

PMI and Industrial Profit Growth Continue Downtrend

The latest economic data for PMI and industrial-profit growth confirm our early forecast that China's corporate profits face continued pressure.

For the first five months of the year, industrial profits increased 20.9% yoy, less than half the rate from the same period last year (42.1% yoy for the first five months of 2007).

The PMI also indicates a further fall in China's manufacturing index in June 2008. The overall PMI is down to a record low of 52 since records began in 2005.

These two major indicators indicate a high possibility of further downward revisions in FY08 and FY09 corporate-earnings forecasts due to declining sales volumes and further profit pressure.

PMI continued to decline

- China's PMI continued to decline, falling 1.3 points to 52.0 in June to a record low of 52 since records began in 2005 (this followed a 5.9-points drop in May). A PMI above 50 indicates economic growth; less than 50 suggests a slowdown or recession. China's PMI has stayed above 50 since 2005, consistent with the overall growth picture.

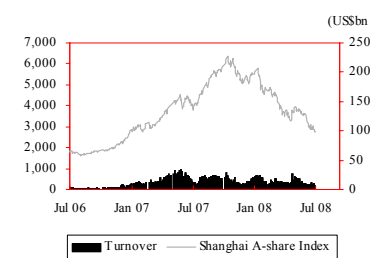
Industrial-profit growth also slowed

- For the first five months of the year, industrial profits increased 20.9% yoy, less than half the rate from the same period last year (42.1% yoy for the first five months of 2007).

Shanghai A-share Index **2,821**
Shenzhen A-share Index **851**

Performance (%)	1M	3M	12M
SH A-share index	(20.2)	(22.0)	(29.6)
SZ A-share index	(20.6)	(19.4)	(24.5)

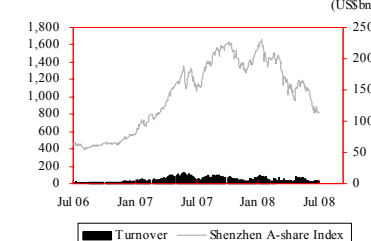
Shanghai A-share Index Performance



Close 2,821
52W high/low 6429.68/2691.53

Sources: Bloomberg and Sun Hung Kai Financial

Shenzhen A-share Index Performance



Close 851
52W high/low 1667.91/789.63

Sources: Bloomberg and Sun Hung Kai Financial

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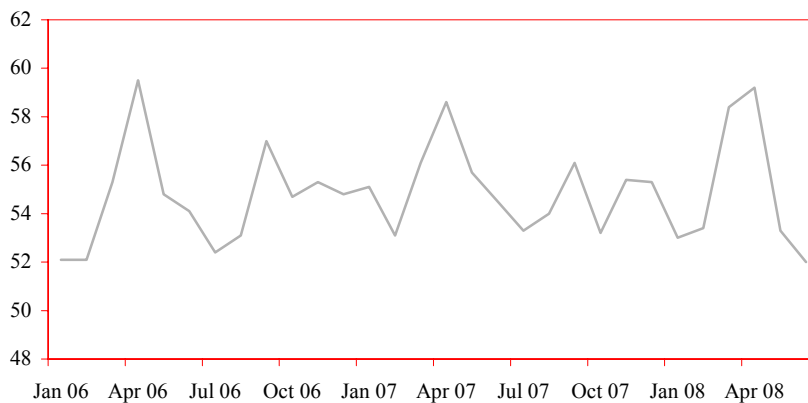
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PMI continued to decline in June

- China's PMI continued to decline, falling 1.3 points to 52.0 in June, a record low since records began in 2005 (this followed a 5.9-points drop in May). A PMI above 50 indicates economic growth, less than 50 suggests a slowdown or recession. China's PMI has stayed above 50 since 2005, consistent with the overall growth picture.

Figure 1: PMI



Source: NBSC and Sun Hung Kai Financial

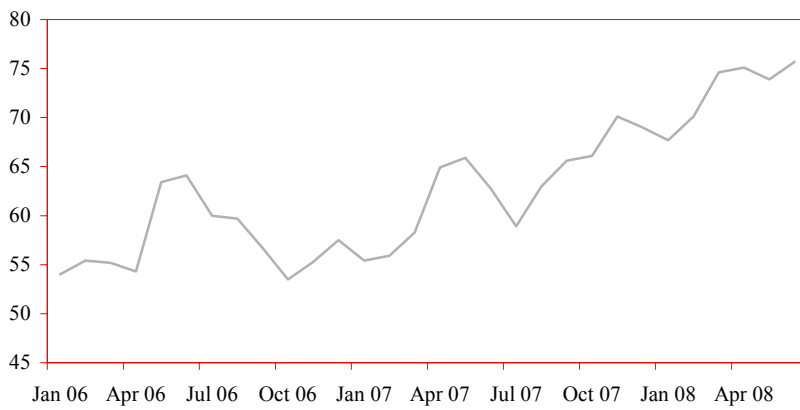
PMI in detail

- PMI decline within expectations.** The June PMI has dropped to a record low of 52. We have mentioned in the 10 June edition of China Weekly that historically the PMI tends to decline from May and reach a low in July, partly due to seasonal effects. This is because the peak season for exports ends by March and starts up again around September. (See Figure 1.)
- Higher energy prices have driven input-price index to a record high of 75.7.** Amid the overall PMI decline, only one sub-index was higher than 60: the input-prices index, which reached a record high of 75.7. Input prices were up 1.6 points following a slight drop the previous month. We believe the recent rise in energy prices has had a directly impact on input prices. (See Figure 2.)
- New orders and new export orders both continued drop; stocks of finished goods continue to rise.** The sub-index of stocks of finished goods has not improved and continued to rise in June. At the same time, the new-orders index fell 2.8 points and the new-export-orders index dropped 3.2 points. New export orders having fallen close to 50 indicates that the U.S. economic slowdown has had a significant impact on new export orders in China. (See Figures 3 and 4.)

High possibility of downward earnings-forecast revisions.

