

Morning Express

26 March 2021

Focus of the Day

AAC Technologies

Earnings and margins show signs of stabilization; maintain Buy

CP: HK\$ 39.65

TP: HK\$ 47.00↓

Chris Yim

christopher.yim@bocomgroup.com

2018 HK

Rating: **Buy**

Upside: +18.5%

Limited revenue recovery but GPM somewhat improved. AAC's 4Q20 revenue declined 10% YoY (+6% QoQ), mostly due to weaknesses in acoustics and ED/PM divisions. However, GPM showed signs of recovery (+4.5ppts QoQ). The company attributed this to (1) PM (casings) GPM recovery from higher utilization, and (2) better efficiency and cost control in acoustics.

Looking for sustainable margin recovery; cost control to help drive earnings. We expect (1) higher utilization of casings capacity (expanding into notebooks/tablets) and (2) standardized small cavity speakers, which help lower costs by cutting the number of SKUs, to lead to an overall mild GPM improvement in 2021E.

Lower estimates/TP; maintain Buy. AAC is showing signs of earnings and margin stabilization in 4Q20, with a positive margin outlook across most of its business lines. Revenue growth should remain soft due to a lack of product mix upgrade. We expect earnings growth to return in 2021 off a low base. We cut TP from HK\$61 to HK\$47, based on 20x average 2021-22E EPS.

China Life Insurance

Downgrade to Neutral on fluctuant agent team, likely slower-than-peer growth

CP: HK\$ 16.06

TP: HK\$ 19.00↓

Li Wan, CFA, FRM

wanli@bocomgroup.com

2628 HK

Rating: **Neutral↓**

Upside: +18.3%

China Life's attributable net profit fell 13.8% YoY in 2020, 2ppts better than our estimate. Investment income grew fast. NBV was slightly down 0.6% YoY, largely in line with our expectation. As China Life made early preparations for jump-start sale, its NBV outperformed peers', achieving good balance between scale and value. Business structure kept improving.

Its number of agents dropped substantially in 4Q20. Number of agents was fluctuant during 2018-20.

We expect its NBV growth to be ~6% in 2021E, which trails peers' due to high base. Based on 0.37x 21E P/EV, we cut our TP from HK\$23.00 to HK\$19.00. Downgrade from Buy to **Neutral**.

Global Stock Indices

	Close	1D%	YTD%
HSI	27,900	0.08	2.17
HSCEI	10,744	-0.96	0.05
SH A	3,526	-0.10	-3.16
SH B	242	0.50	-0.46
SZ A	2,267	-0.02	-7.01
SZ B	1,097	-0.52	0.99
DJIA	32,619	0.62	6.58
S&P 500	3,910	0.52	4.09
Nasdaq	12,978	0.12	0.69
FTSE	6,675	-0.57	3.32
CAC	5,952	0.09	7.22
DAX	14,621	0.08	6.58

Source: FactSet

Key Commodity/Forex Indicators

	Close	3M%	YTD%
Brent	64.41	25.58	24.34
Gold	1,732.90	-7.82	-8.46
Silver	25.20	-2.27	-4.87
Copper	9,016.00	15.69	16.46
JPY	109.14	-5.04	-5.40
GBP	1.37	1.37	0.38
EUR	1.18	-3.35	-3.76

bps change		3M	6M
HIBOR	0.23	-36.89	-63.56
US 10yr yield	1.62	73.56	145.48

Source: FactSet

HSI Technical

HSI	27,899.61
50D MA	29,406.19
200D MA	26,957.91
14D RSI	51.89
Short sell (HK\$ m)	25,284

Source: FactSet

Hao Hong, CFA

Head of Research

hao.hong@bocomgroup.com

26 March 2021

Morning Express

New China Life		1336 HK
Earnings beat, NBV in line		Rating: Neutral
CP: HK\$ 28.85	TP: HK\$ 34.00↓	Upside: +17.9%
Li Wan, CFA, FRM		wanli@bocomgroup.com

NCI's attributable net profit edged down 1.8% YoY in 2020, which beat our estimate and consensus, with robust investment income growth.

