

# Morning Express

19 July 2021

## Focus of the Day

### Banking/Property Sector Insights

#### Banks and developers finding the way out of property financing curb

Jaclyn Wang      jaclyn.wang@bocomgroup.com

- [In-depth cross-sector report](#) (32 pages), including four co updates (CCB, CMB, PSBC and Shimao) -

**Property credits no bad assets to banks:** As a key type of on/off-balance-sheet assets for commercial banks, property loans made up ~29% of loan books as of 2020. They are decent bank assets - mortgage loans (~20%) carry low NPL ratio and risk weighting; property development loans (~9%) also have lower NPL ratio but higher yield than corporate loans.

**Property financing curb likely a blessing in disguise for banks:** While the tighter limit on banks' property loan proportion will tame mortgage growth, we see little overall impact. Many banks are given a 2-4 year transition period, which is sufficient. We also expect their shift of loan quota to personal consumption loans to bump up NIM and revenue.

**Developers turn to offshore/off-balance-sheet financing in near term.** Chinese developers increasingly turn to USD bonds and off-balance-sheet channels for refinancing, but financing costs are mixed: from ~2% for leaders to ~20% for low-credit-rating players. In the long run, REITs may become a key capital recycling channel for landlords.

**Prefer banks capable to shift to consumption loans:** We believe liquidity and economic recovery bode well for banks' earnings recovery. Our top pick is retail bank leader China Merchants Bank (3968 HK/Buy). For developers, tightened liquidity continues to suppress earnings; we relatively favor Shimao (813 HK/Buy).

### Internet Sector

#### Innovation is key under tightened scrutiny

Connie Gu, CPA      connie.gu@bocomgroup.com

Recent developments on network/digital security and the release of *Cyber Security Review Measures (Revised Draft for Comments)* reflect the Chinese government's emphasis on digital security. Bloomberg reported that the regulator may exempt HK-listed Chinese companies from cyber security reviews.

**Measures on Cyber Security Review has expanded from data storage to data processing and strict regulation of foreign listings.** The major new provisions

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### Global Stock Indices

	Close	1D%	YTD%
HSI	28,005	0.13	1.53
HSCEI	10,153	-0.21	-5.45
SH A	3,709	-0.71	1.90
SH B	265	0.12	9.04
SZ A	2,568	-0.65	5.34
SZ B	1,227	-0.61	12.95
DJIA	34,688	-0.86	13.33
S&P 500	4,327	-0.75	15.20
Nasdaq	14,427	-0.80	11.94
FTSE	7,008	-0.06	8.48
CAC	6,460	-0.51	16.37
DAX	15,540	-0.57	13.28

Source: FactSet

### Key Commodity/Forex Indicators

	Close	3M%	YTD%
Brent	73.47	10.03	41.83
Gold	1,814.50	2.00	-4.15
Silver	26.11	-0.13	-1.43
Copper	9,396.50	0.65	21.38
JPY	110.11	-1.17	-6.23
GBP	1.38	-0.21	0.89
EUR	1.18	-1.42	-3.49
bps change		3M	6M
HIBOR	0.16	-21.71	-41.06
US 10yr yield	1.30	-16.85	18.80

Source: FactSet

### HSI Technical

HSI	28,004.68
50D MA	28,540.66
200D MA	28,789.41
14D RSI	48.02
Short sell (HK\$m)	21,431

Source: FactSet

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include: compliance with *Data Security Law of the PRC* in addition to the existing laws and regulations; CSRC's participation in the security review; requiring companies with >1m users' personal information to be reviewed before overseas listing.

**Regulatory focus on establishing and improving data security review system; supervision to be regularized.** In the future, the listing of tech companies will be under heightened scrutiny. While helping traditional enterprises to improve efficiency and digitalization is the direction, strengthening industry innovation through technology is the core. If the regulators exempt domestic companies seeking HKEx listings from scrutiny, it may be beneficial to the Hong Kong stock market in the long term.

