

Morning Express

21 October 2020

Focus of the Day

Yongda Automobiles		3669 HK
Strong 3Q20 rebound; maintain Buy		Rating: Buy
CP: HK\$ 9.97	TP: HK\$ 14.50↑	Upside: +45.4%
Angus Chan	angus.chan@bocomgroup.com	

Yongda released 3Q20 financial figures. Revenue jumped 30.8% YoY to RMB19,811m, driven by decent PV sales recovery and cost control. Net profit surged 41.2% YoY to RMB480m.

We consider this a strong set of 3Q20 results, and expect the momentum to continue in the coming quarters driven by strong luxury car demand and growth of after-sales services.

We maintain **Buy**, and revise up our TP from HK\$10.80 to HK\$14.50 based on 11x FY21E P/E (previously 8x). We expect the robust luxury brand sales in China to drive re-rating ahead.

China Literature		772 HK
China Literature and Tencent Pictures further collaborate		
Gigi Zhou	zhe.zhou@bocomgroup.com	

Tencent Pictures, New Classics Media (NCM) and Yuewen Media held "Light, to be in Harmony" conference. We think this marks a deeper business collaboration between the content production teams of China Literature and Tencent Pictures. We observe the following trends in their first jointly announced pipeline of 56 projects: (1) The three entities started joint production; (2) NCM continues to cultivate premium series and provide stable output to iQIYI/Tencent Video; (3) Tencent Pictures is more in-depth and diversified.

Management said Tencent and China Literature would increase investment in film and television, strengthen the linkage of the three production entities, and promote the coupling effect between film & television and IP sources.

In our view: (1) The co-production will booster the production capacity of China Literature. "1921" and "Joy of Life 2" have attracted much attention. (2) Strong support to NCM was emphasized. The pipeline of NCM in 2021 includes 6 drama series and 1 film. Maintain **Neutral**.

[Click here for our team profile.](#)

Global Stock Indices

	Close	1D%	YTD%
HSI	24,570	-0.05	-15.93
HSCEI	9,988	0.10	-10.56
SH A	3,488	0.47	9.14
SH B	253	0.87	-1.51
SZ A	2,386	1.33	32.37
SZ B	950	0.59	-1.18
DJIA	28,309	0.40	-0.80
S&P 500	3,443	0.47	6.57
Nasdaq	11,516	0.33	28.35
FTSE	5,889	0.08	-21.92
CAC	4,929	0.00	-17.54
DAX	12,737	-0.92	-3.86

Source: FactSet

Key Commodity/Forex Indicators

	Close	3M%	YTD%
Brent	42.62	-1.55	-35.46
Gold	1,906.40	4.98	25.46
Silver	24.84	27.78	37.66
Copper	6,755.00	5.28	9.73
JPY	105.56	1.55	2.95
GBP	1.30	2.49	-2.15
EUR	1.18	3.41	5.39
bps change		3M	6M
HIBOR	0.54	10.50	-71.18
US 10yr yield	0.79	28.60	26.27

Source: FactSet

HSI Technical

HSI	24,569.54
50D MA	24,274.40
200D MA	24,525.52
14D RSI	49.32
Short sell (HK\$m)	13,834

Source: FactSet

Hao Hong, CFA

Head of Research

hao.hong@bocomgroup.com

21 October 2020

Morning Express

Insurance Sector Monthly	Rating: Outperform
Life premiums slowed further; proactive jump-start sales prep	
Li Wan, CFA, FRM	wanli@bocomgroup.com

Life insurance premiums extended the slowdown trend in September. The 9M20 premium growth rates of listed life insurers continued to diverge, with NCI/China Life/CTIH up 25%/9%/2% YoY but CPIC/Ping An down 2%/4% YoY. All except CPIC posted MoM moderation in premium growth for a second consecutive month in September. Ping An's FYP decline remained stable compared to August, while we continue to keep our eyes on the fruit of its life insurance reform.

