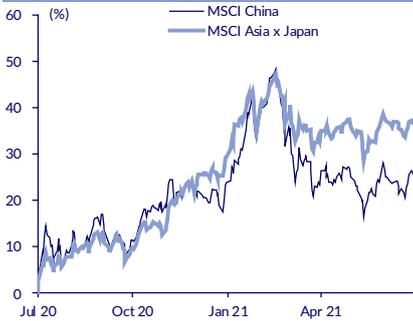


### MSCI China vs MSCI Asia ex-Japan



### China & HK Indices

	Last	% change		
		1D	1M	3M
HSCEI	10,663	0.0	(3.0)	(4.9)
HSCCI	3,992	0.0	(2.9)	(2.7)
Shanghai A	3,762	(0.1)	(1.0)	3.5
Shanghai B	255	(0.2)	1.1	3.6
Shenzhen A	2,556	(1.0)	0.5	8.9
Shenzhen B	1,198	0.4	3.2	5.3
HSI	28,828	0.0	(2.2)	(0.4)
Finance	37,373	0.0	(6.4)	(4.9)
Properties	34,866	0.0	(2.2)	(1.3)
Utilities	50,029	0.0	(3.6)	3.7
Comm & Ind.	18,933	0.0	1.0	2.7

### Yesterday's top five gainers and losers

		% change		
		1D	1M	YTD
<b>Top gainers</b>				
China Modern Dairy	1117-HK	8.2	(12.2)	49.6
Sa Sa	178-HK	7.8	14.4	26.1
SJM	880-HK	4.4	(6.1)	(4.4)
Galaxy Entertainment 27	27-HK	4.4	(4.4)	8.3
CR Power	836-HK	3.7	6.2	(3.1)
<b>Top losers</b>				
Shenhua	1088-HK	(11.1)	(12.9)	(6.5)
L'Occitane	973-HK	(4.9)	3	53.8
Hengan	1044-HK	(4.4)	1.3	(6.3)
Shimao Property	813-HK	(4.0)	(14.6)	(37.0)
Xinyi Glass	868-HK	(3.5)	2.4	206.7

### HSI vs CSI300 vs HSCEI



## What's inside

- Sector Outlook - China China solar glass sector. Eye on demand.
- Sector Outlook - China China financials. How are investors positioned?.
- Sector Outlook - China China healthcare. Large pharma - what to focus on.
- NWS Holdings Ltd (659 HK - BUY). Port departure.
- Sector Outlook - Global Global renewables. China Solar Energy Call Series.

### Sector Outlook - China China solar glass sector. Eye on demand.

Given the significant market volatility and keen investor interests, we hosted a series of calls with solar glass names (Xinyi Solar, Flat Glass and Irico) as well as an expert from Sci99.com on the industry outlook. Short-term demand, which is subject to upstream price movements, remains uncertain; price downside is likely to be limited given it is close to the cost level of small players, and could potentially rebound with any sequential demand pick-up, despite ongoing supply additions that could limit the extent of the price rebound. We raise our target prices for Xinyi Solar and Flat Glass to factor in the likelihood of a price rebound and policy tailwind. We also hosted Xinyi Energy, which maintains its 600MW solar farm addition target in 2021.

### Sector Outlook - China China financials. How are investors positioned?.

Our proprietary work tracking investor positions in China financial stocks points to increasing allocation to banks from overseas active funds. Onshore active funds were buying banks while reducing Ping An Group in 1Q21. Southbound investors added slightly to brokers but trimmed insurers, while banks remained largely intact. The A/H premium picked up for brokers and insurers. We expect the ongoing economic recovery with policy normalisation to benefit China financials. Our pecking order is banks, brokers, fintech and insurers. We update our top pick list to: PSBC, ICBC, ABC, Huatai, LexinFintech and Ping An.

### Sector Outlook - China China healthcare. Large pharma - what to focus on.

China officially announced the results of the 5th batch of centralised drug procurement in late-June 2021. 61 product varieties were selected with a 56% average price cut. We analysed the share price performance of large pharma companies in previous rounds and observed corrections tended to be short-lived as the market quickly looked beyond the policy impact on generic drugs and shifted to higher-margin, innovative drug pipelines. Large pharma with higher R&D expenses to revenue are likely to be less impacted. Examples are Hengrui (600276 CH) and Hansoh (3692 HK).

### NWS Holdings Ltd (659 HK - BUY). Port departure.

NWS announced it will sell its 20% stake in Xiamen Container Terminal Group for RMB1.6bn, which implies a transaction PE of 17x and is in line with our valuation forecast. We like the transaction as the group continues to unload non-core, legacy assets. We factor in the disposal, which results in a 2% cut in our FY22CL recurring profit forecast. NWS is trading at a 59% discount to NAV (avg: 37%) and at an 8.2% FY22CL dividend yield. We roll forward our valuation, which increases our target price from HK\$9.90/sh to HK\$10.60/sh.

Maintain BUY.

**Sector Outlook - Global Global renewables. China Solar Energy Call Series.**

Twelve companies in the solar energy value chain attended the CLSA China Solar Energy Call Series. The sanctions on some Chinese solar materials adds pressure on the supply chain, while the recent spike in polysilicon prices stands to increase costs for downstream. Nonetheless, solar technology evolution and policy supports are the foundations of structural growth dynamics of solar energy as well as key enablers of clean energy transition. Longi and Sungrow are our top BUYs.

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30/06/2021



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30 June 2021

## China Financial services



## How are investors positioned?

### Adding banks while cutting insurers

Our proprietary work tracking investor positions in China financial stocks points to increasing allocation to banks from overseas active funds. Onshore active funds were buying banks while reducing Ping An Group in 1Q21. Southbound investors added slightly to brokers but trimmed insurers, while banks remained largely intact. The A/H premium picked up for brokers and insurers. We expect the ongoing economic recovery with policy normalisation to benefit China financials. Our pecking order is banks, brokers, fintech and insurers. We update our top pick list to: PSBC, ICBC, ABC, Huatai, LexinFintech and Ping An.

### Offshore funds accumulating China banks

- Overall allocation to China financials was at 13.83% of AUM as of May 2021, an increase from April 2021 (13.31%). Absolute weighting wise, active funds were adding positions to banks but trimming insurers.
- Relative weighting wise, investors were reducing their underweights in banks, while cutting insurance overweights in past months.
- Many funds we track kept positions unchanged in the big four banks in May, while allocations to other banks picked up.

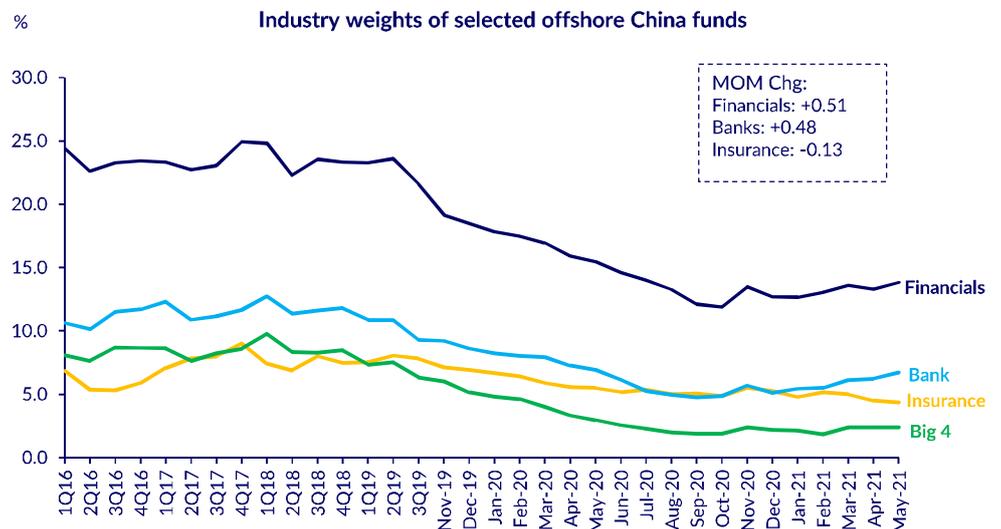
### Onshore funds also buying China banks

- Onshore funds reduced positions in insurers, and brokers saw continued weakness. However, banks weightings saw a significant pick-up in 1Q21.
- In 1Q21, weights in financials/banks/insurance were 9.52%/5.99%/2.00% of A share mutual fund portfolios (change by +0.51ppt/+1.88ppt/-1.03ppt QoQ).
- Domestic funds accumulated CMB, PAB, INDB, ICBC and BONB, but reduced Ping An Group.

### Southbound buying brokers

- Southbound investors added positions in MSB, CEBA and PSBC, while reduced positions of BOC and CQRC in May.
- Southbound added CPIC (+0.8ppt MoM) in May. While other insurers saw reduced positions, led by PICC (-1.5ppt), Taiping (-1.0ppt) and NCI (-0.5ppt) in May.
- Southbound investors added ownership in GTJA (+1.1ppt MoM), Huatai (+1.0ppt) and CGS (+0.8ppt) in May and reduced CITIC (-2.8ppt) the past month.

### Offshore funds buying banks while trimming insurers



Source: CLSA, Bloomberg

A proprietary study tracking investor positions in China financials

## How are investors positioned?

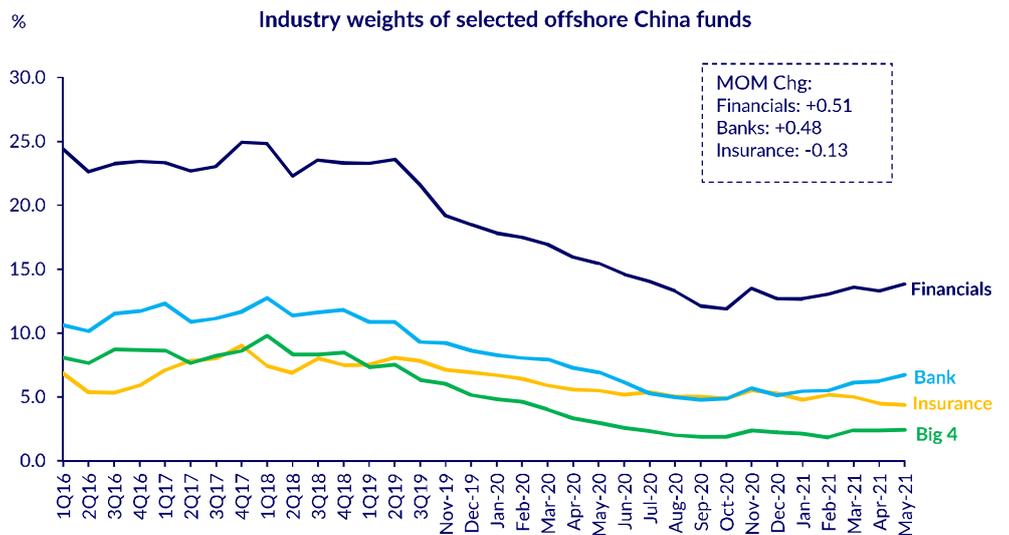
This is to update our proprietary work tracking investors' positions in China financials, including China onshore & offshore active funds and stock connects.

### Offshore active funds accumulating China banks

- Based on 20 selected offshore active China-focused funds that we track, the absolute overall allocation to Financials recorded at 13.83% of AUM as of May 2021, increase from Apr 2021 (13.31%). Allocation to banks saw 0.48ppt MoM increase to 6.72% in May 2021; while allocation to insurers weakened by 0.13ppt.
- Relative weighting wise, offshore investors maintained underweight financials (-0.16ppt vs MSCI China in May), OW insurers (+0.67ppt) and underweight banks (-1.50ppt). Investors are reducing their underweights on banks, while cut insurance overweights in past months.
- Individual stock wise: many funds we track have kept positions unchanged in big four banks in May, while allocations to other banks picked up.

Figure 1

#### Offshore active China funds' absolute weighting in China financials

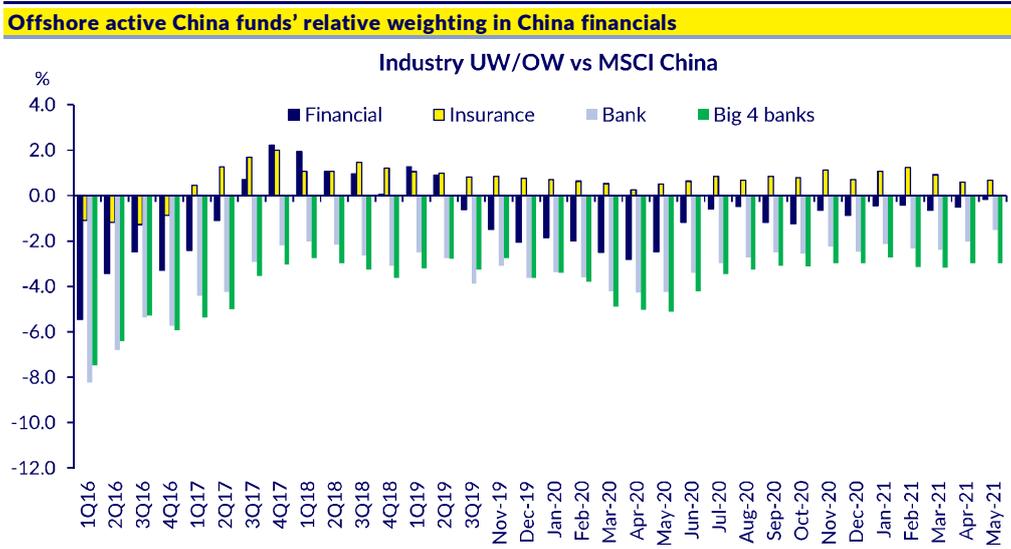


Source: CLSA, Bloomberg

More allocation to China financials

Investors are reducing their underweight in banks, while cutting insurance overweight the past months

Figure 2

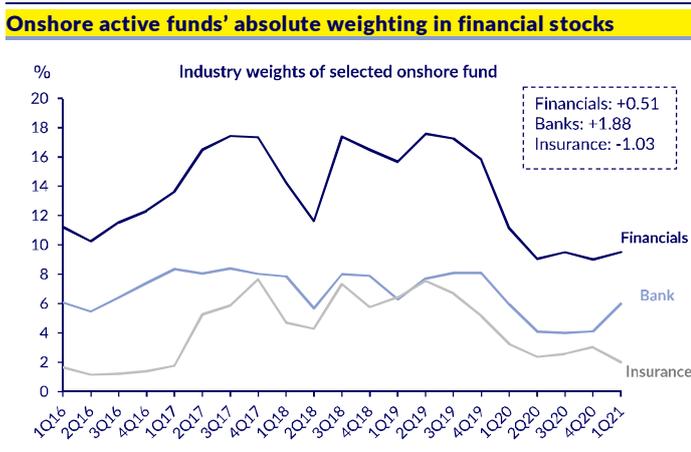


Source: CLSA, Bloomberg

### Onshore active equity funds buying China banks

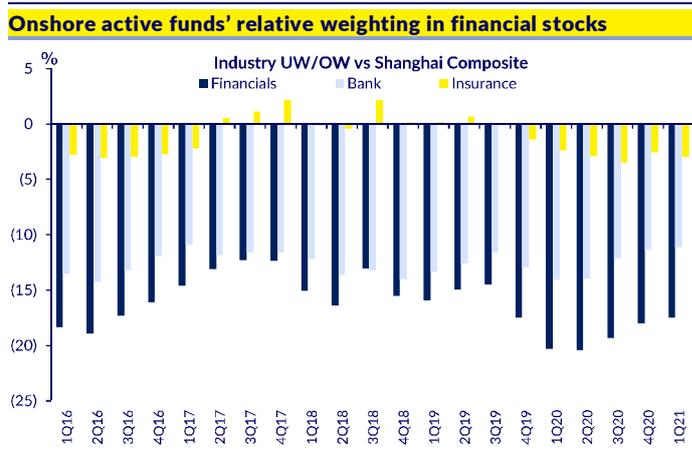
- Financials positions strengthened in 1Q21, mainly driven by banks. Onshore funds reduced positions on insurers, and brokers saw continued weakness. However, banks saw significant pick-up in 1Q21.
- In 1Q21, weights on Financials/ Banks/ Insurance were 9.52%/ 5.99%/ 2.00% of A share mutual fund portfolio (change by +0.51ppt/ +1.88ppt/ -1.03ppt QoQ).
- Domestic funds accumulated CMB, PAB, Industrial Bank, ICBC and Bank of Ningbo. The reduction in insurance space was mainly dragged by Ping An, while other insurers remained relatively stable.

Figure 3



Source: CLSA, WIND

Figure 4



Source: CLSA, WIND

### Southbound investors buying brokers

- Banks:** Southbound investors added positions in MSB, CEB and PSBC, while reduced positions of BOC and CQRC in May. Southbound increased holdings of MSB and CEB by 0.8ppt and 0.4ppt respectively. YTD,

Southbound added MSB and CEB, while reducing BOC and CQRC

Southbound investors are buying PSBC (+1.9ppt), CEB (+0.8ppt) and CMB(+0.8ppt).

Figure 5

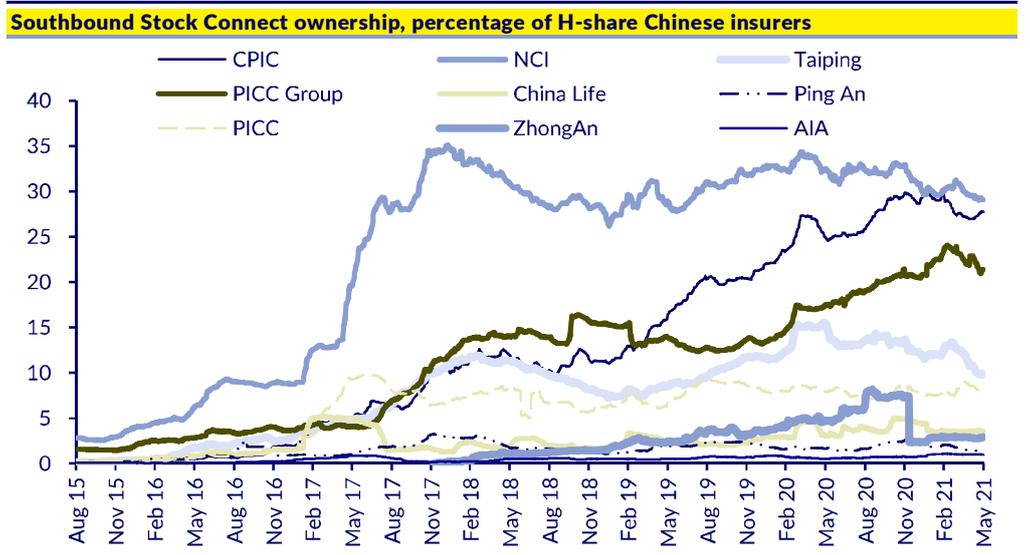


Source: CLSA, CCASS

- **Insurers:** Southbound added CPIC (+0.8ppt MoM) in May. While other insurers saw reduced positions, led by PICC (-1.5ppt), Taiping (-1.0ppt) and NCI (-0.5ppt) in May.

Southbound adding CPIC, while reducing others

Figure 6



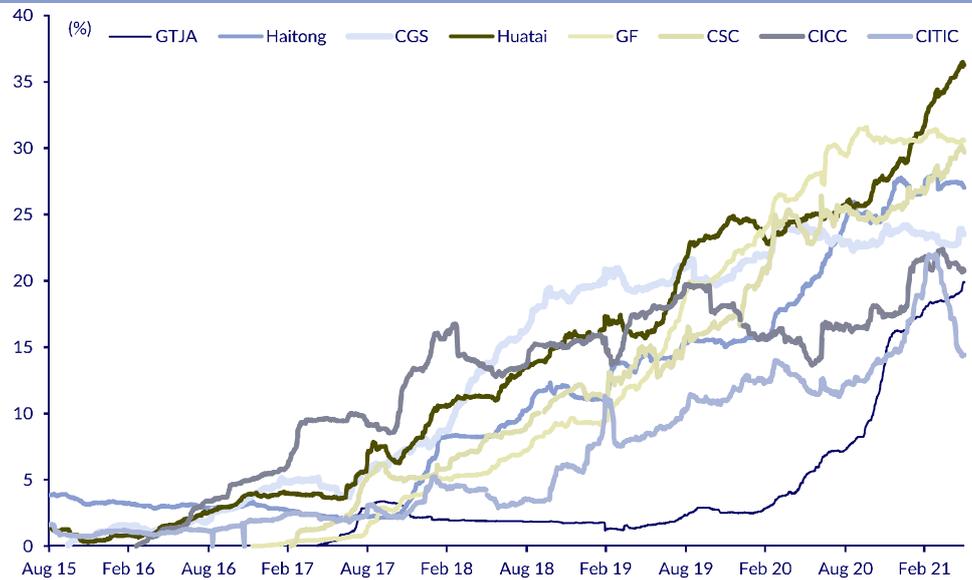
Source: CLSA, CCASS

- **Brokers:** Southbound investors added ownership in GTJA (+1.1ppt MoM), Huatai (+1.0ppt) and CGS (+0.8ppt) in May, while reducing CITIC (-2.8ppt) in the past month. YTD, most brokers recorded positive Southbound flows, while Haitong and CGS registered slight Southbound outflows.

Southbound adding GTJA, Huatai and CGS, while reducing CITIC

Figure 7

**Southbound Stock Connect ownership, percentage of H-share Chinese brokers**



Source: CLSA, CCASS

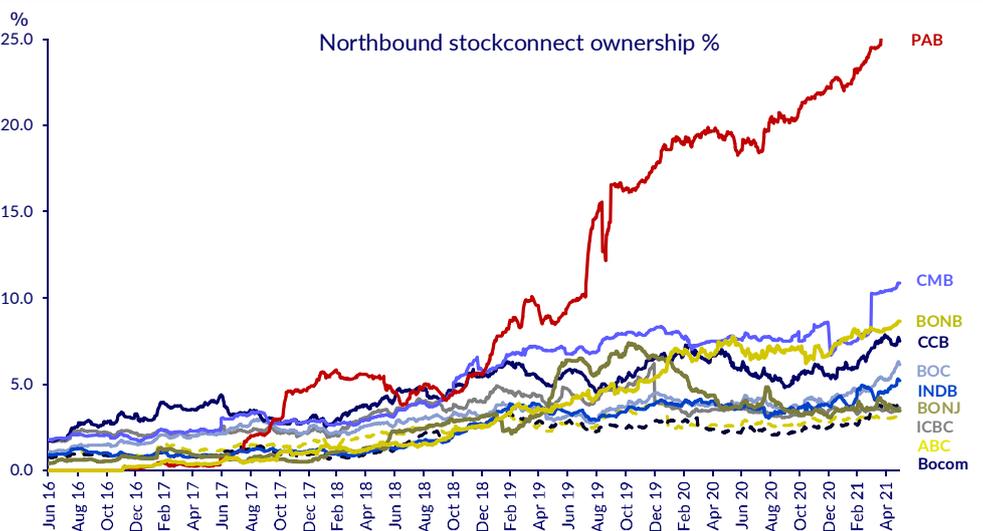
**Northbound investors added BOC and INDB**

- Northbound further added positions of most banks in May, especially BOC (+0.9ppt) and Industrial Bank (+0.7ppt). While Northbound slightly reduced holdings of CCB (-0.3ppt) in past one month.

Northbound investors added BOC and INDB

Figure 8

**Northbound investors are fans of A-share banks with strong retail presence**



Source: CLSA, CCASS

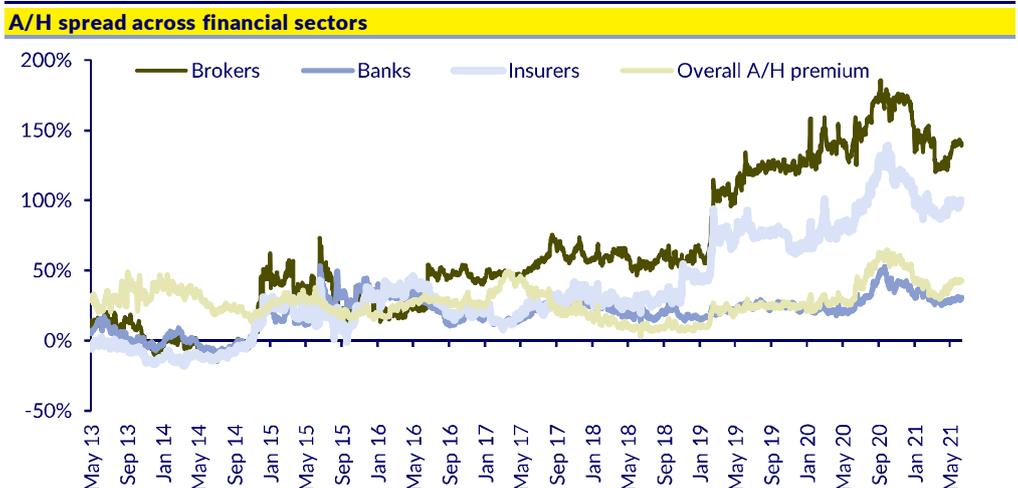
## China financials – A/H premium correction

As long-term investors are less willing to pay for hefty valuations, brokers, insurers and banks have seen a notable A/H valuation gap since 2016. A/H premium peaked in 4Q20 and continued correction since Jan 2021 partially due to strong Southbound buying.

### Uneven A/H valuation gap among sectors

Since 2016, H-share brokers, insurers and banks have witnessed a widening A/H valuation gap. A/H premium picked up significantly for brokers and insurers since the start of 2019, while at a much slower pace for banks. It peaked in 4Q20 and has been on a decreasing trend due to continued Southbound buying and sizeable onshore fund-raising. However, A/H premium started to widen again since Apr.

Figure 9

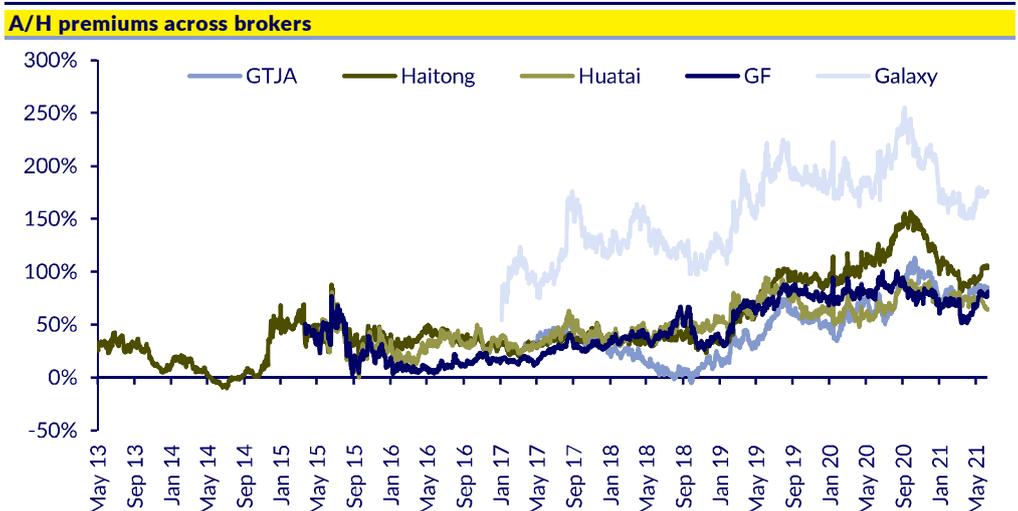


Note: the overall index is based on 10 A/H dual-listed stocks, including CITIC, Guotai Junan, Haitong, Huatai, GF, CICC, CMS, Everbright, CGS, Orient, CSC. Source: CLSA, Factset.

### A/H spread picked up for brokers since April

- After sharp correction of A/H spread before March, brokers saw some pick up of A/H spread since Apr. The A/H valuation gap for CICC, Everbright and CSC saw the largest increase since April.

Figure 10



Source: CLSA, Factset

A/H spread picked-up since Apr 2021

Pick-up of A/H premium among brokers since Apr

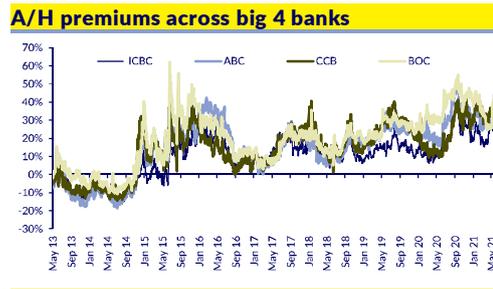
Valuation gap slightly widened for banks

**Mixed results for banks**

- A/H premium movement saw mixed results for big four banks since April; valuation gap widened for ICBC and ABC but narrowed for CCB, while flattish for BOC.
- For other banks, A/H spread continued to narrow, except for MSB and CITIC Bank.

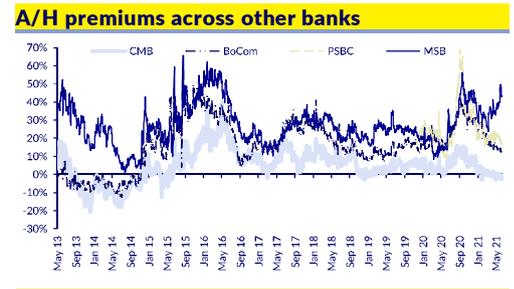
Mixed results for individual banks

Figure 11



Source: CLSA Factset

Figure 12



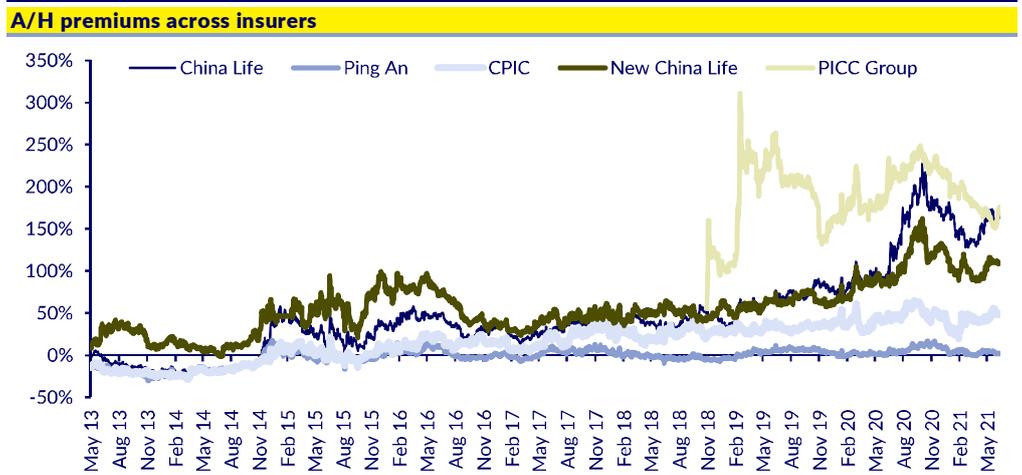
Source: CLSA Factset

**Resurgence of A/H premium for insurers since April**

- Mainly dragged by H-share performance of insurers, A/H spread for insurers enlarged since April, except for PICC Group.

Valuation gap rebounded

Figure 13



Source: CLSA, Factset



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### Companies mentioned

ABC - A (601288 CH - RMB3.03 - O-PF)  
 ABC (1288 HK - HK\$2.70 - BUY)  
 AIA (1299 HK - HK\$96.50 - O-PF)  
 Bank of China - A (601988 CH - RMB3.08 - U-PF)  
 Bank of China (3988 HK - HK\$2.79 - BUY)  
 Bocom - A (601328 CH - RMB4.90 - SELL)  
 Bocom (3328 HK - HK\$5.22 - O-PF)  
 BONB (N-R)  
 CCB - A (601939 CH - RMB6.65 - U-PF)  
 CCB (939 HK - HK\$6.11 - BUY)  
 CEB - A (N-R)  
 CEB (N-R)  
 CGS (6881 HK - HK\$4.63 - O-PF)  
 China Intl Cap (N-R)  
 China Life (2628 HK - HK\$15.40 - O-PF)  
 China Oriental (N-R)  
 China Securities Co., Ltd (N-R)  
 Citic Bank (N-R)  
 CITIC Securities Company (N-R)  
 CMB - A (600036 CH - RMB54.19 - BUY)  
 CMB (3968 HK - HK\$66.25 - BUY)  
 CPIC (2601 HK - HK\$24.45 - O-PF)  
 CQRC Bank (N-R)  
 Everbright (N-R)  
 GF Securities - A (000776 CH - RMB15.14 - SELL)  
 GF Securities (1776 HK - HK\$10.06 - BUY)  
 Guotai Junan (2611 HK - HK\$11.04 - BUY)  
 Haitong - A (600837 CH - RMB11.50 - SELL)  
 Haitong (6837 HK - HK\$6.80 - BUY)  
 Huatai - A (601688 CH - RMB15.80 - SELL)  
 Huatai (6886 HK - HK\$11.40 - BUY)  
 ICBC - A (601398 CH - RMB5.17 - BUY)  
 ICBC (1398 HK - HK\$4.56 - BUY)  
 Industrial Bank (N-R)  
 LexinFintech (LX US - US\$12.48 - BUY)  
 Lufax (LU US - US\$11.52 - BUY)  
 Minsheng - A (600016 CH - RMB4.41 - SELL)  
 Minsheng (1988 HK - HK\$3.72 - U-PF)  
 New China Life (1336 HK - HK\$26.50 - O-PF)  
 PICC Group (1339 HK - HK\$2.59 - O-PF)  
 PICC P&C (2328 HK - HK\$6.80 - BUY)  
 Ping An - A (601318 CH - RMB64.28 - BUY)  
 Ping An (2318 HK - HK\$76.05 - BUY)  
 Ping An Bank (N-R)  
 PSBC (1658 HK - HK\$5.23 - BUY)  
 Taiping Insurance (966 HK - HK\$12.92 - BUY)  
 ZhongAn (N-R)

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Overall rating distribution for CLST only Universe: Overall rating distribution: BUY / Outperform - CLST: 91.18%, Underperform / SELL - CLST: 8.82%, Restricted - CLST: 0.00%. Data as of 31 Mar 2021. Investment banking clients as a % of rating category: BUY / Outperform - CLST: 0.00%, Underperform / SELL - CLST: 0.00%, Restricted - CLST: 0.00%. Data for 12-month period ending 31 Mar 2021.

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1 July 2021

## Hong Kong Conglomerates

Reuters 0659.HK  
Bloomberg 659 HK

Priced on 30 June 2021  
HK HSI @ 28,828.0

12M hi/lo HK\$9.35/5.81

12M price target HK\$10.60  
±% potential +28%

Shares in issue 3,911.1m  
Free float (est.) 36.2%

Market cap US\$4.2bn

3M ADV US\$2.6m

### Major shareholders

New World Development 60.9%

### Blended ESG Score (%)\*

Overall 55.4  
Country average 67.3  
GEM sector average 56.3

\*Click to visit company page on clsa.com for details

### Stock performance (%)



Source: Bloomberg

## Port departure

### NWS to sell its entire stake in Xiamen Container Terminal Group

NWS announced it will sell its 20% stake in Xiamen Container Terminal Group for RMB1.6bn, which implies a transaction PE of 17x and is in line with our valuation forecast. We like the transaction as the group continues to unload non-core, legacy assets. We factor in the disposal, which results in a 2% cut in our FY22CL recurring profit forecast. NWS is trading at a 59% discount to NAV (avg: 37%) and at an 8.2% FY22CL dividend yield. We roll forward our valuation, which increases our target price from HK\$9.90/sh to HK\$10.60/sh. Maintain BUY.

### NWS announced the proposed sale of its stake in Xiamen Container Terminal

NWS announced after Wednesday's market close the proposed sale of its entire 20% stake in Xiamen Container Terminal Group (XCTG) to Xiamen International Port (3378 HK, N-R) for RMB1.6bn, implying a disposal PE of 17x based on XCTG's actual earnings in 2020. The disposal should be complete by the end of August 2021, subject to regulatory approvals. NWS sold its stake in XCTG at a small disposal gain of HK\$33m (before tax and transaction costs). Following the disposal, the group will no longer hold any seaport assets.

### Trim earnings forecast on the back of the disposal, fortified balance sheet

We factor in the disposal and remove the earnings contribution by XCTG from our forecast. This lowers our recurring profit forecast by 2% each in FY22CL and FY23CL. Nonetheless, the disposal will strengthen NWS's balance sheet; we forecast adjusted net debt to equity (with perpetual securities classified as debt rather than equity) of 32% in FY22CL.

### Capital redeployment focused on acquisitions and regular dividend

The disposal is in line with our expectation ([link](#)). While our view remains unchanged, we see scope for toll road acquisitions as four of its existing toll road concessions (including the anchor expressway Guangzhou City Northern Ring Road) expire in 2023. In addition, NWS has had a clearly stated progressive absolute dividend policy since FY19, and we believe the group should focus on maintaining healthy and sustainable growth of its regular dividends.