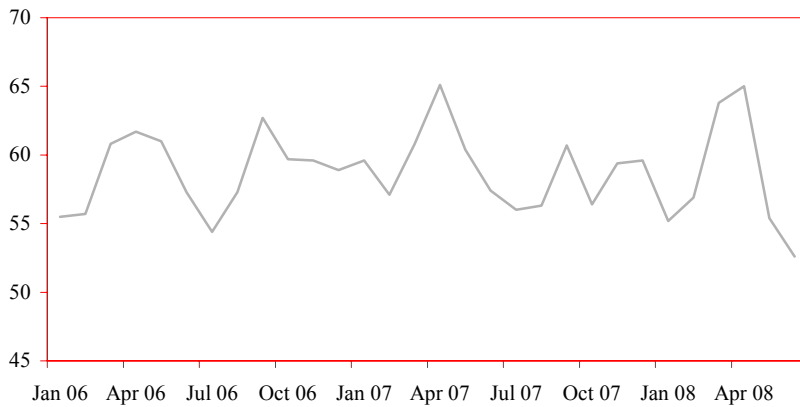
- The output index continued to fall, posting a 1.5-points drop in June, following the 10.8-points slump in May. However, the sub-index of input prices has reached a new high, underlining the rising pressure on corporate profits. We see a high possibility of downward earnings-forecast revisions in the near future. (See Figure 5.)

Figure 2: PMI – Input prices index



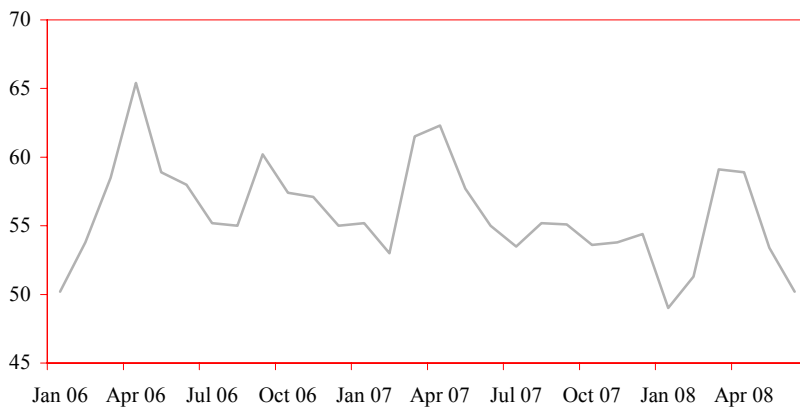
Source: NBSC and Sun Hung Kai Financial

Figure 3: PMI – New Orders index



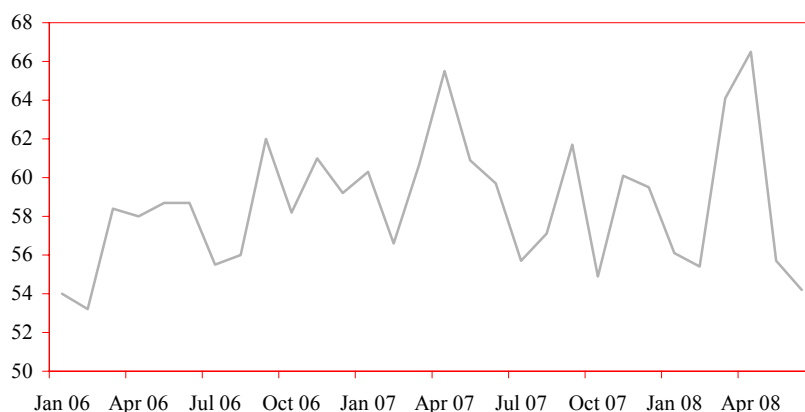
Source: NBSC and Sun Hung Kai Financial

Figure 4: PMI – New Export Orders index



Source: NBSC and Sun Hung Kai Financial

Figure 5: PMI – Output index



Source: NBSC and Sun Hung Kai Financial

Industrial-profit growth also fall

- For the first five months of the year, industrial profits increased 20.9% yoy, less than half the rate from the same period last year (42.1% yoy for the first five months of 2007).

Industrial-profit growth in detail

- Among the 39 major industrial sectors, coal recorded the highest profit growth in first five months of the year, up 97.8% yoy. This was mainly due to the 94.0% yoy rise in coal prices over that period, which also caused power-sector profits to fall 74% yoy.
- There was similar story in the oil and oil-services sectors. Oil-services profits grew 54.3% yoy in the first five months of the year, while the oil sector turned from a profit of RMB35.2bn to a huge loss of RMB44.3bn. This is consistent with our preference for the oil-services sector over the oil sector. (See our oil-services sector report *The Real Beneficiaries of High Oil Prices*, published on 22 April.)
- Elsewhere, the construction-materials sector recorded a strong 50.9% yoy increase in profit for the first five months of the year. This may eat into construction and property-development profits in 2008. We therefore prefer companies that are able to pass cost increases on to end users, such as well-known developers or large, integrated developers with strong internal cost controls.

Overall implications

- The PMI and industrial-profit figures indicate a high possibility of further downward revisions in FY08 and FY09 corporate-earnings forecasts due to falling sales volumes and further profit pressure.

Appendix 1: Upcoming China Economic Data for 7 Jul – 11 Jul 2008

Economic Data	Period	Previous figure
Trade Balance (USD)	JUN	\$20.21B
Exports YoY%	JUN	28.10%
Imports YoY%	JUN	40.00%

