The financial secretary proposed various measures in his budget speech aimed to curb the risk of an asset - price bubble. However, most were well expected and should not have much of an impact on the market.
- SHKP launched YOHO MIDTOWN after the Spring Festival and sold 900 units in the first week. It fetched over HK$3bn, with ASP reaching HK$5,500/sqft.

Sino Land (0083.HK/HK$14.74) — HOLD

1HFY10 earnings dropped 22% YoY due to lower contributions from property sales. We revised down FY10-12E earnings by 5.8-8.8%.

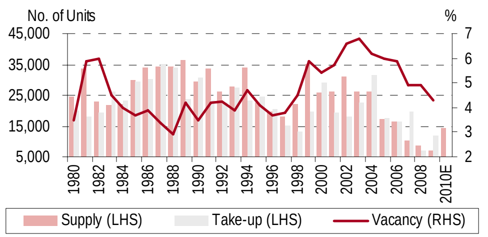
Great Eagle (0041.HK/HK$21.85) — BUY

2009 profit rose 11% YoY, driven by the strong recovery in its hotel operation. We revised up 2010-11E earnings by 12-14%.

Champion REIT (2778.HK/HK$3.49) — SELL

Weak performance at Citibank Plaza wiped out the rental growth at Langham Place. We expect rental income to drop by another 4.5% in 2010. We downgraded the stock to ***SELL***.

Private Residential Property Completions & Sales



Sources: Housing Department, Centaline

Key Statistics

	08	09	10E	Sep09	Oct	Nov	Dec	Jan10	Feb
CCI	(15)	30*	12	7	17	31	32		
CCL Index	(15)	29	10	8	16	28	29	30	32
No. of trans.	(22)	18	5	96	84	196	104	115	166
Trans. value	(21)	25	3	185	140	350	109	139	206
Primary trans.	(48)	66	9	149	74	727	37	123	253
Unsold stock	13	(4)	7	23	12	2	(4)	(13)	

** Provisional figures*
Sources: Centaline, Midland, BOCI Research estimates

SMALL/MID-CAP

HK listed – Overweight

Top pick: Ajisen (China)

- The FOEX China Bleached Hardwood Kraft Pulp Index climbed 4.6% MoM to Rmb4,934/tonne, while the FOEX US Northern-Bleached Softwood Kraft Index increased 3.8% MoM to US$856/tonne. The world pulp inventory days rebounded after hitting bottom at 27 days as at end-December to 30 days as of end-January.
- Old corrugated containerboard (OCC #11) prices rose 9.2% MoM to US$262/tonne, 4% higher than the historical peak since 2005.

Anta Sports (2020.HK/HK$11.58) — HOLD

Anta's net profit for 2009 surged 39.8% year-on-year to Rmb1.25bn, or 10.0% above the market consensus. The better-than-expected results were mainly attributed to the lower operating expenses. Advertising and promotion (A&P) expenses as a percentage of total sales dropped from 13.8% in 2008 to 12.7% in 2009. The company declared a final dividend of HK$0.23/share. The total dividend payout ratio was 61.3% in 2009, including the interim dividend. The company plans to maintain its dividend payout ratio at 60% given its strong balance sheet with nearly Rmb4.0bn in hand. We revised up our earnings forecasts by 9.6% and 3.4% for 2010 and 2011, respectively. Based on 19x 2010E P/E, we raised our target price from HK$11.15 to HK$12.25 and reaffirmed our ***HOLD*** rating on the stock.

China Dongxiang (3818.HK/HK$5.35) — BUY

China Dongxiang posted mid-single digit growth in same-store sales during the Spring Festival. Due to its satisfactory performance during the period, the inventory to average monthly sales ratio further dropped from 4.6x as of end-2009. Management has become more optimistic on the results of the 3Q10 trade fair to be held on 10 March. We trimmed our earnings forecasts by around 5% for 2010-11 due to higher advertising and promotion (A&P) expenses related to the promotion of its new slogan. Based on 18x 2010E P/E, we lowered our target price from HK$6.20 to HK$5.90 and reiterated our ***BUY*** rating on the stock.

Anta Sport — Income Statement

Year ended 31 Dec	2007	2008	2009E	2010E	2011E
Revenue (Rmb)	2,989	4,627	5,875	7,239	8,624
Change (%)	*139*	*55*	*27*	*23*	*19*
Net profit (Rmb)	538	895	1,251	1,423	1,662
Fully diluted EPS (Rmb)	0.215	0.359	0.499	0.568	0.663
Change (%)	*163.1*	*66.4*	*39.3*	*13.7*	*16.8*
Core EPS (Rmb)	0.195	0.378	0.499	0.568	0.663
Change (%)	*137.8*	*94.2*	*32.1*	*13.8*	*16.8*
Fully diluted P/E (x)	47.3	28.4	20.4	17.9	15.3
Core P/E (x)	52.3	26.9	20.4	17.9	15.3
CFPS (Rmb)	0.01	0.35	0.67	0.43	0.64
P/CF (x)	1,079.2	28.7	15.3	23.9	16.0
EV/EBITDA (x)	44.2	22.9	15.0	12.7	10.1
DPS (Rmb)	0.073	0.246	0.308	0.343	0.400
Yield (%)	0.7	2.4	3.0	3.4	3.9

Sources: Company data, BOCI Research estimates

China Dongxiang — Income Statement

Year ended 31 Dec	2007	2008	2009E	2010E	2011E
Revenue (Rmb)	1,711	3,322	4,106	4,846	5,905
Change (%)	*99*	*94*	*24*	*18*	*22*
Net profit (Rmb)	734	1,368	1,459	1,635	1,955
Fully diluted EPS (Rmb)	0.129	0.240	0.257	0.289	0.345
Change (%)	*82.3*	*86.4*	*7.2*	*12.1*	*19.5*
Core EPS (Rmb)	0.130	0.214	0.257	0.289	0.345
Change (%)	*93.4*	*63.9*	*20.4*	*12.1*	*19.5*
Fully diluted P/E (x)	35.6	19.1	17.8	15.9	13.3
Core P/E (x)	35.2	21.5	17.8	15.9	13.3
CFPS (Rmb)	0.13	0.15	0.24	0.25	0.33
P/CF (x)	35.1	30.8	18.8	18.2	14.1
EV/EBITDA (x)	28.7	15.6	11.8	9.9	7.7
DPS (Rmb)	0.009	0.129	0.154	0.173	0.207
Yield (%)	0.2	2.8	3.4	3.8	4.5

Source: Company data, BOCI Research estimates

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TECHNOLOGY

HK listed – Overweight

Top pick: Comba Telecom

A shares – Overweight

- Global LCD Monitor panel shipment increased 4% MoM to 18.7m in January 2010 meanwhile the LCD TV shipment posted 1% MoM growth to 16.1m, according to Displaysearch.
- Global Semiconductor sales increased 0.3% MoM and 47.2% YoY to US$15.3bn in January 2009, according to Semiconductor Industry Association.
- North America semiconductor equipment bookings in January 2010 rose 24.1% MoM to US$1,132.4m while billings grew 11.3% to US$946.3m.

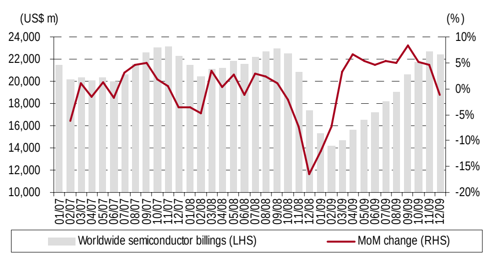
Comba Telecom (2342.HK/HK$8.96) — BUY

Comba guided for net profit growth in 2009 of over 100% YoY, better than our previous estimate of 82%. We believe the company's diversified revenue streams and rising sales will enable the company to maintain growth momentum this year as well. We revised up our EPS forecasts by 25-37% during 2009-11 and raised our target price from HK$7.30 to HK$9.90.

Digital China (0861.HK/HK$13.68) — BUY

Digital China reported 3QFY10 net profit of HK$265m, which was better than our estimate. Despite the disposal gain from selling IT service shares, we see a gross margin rebound and decent control of operating expenses. More importantly, the operating profit contribution from the service segment increased from 26% in 2QFY10 to 37% 3QFY10. Going forward, we believe citizen cards represent another secular growth driver for the company. We revised up our earnings forecasts by 4.2-5.6% for FY10-12. We raised our target price from HK$12.10 to HK$14.00.

Worldwide Semiconductor Billings



Sources: SIA. BOCI Research estimates

Key Statistics

Semiconductor sales revenue	08	09	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09
US (US$ bn)	39.0	37.0	9.9	9.0	7.6	8.3	9.8	11.4
Europe (US$ bn)	39.6	29.2	10.3	9.1	6.6	6.5	7.3	8.8
Japan (US$ bn)	49.3	38.2	12.6	12.0	8.5	8.3	10.2	11.2
Asia Pacific (US$ bn)	127.4	113.8	35.1	30.6	21.5	26.3	30.5	35.5
Total	255.3	218.3	67.9	60.8	44.2	49.4	57.9	66.8
Capacity & utilisation rate	4Q07	1Q08	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09
Foundry capacity (wafer start per week x 1,000)	313	298	308	290	294	296	288	315
Foundry utilisation rate (%)	94	94	93	86	53	50	83	92
Total IC capacity (wafer start per week x 1,000)	2,118	2,152	2,198	2,223	2,187	1,995	1,948	1,927
Total IC utilisation rate (%)	90	91	89	87	68	57	78	87

Sources: SIA, SICAS

TELECOMS

Overweight

Top pick: China Mobile

- Chinese telecom carriers now generate only 60% of their revenue from voice traffic and about 30% from data and information services, according to MIIT vice-minister Lou Qinjian.

China Mobile (0941.HK/HK$72.95) — BUY

China Mobile has announced its intention to buy a stake in Shanghai Pudong Development Bank, which we regard as a bad decision. Earlier, it reported the net addition of 5.12m subscribers in January after 4.24m in December, taking the total subscriber base to 527.4m. For the full year, we now conservatively expect the company to add 42m subscribers for a total of 565m.

China Telecom (0728.HK/HK$3.52) — HOLD

China Telecom has reported the net addition of 3.05m CDMA subscribers in January (after 3.1m in December), to bring the total to 59.14m, in line with our expectation. Unlike the other two carriers, China Telecom has yet to announce its 3G subscriber base. For the full year, we expect the company to add some 24.2m cellular users for a 27% market share in net adds.

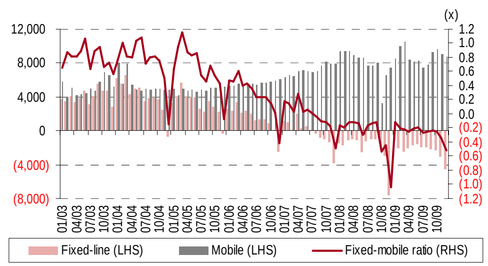
China Unicom (0762.HK/HK$9.71; 600050.SS/Rmb6.53) — SELL

China Unicom has reported the net addition of 1.66m cellular users in January after 1.56m the previous month, bringing the total to 145.6m, in line with our estimate. However, the company disappointed on the 3G front with the net addition of only 0.85m users after a gain of 0.92m in December, to bring the total to almost 3.6m. Earlier, the company denied that it had joined a consortium to bid for control of Nitel, Nigeria's former telecom monopoly, saying that it had only expressed an interest in co-operating with the consortium.

SmarTone Telecoms (0315.HK/HK$6.95) — BUY

We raised our profit forecasts and lifted our target price to HK$7.90 following its better than expected interims. Our rating was upgraded to ***BUY***.

Fixed-line and Mobile Networks' Monthly Net Additions in China



Source: MII

Key Statistics

(m subscribers)	2009	2010E	2011E	Sep09	Oct	Nov	Dec	Jan10
National mobile sub.	747.4	835.2	907.4	719.8	729.5	738.6	747.4	n.a.
net adds	106.1	87.8	72.2	9.3	9.7	9.0	8.8	n.a.
CM total subscribers	522.3	564.6	598.4	508.4	513.5	518.0	522.3	527.4
net adds in period	65.0	42.3	33.8	5.4	5.1	4.6	4.2	5.1
CU-G total sub.	147.6	168.9	188.1	142.8	144.6	146.0	147.6	149.2
net adds in period	14.2	21.3	19.2	0.9	1.8	1.4	1.6	1.7
CU-C total sub.	56.1	80.3	99.5	46.8	49.9	53.0	56.1	59.1
net adds in period	28.2	24.2	19.2	3.0	3.1	3.1	3.1	3.1
National broadband sub	103.2	120.8	136.7	99.3	100.9	102.1	103.2	n.a.
net adds in period	19.8	17.6	15.9	2.1	1.6	1.2	1.2	n.a.
CT broadband sub.	53.5	61.7	69.2	51.5	52.2	52.8	53.5	54.3
net adds in period	9.2	8.3	7.4	0.9	0.7	0.7	0.6	0.8
CN broadband sub.	38.6	45.1	51.0	37.5	38.0	38.3	38.6	39.5
net adds in period	13.1	6.6	5.9	0.9	0.5	0.3	0.2	1.0
National fixed-line sub.	313.7	282.7	261.0	324	321	318	314	n.a.
net adds	(27.1)	(31.0)	(21.7)	(2.2)	(2.4)	(3.1)	(4.6)	n.a.

Sources: MIIT, Company data, BOCI Research estimates

TRANSPORT – Aviation

Top pick: Air China

Airports – Overweight
Airlines – Overweight

- Civil Aviation Administration of China announced that the flight volume in 52 major cities during the 2010 Spring Festival jumped 14.7% YoY to 37,027 and that passenger volume increased 19.4% YoY to 4.78m, with a flat year-on-year average passenger load factor of about 70.8%. In our view, these figures for the first 21 days of the spring travel season revealed that air traffic demand posted a steady growth rate of around 15%.
- We reiterate our ***OVERWEIGHT*** ratings on the airlines and airports sectors, and recommend investors keep a close eye on the upcoming operating results.

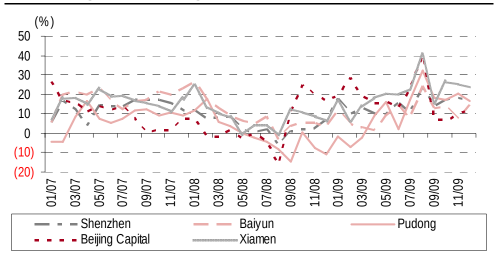
Air China (0753.HK/HK$6.77; 601111.SS/Rmb11.64) — BUY

Air China's revenue passenger kilometres (RPK) in January climbed 14.9% YoY to 6,328m, while its passenger load factor (PLF) increased 2.4ppts to 75.9%.

China Southern Airlines (1055.HK/HK$2.98; 600029.SS/Rmb6.62) — BUY

The company's parent China Southern Aviation Group has secured a capital injection of Rmb1.5bn from the Ministry of Finance to reduce further the listco's debt/asset ratio. We estimate that the company's financing cost will be lowered by Rmb70m and that the debt ratio will drop about 1.6ppts to 84.1%.

Passenger Throughput Growth YoY



Sources: NBS, BOCI Research

Key Statistics

	07	08	09	Jul09	Aug	Sep	Oct	Nov	Dec	Jan10
RPK YoY %										
Air China	14	(2)	11	14	29	11	11	13	15	9
CEA	12	(6)	13	18	44	16	14	8	9	6
CSA	15	2	12	13	31	10	11	14	19	11
PLF YoY %										
Air China	77	75	77	78	82	77	82	79	76	77
CEA	70	71	72	72	78	70	75	74	71	72
CSA	73	74	75	75	77	72	78	78	74	76

Sources: Bloomberg, Company data, BOCI Research

TRANSPORT – Land

Top pick: Jiangsu Expressway

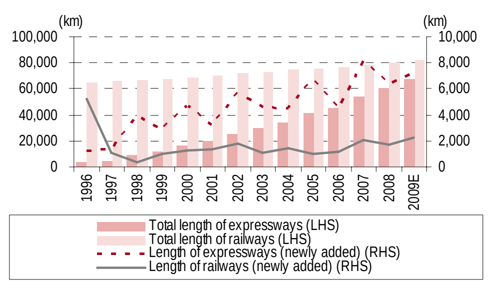
HK listed – Overweight
A listed – Overweight

- FAI for both railways and highways saw rapid growth in 2009. Total investments in the year reached Rmb682.3bn and Rmb1.04trn, representing growth of 67.5% and 40.1% YoY, respectively. Meanwhile, passenger and freight transports posted mild increases. Passenger volume on railways and highways increased 4.3% and 3.6% YoY, while freight volume grew 1.9% and 9.4%, respectively. Passenger turnover increased by 1.3% and 7.8% YoY, with freight turnover up 0.5% and 10.7%, respectively.

Guangshen Railway (0525.HK/HK$3.13; 601333.SS/Rmb4.53) — BUY (H); HOLD (A)

We estimate that the earnings of GSR for 2010 will come in roughly on par with 2009 due to the negative impact of the Guangzhou-Wuhan high-speed railway and the soon-to-be completed Guangzhou-Shenzhen high-speed railway. Meanwhile, freight transport is expected to remain subdued for the time being. The capex budget for 2010 is estimated at Rmb1.5bn and labour costs are expected to rise 10% YoY this year. Our H-share EPS forecasts for 2009-11 are Rmb0.178, Rmb0.203 and Rmb0.230, respectively, while for the A shares, we see Rmb0.176, Rmb0.201 and Rmb0.227. We still believe the company's H-share price is the more attractive of the two. We left our target price unchanged at HK$4.10 and reaffirmed our ***BUY*** rating for the H shares. Our target price of Rmb4.96 and ***HOLD*** rating for the A shares also remain intact.

Total Lengths of Railways & Expressways



Sources: MOC, CEIC

Key Statistics

	08	09	10E	Sep09	Oct	Nov	Dec	Jan10
Railways								
Passenger carried (m person)	1,456	1,718	1,924	122	142	101	111	127
Passenger turnover (person-km bn)	773	897	987	64	69	46	54	69
Freight carried (m tonnes)	3,301	3,641	3,932	281	295	284	299	306
Freight turnover (bn tonnes-km)	2,512	2,592	2,800	215	227	218	232	234
FAI (Rmb bn)	402	480	720	43	52	59	218	n.a
Road								
Passenger carried (m persons)	20.5	22.1	23.9	2.4	2.5	2.3	2.2	2.4
Passenger turnover (person-km bn)	1,151	1,264	1,339	116	126	108	113	115
Freight carried (bn tonnes)	18.2	18.7	19.2	1.9	1.9	1.8	1.9	1.8
Freight turnover (bn tonnes-km)	1,135	1,317	1,357	320	333	318	327	319
FAI (Rmb bn)	733	913	1,095	117	210	95	120	n.a

Sources: CEIC, MOC, BOCI Research estimates

TRANSPORT – Marine

Top pick: COSCO Pacific

HK listed – Overweight
A shares – Neutral

- The Baltic Dry Index (BDI) dropped 3.9% MoM in February from 2,848 points to 2,7348 points. The 2M10 average closing of the index was 2,922.0.
- The rate for very large crude carriers (VLCC) dropped 21.4% MoM in February, closing the month at WS55. The 2M10 average closing was WS59.0.