### Roll forward NAV and lift target price to HK\$10.60/sh; maintain BUY rating

The disposal does not change our net asset value (NAV) as the implied PE for the disposal and the cash proceeds are in line with our previous forecast. However, we roll forward our valuation, which result in an uplift in our target price from HK\$9.90/sh to HK\$10.60/sh. NWS is trading at a 59% discount to its current NAV (average: 37%). We maintain our BUY recommendation, with non-core asset disposals being positive share price catalysts.

### Financials

Year to 30 June	19A	20A	21CL	22CL	23CL
Revenue (HK\$m)	26,834	25,921	28,862	32,928	36,559
Rev forecast change (%)	-	-	0.0	0.0	0.0
Adjusted net profit (HK\$m)	3,691	2,029	4,140	4,215	5,228
NP forecast change (%)	-	-	0.0	(2.0)	(1.9)
Adjusted EPS (HK\$)	0.95	0.52	1.06	1.08	1.34
Adj EPS growth (% YoY)	(18.7)	(45.2)	104.1	1.8	24.0
CL/consensus (1) (EPS%)	-	-	51	98	98
Adjusted PE (x)	8.7	15.9	7.8	7.7	6.2
Dividend yield (%)	7.0	7.0	7.6	8.2	8.8
ROE (pre-exceptional)	7.5	4.3	8.8	8.7	10.4
Net debt/equity (%)	(1.1)	29.4	15.6	8.6	3.8

Source: www.clsa.com

## Financials at a glance

Year to 30 June	2019A	2020A	2021CL	(% YoY)	2022CL	2023CL
<b>Profit &amp; Loss (HK\$m)</b>						
Revenue	26,834	25,921	28,862	11.3	32,928	36,559
Cogs (ex-D&A)	(23,007)	(24,250)	(25,463)		(26,747)	(29,644)
<b>Gross Profit (ex-D&amp;A)</b>	<b>3,827</b>	<b>1,671</b>	<b>3,398</b>	<b>103.4</b>	<b>6,180</b>	<b>6,915</b>
SG&A and other expenses	-	-	-		-	-
<b>Op Ebitda</b>	<b>3,827</b>	<b>1,671</b>	<b>3,398</b>	<b>103.4</b>	<b>6,180</b>	<b>6,915</b>
Depreciation/amortisation	(1,482)	(1,933)	(2,503)		(2,817)	(2,840)
<b>Op Ebit</b>	<b>2,344</b>	<b>(262)</b>	<b>895</b>		<b>3,363</b>	<b>4,076</b>
Net interest inc/(exp)	(143)	224	554	147	644	700
Other non-Op items	2,708	1,321	2,334	76.6	2,122	2,472
<b>Profit before tax</b>	<b>4,909</b>	<b>1,283</b>	<b>3,783</b>	<b>194.8</b>	<b>6,128</b>	<b>7,247</b>
Taxation	(652)	(458)	(1,101)		(1,347)	(1,458)
<b>Profit after tax</b>	<b>4,257</b>	<b>825</b>	<b>2,682</b>	<b>225.1</b>	<b>4,781</b>	<b>5,790</b>
Minority interest	(216)	(574)	(565)		(566)	(562)
<b>Net profit</b>	<b>4,041</b>	<b>251</b>	<b>2,117</b>	<b>743.5</b>	<b>4,215</b>	<b>5,228</b>
<b>Adjusted profit</b>	<b>3,691</b>	<b>2,029</b>	<b>4,140</b>	<b>104.1</b>	<b>4,215</b>	<b>5,228</b>
<b>Cashflow (HK\$m)</b>						
<b>Operating profit</b>	<b>2,344</b>	<b>(262)</b>	<b>895</b>		<b>3,363</b>	<b>4,076</b>
Depreciation/amortisation	1,482	1,933	2,503	29.5	2,817	2,840
Working capital changes	(171)	2,230	973	(56.4)	2,950	2,808
Other items	(1,539)	203	(532)		(704)	(757)
<b>Net operating cashflow</b>	<b>2,117</b>	<b>4,104</b>	<b>3,839</b>	<b>(6.5)</b>	<b>8,426</b>	<b>8,966</b>
Capital expenditure	(648)	(5,962)	(650)		(650)	(650)
<b>Free cashflow</b>	<b>1,470</b>	<b>(1,858)</b>	<b>3,189</b>		<b>7,776</b>	<b>8,316</b>
M&A/Others	(2,868)	(11,760)	7,503		(690)	(2,233)
<b>Net investing cashflow</b>	<b>(3,516)</b>	<b>(17,722)</b>	<b>6,853</b>		<b>(1,340)</b>	<b>(2,883)</b>
Increase in loans	4,854	11,887	(1,500)		(1,500)	(1,500)
Dividends	(2,927)	(2,269)	(2,268)		(2,464)	(2,660)
Net equity raised/other	7,944	2,441	(641)		(644)	(647)
<b>Net financing cashflow</b>	<b>9,871</b>	<b>12,059</b>	<b>(4,409)</b>		<b>(4,608)</b>	<b>(4,806)</b>
Incr/(decr) in net cash	8,473	(1,558)	6,284		2,478	1,277
Exch rate movements	(70)	(120)	0		0	0
<b>Balance sheet (HK\$m)</b>						
Cash & equivalents	15,724	14,047	20,330	44.7	22,808	24,085
Accounts receivable	13,998	16,208	18,208	12.3	18,208	18,208
Other current assets	429	10,397	7,752	(25.4)	7,751	7,752
Fixed assets	7,140	6,585	6,720	2.1	6,806	6,888
Investments	34,622	72,141	69,616	(3.5)	72,428	77,132
Intangible assets	10,780	19,991	17,988	(10)	15,734	13,462
Other non-current assets	3,373	10,685	10,632	(0.5)	10,711	10,797
<b>Total assets</b>	<b>86,065</b>	<b>150,052</b>	<b>151,245</b>	<b>0.8</b>	<b>154,446</b>	<b>158,324</b>
Short-term debt	2,403	4,064	4,064	0	4,064	4,064
Accounts payable	10,843	12,475	12,475	0	12,475	12,475
Other current liabs	483	851	851	0	851	851
Long-term debt/CBs	12,666	26,892	25,392	(5.6)	23,892	22,392
Provisions/other LT liabs	2,423	48,313	50,018	3.5	52,968	55,776
Shareholder funds	49,046	46,367	47,350	2.1	49,100	51,668
Minorities/other equity	8,201	11,091	11,096	0	11,097	11,099
<b>Total liabs &amp; equity</b>	<b>86,065</b>	<b>150,052</b>	<b>151,245</b>	<b>0.8</b>	<b>154,446</b>	<b>158,324</b>
<b>Ratio analysis</b>						
Revenue growth (% YoY)	(23.6)	(3.4)	11.3		14.1	11.0
Ebitda margin (%)	14.3	6.4	11.8		18.8	18.9
Ebit margin (%)	8.7	(1.0)	3.1		10.2	11.1
Net profit growth (%)	(33.4)	(93.8)	743.5		99.1	24.0
Op cashflow growth (% YoY)	(52.2)	93.8	(6.5)		119.5	6.4
Capex/sales (%)	2.4	23.0	2.3		2.0	1.8
Net debt/equity (%)	(1.1)	29.4	15.6		8.6	3.8
Net debt/Ebitda (x)	-	10.1	2.7		0.8	0.3
ROE (%)	8.2	0.5	4.5		8.7	10.4
ROIC (%)	9.1	(0.4)	1.3		5.6	7.3

Source: www.clsa.com

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Summary of the proposed disposal...

Figure 1

Terms of the proposed sale of NWS's 20% stake in Xiamen Container Terminal Group

	Remarks
Seller	NWS
Buyer	Xiamen International Port (3378 HK, N-R)
Proceeds to be received by NWS	RMB1,568m (or HK\$1,878m)
Net profit of Xiamen Container Terminal Group in 2020	RMB461m (or HK\$552m)
Implied exit PE (on 2020's earnings)	17.0x
CLSA's ascribed PE multiple for Xiamen Container Terminal Group	17.0x
Expected disposal gain (pre-tax and transaction costs)	HK\$33m
CLSA's expected completion date	No later than 26 August 2021

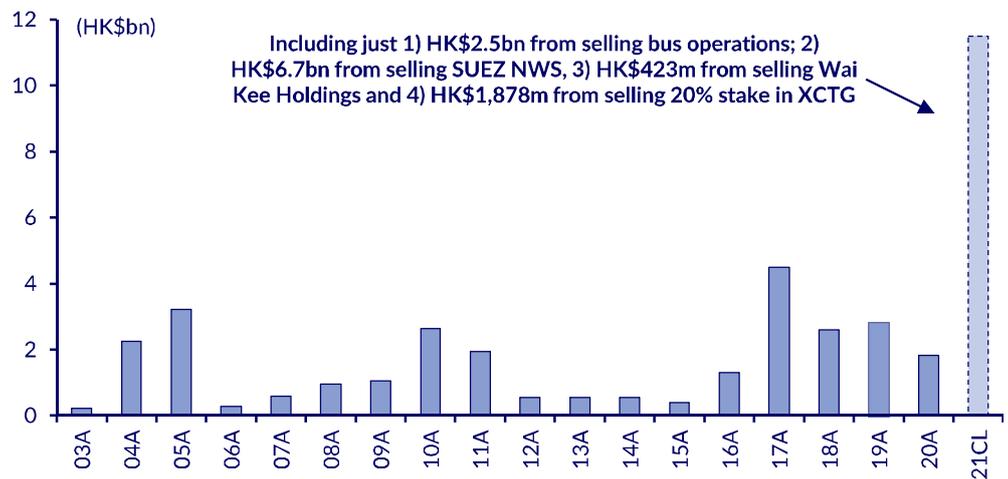
Source: CLSA, NWS

NWS has recouped HK\$11.5bn cash from asset disposals since July 2020

...which will top up the aggregate disposal proceeds to HK\$11.5bn since Jul-20

Figure 2

Gross consolidated proceeds from asset disposals by NWS



Note: We move forward the HK\$1.9bn proceeds from selling 20% stake in XCTG from FY22CL to FY21CL for illustration purposes. Source: CLSA, NWS

## Earnings forecast change – on the back of the disposal...

Figure 3

## P&amp;L forecast change for NWS

HK\$m	21CL			22CL			23CL		
	Old	New	% change	Old	New	% change	Old	New	% change
Roads	2,096	2,096	0%	2,495	2,495	0%	2,505	2,505	0%
Aviation	438	438	0%	463	463	0%	510	510	0%
Construction & Transport	994	994	0%	1,252	1,252	0%	1,614	1,614	0%
Life Insurance	866	866	0%	1,049	1,049	0%	1,161	1,161	0%
Environment	405	405	0%	170	170	0%	168	168	0%
Logistics	660	660	0%	692	608	(12%)	722	619	(14%)
Facilities Management	(647)	(647)	0%	(617)	(617)	0%	(165)	(165)	0%
Strategic Investments	894	894	0%	322	322	0%	330	330	0%
<b>Total Attributable Operating Profit</b>	<b>5,706</b>	<b>5,706</b>	<b>0%</b>	<b>5,824</b>	<b>5,740</b>	<b>(1%)</b>	<b>6,845</b>	<b>6,743</b>	<b>(1%)</b>
Head office expenses	(397)	(397)	0%	(397)	(397)	0%	(397)	(397)	0%
Head office net finance costs	(563)	(563)	0%	(523)	(523)	0%	(513)	(513)	0%
One-off P&L items	(2,024)	(2,024)	0%	0	0	Nm	0	0	Nm
<b>Attributable profit</b>	<b>2,722</b>	<b>2,722</b>	<b>0%</b>	<b>4,904</b>	<b>4,820</b>	<b>(2%)</b>	<b>5,935</b>	<b>5,833</b>	<b>(2%)</b>
CLSA's adjustments for non-recurring items	2,024	2,024	0%	0	0	Nm	0	0	Nm
Share of profit by perpetual securities' holders	(605)	(605)	0%	(605)	(605)	0%	(605)	(605)	0%
<b>CLSA's recurring attributable profit</b>	<b>4,140</b>	<b>4,140</b>	<b>0%</b>	<b>4,299</b>	<b>4,215</b>	<b>(2%)</b>	<b>5,330</b>	<b>5,228</b>	<b>(2%)</b>
EPS (HK\$/sh)	0.54	0.54	0%	1.10	1.08	(2%)	1.36	1.34	(2%)
Recurring EPS (HK\$/sh)	1.06	1.06	0%	1.10	1.08	(2%)	1.36	1.34	(2%)
Regular DPS (HK\$/sh)	0.63	0.63	0%	0.68	0.68	0%	0.73	0.73	0%
Implied recurring payout ratio	60%	60%	0 ppt	62%	63%	1 ppt	54%	55%	1 ppt

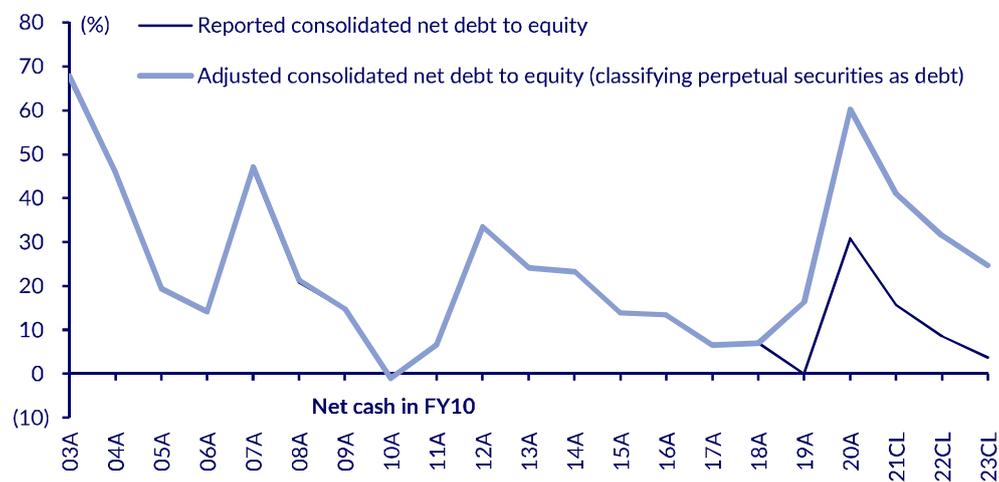
Source: CLSA

NWS' adjusted net debt to equity (with perpetual securities as debt) to be 32% in FY22CL

## ...but balance sheet further strengthens

Figure 4

## NWS' consolidated net debt to equity



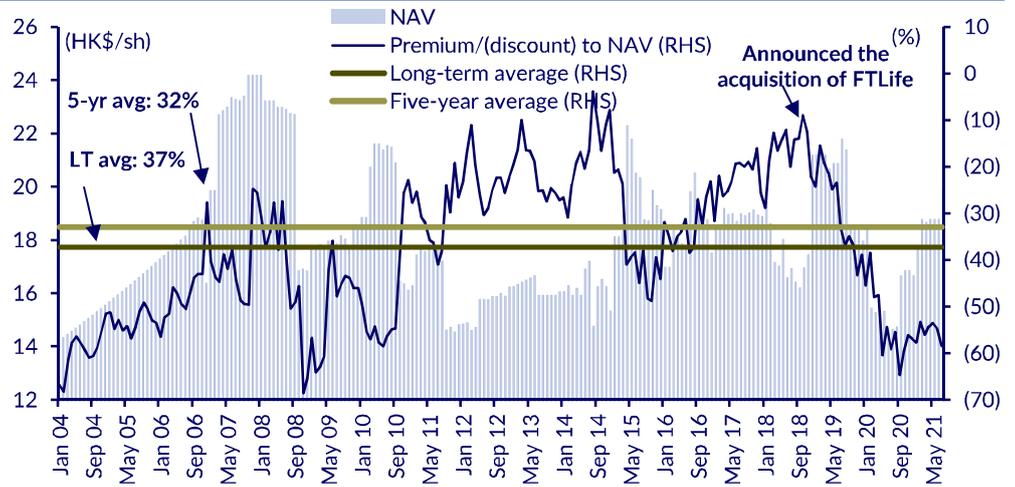
Source: CLSA, NWS

NWS is trading at a 59% discount to NAV (avg: 37%)

**Valuations and NAV breakdown; lift target price to HK\$10.60/sh**

Figure 5

**NWS' premium/(discount) to NAV**



Source: CLSA

Figure 6

**NWS' one-year forward PB**



Source: CLSA Evalu@tor

Figure 7

**NWS' one-year forward dividend yield**



Source: CLSA Evalu@tor

Figure 8

**NWS's NAV breakdown**

HK\$m	Stake	Market price (lcc)	Valuation methodology	22CL	23CL	Per share value (HK\$/sh)	% 22CL's GAV
<b>Core business division</b>				<b>60,475</b>	<b>60,499</b>	<b>15.5</b>	<b>66%</b>
<b>Roads segment</b>				<b>28,790</b>	<b>26,877</b>	<b>6.9</b>	<b>31%</b>
Roads - subsidiaries	Various		Discounted cashflow @ 6.1% WACC	22,447	20,454	5.2	24%
Roads - associates/JVs	Various		7x PE	6,344	6,423	1.6	7%
<b>Aviation segment</b>				<b>4,347</b>	<b>4,797</b>	<b>1.2</b>	<b>5%</b>
Goshawk Aviation	50.0%		9x PE	4,347	4,797	1.2	5%
<b>Construction segment</b>				<b>5,419</b>	<b>6,967</b>	<b>1.8</b>	<b>6%</b>
Construction operations	100.0%		4x PE	5,040	6,588	1.7	5%
Wai Kee Holdings (610 HK)	11.5%	4.2	Market price	379	379	0.1	0%
<b>Life insurance segment</b>				<b>21,918</b>	<b>21,858</b>	<b>5.6</b>	<b>24%</b>
FTLife Insurance	100.0%		1.3x price-to-embedded value	21,918	21,858	5.6	24%
<b>Strategic portfolio division</b>				<b>33,929</b>	<b>34,869</b>	<b>8.9</b>	<b>37%</b>
<b>Environment segment</b>				<b>1,058</b>	<b>1,048</b>	<b>0.3</b>	<b>1%</b>
Energy	Various		7x PE	1,058	1,048	0.3	1%
<b>Logistics segment</b>				<b>17,349</b>	<b>18,197</b>	<b>4.7</b>	<b>19%</b>
China United International Rail Containers	30.0%		17x PE	646	659	0.2	1%
ATL Logistics Centre	56.0%		Cap rate @ 5%	16,703	17,538	4.5	18%
<b>Facilities Management segment</b>				<b>3,600</b>	<b>3,702</b>	<b>0.9</b>	<b>4%</b>
Facilities management & Free duty	Various		Discounted cashflow @ 6.6% WACC	668	694	0.2	1%
Gleneagles Hong Kong	40.0%		Committed capital	2,000	2,000	0.5	2%
Kai Tak Sports Park	25.0%		22x PE	932	1,008	0.3	1%
<b>Strategic Investments segment</b>				<b>11,922</b>	<b>11,922</b>	<b>3.0</b>	<b>13%</b>
Newton Resources (1231 HK)	15.5%	0.7	Market price	428	428	0.1	0%
Tharisa (THA SJ)	15.6%	25.2	Market price	543	543	0.1	1%
Shougang Concord International Enterprises (697 HK)	9.1%	1.9	Market price	2,681	2,681	0.7	3%
Other investments	Various		Book value	8,270	8,270	2.1	9%
<b>Head office</b>			<b>6.4x recurring head office expense</b>	<b>(2,526)</b>	<b>(2,526)</b>	<b>(0.6)</b>	<b>(3%)</b>
<b>Total asset value (GAV)</b>				<b>91,878</b>	<b>92,843</b>	<b>23.7</b>	<b>100%</b>
Less: Adjusted net (debt)/cash				(12,355)	(7,570)	(1.9)	
<b>Net asset value (NAV)</b>				<b>79,523</b>	<b>85,273</b>	<b>21.8</b>	
No. of outstanding ordinary shares (m)				3,911	3,911		
<b>NAV per share (HK\$)</b>				<b>20.3</b>	<b>21.8</b>		
Target discount (%)					52%		
<b>Target price (HK\$/sh)</b>					<b>10.6</b>		
Current market price (HK\$/sh)					8.3		
Current premium/(discount)				(59%)			
Implied upside/(downside)					27.8%		
Dividend yield					8.2%		
<b>TSR (%)</b>					<b>36.0%</b>		

Source: CLSA

Figure 9

NWS' valuation comparison												
Companies	Ticker	Price (lcc)	PE (x)		Yield (%)		ROE (%)		PB (x)		EV/Ebitda (x)	
			2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
NWS	659 HK	8.3	15.3	7.5	7.6	8.2	4.5	8.9	0.7	0.7	(4.5)	(3.6)
CK Hutchison	1 HK	60.5	7.5	6.8	4.2	4.6	6.2	6.5	0.5	0.4	3.5	3.3
Jardine Matheson	JM SP	63.9	15.7	12.2	2.9	3.2	3.9	4.8	0.6	0.6	8.7	7.9
Swire Pacific	19 HK	52.7	NA	12.2	3.2	4.1	(0.3)	2.5	0.3	0.3	8.3	7.6
MTRC	66 HK	43.3	46.7	22.0	2.9	3.0	3.3	6.9	1.5	1.5	25.2	15.0
First Pacific	142 HK	2.7	4.3	3.8	5.8	6.6	10.5	11.2	0.4	0.4	8.7	8.0
Fosun Int'l	656 HK	11.2	5.9	5.0	3.7	4.4	8.9	NA	0.5	0.5	11.2	11.0
Legend	3396 HK	12.8	4.5	4.3	3.8	4.1	8.1	7.3	0.3	0.3	3.9	3.6
Guangdong Inv.	270 HK	11.2	13.8	12.6	5.5	5.9	11.8	12.4	1.6	1.5	8.7	8.1
SIH	363 HK	11.5	4.1	3.6	8.5	9.4	6.4	NA	0.3	0.3	6.7	6.6
<b>Weighted average - HK &amp; China conglomerates</b>			<b>18.7</b>	<b>12.3</b>	<b>3.6</b>	<b>4.0</b>	<b>5.0</b>	<b>5.7</b>	<b>0.8</b>	<b>0.8</b>	<b>11.1</b>	<b>8.4</b>

Source: CLSA, Refinitiv

### Valuation details

We apply a 52% target discount (one standard deviation wider than the long-term average) on one-year forward NAV, as we are less optimistic the group will meaningfully buy back shares. In the core business division, we value the roads (subsidiaries) based on DCF at a 6.1% WACC and roads held via associates and JVs by a 7.0x PE. We value Goshawk Aviation by a 9.0x PE. We value the construction segment by a 4.0x PE. For FTLife, we value it by a 1.34x price-to-embedded value ratio, which is the transaction multiple. For the strategic portfolio division, we value coal-fired plants by a 7.0x PE. We value the Xiamen port and rail container terminal business by a 17.0x PE. We value ATL Logistics Centre by a 5.0% cap rate. We value the head office at a 6.4x price-to-recurring expense. We value the facilities management and free-duty business based on DCF at a 6.6% WACC. We value Gleneagles Hong Kong by NWS's attributable committed capital, and Kai Tak Sports Park at a 22.0x PE on ramped-up earnings. For listed investments (ie, Wai Kee Holdings, Newton Resources, Tharisa, and Shougang Concord International Enterprises), we value by market price for current and forward NAV. For non-listed investments, we value based on the latest reported book value.

### Investment risks

Risks include a prolonged outbreak of Covid-19, execution risks by NWS management on acquisitions (including FTLife) and government on Greater Bay Area development; renminbi depreciation; slower-than-expected ramp-up of Gleneagles Hong Kong; higher operating expenses in transport and duty-free operations; and an economic slowdown in Hong Kong and China.

## Detailed financials

### Profit & Loss (HK\$m)

Year to 30 June	2017A	2018A	2019A	2020A	2021CL	2022CL	2023CL
Revenue	31,385	35,115	26,834	25,921	28,862	32,928	36,559
Cogs (ex-D&A)	(26,953)	(28,703)	(23,007)	(24,250)	(25,463)	(26,747)	(29,644)
Gross Profit (ex-D&A)	4,432	6,411	3,827	1,671	3,398	6,180	6,915
Research & development costs	-	-	-	-	-	-	-
Selling & marketing expenses	-	-	-	-	-	-	-
Other SG&A	-	-	-	-	-	-	-
Other Op Expenses ex-D&A	-	-	-	-	-	-	-
Op Ebitda	4,432	6,411	3,827	1,671	3,398	6,180	6,915
Depreciation/amortisation	(1,203)	(1,487)	(1,482)	(1,933)	(2,503)	(2,817)	(2,840)
Op Ebit	3,230	4,924	2,344	(262)	895	3,363	4,076
Interest income	202	202	310	1,221	1,515	1,561	1,602
Interest expense	(468)	(348)	(452)	(996)	(961)	(918)	(902)
Net interest inc/(exp)	(265)	(146)	(143)	224	554	644	700
Associates/investments	3,365	2,087	2,708	1,321	2,334	2,122	2,472
Forex/other income	-	-	-	-	-	-	-
Asset sales/other cash items	-	-	-	-	-	-	-
Provisions/other non-cash items	-	-	-	-	-	-	-
Asset revaluation/Exceptional items	-	-	-	-	-	-	-
Profit before tax	6,330	6,866	4,909	1,283	3,783	6,128	7,247
Taxation	(685)	(745)	(652)	(458)	(1,101)	(1,347)	(1,458)
Profit after tax	5,645	6,121	4,257	825	2,682	4,781	5,790
Preference dividends	-	-	-	-	-	-	-
Profit for period	5,645	6,121	4,257	825	2,682	4,781	5,790
Minority interest	20	(57)	(216)	(574)	(565)	(566)	(562)
Net profit	5,665	6,064	4,041	251	2,117	4,215	5,228
Extraordinaries/others	0	0	0	0	0	0	0
Profit available to ordinary shares	5,665	6,064	4,041	251	2,117	4,215	5,228
Dividends	(5,638)	(3,039)	(2,268)	(2,268)	(2,464)	(2,660)	(2,855)
Retained profit	27	3,025	1,773	(2,017)	(347)	1,555	2,373
Adjusted profit	4,146	4,531	3,691	2,029	4,140	4,215	5,228
EPS (HK\$)	1.5	1.6	1.0	0.1	0.5	1.1	1.3
Adj EPS [pre excep] (HK\$)	1.1	1.2	0.9	0.5	1.1	1.1	1.3
Core EPS (HK\$)	1.1	1.2	0.9	0.5	1.1	1.1	1.3
DPS (HK\$)	1.5	0.8	0.6	0.6	0.6	0.7	0.7

### Profit & loss ratios

Year to 30 June	2017A	2018A	2019A	2020A	2021CL	2022CL	2023CL
<b>Growth (%)</b>							
Revenue growth (% YoY)	6.4	11.9	(23.6)	(3.4)	11.3	14.1	11.0
Ebitda growth (% YoY)	(4.8)	44.6	(40.3)	(56.3)	103.4	81.9	11.9
Ebit growth (% YoY)	(11.0)	52.5	(52.4)	(111.2)	nm	275.7	21.2
Net profit growth (%)	15.3	7.0	(33.4)	(93.8)	743.5	99.1	24.0
EPS growth (% YoY)	13.7	5.8	(33.5)	(93.8)	743.5	99.1	24.0
Adj EPS growth (% YoY)	2.3	8.0	(18.7)	(45.2)	104.1	1.8	24.0
DPS growth (% YoY)	123.1	(46.2)	(25.6)	0.0	8.6	7.9	7.4
Core EPS growth (% YoY)	2.3	8.0	(18.7)	(45.2)	104.1	1.8	24.0
<b>Margins (%)</b>							
Gross margin (%)	14.1	18.3	14.3	6.4	11.8	18.8	18.9
Ebitda margin (%)	14.1	18.3	14.3	6.4	11.8	18.8	18.9
Ebit margin (%)	10.3	14.0	8.7	(1.0)	3.1	10.2	11.1
Net profit margin (%)	18.1	17.3	15.1	1.0	7.3	12.8	14.3
Core profit margin	13.2	12.9	13.8	7.8	14.3	12.8	14.3
Op cashflow margin	9.4	12.6	7.9	15.8	13.3	25.6	24.5
<b>Returns (%)</b>							
ROE (%)	12.0	12.2	8.2	0.5	4.5	8.7	10.4
ROA (%)	3.8	5.7	2.5	(0.1)	0.4	1.7	2.1
ROIC (%)	14.2	21.3	9.1	(0.4)	1.3	5.6	7.3
ROCE (%)	6.2	9.3	4.3	(0.4)	1.3	5.1	6.2
<b>Other key ratios (%)</b>							
Effective tax rate (%)	10.8	10.8	13.3	35.7	29.1	22.0	20.1
Ebitda/net int exp (x)	16.7	43.9	26.8	-	-	-	-
Exceptional or extraord. inc/PBT (%)	-	-	-	-	-	-	-
Dividend payout (%)	98.5	50.1	56.0	903.9	116.4	63.1	54.6

Source: www.clsa.com

## Balance sheet (HK\$m)

Year to 30 June	2017A	2018A	2019A	2020A	2021CL	2022CL	2023CL
Cash & equivalents	6,458	7,321	15,724	14,047	20,330	22,808	24,085
Accounts receivable	13,787	12,149	13,998	16,208	18,208	18,208	18,208
Inventories	484	462	429	329	329	329	329
Other current assets	0	0	0	10,068	7,423	7,423	7,423
<b>Current assets</b>	<b>20,729</b>	<b>19,932</b>	<b>30,151</b>	<b>40,651</b>	<b>46,289</b>	<b>48,767</b>	<b>50,044</b>
Fixed assets	7,057	7,064	7,140	6,585	6,720	6,806	6,888
Investments	34,335	35,328	34,622	72,141	69,616	72,428	77,132
Goodwill	0	0	0	0	0	0	0
Other intangible assets	12,723	12,246	10,780	19,991	17,988	15,734	13,462
Other non-current assets	883	3,570	3,373	10,685	10,632	10,711	10,797
<b>Total assets</b>	<b>75,726</b>	<b>78,139</b>	<b>86,065</b>	<b>150,052</b>	<b>151,245</b>	<b>154,446</b>	<b>158,324</b>
Short term loans/OD	306	1,035	2,403	4,064	4,064	4,064	4,064
Accounts payable	13,643	11,384	10,843	12,475	12,475	12,475	12,475
Accrued expenses	-	-	-	-	-	-	-
Taxes payable	380	576	483	376	376	376	376
Other current liabs	0	3,213	-	475	475	475	475
<b>Current liabilities</b>	<b>14,329</b>	<b>16,208</b>	<b>13,729</b>	<b>17,390</b>	<b>17,390</b>	<b>17,390</b>	<b>17,390</b>
Long-term debt/leases/other	9,377	9,140	12,666	26,892	25,392	23,892	22,392
Convertible bonds	-	-	-	-	-	-	-
Provisions/other LT liabs	2,745	2,667	2,423	48,313	50,018	52,968	55,776
<b>Total liabilities</b>	<b>26,451</b>	<b>28,015</b>	<b>28,818</b>	<b>92,594</b>	<b>92,800</b>	<b>94,249</b>	<b>95,557</b>
Share capital	3,888	3,897	3,911	3,911	3,911	3,911	3,911
Retained earnings	45,169	46,054	45,135	42,456	43,438	45,189	47,757
Reserves/others	-	0	0	0	0	0	0
<b>Shareholder funds</b>	<b>49,057</b>	<b>49,950</b>	<b>49,046</b>	<b>46,367</b>	<b>47,350</b>	<b>49,100</b>	<b>51,668</b>
Minorities/other equity	218	174	8,201	11,091	11,096	11,097	11,099
<b>Total equity</b>	<b>49,275</b>	<b>50,124</b>	<b>57,247</b>	<b>57,458</b>	<b>58,445</b>	<b>60,197</b>	<b>62,767</b>
<b>Total liabs &amp; equity</b>	<b>75,726</b>	<b>78,139</b>	<b>86,065</b>	<b>150,052</b>	<b>151,245</b>	<b>154,446</b>	<b>158,324</b>
Total debt	9,683	10,175	15,069	30,956	29,456	27,956	26,456
Net debt	3,225	2,853	(655)	16,909	9,126	5,147	2,370
Adjusted EV	1,225	(116)	5,229	(11,835)	(17,089)	(23,878)	(31,357)
BVPS (HK\$)	12.6	12.8	12.5	11.9	12.1	12.6	13.2

## Balance sheet ratios

Year to 30 June	2017A	2018A	2019A	2020A	2021CL	2022CL	2023CL
<b>Key ratios</b>							
Current ratio (x)	1.4	1.2	2.2	2.3	2.7	2.8	2.9
Growth in total assets (% YoY)	0.1	3.2	10.1	74.3	0.8	2.1	2.5
Growth in capital employed (% YoY)	0.9	0.9	6.8	31.4	(9.1)	(3.3)	(0.3)
Net debt to operating cashflow (x)	1.1	0.6	-	4.1	2.4	0.6	0.3
Gross debt to operating cashflow (x)	3.3	2.3	7.1	7.5	7.7	3.3	3.0
Gross debt to Ebitda (x)	2.2	1.6	3.9	18.5	8.7	4.5	3.8
Net debt/Ebitda (x)	0.7	0.4	-	10.1	2.7	0.8	0.3
<b>Gearing</b>							
Net debt/equity (%)	6.5	5.7	(1.1)	29.4	15.6	8.6	3.8
Gross debt/equity (%)	19.7	20.3	26.3	53.9	50.4	46.4	42.1
Interest cover (x)	7.3	14.7	5.9	1.0	2.5	5.4	6.3
Debt cover (x)	0.3	0.4	0.1	0.1	0.1	0.3	0.3
Net cash per share (HK\$)	(0.8)	(0.7)	0.2	(4.3)	(2.3)	(1.3)	(0.6)
<b>Working capital analysis</b>							
Inventory days	6.0	6.0	7.1	5.7	4.7	4.5	4.0
Debtor days	143.6	134.8	177.8	212.7	217.6	201.8	181.8
Creditor days	173.9	159.1	176.3	175.5	178.8	170.2	153.6
Working capital/Sales (%)	0.8	(7.3)	11.6	51.2	43.8	38.4	34.6
<b>Capital employed analysis</b>							
Sales/Capital employed (%)	59.8	66.3	47.4	34.9	42.7	50.4	56.1
EV/Capital employed (%)	2.3	(0.2)	9.2	(15.9)	(25.3)	(36.5)	(48.1)
Working capital/Capital employed (%)	0.5	(4.8)	5.5	17.9	18.7	19.3	19.4
Fixed capital/Capital employed (%)	13.4	13.3	12.6	8.9	9.9	10.4	10.6
<b>Other ratios (%)</b>							
PB (x)	0.7	0.6	0.7	0.7	0.7	0.7	0.6
EV/Ebitda (x)	0.3	0.0	1.4	(7.1)	(5.0)	(3.9)	(4.5)
EV/OCF (x)	0.4	0.0	2.5	(2.9)	(4.5)	(2.8)	(3.5)
EV/FCF (x)	0.5	0.0	3.6	6.4	(5.4)	(3.1)	(3.8)
EV/Sales (x)	0.0	0.0	0.2	(0.5)	(0.6)	(0.7)	(0.9)
Capex/depreciation (%)	56.2	36.1	43.7	308.5	26.0	23.1	22.9