P&C premiums maintained stable growth, while auto insurance premiums maintained decent growth for leading P&C insurers. The comprehensive reform of auto insurance has officially taken effect since Sep 19, and the growth of auto insurance needs further observation.

For "jump-start" sales, life insurers are actively making preparations, having started earlier than previous years and planning to roll out products with attractive yield. We expect a strong rebound in life insurance business in 2021E on a low base. Maintain **Buy** ratings for China Life (2628 HK), Ping An (2318 HK) and CPIC (2601 HK).

Healthcare Sector Weekly	Rating: Outperform
As of 20 October 2020	
Li Zhao, PhD	li.zhao@bocomgroup.com

Fosun Pharma's (2196 HK) first-in-class small molecule drug ORIN1001, developed by its subsidiary Orinove, was approved by the US FDA to start clinical trial for the treatment of pulmonary fibrosis; its Alvatropol maleate tablet was approved for clinical trial for adult chronic immune thrombocytopenia (ITP). Henlius (2696 HK) will collaborate with Essex Biotech (1061 HK) to develop HLX04 (anti-VEGF humanized monoclonal antibody). **Akeso's (9926 HK)** IL-4R monoclonal antibody for the treatment of moderate-to-severe atopic dermatitis started Phase Ib patient enrollment. **Livzon Pharma (1513 HK)** was approved to spin off Livzon Diagnostics for A-share listing.

The national centralized procurement plan for stents was announced. 27 cobalt-chromium alloy or platinum-chromium alloy drug eluting coronary stents, manufactured by Microport, Lepu Medical, Boston Scientific, Abbott, and Medtronic, were included. The bidding information will be announced on 5 November.

The bidding results should be closely watched as they will affect expectation on the progress and price reduction of other high-value consumables, in our view.

21 October 2020

Morning Express

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

20 Oct	iQIYI Inc (IQ US) - 3Q20E revenue to come in line, loss narrower than expected	Gigi Zhou, Connie Gu, CPA, Brandy Sun, Li Zhao, CFA
20 Oct	Insurance Sector Monthly - Life premiums slowed further; proactive jump-start sales prep	Li Wan, CFA, FRM
20 Oct	Yongda Automobiles (3669 HK) - Strong 3Q20 rebound; maintain Buy	Angus Chan
20 Oct	Transportation & Infrastructure Sector Weekly - As of 16 October 2020	Luya You, Maggie Wang
19 Oct	Internet Sector Weekly - As of 16 October 2020	Connie Gu, CPA, Brandy Sun, Gigi Zhou, Li Zhao, CFA
19 Oct	Consumer Sector Weekly - As of 16 October 2020	Edward Lui
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

