

# Morning Express

9 February 2021

## Focus of the Day

|  |                  |                          |
|--|------------------|--------------------------|
| <b>Tencent Holdings</b>  |                  | <b>700 HK</b>            |
| <b>4Q20 preview: solid business growth, Weixin ecosystem value to unlock in LT</b> |                  | Rating: <b>Buy</b>       |
| CP: HK\$ 736.50  | TP: HK\$ 873.00↑ | Upside: +18.5%           |
| Connie Gu, CPA   |                  | connie.gu@bocomgroup.com |

Tencent will release 4Q20 results on 24 Mar. We expect revenue to be RMB133.3bn, up 26% YoY/6% QoQ, vs. consensus of RMB132.37bn, with game/social/ fintech+cloud/ advertising to grow 39%/22%/30%/10% YoY. We expect adjusted EPS to be RMB3.42, vs. consensus of RMB3.37.

Weixin's ecosystem continues to improve, by forming a complete closed-loop that provides integrated solutions for merchants, leading to further monetization potential. Compared with platforms that offer social and merchant services, Weixin's user value should be assessed by its transactions and monetization potential, in our view. We believe Weixin has room to further monetize both 2B and 2C businesses.

We lift TP from HK\$680 to HK\$873, implying 48x 2021E P/E. Maintain **Buy**. Downside risks: game pipeline delay and regulation.

|  |                |                           |
|--|----------------|---------------------------|
| <b>R&amp;F Properties</b>                                    |                | <b>2777 HK</b>            |
| <b>Liquidity woes over, re-rating awaits; sector top Buy</b> |                | Rating: <b>Buy</b>        |
| CP: HK\$ 9.78  | TP: HK\$ 13.38 | Upside: +36.8%            |
| Philip Tse, CFA, FRM   |                | philip.tse@bocomgroup.com |

**Expect ~10% YoY sales growth in 2021.** Despite a sales target miss in 2020 (91% completed), R&F is having a good start to 2021, achieving total contracted sales of RMB11.4bn in January, up 77% YoY (attributable sales at RMB9.8bn, up 59% YoY). We expect FY21 contracted sales to jump ~10% YoY.

**Liquidity woes a thing of the past.** Along with its massive repayments of onshore and offshore bonds in Dec 20-Jan 21, R&F has repaid most of its key debts to be due/callable in 2021, with only two key outstanding debts maturing in Apr and Sep 2021, for which most of the funding has been prepared.

**2020E results preview: margins under mild pressure.** We expect GPM to trend down mildly by 1ppt to about 31-32% in 2020, but the company to meet its delivery target of ~9m sqm and post earnings growth of ~13%.

### Global Stock Indices

|         | Close  | 1D%   | YTD%  |
|---------|--------|-------|-------|
| HSI     | 29,319 | -0.22 | 6.34  |
| HSCEI   | 11,560 | -0.01 | 7.65  |
| SH A    | 3,703  | 1.03  | 1.71  |
| SH B    | 240    | 1.20  | -1.54 |
| SZ A    | 2,471  | 1.21  | 1.35  |
| SZ B    | 1,083  | 0.96  | -0.36 |
| DJIA    | 31,386 | 0.76  | 2.55  |
| S&P 500 | 3,916  | 0.74  | 4.25  |
| Nasdaq  | 13,988 | 0.95  | 8.53  |
| FTSE    | 6,524  | 0.53  | 0.98  |
| CAC     | 5,686  | 0.47  | 2.42  |
| DAX     | 14,060 | 0.02  | 2.49  |

Source: FactSet

### Key Commodity/Forex Indicators

|               | Close    | 3M%       | YTD%      |
|---------------|----------|-----------|-----------|
| Brent         | 59.34    | 50.42     | 14.56     |
| Gold          | 1,810.90 | -7.15     | -4.34     |
| Silver        | 26.53    | 2.91      | 0.17      |
| Copper        | 7,936.50 | 14.38     | 2.52      |
| JPY           | 105.20   | -1.80     | -1.85     |
| GBP           | 1.37     | 4.55      | 0.53      |
| EUR           | 1.20     | 1.46      | -1.54     |
| bps change    |          | <b>3M</b> | <b>6M</b> |
| HIBOR         | 0.24     | -43.83    | -47.37    |
| US 10yr yield | 1.16     | 41.97     | 105.37    |

