

Morning Express

23 October 2020

Focus of the Day

Technology Sector Insights

Foundry growth strong this year and likely hasn't peaked yet Rating: **Market Perform**

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— In-depth sector report (23 pages), including 3 co updates;
 <<click [here for full report](#)>> —

We expect the revenue of the world's five major semiconductor foundries (excluding Samsung) to grow 28% YoY in 2020, driven by multiple factors: (1) WFH/LFH, (2) inventory built to buffer geopolitical uncertainties and to potentially grab shares, (3) structural drivers such as 5G/AI, and (4) a solid ASP environment.

Looking into 2021, we expect growth to moderate to 8% YoY due to risks of elevated channel inventory. We estimate smartphone semis consumption (non-memory) to rise 16% YoY, which should help consume current inventory. Overall, we believe the impact of short inventory cycles on sector's share prices has become more muted.

Recommendations: We upgrade SMIC (981 HK) to **Buy** on strong and steady near-term outlook, and expect existing operations to remain stable. For ASM Pacific (522 HK), we reaffirm **Buy**. Despite limited near-term visibility, rebound in autos SMT, growth in mini-LED and advanced packaging should be the bright spots for ASMPT, and its earnings up-cycle should resume with solid growth in 2021. We maintain **Neutral** on Hua Hong (1347 HK).

TAL Education

Recovery continues, online/offline synergy to broaden potential market

CP: US\$ 66.34

TP: US\$ 90.00

Connie Gu, CPA

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TAL US

Rating: **Buy**

Upside: +35.7%

TAL's 2QFY21 top line was up 21% YoY, in line with our estimate, but non-GAAP EPS missed on higher-than-expected S&M expenses. Non-GAAP OPM declined by 10.6ppts YoY, mainly due to teacher salary raise and higher S&M expenses.

Key highlights: (1) Peiyou revenue grew 7% YoY in USD terms, with 31% normal-priced enrolment growth, partially offset by 18% ASP decline due to coupon impact and higher contribution of lower-priced online course; (2) No. of learning centers remained unchanged at 936; (3) Revenue/normal-priced enrolments of Xueersi.com grew 87%/116% YoY, contributing 26%/52% of total.

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

Global Stock Indices

	Close	1D%	YTD%
HSI	24,786	0.30	-15.36
HSCEI	10,085	0.07	-9.70
SH A	3,472	-0.38	8.63
SH B	252	0.23	-1.99
SZ A	2,348	-0.49	30.27
SZ B	946	0.38	-1.63
DJIA	28,364	0.54	-0.61
S&P 500	3,453	0.52	6.89
Nasdaq	11,506	0.19	28.23
FTSE	5,786	0.16	-23.29
CAC	4,854	0.00	-18.80
DAX	12,543	-0.12	-5.33

Source: FactSet

Key Commodity/Forex Indicators

	Close	3M%	YTD%
Brent	41.74	-5.76	-36.80
Gold	1,924.60	3.25	26.66
Silver	25.02	12.47	38.65
Copper	6,953.00	6.53	12.95
JPY	104.81	2.28	3.69
GBP	1.31	2.85	-1.16
EUR	1.18	2.02	5.37
bps change		3M	6M
HIBOR	0.54	12.63	-70.41
US 10yr yield	0.84	41.69	37.15

Source: FactSet

HSI Technical

HSI	24,786.13
50D MA	24,251.24
200D MA	24,529.15
14D RSI	50.96
Short sell (HK\$ m)	13,331

Source: FactSet

Hao Hong, CFA

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3QFY21E outlook: We expect revenue to grow 32% YoY to US\$1.093bn, within management guidance of US\$1.061bn-1.094bn (up 28-32% YoY), with 91%/17% YoY growth of online/Peiyou. We estimate non-GAAP OPM at 1%, down 10ppts YoY, on: (1) accelerating offline capacity expansion, (2) intense online competition.

We raise FY21E/22E revenue forecast by 1% given continuous recovery post COVID-19, but cut EPS by 33% in FY21 considering capacity expansion and potential marketing. We believe TAL is well-positioned to gain market share on strong teaching quality and continuous technology investment, despite short-term margin fluctuations. Maintain **Buy** rating and TP at US\$90.

Kunlun Energy		135 HK
Further signs of recovery as a positive		Rating: Buy
CP: HK\$ 5.20	TP: HK\$ 7.39	Upside: +42.1%
Wallace Cheng	wallace.cheng@bocomgroup.com	

Expect gas sales acceleration in 3Q20 with further recovery in LNG segment.

