

# NEWSLETTER 17

Asia's most manipulated market is...

8 February 2018



Are Hong Kong-listed companies the most manipulated in Asia? Of the 6,000 largest companies in Asia, 16 rose by more than 10% in the ten trading days before New Year and then fell by more than 10% in the ten days after. Although Philtrust Bank in the Philippines took the top spot with a total 20-day swing of 71%, the list was dominated by companies listed in Hong Kong. Some familiar names appear, including China High Speed and China Greenland Broad Greenstate. We wonder whether the Hong Kong Stock Connect has created a regulatory blind spot that allows stocks to be manipulated with impunity.

## Share price window dressing

You'd be forgiven for thinking that share price manipulation was allowed in Hong Kong; no market is a complete stranger to such activities, but Hong Kong seems particularly prone. To illustrate the point, we've looked at the probable incidence rate of egregious window dressing at the recent year-end, 31 December 2017. There may be an incentive to boost share prices in order to inflate valuations and performance going into a financial year-end. Since December is the financial year-end for most businesses this is when we would expect to find some of the worst examples. Often, it's not entirely clear who is manipulating a stock; it could be a fund manager with a large position or a major shareholder with pledged shares.

We downloaded share price data around 31 December on all companies in Asia with a market capitalisation exceeding US\$750m, which comes to around 6,000 companies. We only included companies on our shortlist if their prices ran up by more than 10% in the ten trading days before New Year, and then fell by more than 10% in the ten days after. Given the strict criteria, it is a short list with only 16 companies on it, as shown in Figure 1 (on any randomly chosen day the number of stocks is normally less than five). Interestingly, while Hong Kong-listed companies make up just 11% of the entire sample, they account for almost half of the companies on our shortlist.

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## Companies mentioned:

Philtrust Bank (PTC PM)  
China High Speed (658 HK)  
Hanergy (566 HK)  
Evergrande (3333 HK)  
Greenland (1253 HK)  
Legend (3396 HK)  
Bank of Tianjin (1578 HK)

**Figure 1: Asian companies with largest likely window dressing YE17**

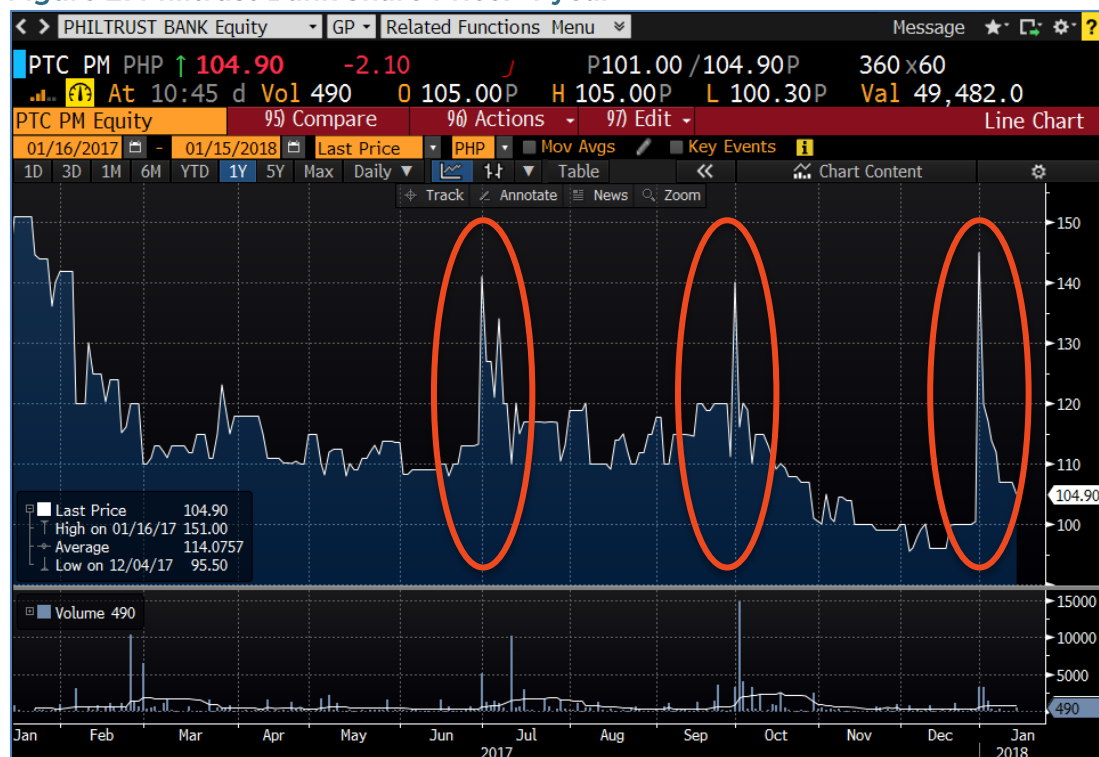
Name	Ticker	Price: 21/12/17 (LCL)	Price: 31/12/17 (LCL)	Before New Year (%)	Price: 12/01/18 (LCL)	After New Year (%)	Total Change (%)
Philtrust Bank	PTC PM	100	145	+45.0	107	(26.2)	71.2
Jaiprakash Power	JPVL IN	7.15	9.45	+32.2	7.75	(18.0)	50.2
Tsaker Chemical Group Ltd	1986 HK	4.12	5.3	+28.6	4.25	(19.8)	48.5
China High Speed Transmission	658 HK	10.36	13.5	+30.3	11.24	(16.7)	47.0
Bank of Tianjin Co Ltd-H	1578 HK	5.3	6.8	+28.3	5.69	(16.3)	44.6
China Greenland Broad Greens	1253 HK	1.21	1.5	+24.0	1.21	(19.3)	43.3
Legend Holdings Corp-H	3396 HK	30.0	35.9	+19.7	27.6	(23.1)	42.8
Pelat Timah Nusa	NIKL IJ	4120	4950	+20.1	4000	(19.2)	39.3
Guangdong Hybr-A	300639 CH	69.45	79.59	+14.6	61.84	(22.3)	36.9
Carnival Group International	996 HK	0.38	0.445	+17.1	0.36	(19.1)	36.2
Semen Baturaja P	SMBR IJ	3300	3800	+15.2	3130	(17.6)	32.8
SP Setia Bhd	SPSB MK	3.50	4.00	+14.3	3.34	(16.5)	30.8
Dongjin Semichem Co Ltd	005290 KS	19800	22100	+11.6	18300	(17.2)	28.8
Xiabuxiabu Catering	520 HK	13.88	15.74	+13.4	13.56	(13.9)	27.3
Netwealth Group Ltd	NWL AU	6.44	7.28	+13.0	6.3	(13.5)	26.5
IGB Reit	IGBREIT MK	1.57	1.8	+14.6	1.62	(10.0)	24.6