Source: BOCOM Int'l

21 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	-0.75	-38.02	75.45	45.55	4.46	5.73	N/A	5.39	0.36
CLP	2 HK	73.30	185,189	0.07	-10.50	84.20	65.00	39.84	16.07	15.66	4.20	1.66
HK & CHINA GAS	3 HK	11.30	200,816	0.53	-22.04	15.14	10.86	28.80	31.39	28.25	3.10	3.08
HSBC	5 HK	30.80	627,321	3.01	-49.38	61.85	28.20	5.57	16.22	9.03	1.26	0.48
POWER ASSETS	6 HK	41.10	87,718	0.12	-27.89	58.50	40.55	12.31	14.26	13.17	6.81	1.03
HANG SENG	11 HK	114.00	217,950	0.18	-29.19	173.50	111.10	8.93	12.73	12.48	4.82	1.28
HENDERSON	12 HK	28.90	139,916	-0.34	-24.44	40.55	26.95	9.57	9.53	10.07	6.23	0.43
SHKP	16 HK	98.20	284,562	-0.05	-17.69	123.00	89.00	8.78	9.69	9.12	5.04	0.50
NEW WORLD	17 HK	38.20	97,378	0.26	-10.58	46.88	30.44	11.10	14.81	12.16	5.34	0.46
SWIRE PACIFIC	19 HK	37.75	34,172	0.40	-47.86	76.65	36.30	7.86	N/A	12.07	4.04	0.21
GEG	27 HK	52.00	225,819	1.86	-9.41	62.80	38.60	17.27	N/A	N/A	0.00	3.42
MTRC	66 HK	39.05	241,342	0.26	-15.20	47.80	36.85	22.70	41.76	23.60	3.15	1.31
SINO	83 HK	9.78	68,902	-1.11	-13.60	12.40	8.18	14.17	14.84	N/A	5.62	0.46
HLP	101 HK	20.15	90,629	0.75	17.84	22.15	13.82	20.35	20.86	N/A	3.77	0.66
WANT WANT	151 HK	5.43	66,467	2.65	-25.41	7.37	4.93	16.89	N/A	N/A	N/A	N/A
GEELY	175 HK	16.62	163,093	-0.48	9.06	19.06	10.08	16.10	18.86	14.05	1.35	2.13
CITIC LTD	267 HK	5.82	169,305	3.37	-44.15	10.70	5.60	3.15	3.76	3.30	6.55	0.27
WH GROUP	288 HK	6.22	91,692	2.47	-22.73	8.78	5.96	8.57	8.96	8.03	4.50	1.26
SINOPEC	386 HK	2.97	75,775	-1.33	-36.67	4.80	2.97	5.38	11.86	8.42	6.05	0.42
HKEX	388 HK	367.00	465,297	1.38	45.06	394.20	211.40	49.00	42.26	36.34	2.13	9.84
COLI	688 HK	19.52	213,843	0.51	-35.68	30.70	19.14	4.43	4.81	4.23	6.17	0.60
TENCENT	700 HK	564.50	5,410,529	2.26	50.29	573.50	316.20	50.48	38.69	32.50	0.25	8.29
UNICOM	762 HK	5.40	165,230	-0.37	-26.43	8.34	3.90	12.58	11.09	9.91	3.65	0.43
LINK	823 HK	61.10	126,014	-0.16	-25.94	86.50	57.00	22.53	21.28	21.71	4.70	0.79
CR POWER	836 HK	8.60	41,370	0.35	-21.39	11.40	6.58	6.28	4.80	4.22	8.06	0.53
PETROCHINA	857 HK	2.18	45,996	-0.91	-44.25	4.20	2.18	7.52	N/A	16.21	7.07	0.28
CNOOC	883 HK	7.26	324,141	-0.41	-43.98	13.74	6.40	4.57	12.52	7.82	5.65	0.62
CCB	939 HK	5.60	1,416,988	6.46	-16.79	6.80	4.98	4.88	5.06	4.74	5.96	0.54
CHINA MOBILE	941 HK	49.95	1,022,750	-0.60	-23.74	69.70	48.25	8.31	8.24	8.00	6.78	0.77
CK INFRA	1038 HK	36.65	97,147	0.27	-33.90	57.85	35.65	8.79	11.07	9.91	6.77	0.80
HENGAN	1044 HK	55.25	65,730	-0.45	-0.45	71.00	50.00	14.50	12.09	N/A	5.79	2.91
SHENHUA	1088 HK	13.72	46,629	-1.72	-15.72	16.62	12.06	5.64	6.01	5.92	8.33	0.64
CSPC	1093 HK	9.01	107,884	-7.02	-6.89	11.15	7.15	25.01	20.38	17.26	1.43	4.25
CR LAND	1109 HK	35.50	253,148	-1.11	-8.51	39.40	28.00	9.84	8.92	7.74	4.02	1.14
CKA	1113 HK	37.20	137,394	-0.93	-33.87	56.70	34.40	4.78	7.21	N/A	3.95	0.38
SBP	1177 HK	8.02	151,358	-1.35	10.37	10.88	6.47	41.54	40.68	32.93	0.63	3.88
AIA	1299 HK	77.95	942,716	-0.51	-4.71	87.35	60.70	18.22	22.92	17.38	1.69	2.01
ICBC	1398 HK	4.54	1,951,199	7.08	-24.33	6.05	3.99	4.55	4.99	4.75	6.07	0.52
SANDS	1928 HK	27.90	225,708	3.33	-33.01	45.00	26.15	14.33	N/A	N/A	0.00	12.61
WHARF REIC	1997 HK	31.45	95,489	2.11	-33.86	49.10	27.30	9.74	12.58	11.76	5.04	0.44
COUNTRY GARDEN	2007 HK	9.48	208,896	-1.56	-24.04	12.88	7.88	4.57	4.16	3.67	7.34	0.99
AAC TECH	2018 HK	44.70	54,020	2.76	-34.26	70.00	35.85	20.95	27.47	17.74	0.95	2.24
SHENZHOU	2313 HK	137.80	207,144	0.88	20.98	137.80	73.15	35.05	33.19	28.33	1.55	6.38
PING AN	2318 HK	84.50	1,649,824	2.18	-8.25	99.55	70.90	8.67	9.97	8.37	3.02	1.74
MENGNIU	2319 HK	39.10	154,304	2.89	24.13	39.20	25.00	32.14	39.76	25.42	0.53	4.16
SUNNY OPTICAL	2382 HK	131.10	143,797	4.30	-2.82	149.50	92.40	30.99	29.04	21.99	0.72	7.71
BOCHK	2388 HK	21.30	225,200	0.71	-21.26	28.90	20.30	7.00	8.41	8.27	5.44	0.76
CHINA LIFE	2628 HK	18.76	1,344,440	5.27	-13.35	22.75	12.86	7.89	8.99	8.16	4.07	1.04
BOCOM	3328 HK	3.88	135,846	0.78	-29.96	5.61	3.66	3.35	3.68	3.45	8.22	0.34
BOC	3988 HK	2.54	997,035	2.42	-23.72	3.37	2.37	3.59	3.88	3.88	8.15	0.36
HANG SENG INDEX		24,569.54	18,363,412	1.70	-12.84	29,056.42	21,696.13	21.12	19.01	16.10	3.54	3.21