<b>Tian Lun Gas</b> <b>Tapping hydrogen/renewable energy with Zhuhai Port</b>	<b>1600 HK</b>
Wallace Cheng                      wallace.cheng@bocomgroup.com	

In our view, TLG's recent strategic agreement with Zhuhai Port (ZHP) makes it clearer that the latter is a strategic business partner, instead of a pure financial investor.

We believe TLG and ZHP may move on to form a platform to jointly develop hydrogen/renewable energy, which should help both parties achieve their own carbon neutrality targets in the longer term.

TLG also announced the changes to shareholding structure have been completed. ZHP/Chairman now own ~14%/~56% of TLG.

We maintain **Buy** and TP of HK\$9.02.

<b>China Macro Review</b> <b>Data monitor: RRR cut in place, interbank liquidity eased</b>	<b>Macro Strategy</b>
Hanna Cai                              hanna.cai@bocomgroup.com	

China's GDP growth slowed in 2Q21. Its economy has continued to grow despite inflationary pressure and COVID-19 resurgence in some regions.

Infrastructure investment remained weak, while the growth of real estate investment slowed gradually and manufacturing investment improved. Retail sales of consumer goods continued to pick up slowly. With the gradual expansion of offline activities as more people get inoculated, consumption will become an important driving force for economic growth. We expect policy support to add fuel to sector recovery.

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The implemented RRR cut released about RMB1trn of long-term funds and eased interbank liquidity. SHIBOR rates fell across the board except for 2-week rate.

<b>Insurance Sector Monthly</b> <b>June premiums slow further for life insurance, pick up for P&amp;C</b>	Rating: <b>Market Perform</b>
Li Wan, CFA, FRM      wanli@bocomgroup.com	

The 1H21 growth of life insurance premiums fell in the range of 2-4% YoY for New China Life/China Life/CTIH/CPIC, while Ping An's fell 3.7% YoY. Those of the five listed life insurers rose 1.3% YoY, slowing further by 0.6ppt vs. 5M21. The YoY decrease in Ping An's FYP of personal life insurance narrowed.

P&C premium growth recovered in June, with CPIC still in the lead.

Life insurance premiums slowed further in June, as the industry's growth model faces transformation challenges, especially in the agent force structure, which we believe cannot be resolved in the short term. Although listed life insurers are trading at undemanding valuations, it will take more time for the liability side to stabilize and improve. For P&C, the comprehensive auto insurance reform has lagging negative impact on the combined ratio, and we expect greater pressure on the combined ratio in 2H21.

Maintain sector rating of **Market Perform**, and **Buy** for CPIC (2601 HK).

<b>Internet Sector Weekly</b> <b>Alibaba and Tencent may open up ecosystem to each other</b>	Rating: <b>Outperform</b>
Connie Gu, CPA      connie.gu@bocomgroup.com	

**Online retail sales of physical goods reached RMB5.0trn in 1H21, up 19% YoY**, accounting for 23.7% of total retail sales. For 2Q21E, we expect Alibaba's e-commerce GMV to grow 17% YoY (Taobao/Tmall up 16%/17%) and JD.com's 1P revenue to grow 18% YoY.

**Alibaba and Tencent may open up ecosystems mutually.** Alibaba may introduce WeChat Pay on Taobao and Tmall, while Tencent may allow Taobao e-commerce products to be shared within WeChat platform. This favors Alibaba e-commerce overall, in our view.

**State Administration for Market Regulation (SAMR) unconditionally approved Tencent's acquisition of Sogou.** We believe that, after the acquisition, Sogou search and its AI and voice recognition technology may empower Tencent's content ecosystem and create a "search + content" closed loop.

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**Xiaomi's global market share in 2Q21 rose 3ppts QoQ to 17%, ranking the second** and only 2ppts behind Samsung.

**Investment recommendation:** Maintain **Outperform** sector rating. Tencent (700 HK) and Alibaba (BABA US/9988 HK) are our top **Buys**. Pinduoduo (PDD US) should still enjoy valuation premium backed by high growth. We are also positive on Meituan (3690 HK) in the long term.

