

十一月港股前瞻

宏觀經濟：

預期第四季，內地的通脹壓力會放緩，人民幣持續升值、內房調控措施加強以及歐豬五國的債務問題延續。

香港市場估值合理

與世界各地其他市場及新興市場比較，恆生國企指數的估值合理，目前市盈率約為 14.41 倍，MSCI 世界指數的 15.41 倍相比，國企指數的市盈率明顯較低；而其市賬率亦只有 2.31 倍，略高於 MSCI 世界指數的 1.77 倍，但國企指數的反彈幅度依然較其他金磚四國為低，故相信未來仍有增長空間。

熱錢流入將擴闊 AH 股溢價

目前 AH 溢價處於 102.32，近日熱錢流入及人民幣匯率改革加速將推進更多資金，繼而推升 AH 溢價。

「由上而下」理論顯示恆生國企指數盈利將於 2010 年按年增長 22.5% 預期約 54.03% 的年度盈利將由上半年貢獻，歷史顯示最高的上半年盈利貢獻為 2008 年，約為 65.45%，而最低則為 2004 年，只有 47.01%。今年上半年，恆生國企指數的盈利有 4830 億元人民幣，預期全年將達 894 萬億元人民幣，較 09 年增長 22.47%。

內地公佈 9 月份的經濟數據，居民消費物價指數達到 3.6%，創兩年來新高，而首 9 個月的通脹已達 2.9%，貼近央行 3% 的目標，當中食品價格上升 6.1%；不過由於內地率先上調存貸基準利率，預期全年通脹仍有望保持在 3% 的水平。而第三季的國內生產總值則按年增長 9.6%，經濟增長勢頭略較預期好，但已從第一季的 11.9% 及第二季的 10.3% 回落，反映經濟增長逐步放緩。

近日恆指走勢疲弱，已失守 23000 點的關口，並連穿 10 天及 20 天線水平，有機會進一步補回 10 月初的裂口 22700 點位置。但未來走勢仍要留意美國聯儲局的量化寬鬆政策去向，預期港股有機會先作出調整。

推介股份

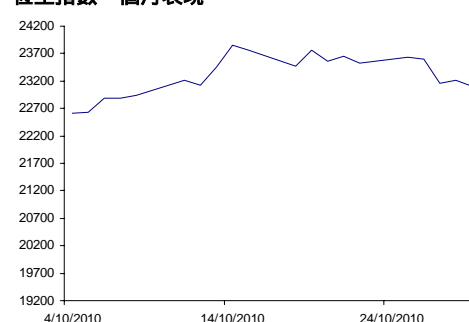
	推介時價格	2010 預測市盈率	2010 預測息率
玖龍紙業 (02689)	\$12.84	16.57x	1.202%
神威藥業 (02877)	\$27.00	23.84x	1.723%

指數表現			
指數 (%)	5 天	1 個月	本年迄今
恆生指數	0.11	5.79	8.14
國企指數	(0.87)	8.88	5.58
紅籌指數	(0.81)	1.43	5.13
上海 A	0.07	15.01	(6.92)
深圳 A	3.21	14.80	11.34

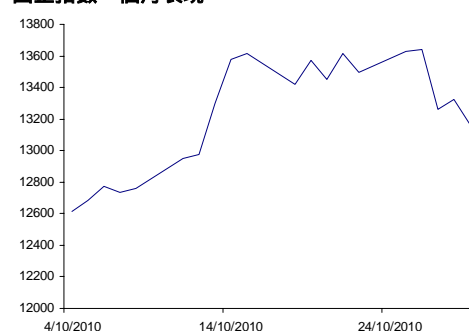
資料來源：彭博

截至 2010/11/01

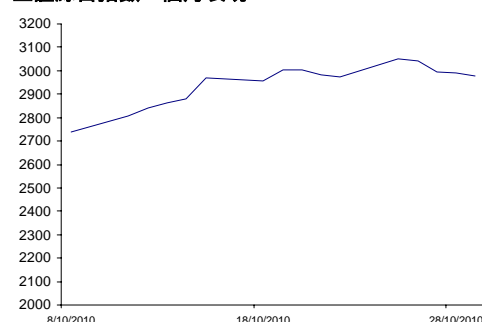
恆生指數一個月表現



國企指數一個月表現



上證綜合指數一個月表現



重點行業：生物科技及新能源

生物科技

中國近年越益關注人口老化問題，加上中央倡議由國富轉為民富，小康社會下的醫療開支必然增加，遂大力發展用於重大疾病防治的生物技術藥物、新型疫苗及診斷試劑、化學藥物、現代中藥等創新藥物品種，提升生物醫藥產業水平，帶領醫藥行業發展邁進新領域。此外，三農問題一直是內地重點關注項目，為推動農業發展，中央亦積極推進綠色農用生物產品，促進生物農業加快發展，亦加快海洋生物技術及產品的研發和產業化。