Source: FactSet

21 October 2020

Morning Express
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	5.82	169,305	3.37	-44.15	10.70	5.60	3.15	3.76	3.30	6.55	0.27
GDI	270 HK	12.32	80,546	-1.75	-24.42	17.30	11.90	15.97	16.00	13.69	4.87	1.89
CGH	384 HK	24.30	126,811	6.35	-16.78	34.75	20.75	14.91	13.81	11.74	2.06	3.20
SINOPEC	386 HK	2.97	75,775	-1.33	-36.67	4.80	2.97	5.38	11.86	8.42	6.05	0.42
CRG	390 HK	3.55	141,757	2.01	-26.20	5.03	3.47	3.22	3.22	2.97	5.54	0.31
DONGFENG	489 HK	5.37	15,335	-3.94	-26.74	8.09	4.42	3.10	4.32	3.20	5.40	0.29
TENCENT	700 HK	564.50	5,410,529	2.26	50.29	573.50	316.20	50.48	38.69	32.50	0.25	8.29
CHINA TELECOM	728 HK	2.39	33,167	-1.24	-25.55	3.60	2.06	8.24	7.93	7.63	5.46	0.46
AIR CHINA	753 HK	5.16	104,996	3.41	-34.77	8.26	4.60	9.52	N/A	18.54	0.00	0.78
CHINA TOWER	788 HK	1.74	N/A	0.00	1.16	1.78	1.56	40.81	30.05	23.55	1.67	1.10
PETROCHINA	857 HK	2.18	45,996	-0.91	-44.25	4.20	2.18	7.52	N/A	16.21	7.07	0.28
CNOOC	883 HK	7.26	324,141	-0.41	-43.98	13.74	6.40	4.57	12.52	7.82	5.65	0.62
HUANENG	902 HK	2.89	80,290	-5.56	-26.65	4.11	2.24	249.19	5.54	4.81	11.64	0.36
CONCH	914 HK	52.20	67,839	1.56	-8.10	61.05	46.05	7.29	6.76	6.57	4.72	1.47
CCB	939 HK	5.60	1,416,988	6.46	-16.79	6.80	4.98	4.88	5.06	4.74	5.96	0.54
CHINA MOBILE	941 HK	49.95	1,022,750	-0.60	-23.74	69.70	48.25	8.31	8.24	8.00	6.78	0.77
CNCB	998 HK	3.33	252,944	6.05	-28.69	4.77	2.96	3.23	3.38	3.16	7.57	0.30
HENGAN	1044 HK	55.25	65,730	-0.45	-0.45	71.00	50.00	14.50	12.09	N/A	5.79	2.91
SHENHUA	1088 HK	13.72	46,629	-1.72	-15.72	16.62	12.06	5.64	6.01	5.92	8.33	0.64
CSPC	1093 HK	9.01	107,884	-7.02	-6.89	11.15	7.15	25.01	20.38	17.26	1.43	4.25
SINOPHARM	1099 HK	16.20	21,737	-2.29	-43.06	29.45	14.86	6.65	6.41	5.75	4.67	0.83
CR LAND	1109 HK	35.50	253,148	-1.11	-8.51	39.40	28.00	9.84	8.92	7.74	4.02	1.14
BYD	1211 HK	139.90	422,398	4.17	260.10	139.90	33.55	241.26	83.19	71.34	0.12	5.48
ABC	1288 HK	2.70	1,260,365	4.65	-21.28	3.47	2.40	3.95	4.31	4.05	6.94	0.43
NCI	1336 HK	30.80	195,129	4.05	-8.06	35.95	20.65	5.69	6.22	5.61	4.48	0.88
