

Morning Express

19 October 2020

Focus of the Day

Xinyi Solar		968 HK
Further surge in PV glass prices, equity financing to boost capacity		Rating: Buy
CP: HK\$ 13.18	TP: HK\$ 17.36↑	Upside: +31.7%
Bob Wen, CPA	bob.wen@bocomgroup.com	

Prices of 3.2mm/2.0mm PV glass per sqm have continued to advance amid intensifying short supply, up from RMB26/22.5 in August to >RMB35/28 in October, which significantly beat market expectations. We expect glass price hikes to go further in 4Q20 before pulling back from 1Q21, but the average price for FY21 to be still mildly higher than FY20.

China put forward its first-ever carbon neutral target in September, and the EU substantially increased its 2030 carbon emission reduction target in early October. We expect the global newly-installed PV capacity to increase from ~125GW in 2020 to ~1,000 GW in 10-20 years. Also, coupled with the boost from rising double-glass penetration, PV glass demand should ride on a persistent upswing.

Based on the higher-than-expected price hike of PV glass and lifted expectations on future demand, we revise up our 2020-22E EPS by 13-23% and TP from HK\$10.90 to HK\$17.36, based on 25x 2021E P/E. Reiterate **Buy**.

Internet Sector Weekly		
As of 16 October 2020		Rating: Outperform
Connie Gu, CPA	connie.gu@bocomgroup.com	

The express delivery volume in September reached 8.09bn, marking a YoY growth of 44.6% that exceeded the Jan-Aug level.

Of the first batch of 67 approved games in October, NetEase's self-developed ACG shooting game "Mecha City Alpha" has received 494,000 reservations on Taptap.

Alibaba: (1) Tmall Supermarket's one-hour delivery service has covered 483 cities; (2) Eleme's "10 Billion Subsidy" program has expanded to 124 cities.

Tencent: (1) Tencent led the US\$100m E2-round financing of "Huohua"; (2) Huya and Douyu signed an M&A agreement, under which Huya will acquire all the issued shares of Douyu through a share swap.

JD PLUS members have exceeded 20m, a net add of 5m from the number during 2019 Double Eleven.

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Global Stock Indices

	Close	1D%	YTD%
HSI	24,387	0.46	-16.37
HSCEI	9,915	1.56	-11.22
SH A	3,497	0.13	9.41
SH B	253	0.17	-1.63
SZ A	2,371	-0.39	31.56
SZ B	949	-0.22	-1.36
DJIA	28,606	0.39	0.24
S&P 500	3,484	0.01	7.83
Nasdaq	11,672	-0.36	30.08
FTSE	5,920	1.49	-21.52
CAC	4,936	2.04	-17.43
DAX	12,909	1.62	-2.57

Source: FactSet

Key Commodity/Forex Indicators

	Close	3M%	YTD%
Brent	43.19	-0.46	-34.60
Gold	1,900.80	5.68	25.09
Silver	24.36	26.58	35.00
Copper	6,728.00	5.37	9.29
JPY	105.42	1.62	3.09
GBP	1.29	2.60	-2.41
EUR	1.17	2.52	4.41
bps change		3M	6M
HIBOR	0.54	-3.53	-71.48
US 10yr yield	0.74	20.70	20.70

Source: FactSet

HSI Technical

HSI	24,386.79
50D MA	24,319.47
200D MA	24,488.80
14D RSI	47.84
Short sell (HK\$m)	16,134

Source: FactSet

Hao Hong, CFA

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Recommendation: Maintain **Outperform** sector rating and Alibaba (BABA US) and iQIYI (IQ US) as top **Buys**. We remain optimistic on the long-term potential of Meituan (3690 HK).

Consumer Sector Weekly

As of 16 October 2020

Rating: **Outperform**

Edward Lui

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Domestic sportswear: **Anta** (2020 HK/**Buy**) saw a solid rebound in 3Q for both Anta (to low-single-digit YoY) and FILA (to 20-25% YoY). **Xtep** (1368 HK/NR) saw mid-single-digit sell-through growth in 3Q. **361 Degrees** (1361 HK/NR) remained in decline for both core and kid's brands (high single digit).

Global sportswear: **Pou Sheng's** (3813 HK/**Buy**) September sales rebounded 5.1% YoY from -7.2% in August.