Source: www.clsa.com

## Cashflow (HK\$m)

Year to 30 June	2017A	2018A	2019A	2020A	2021CL	2022CL	2023CL
Operating profit	3,230	4,924	2,344	(262)	895	3,363	4,076
Operating adjustments	(799)	(2,329)	(612)	489	14	-	-
Depreciation/amortisation	1,203	1,487	1,482	1,933	2,503	2,817	2,840
Working capital changes	265	1,077	(171)	2,230	973	2,950	2,808
Interest paid / other financial expenses	(239)	(79)	(47)	545	554	644	700
Tax paid	(701)	(652)	(880)	(831)	(1,101)	(1,347)	(1,458)
Other non-cash operating items	-	-	-	-	-	-	-
<b>Net operating cashflow</b>	<b>2,959</b>	<b>4,430</b>	<b>2,117</b>	<b>4,104</b>	<b>3,839</b>	<b>8,426</b>	<b>8,966</b>
Capital expenditure	(676)	(536)	(648)	(5,962)	(650)	(650)	(650)
<b>Free cashflow</b>	<b>2,283</b>	<b>3,893</b>	<b>1,470</b>	<b>(1,858)</b>	<b>3,189</b>	<b>7,776</b>	<b>8,316</b>
Acq/inv/disposals	(3,823)	(411)	(5,353)	(13,813)	4,761	(3,322)	(5,200)
Int, invt & associate div	6,899	2,454	2,485	2,054	2,742	2,632	2,967
<b>Net investing cashflow</b>	<b>2,401</b>	<b>1,507</b>	<b>(3,516)</b>	<b>(17,722)</b>	<b>6,853</b>	<b>(1,340)</b>	<b>(2,883)</b>
Increase in loans	(5,726)	444	4,854	11,887	(1,500)	(1,500)	(1,500)
Dividends	(1,947)	(5,570)	(2,927)	(2,269)	(2,268)	(2,464)	(2,660)
Net equity raised/others	(70)	12	7,944	2,441	(641)	(644)	(647)
<b>Net financing cashflow</b>	<b>(7,743)</b>	<b>(5,115)</b>	<b>9,871</b>	<b>12,059</b>	<b>(4,409)</b>	<b>(4,608)</b>	<b>(4,806)</b>
Incr/(decr) in net cash	(2,383)	822	8,473	(1,558)	6,284	2,478	1,277
Exch rate movements	(76)	42	(70)	(120)	0	0	0
<b>Opening cash</b>	<b>8,916</b>	<b>6,458</b>	<b>7,321</b>	<b>15,724</b>	<b>14,047</b>	<b>20,330</b>	<b>22,808</b>
<b>Closing cash</b>	<b>6,458</b>	<b>7,321</b>	<b>15,724</b>	<b>14,047</b>	<b>20,330</b>	<b>22,808</b>	<b>24,085</b>
OCF PS (HK\$)	0.8	1.1	0.5	1.0	1.0	2.2	2.3
FCF PS (HK\$)	0.6	1.0	0.4	(0.5)	0.8	2.0	2.1

## Cashflow ratio analysis

Year to 30 June	2017A	2018A	2019A	2020A	2021CL	2022CL	2023CL
<b>Growth (%)</b>							
Op cashflow growth (% YoY)	(17.7)	49.7	(52.2)	93.8	(6.5)	119.5	6.4
FCF growth (% YoY)	(21.9)	70.5	(62.2)	(226.4)	-	143.8	6.9
Capex growth (%)	0.7	(20.6)	20.7	820.6	(89.1)	0.0	0.0
<b>Other key ratios (%)</b>							
Capex/sales (%)	2.2	1.5	2.4	23.0	2.3	2.0	1.8
Capex/op cashflow (%)	22.8	12.1	30.6	145.3	16.9	7.7	7.2
Operating cashflow payout ratio (%)	188.6	68.6	106.9	55.3	64.2	31.6	31.8
Cashflow payout ratio (%)	190.5	68.6	107.1	55.3	64.2	31.6	31.8
Free cashflow payout ratio (%)	246.9	78.1	154.3	-	77.3	34.2	34.3

## DuPont analysis

Year to 30 June	2017A	2018A	2019A	2020A	2021CL	2022CL	2023CL
Ebit margin (%)	10.3	14.0	8.7	(1.0)	3.1	10.2	11.1
Asset turnover (x)	0.4	0.5	0.3	0.2	0.2	0.2	0.2
Interest burden (x)	2.0	1.4	2.1	(4.9)	4.2	1.8	1.8
Tax burden (x)	0.9	0.9	0.9	0.6	0.7	0.8	0.8
Return on assets (%)	3.8	5.7	2.5	(0.1)	0.4	1.7	2.1
Leverage (x)	1.6	1.5	1.5	2.1	2.6	2.6	2.5
ROE (%)	12.0	12.2	8.2	0.5	4.5	8.7	10.4

## EVA® analysis

Year to 30 June	2017A	2018A	2019A	2020A	2021CL	2022CL	2023CL
Ebit adj for tax	2,880	4,390	2,033	(168)	635	2,623	3,256
Average invested capital	20,330	20,613	22,355	37,466	49,256	46,929	44,833
ROIC (%)	14.2	21.3	9.1	(0.4)	1.3	5.6	7.3
Cost of equity (%)	5.7	5.7	5.7	5.7	5.7	5.7	5.7
Cost of debt (adj for tax)	2.7	2.7	2.6	1.9	2.1	2.3	2.4
Weighted average cost of capital (%)	5.0	5.0	5.0	4.9	4.9	5.0	5.0
EVA/IC (%)	9.1	16.3	4.1	(5.3)	(3.6)	0.6	2.3
EVA (HK\$m)	1,856	3,352	910	(1,995)	(1,788)	293	1,024

Source: www.clsa.com

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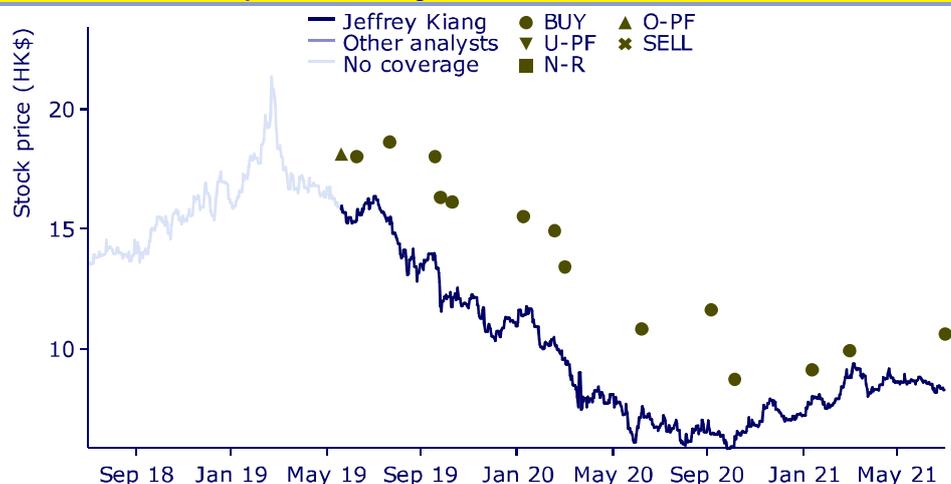
NWS (659 HK - HK\$8.26 - BUY)  
ATL Logistics Centre (N-R)  
China United International Rail Containers (N-R)  
CK Hutchison (1 HK - HK\$60.50 - BUY)  
First Pacific (142 HK - HK\$2.65 - BUY)  
Fosun International (N-R)  
FTLife (N-R)  
Gleneagles Hong Kong (N-R)  
Goshawk Aviation (N-R)  
Guangdong Inv (270 HK - HK\$11.16 - BUY)  
Hip Hing Construction (N-R)  
Jardine Matheson (JM SP - US\$63.92 - O-PF)  
Legend (N-R)  
MTR (66 HK - HK\$43.25 - U-PF)  
Newton Resources (N-R)  
Shanghai Industrial (N-R)  
Shougang Concord International Enterprises (N-R)  
Swire Pacific (19 HK - HK\$52.65 - BUY)  
Tharisa (N-R)  
Wai Kee Holdings (N-R)  
Xiamen Container Terminal Group (N-R)  
Xiamen Port (N-R)

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### Recommendation history of NWS Holdings Ltd 659 HK



Date	Rec	Target	Date	Rec	Target
LATEST	BUY	10.60	09 Jan 2020	BUY	15.50
01 Mar 2021	BUY	9.90	10 Oct 2019	BUY	16.10
12 Jan 2021	BUY	9.10	25 Sep 2019	BUY	16.30
05 Oct 2020	BUY	8.70	18 Sep 2019	BUY	18.00
05 Sep 2020	BUY	11.60	22 Jul 2019	BUY	18.60
08 Jun 2020	BUY	10.80	10 Jun 2019	BUY	18.00
02 Mar 2020	BUY	13.40	21 May 2019	O-PF	18.10
18 Feb 2020	BUY	14.90			

Source: CLSA

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- CLST: 6.56%, Restricted - CLST: 0.00%. Data as of 30 Jun 2021. Investment banking clients as a % of rating category: BUY / Outperform - CLST: 0.00%, Underperform / SELL - CLST: 0.00%, Restricted - CLST: 0.00%. Data for 12-month period ending 30 Jun 2021.

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30 June 2021

## Global Energy

**Longi** 601012 CH  
Rec **BUY**  
Market cap US\$74.4bn  
3M ADV US\$928.8m  
Price Rmb88.84  
PT Rmb85.0 → Rmb110.0  
Up/downside +24%

**Sungrow** 300274 CH  
Rec **BUY**  
Market cap US\$26.0bn  
3M ADV US\$567.6m  
Price Rmb115.06  
PT Rmb137.0  
Up/downside +19%

## China Solar Energy Call Series

### Technology breakthrough supports bullish trajectory

Twelve companies in the solar energy value chain attended the CLSA China Solar Energy Call Series. The sanctions on some Chinese solar materials add pressure on the supply chain, while the recent spike in polysilicon prices stands to increase costs for downstream. Nonetheless, solar technology evolution and policy supports are the foundations of structural growth dynamics of solar energy as well as key enablers of clean energy transition. Longi and Sungrow are our top BUYs.

### Supply chain: Tightness keeps polysilicon prices elevated

- ❑ The price of polysilicon remains elevated after hitting a decade-high, while EVA/POE film prices also surged due to the tight supply-demand backdrop. The supply crunch and the uptrend are set to sustain in the second half.
- ❑ Overcapacity risk emerges for solar glass as new production capacity is coming on line, but further downside of solar glass price seems limited as marginal producers are running operations at break-even level.
- ❑ The impact on downstream is vastly different, depending on market concentration and pricing power. Margins of solar cell and module producers came under pressure due to the surge in raw materials cost, while wafer margins remain relatively resilient.
- ❑ Solar tracker market sees immense growth opportunity in China with penetration of solar trackers increasing from 8% to 20+% by 2025. The market is now relatively fragmented, but further consolidation would be likely in the foreseeable future.

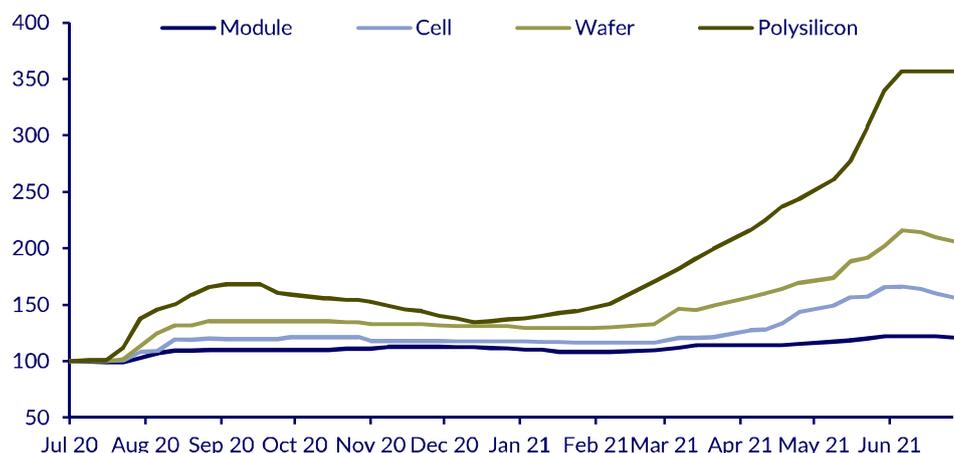
### Technology breakthrough: Larger wafer and N-type cells

- ❑ Module manufacturers are adopting larger wafer sizes to increase power output and reduce costs. Major wafer producers are running more than half of their capacity for M10 (182 mm) or G12 (210 mm).
- ❑ As P-type mono PERC cell approaches its theoretical limit, leading players are moving into N-type cells to increase conversion efficiency: bifacial n-type TOPCon provides cost competitiveness using existing PERC capacity, while Heterojunction (HJT) offers long-term promises for further costs reduction.

### Top BUYs: Longi and Sungrow

- ❑ Our long-term thesis remains intact, although the high raw-material prices could undermine near-term solar PV installations. Thus, we advise that investors stick to key players with strong pricing power in the value chain.
- ❑ **Longi** maintains strong pricing power to pass on the volatility of polysilicon prices given its dominance in the global mono wafer market with 46% share. We lift our target from Rmb85.0 to Rmb110.0 given the company's market dominance and leadership in large-size wafer and N-type cells. Leading inverter supplier **Sungrow** will be able to protect margins given c.70% overseas exposure in 21CL. We reiterate BUYs.

### Price changes in solar PV value chain (Jul 2020 = 100)



Source: Wind, CLSA

**Polysilicon supply to remain tight**

**Polysilicon: Supply remains tight**

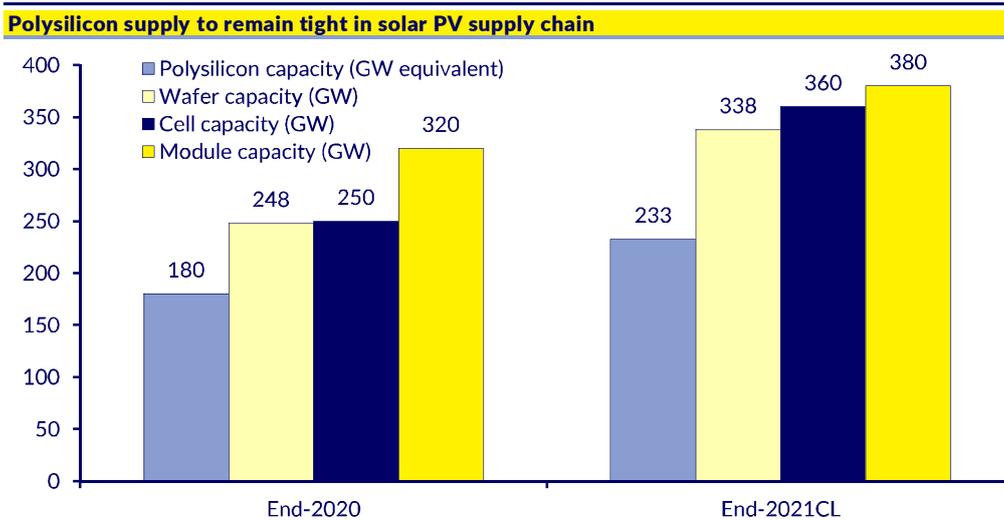
The heady rush towards a low-carbon economy suggests that the solar photovoltaic (PV) supply chain - from polysilicon, wafer, cell and module to system integrators - sees an enormous strain. Underpinned by structural growth dynamics, polysilicon prices have surged to a decade-high, standing to increase costs for downstream. In comparison, polysilicon production capacity takes a longer time to construct (typically 18 months, versus only 6 months for cells and modules). New polysilicon production capacity also takes another 3-6 months to ramp up to the designed capacity. As a result, the pace of capacity expansion of polysilicon falls behind downstream, creating a shortage of polysilicon supply.

**Shortest plank of the bucket**

By end-2020, global production capacity of polysilicon can support 180GW of solar PV capacity, while production capacity of wafer/cell/module has reached 248/250/320GW. With the rapid capacity expansion in the downstream, we expect the gap between upstream and downstream capacity to widen in 2021. We estimate global production capacity of wafer/cell/module to reach 338/360/380GW, versus only 233GW capacity equivalent at the polysilicon side by the end of 2021.

By end-2021, global production capacity of wafer/cell/module would reach 338/360/380GW, vs 233GW capacity of polysilicon

Figure 1



Source: CPIA, CLSA

In the second half, only three major polysilicon projects will come on line, namely Tongwei’s Leshan and Baoshan Project and Daqo’s Phase 4B. The three projects will commence operation in 4Q21 and will ramp up to full capacity in the first half next year. Hence, we believe the supply will remain tight until mid-2022.

**Prices will remain elevated in the near term**

Under the impact of demand-supply imbalance, the price of polysilicon has been on an upward trend since 2H20, from US\$6.2/kg in Jun-2020 to more than US\$28/kg in May-2021, reaching the highest point in 10 years.

Since early-Jun, polysilicon price started to stabilise at US\$27-30/kg after hitting a decade-high level due to difficulties to pass on the price increase to project owners, as what we have flagged in our previous report *Polysilicon Dilemma*.

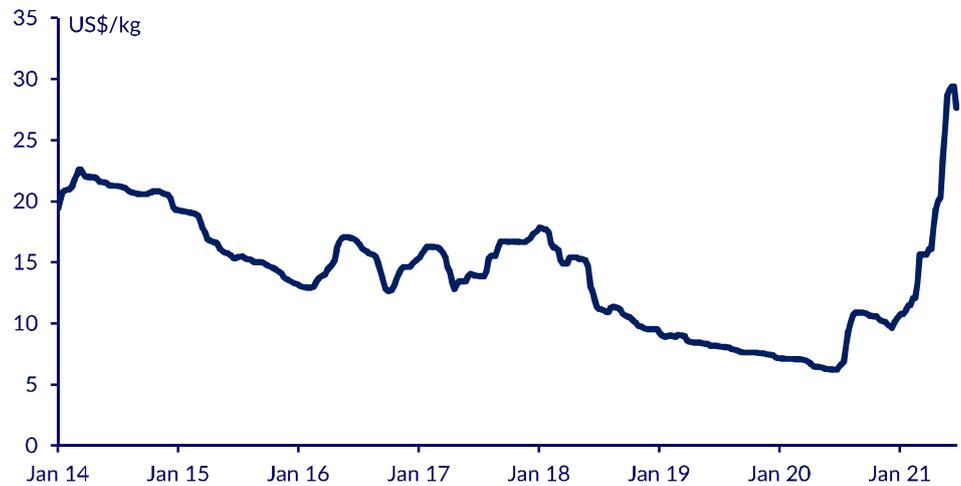
Polysilicon price started to stabilise recently

Spike in polysilicon prices stands to increase costs for downstream

Major polysilicon producers are well prepared for the shift to N-type products

Figure 2

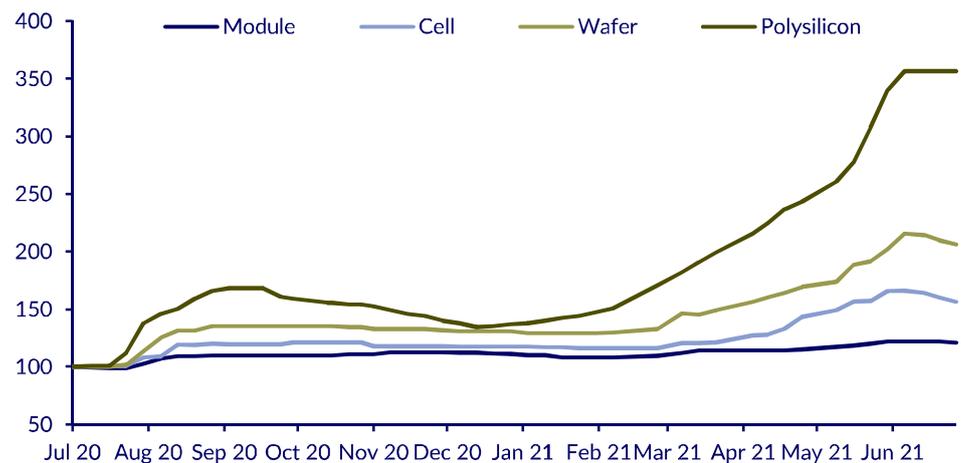
**Prices of solar-grade polysilicon**



Source: Wind, CLSA

Figure 3

**Price changes in solar PV value chain (Jul 2020 = 100)**



Source: Wind, CLSA

**N-type polysilicon: The next step**

N-type polysilicon is a higher-purity type of polysilicon that is used to produce N-type solar cells. Major polysilicon producers such as Daqo, Tongwei and Xinte Energy are well prepared for the shift to N-type products with their new capacity for coming years focused on new technologies.

**US polysilicon sanction**

On 23 June, the US Commerce Department ordered a ban on import from Hoshine Silicon, an upstream supplier of silicon powder (raw materials in producing polysilicon) for polysilicon producers, including Daqo, Xinte Energy and GCL-Poly, over allegations of “forced labour” in Xinjiang. Separately, the US government also added five Chinese entities to its export blacklist, including Hoshine Silicon and three Xinjiang-based polysilicon producers: Daqo, East Hope and GCL-Poly. So far, the US government hasn’t imposed any direct import restrictions on polysilicon producers in China.

China maintains its dominance position along solar supply chain

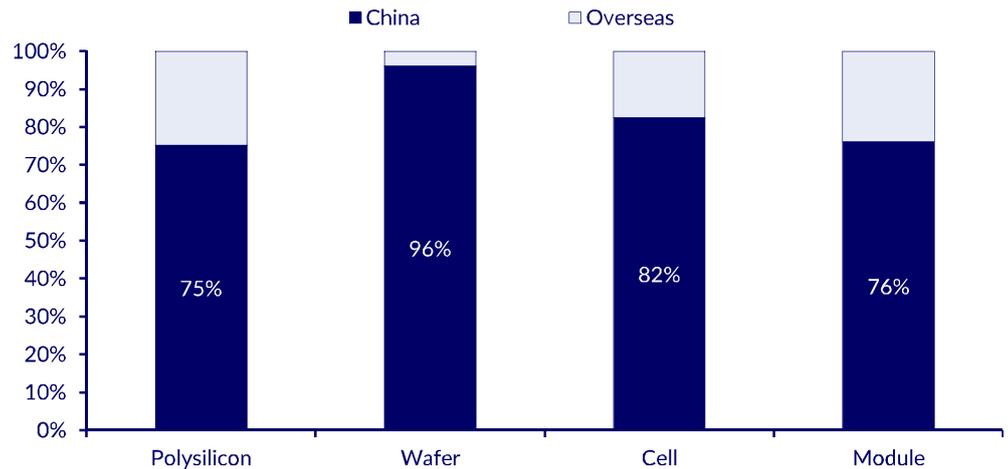
If US fully detaches with China's solar PV supply chain, the negative impact is still manageable

Large wafer players are able to protect their margins

In our view, if the US imposes further restrictions on China's solar products, it might potentially hinder the clean energy policy given China's dominance in the solar PV value chain. In 2020, China produced 75%/96%/82%/76% of polysilicon/wafer/cell/modules globally, while 56% of China's polysilicon production capacity was located in Xinjiang in 2020.

Figure 4

**China's share along solar PV supply chain (2020 production volume)**



Source: CPIA, CLSA

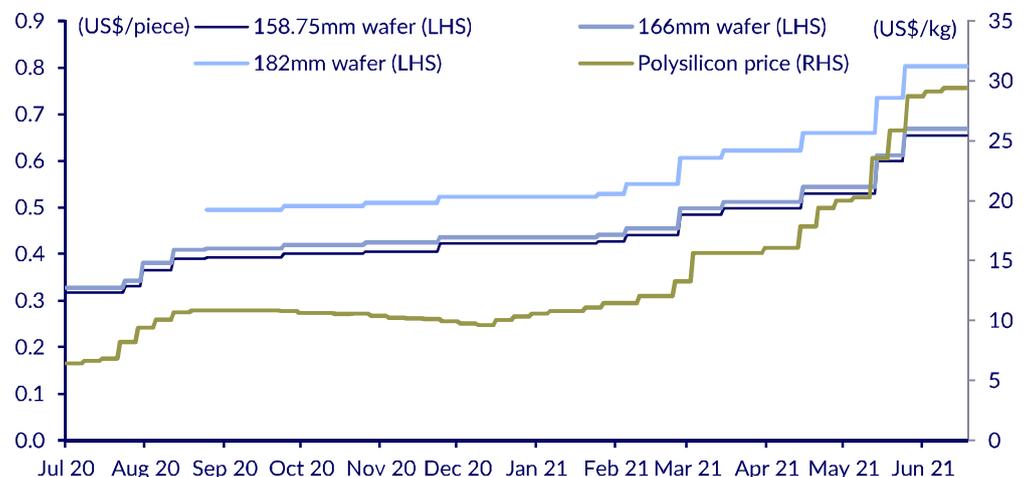
In the worst case, if the US fully detached with the China's solar PV supply chain, this will be no doubt be negative to China's solar value chain, but the impact will be still manageable as the US market only accounts for 9% of global demand. Also, some leading Chinese solar companies have overseas wafer/cell/module production lines to supply to the US market.

**Solar wafer: Ongoing competition of 182 vs 210**

With the strong concentration, leading wafer companies such as Longi and Zhonghuan can sustain their pricing power, cost advantage and thus, protect their margins.

Figure 5

**Longi's wafer price**



Source: Longi, CLSA

Module manufacturers are adopting larger wafer sizes in order to increase power output and reduce costs on per kWh basis. Major wafer producers are running more than half of their capacity for M10 (182 mm) or G12 (210 mm). While future mainstream technology remains uncertain, 182 mm could save costs in packing and transportation, and has lower energy loss, while 210mm can achieve higher power ratings and standardisation.

Figure 6

Opportunities from bigger solar wafers and cells	
Opportunities from bigger wafer / cells	
Ingot and wafer makers	Reduce ingot pulling and save energy cost. Reduce numbers of wafer cut.
Cell and module makers	Per cell power output would increase, increasing the power rating of solar modules. That can reduce non-silicon cost.
Installers	With higher output per solar module, number of modules can be reduced for the same capacity solar station (say 100MW). The frames, power cables, transportation cost, installation cost, etc, could be reduced. However, beyond certain weight, installation cost could increase.
Glass makers	Typical size of solar glass is 2.2m in length and 1.1m in width from the existing equipment, sufficient to fit 5x210mm solar cells in a row. No adjustment is needed. Anything beyond that point would require adjustment to existing equipment.

Source: Energy Trend, CLSA

Larger wafer size is a clear trend in the solar PV market

Zhonghuan, Trina Solar and Tongwei are preparing their migration into G12 format, while Longi and JA Solar focus on M10. Zhonghuan/Trina Solar plan to make 60%/80% of their capacity compatible with 210mm products by end-2021. Tongwei has 14GW of 210mm solar cells in operation out of the total 35GW effective capacity. For M10, JA Solar aims to convert 75% of its capacity to be compatible with 182mm or larger wafer size by end-2021.

Figure 7



Source: guangfu.bjx.com.cn

### Solar cells: N-type revolution ahead

N-type solar cells is a key area of interest. With P-type PERC cell approaching its theoretical limit of conversion efficiency around 24.5%, leading solar PV producers are developing N-type solar cells that have higher conversion efficiency, of which TOPCon and HJT are two popular technology routes for cell makers.

- ❑ Bifacial n-type TOPCon provides cost competitiveness using existing PERC capacity as it requires only two additional steps. Typical capital investment per GW for TOPCon would be c.Rmb250m versus c.Rmb450m for HJT and Rmb150m for Perc.
- ❑ On the other hand, the production line for Heterojunction (HJT) is much simpler with barely 4 steps versus TOPCon's 12 steps. It also provides greater potential for higher conversion rate in mass production.

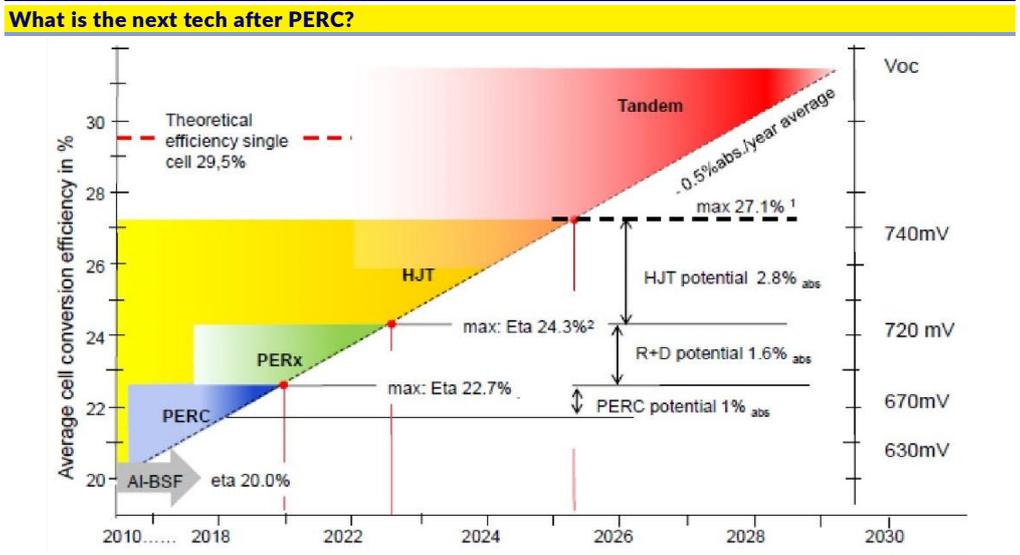
HJT achieves higher conversion rate in mass production

N-type cells will gradually take market shares in the coming years

Leading cell producers are preparing for the upcoming N-type revolution

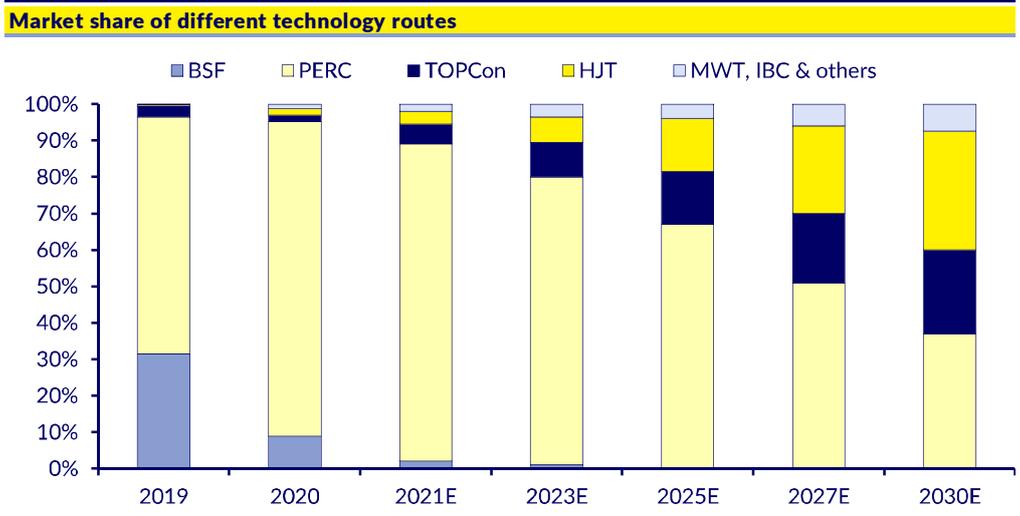
Robust downstream demand keeps EVA/POE price elevated

Figure 8



Source: Meyer Burger 2018, GCL-Poly

Figure 9



Source: CPIA, CLSA

While it is likely to take at least 2-3 years for N-type cells to replace the current PERC technology, Longi takes industry leadership, with its plan to construct 15GW/5GW of N-type cells capacity in Xi'an and Ningxia. Tongwei is running a 400MW test line of HJT and adding another 1GW line in mid-2021. The company has also achieved a 25.18% conversion efficiency in HJT cells. Meanwhile, its new cells capacity in Meishan/Jintang is able to be upgraded to produce TOPCon cells. Trina Solar also plans to add 8GW capacity of N-type cells commissioning in 2022.

**EVA/POE films: Tightness continues**

Competitive landscape of the EVA/POE film market remains stable with the largest producer Hangzhou First taking 50%+ share. The price of EVA/POE films remained elevated driven by robust downstream demand and limited supply additions. Hangzhou also announced its plan to double capacity to 2bn m<sup>2</sup> by 2023 (equivalent to 200GW of module capacity) to meet booming downstream demand. The supply of EVA/POE resins will remain tight until new capacities coming on stream in 2022.

The finalised tariff policy brings more certainty for project owners

The development of rooftop solar unlocks new market opportunities

We lift Longi's target price from Rmb85.0 to Rmb110.0

## Positive policy supports

Beijing remains extremely supportive on solar PV. We summarise key takeaways from two newly announced policies below.

### Finalised renewables tariff policy

In Jun-2021, China's National Development and Reform Commission (NDRC) published revised wind/solar on-grid tariff for newly approved projects in 2021. Compared to the draft version, the finalised policy document specifies that the on-grid tariff for newly approved projects will be the same as the local coal-fired benchmark tariff. New projects will be able to participate in market trading and there will be no difference between "secured hours" and "unsecured hours", essentially providing more flexibility to projects owner. NDRC also encourages local governments to announce supportive policies for renewables.

### County-wide rooftop solar projects

On 20-Jun, NEA announced its plan for trial development of county (city/district) - wide rooftop solar projects (ie, massive installation of rooftop solar for buildings in the entire region). Eligible projects should have sufficient area of rooftop and sufficient consumption capability of renewables. The percentage of available rooftop at government office/public buildings/commercial & industrial buildings/rural households should be at least 50%/40%/30%/20%.

In our view, the new policy brings strong support to China's 15GW household solar capacity addition target in 2021. In the long run, the plan unlocks a largely unexploited market with potential capacity of over 300GW, which brings opportunities for rooftop solar players such as Chint, Jolywood and Goodwe.

## Reiterate BUY for Longi, lift TP from Rmb85.0 to Rmb110.0

We lift Longi's target price from Rmb85.0 (based on 29x forward PE) to Rmb110.0 based on 37x forward PE on average fully-diluted EPS in 2022/23CL with c.40% premium on 26x average PE of peer group given the company's market dominance and leadership in large-size wafer and N-type cells. We reiterate BUY on Longi.

Figure 10

Longi - PE valuation		
Attributable net profit in 2022CL	Rmb mn (2022CL)	15,008
Attributable net profit in 2023CL	Rmb mn (2023CL)	16,761
Average of 22/23CL	Rmb mn	15,884
Number of shares - fully diluted *	mn shares (2022CL)	5,413
Fully diluted EPS	Rmb / share (Average of 22/23CL)	2.93
Target PE	x	37
Fair Value	Rmb / share (mid-2022)	108.6
<b>Target price</b>	<b>Rmb / share (mid-2022)</b>	<b>110.0</b>

Source: CLSA

Figure 11

Longi - Comparable table				
Company	Zhonghuan	Tongwei	JA Solar	Average
Ticker	002129 CH	600438 CH	002459 CH	
Stock price (Rmb/share)	38.60	43.27	49.00	
2022 EPS (BBG consensus, Rmb)	1.0	1.7	1.9	
2023 EPS (BBG consensus, Rmb)	1.3	2.0	2.4	
2022/23 average EPS	1.2	1.8	2.1	
<b>Avg 2022-23 forward PE</b>	<b>33</b>	<b>24</b>	<b>23</b>	<b>27</b>

Source: Bloomberg, CLSA

## China Solar Energy Call Series takeaways

### Daqo (DQ US)

Speaker: Kevin He, IR representative

#### Operation update

- Annual maintenance has been conducted in 1H21, so 2H21 shipment will be slightly higher than 1H.
- Phase 4B (35,000t capacity) has commenced construction and will be in operation by end-2021. It takes additional three months to ramp up to full capacity.
- A-share IPO: Daqo will complete the registration process by the end of this month, and will start actual IPO process afterwards (taking 3-4 weeks). So ideally the company will be able to complete the IPO by end-Jul.

#### Polysilicon price outlook

- Management believes there is little room for further increase of polysilicon price. However, for polysilicon price to see meaningful decline, the demand from solar wafer side must shrink first (driven by zero or negative OCF).
- Currently, demand from the wafer side is still robust. Many wafer capacities are not running at full capacity due to shortage of polysilicon. Meanwhile, additional wafer capacities from existing/new players are coming on line. So polysilicon price is not likely to drop significantly in the near term.
- The current module price is facing pushback from some domestic end-users. But some project owners can still absorb the price increase. Overseas project owners are more price-inelastic.

#### Inventory along the supply chain

- Management does not see any polysilicon inventory at wafer producers. For wafer makers best strategy is to maximise their production when the wafer price is high.

#### Capacity addition schedule

- In 2021, only three new polysilicon projects will be operational, two from Tongwei and one from Daqo. And the three projects will ramp up to full capacity in 1Q22.
- According to management, new polysilicon projects need to hire chemical design house for design & engineering. There is only one design house that can provide such service in China, and there have been plenty of new projects queuing at the design house. This also hinders new capacity addition in the near term.
- Beyond phase 4B, Daqo will discuss its further capacity expansion plan in 4Q. The capacity expansion is likely to be a moderate one, with capacity addition of 40k-60kt. The construction work is likely to commence in 2022. The company expects to maintain its market share in the long run.

#### N-type and semi-grade

- Management believes massive transition to N-type will happen in the coming few years, just like the transition from multi wafer to mono wafer.
- Daqo is doing R&D in N-type polysilicon. The company currently has four customers of N-type products, but the actual shipment volume is still small.