Source: FactSet

### HSI Technical

|                     |           |
|---------------------|-----------|
| HSI                 | 29,319.47 |
| 50D MA              | 28,260.18 |
| 200D MA             | 25,952.72 |
| 14D RSI             | 67.62     |
| Short sell (HK\$ m) | 27,440    |

Source: FactSet

### Hao Hong, CFA

**Head of Research**

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**Reaffirm sector Top Buy and HK\$13.38 TP.** In our view, R&F will deliver a set of stable FY20 results and share price should re-rate upon results announcement.

|   |                           |
|---|---------------------------|
| <b>Internet Sector</b>                      |                           |
| <b>Monthly gaming data watch (Jan 2021)</b> | Rating: <b>Outperform</b> |
| Connie Gu, CPA                              | connie.gu@bocomgroup.com  |

**Domestic mobile games:** In Jan, New Year's Day events and winter holidays drove gross billings up. Those of Tencent and NetEase both rose 10%+ MoM.

Top games in Jan: Tencent's incremental gross billings in Jan were mainly contributed by "Peacekeeper Elite", which registered 50% MoM gross billing growth upon the new version launch, while the monthly gross billing of "Moonlight Blade Mobile" was ~RMB700m, and that of "Call of Duty Mobile" came to RMB100m-200m, with iOS grossing ranking falling further. Gross billings of NetEase's flagship mobile games stayed flattish MoM. For Alibaba, "Three Kingdoms: Strategic Edition" extended the MoM gross billing downtrend.

New games in Jan: NetEase's "Revelation Mobile" made it to the top 10 iOS grossing chart after its 8 Jan debut, and so far has registered 12.51m downloads (Qimai data). We estimate its debut-month gross billing at >RMB300m.

**Overseas mobile games:** For Tencent and NetEase, gross billings grew 20% and 4% MoM respectively in Jan. Tencent's "PUBG" was up 30% MoM, exceeding the 2020 summer level.

**Recommendations:** The CNY holiday may boost the gross billings in Feb, which should help drive Tencent and NetEase's mobile game revenue up 10%+ QoQ in 1Q21E. We stay tuned to the launch of Tencent's "DNF Mobile" and NetEase's "Harry Potter". Maintain **Outperform** sector rating.

|  |                         |
|--|-------------------------|
| <b>Transportation &amp; Infrastructure Sector Weekly</b> |                         |
| <b>As of 5 February 2021</b>                             |                         |
| Luya You   | luya.you@bocomgroup.com |

We highlight notable weekly updates for the transportation industry as follows:

**Aviation:** Global air passenger demand slumped 65.9% YoY for 2020. For 2021, IATA estimates passenger demand at about half of its 2019 level.

**Logistics:** LPI came in at 54.4% in January, improving 4.5ppts YoY, but slowing 2.5ppts MoM. We expect logistic activities to remain soft in 1Q21.

**Container shipping:** SCFI was marginally up 0.8% WoW. We expect spot market to stabilize in 1Q21.

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**Global dry-bulk market:** BDI dropped 8.2% WoW to 1,333 points. Slowing construction activities in China during the holidays should weigh on steel production and iron ore shipments in the short term, in our view.

**Investment implications:** According to a report by CAPSE, a third-party aviation service evaluation agency, China's domestic passenger volume may rebound in 2Q21E, as the pent-up travel demand during the CNY is expected to be unleashed once movement restrictions are eased. We anticipate a better summer peak season in 2021 if the pandemic is held in check. We reiterate **Buy** calls on three HK-listed Chinese airlines, and expect China Southern Airlines (1055 HK) to witness the earliest recovery among peers.