PICC	1339 HK	2.39	20,856	3.91	-26.23	3.38	2.11	4.12	4.57	N/A	5.68	0.46
CINDA	1359 HK	1.50	20,351	2.74	-15.25	1.86	1.36	4.17	4.88	4.11	6.96	0.33
ICBC	1398 HK	4.54	1,951,199	7.08	-24.33	6.05	3.99	4.55	4.99	4.75	6.07	0.52
PSBC	1658 HK	3.70	73,468	6.32	-30.19	5.39	3.08	4.43	5.23	4.83	5.86	0.52
CRRC	1766 HK	3.16	170,118	-1.25	-44.37	5.99	3.05	6.65	7.21	6.30	5.12	0.55
GF SEC	1776 HK	10.44	17,767	-0.19	10.01	10.76	7.60	9.09	7.56	7.17	4.27	0.71
CCC	1800 HK	4.05	120,382	1.25	-36.22	6.55	4.00	3.01	3.21	2.82	6.24	0.23
CGN POWER	1816 HK	1.66	149,457	2.47	-20.19	2.12	1.52	7.12	7.32	7.15	5.59	0.75
MSB	1988 HK	4.21	255,058	2.93	-28.52	5.99	3.86	3.16	3.35	3.12	8.54	0.33
VANKE	2202 HK	24.10	45,634	2.77	-27.52	34.35	23.00	6.28	5.59	4.87	5.37	1.10
GAC	2238 HK	7.27	108,720	2.68	-25.05	9.97	5.59	9.79	9.40	7.29	3.28	0.75
SHENZHO	2313 HK	137.80	207,144	0.88	20.98	137.80	73.15	35.05	33.19	28.33	1.55	6.38
PING AN	2318 HK	84.50	1,649,824	2.18	-8.25	99.55	70.90	8.67	9.97	8.37	3.02	1.74
PICC P&C	2328 HK	5.51	38,015	4.95	-41.32	10.16	5.25	4.35	5.05	4.61	8.42	0.58
GWM	2333 HK	13.80	220,360	11.11	139.58	13.80	3.85	24.28	23.80	17.51	2.06	1.92
CPIC	2601 HK	25.45	336,968	8.30	-17.10	31.70	18.16	7.17	7.75	7.21	5.77	1.00
CHINA LIFE	2628 HK	18.76	1,344,440	5.27	-13.35	22.75	12.86	7.89	8.99	8.16	4.07	1.04
HUARONG	2799 HK	0.84	21,037	1.20	-31.71	1.33	0.77	18.11	18.11	10.35	1.38	0.23
BOCOM	3328 HK	3.88	135,846	0.78	-29.96	5.61	3.66	3.35	3.68	3.45	8.22	0.34
CMB	3968 HK	41.75	1,147,925	7.46	4.24	42.00	31.45	9.94	9.89	8.88	3.26	1.42
BOC	3988 HK	2.54	997,035	2.42	-23.72	3.37	2.37	3.59	3.88	3.88	8.15	0.36
CITIC SEC	6030 HK	17.76	418,975	1.37	-0.11	20.75	13.00	16.02	12.00	10.61	4.04	1.12
ZA ONLINE	6060 HK	39.85	18,722	1.79	41.81	55.10	23.30	N/A	86.21	69.03	0.00	3.33
HAITONG SEC	6837 HK	6.72	188,067	0.90	-27.04	9.43	5.86	6.98	6.74	5.85	4.66	0.50
HTSC	6886 HK	12.96	203,007	0.78	-5.95	16.04	10.40	11.52	8.59	7.49	3.94	0.79
HANG SENG CHINA ENT INDX		9,988.33	18,655,548	2.32	-10.56	11,419.91	8,559.64	23.74	17.15	14.73	3.92	2.89