Sources: Bloomberg and Sun Hung Kai Financial

Appendix 2: China's recent economic-tightening measures

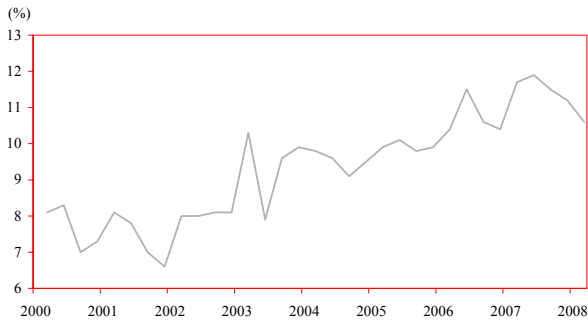
Date	Event
9-Jun-08	The PBOC raises the reserve requirements for big state banks and joint-stock banks by 1 ppt, from 16.5% to 17.5%, effective 15 Jun and 25 Jun 2008.
12-May-08	The PBOC raises the reserve requirements for big state banks and joint-stock banks by 0.5 ppt, from 16.0% to 16.5%, effective 20 May 2008.
16-Apr-08	The PBOC raises the reserve requirements for big state banks and joint-stock banks by 0.5 ppt, from 15.5% to 16.0%, effective 25 April 2008.
19-Mar-08	The PBOC raises the reserve requirements for big state banks and joint-stock banks by 0.5 ppt, from 15.0% to 15.5%, effective 25 March 2008.
16-Jan-08	The PBOC raises the reserve requirements for big state banks and joint-stock banks by 0.5 ppt, from 14.5% to 15.0%, effective 25 January 2008.
20-Dec-07	The PBOC raises the benchmark lending rate and the deposit rate by 0.27 ppt and 0.18 ppt, respectively. The one-year RMB lending rate is raised to 7.47% from 7.29%, and the one-year deposit rate to 4.14% from 3.87%, effective 21 December 2007.
8-Dec-07	The PBOC raises the reserve requirements for big state banks and joint-stock banks by 1.0 ppt, from 13.5% to 14.5%, effective 25 December 2007.
10-Nov-07	The PBOC raises the reserve requirements for big state banks and joint-stock banks by 0.5 ppt, from 13.0% to 13.5%, effective 26 November 2007.
13-Oct-07	The PBOC raises the reserve requirements for big state banks and joint-stock banks by 0.5 ppt, from 12.5% to 13.0%, effective 25 October 2007.
14-Sep-07	The PBOC raises both the benchmark lending rate and the deposit rate by 0.27 ppt. The one-year RMB lending rate is raised to 7.29% from 7.02%, and the one-year deposit rate to 3.87% from 3.60%, effective 15 September 2007.
5-Sep-07	The PBOC raises the reserve requirements for big state banks and joint-stock banks by 0.5 ppt, from 12.0% to 12.5%, effective 25 September 2007.
29-Aug-07	The Ministry of Finance People's Republic of China issues RMB600bn of Special National (Ten-year) Bonds (First session) via the bond market.
21-Aug-07	The PBOC raises both the benchmark lending rate and the deposit rate. The one-year RMB lending rate is raised 18 bps to 7.02%, and the one-year deposit rate 27 bps to 3.6%. Both rises are effective immediately.
30-Jul-07	The PBOC raises the reserve requirements for large state banks and joint-stock banks by 0.5 ppt to 12%, effective from 15 August.
20-Jul-07	The PBOC raises both the benchmark lending rate and the deposit rate by 0.27 ppt to 6.84% and 3.33% respectively, effective immediately. The State Council also cuts tax on interest from deposits for the first time in seven years, by 15 ppts to 5% (from 20%).
19-Jun-07	The Ministry of Finance (MOF) adjusts export-tax rebates for 37% of all export categories, to be effective 1 July 2007. Rebates are canceled for at least 10 categories. For a further 15 categories, rebate cuts range between 5% and 11%.
18-May-07	The PBOC raises the reserve requirements for large state banks and joint-stock banks by 0.5 ppt to 11.5%, to be effective from 5 June. This would drain around RMB170bn from the system. It also raises bank lending and deposit rates. The one-year RMB lending rate is raised 0.18 ppt to 6.57% (from 6.39%), and the one-year deposit rate is increased 0.27 ppt to 3.06% (from 2.79%). Meanwhile, it widened the daily trading band for the RMB vs. the dollar by 0.2 ppt to 0.5% (from 0.3%).
29-Apr-07	The PBOC raises the reserve requirements for large state banks and joint-stock banks by 0.5 ppt to 11.0%, to be effective on 15 May. This would drain around RMB170bn from the system.
5-Apr-07	The PBOC raises the reserve requirements for large state banks and joint-stock banks by 0.5 ppt to 10.5%, to be effective on 16 April. This would drain around RMB200bn from the system.
17-Mar-07	The PBOC raises both bank lending and deposit rates by 0.27 ppt. The one-year RMB lending rate is increased to 6.39% (from 6.12%), and the one-year deposit rate to 2.79% (from 2.52%). The long-term loan rate (over five years) is raised by 27 bps to 7.11%.
16-Feb-07	The PBOC raises the reserve requirements for large state banks and joint-stock banks by 0.5 ppt to 10%, to be effective on 25 February. This would drain RMB160-170bn from the system.
5-Jan-07	The PBOC raises the reserve requirements for large state banks and joint-stock banks by 0.5 ppt to 9.5%, to be effective on 15 January.
3-Nov-06	The PBOC raises the reserve requirement by 0.5 ppt to 9%, to be effective on 15 November. This is estimated to drain RMB120bn from the system.

Sources: Bloomberg and Sun Hung Kai Financial

China's Key Market Indicators

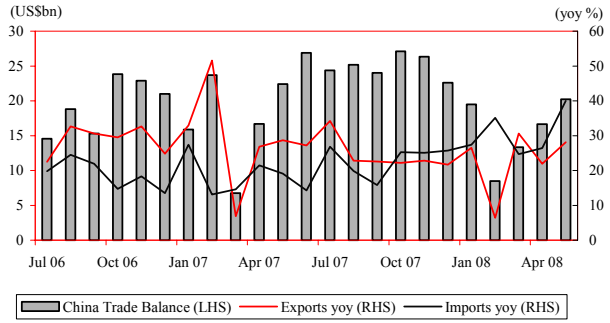
Macro Economy

Appendix 3: GDP (yoy change)



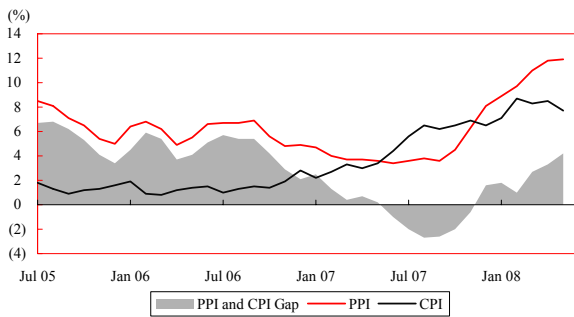
Source: Bloomberg

Appendix 4: Trade balance



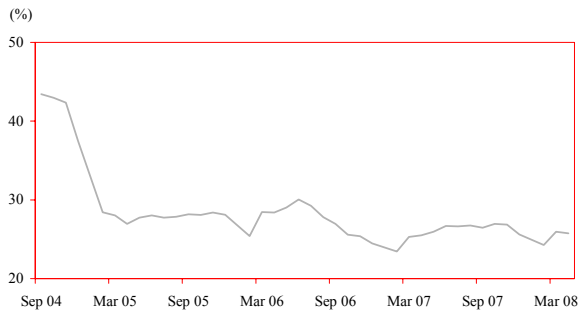
Source: Bloomberg

Appendix 5: CPI and PPI (yoy change)