OEM: **Shenzhou's** (2313 HK/**Neutral**) key customer Fast Retailing saw a 44% YoY net profit decline on 12% YoY lower sales for FY20.

Duty free: **CTG Duty Free** (601888 CH/NR) expects to achieve 3Q net profit growth of 142% to RMB2.2bn on the back of 39% higher sales.

Jewelry/cosmetic retailers: **Chow Tai Fook's** (1929 HK/NR) Sep-quarter sales grew 2.6% YoY. SSSG rebounded to 11.0% in mainland but still down 52.5% in HK/Macau. **SaSa's** (178 HK/NR) 3Q sales declined by 55.3% YoY, but rose 17.8% QoQ.

Luxury: LVMH recorded a revenue decline of 7% YoY in 3Q, reflecting an improvement in trends compared to the first half (down 28% YoY).

China CPI and PPI: China's CPI rose 1.7% YoY in September (vs. 2.4% in August); PPI declined 2.1% (vs. -2.0% in August).

Investment implications: Sportswear results for 3Q and Golden Week are positive, while cold winter and inventory build ahead of Double-11 set the stage for a strong 4Q.

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Economic data releases for this week – US

Date	Event	Survey	Prior
21 Oct	MBA mortgage applications (%)	-	-0.7
22 Oct	Initial jobless claims (k)	-	898
22 Oct	Existing home sales (m)	6.25	6.00

Source: Bloomberg

Economic data releases for this week – China

Date	Event	Survey	Prior
18 Oct	GDP YTD (YoY%)	-	-1.6
18 Oct	Industrial production (YoY%)	5.8	5.6
18 Oct	Retail sales (YoY%)	1.8	0.5

Source: Bloomberg

BOCOM Research latest reports

16 Oct	Xinyi Solar (968 HK) - Further surge in PV glass prices, equity financing to boost capacity	Bob Wen, CPA, Louis Sun
16 Oct	Banking Sector - Payment boom a win-win for banks and 3P players, key to client acquisition	Jaclyn Wang
16 Oct	NetEase Inc (NTES US) - Expect games to be steady but profit pressure from K12 promotion and FX loss in 3Q	Brandy Sun, Connie Gu, CPA, Gigi Zhou, Li Zhao, CFA
16 Oct	Internet Sector - Monthly gaming data watch (as of September 2020)	Connie Gu, CPA, Brandy Sun, Gigi Zhou, Li Zhao, CFA
16 Oct	Property Sector Weekly - As of 15 October 2020	Philip Tse, CFA, FRM, Evangeline Luo, Spencer Luo
16 Oct	Country Garden Services (6098 HK) - Accelerating expansion in urban services the next growth driver	Evangeline Luo, Philip Tse, CFA, FRM
16 Oct	Anta Sports (2020 HK) - Robust Golden Week, cold winter to set up a strong 4Q finish	Edward Lui
15 Oct	Banking Sector - China Credit Monitor Sep 2020 – demand recovery on track	Jaclyn Wang, Hannah Han
15 Oct	Renewable Energy Sector Weekly - As of 14 October 2020	Louis Sun, Bob Wen, CPA
14 Oct	New Oriental Education (EDU US) - K12 offline recovery continues; OMO to add more value in LT	Connie Gu, CPA, Brandy Sun, Gigi Zhou, Li Zhao, CFA
14 Oct	Technology Sector - Quick take on iPhone, 3Q20 PC and China handsets	Chris Yim
14 Oct	Healthcare Sector Weekly - As of 13 October 2020	Li Zhao, PhD, Aiwei Li, PhD
14 Oct	Sinotrans Limited (598 HK) - Upgrade to Buy with better volume and margin in sight	Maggie Wang
14 Oct	Pou Sheng International (3813 HK) - September growth swung back to positive, setting up a strong 4Q finish	Edward Lui
12 Oct	Transportation & Infrastructure Sector Weekly - As of 9 October 2020	Luya You, Maggie Wang
12 Oct	Gas Utilities Sector - Vision series #1: Hydrogen economy in focus as the world de-carbonizes	Wallace Cheng
12 Oct	Internet Sector Weekly - As of 9 October 2020	Connie Gu, CPA, Brandy Sun, Gigi Zhou, Li Zhao, CFA
12 Oct	Sunny Optical (2382 HK) - Sep data strong and tracking ahead of annual target; reiterate Buy	Chris Yim
12 Oct	Consumer Sector Weekly - As of 9 October 2020	Edward Lui
9 Oct	Property Sector Weekly - As of 8 October 2020	Philip Tse, CFA, FRM, Evangeline Luo, Spencer Luo