NBV was down 6% YoY, in line with our estimate, but outperformed peers due to its early preparation of jump-start sale. Premium growth surpassed peers', with big contribution from single premiums through bancassurance channel. NCI expects slight agent growth in 2021 following rapid expansion, focusing on agent efficiency enhancement.

We believe NCI's premium structure can be further optimized as business growth has been reliant on agent expansion. We expect NBV to grow ~9% YoY in 2021E from a high base. Based on 0.33x 2021E P/EV, we trim TP from HK\$36.00 to HK\$34.00. Maintain **Neutral**.

R&F Properties		2777 HK
Significant deleveraging progress despite earnings miss		
Philip Tse, CFA, FRM		philip.tse@bocomgroup.com

FY20 results missed. R&F's FY20 revenue dropped 5.4% YoY to RMB85.9bn. Blended GPM dropped 9.1ppts to 23.7%. As a result, net profit/estimated core profit fell 6.9%/36.2% YoY to RMB9bn/5.3bn. R&F proposed a final DPS of RMB0.62, with full year DPS at RMB1, below FY19's by 22%.

Margin expected to rebound to 30% in FY21. With RMB100bn locked-in sales at ASP ~25% higher than FY20 booking ASP, and YTD-2021 contracted sales GPM at 30-35%, management expects FY21 GPM to rebound to 30%.

Deleveraging in progress with mitigated liquidity needs. R&F has reduced total debt by RMB37.4bn and lowered its net debt to total equity ratio by 69ppts to 130.2%. Management indicated that R&F can fulfill at least 1-2 red-line requirements by end-FY21 and all three by 2022.

FY21 sales target at RMB150bn is backed by RMB300bn planned saleable resources.

Deleveraging to pave way for turnaround. We do not view the FY20 miss as overly surprising with dividend cut as the only disappointment. We maintain **Buy** rating and TP of HK\$13.38. We expect the counter to re-rate over the next 6 months upon the announcement of hotel disposal and further improvement in sales progress.

26 March 2021

Morning Express

CIFI Holdings	884 HK
FY20 results slightly missed on margin; maintain Neutral	
Philip Tse, CFA, FRM philip.tse@bocomgroup.com	

FY20 results slightly missed on margin. Revenue increased 27.2% YoY to RMB71.8bn, largely in line with expectation. However, GPM came to only 21.7%, 3.3ppts lower than Street estimate of 25.0%. Estimated core profit was up 16.3% YoY to RMB8.03bn, 2% lower than consensus. The company proposed a final DPS of HK 29 cents which brought full year DPS to HK 40 cents, representing 5.6% dividend yield.

Remains “yellow class” developer. As of end-2020, CIFI’s net debt to total equity ratio was 64.0% (Dec-2019: 65.6%) with cash to short-term debt ratio dropping slightly to 2.7x (Dec-2019: 2.8x). Excluding pre-sale contract liabilities, asset-liability ratio slightly improved to 72.5% from 74.8% as of end-2019.

Landbank reached 56.6m sqm. CIFI acquired 13.07m sqm of new landbank in FY20 which added saleable resources of about RMB220bn.

15% sales growth target for FY21. CIFI has prepared ~RMB400bn saleable resources for FY21, of which 86% is located in tier-1/2 cities. CIFI targets RMB265bn contracted sales in FY21, representing a sell-through of ~66%.

We maintain Neutral rating and TP of HK\$6.40. We expect limited share price upside given its estimated trading discount at only ~33% vs. peer average ~47%.

Kerry Logistics Network	636 HK
Results beat, but cost pressure weighs on FY21E margin	
Maggie Wang maggie.q.wang@bocomgroup.com	

Driven by the accelerated revenue growth for international freight forwarding (IFF), total revenue of KLN jumped 29.7% YoY to HK\$53.4bn in 2020. Reported core net profit rose 33.1% YoY to HK\$1.8bn, above consensus and our estimate by 4.5% and 9.4%, respectively. Management proposed a final DPS of HK\$0.238, marking full-year payout ratio of 34%. Gross margin slid 1.6ppts YoY to 11.6% in 2020, as a result of surging freight and transportation costs (+42.4% YoY).