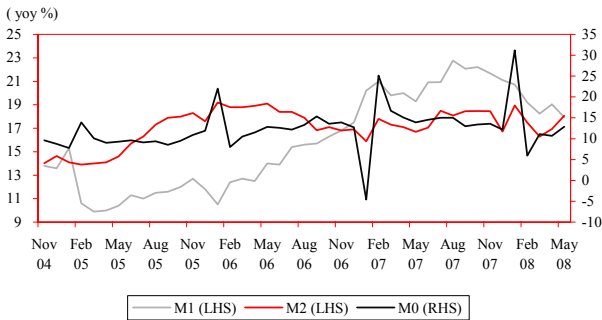
Source: Bloomberg

Appendix 6: Annually accumulated FAI (yoy change)



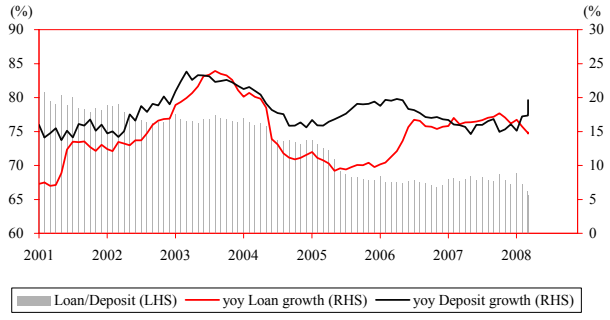
Source: Bloomberg

Appendix 7: Money supply (yoy change)



Source: Bloomberg

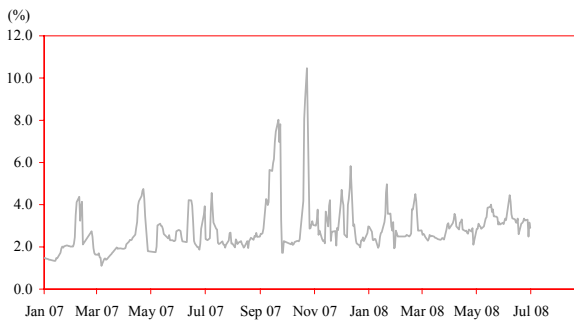
Appendix 8: Loan and deposit growth



Source: Bloomberg

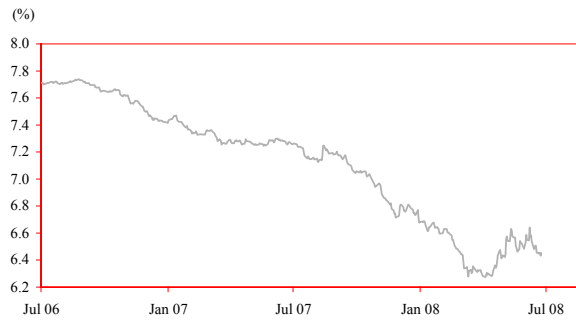


Appendix 9: Shanghai Interbank offered rate (one-week contract)



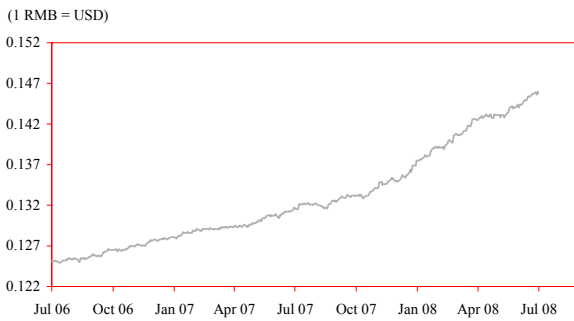
Source: Bloomberg

Appendix 10: RMB 12-month non-deliverable forward rate



Source: Bloomberg

Appendix 11: RMB to USD exchange rate



Source: Bloomberg

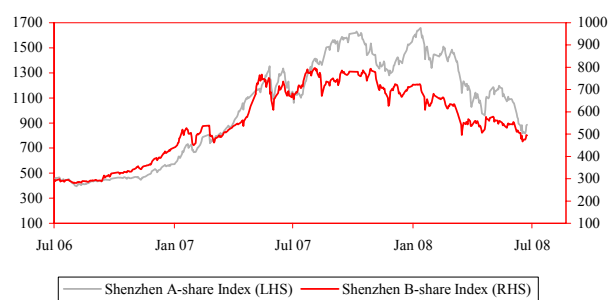
Stock Markets

Appendix 12: Shanghai A-share & B-share indices



Source: Bloomberg

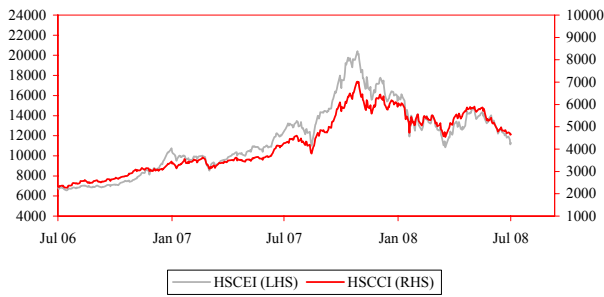
Appendix 13: Shenzhen A-share & B-share indices



Source: Bloomberg

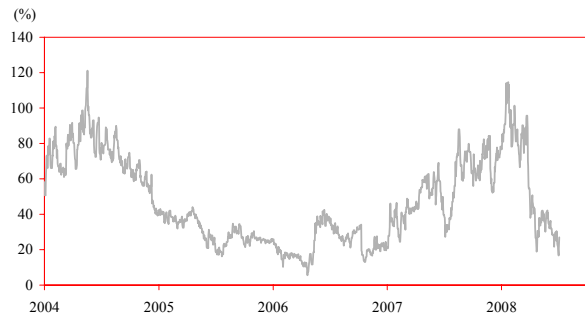


Appendix 14: HSCEI and HSCCI



Source: Bloomberg

Appendix 15: A-shares premium to H-shares



Source: Bloomberg

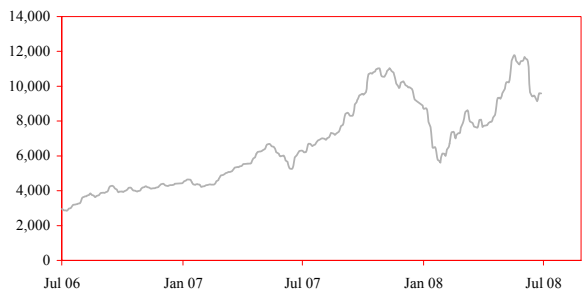
Appendix 16: Historical P/Es for China stock markets