Source: BOCOM Int'l

19 October 2020

Morning Express
HSI constituents

Company name	Stock code	Current price (HK\$)	Mkt cap (HK\$ m)	5D chg (%)	YTD chg (%)	-----52-week-----		-----P/E-----			Yield 2020E (%)	P/B 2020E (x)
						High (HK\$)	Low (HK\$)	2019 (x)	2020E (x)	2021E (x)		
CKH	1 HK	46.05	177,580	-2.54	-38.02	75.45	45.55	4.46	5.73	N/A	5.39	0.36
CLP	2 HK	72.95	184,305	-0.07	-10.93	84.20	65.00	39.65	15.98	15.46	4.22	1.63
HK & CHINA GAS	3 HK	11.12	197,617	-0.71	-23.29	15.14	10.86	28.34	30.89	27.80	3.15	3.03
HSBC	5 HK	30.15	614,083	-4.13	-50.45	61.85	28.20	5.45	15.88	8.84	1.29	0.47
POWER ASSETS	6 HK	41.10	87,718	0.24	-27.89	58.50	40.55	12.31	14.26	13.17	6.81	1.03
HANG SENG	11 HK	113.70	217,376	-3.07	-29.38	173.50	111.10	8.90	12.70	12.45	4.84	1.28
HENDERSON	12 HK	28.70	138,948	-0.86	-24.97	40.55	26.95	9.50	9.46	10.00	6.27	0.43
SHKP	16 HK	98.20	284,562	-0.30	-17.69	123.00	89.00	8.78	9.69	9.12	5.04	0.50
NEW WORLD	17 HK	38.05	96,995	-0.13	-10.93	46.88	30.44	11.06	14.75	12.11	5.36	0.46
SWIRE PACIFIC	19 HK	37.60	34,036	-0.53	-48.07	76.65	36.30	7.83	N/A	12.02	4.06	0.21
GEG	27 HK	51.60	224,082	-0.96	-10.10	62.80	38.60	17.14	N/A	N/A	0.00	3.39
MTRC	66 HK	38.60	238,561	-0.13	-16.18	47.80	36.85	22.44	41.28	23.32	3.19	1.30
SINO	83 HK	9.74	68,620	-1.12	-13.96	12.40	8.18	14.12	14.78	N/A	5.65	0.46
HLP	101 HK	19.62	88,245	-3.82	14.74	22.15	13.82	19.82	20.31	N/A	3.87	0.64
WANT WANT	151 HK	5.46	66,834	4.00	-25.00	7.37	4.93	16.98	N/A	N/A	N/A	N/A
GEELY	175 HK	16.40	160,935	3.80	7.61	19.06	10.08	15.93	18.53	13.90	1.36	2.11
CITIC LTD	267 HK	5.84	169,887	2.82	-43.95	10.70	5.60	3.16	3.78	3.31	6.53	0.27
WH GROUP	288 HK	6.08	89,628	-2.72	-24.47	8.78	5.96	8.37	8.76	7.85	4.60	1.24
SINOPEC	386 HK	3.01	76,795	-5.05	-35.82	4.80	3.01	5.46	12.04	8.56	5.96	0.43
HKEX	388 HK	361.20	457,944	-2.90	42.77	394.20	211.40	48.22	41.49	35.76	2.18	9.74
COLI	688 HK	19.58	214,500	-1.61	-35.49	30.70	19.14	4.45	4.83	4.25	6.14	0.60
TENCENT	700 HK	557.00	5,338,644	3.24	48.30	573.50	316.20	49.92	38.26	32.07	0.25	8.20
UNICOM	762 HK	5.33	163,088	6.18	-27.38	8.34	3.90	12.45	10.97	9.80	3.69	0.43
LINK	823 HK	60.55	124,880	-1.54	-26.61	86.50	57.00	22.33	21.08	21.52	4.74	0.78