Management stated S.F. will give KLN a larger exposure to clients in mainland China. Combined with KLN’s extensive overseas network, the company would achieve higher forwarding volume in the long term.

We see a promising LT outlook for KLN once the S.F. deal is completed. With no signs of easing in global supply chain tension, elevated transportation costs will continue to squeeze margins in 2021, despite robust IFF demand, in our view. We expect IL business to remain modest in 2021. We maintain **Neutral** call and TP of HK\$26.00, based on 24.5x 2021E recurrent P/E. Our forecasts are under review.

26 March 2021

Morning Express
Property Sector Weekly
As of 25 March 2021

Philip Tse, CFA, FRM philip.tse@bocomgroup.com

Hong Kong property: Transaction volume in the primary market plummeted 81.1% WoW to 51 units during the past weekend, due to the lack of large-scale new launches. Secondary market transactions also weakened WoW, with home sales at 50 estates down 17.9% WoW to 202 units. The vacancy rate of street-level shops in four core districts improved to 11.5% in 1Q21 from 12.5% in 3Q20.

China property: Country Garden Services (CGS) agreed to acquire 126.7m shares of Justbon at RMB42.6/share, for a total consideration of RMB5.4bn. Times China's FY20 contracted sales broke above RMB100bn for the first time. 10-city MTD transaction volume surged 136.7% YoY, with new supply up 132.4% YoY.

Investment implications: For HK, with the rollout of vaccines and contained infections, we expect developers to resume new launches in coming months, fueling transaction and price rebounds. We still prefer developers with ample residential pipelines, including SHKP (16 HK/**Buy**) and New World (17 HK/**Buy**).

For China, from the ongoing results season, we noted sector-wide margin squeeze given COVID-19 impact, liquidity tightening and strict ASP cap in 2020. With sales improving, we expect eased deleveraging pressure to trigger sector re-rating through a better earnings outlook. Our top **Buy** is R&F (2777 HK).

Consumer Sector Weekly
As of 25 March 2021

 Rating: **Outperform**

Edward Lui edward.lui@bocomgroup.com

Garment supply chain: Better Cotton Initiative decided to suspend the licensing of BCI cotton from China's Xinjiang region on alleged use of forced labor. China consumers have started a boycott on H&M/Nike/Adidas and other global brands due to their decisions to ban Xinjiang cotton. Anta announced to quit BCI and. Li Ning said it will add "Xinjiang cotton" on its labels.

Sportswear: Anta's (2020 HK/**Buy**) FY20 net profit fell 3.4% YoY to RMB5.2bn. 2H20 sales recovered strongly for FILA/other brands, but were dragged by Anta brand. We raised TP to HK\$139.

Li Ning's (2331 HK/**Buy**) FY20 adjusted net profit jumped 34% YoY to RMB1.7bn; sales grew 4% YoY. NPM rose 263bps YoY to 11.7%. We raised TP to HK\$57.

Pou Sheng's (3813 HK/**Buy**) FY20 net profit dipped 64% as 4Q20 missed. We nudged up TP to HK\$2.90.

Restaurants: *Jiumaojiu's* (9922 HK/**Buy**) FY20 results beat on a strong 2H recovery. FY20 sales/adjusted net profit were up 1%/down 46% YoY.

26 March 2021

Morning Express

Haidilao's (6862 HK/NR) FY20 sales/net profit were up 7.8%/down 86.8% YoY. Its restaurant network grew from 768 to 1,298.

Investment implications: The latest boycott of global brands could have serious financial repercussions, especially because China is a significant high-growth market for them. This bodes ill for Shenzhou (2313 HK/**Neutral**), Topsports (6110 HK/**Buy**) and Pou Sheng.