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### Economic data releases for this week – US

| Date   | Event                      | Survey | Prior |
|--------|----------------------------|--------|-------|
| 10 Feb | CPI (%)                    | 0.3-   | 0.4   |
| 11 Feb | Initial Jobless Claims (k) | -      | 847   |

Source: Bloomberg

### Economic data releases for this week – China

| Date  | Event   | Survey | Prior |
|-------|---------|--------|-------|
| 9 Feb | CPI (%) | -0.1-  | 0.2   |

Source: Bloomberg

### BOCOM Research latest reports

|       |   |   |
|-------|---|---|
| 8 Feb | Transportation & Infrastructure Sector Weekly - As of 5 February 2021                                     | Luya You, Maggie Wang                                       |
| 8 Feb | Internet Sector Weekly - As of 5 February 2021  | Connie Gu, CPA, Brandy Sun                                  |
| 8 Feb | R&F Properties (2777 HK) - Liquidity woes over, re-rating awaits; sector top Buy                          | Philip Tse, CFA, FRM  |
| 8 Feb | Consumer Sector Weekly - As of 5 February 2021  | Edward Lui, Yoyo Pang                                       |
| 5 Feb | Semiconductor Manufacturing Int (981 HK) - Near-term outlook largely stable; maintain Buy on risk/reward  | Chris Yim   |
| 5 Feb | Property Sector Weekly - As of 4 February 2021  | Philip Tse, CFA, FRM, Evangeline Luo, CFA, CPA, Spencer Luo |
| 5 Feb | Sohu.com Inc (SOHU US) - 4Q20 beat on gaming; uncertainty persists for ad                                 | Brandy Sun, Connie Gu, CPA                                  |
| 4 Feb | Lenovo Group (992 HK) - PC to remain strong with new drivers ahead; maintain Buy                          | Chris Yim   |
| 4 Feb | Renewable Energy Sector Weekly - As of 3 February 2021  | Louis Sun, Bob Wen, CPA                                     |
| 4 Feb | Ping An Insurance (2318 HK) - Key indicators of life insurance missed; expect reform to deliver           | Li Wan, CFA, FRM  |
| 3 Feb | Bilibili Inc (BILI US) - Expect stronger monetization in longer term as revenue mix improves              | Connie Gu, CPA, Brandy Sun                                  |
| 3 Feb | Alibaba Group (BABA US) - 3QFY21 results beat, strategic investment for long-term sustainable growth      | Connie Gu, CPA, Brandy Sun                                  |
| 3 Feb | Shimao Property (813 HK) - FY20 preview – mild margin pressure with steady growth outlook                 | Philip Tse, CFA, FRM, Spencer Luo, Evangeline Luo, CFA, CPA |
| 3 Feb | Securities Sector Monthly - Market turnover active, equity fund issuance at record high                   | Jingyi Zhang, CFA, Li Wan, CFA, FRM                         |
| 2 Feb | Healthcare Sector Weekly - As of 2 February 2021  | Li Zhao, PhD, John Nie                                      |
| 2 Feb | Internet Sector Insights - Community group-buy: sales model remake; logistic input to boost LT efficiency | Connie Gu, CPA, Brandy Sun                                  |
| 2 Feb | China Property Sector - Head start in January on a low base from 2020                                     | Philip Tse, CFA, FRM, Spencer Luo                           |
| 2 Feb | COSCO Shipping Holdings (1919 HK) - Downgrade to Neutral with no ST catalyst in sight                     | Maggie Wang   |
| 2 Feb | HEC Pharm (1558 HK) - 2020 sales missed as Kewei volume plummeted; maintain Neutral                       | Li Zhao, PhD, John Nie                                      |
| 2 Feb | China Southern Airlines (1055 HK) - Expect earliest FY21 recovery among peers; maintain Buy               | Luya You, Maggie Wang                                       |

