

## **Hong Kong | INVESTNOTES REPORTS REVIEW**

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Sectors:

Air & Automobiles (Zhang Jing),  
Pharmaceuticals, Technology & Environment (Leon Duan)

### **Automobile & Air (ZhangJing)**

This month I released 4 updated reports of FLAT GLASS (6865.HK), Fuyao GLASS (3606.HK), Caeri (601965.CH), and Great Wall Motor(2333.HK), which got success by their unique Competitive edge. Among them, we recommend FLAT GLASS first. Flat Glass recorded revenue of RMB3,381 million, up 49.71% yoy; net profit attributable to the parent company of RMB508 million, up 75% yoy, equivalent to EPS of RMB0.26, exceeding market expectation. The Company will put into production new capacity of photovoltaic glass in the future two years, including two production lines of 1,000 tons per day of Vietnam (expected to be put into production in June 2020 and September 2020), and fourth-tier and fifth-tier production lines of 1,000 tons per day of Anhui Fengyang (expected to be put into production in 2021). The capacity of photovoltaic glass of the Company will achieve 9800 tons per day by the end of 2021, double that of the end of 2018. In terms of industry prosperity, with the implementation of domestic photovoltaic subsidy project, the sustainable and rapid development of overseas photovoltaic market, and gradual increase of proportion of double-glass modules, the high prosperity of photovoltaic glass market is expected to continue. We always believe that the profitability of leading companies with economies of scale and technical capital will be future improved.

### **Pharmaceuticals, Technology & Environment (Leon Duan)**

I released four reports on Canvest Env (1381.HK), CMS (867.HK), CN Energy Eng (3996.HK), and 2020 market investment strategy and outlook. We highly recommend CMS. At present, the company's long-term object is focusing on innovation research, actively investing in overseas R&D companies or reaching strategic cooperation with a view to establish an innovative product group with sufficient competitive advantages and market potential to meet China's unmet clinical needs. In the med-term, the company focuses on complex generic drugs and through strategic cooperation with leading overseas generic drug companies, it plans to deploy complex generic drugs with high generic barriers. In the short-term, the company focuses on the distribution of high-quality generic drugs that have been listed overseas, and establishes a generic drug product group that has sufficient market competitiveness, high quality and affordable costs. In addition, the company, as a traditional medicine marketing and promotion enterprise, currently covers more than 57,000 hospitals and medical institutions in its promotion network, covering all provincial administrative regions in China, and basically covering the main departments of tertiary hospitals and secondary hospitals.



Fig 1. Performance of Recommended Stocks

Time	Ticker	Company	Analyst	Rating	Price on		Expecte d Return	Last Month		Closing	
					Recommen dation Date	Target Price		Closing Price	Last Month Return	Price 2M ago	1M Price Chg
20200101	6865.HK	FLAT G	ZJ	Accumulate	4.84	5.65	16.74%	4.96	2.48%	5.15	-3.69%
20200108	3606.HK	Fuyao	ZJ	Accumulate	25.55	28	9.59%	22.4	-12.33%	23.85	-6.08%
20200115	601965.CH	Caeri	ZJ	Accumulate	8.44	9.8	16.11%	8.18	-3.08%	8.28	-1.21%
20200122	2333.HK	GWM	ZJ	Accumulate	5.97	6.45	8.04%	5.2	-12.90%	5.76	-9.72%
2020/1/14	1381.HK	Canvest Env	LD	Buy	3.8	5.13	35.00%	3.28	-13.68%	3.6	-8.89%
2020/1/21	867.HK	CMS	LD	Accumulate	12.04	13.35	10.88%	10.44	-13.29%	11.22	-6.95%
2020/1/31	3996.HK	CH Energy Eng	LD	Accumulate	0.91	1.08	18.68%	0.91	0.00%	0.94	-3.19%

A stock is calculated by RMB yuan.

Source: 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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