26 March 2021

Morning Express

Economic data releases for this week – US

Date	Event	Survey	Prior
23 Mar	New Home Sales (k)	876	923
25 Mar	Initial Jobless Claims (k)	-	770

Source: Bloomberg

Economic data releases for this week – China

Date	Event	Survey	Prior

Source: Bloomberg

BOCOM Research latest reports

In-depth reports (past 3 months)

15 Mar	Jiumaojiu International (9922 HK) - Initiate with Buy as momentum abounds for Tai Er sauerkraut fish	Yoyo Pang, Edward Lui
10 Mar	Fintech Sector Insights - Risk control separates wheat from chaff; Top Buy 360 Digitech	Hannah Han, Jaclyn Wang
3 Mar	Renewable Energy Sector Insights - Insights series (1) — PV power industry riding on tailwinds of carbon neutrality	Bob Wen, CPA, Louis Sun
22 Feb	Banking Sector Insights - Digital bank series #1 – Internet banks niche and highly profitable	Jaclyn Wang, Hannah Han
8 Feb	Internet Sector Insights - Community group-buy: sales model reshaped, logistics input to lift LT efficiency	Connie Gu, CPA, Brandy Sun, Li Zhao, CFA
26 Jan	Gas Utilities/Auto Sector Insights - Vision series #2: When fuel cell vehicles hit the gas	Wallace Cheng, Angus Chan
21 Jan	Futu Holdings (FUTU US) - Tech-driven, burgeoning e-broker, initiate with Buy	Jingyi Zhang, CFA, Li Wan, CFA, FRM
13 Jan	Nongfu Spring (9633 HK) - Packaged water giant treading stable LT growth path; initiate with Neutral	Yoyo Pang, Edward Lui
15 Dec	Healthcare Sector Insights - Telehealth not just flash in the pan; diversifying from pharmacy is new driver	Li Zhao, PhD, John Nie
14 Dec	Auto Sector Insights - NEV deep-dive (II): China charging market – fast but not furious	Angus Chan

Daily reports

24 Mar	AAC Technologies (2018 HK) - Earnings and margins show signs of stabilization; maintain Buy	Chris Yim
24 Mar	Consumer Sector Weekly - As of 25 March 2021	Edward Lui, Yoyo Pang
24 Mar	New China Life (1336 HK) - Earnings beat, NBV in line	Li Wan, CFA, FRM
24 Mar	Property Sector Weekly - As of 25 March 2021	Philip Tse, CFA, FRM, Evangeline Luo, CFA, CPA, Spencer Luo
24 Mar	Jiumaojiu International (9922 HK) - FY20 results beat on strong 2H recovery; Tai Er expansion to drive FY21E	Yoyo Pang, Edward Lui
24 Mar	Renewable Energy Sector Weekly - As of 24 March 2021	Louis Sun, Bob Wen, CPA
24 Mar	WuXi Biologics (2269 HK) - Strong results growth with solid CRO leadership, reiterate Buy	Li Zhao, PhD, John Nie
24 Mar	Tencent Holdings (700 HK) - 4Q20 results in line, solid long-term outlook on video	Connie Gu, CPA, Brandy Sun, Li Zhao, CFA
24 Mar	Huaneng Power Int'l (902 HK) - FY20 results miss on higher opex	Spencer Luo, Wallace Cheng
24 Mar	Anta Sports (2020 HK) - Strong 1Q21 prompts upward guidance revision; raise TP, maintain Buy	Edward Lui, Yoyo Pang
24 Mar	Henderson Land (12 HK) - Downgrade to Neutral on non-core disposal uncertainty	Philip Tse, CFA, FRM, Evangeline Luo, CFA, CPA
24 Mar	Renewable Energy Sector Weekly - As of 24 March 2021	Louis Sun, Bob Wen, CPA
24 Mar	Huaneng Power Int'l (902 HK) - FY20 results miss on higher opex	Spencer Luo, Wallace Cheng
24 Mar	PICC Property & Casualty (2328 HK) - Upgrade to Buy on auto insurance lead, easing credit/surety insurance drag	Li Wan, CFA, FRM
24 Mar	CIMC Enric (3899 HK) - Further recovery in sight, reaffirm Buy	Wallace Cheng
24 Mar	Sino Biopharm (1177 HK) - Results missed, innovative drugs support future growth; maintain Buy	Li Zhao, PhD, John Nie
24 Mar	ZhongAn Online (6060 HK) - Earnings missed on lower-than-expected investment income	Li Wan, CFA, FRM
24 Mar	Kunlun Energy (135 HK) - Stable growth in FY21E; focus on expansion in natural gas segment	Wallace Cheng
24 Mar	Canvest Environmental (1381 HK) - Robust project pipeline ahead	Wallace Cheng
24 Mar	Kingsoft Corp (3888 HK) - Game pipeline to roll out in 2H21E, lift revenue forecasts	Brandy Sun, Connie Gu, CPA, Li Zhao, CFA