Daqo's new Phase 4B capacity will be operational by end-2021 and ramp up to full capacity in 1Q22

Management believes there is little room for further increase of polysilicon price

Capacity addition in the industry in 2021 will be limited

Daqo is prepared for N-type transition; currently, 30-40% of its capacity is able to produce N-type materials

Three key entry barriers for new entrants: Cost control/quality control/controlling of financial leverage

According to management, granular polysilicon still needs to solve its purity problem before massive adoption

- Currently, 30-40% of Daqo's capacity is able to produce N-type products. Its new capacity will also be compatible to N-type products.
- Daqo also has a team to prepare the production of semi-grade polysilicon. Daqo is likely to initiate its semi-grade project in 3Q-4Q, after its A-share listing. The annual capacity of the new project is expected to be 1,000t. The company will also consider to jointly develop the project with its customers.

#### Potential entrants

- Polysilicon has highest entry barrier along the supply chain. In the past 5-6 years, there was only one new entrant, who is now struggling to run at full capacity.
- Three entry barriers for new entrants: Cost control/quality control/controlling of financial leverage. Going forward, the transition from P-type to N-type will be another challenge for new entrants.

#### Cost control

- Further cost reduction is more likely to happen on the operational side. The new phase 4B is adjacent to Daqo's old production site, so it will have some savings from economies from scale. Management expects single-digit annual reduction of operation cost.

#### FBR method

- According to management, the maximum mix% of granular polysilicon produced with FBR method in silicon ingot is 15%. So granular polysilicon is still not widely used.
- Also, according to disclosed data, granular polysilicon produced with FBR method has 5x n- or p- imperfection and 20x of carbon impurities compared to Daqo's products with modified Siemens method. So FBR is still not comparable with modified Siemens method in terms of product quality.
- Daqo's product is still of the highest quality in China (National Electronic Grade - 1).

## Xinte Energy (1799 HK)

Speaker: Zhang Juan, Board Secretary

### Business overview

- Xinte Energy has two operating segments: polysilicon production and renewable projects development/operation.
- Xinte Energy's polysilicon business commenced in 2008. By end-2020, the designed capacity was 66,000t. The company plans to increase the total capacity to 100,000t by 1H22 after a series of upgrades. The company is also constructing another polysilicon production plant in Baotou, Inner Mongolia, with designed capacity of 100,000t. Total investment in the project is Rmb8.8bn. Management expects the production site to be operational by end-2022 to early-2023.
- Xinte started to develop wind and solar farms with Engineering and Construction Contracting (ECC) model in 2000. By end-2020, the company has developed 2GW of wind and solar projects under this model. It also has >2GW of new ECC projects on hand.
- The company expanded to renewable project operation in 2015. By end-2020, the company had 830MW of renewable projects in operation, mainly located at the resource side of ultra-high voltage (UHV) transmission lines. Management expects the operational capacity to increase to >2GW by end-2021.

### Polysilicon price

- Management believes polysilicon price has reached a high level that may impact the capacity addition in the downstream. That said, since there is limited capacity addition in 2H21, polysilicon price in 2H21 will still be supported, but may not be as high as the current level. Longer term, management believes polysilicon price will drop to a reasonable level such that it can prevent potential market entrants.
- On the market rumour that the government will control the polysilicon price, management believes it is unlikely, as the price is determined by the market demand and supply. The company is not engaged in any conduct that ruins fair competition in the market.
- Management has no idea if wafer companies are piling up polysilicon. But since China's solar capacity addition in 1Q was only 5GW, there should be some inventory along the supply chain (in the form of polysilicon/wafer/cell /module).

### N-type polysilicon

- Xinte Energy already has the capability to produce N-type polysilicon. That said, management believes P-type will still be the mainstream in the near term.
- According to management, production cost and ASP of N-type polysilicon is not much different from that of P-type polysilicon.

### Capacity upgrade

- Xinte Energy has conducted regular maintenance on its existing cold hydrogenation production lines in May-June. The production capacity is slightly increased after regular maintenance.

Government is not likely to directly control polysilicon price

Xinte Energy has the capability to produce N-type polysilicon, but management believes P-type will still be the mainstream in the near term

- The company will carry out two phases of debottlenecking in 3Q-4Q21/1Q-2Q22, which will bring 10,000t/24,000t of additional capacity. After the capacity upgrade, total production capacity will reach 100,000t and average full cost will drop to Rmb50/kg.

#### **Baotou project**

- The Baotou project enjoys preferred power tariff at Rmb0.26/kWh (tax inclusive). The full cost of the project is expected to be Rmb40/kg. The project is expected to receive energy consumption quota in July.
- The total investment of Baotou project will be Rmb8.8bn. Xinte Energy plans to finance the project with 40% equity and 60% debt. On the equity side, the company introduced JA Solar and another company as strategic investors, contributing Rmb600-700m to the project. The company also plans to issue additional stock to finance the project.

#### **ECC and project operation business**

- Xinte Energy entered into the ECC business very early. In recent years, the segment sees deteriorating margins as many new players are entering into the market.
- The project IRR of renewable projects developed by Xinte Energy was around 8-12% before the polysilicon price rally. Recently, some SOEs may also accept lower project IRR at 6%.
- Xinte Energy's project operation business commenced in 2015. The business enjoys higher GPM at 50-60%, but it also requires large volume of capital. Payback period of this business is typically 7-9 years. For this business, Xinte prefers large-scale projects at the resource side of UHV transmission lines, which has lower risk of curtailment.

Before polysilicon price rally, the project IRR was 8-12%

Zhonghuan expects to bring total capacity to 85GW/122GW by end-2021/22, including 51GW/98GW of 210mm capacity.

Management sees high acceptance and strong growth of 210mm products in the downstream

## Zhonghuan (002129 CH)

Speaker: Xue Xin, Deputy Head of IR

### Company background

- Zhonghuan was established in 1958, and it is mainly engaged in solar PV and semiconductor products.
- By 1Q21, Zhonghuan had 60GW of solar wafer capacity, including 27GW of 210mm capacity. The company expects to bring total capacity to 85GW/122GW by end-2021/22, including 51GW/98GW of 210mm capacity.
- Zhonghuan has 34% market share in mono wafers in 1Q21, and expects to take 38% market share in 1H21. In N-type wafer market, it has 60% market share by 1Q21 and is expected to increase to 70% for the full year.
- On the solar module side, Zhonghuan is authorised with SunPower's patent in overlapped-cell modules. It has 15.8GW of solar module capacity in China and overseas.
- Zhonghuan is also engaged in the semiconductor business. Its products are widely used in consumer electronics, power generation & transmission and transportation.

### Wafer size

- Management believes 210mm wafer is optimal for standardisation and cost savings along the supply chain. Some solar PV producers may go for 182mm products, due to consideration of switching costs from existing capacity. But for new production lines, 210mm should be the optimal wafer size.
- Currently, most of the 210mm wafers in the market are supplied by Zhonghuan. The low shipment volume of 210mm modules in the market is mainly due to the capacity bottleneck at the wafer side. Going forward, management sees high acceptance and strong growth of 210mm products in downstream, and expects total capacity of 210mm solar cells to reach 100GW by end-2021, vs 51GW of Zhonghuan's 210mm wafer capacity.
- Zhonghuan's 210mm production lines are able to produce 182mm/166mm products, but this is not cost effective and will bring some waste of resources.

### Polysilicon procurement

- According to management, large wafer producers such as Longi and Zhonghuan enjoy some cost advantage in procurement of polysilicon, due to their good track record and close relationship with suppliers.
- Zhonghuan is using granular polysilicon produced with FBR method in its production. Currently, Zhonghuan can achieve >50% mix of granular polysilicon in its ingots.

### Production equipment

- Zhonghuan has a close cooperation with its major equipment supplier, Zhejiang Jingsheng. The company has some tailor-made equipment that are specifically designed for Zhonghuan's products. The company has also jointly developed some technology know-how and patents with Zhonghuan that are not allowed to be used for other companies.

Trina Solar aims to increase its cell/module capacity to 35GW/50GW by end-2021, including 80% 210mm capacity

Overseas ASP is more stable than the domestic market

Tier-1 module players enjoy some price premium over tier 2-3 players

## Trina Solar (688599 CH)

Speaker: Chen Wangjie, IR representative

### Company background

- Trina Solar was established in 1997, and it is mainly engaged in production of solar modules, trackers and integrated solar systems.
- Trina Solar had 12GW/22GW of cell/module capacity by end-2020, and aims to bring total capacity to 35GW/50GW by end-2021, of which 80% of the capacity will be able to produce 210mm products.
- On the solar tracker side, Trina Solar acquired Spanish solar tracker producer Nclave in 2018. In 2020, total shipment of solar tracker amounted to 2GW with an ASP of Rmb0.6/W, of which 40%/60% of the revenue was achieved in domestic/overseas market.

### Module price

- In June, the selling price of solar modules has reached Rmb1.85/1.88 per Watt for ground-mounted power station/distributed solar.
- Generally, the price increase is more rapid in China, from Rmb1.4/W at the beginning of the year to over Rmb1.8/W recently. ASP in the overseas market is more stable, remaining at US\$0.25-0.26/W year-to-date, as overseas customers typically place orders in more orderly manner.
- Trina Solar has received 18GW of orders year-to-date, including orders that have been executed. Most of the orders are at higher prices (ie, >Rmb1.75/W).
- Transportation cost is in some cases included in module price and varies for different terminal markets. For the EU market, the transportation cost is US\$0.01-0.012/W, while for Latin America, it is US\$0.02-0.025/W.
- According to management, tier-1 module players enjoy some price premium over tier 2-3 players due to: (1) Higher bankability (high product quality and reliability that makes it easier for project owners to obtain bank financing); (2) Good after-sales service/ancillary service; (3) Higher delivery capability.
- In 1Q21, Trina Solar earned Rmb0.04-0.05/W for its sales of solar modules. In 2Q21, management expects the profit per watt to be stable or slightly higher with the increase of module price.

### Bifacial modules

- From the production side, bifacial products account for 70% of Trina Solar's shipment. Bifacial products enjoy Rmb0.04-0.06/W price premium over mono-facial ones.

### Wafer size

- Trina Solar has 30GW of module capacity at current time, of which 20GW can produce 210mm-module. By end-2021, 210mm capacity will account for 80% of its 50GW of module capacity.
- In 2Q21, 210mm-modules account for 50-60% of its production volume. The remaining are 158-166mm modules.
- Current yield rate of 210mm cells are 97.5-98%, lower than c.99% of 166mm cells. Management expects it to increase to 98-99% in 3Q.

Trina Solar maintains >70% capacity utilisation in June

Trina Solar plans to add 8GW of N-type solar cell capacity, to be operational in 2022

Management believes Chinese market has huge potential for solar trackers, and will be the key growth driver in the next few years

### Capacity utilisation

- Trina Solar maintains >70% capacity utilisation in June. Excluding the effect of capacity ramping up, the utilisation rate will be even higher. Management expects utilisation in July to be better than June.
- Trina Solar maintains 1.5-1.8GW of operational inventory level and another 600-700MW from oversizing.

### Overseas market

- Trina Solar has 4.5/1.2GW of module capacity located in Vietnam and Thailand. The Vietnam capacity is mainly 210mm-modules. The Thailand capacity mainly produces 158mm-modules, but will be upgraded to larger size shortly.
- Shipment to the US in 2021 will be c.4GW, lower than original expectation due to module price pressure.

### N-type products

- Trina Solar plans to add 8GW of N-type solar cell capacity, to be operational in 2022. Apart from this, the capacity addition in 2021 is mainly p-type Perc capacity, but it is convertible to N-type in the future.
- Management sees rapid cost reduction for N-type solar cells. Currently, unit investment for TOPCon/HJT has dropped to Rmb250m/GW and Rmb400-500/GW respectively. In terms of cost per watt, the non-silicon cost of TOPCon/HJT is Rmb0.06-0.07/0.2-0.3 higher than Perc cells.
- The pace of N-type solar cells' replacement of P-type depends on the conversion efficiency it can achieve in the near term. If TOPCon can achieve 25% conversion efficiency in 2022 (versus Perc's 23.5%), then it is possible for TOPCon to reach 50% market share by 2023.

### Solar tracker

- Currently, penetration of solar tracker is >60%/30-40% in US/EU, versus only 8% in China. Management believes the Chinese market has huge potential for solar trackers, and will be the key growth driver in the next few years. Management expects the penetration of solar tracker to reach >20% by 2025.
- Trina Solar is the second-largest solar tracker producer in China (after Arctech), and the sixth largest globally. In the long term, the company targets to take 20% market share globally.
- With the acquisition of NClave in 2018, Trina Solar achieved synergy with the expertise in tracker production from NClave and customer service network and distribution channels from Trina Solar, which helps Trina Solar gain market share rapidly.
- Trina Solar has received 2.6-2.7GW orders of solar trackers year-to-date. Management expects full-year shipment to be 3-4GW, up from 2GW in 2020.
- Management sees rapid cost reduction for solar trackers with the increase of average wattage of solar modules. In 2020 when module shipment was mainly 158-166mm products, the ASP of solar trackers was Rmb0.55-0.6/W. With 210mm products, the average tracker price can be reduced to Rmb0.45-0.5/W.

- When the market environment is stable, solar trackers can achieve a unit profit of Rmb0.03-0.04/W.

**Auxiliary materials**

- Management observed some price reduction of EVA films in 2Q. Going forward, management sees tight supply on the EVA/POE resin side, but it's still able to support 200-220GW of module production globally next year.
- For solar glass, management expects there to be 5-7GW capacity equivalent of solar glass inventory along the supply chain, as production of solar glass exceeded downstream demand in 1H21. Management believes solar glass price will be maintained at low level in 2H21.
- Trina Solar enjoys some price discounts for bulk purchase of standard-size solar glass.

**JA Solar (002459 CH)**

Speaker: Sun Shu, IR representative

**Company background**

- JA Solar is a vertically-integrated solar module producer established in 2005. It was listed on the NASDAQ between 2007 and 2018 and was re-listed in A-share in 2019 by backdoor listing.
- By end-2020, JA Solar had 18GW/18GW/23GW of wafer/cell/module capacity. The company aims to bring the capacity to 30GW/30GW/40GW by end-2021 and 40GW/40GW/50GW by end-2022. Longer term, JA Solar aims to maintain 80% internal supply of wafer and cells.
- JA Solar shipped 15.9GW of solar modules in 2020. In 2021, the company aims to ship 25-30GW of solar modules (10GW in 1H20 and 15-20GW in 2H20).
- JA Solar plans to add 10GW of integrated capacity each year in 2021/22. Total capex for the projects will be Rmb15bn.

**Module price**

- Average module price in 2Q21 was Rmb1.7/W, but management has already observed some recent orders at Rmb1.75-1.85/W. Management believes the current module price has reached the highest acceptable level for domestic project owners. There is very limited room for further price increase.

**Production cost**

- The upstream price surge have brought some pressure to JA Solar's profitability, but the company still maintains orderly operation.
- JA Solar doesn't enjoy much price advantage in polysilicon purchase, as the long-term contract does not lock in the polysilicon price. That said, JA Solar enjoys preferred settlement of polysilicon purchase orders, given the large purchase volume and close relationship with suppliers.
- For non-silicon costs, management expects 10% cost reduction annually in the near term. On the wafer side, the cost reduction is achieved with large wafers and large hot zone. On the cell side, cost reduction is achieved with thinner busbars, replacement of organic polymer in silver paste, and lower cost of auxiliary materials.
- Longer term, management expects GP margin along the supply chain to return to normal. On the module side, JA Solar targets to achieve 20% GP margin in the long run.

**N-type products**

- Currently, JA Solar has 100MW of experimental line in TOPCon. The company will consider to convert some of its new capacity to TOPCon depending on the performance of experimental line in June.
- For HJT, management believes the technology is not yet mature and conservative in the development of HJT production line. JA Solar may add an experimental line in HJT by the end-2021.
- JA Solar is relatively cautious in switching to N-type cells. It will evaluate the economic feasibility and technology maturity before massive adoption of N-type.

Longer term, JA Solar aims to maintain 80% internal supply of wafer and cells

Current module price has reached the highest acceptable level for domestic project owners

For the non-silicon costs, management expects 10% cost reduction annually in the near term

JA Solar is relatively cautious in switching to N-type cells

JA Solar's wafer/cell capacity has been running at full capacity year-to-date, while its module capacity has maintained a 90% utilisation

#### Wafer size

- Management believes 182mm products will achieve lower LCOE at the end-user side with current design. That's why JA Solar chooses to design 182mm products. JA Solar's equipment is designed with 182mm standard, but it can be converted to 210mm if needed.
- According to management, 210mm solar cells face disadvantage in packing and transportation. Also, with the current design, the operational current of 210mm cells is 40% higher than 182mm products, which brings higher energy loss and lower conversion rate. That said, it is possible that 210mm enjoys advantage if better cell design is achieved in the future.
- Currently, 182mm products have more suppliers and larger sales volume compared to 210mm products. Hence, it takes longer time for 182mm products to be standardised.

#### New business

- Unlike some of its peers, JA Solar is cautious in developing new businesses such as BIPV and solar-based hydrogen production. The company chooses to focus on the areas it has core competency, namely solar wafer/cell/module.

#### Module production and shipment

- Year-to-date, JA Solar's wafer/cell capacity has been running at full capacity, while its module capacity has maintained a 90% utilisation. Management believes capacity utilisation will remain at current level for the second half.
- In face of rising module price, large IPPs in China tend to go for small-scale bidding (100-300MW) instead of large centralised bidding as before, resulting in less order visibility for JA Solar. That said, the overseas market is still resilient. Management believes global module shipment can still achieve 160GW if upstream prices remain stable in 2H21.

Hangzhou First targets to double its EVA/POE film capacity by 2023

In Mar-Apr, Hangzhou First decided to lower its ASP to stimulate downstream demand

Longer term, the company aims to maintain at least 50% market share

The supply of EVA resin will be tight in 2021

## Hangzhou First (603806 CH)

Speaker: Zhang Ying, Board Secretary

### Company background:

- Hangzhou First is the world's largest producer of encapsulation materials (EVA/POE film) for solar PV, taking >50% market share. In the POE film market, the company takes 60-70% market share. By end-2020, the company had 1bn m<sup>2</sup> production capacity of EVA/POE film, which can support c.100GW of solar modules. By end-2023, the company targets to increase total capacity to 2bn m<sup>2</sup>.
- The company also produces solar PV backsheets, ranking 4<sup>th</sup> globally in terms of shipment.
- Apart from the solar business, the company is also developing other types of films used in electronics/NEV/water treatment industries. DFPR (dry film photoresist) is one of its rapid growing business. The company supplies DFPR to large PCB producers in China, and is entering into the overseas market.
- In the long run, the company sees itself as a platform company for new materials.

### EVA film price

- The price of EVA/POE films increased in 4Q20-1Q21 due to robust downstream demand. Since Mar-2021, the skyrocketing polysilicon price discouraged module makers from running at full capacity. Hence, the company decided to lower its ASP in Mar-Apr in order to stimulate downstream demand. The ASP has been stable in May-Jun.

### Competitive landscape

- Hangzhou First has announced its capacity addition plan to bring its total EVA/POE film capacity to 2bn m<sup>2</sup> by 2023. Some tier-2/3 companies have also announced capacity addition plan. But management has already noticed some tier-2/3 players delaying the capacity addition in the face of deteriorating profitability. Management expects total capacity of EVA/POE film in the market can support 200GW of modules in 2022.
- The company enjoys cost advantage over tier-2/3 players from: (1) economies of scale; (2) cost savings from internally-produced equipment; (3) higher yield rate.
- Longer term, the company aims to maintain at least 50% market share. For a higher market share of >60%, the company needs to provide tailor-made products for different customers. For example, the company is developing acid-free EVA films that have better performance in high temperature and high humidity environments.

### EVA/POE resin

- 80%/100% of the company's EVA/POE resin supply relies on import. The company has some strategic cooperation with suppliers to ensure stable supply of EVA/POE resin. It also maintains 1-2 months of inventory level.
- There won't be much capacity addition of solar-grade EVA resin globally in 2021 (some new EVA resin production lines will be operational in China within the year, but most of them cannot supply solar grade-EVA resin). Hence, the supply of EVA resin will be tight in this year.

Management expects white EVA/POE (including EPE) to account for 15-20%/40% of Hangzhou First's shipment in 2021

- In 2022, there will be 500,000t of new EVA resin capacity in China. Assuming 30% of the capacity can supply solar-grade EVA resin, the additional capacity can support c.30GW of solar modules. Lotte Chemical in Korea is also expanding its EVA resin capacity with a total capacity addition of 300,000t, to be completed in 2022-23. Management believes the tight supply of EVA resin will be alleviated in 2022, bringing down the price of EVA resin.
- For new EVA resin suppliers, it takes at least one month for Hangzhou First to verify the quality of its products.
- For POE resin, there will not be capacity addition in China even in 2022. In the face of potential shortage of POE resin, many companies (including Hangzhou First) are producing EPE films that have similar characteristics with POE films but consume only one-third amount of POE resin.

#### Higher-end products: White EVA/POE

- Management expects white EVA/POE (including EPE) to account for 15%-20%/40% of Hangzhou First's shipment in 2021. If there is shortage of POE resin in this year, then the share of POE may be lower. Management doesn't have shipment mix target for 2022, as the production capacity is flexible. The shipment mix depends on downstream demands.
- N-type cells typically use POE/EPE as encapsulation materials. The company is supplying POE films to HJT cell producers.

**NARI (600406 CH)**

Speaker: Zhang Zhitian, IR representative

**Company background**

- NARI was established in 2001 and listed on the Shanghai Stock Exchange in 2003. The company was controlled by State Grid (57.7% shareholding). The company's business spans across the entire process of power generation, transmission and distribution.
- Grid automation and industrial control is the largest business segment of NARI, contributing 60-65% of revenue. The segment mainly supplies secondary equipment to grid companies, including equipment used in substations, power dispatch and power distribution. The company is also engaged in non-grid business such as transportation automation.
- Grid communication is the second largest business segment. The segment provides data platform, information communication and security protection services to grid companies.
- NARI also produces relay protection and UHV products. It has 50% market share in DC control & protection and converter valves.
- The company maintained stable growth with 15% revenue Cagr during 2017-2020, after the injection of secondary equipment business into the listco. Management expects 10% topline growth and 15% bottomline growth in 2021, and double-digit bottomline Cagr during the 14<sup>th</sup> FYP.

**Grid investment in 14<sup>th</sup> FYP**

- In 2021, State Grid announced its grid investment for the year would be Rmb473bn, up 3% YoY. Management expects the grid investment to expand at c.5% Cagr during the 14<sup>th</sup> FYP.
- During the 14<sup>th</sup> FYP, the focus of grid investment will be in the following aspects:
  - (1) UHV construction and efficiency improvement.
  - (2) Grid reliability and dispatch system improvements which allow higher percentage of renewable generation.
  - (3) Infrastructure related to EV and distributed power sources, and related power distribution networks.
  - (4) Grid digitalisation and communication system that increase the reliability and flexibility of the grid.
- Secondary equipment typically account for 10-15% of grid investment. In 14<sup>th</sup> FYP, this number may rise to 15%.

**Relay protection and flexible transmission**

- Currently, NARI has orders on hand for two UHV lines. The construction work of the two UHV lines is expected to be completed in two years. Hence, management does not see significant revenue contribution from these two projects in 2021. On the other hand, revenue from relay protection will still see stable growth at 5-10% YoY. Management expects the revenue growth for the entire segment to be c.5% in 2021.
- During the 14<sup>th</sup> FYP, State Grid plans to construct 7-10 new UHV lines (1-2 every year). Management expects steady revenue growth of the segment over the next few years.

Grid investment is expected to expand at c.5% Cagr during the 14<sup>th</sup> FYP

UHV, grid reliability, distributed power networks and grid digitalisation will be the focus in 14<sup>th</sup> FYP

During the 14<sup>th</sup> FYP, State Grid plans to construct 7-10 new UHV lines (1-2 every year)

Management sees good potential for the charging pile business with the expansion of charging network and improvement of charging fee and other revenue sources

NARI's business is relatively asset-light with manpower as its major input

### Charging piles

- NARI supplies charging piles and operating & control platform to State Grid's own charging pile operating company. Its business mainly focuses on public charging piles on highways and less on private charging piles. It is a relatively small business in NARI, contributing Rmb400m (1%) revenue in 2020. Excluding subsidies, the business has 10-15% GP margin.
- The network and business model of charging piles are still not mature. But charging piles play an important role in the future energy internet as a key component in the distribution network and the hub in vehicle-to-grid (V2G) interaction. Management sees good potential for the business with the expansion of charging network and improvement of charging fee and other revenue sources. NARI is also conducting R&D in high-power DC charging and orderly charging.
- Longer term, management expects the charging pile-to-vehicle ratio to reach 1:1.

### Software business

- Around 25-30% of NARI's revenue comes from software. Unlike other software companies, NARI supplies to customers integrated products including both software and hardware. NARI develops the system and platform internally, but still needs to purchase chips and equipment from external parties. Hence, GPM of NARI is lower than other peer companies in the software industry.
- Going forward, NARI will increase its GP margin by raising the percentage of internal production. But this also depends on the requirements from customers.

### Capex

- NARI had large volume of cash outflow in 2017 due to acquisition of Parentco's secondary equipment business. Except for this, the capex has been relatively stable in recent years. NARI's business is relatively asset-light with manpower as its major input.
- NARI also has some contractor business for energy efficiency improvement. The company leases its products and sells to the customer after 5 years. So it may appear as long-term asset in the financial statement but will eventually turn into sales after 5 years.

### GP margin outlook

- GP margin of the power automation segment dropped in 2020, mainly due to higher earning contributions from its contractor business with lower margin. Going forward, management believes GP margin will be stable.
- For the grid communication business, management expects 20% YoY revenue growth in 2021 with improving GP margin, driven by sales of integrated software/hardware. Relay protection and flexible transmission business will maintain its high margin with NARI's technological advantage.

**Valuation details - LONGi Green Energy 601012 CH**

We expect the company to maintain its leading position in the forecast period. We set our 12-month target price using 37x forward PE on the average of 22CL and 23CL fully-diluted EPS. This reflects our expectation of strong earnings growth momentum and decent long-term growth in coming years.

**Investment risks - LONGi Green Energy 601012 CH**

Over the long term, the biggest risk to earnings, in our view, is technology uncertainty. The technology of solar industry changes rapidly, and usually the change results in the reshuffle of companies in the supply chain. On wafer side, we have already seen the preference of mono over multi, and bigger size over smaller size. Irrational pricing in the solar market, could also happen from time to time. While policy risk shall be lower in the future as solar PV is commercially competitive without government subsidy, the addition of solar projects will still be subject to economic growth, the policy to combat climate change and the policy on fossil fuels. The Covid-19 pandemic could disrupt business operations.

**Valuation details - Sungrow Power 300274 CH**

Our target price is based on 45x forward PE on 22CL fully diluted EPS. This is above the 36x +2 standard deviation level against its five-year average forward PE but lower than the peak of 56x forward (on 21CL EPS, at the record-high share price of Rmb119.09 on 10 February 2021), reflecting expected strong earnings growth momentum and reasonable expected long-term growth in the coming years.

**Investment risks - Sungrow Power 300274 CH**

Over the long term, the biggest risk to earnings, in our view, is technology uncertainty. The technology of the solar industry changes rapidly, and usually the change results in a reshuffle of companies in the supply chain. On the inverter side, technological risk is not as high as in solar cells/wafers/polysilicon. However, Sungrow must be able to invent and add new features for its inverter products in order to maintain its leading position, market share and pricing power. In addition, with some other smaller inverter makers in China learning from Sungrow's experience, Sungrow needs to lead R&D and technological upgrades in the future. Competition in the inverter market is intense and there has been price pressure on products. Ultimately, inverter product pricing must offer an attractive price-to-performance ratio. Sungrow relies on certain high-quality suppliers on IGBT and semiconductor components. If those critical components are in temporary shortage, cost could increase and Sungrow production could be hindered. International trade tension is a risk, especially as Sungrow expands its international business. Finally, although subsidy intensity has reduced substantially for new solar projects, the progress of solar project additions globally will still be affected by government policies around the world. The Covid-19 pandemic could disrupt business operations.

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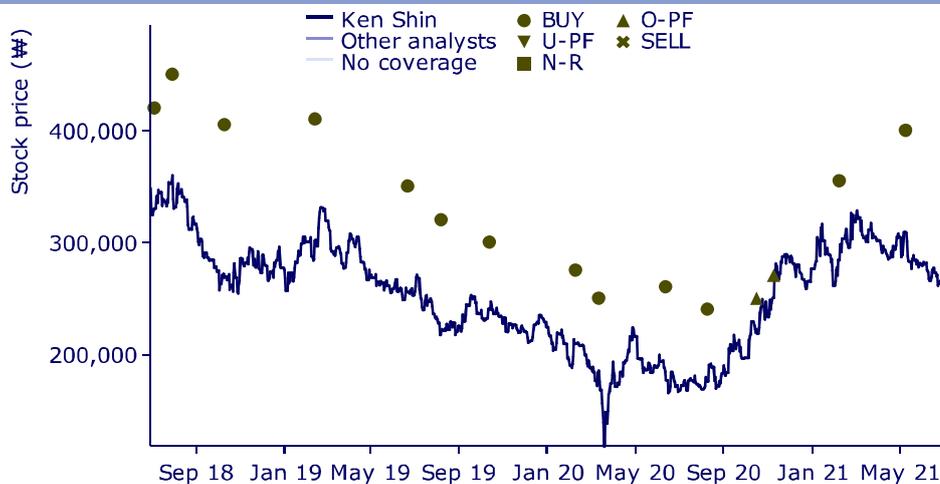
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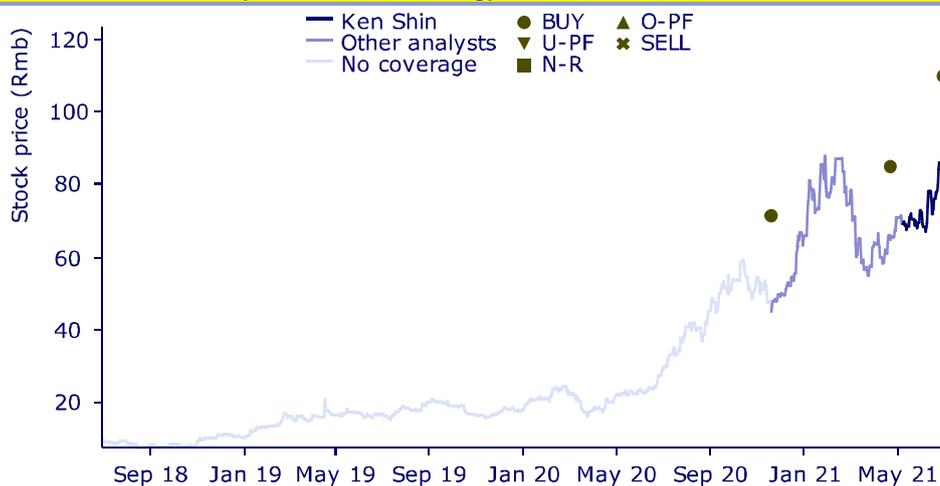
#### Recommendation history of Lotte Chemical Corp 011170 KS



Date	Rec	Target	Date	Rec	Target
09 May 2021	BUY	400,000.00	12 Oct 2019	BUY	300,000.00
06 Feb 2021	BUY	355,000.00	06 Aug 2019	BUY	320,000.00
08 Nov 2020	O-PF	270,000.00	21 Jun 2019	BUY	350,000.00
15 Oct 2020	O-PF	250,000.00	13 Feb 2019	BUY	410,000.00
08 Aug 2020	BUY	240,000.00	11 Oct 2018	BUY	405,000.00
11 Jun 2020	BUY	260,000.00	31 Jul 2018	BUY	450,000.00
11 Mar 2020	BUY	250,000.00	06 Jul 2018	BUY	420,000.00
08 Feb 2020	BUY	275,000.00			

Source: CLSA

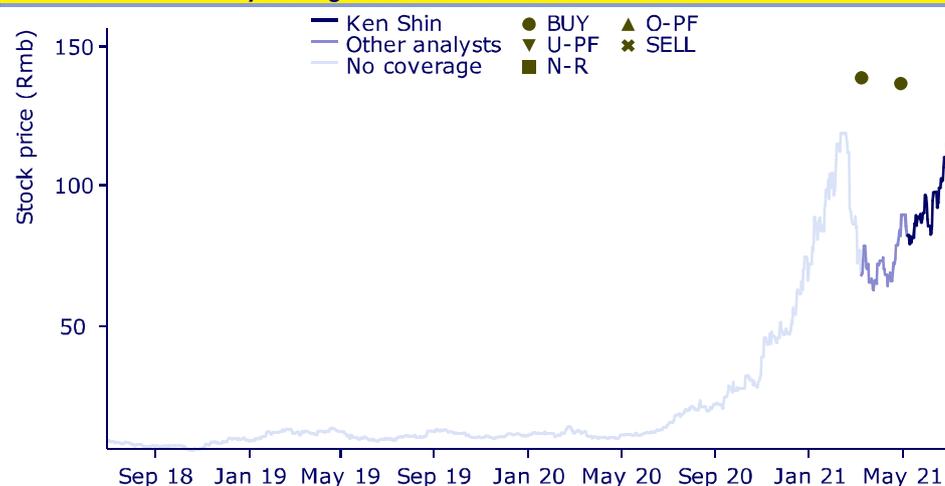
#### Recommendation history of LONGi Green Energy 601012 CH



Date	Rec	Target	Date	Rec	Target
LATEST	BUY	110.00	18 Nov 2020	BUY	71.43*
22 Apr 2021	BUY	85.00*			

Source: CLSA; \* Adjusted for corporate action

## Recommendation history of Sungrow Power 300274 CH



Date	Rec	Target	Date	Rec	Target
29 Apr 2021	BUY	137.00	09 Mar 2021	BUY	139.00

Source: CLSA

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## Sector outlook

Thanks for your support in the Asiamoney Brokers Poll. Please click here for our voting matrix.



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30 June 2021

## China Small caps

**Xinyi Solar (XYS)** 968 HK  
Rec **BUY**  
Market cap US\$19.6bn  
3M ADV US\$109.1m  
Price HK\$16.76  
Target HK\$16.40→HK\$20.00  
Total return +21.1%

**Flat Glass (FGG)** 6865 HK  
Rec **BUY**  
Market cap US\$12.4bn  
3M ADV US\$26.2m  
Price HK\$32.00  
Target HK\$31.20→HK\$39.00  
Total return +22.8%

**Irico** 438.HK  
Rec **N-R**  
Market cap US\$598m  
3M ADV US\$2.4m  
Price HK\$28.10

**Xinyi Energy (XYE)** 3868.HK  
Rec **N-R**  
Market cap US\$4.2bn  
3M ADV US\$6.6m  
Price HK\$4.63

## Eye on demand

### Demand recovery is the key for upcoming price movement

Given the significant market volatility and keen investor interests, we hosted a series of calls with solar glass names (Xinyi Solar, Flat Glass and Irico) as well as an expert from Sci99.com on the industry outlook. Short-term demand, which is subject to upstream price movements, remains uncertain; price downside is likely to be limited given it is close to the cost level of small players, and could potentially rebound with any sequential demand pick-up, despite ongoing supply additions that could limit the extent of the price rebound. We raise our target prices for Xinyi Solar and Flat Glass to factor in the likelihood of a price rebound and policy tailwind. We also hosted Xinyi Energy, which maintains its 600MW solar farm addition target in 2021.

### Solar glass outlook in summary

- ❑ **Demand outlook.** Long-term demand growth should stay strong, backed by installation growth, with support from China's carbon-neutral target and policies like BIPV projects. Meanwhile, high polysilicon prices dragged module makers' utilisation and thus dragged short-term demand.
- ❑ **Supply outlook.** The three leaders, XYS, FGG and Irico, all mentioned they would expand capacity as originally planned in order to capture market share, which will likely remain stable or increase further. Coupled with other players' expansion, oversupply will happen which could widen further into 2022. Meanwhile, with the drop in prices, some smaller players are likely delaying their expansion progress, although we have yet to see any plans cancelled. New projects will also need to get energy consumption quota from local governments, as well as the potential requirement on hearings from the revised Capacity Swap Plan draft, which is subject to finalisation.
- ❑ **Pricing outlook.** The lowest price in the year could have happened in 2Q. Price could potentially stabilise and even rebound in 3-4Q if demand improves, but the magnitude could be limited if polysilicon prices stay at high levels. Meanwhile, players' margin are already at low levels or even at breakeven; this limited the downside to prices, and small players also would not likely start new lines at current profitability levels.
- ❑ **Large format glass and thin glass.** Relatively speaking, these products recorded stronger shipments recently, with large format glass supported by less capacity available, and thin glass supported by lower prices to boost bifacial module penetration. Prices and/or margins are at a premium to ordinary glass products.
- ❑ **Cost outlook.** Raw material prices have been on a rise, especially soda ash, while natural gas prices saw some reduction after winter. Meanwhile, lower-tier players are adding more large production lines and could offer more room for cost reduction than the duopoly XYS and FGG, but the latter two could still enjoy margin premium due to factors like extensive know-how and in-house silica sand supply. On the other hand, Irico sees more room for cost reduction from its new Shangrao production base given government support.