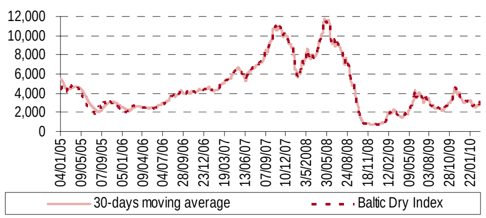
Pacific Basin Shipping Limited (2343.HK/HK$6.58) — HOLD

PBS reported a 73% decline in its 2009 net profit to US$110.3m as the impact of the volatile shipping market caused turnover to decline 43.8% YoY to US$950.5m. The results were lower than the market had expected. On a time-charter equivalent (TCE) basis, turnover dropped 48.1% YoY to US$661.9m. The 2009 net profit included a US$4.5m unrealised net derivative income, a US$25.2m net write-back of provision for onerous contracts, US$1.2m in net vessel disposal losses and vessel impairment losses of US$25m for its Ro-Ro fleet.

The provision write-back was the reversal of the move made in 2008 for onerous charter contracts for its charter-in dry bulk fleet. In our opinion, this is a very aggressive move, as the related charter-hire cost will inevitably increase significantly, from about US$9,900/day to US$12,320/day (after taking into consideration for the new charter contacts made after 2008). As such, PBS' dry bulk business is subject to higher operating risk from such cost surge, which would eventually impact its profitability if the freight rates fail to meet the company's expectations.

After considering PBS' 2009 results, the expansion in PBS' dry bulk fleet and the higher charter-hire costs, we cut our 2010 net profit forecast by 25% from US$105m to US$78.8m. Our 2010 assumptions of PBS' daily TCE rates for PBS' Handysize and Handymax fleet stand at US$15,950 and US$21,439. We raised our 2010 revenue days assumptions for PBS' Handysize and Handymax fleet by 2.9% and 1% to 25,740 days and 10,640 days, respectively. Our charter cost assumption was also raised after the provision write-back to US$12,326/day from US$10,344/day. Considering expectations of a volatile market for the remainder of the year and the threat of high supply growth, we downgraded PBS to ***HOLD*** and cut our target price cut from HK$7.15 to HK$6.60.

Baltic Dry Index (BDI) Trend



Source: Bloomberg

Key Statistics

YoY %	07	08	09E	Jun09	Jul	Aug	Sep	Oct	Nov
Shenzhen	10	2	(17)	(20)	(23)	(13)	(12)	(9)	1
Shanghai	25	7	(10)	(18)	(9)	(15)	(6)	(10)	(7)
Dalian	20	18	2	3	2	5	6	3	4
Tianjin	28	20	4	(3)	11	(0)	(0)	2	2
Qingdao	24	6	4	0	2	2	2	2	3
Xiamen	18	8	(10)	(24)	(10)	(10)	3	(3)	8
Ningbo	30	16	(4)	(8)	(3)	0	10	(3)	(5)
Guangzhou	40	22	(2)	(1)	2	31	27	1	17

Sources: MOC, BOCI Research estimates

BOC INTERNATIONAL
March 2010

TRANSPORT – Port

Top pick: Rizhao Port

HK listed – NR
A listed – NR

- In January, total cargo throughput at China's above-scale ports grew 32.9% YoY to 636.8m tonnes, of which coastal ports took up 439.5m tonnes, up 30.4% YoY, and river ports accounted for 197.3m tonnes, up 38.9% YoY. Container throughput jumped 25.5% YoY to 11.36m TEUs. Foreign trade cargo throughput increased 39.1% YoY to 202.7m tonnes.
- We believe that the bulk business of Chinese ports will continue to benefit from the strong domestic demand, and the container business will gradually bottom out as the export figures are improving. However, the pace of recovery may be slow.

Rizhao Port (600017.SS/Rmb8.33) — BUY

Rizhao Port recorded a 49% YoY rise in February total cargo throughput to 15.65m tonnes, of which iron ore jumped 39% YoY to 11.02m tonnes, while the amount of coal handling swelled 79% YoY to 2.49m tonnes.

Tianjin Port (600717.SS/Rmb12.44) — HOLD

Total cargo throughput at Tianjin Port climbed 12.7% YoY to 31.9m tonnes in January, while container throughput grew 21.4% YoY to 0.76m TEUs.

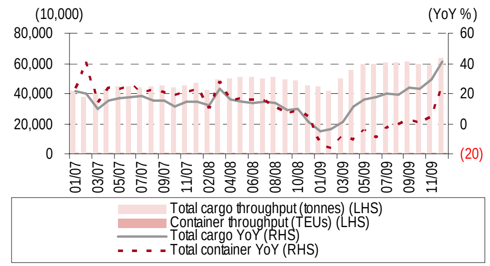
Shenzhen Chiwan Wharf (000022.SZ/Rmb15.85; 200022.SZ/HK$12.82) — NR

Shenzhen Chiwan Wharf's container throughput rose 8.9% YoY to 0.46 TEUs in January, and bulk cargo throughput surged 51.2% YoY to 1.07m TEUs.

Shanghai International Port (600018.SS/Rmb5.84) — NR

Total cargo throughput at Shanghai International Port's home port soared 59.4% YoY to 37.04m tonnes in January, while container throughput moved up 17.9% YoY to 2.24m TEUs.

Cargo & Container Throughputs at Major Ports



Sources: NBS, BOCI Research estimates

Key Statistics

YoY %	Aug09	Sep	Oct	Nov	Dec	Jan10
Rizhao Port	24.5	43.1	35.5	32.4	n.a.	35.6
Tianjin Port	17.9	6.6	9.5	13.7	n.a.	12.7
Shenzhen Port	(8.6)	(12.2)	(1.5)	15.5	n.a.	23.7
Shanghai Port	(10.9)	0.2	(2.3)	11.8	n.a.	44.9
Lianyungang Port	9.8	9.0	9.6	9.6	n.a.	12.6
Yingkou Port	37.4	34.6	30.0	5.4	n.a.	25.1

Sources: Bloomberg, Company data, BOCI Research estimates

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UTILITIES (China)

HK listed – Overweight

A shares – Neutral

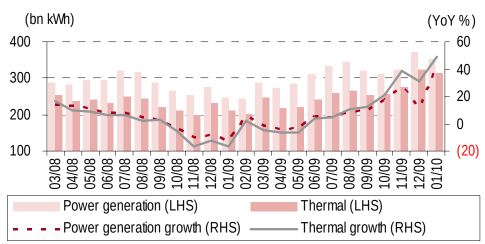
Top pick: China Everbright Int'l

- Spot coal prices at Qinhuangdao Port declined by over 10% on the back of higher inventory and slacker supply.
- January power generation increased 42% to 351bn kWh but dropped 5.6% MoM. Thermal output rose 48.7% YoY while hydro output remained poor (1.4% YoY drop).
- Renewable energy output such as wind and solar power is likely to be stressed during the NPC/CPCC conference.

China Power New Energy (0735.HK/HK$0.68) — BUY

Since its backdoor listing three years ago, CPNE has become the 1GW clean-energy platform of China Power Investment Group (CPIG), one of five big IPP groups. We believe that corporate activities will stabilise, providing a sound environment for the company's high growth trajectory in the years to come. We see a 28% capacity CAGR for 2008-12 to 2GW through a combination of greenfield and acquisition projects. As wind power gains more weight over time, CPNE's profit margins will rise, and ROE should increase from 3.2% for 2009 to 9.6% in 2012. Near-term catalysts include strong earnings from gas-fired plants, as utilisation has soared since mid-2009 along with higher steam-power sales. Major shareholders' recent entry prices were higher than the current stock price, which is trading below its 2009E NAV. We believe the biggest overhang for CPNE is the potential mandatory takeover by CPIG, which may cap its further growth through asset injections.

Monthly Electricity Growth



Sources: Electric Power Industry of China, BOCI Research

Key Statistics

	2008	2009E	2010E	Oct09	Nov09	Dec09
VAIO growth YoY %	12.9	11.0	11.2	16.1	19.2	18.5
Heavy industries YoY %	13.2	11.5	11.7	18.1	22.2	21.4
Power generation (bn kWh)	3,451	3,664	3,957	312	323	372
Growth YoY%	5.7	6.2	8.0	17.1	26.9	11.3
Thermal power generation	2,803	2,992	3,220	256	276	324
Growth YoY %	3.0	6.7	7.6	20.8	38.8	30.7
Hydropower generation	565.5	574.7	609.2	43.6	0.0	0.0
Cumulative capacity (GW)	792.7	874.1	957.1	805.8	814.2	0.0
Utilisation hours	4,648	4,527	4,446	383	403	389
Thermal utilisation hours	4,885	4,839	4,918	408	454	462
Hydro utilisation hours	3,589	3,264	3,071	290	204	99

*Non-annual data only includes plants above 6MW

Sources: CEC, NBS, BOCI Research estimates

UTILITIES (Hong Kong)

HK listed – Underweight

Top pick: HK & China Gas

- CLP and HKE outperformed the Hang Seng Index while HK China Gas underperformed. We still see a lack of meaningful near-term catalysts for local utilities despite their good defensiveness and stability.

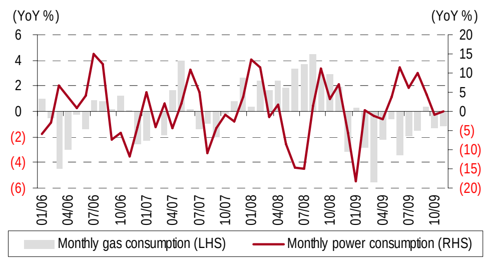
CLP Holdings (0002.HK/HK$54.25) — HOLD

Net profit of CLP Holdings for 2009 came in down 21% YoY but 5% above our estimate. We are cautious over the political, industrial and financial environment facing the company. Domestically, clean initiatives need to translate into investment returns. Abroad, the company faces the reintroduction of a carbon scheme in Australia, low price incentives for renewable energy and ongoing negotiations with various emerging states over industrial privatisation. However, we still believe in the company's superior asset management quality across Asian IPPs.

HKE (0006.HK/HK$44.85) — SELL

Hongkong Electric reported HK$6.7bn in net profit for 2009, down 17% primarily due to the full-year reduction of the new scheme of control. The result is 2.35% higher than our estimate due to its better performance abroad, which came in 6.93% above our projection. Earnings from Hong Kong decreased 34% whereas earnings elsewhere doubled. The latter accounted for 30%, up from 13% in 2008. The dividend level was kept at HK$2.11, or a yield of 4.8%. We reaffirmed our ***SELL*** rating due to the lack of visible earnings drivers in the near future.

Power and Gas Production/Consumption



Sources: Company data, BOCI Research

Key Statistics

	2007	2008	Aug09	Sep	Oct	Nov	11M09
Power consumption (bn kWh)	44.9	44.5	4.9	4.7	3.9	3.3	42.1
Growth YoY%	0.1	(0.9)	9.9	4.4	(0.9)	(0.1)	1.7
- Residential (bn kWh)	10.1	10.3	1.5	1.4	0.9	0.7	10.2
- Commercial	27.0	27.1	2.7	2.6	2.4	2.1	25.5
- Export to China	4.0	3.6	0.4	0.4	0.3	0.2	3.4
Gas consumption (m cum NG eq)	718.0	732.4	53.9	51.3	50.1	56.0	662.3
Growth YoY%	0.0	(0.9)	(1.5)	0.3	(1.4)	(1.2)	(2.1)
- Residential (m cu m NG eq)	394.0	413.8	28.0	25.7	25.2	29.3	372.3
- Commercial	300.2	294.6	23.8	23.5	23.0	24.7	268.2

Sources: Company data, BOCI Research

BOCI Stock Universe

China – HK

RIC	Company	Y/E	Price (5/3/10) ($)	1M. chg (%)	YTD. chg (%)	3M avg. daily T/O (HK$ m)	Free float mkt. cap.^ (HK$ m)	EPS 09E (HK$)	EPS 10E (HK$)	P/E 09E (x)	P/E 10E (x)	EPS gr. 09E (%)	EPS gr. 10E (%)	Yield 09E (%)	Yield 10E (%)	Analyst	Rec	Target price (HK$)
	Automotive																	
1114	Brilliance Auto	Dec	2.04	3	(7)	100	4,567	0.05	0.06	44.8	35.9	33	25	0.0	0.0	WANG Yusheng	SELL	0.76
0203	Denway Motors	Dec	4.21	(0)	(15)	174	19,623	0.34	0.36	12.3	11.6	8	6	2.0	2.2	Eric HU	HOLD	3.96
0489	Dongfeng Motor	Dec	11.76	16	5	257	33,437	0.65	0.75	18.2	15.7	21	16	0.5	0.6	Eric HU	BUY	9.75
0300	Kunming Machine (A/H)	Dec	6.41	(1)	(10)	4	722	0.72	0.73	8.9	8.8	(3)	2	1.6	1.8	SHI Qi	BUY	7.16
1122	Qingling Motors	Dec	1.89	7	(1)	17	1,407	0.10	0.12	18.9	16.3	24	16	3.8	4.4	Eric HU	BUY	2.56
2338	Weichai Power (A/H)	Dec	62.55	13	(0)	95	12,505	4.44	5.10	14.1	12.3	69	15	0.4	0.5	Eric HU	BUY	60.83
	Average			7	(1)	99	11,342	0.90	1.03	31.8	18.6	25	47	1.2	1.3			
	Chemicals																	
0338	Shanghai Petrochem (H/A)	Dec	2.85	7	(7)	48	6,566	0.24	0.16	11.8	17.6	n.a.	(33)	0.0	2.0	Lawrence LAU	SELL	3.33
0297	Sinofert HK Hldg (R)	Dec	4.69	2	8	98	38,613	(0.05)	0.20	n.m.	23.6	n.a.		0.0	0.4	NI Xiaoman	HOLD	4.25
	Average			4	0	73	22,590	0.10	0.18	11.8	20.6	n.a.	(33)	0.0	1.2			
	Conglomerates																	
0291	China Resources (R)	Dec	28.35	8	0	122	31,687	1.10	0.95	25.7	29.8	12	(14)	1.6	1.4	Ashley CHEUNG	HOLD	27.70
	Average			8	0	122	31,687	1.10	0.95	25.7	29.8	12	(14)	1.6	1.4			
	Consumer Products																	
2020	Anta Sports Products	Dec	11.58	17	1	56	8,946	0.57	0.65↑	20.4	17.9	39	14	3.0	3.4	Sarah XING	HOLD	12.25
1717	Ausnutria	Dec	5.69	(2)	(12)	27	1,962	0.23	0.34	25.3	17.0	125	49	0.6	1.8	Jenny CHAN	BUY	7.15
0606	China Agri-Industries (R)	Dec	10.68	(1)	5	132	16,247	0.54	0.69	19.9	15.5	(27)	29	0.9	1.3	Jenny CHAN	BUY	8.00
3818	China Dongxiang (P)	Dec	5.35	13	(11)	111	15,460	0.29	0.33	18.3	16.3	7	12	3.3	3.7	Sarah XING	BUY	5.90
0506	China Foods (R)	Dec	6.58	4	(5)	29	13,774	0.27	0.31	24.4	21.2	59	15	1.4	1.5	Jenny CHAN	BUY	5.55
0904	China Green	Apr	9.20	10	25	19	3,966	0.50	0.62	18.3	14.9	3	23	0.8	1.8	Jenny CHAN	BUY	11.00
0359	China Haisheng Juice (P)	Dec	1.08	(4)	(4)	4	433	0.36	0.40	3.0	2.7	5	10	6.3	7.4	Jenny CHAN	BUY	2.50
3398	China Ting Group (P)	Dec	1.38	6	10	1	837	0.15	0.19	9.5	7.4	(20)	28	6.3	8.2	Sarah XING	BUY	1.55
1044	Hengan International	Dec	54.90	9	(5)	112	25,885	1.73	1.97	31.7	27.8	50	14	2.0	2.3	Sarah XING	BUY	46.00
0336	Huabao International	Mar	8.44	7	2	64	12,833	0.36	0.41↑	23.6	20.4	29	15	1.6	2.3	Jenny CHAN	BUY	10.85
2331	Li Ning	Dec	25.00	8	(15)	92	17,906	0.98	1.17	25.6	21.4	25	20	2.0	2.4	Sarah XING	BUY	25.00
2319	Mengniu Dairy	Dec	24.00	3	(14)	147	27,082	0.84	1.00	28.5	24.0	n.a.	19	0.7	0.8	Jenny CHAN	SELL	22.00
0157	Natural Beauty (P)	Dec	1.46	5	5	1	1,004	0.11	0.12	13.0	12.0	(6)	9	5.3	5.8	Sarah XING	BUY	1.60
0886	Silver Base Group	Mar	2.59	5	(6)	14	777	0.39	0.39	6.6	6.6	13	(1)	11.3	12.5	Jenny CHAN	HOLD	2.80
0322	Tingyi Holding	Dec	19.68	11	2	78	32,986	0.53	0.67	37.3	29.5	45	26	1.3	1.7	Jenny CHAN	BUY	21.10
0168	Tsingtao Brewery (A/H)	Dec	38.40	9	(11)	58	24,902	1.12	1.35	34.2	28.4	84	21	1.5	1.8	ZHAO Zongjun	BUY	33.00
3331	Vinda International	Dec	4.71	(1)	(15)	14	2,129	0.40	0.45	11.9	10.6	128	12	2.1	2.4	Sarah XING	BUY	6.60
0151	Want Want China	Dec	5.32	6	(2)	64	33,510	0.16	0.23	34.3	22.8	0	50	1.5	2.9	Jenny CHAN	BUY	4.00
2088	Xiwang Sugar (P)	Dec	2.40	5	(12)	23	643	0.09	0.21	25.4	11.2	14	127	1.4	2.7	Jenny CHAN	SELL	1.22
8259	Yantai North Andre Juice (H)	Dec	0.45	17	19	3	354	0.12	0.14	3.6	3.2	40	12	8.2	9.2	Jenny CHAN	BUY	1.05
	Average			6	(2)	52	12,082	0.49	0.58	20.7	16.5	32	25	3.1	3.8			
	Consumer Services																	
0538	Ajisen (China)	Dec	6.91	5	4	11	3,469	0.28	0.35	24.6	19.9	34	24	1.8	2.3	Sarah XING	BUY	8.25
1880	Belle International	Dec	9.14	5	1	182	26,231	0.33	0.36	28.1	25.1	20	12	1.0	1.1	Ashley CHEUNG	SELL	8.30
1234	China Lilang	Dec	6.39	13	18	30	1,994	0.27	0.35	24.0	18.4	37	31	1.9	2.5	Ashley CHEUNG	BUY	6.80
3308	Golden Eagle	Dec	14.36	9	(9)	59	7,290	0.45	0.59	31.6	24.4	40	30	2.4	0.7	LIU Du	BUY	16.60
0493	Gome Electrical	Dec	2.63	4	(7)	172	21,779	0.10	0.15	27.5	17.7	(36)	56	0.9	1.3	Ashley CHEUNG	BUY	3.00
1833	Intime Department Store	Dec	6.50	0	(9)	12	4,142	0.25	0.25	25.6	26.5	5	(3)	1.1	1.2	LIU Du	HOLD	6.00
0980	Lianhua Supermarket	Dec	23.85	8	2	19	6,646	0.81	1.08	29.5	22.1	14	34	1.4	1.8	Ashley CHEUNG	BUY	19.40
0825	New World Dep. Store	Jun	6.97	5	(2)	12	3,290	0.33	0.33	21.4	21.3	15	1	2.2	1.4	Ashley CHEUNG	BUY	6.80
3368	Parkson Group	Dec	12.74	5	(7)	100	16,345	0.37	0.45↓	34.3	28.0	8	22	1.3	1.8	ZHENG Yuan	HOLD	12.00
0891	Trinity	Dec	4.45	23	39	24	4,122	0.10	0.16	43.6	28.3	6	54	1.1	1.8	Ashley CHEUNG	BUY	4.40
8277	Wumart Store	Dec	13.70	2	12	30	10,360	0.36	0.49	37.6	28.1	(1)	34	1.3	1.8	Ashley CHEUNG	BUY	14.80
3389	Xinyu Hengdeli (P)	Dec	3.40	20	16	39	7,609	0.14	0.17	24.9	20.1	12	24	1.2	1.5	Sarah XING	BUY	3.50
	Average			7	3	55	8,903	0.33	0.41	29.0	23.0	14	26	1.5	1.6			
	Energy																	
1898	China Coal (A/H)	Dec	12.62	16	(11)	497	51,872	0.71	0.92	17.8	13.7	15	30	1.6	2.1	Lawrence LAU	BUY	16.69
2883	China Oilfield Services (A/H)	Dec	11.20	8	20	125	17,167	0.82↓	0.99↓	13.6	11.3	5	21	1.4	1.7	Lawrence LAU	BUY	14.96
0883	CNOOC Limited	Dec	12.34	6	1	889	159,691	0.81	1.20	15.3	10.3	(28)	49	2.9	3.4	Lawrence LAU	BUY	13.77
0857	PetroChina (A/H)	Dec	8.93	6	(4)	908	196,125	0.65↓	0.85↓	13.8	10.6	(9)	31	3.3	4.3	Lawrence LAU	BUY	10.50
1088	Shenhua Energy (A/H)	Dec	34.25	9	(10)	674	116,491	1.85	2.22	18.5	15.4	22	20	1.9	2.2	Lawrence LAU	BUY	44.60
0386	Sinopec (A/H)	Dec	6.16	5	(11)	732	101,476	0.78↓	0.74↓	7.9	8.3	100	(5)	3.3	3.3	Lawrence LAU	BUY	8.09
1171	Yanzhou Coal (A/H)	Dec	16.70	10	(3)	342	32,852	0.99	1.40	16.8	11.9	(34)	41	1.5	2.1	Lawrence LAU	BUY	21.05
	Average			8	(4)	541	86,641	0.87	1.09	15.3	12.4	22	24	2.2	2.7			