Source: Bloomberg, GMT Research

## Philtrust Bank

The most manipulated looking share price belongs, not to a Hong Kong company, but to Philtrust Bank, as shown in Figure 2. Its share price rose 45% in the ten days prior to the year-end and then fell 26% in the days after. A similar pattern occurred in the preceding two quarters (end-September and end-June). You have to wonder why its share price is so obviously manipulated, and why the regulator hasn't stepped in to investigate.

Figure 2: Philtrust Bank Share Price: -1 year



Source: Bloomberg

Also on our shortlist are some familiar names on which we've written in the past, including **China High Speed Transmission**<sup>1</sup> (CHST), now subsidiary of Fullshare, and **China Greenland Broad Greenstate**<sup>2</sup>. It seems that some names just keep reappearing on our screens for all the wrong reasons. In Appendix 1, we have reproduced the one-year share price charts for all the companies on our shortlist. Some of most interesting include **Legend Holdings** and **Bank of Tianjin**.

## China High Speed Transmission

CHST is an intriguing case; it represents another chapter in the Fullshare saga. Fullshare took control of CHST at the end of 2016 after the successful completion of its all-share offer for the company, although CHST retained its separate listing.

Shortly after the offer closed, the CHST shares acquired by Fullshare were placed back into CCASS, the Hong Kong Exchange's settlement system. Indeed, since early January 2017, 99.9% of CHST's shares have been held in CCASS. In such circumstances, it is reasonable to assume the shares have been pledged, as there would be no other obvious reason to hold them in CCASS<sup>3</sup>.

CHST has been increasingly popular with mainland investors over the last year: of the 25% free float, nearly 14% is now held through the Stock Connect. As Figure 3 shows, CHST's share price rose sharply in late December last year, increasing by 35% from HK\$10/share on 19 December to HK\$13.50/share on 29 December; the shares were particularly active on 22 and 29 December, the last two trading days before Christmas

<sup>1</sup> GMT: [FULLSHARE: Manufactured bubble](#), 27 Apr 2017

<sup>2</sup> GMT: [CHINA GREENLAND BG: The Government's unpaid gardener](#), 30 Mar 2017

<sup>3</sup> As David Webb explained in a recent article. See <https://webb-site.com/articles/WCASupgrade.asp>

and New Year, when the share price shot up by 16% and 12% respectively, on very high volumes, over 10x the daily average. Data from the exchange suggests that most of the shares were traded through the Stock Connect. The share price slumped immediately, falling by 11% on the first trading day of 2018. It is also worth noting that there was a similar spike in the share price at the end of September 2017.

**Figure 3: China High Speed Share Price: -1 year**



Source: Bloomberg

Just a few weeks into the New Year, on 19 January 2018, Fullshare announced that it had entered into a memorandum of understanding with an unnamed mainland company regarding a “possible conditional voluntary partial cash offer” for up to 75% of CHST. Whether the possible offer and the share price shenanigans are related is unclear. Nonetheless, it seems that Fullshare is already planning to cash out of CHST, making the original transaction look suspiciously like a circuitous way for Fullshare to raise cash through a large equity issue; something it probably could not have done directly.