We had positive takeaways after a recent update with the company on 3Q20 operations. Simply put, we believe more positive progress has been made on the city-gas segment, while LNG segment should recover mildly.

SJP disposal – shall we expect the scenario of unchanged ownership for longer term? In our view, the disposal of Shaanjing Pipeline (SJP) is likely delayed, but not called off. We reiterate our expectation for a full-cash payment from PipeChina for SJP, with the deal completion slightly delayed to end-1H21E.

Extended ownership of SJP a positive to KE's overall FCF; time to revisit. KE's share price retreated ~25% after weaker-than-expected 1H20 results. We believe it is now a good timing to revisit KE, given better risk-to-reward after the correction. Maintain **Buy**.

Property Sector Weekly	
As of 22 October 2020	
Philip Tse, CFA, FRM	philip.tse@bocomgroup.com

Hong Kong Property: Transactions in primary market last week soared 369% WoW to 460 units. In the secondary market, the number of transactions at 50 major residential estates over the past weekend fell 13.6% WoW. HK government has decided not to proceed with work related to the introduction of vacancy tax.

China Property: According to NBS, 70-city new home price index rose 4.5% YoY in Sep, softening from 4.7% in Aug. IPO subscription for Shimao Services started on

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20 Oct 2020 with a price range of HK\$14.80-17.20 per share. As of 20 Oct, 10-city MTD transaction volume dropped 1.4% YoY, with new supply down 1.5% YoY.

Investment implications: For HK property, we expect developers to continue to accelerate new launches to clear the unsold units in 4Q20. We thus still prefer developers with ample residential pipelines, including SHKP (16 HK/**Buy**) and New World (17 HK/**Buy**).

For China property, we expect the stringent policy environment and tight liquidity for developers to remain in 4Q20. We still favor developers with lower gearing ratios and faster project launches. Our top picks are Shimao (813 HK/**Buy**) and CGS (CGS, 6098 HK/**Buy**).

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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

22 Oct	Renewable Energy Sector Weekly - As of 21 October 2020	Louis Sun, Bob Wen, CPA
21 Oct	Alibaba Group (BABA US) - 2QFY21 earnings preview; further growth upside in long term	Connie Gu, CPA, Brandy Sun, Gigi Zhou, Li Zhao, CFA
21 Oct	Cathay Pacific Airways (293 HK) - Restructuring no guarantee for soft landing in FY21E; maintain Neutral	Luya You, Maggie Wang
21 Oct	WuXi Biologics (2269 HK) - 3Q20 operation beat expectations, reaffirm Buy	Aiwei Li, PhD, Li Zhao, PhD
21 Oct	Healthcare Sector Weekly - As of 20 October 2020	Li Zhao, PhD, Aiwei Li, PhD
21 Oct	China Literature (772 HK) - China Literature and Tencent Pictures further collaborate	Gigi Zhou, Connie Gu, CPA, Brandy Sun, Li Zhao, CFA
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	Jaelyn 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	Jaelyn Wang, Hannah Han