中央倡議由國富轉為民富

發展用於重大疾病防治的生物技術藥物

中央亦積極推進綠色農用生物產品

新能源

新能源產業方面，涉及行業與早前「十二五」規劃相若，當中仍然以核電為首，表明積極發展新一代核能技術及先進反應堆；太陽能光伏熱能發電仍會獲得支持；至於風電，智能電網以及生物質能均全數列入產業發展中。其中《決定》要求，太陽能光伏光熱發電強調要多元化；風電則重申技術裝備水平，有序推進規模化應用；智能電網重加快發展系統建設；生物質能則按因地制宜開發利用。

中央積極發展新一代核能技術及先進反應堆

太陽能光伏光熱發電強調要多元化

股票	股票編號	市值 (百萬)	2010 預測 市盈率(倍)	2010 預測 息率(%)
玖龍紙業	02689	59744.6	16.57	1.202
理文造紙	02314	30436.0	14.78	2.096
晨鳴紙業	01812	17568.1	9.39	3.469
陽光紙業	02002	1943.1	14.84	1.338
群星紙業	03868	3532.4	7.78	3.404

紙業股比較

股票	股票編號	市值 (百萬)	2010 預測 市盈率(倍)	2010 預測息 率(%)
神威藥業	02877	22329.0	23.84	1.723
聯邦制藥	03933	18715.6	18.51	1.878
朗生醫藥	00503	1523.1	18.94	N.A
中國製藥	01093	6677.1	8.88	4.46
華瀚生物製藥	00587	4166.1	9.52	N.A
銘源醫療	00233	4032.7	21.60	0.463
中國生物製藥	01177	15216.9	30.40	1.889
國藥控股	01099	68729.7	46.29	0.616
四環醫藥	00460	29800.0	32.10	0.662(2011)

醫藥股比較

推介股份：

玖龍紙業 (02689.HK)

人民幣利好收入以人民幣計算，但成本以外幣如美元結算的造紙業；當中亞洲最大的包裝紙生產商玖龍紙業(2689)經過金融海嘯後逐漸復甦，股價亦受惠人民幣升值帶動慢慢向上挑戰。玖紙主要生產包裝卡紙及高強瓦楞芯紙，其第三季銷量按季增長 30%至 210 萬噸，而紙板平均售價亦環比上升 5.1%至每噸 455 美元，可見於旺季時價量齊升。玖紙更計劃未來 3 年投資 98 億元人民幣以提升產能，令負債比率有可能進一步上升至 75%至 80%，其實，其上半年負債比率已由年初的 60.1%升至 73.9%水平，不過目前集團手持現金約 23 億元人民幣，且未動用銀團貸款達 180 億元人民幣，故資金尚算充裕，料其負債比率高企情況可逐步改善。

神威藥業 (02877.HK)

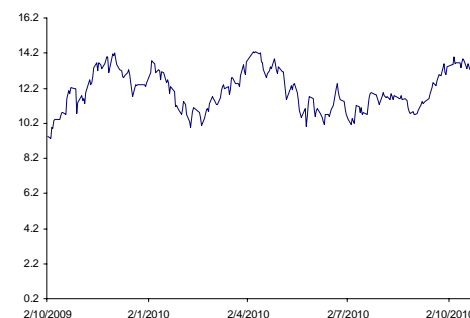
「十二五」規劃支持的七大產業之一為生物技術，當中生物制藥為受惠板塊，不過，計劃目標為增加國民的生活水平，故醫療體系是受支持的大方向。中藥行業於內地醫藥領域的佔比超過三分之一，過去 3 年，中藥行業的收入及利潤複合增長率近 20%，其中神威藥業(2877)為全國最大的中藥注射液、中藥軟膠囊及中藥顆粒劑生產商，且逾七成為處方藥，並以「神威」及「五福」兩大品牌推出市場。根據國家統計局的資料，首 8 個月的中成藥銷售額按年增長 27.6%至 1457.9 億元人民幣，而上半年神威藥業的毛利率保持在 69.5%的高位，集團早前於低位作大量原材料庫存，並與供應商訂立合約以穩定成本，料未來營業額可保持增長。目前集團手持逾 20 億元人民幣的現金，財政並無壓力，且可作併購及發展之用。

玖龍紙業 (02689.HK)

2010 年預測市盈率	16.57 倍
2010 年預測市賬率	2.36 倍
2010 年預測股息率	1.202%

資料來源：彭博

玖龍紙業股價走勢圖



神威藥業 (02877.HK)

2010 年預測市盈率	23.84 倍
2010 年預測市賬率	6.225 倍
2010 年預測股息率	1.723%

資料來源：彭博

神威藥業股價走勢圖



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Monthly Report

Macro economy:

We believe inflation concerns will alleviate, RMB to resume appreciation, real estate tightening to continue and PIIGS debt concerns to remain. In addition, the 12th five-year plan will be announced.

