



**Industry:** Local Financial (Benny Lee), Local property and Others (Dennis), Mainland financial, Utilities (Xingyu Chen), Mainland property, Oil and gas service (Chengeng), Air, Automobiles, Infrastructure (ZhangJing), Petroleum, gas, Gold (Storm Li)

## Local Financial (Benny)

BOCHK (2388.HK)

BOC HK's FY 12 performance was in line with our expectation, In FY 12, basic earnings per share was HK \$ 1.9796, up 2.46 % yoy, dividend increased 4.2% yoy to \$ 1.238, to maintain a 62.5% payout ratio as past. However, the FY 12 result of BOCHK was not impressive, thus, we downgrade the investment rating to "Neutral" and rise target price to HK\$27.05. The current price met our target price 27.05, however, from fundamental view, the group is lack of growth highlights, clients are suggested to buy in international banking group, such as SCB (2888) as the stock price is relative behind the peers.

China Fiber Optic Network System Group Ltd (3777.HK)

The fundamentals of the company maintain good, We believe the company is deep under value at current price, because of the apple daily's report arouse investors' concern, we believe it was a good chance to buy the stock, in fact the 1Q result is in line with our expectation, if clients bought the stock according our suggestion, now recorded a 15% profit, investors are suggested to hold the stock.

KINGWELL GROUP (1195.HK)

After we recommended the stock price climbed about 8% we expected the earnings will be significant growth, with the international gold price will remain near \$ 1,400/ ounce, coupled with a strong demand in gold and advantages in production cost, we are optimistic to expect 2013 earnings will be between 100 million to 150 million yuan. However, the group is still in transformation stage, the group will continue to face a certain degree of operational risk, it is recommended that clients can buy for speculative purposes..

## Local Property (Dennis)

We published report on Henderson Land (12.HK) in April, gave a rating of "Accumulate". ASP of the Group's major projects in 2013Q1 was approximately HKD5.14m, much lower than the ASP of HKD7.2m, calculated with the major projects of 4 largest developers in HK. It reflected the Group is focusing on mid-end projects, targeting the first-home buyers and upgraders. We expect the policy impact is slight. The Group started pre-sale of "Double Cove Ph 1" in Ma On Shan and "The Reach" in Yuen Long from 2012H2, which are expected to be booked in FY13. The 2 mass-end projects recorded contract sales of about HKD6.66b by the end of Feb, 13, representing 76.5% of sales of properties in FY12. We expect high growth from property sales in HK in FY13. Current share price represents 38% discount to NAV, lower than 1x SD below the long-term average of 15.6% discount. We believe it over reacted risks and recommend investors to accumulate for mid-long term investment.

## Mainland Financial (Xingyu Chen)

HSI started to go up in April after the consistent adjustment in the previous two months, especially in the second half of April. The major sectors such as banking and property experienced large rebound pushed by the large quantity of capital. Most of domestic banks' share prices recorded the growth to varying degrees within the range between 5% and 10% in general, and joint-stock banks gain the larger price growth, such as CMBC's 12%, and CMB's 11%. The price performances of large-sized state-owned banks maintained stable.

Currently, the market performance meets our expectation. The PBOC announced the details of RQFII, and identified the process and details of investing in the markets, which will bring the large cash inflows into the market, and cause the index to increase continually. HSI may over 23,000 in the short term. According to the banks' 2013 first quarterly reports released in April, the performances of banks meet our expectation, and under the easing market environment, we expect the banks' profits will maintain stable growth in 2013. Therefore we believe the prices of banks still keep in the stable level in the near future, and maintain the cautious view on buying the banks' shares in the short term.

## Mainland Property (Chengeng)

In April, 2013 I wrote four research reports on Fantasia, Shimao, KWG and CCRE, which got success by unique operation model. We recommend Shimao Property. Shimao Property has set a sales target of 55 billion Yuan newly, marking its initiation into large-scaled real estate enterprises, which in turn helps improve the valuation. The Company has made active preparations in the central and eastern regions to promote sales, achieving impressive results. The residential buildings, commercial real estate, hotel and property investment, these four kinds of business have achieved good cash flow with sound financial status. We are optimistic about our performance in 2013 and confident that our sales volume will be on the rise. We have given Shimao Property "buy" ratings, with the 12-month target price of HK\$18.6, which is 6 times as much as PE in 2013.

## Air (ZhangJing)

We published mainly air company reports in April, including CX (293), CEA (670) and AC (753). Among these, CX (293) performed well and recorded 5% of return in April since our recommendation.

Under the improving public hygiene system and the different infectious situation, we believe that the impact on air transport industry caused by the recent outbreak of H7N9 influenza epidemic is not as serious as the SARS in 2003, and the short-term fall in price will provide a medium-term buying opportunity. With the macro-economic recovery, rising tourism demand has and stable oil prices, the profitability of the airlines is expected to be revised upwards. Especially for CX, the target price for 12 months is HK\$14.73, based on the expected net asset value per share by the end of 2013; an "Accumulate" rating is given.

## Petro and Natural Gas (Storm Li)

Since major companies in the industry successively released their annual fiscal reports in middle March, three research reports in this month are made mostly for the annual report summary.