China – HK

RIC	Company	Y/E	Price (5/3/10) ($)	1M. chg (%)	YTD. chg (%)	3M avg. daily T/O (HK$ m)	Free float mkt. cap^. (HK$ m)	EPS 09E (HK$)	EPS 10E (HK$)	P/E 09E (x)	P/E 10E (x)	EPS gr. 09E (%)	EPS gr. 10E (%)	Yield 09E (%)	Yield 10E (%)	Analyst	Rec	Target price (HK$)
	Financials																	
3328	Bank of Communications (A/H)	Dec	8.46	13	(6)	414	414,489	0.63↓	0.59↓	13.5	14.3	(5)	(6)	2.8	2.6	YIN Jinhua	SELL↓	7.04
0998	China Citic Bank (A/H)	Dec	5.69	10	(14)	342	195,446	0.41	0.44	13.8	12.8	6	8	1.9	2.1	YUAN Lin	SELL	5.56
0939	China Construction Bank (A/H)	Dec	6.10	5	(9)	1,902	360,795	0.48	0.48	12.8	12.8	5	0	3.9	3.9	YUAN Lin	HOLD	6.23
0165	China Everbright	Dec	18.94	5	(1)	176	13,694	0.64	0.63	29.6	30.1	0	(2)	0.3	0.3	Dickie WONG	BUY	22.00
0966	China Insurance	Dec	26.10	13	4	72	14,544	0.74	0.97	35.3	26.9	n.a.	31	0.3	0.3	Dickie WONG	HOLD	19.00
2628	China Life (A/H)	Dec	34.35	4	(10)	1,622	252,435	1.06	1.32	32.5	26.0	21	25	1.2	1.5	YUAN Lin	HOLD	31.20
3968	China Merchants Bank (A/H)	Dec	20.80	15	2	453	71,582	0.97↓	0.95↓	21.3	21.9	(22)	(3)	1.0	0.8	YUAN Lin	BUY	22.00
1398	ICBC (A/H)	Dec	5.80	5	(10)	1,861	96,866	0.41	0.42	14.2	13.7	8	3	3.5	3.7	YUAN Lin	BUY	6.80
1988	Minsheng Bank	Dec	8.01	3	(8)	227	26,748	0.70	0.69	11.4	11.6	47	(2)	1.2	1.3	YUAN Lin	BUY★	10.00
2328	PICC	Dec	7.23	6	3	174	24,973	0.10	0.27	72.3	26.8	n.a.	170	0.0	0.0	YUAN Lin	HOLD	4.81
2318	Ping An Insurance (A/H)	Dec	59.95	1	(12)	584	153,412	0.05	1.80	1,318	33.4	(98)	3,850	0.2	0.6	YUAN Lin	HOLD	65.00
	Average			7	(6)	763	160,313	0.54	0.75	132.1	20.0	(1)	340	1.7	1.9			
	Industrials																	
0914	Anhui Conch (A/H)	Dec	49.40	9	(1)	214	21,810	2.27↓	2.92↓	21.7	16.9	35	29	0.9	1.2	Patrick LI	HOLD	52.10
1800	China Communications Construction (H)	Dec	7.46	4	0	235	29,861	0.59	0.79	12.7	9.4	31	34	1.9	2.5	Jimmy LAM	BUY	12.00
3323	China National Building Material	Dec	14.46	14	(10)	210	14,709	1.04	1.18	13.9	12.3	34	13	0.5	0.6	Patrick LI	HOLD	15.40
0390	China Railway (A/H)	Dec	5.72	3	(5)	122	20,956	0.38	0.46	14.9	12.5	435	20	1.7	2.0	Patrick LI	BUY	8.20
1186	China Railway Construction (A/H)	Dec	9.45	(6)	(5)	120	16,556	0.55	0.77	17.2	12.2	64	40	1.5	2.0	Patrick LI	BUY	12.27
1766	China South Locomotive (A/H)	Dec	5.40	3	(5)	54	10,869	0.17	0.22	31.7	25.0	25	27	0.8	1.1	SHI Qi	BUY	4.75
0906	CPMC	Dec	9.06	3	(12)	30	2,106	0.27	0.30	33.3	30.4	55	10	0.5	0.7	Jenny CHAN	BUY	11.00
3898	CSR Times Electric (H)	Dec	15.18	9	(5)	28	6,911	0.55	0.69	27.8	21.9	26	27	1.6	2.1	SHI Qi	BUY	8.14
1072	Dongfang Electric (A/H)	Dec	42.50	25	2	42	13,495	2.28	2.75	18.7	15.4	268	21	0.0	0.1	HAN Ling	BUY	45.00
0317	Guangzhou Shipyard Int'l (A/H)	Dec	13.16	6	(0)	13	2,073	1.41	1.47	9.3	9.0	(25)	4	2.8	2.9	XU Minle	BUY	21.97
3339	Lonking Holdings	Dec	5.00	4	(7)	41	2,408	0.40	0.47	12.5	10.7	13	16	2.0	2.4	Eric HU	BUY	6.05
2689	Nine Dragons Paper (P)	Jun	11.24	5	(10)	145	14,509	0.43	0.45	25.9	25.2	(11)	3	0.4	0.8	Sarah XING	HOLD	12.54
1893	Sinoma	Dec	5.05	3	(12)	43	5,951	0.27	0.35	18.8	14.6	49	29	1.6	2.0	Lawrence LAU	BUY	6.88
0505	Xingye Copper (P)	Dec	1.10	4	2	1	257	0.03	0.07	32.2	16.1	n.a.	100	0.0	0.0	Sarah XING	SELL	0.40
	Average			6	(5)	95	10,939	0.71	0.87	21.3	16.2	107	36	1.2	1.5			
	Media																	
1000	Beijing Media	Dec	5.00	5	0	0	359	0.27		18.6		2		4.5	n.a.	Allan NG	SELL	9.00
2008	Phoenix Satellite TV	Dec	1.82	5	(9)	5	2,254	0.05	0.07	35.7	26.0	(12)	37	1.0	1.2	Allan NG	BUY	2.15
0811	Xinhua Winshare	Dec	3.31	2	5	7	1,465	0.37	0.40	9.1	8.3	8	9	3.4	3.8	Allan NG	BUY	4.00
	Average			4	(1)	4	1,359	0.23	0.23	21.1	17.2	(1)	23	3.0	2.5			
	Metals & Mining																	
0347	Angang New Steel (A/H)	Dec	14.76	11	(14)	244	16,018	0.12↓	0.85	126.0	17.3	(75)	628	0.4	2.9	Belle CHAN	BUY	19.24
2600	CHALCO (A/H)	Dec	7.87	6	(8)	404	31,931	(0.26)	0.28	n.m.	27.8	n.a.	n.a.	0.0	0.0	Belle CHAN	HOLD	9.11
3993	China Molybdenum (H)	Dec	6.37	9	2	46	7,144	0.16	0.29	39.4	21.8	(58)	81	0.8	1.5	Belle CHAN	BUY	8.24
1053	Chongqing Iron & Steel (A/H)	Dec	2.56	8	(12)	11	1,409	0.04	0.07	68.2	36.3	(90)	88	0.5	1.0	Belle CHAN	SELL	2.21
2626	Hunan Non-Ferrous Metal	Dec	3.120	5	3	50	4,578	(0.06)	0.02	n.m.	137.2	n.a.	n.a.	0.0	0.0	Belle CHAN	SELL	1.97
0358	Jiangxi Copper (A/H)	Dec	16.32	10	(11)	372	19,734	0.94	1.42	17.4	11.5	9	51	1.7	2.6	Belle CHAN	SELL	10.31
3330	Lingbao Gold	Dec	2.72	4	(8)	4	754	0.22	0.23	12.3	12.0	39	2	2.8	2.9	Belle CHAN	SELL	2.26
0067	Lumena Resources Corp	Dec	2.11	7	(15)	45	2,334	0.32	0.43	6.6	4.9	(0)	35	0.0	5.2	Sarah XING	BUY	4.20
0323	Maanshan Iron & Steel (A/H)	Dec	4.96	10	(13)	146	10,313	0.07	0.44	72.7	11.3	(39)	543	0.5	3.1	Belle CHAN	BUY	6.25
0697	Shougang Concord Int'l	Dec	1.76	14	(9)	182	3,807	(0.03)	0.21	n.m.	8.3	n.a.	n.a.	0.0	5.9	Belle CHAN	BUY	2.18
3833	Xinjing Xinxin Mining (H)	Dec	4.25	12	0	9	2,930	0.11	0.19	37.4	22.5	(26)	66	0.7	1.1	Belle CHAN	BUY	5.13
2899	Zijin Mining (A/H)	Dec	6.79	9	(8)	214	29,620	0.30	0.46	23.0	14.7	23	56	2.1	3.2	Belle CHAN	HOLD	7.95
	Average			9	(8)	144	10,881	0.16	0.41	44.8	27.1	(24)	172	0.8	2.5			
	Pharmaceuticals																	
0874	Guangzhou Pharmaceutical (H/A)	Dec	6.87	8	17	14	1,511	0.61	0.73	11.2	9.4	6	19	4.5	6.3	HE Changming	BUY	6.14
	Average			8	17	14	1,511	0.61	0.73	11.2	9.4	6	19	4.5	6.3			

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RIC	Company	Y/E	Price (5/3/10) ($)	1M. chg (%)	YTD. chg (%)	3M avg. daily T/O (HK$m)	Free float mkt cap^. (HK$ m)	EPS 09E (HK$)	EPS 10E (HK$)	P/E 09E (x)	P/E 10E (x)	EPS gr. 09E (%)	EPS gr. 10E (%)	Yield 09E (%)	Yield 10E (%)	Analyst	Rec	Target price (HK$)
	Property																	
3383	Agile Property	Dec	10.98	13	(4)	195	15,758	0.61	0.80↑	18.0	13.7	(63)	32	1.9	2.6	Andy SO	BUY	15.17
0688	China Overseas (R)	Dec	16.56	17	1	452	63,162	0.81	1.09	20.4	15.1	25	35	1.0	1.4	Manfred HO	BUY	20.50
1109	China Resources Land (R)	Dec	16.28	11	(8)	267	28,443	0.76	1.03	21.6	15.8	61	36	0.7	0.9	Manfred HO	BUY	22.20
1668	China South City	Mar	1.43	4	0	13	2,145	(5.33)	0.07	n.m.	21.0	n.a.	n.a.	0.0	1.2	Alfred LAU	BUY	2.40
2007	Country Garden	Dec	2.78	11	(4)	37	9,604	0.15	0.22	18.8	12.8	55	47	1.9	2.7	Andy SO	HOLD	2.83
3333	Evergrande Real Estate Grp	Dec	3.28	0	(24)	104	15,744	0.03	0.61	106.8	5.4	(27)	1,889	0.5	3.7	Andy SO	BUY	6.10
1777	Fantasia Holding Group	Dec	1.70	10	(21)	38	2,479	0.09	0.26	18.0	6.6	261	173	0.0	0.0	Andy SO	BUY	2.85
3900	Greentown China	Dec	10.42	10	(14)	41	5,984	0.88	1.53	11.9	6.8	47	73	2.1	3.7	Andy SO	SELL	8.88
2777	Guangzhou R&F Properties	Dec	12.96	20	(5)	199	13,780	0.88	1.11	14.8	11.7	(21)	26	2.2	2.6	Andy SO	SELL★	10.50
1638	Kaisa Group	Dec	2.72	13	(8)	0	4,216	2.84	0.59	1.0	4.6	n.a.	(79)	0.0	2.2	Alfred LAU	BUY	3.55
0123	Yuexiu Property	Dec	2.10	11	(5)	157	7,933	0.09	0.12	22.3	17.4	(15)	29	1.1	1.4	Andy SO	BUY	3.29
0119	Poly (HK) Investments	Dec	9.56	17	(2)	136	11,981	0.22	0.47	43.1	20.3	90	112	0.2	0.5	Alfred LAU	BUY	12.10
1387	Renhe Commercial	Dec	1.86	15	6	97	17,596	0.19	0.26	9.6	7.1	77	36	4.8	7.7	Andy SO	BUY	2.35
0813	Shimao Property	Dec	13.78	17	(6)	286	20,477	1.26	1.02	10.9	13.5	336	(19)	2.5	2.6	Andy SO	BUY★	15.83
0272	Shui On Land	Dec	3.95	8	(14)	204	7,439	0.37	0.37	10.7	10.8	(39)	(2)	0.7	1.2	Andy SO	BUY	5.81
1168	Sinolink Worldwide Holdings	Dec	1.30	3	(12)	204	2,221	0.30	0.20	4.4	6.6	78	(34)	1.7	1.7	Manfred HO	BUY	2.19
0410	SOHO China	Dec	3.89	3	(7)	204	7,669	0.34	0.71	11.5	5.4	287	111	4.1	4.7	Alfred LAU	BUY	5.37
0337	SPG Land	Dec	4.81	22	3	204	2,564	0.45	0.90	10.7	5.4	723	100	2.0	2.8	Alfred LAU	BUY★	6.10
3377	Sino-ocean Land (R)	Dec	7.21	14	N/A	204	22,760	0.37	0.49	19.7	14.7	4	34	1.5	2.1	Andy SO	BUY	10.87
	Average			12	(7)	160	13,787	0.28	0.62	20.8	11.3	110	144	1.5	2.4			
	Technology																	
1688	Alibaba.com	Dec	16.90	(1)	(6)	129	18,746	0.23	0.33	74.3	51.1	(16)	46	1.2	0.0	Frank HE	BUY	23.70
1211	BYD Company	Dec	63.80	14	(7)	335	16,989	1.75	2.40	36.4	26.6	210	37	1.0	1.3	Frank HE	BUY	80.00
0861	Digital China	Mar	13.68	24	32	61	6,851	0.67	0.80↑	20.5	17.2	60	20	1.1	1.5	Frank HE	BUY	14.00
0596	Inspur International	Dec	1.08	(4)	(3)	27	1,515	0.08	0.11	13.0	9.8	22	33	2.2	3.0	Frank HE	BUY	1.90
0268	Kingdee International	Dec	2.46	19	41	11	3,394	0.11	0.13	22.3	19.3	7	15	0.9	1.1	Frank HE	BUY	2.30
0992	Lenovo Group (R)	Mar	5.16	1	6	272	22,838	(0.20)	0.11	n.m.	47.5	n.a.	n.a.	0.6	0.8	Frank HE	BUY	6.00
0751	Skyworth Digital	Mar	8.06	17	1	171	11,161	0.20	0.49	40.1	16.5	1	143	0.9	2.2	Frank HE	BUY	10.60
0700	Tencent Holdings	Dec	158.30	14	(6)	827	136,543	3.16	4.19	50.1	37.8	83	33	0.4	0.5	Frank HE	BUY	171.60
82	VODone	Dec	2.37	13	32	103	3,559	0.05	0.20	48.4	11.9	n.a.	306	0.3	1.3	Frank HE	BUY	3.60
0763	ZTE Corporation (A/H)	Dec	48.30	5	1	131	14,336	1.46	1.70	33.1	28.4	39	16	0.6	0.7	Frank HE	HOLD	42.40
	Average			10	9	207	23,593	0.75	1.04	37.6	26.6	51	72	0.9	1.2			
	Telecoms																	
0941	China Mobile	Dec	72.95	(1)	0	1,735	380,383	6.38	6.42	11.4	11.4	(0)	1	3.8	3.9	Allan NG	BUY	102.00
0728	China Telecom	Dec	3.52	9	9	271	48,715	0.18	0.23	19.1	15.2		25	2.3	2.3	Allan NG	HOLD	4.20
0762	China Unicom (A/H)	Dec	9.71	17	(6)	343	66,348	0.47	0.37	20.6	26.3	(78)	(22)	1.2	1.2	Allan NG	SELL	9.80
	Average			8	1	783	165,149	2.35	2.34	17.0	17.6	(39)	1	2.4	2.4			
	Transport																	
0753	Air China (A/H)	Dec	6.77	7	12	101	29,826	0.43	0.48	15.9	14.2	n.a.	11	1.2	1.3	DU Jianping	BUY	7.12
0995	Anhui Expressway (A/H)	Dec	5.28	(2)	(2)	10	2,627	0.51	0.55	10.4	9.6	26	8	4.8	5.3	LIU Huiming	HOLD	5.00
0670	China Eastern Airlines (H)	Dec	3.10	17	12	25	7,846	0.06	0.14	55.6	21.5	n.a.	159	0.0	0.0	DU Jianping	HOLD	2.57
0144	China Merchants Holdings (R)	Dec	29.85	15	18	171	31,824	1.03	1.08	29.0	27.6	(28)	5	1.8	1.6	Jimmy LAM	BUY	30.90
1138	China Shipping (A/H)	Dec	13.80	18	18	141	17,856	0.45	0.84	31.0	16.5	(75)	88	0.6	1.2	Jimmy LAM	HOLD	12.00
1055	China Southern Airlines (A/H)	Dec	2.98	13	23	39	6,439	0.08	0.31	37.4	9.7	n.a.	287	0.0	1.0	DU Jianping	BUY	4.62
1199	COSCO Pacific (R)	Dec	12.52	14	26	111	13,883	0.71	0.83	17.7	15.1	(22)	18	2.3	3.6	Jimmy LAM	BUY	15.00
2866	CSCL (H)	Dec	3.34	15	19	211	10,536	(0.26)	(0.08)	n.m.	n.m.	n.a.	n.a.	0.0	0.0	Jimmy LAM	SELL	1.50
0525	GS Railway (A/H)	Dec	3.13	0	(1)	36	4,479	0.20	0.23	15.5	13.6	2	14	2.5	2.9	Patrick LI	BUY	4.10
0357	Hainan Meilan Airport	Dec	8.91	0	(5)	6	2,023	0.48	0.51	18.5	17.4	8	6	1.6	1.7	DU Jianping	BUY	5.77
0177	Jiangsu Expressway (A/H)	Dec	7.43	9	7	39	8,984	0.47	0.54	15.8	13.7	31	15	5.3	6.2	LIU Huiming	BUY	7.90
0548	Shenzhen Expressway (A/H)	Dec	4.16	(1)	9	18	3,084	0.33	0.39	12.4	10.6	30	18	3.0	3.3	LIU Huiming	HOLD	3.96
0716	Singamas (P)	Dec	1.38	10	14	25	1,961	(0.19)	0.12	n.m.	11.9	n.a.	n.a.	0.0	2.8	Jimmy LAM	BUY	1.70
0368	Sinotrans Shipping (R)	Dec	4.00	16	11	34	5,110	0.23	0.15	17.2	27.1	(61)	(37)	1.7	1.2	Jimmy LAM	BUY	4.25
	Average			9	12	69	10,463	0.32	0.43	23.0	16.0	(10)	49	2	2			
	Utilities																	
0392	Beijing Enterprises	Dec	49.20	(0)	(13)	105	22,936	2.27	2.60	21.6	18.9	11	15	1.6	1.8	Peter YAO	HOLD	61.00
0257	China Everbright Int'l	Dec	4.24	10	6	33	6,772	0.14	0.18	31.2	23.2	28	35	0.6	0.9	Peter YAO	BUY	5.10
2380	China Power Int'l	Dec	1.91	(1)	(2)	12	3,179	0.16	0.10	12.3	20.1	n.a.	(39)	1.7	1.4	Peter YAO	HOLD	2.08
0836	China Resources Power	Dec	16.02	4	4	158	26,000	1.09	1.16	14.7	13.8	174	6	1.7	1.8	Peter YAO	BUY	20.00
0916	China Longyuan Power	Dec	9.77	6	(3)	0	20,419	0.22	0.33	45.2	30.0	184	51	0.2	0.5	Peter YAO	BUY	13.50
0735	China Power New Energy	Apr	0.68	28	21	21	2,816	0.02	0.03	32.4	25.2	950	29	0.0	0.0	Peter YAO	BUY	0.61
0182	China WindPower Group	Mar	0.94	21	6	27	3,079	0.03	0.04	29.4	21.4	88	38	0.0	0.0	Peter YAO	BUY	1.10
0991	Datang Int'l Power (A/H)	Dec	3.69	8	10	89	34,775	0.17	0.21	21.8	17.4	140	26	2.5	2.3	Peter YAO	HOLD	3.40
0270	Guangdong Investment (R)	Dec	4.06	0	(10)	30	9,757	0.35	0.40	11.5	10.1	18	14	3.1	3.5	Peter YAO	BUY	4.50
1071	Huadian Power (A/H)	Dec	2.19	7	6	19	12,525	0.22	0.16	10.1	13.9	n.a.	(27)	2.5	1.8	Peter YAO	HOLD	2.15
0902	Huaneng Power (A/H)	Dec	4.68	4	7	116	27,645	0.45	0.41	10.5	11.5	n.a.	(9)	4.8	4.3	Peter YAO	BUY	5.70
1193	China Resources Gas	Dec	11.24	7	(1)	29	11,920	0.25	0.43	45.9	26.4	(51)	73	0.5	0.9	Peter YAO	BUY	13.50
1083	Towngas China	Dec	3.51	14	12	6	1,854	0.12	0.15	28.5	23.9	19	20	0.3	0.4	Peter YAO	SELL	2.26
	Average			8	3	50	14,129	0.42	0.48	24.2	19.7	156	18	1.5	1.5			