Hong Kong Market Valuation Reasonable

Compared with other world markets and emerging markets, the HSCEI's valuation is reasonable. Price-to-Earnings currently stands at 14.41x, below MSCI World Index's 15.41x. HSCEI's Price-to-Book currently stands at 2.31x, slightly above MSCI World Index's 1.77x. HSCEI has rebounded the least compared with other BRIC countries.

Inflow of Hot Money will Increase A-H Share Premium

The A-H share premium is above parity and currently stands at 102.32. This has been a wide spread phenomenon not isolated to a particular sector. Recent news of hot money inflow coupled with an accelerated exchange rate reform will continue to drive hot money in and, consequently, driving up the A-H share premium.

Top-Down Approach Suggests HSCEI Earnings will Grow by 22.5% YoY in 2010

Our analysis reveals that, on average, 54.03% of yearly earnings are accounted for in the first half of the year. This is calculated by dividing semiannual earnings by full year earnings. Historically, the highest portion of first half earnings was 65.45% in 2008 and the lowest was 47.01% in 2004. First half for the HSCEI this year were RMB 483B. Using the average as our base case, first half earnings would account for 54.03% of full year earnings. Full year earnings are then estimated to be RMB 894,001B implying a growth of 22.47% YoY from 2009's earnings.

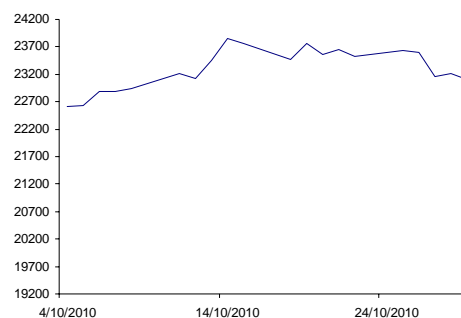
Top-Down Approach Suggests HSCEI Earnings will Grow by 22.5% YoY in 2010

Our Dividend Discount Model (DDM) base case suggests the HSCEI index has a 2.34% upside potential by 31st of December 2010 with a target of 12,588 index points. We assume 2010 earnings grow 22.5% and a leading PE of 13.0x.

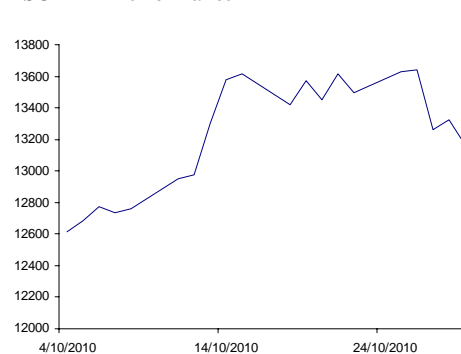
Hang Seng Index			
Index (%)	5 Days	1 Mth	YTD
HSI	0.11	5.79	8.14
HSCEI	(0.87)	8.88	5.58
Red Chip	(0.81)	1.43	5.13
Shanghai A	0.07	15.01	(6.92)
Shenzhen A	3.21	14.80	11.34

Source: bloomberg Ended at 01/11/2010

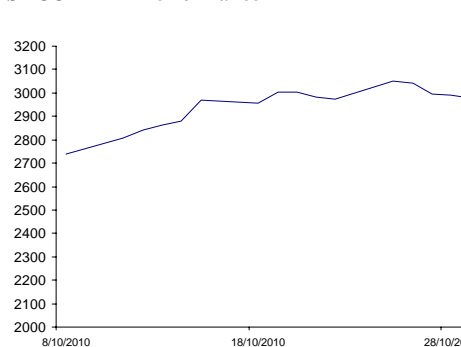
HSI 1M Performance



HSCEI 1M Performance



SHCOMP 1M Performance



Recommended Stocks

	Current Price	2010 estimated P/E	2010 estimated dividend yield
Nine Dragons Paper (02689.HK)	12.84	16.57	1.202
Shineway Pharm (02877.HK)	27.00	23.84	1.723

Key sectors:

Sectors with Demanding Valuation

Consumer discretionary, consumer staples, pharmaceutical and telecommunication services are sectors with demanding valuation. These sectors are trading one standard deviation away from their average P/E levels. Consumer staples sector is trading at two standard deviations away from the average.

Consumer discretionary, consumer staples, pharmaceutical and telecommunication services are sectors with demanding valuation.

Sectors with Reasonable Valuation

Airlines, construction materials, industrials, information technology (equipment and software), non ferrous metals and paper are sectors with reasonable valuation. These sectors are trading within one standard deviation away from their average P/E (P/B for airlines). Airlines and industrials, in particular, are trading close to their average.