Source: BOCOM Int'l

26 March 2021

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	60.50	233,303	0.25	11.83	63.50	46.05	5.91	8.07	N/A	3.79	0.47
CLP	2 HK	75.45	190,621	0.80	5.23	83.15	70.05	40.68	16.52	16.10	4.14	1.66
HK & CHINA GAS	3 HK	12.14	215,744	1.17	4.84	13.75	10.86	30.74	35.68	29.23	2.90	3.21
HSBC	5 HK	44.75	911,450	-4.38	9.82	48.75	4.24	8.02	15.87	12.34	2.62	0.66
POWER ASSETS	6 HK	45.70	97,536	1.22	8.81	52.05	39.50	13.56	15.78	14.90	6.20	1.14
HANG SENG	11 HK	150.00	286,776	-0.86	12.19	152.80	111.10	11.58	17.69	16.69	3.72	1.65
HENDERSON	12 HK	33.25	160,976	-1.19	9.92	34.50	26.95	10.96	10.75	11.30	5.44	0.49
SHKP	16 HK	112.20	325,131	-3.19	12.20	125.00	89.00	10.11	11.16	10.57	4.38	0.57
NEW WORLD	17 HK	38.25	97,110	-3.65	5.96	41.65	31.24	11.03	14.72	12.56	5.38	0.45
SWIRE PACIFIC	19 HK	54.45	49,289	0.09	26.63	59.55	35.30	11.13	N/A	19.50	3.18	0.31
GEG	27 HK	70.20	305,338	-1.96	16.51	78.25	40.50	22.42	N/A	N/A	0.00	4.35
MTRC	66 HK	44.30	273,571	-1.34	2.19	49.00	36.85	25.55	61.90	33.30	2.80	1.53
SINO	83 HK	10.80	79,129	-2.88	6.93	12.70	8.75	15.80	16.52	N/A	5.05	0.52
HLP	101 HK	19.60	88,157	0.00	-4.16	22.30	14.80	19.68	20.95	N/A	3.90	0.63
WANT WANT	151 HK	5.76	69,676	-6.95	2.67	6.20	5.09	16.89	N/A	N/A	N/A	N/A
GEELY	175 HK	19.68	193,232	-17.83	-25.74	33.80	10.60	18.78	29.84	17.14	1.03	2.51
CITIC LTD	267 HK	6.61	192,287	-1.05	20.40	8.28	5.22	3.58	4.04	3.63	6.19	0.31
WH GROUP	288 HK	7.02	103,511	-0.28	8.00	7.93	5.95	9.56	10.93	8.96	3.68	1.38
SINOPEC	386 HK	3.98	101,543	-2.45	14.70	4.55	2.97	7.02	11.53	7.96	5.78	0.54
HKEX	388 HK	449.60	569,131	-3.73	5.79	567.00	231.00	58.18	47.94	36.58	1.87	11.25
COLI	688 HK	20.45	223,821	-0.73	21.29	28.45	15.20	4.60	5.14	4.66	5.76	0.62
TENCENT	700 HK	606.00	5,764,914	-3.50	7.45	766.50	374.40	54.30	39.30	33.38	0.25	8.80
UNICOM	762 HK	4.39	134,326	-2.66	-1.35	6.53	4.19	9.96	8.99	8.01	4.41	0.34
LINK	823 HK	69.90	145,522	-0.07	-0.99	74.25	57.00	25.76	24.32	24.69	4.11	0.90
CR POWER	836 HK	10.64	51,183	2.90	27.43	10.80	7.57	7.88	6.84	5.52	5.84	0.61
PETROCHINA	857 HK	2.77	58,444	-2.81	15.42	3.06	2.16	9.34	22.93	11.16	6.43	0.35
CNOOC	883 HK	8.08	360,752	-3.35	12.53	10.40	6.55	4.97	12.34	6.31	5.92	0.67
CCB	939 HK	6.37	1,612,110	-1.39	8.15	6.61	4.98	5.58	5.47	5.14	5.54	0.60
CHINA MOBILE	941 HK	51.00	1,044,251	-3.68	15.38	63.25	41.50	8.45	8.37	8.11	6.63	0.78
CK INFRA	1038 HK	45.75	115,272	0.33	9.84	47.75	36.15	10.90	15.62	12.88	5.43	0.96
HIENGAN	1044 HK	51.80	61,452	-3.90	-5.65	71.00	51.30	13.11	11.15	N/A	5.82	2.63
SHENHUA	1088 HK	14.40	48,636	-1.50	-1.37	15.98	12.06	5.73	6.10	5.76	8.61	0.65
CSPC	1093 HK	8.91	106,544	-7.67	12.36	10.76	7.16	24.35	17.53	18.02	1.72	4.03
CR LAND	1109 HK	37.95	270,619	0.93	18.59	38.95	28.75	10.29	9.43	8.41	3.88	1.17
CKA	1113 HK	47.65	175,991	-5.55	19.72	50.45	35.90	6.16	9.15	N/A	3.75	0.50
SBP	1177 HK	7.68	144,307	-10.80	2.40	10.88	6.65	40.26	40.44	38.06	0.68	6.44
AIA	1299 HK	95.40	1,151,111	-2.35	0.42	108.90	62.85	21.63	24.88	20.59	1.46	2.28
ICBC	1398 HK	5.36	2,186,060	-0.74	6.56	5.60	3.99	5.26	5.59	5.27	5.39	0.61
SANDS	1928 HK	37.95	307,060	-3.92	11.45	40.20	27.00	19.06	N/A	N/A	0.00	21.19
WHARF REIC	1997 HK	42.45	128,888	-3.63	5.20	48.85	27.30	12.82	16.83	15.99	3.55	0.61
COUNTRY GARDEN	2007 HK	9.00	195,682	-5.26	-16.04	11.26	8.80	4.41	4.31	4.21	7.18	0.96
AAC TECH	2018 HK	39.65	47,977	-6.71	-8.64	62.95	35.85	18.30	28.18	16.00	1.03	1.97
SHENZHOU	2313 HK	152.40	229,091	-10.51	0.26	184.90	77.90	39.36	37.73	30.89	1.33	7.17
PING AN	2318 HK	93.45	1,711,017	-1.48	-1.63	103.10	75.00	9.31	9.66	9.12	2.84	1.86
MENGNIU	2319 HK	43.50	171,251	-1.92	-7.05	52.00	25.75	33.50	40.91	26.23	0.47	4.34
SUNNY OPTICAL	2382 HK	172.90	189,170	-9.67	1.89	236.80	101.90	38.72	31.69	26.06	0.63	9.27
BOCHK	2388 HK	28.30	299,210	0.00	20.43	28.90	20.30	9.13	10.73	10.57	4.71	1.00
CHINA LIFE	2628 HK	16.06	898,365	-1.35	-6.08	20.90	14.06	6.59	7.44	6.64	4.81	0.87
BOCOM	3328 HK	4.61	161,405	0.88	12.44	5.08	3.66	3.85	4.14	3.97	7.37	0.39
BOC	3988 HK	2.91	1,068,995	1.04	9.81	3.16	2.37	3.98	4.17	4.02	7.42	0.40
HANG SENG INDEX		27,899.61	19,556,660	-3.76	2.45	31,084.94	22,930.14	22.98	20.26	17.17	3.34	3.49

Source: FactSet

26 March 2021

Morning Express
HSCEI constituents

Company name	Stock code	Closing price (HK\$)	Mkt cap (HK\$ m)	5D chg (%)	YTD chg (%)	-----52-week----- High (HK\$) Low (HK\$)	-----P/E----- 2019 (x) 2020E (x) 2021E (x)	Yield 2020E (%)	P/B 2020E (x)
CITIC LTD	267 HK	6.61	192,287	-1.05	20.40	8.28 5.22	3.58 4.04 3.63	6.19	0.31
GDI	270 HK	13.98	91,399	-1.55	0.14	16.26 11.10	18.46 18.61 15.75	4.21	2.20
CGH	384 HK	30.75	160,280	-0.81	-0.16	31.90 20.75	19.05 17.64 14.86	1.61	4.09
SINOPEC	386 HK	3.98	101,543	-2.45	14.70	4.55 2.97	7.02 11.53 7.96	5.78	0.54
CRG	390 HK	4.01	155,575	-3.14	17.25	4.79 3.34	3.54 3.32 3.02	5.28	0.34
DONGFENG	489 HK	7.21	20,590	-3.74	-20.24	9.90 4.57	3.97 5.17 4.19	6.44	0.38
TENCENT	700 HK	606.00	5,764,914	-3.50	7.45	766.50 374.40	54.30 39.30 33.38	0.25	8.80
CHINA TELECOM	728 HK	2.70	37,469	0.75	25.58	2.85 1.96	9.14 8.79 8.30	4.56	0.51
AIR CHINA	753 HK	6.57	132,709	-6.68	7.70	7.36 4.60	11.55 N/A 26.34	0.00	0.95
CHINA TOWER	788 HK	1.74	79,114	0.00	1.16	N/A N/A	32.23 26.01 19.94	2.30	0.90
PETROCHINA	857 HK	2.77	58,444	-2.81	15.42	3.06 2.16	9.34 22.93 11.16	6.43	0.35
CNOOC	883 HK	8.08	360,752	-3.35	12.53	10.40 6.55	4.97 12.34 6.31	5.92	0.67
HUANENG	902 HK	2.66	68,816	0.76	-6.01	3.81 2.46	230.10 12.78 5.61	7.82	0.44
CONCH	914 HK	49.85	64,785	-3.20	2.68	61.05 45.55	6.72 6.26 6.14	5.01	1.36
CCB	939 HK	6.37	1,612,110	-1.39	8.15	6.61 4.98	5.58 5.47 5.14	5.54	0.60
CHINA MOBILE	941 HK	51.00	1,044,251	-3.68	15.38	63.25 41.50	8.45 8.37 8.11	6.63	0.78
CNCB	998 HK	3.83	271,507	0.00	16.41	3.93 2.96	3.62 3.53 3.39	6.82	0.34
HENGAN	1044 HK	51.80	61,452	-3.90	-5.65	71.00 51.30	13.11 11.15 N/A	5.82	2.63
SHENHUA	1088 HK	14.40	48,636	-1.50	-1.37	15.98 12.06	5.73 6.10 5.76	8.61	0.65
CSPC	1093 HK	8.91	106,544	-7.67	12.36	10.76 7.16	24.35 17.53 18.02	1.72	4.03
SINOPHARM	1099 HK	18.94	25,376	3.61	0.42	21.00 15.90	7.60 6.91 6.25	4.34	0.88
CR LAND	1109 HK	37.95	270,619	0.93	18.59	38.95 28.75	10.29 9.43 8.41	3.88	1.17
BYD	1211 HK	168.00	524,108	-9.09	-17.32	278.40 38.00	282.50 85.61 67.91	0.12	6.32
ABC	1288 HK	3.14	1,366,236	-0.32	10.56	3.26 2.40	4.48 4.72 4.49	6.43	0.49
NCI	1336 HK	28.85	150,897	-1.54	-4.63	35.95 23.30	5.14 5.68 5.02	5.20	0.79
PICC	1339 HK	2.51	21,903	0.40	2.03	3.02 2.25	4.17 4.63 N/A	5.77	0.45
CINDA	1359 HK	1.58	21,437	-2.47	7.48	1.69 1.39	4.25 N/A N/A	N/A	N/A
ICBC	1398 HK	5.36	2,186,060	-0.74	6.56	5.60 3.99	5.26 5.59 5.27	5.39	0.61
PSBC	1658 HK	5.73	566,974	-2.88	30.82	6.21 3.08	6.75 7.15 6.48	4.32	0.78
CRRC	1766 HK	3.37	192,893	-3.44	26.22	4.12 2.66	6.92 7.67 6.60	4.63	0.57
GF SEC	1776 HK	10.64	18,107	-1.85	-2.92	12.94 7.84	9.25 6.96 6.18	5.06	0.71
CCC	1800 HK	3.78	114,308	-2.58	12.84	5.41 3.29	2.75 2.94 2.53	6.71	0.21
CGN POWER	1816 HK	1.86	151,916	0.00	11.38	1.97 1.56	7.77 8.26 7.99	5.13	0.82
MSB	1988 HK	4.90	259,511	1.24	10.86	5.80 3.86	3.39 4.02 3.71	7.42	0.38
VANKE	2202 HK	30.75	58,226	-4.50	14.95	33.55 23.00	8.12 7.15 6.52	4.34	1.36
GAC	2238 HK	6.62	110,328	-7.41	-23.20	9.48 5.59	8.86 8.61 6.38	3.77	0.68
SHENZHO	2313 HK	152.40	229,091	-10.51	0.26	184.90 77.90	39.36 37.73 30.89	1.33	7.17
PING AN	2318 HK	93.45	1,711,017	-1.48	-1.63	103.10 75.00	9.31 9.66 9.12	2.84	1.86
PICC P&C	2328 HK	6.68	46,087	1.83	13.80	7.67 5.24	4.77 5.55 5.37	7.20	0.62
GWM	2333 HK	19.84	263,457	-6.85	-25.41	30.60 4.64	32.46 27.28 17.10	1.63	2.53
CPIC	2601 HK	30.25	389,617	-5.62	-0.33	41.45 20.50	8.33 9.65 8.38	4.99	1.17
CHINA LIFE	2628 HK	16.06	898,365	-1.35	-6.08	20.90 14.06	6.59 7.44 6.64	4.81	0.87
HUARONG	2799 HK	0.95	23,792	-1.04	10.47	1.10 0.77	19.94 N/A N/A	N/A	N/A
BOCOM	3328 HK	4.61	161,405	0.88	12.44	5.08 3.66	3.85 4.14 3.97	7.37	0.39
CMB	3968 HK	60.35	1,530,114	-0.49	23.16	67.75 33.70	14.17 13.54 11.82	2.44	2.02
BOC	3988 HK	2.91	1,068,995	1.04	9.81	3.16 2.37	3.98 4.17 4.02	7.42	0.40
CITIC SEC	6030 HK	16.26	340,099	4.36	-6.98	20.75 13.32	14.69 11.76 9.48	2.94	0.97
ZA ONLINE	6060 HK	45.10	64,033	-13.52	24.59	78.80 24.40	N/A 98.55 80.41	0.00	3.50
HAITONG SEC	6837 HK	6.84	150,820	-3.12	-1.30	8.82 5.86	7.17 6.64 5.77	4.93	0.50
HTSC	6886 HK	11.28	168,265	0.18	-7.54	16.04 11.18	10.16 8.07 6.81	4.16	0.68
HANG SENG CHINA ENT INDX		10,744.27	19,789,497	-4.78	0.05	12,228.63 9,281.52	26.50 18.12 15.50	3.62	3.10

Source: FactSet

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**.

26 March 2021

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, Jinchuan Group International Resources Co. Ltd, JiaXing Gas Group Co., Ltd, Honliv Healthcare Management Group Company Limited, 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, RemeGen Co., Ltd., Shinsun Holdings (Group) Co., Ltd., JD Health International Inc., Leading Group Holdings Limited, Datang Group Holdings Limited, Jiayuan Services Holdings Limited, Netjoy Holdings Limited, China Gas Industry Investment Holdings Co. Ltd., Raily Aesthetic Medicine International Holdings Limited, Legion Consortium Limited, Cheshi Holdings Limited, Deyun Holdings Ltd., Mediwelcome Healthcare Service and Technology Inc., Modern Chinese Medicine Group Co., Ltd., Roiserv Lifestyle Services Co., Ltd., Strawbear Entertainment Group, 500.com Limited, Oriental University City Holdings (H.K.) Limited, JOINN Laboratories (China) Co., Ltd., Morimatsu International Holdings Company Limited, and Megain Holding (Cayman) 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.

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.