Source: BOCOM Int'l

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**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       | 52.50                | 202,453           | -2.60       | -2.96       | 71.40             | 45.55            | 5.14          | 6.94         | N/A          | 4.47            | 0.39          |
| CLP                    | 2 HK       | 72.15                | 182,283           | -0.07       | 0.63        | 84.20             | 65.00            | 39.16         | 16.28        | 15.44        | 4.28            | 1.67          |
| HK & CHINA GAS         | 3 HK       | 10.92                | 194,063           | -0.36       | -5.70       | 14.55             | 10.86            | 27.78         | 29.55        | 26.79        | 3.21            | 2.97          |
| HSBC                   | 5 HK       | 41.35                | 842,234           | 0.00        | 1.47        | 59.65             | 28.20            | 7.54          | 17.93        | 12.01        | 1.86            | 0.64          |
| POWER ASSETS           | 6 HK       | 41.25                | 88,038            | -0.72       | -1.79       | 57.35             | 39.50            | 12.43         | 13.66        | 13.45        | 6.75            | 1.03          |
| HANG SENG              | 11 HK      | 140.00               | 267,658           | 0.14        | 4.71        | 164.50            | 111.10           | 10.99         | 15.69        | 15.76        | 3.92            | 1.56          |
| HENDERSON              | 12 HK      | 30.85                | 149,357           | -1.28       | 1.98        | 37.45             | 26.95            | 10.20         | 9.95         | 10.67        | 5.84            | 0.46          |
| SHKP                   | 16 HK      | 106.10               | 307,454           | 0.09        | 6.10        | 115.70            | 89.00            | 9.45          | 10.43        | 9.72         | 4.68            | 0.54          |
| NEW WORLD              | 17 HK      | 34.90                | 88,834            | -1.27       | -3.32       | 41.84             | 30.44            | 10.22         | 13.63        | 11.54        | 5.80            | 0.42          |
| SWIRE PACIFIC          | 19 HK      | 48.25                | 43,676            | -0.41       | 12.21       | 75.05             | 35.30            | 10.23         | N/A          | 15.18        | 3.11            | 0.28          |
| GEG                    | 27 HK      | 68.60                | 298,034           | 11.64       | 13.86       | 68.60             | 38.60            | 22.15         | N/A          | N/A          | 0.00            | 4.31          |
| MTRC                   | 66 HK      | 44.15                | 272,896           | -0.67       | 1.85        | 45.65             | 36.85            | 25.87         | 59.31        | 26.99        | 2.76            | 1.56          |
| SINO                   | 83 HK      | 11.00                | 80,594            | -1.08       | 8.91        | 11.14             | 8.18             | 15.74         | 16.45        | N/A          | 5.06            | 0.52          |
| HLP                    | 101 HK     | 20.60                | 92,655            | 4.78        | 0.73        | 22.15             | 13.82            | 20.86         | 22.20        | N/A          | 3.68            | 0.67          |
| WANT WANT              | 151 HK     | 5.58                 | 67,879            | 0.18        | -0.53       | 6.43              | 4.93             | 15.84         | N/A          | N/A          | N/A             | N/A           |
| GEELY                  | 175 HK     | 28.25                | 277,378           | -4.07       | 6.60        | 33.80             | 10.08            | 26.39         | 31.31        | 21.71        | 0.85            | 3.50          |
| CITIC LTD              | 267 HK     | 6.08                 | 176,869           | 0.00        | 10.75       | 9.52              | 5.22             | 3.28          | 3.79         | 3.46         | 6.59            | 0.28          |
| WH GROUP               | 288 HK     | 6.30                 | 92,895            | -2.02       | -3.08       | 8.65              | 5.95             | 8.74          | 9.10         | 8.19         | 4.88            | 1.28          |
| SINOPEC                | 386 HK     | 3.76                 | 95,931            | 0.27        | 8.36        | 4.27              | 2.97             | 6.62          | 10.50        | 8.52         | 6.33            | 0.51          |
| HKEX                   | 388 HK     | 518.50               | 657,375           | -0.48       | 22.00       | 553.00            | 211.40           | 69.03         | 57.44        | 47.71        | 1.56            | 13.74         |
| COLI                   | 688 HK     | 18.36                | 200,963           | 3.26        | 8.90        | 28.65             | 15.20            | 3.94          | 4.37         | 3.91         | 6.76            | 0.52          |
| TENCENT                | 700 HK     | 736.50               | 7,066,364         | 0.07        | 30.59       | 766.50            | 334.00           | 63.52         | 45.79        | 39.55        | 0.22            | 10.33         |
| UNICOM                 | 762 HK     | 4.40                 | 134,632           | -1.35       | -1.12       | 6.79              | 3.90             | 9.94          | 8.97         | 7.95         | 4.42            | 0.34          |
| LINK                   | 823 HK     | 67.25                | 140,005           | -0.37       | -4.75       | 79.15             | 57.00            | 24.98         | 23.59        | 23.95        | 4.24            | 0.87          |
| CR POWER               | 836 HK     | 8.13                 | 39,109            | -0.49       | -2.63       | 10.70             | 6.58             | 5.89          | 4.39         | 4.08         | 9.05            | 0.50          |