## A similar story the year before

Interestingly, even more Hong Kong stocks look to have been manipulated at the previous year-end, YE16, with 14 having risen by more than 10% in the ten days before New Year, and falling by more than 10% in the ten days after. At YE15, the total number came to 18. Moreover, there were a further 87 companies listed in mainland China that looked equally manipulated. Indeed, A-shares dominated the list not just at YE15 but in the prior two years, as shown in Figure 4.

We suspect that the likely increase in the number of manipulated stocks in Hong Kong has to do with the opening of the Stock Connect<sup>4</sup> between Hong Kong, Shanghai and Shenzhen in November 2014. It suggests that either China’s securities regulator, the CSRC, or Hong Kong’s regulator, the SFC, are unable or unwilling to prevent stock manipulation. However, it is possible that the overall decline in numbers suggests that they might be getting to grips with the situation.

<sup>4</sup> HKEx: [What is Stock Connect?](#)

Figure 4: Asian companies with largest likely window dressing YE13-YE17

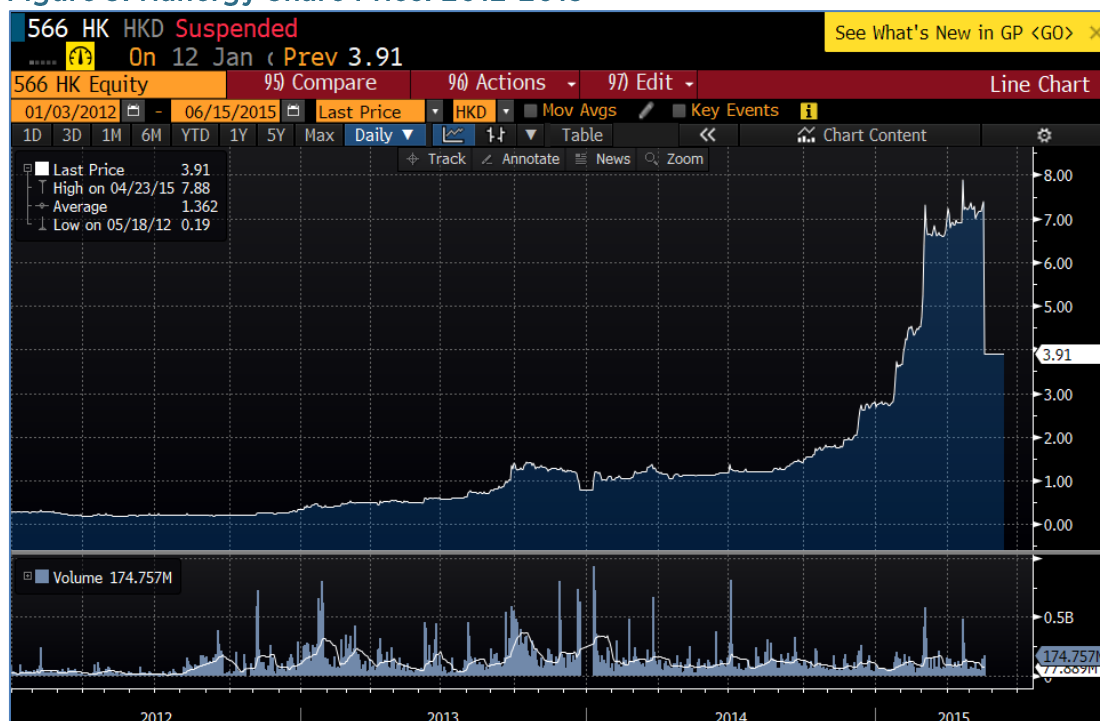
Exchange	Companies (No.)					% of shortlisted companies				
	YE17	YE16	YE15	YE14	YE13	YE17	YE16	YE15	YE14	YE13
Philippines	1	0	1	0	0	6	0	1	0	0
India	1	0	1	0	2	6	0	1	0	8
Hong Kong	7	14	18	3	4	44	64	14	17	16
Indonesia	2	2	2	0	2	13	9	2	0	8
China	1	4	87	12	13	6	18	69	67	52
Malaysia	2	0	1	0	0	13	0	1	0	0
Korea	1	0	1	0	1	6	0	1	0	4
Australia	1	0	8	1	0	6	0	6	6	0
US	0	1	0	0	1	0	5	0	0	4
Norway	0	1	0	0	0	0	5	0	0	0
Japan	0	0	5	1	1	0	0	4	6	4
Singapore	0	0	1	0	0	0	0	1	0	0
Taiwan	0	0	2	0	1	0	0	2	0	4
New Zealand	0	0	0	1	0	0	0	0	6	0
<b>Total</b>	<b>16</b>	<b>22</b>	<b>127</b>	<b>18</b>	<b>25</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: Bloomberg, GMT Research

## Hanergy manipulated up 4,100%

Year-end window dressing is not the only form of share price manipulation. Some share prices are manipulated up over long periods of time. Perhaps the most infamous example in Hong Kong was the case of **Hanergy** (566 HK, HTF), a manufacturer of **thin film silicon solar modules**. The company's share price rose by over 4100% in the three years between 2012 and 2015, as shown in Figure 5, trading on a peak trailing price to sales of 27x, and 81x PER. At its height, the company had a market capitalisation of US\$39bn, making its founder, Li Hejun, China's richest man<sup>5</sup>. According to an investigation by the Financial Times<sup>6</sup>, the trading patterns behind the stock's meteoric rise were highly unusual with most of the gains taking place in the last ten minutes of trading.