CR POWER	836 HK	8.51	40,937	-0.70	-22.21	11.40	6.58	6.21	4.75	4.17	8.15	0.52
PETROCHINA	857 HK	2.20	46,418	-3.08	-43.73	4.20	2.20	7.61	N/A	16.40	6.99	0.28
CNOOC	883 HK	7.28	325,034	-4.84	-43.83	13.74	6.40	4.59	12.58	7.86	5.62	0.62
CCB	939 HK	5.56	1,407,766	10.76	-17.38	6.80	4.98	4.84	5.03	4.70	6.04	0.54
CHINA MOBILE	941 HK	50.00	1,023,774	0.10	-23.66	69.70	48.25	8.34	8.26	8.02	6.76	0.77
CK INFRA	1038 HK	36.60	97,015	0.00	-33.99	57.85	35.65	8.78	11.06	9.89	6.78	0.80
HENGAN	1044 HK	55.50	66,028	-1.16	0.00	71.00	50.00	14.60	12.22	N/A	5.61	2.93
SHENHUA	1088 HK	14.06	47,784	2.48	-13.64	16.62	12.06	5.79	6.17	6.08	8.11	0.65
CSPC	1093 HK	9.20	110,159	-6.00	-4.93	11.15	7.15	25.59	20.89	17.67	1.40	4.34
CR LAND	1109 HK	35.80	255,288	-0.83	-7.73	39.40	28.00	9.95	9.02	7.82	3.98	1.15
CKA	1113 HK	37.40	138,133	-2.60	-33.51	56.70	34.40	4.81	7.25	N/A	3.93	0.38
SBP	1177 HK	7.95	150,037	-6.14	9.40	10.88	6.47	41.27	40.42	32.72	0.63	3.85
AIA	1299 HK	77.80	940,902	-2.32	-4.89	87.35	60.70	18.18	23.11	17.33	1.69	2.01
ICBC	1398 HK	4.42	1,940,367	10.22	-26.33	6.05	3.99	4.44	4.87	4.63	6.22	0.51
SANDS	1928 HK	27.30	220,854	-3.70	-34.45	45.00	26.15	14.02	N/A	N/A	0.00	12.34
WHARF REIC	1997 HK	30.90	93,820	1.48	-35.02	49.10	27.30	9.57	12.36	11.56	5.13	0.43
COUNTRY GARDEN	2007 HK	9.62	211,981	-3.41	-22.92	12.88	7.88	4.64	4.23	3.73	7.22	1.00
AAC TECH	2018 HK	43.70	52,811	-2.13	-35.74	70.00	35.85	20.53	26.92	17.38	0.96	2.20
SHENZHOU	2313 HK	134.00	201,431	-1.03	17.65	136.60	73.15	34.16	32.44	27.61	1.59	6.21
PING AN	2318 HK	83.45	1,649,338	3.28	-9.39	99.55	70.90	8.59	9.89	8.28	3.05	1.73
MENGNIU	2319 HK	37.10	146,411	-0.93	17.78	39.20	25.00	30.56	37.81	24.29	0.56	3.96
SUNNY OPTICAL	2382 HK	125.90	138,093	0.08	-6.67	149.50	92.40	29.83	27.95	20.97	0.74	7.42
BOCHK	2388 HK	21.30	225,200	0.24	-21.26	28.90	20.30	7.00	8.41	8.27	5.44	0.76
CHINA LIFE	2628 HK	18.50	1,333,504	3.01	-14.55	22.75	12.86	7.80	8.95	8.05	4.09	1.03
BOCOM	3328 HK	4.00	140,047	5.54	-27.80	5.61	3.66	3.46	3.84	3.64	7.81	0.35
BOC	3988 HK	2.56	1,001,803	7.11	-23.12	3.37	2.37	3.63	4.04	3.95	7.99	0.37
HANG SENG INDEX		24,386.79	18,264,737	1.11	-13.49	29,056.42	21,696.13	20.79	18.72	15.83	3.57	3.16