**Consumer Sector Weekly**

**Xtep, Pou Sheng, Yue Yuen, Uniqlo, JNBY, Vinda, China GDP/retail sales** Rating: **Outperform**

Edward Lui                      edward.lui@bocomgroup.com

**Sportswear:** Xtep (1368 HK/NR) posted 1H21 positive profit alert, expecting net profit to grow not less than 65% YoY and sell-through to grow 40-45% YoY, helped by strong replenishment orders and sales momentum of Xtep Kids. Pou Sheng's (3813 HK/**Buy**) June sales fell 12.1% YoY and were still down 7.5% vs. Jun 19, slightly improving from May (-21% YoY, -15% vs. May 19). Retail discount widened to high-single-digit % above Jun 19.

**OEM:** Sports shoes manufacturer Yue Yuen (551 HK/NR) reported June revenue growth of 8.7% YoY to US\$788m (vs. 6.4% in May).

**Apparel:** Uniqlo brand reported revenue growth of 12.7%/9.8% YoY for Japan/international market in 9MFY21. JNBY (3306 HK/NR) posted 1H21 positive profit alert of >80% YoY net profit growth.

**Hygiene:** Vinda's 1H21 sales/net profit grew by 19%/6% YoY.

**Retail sales:** China's June retail sales grew 12.1% YoY. 1H21 retail sales grew 23% YoY to RMB21.2trn, while China GDP grew 12.7% YoY to RMB53.2trn.

**Investment takeaways:** China's consumer sector proved resilient in 1H21, helped by outbound tourists' spending redirected back home, fulfilling China's dual-circulation economic strategy. Maintain **Outperform** sector rating.

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### Economic data releases for this week – US

Date	Event	Survey	Prior
20 Jul	Housing starts (m)	1.590	1.572
22 Jul	Existing home sales (m)	5.90	5.80
23 Jul	Manufacturing PMI	61.5	62.1

Source: Bloomberg

### Economic data releases for this week – China

Date	Event	Survey	Prior
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Source: Bloomberg

## BOCOM Research latest reports

### In-depth reports

8 Jun	BOCOM Int'l Research – Outlook 2H21	BOCOM Int'l Research Team
16 Jul	<a href="#">Banking/Property Sector Insights</a> - Banks and developers finding the way out of property financing curb	-Jaclyn Wang, Philip Tse, CFA, FRM, Hannah Han, Evangeline Luo, CFA, CPA
29 Jun	<a href="#">Renewable/Utilities Cross-sector Insights</a> - Carbon Neutrality Series (1): National carbon trading a means to a noble end	Louis Sun, Wallace Cheng, Bob Wen, CPA
18 Jun	<a href="#">Internet/Consumer Cross-sector Insights</a> - "618" highlights brands' sales channel diversification platforms	Connie Gu, CPA, Edward Lui, Yoyo Pang, Brandy Sun
17 Jun	<a href="#">China Macro Review</a> - Quantitative strategy XIV: Investor sentiment in the era of big data	Hanna Cai, Karen Tan
15 Jun	<a href="#">Auto/Internet Cross-sector Insights</a> - Autonomous driving series #1: a fad, or a game changer?	Angus Chan, Connie Gu, CPA, Qibo Chen, CFA, FRM
7 Jun	<a href="#">China Market Strategy</a> - Outlook 2H21: Value Still Striking Back	Hao Hong, CFA, Karen Tan, Hanna Cai
25 May	<a href="#">China Market Strategy</a> - The Long Waves in Commodities: Three Centuries of Evidence	Hao Hong, CFA, Karen Tan
18 May	<a href="#">Insurance/Healthcare Cross-sector Insights</a> - Leading insurers to drive LT growth via healthcare forays	Li Wan, CFA, Li Zhao, PhD, John Nie
5 May	<a href="#">China Macro Review</a> - Quantitative Strategy XIII - Huddling in the Most Crowded Place	Karen Tan, