2019

5 Aug 2019

China Connect Weekly

Market Strategy
The market has a bottom and slow rise requires patience

Macroeconomics
Keep steady at present, with eye on long-term growth

Stock Recommendations
GEM ● Poly Developments ● Zijin Mining ● Humon Smelting

中信証券經紀香港
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Please refer to the attachment for detailed disclaimer and regulatory disclosures

Contents:

Market Strategy

The market has a bottom and slow rise requires patience

Patience is needed as fundamentals and liquidity space gradually improve.

Macroeconomics

Keep steady at present, with eye on long-term growth

The Politburo meeting stressed the importance of long-term development, quality growth and remaining focused. It mentioned for the first time the need to stabilize prices and alleviate the impact of food price hike on households. "Six Stabilizations" is the key to cope with the difficult trade war.

Weekly Top Pick

Company	Price (Rmb)	Target (Rmb)	Stop Loss (Rmb)	Upside (%)
GEM (002340 CH)	4.52	7.50	4.3	66
Poly Developments (600048 CH)	13.82	18.41	13.1	33
Zijin Mining (601899 CH)	3.58	4.40	3.4	23
Humon Smelting (002237 CH)	14.68	15.40	13.9	5

5 Aug 2019 Source: Respective Company, CS

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中信証券經紀香港 CITIC Securities Brokerage (HK)

The market has a bottom and slow rise requires patience

The unexpected turn in the ongoing China-US trade talks, the policy tone with inadequate easing signs set at China's Politburo meeting and the slightly disappointing magnitude of easing by the US Fed have caused the A-share opportunity window to close earlier than expected. For the month of Aug, we believe that major concerns have already been digested by the market and that 2,800-2,900 points remains the bottom range – the best zone for allocation. The reversal of the trade talks has reduced future uncertainty. Investors need to be patient and wait for fundamentals and liquidity space to open up, exchanging time for space.

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中信証券經紀香港 CITIC Securities Brokerage (HK)

Keep steady at present, with eye on long-term growth

The latest meeting of China's Political Bureau deemed the current economic situation unoptimistic, acknowledging fresh risks and challenges alongside increasing downward pressure. More specific measures to stabilize the economy were proposed, including i) effectively kicking off the rural market, ii) stimulating consumption through more reform measures, iii) stabilizing investment on manufacturing, iv) accelerating the construction of information networks and other new infrastructures, and v) implementing projects to fortify the weak links, such as renovating dilapidated neighborhoods and building parking lots in urban areas, and constructing urban-rural cold chain logistics facilities. Real estate policy was tightened further and it was reiterated that real estates would not be employed as a short-term stimulus. Rather than near-term growth, the meeting placed greater emphasis on long-term trend, quality development and persistent efforts. In addition, it was mentioned for the first time the need to stabilize prices and alleviate the impact of food price fluctuation on people's livelihood. "Six Stabilizations" is the principle to adhere to as the nation grapples with difficulties stemming from the on-going trade war.

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Market Review & Technical:

CITIC S&P 50

CITIC S&P 300

Market Review: On Monday, Shanghai and Shenzhen bourses persisted with moderate fluctuation throughout the day as the Shanghai Composite Index (SCI) edged down 0.12%. On Tuesday, the two exchanges opened slightly high and then pared the gains. The Shanghai gauge added 0.39% at the close. The markets opened low in tandem on Wednesday and Thursday, consolidated mildly with the SCI shedding 0.67% and 0.81%, respectively. Both markets started Friday from low, retreating more and hovering at subdued levels. The SCI fell 1.41%. In the week, CITIC/S&P 50 and CITIC/S&P 300 lost 3.3% and 2.9%, respectively.

Technical analysis: The technical trends of CITIC/S&P 50 and CITIC/S&P 300 turned for the weaker and both indices are now in the bear market. We expect them to consolidate in the short run.

Source: Bloomberg, CS

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(A Shenzhen-HK Stock Connect Northbound Stock)

GEM

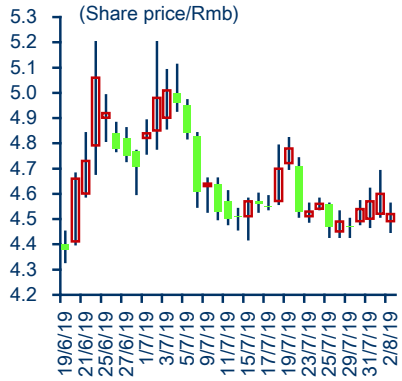
Risk rating: 1

Target Price: Rmb7.5 Upside: 66%

WATCH OUT FOR REBOUND OF THE COBALT SECTOR

The cobalt price bottom is nearly set, with limited downside after the recent decline. As the installation of power batteries pick up pace rapidly, cobalt demand in the consumer electronics sector is expected to improve. With frequently emerging uncertainties in the upstream ore supply segment, the actual oversupply may not be as bad as feared. Industry earnings have moved passed the valley. A turnaround in profitability and an inflection point in price should help generate a rebound for cobalt producers. We call attention to GEM (002340 CH).

Share Price Performance



Price/Target/Stop Loss	4.52/7.50/4.30
52 Weeks High/Low	5.86/3.81
50/100/200D MA	4.58/4.80/4.51
RSI (14D)	46.1
MACD (12/26D)/Signal	-0.03/-0.03
2019E PER (x)	16.1

Company: GEM recycles, processes, and distributes recyclable materials, including electronic waste crushing materials, scrapped car broken materials, scrapped battery materials and other products. It is also engaged in import and export businesses.

(A Shanghai-HK Stock Connect Northbound Stock)

Poly Developments

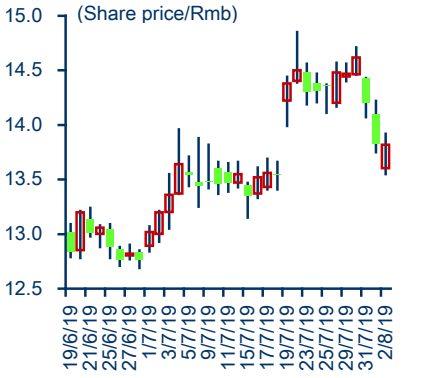
Risk rating: 1

Target Price: Rmb18.41 Upside: 33%

QUALITY LAND BANK AFFORDS EARNINGS UPSIDE

Poly Developments and Holdings (600048 CH) boasts rich resources for its conventional real estate business. The Company has entered an upward track in terms of profitability, armed with abundant funds and an excellent credit record. It stands strong in competition in the new era for real estate development. Its new business lines – Poly Property, Poly Commerce and Real Estate Fund in particular – are among top-tier players in the field. The future looks rosy.

Share Price Performance



Price/Target/Stop Loss	13.82/18.41/13.10
52 Weeks High/Low	14.92/10.51
50/100/200D MA	13.24/13.41/12.95
RSI (14D)	50.3
MACD (12/26D)/Signal	0.26/0.31
2019E PER (x)	6.7

Company:Poly Developments operates real estate businesses. The Company provides housing renovation, housing loans, real estate brokerage, propery management, and other services. Poly Developments also operates hotel management.

China Connect Weekly:
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5 Aug 2019 Source: Bloomberg, Respective Company, CS * Closing prices as of 2 Aug 2019

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Risk Rating: 1 to 5 in ascending order

Still upbeat about gold

The US Fed has announced a 25bps rate cut and an early end (on 1 Aug 2019) to the efforts to shrink its balance sheet, bringing global liquidity to a turning point towards easing. Given a weakening global economy and multiple risks such as trade frictions and disorderly Brexit, the gold sector is slated for overweighting as investors' short-term risk appetite dwindles. We recommend Zijin Mining (601899 CH) and Humon Smelting (002237 CH).

(A Shanghai-HK Stock Connect Northbound Stock)

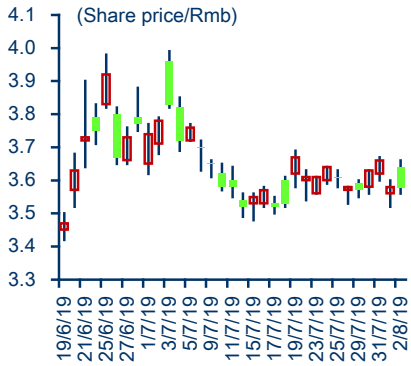
Risk rating: 1

Zijin Mining

Target Price: Rmb4.4

Upside: 23%

Share Price Performance



Price/Target/Stop Loss	3.58/4.40/3.40
52 Weeks High/Low	3.92/2.95
50/100/200D MA	3.54/3.50/3.43
RSI (14D)	48.6
MACD (12/26D)/Signal	0.01/0.01
2019E PER (x)	16.3

Company: Zijin Mining explores, mines, produces, refines and sells gold and other mineral resources in China through subsidiaries.

(A Shenzhen-HK Stock Connect Northbound Stock)

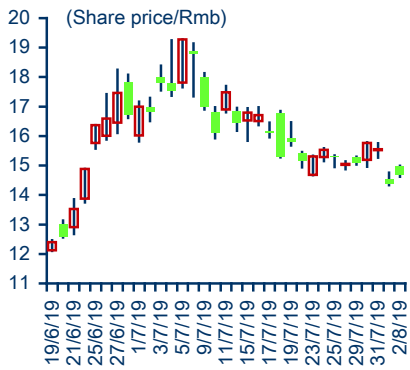
Risk rating: 1

Humon Smelting

Target Price: Rmb15.4

Upside: 5%

Share Price Performance



Price/Target/Stop Loss	14.68/15.40/13.90
52 Weeks High/Low	19.28/7.34
50/100/200D MA	14.37/12.26/10.36
RSI (14D)	45.2
MACD (12/26D)/Signal	-0.03/0.25
2019E PER (x)	28.8

Company: Humon Smelting is mainly engaged in mining, concentration and smelting of gold, and the manufacture of chemical industry.