HK – HK

RIC	Company	Y/E	Price (5/3/10) (HK$)	1M chg. (%)	YTD chg. (%)	3M avg. daily T/O (HK$ m)	Free float mkt cap^ (HK$ m)	EPS 09E (HK$)	EPS 10E (HK$)	P/E 09E (x)	P/E 10E (x)	EPS gr. 09E (%)	EPS gr. 10E (%)	Yield 09E (%)	Yield 10E (%)	Analyst	Rec	Target price (HK$)
	Consumer Products																	
0330	Esprit Holdings	Jun	55.75	1	8	335	58,855	3.82	3.97	14.6	14.1	(26)	4	5.1	4.3	Ashley CHEUNG	HOLD	57.11
0709	Giordano Int'l	Dec	2.42	2	5	3	3,538	0.11	0.18	21.2	13.4	(39)	59	2.8	3.8	Ashley CHEUNG	SELL	2.00
0494	Li & Fung	Dec	39.25	15	22	274	95,538	0.97	1.47	40.3	26.8	43	51	2.0	3.0	Ashley CHEUNG	BUY	41.00
0589	Ports Design	Dec	18.96	(10)	(21)	49	6,477	0.98	1.21	19.3	15.7	14	23	4.7	3.9	Sarah XING	BUY	23.00
0178	Sa Sa International	Dec	5.90	18	15	17	2,852	0.23	0.27	25.8	21.6	10	19	3.9	4.4	Ashley CHEUNG	BUY	5.33
0210	Daphne International	Dec	6.57	13	5	32	5,671	0.32	0.42	20.5	15.7	7	30	1.0	1.4	Ashley CHEUNG	BUY	8.60
	Average			7	6	118	28,822	1.07	1.25	23.6	17.9	1	31	3.2	3.4			
	Consumer Services																	
0341	Café de Coral	Mar	17.72	6	(0)	8	4,776	0.82	0.93	21.5	19.2	8	12	3.8	3.7	Ashley CHEUNG	BUY	19.80
0052	Fairwood	Mar	8.26	5	8	2	587	0.62	0.73	13.3	11.4	(12)	17	4.6	5.4	Ashley CHEUNG	BUY	8.90
0027	Galaxy Entertainment	Dec	3.12	8	(3)	17	3,088	0.26	n.a.	12.0	n.a.	1,200	n.a.	1.0	n.a.	Alfred LAU	BUY	10.00
1212	Lifestyle Int'l	Dec	13.18	(0)	(9)	16	7,052	0.50	0.68	26.2	19.3	0	35	1.9	2.2	Ashley CHEUNG	BUY	17.10
0200	Melco Int'l	Dec	3.38	9	(6)	22	2,241	1.40	n.a.	2.4	n.a.	66	n.a.	8.3	n.a.	Alfred LAU	SELL	13.00
3813	Pou Sheng Int'l	Sep	1.47	7	27	16	3,415	0.04↓	0.11↓	37.9	13.5	(74)	180	0.0	0.0	Ashley CHEUNG	BUY	2.00
1836	Stella International	Dec	15.52	(3)	10	5	3,697	1.13	1.21	13.7	12.8	(8)	7	5.6	6.2	Ashley CHEUNG	BUY	17.45
	Average			5	4	12	3,551	0.68	0.73	18.1	15.2	169	50	3.6	3.5			
	Financials																	
0662	Asia Financial Holdings	Dec	3.00	3	9	1	1,337	0.23	0.16	13.0	18.8	n.a.	(30)	2.3	1.7	Dickie WONG	BUY	2.80
0023	Bank of East Asia	Dec	28.55	6	(7)	117	38,006	1.30↓	1.40↑	21.9	20.4	959	7	2.8	2.8	Dickie WONG	HOLD	25.00
2388	BOC Hong Kong	Dec	17.78	4	1	278	64,291	1.18	1.30	15.1	13.7	3	10	3.9	4.4	Dickie WONG	BUY	20.00
1111	Chong Hing Bank	Dec	14.12	1	(7)	1	1,474	0.54	0.51	26.1	27.7	286	(6)	2.3	2.2	Dickie WONG	SELL	11.50
2356	Dah Sing Banking	Dec	9.63	(6)	(17)	8	2,756	0.43	0.67	22.4	14.4	115	56	1.8	2.8	Dickie WONG	HOLD	8.50
0440	Dah Sing Financial	Dec	36.95	0	(14)	7	3,790	3.27	3.96	11.3	9.3	698	21	3.4	4.1	Dickie WONG	HOLD	34.00
0636	Fubon Bank	Dec	3.42	10	(6)	4	1,002	0.18	0.30	19.0	11.4	100	67	3.1	5.2	Dickie WONG	SELL	2.80
0011	Hang Seng Bank	Dec	109.50	2	(5)	237	79,341	6.82	7.57	16.1	14.5	(7)	11	4.7	4.7	Dickie WONG	HOLD↓	105.00
0388	HKEx	Dec	129.70	0	(7)	767	130,626	4.38	5.34	29.6	24.3	(8)	22	3.0	3.7	Dickie WONG	HOLD	145.00
0005	HSBC	Dec	81.80	1	(9)	1,884	1,459,557	2.64↑	4.50↓	31.0	18.2	(28)	71	3.0	3.2	Dickie WONG	HOLD	95.00
0349	ICBC (Asia)	Dec	17.00	7	1	16	6,293	1.04	1.02	16.3	16.7	39	(2)	3.6	3.6	Dickie WONG	BUY	16.00
2888	Standard Chartered	Dec	199.70	14	3	148	303,294	12.58	15.37↑	15.9	13.0	(2)	22	2.7	3.3	Dickie WONG	BUY	225.00
0302	Wing Hang Bank	Dec	65.60	1	(10)	33	8,822	3.96	4.25	16.6	15.4	1	7	1.8	1.9	Dickie WONG	SELL	58.00
	Average			3	(5)	269	161,584	2.97	3.57	19.6	16.7	180	20	3.0	3.4			
	Industrials																	
2314	Lee & Man	Mar	5.35	9	0	61	2,251	0.26	1.44	20.3	3.7	(79)	444	0.9	8.1	Sarah XING	BUY	22.58
0303	V-Tech Holdings	Mar	79.65	(5)	7	38	11,756	4.53	5.33	17.6	14.9	(34)	18	5.2	5.4	Ashley CHEUNG	BUY	76.91
0551	Yue Yuen Industrial	Sep	23.30	(2)	4	43	14,733	2.23	2.18	10.5	10.7	21	(2)	3.8	3.3	Ashley CHEUNG	BUY	30.40
	Average			1	4	47	9,580	2.34	2.98	16.1	9.8	(31)	153	3.3	5.6			
	Metals & Mining																	
0486	UC RUSAL	Dec	8.50	(6)	n.a.	0	12,866	0.23	0.50	36.5	17.1	n.a.	113	0.0	0.0	Belle CHAN	BUY★	11.03
	Average			(6)	n.a.	0	12,866	0.23	0.50	36.5	17.1	n.a.	113	0.0	0.0			
	Media																	
0100	Clear Media	Dec	4.30	(4)	5	1	1,127	0.18	0.28↓	24.6	15.5	(49)	58	0.0	0.0	Allan NG	BUY	5.20
1097	i-Cable Communications	Dec	1.32	13	15	1	879	0.01	0.06	165.0	22.0	n.a.	650	0.0	0.8	Allan NG	BUY	1.40
0685	Media Chinese Int'l	Mar	1.37	18	18	0	150	0.18	n.a.	7.7	n.a.	57	n.a.	6.6	n.a.	Allan NG	BUY	1.88
0282	Next Media	Mar	1.10	(1)	6	3	690	0.11	0.12	10.3	9.5	(50)	8	0.0	0.0	Allan NG	SELL	1.25
0018	Oriental Press	Mar	0.96	1	(3)	0	969	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	Allan NG	SELL	1.14
0583	SCMP Group	Dec	1.57	5	(5)	0	613	0.02	0.06	74.8	28.5	(81)	162	3.8	4.5	Allan NG	SELL	1.14
0511	Television Broadcasting	Dec	36.25	4	(3)	18	10,797	2.04	2.67	17.8	13.6	(15)	31	4.0	5.0	Allan NG	BUY	36.00
	Average			5	5	3	2,175	0.42	0.64	50.0	17.8	(28)	182	2.4	2.0			

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HK – HK

RIC Company	Y/E	Price (5/3/10) (HK$)	1M chg. (%)	YTD chg. (%)	3M avg. daily T/O (HK$ m)	Free float mkt. cap.^ (HK$ m)	EPS 09E (HK$)	EPS 10E (HK$)	P/E 09E (x)	P/E 10E (x)	EPS gr. 09E (%)	EPS gr. 10E (%)	Yield 09E (%)	Yield 10E (%)	Analyst	Rec	Target price (HK$)
Property																	
2778 Champion REIT	Dec	3.49	4	6	19	8,345	0.14	0.11	25.7	30.6	21	(16)	7.5	6.6	Alfred LAU	SELL↓	3.30
0001 Cheung Kong	Dec	96.00	7	(4)	442	133,411	8.26	7.88	11.6	12.2	15	(5)	2.6	2.6	Manfred HO	HOLD	104.50
0041 Great Eagle	Dec	21.85	15	8	13	6,649	2.05	2.10↑	10.6	10.4	9	2	2.4	2.5	Alfred LAU	BUY	24.80
0405 GZI REIT	Dec	3.05	2	4	3	2,438	0.26	0.31	11.7	9.8	117	19	8.5	9.2	Andy SO	HOLD	3.00
0010 Hang Lung Group	Jun	39.25	12	2	48	32,986	1.08	3.32	36.5	11.8	(43)	208	1.8	2.2	Manfred HO	HOLD	38.30
0101 Hang Lung Properties	Jun	30.00	16	(2)	175	58,473	0.57	1.90	52.6	15.8	(53)	233	2.2	2.7	Manfred HO	HOLD	28.90
0012 Henderson Land	Jun	53.95	13	(8)	187	53,977	2.58	2.55	20.9	21.1	(66)	(1)	1.1	2.1	Manfred HO	BUY	64.50
0014 Hysan Development	Dec	21.25	9	(4)	27	13,202	1.11	1.11	19.1	19.2	8	(0)	3.4	3.5	Alfred LAU	HOLD	21.10
0683 Kerry Properties	Dec	38.35	10	(3)	86	25,612	2.46	2.20	15.6	17.4	19	(11)	2.2	2.4	Manfred HO	HOLD	38.70
0066 MTR Corporation	Dec	28.20	11	5	91	36,931	1.22↑	1.24↓	23.1	22.8	(15)	1	1.7	1.7	Manfred HO	BUY↑	31.90
0017 New World Development	Jun	14.90	14	(7)	136	36,300	0.55	1.48	27.2	10.0	(79)	171	2.0	3.4	Manfred HO	HOLD	17.60
0808 Prosperity REIT	Dec	1.38	5	4	2	1,431	0.06	0.06	23.0	23.0	n.a.	0	8.0	8.0	Andy SO	HOLD	1.23
0016 SHK Properties	Jun	110.30	12	(5)	664	164,029	4.81	5.27	22.9	20.9	9	10	2.3	2.6	Manfred HO	BUY	134.20
0083 Sino Land	Jun	14.74	18	(2)	119	33,122	0.77	0.87↑	19.2	17.0	(52)	13	2.7	2.4	Manfred HO	HOLD	14.10
0823 The Link REIT	Mar	19.16	2	(3)	106	37,609	0.85	1.01	22.6	18.9	13	19	4.4	5.2	Alfred LAU	BUY	22.40
Average			10	(1)	141	42,968	1.78	2.09	22.8	17.4	(7)	43	3.5	3.8			
Technology																	
0522 ASM Pacific	Dec	73.10	17	(1)	69	13,420	2.47	3.24	29.6	22.6	(1)	31	2.4	3.6	Frank HE	BUY	65.00
2342 Comba Telecom	Dec	8.96	12	(1)	45	3,787	0.52↑	0.66↑	17.2	13.5	95	27	1.8	2.2	Frank HE	BUY	9.90
2038 Foxconn International	Dec	7.98	2	(12)	203	15,773	0.12	0.20	64.2	39.5	(6)	63	0.0	0.0	Frank HE	HOLD	4.60
0903 TPV Technology	Dec	5.19	0	9	26	5,040	0.42	0.41	12.4	12.6	32	(2)	2.8	2.7	Frank HE	HOLD	5.40
Average			8	(1)	86	9,505	0.88	1.13	30.9	22.1	30	30	1.7	2.1			
Telecoms																	
2332 Hutchison Telecom	Dec	2.15	0	34	26	4,244	1.03	(0.43)↑	2.1	n.m.	337	n.a.	0.0	0.0	Allan NG	SELL	2.20
0008 PCCW	Dec	2.20	2	18	28	7,724	0.27	0.22	8.1	10.0	13	(20)	2.3	2.7	Allan NG	SELL	2.40
0315 SmarTone	Jun	6.95	(0)	9	2	1,828	0.08	0.42↑	89.1	16.7	(84)	435	1.2	5.7	Allan NG	BUY↑	7.90
Average			1	20	19	4,599	0.46	0.07	33.1	13.4	89	207	1.1	2.8			
Transport																	
0293 Cathay Pacific	Dec	14.78	13	2	64	58,233	0.63	0.84	23.5	17.6	n.a.	33	1.8	2.2	DU Jianping	HOLD	9.17
0316 OOIL	Dec	59.00	13	63	111	11,815	(4.95)	14.13	n.m.	4.2	n.a.	n.a.	0.0	6.1	Jimmy LAM	BUY	63.00
2343 Pacific Basin	Dec	6.58	14	17	97	9,256	0.44	0.32↓	14.9	20.7	(76)	(28)	3.5	2.4	Jimmy LAM	HOLD↓	6.60
Average			13	27	90	26,435	(1.29)	5.10	19.2	14.1	(76)	3	1.8	3.6			
Utilities																	
0002 CLP	Dec	54.25	4	3	160	94,066	3.40	3.44↓	15.9	15.8	(21)	1	4.6	4.6	Peter YAO	HOLD	53.80
0003 HK & China Gas	Dec	18.28	13	(6)	111	65,801	0.75	0.82	24.4	22.4	16	9	2.5	2.7	Peter YAO	HOLD	18.00
0006 HK Electric	Dec	44.85	4	6	119	52,647	3.12	3.14	14.4	14.3	(17)	1	4.5	4.6	Peter YAO	SELL	41.00
Average			7	1	130	70,838	2.42	2.47	18.3	17.5	(8)	4	3.9	4.0			