Source: Bloomberg

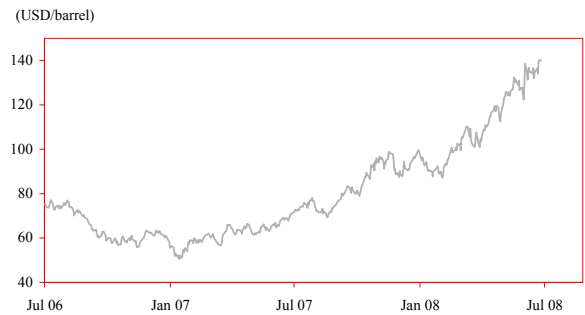
Shipping

Appendix 17: Baltic Dry Index



Source: Bloomberg

Appendix 18: WTI spot price



Source: Bloomberg



Appendix 19: China stock-market performance

	Shanghai A	% Change (wow)	Shenzhen A	% Change (wow)
Index closing (3 Jul 08)	2,835.4	(6.9)	850.5	(4.1)
Average turnover (US\$m)	7,651.8	(14.4)	3,915.9	(10.2)
Market cap (RMBbn, 3 Jul 08)	13,524.7	(7.0)	3,099.5	(4.2)
Valuation (P/E, X)	20.8	(7.9)	27.2	(3.8)
Largest gainers	China United Travel Co Ltd	32.8	Beijing Jingxi Tourism Dev-A	49.4
	China Television Media Ltd-A	30.4	Ningbo Xinhai Electric Co -A	26.7
	Shanghai Jielong Ind Corp-A	27.8	Jiangsu Xinmin Textile Sci-A	25.9
Biggest losers	Shanghai Xingye Housing-A	(22.7)	Hainan Pearl River Hldgs-A	(36.2)
	Shandong Jiufa Edible Fungus	(22.6)	Science City Development Pub	(30.8)
	Ping An Insurance Group Co-A	(18.5)	Shenzhen Huaxin Co Ltd-A	(21.7)

	Shanghai B	% Change (wow)	Shenzhen B	% Change (wow)
Index closing (3 Jul 08)	211.9	(2.8)	467.7	(5.3)
Average turnover (US\$m)	28.6	(22.3)	22.4	(8.8)
Market cap (US\$b, 3 Jul 08)	10.6	(2.8)	10.6	(5.3)
Valuation (P/E, X)	27.4	(3.0)	14.3	(2.2)
Largest gainers	Zhonglu Co Ltd	17.3	China Fangda Group Co Ltd-B	15.0
	Shanghai Lianhua Fibre-B	8.0	Wuxi Little Swan Co-B	9.0
	Shanghai Youngsun Invest-B	8.0	Luthai Textile Co Ltd - B	5.2
Biggest losers	Dahua Group Dalian Chem-B	(8.3)	Hainan Pearl River Hldgs-B	(33.4)
	Shanghai Huili Building-B	(6.1)	Shenzhen Intl Enterprise-B	(7.0)
	Shanghai Lingyun Industries	(4.9)	China Merchants Property Dev	(6.6)

Source: Bloomberg and Sun Hung Kai Financial

Appendix 20: Shenzhen market performance

	Last	wow change (%)	mom change (%)	yoy change (%)	YTD change (%)
SZSE A-share Index	850.5	1.9	(20.7)	(24.6)	(44.2)
SZSE B-share Index	467.7	(1.2)	(14.4)	(31.3)	(34.4)
SZSE Composite Index	811.8	1.9	(20.6)	(24.9)	(44.0)
Agriculture Index	527.4	9.6	(11.4)	(15.0)	(27.0)
Mining Index	2,291.9	(8.4)	(22.4)	20.5	(30.3)
Manufacturing Index	854.2	2.3	(20.3)	(22.6)	(43.3)
Food Index	1,455.9	5.3	(11.4)	(17.6)	(41.2)
Textiles Index	405.8	3.9	(22.2)	(45.2)	(47.8)
Timber Index	193.1	3.5	(28.9)	(11.8)	(39.9)
Paper Index	530.6	4.2	(25.3)	(23.2)	(40.3)
Petrochemical Index	1,097.8	4.0	(16.6)	11.2	(24.2)
Electronics Index	317.5	4.2	(19.8)	(27.9)	(44.3)
Metals Index	1,070.2	(0.7)	(24.6)	(32.2)	(51.9)
Machinery Index	760.4	1.1	(24.1)	(29.5)	(47.7)
Pharmaceutical Index	733.1	3.3	(14.2)	(13.2)	(35.0)
Utilities Index	591.5	1.9	(23.7)	(38.9)	(53.4)
Transportation Index	858.6	4.7	(20.8)	(35.7)	(45.0)
IT Index	591.1	5.2	(11.9)	(3.4)	(24.6)
Wholesale & Retail Index	995.2	0.2	(17.3)	(15.9)	(41.4)
Financials Index	732.3	(0.0)	(22.6)	(37.4)	(52.2)
Real Estate Index	1,157.1	0.3	(27.2)	(39.1)	(51.5)
Service Index	654.8	6.1	(20.6)	(32.4)	(49.2)
Media Index	405.6	8.2	(14.8)	(5.3)	(39.5)
Conglomerate Index	383.5	3.0	(21.9)	(34.8)	(48.5)

Source: Bloomberg and Sun Hung Kai Financial

Appendix 21: Shanghai market performance

	Last	wow change (%)	mom change (%)	yoy change (%)	YTD change (%)
SSE A-share Index	2,883.0	(2.3)	(20.3)	(29.7)	(49.0)
SSE B-share Index	209.1	0.7	(13.2)	(17.4)	(42.5)
SSE Composite Index	2,748.4	(2.3)	(20.3)	(29.6)	(49.0)
Industry Index	2,237.8	(2.3)	(20.9)	(35.6)	(50.2)
Commercial Index	2,630.4	3.8	(17.1)	(22.0)	(37.2)
Property Index	2,835.7	7.5	(20.5)	(41.5)	(52.4)
Utility Index	5,221.3	2.3	(20.6)	(21.8)	(49.5)