| PETROCHINA             | 857 HK     | 2.39                 | 50,426            | 0.84        | -0.42       | 3.50              | 2.16             | 7.99          | 18.32        | 15.13        | 7.76            | 0.30          |
| CNOOC                  | 883 HK     | 8.59                 | 383,522           | 1.54        | 19.64       | 12.44             | 6.40             | 5.20          | 13.19        | 7.41         | 5.62            | 0.71          |
| CCB                    | 939 HK     | 5.95                 | 1,510,153         | 1.36        | 1.02        | 6.57              | 4.98             | 5.17          | 5.11         | 4.82         | 5.85            | 0.56          |
| CHINA MOBILE           | 941 HK     | 46.75                | 957,229           | -3.11       | 5.77        | 67.05             | 41.50            | 7.57          | 7.43         | 7.30         | 7.45            | 0.70          |
| CK INFRA               | 1038 HK    | 41.95                | 111,196           | 0.60        | 0.72        | 55.50             | 35.65            | 10.04         | 11.59        | 11.71        | 5.88            | 0.83          |
| HENGAN                 | 1044 HK    | 53.85                | 63,884            | -0.37       | -1.91       | 71.00             | 52.10            | 13.70         | 11.42        | N/A          | 6.08            | 2.79          |
| SHENHUA                | 1088 HK    | 13.86                | 47,104            | -1.42       | -5.07       | 15.98             | 12.06            | 5.53          | 5.73         | 5.56         | 8.92            | 0.63          |
| CSPC                   | 1093 HK    | 8.09                 | 96,868            | -5.38       | 2.02        | 10.76             | 7.15             | 21.90         | 17.93        | 15.82        | 1.64            | 3.72          |
| CR LAND                | 1109 HK    | 31.25                | 222,842           | 1.30        | -2.34       | 38.55             | 28.00            | 8.26          | 7.53         | 6.65         | 4.83            | 0.94          |
| CKA                    | 1113 HK    | 39.00                | 144,043           | 1.04        | -2.01       | 52.00             | 34.40            | 4.99          | 8.16         | N/A          | 3.59            | 0.40          |
| SBP                    | 1177 HK    | 7.49                 | 141,273           | -1.58       | -0.13       | 10.88             | 6.47             | 37.35         | 44.41        | 36.27        | 0.72            | 3.57          |
| AIA                    | 1299 HK    | 100.40               | 1,214,332         | 2.71        | 5.68        | 108.90            | 60.70            | 23.36         | 28.67        | 22.43        | 1.32            | 2.60          |
| ICBC                   | 1398 HK    | 4.85                 | 2,085,666         | -0.82       | -3.58       | 5.57              | 3.99             | 4.73          | 5.09         | 4.79         | 5.90            | 0.54          |
| SANDS                  | 1928 HK    | 32.85                | 265,761           | 3.63        | -3.52       | 40.90             | 26.15            | 16.97         | N/A          | N/A          | 0.00            | 17.76         |
| WHARF REIC             | 1997 HK    | 42.60                | 129,343           | 3.27        | 5.58        | 43.95             | 27.30            | 13.03         | 17.54        | 16.01        | 3.68            | 0.58          |
| COUNTRY GARDEN         | 2007 HK    | 9.32                 | 205,370           | 0.43        | -13.06      | 11.26             | 7.88             | 4.38          | 4.29         | 4.14         | 7.31            | 0.93          |
| AAC TECH               | 2018 HK    | 41.25                | 49,851            | -2.71       | -4.95       | 62.95             | 35.85            | 18.98         | 29.23        | 16.59        | 0.99            | 2.05          |
| SHENZHOU               | 2313 HK    | 176.20               | 264,867           | 6.27        | 15.92       | 176.20            | 73.15            | 42.18         | 40.39        | 33.25        | 1.28            | 7.70          |
| PING AN                | 2318 HK    | 90.40                | 1,691,717         | 0.67        | -4.84       | 103.10            | 70.90            | 9.07          | 9.41         | 8.91         | 2.90            | 1.82          |
| MENGNIU                | 2319 HK    | 47.55                | 187,736           | 0.53        | 1.60        | 52.00             | 25.00            | 38.48         | 46.94        | 30.12        | 0.39            | 4.98          |
| SUNNY OPTICAL          | 2382 HK    | 210.00               | 230,339           | -7.08       | 23.75       | 226.00            | 92.40            | 48.52         | 44.82        | 33.21        | 0.47            | 12.07         |
| BOCHK                  | 2388 HK    | 23.05                | 243,703           | 0.44        | -1.91       | 27.95             | 20.30            | 7.52          | 8.69         | 8.64         | 5.41            | 0.82          |
| CHINA LIFE             | 2628 HK    | 16.20                | 928,124           | -1.70       | -5.26       | 20.90             | 12.86            | 6.64          | 7.50         | 6.69         | 4.78            | 0.88          |
| BOCOM                  | 3328 HK    | 4.24                 | 148,450           | 0.24        | 3.41        | 5.22              | 3.66             | 3.54          | 3.81         | 3.71         | 7.92            | 0.36          |
| BOC                    | 3988 HK    | 2.63                 | 1,024,454         | 0.00        | -0.75       | 3.23              | 2.37             | 3.62          | 3.80         | 3.67         | 8.16            | 0.37          |
| <b>HANG SENG INDEX</b> |            | <b>29,319.47</b>     | <b>20,145,104</b> | <b>0.04</b> | <b>7.67</b> | <b>30,159.01</b>  | <b>21,696.13</b> | <b>28.30</b>  | <b>24.10</b> | <b>20.57</b> | <b>3.24</b>     | <b>4.43</b>   |