Figure 5: Hanergy Share Price: 2012-2015



Source: Bloomberg

<sup>5</sup> FT: [Hanergy's Li Hejun leaps to top of Forbes' China rich list](#), 5 Mar 2015

<sup>6</sup> FT: [Hanergy, The 10-minute trade](#), 25 Mar 2015

Inexplicably, neither the Hong Kong Exchange nor Hong Kong's securities regulator, the SFC, made any apparent attempt to prevent this blatant share price manipulation. It was only after a dramatic intra-day fall in Hanergy's share price that the company asked for a suspension. The SFC then imposed a longer suspension on stating that it needed to investigate the company's business practices given that the majority of sales were to its parent company. Mr Li was eventually disqualified from being a director or being involved in the management of any listed or unlisted corporation in Hong Kong for eight years<sup>7</sup> owing to breaches of duty, in particular his failure to properly disclose a related-party loan. **No mention was made of share price manipulation.**

## The Enigma Network

Any pretence that share price manipulation was a thing of the past in Hong Kong was dispelled by David Webb's May 2017 exposé, entitled "The Enigma Network: 50 stocks not to own"<sup>8</sup>. Within, he detailed a complex web of cross-shareholdings involving 50 Hong Kong listed companies, many of which appeared to be involved in share price manipulation. The SFC "sprung" into action some five months later, in October, launching Hong Kong's largest ever financial raid involving 136 officers<sup>9</sup>.

## Don't criticize Hong Kong-listed companies

While the SFC might be slow to prosecute companies accused of market manipulation, it seems to show no such restraint when it comes to research providers critical of Hong Kong listed companies. The SFC<sup>10</sup> fined Moody's HK\$11m due to arithmetic errors in a 2011 report entitled "Red Flags for Emerging-Market Companies: A Focus on China". Subsequent analysis by David Webb showed that the report's error rate was about 1.2%<sup>11</sup>. If this is the standard being set, then we're all in trouble. Furthermore, of the six stocks highlighted as being negative outliers, three had been suspended at the time of David Webb's report, having recording significant share price declines. Furthermore, the SFC's proceedings<sup>12</sup> against one of Asia's most successful short-seller, Andrew Left of Citron Research, for a report written on China Evergrande was equally disturbing. As David Webb<sup>13</sup> once more points out, Mr Left was simply expressing his opinion. Ironically, it appears China Evergrande (and other companies) can manipulate its share price unhindered so long as it does so through share buybacks and adheres to the technical rules set out in the Exchange's Listing Rules on maximum price, disclosure, etc.<sup>14</sup>.

The problem with these prosecutions is the signal that it sends market participants. Economists spend a lot of time analysing the signals coming from central banks as an indicator of future policy direction. Similarly, stock market participants take their cue from the signals given by the regulator. One interpretation is that listed corporates can pretty much do what they want as long as it's not on the front page of the newspapers. As for research analysts, don't criticise Hong Kong listed companies or you'll be run out of town.

This may be slightly unfair. The likelihood is that it's very difficult for the SFC to prove share price manipulation beyond reasonable doubt (for a criminal conviction), or even on the balance of probabilities (for civil liability), given the use of proxies by those trying to create a false market. It's also likely that the Hong Kong Stock Connect<sup>15</sup> makes it more difficult for the SFC to oversee mainland Chinese traders and monitor

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<sup>7</sup> SFC: [SFC obtains disqualification and court orders](#), 4 Sep 2017

<sup>8</sup> Webb-site Reports: [The Enigma Network: 50 stocks not to own](#), 15 May 2017

<sup>9</sup> Bloomberg: ['Enigma Network' Crash Spurs Hong Kong's Largest Financial Raid](#), 13 Oct 2017

<sup>10</sup> SFC: [Court of Appeal upholds SFAT's ruling on SFC's disciplinary action against Moody's over Red Flags Report](#), 8 Jun 2017

<sup>11</sup> Webb-site Reports: [SFAT's red flag on Moody's chills negative research](#), 8 Apr 2016

<sup>12</sup> SFC: [Market Misconduct Tribunal bans Andrew Left of Citron Research from trading securities in Hong Kong](#), 20 Oct 2016

<sup>13</sup> Webb-site Reports: [Andrew Left and the right to be wrong](#), 23 Oct 2016

<sup>14</sup> See Listing Rules 10.06

<sup>15</sup> [Stock Connect](#) allows international and Mainland Chinese investors to trade securities in each other's markets through the trading and clearing facilities of their home exchange



suspicious trading patterns. In other words, **there appears to be a black hole in its regulatory oversight.**

## Appendix 1: Share Price Charts

Figure 6: Jaiprakash Power Share Price: -1 year



Source: Bloomberg

Figure 7: Tsaker Chemical Share Price: -1 year



Source: Bloomberg

Figure 8: Bank of Tianjin Share Price: -1 year



Source: Bloomberg

Figure 9: China Greenland Broad Greenstate Share Price: -1 year



Source: Bloomberg

Figure 10: Legend Holdings Share Price: -1 year



Source: Bloomberg

Figure 11: Pelat Timah Nusa Share Price: -1 year



Source: Bloomberg



Figure 12: Guangdong HybriBio Biotech Share Price: -1 year



Source: Bloomberg

Figure 13: Carnival Group Share Price: -1 year



Source: Bloomberg

Figure 14: Semen Baturaja Share Price: -1 year



Source: Bloomberg

Figure 15: SP Setia Share Price: -1 year



Source: Bloomberg

Figure 16: Dongjin Semichem Share Price: -1 year



Source: Bloomberg

Figure 17: Xiabuxiabu Share Price: -1 year



Source: Bloomberg

Figure 18: Netwealth Group Share Price: -1 year



Source: Bloomberg

Figure 19: IGB Reit Share Price: -1 year



Source: Bloomberg

## Appendix 2: Asian companies with largest likely window dressing YE16

Name	Ticker	Price 21/12/2016 (LCL)	Price 31/12/2016 (LCL)	Before New Year (%)	Price 12/01/2017 (LCL)	After New Year (%)	Total Change (%)
Knk Holdings Ltd	8039 HK	0.99	1.79	80.8	1.2	(33.0)	113.8
Toga Ltd	TOGL US	0.014	0.0206	47.1	0.015	(27.2)	74.3
China Goldjoy Gr	1282 HK	0.6	0.9	50.0	0.77	(14.4)	64.4
Hengtou Securi-H	1476 HK	3.33	4.5	35.1	3.54	(21.3)	56.5
Good Friend Intl Hldgs Inc	2398 HK	1.55	2.18	40.6	1.85	(15.1)	55.8
Center Interna-A	603098 CH	17.59	24.07	36.8	20.12	(16.4)	53.2
Sunshine 100 Chi	2608 HK	2.96	3.7	25.0	2.96	(20.0)	45.0
Jinhui Shipping & Transporta	JIN NO	6.6586	8.8252	32.5	7.8711	(10.8)	43.3
Virscend Educati	1565 HK	4.62	5.52	19.5	4.23	(23.4)	42.9
China Aluminum Cans	6898 HK	1.43	1.67	16.8	1.31	(21.6)	38.3
Huili Resources Group Ltd	1303 HK	1.45	1.61	11.0	1.25	(22.4)	33.4
Zall Group Ltd	2098 HK	5.16	6	16.3	5.04	(16.0)	32.3
Bpd Jabar Banten	BJBR IJ	2990	3390	13.4	2810	(17.1)	30.5
Elang Mahkota Te	EMTK IJ	8700	9975	14.7	8400	(15.8)	30.4
Smic	981 HK	10.44	12.18	16.7	10.74	(11.8)	28.5
Termbray Industries Intl	93 HK	0.5387	0.6271	16.4	0.5564	(11.3)	27.7
Asymchem Labor-A	002821 CH	64.5	71.75	11.2	60.08	(16.3)	27.5
Sanquan Food -A	002216 CH	10.98	12.2	11.1	10.41	(14.7)	25.8
Gcl Newenergy	451 HK	0.41	0.46	12.2	0.4	(13.0)	25.2
Chinese Strategic Hldgs Ltd	8089 HK	2.07	2.35	13.5	2.08	(11.5)	25.0
Bank Of Qingd-H	3866 HK	5.21	5.85	12.3	5.2	(11.1)	23.4
Yunnan Energy -A	002053 CH	17.17	19.19	11.8	17.05	(11.2)	22.9