Source: Bloomberg and Sun Hung Kai Financial

Appendix 22: Companies listed on both the A-share and H-share markets

Company	H-share code	Last price	A-share code	Last price	A-share premium to	
					H-share (%)	
Beiren Printing Machinery	187	1.190	600860	5.600	435.6	
Sinopec Yizheng Chemical Fibre	1033	1.050	600871	4.320	368.3	
Tianjin Capital Environmental Protection	1065	2.060	600874	8.250	355.8	
Luoyang Glass	1108	0.870	600876	3.330	335.6	
Nanjing Panda Electronics	553	1.600	600775	5.570	296.2	
Northeast Electric	42	0.970	000585	3.340	291.9	
Beijing North Star	588	2.010	601588	6.900	290.7	
Jingwei Textile Machinery	350	1.510	000666	4.750	258.0	
Shandong Xinhua Pharmaceutical	719	1.600	000756	4.890	247.8	
China Eastern Airlines	670	2.200	600115	6.550	238.9	
Datang International Power	991	4.180	601991	10.300	180.4	
Sinopec Shanghai Petrochemical	338	2.510	600688	6.180	180.2	
China Southern Airlines	1055	2.920	600029	7.130	177.9	
Huadian Power	1071	2.010	600027	4.820	172.9	
Air China	753	3.550	601111	8.430	170.3	
Guangzhou Pharmaceutical	874	4.980	600332	11.260	157.3	
Jiaoda Kunji High-Tech	300	5.900	600806	11.910	129.7	
Chongqing Iron & Steel	1053	2.800	601005	5.180	110.6	
Jiangxi Copper	358	14.440	600362	25.510	101.1	
China Oilfield Services	2883	13.460	601808	23.760	100.9	
ZTE Corporation	763	37.950	000063	65.000	94.9	
Chalco	2600	8.310	601600	13.810	89.1	
PetroChina	857	9.550	601857	14.710	75.3	
Yanzhou Coal Mining	1171	14.100	600188	20.390	64.6	
Dongfang Electrical Machinery	1072	22.050	600875	31.650	63.4	
China Petroleum & Chemical	386	6.840	600028	9.730	61.9	
Tsingtao Brewery	168	15.600	600600	21.720	58.5	
Huaneng Power	902	4.950	600011	6.840	57.3	
Guangzhou Shipyard	317	18.320	600685	25.030	55.5	
Shenzhen Expressway	548	4.150	600548	5.460	49.7	
Maanshan Iron & Steel	323	4.200	600808	5.360	45.2	
Guangshen Railway	525	3.460	601333	4.320	42.1	
China Shenhua	1088	28.400	601088	34.790	39.4	
China CITIC Bank	998	4.260	601998	5.160	37.9	
Bank of China	3988	3.360	601988	4.030	36.5	
China COSCO Holdings	1919	18.180	601919	19.670	23.1	
China Construction Bank	939	5.840	601939	5.720	11.5	
Jiangsu Expressway	177	6.350	600377	6.090	9.2	
ICBC	1398	5.010	601398	4.750	7.9	
China Merchants Bank	3968	22.400	600036	21.150	7.5	
Anhui Expressway	995	5.310	600012	4.980	6.7	
China Shipping Development	1138	22.250	600026	19.870	1.6	
China Life	2628	25.400	601628	22.210	(0.5)	
Angang Steel	347	14.520	000898	12.650	(0.8)	
Bank of Communications	3328	8.570	601328	7.310	(2.9)	
Ping An Insurance	2318	48.900	601318	40.550	(5.6)	
Anhui Conch Cement	914	48.150	600585	39.130	(7.5)	

Source: Bloomberg

Appendix 23: HSCEI Constituents

Stock Code	Company	Last price	wow change (%)	EPS (HK\$)	P/E (X)	P/B (X)	EBIT margin (%)	ROAE (%)
168	Tsingtao Brewery	15.600	(12.4)	0.466	32.1	3.1	8.7	10.0
177	Jiangsu Expressway	6.350	3.7	0.375	17.0	2.0	55.4	11.7
323	Maanshan Iron & Steel	4.200	(8.6)	0.433	9.8	1.1	7.7	11.4
338	Sinopec Shanghai Petrochemical	2.510	(13.7)	0.261	9.5	0.8	1.3	8.3
347	Angang Steel	14.520	(9.6)	1.274	10.6	1.7	20.4	17.9
358	Jiangxi Copper	14.440	(4.7)	1.591	9.1	2.1	12.0	26.7
386	China Petroleum & Chemical	6.840	(7.0)	0.739	9.6	1.8	7.5	19.8
390	Chian Railway	5.360	(9.6)	0.206	26.7	1.8	2.0	7.8
489	Dongfeng Motor Group	3.250	4.8	0.498	6.5	1.4	6.4	23.6
525	Guangshen Railway	3.460	(1.4)	0.227	15.3	1.0	16.3	6.9
552	China Communications Services	5.060	(11.1)	0.243	21.4	2.6	6.2	10.7
576	Zhejiang Expressway	5.460	(6.4)	0.632	8.8	1.6	55.3	19.2
694	Beijing Capital International Airport	6.550	2.0	0.318	21.0	2.2	47.7	11.0
728	China Telecom	4.020	(7.8)	0.330	11.8	1.3	20.7	11.1
753	Air China	3.550	(13.7)	0.405	8.9	1.2	0.8	13.9
857	PetroChina	9.550	(6.2)	0.921	10.5	2.1	23.9	22.1
902	Huaneng Power	4.950	(12.0)	0.580	8.6	1.1	15.3	13.6
914	Anhui Conch Cement	48.150	(8.0)	1.921	25.7	6.2	21.8	27.7
939	China Construction Bank	5.840	(6.8)	0.341	17.4	2.9	N/A	18.4
991	Datang International Power	4.180	(15.5)	0.330	17.2	1.5	23.6	12.7
998	China CITIC Bank	4.260	(8.6)	0.261	17.0	1.7	N/A	14.4
1088	China Shenhua	28.400	(6.7)	1.262	22.7	3.9	40.3	20.6
1138	China Shipping Development	22.250	(1.3)	1.554	14.6	4.1	39.4	31.7
1171	Yanzhou Coal Mining	14.100	(2.1)	0.750	18.4	2.8	29.4	16.0
1398	ICBC	5.010	(5.9)	0.273	18.8	2.8	N/A	16.2
1800	China Communications Construction	12.420	(11.0)	0.466	26.8	3.6	6.6	15.7
1898	China Coal Energy	12.760	(8.4)	0.580	21.5	4.8	22.2	24.6
1919	China COSCO Holdings	18.180	1.8	2.480	8.7	3.6	17.4	47.9
2318	Ping An Insurance	48.900	(14.8)	2.967	17.5	2.9	N/A	23.6
2328	PICC	4.710	(12.0)	0.305	15.4	1.8	N/A	12.8
2600	Chalco	8.310	(9.3)	0.932	8.8	1.7	19.7	19.9
2628	China Life	25.400	(8.4)	1.569	16.4	3.1	N/A	22.5
2727	Shanghai Electric Group	3.630	(7.8)	0.269	13.6	1.9	7.1	15.5
2777	Guangzhou R&F Properties	13.460	(9.6)	1.871	7.3	3.0	33.7	50.8
2866	China Shipping Container Lines	2.850	(6.8)	0.386	7.3	0.9	10.6	13.0
2883	China Oilfield Services	13.460	(1.5)	0.616	21.7	3.1	31.6	17.3
2899	Zijin Mining Group	6.400	7.1	0.216	29.9	14.0	32.1	56.8
3323	CNBM	13.960	(9.5)	0.489	29.5	3.8	14.4	15.7
3328	Bank of Communications	8.570	(3.7)	0.477	18.4	2.8	N/A	18.2
3968	China Merchants Bank	22.400	(6.1)	1.182	19.4	4.4	N/A	24.8
3988	Bank of China	3.360	(4.3)	0.250	13.4	1.8	N/A	14.0
3993	China Molybdenum	6.210	(7.4)	0.568	11.1	2.6	53.0	36.7