5 Aug 2019 Source: Bloomberg, Respective Company, CS

* Closing prices as of 2 Aug 2019

Risk Rating: 1 to 5 in ascending order

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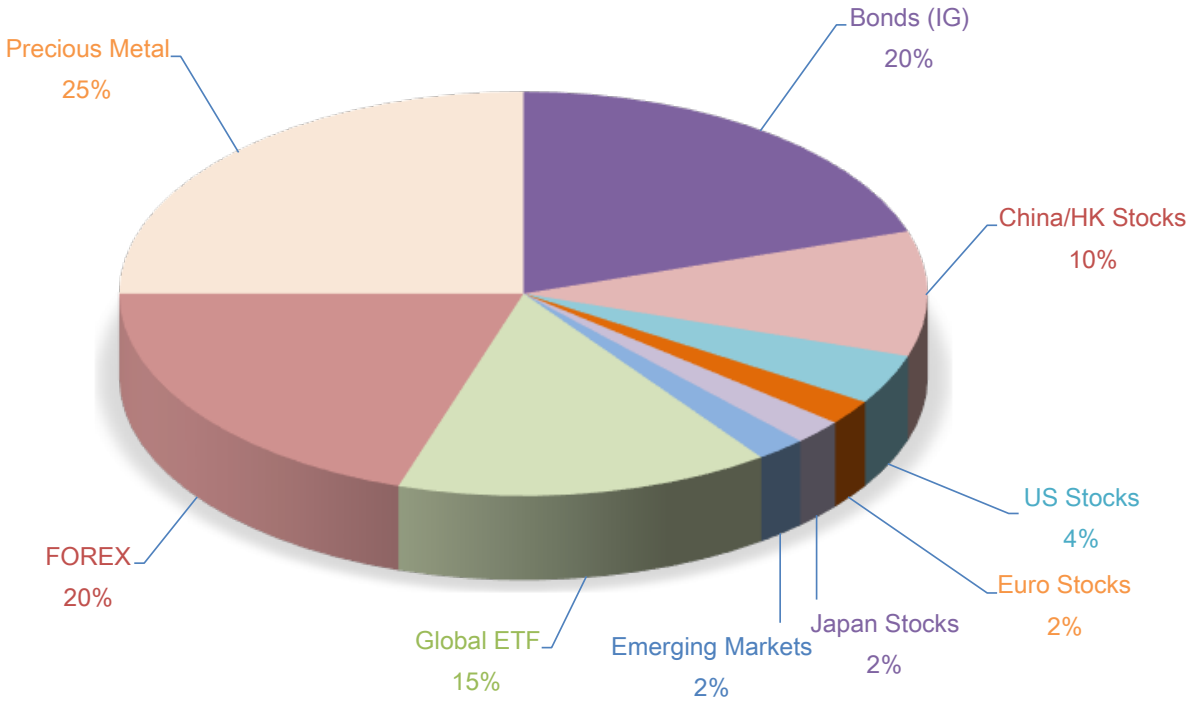
Global Asset Allocation

Recommended global asset allocation (GAA)



Selected equity markets at a glance

Hong Kong: Relatively undemanding stock valuation; potential benefit of "Shenzhen-Hong Kong Stock Connect" to small caps

Mainland China: Government preference for a "slow bull market"; relaxed fiscal policy in favor of equities

Japan: Real estates, exports and tourism enjoying monetary easing and weak yen

US: Macro stability and recovery; short-term pressure stemming from rate rise and strong USD

Europe: Stock valuation falling due to weak euro and further quantitative ease

The Philippines: Positive current account balance for over a decade; projected GDP growth of 6.3% in 2018E

India: Relatively strong growth versus other emerging markets; projected GDP growth of 7.3% in 2018E

Source: Bloomberg, Respective Company, CS

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Top GAA picks

China/Hong Kong Stocks

Company	Remarks
Realcan Pharm (002589 CH)	Medical equipment distribution across the nation
Wellhope Agri-Tech (603609 CH)	Wider margins in animal feed and upbeat growth in slaughter and trade
Dabeinong (002385 CH)	Warming industry climate and growth-driving strategy
Huace Film & TV (300133 CH)	Continued progress in SIP operations and promising VR content investment
Alpha Animation (002292 CH)	Entering the baby/toddler market upon acquisition of BT and Jinwang
Kweichow Moutai (600519 CH)	Steady and superb
CR Land (1109 HK)	Benefiting from rate/RRR cuts + projects in top-tier cities
BOCHK (2388 HK)	Revenue growth momentum: Top pick among local lenders
Zoomlion (1157 HK)	A late-cycle equipment maker stands to win
Haitong Sec. (6837 HK)	Gaining from IPO re-launch and rebounding A-share market turnover
Eastern Airlines (670 HK)	To ride on Shanghai Disney and Beijing Winter Olympics
Tencent (700 HK)	WeChat user experience significantly enhanced on subscription improvement
Mengniu Dairy (2319 HK)	New products to drive up income and margins
CCB (939 HK)	Outstanding spread and relatively mild impact from IFRS 9

Japan Stocks

Company	Remarks
Mizhuho (8411 JP)	Expanding overseas portfolio remains the key driver
Nissan Motor (7201 JP)	Robust sales, favorable currency, further cost cutting
Sony (6758 JP)	Growth story continues...

US Stocks

Company	Remarks
Facebook (FB US)	Strong products
Citigroup (C US)	Economic growth and interest rate rise to support earnings
Alphabet (GOOG US)	Positive data on page view

Euro Stocks

Company	Remarks
Adidas (ADS GY)	Upbeat industry climate
Zurich Insurance (ZURN VX)	High dividend yield
LVMH (MC FP)	Gain from weak €

Global ETF / ETN

Name	Remarks
Tracker Fund of HK (2800 HK)	To track the performance of the Hang Seng Index
CSOP Hang Seng Index Daily (2x) Leveraged Product (7200 HK)	To track the daily performance of Hang Seng Index (2x leverage)
CSOP Hang Seng H-Shares Index Daily (2x) Leveraged Product (7288 HK)	To track the daily performance of Hang Seng H-Shares Index (2x leverage)
CSOP Hang Seng Index Daily (-2x) Inverse Product (7500 HK)	To track the daily performance of Hang Seng Index (inverse 2x leverage)
CSOP Hang Seng H-Shares Index Daily (-2x) Inverse Product (7588 HK)	To track the daily performance of Hang Seng H-Shares Index (inverse 2x leverage)
ChinaAMC CSI 300 Index (3188 HK)	To track the performance of the CSI 300 Index
ChinaAMC Hang Seng SmallCap Index (3157 HK)	To track the performance of the Hang Seng SmallCap Index
Deutsche X-Trackers MSCI Eur (DBEU US)	To track the performance of the MSCI Europe USD Hedged Index
Deutsche X-Trackers MSCI Jap (DBJP US)	To track the performance of the MSCI Japan US Dollar Hedged Net Index
iShares MSCI Philippines (EPHE US)	To track the performance of the MSCI Philippines Investable Market Index
iShares MSCI India (INDA US)	To track the performance of the MSCI India Index
Powershares QQQ Trust Series 1 (QQQ US)	To track the performance of the Nasdap 100 Index (Excluded Financial Sector)
PowerShares DB Commodity Index Tracking ETF (DBC US)	To track the performance of the DBIQ Optimum Yield Diversified Commodity Index
SPDR Gold ETF (2840 HK)	To track the performance of the price of gold bullion in COMEX
Value Gold ETF (3081 HK)	To track the performance of the London Gold Morning Fixing Price
Aberdeen Standard Physical Silver Shares ETF (SIVR US)	To track the performance of the price of the silver bullion
CSOP WTI OIL ETF (3135 HK)	To track the performance of the Merrill Lynch Commodity index eXtra CLA Index ER

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A-share Recommended Stocks:

Defensive Stocks

Company	Business	Mkt Cap (Rmb bn)	Price✝ (Rmb)	Target (Rmb)	Stop Loss (Rmb)	Upside (%)	Risk rating	Remarks
Bank of Beijing (601169 CH)^	Banks	117	5.53	11.50	5.3	108	1	Aggressive and resilient at the same time: Solid financials poised for growth, backed by safe assets and quality clients
Tielong Container Logistics (600125 CH)^	Rail Freight	8	6.23	11.60	5.9	86	1	Enhanced effect of the highway-to-railway shift: Unique core business of container shipping plus rising volume and price on the Shaba line
Daqin Railway (601006 CH)^	Rail Transportation	116	7.83	10.50	7.4	34	1	Enhanced effect of the highway-to-railway shift: A rare investment vehicle to the west-to-east coal shipping, featuring attractive valuation and dividend
China United Network (600050 CH)^	Telecom	177	5.71	7.60	5.4	33	1	The approaching 5G era: transformation and profit rebound on SOE reform
Sany Heavy Industry (600031 CH)^	Construction & Mining Machinery	117	13.93	17.60	13.2	26	1	Still better performance ahead: Sales volume tipped to rise, leading to wider margins
Bank of Nanjing (601009 CH)^	Banking Services	69	8.09	10.10	7.7	25	1	Active expansion: A better-than-expected first half thanks to scale expansion; capital replenishment a positive response to business model.
SZ Expressway (600548 CH)^	Infrustructure Construction	14	9.67	10.80	9.2	12	1	Strengthening core while seeking transformation: Net cash of Rmb3bn upon repurchase of three toll roads will be used to consolidate main business and facilitate transformation

Aggressive Stocks

Company	Business	Mkt Cap (Rmb bn)	Price✝ (Rmb)	Target (Rmb)	Stop Loss (Rmb)	Upside (%)	Risk rating	Remarks
Hengtong Optic Electric (600487 CH)^	Optical fiber and cables	30	15.66	55.75	14.9	256	1	Anticipating more pleasant surprises ahead: All lines of businesses set to ride on the upbeat industry climate.
Tasly Pharma (600535 CH)^	Specialty Pharma	24	15.74	52.15	15.0	231	1	Top-tier drug R&D: Core biological drug Pro-UK looking to be a new blockbuster
Xinhua Pharmaceutical (000756 CH)*	Specialty Pharma	3	6.73	18.13	6.4	169	1	Multi-dimensional re-rating: Accelerating growth in preparation and hiking price for preparation
COFCO Biochemical (000930 CH)*	Biofuels	13	7.08	18.90	6.7	167	1	Cementing leadership in corn deep-processing: Rising oil prices to boost revenue of fuel ethanol business
O-film Tech (002456 CH)*	Electronics Components	24	8.72	22.44	8.3	157	1	Sensing the future: To be driven by market expansion on dual camera and OLED technology advancement and increasing number of major clients
Tuopu Group (601689 CH)^	Auto Parts	10	9.80	23.60	9.3	141	1	Eyes on the Tesla supply chain: Fast sales of Model 3 to add upside along the industry chain
CYTS Tours (600138 CH)^	Tourism Services	9	12.52	29.80	11.9	138	1	Earnings poised to pick up next year: Price hike for Wuzhen and strong income from Gubei
Jianghuai Automobile (600418 CH)^	Automobile	10	5.19	12.00	4.9	131	1	Volkswagen JV approved: A win-win deal for both parties
Xinjiang Tianye (600075 CH)^	Basic & Diversified Chemicals	5	4.84	11.00	4.6	127	1	Prices of chemicals tipped to remain elevated: Prices likely to hike further on re-stocking, providing drive to sector earnings growth
Grandland (002482 CH)*	Non-Residential Bldg Const	8	5.30	12.00	5.0	126	1	Launching employee stock ownership plan: ESOP to fuel endogenous growth
China Molybdenum (603993 CH) ^	Base Metals	64	3.65	8.20	3.5	125	1	Molybdenum sector rebound expected: Further price hike against disrupted supply
Everbright Jiabao (600622 CH)^	Real Estate Owners & Developers	6	4.31	9.62	4.1	123	1	Forecast-beating 2018E results: Impressive long-term upside on first-mover and resource advantages
China Meheco (600056 CH)^	Healthcare Supply Chain	14	13.37	29.80	12.7	123	1	An emerging integrated platform: One of the few Chinese companies that have already established diversified operations including manufacturing, sales and international trade.
Energy New Material (002812 CH)*	Containers & Packaging	27	32.93	71.60	31.3	117	1	Picking the bests along the NEV chain: Bright future for Chinese NEV firms with global competitive edge
Deppon Logistics (603056 CH)^	Logistics Services	13	13.07	27.70	12.4	112	1	Turnaround may come in the off-season 3Q: Long-term investment value emerges