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     | 6.08                 | 176,869           | 0.00         | 10.75       | 9.52              | 5.22            | 3.28          | 3.79         | 3.46         | 6.59            | 0.28          |
| GDI                             | 270 HK     | 13.38                | 87,476            | -2.34        | -4.15       | 16.26             | 11.10           | 17.21         | 17.38        | 14.78        | 4.52            | 2.05          |
| CGH                             | 384 HK     | 29.15                | 151,941           | 1.92         | -5.36       | 31.90             | 20.75           | 18.13         | 16.79        | 14.28        | 1.69            | 3.89          |
| SINOPEC                         | 386 HK     | 3.76                 | 95,931            | 0.27         | 8.36        | 4.27              | 2.97            | 6.62          | 10.50        | 8.52         | 6.33            | 0.51          |
| CRG                             | 390 HK     | 3.61                 | 145,065           | 0.84         | 5.56        | 4.79              | 3.34            | 3.17          | 3.07         | 2.69         | 5.91            | 0.30          |
| DONGFENG                        | 489 HK     | 8.14                 | 23,246            | -1.33        | -9.96       | 9.90              | 4.42            | 4.45          | 5.95         | 4.70         | 5.27            | 0.43          |
| TENCENT                         | 700 HK     | 736.50               | 7,066,364         | 0.07         | 30.59       | 766.50            | 334.00          | 63.52         | 45.79        | 39.55        | 0.22            | 10.33         |
| CHINA TELECOM                   | 728 HK     | 2.20                 | 30,530            | -4.76        | 2.33        | 3.18              | 1.96            | 7.49          | 7.20         | 6.87         | 6.23            | 0.42          |
| AIR CHINA                       | 753 HK     | 5.81                 | 119,133           | 4.87         | -4.75       | 6.98              | 4.60            | 10.32         | N/A          | 20.27        | 0.00            | 0.85          |
| CHINA TOWER                     | 788 HK     | 1.74                 | 81,195            | 0.00         | 1.16        | N/A               | N/A             | 31.51         | 24.26        | 18.72        | 2.14            | 0.88          |
| PETROCHINA                      | 857 HK     | 2.39                 | 50,426            | 0.84         | -0.42       | 3.50              | 2.16            | 7.99          | 18.32        | 15.13        | 7.76            | 0.30          |
| CNOOC                           | 883 HK     | 8.59                 | 383,522           | 1.54         | 19.64       | 12.44             | 6.40            | 5.20          | 13.19        | 7.41         | 5.62            | 0.71          |
| HUANENG                         | 902 HK     | 2.47                 | 61,749            | -1.20        | -12.72      | 3.81              | 2.24            | 205.58        | 4.61         | 4.75         | 10.46           | 0.30          |
| CONCH                           | 914 HK     | 45.85                | 59,587            | -0.76        | -5.56       | 61.05             | 45.55           | 6.18          | 5.77         | 5.67         | 5.48            | 1.25          |
| CCB                             | 939 HK     | 5.95                 | 1,510,153         | 1.36         | 1.02        | 6.57              | 4.98            | 5.17          | 5.11         | 4.82         | 5.85            | 0.56          |
| CHINA MOBILE                    | 941 HK     | 46.75                | 957,229           | -3.11        | 5.77        | 67.05             | 41.50           | 7.57          | 7.43         | 7.30         | 7.45            | 0.70          |
| CNCB                            | 998 HK     | 3.57                 | 268,684           | 1.42         | 8.51        | 4.25              | 2.96            | 3.38          | 3.34         | 3.17         | 7.25            | 0.31          |