Source: BOCOM Int'l

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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	46.10	177,773	0.11	-37.95	75.45	45.55	4.46	5.74	N/A	5.38	0.36
CLP	2 HK	72.25	182,536	-0.96	-11.78	84.20	65.00	39.27	15.84	15.44	4.26	1.63
HK & CHINA GAS	3 HK	11.20	199,039	0.72	-22.73	15.14	10.86	28.54	31.11	28.00	3.13	3.05
HSBC	5 HK	31.25	636,487	3.65	-48.64	61.85	28.20	5.65	16.46	9.16	1.24	0.49
POWER ASSETS	6 HK	40.45	86,331	-1.58	-29.04	58.50	40.45	12.11	14.03	12.96	6.92	1.01
HANG SENG	11 HK	115.30	220,435	1.41	-28.39	173.50	111.10	9.03	12.88	12.62	4.77	1.29
HENDERSON	12 HK	28.75	139,190	0.17	-24.84	40.55	26.95	9.52	9.48	10.01	6.26	0.43
SHKP	16 HK	97.75	283,258	-0.46	-18.06	123.00	89.00	8.74	9.65	9.08	5.06	0.50
NEW WORLD	17 HK	38.00	96,868	-0.13	-11.05	46.88	30.44	11.05	14.73	12.10	5.37	0.45
SWIRE PACIFIC	19 HK	37.00	33,493	-1.60	-48.90	76.65	36.30	7.71	N/A	11.83	4.12	0.21
GEG	27 HK	54.80	237,979	6.20	-4.53	62.80	38.60	18.20	N/A	N/A	0.00	3.60
MTRC	66 HK	38.75	239,488	0.39	-15.85	47.80	36.85	22.53	41.44	23.41	3.17	1.30
SINO	83 HK	9.78	68,902	0.41	-13.60	12.40	8.18	14.17	14.84	N/A	5.62	0.46
HLP	101 HK	19.74	88,785	0.61	15.44	22.15	13.82	19.94	20.43	N/A	3.85	0.65
WANT WANT	151 HK	5.39	65,977	-1.28	-25.96	7.37	4.93	16.76	N/A	N/A	N/A	N/A
GEELY	175 HK	16.30	159,953	-0.61	6.96	19.06	10.08	15.76	18.46	13.75	1.38	2.09
CITIC LTD	267 HK	5.81	169,014	-0.51	-44.24	10.70	5.60	3.14	3.76	3.30	6.57	0.27
WH GROUP	288 HK	6.35	93,608	4.44	-21.12	8.78	5.96	8.74	9.15	8.19	4.41	1.29
SINOPEC	386 HK	3.00	76,540	-0.33	-36.03	4.80	2.97	5.42	11.84	8.49	6.20	0.42
HKEX	388 HK	370.00	469,101	2.44	46.25	394.20	211.40	49.40	42.60	36.63	2.12	9.92
COLI	688 HK	19.72	216,034	0.72	-35.02	30.70	19.14	4.47	4.85	4.26	6.12	0.60
TENCENT	700 HK	563.50	5,400,945	1.17	50.03	573.50	316.20	50.29	38.55	32.31	0.25	8.26
UNICOM	762 HK	5.31	162,476	-0.38	-27.66	8.10	3.90	12.35	10.88	9.72	3.66	0.43
LINK	823 HK	61.20	126,221	1.07	-25.82	86.50	57.00	22.57	21.31	21.75	4.69	0.79
CR POWER	836 HK	8.54	41,081	0.35	-21.94	11.40	6.58	6.23	4.82	4.28	8.01	0.53
PETROCHINA	857 HK	2.16	45,574	-1.82	-44.76	4.20	2.16	7.44	N/A	16.03	7.96	0.28
CNOOC	883 HK	7.15	319,229	-1.79	-44.83	13.74	6.40	4.49	12.31	7.58	5.85	0.61
CCB	939 HK	5.79	1,464,143	4.14	-13.97	6.80	4.98	5.04	5.23	4.90	5.72	0.56
CHINA MOBILE	941 HK	50.50	1,034,012	1.00	-22.90	69.70	48.25	8.39	8.33	8.09	6.71	0.77
CK INFRA	1038 HK	36.85	97,678	0.68	-33.54	57.85	35.65	8.84	11.13	9.96	6.73	0.81
HENGAN	1044 HK	54.10	64,362	-2.52	-2.52	71.00	50.00	14.17	11.79	N/A	5.92	2.84
SHENHUA	1088 HK	13.82	46,968	-1.71	-15.11	16.62	12.06	5.67	6.01	5.95	8.41	0.64
CSPC	1093 HK	8.80	105,369	-4.35	-9.06	11.15	7.15	24.38	19.90	16.88	1.43	4.14
CR LAND	1109 HK	34.35	244,948	-4.05	-11.47	39.40	28.00	9.51	8.62	7.47	4.17	1.10
CKA	1113 HK	37.20	137,394	-0.53	-33.87	56.70	34.40	4.78	7.21	N/A	3.95	0.38
SBP	1177 HK	7.98	150,604	0.38	9.82	10.88	6.47	41.25	40.40	32.70	0.63	3.85
AIA	1299 HK	78.25	946,345	0.58	-4.34	87.35	60.70	18.29	23.00	17.44	1.68	2.02
ICBC	1398 HK	4.71	1,994,053	6.56	-21.50	6.05	3.99	4.71	5.16	4.91	5.86	0.54
SANDS	1928 HK	29.35	237,438	7.51	-29.53	45.00	26.15	15.07	N/A	N/A	0.00	13.26
WHARF REIC	1997 HK	31.25	94,882	1.13	-34.28	49.10	27.30	9.67	12.50	11.69	5.07	0.43
COUNTRY GARDEN	2007 HK	9.78	215,506	1.66	-21.63	12.88	7.88	4.70	4.28	3.78	7.13	1.02
AAC TECH	2018 HK	43.35	52,388	-0.80	-36.25	70.00	35.85	20.28	26.59	17.17	0.98	2.17
SHENZHOU	2313 HK	141.00	211,954	5.22	23.79	143.90	73.15	35.79	33.89	28.93	1.52	6.51
PING AN	2318 HK	84.40	1,662,020	1.14	-8.36	99.55	70.90	8.65	10.01	8.34	3.03	1.73
MENGNIU	2319 HK	39.65	156,474	6.87	25.87	40.30	25.00	32.53	40.24	25.73	0.53	4.21
SUNNY OPTICAL	2382 HK	128.40	140,836	1.99	-4.82	149.50	92.40	30.29	28.38	21.50	0.73	7.54
BOCHK	2388 HK	21.50	227,315	0.94	-20.52	28.90	20.30	7.06	8.44	8.35	5.39	0.77
CHINA LIFE	2628 HK	18.64	1,365,253	0.76	-13.90	22.75	12.86	7.82	8.67	8.06	4.11	1.03
BOCOM	3328 HK	3.98	139,347	-0.50	-28.16	5.61	3.66	3.43	3.76	3.53	8.03	0.34
BOC	3988 HK	2.60	1,008,480	1.56	-21.92	3.37	2.37	3.67	3.97	3.96	7.97	0.37
HANG SENG INDEX		24,786.13	18,465,534	1.64	-12.07	29,056.42	21,696.13	20.98	18.89	15.99	3.52	3.19

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	5.81	169,014	-0.51	-44.24	10.70	5.60	3.14	3.76	3.30	6.57	0.27
GDI	270 HK	11.88	77,669	-3.57	-27.12	17.30	11.88	15.40	15.43	13.20	5.05	1.82
CGH	384 HK	24.25	126,550	5.43	-16.95	34.75	20.75	14.88	13.78	11.72	2.06	3.19
SINOPEC	386 HK	3.00	76,540	-0.33	-36.03	4.80	2.97	5.42	11.84	8.49	6.20	0.42
CRG	390 HK	3.55	141,531	0.85	-26.20	5.03	3.47	3.22	3.22	2.97	5.55	0.31
DONGFENG	489 HK	5.59	15,964	0.72	-23.74	8.09	4.42	3.22	4.49	3.33	5.20	0.31
TENCENT	700 HK	563.50	5,400,945	1.17	50.03	573.50	316.20	50.29	38.55	32.31	0.25	8.26
CHINA TELECOM	728 HK	2.47	34,277	4.22	-23.05	3.53	2.06	8.50	8.18	7.87	5.30	0.47
AIR CHINA	753 HK	5.27	108,551	3.54	-33.38	8.26	4.60	9.70	N/A	18.90	0.00	0.80
CHINA TOWER	788 HK	1.74	N/A	0.00	1.16	1.78	1.56	39.89	29.38	23.02	1.71	1.08
PETROCHINA	857 HK	2.16	45,574	-1.82	-44.76	4.20	2.16	7.44	N/A	16.03	7.96	0.28
CNOOC	883 HK	7.15	319,229	-1.79	-44.83	13.74	6.40	4.49	12.31	7.58	5.85	0.61
HUANENG	902 HK	2.94	77,972	-2.97	-25.38	4.11	2.24	253.01	5.66	5.10	11.02	0.36
CONCH	914 HK	51.40	66,799	-0.96	-9.51	61.05	46.05	7.17	6.64	6.47	4.82	1.45
CCB	939 HK	5.79	1,464,143	4.14	-13.97	6.80	4.98	5.04	5.23	4.90	5.72	0.56
CHINA MOBILE	941 HK	50.50	1,034,012	1.00	-22.90	69.70	48.25	8.39	8.33	8.09	6.71	0.77
CNCB	998 HK	3.36	258,139	2.13	-28.05	4.77	2.96	3.25	3.40	3.18	7.52	0.30
HENGAN	1044 HK	54.10	64,362	-2.52	-2.52	71.00	50.00	14.17	11.79	N/A	5.92	2.84
SHENHUA	1088 HK	13.82	46,968	-1.71	-15.11	16.62	12.06	5.67	6.01	5.95	8.41	0.64
CSPC	1093 HK	8.80	105,369	-4.35	-9.06	11.15	7.15	24.38	19.90	16.88	1.43	4.14
SINOPHARM	1099 HK	16.96	22,757	5.47	-40.39	29.45	14.86	6.95	6.70	6.01	4.47	0.87
CR LAND	1109 HK	34.35	244,948	-4.05	-11.47	39.40	28.00	9.51	8.62	7.47	4.17	1.10
BYD	1211 HK	145.60	436,172	12.35	274.77	145.60	33.55	250.60	85.24	74.10	0.12	5.70
ABC	1288 HK	2.78	1,276,248	3.35	-18.95	3.47	2.40	4.05	4.43	4.16	6.76	0.44
NCI	1336 HK	30.90	198,434	-0.96	-7.76	35.95	20.65	5.69	6.23	5.62	4.61	0.88
PICC	1339 HK	2.41	21,030	2.12	-25.62	3.38	2.11	4.15	4.60	N/A	5.64	0.46
CINDA	1359 HK	1.50	20,351	-0.66	-15.25	1.86	1.36	4.16	4.87	4.10	6.97	0.33
ICBC	1398 HK	4.71	1,994,053	6.56	-21.50	6.05	3.99	4.71	5.16	4.91	5.86	0.54
PSBC	1658 HK	3.99	79,226	9.32	-24.72	5.39	3.08	4.77	5.63	5.20	5.44	0.56
CRRC	1766 HK	3.15	170,662	-1.56	-44.54	5.99	3.05	6.61	7.17	6.27	5.15	0.55
GF SEC	1776 HK	10.46	17,801	0.38	10.22	10.76	7.60	9.09	7.56	7.17	4.27	0.71
CCC	1800 HK	4.03	120,630	-0.98	-36.54	6.55	4.00	2.99	3.19	2.80	6.29	0.23
CGN POWER	1816 HK	1.66	149,255	0.00	-20.19	2.12	1.52	7.11	7.31	7.14	5.60	0.75
MSB	1988 HK	4.39	259,045	3.29	-25.47	5.99	3.86	3.29	3.53	3.29	8.15	0.35
VANKE	2202 HK	24.55	46,486	1.87	-26.17	34.35	23.00	6.40	5.69	4.97	5.27	1.12
GAC	2238 HK	7.50	118,394	5.78	-22.68	9.97	5.59	10.08	9.68	7.51	3.18	0.78
SHENZHO	2313 HK	141.00	211,954	5.22	23.79	143.90	73.15	35.79	33.89	28.93	1.52	6.51
PING AN	2318 HK	84.40	1,662,020	1.14	-8.36	99.55	70.90	8.65	10.01	8.34	3.03	1.73
PICC P&C	2328 HK	5.59	38,567	3.52	-40.47	10.16	5.25	4.41	5.12	4.67	8.31	0.59
GWM	2333 HK	13.20	215,811	2.96	129.17	13.80	3.85	23.18	22.72	15.78	2.20	1.83
CPIC	2601 HK	25.75	336,729	5.10	-16.12	31.70	18.16	7.24	7.83	7.28	5.73	1.01
CHINA LIFE	2628 HK	18.64	1,365,253	0.76	-13.90	22.75	12.86	7.82	8.67	8.06	4.11	1.03
HUARONG	2799 HK	0.86	21,538	0.00	-30.08	1.33	0.77	18.50	18.50	10.57	1.35	0.23
BOCOM	3328 HK	3.98	139,347	-0.50	-28.16	5.61	3.66	3.43	3.76	3.53	8.03	0.34
CMB	3968 HK	43.95	1,189,134	7.33	9.74	43.95	31.45	10.45	10.39	9.33	3.10	1.49
BOC	3988 HK	2.60	1,008,480	1.56	-21.92	3.37	2.37	3.67	3.97	3.96	7.97	0.37
CITIC SEC	6030 HK	17.98	417,616	0.00	1.12	20.75	13.00	16.22	12.15	10.75	4.04	1.15
ZA ONLINE	6060 HK	41.40	19,450	3.50	47.33	55.10	23.30	N/A	89.56	71.71	0.00	3.46
HAITONG SEC	6837 HK	6.79	189,525	-0.15	-26.28	9.43	5.86	7.04	6.79	5.90	4.62	0.50
HTSC	6886 HK	13.12	204,489	1.55	-4.79	16.04	10.40	11.66	8.73	7.85	3.89	0.80
HANG SENG CHINA ENT INDX		10,085.18	18,814,099	1.72	-9.70	11,419.91	8,559.64	23.87	17.14	14.73	3.87	2.87

Source: FactSet

23 October 2020

Morning Express

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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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