CASE DOCTORS – HKUST MBA
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**700.HK Target Price: 410 HKD**

Tencent Holdings Limited is the leading Internet company in China. It has dominated the IM apps and held diversified software ecosystem in the past few years. According to the interim report in 2017, the Group's unaudited profit attributable to equity holders of the Company for the three and six months ended 30 June 2017 increased by 70% and 64% on a year-on-year basis to RMB18,231 million and RMB32,707 million respectively. Basic EPS for the three and six months ended 30 June 2017 were RMB1.939 and RMB3.480 respectively.

Short term driver: 1. With the influence of summer holiday, the King of Glory will contribute more to the revenue. Many classical PC games are going to transit to smart phone platform. The annual net profit is estimated increase 2.4% and the non-GAAP profit is estimated increase 8.6%. 2. Video business keeps going up. The VIP of Tencent Video has already been on top and the revenue from advertisement keeps increase due to the Moments in Wechat. The estimated Brand Ad. Revenue in Q3 will increase 5% to 3.9 billion RMB and the Effect Ad. Revenue in Q3 will increase 63% to 7.1 billion RMB.

Long term driver: 1. Diversified investment in apps ecosystem will bring more profit from exit from IPO. 2. Historical development trend for Internet gives Tencent the first mover advantage.

**1866.HK Target Price: 3.6 HKD/share**

China XLX Fertilizer is the top 100 enterprises of petrochemical manufacturing industry in China It was listed in Singapore in 2007 and then listed in Hong Kong in 2009. The estimated net profit from 2017 to 2019 will be 360 million, 530 million and 540 million HKD. The P/E ratio in 2017 and 2018 will be 10 and 6.8.

Short term driver: 1. Due to successful operation transition and expanding from upstream business to downstream business, the company achieved in the first half of 2017. The transition began from 2016, aiming to diversify product such as tripolycyanamide and liquid ammonia which are more profitable than the previous dominate fertilizer-related product. 2. The price of primary products has gone up steadily. The demand of ureaphil is estimated 5.5 million tons which is decrease 12% compared to last year. The supply of ureaphil would experience more than 16% decrease because of the cost of mine keeping up.

Long term driver: 1. The acquisition of coal mine located in Xinjiang will be applied next year. It will reduce the production cost effectively. 2. The manufacturing base in Henan Province has initiated the installment of methyl alcohol producing line. The Marginal profit of methyl alcohol will be 400 RMB/ton. 3. The attribution of High Efficacious Fertilizer will increase to 80% in the coming years. Compared to the standard fertilizer, the price will go higher 200-300 per ton.

**906.HK Target Price: 4.74HKD**

CPMC Holdings Limited is primarily engaged in the manufacturing and sales of packaging products used for consumer goods such as food, beverages and house hold chemical products, covering extensively the packaging market segment for consumer goods such as tea beverages, carbonated beverages, fruit and vegetable juices, beer, dairy products and so on. The net profit in 2016 is 294 million RMB and estimated to 358 million in 2017. Currently its P/E ratio is 11.1 compared to global peer average of 15.8 and A-share peers 21.8 which means it is undervalued.

Short term driver: 1. Company has signed a framework agreement to acquire 30% JDB Qingyuan in Oct 31st, 2017. JDB Qingyuan is the only company that makes concentrate for JDB. Company's supply of two-piece cans to JDB will increase from 40% of JDB's total volume to 70%. To put JDB's sales in context, JDB's annual retail sales is more than 20 billion RMB according to media. Assuming JDB's ex-factory sales were Rmb5b with 10% net margin, the 30% stake in JDB Qingyuan could yield 150 million RMB attributable profit, or 35% net profit of company.

Long term driver: 1. Acquisitions in 2017 will increase capacity in the future. Company has successfully completed three acquisitions in 2017, aiming to increase two-piece cans effective capacity by 46% from 6.1 billion cans in 2016 to 8.9 billion cans in 2018.2. 2. Company has achieved SOE reform in 2016 to help to align management interest and shareholders.

**1257.HK Target Price: 7.8 HKD**

China Everbright Water Limited is an investment and operation company focusing on integrated environmental water services and primarily engaged in integrated environmental water services, sponge city construction, waste water treatment, reusable water, waste water source heat pump, sludge treatment and so on. Until 31st Dec of 2016, the company invested in and operated water treatment projects with a designed daily water treatment capacity of approximately 5 million $m^3$. The net profit of 2016 is 629 million HKD and is estimated 950 million HKD in 2017. Based on all the on-going project, the revenue is estimated increase 4.2%, 29.3% and 29.5% in 2017, 2018 and 2019.

Short term driver: The abundant project reserve will offer sustainable increase in the year. Till June of 2017, the number of finished project is 73 with investment of 17.1 billion RMB.

Long term driver: 1. Hazardous waste treatment (HWT) will produce sustainable growth in both treatment capacity and project returns. The current situation is 8 projects in service, 2 projects on-going and 16 projects under preparation. With all of these projects put into use, the attribution will increase dramatically in the coming 2-3years. 2. Biomass power industry will experience trend opportunities. Biomass development will also benefit from easing straw collection thanks to the popularization of agricultural machinery.

**806.HK Target Price: 9.98 HKD**

Value Partners Group is the first asset management firm listed on the Hong Kong Stock Exchange. It offers a diversified asset management portfolio for both institutional and individual clients in Asia Pacific, Europe and the US and the products include equities, fixed income, quantitative investment solutions SMART investment strategy and multi-asset. The net profit of group in the first half year of 2017 is 500 million HKD with an increase of 4290% compared with 2016.

Short term driver: 1. Due to the boom of Hong Kong market and the continuous improvement of investor's sentiment, the commission fee is expected a huge increase. On the first half of 2017, the commission fees have grown 3.3% while the performance fees have grown 328.8%. 2. Group may confirm the net value of fair value which is already 99 million HKD. 3. The top 10 stocks in the portfolio of group include Alibaba, Maotai which all experience increases this year.

Long term driver: The High Net Worth Individual in China has increased fast and the investable capital per people is close to 30 million RMB. Those have strong incentive to invest oversea to diversify the portfolio. There are only 4% clients from main land China compared with 83% clients from Hong Kong. The compounding increase is estimated to go up 20% annually.