| HENGAN                          | 1044 HK    | 53.85                | 63,884            | -0.37        | -1.91       | 71.00             | 52.10           | 13.70         | 11.42        | N/A          | 6.08            | 2.79          |
| SHENHUA                         | 1088 HK    | 13.86                | 47,104            | -1.42        | -5.07       | 15.98             | 12.06           | 5.53          | 5.73         | 5.56         | 8.92            | 0.63          |
| CSPC                            | 1093 HK    | 8.09                 | 96,868            | -5.38        | 2.02        | 10.76             | 7.15            | 21.90         | 17.93        | 15.82        | 1.64            | 3.72          |
| SINOPHARM                       | 1099 HK    | 18.32                | 24,582            | -4.58        | -2.86       | 26.55             | 14.86           | 7.39          | 6.94         | 6.12         | 4.24            | 0.88          |
| CR LAND                         | 1109 HK    | 31.25                | 222,842           | 1.30         | -2.34       | 38.55             | 28.00           | 8.26          | 7.53         | 6.65         | 4.83            | 0.94          |
| BYD                             | 1211 HK    | 250.00               | 804,837           | -6.37        | 23.03       | 278.40            | 33.55           | 417.18        | 128.82       | 106.70       | 0.08            | 9.33          |
| ABC                             | 1288 HK    | 2.76                 | 1,299,628         | -0.36        | -2.82       | 3.26              | 2.40            | 3.92          | 4.13         | 3.95         | 7.34            | 0.43          |
| NCI                             | 1336 HK    | 29.05                | 147,826           | -0.85        | -3.97       | 35.95             | 20.65           | 5.23          | 5.78         | 5.03         | 5.08            | 0.80          |
| PICC                            | 1339 HK    | 2.40                 | 20,943            | -0.83        | -2.44       | 3.02              | 2.11            | 4.01          | 4.46         | N/A          | 5.88            | 0.44          |
| CINDA                           | 1359 HK    | 1.47                 | 19,944            | -1.34        | 0.00        | 1.81              | 1.36            | 4.02          | 3.79         | 3.29         | 7.99            | 0.32          |
| ICBC                            | 1398 HK    | 4.85                 | 2,085,666         | -0.82        | -3.58       | 5.57              | 3.99            | 4.73          | 5.09         | 4.79         | 5.90            | 0.54          |
| PSBC                            | 1658 HK    | 5.90                 | 117,151           | 6.69         | 34.70       | 5.90              | 3.08            | 6.72          | 7.12         | 6.53         | 4.22            | 0.78          |
| CRRC                            | 1766 HK    | 3.26                 | 187,168           | -0.61        | 22.10       | 5.37              | 2.66            | 6.64          | 7.36         | 6.34         | 4.83            | 0.55          |
| GF SEC                          | 1776 HK    | 10.74                | 18,277            | -5.79        | -2.01       | 12.94             | 7.60            | 9.15          | 6.82         | 6.16         | 5.30            | 0.70          |
| CCC                             | 1800 HK    | 3.65                 | 108,762           | 1.67         | 8.96        | 6.26              | 3.29            | 2.59          | 2.76         | 2.43         | 7.13            | 0.20          |
| CGN POWER                       | 1816 HK    | 1.68                 | 142,545           | 0.00         | 0.60        | 1.99              | 1.52            | 6.90          | 7.16         | 6.94         | 5.77            | 0.73          |
| MSB                             | 1988 HK    | 4.52                 | 256,568           | 0.22         | 2.26        | 5.80              | 3.86            | 3.12          | 3.71         | 3.46         | 8.05            | 0.35          |
| VANKE                           | 2202 HK    | 29.50                | 55,859            | 3.69         | 10.28       | 32.55             | 23.00           | 7.57          | 6.53         | 5.79         | 4.58            | 1.27          |