China – A

RIC	Company	Price (5/3/10) (¥)	1M chg. (%)	YTD chg. (%)	3M avg. daily T/O (¥ m)	Free float mkt. cap.^ (¥ m)	EPS 09E (¥)	EPS 10E (¥)	P/E 09E (x)	P/E 10E (x)	EPS gr. 09E (%)	EPS gr. 10E (%)	Yield 09E (%)	Yield 10E (%)	Analyst	Rec	Target price (¥)
	Agriculture																
600195	China Animal Husbandry Ind.	23.81	11	17	160	4,829	0.75	0.86	31.7	27.7	79	15	1.8	2.1	ZHAO Zongjun	BUY	23.00
002299	Fujian Sunner Development	27.10	(0)	8	70	1,111	0.49	0.81	55.3	33.5	0	65	0.6	1.0	ZHAO Zongjun	BUY	32.00
	Average		5	13	115	2,970	0.62	0.84	43.5	20.5	39	40	1.2	1.6			
	Automotive																
600166	Beiqi Foton Motor	21.05	18	10	226	12,018	1.13↑	1.30↑	18.6	16.2	200	15	0.1	0.3	WANG Yusheng	BUY	26.00
000625	Changan Automobile (A/B)	12.64	11	(10)	252	15,931	0.60	0.77	21.2	16.5	5,860	28	0.1	0.9	WANG Yusheng	BUY	14.54
000951	Sinotruk	29.70	14	8	85	4,480	1.10	1.56	26.9	19.0	(2)	41	0.0	1.1	WANG Yusheng	HOLD	25.00
000800	FAW Car	23.22	8	(11)	354	17,767	0.75	0.99	30.8	23.5	13	31	1.5	1.3	WANG Yusheng	BUY	22.72
000927	FAW Xiali	10.44	4	(12)	155	3,331	0.19	0.29	56.4	36.0	194	57	0.3	0.8	WANG Yusheng	SELL	6.38
600660	Fuyao Group Glass Ind.	12.35	4	(17)	294	11,404	0.45	0.64	27.4	19.4	267	41	0.0	1.8	WANG Yusheng	BUY	12.80
600478	Hunan Corun New Energy	16.30	8	(4)	102	3,217	0.08	0.52	194.0	31.5	(33)	517	0.0	0.2	WANG Yusheng	BUY	23.40
600418	Jianghuai Auto	10.53	11	(1)	252	8,823	0.32	0.75	33.2	14.1	620	136	0.1	0.8	WANG Yusheng	BUY	15.00
000550	Jiangling Motors (A/B)	21.48	10	(7)	56	5,376	1.13	1.32	19.0	16.3	24	17	1.4	2.0	WANG Yusheng	BUY	26.40
002048	Huaxiang Electronic	13.10	10	(7)	201	4,818	0.53	0.50	24.8	26.0	81	(5)	0.5	0.8	WANG Yusheng	HOLD	11.07
600104	Shanghai Auto	21.96	9	(16)	540	31,649	1.00	1.56	21.9	14.0	902	56	0.6	1.6	WANG Yusheng	BUY	31.28
000338	Weichai Power (A/H)	66.00	6	2	263	18,693	3.91	4.48	16.9	14.7	69	15	0.3	0.4	Eric HU	BUY	71.70
000581	Weifu High Tech	19.08	18	1	110	6,448	0.65	0.86	29.4	22.2	90	33	0.8	1.0	WANG Yusheng	BUY	17.19
600686	Xiamen King Long Motor Co	9.68	7	(12)	114	3,902	0.47	0.55	20.4	17.7	7	15	0.5	0.6	Eric HU	HOLD	8.50
600066	Zhengzhou Yutong Bus	19.04	13	(5)	98	6,634	0.95	1.15	20.1	16.6	(7)	21	2.9	3.5	Eric HU	BUY	20.70
	Average		10	(5)	207	10,299	0.88	1.15	37.4	20.3	552	68	0.6	1.1			
	Chemicals																
600299	Blue Star New Chemical	12.85	3	(5)	81	2,005	0.36	0.49	35.3	26.1	7	35	0.8	0.9	NI Xiaoman	HOLD	12.50
600230	Changzhou Dahua	18.46	6	(7)	79	2,056	0.47	1.33	38.9	13.9	(26)	180	0.3	0.8	NI Xiaoman	BUY	22.50
000839	CITIC Guoan	14.49	4	(1)	384	21,926	0.34	0.40	42.7	36.0	49	19	0.7	0.8	NI Xiaoman	HOLD	18.00
000589	Guizhou Tyre	18.42	4	3	131	3,135	1.02	0.86	18.1	21.3	406	(15)	1.7	1.4	CHEN Tian	HOLD	15.00
600426	Hualu Hengsheng	20.23	7	(14)	126	6,121	0.86	1.28↑	23.6	15.9	13	49	0.5	0.5	NI Xiaoman	BUY	22.00
000707	Shuanghuan Sci & Tech	8.56	6	(18)	109	2,965	0.72	0.84	11.8	10.2	26	17	3.5	3.5	CHEN Tian	HOLD	10.00
002037	Jiu Lian Development	17.90	12	(3)	38	1,386	0.60	0.69	29.9	25.9	91	16	1.0	1.2	CHEN Tian	HOLD	17.00
600423	Liuzhou Chemical	14.42	7	2	46	2,340	0.29	0.45	49.4	32.0	(15)	54	0.0	0.3	NI Xiaoman	HOLD	12.80
000792	Qinghai Salt Lake Potash	54.55	(0)	(4)	235	21,324	1.60	2.38	34.1	23.0	(10)	48	3.1	0.7	NI Xiaoman	BUY	60.50
600409	Sanyou Chemical Industries	7.42	10	(14)	157	4,041	0.16	0.24	47.3	31.6	(28)	50	0.3	0.3	CHEN Tian	BUY	12.50
000677	Shandong Helon	7.86	6	(11)	151	3,939	0.24	0.52	32.9	15.1	n.a.	118	0.3	0.3	CHEN Tian	HOLD	9.20
600315	Shanghai Jahwa United	33.70	6	2	49	4,425	0.75	1.03	44.8	32.8	(12)	37	0.6	0.6	NI Xiaoman	BUY	35.00
600688	Shanghai Petrochem (A/H)	9.80	3	(11)	61	7,056	0.21	0.14	47.1	71.0	n.a.	(34)	0.0	0.5	Lawrence LAU	SELL	10.46
000731	Sichuan Meifeng	8.98	7	(3)	96	3,842	0.28	0.46	32.7	19.7	(32)	65	0.8	1.1	NI Xiaoman	HOLD	8.20
600500	Sinochem Int'l	13.10	12	10	197	10,738	0.44	0.54	29.8	24.1	(11)	24	1.1	1.4	NI Xiaoman	HOLD	11.13
600141	Xingfa Group	19.12	2	(8)	98	4,579	0.47	0.99	40.3	19.4	(51)	108	0.8	1.6	NI Xiaoman	BUY	24.75
600486	Yangnong Chemical	40.06	4	2	62	2,967	1.73	2.14	23.2	18.8	10	24	0.4	0.4	CHEN Tian	BUY	49.00
600309	Yantai Wanhua	23.86	11	(1)	244	15,475	0.67	0.96	35.5	24.8	(26)	43	2.1	1.5	NI Xiaoman	BUY	24.50
600096	Yuntianhua	24.27	6	1	172	5,613	(0.10)	0.98	n.m.	24.8	n.a.	n.a.	1.2	1.4	NI Xiaoman	HOLD	24.50
600352	Zhejiang Longsheng	12.16	2	6	253	8,013	0.72	0.80	16.8	15.2	1	10	0.2	0.2	CHEN Tian	BUY	15.00
	Average		6	(4)	138	6,697	0.59	0.88	33.4	25.1	23	45	1.0	1.0			
	Consumer Products																
000848	Hebei Chengde Lolo	28.85	15	9	58	5,484	0.60	0.72	48.1	40.1	3	20	1.5	1.7	ZHAO Zongjun	HOLD	23.00
600519	Kweichow Moutai	164.41	(4)	(3)	427	58,965	5.07	6.56	32.4	25.0	26	29	1.4	1.9	ZHAO Zongjun	BUY	197.00
600559	Laobaigan Liquor	25.64	2	3	66	1,902	0.32	0.44	80.1	58.3	39	38	0.5	0.8	ZHAO Zongjun	BUY	30.00
000568	Luzhou Laojiao	32.30	(5)	(17)	393	23,102	1.20	1.49	26.8	21.7	33	24	2.7	3.3	ZHAO Zongjun	BUY	42.00
600962	SDIC Zhonglu Fruit Juice	15.43	16	15	78	1,881	0.72	0.80	21.4	19.3	11	11	1.9	2.1	ZHAO Zongjun	HOLD	17.93
600779	Sichuan Swellfun	22.60	9	(1)	151	6,641	0.45	0.68	50.2	33.2	(30)	51	1.5	2.4	ZHAO Zongjun	HOLD	22.00
600809	Shanxi Xinghuacun Fen Wine	39.89	3	(7)	108	12,091	0.93	1.64	42.9	24.3	63	76	1.4	2.5	ZHAO Zongjun	BUY	49.00
600600	Tsingtao Brewery (A/H)	34.29	1	(9)	80	9,728	0.99	1.19	34.7	28.8	84	21	1.4	1.7	ZHAO Zongjun	HOLD	36.00
000729	Yanjing Brewery	20.59	(2)	10	181	9,966	0.52	0.72↑	39.7	28.6	36	39	0.8	1.4	ZHAO Zongjun	BUY	24.00
000869	Yantai Changyu (A/B)	69.29	(1)	(9)	57	7,672	2.09	2.61	33.2	26.5	23	25	2.1	2.6	ZHAO Zongjun	BUY	82.00
000858	Wuliangye Yibin	28.29	(2)	(11)	876	57,990	0.78	1.20	36.1	23.6	64	53	0.2	0.2	ZHAO Zongjun	BUY	36.00
600887	Yili Industrial Group	30.07	4	14	170	11,165	1.14	n.a.	26.4		19	n.a.	1.3	n.a.	ZHAO Zongjun	SELL	24.00
	Average		3	(1)	220	17,216	1.23	1.64	39.3	29.9	31	35	1.4	1.9			

China – A

RIC	Company	Price (5/3/10) (¥)	1M chg. (%)	YTD chg. (%)	3M avg. daily T/O (¥ m)	Free float mkt. cap.^ (¥ m)	EPS 09E (¥)	EPS 10E (¥)	P/E 09E (x)	P/E 10E (x)	EPS gr. 09E (%)	EPS gr. 10E (%)	Yield 09E (%)	Yield 10E (%)	Analyst	Rec	Target price (¥)
	Consumer Services																
600258	Beijing Capital Tourism	21.60	(7)	(7)	72	2,242	0.72	0.44	29.8	49.0	(3)	(39)	1.9	1.3	LIU Du	HOLD	15.14
002251	Better Life Commercial	27.10	1	(4)	73	5,341	0.65	0.85	41.9	31.9	(46)	31	0.5	0.6	ZHENG Yuan	HOLD	28.00
600828	Chengshang Group	30.08	13	34	40	2,017	0.64	0.58	47.0	51.9	28	(9)	0.0	0.2	LIU Du	SELL	13.40
601888	CITS	18.53	(3)	(12)	203	3,261	0.34	0.44	54.0	41.9	2	29	0.8	1.1	LIU Du	BUY	21.00
600138	CYTS	17.24	(1)	8	167	5,724	0.57	0.49	30.5	35.1	81	(13)	0.9	1.2	LIU Du	HOLD	11.96
600693	Fujian Dongbai Group	10.88	6	(7)	58	2,249	0.29	0.36	37.4	30.6	(25)	22	0.8	0.8	LIU Du	HOLD	8.58
002264	Fujian New HuaDu	33.32	4	(5)	47	891	0.64	0.79↓	52.5	42.1	2	25	1.3	0.8	ZHENG Yuan	HOLD	35.00
000978	Guilin Tourism	14.00	1	16	60	843	0.18↓	0.39↑	78.2	36.2	37	116	0.0	1.4	LIU Du	HOLD	13.42
000417	Hefei Department Store	15.31	(1)	4	76	4,409	0.42	0.47	36.6	32.8	24	12	0.5	0.6	ZHENG Yuan	BUY	17.20
600054	Huangshan Tourism (A/B)	21.29	2	15	107	2,509	0.40	0.53	52.8	40.1	1	32	0.8	1.1	LIU Du	HOLD	13.41
600754	Jin Jiang Development (A/B)	26.81	3	14	176	11,963	0.45	0.52	59.6	51.5	(1)	16	1.1	1.3	LIU Du	HOLD	20.65
002033	Lijiang Tourism	18.89	1	5	38	1,359	0.39	0.23↑	49.1	83.6	(17)	(41)	0.8	0.5	LIU Du	HOLD	18.72
600832	Oriental Pearl	13.35	7	18	469	42,533	0.15	0.16	90.8	84.0	5	8	0.0	0.0	ZHENG Yuan	SELL	7.25
002024	Suning Appliance	18.31	5	(12)	474	57,510	0.64	0.80	28.6	22.9	31	24	0.6	1.4	LIU Du	BUY	20.30
600859	Wangfujing Dept Store	34.67	3	(6)	49	6,880	1.00	1.25	34.6	27.8	6	24	0.6	0.6	LIU Du	BUY	34.21
600327	Commerical Mansion Grand Orient	13.93	2	(3)	36	2,407	0.55	0.63	25.4	22.1	65	15	0.4	0.4	LIU Du	BUY	16.50
000759	Wuhan Zhongbai Group	11.15	(2)	(5)	97	5,924	0.39	0.47	28.3	23.8	35	19	0.9	0.9	ZHENG Yuan	BUY	12.60
	Average		2	3	132	9,298	0.49	0.55	45.7	41.6	13	16	0.7	0.8			
	Energy																
601898	China Coal (A/H)	11.56	1	(15)	328	18,393	0.50	0.67	23.4	17.2	12	36	1.6	2.0	Lawrence LAU	BUY	18.12
601808	China Oilfield Services (A/H)	15.49	2	(5)	168	7,659	0.72↓	0.87↓	21.4	17.7	3	21	1.0	0.9	Lawrence LAU	BUY	23.56
601001	Datong Coal Industry	34.95	2	(22)	402	29,253	1.78	2.12	19.6	16.5	(26)	19	0.8	1.0	Grace TANG	HOLD	39.22
600546	Shanxi Coal International Energy	25.40	10	(26)	158	4,572	1.05	1.71	24.3	14.9	(25)	63	1.2	2.0	Grace TANG	BUY	42.80
600348	Guoyang New Energy	36.27	(1)	(25)	434	14,655	2.00	2.39	18.2	15.2	32	20	1.1	1.3	Grace TANG	BUY	59.80
000617	Jinan Disesel Engine	13.70	8	(13)	62	1,644	0.29	0.39	47.7	34.9	(34)	37	0.0	0.1	LUO Dan	SELL	12.50
000852	Kingdream	11.65	8	(8)	59	1,538	0.28	0.35	42.1	33.0	(16)	27	1.7	1.7	LUO Dan	BUY	14.00
600123	Lanhua Sci-Tech	38.62	3	(12)	268	22,052	2.24	2.57	17.3	15.0	(9)	15	1.3	1.5	Grace TANG	BUY	51.40
601699	Lu'an Environmental Energy	39.64	1	(23)	435	15,056	2.09	2.62	19.0	15.1	(16)	25	2.1	2.7	Grace TANG	BUY	65.50
600583	Offshore Oil Engineering	10.46	0	(8)	343	14,679	0.50	0.61	20.9	17.0	19	23	1.4	1.8	Lawrence LAU	BUY	15.00
601857	PetroChina (A/H)	12.80	1	(7)	531	46,853	0.57↓	0.74↓	22.5	17.3	(9)	31	2.0	2.6	Lawrence LAU	BUY	14.98
601666	Pingdingshan Tian'an Coal	25.68	2	(20)	330	14,709	1.15	1.55	22.3	16.6	(54)	34	1.8	2.4	Grace TANG	HOLD	34.90
601088	Shenhua Energy (A/H)	28.51	1	(18)	793	51,036	1.53	1.86	18.6	15.3	20	21	2.0	2.4	Lawrence LAU	BUY	41.79
600028	Sinopec (A/H)	11.04	1	(22)	1,346	38,288	0.69↓	0.65↓	16.1	16.9	100	(5)	1.6	1.6	Lawrence LAU	BUY	15.51
000983	Xishan Coal	31.93	3	(20)	904	36,377	1.10	1.95	29.1	16.4	(24)	77	1.0	1.8	Grace TANG	BUY	48.50
600188	Yanzhou Coal (A/H)	19.67	1	(15)	239	6,772	0.82	1.16	24.0	17.0	(35)	41	1.1	1.6	Lawrence LAU	BUY	31.33
900948	Yantai Coal B	61.10	9	3	17	20,128	4.29	6.29↑	14.2	9.7	2	47	3.3	4.8	Grace TANG	BUY	75.43
	Average		3	(15)	401	20,215	1.27	1.68	23.6	18.0	(3)	31	1.5	1.9			
	Financials																
600816	Anxin Trust & Investment	18.85	9	(5)	171	8,387	0.97	1.31	19.4	14.4	33	35	0.7	1.1	ZHANG Jian	BUY	29.04
601169	Bank of Beijing	16.06	3	(17)	659	19,004	0.88	1.00	18.2	16.0	1	13	1.2	1.2	YUAN Lin	HOLD↓	16.03
601328	Bank of Communication (A/H)	8.12	(0)	(13)	655	238,699	0.56↑	0.52↓	14.6	15.5	(4)	(6)	2.6	2.4	YIN Jinhua	HOLD	8.45
601009	Bank of Nanjing	16.53	2	(15)	322	19,434	0.88	0.77	18.8	21.4	11	(12)	2.5	2.2	YUAN Lin	HOLD	14.73
002142	Bank of Ningbo	15.36	3	(12)	340	6,912	0.59	0.61	26.2	25.3	10	4	1.5	1.6	YUAN Lin	BUY↑	18.55
601998	China Citic Bank (A/H)	6.84	(0)	(17)	603	24,029	0.35	0.38	19.5	18.0	3	8	1.4	1.5	YUAN Lin	HOLD	6.18
000783	Changjiang Securities	17.64	5	(9)	377	28,365	0.63	0.63	28.2	28.1	49	0	0.7	0.7	ZHANG Jian	HOLD	18.90
601939	China Construction Bank (A/H)	5.62	1	(9)	573	50,563	0.42	0.42	13.4	13.4	5	0	3.7	3.7	YUAN Lin	HOLD	6.08
600036	China Merchants Bank (A/H)	16.12	10	(6)	1,495	1,184,565	0.86↓	0.83↓	18.8	19.3	(22)	(3)	1.1	0.9	YUAN Lin	BUY	17.93
600030	CITIC Securities	27.12	3	(15)	3,047	179,819	1.24	1.07	22.0	25.3	12	(13)	0.6	0.6	ZHANG Jian	BUY	38.42
000728	Guoyuan Securities	18.12	3	(15)	546	5,040	0.63	0.56	29.0	32.5	76	(11)	0.7	0.6	ZHANG Jian	HOLD	22.80
600837	Haitong Securities	16.94	2	(12)	2,089	68,297	0.53	0.55	32.0	30.7	26	4	0.6	0.6	ZHANG Jian	HOLD	15.90
600015	Huaxia Bank	10.91	3	(12)	492	41,285	0.67	0.76	16.3	14.3	9	14	1.4	0.9	SUN Peng	BUY	12.80
000562	Hong Yuan Securities	21.33	4	(10)	253	31,167	0.74	0.61	28.8	34.9	100	(17)	0.7	0.6	ZHANG Jian	HOLD	22.20
601398	ICBC (A/H)	4.84	0	(11)	706	64,666	0.36	0.37	13.6	13.1	6	4	3.7	3.9	YUAN Lin	BUY	5.80
601166	Industrial Bank	34.89	4	(13)	965	174,450	2.66	2.51	13.1	13.9	17	(5)	1.3	1.1	YUAN Lin	HOLD	36.16
600016	Minsheng Bank (A/H)	7.25	2	(8)	1,058	129,643	0.65	0.64	11.1	11.4	56	(3)	(1.3)	(1.3)	SUN Peng	BUY	8.95
000686	Northeast Securities	33.79	7	(12)	198	5,890	1.26	1.05	26.8	32.2	79	(17)	0.7	0.6	ZHANG Jian	HOLD	37.20
601318	Ping An Insurance (A/H)	45.49	(5)	(17)	1,901	116,409	1.42	1.53	32.0	29.7	1,478	8	0.7	0.8	YUAN Lin	BUY	59.00
600000	Pudong Bank	20.74	7	(4)	1,454	162,989	1.82↓	1.42↓	11.4	14.6	(18)	(22)	0.7	0.7	YUAN Lin	HOLD↑	20.08
600109	Sinolink Securities	20.47	5	(15)	201	3,787	0.41	0.30	49.6	68.2	(73)	(27)	0.4	0.3	ZHANG Jian	SELL	12.90
000001	Shenzhen Development	23.27	6	(5)	769	65,049	1.20	1.08	19.4	21.5	484	(10)	0.5	0.5	SUN Peng	HOLD	21.16
	Average		3	(11)	832	115,453	0.87	0.84	21.5	22.9	103	(2)	1.3	1.3			

China – A

RIC	Company	Price (5/3/10) (¥)	1M chg. (%)	YTD chg. (%)	3M avg. daily T/O (¥ m)	Free float mkt. cap.^ (¥ m)	EPS 09E (¥)	EPS 10E (¥)	P/E 09E (x)	P/E 10E (x)	EPS gr. 09E (%)	EPS gr. 10E (%)	Yield 09E (%)	Yield 10E (%)	Analyst	Rec	Target price (¥)
	Industrials																
600585	Anhui Conch (A/H)	41.45	7	(17)	296	42,456	1.99	2.56	20.8	16.2	35	29	1.0	1.2	Patrick LI	HOLD	45.50
600761	Anhui Heli	13.51	4	(5)	128	3,039	0.20	0.35	66.2	38.9	(61)	70	0.3	0.5	Eric HU	HOLD	12.45
601299	China Northern Rolling	5.47	(2)	(11)	0	9,080	0.23	0.26	23.8	21.0	21	13	0.5	0.7	SHI Qi	BUY	6.60
601390	China Railway (A/H)	5.75	2	(9)	415	26,945	0.34	0.41	17.1	14.1	548	21	1.5	1.8	Patrick LI	BUY	7.90
601186	China Railway Construction (A/H)	8.44	(1)	(8)	319	20,722	0.49	0.68	17.3	12.4	65	40	1.4	2.0	Patrick LI	BUY	12.32
600970	Sinoma Int'l Engineering	33.30	1	(10)	91	2,070	1.74	2.09	19.1	16.0	87	20	3.0	3.5	Patrick LI	BUY	38.32
601766	China South Locomotive (A/H)	5.41	(0)	(5)	326	16,014	0.15	0.19	36.1	28.5	25	27	0.7	0.9	SHI Qi	BUY	5.10
600150	China State Shipbuilding	70.30	2	(10)	190	10,329	4.34	4.67	16.2	15.1	(31)	7	1.0	1.1	XU Minle	BUY	110.00
000012	CSG Holding (A)	19.80	13	1	210	23,025	0.61	0.81	32.5	24.4	79	33	0.9	1.2	HAN Ling	BUY	22.00
002074	Dongyuan Electric	13.70	12	(3)	52	1,138	0.46	0.63	29.8	21.7	64	37	1.0	1.4	HAN Ling	HOLD	11.40
600875	Dongfang Electric (A/H)	44.75	10	(1)	241	19,735	1.83	2.26	24.4	19.8	816	23	0.0	0.1	HAN Ling	BUY	48.30
002164	Donly Transmission	17.38	5	(4)	28	782	0.73	0.94	23.8	18.5	49	29	0.6	0.8	SHI Qi	BUY	9.49
002011	Dunan Equipment	21.63	13	27	73	1,950	0.48	0.64	45.0	33.6	3	34	0.3	0.5	SHI Qi	BUY	16.00
002202	Goldwind Sci & Tech	33.30	5	16	572	38,228	0.98	1.20	34.0	27.8	51	22	0.4	0.5	HAN Ling	HOLD	31.00
000528	Guangxi Liugong Machinery	21.54	8	(1)	203	8,541	1.05	1.21	20.4	17.8	76	15	0.7	0.8	Eric HU	BUY	21.73
600685	Guangzhou Shipyard Int'l (A/H)	23.43	3	(12)	79	3,766	1.24	1.29	18.9	18.2	(25)	4	1.4	1.4	XU Minle	BUY	32.25
600523	Guizhou guihang	24.71	6	54	102	3,499	0.35	0.64	71.4	38.9	102	84	0.3	0.6	XU Minle	BUY	22.10
600068	GZB Company Ltd.	13.63	2	16	425	10,666	0.76	1.00	18.0	13.6	56	32	1.5	2.0	Patrick LI	BUY	15.30
600537	Haitong Group	26.65	22	1	157	4,742	0.04	1.06	666.3	25.1	33	2,550	0.0	1.2	HAN Ling	BUY	37.00
002356	Haoningda Meters	37.57	n.a.	n.a.	0	1,090	0.93	1.07	40.4	35.1	21	15	0.7	0.9	HAN Ling	HOLD★	35.64
002204	Huarui Heavy Industry	23.59	6	(11)	44	1,262	0.85	1.12	27.8	21.1	42	32	0.6	0.7	SHI Qi	BUY	28.00
600801	Huaxin Cement (A)	22.09	1	(7)	59	3,659	1.11	1.22	19.9	18.1	(3)	10	0.7	0.7	Patrick LI	HOLD	23.20
600308	Huatai Paper	16.00	8	13	259	5,218	1.43	1.75	11.2	9.2	26	22	18.8	1.9	NI Xiaoman	BUY	22.80
002097	Hunan Sunward Intelligent	18.41	5	(13)	138	2,926	0.85	1.11	21.7	16.6	77	31	1.8	2.4	SHI Qi	HOLD	19.05
600495	Jinxi Axle	21.28	3	4	59	1,293	0.79	1.08	26.9	19.7	7	37	0.8	1.0	SHI Qi	BUY	23.70
600586	Jinjing Group	15.15	4	(7)	173	5,481	0.22	0.54	68.9	28.1	16	145	0.5	1.1	HAN Ling	BUY	21.00
600499	Keda Industrial	23.97	7	10	175	6,267	0.37	0.60	64.8	40.0	6	62	0.3	0.4	SHI Qi	BUY	18.06
600806	Kunming Machine (A/H)	13.44	2	(10)	73	1,776	0.63	0.64	21.3	21.0	(3)	2	0.7	0.7	SHI Qi	BUY	13.86
002147	Maanshan Fangyuan Slewing Ring	12.06	5	2	40	1,224	1.02	1.41	11.8	8.6	79	38	3.4	4.6	SHI Qi	HOLD	12.76
600449	Saima Industry	36.28	9	(3)	195	4,528	2.06	2.52	17.6	14.4	47	22	1.4	1.7	Patrick LI	BUY	42.30
600312	Pinggao Electric	16.09	2	4	216	7,623	0.25	0.42	64.4	38.3	(26)	68	0.3	0.5	HAN Ling	HOLD	14.50
600425	Qingsong Building Materials and Chemicals	21.10	7	(6)	166	4,594	0.56	0.85↓	37.6	24.8	77	52	0.9	1.6	Patrick LI	HOLD	21.90
600031	Sany Heavy Industry	31.44	5	(15)	273	18,245	1.42	1.80	22.1	17.5	71	27	0.9	1.1	SHI Qi	BUY	41.10
600170	Shanghai Construction Co.Ltd.	14.09	4	(9)	80	4,458	0.50	0.57	28.4	24.7	18	15	1.1	1.2	Patrick LI	BUY	17.20
600284	Shanghai Pudong Road and Bridge	13.39	7	(4)	68	4,633	0.39	0.73	34.4	18.5	21	86	0.7	1.4	Patrick LI	HOLD	14.50
600820	Shanghai Tunnel Engineering	12.84	2	(8)	164	5,937	0.54	0.64	24.0	20.2	34	19	1.0	1.2	Patrick LI	BUY	15.90
000680	Shantui Construction	11.80	5	(7)	146	7,075	0.69	0.75	17.1	15.7	5	9	1.2	1.3	SHI Qi	BUY	15.18
000837	Qinchuan Machinery	10.77	10	(5)	77	2,744	0.26	0.37	41.4	29.3	56	42	0.6	0.9	SHI Qi	HOLD	11.03
000410	Shenyang Machine Tool	10.82	1	(4)	98	5,779	0.01	0.16	772.9	68.5	(64)	1,029	0.0	0.4	Eric HU	HOLD	8.40
002028	Siyuan Electric	29.69	3	10	182	8,877	0.82	1.02	36.4	29.2	3	25	0.4	0.5	HAN Ling	BUY	28.00
002083	Sunvim Group	9.89	27	9	141	7,713	0.13	0.22	74.9	46.0	1	63	0.4	0.6	HAN Ling	SELL	8.00
600169	Taiyuan Heavy Industry	14.64	5	(16)	93	5,129	0.85	0.98	17.2	14.9	12	15	1.9	2.2	SHI Qi	BUY	17.50
000401	Tangshan Jidong Cement	16.49	6	(15)	209	11,801	0.78	1.13	21.1	14.6	112	44	1.3	1.8	Patrick LI	BUY	19.50
600550	Tainwei Baobian	29.27	6	(7)	402	17,059	0.60	0.82	48.8	35.8	(26)	36	0.6	0.8	HAN Ling	HOLD	30.00
600590	Tellhow Sci & tech	16.58	0	7	138	4,806	0.34	0.48	48.8	34.5	42	41	0.6	0.8	HAN Ling	HOLD	14.60
600582	Tiandi Science & Technology	26.60	(0)	(23)	90	7,709	0.90	1.03	29.6	25.8	18	14	0.7	0.8	SHI Qi	BUY	22.50
002122	Tianma Bearing	27.44	4	(6)	109	4,075	1.20	1.46	22.9	18.8	26	22	0.9	1.1	SHI Qi	BUY	31.68
000877	Tianshan Cement	22.57	3	6	180	4,507	1.02	1.35	22.1	16.8	66	32	1.1	1.5	Patrick LI	BUY	27.10
600458	Times New Material	23.68	9	11	83	2,560	0.49	0.60	48.3	39.5	81	22	0.4	0.5	SHI Qi	BUY	9.80
002218	Topray Solar	24.03	10	(1)	64	2,448	0.14	0.35	171.6	68.7	(44)	150	0.2	0.5	HAN Ling	SELL	18.00
600580	Wolong Electric	16.73	17	19	181	3,026	0.69	1.01	24.2	16.6	53	46	0.7	1.8	HAN Ling	BUY	26.50
600089	TBEA	21.95	3	(8)	599	34,711	0.85	1.05↓	25.8	20.9	57	24	0.0	1.4	HAN Ling	BUY	27.50
600416	Xiangtan Electric	23.39	10	(3)	135	3,353	0.56	0.91↓	41.8	25.7	124	63	0.6	1.2	HAN Ling	BUY	27.30
000425	XCMG Construction Machinery	35.69	(0)	2	182	7,896	1.98	2.31	18.0	15.5	890	17	0.6	0.6	SHI Qi	BUY	41.40
000157	Zoomlion Heavy Industry	22.83	4	(12)	311	18,715	1.31	1.73	17.5	13.2	39	32	0.6	0.7	Eric HU	BUY	34.60
	Average		6	(1)	174	8,822	0.82	1.06	59.1	24.9	76	99	1.1	1.2			

China – A

RIC	Company	Price (5/3/10) (¥)	1M chg. (%)	YTD chg. (%)	3M avg. daily T/O (¥ m)	Free float mkt. cap.^ (¥ m)	EPS 09E (¥)	EPS 10E (¥)	P/E 09E (x)	P/E 10E (x)	EPS gr. 09E (%)	EPS gr. 10E (%)	Yield 09E (%)	Yield 10E (%)	Analyst	Rec	Target price (¥)
	Media																
600037	Beijing Gehua CATV	15.51	9	9	304	8,615	0.28	0.30	55.8	52.2	(10)	7	1.0	1.0	Allan NG	SELL	11.00
600880	B-ray Media	30.10	9	12	85	7,224	0.70	0.91	43.3	32.9	33	32	0.7	0.9	LIU Du	BUY	25.46
600825	Xinhua Media	12.68	7	8	115	3,236	0.28	0.29	45.3	43.6	1	4	0.9	0.9	LIU Du	SELL	8.73
	Average		8	10	168	6,358	0.42	0.50	48.1	42.9	8	14	0.9	0.9			
	Metals & Mining																
000898	Angang New Steel (A/H)	11.88	6	(26)	347	13,752	0.10↓	0.75	120.0	15.9	(76)	657	0.4	3.2	Belle CHAN	BUY	19.93
600019	Baosteel	8.17	11	(15)	775	38,630	0.28	0.47	29.5	17.4	(25)	69	1.4	2.3	Belle CHAN	BUY	12.00
601600	CHALCO (A/H)	12.45	2	(14)	414	50,516	(0.23)	0.25	n.m.	50.0	n.a.	n.a.	0.0	0.0	Belle CHAN	BUY	26.94
600497	Chihong Xizhe	22.19	4	(16)	270	11,250	0.35	0.51	63.0	43.4	80	45	1.1	1.6	LE Yukun	HOLD	30.50
601005	Chongqing Iron & Steel (A/H)	5.89	10	1	56	3,237	0.03	0.06	178.5	93.5	(90)	91	0.2	0.4	Belle CHAN	SELL	4.73
000831	Shanxi Guanlu	8.58	8	(11)	111	3,698	0.01	0.10	858.0	85.8	0	900	0.0	0.1	LE Yukun	HOLD	3.40
600362	Jiangxi Copper (A/H)	35.91	7	(11)	408	43,422	0.83	1.25	43.5	28.8	9	51	0.7	1.0	Belle CHAN	SELL	22.94
601958	Jinduicheng Molybdenum	16.97	5	(11)	282	9,126	0.22	0.41	76.8	41.7	(76)	84	0.5	0.8	LE Yukun	BUY	27.30
600808	Maanshan Iron & Steel (A/H)	4.36	3	(14)	203	5,339	0.06	0.37	73.9	11.9	(52)	520	0.5	2.9	Belle CHAN	BUY	7.32
600282	Nanjing Steel	5.35	8	(12)	70	4,327	0.16	0.32	33.4	16.5	119	103	1.3	2.7	LE Yukun	BUY	7.90
600219	Nanshan Aluminium	11.44	6	(14)	400	5,734	0.20	0.22	57.2	52.0	(57)	10	0.3	0.3	LE Yukun	HOLD	4.40
000629	Panzhihua Steel	8.25	(5)	7	102	15,939	0.05	0.04	168.4	196.4	n.a.	(14)	0.0	0.0	XU Minle	HOLD	9.30
600547	Shandong Gold	67.62	6	(16)	681	23,591	1.10	1.41	61.3	48.1	23	27	0.8	1.0	LE Yukun	BUY	70.00
000825	Taigang Stainless Steel	7.90	9	(17)	344	17,999	0.04	0.65	179.5	12.2	(80)	1,373	0.1	1.8	LE Yukun	BUY	11.00
000709	Tangshan Iron & Steel	5.55	2	(22)	260	9,861	0.13	0.17	43.0	33.6	(71)	28	1.5	1.9	LE Yukun	BUY	7.80
000630	Tongling Nonferrous Matel	18.86	7	(15)	271	11,958	0.49	0.50	38.8	37.4	(1)	4	0.8	0.8	LE Yukun	HOLD	17.00
000612	Wanfang Aluminium	23.80	3	(15)	373	6,854	0.41	0.64	58.5	37.0	(41)	58	0.5	0.7	LE Yukun	BUY	31.00
600005	Wuhan Steel	6.67	2	(19)	521	20,912	0.25	0.39	27.2	17.1	(63)	59	1.7	2.7	LE Yukun	BUY	9.50
600888	Xinjiang Joinworld	18.36	(2)	17	177	6,270	0.52	0.68↑	35.4	27.2	80	30	0.4	0.5	LE Yukun	HOLD	20.20
000807	Yunnan Aluminium	12.24	4	(10)	267	6,321	0.01	0.13	941.5	96.4	(80)	877	0.1	0.9	LE Yukun	BUY	17.30
000960	Yunnan Tin	21.90	3	(17)	333	7,128	0.29	0.68	76.6	32.4	633	136	0.4	0.9	LE Yukun	BUY	49.00
601899	Zijin Mining (A/H)	8.40	1	(13)	770	36,643	0.26	0.41	32.3	20.5	23	57	1.5	2.3	Belle CHAN	BUY	13.02
	Average		5	(12)	338	16,023	0.25	0.47	152.2	46.2	13	246	0.6	1.3			
	Pharmaceuticals																
600085	Beijing Tongrentang	24.16	0	15	160	5,664	0.58	0.68	41.9	35.7	16	17	0.7	1.1	HE Changming	HOLD	22.36
000423	Dong-E E-Jiao	27.87	(4)	7	182	11,245	0.55	0.65	51.0	42.8	(0)	19	0.8	1.2	HE Changming	HOLD	24.96
600252	Guangxi Wuzhou Zhongheng Group	32.88	10	24	95	5,494	0.47	0.81	70.6	40.7	117	73	0.4	1.0	HE Changming	BUY	28.28
600332	Guangzhou Pharm. (A/H)	11.89	(3)	5	126	2,408	0.54	0.64	22.0	18.6	6	19	2.3	3.2	HE Changming	SELL	9.73
600276	Hengrui Medicine	47.40	1	(10)	59	12,069	1.07	1.25↓	44.2	38.0	31	17	0.0	0.8	ZHANG Yin	HOLD	49.95
000963	Huadong Medicine	21.60	7	17	39	4,032	0.66	0.75	32.8	28.8	70	14	0.6	0.7	ZHANG Yin	BUY	19.50
002007	Hualan Biological	66.00	17	19	263	11,880	0.90	1.15	73.4	57.6	73	27	0.4	0.5	ZHANG Yin	BUY	60.00
600557	Kanion Pharmaceutical	23.72	2	13	70	5,617	0.57	0.80	41.8	29.5	7	42	0.7	1.4	HE Changming	BUY	28.14
002252	Shanghai RAAS	41.18	21	11	57	1,647	0.83	1.04	49.7	39.4	26	26	0.5	0.6	ZHANG Yin	HOLD	29.00
600535	Tianjin Tasly Pharmaceuticals	27.27	5	22	91	6,654	0.66	0.84	41.3	32.3	26	28	1.5	1.9	HE Changming	BUY	29.55
600161	Tiantan Biological	24.43	9	(8)	147	5,249	0.29	0.36	83.4	68.4	8	22	0.2	0.3	ZHANG Yin	HOLD	23.80
600529	Shandong Pharm. Glass	15.57	1	4	88	3,241	0.60	0.70	26.0	22.4	9	16	0.7	0.8	ZHANG Yin	BUY	14.50
000999	Sanjiu Medical	25.11	14	26	111	8,604	0.73	0.88↑	34.6	28.5	42	21	0.8	1.1	HE Changming	BUY	30.78
002223	Yuyue Medical	37.42	13	9	26	1,462	0.66	0.89	57.1	42.0	64	36	0.6	0.8	ZHANG Yin	BUY	31.20
600479	Zhouzhou Sanjin	28.47	5	6	69	3,246	0.59	0.79	48.6	36.1	(18)	35	0.8	1.4	HE Changming	BUY	31.56
000538	Yunan Baiyao	57.50	1	(5)	100	14,124	1.18	1.62	48.9	35.5	35	38	0.6	1.1	HE Changming	BUY	64.76
600351	Yabao Pharmaceuticals	20.47	14	23	136	5,369	0.41	0.66↑	50.0	31.0	(24)	62	1.0	1.6	HE Changming	BUY	25.95
	Average		7	10	107	6,353	0.66	0.85	48.1	36.9	29	30	0.7	1.1			