Source: Bloomberg, CS ✝ Closing prices as of 2 Aug 2019 * Shenzhen-HK Stock Connect – Northbound Stocks (ChiNext Board for Professional Institutional Investors Only) ^ Shanghai-HK Stock Connect – Northbound Stocks Risk Rating: 1 to 5 in ascending order

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A-share Recommended Stocks:

Company	Business	Mkt Cap (Rmb bn)	Price✝ (Rmb)	Target (Rmb)	Stop Loss (Rmb)	Upside (%)	Risk rating	Remarks
Jason Furniture (603816 CH)^	Home & Office Furnishings	18	30.32	63.70	28.8	110	1	Joining hands with developer for further growth: Tapping new potentials
Guangshen Railway (601333 CH)^	Transit Services	18	3.14	6.40	3.0	104	1	Picking up steam on reform: Faster railway reform expected to boost earnings
Hengli Petrochemical (600346 CH)^	Rubber & Plastic	84	11.92	24.10	11.3	102	1	Marginal improvement in downstream polyester demand: Anticipating stronger demand to drive up earnings of the entire polyester chain
Hongda Xingye (002002 CH)*	Basic & Diversified Chemicals	13	5.06	10.00	4.8	98	1	Change is in the air: Upbeat about firms leading in hydrogen resources and technology
Fangda Special Steel (600507 CH)^	Steel Producers	13	8.84	17.40	8.4	97	1	Anticipating an upturn for steel price and profit: Improving supply and demand in 3Q19E likely prop up stock valuation as well as steel price
Ningbo Huaxiang (002048 CH)*	Auto Parts	6	9.78	19.20	9.3	96	1	Profitability on the rise: Strong product cycle and new facility slated to boost earnings
Grand Auto (600297 CH)^	Agricultural Chemicals	31	3.84	7.34	3.6	91	1	Three helpful changes afoot: Policy reform, cheaper financing cost and a new de-stocking cycle
Huayou Cobalt (603799 CH)^	Base Metals	26	24.36	46.00	23.1	89	1	Watch out for rebound of the cobalt sector: Both price and earnings to embrace an upturn
Hualan Biological Engineering (002007 CH)*	Specialty Pharma	41	29.23	52.15	27.8	78	1	Stella growth: A powerful trio to accelerate earnings.
CCCC (601800 CH)^	Infrastructure Construction	126	10.71	18.90	10.2	76	1	Backing by OBOR+PPP: overseas business is benefit from the OBOR strategy; PPP will boost its domestic infrastructure business in the long run.
BTG Hotels (600258 CH)^	Leisure & Travel Services	16	16.68	29.40	15.8	76	1	New incentive scheme to unleash potential: Expecting strong earnings rebound in the short run
Truchum Advanced Materials (002171 CH)*	Base Metals	8	5.81	10.10	5.5	74	1	Skewing towards new materials: Developing new materials a part of national strategy
Ninestar (002180 CH)*	Power Generation	25	23.80	40.95	22.6	72	1	A dawning golden decade for semiconductor plays: China-US trade dispute to reinforce Chinese determination to replace imports with home-made products
Sinoma International (600970 CH)^	Industrial Distribution & Rental	11	6.05	10.35	5.7	71	1	Across-the-board synergy on M&A deal to widen margins and lead to a profit upturn
Yang Quan Coal (600348 CH)^	Coal Operations	13	5.29	8.88	5.0	68	1	Hitting the sweet spot: Warmer-than-expected industry climate and increasingly clear earnings visibility
Greenland (600606 CH)^	Real Estate Services	83	6.82	11.40	6.5	67	1	Gross margin upturn as expected: Moderate increase in real estate income, coupled with significantly wider margins
Yunnan Tim (000960 CH)*	Base Metals	17	10.35	17.27	9.8	67	1	Potential rebound of industry leaders after excessive decline: Stricter environmental rules and further reform boding well for basic metals
Hengyi Petrochemical (000703 CH)*	Basic & Diversified Chemicals	34	12.00	20.00	11.4	67	1	Marginal improvement in downstream polyester demand: Anticipating stronger demand to drive up earnings of the entire polyester chain
Yinlun Machinery (002126 CH) *	Auto Parts	6	7.53	12.50	7.2	66	1	Continuous catalysts for the NEV sector: Optimistic long-term visibility
GEM (002340 CH)*	Waste Management	19	4.52	7.50	4.3	66	1	Watch out for rebound of the cobalt sector: Both price and earnings to embrace an upturn
China Everbright Bank (601818 CH)^	Banks	154	3.86	6.40	3.7	66	1	Expecting constraints to ease for lenders: Marginal improvement likely on less restrictions
Future Land (601155 CH)^	Real Estate Owners & Developers	58	25.57	42.30	24.3	65	1	Mortgage rate may be peaking: Selecting leading players that excel in profitability
CRCC (601186 CH)^	Infrastructure Construction	110	9.52	15.70	9.0	65	1	Potential beneficiaries of stepped-up infrastructure investment: With a large number of railway projects expected to finish in 2019-20E, sector investment may accelerate
China Fortune Land (600340 CH)^	Real Estate Owners & Developers	85	28.23	45.79	26.8	62	1	Steady operation: Counter-cycle adjustment calls for persist policy measures
Nanjing Iron & Steel (600282 CH)^	Steel Producers	14	3.21	5.18	3.0	61	1	Anticipating an upturn for steel price and profit: Improving supply and demand in 3Q19E likely prop up stock valuation as well as steel price

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A-share Recommended Stocks:

Company	Business	Mkt Cap (Rmb bn)	Price✝ (Rmb)	Target (Rmb)	Stop Loss (Rmb)	Upside (%)	Risk rating	Remarks
Fosun Pharma (600196 CH)^	Pharmaceutical	50	24.90	40.00	23.7	61	1	Pocketing a rare gem: Adding a Shenzhen hospital to form a strong healthcare network in the Pearl River Delta
Huolinhe Opencut Coal (002128 CH)*	Coal Operations	15	8.22	13.20	7.8	61	1	Forecast-beating social financing boosts expectations for the coal sector: Betting on stocks with low PER, low PB and relatively visible earnings outlook
CNHTC (000951 CH)*	Commercial Vehicles	11	15.80	25.00	15.0	58	1	Expecting high growth for heavy truck sector in 1H18E: improving competition landscape of the industry helps leading players to register significantly improvement in earnings.
Huadong Medicine (000963 CH)*	Medicines Retailing	47	26.58	41.58	25.3	56	1	Innovative diabetes drug approved for clinical trial: New diabetes medicine approved and coming to the market circa 2021E
Gemdale (600383 CH)^	Real Estate Owners & Developers	54	11.95	18.63	11.4	56	1	Promising sales upside: Room for earnings rise along with a positive payout policy
ICBC (601398 CH)^	Banking Services	1,499	5.56	8.60	5.3	55	1	Greater advantage in deposit: Progressing from being large to being strong as well
SDIC Power (600886 CH)^	Power Generation	59	8.68	13.20	8.2	52	1	Approaching season of power shortage: Pick thermal power companies in high-demand regions
Sunway Communication (300136 CH)*	Electronics Components	27	28.27	42.74	26.9	51	1	Making presence in RF ahead of peers: Sustainable gains from high growth in acoustic-RF solutions and RF front-end devices.
Jinduicheng Molybdenum (601958 CH)^	Base Metals	22	6.81	10.28	6.5	51	1	Earnings growth fueled by higher output and molybdenum price: Expecting greater output on ascending molybdenum price
CMSK (001979 CH)*	Investment Companies	157	19.81	29.87	18.8	51	1	Steady operation: Counter-cycle adjustment calls for persist policy measures
Shanghai Mech & Elect (600835 CH)^	Elevator	14	17.55	26.16	16.7	49	1	Smart equipment platform established: The Company may serve as platform for parent to float more quality assets going forward.
China Eastern Airlines (600115 CH)^	Airlines	55	5.58	8.30	5.3	49	1	Looking for major contributors to airline growth: Listed carriers showing greater attraction due to historically low P/B ratios
Chint Electronics (601877 CH)^	Electrical Power Equipment	51	23.78	34.90	22.6	47	1	New energy policy rolled out: Upbeat about leading manufacturers with cost and performance advantages
Weichai Power (000338 CH)*	Commercial Vehicles	70	11.73	17.20	11.1	47	1	Clear prospects for fuel cell sector growth: First-movers in technology and companies with vertical integration power poised to benefit substantially
Shaanxi Coal (601225 CH)^	Steel Raw Material Suppliers	93	9.34	13.68	8.9	46	1	Forecast-beating social financing boosts expectations for the coal sector: Betting on stocks with low PER, low PB and relatively visible earnings outlook
Weixing New Materials (002372 CH)*	Non Wood Building Materials	25	15.99	23.31	15.2	46	1	Poised to benefit in the post-shanty town renovation era: Property management and suppliers to old housing renovation projects slated to gain
Guiguan Electric (600236 CH)^	Power Generation	37	4.75	6.80	4.5	43	1	An improving power generation sector: Strong 1H19 results from coal-fired power suppliers thanks to lower coal prices and higher electricity tariffs; greater upside for hydropower plays on abundant feed-in water
China Railway Group (601390 CH)^	Infrastructure Construction	116	6.20	8.80	5.9	42	1	Spring time for railway construction to optimize revenue structure: Earnings growth set to rise steadily
Yunnan Copper (000878 CH)*	Base Metals	17	10.13	14.30	9.6	41	1	Bound to rebound: Bullish on copper share prices in view of the valuation recovery in the nonferrous sector
Focus Media (002027 CH)*	Advertising & Marketing	73	4.98	7.00	4.7	41	1	Dominating the out-of-home advertising scene: Building advertising to expand steadily and cinema advertising to surge
Satellite Petrochemical (002648 CH)*	Chemicals	15	13.75	19.20	13.1	40	1	Rebounding climate: Recovering demand for acrylic acid and ester, sanguine prospects in SAP.
Broad-Ocean Motor (002249)*	Industrial Machinery	9	3.94	5.50	3.7	40	1	Clear prospects for fuel cell sector growth: First-movers in technology and companies with vertical integration power poised to benefit substantially
Bank of China (601988 CH)^	Banking Services	767	3.64	5.08	3.5	40	1	An elephant dancing to the national strategy tune: Well positioned in global financial operation and ready to gain from RMB internationalization and "One Belt One Road".
Hailir (603639 CH)^	Agricultural Chemicals	4	25.28	35.00	24.0	38	1	Powerful bug buster: Gaining from a warming industry climate and gradually increasing capacity for new pesticides

Source: Bloomberg, CS ✝ Closing prices as of 2 Aug 2019 * Shenzhen-HK Stock Connect – Northbound Stocks (ChiNext Board for Professional Institutional Investors Only) ^ Shanghai-HK Stock Connect – Northbound Stocks # Sell Only Risk Rating: 1 to 5 in ascending order

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中信証券經紀香港 CITIC Securities Brokerage (HK)

A-share Recommended Stocks:

Company	Business	Mkt Cap (Rmb bn)	Price✝ (Rmb)	Target (Rmb)	Stop Loss (Rmb)	Upside (%)	Risk rating	Remarks
Wangfujing (600859 CH)^	Department Stores	11	14.56	20.00	13.8	37	1	Riding on high-end consumption recovery: Exploring supermarket and premium store formats via joint ventures
Sinopec (600028 CH)^	Integrated Oils	490	5.13	7.00	4.9	36	1	Tight supply expected for 2H18E: High or even rising oil price boding well for E&P and oilfield services companies
Jointo Energy (000600 CH) *	Power Generation	11	6.10	8.30	5.8	36	1	Flexibility exhibited: Recovery starting, with substantial upside ahead
Zhongnan Construction (000961 CH)*	Non-Residential Bldg Const	30	8.17	11.10	7.8	36	1	Substantial upside in real estate upstream plays: Commodity housing sales tipped to rise 7.7% YoY in 2019E
Xingrong Environment (000598 CH)*	Utility Networks	14	4.65	6.30	4.4	35	1	Anticipating faster growth on mixed-ownership reform: Progress in reform to exert impact far and wide
Huadian Int'l (600027 CH)^	Power Generation	33	4.04	5.46	3.8	35	1	An improving power generation sector: Strong 1H19 results from coal-fired power suppliers thanks to lower coal prices and higher electricity tariffs; greater upside for hydropower plays on abundant feed-in water
PetroChina (601857 CH)^	Integrated Oils	1,025	6.33	8.54	6.0	35	1	Tight supply expected for 2H18E: High or even rising oil price boding well for E&P and oilfield services companies
Financial Street (000402 CH)*	Real Estates	22	7.36	9.92	7.0	35	1	Beijing Real Estate Sector: Buying investment properties in core districts while staying away from so-called "king plots".
Juneyao Airlines (603885 CH)^	Airlines	22	12.28	16.50	11.7	34	1	Looking for major contributors to airline growth: Listed carriers showing greater attraction due to historically low P/B ratios
Sun Paper (002078 CH)*	Paper	18	7.06	9.40	6.7	33	1	Visible and upbeat outlook: Set to become a paper giant with integrated operations
China Vanke (000002 CH)*	Real Estate Owners & Developers	272	28.01	36.26	26.6	29	1	Substantial upside in real estate upstream plays: Commodity housing sales tipped to rise 7.7% YoY in 2019E
China South Publishing & Media (601098 CH)^	Media	22	12.43	16.00	11.8	29	1	Deserving richer valuation: A much undervalued stock seeing catalysts emerging on the upside
Linglong Tyre (601966 CH)^	Auto Parts	23	19.45	25.00	18.5	29	1	Pumping up: Potential to become a tier-2 international brand and one of the global top 10 tire makers
AVIC Jonhon Optronic Technology (002179 CH)*	Electrical Components	39	37.62	48.00	35.7	28	1	Accelerating 5G licensing: Rapid commercial application of 5G to bring a fundamental turnaround for the telecom industry
Shenzhen Gas (601139 CH)^	Utility Networks	16	5.73	7.30	5.4	27	1	Earnings elasticity from new LNG terminal: Getting ready to warm up earnings from bunkered energy come winter 2018E
Three-Circle (300408 CH)*	Advanced Ceramics	35	20.25	25.63	19.2	27	1	Expert electro ceramics maker upgrading business structure and looking to promising future with new products
Midea (000333 CH)*	Home Improvement	366	52.75	65.60	50.1	24	1	In-line quarterly results: Industry leader poised to gain from smartization of the whole value chain
Jiangxi Copper (600362 CH)^	Base Metals	30	14.46	17.90	13.7	24	1	Bound to rebound: Bullish on copper share prices in view of the valuation recovery in the nonferrous sector
Xiamen Tungsten (600549 CH)^	Base Metals	19	13.76	17.00	13.1	24	1	Sustaining growth in output and sales of lithium battery materials: Rising capacity coupled with higher proportions of deep-processed materials and overseas sales
Shanghai Jahwa (600315 CH)^	Household Products	21	30.77	38.00	29.2	23	1	Rapid revenue growth on brands appealing to young consumers: Accelerating new product launches and robust digital operations
Zijin Mining (601899 CH)^	Precious Metal Mining	62	3.58	4.40	3.4	23	1	Still upbeat about gold: Short-term risk aversion to expand allocation in gold stocks
Industrial Bank (601166 CH)^	Banks	390	18.79	23.00	17.9	22	1	Monetary policy for both immediate and long-term effect: Appropriate liquidity control combined with efforts to advance reform and opening up
CMB (600036 CH)^	Banking Services	737	35.75	43.00	34.0	20	1	Sustaining excellence: Profit growth curve to remain above that of peers
New China Life Insurance (601336 CH) ^	Life Insurance	114	54.64	65.40	51.9	20	1	Upturning profitability: Rapid earnings growth expected to continue through 2019E
Huaneng Int'l (600011 CH)^	Power Generation	75	6.81	8.10	6.5	19	1	Mid/long-term optimism for thermal power stocks: Shifting risk appetite giving rise to opportunities with thermal power names

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A-share Recommended Stocks:

Company	Business	Mkt Cap (Rmb bn)	Price✝ (Rmb)	Target (Rmb)	Stop Loss (Rmb)	Upside (%)	Risk rating	Remarks
Dongjiang Environmental (002672 CH)*	Waste Management	7	10.20	11.80	9.7	16	1	Stronger capital on share placement: Clearly positive climate for waste treatment and detoxification likely to speed up earnings
Yili (600887 CH)^	Dairy products	190	31.14	36.00	29.6	16	1	Milking advantage: with advantages in capital and management, among others
China Pacific Insurance (601601 CH)^	Life Insurance	236	37.56	43.00	35.7	14	1	Value recovery of the insurance sector appears sustainable: Insurers tipped to surge in early 2019E on a low base
Hongfa Technology (600885 CH)^	Factory Automation Equipment	19	25.75	29.38	24.5	14	1	Eyes on the Tesla supply chain: Fast sales of Model 3 to add upside along the industry chain
Shennan Circuits (002916 CH)*	Electronics Components	39	113.93	126.40	108.2	11	1	Accelerating 5G licensing: Rapid commercial application of 5G to bring a fundamental turnaround for the telecom industry
S.F. Holding (002352 CH)*	Courier Services	162	36.80	40.70	35.0	11	1	Faster delivery of brand premium: Potential to speed up revenue growth
Sanan Optoelectronics (600703 CH)^	Semiconductor Devices	46	11.39	12.41	10.8	9	1	Early success in business expansion: Further release of downstream demand bodes well for 2H18E
Double Medical (002901 CH)*	Medical Devices	16	38.98	41.74	37.0	7	1	Exploring high-value medical consumables: Rapidly growing market for spine products
Huaneng Hydropower (600025 CH)^	Power Generation	86	4.77	5.05	4.5	6	1	A scarce hydropower growth share: Expecting a rebound in electricity price on better industry demand-supply dynamics
Wuliangye (000858 CH)*	Beverages	458	118.12	125.00	112.2	6	1	Mixed-ownership reform to boost OP efficiency: The private placement will likely align the interests of the management and distributors with the Company, and thus improve the operational efficiency.
Humon Smelting (002237 CH)*	Precious Metal Mining	13	14.68	15.40	13.9	5	1	Still upbeat about gold: Short-term risk aversion to expand allocation in gold stocks
Kweichow Moutai (600519 CH)^	Beverages	1,199	954.45	1,000.00	906.7	5	1	Ramp-up of direct sales to provide drive: Consolidating leading position and looking to volume and price hikes

Very Agressive Stocks

Company	Business	Mkt Cap (Rmb bn)	Price✝ (Rmb)	Target (Rmb)	Stop Loss (Rmb)	Upside (%)	Risk rating	Remarks
Originwater (300070 CH)*	Waste Water Treatment	20	6.40	22.50	6.1	252	1	"River chiefs" assuming duty: Shanghai rolling out new system to clean polluted waters .
Shouhang Resources Saving (002665 CH)*	Comml & Res Bldg Equip & Sys	9	3.40	11.70	3.2	244	1	Killing two birds with one mixed-ownership stone: Faster advance on reform and business upturn
SPC Environment Protection Tech (002573 CH)*	Pollution Control Equipment	8	7.15	24.30	6.8	240	1	ESOP reflects strong confidence: Tipped to solidify its lead in air pollution treatment
CIMC (000039 CH)*	Fabricated Metal & Hardware	15	10.12	29.00	9.6	187	1	Framework pact signed for Qianhai plot: Land conversion to commercial use tipped to boost valuation and balance sheet
Tianqi Lithium (002466 CH)*	Basic & Diversified Chemicals	29	25.11	70.00	23.9	179	1	Growth on abundant resource and capacity expansion: Poised to maintain advantages in cost and margin
Hoshine Silicon (603260 CH)^	Specialty Chemicals	31	32.68	85.20	31.0	161	1	Stellar performance: Full-chain operation guarantees long-term growth
Ningbo Shanshan (600884 CH)^	Apparel, Footwear & Acc Design	12	10.59	27.00	10.1	155	1	Leading supplier of lithium battery material: Favorable climate thanks to the NEV market boom
Huayi Brothers (300027 CH)*	Movie/TV drama	13	4.59	10.53	4.4	129	1	Set sail for an exciting long journey with powerful partners onboard: Cooperate with Alibaba and Tencent in e-commerce, new media and movie production development.
Maoye Communication & Network (000889 CH)*	Real Estate & Telecom	6	8.90	20.00	8.5	125	1	Accelerating business transition: Steady organic growth with scale expansion on the horizon.
Taihai Manoir Nuclear (002366 CH)*	Flow Control Equipment	8	8.95	19.80	8.5	121	1	New business deals in offshore nuclear power equipment: Improving fundamentals to support further growth
Changjiang Electronics (600584 CH)^	Semi Conductor	22	13.80	28.80	13.1	109	1	Impact of VAT cuts on TMT: Companies with strong pricing power set to gain more

Source: Bloomberg, CS ✝ Closing prices as of 2 Aug 2019 * Shenzhen-HK Stock Connect – Northbound Stocks (ChiNext Board for Professional Institutional Investors Only) ^ Shanghai-HK Stock Connect – Northbound Stocks Risk Rating: 1 to 5 in ascending order

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A-share Recommended Stocks:

Company	Business	Mkt Cap (Rmb bn)	Price† (Rmb)	Target (Rmb)	Stop Loss (Rmb)	Upside (%)	Risk rating	Remarks
Worldunion (002285 CH)*	Real Estate Services	9	4.21	8.52	4.0	102	1	New JV for secondary housing management: Potential takeover of competitive targets on increasingly strict industry regulation
Sunsea Telecommunications (002313 CH)*	Communications Equipment	5	17.61	34.40	16.7	95	1	High-level liaison: Well-defined strategy and excellent execution
NavInfo (002405 CH)*	Application Software	28	14.51	27.99	13.8	93	1	A launch pad to international track: Buying a stake into global mapping service provider to form strong alliance
Global Top E-Commerce (002640 CH)*	Apparel, Footwear & Acc Design	11	6.74	13.00	6.4	93	1	Consolidating to stoke quality growth: Persistently strong electronics and recovering apparel trade
Zhejiang Longsheng (600352 CH)^	Specialty Chemicals	46	14.15	25.00	13.4	77	1	Advantage of a leading dye supplier: Poised to gain from increase in demand
Offshore Oil Engineering (600583 CH)^	Oil & Gas Services & Equip.	23	5.22	9.00	5.0	72	1	Oil/gas reserves and output to expand: Oil services providers about to receive more orders
New Beiyang (002376 CH)*	Office Electronics	8	11.92	20.50	11.3	72	1	A troika of directions – cloud, AI and security: Riding on synergy between policy and market
Easpring Material Technology (300073 CH)*	Specialty Chemicals	10	23.66	39.60	22.5	67	1	High-growth cathode material leader with solid strength: Capacity release to enter the fast lane
Dabeinong (002385 CH)*	Animal Feeds	22	5.28	8.70	5.0	65	1	Setting sails again: Concentrating on high-end feed to maintain strong margins
Huatian Technology (002185 CH)*	Semiconductor Mfg	15	5.39	8.58	5.1	59	1	Impact of VAT cuts on TMT: Companies with strong pricing power set to gain more
Heilan Home (600398 CH)^	Specialty Apparel Stores	39	8.83	14.04	8.4	59	1	Advancing the multi-brand strategy: Expanding scale and widening presence via UR acquisition
Meiya Pico Information (300188 CH)*	Infrastructure Software	14	17.56	27.80	16.7	58	1	New policy expected to provide drive: market expectations likely to rise for medium-term spending on information security
Guoxuan High-Tech (002074 CH)*	Electrical Power Equipment	14	12.74	20.00	12.1	57	1	Picking the bests along the NEV chain: Bright future for Chinese NEV firms with global competitive edge
Perfect World (002624 CH)*	Entertainment Content	35	26.30	41.10	25.0	56	1	Asset sales to consolidate core business: Selling cinema line assets in a bid to concentrate on core
New Wellful (600975 CH)^	Agricultural Producers	8	12.75	19.20	12.1	51	1	Striding forward on hiking pork price: Pork price reverted upwards with further upside ahead
Goldwind Science (002202 CH)*	Renewable Energy Equipment	40	11.68	17.29	11.1	48	1	New energy policy rolled out: Upbeat about leading manufacturers with cost and performance advantages
Better Life (002251 CH)*	Food & Drug Stores	7	7.57	11.20	7.2	48	1	Global trade of growing scale: Upbeat about players with strong overseas supply chains and commodity flow.
Wanhua Chemical (600309 CH) ^	Basic & Diversified Chemicals	137	43.50	63.00	41.3	45	1	The second leap: M&A deals set to lift profits
Jinyu Bio-technology (600201 CH)^	Animal Bio-pharmaceuticals	18	16.04	23.00	15.2	43	1	Prioritizing the "three rural aspects" of agriculture, rural areas and farmers: Seeking opportunities from agricultural transformation and upgrade
Nari Technology (600406 CH)^	Electrical Power Equipment	84	18.25	25.50	17.3	40	1	New UHV line approved: Eyeing bellwethers with core equipment and profit elasticity
Toly Bread (603866 CH)^	Packaged Food	27	41.51	56.00	39.4	35	1	Baking up a promising market across the Mainland: Great expectations as the bread consumption moves into high gear.
Hytera Communications (002583 CH)*	Communications Equipment	18	9.76	13.12	9.3	34	1	Seeking global dominance in private communication networks: Core technology and rich products pointing way to industry leader worldwide
Pinggao Electric (600312 CH)^	Electrical Components	11	7.74	10.40	7.4	34	1	New UHV line approved: Eyeing bellwethers with core equipment and profit elasticity
Newland (000997 CH)*	Infrastructure Software	18	17.42	23.40	16.5	34	1	Full speed ahead to payment business: Buying a national merchant acquiring license to boost profitability and transform into an integrated electronic payment operator.
AVIC Electromechanical (002013 CH)*	Aircraft Parts	24	6.71	9.00	6.4	34	1	Asset injection on the door steps: Private placement of shares approved by regulator.
Ningbo Yunsheng (600366 CH)^	Specialty Chemicals	8	7.85	10.50	7.5	34	1	Theme effect to drive share price up further: Rare-earth mining and processing companies poised to benefit

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AECC Aviation Power (600893 CH)^	Aircraft & Parts	51	22.49	30.00	21.4	33	1	Promising target: A whole-engine platform with sustainable strong growth
Wens Foodstuffs (300498 CH)*	Agricultural Producers	224	42.13	56.00	40.0	33	1	Rising pork price to sustain hearty growth: Favorable environment pointing to rapid and sustainable earnings expansion
Wangsu Science (300017 CH)*	IT Services	25	10.20	13.20	9.7	29	1	Informatization and internetization tasks outlined: Broad-stroke IT policy to be followed by concrete measures.
Shanghai Ganglian (300226 CH)*	Internet Based Services	117	73.49	94.00	69.8	28	1	Focusing on data platform +scene supply chain service leaders: the steel trade e-commerce leader with an advantage on scene supply.
Iflytek (002230 CH)*	Application Software	70	31.98	40.81	30.4	28	1	A new start in AI strategy: Gradually improving match between income and profit
Tongwei (600438 CH)^	Agricultural Producers	55	14.14	18.00	13.4	27	1	Imminent recovery in domestic PV demand: Expecting demand growth in 2H19E to improve the supply-demand balance
Sunner Develop (002299 CH)*	Meat Type Chicken Products	35	28.34	36.00	26.9	27	1	Robust profit growth on chicken price hike: Favorable market climate expected to run through 2019-20E
AVIC Helicopter (600038 CH)^	Aircraft & Parts	26	43.61	55.00	41.4	26	1	Promising target: The sole listed helicopter asset in parent group
Zhengbang Technology (002157 CH)*	Agricultural Producers	49	20.03	25.00	19.0	25	1	Turning point in sight: Stock price tipped to climb on hiking pork price
Star-net Communication (002396 CH)*	Communication Equipment	15	25.68	32.00	24.4	25	1	Sustainable growth: Abundant business innovation
Venustech Group (002439 CH) *	Infrastructure Software	26	28.57	35.00	27.1	23	1	New policy expected to provide drive: market expectations likely to rise for medium-term spending on information security
Jereh Oilfield Services (002353 CH)*	Oil & Gas Services & Equip	25	26.28	32.00	25.0	22	1	A leading oilfield service provider: Best of the pack in profitability and earnings potential
Lu'An Environmental Energy (601699 CH)^	Coal Operations	25	8.28	10.00	7.9	21	1	Rebound underway as the high season unfolds: Expecting a strong sector rebound over the two months ahead
New Hope Liuhe (000876 CH)*	Agricultural Producers	83	19.70	23.70	18.7	20	1	Good days for poultry suppliers: Faster capacity expansion and lower costs forecasting stronger performance ahead
Nhwa Pharmaceutical (002262 CH)*	Food & Drug Stores	12	12.08	14.08	11.5	17	1	Exclusive agent for a premium anesthetic from the US: Signing a pact with LSI for marketing ProSQ in China
Aier Eye (300015 CH)*	Health Care	94	30.45	35.40	28.9	16	1	Private placement to solidify basis for robust growth: Strong outlook for the next few years on the back of hospital acquisitions.
Hikvision Digital (002415 CH)*	Consumer Electronics	277	29.62	34.25	28.1	16	1	From mobile to AI: Potential benefits from Chinese advancement in Science and technology as well as AI
Accelink Technologies (002281 CH)*	Communications Equipment	19	27.42	31.50	26.0	15	1	Expecting breakthroughs in photonic chip manufacturing: Prospective exposure to VCSEL and photonic chip platform
Putailai New Energy (603659 CH)^	Specialty Chemicals	24	55.15	62.00	52.4	12	1	A rising lithium platform: With globally competitive technology and products, it supplies to battery giants in China and overseas
Sinnet Technology (300383 CH)*	Network Integration Services	29	19.10	21.46	18.1	12	1	Sustainable high growth in cloud computing: Subsidiary formed to lift AWS cloud sales and own cloud computing business tipped to grow rapidly
Longi Green Energy Technology (601012 CH)^	Renewable Energy Equipment	92	25.37	28.50	24.1	12	1	Imminent recovery in domestic PV demand: Expecting demand growth in 2H19E to improve the supply-demand balance
Luxshare Precision (002475 CH)*	Electrical Components	113	21.09	23.39	20.0	11	1	From mobile to AI: Potential benefits from Chinese advancement in Science and technology as well as AI
Haid Group (002311 CH)*	Agricultural Producers	49	30.90	34.00	29.4	10	1	Galloping growth: Deserving premium for sustainable growth and visibility

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Top 20 Gainers

Company	Price (Rmb)	WoW Chg (%)
Jingjin Environmental (603279 CH)	28.59	111
United Information (603613 CH)	29.01	92
Worldia Diamond Tools (688028 CH)	138.30	87
Harmontronics Automatio (688022 CH)	89.05	72
Guolin Environmental (300786 CH)	80.33	61
Great Shengda (603687 CH)	17.04	61
Grace Fabric Technology (603256 CH)	16.54	61
Colibri Technologies (002957 CH)	35.00	61
Jiuding New Material (002201 CH)	16.84	55
Jiangsu Fasten (000890 CH)	7.14	53
Raytron Technology (688002 CH)	69.12	53
Marubi Biotechnology (603983 CH)	48.40	49
Bright Laser Technologie (688333 CH)	98.00	46
Zhidemai Technology (300785 CH)	139.68	45
Bank of Suzhou (002966 CH)	11.32	44
HYC Technology (688001 CH)	69.92	38
Tianyishangjia New Mat (688033 CH)	54.96	36
Western Superconducting (688122 CH)	63.00	35
TZTEK Technology (688003 CH)	61.70	35
Huaxun Fangzhou (000687 CH)	8.48	33

Top 20 Losers

Company	Price (Rmb)	WoW Chg (%)
Garden Bio-Chemical (300401 CH)	12.03	(30)
Ji Yao Holding (300108 CH)	4.80	(26)
Furen Group (600781 CH)	6.03	(26)
Xinwei Technology (600485 CH)	6.43	(23)
Baofeng Group (300431 CH)	4.94	(22)
Chuying Agro-pastora (002477 CH)	0.69	(19)
Pengqi Technology (900907 CH)	0.12	(18)
Fuling Zhacai (002507 CH)	23.10	(18)
Hangzhou Cable (603618 CH)	5.85	(17)
STO Express (002468 CH)	25.14	(17)
Bomesc Offshore (603727 CH)	17.65	(16)
Pengqi Technology (600614 CH)	1.79	(16)
Calxon Group (000918 CH)	6.70	(16)
Zhengye Technology (300410 CH)	8.68	(16)
Shibei Hi-Tech (600604 CH)	9.10	(15)
Titanium Industry (000545 CH)	3.31	(15)
Sunrise New Energy (002256 CH)	2.30	(15)
Hotata Technology (603848 CH)	18.25	(14)
East New Energy (300125 CH)	11.30	(14)
Huaxin Cement (900933 CH)	1.85	(13)

Source: Bloomberg, CS

* Closing prices as of 2 Aug 2019

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A/H PREMIUM TABLE

A-share	H-share	Company	Price (Rmb)	A/H premium (%)
600876 CH	1108 HK	Luoyang Glass	10.64	605
002703 CH	1057 HK	Zhejiang Shibao	5.64	517
601038 CH	38 HK	First Tractor	7.93	402
600775 CH	553 HK	Nanjing Panda	10.65	390
600860 CH	187 HK	Beijing Jingcheng	6.39	383
002490 CH	568 HK	Shangdong Molong	4.20	285
601066 CH	6066 HK	CSC Financial Co Ltd	17.89	275
601330 CH	1330 HK	Dynagreen Environmental	11.50	259
601375 CH	1375 HK	Central China Securities	4.95	244
000585 CH	42 HK	Northeast Electric Development	2.02	225
601866 CH	2866 HK	CSCL	2.61	220
600874 CH	1065 HK	Tianjin Capital Environmental	7.55	217
600547 CH	1787 HK	Shandong Gold Mining	40.95	207
601319 CH	1339 HK	People's Insurance Co Group	8.78	206
601881 CH	6881 HK	China Galaxy Securities	10.70	197
600871 CH	1033 HK	Sinopec SSC	2.26	183
601068 CH	2068 HK	China Aluminum Int'l	6.14	179
601869 CH	6869 HK	Yangtze Optical Fibre	33.88	170
688009 CH	3969 HK	China Railway Signal & Communication Corp Ltd	12.12	166
601865 CH	6865 HK	Flat Glass Group Co Ltd	8.68	159
600685 CH	317 HK	COMEC	15.26	158
002460 CH	1772 HK	Ganfeng Lithium	22.85	156
601326 CH	3369 HK	Qinhuangdao Port	3.23	146
002910 CH	1533 HK	Zhuangyuan Pasture	11.74	142
600958 CH	3958 HK	DFZQ	10.08	142
600875 CH	1072 HK	Dongfang Electrical	9.58	140
601811 CH	811 HK	Xinhua Winshare	11.01	133
600635 CH	1635 HK	DZUG	5.29	129
601880 CH	2880 HK	Dalian Port	2.03	129
601727 CH	2727 HK	Shanghai Electric	5.19	125
000166 CH	6806 HK	Shenwan Hongyuan Group	4.71	114
601005 CH	1053 HK	Chongqing Iron & Steel	1.90	112
601788 CH	6178 HK	EB Securities	10.82	110
000756 CH	719 HK	Xinhua Pharmaceutical	6.73	109
002936 CH	6196 HK	Bank of Zhengzhou Co Ltd	4.87	105
600999 CH	6099 HK	CMSC	15.95	103
600837 CH	6837 HK	Haitong Securities	13.29	101
600688 CH	338 HK	Shanghai Petrochemical	4.62	95
601828 CH	1528 HK	Red Star Macalline	11.15	93
603157 CH	6116 HK	La Chapelle Fashion	5.40	88
601800 CH	1800 HK	China Comm. Construction	10.71	87
601919 CH	1919 HK	COSCO	4.51	85
601991 CH	991 HK	Datang Int'l Power	2.95	85
601598 CH	598 HK	Sinotrans Ltd	4.29	84
601107 CH	107 HK	Sichuan Expressway	3.75	83
603993 CH	3993 HK	China Molybdenum	3.65	82
601688 CH	6886 HK	HTSC	19.53	80
601633 CH	2333 HK	Great Wall Motor	8.09	79
601857 CH	857 HK	PetroChina	6.33	77
600030 CH	6030 HK	CITIC Securities	21.71	75
000488 CH	1812 HK	Chenming Paper	5.20	74
601717 CH	564 HK	ZMJ	6.11	74
000776 CH	1776 HK	GF Securities	12.88	74
601898 CH	1898 HK	China Coal	4.52	73
601298 CH	6198 HK	Qingdao Port International	7.90	73
601618 CH	1618 HK	Metallurgical Corporation	2.88	73

A-share	H-share	Company	Price (Rmb)	A/H premium (%)
600362 CH	358 HK	Jiangxi Copper	14.46	71
601992 CH	2009 HK	BBMG	3.40	69
600188 CH	1171 HK	Yanzhou Coal	10.13	69
601600 CH	2600 HK	Aluminum of China	3.66	68
601628 CH	2628 HK	China Life	29.03	68
600011 CH	902 HK	Huaneng Power	6.81	63
601238 CH	2238 HK	Guangzhou Automobile	10.91	63
601336 CH	1336 HK	New China Life Insurance	54.64	63
002672 CH	895 HK	Dongjiang Environmenta	10.20	62
000039 CH	2039 HK	CIMC	10.12	61
600026 CH	1138 HK	China Shipping Dev.	6.13	61
601211 CH	2611 HK	Guotai Junan Securities	17.29	61
600029 CH	1055 HK	China Southern Airlines	6.97	61
000063 CH	763 HK	ZTE	31.40	58
002202 CH	2208 HK	Goldwind	11.68	56
000921 CH	921 HK	Kelon Electric	10.98	53
601998 CH	998 HK	CITIC Bank	5.82	53
600115 CH	670 HK	China Eastern Airlines	5.58	52
000513 CH	1513 HK	Livzon Pharmaceutical	24.61	52
601766 CH	1766 HK	China South Locomotive	7.71	44
601607 CH	2607 HK	Shanghai Pharmaceuticals	17.75	43
601588 CH	588 HK	Beijing North Star	3.53	43
601088 CH	1088 HK	Shenhua Energy	18.63	38
601939 CH	939 HK	CCB	7.21	37
601333 CH	525 HK	Guangshen Railway	3.14	37
600012 CH	995 HK	Anhui Express	5.66	36
600027 CH	1071 HK	Huadian Power	4.04	35
601808 CH	2883 HK	China Oilfield Services	10.03	34
601111 CH	753 HK	Air China	8.50	33
601899 CH	2899 HK	Zijin Mining Group	3.58	32
601988 CH	3988 HK	BOC	3.64	31
600332 CH	874 HK	Baiyunshan	35.49	31
000898 CH	347 HK	Angang Steel	3.40	31
601601 CH	2601 HK	Pacific Insurance	37.56	30
002594 CH	1211 HK	Byd Co Ltd	54.39	30
000157 CH	1157 HK	Zoomlion	5.95	29
601288 CH	1288 HK	ABC	3.55	29
601390 CH	390 HK	China Railway Group	6.20	27
600016 CH	1988 HK	Minsheng Bank	5.96	27
600196 CH	2196 HK	Fosun Pharmaceutical	24.90	26
601818 CH	6818 HK	China Everbright Bank	3.86	25
601398 CH	1398 HK	ICBC	5.56	21
600548 CH	548 HK	Shenzhen Express	9.67	19
601186 CH	1186 HK	China Railway Construction	9.52	19
600028 CH	386 HK	Sinopec	5.13	18
601328 CH	3328 HK	BoComm	5.68	15
000338 CH	2338 HK	Weichai Power	11.73	15
600377 CH	177 HK	Jiangsu Express	10.32	14
600660 CH	3606 HK	Fuyao Glass	22.00	12
000002 CH	2202 HK	Vanke	28.01	10
600600 CH	168 HK	Tsingtao Brewery	43.53	10
600808 CH	323 HK	Maanshan Iron & Steel	2.88	8
002948 CH	3866 HK	Bank of Qingdao Co Ltd	6.00	7
601318 CH	2318 HK	Ping An	86.03	7
600036 CH	3968 HK	China Merchants Bank	35.75	6
603259 CH	2359 HK	WuXi AppTec Co Ltd	63.86	2
600585 CH	914 HK	Anhui Conch Cement	38.57	(1)

Source: Bloomberg, CS

* Closing prices as of 2 Aug 2019

^ Suspended

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中信証券經紀香港 CITIC Securities Brokerage (HK)

CITIC S&P 50 Index

Sector	PER (x) 18	19E	20E	18-20E PEG (x)	Chg (%) 1-wk	1-mth	YTD	1-yr	6M Avg Daily T/O (Rmb mn)	Mkt Cap (Rmb bn)
Market cap weighted average	**20**	**15**	**13**	**0.9**	**(2.8)**	**(4.7)**	**24.4**	**16.1**	**69,660**	**16,291**
Energy	16	15	14	1.7	(3.0)	(7.9)	(5.6)	(13.5)	1,718	1,822
Materials	9	9	9	NA	(3.5)	(7.7)	13.2	(8.1)	2,219	354
Capital Goods	38	24	20	1.0	(4.2)	(3.1)	8.2	9.0	5,576	903
Transportation	8	8	8	NA	(0.3)	(5.3)	(4.9)	(9.3)	327	116
Automobiles & Components	8	8	7	2.7	(0.7)	(9.7)	(9.3)	(20.4)	881	283
Consumer Durables & Apparel	15	13	12	1.3	(2.6)	(6.6)	42.5	21.4	5,041	786
Retailing	7	9	28	NA	(2.4)	(10.2)	6.3	(19.9)	609	97
Food, Beverage & Tobacco	32	27	23	1.6	(2.3)	(8.2)	71.6	40.6	10,655	2,013
Pharmaceuticals, Biotechnology & Life Sciences	72	54	42	2.4	(1.2)	(5.9)	50.2	14.2	1,295	292
Banks	7	7	6	1.0	(2.2)	(3.6)	11.5	10.8	10,834	5,719
Diversified Financials	29	19	17	0.9	(6.0)	(9.0)	40.8	39.8	6,254	321
Insurance	35	16	14	0.6	(4.2)	(3.1)	46.8	37.8	7,355	1,773
Software & Services	118	82	55	2.5	(5.4)	(8.2)	29.8	7.0	1,438	70
Technology Hardware & Equipment	23	26	20	3.0	(4.9)	0.2	33.3	25.0	9,496	518
Semiconductors & Semiconductor Equipment	34	22	17	0.9	(2.6)	12.3	79.8	104.6	887	92
Telecommunication Services	43	30	22	1.1	(4.2)	(9.4)	10.4	12.0	1,360	177
Utilities	21	18	17	2.1	1.3	4.7	16.3	11.1	553	463
Real Estate	9	7	6	0.4	(5.6)	(0.4)	18.2	30.6	3,161	491

CITIC S&P 300 Index

Sector	PER (x) 18	19E	20E	18-20E PEG (x)	Chg (%) 1-wk	1-mth	YTD	1-yr	6M Avg Daily T/O (Rmb mn)	Mkt Cap (Rmb bn)
Market cap weighted average	**23**	**18**	**15**	**1.0**	**(2.5)**	**(4.6)**	**24.7**	**14.1**	**169,263**	**26,483**
Energy	16	15	13	1.9	(2.6)	(7.6)	0.3	(8.4)	5,392	2,064
Materials	24	21	18	1.6	(1.2)	(7.0)	18.8	(2.0)	19,320	1,534
Capital Goods	27	20	17	1.1	(3.9)	(4.5)	10.3	3.5	17,806	2,155
Commercial & Professional Services	20	37	31	NA	(3.2)	(9.0)	1.9	(24.2)	599	40
Transportation	24	20	18	1.6	(2.9)	(3.0)	24.7	6.4	3,948	964
Automobiles & Components	21	15	14	0.9	(2.4)	(6.5)	2.4	(2.9)	4,535	866
Consumer Durables & Apparel	17	15	13	1.3	(2.9)	(7.0)	38.8	17.2	8,267	986
Consumer Services	43	29	26	1.5	(0.8)	(1.5)	38.8	24.5	1,271	243
Retailing	11	9	19	NA	(3.1)	(10.2)	5.1	(18.7)	1,488	199
Food & Staples Retailing	52	35	28	1.4	(3.3)	(8.8)	16.7	20.0	556	113
Food, Beverage & Tobacco	34	29	23	1.6	(1.5)	(5.9)	74.3	53.3	18,444	3,030
Household & Personal Products	38	32	28	2.4	(0.3)	(3.6)	12.7	(15.5)	141	21
Health Care Equipment & Services	38	32	25	1.6	(0.2)	0.3	20.2	(7.5)	1,486	172
Pharmaceuticals, Biotechnology & Life Sciences	44	34	27	1.7	(2.7)	(6.9)	26.1	(1.3)	9,092	1,037
Banks	7	7	6	1.0	(2.1)	(3.6)	10.9	10.1	11,888	6,187
Diversified Financials	38	19	16	0.7	(6.2)	(8.6)	29.5	27.8	9,392	611
Insurance	35	16	14	0.6	(4.2)	(3.1)	46.8	37.8	7,355	1,773
Software & Services	84	62	46	2.4	(1.5)	(2.4)	44.5	26.6	6,228	342
Technology Hardware & Equipment	28	25	20	1.4	(3.2)	(0.0)	35.0	10.2	23,186	1,408
Semiconductors & Semiconductor Equipment	32	21	16	0.8	0.2	7.7	53.9	53.9	2,630	170
Telecommunication Services	43	30	22	1.1	(4.2)	(9.4)	10.4	12.0	1,360	177
Media & Entertainment	17	18	15	2.1	0.9	(7.8)	2.2	(21.2)	3,545	259
Utilities	25	16	15	0.8	0.9	2.4	9.3	6.1	2,970	993
Real Estate	10	7	6	0.3	(5.7)	(6.5)	13.5	19.8	8,363	1,139

Source: Bloomberg, CS * Closing prices as of 2 Aug 2019 GICS (Global Industry Classification Standard)

Please refer to the attachment for detailed disclaimer and regulatory disclosures.
中信証券經紀香港 CITIC Securities Brokerage (HK)

What to Watch Out For:

Major corporate results and economic data

Results Announcement

Code	Company	Estimated Date		Financial Year / Quarter^
000983 CS	Shanxi Xishan Coal & Electricity Power Co Ltd	Confirmed	2019/8/5	06/19 Q2
600388 CG	Fujian Longking Co Ltd	Confirmed	2019/8/6	06/19 Q2
000001 CS	Ping An Bank Co Ltd	Confirmed	2019/8/7	06/19 Q2
002252 CS	Shanghai RAAS Blood Products Co Ltd	Confirmed	2019/8/7	06/19 Q2
600426 CG	Shandong Hualu Hengsheng Chemical Co Ltd	Confirmed	2019/8/7	06/19 Q2
600435 CG	North Navigation Control Technology Co Ltd	Confirmed	2019/8/7	06/19 Q2
000793 CS	Huawen Media Group	Confirmed	2019/8/8	06/19 Q2
002271 CS	Beijing Oriental Yuhong Waterproof Technology Co Ltd	Confirmed	2019/8/8	06/19 Q2
600060 CG	Hisense Electric Co Ltd	Confirmed	2019/8/8	06/19 Q2
000402 CS	Financial Street Holdings Co Ltd	Confirmed	2019/8/9	06/19 Q2
600266 CG	Beijing Urban Construction Investment & Development Co Ltd	Confirmed	2019/8/9	06/19 Q2
600346 CG	Hengli Petrochemical Co Ltd	Confirmed	2019/8/9	06/19 Q2
600415 CG	Zhejiang China Commodities City Group Co Ltd	Confirmed	2019/8/9	06/19 Q2
600516 CG	Fangda Carbon New Material Co Ltd	Confirmed	2019/8/9	06/19 Q2
601168 CG	Western Mining Co Ltd	Confirmed	2019/8/9	06/19 Q2

*Companies included in CITIC S&P 300 Index only ^ MM/YY QQ
Source: Bloomberg, CS

Publication of Economic Data

Date/Time*	Event	Period	Figures	Actual	Previous	Revision
08/05/2019 09:45	Caixin China PMI Composite	Jul	--	--	50.6	--
08/05/2019 09:45	Caixin China PMI Services	Jul	52	--	52	--
08/07/2019	Foreign Reserves	Jul	--	--	$3,119.23b	--
08/08/2019	Trade Balance	Jul	--	--	$50.98b	--
08/08/2019	Trade Balance CNY	Jul	--	--	345.18b	--
08/08/2019	Exports YoY	Jul	--	--	-1.3%	--
08/08/2019	Imports YoY	Jul	--	--	-7.3%	--
08/08/2019	Imports YoY CNY	Jul	--	--	-0.4%	--
08/08/2019	Exports YoY CNY	Jul	--	--	6.1%	--
08/09/2019 09:30	CPI YoY	Jul	--	--	2.7%	--
08/09/2019 09:30	PPI YoY	Jul	--	--	0.0%	--
08/09/2019 16:00	Money Supply M1 YoY	Jul	--	--	4.4%	--
08/09/2019	BoP Current Account Balance	2Q P	--	--	$49b	--
08/09 - 08/15/2019	Aggregate Financing CNY	Jul	--	--	2,260b	--
08/09 - 08/15/2019	New Yuan Loans CNY	Jul	--	--	1,660b	--
08/09 - 08/15/2019	Money Supply M0 YoY	Jul	--	--	4.3%	--
08/09 - 08/15/2019	Money Supply M2 YoY	Jul	--	--	8.5%	--
08/11 - 08/18/2019	Foreign Direct Investment YoY CNY	Jul	--	--	8.5%	--

Source: Bloomberg, CS * DD/MM/YYYY

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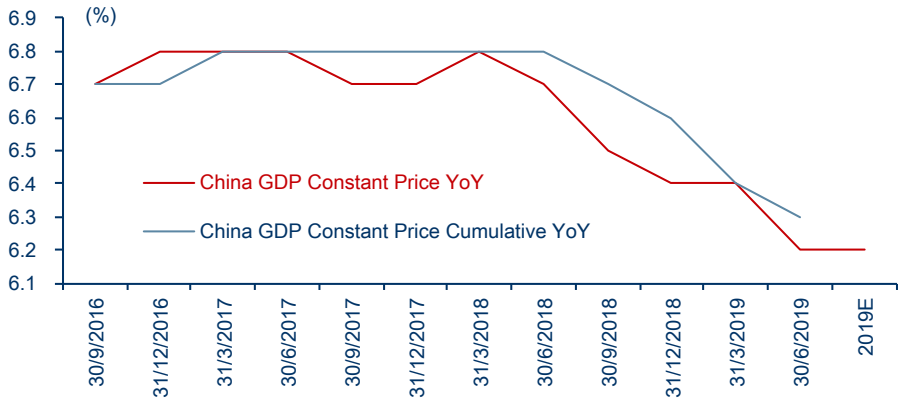
中信証券經紀香港 CITIC Securities Brokerage (HK)

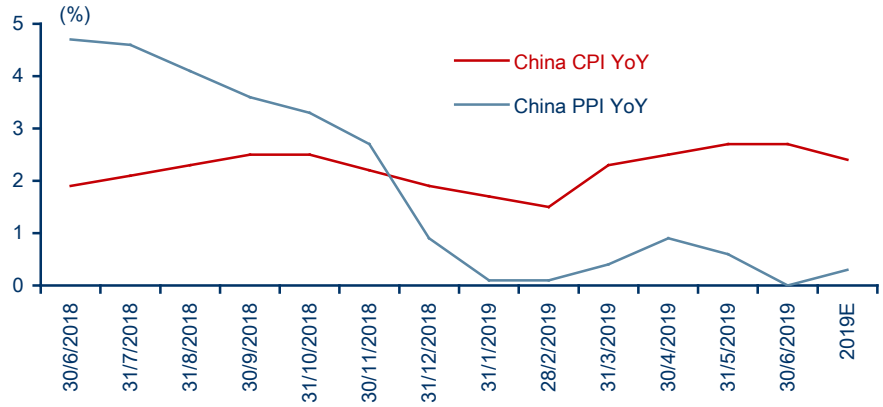
What to Watch Out For:

Major economic indicators

GDP ▶

China posted GDP growth of 6.3% YoY for the first half of 2019, with the rate in 2Q19 dropping to a new low of 6.2%.We expect macro growth to remain lackluster. However, gradual materialization of benefits from earlier tax and fee cuts should lend support to investment spending. The market forecasts GDP growth of 6.2% YoY in 2019E.



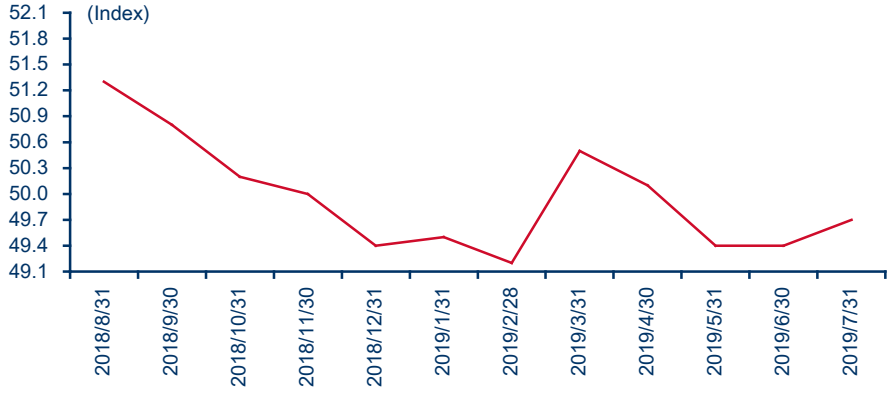


◀ CPI and PPI

China's CPI advanced 2.7% YoY in Jun 2019, largely flat MoM.PPI remained unchanged in Jun, slightly weaker than consensus. The market forecasts full-year 2019E CPI and PPI growth to be 2.4% and 0.3% YoY, respectively.