Operating revenues and net profits of China Oilfield Services Limited (HK.2883) in 2012 respectively increased by 20% and 13.1% on a year-on-year basis, which should be mainly attributed to booming demands from upstream industries and hefty growth of production capacity arising from the company's investment in new equipments. We believe that the company's production capacity and market demands will maintain a growth momentum, so there is a relatively large space for the company to improve its future business performance. Due to this, we grant the company "Buy" rating.

Operating revenues and net profits of NewOcean Energy (HK.342) in 2012 respectively increased by 33.1% and 164.9% on a year-on-year basis. Presently, the company's P/E ratio is only 8.8 times, half of the industry's average value, implying that the company's risk stays at a relatively low level. In terms of preliminary investment and future market development, the company's business performance will enjoy a relatively large improvement space in 2013. Due to this, we maintain the "Buy" rating to the company.

In 2012, China Petrochemical Corporation (HK.386)'s operating revenues increased by 11.2%, but its net profits decreased by 11.4%. The company's decline in business performance should be attributed to nosedive of the international oil price and its delayed adjustment to domestic refined oil product price in the first half of 2012. So far, foresaid two factors have been improved to a large extent and in turn converted into advantageous factors. With the company's constant expansion in upstream oil & gas resources sector and robust recovery of the market demands, the company's business performance in 2013 will realize a fast-rate growth. Due to this, we maintain the "Accumulate" rating to the company.

Fig1. Performance of Recommended stock

Time	Ticker	Company	Analyst	Rating	Price on Recomm endation Date	Target Price	Expected return	Last closing price (Mar)	Return in Mar	Last closing price (Feb)	Stock performa nce in Mar
2013-4-3	2388 HK Equity	BOC HK	Benny	Neutral	25.95	27.05	4.24%	26.7	2.89%	25.9	3.09%
2013-4-5	257 HK Equity	China Everbrig	ZY	Accumulate	5.49	6.2	12.93%	5.99	9.11%	5.57	7.54%
2013-4-8	813 HK Equity	Shimao Prope	CG	Buy	14.96	18.6	24.33%	16.72	11.76%	14.9	12.21%
2013-4-9	2883 HK Equity	COSL	Storm Li	Buy	15.76	18.7	18.65%	15.3	-2.92%	16.26	-5.90%
2013-4-10	293 HK Equity	Cathay	ZJ	Accumulate	13	14.73	13.31%	13.64	4.92%	13.2	3.33%
2013-4-11	3328 HK Equity	BoCom	XY	Buy	5.78	6.74	16.61%	6.17	6.75%	5.81	6.20%
2013-4-12	3777 HK Equity	China Fiber O	Benny	Buy	1.05	1.6	52.38%	1.13	7.62%	1.09	3.67%
2013-4-16	1777 HK Equity	Fantasia	CG	Accumulate	1.16	1.35	16.38%	1.21	4.31%	1.17	3.42%
2013-4-17	342 HK Equity	NewOcean Er	Storm Li	Buy	5.36	6.39	19.22%	4.84	-9.70%	4.43	9.26%
2013-4-18	670 HK Equity	CEA	ZJ	Accumulate	3.29	3.73	13.37%	3.11	-5.47%	3.38	-7.99%
2013-4-19	3988 HK Equity	BOC	XY	Buy	3.42	4.07	19.01%	3.63	6.14%	3.6	0.83%
2013-4-22	12 HK Equity	Henderson Lai	Dennis	Accumulate	56.05	63.2	12.76%	56.2	0.27%	53.1	5.84%
2013-4-23	1813 HK Equity	KWG Property	CG	Accumulate	5.2	5.5	5.77%	5.36	3.08%	4.86	10.29%
2013-4-24	386 HK Equity	SINOPEC	Storm Li	Accumulate	8.26	9.53	15.38%	8.49	2.78%	9.14	-7.11%
2013-4-25	753 HK Equity	AC	ZJ	Accumulate	6.23	6.65	6.74%	6.28	0.80%	6.9	-8.99%
2013-4-26	3618 HK Equity	CRCB	XY	Buy	4.13	5.5	33.17%	4.22	2.18%	4.15	1.69%
2013-4-29	1195 HK Equity	Kingwell	Benny	Buy(Speculating)	1	1.3	30.00%	1.03	3.00%	0.84	22.62%
2013-4-30	832 HK Equity	CCRE	CG	Buy	2.63	3.5	33.08%	2.66	1.14%	2.49	6.83%

Source: PSR

#### PHILLIP RESEARCH STOCK SELECTION SYSTEMS

Total Return	Recommendation	Rating	Remarks
>+20%	Buy	1	>20% upside from the current price
+5% to +20%	Accumulate	2	+5% to +20% upside from the current price
-5% to +5%	Neutral	3	Trade within $\pm$ 5% from the current price
-5% to -20%	Reduce	4	-5% to -20% downside from the current price
<-20%	Sell	5	>20% downside from the current price

We do not base our recommendations entirely on the above quantitative return bands. We consider qualitative factors like (but not limited to) a stock's risk reward profile, market sentiment, recent rate of share price appreciation, presence or absence of stock price catalysts, and speculative undertones surrounding the stock, before making our final recommendation

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