China – A

RIC	Company	Price (5/3/10) (¥)	1M chg. (%)	YTD chg. (%)	3M avg. daily T/O (¥ m)	Free float mkt. cap.^ (¥ m)	EPS 09E (¥)	EPS 10E (¥)	P/E 09E (x)	P/E 10E (x)	EPS gr. 09E (%)	EPS gr. 10E (%)	Yield 09E (%)	Yield 10E (%)	Analyst	Rec	Target price (¥)
	Property																
000918	Calxon	13.50	6	(11)	38	1,873	0.29	0.54↓	47.0	24.9	122	89	0.9	1.6	ZHOU Lu	HOLD	15.19
000043	CATIC Real Estate	14.10	(8)	(12)	62	1,628	0.83	1.30	16.9	10.8		57	0.0	0.2	TIAN Shixin	BUY	17.50
600675	China Enterprise	13.20	1	(10)	240	9,910	0.59	0.64↓	22.6	20.6	37	10	0.0	0.4	TIAN Shixin	HOLD↓	13.31
000024	China Merchants Prop. (A/B)	22.35	2	(16)	568	14,582	1.06	1.32	21.1	17.0	51	24	0.4	0.5	TIAN Shixin	BUY	33.90
000002	China Vanke (A/B)	9.36	2	(13)	1,231	87,476	0.54	0.63↓	17.4	14.9	50	17	0.0	0.5	TIAN Shixin	BUY	11.43
600007	China World Trade Centre	11.56	5	(6)	47	11,644	0.32	0.28	36.7	41.1	(11)	(11)	1.4	1.2	ZHOU Lu	HOLD	11.73
000656	Chongqing Dongyuan	12.98	14	(7)	159	6,683	0.53	1.14	24.6	11.4	87	116	0.0	0.2	TIAN Shixin	HOLD	14.68
600067	Citychamp Dartong	10.49	1	(14)	411	25,245	0.54	0.65↑	19.4	16.2	29	20	2.1	2.5	ZHOU Lu	BUY	16.66
000402	Financial Street	12.39	5	(11)	784	20,375	0.61	0.85	20.4	14.6	92	40	0.4	0.5	TIAN Shixin	HOLD	18.70
600383	Gemdale	15.89	2	(15)	244	9,776	1.10	1.31	14.4	12.1	38	19	0.6	0.8	TIAN Shixin	BUY	26.38
600325	Huafa Industrial Share	19.12	0	(15)	690	34,324	0.98	1.36	19.5	14.0	54	39	0.0	0.6	TIAN Shixin	HOLD	21.95
600639	Jinqiao Exp. Processing Zone (AB)	12.39	3	(9)	48	10,457	0.30	0.53	41.0	23.3	(8)	76	1.0	1.7	ZHOU Lu	HOLD	14.93
600223	Lushang Property	14.38	1	(14)	81	6,904	0.18	1.08↓	81.7	13.4	102	511	0.0	1.5	ZHOU Lu	BUY	20.36
600048	Poly Real Estate Group	14.76	(4)	(14)	484	18,956	0.47	0.81	31.1	18.1	(2)	72	0.3	0.4	TIAN Shixin	BUY	24.40
002146	Risesun Real Estate Deve. Co.	10.39	3	(8)	114	1,106	0.68	0.85	15.2	12.3	54	24	1.0	1.2	TIAN Shixin	HOLD	14.88
600823	Shanghai Shimao	13.03	16	6	58	3,669	0.22	0.80↑	59.5	16.3	81	265	0.4	0.5	TIAN Shixin	HOLD	12.13
000069	Shenzhen Overseas Chinese Town	17.44	7	(16)	75	2,719	0.70	1.01	24.8	17.3	70	43	4.0	5.8	TIAN Shixin	BUY	22.70
000006	Shenzhen Zhenye Group	18.69	5	(17)	127	3,596	0.72	1.33	26.0	14.0	1,698	86	0.0	0.6	TIAN Shixin	BUY	24.57
600683	Silvertie Holding	11.27	6	(18)	217	11,993	0.61	0.98↑	18.4	11.5	101	60	0.4	0.7	TIAN Shixin	BUY	15.00
000718	Suning Universal	8.97	9	(10)	225	28,548	0.34	0.58	26.4	15.4	37	71	0.7	0.5	TIAN Shixin	BUY	10.30
000671	Sunshine City Group	28.22	11	18	68	2,655	1.04	3.13	27.1	9.0	190	200	0.7	2.2	ZHOU Lu	HOLD	28.49
600153	Xiamen C&D	12.37	4	(5)	162	15,376	0.72	0.90	17.3	13.8	43	25	2.3	2.9	ZHOU Lu	BUY	16.84
600208	Xinhu Zhongbao	13.80	8	(13)	40	2,875	0.62	0.94↓	22.4	14.7	36	53	0.4	0.5	TIAN Shixin	BUY	16.92
600895	Zhangjiang Hi-tech	10.95	14	(12)	54	2,302	0.44	0.76	24.9	14.4		73	0.0	0.6	TIAN Shixin	HOLD	11.68
000961	Zhongnan Construction	11.69	4	(9)	173	18,104	0.44	0.58↑	26.6	20.2	29	32	1.1	1.5	ZHOU Lu	BUY	15.32
	Average		5	(10)	256	14,111	0.59	0.97	28.1	16.5	130	80	0.7	1.2			
	Technology																
000063	ZTE (A/H)	45.05	6	0	414	47,194	1.28	1.49	35.1	30.2	39	16	0.6	0.7	Frank HE	BUY	44.80
	Average		6	0	414	47,194	1.28	1.49	35.1	30.2	39	16	0.6	0.7			
	Telecoms																
600050	China Unicom (A/R)	6.53	1	(10)	1,284	53,982	0.14	0.10	46.3	65.3	(83)	(29)	0.5	0.5	Allan NG	SELL	5.20
	Average		1	(10)	1,284	53,982	0.14	0.10	46.3	65.3	(83)	(29)	0.5	0.5			
	Transport																
601111	Air China (A/H)	11.64	10	20	397	18,539	0.35	0.39	33.1	29.5		12	0.6	0.7	DU Jianping	BUY	12.20
600012	Anhui Expressway (A/H)	7.50	(1)	26	185	4,728	0.45	0.50	16.9	15.2	7	11	3.0	3.3	Liu Huiming	HOLD	5.30
600115	China Eastern Airlines (A/H)	6.79	16	10	120	2,644	0.06	0.13	106.1	54.3		95	0.0	0.0	DU Jianping	HOLD	6.34
600125	China Railway Tielong	11.85	1	8	209	8,295	0.40	0.47	29.8	25.5	35	17	0.7	0.8	Patrick LI	BUY	8.91
600026	China Shipping (A/H)	13.21	4	(8)	227	7,197	0.40	0.74	33.3	17.8	(75)	87	0.6	1.1	Jimmy LAM	HOLD	13.70
600029	China Southern Airlines (A/H)	6.62	5	9	232	12,185	0.07	0.27	97.4	24.8		293	0.0	0.4	DU Jianping	BUY	8.01
000039	CIMC (A/B)	14.67	8	12	234	11,325	0.46	0.33	32.0	44.9	(13)	(29)	0.9	0.6	Jimmy LAM	SELL	9.30
601866	CSCL (A/H)	4.95	10	7	272	11,566	(0.23)	(0.06)	n.m.	n.m.	n.a.	n.a.	0.0	0.0	Jimmy LAM	SELL	3.05
601006	Daqin Railway	9.51	2	(8)	483	24,744	0.49	0.57	19.5	16.8	(5)	16	3.0	3.5	Liu Huiming	BUY	14.20
601333	GS Railway (A/H)	4.53	1	(5)	205	12,515	0.18	0.20	25.7	22.5	3	14	1.5	1.8	Patrick LI	HOLD	4.96
600004	Guangzhou Baiyun Airport	11.89	9	17	158	12,033	0.44	0.53	27.0	22.4	4	21	1.9	2.2	DU Jianping	BUY	12.62
600035	Chutian Expressway	7.09	10	29	84	3,501	0.36	0.40	19.8	17.7	10	12	2.0	2.3	Liu Huiming	HOLD	5.20
600221	Hainan Airlines	7.62	1	15	333	15,716	0.13	0.17	60.0	45.1	n.a.	33	0.0	0.0	LI Yan	HOLD	6.04
600377	Jiangsu Expressway (A/H)	7.73	9	8	79	3,115	0.41	0.47	18.9	16.3	32	16	4.5	5.2	Liu Huiming	BUY	7.10
600269	Jiangxi Ganyue Expressway	8.28	4	(5)	327	5,609	0.51	0.58	16.1	14.2	(45)	13	1.5	1.7	Liu Huiming	BUY	8.70
600017	Rizhao Port	8.33	18	21	145	4,025	0.26	0.34	32.5	24.4	23	33	0.6	0.9	Du Jianping	BUY	10.20
600350	Shandong Expressway	6.11	12	16	149	4,111	0.31	0.34	20.0	18.0	(17)	11	2.3	2.5	Liu Huiming	HOLD	4.76
600009	Shanghai Airport	18.41	1	6	469	18,802	0.37	0.60↑	50.3	30.7	(18)	64	0.3	0.5	DU Jianping	HOLD	18.00
000089	Shenzhen Airport	7.48	5	(0)	111	4,930	0.33	0.40↓	22.4	18.7	130	19	0.0	2.9	DU Jianping	HOLD↓	7.99
600548	Shenzhen Expressway (A/H)	6.31	1	6	61	1,376	0.27	0.30	23.0	21.2	19	8	1.7	1.9	Liu Huiming	HOLD	5.01
600717	Tianjin Port Ltd.	12.44	3	0	189	10,816	0.41	0.56	30.7	22.1	(28)	39	0.6	0.9	DU Jianping	HOLD	12.97
600897	Xiamen Airport	19.31	6	6	58	1,841	0.90	0.96	21.5	20.1	38	7	0.3	0.5	LI Yan	BUY	20.68
000900	Xiandai Investment	26.25	2	(12)	280	7,386	1.70	1.88	15.4	14.0	19	10	3.5	3.9	Liu Huiming	BUY	25.59
600320	Zhenhua Heavy (A/B)	9.07	3	(12)	198	20,705	0.35	0.54	25.7	16.9	(56)	52	1.0	1.5	Jimmy LAM	BUY	11.70
	Average		6	7	217	9,488	0.39	0.48	33.8	24.1	3	37	1.3	1.6			
	Utilities																
000690	Baolihua New Energy	11.22	3	16	317	9,107	0.50	0.49	22.4	22.8	56	(2)	0.9	0.9	YU Nian	BUY	10.80
600900	China Yangtze Power Corp	12.80	0	(4)	484	62,888	0.38	0.71	33.7	18.2	(9)	86	1.5	3.0	YU Nian	BUY	16.64
601991	Datang Int'l Power (A/H)	8.30	2	(8)	52	21,510	0.14	0.19	58.0	44.1	113	31	1.0	1.0	Peter YAO	SELL	7.50
600795	GD Power	7.17	7	(3)	245	29,686	0.21	0.26	34.6	27.6	(24)	26	0.6	0.7	YU Nian	BUY	7.35
000826	Eguard Resource Devel.	16.89	12	9	108	3,906	0.36	0.48	47.3	35.3	33	34	0.0	0.0	YUAN Lin	BUY★	17.50
600323	Nanhai Development	12.77	12	5	84	2,492	0.34	0.30	38.0	42.3	(5)	(10)	0.7	0.7	YU Nian	HOLD	9.42
000027	Shenzhen Energy	12.96	5	(4)	130	7,705	0.85	0.70	15.2	18.6	81	(18)	1.3	1.0	YU Nian	BUY	12.30
600027	Huadian Power (A/H)	5.10	4	(5)	51	8,378	0.19	0.14	26.4	36.4	n.a.	(27)	0.9	0.7	Peter YAO	HOLD	5.10
600011	Huaneng Power (A/H)	7.45	4	(7)	67	22,452	0.40	0.35	18.5	21.2	n.a.	(13)	2.6	2.4	Peter YAO	HOLD	8.00
600886	SDIC Huajing Power	8.93	3	(9)	57	9,418	0.27	0.37	33.2	24.2	(62)	37	0.7	0.8	YU Nian	BUY	10.52
	Average		5	(1)	159	17,754	0.36	0.40	32.7	29.1	23	14	1.0	1.1			

Germany

RIC	Company	Price (5/3/10) (€)	1M chg. (%)	YTD chg. (%)	3M avg. daily T/O (€ m)	Free float mkt. cap.^ (€ m)	EPS 09E (€)	EPS 10E (€)	P/E 09E (x)	P/E 10E (x)	EPS gr. 09E (%)	EPS gr. 10E (%)	Yield 09E (%)	Yield 10E (%)	Analyst	Rec	Target price (€)
	Agriculture																
5AB	Asian Bamboo AG	33.11	18	44	2	185	1.96	2.22	16.9	14.9	59	13	0.6	0.7	Jenny CHAN	BUY	14.48
	Average		18	44	2	185	1.96	2.22	16.9	14.9	59	13	0.6	0.7			
	Industrial																
ZEF	Zhong De Waste Tech.	14.00	25	16	0	93	1.09	1.55	12.9	9.0	(37)	42	0.0	0.0	Frank LAI	BUY	16.90
	Average		25	16	0	93	1.09	1.55	12.9	9.0	(37)	42	0.0	0.0			

Singapore

RIC	Company	Price (5/3/10) (S$)	1M chg. (%)	YTD chg. (%)	3M avg. daily T/O (S$m)	Free float mkt. cap.^ (S$m)	EPS 09E (S$)	EPS 10E (S$)	P/E 09E (x)	P/E 10E (x)	EPS gr. 09E (%)	EPS gr. 10E (%)	Yield 09E (%)	Yield 10E (%)	Analyst	Rec	Target price (S$)
	Consumer Product																
CZAI	China Zaino International	0.23	(2)	(2)	1	87	0.06	0.06↓	3.6	3.8	(33)	(4)	6.0	5.5	Frank LAI	BUY	0.30
	Average		(2)	(2)	1	87	0.06	0.06	3.6	3.8	(33)	(4)	6.0	5.5			
	Consumer Services																
CHHS	China Hongxing Sports	0.15	(17)	(24)	4	272	0.01	0.01↓	14.7	10.0	(71)	48	2.8	3.1	Frank LAI	BUY	0.27
	Average		(17)	(24)	4	272	0.01	0.01	14.7	10.0	(71)	48	2.8	3.1			
	Industrial																
Midas	Midas Holdings	1.06	12	15	15	521	0.04	0.05	25.2	20.8	8	21	0.9	1.2	Frank LAI	BUY	1.59
	Average		12	15	15	521	0.04	0.05	25.2	20.8	8	21	0.9	1.2			
	Property																
YLLG	Yanlord Land	1.91	21	(12)	20	1,299	0.16	0.17	12.2	11.2	34	9	0.9	0.9	Frank LAI	BUY	3.76
	Average		21	(12)	20	1,299	0.16	0.17	12.2	11.2	34	9	0.9	0.9			

NB: Buy = ≥+10% compared with the relevant benchmark index over a 6-month period; Sell = ≤-10% compared with the relevant benchmark index over a 6-month period; Hold = ≤+10% and ≥-10% compared with the relevant benchmark index over a 6-month period; Not Rated (NR)
^: Represents total figures, while others are averages
★ Initiating coverage, Arrows (↑↓) indicate a change in rating or a change in earnings forecast of at least 5% during the past month
Sources: Reuters, BOCI Research estimates

Calendar of Events

	Description	Date
Economic data (China)		
CPI	Feb10	11/3
Retail Sales	Feb10	11/3
VAIO	Feb10	11/3
FAI	Feb10	11/3
Economic data (Hong Kong)		
Unemployment rate	Dec09 - Feb10	18/03
Composite CPI	Feb10	22/03
Trade balance	Feb10	25/03
Retail sales value	Feb10	30/03
Results announcements (Hong Kong)		
Maoye International (0848.HK)	FY09	3/5/2010
SPG Land (0337.HK)	FY09	3/5/2010
China WindPower Group (0182.HK)	3Q09	3/8/2010
Want Want China (0151.HK)	FY09	3/8/2010
Hutchison Telecoms HK (0215.HK)	FY09	3/8/2010
Foxconn International (2038.HK)	FY09	3/9/2010
Fubon Bank (0636.HK)	FY09	3/9/2010
Lifestyle Int'l (1212.HK)	FY09	3/9/2010
MTR Corporation (0066.HK)	FY09	3/9/2010
PCCW (0008.HK)	FY09	3/9/2010
China Everbright Int'l (0257.HK)	FY09	3/10/2010
Guangzhou Shipyard Int'l (A/H) (0317.HK)	FY09	3/10/2010
Sinotrans Shipping (R) (0368.HK)	FY09	3/10/2010
Cathay Pacific (0293.HK)	FY09	3/10/2010
Hysan Development (0014.HK)	FY09	3/10/2010
PetroChina (A/H) (0857.HK)	FY09	3/11/2010
SOHO China (0410.HK)	FY09	3/11/2010
SHK Properties (0016.HK)	1H09	3/11/2010
Swire Pacific (0019.HK)	FY09	3/11/2010
BYD Company (1211.HK)	FY09	3/12/2010
Shenhua Energy (A/H) (1088.HK)	FY09	3/12/2010
Shenyin Wanguo (0218.HK)	FY09	3/12/2010
i-Cable Communications (1097.HK)	FY09	3/12/2010
New World Department Store (0825.HK)	1H10	3/15/2010
Towngas China (1083.HK)	FY09	3/15/2010