Source: FactSet

21 October 2020

Morning Express

BOCOM International

10/F, Man Yee Building, 68 Des Voeux Road Central, Central, Hong Kong
 Main: (852) 3766 1899 Fax: (852) 2107 4662

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**.

21 October 2020

Morning Express

Analyst certification

The authors of this report, hereby declare that: (i) all of the views expressed in this report accurately reflect their personal views about any and all of the subject securities or issuers; and (ii) no part of any of their compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this report; (iii) no insider information/ non-public price-sensitive information in relation to the subject securities or issuers which may influence the recommendations were being received by the authors.

The authors of this report further confirm that (i) neither they nor their respective associates (as defined in the Code of Conduct issued by the Hong Kong Securities and Futures Commission) have dealt in or traded in the stock(s) covered in this research report within 30 calendar days prior to the date of issue of the report; (ii) neither they nor their respective associates serve as an officer of any of the Hong Kong listed companies covered in this report; and (iii) neither they nor their respective associates have any financial interests in the stock(s) covered in this report except for one coverage analyst who is holding shares of Shimao Property Holdings Limited.

Disclosure of relevant business relationships

BOCOM International Securities Limited, and/or its associated companies, has investment banking relationship with Bank of Communications, Guolian Securities Co. Ltd., Luzhou Xinglu Water (Group) Co., Ltd., BOCOM International Holdings Company Limited, Sichuan Energy Investment Development Co., Ltd, Light Year Holdings Limited, Analogue Holdings Limited, Zhejiang New Century Hotel Management Co., Ltd, Tai Hing Group Holdings Limited, Shanghai Kindly Medical Instruments Co. Ltd, China Bright Culture Group, Xinyuan Property Management Service (Cayman) Ltd, Sinic Holdings (Group) Company Limited, Jinchuan Group International Resources Co. Ltd, China Tianbao Group Development Company Limited, JiaXing Gas Group Co., Ltd, Huali University Group Limited, Alibaba Group Holding Limited, Alphamab Oncology, Poly Property Development Co Ltd, Kwung's Holdings Limited, Honliv Healthcare Management Group Company Limited, Shanghai Gench Education Group Limited, Zhongguancun Science-tech Leasing Co., Ltd, Joy Spreader Interactive Technology. Ltd, Fu Shek Financial Holdings Limited, Xingye Wulian Service Group Co Ltd, Jiu Zun Digital Interactive Entertainment Group Holdings Limited, Cirtek Holdings Limited, Kidztech Holdings Limited, Akeso, Inc., JD.com, Inc, Qingdao Holdings International Limited, Immunotech Biopharm Ltd, Ganglong China Property Group Limited, Sino-Entertainment Technology Holdings Limited, Dashan Education Holdings Limited, Adtiger Corporations Limited, China Bohai Bank Co., Ltd., Fulu Holdings Limited, China Nature Energy Technology Holdings Limited and RemeGen Co., Ltd. within the preceding 12 months.

