



Rating
Buy

Asia
China

Resources
Metals & Mining

Company
**China Hongqiao
Alert**

Reuters
1378.HK

Bloomberg
1378 HK

Exchange
HSI

Ticker
1378

Date
16 March 2015

Company Update

Price at 13 Mar 2015 (HKD)	4.87
Price target - 12mth (HKD)	8.90
52-week range (HKD)	6.84 - 4.61
HANG SENG INDEX	23,823

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Stock data

Market cap (HKDm)	30,004
Market cap (USDm)	3,864
Shares outstanding (m)	6,160.9
Major shareholders	–
Avg daily value traded (USDm)	0.0
Free float(%)	15

Source: Deutsche Bank

Key data

FYE 12/31	2013A	2014E	2015E
Sales (CNYm)	29,404	37,297	50,171
Net Profit (CNYm)	5,592.7	5,206.5	6,909.6
DB EPS (CNY)	0.92	0.84	1.09
PER (x)	3.7	4.7	3.6
Yield (net) (%)	8.0	6.3	8.1

Source: Deutsche Bank

Market reacted about delay of result announcement

Hongqiao delayed result announcement

Hongqiao, on March 12 after market close, has announced the company will delay its result announcement by two weeks (from March 13 to March 27). The reason of the delay was due to the company not able to complete compiling its annual results and finish the auditing process on time resulting from certain unexpected delays.

The market panicked but we think the fundamental remains the same

After the announcement, the company's share price has corrected sharply by 14%+ (vs +0.5% Hang Seng Index) reflecting the market might have concern about the company's 2014 results. Though nothing can be disclosed before result announcement, we don't think there is any new fundamental issue with the company.

Skepticism let share price diverge from fundamentals; Buy re-iterated

We believe the market has reacted to the delay of result announcement. As we discussed in our recent sector review note "2015 outlook – a repeat of 2014?" published on January 30, 2015, we believe Hongqiao will maintain its leading position in terms of aluminium production volume and its cost competitiveness. The company will continue to grow its earnings in 2015 as well. Current market selloff has led the company trading at 3x 2015DBE EPS. We reiterate our Buy rating for China Hongqiao.

Deutsche Bank AG/Hong Kong

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