### Raising target prices

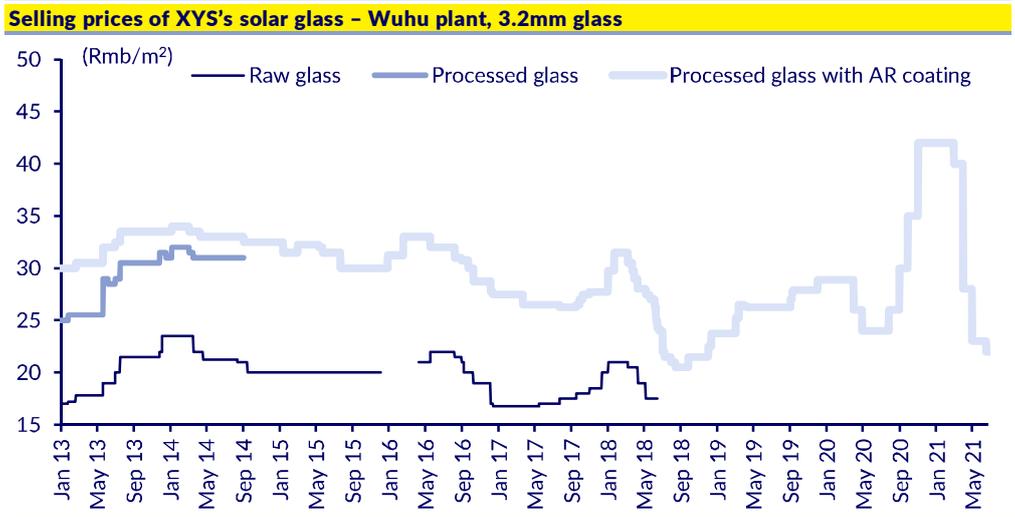
- ❑ We still hold our long-term positive views on solar glass duopoly XYS and FGG, while we await any improvement in demand in 2H to potentially trigger solar glass price rebound, although the extent could be limited amid new supply and still-high poly cost. We are still assuming mainstream prices at Rmb23/m<sup>2</sup> for 3.2mm and Rmb19/m<sup>2</sup> for 2.0mm in the rest of 2021 into 2023 in our model.
- ❑ We raise our target price for XYS to HK\$20.00 (from HK\$16.40 based on SOTP), and that of FGG to HK\$39.00 (from HK\$31.20 based on 25x avg 22-23CL PE) to further factor in price rebound potential.

### Xinyi Energy - maintain capacity growth target

- ❑ XYE keeps its 600MW target on solar farm capacity in 2021 from both third party and XYS (330MW done in 1H), with power generation growth supported by normalised weather as well. Meanwhile, it has no specific threshold on IRR upon acquisition in order to compete with SOEs.

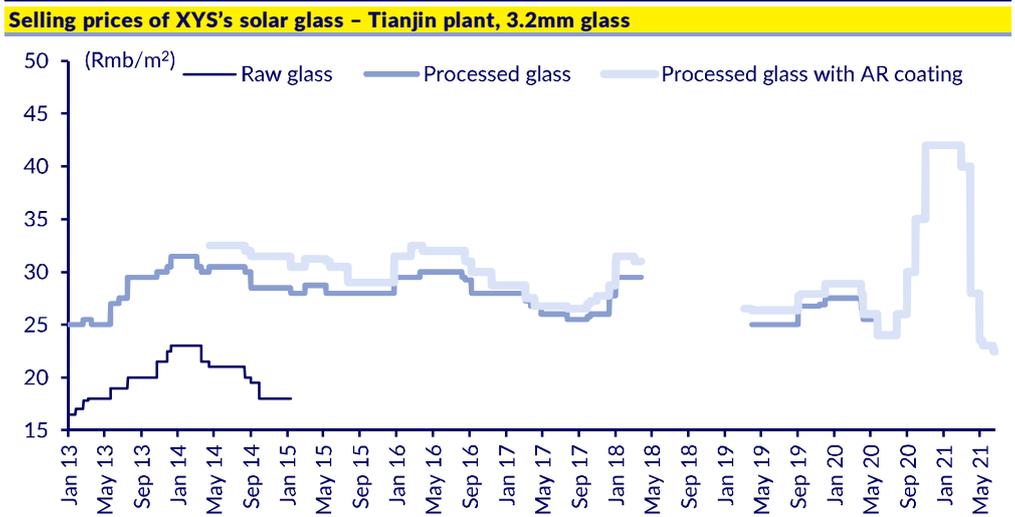
Meaningful cut in solar glass prices since April and further in May, largely stabilised in Jun

Figure 1



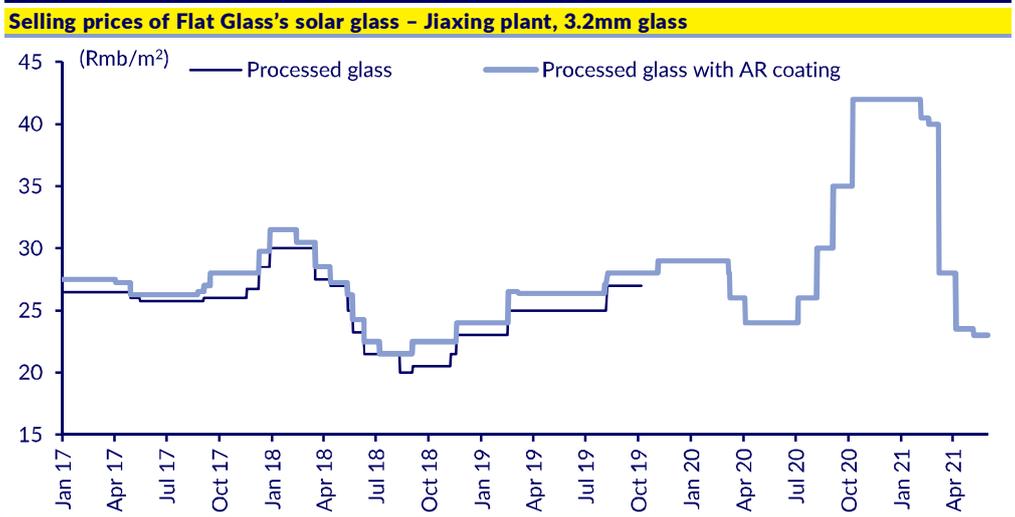
Source: SCI99.com, CLSA

Figure 2



Source: SCI99.com, CLSA

Figure 3

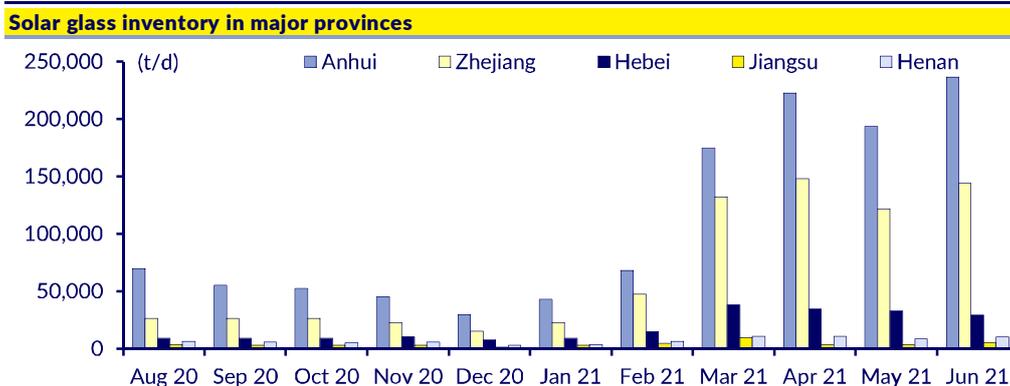


Source: SCI99.com, CLSA

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Solar glass inventory climbed quickly from a low level since Mar

Figure 4



Source: SCI99.com, CLSA

Figure 5

Ultra-clear PV raw glass producers - Global, assuming all new projects would materialise													
(t/d)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2020-25 Cagr
Xinyi Solar	3,800	3,900	5,800	6,300	6,700	7,800	9,800	13,800	16,000	23,800	33,800	33,800	
Flat Glass	2,300	2,300	2,300	2,300	4,100	5,400	6,400	11,600	19,400	20,600	25,400	25,400	
Irico	750	1,500	1,500	1,800	2,650	2,400	2,400	3,150	4,150	6,150	8,150	12,150	
CSG - A	1,300	1,300	1,300	1,300	1,300	1,300	1,300	2,500	6,100	7,300	7,300	7,300	
CNBM Group	160	970	1,250	1,530	1,530	1,530	1,530	4,730	7,810	7,810	7,810	7,810	
Jinxin Solar	250	250	2,150	1,900	1,900	1,900	1,900	3,350	4,550	4,550	4,550	4,550	
Ancai	750	750	750	750	250	900	900	900	1,700	1,700	1,700	1,700	
Hainan Development	650	680	980	980	330	980	680	1,230	1,230	1,230	1,230	1,230	
Fuzhou Xinfuxing			550	550	550	550	550	1,650	2,750	2,750	2,750	2,750	
Changzhou Almaden						650	650	1,950	1,950	1,950	1,950	1,950	
Kibing									3,600	6,000	6,000	8,400	
Taiwan Glass	600	600	490	490			650	650	650	650	650	650	
Other players:	2,820	2,950	3,250	2,450	3,650	4,100	5,750	8,290	15,140	20,390	22,290	22,290	
<i>Jinjing Corporation</i>								600	600	2,600	3,600	3,600	
<i>Tuori New Energy</i>	600	600	600	600	600	600	900	900	900	900	900	900	
<i>Shengshi New Energy</i>					650	650	650	970	2,170	2,170	2,170	2,170	
<i>Rishengda Solar</i>	500	500	500	500	500	500	500	500	1,500	1,500	1,500	1,500	
<i>Henan Yuhua</i>	150	150	150	150	150	150	150	150	150	150	150	150	
<i>Henan Sikeda</i>	150	150	150	150	150	150	450	450	450	450	450	450	
<i>Sulate Solar</i>	250	250	250		300	300	300	650	650	650	650	650	
<i>Nantong Taide</i>	150	150	150	150	150	150	150	150	150	150	150	150	
<i>Jiangxi Gangyue</i>	250	250	250	250	250	250	250	850	850	850	850	850	
<i>Qinghai Guangke</i>	250	250	250	250	250	250	250	250	250	250	250	250	
<i>Jiangsu Xinda</i>	520	650	650	650	650	650	650	650	650	650	650	650	
<i>Nantong Deli</i>			300					150	1,150	2,150	2,150	2,150	
<i>Juye Hongsheng</i>						300	300	660	660	660	660	660	
<i>Hunan Juqiang</i>						150	150	150	150	150	150	150	
<i>Yanlongji</i>							650	650	650	650	650	650	
<i>Wuhan Liande</i>							150	150	150	150	150	150	
<i>Huamei New Material</i>							250	250	250	250	250	250	
<i>Yuanzhou Solar Glass</i>								160	160	160	160	160	
<i>Changli Glass</i>									1,250	2,500	2,500	2,500	
<i>Yijun Yaoneng</i>									2,400	2,400	2,400	2,400	
<i>Hebang Group</i>										1,000	1,900	1,900	
Other overseas	940	940	940	690	690	690	690	690	1,190	1,190	1,190	1,190	
Adjustment	170	190	560	1,840	(170)	(250)	(70)	(70)	(70)	(70)	(70)	(70)	
<b>Total capacity (t/d)</b>	<b>14,490</b>	<b>16,330</b>	<b>21,820</b>	<b>22,880</b>	<b>23,480</b>	<b>27,950</b>	<b>33,130</b>	<b>54,420</b>	<b>86,150</b>	<b>106,300</b>	<b>125,000</b>	<b>131,400</b>	
YoY growth (%)	21.6	12.7	33.6	4.9	2.6	19.0	18.5	64.3	58.3	23.4	17.6	5.1	31.7
Average thickness (mm)	3.2	3.2	3.2	3.2	3.2	3.1	3.0	2.9	2.8	2.8	2.7	2.7	
Density (kg/m <sup>3</sup> )	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	
<b>Total capacity (m<sup>2</sup>)</b>	<b>661</b>	<b>745</b>	<b>996</b>	<b>1,044</b>	<b>1,078</b>	<b>1,310</b>	<b>1,593</b>	<b>2,712</b>	<b>4,438</b>	<b>5,571</b>	<b>6,665</b>	<b>7,132</b>	
YoY growth (%)	21.6	12.7	33.6	4.9	3.3	21.5	21.6	70.2	63.7	25.5	19.7	7.0	35.0
<b>Effective capacity (m<sup>2</sup>)</b>	<b>325</b>	<b>404</b>	<b>500</b>	<b>585</b>	<b>608</b>	<b>679</b>	<b>798</b>	<b>1,167</b>	<b>1,916</b>	<b>2,600</b>	<b>3,159</b>	<b>3,541</b>	
YoY growth (%)	33.7	24.1	23.8	17.2	3.8	11.7	17.5	46.3	64.1	35.7	21.5	12.1	34.7
<b>Assuming</b>													
Raw glass yield rate (%)	68	70	70	70	70	69	69	68	67	67	66	66	
Effective utilisation (%)	82	82	82	82	82	82	80	80	80	78	78	78	

\* Assuming new capacity launches mid-year

Source: SCI99.com, company data

**Ms. Shuai Wang, Sci99.com**

**Demand-supply forecast.** Sci99.com expects installations in China to be around 65GW or lower in 2021 and 80GW in 2022. Module capacity in 2020 is at 150GW, which is higher than 120-125GW of installations in 2020. Expect 300GW of capacity in 2021 and 180-200GW of production based on current utilisation of 60%. China accounted for ~90% of global production, of which ~65% of production is export. Expect oversupply in China solar glass, as 2021 solar glass production corresponds to 300-350GW, while solar module production is expected to be 200GW. Expect the oversupply situation to widen in 2022. Only 10% of capacity can produce large format glass currently, thus new capacity would enjoy advantage in the near future as larger size becomes more popular.

In 2020-22, she expects solar glass production volume in China to grow at 35.36% from 7.5mt in 2020 to 13.5mt in 2022, while domestic consumption will grow at 25% from 6.8mt in 2020 to 10.6mt in 2022, furthering widening the oversupply situation.

**Pricing/margin.** Price is around Rmb22/m<sup>2</sup> for 3.2mm (Rmb23/m<sup>2</sup> for double coating), Rmb18/m<sup>2</sup> for 2.0mm. 5M21 solar glass industry average GPM is at ~30.04%. The figure dropped to 4.01% in May (and similar in Jun), while large players could still be at 25%+ whereas smaller players are low or 0% in May. While future recovery in solar glass price can be restricted by high polysilicon prices, Ms. Wang expected prices have already reached the lowest point in 2Q, and will be stable in Jul-Aug followed by a rebound in Sep-Oct, but the magnitude may not be very substantial as polysilicon prices have not yet retreated meaningfully. In 2022, there will be more price stability. 3.2mm will be at the Rmb25-30/m<sup>2</sup> range with more module capacity to balance, so it will likely be not as volatile as in 2021.

**Capacity.** Global solar glass capacity is at 39,940t/d, of which China accounts for 35,290t/d or 88.36%. In China, 54.35% of capacity is located in Anhui, as Fengyang has the largest low-iron silica sand supply. In terms of market share, YYS/FGG account for 28.05%/20.4% of overall capacity, and it is trending up.

By year-end 2021 capacity in China could reach 43,000t/d or 90.24% of global share. Domestic capacity of ultra-clear patterned glass has enjoyed Cagr of 12.97%, 16.46% and 34.31% in 2016-2019, 2020 and 6M2021 respectively. There are delays in some new capacity after the price drop, but will still see accelerating capacity growth in these few coming years.

YYS and FGG maintained their plans to add capacity in 2021-22, while other players like CNBM Group/Irico are likely to commence. CSG and Gangyue got delayed. Possible for 42,430t/d of new capacity to commence in 2021-22. Currently smaller players/production lines are loss-making, so it is not economical to ignite at current price levels. Cost to operate small lines (500t/d) is Rmb2-2.5/m<sup>2</sup> higher than 1,000t/d lines.

Currently <3,000t/d of capacity (7-8%) will likely enter into cold-repair, most are small lines.

Ms. Wang saw relevant news of Fuyao planning to invest in solar value chain. Large line can take Rmb800m-1000m of capex and 1-1.5 years to build, so the probability of Fuyao to invest in new patterned glass is low given its disclosed budget on solar glass.

**Substitution.** Ultra-clear float glass/float glass is not likely to replace patterned glass as back glass given higher current prices.

**Inventory.** At high levels; 4M2021 increase was due to low utilisation of solar module makers. June utilisation is slightly better than May, but still at low level given high polysilicon price. Inventory now averages at 22.15 days or 378k tons.

**Cost structure.** For solar glass, 45.9% is raw materials (silica sand & soda ash), up ~5ppt; 37.27% natural gas, dropped ~4ppt after winter; 10.1% transportation, depreciation and other; 4.9% labour and packaging. For solar panel, solar glass accounted for 12.25-15% of module cost in 3Q20, now down to 6% after fall in solar glass price. This is similar to early 2020 level. Cell now accounts for 60% due to price hike.

**Cost comparison.** XYG/FGG have clear cost advantages due to large-scale bulk purchase and vertical integration (owns sand mines). They are currently earning ~25% margin. If current prices continue, it is hard for smaller players to continue operating (could be at a loss). Tier-1 players may have less room for further cost reduction compared to tier-2 players. This is because XYG/FGG have mostly large lines already, while tier-2 players are investing in large lines now. However, it is still hard for tier 2 to catch up with tier 1 on an absolute basis and an Rmb1/m<sup>2</sup> price gap is likely to sustain.

**Regulations.** The solar glass industry does not need to fulfil the Capacity Swap Plan, but is subject to hearing. They also need to get energy consumption quota from provincial governments.

### Xinyi Solar (XYS)

**Price outlook.** Currently 3.2mm price is at c.Rmb22-23/m<sup>2</sup>; while 2mm is at c.Rmb19-20/m<sup>2</sup>, stable in May-Jun. Price is relatively low compared to historically, with not much room to drop further as smaller players are at breakeven point (cash cost) or losing money. If price continues to drop, these players will lower capacity and new capacity will delay commencement. Thus, any drop in supply will provide strong price support at current price level. 3Q glass demand depends on polysilicon prices, which will also affect solar panel demand. Any meaningful poly price correction, then will help meaningful demand improvement. Downstream investment incentives on solar projects remained strong, but high poly costs affect project returns and thus affect investment incentives. If module price is at US\$1.9-2.0/W then it will be hard for projects to proceed, thus directly affecting module demand and thus glass demand.

A good reference is the situation in mid-2018 amid the launch of the 5-31 policy; demand was low yet glass price stayed at low level only for short period and then rebounded. At such low prices where only market leaders (XYS and FGG) are profitable, any recovery in demand can trigger strong incentives for players to make price hikes.

Polysilicon prices will likely retreat next year given more supply coming to the market, thus demand/supply for glass will be more balanced at that time.

**Capacity.** XYS's capacity reached 11,800t/d after 1H21 addition. XYS has commenced two lines in Jan and Mar 2021 respectively, and will commence two more between June to Aug according to the schedule announced. It will commence 4x 1,000t/d new lines in 2022. Currently, market glass capacity is on a rise. XYS and FGG will double capacity by next year to ensure market demand is met and increase market share in the medium term. The carbon neutral target will help to boost in new capacity in solar panel installation. 2020 installation was around 127-130GW, with 2021 originally estimated at 170GW, and 2020 around 200GW. Combined with increase in the inverter load factor and rising penetration of bi-facial modules, overall solar glass demand could record 30% growth pa. Given XYS's hope to increase market share further (from >30% currently), this means XYS's capacity increase has to be higher than 30%+ to meet market demand after 3-5 years, not just in one year.

No players shut down/entered into cold repair for now despite falling prices. Meanwhile, production lines built 6-7 years ago or older will phase out from the market due to lower efficiency and quality, effectively lowering supply.

Capacity expansion for smaller players were announced based on the assumption of adequate capital raising; however since capital market worsened thus their plans had to be delayed. Payback period can be 9 years or higher based on information from Flat Glass A-share bond issuance.

**Regulation.** As long as the draft Capacity Swap Plan policy does not completely halt all new capacity, any strict version will benefit XYS as the market leader with the top cost advantages.

**Market share and pricing power.** XYS has >30% market share, while FGG has 18-20% at Dec-2020, and XYS's medium-term goal is to reach 40%. Management hopes to see price stability. Leaders can have some pricing power in certain circumstances like early in the year, but at the current level every player will hope to keep prices steady and not to drop further.

**Xinjiang.** XYS has no supplier from Xinjiang. Polysilicon is not raw material for solar glass, thus the issue does not directly affect XYS. 90% of global solar panel production is from Chinese players, and few other countries can impose trade restriction on solar value chain directly without suffering large losses, therefore severe sanctions on the industry is unlikely as the US also considers alternative supply to meet their own demand if they are placing import ban on a product.

Another mitigation is XYS's production base in Malaysia if import ban is placed on products from China. Meanwhile, direct sale to US only accounts for 2% of total.

XYS also has solar farms that also buy modules; XYS will make strict control on suppliers including labour conditions together with other ESG standards; so far they cannot find any suppliers violating such rules, and will review suppliers on an ongoing basis.

**Cost advantage.** 15-20% better margin than smaller players due to: 1) Scale advantage – bulk purchase in negotiation, 2) direct natural gas supply from supplier and no need to go via distributors as for peers, 3) proximity to ports and customers, 4) annual capex in upgrading production line, thus lowering unit cost by low single digit % every year for the past decade, 5) better production yield than peers; and 6) product mix: XYS always first mover in new products that enjoy better margins with

its own glass R&D institute. New 1,000t/d lines have 5-10% unit cost reduction compared to 500t/d lines, and low single digit % cost-savings compared to old 1,000t/d lines.

**Financing and dividend.** XYS will likely maintain 45-50% payout ratio. Its goal for capital raising is to increase capacity reasonably, and it will strike a good balance between equity and debt. The equity raising in end-2020 corresponds to building 20 production line (US\$100m/line). This is a large amount so the appropriate plan is to raise equity first, and it proves to be a good management decision. Management believe this capital raising will improve shareholder value in the medium term. For now, given the net cash position, XYS will likely rely on bank financing.

### Flat Glass (FGG)

**Company background.** The company has four major products including solar glass, float glass, architecture glass, and household glass, with solar glass capacity currently at 9,200t/d. Market share is around 25% and is expected to go up. The company signed 3-year contracts previously with Longi, Risen, and Jinko in which price is based on spot price.

**New expansion plans.** In 1H21, it started a production line in Vietnam (1,000t/d) and two in Anhui (2 x 1200t/d). A 600t/d line just entered into cold repair. For 2H21, 1H22 and 2H22, it aims for 2, 3 and 2 ignitions (all 1,200t/d lines) respectively. This will bring capacity to 12,000t/d by 2021 year-end and around 17,000-18,000t/d by 2022 year-end, eventually reaching 25,400t/d with some more lines in the future.

**Industry prospects.** In terms of long-term sustainable margins, the industry should see levels similar to normal manufacturing sector, ranging 10-20%. The market leader enjoys cost advantages, which translates to 10-20% higher margin. Even if smaller players launch large lines, FGG will likely still enjoy better margins, as FGG had only small lines but still enjoys better margins before 2018. FGG will continue to focus on self-developed production lines to improve margin at every stage.

A conservative guess on solar panel installation growth in the next 3-5 years is 15-20% Cagr with some distortion in 2021. The growth is robust given carbon-neutral target. New policy recently announced to boost rooftop PV projects also supports demand. XYS+FGG combined market share is at 60% currently and is expected to be at least at the same level in the next 3-5 years. It may go up to 80% and not more than 90% if other peers do not expand. When expanding capacity, FGG tends to build some more production lines to prepare for any sudden increase in demand. This is healthy for future price stability. The company is not worried about oversupply, as building production line can take 1-2 years and players will delay ignition if the situation is bad. Approval process would be changed if the revised Capacity Swap Plan is finalised with hearings required, but it is not yet finalised and so it is not certain yet, and no new projects were announced nor hearings conducted.

**Pricing outlook.** While price hikes in 2020 were due to short-term demand/supply imbalance, the market supply is now more balanced after new capacity commencements. Thus, it was reasonable for price to retreat. 3.2mm glass is selling at Rmb22/m<sup>2</sup> now; how it will vary depends on demand/supply, not ruling out a

price rebound if demand is very strong, but price will stay flat for a period if market demand doesn't improve. High polysilicon price will limit industry growth. Management hopes to see stable prices in second half. At current price level, small players are likely not making money.

**Inventory level.** Maintained flat at 10 days vs industry level of 3-4 weeks.

**Peers' expansions.** Price cut only happened for two months, so it is not yet long enough for players to change their investment decisions, thus the company has heard expansion delays for smaller players, but not yet on expansion plan cancellations. Even players that announced large expansion plans, they would not commence operation at once, and the timing is also uncertain. New capacity in 2021 will mainly be XYS and FGG; for 2022 it will depend on who really kicked off construction work, which takes ~2 years of construction time. Solar glass is not included in the capacity swap plan policy, but will still need to get approval based on criteria like energy consumption level in the region. The quota applies to all industries.

**Large format glass.** Large format glass accounts for c.30% of sales by sqm. On same thickness, large format glass enjoys Rmb1-1.5/m<sup>2</sup> premium, though GPM is similar.

**Thin glass.** 2.0mm glass accounts for c.45-50% of sales by sqm now as recent price drop triggered more shipments. It accounted for 40% in Jun-Jul 2020, down to 30% in 2H20 caused by tight supply before rebounding to 40% in 1Q21. Price adjustments for 3.2mm and 2.0mm glass will be the same proportion.

It is hard to push 1.6mm in the market due to high tempering cost, despite FGG has done R&D on it. Even 2.0mm can only do half-tempering (full-tempering too high cost), so cost will be even higher for 1.6mm.

**Substitution.** Float glass substitution didn't happen, due to high prices and policy limitation for float glass capacity expansion.

**Vietnam plant.** It enjoys unit cost 10-15% lower than domestic plant due to lower silica sand cost with better quality, lower energy costs, lower staff costs, and tax benefits (3 year tax free and 9 year half tax rate). However, orders were affected by the pandemic in SEA markets recently, so some products were shipped back to China.

**Cost.** Has been fluctuating recently. 30%+ of cost comes from fuel, of which 70% is natural gas and rest in oil; it is down since March after higher prices during winter, and the company realised savings on natural gas with the JV formed with PetroChina. 40%+ of cost is from raw materials, in which silica sand experienced 13-15% increase per annum caused by high demand, low inventory and limited supply, while soda ash is at relatively high level of around Rmb2,000/t currently. Expect margin to be slightly lower than 2018 level due to higher costs. Management thinks smaller players have their unit costs 20-30% higher than FGG and are not profitable at current prices.

**Financing.** H-share placement plan was just being approved by CSRC, and this needs to complete within 12 months. The company also just announced a new A-share CB plan.

## Irico

**Company background.** The company is the third-largest solar glass manufacturer in China and the largest player using all-oxygen combustion technology, with current capacity at 2,400t/d (750t/d + 800t/d lines in Hefei, Anhui Province; and one 850t/d line in Yan'an, Shaanxi Province). It targets to reach 10,000t/d in capacity and Rmb7.5bn in sales by 2025 (or Rmb10bn under optimistic scenario). Key customers include Longi, JA Solar, and Canadian Solar Energy, including Rmb3.9bn long-term contracts with Longi and JA Solar. The company carved out all non-core businesses with placement completed in 2020, which reduced its gearing ratio.

**Competitive advantages.** Management believes its key competitive advantages include: 1) SOE plus listco background to allow easier support from government and policies; 2) all-oxygen combustion technology, which can reduce NOx emission by c.70% and greenhouse gas emission by c.30%, plus 25-30% reduction in gas fuel required, demonstrating its technological strength and is in line with policy on pollution control; 3) large scale (new production lines all at 1,000t/d) to allow efficiency; 4) high-quality products with wide product ranges.

**New expansion plans.** 1) 3<sup>rd</sup> phase of 750t/d raw glass line in Hefei commencing in Jul-21 (Rmb400m). It has relatively small capex as the factory already was built in previous phases with depreciation already recognised, so it will help improve cost structure after commencement. 2) 900t/d processing line in Xianyang, Shaanxi Province, with capex of Rmb500m with Irico only needs to bear Rmb170m with the rest (eg, factory) being supported by the government. This is next to Longi's plant, with construction delayed a bit and will commence in 1Q22. 3) New production base in Shangrao, Jiangxi Province, with Rmb10bn investment for 10x1,000t/d new raw glass lines, the 1<sup>st</sup> phase of which (3 lines) commenced construction since Mar with Rmb2.7bn capex (only RMB500m of capex is out of pocket for Irico with the rest supported by government, like a rent-free factory), targeting to start operation in 2022. Jinko, as one of the largest module makers globally, is just 2.3km away from the production base. It also has low natural gas and electricity cost (around 30% lower than Hefei base), with government support like tax, factory building and subsidies. It also has strong infrastructure support to allow operating efficiency. Irico will speed up construction progress instead of slowing down, with the Energy consumption quota application reviewed by local government and has already submitted to provincial government, targeting to be approved in July-Aug.

**All-oxygen combustion technology:** It is an advanced technology, but cost is also higher from oxygen and cannot fully offset fuel saving, resulting in Rmb0.7-0.8/m<sup>2</sup> cost increase. For its upcoming new plants, the company may build air combustion production lines but not all all-oxygen combustion lines. Irico will continue to invest in R&D, and will be a pioneer if the technology becomes a prerequisite by the government.

**Industry prospects.** Long-term demand growth would be strong, eg, by end of 14<sup>th</sup> FYP annual new additions would probably reach c.280GW globally including c.70-90GW in China, thus support solar glass industry rapid growth. On supply, the new Capacity Swap Plan is still not yet finalised, and the company will continue to follow up. Meanwhile, governments are placing controls on new project submissions. Irico will continue to speed up construction of new projects given its obvious competitive strengths. Over the long term, there will not be oversupply or undersupply despite these may happen occasionally, and industry profitability will

be rationalised. New lines are larger with lower costs and produce products suiting market needs, and old capacity will need to do cold repair after 6-7 years generally.

The recent polysilicon price hike, which was partly caused by dealers who accumulated inventories, is already under the government's attention, thus will likely see a retreat sometime in the future.

**Pricing outlook.** Module makers' utilisation rate declined from 100% last year to 60-70% or even 50% occasionally, with slight improvement since May with rebounded orders. Leading producers made meaningful price cut since Apr, and they intended to make one-off price adjustment as they hoped to de-incentivise other players to expand, especially newcomers in the industry; the latter now seems become more rational. Meanwhile, demand from bifacial modules increased, and thin glass and large format glass sales were robust with full utilisation. Starting in June, downstream players are placing large orders on thin glass and large format glass as they think current price is at low point

Prices will be adjusted according to upcoming market conditions, and management believes there is no need to be overly worried on prices as it is already at the bottom level, and prices will likely start to resume since 3Q and into 4Q, and the magnitude will depend on end market demand. Despite the fall in price, Irico's current GPM is still at around 17-18% given the fall in financial cost/raw material costs.

**Peers' expansions.** Many new entrants just announced the expansion plans but no subsequent actions were observed. Besides, some projects also got delayed, eg, slower construction progress or delayed commencement of new lines, and some players also implemented upgrade of existing lines.

**Large format glass.** Irico's current production lines can make glasses for 166-182mm modules, and its new lines will all be designed to be capable to make for 210mm as well. Large format glass accounts for c.40% of sales.

**Thin glass.** 2.0mm glass accounts for c.30% of sales now (vs 10% in 1Q). GPM for 2.0mm glass is at 4-5ppt higher than that for 3.2mm glass. Future development of thin glass will be based on customer needs, who will give around 3-6 months' projection to Irico.

**Cost.** Raw material prices increased. Sand cost was relatively stable; soda ash price increased meaningfully, but it has always been volatile. The company will build more inventory when price is lower, or to try to lock up some prices ahead. With reduced gearing ratios, Irico has better cashflows and can make more bulk purchases with shorter repayment time, which largely offset raw material price hike. It has setup a supply chain centre at headquarters to link up purchasing needs of all plants and facilitate better purchasing terms. Natural gas and electricity price are pre-agreed and should remain flat normally, whereas electricity price has dropped for Irico.

Its future Xianyang/Shangrao new plants will get government support on factories, and thus will have lower Capex/depreciation. Shangrao plant's transportation costs will be c90% less given close proximity to customer, which will also save packaging cost by around Rmb1/m<sup>2</sup>. Xianyang plant will also have similar transportation cost benefits. Fuel cost is around 40% of overall cost and will also see reduction.

**Planned A-share issue.** The company is planning for A-share issue, targeting to submit documents in Sep-21 and list in 1H22.

**Xinyi Energy (XYE)**

**1H21 profit alert.** XYE published a profit alert recently, expecting 1H21 profit to grow 25-45% YoY due to: 1) acquisition of 250MW projects from XYS, as well as 80MW third-party project in Hube in 1H21; 2) pandemic in 1H20 affected project construction as well as acquisition progress, thus most of the acquisitions in 2020 were made in 3-4Q and had minimal contributions to 1H20 results; and 3) more than usual rainfalls in May-Aug 20 affected power generations last year.

**2021 growth targets.** Targeted capacity growth at 600MW in 2021. On top of the 80MW acquired from third party, the rest of the 520MW will be from XYS, of which 250MW was done in 1H, and it is possible to complete the rest in 2H. On power generation, two drivers for power generation are: 1) Power generation levels for existing projects should resume to normal levels or even slightly better; 2) higher contributions from new projects.

**Competitive strength in acquisition.** XYE has competitive strength in acquisition over: 1) SOE due to nimbleness, and 2) other private players due to lower costs of funding. SOEs have become more aggressive on investing in renewable energy projects lately, and have lower requirements on project returns. This could increase competition in the market in terms of acquisition, but there are bulks of projects available in the market (eg, small firms with one or two projects), and it involves more complex internal processes for SOEs to approve acquisitions when compared to private companies.

**Acquisition requirement.** No absolute number on IRR, as XYE focuses mainly on acquisition and thus follows the prevailing market IRR levels at the time of acquisition (eg, SOEs may see around 6% IRR but if XYE sets at 8% then it will not be able to find new projects).

**Subsidies.** Delay in subsidy payment has been happening since the beginning. The delay was due to the government's commitments to project investors, which the government was still supporting and looking for ways and forms to pay the subsidies, thus the company thinks subsidies are not likely to default or become bad debt. Their confidence was strengthened as the government still made two repayments during the bad times in 2020. If there is any bad debt, this should be a problem for all players but not just XYE. XYE will follow other players' action on protecting interests. For projects acquired, it is not likely for the project seller to bear the delay or associated costs. Going forward, the company focuses more on grid-parity projects.

**Project IRRs.** For XYE's projects, the FiT for its first projects back in 2013-14 were >10% (at FiT Rmb1/kWh or unit Capex of around Rmb8/W), and the continuous fall in FiT/Capex (around Rmb3/W now) will drive IRR downwards (currently at single digit).

**Impact from rising product costs.** Rising solar product pricing will increase construction costs and affect project developers more, but XYE does not develop new projects itself, instead it looks for project acquisition opportunities. It will evaluate returns of projects at different timing to seek for high quality projects.

**Impact from curtailment.** No curtailment happened so far for all XYE projects.

**Financing.** If acquisition arises, XYE will prefer to do bank borrowing due to low gearing ratio and low interest rate, while equity financing could also be considered. As at end-2020, gearing ratio of XYE was at single digit and much lower than peers. XYE is a utility-like company, and will have well-defined distributions. 2019 and 2020 were guaranteed at 100%, and from 2021 onwards were not less than 90% to reward investors. Many projects on hand involve subsidies, and thus delay in subsidy payments will inevitably affect its cashflows. If no substantial improvement on delayed subsidies, a 50% debt-to-equity ratio could be a cap; if delay in subsidies is improved, then the ratio could increase.