Source: Bloomberg, GMT Research

## Appendix 3: Asian companies with largest likely window dressing YE15

Short Name	Ticker	Price 21/12/2016 (LCL)	Price 31/12/2016 (LCL)	Before New Year (%)	Price 12/01/2017 (LCL)	After New Year (%)	Total Change (%)
Shenzhou Yiqia-A	000606 CH	8.6	18.46	114.7	12.9	(30.1)	144.8
Hengtou Securi-H	1476 HK	4	7	75.0	4.06	(42.0)	117.0
Unilumin Group-A	300232 CH	8.12	15.65	92.7	12.76	(18.5)	111.2
Shanghai Conan-A	300061 CH	13.71	24.99	82.3	19.05	(23.8)	106.0
Jiangsu Dagang-A	002077 CH	11.4	19.95	75.0	15.95	(20.1)	95.1
Changshu Tiany-A	300342 CH	14.56	23.59	62.0	16.41	(30.4)	92.5
Btg Hotels Gro-A	600258 CH	15.58	24.91	59.9	20.97	(15.8)	75.7
Beijing Shiji-A	002153 CH	39.47	50.33	27.5	31.68	(37.1)	64.6
Pilbara Minerals	PLS AU	0.22	0.32	45.5	0.26	(18.8)	64.2
Guangfu Holdin-A	002102 CH	3.32	4.96	49.4	4.35	(12.3)	61.7
Boai Nky Pharm-A	300109 CH	84.75	104.05	22.8	65.1	(37.4)	60.2
Fdg Kinetic Ltd	378 HK	0.92	1.26	37.0	1	(20.6)	57.6
Zhejiang Centu-A	002602 CH	25.8	34.05	32.0	25.36	(25.5)	57.5
Shenzhen Capch-A	300037 CH	23.53	29.25	24.3	19.96	(31.8)	56.1
Beijing Wkw Au-A	002662 CH	8.65	11	27.2	7.9	(28.2)	55.3
Shanghai Lonye-A	603003 CH	23.98	29.81	24.3	20.65	(30.7)	55.0
All Winner Tec-A	300458 CH	48.95	59.4	21.3	39.83	(32.9)	54.3
Hefei Meiya Op-A	002690 CH	34.43	40.35	17.2	25.58	(36.6)	53.8
Hebei Cangzhou-A	600230 CH	12.63	15.51	22.8	11.21	(27.7)	50.5
Suzhou New Dis-A	600736 CH	8.15	11	35.0	9.29	(15.5)	50.5
Xiamen Meiya -A	300188 CH	43.52	50.7	16.5	33.48	(34.0)	50.5
Gohigh Data-A	000851 CH	13.37	15.63	16.9	10.49	(32.9)	49.8
Fujian Start-A	600734 CH	20.94	24.32	16.1	16.54	(32.0)	48.1



