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Report Review of March 2018

Hong Kong | INVESTNOTES REPORTS REVIEW

Sectors:

Air & Automobiles (ZhangJing)

Environmental protection & New energy(Wangyannan)

Healthcare & Consumer (Eurus Zhou)

Automobile & Air (ZhangJing)

Mint's 2017 result slightly lower than our previous forecast, but the increasing trend of the topline is still to continued. We maintain the opinion that Mint's existing businesses indicate a robust growth momentum, while great potential boom lies before the new ones, on the base of more input on R&D etc. We lift target price and rating. GAC's 2017 Result is in line with our expectation. With a good beginning and a brilliance new car plan in 2018, we believe that the excellent growth will last for GAC in this year, and so we reaffirm target price and rating.

Environmental protection (Wang Yannan)

This month I released 3 equity reports, including CEB GREENTECH(1257.HK), CHINA EB INT'L (257.HK)and Grandblue ENV (600323.SH). We tend to highly recommend CEB GREENTECH (1257.HK). Based on the business layout, the company founded three management centers, including clean energy, solid waste and environmental restoration. While consolidating existing main business, the company actively enhances natural gas, soil, soil remediation to brew a new growth point. Based on the fundamentals of good quality and the boom of the biomass and hazardous waste industry, we expect the net profits attributable to the parent company in 2018-2019 will reach HKD1345 / 1680 million, and the EPS will be HKD0.65/0.81, equivalent to the PE of HKD12.0 / 9.6, respectively. The target price of HKD 9.36 and an Buy rating is given.

Healthcare & Consumer (Eurus Zhou)

This month I released 3 equity reports, including Fortune REIT (778.HK), Anta Sports (2020.HK) and CSPC (1093.HK). We tend to highly recommend CSPC (1093.HK) and Anta Sports (2020.HK). On CSPC, we highlight that 1) 2017 results maintain strong growth; 2) NBP and oncology portfolio grew rapidly; 3) gross profit margin climbing while operating expenses surging (R&D, selling). CSPC has become the leading pharmaceutical firm among HK listed peers, given its great growth potential with high visibility. Moreover, we recommend Anta Sports given its strong growth potential of non-Anta brands and expected external expansion. The management expects that in future gross profit margin will be stable and expenses will be controllable. Though inventory days at year end was much higher than 2016 level, the management emphasized it has returned to be normal now. We expect rising R&D expenses to accelerate brand image upgrading thus boost further development of Anta Sports.

Fig 1. Performance of Recommended Stocks

Time	Ticker	Company	Analyst	Rating	Recommendation Date	Target Price	Expected Return	Month Closing Price	Month Return	Closing Price 2M ago	1M Price Chg
3/5/2018	3606.HK	Fuyao	ZJ	Accumulate	31.15	34	9.15%	30.25	-2.89%	31.4	-3.66%
3/7/2018	778.HK	Fortune REIT	Eurus	-	9.21	-	-	9.51	-	9.32	2.04%
3/9/2018	1257.HK	CEB GREENTECH	YN	Buy	7.79	9.36	20.15%	7.85	0.77%	6.94	13.11%
3/13/2018	2238.HK	GAC	ZJ	Buy	17.48	24.65	41.02%	14.46	-17.28%	17.4	-16.90%
3/15/2018	2020.HK	Anta Sports	Eurus	Accumulate	41.85	43.68	4.40%	39.6	-5.38%	38.8	2.06%
3/19/2018	257.HK	CHINA EB INT'L	YN	Accumulate	12.2	14	14.75%	11	-9.84%	12.12	-9.24%
3/21/2018	600004.CH	GBIAC	ZJ	Accumulate	15.82	18.7	4.40%	15.43	-2.47%	16.37	-5.74%
3/23/2018	1093.HK	CSPC	Eurus	Accumulate	21.65	24.8	14.50%	20.85	-3.70%	18.08	15.32%
3/27/2018	600323.SH	Grandblue ENV	YN	Buy	13.59	18	32.45%	13.96	2.72%	14.05	-0.64%
3/29/2018	425.HK	Mint	ZJ	Buy	36.85	45.55	23.61%	35.75	-2.99%	46.3	-22.79%

A stock is calculated by RMB yuan.

Source: Company, Phillip Securities Research

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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