## XYS: BUY, lift TP from HK\$16.40 to HK\$20.00

We are keeping our earnings forecasts unchanged.

Figure 6

### Xinyi Solar earnings estimate revisions

(HK\$m)	New			Old			Change (%)		
	21CL	22CL	23CL	21CL	22CL	23CL	21CL	22CL	23CL
<b>Revenue</b>									
Total solar glass	13,068	15,426	19,690	13,068	15,426	19,690	0.0%	0.0%	0.0%
Sale of electricity	2,907	3,118	3,275	2,907	3,118	3,275	0.0%	0.0%	0.0%
Solar EPC	76	74	73	76	74	73	0.0%	0.0%	0.0%
<b>Total</b>	<b>16,051</b>	<b>18,619</b>	<b>23,037</b>	<b>16,051</b>	<b>18,619</b>	<b>23,037</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Gross margin (%)</b>									
Total solar glass	46.0%	38.1%	39.1%	46.0%	38.1%	39.1%	0.0 ppt	0.0 ppt	0.0 ppt
Sale of electricity	75.7%	75.2%	74.8%	75.7%	75.2%	74.8%	0.0 ppt	0.0 ppt	0.0 ppt
Solar EPC	33.0%	33.0%	33.0%	33.0%	33.0%	33.0%	0.0 ppt	0.0 ppt	0.0 ppt
<b>Total</b>	<b>51.3%</b>	<b>44.3%</b>	<b>44.1%</b>	<b>51.3%</b>	<b>44.3%</b>	<b>44.1%</b>	<b>0.0 ppt</b>	<b>0.0 ppt</b>	<b>0.0 ppt</b>
<b>Core profit</b>	<b>5,713</b>	<b>5,496</b>	<b>6,968</b>	<b>5,713</b>	<b>5,496</b>	<b>6,968</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>

Source: CLSA

Figure 7

### Xinyi Solar earnings sensitivity analysis

	Change in 21CL core profit (%)
1% increase in solar glass price	1.8
1% increase in solar glass sales volume	0.8
1% increase in soda ash price	(0.2)
1% increase in unit fuel cost	(0.3)
100MW more in new solar farm addition	+0.6 (22CL profit)

Source: CLSA

Figure 8

### Xinyi Solar GPM profile



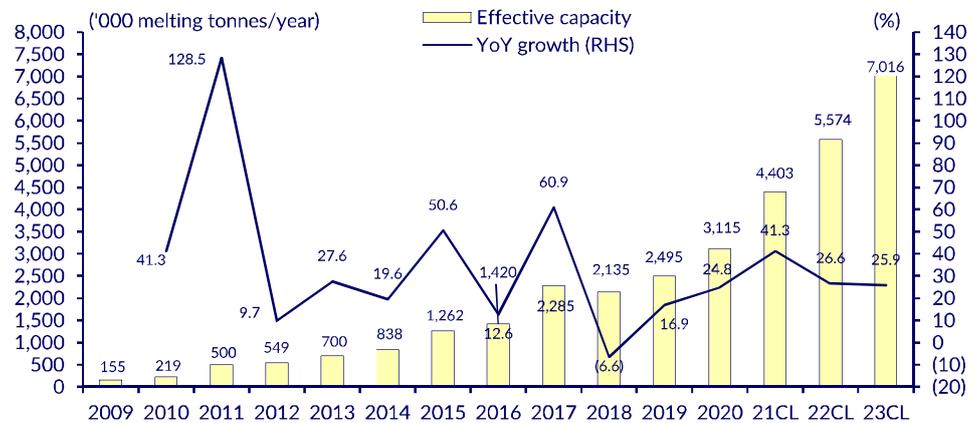
Source: XYS, CLSA

We estimate a solar glass effective capacity Cagr of 31.1% in 2020-23

We continue to use a SOTP valuation for Xinyi Solar

Figure 9

Effective solar glass capacity movement



Source: XYS, CLSA

We value Xinyi Solar using an SOTP methodology, with the solar glass/EPC businesses valued on a PE basis and solar farms/distributed generation projects valued using a discounted cashflow approach. Further methodology details follow.

- ❑ **Solar glass.** We use a relative valuation methodology, with a target multiple of 29x (from 23x) average 22-23CL PE.
- ❑ **Solar farms.** We use a DCF model with an unchanged WACC of 6.5%, derived from a risk-free rate of 4.0%, a market-risk premium of 7.0%, a beta of 1, an after-tax interest rate of 2.0%, leverage of 50%, and a terminal growth rate of 1.0%.
- ❑ **Distributed generation projects.** We apply a DCF model on the firm’s two rooftop projects (25MW in Tianjin and 13.1MW in Wuhu) with the same WACC of 6.5%.
- ❑ **EPC.** We use a PE approach with the same target multiple of 5x on average 22-23CL PE.

Overall, our valuation for Xinyi Solar is HK\$175.9bn. As a result, we raise our target price from HK\$16.40 to HK\$20.00, translating to 28.2x average 22-23CL PE. Maintain BUY.





Our HK\$39.00 target price is based on a PE valuation

Our FGG target multiple is at a c.11% discount to Xinyi Solar's target valuation due to FGG's relatively smaller scale

## FGG: BUY, raise TP from HK\$31.20 to HK\$39.00

Likewise, we keep our earnings forecasts for FGG unchanged. Our target price is raised from HK\$31.20 to HK\$39.00, at 25x on average 22-23CL PE (from 20x), or a c11% discount to XYS's target valuation. Maintain BUY.

Figure 16

FGG PE valuation		
Core EPS (avg 22-23CL, adjusted for dilution impact from H-share placement)	(Rmb¢)	130.1
Target PE	(x)	25.0x
Intrinsic value	(Rmb)	32.52
<b>Target price</b>	<b>(HK\$)</b>	<b>39.00</b>
Target price implied 21CL PE	(x)	32.3
21-23CL EPS growth	(%)	24.7%
Target price implied PE/G	(x)	1.3

Source: CLSA

Figure 17

Xinyi Solar - CLSA's target price		
SOTP-based target price	(HK\$)	19.40
Core EPS (avg 22-23CL)	(HK¢)	70.64
Target price implied avg 22-23CL PE	(x)	28.2
Discount of our FGG target multiple to Xinyi Solar's target multiple	(%)	-11.4%

Source: CLSA

Figure 18

FGG earnings estimate revisions									
(Rmb m)	New estimate			Old estimate			Change		
	21CL	22CL	23CL	21CL	22CL	23CL	21CL	22CL	23CL
<b>Revenue</b>	<b>8,747</b>	<b>11,820</b>	<b>16,861</b>	<b>8,747</b>	<b>11,820</b>	<b>16,861</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
Photovoltaic glass	7,436	10,477	15,484	7,436	10,477	15,484	0.0%	0.0%	0.0%
Household glass	376	376	376	376	376	376	0.0%	0.0%	0.0%
Architectural glass	637	669	702	637	669	702	0.0%	0.0%	0.0%
Float glass	182	182	182	182	182	182	0.0%	0.0%	0.0%
Mining products	73	73	73	73	73	73	0.0%	0.0%	0.0%
Others	44	44	44	44	44	44	0.0%	0.0%	0.0%
<b>Gross profit margin</b>	<b>43.1%</b>	<b>35.1%</b>	<b>35.9%</b>	<b>43.1%</b>	<b>35.1%</b>	<b>35.9%</b>	<b>0 ppt</b>	<b>0 ppt</b>	<b>0 ppt</b>
Photovoltaic glass	45.1%	35.6%	36.3%	45.1%	35.6%	36.3%	0 ppt	0 ppt	0 ppt
Household glass	27.1%	27.1%	27.1%	27.1%	27.1%	27.1%	0 ppt	0 ppt	0 ppt
Architectural glass	27.9%	27.9%	27.9%	27.9%	27.9%	27.9%	0 ppt	0 ppt	0 ppt
Float glass	29.9%	30.0%	29.8%	29.9%	30.0%	29.8%	0 ppt	0 ppt	0 ppt
Mining products	56.2%	56.2%	56.2%	56.2%	56.2%	56.2%	0 ppt	0 ppt	0 ppt
Others	92.6%	92.6%	92.6%	92.6%	92.6%	92.6%	0 ppt	0 ppt	0 ppt
<b>Core profit</b>	<b>2,219</b>	<b>2,303</b>	<b>3,480</b>	<b>2,219</b>	<b>2,303</b>	<b>3,480</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>

Source: CLSA

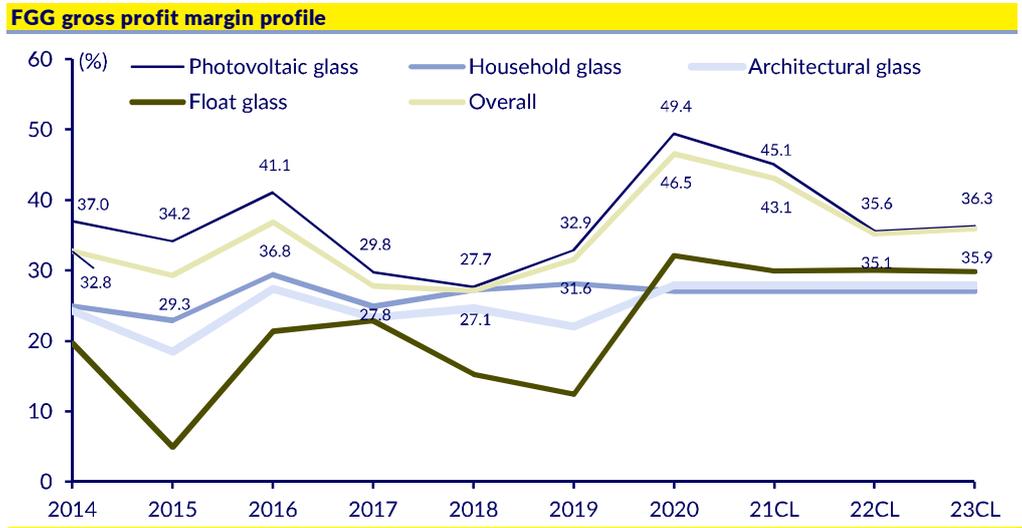
Earnings are more sensitive to solar glass average selling prices

Figure 19

FGG earnings sensitivity analysis	
Change in factor	Percent change to estimated 2021 core profit
1% increase in solar glass average selling price	2.5
1% increase in solar glass sales volume	1.0
1% increase in unit fuel cost	(0.7)
1% increase in unit soda ash cost	(0.4)
1ppt increase in effective interest rate	(1.1)

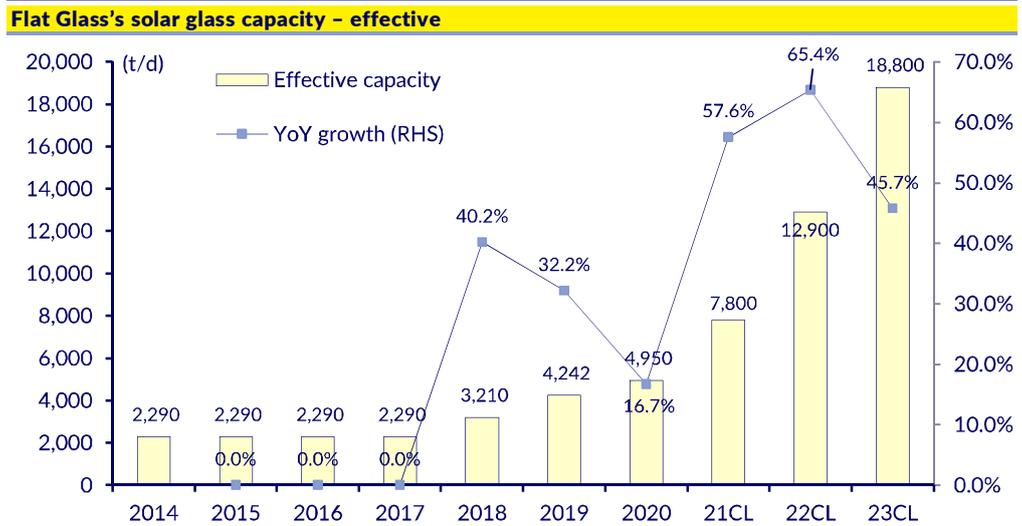
Source: CLSA

Figure 20



Source: FGG, CLSA

Figure 21



Source: FGG, CLSA

We estimate a solar glass effective capacity Cagr of 56.0% in 2020-23



**Valuation details - Flat Glass Group Co Ltd 6865 HK**

Our target price is based on 25x average 22-23CL PE, or a c11% discount to XYS's target valuation, due to FGG's relatively smaller scale.

**Investment risks - Flat Glass Group Co Ltd 6865 HK**

Key risks include: 1) A change in government support for the solar sector, as the industry is highly reliant on incentive programmes implemented by various countries' governments. 2) A macroeconomic slowdown, particularly from prolonged Covid-19 impact domestically and internationally. 3) Oversupply risk, as solar-glass producers' production capacity may not keep up with demand, which could pressure pricing. 4) Solar technical advances that would require players to develop and improve technologies quickly. 5) Slower-than-expected expansion of the company's new production lines, as these are expected to be the company's key earnings growth drivers in the next two to three years. 6) Unsuccessful execution of the new plant in Vietnam, given that it is the company's first international production base.

**Valuation details - Xinyi Solar Holdings Ltd 968 HK**

We value Xinyi Solar on an SOTP basis, using a PE approach for the solar glass/engineering, procurement and construction businesses and DCF valuation for solar farm/distributed generation projects.

**Investment risks - Xinyi Solar Holdings Ltd 968 HK**

Key risks include: 1) A change in government support of the solar sector, as the solar industry is still highly reliant on incentive programmes by various countries' governments. 2) Oversupply risk, as vendors' expanded solar glass production capacity may not keep up with product demand, which could pressure pricing. 3) Technological advancement, as the solar industry is developing rapidly and associated technologies are also advancing quickly. It is important for Xinyi Solar to respond to market changes by improving existing products and developing new ones. 4) Payment of government subsidies on solar projects as well as risk of curtailment, which could hinder downstream-project returns. 5) A macroeconomic slowdown, especially from prolonged Covid-19 impact in China and internationally.



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## Companies mentioned

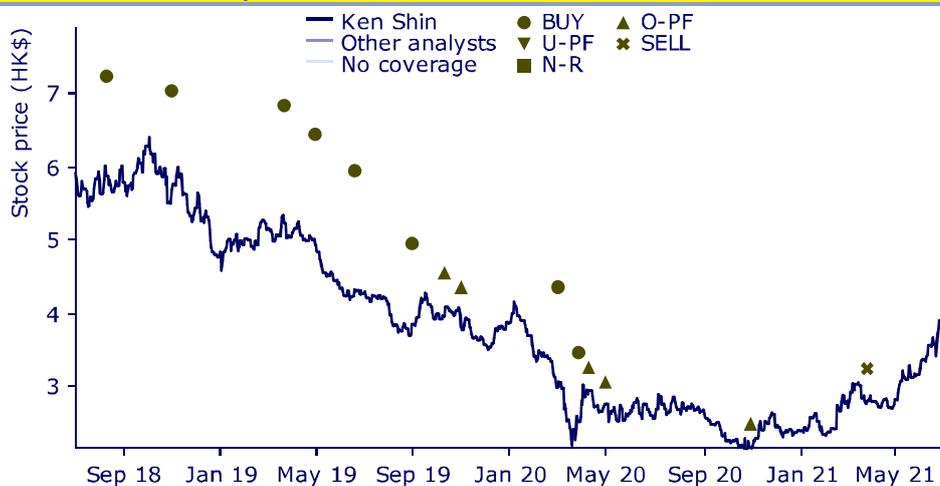
Ancai (N-R)  
 Canadian Solar Energy (N-R)  
 Changli Glass (N-R)  
 Changzhou Almaden (N-R)  
 CNBM Group (N-R)  
 CSG - A (N-R)  
 Flat Glass (6865 HK - HK\$32.00 - BUY)  
 Fuzhou Xinfuxing (N-R)  
 Gangyue (N-R)  
 Hainan Development (N-R)  
 Hebang Group (N-R)  
 Henan Sikeda (N-R)  
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 Huamei New Material (N-R)  
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 JinkoSolar (N-R)  
 Jinxin Solar (N-R)  
 Juye Hongsheng (N-R)  
 Kibing (N-R)  
 Longi (601012 CH - RMB88.84 - BUY)  
 Nantong Deli (N-R)  
 Nantong Taide (N-R)  
 PetroChina (857 HK - HK\$3.78 - SELL)  
 Qinghai Guangke (N-R)  
 Risen (N-R)  
 Rishengda Solar (N-R)  
 Shengshi New Energy (N-R)  
 Sulate Solar (N-R)  
 Taiwan Glass (N-R)  
 Tuori New Energy (N-R)  
 Wuhan Liande (N-R)  
 Xinyi Energy (N-R)  
 Xinyi Solar (968 HK - HK\$16.76 - BUY)  
 Yanlongji (N-R)  
 Yijun Yaoneng (N-R)  
 Yuanzhou Solar Glass (N-R)

## Analyst certification

The analyst(s) of this report hereby certify that the views expressed in this research report accurately reflect my/our own personal views about the securities and/or the issuers and that no part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendation or views contained in this research report.

### Important disclosures

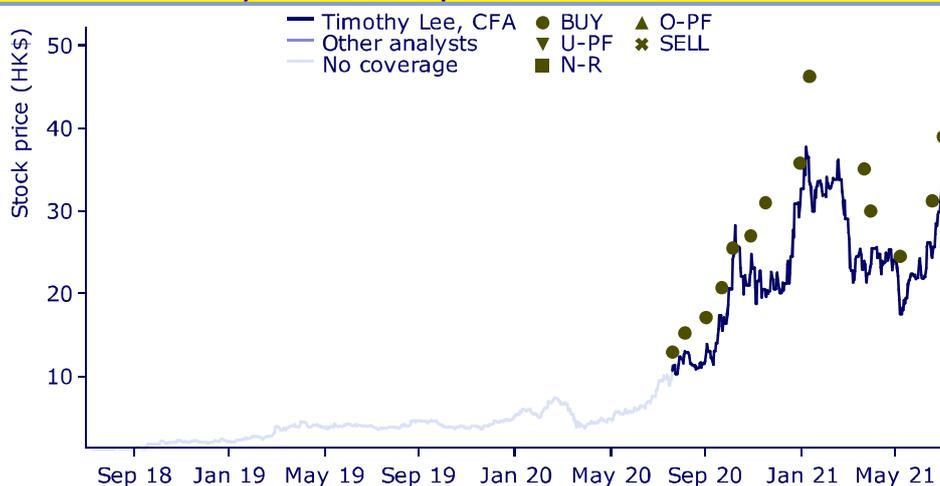
#### Recommendation history of PetroChina Co Ltd 857 HK



Date	Rec	Target	Date	Rec	Target
26 Mar 2021	SELL	3.25	10 Oct 2019	O-PF	4.56*
30 Oct 2020	O-PF	2.50	30 Aug 2019	BUY	4.95*
30 Apr 2020	O-PF	3.07*	19 Jun 2019	BUY	5.94*
09 Apr 2020	O-PF	3.27*	30 Apr 2019	BUY	6.44*
27 Mar 2020	BUY	3.47*	22 Mar 2019	BUY	6.84*
01 Mar 2020	BUY	4.36*	31 Oct 2018	BUY	7.03*
31 Oct 2019	O-PF	4.36*	10 Aug 2018	BUY	7.23*

Source: CLSA; \* Adjusted for corporate action

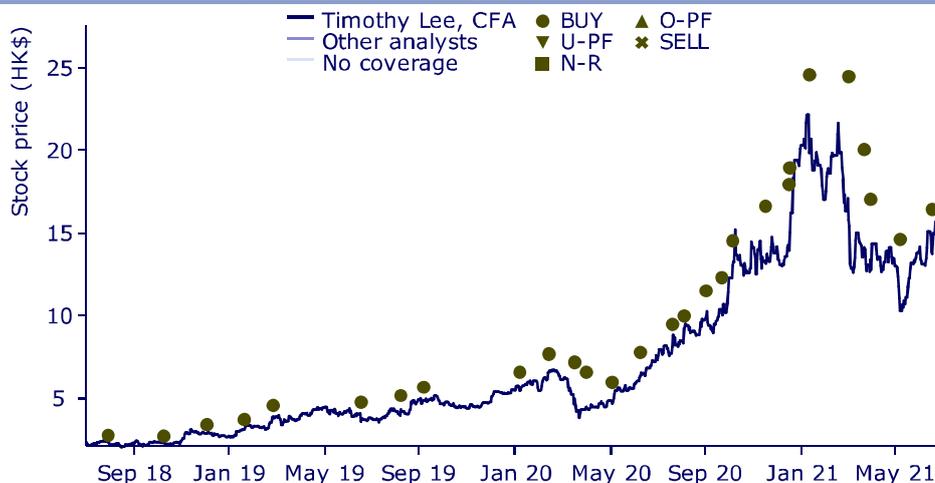
#### Recommendation history of Flat Glass Group Co Ltd 6865 HK



Date	Rec	Target	Date	Rec	Target
LATEST	BUY	39.00	16 Nov 2020	BUY	31.00
17 Jun 2021	BUY	31.20	28 Oct 2020	BUY	27.00
07 May 2021	BUY	24.50	05 Oct 2020	BUY	25.50
30 Mar 2021	BUY	30.00	21 Sep 2020	BUY	20.70
22 Mar 2021	BUY	35.10	01 Sep 2020	BUY	17.10
11 Jan 2021	BUY	46.30	05 Aug 2020	BUY	15.20
30 Dec 2020	BUY	35.80	20 Jul 2020	BUY	12.90

Source: CLSA

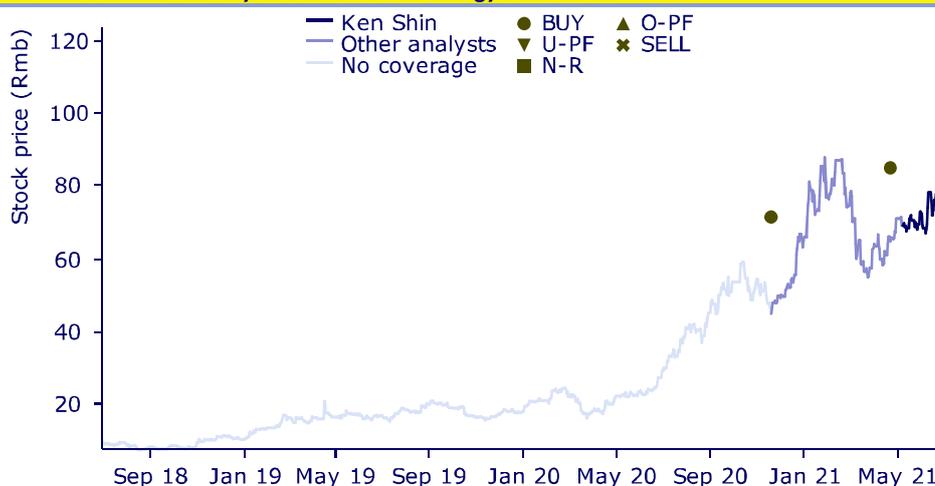
**Recommendation history of Xinyi Solar Holdings Ltd 968 HK**



Date	Rec	Target	Date	Rec	Target
LATEST	BUY	20.00	09 Jun 2020	BUY	7.80
17 Jun 2021	BUY	16.40	04 May 2020	BUY	6.00
07 May 2021	BUY	14.60	01 Apr 2020	BUY	6.60
30 Mar 2021	BUY	17.00	17 Mar 2020	BUY	7.20
22 Mar 2021	BUY	20.00	13 Feb 2020	BUY	7.70
02 Mar 2021	BUY	24.40	07 Jan 2020	BUY	6.60
11 Jan 2021	BUY	24.50	06 Sep 2019	BUY	5.70
17 Dec 2020	BUY	18.90	08 Aug 2019	BUY	5.20
16 Dec 2020	BUY	17.90	18 Jun 2019	BUY	4.80
16 Nov 2020	BUY	16.60	26 Feb 2019	BUY	4.60
05 Oct 2020	BUY	14.50	20 Jan 2019	BUY	3.75
21 Sep 2020	BUY	12.30	03 Dec 2018	BUY	3.45
01 Sep 2020	BUY	11.50	09 Oct 2018	BUY	2.75
04 Aug 2020	BUY	10.00	30 Jul 2018	BUY	2.80
20 Jul 2020	BUY	9.50			

Source: CLSA

**Recommendation history of LONGi Green Energy 601012 CH**



Date	Rec	Target	Date	Rec	Target
30 Jun 2021	BUY	110.00	18 Nov 2020	BUY	71.43*
22 Apr 2021	BUY	85.00*			

Source: CLSA; \* Adjusted for corporate action

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Ticker	Stock Name	Date expected	Confirmed/estimated	Reporting period	Latest year end	CLSA Rec	Ccy	Net Income (LC'm)		CLSA vs CONS(%)	Est. YoY (%)	Analyst
								CLSA	CONS			
<b>Internet: Elinor Leung/Sally Chan</b>												
WUBA US	58.com	#N/A	#N/A	#N/A	12/2019	#N/A	CNY	n.a.	n.a.	n.a.	n.a.	0
BABA US	Alibaba	08/19/2021	Estimated	Q1 2021	03/2021	BUY	CNY	112,397	174,332	64.5	(25.2)	Elinor Leung, CFA
ATHM US	Autohome	08/11/2021	Estimated	Q2 2021	12/2020	U-PF	CNY	3,494	3,746	93.3	2.6	Elinor Leung, CFA
BIDU US	Baidu	07/29/2021	Estimated	Q2 2021	12/2020	BUY	CNY	38,495	21,762	176.9	71.3	Elinor Leung, CFA
772 HK	China Literature	08/16/2021	Estimated	H1 2021	12/2020	O-PF	CNY	1,986	1,341	148.1	n.a.	Elinor Leung, CFA
JD US	JD.com	08/18/2021	Estimated	Q2 2021	12/2020	BUY	CNY	9,987	17,011	58.7	(79.8)	Elinor Leung, CFA
NTES US	NetEase	08/11/2021	Estimated	Q2 2021	12/2020	BUY	CNY	15,151	18,526	81.8	25.6	Elinor Leung, CFA
PDD US	Pinduoduo	08/26/2021	Estimated	Q2 2021	12/2020	BUY	CNY	(12,687)	(4,619)	274.7	n.a.	Elinor Leung, CFA
SINA US	Sina	#N/A	#N/A	#N/A	12/2019	#N/A	USD	n.a.	n.a.	n.a.	n.a.	0
700 HK	Tencent	08/18/2021	Estimated	Q2 2021	12/2020	BUY	CNY	137,778	143,492	96.0	(13.8)	Elinor Leung, CFA
TCOM US	Trip.com	09/01/2021	Estimated	Q2 2021	12/2020	BUY	CNY	3,438	9,576	35.9	n.a.	Elinor Leung, CFA
WB US	Weibo	08/11/2021	Estimated	Q2 2021	12/2020	BUY	USD	469	616	76.2	49.8	Elinor Leung, CFA
1810 HK	Xiaomi	08/25/2021	Estimated	Q2 2021	12/2020	BUY	CNY	25,568	19,071	134.1	25.6	Elinor Leung, CFA
IQ US	iQIYI	08/03/2021	Estimated	Q2 2021	12/2020	O-PF	CNY	(5,716)	(6,029)	94.8	n.a.	Elinor Leung, CFA
BZUN US	Baozun	08/25/2021	Estimated	Q2 2021	12/2020	BUY	CNY	516	627	82.3	21.1	Jamie Chan, CFA
HUYA US	Huya	08/17/2021	Estimated	Q2 2021	12/2020	U-PF	CNY	425	807	52.7	(51.9)	Jamie Chan, CFA
MOMO US	Momo	08/25/2021	Estimated	Q2 2021	12/2020	#N/A	USD	n.a.	n.a.	n.a.	n.a.	0
780 HK	Tongcheng-Elong	08/27/2021	Estimated	Q2 2021	12/2020	O-PF	CNY	865	1,569	55.1	163.9	Jamie Chan, CFA
VIPS US	Vipshop	08/16/2021	Estimated	Q2 2021	12/2020	O-PF	CNY	5,747	7,660	75.0	(2.7)	Jamie Chan, CFA
2400 HK	XD	#N/A	#N/A	#N/A	12/2020	#N/A	CNY	n.a.	n.a.	n.a.	n.a.	0
YY US	JOYY Inc	08/18/2021	Estimated	Q2 2021	12/2020	BUY	USD	(245)	150	(164.0)	n.a.	Jamie Chan, CFA
<b>Consumer staples: Terrance Liu</b>												
168 HK	Tsingtao	08/31/2021	Estimated	Q2 2021	12/2020	BUY	CNY	2,793	2,680	104.2	26.9	Terrance Liu, CFA
600519 CH	Kweichow Moutai	08/05/2021	Estimated	Q2 2021	12/2020	O-PF	CNY	54,379	53,712	101.2	16.5	Terrance Liu, CFA
000568 CH	Luzhou Laojiao	09/02/2021	Estimated	Q2 2021	12/2020	O-PF	CNY	7,573	7,510	100.8	25.7	Terrance Liu, CFA
600779 CH	Swellfun	07/28/2021	Estimated	Q2 2021	12/2020	O-PF	CNY	1,002	1,078	93.0	37.0	Terrance Liu, CFA
600600 CH	Tsingtao - A	08/31/2021	Estimated	Q2 2021	12/2020	SELL	CNY	2,793	2,680	104.2	26.9	Terrance Liu, CFA
000858 CH	Wuliangye Yibin	08/27/2021	Estimated	Q2 2021	12/2020	O-PF	CNY	24,632	24,362	101.1	23.4	Terrance Liu, CFA
002304 CH	Yanghe	08/30/2021	Estimated	Q2 2021	12/2020	U-PF	CNY	7,513	8,199	91.6	0.4	Terrance Liu, CFA
6186 HK	China Feihe	08/24/2021	Estimated	Q2 2021	12/2020	BUY	CNY	7,554	7,554	100.0	1.6	Terrance Liu, CFA
1112 HK	H&H	08/24/2021	Estimated	H1 2021	12/2020	BUY	CNY	1,453	1,318	110.2	27.8	Terrance Liu, CFA
2319 HK	Mengniu Dairy	09/01/2021	Estimated	H1 2021	12/2020	BUY	CNY	5,641	5,187	108.7	60.0	Terrance Liu, CFA
322 HK	Tingyi	08/30/2021	Estimated	H1 2021	12/2020	BUY	CNY	4,094	3,867	105.9	0.8	Terrance Liu, CFA
220 HK	Uni-President China	08/10/2021	Estimated	H1 2021	12/2020	BUY	CNY	1,933	1,702	113.6	18.9	Terrance Liu, CFA
151 HK	Want Want	11/23/2021	Estimated	H1 2021	03/2021	O-PF	CNY	4,454	4,236	105.1	6.7	Terrance Liu, CFA
1230 HK	Yashili	09/01/2021	Estimated	H1 2021	12/2020	BUY	CNY	226	151	149.7	119.2	Terrance Liu, CFA
1458 HK	Zhou Hei Ya	08/31/2021	Estimated	H1 2021	12/2020	BUY	CNY	498	513	97.0	229.2	Terrance Liu, CFA
603517 CH	Juwei Food	08/25/2021	Estimated	Q2 2021	12/2020	SELL	CNY	1,181	1,021	115.7	49.2	Terrance Liu, CFA
600887 CH	Yili	08/27/2021	Estimated	Q2 2021	12/2020	BUY	CNY	9,119	8,595	106.1	28.8	Terrance Liu, CFA
345 HK	Vitasoy	11/25/2021	Estimated	H1 2021	03/2021	O-PF	HKD	763	746	102.2	19.7	Terrance Liu, CFA
291 HK	CR Beer	08/13/2021	Estimated	H1 2021	12/2020	U-PF	CNY	3,563	3,383	105.3	70.2	Terrance Liu, CFA
1117 HK	China Modern Dairy	08/30/2021	Estimated	H1 2021	12/2020	BUY	CNY	1,102	963	114.5	43.1	Terrance Liu, CFA
<b>Consumer Discretionary: Dylan Chu</b>												
3306 HK	JNBY Design	09/01/2021	Estimated	FY 2021	06/2020	BUY	CNY	471	480	98.1	35.7	Terrance Liu, CFA
2313 HK	Shenzhen	08/30/2021	Estimated	H1 2021	12/2020	BUY	CNY	6,561	6,424	102.1	28.6	Casey Zheng
551 HK	Yue Yuen	08/06/2021	Estimated	H1 2021	12/2020	O-PF	USD	216	310	69.6	n.a.	Terrance Liu, CFA
973 HK	L'Occitane	06/28/2021	Confirmed	FY 2020	03/2020	BUY	EUR	108	121	89.8	(6.9)	Terrance Liu, CFA
000651 CH	Gree Electric App	08/27/2021	Estimated	Q2 2021	12/2020	#N/A	CNY	n.a.	n.a.	n.a.	n.a.	0
600690 CH	Haier	08/27/2021	Estimated	H1 2021	12/2020	#N/A	CNY	n.a.	n.a.	n.a.	n.a.	0
000333 CH	Midea	08/27/2021	Estimated	Q2 2021	12/2020	#N/A	CNY	n.a.	n.a.	n.a.	n.a.	0
002035 CH	Vatti	09/01/2021	Estimated	Q2 2021	12/2020	#N/A	CNY	n.a.	n.a.	n.a.	n.a.	0
1169 HK	Haier Electronics	#N/A	#N/A	#N/A	12/2019	#N/A	CNY	n.a.	n.a.	n.a.	n.a.	0
603868 CH	Flyco	08/19/2021	Estimated	Q2 2021	12/2020	#N/A	CNY	n.a.	n.a.	n.a.	n.a.	0
002242 CH	Joyoung	08/13/2021	Estimated	Q2 2021	12/2020	#N/A	CNY	n.a.	n.a.	n.a.	n.a.	0
603515 CH	Opplle	08/20/2021	Estimated	Q2 2021	12/2020	#N/A	CNY	n.a.	n.a.	n.a.	n.a.	0
002508 CH	Robam Appliances	07/29/2021	Estimated	Q2 2021	12/2020	#N/A	CNY	n.a.	n.a.	n.a.	n.a.	0
002032 CH	Supor	09/02/2021	Estimated	Q2 2021	12/2020	#N/A	CNY	n.a.	n.a.	n.a.	n.a.	0
2020 HK	Anta Sports	08/30/2021	Estimated	H1 2021	12/2020	BUY	CNY	7,834	7,928	98.8	56.0	Casey Zheng
3331 HK	Vinda	07/21/2021	Estimated	H1 2021	12/2020	BUY	HKD	2,167	2,150	100.8	15.2	Terrance Liu, CFA
1929 HK	Chow Tai Fook	12/02/2021	Estimated	H1 2021	03/2021	BUY	HKD	7,286	6,583	110.7	8.9	Joanne Lau
1913 HK	Prada	08/04/2021	Estimated	H1 2021	12/2020	U-PF	EUR	207	195	106.4	n.a.	Terrance Liu, CFA
1910 HK	Samsonite	08/25/2021	Estimated	Q2 2021	12/2020	O-PF	USD	50	31	161.0	n.a.	Terrance Liu, CFA
2331 HK	Li Ning	08/12/2021	Estimated	H1 2021	12/2020	O-PF	CNY	2,683	2,439	110.0	55.2	Casey Zheng
6808 HK	Sun Art	08/11/2021	Estimated	H1 2021	03/2021	U-PF	CNY	2,857	n.a.	n.a.	27.4	Terrance Liu, CFA
1212 HK	Lifestyle	08/16/2021	Estimated	H1 2021	12/2020	#N/A	HKD	n.a.	n.a.	n.a.	n.a.	0
178 HK	Sa Sa	11/25/2021	Estimated	H1 2021	03/2021	#N/A	HKD	n.a.	n.a.	n.a.	n.a.	0
<b>Hotels &amp; Leisure: Jonathan Galligan</b>												
1992 HK	Fosun Tourism	08/23/2021	Estimated	H1 2021	12/2020	O-PF	CNY	(1,034)	(1,163)	88.9	n.a.	Jeffrey Kiang
27 HK	Galaxy Entertainment	08/18/2021	Estimated	H1 2021	12/2020	O-PF	HKD	2,662	4,920	54.1	n.a.	Jonathan Galligan
2282 HK	MGM China	08/05/2021	Estimated	H1 2021	12/2020	O-PF	HKD	(1,804)	(902)	200.0	n.a.	Jonathan Galligan
MLCO US	Melco Resorts & Ent	07/28/2021	Estimated	Q2 2021	12/2020	O-PF	USD	(357)	(395)	90.5	n.a.	Jonathan Galligan
880 HK	SJM	08/03/2021	Estimated	H1 2021	12/2020	O-PF	HKD	(2,791)	(1,274)	219.2	n.a.	Jonathan Galligan
1928 HK	Sands China	08/06/2021	Estimated	H1 2021	12/2020	O-PF	USD	242	325	74.4	n.a.	Jonathan Galligan
1128 HK	Wynn Macau	07/29/2021	Estimated	H1 2021	12/2020	O-PF	HKD	(1,841)	(1,271)	144.8	n.a.	Jonathan Galligan
2255 HK	Haichang	09/01/2021	Estimated	H1 2021	12/2020	#N/A	CNY	n.a.	n.a.	n.a.	n.a.	0
300144 CH	Songcheng	08/26/2021	Estimated	Q2 2021	12/2020	#N/A	CNY	n.a.	n.a.	n.a.	n.a.	0
601888 CH	CTG Duty Free	09/01/2021	Estimated	Q2 2021	12/2020	U-PF	CNY	10,433	11,335	92.0	70.6	Terrance Liu, CFA
HTHT US	Huazhu	08/18/2021	Estimated	Q2 2021	12/2020	#N/A	CNY	n.a.	n.a.	n.a.	n.a.	0
600258 CH	BTG Hotels	09/01/2021	Estimated	Q2 2021	12/2020	#N/A	CNY	n.a.	n.a.	n.a.	n.a.	0
GHG US	GreenTree	08/13/2021	Estimated	Q2 2021	12/2020	#N/A	CNY	n.a.	n.a.	n.a.	n.a.	0
600754 CH	Jinjiang Hotels - A	08/30/2021	Estimated	Q2 2021	12/2020	#N/A	CNY	n.a.	n.a.	n.a.	n.a.	0
<b>Utilities/Power Equipment: Shantnu Phutela/ Johnny Lau</b>												
601991 CH	Datang Power - A	08/27/2021	Estimated	Q2 2021	12/2020	#N/A	CNY	n.a.	n.a.	n.a.	n.a.	0
1257 HK	CE Greentech	08/10/2021	Estimated	H1 2021	12/2020	#N/A	HKD	n.a.	n.a.	n.a.	n.a.	0
836 HK	CR Power	#N/A	#N/A	#N/A	12/2020	BUY	HKD	9,229	9,588	96.3	21.7	Shantnu Phutela
2380 HK	China Power	08/26/2021	Estimated	H1 2021	12/2020	#N/A	CNY	n.a.	n.a.	n.a.	n.a.	0
991 HK	Datang Power	08/27/2021	Estimated	H1 2021	12/2020	#N/A	CNY	n.a.	n.a.	n.a.	n.a.	0
257 HK	Everbright	#N/A	#N/A	#N/A	12/2020	#N/A	HKD	n.a.	n.a.	n.a.	n.a.	0
816 HK	Huadian Fuxin	#N/A	#N/A	#N/A	12/2019	#N/A	CNY	n.a.	n.a.	n.a.	n.a.	0
1071 HK	Huadian Power	08/31/2021	Estimated	H1 2021	12/2020	#N/A	CNY	n.a.	n.a.	n.a.	n.a.	0
902 HK	Huaneng Power	08/04/2021	Estimated	H1 2021	12/2020	U-PF	CNY	3,392	6,460	52.5	458.5	Shantnu Phutela
916 HK	Longyuan Power	08/24/2021	Estimated	H1 2021	12/2020	O-PF	CNY	4,944	5,729			

