

Tus-Sound Environmental Resources Co Ltd (000826.SZ)

Investment Points:

- Comprehensive 'one-stop' service and environmental solutions based on solid waste treatment

Sound Environmental Resources Co., Ltd. is listed on the Shenzhen main board, acts a pioneer in Chinese solid waste treatment, and is engaged in waste recycling and sustainable development of environmental resources for the long term.

- An upcoming take-off with a large order of 9.17 billion Yuan

Recently, the company has won the bidding for "the investor of environmental science and technology industry park of Jinan city, Shandong province" project, which was valued at 9.17 billion Yuan. The project involves incineration of domestic waste, sewage sludge, kitchen and medical waste, as well as an environmental conservation program.

- Performance was evidently improved in Q3 2017

The revenue was up 34.73% YoY to RMB 2.61bn and net profit attributable to shareholders was up 21.92% YoY to RMB 338mn. The company's monetary fund showed sustained growth, continued improvement of the accounts receivable structure, with expectations for continued decrease of future fund pressure force.

- Future prospects for environmental sanitation industry

The company currently has more than 200 Environmental Sanitation projects, with a total amount of RMB 28 billion. Considering the operation time, the company will be able to generate 2 billion in revenue this year. In addition, the epitaxial merger is expected to restart the company with a new growth power. This year, the company has won 15 PPP projects and 4 framework agreements. The total investment is RMB 173bn.

Tianqi Lithium Corp (002466.SZ)

Investment Points:

- As the strategic resources of Lithium are in hand, steady promotion of capacity is possible

As one of the subsidiaries of Tianqi Lithium Inc., Talison Lithium Ltd. produces 740 thousand tons of lithium concentrate per year. In 2016, it sold 493.8 thousand tons of lithium concentrate. Production of lithium salt will be increased respectively, and the company presently owns capacities of 5000 tons of lithium hydroxide. The project under construction is expected to be accomplished at the end of 2018, and to start working in 2019. Lithium is a global strategic resource, and the company is working hard to expand supply chain at overseas for enormous benefits from the development of electro cars.

- The price of Lithium carbonate is increasing

Thanks to the increasing sales of new energy cars in the second half of the year and the decreased supply of Lithium carbonate, the average price of battery-level Lithium carbonate has climbed to 152,400 Yuan per ton in the third quarter of the year. This is an increase of 9.78% when compared with the second quarter, and an increase of 21% when compared with the beginning of the year.

- The ambition of expanding the main battery factory remains, there is no need to worry about downstream demand

The domestic battery factories plan to expand the production capacities to 120GWh in 2017. In order to consolidate their status in the industry, main factories continue to increase production capacities to gain scale advantages.

Shenzhen Fuanna Bedding and Furnishing Co Ltd (002327.SZ)

Investment Points:

- Progress of home furnishing business

In terms of production capacity, the Huidong industrial base was officially put into operation in May 2017. Now, it has reached the scale of 700 people and will be responsible for the production of furniture and textile. In June 2017, the Fuanna industrial park in Changshu was also put into operation. Fuanna gains momentum mainly through direct marketing channels with more than 10 direct-sale stores being prepared in Xian, Wuhan, Guangzhou and other important cities.

- Clear artistic design style and technical advantages help companies in the custom home market

With the unique style of art design, autonomous transformation and the balanced layout of the production base in the whole country, the company will provide consumers with both unique style and high quality household products. The strategy of steady and focused management and "Integral Home Products" will open up more space for the long-term development of the company.

- Improvement of the company incentives

1. The company completed the grant of the third restricted stock in January 2017, with the grant price of 4.59 Yuan/shares, with the unlocking conditions of the company's operating income of 2017/2018/2019 be no lower than 3.00%/6.09%/ 9.27%.
2. In January 2016, the company completed the share buyback, which cost 300 million Yuan to buy 26.38 million shares.
3. The company's 2015 ESOP completed the purchase plan in March 2016, which cost 195 million Yuan to buy 17.87 million shares.

Hisense Electric Co Ltd (600060.SH)

Investment point:

- The industry leader of black appliances with excellent profitability

Hisense is mainly engaged in research, development, manufacture and sale of TV sets, with revenue of 220.8 billion Yuan in the first three quarters of 2016 and a net profit attributed to the parent company of 1.14 billion Yuan (YoY 22.8%). Its domestic sales accounted for 70% and export sales accounted for 30%.

- Big screen is overwhelming, the pattern of black appliances is expected to improve

The growth stimulus of Hisense comes from the growth of large-size products. From January to September of this year, the year-on-year growth rate of domestic TV sales and export TV sales was 10.1% and 16.7% respectively.

- The supply and demand structure of the panel improved from Q3, and the profitability may be continuously optimized in Q4

The structural changes in the supply and demand of TV panels are obvious; the new capacity of the panel in the second half of the year made up for the first half, and the price of the panel was loose. The easing imbalances in the industry supply began to appear gradually, along with corresponding change since Q3 in cost side pressure.

- Sports year comes

Hisense has become the official TV supplier and sponsor of the Football World Cup in 2018. With the winter Olympics and the football World Cup coming, the increasing exposure rate of sports events is helpful in improving the company's overseas reputation.