Airlines, construction materials, industrials, information technology (equipment and software), non ferrous metals and paper are sectors with reasonable valuation.

Stock name	Stock code	Mkt cap (Million)	2010 estimated P/E (x)	2010 estimated yield (%)
ND Paper	02689	59744.6	16.57	1.202
Lee & Man Paper	02314	30436.0	14.78	2.096
Chenming Paper	01812	17568.1	9.39	3.469
Sunshine Paper	02002	1943.1	14.84	1.338
QX Paper	03868	3532.4	7.78	3.404

Paper industry comparison

Stock name	Stock code	Mkt cap (Million)	2010 estimated P/E (x)	2010 estimated yield (%)
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United Lab	03933	18715.6	18.51	1.878
Lansen Pharma	00503	1523.1	18.94	N.A
China Pharma	01093	6677.1	8.88	4.46
Hua Han	00587	4166.1	9.52	N.A
My Medicare	00233	4032.7	21.60	0.463
Sino Biopharm	01177	15216.9	30.40	1.889
Sinopharm	01099	68729.7	46.29	0.616
Sihuan Pharm	00460	29800.0	32.10	0.662(2011)

Pharmaceutical industry comparison

Stock picks:
Nine Dragons Paper (Holdings) Ltd. (02698.HK)

Investment Rating & Valuation: We give a BUY rating on Shineway and a target price of HK\$29.17. Estimated EPS for FY2010/11/12 are RMB 1.04, 1.41 and 1.86, indicating PER of 21.83X, 16.17X and 12.26X given current price of HK\$26. We believe this stock is undervalued.

Key Assumptions: We expect Shineway's 2H results to be strong due to higher demand for its major products in cold seasons.

How we differ from consensus: As Shineway's products enjoy high popularity among patients, we believe the demand for its major products such as Qing Kai Ling injections will get higher in cold seasons when more people get sick.

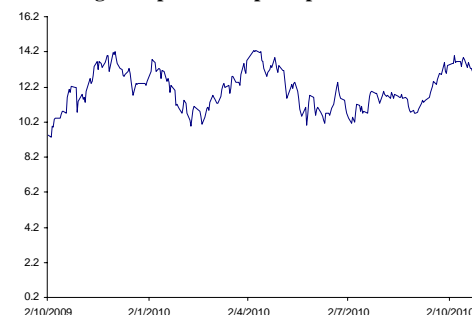
Catalysts for share price performance: 2H results better than expectation.

Risks: Significant hike of raw material prices.

Nine Dragons Paper (02689.HK)	
2010 estimated P/E	16.57X
2010 estimated P/B	2.36 X
2010 estimated dividend yield	1.202%

Source: Bloomberg

Nine Dragon Papers stock price performance



Shineway Pharmaceutical (02877 HK)

Investment Rating & Valuation: Currently the stock is trading at 15.7x/12x/10x PE/R for 06/2010E/11E/12E respectively. The current valuation is undemanding, in our view. We maintain 'Outperform' and the TP for the next 6-12 months is HK\$16.87.

Investment highlights: As a cyclical stock, NDP's demand is closely linked to downstream consumption. So on the one hand, the company could easily pass along the rising costs. On the other hand, NDP's profitability could easily be impacted by the movement of OCC prices. As we believe the pulp and OCC price will inch up after correcting for 2 quarters, the earnings momentum of NDP could build in since 3Q10.

How we differ from the market: The busy season is coming around 4Q10. Although the overseas demand could not compare with that of pre-crisis period, it still could boost the sales of paper packaging materials by some extent, a positive catalyst of share price. Besides, we believe the downstream enterprises need to replenish their inventories after destocking since 3Q10, which has not been priced in share price.

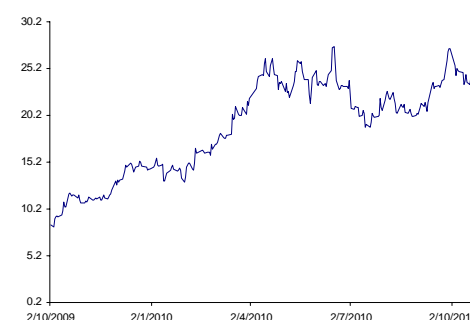
Catalysts for share price performance: Continuing rising OCC prices and ASPs of NDP's products, RMB appreciation and steady growth of China's export in 4Q10 and 1Q11.

Risks: Declining raw materials costs, Economic redipping

Shineway Pharm (02877.HK)	
2010 estimated P/E	23.84 X
2010 estimated P/B	6.225 X
2010 estimated dividend yield	1.723%

Source: Bloomberg

Shineway Pharm stock price performance



Disclosure of Interests :

Ms. Ellie Chan, Mr. Jeffrey Mok, the Analysts, and their associates do not have any financial interests in the listed corporation(s) mentioned in this report.

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