Ticker	Stock Name	Date expected	Confirmed/estimated	Reporting period	Latest year end	CLSA Rec	Ccy	Net Income (LC'm)		CLSA vs CONS(%)	Est. YoY (%)	Analyst
								CLSA	CONS			
<b>Healthcare: David Li/Tony Ren</b>												
1530 HK	3SBio	08/23/2021	Estimated	H1 2021	12/2020	BUY	CNY	1,330	1,343	99.0	15.8	Tony Ren, CFA
300015 CH	Aier Eye Hospital	08/23/2021	Estimated	Q2 2021	12/2020	BUY	CNY	2,339	2,360	99.1	35.7	John Yung, CFA
9966 HK	Alphamab	#N/A	#N/A	#N/A	12/2020	BUY	CNY	(815)	(718)	113.5	n.a.	Tony Ren, CFA
6160 HK	BeiGene	08/11/2021	Estimated	Q2 2021	12/2020	U-PF	USD	(752)	(1,051)	71.5	n.a.	Tony Ren, CFA
3320 HK	China Resources Pharma	#N/A	#N/A	#N/A	12/2020	BUY	HKD	3,790	3,855	98.3	7.7	Tony Ren, CFA
1093 HK	CSPC Pharma	08/24/2021	Estimated	H1 2021	12/2020	BUY	CNY	4,756	5,337	89.1	(0.2)	John Yung, CFA
6185 HK	Cansino Bio	#N/A	#N/A	#N/A	12/2020	O-PF	CNY	7,771	5,944	130.7	n.a.	Tony Ren, CFA
1763 HK	China Isotope	08/27/2021	Estimated	H1 2021	12/2020	O-PF	CNY	428	383	111.8	18.6	Tony Ren, CFA
000423 CH	Dong-E-E-Jiao	08/18/2021	Estimated	Q2 2021	12/2020	SELL	CNY	690	1,000	69.0	2,492.7	Tony Ren, CFA
2196 HK	Fosun Pharma	08/31/2021	Estimated	Q2 2021	12/2020	BUY	CNY	4,376	4,376	100.0	19.5	John Yung, CFA
1521 HK	Frontage	08/24/2021	Estimated	H1 2021	12/2020	O-PF	USD	30	27	110.8	27.6	Tony Ren, CFA
3692 HK	Hansoh	09/02/2021	Estimated	H1 2021	12/2020	BUY	CNY	3,393	3,383	100.3	32.1	John Yung, CFA
600276 CH	Hengrui Medicine	09/02/2021	Estimated	Q2 2021	12/2020	O-PF	CNY	8,518	7,808	109.1	26.8	Tony Ren, CFA
2552 HK	Hua Medicine	08/19/2021	Estimated	H1 2021	12/2020	BUY	CNY	(324)	(475)	68.2	n.a.	Tony Ren, CFA
6819 HK	IntelliCentrics	#N/A	#N/A	#N/A	06/2020	#N/A	USD	n.a.	n.a.	n.a.	n.a.	0
1951 HK	Jinxin	08/23/2021	Estimated	H1 2021	12/2020	BUY	CNY	405	405	100.0	61.1	John Yung, CFA
3759 HK	Pharmaron	09/01/2021	Estimated	Q2 2021	12/2020	BUY	CNY	1,432	1,450	98.8	22.1	John Yung, CFA
601607 CH	SH Pharma - A	09/02/2021	Estimated	Q2 2021	12/2020	SELL	CNY	5,312	5,186	102.4	18.1	John Yung, CFA
2607 HK	Shanghai Pharma	09/02/2021	Estimated	#N/A		BUY	CNY	#VALUE!	#VALUE!	n.a.	#VALUE!	John Yung, CFA
1177 HK	Sino Biopharm	08/25/2021	Estimated	Q2 2021	12/2020	O-PF	CNY	4,129	4,290	96.3	29.3	Tony Ren, CFA
1099 HK	Sinopharm	08/20/2021	Estimated	H1 2021	12/2020	BUY	CNY	9,050	8,161	110.9	25.9	John Yung, CFA
2359 HK	WuXi AppTec	08/24/2021	Estimated	Q2 2021	12/2020	BUY	CNY	4,190	4,196	99.8	39.5	Mengmeng Xi
2269 HK	Wuxi Bio	08/23/2021	Estimated	H1 2021	12/2020	BUY	CNY	2,412	2,537	95.1	42.5	Mengmeng Xi
300122 CH	Zhifei Bio	08/17/2021	Estimated	Q2 2021	12/2020	O-PF	CNY	13,636	4,665	292.3	270.1	Tony Ren, CFA
HCM US	Hutchison Chi-Med - US	08/03/2021	Estimated	Q2 2021	12/2020	BUY	USD	(144)	(169)	85.1	n.a.	Tony Ren, CFA
<b>Small &amp; Mid Caps: Timothy Lee/Alec So</b>												
2255 HK	Haichang	09/01/2021	Estimated	H1 2021	12/2020	#N/A	CNY	n.a.	n.a.	n.a.	n.a.	0
300144 CH	Songcheng	08/26/2021	Estimated	Q2 2021	12/2020	#N/A	CNY	n.a.	n.a.	n.a.	n.a.	0
2128 HK	Lesso	08/24/2021	Estimated	H1 2021	12/2020	BUY	CNY	4,142	4,351	95.2	10.4	Timothy Lee, CFA
6098 HK	Country Garden Services	08/26/2021	Estimated	H1 2021	12/2020	BUY	CNY	4,139	4,081	101.4	54.1	Alec So, CFA
3319 HK	A-Living	08/11/2021	Estimated	H1 2021	12/2020	BUY	CNY	2,434	2,390	101.8	38.7	Alec So, CFA
2669 HK	COPL	08/25/2021	Estimated	H1 2021	12/2020	BUY	HKD	884	909	97.2	26.3	Alec So, CFA
2869 HK	Greentown Service	08/20/2021	Estimated	H1 2021	12/2020	BUY	CNY	970	964	100.6	36.5	Alec So, CFA
6049 HK	Poly Property	#N/A	#N/A	#N/A	12/2020	O-PF	CNY	848	862	98.4	25.9	Alec So, CFA
2168 HK	Kaisa Prosperity	08/25/2021	Estimated	H1 2021	12/2020	BUY	CNY	333	349	95.4	50.2	Alec So, CFA
268 HK	Kingdee Software	08/18/2021	Estimated	H1 2021	12/2020	BUY	CNY	(347)	(196)	177.0	n.a.	Alec So, CFA
696 HK	TravelSky	09/01/2021	Estimated	Q2 2021	12/2020	O-PF	CNY	1,761	2,121	83.0	385.4	Alec So, CFA
600588 CH	Yonyou	08/23/2021	Estimated	Q2 2021	12/2020	BUY	CNY	1,321	1,101	120.0	33.6	Alec So, CFA
3606 HK	Fuyao Glass	08/20/2021	Estimated	H1 2021	12/2020	O-PF	CNY	3,999	3,999	100.0	53.8	Timothy Lee, CFA
425 HK	Minth	08/24/2021	Estimated	H1 2021	12/2020	BUY	CNY	1,831	1,836	99.7	28.3	Timothy Lee, CFA
600660 CH	Fuyao Glass - A	08/20/2021	Estimated	Q2 2021	12/2020	SELL	CNY	3,999	3,998	100.0	53.8	Timothy Lee, CFA
1316 HK	Nexteer	08/17/2021	Confirmed	H1 2021	12/2020	BUY	USD	210	246	85.3	79.7	Timothy Lee, CFA
1882 HK	Haitian	08/23/2021	Estimated	H1 2021	12/2020	O-PF	CNY	2,784	2,798	99.5	16.8	Timothy Lee, CFA
1999 HK	Man Wah	11/17/2021	Estimated	H1 2021	03/2021	BUY	HKD	2,579	2,422	106.5	34.0	Timothy Lee, CFA
2180 HK	Manpower China	09/02/2021	Estimated	H1 2021	12/2020	BUY	CNY	188	169	111.5	37.9	Timothy Lee, CFA
002572 CH	Suofeiya Home	09/02/2021	Estimated	Q2 2021	12/2020	BUY	CNY	1,390	1,412	98.5	16.6	Timothy Lee, CFA
669 HK	Techtronic	08/18/2021	Estimated	H1 2021	12/2020	BUY	USD	989	982	100.7	23.6	Timothy Lee, CFA
3877 HK	CSSC HK	08/30/2021	Estimated	H1 2021	12/2020	#N/A	HKD	n.a.	n.a.	n.a.	n.a.	0
868 HK	Xinyi Glass	08/03/2021	Estimated	H1 2021	12/2020	BUY	HKD	8,422	8,728	96.5	31.1	Timothy Lee, CFA
968 HK	Xinyi Solar	08/02/2021	Estimated	H1 2021	12/2020	BUY	HKD	6,082	5,976	101.8	31.9	Timothy Lee, CFA
2314 HK	Lee & Man Paper	08/03/2021	Estimated	H1 2021	12/2020	O-PF	HKD	4,214	3,868	108.9	11.7	Timothy Lee, CFA
2689 HK	Nine Dragons	09/28/2021	Estimated	FY 2021	06/2020	U-PF	CNY	6,534	6,775	96.4	47.2	Timothy Lee, CFA
1970 HK	IMAX China	#N/A	#N/A	#N/A	12/2019	#N/A	USD	n.a.	n.a.	n.a.	n.a.	0
698 HK	Tongda	08/24/2021	Estimated	H1 2021	12/2020	#N/A	HKD	n.a.	n.a.	n.a.	n.a.	0
303 HK	VTech	11/15/2021	Estimated	H1 2021	03/2021	O-PF	USD	212	212	100.0	(8.2)	Timothy Lee, CFA

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Ticker	Stock Name	Price		Upside (%)	MktCap (US\$m)		PE(x)		EPSg(%)		Yield(%)		PB(x)		CLSA Rec	
		2-Jul	Target		total	free-flow	21CL	22CL	21CL	22CL	21CL	22CL	21CL	22CL		
<b>Financial Services: Hans Fan/Lloyd Xu</b>																
1288 HK	ABC	HKD	#Calc	4.30	#VALUE!	#Calc	#Calc	3.7	3.5	5.3	6.1	8.5	8.9	0.4	0.4	BUY
3988 HK	Bank of China	HKD	#Calc	3.80	#VALUE!	#Calc	#Calc	3.6	3.4	5.0	5.5	8.9	9.3	0.4	0.3	BUY
3328 HK	Bocom	HKD	#Calc	5.10	#VALUE!	#Calc	#Calc	4.1	3.9	4.0	5.3	7.8	8.1	0.4	0.4	O-PF
939 HK	CCB	HKD	#Calc	8.70	#VALUE!	#Calc	#Calc	4.6	4.4	5.5	5.4	6.6	7.0	0.5	0.5	BUY
6881 HK	CGS	HKD	#Calc	5.10	#VALUE!	#Calc	#Calc	5.2	4.8	2.1	8.6	6.1	6.6	0.5	0.4	O-PF
3968 HK	CMB	HKD	#Calc	75.00	#VALUE!	#Calc	#Calc	12.8	11.0	14.9	16.4	2.6	3.0	1.9	1.7	BUY
1776 HK	GF Securities	HKD	#Calc	13.30	#VALUE!	#Calc	#Calc	6.2	5.5	4.0	12.3	5.7	6.3	0.6	0.6	BUY
2611 HK	Guotai Junan	HKD	#Calc	15.50	#VALUE!	#Calc	#Calc	6.1	5.4	27.4	12.2	6.6	7.4	0.6	0.6	BUY
6837 HK	Haitong	HKD	#Calc	9.50	#VALUE!	#Calc	#Calc	5.9	5.4	10.4	8.7	5.6	6.1	0.5	0.4	BUY
6886 HK	Huatai	HKD	#Calc	15.90	#VALUE!	#Calc	#Calc	5.9	5.2	31.9	12.6	5.1	5.7	0.6	0.6	BUY
1398 HK	ICBC	HKD	#Calc	7.50	#VALUE!	#Calc	#Calc	4.6	4.3	5.4	5.9	6.8	7.2	0.5	0.5	BUY
1988 HK	Minsheng	HKD	#Calc	4.80	#VALUE!	#Calc	#Calc	4.1	3.6	10.1	11.8	3.9	4.3	0.3	0.3	U-PF
1299 HK	AIA	HKD	#Calc	112.00	#VALUE!	#Calc	#Calc	25.5	24.2	(1.4)	5.9	1.5	1.6	2.2	2.1	O-PF
2601 HK	CPIC	HKD	#Calc	29.88	#VALUE!	#Calc	#Calc	8.6	7.5	(3.8)	14.8	6.2	7.1	0.8	0.8	O-PF
2628 HK	China Life	HKD	#Calc	17.00	#VALUE!	#Calc	#Calc	6.6	8.1	10.0	(17.9)	5.4	4.4	0.8	0.7	O-PF
1336 HK	New China Life	HKD	#Calc	32.90	#VALUE!	#Calc	#Calc	5.0	5.0	(0.1)	0.1	6.1	6.0	0.6	0.6	O-PF
1339 HK	PICC Group	HKD	#Calc	2.95	#VALUE!	#Calc	#Calc	5.3	4.7	n.a.	11.6	5.7	6.3	0.5	0.5	O-PF
2328 HK	PICC P&C	HKD	#Calc	8.70	#VALUE!	#Calc	#Calc	6.1	6.0	7.2	2.4	6.5	6.6	0.7	0.6	BUY
2318 HK	Ping An	HKD	#Calc	103.00	#VALUE!	#Calc	#Calc	8.0	6.8	5.0	18.6	3.7	4.2	1.4	1.2	BUY
966 HK	Taiping Insurance	HKD	#Calc	18.00	#VALUE!	#Calc	#Calc	4.5	4.3	64.2	4.7	3.0	3.0	0.4	0.4	BUY
6060 HK	ZhongAn	HKD	#Calc	n.a.	n.a.	#Calc	#Calc	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	#N/A
<b>China Property: Alvin Wong/Alvin Huang</b>																
884 HK	CIFI	HKD	#Calc	9.60	#VALUE!	#Calc	#Calc	4.6	3.9	12.5	18.0	7.6	9.0	1.0	0.9	BUY
817 HK	China Jinmao	HKD	#Calc	4.50	#VALUE!	#Calc	#Calc	3.7	3.2	7.7	18.0	10.0	11.8	0.6	0.5	BUY
HKL SP	Hongkong Land	USD	#Calc	5.65	#VALUE!	#Calc	#Calc	11.5	12.3	4.4	(6.6)	4.4	4.4	0.3	0.3	O-PF
14 HK	Hysan Dev	HKD	#Calc	35.40	#VALUE!	#Calc	#Calc	13.0	12.9	1.8	1.2	4.7	4.7	0.4	0.4	O-PF
1813 HK	KWG Property	HKD	#Calc	18.70	#VALUE!	#Calc	#Calc	3.8	3.2	14.3	20.9	11.8	14.2	0.6	0.5	BUY
683 HK	Kerry Properties	HKD	#Calc	29.50	#VALUE!	#Calc	#Calc	4.5	7.9	101.9	(43.9)	12.4	5.2	0.3	0.3	BUY
83 HK	Sino Land	HKD	#Calc	13.80	#VALUE!	#Calc	#Calc	9.1	12.2	105.6	(25.0)	4.5	4.5	0.6	0.6	O-PF
3383 HK	Agile	HKD	#Calc	14.30	#VALUE!	#Calc	#Calc	3.4	3.0	17.6	16.9	12.4	14.4	0.6	0.5	BUY
1113 HK	CK Asset	HKD	#Calc	50.40	#VALUE!	#Calc	#Calc	9.5	8.2	4.9	14.9	3.5	3.5	0.5	0.5	O-PF
1109 HK	CR Land	HKD	#Calc	50.00	#VALUE!	#Calc	#Calc	7.9	6.9	(9.3)	14.5	4.7	5.4	1.0	0.9	BUY
688 HK	Coli	HKD	#Calc	26.20	#VALUE!	#Calc	#Calc	4.3	3.8	8.5	11.1	7.1	7.8	0.5	0.5	BUY
2007 HK	Country Garden	HKD	#Calc	12.20	#VALUE!	#Calc	#Calc	4.4	3.8	17.6	15.3	6.9	8.0	0.8	0.7	BUY
2777 HK	Guangzhou R&F	HKD	#Calc	15.40	#VALUE!	#Calc	#Calc	3.0	2.7	88.9	13.3	13.3	15.0	0.3	0.3	BUY
101 HK	Hang Lung	HKD	#Calc	21.70	#VALUE!	#Calc	#Calc	20.0	19.5	n.a.	2.7	3.9	3.9	0.6	0.6	U-PF
12 HK	Henderson Land	HKD	#Calc	34.40	#VALUE!	#Calc	#Calc	14.6	14.3	(15.2)	2.1	4.7	4.7	0.5	0.5	U-PF
823 HK	Link Reit	HKD	#Calc	80.50	#VALUE!	#Calc	#Calc	26.5	25.6	1.0	3.5	3.8	3.9	1.0	1.0	O-PF
960 HK	Longfor	HKD	#Calc	58.00	#VALUE!	#Calc	#Calc	10.2	8.6	8.4	19.2	4.4	5.2	1.8	1.6	BUY
17 HK	New World Dev	HKD	#Calc	44.60	#VALUE!	#Calc	#Calc	13.7	13.6	16.9	0.6	5.0	5.0	0.5	0.5	O-PF
16 HK	SHKP	HKD	#Calc	108.30	#VALUE!	#Calc	#Calc	11.1	13.2	7.7	(16.1)	4.1	4.1	0.6	0.6	SELL
813 HK	Shimao Property	HKD	#Calc	33.40	#VALUE!	#Calc	#Calc	4.3	3.7	12.8	16.9	9.2	10.8	0.6	0.5	BUY
1972 HK	Swire Properties	HKD	#Calc	25.50	#VALUE!	#Calc	#Calc	18.5	17.4	(41.8)	6.4	3.9	3.9	0.5	0.5	U-PF
2202 HK	Vanke	HKD	#Calc	36.00	#VALUE!	#Calc	#Calc	5.4	5.2	4.5	5.9	6.4	6.8	0.9	0.8	BUY
1997 HK	Wharf Reic	HKD	#Calc	43.20	#VALUE!	#Calc	#Calc	18.5	18.3	(0.7)	1.1	3.4	3.5	0.7	0.7	U-PF
<b>Conglomerates: Jonathan Galligan</b>																
1 HK	CK Hutchison	HKD	#Calc	74.00	#VALUE!	#Calc	#Calc	7.4	6.7	59.7	9.9	4.2	4.7	0.4	0.4	BUY
142 HK	First Pacific	HKD	#Calc	3.80	#VALUE!	#Calc	#Calc	4.6	4.0	471.6	16.9	5.4	6.3	0.5	0.4	BUY
JCNC SP	Jardine C&C	SGD	#Calc	26.00	#VALUE!	#Calc	#Calc	9.9	8.6	49.3	15.6	4.0	4.7	0.8	0.8	BUY
JM SP	Jardine Matheson	USD	#Calc	70.00	#VALUE!	#Calc	#Calc	15.3	11.9	n.a.	28.4	2.9	3.3	0.6	0.6	O-PF
JS SP	Jardine Strategic	USD	#Calc	34.00	#VALUE!	#Calc	#Calc	14.3	11.1	n.a.	28.5	0.3	0.4	0.5	1.0	BUY
66 HK	MTR	HKD	#Calc	48.00	#VALUE!	#Calc	#Calc	46.6	21.9	n.a.	112.4	2.9	3.0	1.5	1.5	U-PF
19 HK	Swire Pacific	HKD	#Calc	73.00	#VALUE!	#Calc	#Calc	(111.7)	13.1	n.a.	n.a.	3.0	3.8	0.3	0.3	BUY
293 HK	Cathay Pacific	HKD	#Calc	8.30	#VALUE!	#Calc	#Calc	(2.9)	(28.2)	n.a.	n.a.	-	-	0.6	0.6	O-PF
392 HK	Beijing Ent	HKD	#Calc	46.00	#VALUE!	#Calc	#Calc	4.3	4.0	4.5	6.8	6.2	7.5	0.4	0.4	BUY
659 HK	NWS	HKD	#Calc	9.90	#VALUE!	#Calc	#Calc	15.4	7.6	743.5	103.1	7.6	8.2	0.7	0.7	BUY
<b>Oil &amp; Gas: Ken Shin</b>																
857 HK	PetroChina	HKD	#Calc	3.25	#VALUE!	#Calc	#Calc	15.5	13.9	83.6	11.6	3.2	3.6	0.4	0.4	SELL
386 HK	Sinopec	HKD	#Calc	5.50	#VALUE!	#Calc	#Calc	7.1	6.4	77.5	10.9	7.0	7.8	0.5	0.5	BUY
883 HK	CNOOC	HKD	#Calc	9.50	#VALUE!	#Calc	#Calc	5.6	6.0	136.3	(6.2)	3.6	3.3	0.7	0.6	O-PF
2883 HK	COSL	HKD	#Calc	n.a.	n.a.	#Calc	#Calc	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	#N/A
135 HK	Kunlun Energy	HKD	#Calc	n.a.	n.a.	#Calc	#Calc	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	#N/A
2883 HK	COSL	HKD	#Calc	n.a.	n.a.	#Calc	#Calc	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	#N/A
<b>Technology: Sebastian Hou/Marley Ngan/Alex Lin</b>																
002475 CH	Luxshare	CNY	#Calc	49.30	#VALUE!	#Calc	#Calc	31.2	24.2	26.2	28.8	0.6	1.0	8.0	6.3	BUY
300136 CH	Sunway Comm	CNY	#Calc	n.a.	n.a.	#Calc	#Calc	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	#N/A
300017 CH	Wangsu	CNY	#Calc	n.a.	n.a.	#Calc	#Calc	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	#N/A
300750 CH	CATL	CNY	#Calc	420.00	#VALUE!	#Calc	#Calc	108.5	80.5	66.6	34.9	0.0	0.0	14.2	12.3	O-PF
1675 HK	AsialInfo	HKD	#Calc	n.a.	n.a.	#Calc	#Calc	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	#N/A
354 HK	Chinasoft	HKD	#Calc	n.a.	n.a.	#Calc	#Calc	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	#N/A
002236 CH	Dahua Tech	CNY	#Calc	n.a.	n.a.	#Calc	#Calc	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	#N/A
002410 CH	Glodon	CNY	#Calc	n.a.	n.a.	#Calc	#Calc	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	#N/A
002008 CH	Han's Laser	CNY	#Calc	n.a.	n.a.	#Calc	#Calc	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	#N/A
002415 CH	Hikvision	CNY	#Calc	n.a.	n.a.	#Calc	#Calc	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	#N/A
300271 CH	Thunisoft	CNY	#Calc	n.a.	n.a.	#Calc	#Calc	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	#N/A
002439 CH	Venustech	CNY	#Calc	n.a.	n.a.	#Calc	#Calc	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	#N/A
002230 CH	iFlytek	CNY	#Calc	n.a.	n.a.	#Calc	#Calc	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	#N/A
522 HK	ASM Pacific	HKD	#Calc	n.a.	n.a.	#Calc	#Calc	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	#N/A
1347 HK	Hua Hong Semi	HKD	#Calc	n.a.	n.a.	#Calc	#Calc	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	#N/A
600584 CH	JCET	CNY	#Calc	n.a.	n.a.	#Calc	#Calc	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	#N/A
002185 CH	Tianshui Huatian	CNY	#Calc	n.a.	n.a.	#Calc	#Calc	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	#N/A
002156 CH	Tongfu Microelectronics	CNY	#Calc	n.a.	n.a.	#Calc	#Calc	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	#N/A
<b>Materials/Resources: Addison Dai</b>																
3323 HK	CNBM	HKD	#Calc	14.75	#VALUE!	#Calc	#Calc	3.9	3.6	40.3	9.3	8.2	8.9	0.5	0.5	BUY
1313 HK	CR Cement	HKD	#Calc	11.89												

Ticker	Stock Name	Price		Upside (%)	MktCap (US\$m)		PE(x)		EPSg(%)		Yield(%)		PB(x)		CLSA Rec
		2-Jul	Target		total	free-flow	21CL	22CL	21CL	22CL	21CL	22CL	21CL	22CL	
<b>Internet: Elinor Leung/Sally Chan</b>															
WUBA US	58.com	USD	#Calc	n.a.	n.a.	#Calc	#Calc	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	#N/A
BABA US	Alibaba	USD	#Calc	300.00	#VALUE!	#Calc	#Calc	28.2	38.1	3.5	(25.2)	-	-	4.4	3.9
ATHM US	Autohome	USD	#Calc	84.00	#VALUE!	#Calc	#Calc	15.8	14.6	1.3	8.0	1.3	1.4	2.7	2.3
BIDU US	Baidu	USD	#Calc	335.00	#VALUE!	#Calc	#Calc	11.3	19.8	65.8	(42.9)	-	-	1.7	1.5
772 HK	China Literature	HKD	#Calc	77.00	#VALUE!	#Calc	#Calc	53.5	40.9	n.a.	31.2	-	-	4.2	3.8
JD US	JD.com	USD	#Calc	110.00	#VALUE!	#Calc	#Calc	72.3	38.7	(79.8)	86.5	-	-	3.5	3.1
NTES US	NetEase	USD	#Calc	134.00	#VALUE!	#Calc	#Calc	32.8	28.2	25.6	16.2	0.9	1.1	5.2	4.4
PDD US	Pinduoduo	USD	#Calc	221.00	#VALUE!	#Calc	#Calc	(140.2)	226.9	n.a.	n.a.	-	-	18.2	16.8
SINA US	Sina	USD	#Calc	n.a.	n.a.	#Calc	#Calc	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	#N/A
700 HK	Tencent	HKD	#Calc	855.00	#VALUE!	#Calc	#Calc	35.6	31.2	9.9	14.8	0.2	0.2	5.7	4.8
TCOM US	Trip.com	USD	#Calc	50.00	#VALUE!	#Calc	#Calc	50.8	41.9	n.a.	21.4	-	-	1.6	1.5
WB US	Weibo	USD	#Calc	60.80	#VALUE!	#Calc	#Calc	23.9	18.3	49.4	30.6	-	-	3.3	2.7
1810 HK	Xiaomi	HKD	#Calc	34.00	#VALUE!	#Calc	#Calc	22.6	27.5	25.6	(17.5)	-	-	3.8	3.3
IQ US	iQIYI	USD	#Calc	16.00	#VALUE!	#Calc	#Calc	(12.9)	(30.1)	n.a.	n.a.	-	-	14.6	16.8
BZUN US	Baozun	USD	#Calc	43.00	#VALUE!	#Calc	#Calc	34.9	23.5	1.6	48.6	-	-	2.7	2.4
HUYA US	Huya	USD	#Calc	16.50	#VALUE!	#Calc	#Calc	31.8	17.3	(36.9)	83.8	-	-	2.5	2.2
MOMO US	Momo	USD	#Calc	n.a.	n.a.	#Calc	#Calc	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	#N/A
780 HK	Tongcheng-Elong	HKD	#Calc	21.00	#VALUE!	#Calc	#Calc	43.0	22.4	161.3	93.0	-	-	2.5	2.4
VIPS US	Vipshop	USD	#Calc	26.00	#VALUE!	#Calc	#Calc	14.7	11.9	6.9	23.4	-	-	2.9	2.3
2400 HK	XD	HKD	#Calc	n.a.	n.a.	#Calc	#Calc	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	#N/A
YY US	JOYY Inc	USD	#Calc	94.00	#VALUE!	#Calc	#Calc	49.8	18.3	n.a.	171.4	1.6	1.3	1.0	1.0
<b>Consumer staples: Terrance Liu</b>															
168 HK	Tsingtao	HKD	#Calc	92.00	#VALUE!	#Calc	#Calc	34.6	30.2	26.9	15.2	1.3	1.5	4.4	4.1
600519 CH	Kweichow Moutai	CNY	#Calc	2,343.00	#VALUE!	#Calc	#Calc	50.7	43.8	16.5	15.7	1.0	1.2	14.7	12.8
000568 CH	Luzhou Laojiao	CNY	#Calc	294.00	#VALUE!	#Calc	#Calc	48.3	38.3	25.7	26.3	1.3	1.8	14.2	12.8
600779 CH	Swellfun	CNY	#Calc	114.00	#VALUE!	#Calc	#Calc	61.5	45.9	37.0	33.8	1.5	2.0	28.2	26.6
600600 CH	Tsingtao - A	CNY	#Calc	76.47	#VALUE!	#Calc	#Calc	52.3	45.4	26.9	15.2	0.9	1.0	6.7	6.2
000858 CH	Wuliangye Yibin	CNY	#Calc	324.00	#VALUE!	#Calc	#Calc	47.2	38.9	23.4	21.3	1.1	1.4	11.9	10.5
002304 CH	Yanghe	CNY	#Calc	188.00	#VALUE!	#Calc	#Calc	40.8	34.9	0.4	16.8	1.5	1.8	7.4	6.9
6186 HK	China Feihe	HKD	#Calc	30.00	#VALUE!	#Calc	#Calc	19.9	16.3	(0.4)	23.0	1.8	2.6	6.5	5.3
1112 HK	H&H	HKD	#Calc	50.00	#VALUE!	#Calc	#Calc	11.2	9.4	27.7	20.0	4.9	6.4	2.4	2.2
2319 HK	Mengniu Dairy	HKD	#Calc	60.00	#VALUE!	#Calc	#Calc	26.7	22.0	60.1	22.0	1.1	3.0	4.0	3.5
322 HK	Tingyi	HKD	#Calc	18.84	#VALUE!	#Calc	#Calc	17.4	15.5	1.5	12.7	5.9	6.4	3.2	3.2
220 HK	Uni-President China	HKD	#Calc	11.50	#VALUE!	#Calc	#Calc	15.6	13.6	18.9	15.5	6.4	7.4	2.1	2.1
151 HK	Want Want	HKD	#Calc	6.20	#VALUE!	#Calc	#Calc	16.1	15.1	13.7	7.8	5.6	5.9	4.5	4.7
1230 HK	Yashili	HKD	#Calc	1.70	#VALUE!	#Calc	#Calc	12.6	9.3	119.2	36.3	-	-	0.5	0.5
1458 HK	Zhou Hei Ya	HKD	#Calc	12.20	#VALUE!	#Calc	#Calc	42.8	28.5	229.2	50.5	1.8	2.6	5.0	4.8
603517 CH	Juwei Food	CNY	#Calc	79.00	#VALUE!	#Calc	#Calc	40.1	35.1	49.2	14.3	1.3	1.6	8.5	7.7
600887 CH	Yili	CNY	#Calc	53.00	#VALUE!	#Calc	#Calc	25.2	21.1	28.1	19.1	2.8	3.3	6.9	6.3
345 HK	Vitasoy	HKD	#Calc	36.70	#VALUE!	#Calc	#Calc	49.6	41.4	17.8	19.7	1.3	1.6	9.2	8.4
291 HK	CR Beer	HKD	#Calc	64.20	#VALUE!	#Calc	#Calc	45.7	35.2	36.7	30.3	0.7	1.0	8.2	7.3
1117 HK	China Modern Dairy	HKD	#Calc	3.70	#VALUE!	#Calc	#Calc	8.3	6.4	41.4	30.1	2.4	3.1	1.0	0.9
<b>Consumer Discretionary: Dylan Chu</b>															
3306 HK	JNBY Design	HKD	#Calc	18.00	#VALUE!	#Calc	#Calc	13.7	11.4	35.7	21.1	5.5	6.6	3.9	3.6
2313 HK	Shenzhou	HKD	#Calc	192.00	#VALUE!	#Calc	#Calc	36.1	31.1	28.6	16.8	1.5	1.9	7.6	6.7
551 HK	Yue Yuen	HKD	#Calc	21.70	#VALUE!	#Calc	#Calc	18.3	12.3	n.a.	49.5	1.1	4.1	1.0	0.9
973 HK	L'Occitane	HKD	#Calc	32.20	#VALUE!	#Calc	#Calc	43.0	28.2	(6.9)	52.7	0.7	1.2	3.2	2.7
000651 CH	Gree Electric App	CNY	#Calc	n.a.	n.a.	#Calc	#Calc	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	#N/A
600690 CH	Haier	CNY	#Calc	n.a.	n.a.	#Calc	#Calc	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	#N/A
000333 CH	Midea	CNY	#Calc	n.a.	n.a.	#Calc	#Calc	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	#N/A
002035 CH	Vatti	CNY	#Calc	n.a.	n.a.	#Calc	#Calc	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	#N/A
1169 HK	Haier Electronics	HKD	#Calc	n.a.	n.a.	#Calc	#Calc	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	#N/A
603868 CH	Flyco	CNY	#Calc	n.a.	n.a.	#Calc	#Calc	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	#N/A
002242 CH	Joyoung	CNY	#Calc	n.a.	n.a.	#Calc	#Calc	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	#N/A
603515 CH	Oppl	CNY	#Calc	n.a.	n.a.	#Calc	#Calc	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	#N/A
002508 CH	Robam Appliances	CNY	#Calc	n.a.	n.a.	#Calc	#Calc	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	#N/A
002032 CH	Supor	CNY	#Calc	n.a.	n.a.	#Calc	#Calc	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	#N/A
2020 HK	Anta Sports	HKD	#Calc	172.00	#VALUE!	#Calc	#Calc	48.1	37.5	56.0	28.9	0.6	1.5	12.4	9.9
3331 HK	Vinda	HKD	#Calc	35.00	#VALUE!	#Calc	#Calc	13.9	13.0	15.2	6.9	2.2	2.3	2.3	2.0
1929 HK	Chow Tai Fook	HKD	#Calc	17.80	#VALUE!	#Calc	#Calc	24.0	22.1	130.6	8.9	1.7	3.6	5.2	4.6
1913 HK	Prada	HKD	#Calc	29.80	#VALUE!	#Calc	#Calc	77.4	61.6	n.a.	26.1	0.4	0.8	5.2	5.0
1910 HK	Samsonite	HKD	#Calc	15.20	#VALUE!	#Calc	#Calc	74.8	14.3	n.a.	425.8	-	2.9	4.7	3.5
2331 HK	Li Ning	HKD	#Calc	67.00	#VALUE!	#Calc	#Calc	60.4	45.8	55.2	32.6	0.7	0.9	14.8	12.1
6808 HK	Sun Art	HKD	#Calc	7.38	#VALUE!	#Calc	#Calc	21.0	16.5	(21.9)	27.4	2.2	2.8	1.8	1.7
1212 HK	Lifestyle	HKD	#Calc	n.a.	n.a.	#Calc	#Calc	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	#N/A
178 HK	Sa Sa	HKD	#Calc	n.a.	n.a.	#Calc	#Calc	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	#N/A
<b>Hotels &amp; Leisure: Jonathan Galligan</b>															
(* Announcement date of parent company is shown below)															
1992 HK	Fosun Tourism	HKD	#Calc	12.80	#VALUE!	#Calc	#Calc	(13.7)	58.0	n.a.	n.a.	0.3	0.5	3.5	3.3
27 HK	Galaxy Entertainment	HKD	#Calc	72.66	#VALUE!	#Calc	#Calc	100.7	29.7	n.a.	239.3	0.2	1.0	3.8	3.5
2282 HK	MGM China	HKD	#Calc	13.19	#VALUE!	#Calc	#Calc	(25.6)	34.5	n.a.	n.a.	-	0.9	14.4	11.1
MLCO US	Melco Resorts & Ent	USD	#Calc	20.37	#VALUE!	#Calc	#Calc	(22.4)	33.7	n.a.	n.a.	-	2.9	10.7	10.6
880 HK	SJM	HKD	#Calc	9.63	#VALUE!	#Calc	#Calc	(17.6)	83.9	n.a.	n.a.	-	0.6	2.3	2.2
1928 HK	Sands China	HKD	#Calc	38.62	#VALUE!	#Calc	#Calc	143.6	21.4	n.a.	572.8	1.5	3.7	21.0	17.5
1128 HK	Wynn Macau	HKD	#Calc	15.02	#VALUE!	#Calc	#Calc	(36.4)	27.2	n.a.	n.a.	-	6.0	(9.7)	(7.9)
2255 HK	Haichang	HKD	#Calc	n.a.	n.a.	#Calc	#Calc	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	#N/A
300144 CH	Songcheng	CNY	#Calc	n.a.	n.a.	#Calc	#Calc	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	#N/A
601888 CH	CTG Duty Free	CNY	#Calc	266.00	#VALUE!	#Calc	#Calc	55.7	47.0	70.6	18.5	1.1	1.3	20.3	16.9
HTHT US	Huazhu	USD	#Calc	n.a.	n.a.	#Calc	#Calc	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	#N/A
600258 CH	BTG Hotels	CNY	#Calc	n.a.	n.a.	#Calc	#Calc	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	#N/A
GHG US	GreenTree	USD	#Calc	n.a.	n.a.	#Calc	#Calc	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	#N/A
600754 CH	Jinjiang Hotels - A	CNY	#Calc	n.a.	n.a.	#Calc	#Calc	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	#N/A
<b>Utilities/Power Equipment: Shantnu Phutela/ Johnny Lau</b>															
601991 CH	Datang Power - A	CNY	#Calc	n.a.	n.a.	#Calc	#Calc	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	#N/A
1257 HK	CE Greentech	HKD	#Calc	n.a.	n.a.	#Calc	#Calc	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	#N/A
836 HK	CR Power	HKD	#Calc	14.50	#VALUE!	#Calc	#Calc	5.4	4.6	21.7	17.7	7.4	8.7	0.5	0.5
2380 HK	China Power	HKD	#Calc	n.a.	n.a.	#Calc	#Calc	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	#N/A
991 HK	Datang Power	HKD	#Calc	n.a.	n.a.	#Calc	#Calc	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	#N/A
257 HK	Everbright	HKD	#Calc	n.a.	n.a.	#Calc	#Calc	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	#N/A
816 HK	Huadian Fuxin	HKD	#Calc	n.a											