Source: Bloomberg

Appendix 24: Shenzhen B shares

	Name (E)	Listed B-Share (m)	Last price (HKS)	PER (X)	A-share code	Listed A-shares (m)	A-share price (RMB)	P/E (X)	B discount to A (%)
200002	China Vanke Co-B	1,315.0	9.450	17.9	000002	9,413.9	8.9	19.5	6.4
200011	Shenz Props & Re	N/A	2.730	N/A	000011	91.3	6.1	N/A	(54.9)
200012	Csg Holding Co-B	N/A	8.100	17.6	000012	438.2	15.7	N/A	(48.5)
200013	Shenz Petroch-B	32.8	N/A	N/A	000013	51.3	N/A	N/A	N/A
200016	Konka Group-B	N/A	2.340	12.0	000016	300.0	3.8	21.9	(38.5)
200017	Shenz China Bi-B	216.0	1.440	9.7	000017	76.8	N/A	N/A	N/A
200018	Shenz Victor-B	69.4	2.390	N/A	000018	42.8	4.9	N/A	(51.3)
200019	Shenz Shenbao-B	N/A	7.240	26.5	000019	73.3	11.5	47.8	(36.9)
200020	Shenz Huafa EI-B	N/A	2.560	N/A	000020	64.6	N/A	N/A	N/A
200022	Shenz Chiwan W-B	N/A	11.850	N/A	000022	117.3	14.2	N/A	(16.6)
200024	China Merchants	339.1	11.450	9.3	000024	475.8	15.0	13.9	(23.4)
200025	Shenz Tellus-B	26.4	3.290	57.6	000025	48.0	5.7	N/A	(42.4)
200026	Shenz Fiyta-B	58.3	5.650	20.4	000026	79.5	8.5	34.7	(33.1)
200028	Shenz Accord-B	N/A	8.340	17.1	000028	149.3	16.9	N/A	(50.6)
200029	Shenz Sp Econ-B	120.0	2.260	69.4	000029	269.4	4.1	141.1	(44.2)
200030	Guangdong Sun-B	39.6	1.720	N/A	000030	40.2	N/A	N/A	N/A
200037	Shenz Nanshan-B	171.7	3.882	17.7	000037	178.5	5.4	27.7	(28.3)
200039	China Intl Mar-B	1,430.5	8.930	6.6	000039	1,065.4	10.8	9.1	(16.9)
200041	Shenz Benelux-B	15.7	N/A	N/A					
200045	Shenz Textile-B	49.5	3.300	60.8	000045	46.9	6.0	127.3	(44.9)
200053	Shenz Chiwan P-B	111.2	7.500	13.1					
200054	Chongqing Jian-B	120.0	2.260	77.3					
200055	China Fangda-B	209.3	3.120	50.8	000055	173.2	5.9	102.7	(46.8)
200056	Shenz Intl Ent-B	N/A	3.500	9.9	000056	111.6	6.2	20.2	(43.5)
200057	Shenz Great-B	79.2	N/A	N/A					
200058	Shenz Seg Co-B	246.5	1.780	19.6	000058	249.4	3.4	N/A	(47.7)
200152	Shandong Airline	140.0	3.420	32.1					
200160	Chengde Dixian	461.5	1.050	N/A					
200168	Guangdong Rieys	154.6	1.760	N/A					
200413	Shijiazhuang B-B	100.0	1.980	63.9	000413	90.2	4.4	163.0	(54.9)
200418	Wuxi Little Sw-B	N/A	3.920	5.9	000418	211.4	6.4	10.6	(39.0)
200429	Guangdong Prov-B	348.8	3.960	8.9	000429	459.4	5.5	13.9	(27.3)
200468	Nanjing Putian-B	100.0	2.970	140.3					
200488	Shandong Chen-B	N/A	6.600	9.4	000488	805.7	10.9	17.6	(39.3)
200505	Hainan Pearl-B	N/A	3.420	N/A	000505	238.8	9.9	N/A	(65.3)
200512	Tsann Kuen Ent-B	1,112.4	1.690	24.2					
200513	Livzon Pharmac-B	N/A	12.100	6.4	000513	143.1	16.9	10.1	(28.1)
200521	Hefei Meiling-B	113.1	2.360	48.5	000521	174.3	4.1	96.1	(42.3)
200530	Dalian Refrig-B	115.0	4.160	9.9	000530	158.0	5.8	15.7	(27.9)
200539	Guangdong Elec-B	665.3	3.560	12.4	000539	752.5	6.6	26.6	(45.8)
200541	Foshan Elec-B	N/A	6.480	9.3	000541	400.2	7.9	13.0	(17.4)
200550	Jiangling Moto-B	344.0	6.700	6.6	000550	247.8	9.0	10.3	(25.6)
200553	Hubei Sanonda-B	230.0	3.140	55.1	000553	241.7	7.0	141.1	(55.3)
200570	Changchai Co-B	100.0	3.170	6.2	000570	194.0	5.0	11.1	(36.6)
200581	Weifu High-Tec-B	114.9	5.570	11.9	000581	338.2	8.5	20.8	(34.0)
200596	Anhui Gujingd-B	60.0	6.900	42.1	000596	39.8	12.6	87.4	(45.1)
200613	Hainan Dadongh-B	88.0	1.800	4.1	000613	58.6	3.8	9.9	(52.6)
200625	Chongqing Chan-B	604.8	2.930	8.9	000625	782.8	5.0	17.6	(41.5)
200706	Wafangdian Bea-B	158.6	5.000	19.8					
200725	Boe Technology-B	1,115.6	3.030	11.0	000725	690.0	6.3	26.1	(51.6)
200726	Luthai Textile-B	324.3	4.700	7.6	000726	302.9	7.1	13.1	(34.0)
200761	Bengang Steel-B	400.0	5.680	9.3	000761	217.6	6.6	12.3	(14.3)
200770	Wuhan Boiler-B	125.0	5.040	N/A					
200771	Hangzhou Steam-B	135.2	9.610	8.3					
200869	Yantai Changyu-B	178.5	47.780	34.9	000869	83.1	69.4	57.5	(31.0)
200986	Foshan Huaxin-B	N/A	3.080	12.6					
200992	Shandong Zhonglu	138.0	2.600	11.0					