Source: FactSet

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HSCEI constituents

Company name	Stock code	Closing price (HK\$)	Mkt cap (HK\$ m)	5D chg (%)	YTD chg (%)	-----52-week-----		-----P/E-----			Yield 2020E (%)	P/B 2020E (x)
						High (HK\$)	Low (HK\$)	2019 (x)	2020E (x)	2021E (x)		
CITIC LTD	267 HK	5.84	169,887	2.82	-43.95	10.70	5.60	3.16	3.78	3.31	6.53	0.27
GDI	270 HK	12.32	80,546	0.49	-24.42	17.30	11.90	15.97	16.00	13.69	4.87	1.89
CGH	384 HK	23.00	120,027	3.84	-21.23	34.75	20.75	14.11	13.07	11.11	2.17	3.03
SINOPEC	386 HK	3.01	76,795	-5.05	-35.82	4.80	3.01	5.46	12.04	8.56	5.96	0.43
CRG	390 HK	3.52	141,814	-3.56	-26.82	5.03	3.47	3.20	3.20	2.95	5.57	0.31
DONGFENG	489 HK	5.55	15,849	12.80	-24.28	8.09	4.42	3.21	4.47	3.32	5.21	0.31
TENCENT	700 HK	557.00	5,338,644	3.24	48.30	573.50	316.20	49.92	38.26	32.07	0.25	8.20
CHINA TELECOM	728 HK	2.37	32,889	1.72	-26.17	3.63	2.06	8.19	7.88	7.59	5.50	0.46
AIR CHINA	753 HK	5.09	104,722	-1.17	-35.65	8.26	4.60	9.41	N/A	16.00	0.00	0.77
CHINA TOWER	788 HK	1.74	81,195	0.00	1.16	1.78	1.56	41.41	30.50	24.39	1.64	1.14
PETROCHINA	857 HK	2.20	46,418	-3.08	-43.73	4.20	2.20	7.61	N/A	16.40	6.99	0.28
CNOOC	883 HK	7.28	325,034	-4.84	-43.83	13.74	6.40	4.59	12.58	7.86	5.62	0.62
HUANENG	902 HK	3.03	81,433	0.66	-23.10	4.11	2.24	261.86	5.69	5.05	11.55	0.38
CONCH	914 HK	51.90	67,449	-2.63	-8.63	61.05	46.05	7.27	6.73	6.55	4.74	1.47
CCB	939 HK	5.56	1,407,766	10.76	-17.38	6.80	4.98	4.84	5.03	4.70	6.04	0.54
CHINA MOBILE	941 HK	50.00	1,023,774	0.10	-23.66	69.70	48.25	8.34	8.26	8.02	6.76	0.77
CNCB	998 HK	3.29	257,009	10.77	-29.55	4.77	2.96	3.19	3.36	3.12	7.56	0.29
HENGAN	1044 HK	55.50	66,028	-1.16	0.00	71.00	50.00	14.60	12.22	N/A	5.61	2.93
SHENHUA	1088 HK	14.06	47,784	2.48	-13.64	16.62	12.06	5.79	6.17	6.08	8.11	0.65
CSPC	1093 HK	9.20	110,159	-6.00	-4.93	11.15	7.15	25.59	20.89	17.67	1.40	4.34
SINOPHARM	1099 HK	16.08	21,576	-5.52	-43.48	29.45	14.86	6.62	6.37	5.72	4.70	0.83
CR LAND	1109 HK	35.80	255,288	-0.83	-7.73	39.40	28.00	9.95	9.02	7.82	3.98	1.15
BYD	1211 HK	129.60	386,709	5.88	233.59	134.50	33.55	224.01	77.51	66.59	0.13	5.09
ABC	1288 HK	2.69	1,261,077	11.16	-21.57	3.47	2.40	3.94	4.31	4.08	6.88	0.43
NCI	1336 HK	31.20	195,944	6.67	-6.87	35.95	20.65	5.77	6.31	5.84	4.38	0.89
PICC	1339 HK	2.36	20,594	3.06	-27.16	3.38	2.11	4.08	4.48	N/A	5.74	0.45
CINDA	1359 HK	1.51	20,487	2.03	-14.69	1.86	1.36	4.21	4.92	4.14	6.90	0.33
ICBC	1398 HK	4.42	1,940,367	10.22	-26.33	6.05	3.99	4.44	4.87	4.63	6.22	0.51
PSBC	1658 HK	3.65	72,475	15.51	-31.13	5.39	3.08	4.38	5.17	4.78	5.83	0.51
CRRC	1766 HK	3.20	171,064	0.31	-43.66	5.99	3.05	6.75	7.32	6.40	5.04	0.56
GF SEC	1776 HK	10.42	17,733	2.96	9.80	10.76	7.60	9.10	7.76	7.20	4.36	0.71
CCC	1800 HK	4.07	120,374	-0.97	-35.91	6.55	4.00	3.03	3.24	2.84	6.20	0.23
CGN POWER	1816 HK	1.66	150,525	3.75	-20.19	2.12	1.52	7.14	7.34	7.17	5.58	0.75
MSB	1988 HK	4.25	256,532	7.87	-27.84	5.99	3.86	3.19	3.38	3.15	8.46	0.34