BOCOM International Global Investment Limited currently holds more than 1% of the equity securities of Orient Securities Company Limited.

BOCOM International Global Investment Limited currently holds more than 1% of the equity securities of Everbright Securities Company Limited.

BOCOM International Global Investment Limited currently holds more than 1% of the equity securities of Guolian Securities Co., Ltd.

BOCOM International Global Investment Limited currently holds more than 1% of the equity securities of Guotai Junan Securities Co., Ltd.

Disclaimer

By accepting this report (which includes any attachment hereto), the recipient hereof represents and warrants that he is entitled to receive such report in accordance with the restrictions set forth below and agrees to be bound by the limitations contained herein. Any failure to comply with these limitations may constitute a violation of law.

This report is strictly confidential and is for private circulation only to clients of BOCOM International Securities Ltd. This report is being supplied to you strictly on the basis that it will remain confidential. No part of this report may be (i) copied, photocopied, duplicated, stored or reproduced in any form by any means or (ii) redistributed or passed on, directly or indirectly, to any other person in whole or in part, for any purpose without the prior written consent of BOCOM International Securities Ltd.

BOCOM International Securities Ltd, its affiliates and related companies, their directors, associates, connected parties and/or employees may own or have positions in securities of the company(ies) covered in this report or any securities related thereto and may from time to time add to or dispose of, or may be interested in, any such securities. Further, BOCOM International Securities Ltd, its affiliates and its related companies may do and seek to do business with the company(ies) covered in this report and may from time to time act as market maker or have assumed an underwriting commitment in securities of such company(ies), may sell them to or buy them from customers on a principal basis and may also perform or seek to perform investment banking, advisory, underwriting, financing or other services for or relating to such company(ies) as well as solicit such investment, advisory, financing or other services from any entity mentioned in this report. In reviewing this report, an investor should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest.

The information contained in this report is prepared from data and sources believed to be correct and reliable at the time of issue of this report. This report does not purport to contain all the information that a prospective investor may require and may be subject to late delivery, interruption and interception. BOCOM International Securities Ltd does not make any guarantee, representation or warranty, express or implied, as to the adequacy, accuracy, completeness, reliability or fairness of any such information and opinion contained in this report and accordingly, neither BOCOM International Securities Ltd nor any of its affiliates nor its related persons shall be liable in any manner whatsoever for any consequences (including but not limited to any direct, indirect or consequential losses, loss of profits and damages) of any reliance thereon or usage thereof.

This report is general in nature and has been prepared for information purposes only. It is intended for circulation amongst BOCOM International Securities Ltd's clients generally and does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may receive this report. The information and opinions in this report are not and should not be construed or considered as an offer, recommendation or solicitation to buy or sell the subject securities, related investments or other financial instruments thereof.

The views, recommendations, advice and opinions in this report may not necessarily reflect those of BOCOM International Securities Ltd or any of its affiliates, and are subject to change without notice. BOCOM International Securities Ltd has no obligation to update its opinion or the information in this report.

Investors are advised to make their own independent evaluation of the information contained in this research report, consider their own individual investment objectives, financial situation and particular needs and consult their own professional and financial advisers as to the legal, business, financial, tax and other aspects before participating in any transaction in respect of the securities of company(ies) covered in this report. The securities of such company(ies) may not be eligible for sale in all jurisdictions or to all categories of investors.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to any law, regulation, rule or other registration or licensing requirement.

BOCOM International Securities Ltd is a subsidiary of Bank of Communications Co Ltd.