Short Name	Ticker	Price 21/12/2016 (LCL)	Price 31/12/2016 (LCL)	Before New Year (%)	Price 12/01/2017 (LCL)	After New Year (%)	Total Change (%)
Sino Wealth El-A	300327 CH	27.09	32.82	21.2	24.06	(26.7)	47.8
Enjoyor Co Ltd-A	300020 CH	20.53	24.52	19.4	17.59	(28.3)	47.7
Dong Yi Ri She-A	002713 CH	26.75	32	19.6	23.24	(27.4)	47.0
Xiamen Kehua-A	002335 CH	39.64	48	21.1	35.58	(25.9)	47.0
Infund Hld Co	002141 CH	8.17	9.03	10.5	5.76	(36.2)	46.7
Wuxi Taiji Ind-A	600667 CH	10.09	11.15	10.5	7.16	(35.8)	46.3
Shenzhen Sdg I-A	000070 CH	14.28	16.05	12.4	10.64	(33.7)	46.1
Travellers Inter	RWM PM	3.49	4.4	26.1	3.52	(20.0)	46.1
Net263 Ltd-A	002467 CH	18.23	20.99	15.1	14.53	(30.8)	45.9
Shandong Sinoc-A	300285 CH	19.8	22.75	14.9	15.75	(30.8)	45.7
Hangzhou Lian-A	002280 CH	22.26	24.56	10.3	16.08	(34.5)	44.9
Zhejiang Wolwo-A	300357 CH	45.5	50.7	11.4	33.89	(33.2)	44.6
China Calxon G-A	000918 CH	5.6	6.4	14.3	4.47	(30.2)	44.4
Chengdu Tianx-A	000710 CH	36.88	40.88	10.8	27.3	(33.2)	44.1
Pou Sheng Intl	3813 HK	1.63	1.86	14.1	1.31	(29.6)	43.7
Hongtu Technol-A	002101 CH	24.44	28.3	15.8	20.43	(27.8)	43.6
Chinese Estates	127 HK	22.3	26	16.6	19.04	(26.8)	43.4
Shanghai Feil-A	600651 CH	12.86	14.75	14.7	10.6	(28.1)	42.8
Zhejiang Cryst-A	002273 CH	24.51	27.07	10.4	18.52	(31.6)	42.0
Anhui Sinonet -A	002298 CH	17.1	19.21	12.3	13.51	(29.7)	42.0
Zhejiang Vie S-A	002590 CH	21.49	24.9	15.9	18.52	(25.6)	41.5
Ocean's King L-A	002724 CH	15.8	18.64	18.0	14.31	(23.2)	41.2
Ningbo Shansha-A	600884 CH	17.53	19.62	11.9	13.91	(29.1)	41.0
Gansu Gangtai-A	600687 CH	21.43	23.58	10.0	16.4	(30.4)	40.5
Zhongchang Big-A	600242 CH	14.75	17.28	17.2	13.25	(23.3)	40.5
Jiangsu Dewei-A	300325 CH	7.43	8.32	12.0	5.96	(28.4)	40.3
Hangzhou Boil-A	002534 CH	8.6	10.73	24.8	9.06	(15.6)	40.3
Shang Material-B	900927 CH	0.89	1.09	22.5	0.9	(17.4)	39.9
Qingdao King -A	002094 CH	27.88	31.15	11.7	22.43	(28.0)	39.7
Alpine Elec Inc	6816 JP	1535	1898	23.6	1603	(15.5)	39.2
Cosco Shipping I	COS SP	0.4	0.46	15.0	0.35	(23.9)	38.9
Jiangsu Yunyi -A	300304 CH	7.01	7.79	11.1	5.65	(27.5)	38.6
Montnets Rongx-A	002123 CH	22.71	25.65	12.9	19.1	(25.5)	38.5
Hubei New Bldg-A	600293 CH	8.72	9.78	12.2	7.21	(26.3)	38.4
Nanhua Bio-Med-A	000504 CH	26.9	29.98	11.4	21.93	(26.9)	38.3
Heilongjian -A	601188 CH	4.95	5.78	16.8	4.54	(21.5)	38.2
Anhui Truchum-A	002171 CH	10.3	11.99	16.4	9.39	(21.7)	38.1
Xingmin Intel-A	002355 CH	16.22	20.06	23.7	17.17	(14.4)	38.1
Wuxi Huaguang-A	600475 CH	17.68	20.69	17.0	16.35	(21.0)	38.0
Shenzhen Cente-A	002733 CH	27.49	30.61	11.3	22.55	(26.3)	37.7
Jm Financial Ltd	JM IN	37.75	47.25	25.2	41.35	(12.5)	37.7
Ningbo Shuangl-A	300100 CH	27.06	31.32	15.7	24.46	(21.9)	37.6
Youngy Co Ltd-A	002192 CH	29.44	33.33	13.2	25.2	(24.4)	37.6
Yiwu Huading N-A	601113 CH	9.74	11.12	14.2	8.52	(23.4)	37.5
Luoyang Longhu-A	300263 CH	12.48	14.45	15.8	11.31	(21.7)	37.5
Giti Tire Corp-A	600182 CH	19.2	22.23	15.8	17.43	(21.6)	37.4
Lingnan Land-A	002717 CH	38.8	43.9	13.1	33.45	(23.8)	36.9
Inspur Softwar-A	600756 CH	46.69	51.43	10.2	37.7	(26.7)	36.8
Shang Shenda-A	600626 CH	15.03	16.54	10.0	12.22	(26.1)	36.2
Gni Group Ltd	2160 JP	162	191	17.9	157	(17.8)	35.7
Global Mediacom	BMTR IJ	905	1100	21.5	945	(14.1)	35.6
Shenzhen H&T-A	002402 CH	10.31	11.36	10.2	8.54	(24.8)	35.0
Goldwin Inc	8111 JP	5180	6260	20.8	5390	(13.9)	34.7
Cachet Pharmac-A	002462 CH	44.61	50.62	13.5	40.13	(20.7)	34.2
Innuovo Techno-A	000795 CH	6.91	7.7	11.4	5.95	(22.7)	34.2
China Grand Au-A	600297 CH	8.95	9.88	10.4	7.54	(23.7)	34.1
Guangzhou Heng-A	000531 CH	10.92	12.35	13.1	9.79	(20.7)	33.8
Guangdong East-A	300310 CH	19.18	21.64	12.8	17.11	(20.9)	33.8