VANKE	2202 HK	24.10	45,634	1.05	-27.52	34.35	23.00	6.28	5.60	4.87	5.37	1.10
GAC	2238 HK	7.09	105,653	6.62	-26.91	9.97	5.59	9.57	9.19	7.13	3.35	0.74
SHENZHO	2313 HK	134.00	201,431	-1.03	17.65	136.60	73.15	34.16	32.44	27.61	1.59	6.21
PING AN	2318 HK	83.45	1,649,338	3.28	-9.39	99.55	70.90	8.59	9.89	8.28	3.05	1.73
PICC P&C	2328 HK	5.40	37,256	2.08	-42.49	10.16	5.25	4.27	4.91	4.52	8.59	0.57
GWM	2333 HK	12.82	198,076	16.55	122.57	12.82	3.85	22.61	22.16	16.43	2.21	1.78
CPIC	2601 HK	24.50	332,143	8.41	-20.20	31.70	18.16	6.92	7.48	6.80	5.98	0.96
CHINA LIFE	2628 HK	18.50	1,333,504	3.01	-14.55	22.75	12.86	7.80	8.95	8.05	4.09	1.03
HUARONG	2799 HK	0.86	21,538	3.61	-30.08	1.33	0.77	18.58	18.58	10.62	1.35	0.24
BOCOM	3328 HK	4.00	140,047	5.54	-27.80	5.61	3.66	3.46	3.84	3.64	7.81	0.35
CMB	3968 HK	40.95	1,137,545	10.23	2.25	42.00	31.45	9.78	9.72	8.70	3.33	1.39
BOC	3988 HK	2.56	1,001,803	7.11	-23.12	3.37	2.37	3.63	4.04	3.95	7.99	0.37
CITIC SEC	6030 HK	17.98	423,915	2.16	1.12	20.75	13.00	16.22	12.01	10.75	3.93	1.13
ZA ONLINE	6060 HK	40.00	18,792	-0.37	42.35	55.10	23.00	N/A	86.53	69.29	0.00	3.35
HAITONG SEC	6837 HK	6.80	188,411	2.26	-26.17	9.43	5.86	7.08	6.86	5.97	4.59	0.50
HTSC	6886 HK	12.92	204,145	0.16	-6.24	16.04	10.40	11.48	8.60	7.73	3.93	0.79
HANG SENG CHINA ENT INDX		9,914.90	18,629,765	3.09	-11.22	11,419.91	8,559.64	22.93	16.77	14.37	3.95	2.82

Source: FactSet

19 October 2020

Morning Express

BOCOM International

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Rating System

Analyst Stock Rating:

Buy: The stock's total return is expected to **exceed** that of the corresponding industry over the next 12 months.

Neutral: The stock's total return is expected to be **in line with** that of the corresponding industry over the next 12 months.

Sell: The stock's total return is expected to be **below** that of the corresponding industry over the next 12 months.

Not-Rated: The analyst **does not have conviction** regarding the outlook of the stock's total return relative to that of the corresponding industry over the next 12 months.

Analyst Industry Views:

Outperform: The analyst expects the industry coverage universe to be **attractive** relative to the relevant broad market benchmark over the next 12 months.

Market perform: The analyst expects the industry coverage universe to be **in line with** the relevant broad market benchmark over the next 12 months.

Underperform: The analyst expects the industry coverage universe to be **unattractive** relative to the relevant broad market benchmark over the next 12 months.

Broad market benchmark for Hong Kong is the **Hang Seng Composite Index**, for China A-shares is the **MSCI China A Index**, for US-listed Chinese companies is **S&P US Listed China 50 (USD) Index**.

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Analyst certification

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