New World Development (0017.HK)	1H09	3/15/2010
Alibaba.com (1688.HK)	FY09	3/16/2010
China Resources Gas (1193.HK)	FY09	3/16/2010
Denway Motors (0203.HK)	FY09	3/16/2010
HK & China Gas (0003.HK)	FY09	3/16/2010
Guangzhou R&F Properties (2777.HK)	FY09	3/17/2010
Li Ning (2331.HK)	FY09	3/17/2010
Tencent Holdings (0700.HK)	FY09	3/17/2010
ZTE Corporation (A/H) (0763.HK)	FY09	3/17/2010
Bank of Communications (A/H) (3328.HK)	FY09	3/18/2010
China Insurance (0966.HK)	FY09	3/18/2010
China Overseas (R) (0688.HK)	FY09	3/18/2010
Hengan International (1044.HK)	FY09	3/18/2010
Kaisa Group (1638.HK)	FY09	3/18/2010
Phoenix Satellite TV (2008.HK)	FY09	3/18/2010
Kerry Properties (0683.HK)	FY09	3/18/2010
Prosperity REIT (0808.HK)	FY09	3/18/2010
Regal REIT (1881.HK)	FY09	3/18/2010
Stella International (1836.HK)	FY09	3/18/2010
China Mobile (0941.HK)	FY09	3/19/2010
Henderson Land (0012.HK)	1H09	3/19/2010
OOIL (0316.HK)	FY09	3/20/2010
China Lilang (1234.HK)	FY09	3/22/2010
Sino-ocean Land (R) (3377.HK)	FY09	3/22/2010
Tingyi Holding (0322.HK)	FY09	3/22/2010
China Molybdenum (H) (3993.HK)	FY09	3/23/2010
China Yurun Food Group (1068.HK)	FY09	3/23/2010
Inspur International (0596.HK)	FY09	3/23/2010
Zijin Mining (A/H) (2899.HK)	FY09	3/23/2010
Belle International (1880.HK)	FY09	3/24/2010
China Dongxiang (P) (3818.HK)	FY09	3/24/2010
China Telecom (0728.HK)	FY09	3/24/2010
Golden Eagle (3308.HK)	FY09	3/24/2010
Singamas (P) (0716.HK)	FY09	3/24/2010
Wumart Store (8277.HK)	FY09	3/24/2010
BOC Hong Kong (2388.HK)	FY09	3/24/2010
Hainan Meilan Airport (0357.HK)	FY09	3/25/2010
Kingdee International (0268.HK)	FY09	3/25/2010
Minsheng Bank (1988.HK)	FY09	3/25/2010
Sinofert HK Hldg (0297.HK)	FY09	3/25/2010
Xinyu Hengdeli (P) (3389.HK)	FY09	3/25/2010
Yuexiu Property (0123.HK)	FY09	3/25/2010
Dah Sing Banking (2356.HK)	FY09	3/25/2010

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Dah Sing Financial (0440.HK)	FY09	3/25/2010
Giordano Int'l (0709.HK)	FY09	3/25/2010
Li & Fung (0494.HK)	FY09	3/25/2010
Television Broadcasting (0511.HK)	FY09	3/25/2010
China Shipping (A/H) (1138.HK)	FY09	3/26/2010
Yantai North Andre Juice (H) (8259.HK)	FY09	3/26/2010
China Coal (A/H) (1898.HK)	FY09	3/27/2010
China Resources Land (R) (1109.HK)	FY09	3/27/2010
China Ting Group (P) (3398.HK)	FY09	3/27/2010
TRAVELSKY (0696.HK)	FY09	3/27/2010
Xingye Copper (P) (0505.HK)	FY09	3/27/2010
Comba Telecom (2342.HK)	FY09	3/27/2010
CHALCO (A/H) (2600.HK)	FY09	3/29/2010
Jiangsu Expressway (A/H) (0177.HK)	FY09	3/29/2010
Sinopec (A/H) (0386.HK)	FY09	3/29/2010
Wing Hang Bank (0302.HK)	FY09	3/29/2010
Anhui Conch (A/H) (0914.HK)	FY09	3/30/2010
Beijing Enterprises (0392.HK)	FY09	3/30/2010
China Construction Bank (A/H) (0939.HK)	FY09	3/30/2010
Datang International Power (A/H) (0991.HK)	FY09	3/30/2010
Guangzhou Pharmaceutical (A/H) (0874.HK)	FY09	3/30/2010
Huaneng Power (A/H) (0902.HK)	FY09	3/30/2010
Lianhua Supermarket (0980.HK)	FY09	3/30/2010
Nine Dragons Paper (P) (2689.HK)	1H09	3/30/2010
Shanghai Petrochem (A/H) (0338.HK)	FY09	3/30/2010
Asian Bamboo AG (5AB.GR)	FY09	3/30/2010
Cheung Kong (0001.HK)	FY09	3/30/2010
Melco Int'l (0200.HK)	FY09	3/30/2010
Ports Design (0589.HK)	FY09	3/30/2010
SCMP Group (0583.HK)	FY09	3/30/2010
China Resources Enterprise (0291.HK)	FY09	3/31/2010
China Unicom (A/R) (0762.HK)	FY09	3/31/2010
CNOOC Limited (0883.HK)	FY09	3/31/2010
Jiangxi Copper (A/H) (0358.HK)	FY09	3/31/2010
Pou Sheng International (3813.HK)	1Q10	3/31/2010
TPV Technology (0903.HK)	FY09	3/31/2010
Yue Yuen Industrial (0551.HK)	1Q10	3/31/2010

Results announcements (China)

Changzhou Dahua (600230.SS)	FY09	3/5/2010
Guangzhou Grandbuy (000987.SZ)	FY09	3/5/2010
Changan Automobile (A/B) (000625.SZ)	FY09	3/8/2010
Changan Automobile (A/B) (200625.SZ)	FY09	3/8/2010

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Dunan Equipment (002011.SZ)	FY09	3/8/2010
Guoyuan Securities (000728.SZ)	FY09	3/8/2010
Jiangling Motors (A/B) (000550.SZ)	FY09	3/8/2010
Jiangling Motors (A/B) (200550.SZ)	FY09	3/8/2010
Sanyou Chemical Industries (600409.SS)	FY09	3/8/2010
Shenzhen Invt Electric Co., Ltd. (002334.SZ)	FY09	3/8/2010
Tianjin Tasly Pharmaceuticals (600535.SS)	FY09	3/8/2010
Fuyao Group Glass Industries (600660.SS)	FY09	3/9/2010
Gemdale (600383.SS)	FY09	3/9/2010
Hefei Department Store (000417.SZ)	FY09	3/9/2010
Hualan Biological (002007.SZ)	FY09	3/9/2010
Guangzhou Shipyard Int'l (A/H) (600685.SS)	FY09	3/10/2010
Rongxin Power Electronic (002123.SZ)	FY09	3/10/2010
Tellhow Sci & tech (600590.SS)	FY09	3/10/2010
Yunnan Aluminium (000807.SZ)	FY09	3/10/2010
PetroChina (A/H) (601857.SS)	FY09	3/11/2010
Shanghai Jahwa United (600315.SS)	FY09	3/11/2010
Shenzhen Development (000001.SZ)	FY09	3/11/2010
Wanhao Wanjia (600576.SS)	FY09	3/11/2010
Guangzhou Baiyun Airport (600004.SS)	FY09	3/12/2010
Guodian Nanjing Automation (600268.SS)	FY09	3/12/2010
Shenhua Energy (A/H) (601088.SS)	FY09	3/12/2010
Sunshine City Group (000671.SZ)	FY09	3/12/2010
CATIC Real Estate (000043.SZ)	FY09	3/15/2010
China Merchants Property (A/B) (000024.SZ)	FY09	3/15/2010
China Merchants Property (A/B) (200024.SZ)	FY09	3/15/2010
Fujian Nanping Sun Cable (002300.SZ)	FY09	3/15/2010
Hoconices Drive Tech (300048.SZ)	FY09	3/15/2010
Jiangxi Ganyue Expressway (600269.SS)	FY09	3/15/2010
Maanshan Fangyuan Slewing Ring (002147.SZ)	FY09	3/15/2010
Suning Appliance (002024.SZ)	FY09	3/15/2010
Zhejiang Longsheng (600352.SS)	FY09	3/15/2010
Shenzhen Zhenye Group (000006.SZ)	FY09	3/16/2010
Ankai Auto (000868.SZ)	FY09	3/17/2010
Auto Electric Power (002227.SZ)	FY09	3/17/2010
Chengfei Intergation (002190.SZ)	FY09	3/17/2010
Jin Ling Hotel (601007.SS)	FY09	3/17/2010
Nanyang Co. (002212.SZ)	FY09	3/17/2010
Shandong Gold (600547.SS)	FY09	3/17/2010
Tiandi Science & Technology (600582.SS)	FY09	3/17/2010
Tiantan Biological (600161.SS)	FY09	3/17/2010
Tongling Nonferrous Matel (000630.SZ)	FY09	3/17/2010
YinChuan XinHua Department Store (600785.SS)	FY09	3/17/2010

Yunnan Xiyi industry (002265.SZ)	FY09	3/17/2010
ZTE Corporation (A/H) (000063.SZ)	FY09	3/17/2010
Bank of Communications (A/H) (601328.SS)	FY09	3/18/2010
China Railway Tielong (600125.SS)	FY09	3/18/2010
Hong Yuan Securities (000562.SZ)	FY09	3/18/2010
Huarui Heavy Industry (002204.SZ)	FY09	3/18/2010
Jinqiao Export Processing Zone (A/B) (600639.SS)	FY09	3/18/2010
Jinqiao Export Processing Zone (B) (900911.SS)	FY09	3/18/2010
Jinxi Axle (600495.SS)	FY09	3/18/2010
Risesun Real Estate Development Co. (002146.SZ)	FY09	3/18/2010
Shanghai Pudong Road and Bridge (600284.SS)	FY09	3/18/2010
Suning Universal (000718.SZ)	FY09	3/18/2010
Wuliangye Yibin (000858.SZ)	FY09	3/18/2010
Beijing Gehua CATV (600037.SS)	FY09	3/19/2010
Guizhou Tyre (000589.SZ)	FY09	3/19/2010
Huaguang Boiler (600475.SS)	FY09	3/19/2010
Nanjing Steel (600282.SS)	FY09	3/19/2010
Shanghai sk petroleum (002278.SZ)	FY09	3/19/2010
Siyuan Electric (002028.SZ)	FY09	3/19/2010
Tianshan Cement (000877.SZ)	FY09	3/19/2010
Zhangjiang Hi-tech (600895.SS)	FY09	3/19/2010
Northeast Securities (000686.SZ)	FY09	3/21/2010
Aerospace Automatic Electromechanical (600151.SS)	FY09	3/22/2010
Anhui Heli (600761.SS)	FY09	3/22/2010
Beijing Tongrentang (600085.SS)	FY09	3/22/2010
Changyuan Group (600525.SS)	FY09	3/22/2010
Chihong Xizhe (600497.SS)	FY09	3/22/2010
China Animal Husbandry Industry (600195.SS)	FY09	3/22/2010
CIMC (A/B) (000039.SZ)	FY09	3/22/2010
CIMC (A/B) (200039.SZ)	FY09	3/22/2010
Huayi Electric (600290.SS)	FY09	3/22/2010
Rizhao Port (600017.SS)	FY09	3/22/2010
Shanghai Tunnel Engineering (600820.SS)	FY09	3/22/2010
Shanxi Coal International Energy (600546.SS)	FY09	3/22/2010
Sinotruk - A (000951.SZ)	FY09	3/22/2010
Tianma Bearing (002122.SZ)	FY09	3/22/2010
Ufida (600588.SS)	FY09	3/22/2010
Yunnan Tin (000960.SZ)	FY09	3/22/2010
Huatai Paper (600308.SS)	FY09	3/23/2010
Shandong Pharmceutical Glass (600529.SS)	FY09	3/23/2010
Topray Solar (002218.SZ)	FY09	3/23/2010
Wanfang Aluminium (000612.SZ)	FY09	3/23/2010
Zhejiang China Commodities City Group (600415.SS)	FY09	3/23/2010

Zijin Mining (A/H) (601899.SS)	FY09	3/23/2010
B-ray Media (600880.SS)	FY09	3/24/2010
Laobaigan Liquor (600559.SS)	FY09	3/24/2010
Qinchuan Machinery (000837.SZ)	FY09	3/24/2010
Shanghai Construction Co.Ltd. (600170.SS)	FY09	3/24/2010
Wuhan Zhongbai Group (000759.SZ)	FY09	3/24/2010
Xi'an Areo engine (600893.SS)	FY09	3/24/2010
China Unicom (A/R) (600050.SS)	FY09	3/25/2010
Expo Garden (002059.SZ)	FY09	3/25/2010
Fujian Sunner Development (002299.SZ)	FY09	3/25/2010
Guangxi Liugong Machinery (000528.SZ)	FY09	3/25/2010
Guilin Tourism (000978.SZ)	FY09	3/25/2010
Huangshan Tourism (A/B) (600054.SS)	FY09	3/25/2010
Huangshan Tourism (A/B) (900942.SS)	FY09	3/25/2010
Jinan Disesel Engine (000617.SZ)	FY09	3/25/2010
Jinjing Group (600586.SS)	FY09	3/25/2010
Jiu Lian Development (002037.SZ)	FY09	3/25/2010
Minsheng Bank (600016.SS)	FY09	3/25/2010
Baoguang Co. (600379.SS)	FY09	3/26/2010
China Shipping (A/H) (600026.SS)	FY09	3/26/2010
China World Trade Centre (600007.SS)	FY09	3/26/2010
CYTS (600138.SS)	FY09	3/26/2010
Guangzhou Friendship Group (000987.SZ)	FY09	3/26/2010
Huadong Medicine (000963.SZ)	FY09	3/26/2010
Huafa Industrial Share (600325.SS)	FY09	3/26/2010
Jianghuai Auto (600418.SS)	FY09	3/26/2010
Kanion Pharmaceutical (600557.SS)	FY09	3/26/2010
Shandong Expressway (600350.SS)	FY09	3/26/2010
Shanghai Port (600018.SS)	FY09	3/26/2010
Tangshan Jidong Cement (000401.SZ)	FY09	3/26/2010
China Coal (A/H) (601898.SS)	FY09	3/27/2010
Avic Heavy machine (600765.SS)	FY09	3/28/2010
Haitong Group (600537.SS)	FY09	3/28/2010
Haoningda Meters (002356.SZ)	FY09	3/28/2010
Better Life Commercial Chain Share (002251.SZ)	FY09	3/29/2010
CHALCO (A/H) (601600.SS)	FY09	3/29/2010
China State Shipbuilding (600150.SS)	FY09	3/29/2010
CSG Holding (A) (000012.SZ)	FY09	3/29/2010
CSG Holding (B) (200012.SZ)	FY09	3/29/2010
Donly Transmission (002164.SZ)	FY09	3/29/2010
Guizhou guihang (600523.SS)	FY09	3/29/2010
Harbin Air Conditioning (600202.SS)	FY09	3/29/2010
Huaxia Bank (600015.SS)	FY09	3/29/2010

Jiangsu Expressway (A/H) (600377.SS)	FY09	3/29/2010
Lanhua Sci-Tech (600123.SS)	FY09	3/29/2010
Nanhai Development (600323.SS)	FY09	3/29/2010
Ningbo Fuda (600724.SS)	FY09	3/29/2010
Offshore Oil Engineering (600583.SS)	FY09	3/29/2010
Quan Jude (002186.SZ)	FY09	3/29/2010
Sinolink Securities (600109.SS)	FY09	3/29/2010
Sinopec (A/H) (600028.SS)	FY09	3/29/2010
Xiamen C&D (600153.SS)	FY09	3/29/2010
Xinjiang zhundong petroleum tech (002207.SZ)	FY09	3/29/2010
Yantai Wanhua (600309.SS)	FY09	3/29/2010
Yuntianhua (600096.SS)	FY09	3/29/2010
Anhui Conch (A/H) (600585.SS)	FY09	3/30/2010
China Construction Bank (A/H) (601939.SS)	FY09	3/30/2010
CITIC Securities (600030.SS)	FY09	3/30/2010
Datang International Power (A/H) (601991.SS)	FY09	3/30/2010
Emei Shan Tourism (000888.SZ)	FY09	3/30/2010
GD Power (600795.SS)	FY09	3/30/2010
Guangzhou Pharmaceutical (A/H) (600332.SS)	FY09	3/30/2010
Huaneng Power (A/H) (600011.SS)	FY09	3/30/2010
Huaxin Cement (A) (600801.SS)	FY09	3/30/2010
Huaxin Cement (B) (900933.SS)	FY09	3/30/2010
Lu'an Environmental Energy (601699.SS)	FY09	3/30/2010
Shanghai Petrochem (A/H) (600688.SS)	FY09	3/30/2010
Shenyang Machine Tool (000410.SZ)	FY09	3/30/2010
Shenzhen Comix Office Product (002301.SZ)	FY09	3/30/2010
Sinochem Int'l (600500.SS)	FY09	3/30/2010
Sinoma International Engineering (600970.SS)	FY09	3/30/2010
Taiyuan Heavy Industry (600169.SS)	FY09	3/30/2010
Topway (002238.SZ)	FY09	3/30/2010
Xiamen Airport (600897.SS)	FY09	3/30/2010
Xi'an aircraft international (000768.SZ)	FY09	3/30/2010
Xishan Coal (000983.SZ)	FY09	3/30/2010
Bank of Nanjing (601009.SS)	FY09	3/31/2010
Baosteel (600019.SS)	FY09	3/31/2010
Changfeng Auto (600991.SS)	FY09	3/31/2010
Jiangxi Copper (A/H) (600362.SS)	FY09	3/31/2010
Saima Industry (600449.SS)	FY09	3/31/2010

Major Published Research

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4-Mar	UC RUSAL	METALS & MINING - Non-ferrous Metals	Belle CHAN	(852) 2905 2103	belle.chan@bocigroup.com
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8-Feb	Shimao Property	PROPERTY - Developer	Andy SO	(852) 2905 2167	andy.so@bocigroup.com
28-Jan	China Power and Renewable Energy	UTILITIES	Peter YAO	(852) 2905 2105	peter.yao@bocigroup.com
27-Jan	China Minsheng Bank	FINANCIALS - Banking	YUAN Lin	(8610) 6622 9070	lin.yuan@bocigroup.com
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20-Jan	China Property Outlook	PROPERTY	Manfred HO	(852) 2905 2107	manfred.ho@bocigroup.com
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			Alfred LAU	(852) 2905 2109	alfred.lau@bocigroup.com
19-Jan	Kaisa Group	PROPERTY - Developer	Alfred LAU	(852) 2905 2109	alfred.lau@bocigroup.com
15-Jan	China Economy Update	MACRO & STRATEGY	CHENG Manjiang	(8610) 9922 9128	mj.cheng@bocigroup.com
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14-Jan	China Longyuan Power	UTILITIES - Electricity	Peter YAO	(852) 2905 2105	peter.yao@bocigroup.com
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5-Jan	China Coal Industry	ENERGY - Coal	Lawrence LAU	(852) 2905 2130	lawrence.lau@bocigroup.com
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4-Jan	China Menswear	CONSUMER SERVICES - Retail	Ashley CHEUNG	(852) 2905 2102	ashley.cheung@bocigroup.com
30-Dec	CPMC Holdings	INDUSTRIALS - Paper and Packaging	Jenny CHAN	(852) 2905 2127	jenny.chan@bocigroup.com
10-Dec	Evergrande Real Estate Group	PROPERTY - Developer	Andy SO	(852) 2905 2167	andy.so@bocigroup.com
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	- Dec09		CHENG Manjiang	(8610) 9922 9128	mj.cheng@bocigroup.com
3-Dec	Agile Property	PROPERTY - Developer	Andy SO	(852) 2905 2167	andy.so@bocigroup.com
17-Nov	Ausnutria Dairy	CONSUMER PRODUCTS - F & B	Jenny CHAN	(852) 2905 2127	jenny.chan@bocigroup.com
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