Short Name	Ticker	Price 21/12/2016 (LCL)	Price 31/12/2016 (LCL)	Before New Year (%)	Price 12/01/2017 (LCL)	After New Year (%)	Total Change (%)
Guangdong Orie-A	002167 CH	10.78	12	11.3	9.38	(21.8)	33.2
Beijing Vanton-A	600246 CH	6.66	7.6	14.1	6.18	(18.7)	32.8
Joeone Co Ltd-A	601566 CH	20.33	22.86	12.4	18.26	(20.1)	32.6
Hisense Kelon -H	921 HK	3.53	4.13	17.0	3.49	(15.5)	32.5
Xinjiang Ba Yi-A	600581 CH	8.67	9.85	13.6	7.99	(18.9)	32.5
Tianze Informa-A	300209 CH	23.45	25.8	10.0	20.05	(22.3)	32.3
Chongqing Thre-A	600116 CH	6.23	7.23	16.1	6.06	(16.2)	32.2
Shang Jinjiang-B	900914 CH	2.13	2.38	11.7	1.9	(20.2)	31.9
Sapura Energy Bh	SAPE MK	1.69	2.02	19.5	1.77	(12.4)	31.9
Xi'an Haitiantia	8227 HK	0.44	0.5	13.6	0.41	(18.0)	31.6
Hang Zhou Grea-A	002444 CH	18.6	20.7	11.3	16.72	(19.2)	30.5
Zall Group Ltd	2098 HK	1.69	1.98	17.2	1.72	(13.1)	30.3
China Vast Indus	6166 HK	2.81	3.2	13.9	2.68	(16.3)	30.1
Hunan Dakang-A	002505 CH	3.91	4.47	14.3	3.77	(15.7)	30.0
China Overseas G	81 HK	2.85	3.19	11.9	2.64	(17.2)	29.2
Cleanaway Waste	CWY AU	0.68	0.78	14.7	0.67	(14.1)	28.8
Beijing Tian-A	600161 CH	23.91	26.87	12.4	22.55	(16.1)	28.5
China Evergrand	3333 HK	6.19	6.82	10.2	5.58	(18.2)	28.4
Whitehaven Coal	WHC AU	0.63	0.7	11.1	0.58	(17.1)	28.3
Meidu Energy-A	600175 CH	6.31	7.23	14.6	6.27	(13.3)	27.9
Shandong Hi-Sp-A	000498 CH	7.91	8.97	13.4	7.69	(14.3)	27.7
Shanghai Mecha-B	900925 CH	2.8	3.1	10.7	2.58	(16.8)	27.5
Zhejiang Meida-A	002677 CH	12.32	13.64	10.7	11.36	(16.7)	27.4
China Datang C-H	1798 HK	0.88	0.97	10.2	0.81	(16.5)	26.7
Asia Pacific Tel	3682 TT	10.2	11.65	14.2	10.25	(12.0)	26.2
China Hongqiao	1378 HK	3.99	4.61	15.5	4.12	(10.6)	26.2
Is Dongseo Co Lt	010780 KS	39950	44500	11.4	38000	(14.6)	26.0
Vector	6058 JP	647	720	11.3	614.67	(14.6)	25.9
Huabao Intl	336 HK	2.47	2.83	14.6	2.51	(11.3)	25.9
Beijing Urban-H	1599 HK	4.53	5.02	10.8	4.27	(14.9)	25.8
Ausdrill Ltd	ASL AU	0.22	0.25	13.6	0.22	(12.0)	25.6
Iluka Resources	ILU AU	5.41	6.13	13.3	5.38	(12.2)	25.5
Hosiden Corp	6804 JP	620	684	10.3	581	(15.1)	25.4
Hengten Networks	136 HK	0.52	0.58	11.5	0.5	(13.8)	25.3
Sinofert Holding	297 HK	1.19	1.32	10.9	1.13	(14.4)	25.3
Kingnet Networ-A	002517 CH	27.25	30.27	11.1	26	(14.1)	25.2
Syrah Resources	SYR AU	3.39	3.86	13.9	3.43	(11.1)	25.0
Zhejiang Medi-A	600216 CH	11.11	12.37	11.3	10.7	(13.5)	24.8
Sawit Sumbermas	SSMS IJ	1720	1950	13.4	1730	(11.3)	24.7
Alumina Ltd	AWC AU	1.04	1.15	10.6	0.99	(13.9)	24.5
Zhejiang Hisoa-A	002099 CH	10.44	11.93	14.3	10.73	(10.1)	24.3
Chicony Power	6412 TT	36.83	41.58	12.9	36.98	(11.1)	24.0
Shanghai Runda-A	603108 CH	17.19	19	10.5	16.54	(12.9)	23.5
Cpmc Holdings	906 HK	4.34	4.79	10.4	4.17	(12.9)	23.3
Tianjin Port Dev	3382 HK	1.15	1.29	12.2	1.15	(10.9)	23.0
Bluescope Steel	BSL AU	4	4.43	10.8	3.91	(11.7)	22.5

Source: Bloomberg, GMT Research



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## What we do

GMT Research provides independent insight into markets, sectors and companies throughout Asia. Our unique method of mining a comprehensive collection of corporate financial statements for key data allows us to evaluate the financial health of a company, sectors and the market at large. We also investigate the application of accounting standards by companies and sectors, shedding light on the quality of reported profits. Armed with this information, we help investment professionals navigate the financial landscape.



**Gillem Tulloch** has been a financial analyst since 1994 and has been based in Asia since 1995, with spells in Singapore, Thailand, Korea and most recently Hong Kong. Over his career, Gillem has covered sectors ranging from telecoms to printing to electronics. He has achieved top industry rankings in regional polls like Asiamoney and Institutional Investor, and has appeared on Bloomberg and Business Week. Gillem has worked in research and strategy for several large sell-side institutions, including Cazenove, Nomura and CLSA, and founded the independent research company Forensic Asia before moving on to establish GMT Research.



**Nigel Stevenson** worked for eight years in investment banking at Dresdner Kleinwort Wasserstein in London, primarily advising on equity offerings and M&A transactions, both in the UK and internationally. He subsequently spent seven years as an equity research analyst at Veritas Asset Management, where he was a member of the global equities team, primarily focusing on the industrials sector. Nigel is a graduate of Cambridge University and a qualified barrister. He has a Masters in Finance from London Business School, awarded with distinction, and is a CFA charterholder.



**Mark Webb** is a research analyst and chartered accountant. He has been based in Asia for 21 years, writing research on transport, logistic and industrial conglomerate companies since 1997. Mark has worked for HSBC in equity research in Hong Kong and Singapore, and at PricewaterhouseCoopers in London and Hong Kong.

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