Source: Bloomberg

Appendix 25: Shanghai B shares

Name (E)	Listed B-shares (m)	Last price (US\$)	PER (X)	A share code	Listed A-shares (m)	A-share price (RMB)	P/E (X)	B discount to A (%)
900901	Sva Electron-B	N/A	0.420	125.8	600602	526.8	4.3	189.6 (23.8)
900902	Shang Erfangji-B	232.9	0.279	N/A	600604	152.7	3.2	N/A (32.4)
900903	Dazhong Trans-B	533.9	0.756	18.1	600611	528.4	10.7	36.2 (44.9)
900904	Shang Wingsung-B	N/A	0.641	47.7	600613	37.6	9.1	97.7 (45.1)
900905	China First P-B	N/A	1.039	19.1	600612	64.4	14.0	37.5 (42.0)
900906	China Textile-B	120.1	0.407	15.2	600610	25.7	7.3	40.0 (56.5)
900907	Shanghai Sanji-B	N/A	0.650	15.6	600614	57.9	10.6	36.9 (52.0)
900908	Shang Chlor-B	406.6	0.432	60.9	600618	266.1	5.2	106.7 (34.5)
900909	Shang Tyre & R-B	243.1	0.488	17.6	600623	139.4	5.7	29.8 (32.6)
900910	Shang Highly-B	215.3	0.644	15.8	600619	151.5	6.7	24.1 (24.9)
900911	Shang Jinq Exp	N/A	0.836	23.6	600639	226.9	10.2	41.8 (36.3)
900912	Shang Waigao-B	N/A	0.733	358.3	600648	127.3	11.1	783.4 (48.5)
900913	Shang Lianhua-B	N/A	0.490	62.2	600617	54.2	7.6	N/A (49.5)
900914	Shang Jinjiang-B	161.1	0.900	10.7	600650	205.6	8.7	15.3 (19.0)
900915	Shang Forever-B	69.0	0.767	70.4	600818	33.9	13.5	183.5 (55.5)
900916	Phoenix Co Ltd-B	171.6	0.508	204.6	600679	100.2	9.0	N/A (55.7)
900917	Shang Haixin-B	N/A	0.454	747.6	600851	696.0	5.5	1,293.5 (35.1)
900918	Shang Yaohua P-B	187.5	0.589	23.5	600819	70.8	6.1	35.3 (24.4)
900919	Shang Dajiang-B	N/A	0.403	68.5	600695	50.6	6.3	156.7 (50.3)
900920	Shanghai Diese-B	217.0	0.701	128.3	600841	21.6	11.1	N/A (50.6)
900921	Daying Modern -B	N/A	1.285	33.9	600844	89.6	24.7	97.6 (59.4)
900922	Shang Sanmao-B	N/A	0.578	7.6	600689	100.2	5.8	11.3 (22.8)
900923	Shang Friend S-B	N/A	1.131	10.9	600827	150.5	11.7	16.4 (24.6)
900924	Sgsb Group Co-B	N/A	0.374	40.3	600843	117.7	5.0	80.4 (41.9)
900925	Shanghai Mecha-B	N/A	1.334	12.8	600835	269.2	13.6	19.2 (23.5)
900926	Shang Baosight-B	88.0	1.304	17.0	600845	28.7	17.1	32.7 (40.3)
900927	Shang Material-B	66.6	0.703	16.3	600822	70.6	7.6	26.0 (27.3)
900928	Shang Automati-B	N/A	0.567	154.4	600848	143.6	6.8	266.7 (34.9)
900929	Shanghai Jinji-B	66.0	1.156	28.8				
900930	Shanghai Posts-B	124.8	0.580	91.9	600680	76.0	7.2	169.7 (37.4)
900932	Shang Lujiazui-B	509.6	1.318	22.3	600663	290.3	14.3	35.4 (28.1)
900933	Huaxin Cement-B	164.0	2.305	17.8	600801	75.3	16.3	18.5 (10.2)
900934	Shanghai Jinji-B	156.0	1.198	18.7	600754	218.1	11.9	27.2 (21.4)
900935	Shang Youngsun-B	105.6	0.675	84.8				
900936	Inner Mongolia-B	420.0	1.200	16.2	600295	192.0	16.9	33.6 (44.6)
900937	Huadian Energy C	432.0	0.392	75.5	600726	720.6	3.7	104.4 (16.9)
900938	Tianjin Marine-B	180.0	0.331	N/A	600751	103.7	4.6	N/A (44.1)
900939	Shang Huili Bu-B	88.0	0.350	105.6				
900940	Shang Worldbes-B	265.0	0.235	N/A	600094	209.6	N/A	N/A #VALUE!
900941	Eastern Commun-B	300.0	0.416	20.4	600776	376.7	4.3	31.3 (24.8)
900942	Huangshan Tour-B	156.0	1.400	29.7	600054	100.6	16.8	N/A (34.9)
900943	Shang Kaikai-B	80.0	0.513	96.6	600272	113.9	6.4	177.4
900945	Hainan Airline-B	184.7	0.601	22.3	600221	1,222.5	4.8	25.9 (1.7)
900946	Jinan Qingqi M-B	230.0	0.351	N/A	600698	306.7	4.8	N/A (42.9)
900947	Shang Zhenhua-B	660.0	1.444	15.2	600320	1,522.3	10.7	16.5 5.7
900948	Inner Mongolia-B	332.0	6.159	19.8				
900949	Zhejiang South-B	690.0	0.756	15.7				
900950	Jiangsu Xinche-B	N/A	0.551	9.6				
900951	Dahua Group-B	100.0	0.437	49.7				
900952	Jinzhou Port-B	N/A	0.580	67.7	600190	537.9	5.9	101.4 (23.1)
900953	Kama Co-B	240.0	0.302	N/A				
900955	Shang Matsuoka-B	110.0	1.181	N/A	600555	124.3	8.8	N/A 5.1
900956	Huangshi Dong-B	115.0	0.628	18.1				
900957	Shanghai Lingyun	184.0	0.434	435.1				

Source: Bloomberg

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