| GAC                             | 2238 HK    | 7.61                 | 115,917           | 1.60         | -11.72      | 9.48              | 5.59            | 9.53          | 9.51         | 6.89         | 3.38            | 0.73          |
| SHENZHO                         | 2313 HK    | 176.20               | 264,867           | 6.27         | 15.92       | 176.20            | 73.15           | 42.18         | 40.39        | 33.25        | 1.28            | 7.70          |
| PING AN                         | 2318 HK    | 90.40                | 1,691,717         | 0.67         | -4.84       | 103.10            | 70.90           | 9.07          | 9.41         | 8.91         | 2.90            | 1.82          |
| PICC P&C                        | 2328 HK    | 5.78                 | 39,878            | 0.35         | -1.53       | 8.76              | 5.24            | 4.41          | 5.18         | 4.96         | 7.94            | 0.59          |
| GWM                             | 2333 HK    | 25.50                | 371,698           | 0.59         | -4.14       | 30.60             | 3.85            | 39.65         | 34.09        | 20.94        | 1.34            | 3.11          |
| CPIC                            | 2601 HK    | 35.80                | 417,814           | 3.02         | 17.96       | 38.70             | 18.16           | 10.04         | 11.63        | 10.28        | 4.14            | 1.41          |
| CHINA LIFE                      | 2628 HK    | 16.20                | 928,124           | -1.70        | -5.26       | 20.90             | 12.86           | 6.64          | 7.50         | 6.69         | 4.78            | 0.88          |
| HUARONG                         | 2799 HK    | 0.89                 | 22,289            | -2.20        | 3.49        | 1.18              | 0.77            | 18.59         | 6.28         | 5.00         | 5.12            | 0.25          |
| BOCOM                           | 3328 HK    | 4.24                 | 148,450           | 0.24         | 3.41        | 5.22              | 3.66            | 3.54          | 3.81         | 3.71         | 7.92            | 0.36          |
| CMB                             | 3968 HK    | 63.35                | 1,654,909         | 1.44         | 29.29       | 63.35             | 31.45           | 14.61         | 14.07        | 12.52        | 2.28            | 2.08          |
| BOC                             | 3988 HK    | 2.63                 | 1,024,454         | 0.00         | -0.75       | 3.23              | 2.37            | 3.62          | 3.80         | 3.67         | 8.16            | 0.37          |
| CITIC SEC                       | 6030 HK    | 17.48                | 387,936           | -1.80        | 0.00        | 20.75             | 13.00           | 15.70         | 11.97        | 9.92         | 4.06            | 1.04          |
| ZA ONLINE                       | 6060 HK    | 49.00                | 69,571            | -5.86        | 35.36       | 55.10             | 23.30           | N/A           | 90.93        | 72.67        | 0.00            | 3.76          |
| HAITONG SEC                     | 6837 HK    | 6.79                 | 159,820           | -3.69        | -2.02       | 9.14              | 5.86            | 6.88          | 6.39         | 5.65         | 5.05            | 0.48          |
| HTSC                            | 6886 HK    | 11.70                | 168,903           | -6.70        | -4.10       | 16.04             | 10.40           | 10.59         | 7.78         | 6.73         | 4.18            | 0.70          |
| <b>HANG SENG CHINA ENT INDX</b> |            | <b>11,560.01</b>     | <b>20,477,090</b> | <b>-0.79</b> | <b>7.65</b> | <b>11,960.49</b>  | <b>8,559.64</b> | <b>38.62</b>  | <b>23.75</b> | <b>20.40</b> | <b>3.53</b>     | <b>4.06</b>   |

Source: FactSet

9 February 2021

## Morning Express

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##### 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**.

9 February 2021

## Morning Express

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