Ticker	Stock Name		Price		Upside (%)	MktCap (US\$m)		PE(x)		EPSg(%)		Yield(%)		PB(x)		CLSA Rec
			2-Jul	Target		total	free-flow	21CL	22CL	21CL	22CL	21CL	22CL	21CL	22CL	
<b>Healthcare: David Li/Tony Ren</b>																
1530 HK	3SBio	HKD	#Calc	11.87	#VALUE!	#Calc	#Calc	16.7	14.3	15.8	17.1	-	-	1.9	1.7	BUY
300015 CH	Aier Eye Hospital	CNY	#Calc	87.10	#VALUE!	#Calc	#Calc	149.6	116.8	35.7	28.0	0.2	0.3	30.8	26.4	BUY
9966 HK	Alphamab	HKD	#Calc	20.30	#VALUE!	#Calc	#Calc	(29.2)	(27.4)	n.a.	n.a.	-	-	4.7	5.7	BUY
6160 HK	BeiGene	HKD	#Calc	193.34	#VALUE!	#Calc	#Calc	(42.4)	(75.4)	n.a.	n.a.	-	-	4.9	5.4	U-PF
3320 HK	China Resources Pharma	HKD	#Calc	6.92	#VALUE!	#Calc	#Calc	8.6	7.9	7.7	9.8	2.3	2.5	0.7	0.7	BUY
1093 HK	CSPC Pharma	HKD	#Calc	11.95	#VALUE!	#Calc	#Calc	25.9	23.3	(0.2)	11.6	1.0	1.1	4.6	4.0	BUY
6185 HK	Cansino Bio	HKD	#Calc	310.00	#VALUE!	#Calc	#Calc	9.1	6.1	n.a.	49.1	-	-	5.1	2.8	O-PF
1763 HK	China Isotope	HKD	#Calc	22.33	#VALUE!	#Calc	#Calc	18.5	15.5	18.6	19.4	-	-	1.8	1.7	O-PF
000423 CH	Dong-E-E-Jiao	CNY	#Calc	24.93	#VALUE!	#Calc	#Calc	33.1	27.4	2,492.7	20.5	1.1	1.4	2.2	2.1	SELL
2196 HK	Fosun Pharma	HKD	#Calc	43.56	#VALUE!	#Calc	#Calc	28.7	25.8	19.5	11.8	1.0	1.2	3.1	2.9	BUY
1521 HK	Frontage	HKD	#Calc	4.60	#VALUE!	#Calc	#Calc	59.1	46.7	27.6	26.9	-	-	5.4	4.8	O-PF
3692 HK	Hansoh	HKD	#Calc	49.37	#VALUE!	#Calc	#Calc	47.4	37.3	32.1	27.5	0.4	0.5	7.8	6.7	BUY
600276 CH	Hengrui Medicine	CNY	#Calc	91.19	#VALUE!	#Calc	#Calc	44.7	35.0	26.8	27.9	0.2	0.3	9.8	7.8	O-PF
2552 HK	Hua Medicine	HKD	#Calc	10.10	#VALUE!	#Calc	#Calc	(10.9)	30.8	n.a.	n.a.	-	-	8.7	6.8	BUY
6819 HK	IntelliCentrics	HKD	#Calc	n.a.	n.a.	#Calc	#Calc	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	#N/A
1951 HK	Jinxin	HKD	#Calc	19.17	#VALUE!	#Calc	#Calc	88.2	66.0	61.1	34.2	0.3	0.5	4.7	4.5	BUY
3759 HK	Pharmaron	HKD	#Calc	165.87	#VALUE!	#Calc	#Calc	85.3	69.1	22.1	23.9	0.2	0.3	12.2	10.8	BUY
601607 CH	SH Pharma - A	CNY	#Calc	16.06	#VALUE!	#Calc	#Calc	11.5	10.3	18.1	11.1	2.7	3.0	1.2	1.1	SELL
2607 HK	Shanghai Pharma	HKD	#Calc	19.32	#VALUE!	#Calc	#Calc	7.6	6.9	18.1	11.1	4.0	4.4	0.8	0.8	BUY
1177 HK	Sino Biopharm	HKD	#Calc	11.26	#VALUE!	#Calc	#Calc	31.3	25.0	29.3	25.8	0.7	0.9	2.6	2.2	O-PF
1099 HK	Sinopharm	HKD	#Calc	28.18	#VALUE!	#Calc	#Calc	6.8	6.1	25.9	13.0	4.4	4.9	1.0	0.9	BUY
2359 HK	WuXi AppTec	HKD	#Calc	174.70	#VALUE!	#Calc	#Calc	77.4	56.0	39.5	38.7	0.3	0.3	9.2	8.4	BUY
2269 HK	Wuxi Bio	HKD	#Calc	106.16	#VALUE!	#Calc	#Calc	175.3	131.2	42.5	34.1	-	-	18.1	16.0	BUY
300122 CH	Zhifei Bio	CNY	#Calc	206.00	#VALUE!	#Calc	#Calc	21.7	14.3	270.1	51.6	0.0	0.0	14.3	7.8	O-PF
HCM US	Hutchison Chi-Med - US	USD	#Calc	36.20	#VALUE!	#Calc	#Calc	(33.3)	(90.4)	n.a.	n.a.	-	-	6.2	7.4	BUY
<b>Small &amp; Mid Caps: Timothy Lee/Alec So</b>																
2255 HK	Haichang	HKD	#Calc	n.a.	n.a.	#Calc	#Calc	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	#N/A
300144 CH	Songcheng	CNY	#Calc	n.a.	n.a.	#Calc	#Calc	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	#N/A
2128 HK	Lesso	HKD	#Calc	20.20	#VALUE!	#Calc	#Calc	12.1	10.6	9.6	14.0	3.3	4.0	2.2	2.0	BUY
6098 HK	Country Garden Services	HKD	#Calc	98.70	#VALUE!	#Calc	#Calc	45.9	31.9	47.8	44.4	0.5	0.8	6.4	5.6	BUY
3319 HK	A-Living	HKD	#Calc	57.20	#VALUE!	#Calc	#Calc	16.5	12.8	34.4	29.9	2.2	3.0	3.4	2.9	BUY
2669 HK	COPL	HKD	#Calc	9.80	#VALUE!	#Calc	#Calc	29.2	21.7	26.3	34.6	1.1	1.4	9.2	7.0	BUY
2869 HK	Greentown Service	HKD	#Calc	15.40	#VALUE!	#Calc	#Calc	34.7	25.5	36.5	36.5	2.1	2.8	4.5	4.2	BUY
6049 HK	Poly Property	HKD	#Calc	67.00	#VALUE!	#Calc	#Calc	31.7	23.6	25.9	34.9	1.1	1.5	4.0	3.5	O-PF
2168 HK	Kaisa Prosperity	HKD	#Calc	35.50	#VALUE!	#Calc	#Calc	12.4	9.3	43.4	33.8	3.3	4.3	2.7	2.3	BUY
268 HK	Kingdee Software	HKD	#Calc	31.10	#VALUE!	#Calc	#Calc	(230.4)	(275.3)	n.a.	n.a.	-	0.0	10.5	11.0	BUY
696 HK	TravelSky	HKD	#Calc	20.50	#VALUE!	#Calc	#Calc	22.5	17.9	385.4	26.0	1.5	1.9	2.0	1.8	O-PF
600588 CH	Yonyou	CNY	#Calc	50.50	#VALUE!	#Calc	#Calc	88.0	58.9	26.8	49.4	0.7	1.1	8.6	7.9	BUY
3606 HK	Fuyao Glass	HKD	#Calc	49.40	#VALUE!	#Calc	#Calc	28.5	24.4	49.3	17.1	2.5	3.0	4.3	4.0	O-PF
425 HK	Mint	HKD	#Calc	49.00	#VALUE!	#Calc	#Calc	18.1	13.7	27.3	32.6	2.2	2.9	2.0	1.9	BUY
600660 CH	Fuyao Glass - A	CNY	#Calc	41.06	#VALUE!	#Calc	#Calc	37.3	31.8	49.3	17.1	1.9	2.3	5.6	5.2	SELL
1316 HK	Nexteer	HKD	#Calc	14.10	#VALUE!	#Calc	#Calc	18.2	14.4	79.7	26.6	1.1	1.4	1.8	1.7	BUY
1882 HK	Haitian	HKD	#Calc	34.26	#VALUE!	#Calc	#Calc	12.6	11.7	16.8	8.4	3.7	4.0	2.4	2.1	O-PF
1999 HK	Man Wah	HKD	#Calc	21.40	#VALUE!	#Calc	#Calc	39.8	30.7	16.9	29.6	1.1	1.4	7.4	6.4	BUY
2180 HK	Manpower China	HKD	#Calc	14.30	#VALUE!	#Calc	#Calc	8.6	6.8	37.9	26.6	5.2	6.6	1.2	1.1	BUY
002572 CH	Suofeiya Home	CNY	#Calc	42.60	#VALUE!	#Calc	#Calc	15.6	13.4	16.6	16.6	2.9	3.4	2.9	2.6	BUY
669 HK	Techtronic	HKD	#Calc	171.00	#VALUE!	#Calc	#Calc	32.2	27.1	23.3	19.3	1.3	1.6	7.1	6.2	BUY
3877 HK	CSSC HK	HKD	#Calc	n.a.	n.a.	#Calc	#Calc	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	#N/A
868 HK	Xinyi Glass	HKD	#Calc	33.10	#VALUE!	#Calc	#Calc	14.9	13.6	30.2	9.3	3.3	3.7	3.9	3.4	BUY
968 HK	Xinyi Solar	HKD	#Calc	14.60	#VALUE!	#Calc	#Calc	21.6	23.8	23.3	(9.2)	2.1	1.9	4.3	4.0	BUY
2314 HK	Lee & Man Paper	HKD	#Calc	8.20	#VALUE!	#Calc	#Calc	6.6	6.2	11.8	5.3	5.7	6.0	0.9	0.8	O-PF
2689 HK	Nine Dragons	HKD	#Calc	13.80	#VALUE!	#Calc	#Calc	7.2	7.5	47.2	(2.8)	5.1	4.8	1.1	1.0	U-PF
1970 HK	IMAX China	HKD	#Calc	n.a.	n.a.	#Calc	#Calc	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	#N/A
698 HK	Tongda	HKD	#Calc	n.a.	n.a.	#Calc	#Calc	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	#N/A
303 HK	VTech	HKD	#Calc	71.10	#VALUE!	#Calc	#Calc	11.3	12.3	20.8	(8.2)	8.8	8.2	3.5	3.6	O-PF

Please see important notice on last page

Ticker	Stock Name	Date expected	Confirmed/estimated	Reporting period	Latest year end	CLSA Rec	Ccy	Net Income (LC'm)		CLSA vs CONS(%)	Est. YoY (%)	Analyst
								CLSA	CONS			
<b>Financial Services: Hans Fan/Lloyd Xu</b>												
1288 HK	ABC	09/01/2021	Estimated	Q2 2021	12/2020	BUY	CNY	217,246	223,671	97.1	5.3	Hans Fan, CFA
3988 HK	Bank of China	09/01/2021	Estimated	Q2 2021	12/2020	BUY	CNY	189,821	197,939	95.9	5.0	Hans Fan, CFA
3328 HK	Bocom	08/26/2021	Estimated	Q2 2021	12/2020	O-PF	CNY	76,863	79,484	96.7	4.0	Hans Fan, CFA
939 HK	CCB	09/01/2021	Estimated	Q2 2021	12/2020	BUY	CNY	279,981	283,353	98.8	5.5	Hans Fan, CFA
6881 HK	CGS	08/27/2021	Estimated	H1 2021	12/2020	O-PF	CNY	7,395	7,704	96.0	2.1	Ethan Wang, CFA
3968 HK	CMB	08/13/2021	Estimated	Q2 2021	12/2020	BUY	CNY	109,917	110,468	99.5	14.9	Hans Fan, CFA
1776 HK	GF Securities	09/02/2021	Estimated	H1 2021	12/2020	BUY	CNY	10,435	10,771	96.9	4.0	Ethan Wang, CFA
2611 HK	Guotai Junan	08/20/2021	Estimated	H1 2021	12/2020	BUY	CNY	13,482	12,443	108.4	23.0	Ethan Wang, CFA
6837 HK	Haitong	09/01/2021	Estimated	H1 2021	12/2020	BUY	CNY	12,772	12,684	100.7	17.4	Ethan Wang, CFA
6886 HK	Huatai	09/02/2021	Estimated	H1 2021	12/2020	BUY	CNY	14,350	12,675	113.2	32.6	Ethan Wang, CFA
1398 HK	ICBC	09/02/2021	Estimated	Q2 2021	12/2020	BUY	CNY	323,662	326,679	99.1	5.4	Hans Fan, CFA
1988 HK	Minsheng	08/27/2021	Estimated	H1 2021	12/2020	U-PF	CNY	35,654	35,099	101.6	10.1	Hans Fan, CFA
1299 HK	AlA	08/20/2021	Estimated	H1 2021	12/2020	O-PF	USD	5,697	6,682	85.3	n.a.	Edwin Liu, CFA
2601 HK	CPIC	08/23/2021	Estimated	H1 2021	12/2020	O-PF	CNY	23,544	27,532	85.5	n.a.	Edwin Liu, CFA
2628 HK	China Life	08/26/2021	Estimated	H1 2021	12/2020	O-PF	CNY	55,083	55,927	98.5	n.a.	Edwin Liu, CFA
1336 HK	New China Life	08/31/2021	Estimated	H1 2021	12/2020	O-PF	CNY	14,278	15,451	92.4	n.a.	Edwin Liu, CFA
1339 HK	PICC Group	08/20/2021	Estimated	H1 2021	12/2020	O-PF	CNY	19,921	21,000	94.9	n.a.	Edwin Liu, CFA
2328 HK	PICC P&C	08/20/2021	Estimated	H1 2021	12/2020	BUY	CNY	22,373	22,926	97.6	n.a.	Edwin Liu, CFA
2318 HK	Ping An	09/02/2021	Estimated	Q2 2021	12/2020	BUY	CNY	150,292	151,000	99.5	n.a.	Edwin Liu, CFA
966 HK	Taiping Insurance	08/31/2021	Estimated	H1 2021	12/2020	BUY	HKD	10,756	8,772	122.6	n.a.	Edwin Liu, CFA
6060 HK	ZhongAn	08/30/2021	Estimated	H1 2021	12/2020	#N/A	CNY	n.a.	n.a.	n.a.	n.a.	0
<b>China Property: Alvin Wong/Alvin Huang</b>												
884 HK	CIFI	08/18/2021	Estimated	H1 2021	12/2020	BUY	CNY	9,516	9,438	100.8	18.5	Alvin Huang
817 HK	China Jinmao	08/31/2021	Estimated	H1 2021	12/2020	BUY	CNY	7,958	6,717	118.5	105.1	Alvin Huang
HKL SP	Hongkong Land	07/29/2021	Confirmed	H1 2021	12/2020	O-PF	USD	1,006	1,014	99.2	n.a.	Alvin Huang
14 HK	Hysan Dev	08/05/2021	Estimated	H1 2021	12/2020	O-PF	HKD	2,147	2,262	94.9	n.a.	Alvin Huang
1813 HK	KWG Property	08/30/2021	Estimated	H1 2021	12/2020	BUY	CNY	7,640	7,686	99.4	14.4	Alvin Wong
683 HK	Kerry Properties	08/23/2021	Estimated	H1 2021	12/2020	BUY	HKD	8,546	4,621	184.9	58.2	Alvin Huang
83 HK	Sino Land	09/02/2021	Estimated	FY 2021	06/2020	O-PF	HKD	9,591	9,611	99.8	468.1	Alvin Huang
3383 HK	Agile	08/26/2021	Estimated	H1 2021	12/2020	BUY	CNY	9,906	9,749	101.6	4.6	Alvin Huang
1113 HK	CK Asset	08/05/2021	Estimated	H1 2021	12/2020	O-PF	HKD	20,286	21,207	95.7	24.2	Alvin Wong
1109 HK	CR Land	08/24/2021	Estimated	H1 2021	12/2020	BUY	CNY	27,033	27,174	99.5	(9.3)	Alvin Huang
688 HK	Coli	08/23/2021	Estimated	H1 2021	12/2020	BUY	CNY	41,272	41,592	99.2	(6.0)	Alvin Wong
2007 HK	Country Garden	#N/A	#N/A	#N/A	12/2020	BUY	CNY	38,743	37,958	102.1	10.6	Alvin Huang
2777 HK	Guangzhou R&F	08/26/2021	Estimated	H1 2021	12/2020	BUY	CNY	9,616	9,481	101.4	6.8	Alvin Huang
101 HK	Hang Lung	08/04/2021	Estimated	H1 2021	12/2020	U-PF	HKD	4,380	4,811	91.0	n.a.	Alvin Wong
12 HK	Henderson Land	08/26/2021	Estimated	H1 2021	12/2020	U-PF	HKD	12,630	14,601	86.5	23.9	Alvin Wong
823 HK	Link Reit	11/17/2021	Estimated	H1 2021	03/2021	O-PF	HKD	6,101	6,288	97.0	5.5	Alvin Wong
960 HK	Longfor	08/18/2021	Estimated	H1 2021	12/2020	BUY	CNY	22,382	22,207	100.8	11.9	Alvin Huang
17 HK	New World Dev	09/23/2021	Estimated	FY 2021	06/2020	O-PF	HKD	7,686	7,686	100.0	601.2	Alvin Wong
16 HK	SHKP	09/16/2021	Estimated	Q1 2021	06/2020	SELL	HKD	31,616	30,929	102.2	34.4	Alvin Wong
813 HK	Shimao Property	08/31/2021	Estimated	H1 2021	12/2020	BUY	CNY	14,032	14,125	99.3	11.1	Alvin Huang
1972 HK	Swire Properties	08/19/2021	Estimated	H1 2021	12/2020	U-PF	HKD	7,377	7,491	98.5	80.1	Alvin Wong
2202 HK	Vanke	08/25/2021	Estimated	Q2 2021	12/2020	BUY	CNY	43,966	43,939	100.1	5.9	Alvin Wong
1997 HK	Wharf Reic	08/10/2021	Estimated	H1 2021	12/2020	U-PF	HKD	7,426	7,866	94.4	n.a.	Alvin Wong
<b>Conglomerates: Jonathan Galligan</b>												
1 HK	CK Hutchison	08/05/2021	Estimated	H1 2021	12/2020	BUY	HKD	31,059	35,186	88.3	59.7	Jonathan Galligan
142 HK	First Pacific	09/01/2021	Estimated	H1 2021	12/2020	BUY	USD	337	341	98.6	472.3	Jeffrey Kiang
JCNC SP	Jardine C&C	07/30/2021	Confirmed	H1 2021	12/2020	BUY	USD	641	686	93.5	49.3	Jonathan Galligan
JM SP	Jardine Matheson	07/30/2021	Confirmed	H1 2021	12/2020	O-PF	USD	1,196	1,447	82.6	n.a.	Jonathan Galligan
JS SP	Jardine Strategic	07/30/2021	Confirmed	H1 2021	12/2020	BUY	USD	1,289	n.a.	n.a.	n.a.	Jonathan Galligan
66 HK	MTR	08/12/2021	Estimated	H1 2021	12/2020	U-PF	HKD	5,723	8,164	70.1	n.a.	Jeffrey Kiang
19 HK	Swire Pacific	08/19/2021	Estimated	H1 2021	12/2020	BUY	HKD	(760)	2,646	(28.7)	n.a.	Jonathan Galligan
293 HK	Cathay Pacific	08/18/2021	Estimated	H1 2021	12/2020	O-PF	HKD	(15,680)	(6,985)	224.5	n.a.	Jeffrey Kiang
392 HK	Beijing Ent	09/02/2021	Estimated	H1 2021	12/2020	BUY	HKD	8,375	8,257	101.4	4.5	Shantnu Phutela
659 HK	NWS	09/22/2021	Estimated	FY 2021	06/2020	BUY	HKD	2,117	3,501	60.5	743.5	Jeffrey Kiang
<b>Oil &amp; Gas: Ken Shin</b>												
857 HK	PetroChina	09/02/2021	Estimated	Q2 2021	12/2020	SELL	CNY	34,895	66,821	52.2	83.6	Ken Shin
386 HK	Sinopec	08/20/2021	Estimated	Q2 2021	12/2020	BUY	CNY	58,750	60,669	96.8	77.5	Ken Shin
883 HK	CNOOC	08/25/2021	Estimated	H1 2021	12/2020	O-PF	CNY	58,966	58,966	100.0	136.3	Ken Shin
2883 HK	COSL	08/25/2021	Estimated	H1 2021	12/2020	#N/A	CNY	n.a.	n.a.	n.a.	n.a.	0
135 HK	Kunlun Energy	08/31/2021	Estimated	H1 2021	12/2020	#N/A	CNY	n.a.	n.a.	n.a.	n.a.	0
2883 HK	COSL	08/25/2021	Estimated	H1 2021	12/2020	#N/A	CNY	n.a.	n.a.	n.a.	n.a.	0
<b>Technology: Sebastian Hou/Marley Ngan/Alex Lin</b>												
002475 CH	Luxshare	08/26/2021	Estimated	Q2 2021	12/2020	BUY	CNY	8,965	9,238	97.0	24.1	Tony Zhang, CFA
300136 CH	Sunway Comm	07/29/2021	Estimated	Q2 2021	12/2020	#N/A	CNY	n.a.	n.a.	n.a.	n.a.	0
300017 CH	Wangsu	08/26/2021	Estimated	Q2 2021	12/2020	#N/A	CNY	n.a.	n.a.	n.a.	n.a.	0
300750 CH	CATL	08/23/2021	Estimated	Q2 2021	12/2020	O-PF	CNY	9,553	9,566	99.9	71.1	Ken Shin
1675 HK	AsialInfo	08/18/2021	Estimated	H1 2021	12/2020	#N/A	CNY	n.a.	n.a.	n.a.	n.a.	0
354 HK	Chinasoft	08/24/2021	Estimated	H1 2021	12/2020	#N/A	CNY	n.a.	n.a.	n.a.	n.a.	0
002236 CH	Dahua Tech	08/16/2021	Estimated	Q2 2021	12/2020	#N/A	CNY	n.a.	n.a.	n.a.	n.a.	0
002410 CH	Glodon	08/19/2021	Estimated	Q2 2021	12/2020	#N/A	CNY	n.a.	n.a.	n.a.	n.a.	0
002008 CH	Han's Laser	08/24/2021	Estimated	Q2 2021	12/2020	#N/A	CNY	n.a.	n.a.	n.a.	n.a.	0
002415 CH	Hikvision	07/19/2021	Estimated	Q2 2021	12/2020	#N/A	CNY	n.a.	n.a.	n.a.	n.a.	0
300271 CH	Thunisoft	09/02/2021	Estimated	Q2 2021	12/2020	#N/A	CNY	n.a.	n.a.	n.a.	n.a.	0
002439 CH	Venustech	07/30/2021	Estimated	Q2 2021	12/2020	#N/A	CNY	n.a.	n.a.	n.a.	n.a.	0
002230 CH	iFlytek	08/06/2021	Estimated	Q2 2021	12/2020	#N/A	CNY	n.a.	n.a.	n.a.	n.a.	0
522 HK	ASM Pacific	07/28/2021	Estimated	H1 2021	12/2020	#N/A	HKD	n.a.	n.a.	n.a.	n.a.	0
1347 HK	Hua Hong Semi	08/10/2021	Estimated	Q2 2021	12/2020	#N/A	USD	n.a.	n.a.	n.a.	n.a.	0
600584 CH	JCET	08/26/2021	Estimated	Q2 2021	12/2020	#N/A	CNY	n.a.	n.a.	n.a.	n.a.	0
002185 CH	Tianshui Huatian	09/02/2021	Estimated	Q2 2021	12/2020	#N/A	CNY	n.a.	n.a.	n.a.	n.a.	0
002156 CH	Tongfu Microelectronics	09/02/2021	Estimated	Q2 2021	12/2020	#N/A	CNY	n.a.	n.a.	n.a.	n.a.	0
<b>Materials/Resources: Addison Dai</b>												
3323 HK	CNBM	08/20/2021	Estimated	H1 2021	12/2020	BUY	CNY	17,613	15,363	114.6	40.3	Ding Luo
1313 HK	CR Cement	07/30/2021	Estimated	Q2 2021	12/2020	BUY	HKD	10,022	9,151	109.5	11.9	Ding Luo
914 HK	Conch	08/20/2021	Estimated	H1 2021	12/2020	BUY	CNY	36,963	35,825	103.2	5.1	Ding Luo
2600 HK	Chalco	08/19/2021	Estimated	H1 2021	12/2020	#N/A	CNY	n.a.	n.a.	n.a.	n.a.	0
1171 HK	Yanzhou Coal	08/27/2021	Estimated	H1 2021	12/2020	#N/A	CNY	n.a.	n.a.	n.a.	n.a.	0
1898 HK	China Coal	08/25/2021	Estimated	H1 2021	12/2020	#N/A	CNY	n.a.	n.a.	n.a.	n.a.	0
1088 HK	Shenhua	08/20/2021	Estimated	Q2 2021	12/2020	#N/A	CNY	n.a.	n.a.	n.a.	n.a.	0
347 HK	Angang Steel	08/30/2021	Estimated	Q2 2021	12/2020	#N/A	CNY	n.a.	n.a.	n.a.	n.a.	0
323 HK	Magang	09/02/2021	Estimated	Q2 2021	12/2020	#N/A	CNY	n.a.	n.a.	n.a.	n.a.	0
<b>Education: Youngrin Kim/ Jeffrey CH Chan</b>												

# CLSA China & Hong Kong - A/H share price and valuation data

Tickers		Stock Name	Market cap (US\$m)			Avg T/O (US\$m)		Share price		02-Jul-21 prem/(disc) (%)		Change in H/A prem/(disc) (ppt chg)			
H-share	A/B-share		Total	H-share	A/B-share	H-shr	A/B-shr	H-share	A/B-share	A/H	H/A	1W	4W	YTD	
<b>Financial Services: Banks\ Diversified Financials\ Insurance\ Property</b>															
1288 HK	601288 CH	Agricultural Bank	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	#DIV/0!	#DIV/0!	n.a.	n.a.
3988 HK	601988 CH	Bank of China	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
3328 HK	601328 CH	Bocom	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
939 HK	601939 CH	CCB	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
6818 HK	601818 CH	CEB Bank	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
3968 HK	600036 CH	CMB	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
998 HK	601998 CH	CNCB	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
1398 HK	601398 CH	ICBC	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
1988 HK	600016 CH	Minsheng	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
6030 HK	600030 CH	Citics	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
6837 HK	600837 CH	Haitong	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
2628 HK	601628 CH	China Life	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
1336 HK	601336 CH	New China Life	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
2318 HK	601318 CH	Ping An	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
2601 HK	601601 CH	CPIC	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
1776 HK	000776 CH	GF Securities	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
6886 HK	601688 CH	HT Securities	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
2202 HK	000002 CH	Vanke	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
3958 HK	600958 CH	DF Securities	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
6099 HK	600999 CH	CM Securities	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
1375 HK	601375 CH	Central China Securities	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
6178 HK	601788 CH	Everbright Securities	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
6881 HK	601881 CH	Galaxy Securities	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
588 HK	601588 CH	Beijing North Star	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
<b>Energy: Oil &amp; Gas\ Oil &amp; Gas Services</b>															
857 HK	601857 CH	PetroChina	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	#DIV/0!	#DIV/0!	n.a.	n.a.
386 HK	600028 CH	Sinopec	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
1033 HK	600871 CH	Sinopec Oilfield Service	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
2883 HK	601808 CH	COSL	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
<b>Resources: Coal\ Chemicals\ Building Materials\ Mining\ Steel</b>															
1898 HK	601898 CH	China Coal	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	#DIV/0!	#DIV/0!	n.a.	n.a.
1088 HK	601088 CH	Shenhua	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
1171 HK	600188 CH	Yanzhou Coal	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
3948 HK	900948 CH	Yitai Coal	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	USD	n.a.	n.a.	n.a.	n.a.	n.a.
338 HK	600688 CH	Shanghai Petrochem	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
2009 HK	601992 CH	BBMG	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
914 HK	600585 CH	Conch	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
2600 HK	601600 CH	Chalco	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
3993 HK	603993 CH	China Moly	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
358 HK	600362 CH	Jiangxi Copper	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
2899 HK	601899 CH	Zijin	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
347 HK	000898 CH	Angang	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
1053 HK	601005 CH	Chongqing Iron & Steel	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
323 HK	600808 CH	Magang	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
<b>Industrials: Construction\ Machinery\ Electrical equipment\ Paper\ Services</b>															
1800 HK	601800 CH	CCC	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	#DIV/0!	#DIV/0!	n.a.	n.a.
1186 HK	601186 CH	China Railway Const	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
390 HK	601390 CH	China Railway Group	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
1618 HK	601618 CH	MCC	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
1766 HK	601766 CH	China South Loco	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
38 HK	601038 CH	First Tractor	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
300 HK	600806 CH	Kunming Machine Tool	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
568 HK	002490 CH	Shandong Molong	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
2727 HK	601727 CH	Shanghai Electric	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
564 HK	601717 CH	Zhengzhou Coal Mining	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
2338 HK	000338 CH	Weichai Power	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
2039 HK	000039 CH	CIMC	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
1157 HK	000157 CH	Zoomlion	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
1072 HK	600875 CH	Dongfang	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
2208 HK	002202 CH	Goldwind Sci & Tech	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
42 HK	000585 CH	Northeast Elec	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
553 HK	600775 CH	Nanjing Panda	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
763 HK	000063 CH	ZTE	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
1812 HK	000488 CH	Shandong Chenming Paper	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
1108 HK	600876 CH	Luoyang Glass	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
3606 HK	600660 CH	Fuyao	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
811 HK	601811 CH	Xinhua Winsh	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
187 HK	600860 CH	Beiren Printing	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
<b>Transport: Airlines\ Shipping\ Railways\ Expressways\ Port</b>															
753 HK	601111 CH	Air China	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	#DIV/0!	#DIV/0!	n.a.	n.a.
670 HK	600115 CH	China Eastern Airlines	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
1055 HK	600029 CH	China Southern Airlines	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
1919 HK	601919 CH	China Cosco	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
1138 HK	600026 CH	CS Dev	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
2866 HK	601866 CH	CSCL	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
525 HK	601333 CH	GSRC	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
995 HK	600012 CH	Anhui Expressway	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
177 HK	600377 CH	Jiangsu Expway	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
548 HK	600548 CH	Shenzhen Expway	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
107 HK	601107 CH	Sichuan Expressway	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
317 HK	600685 CH	CSSC	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
2880 HK	601880 CH	Dalian Port	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
<b>Autos &amp; Auto Parts</b>															
1057 HK	002703 CH	Zhejiang Shibao	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	#DIV/0!	#DIV/0!	n.a.	n.a.
1211 HK	002594 CH	BYD	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
2238 HK	601238 CH	GAC	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
2333 HK	601633 CH	Great Wall Motor	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
<b>Consumer: Home Furnishings\ Beverages\ Retail</b>															
921 HK	000921 CH	Kelon Elec	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	#DIV/0!	#DIV/0!	n.a.	n.a.
168 HK	600600 CH	Tsingtao	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
<b>Healthcare</b>															
874 HK	600332 CH	Guangzhou Pharma	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	#DIV/0!	#DIV/0!	n.a.	n.a.
1513 HK	000513 CH	Livzon Pharma	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
719 HK	000756 CH	Shandong Xinhua	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
2607 HK	601607 CH	Shanghai Pharma	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
2196 HK	600196 CH	Shanghai Fosun Pharm	#Calc	n.a.	n.a.	n.a.	#VALUE!	HKD	n.a.	CNY	n.a.	n.a.	n.a.	n.a.	n.a.
<b>Utilities: Power\ Environment</b>															
991 HK	601991 CH	Datang Power	#Calc	n.a.	n.a										