Import and Export ▶

Exports from China shrank 1.3% YoY in Jun 2019, a hair better than the 1.4% decline expected by the market; imports plunged 7.3% YoY, far below the estimated 4.6% drop. Trade surplus came to US$50.98bn. China's imports from and exports to EU, ASEAN countries and Japan expanded during the month. Total China-US trade tallied Rmb1.72trn, down 9% YoY. The market projects full-year 2019E exports and imports to rise 0.2% and fall 0.6% YoY, respectively.



◀ Manufacturing PMI

China posted manufacturing PMI of 49.7 for July 2019, up 0.3 from the previous month and marking the first rebound since Apr 2019. While it is still below the expansion-contraction threshold, the reading reflects a generally stabilizing industry climate.

Source: Bloomberg, CS

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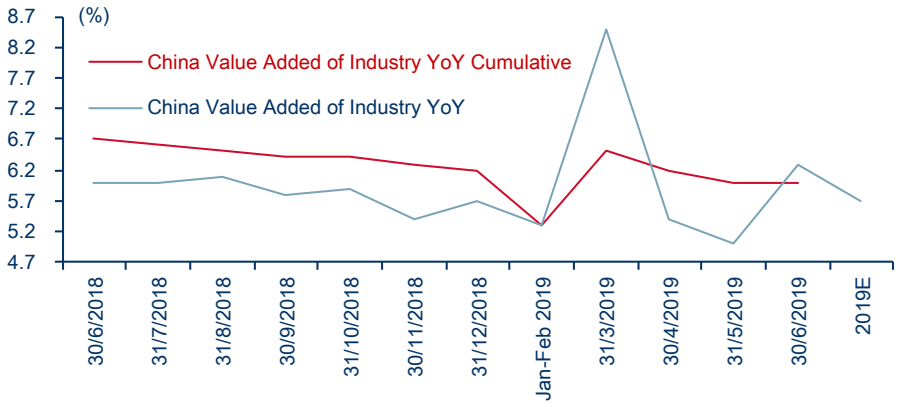
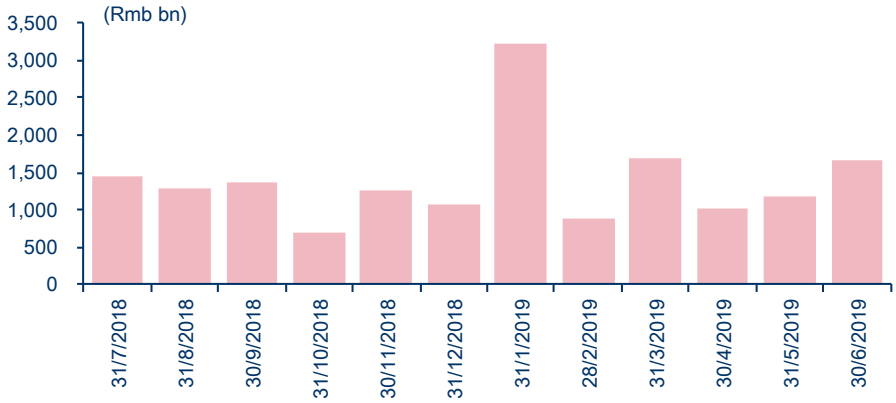
Value Added of Industry ▶

In 1H19,scale industrial enterprises in China saw their total value-added increase 6.0% YoY. The pace slowed by 0.5ppt from 1Q19, but growth in Jun rebounded significantly. On the whole, the growth of industrial value-added was obviously more volatile than a year ago. As both upstream and downstream activities are set to undergo changes in 2H19E, we foresee continued volatility ahead. The market projects full-year 2019E industrial value-added to rise by 5.7% YoY.



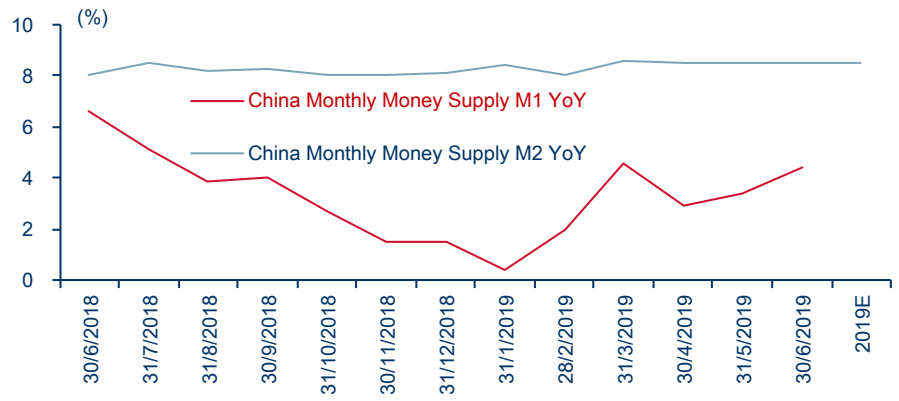


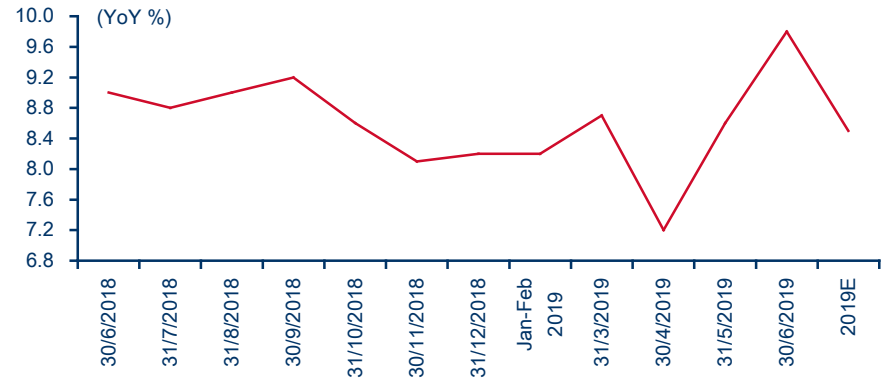
◀ CNY Monthly New Loan

Jun 2019 saw new loans of Rmb1.66trn in China, which was Rmb178.6bn less than the amount issued in the year-ago period. It also fell short of the Rmb1.7trn consensus figure.

Monthly Supply M1 & M2 ▶

M2 growth in Jun 2019 was 8.5% YoY, flat MoM and shy of the 8.6% increase forecast by the market; M1 expanded 4.4% YoY, picking up 1ppt compared to the previous month. The market expects M2 growth rate to reach 8.5% YoY in 2019E.





◀ Retail Sales Value

In Jun 2019, total consumer spending in China rebounded substantially, logging a 9.8% YoY increase. Robust growth on the month was observed as well, mainly attributable to the enforcement of China VI Vehicle Emission Standards, which fueled promotional activity for car sales, while the "618" mid-year online shopping festival lifted sales of both vehicles and other discretionary commodities. The market expects total retail sales to advance circa 8.5% YoY in full-year 2019E.

Source: Bloomberg, CS

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	Ratings	Description
Stock ratings	BUY	Increase relative to market representative index over 20%
	OVERWEIGHT	Increase relative to market representative index between 5% and 20%
	HOLD	Increase relative to market representative index between -10% and 5%
	SELL	Decrease relative to market representative index over 10%
Industry ratings	OUTPERFORM	Increase relative to market representative index over10%
	NEUTRAL	Increase relative to market representative index between -10% and 10%
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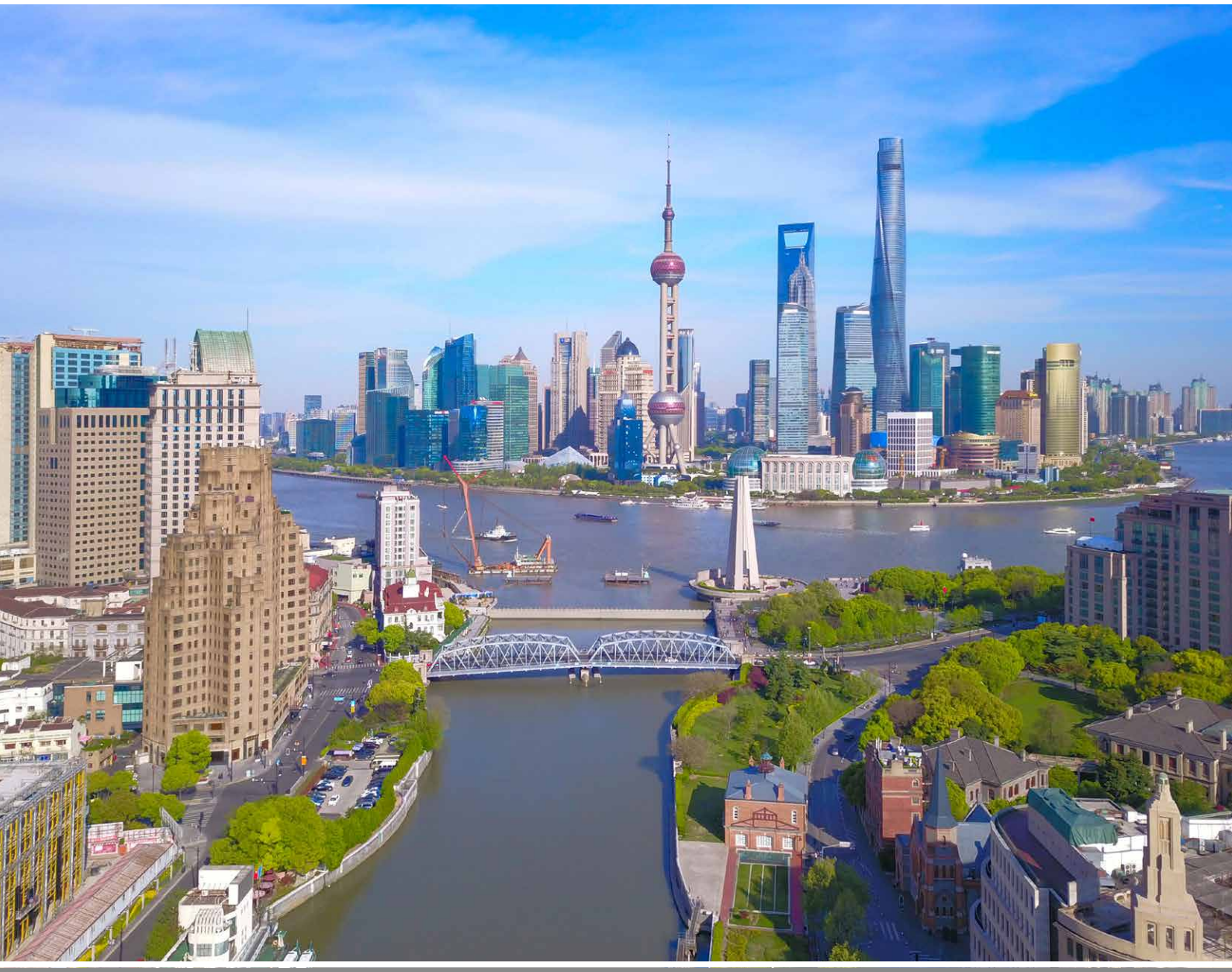

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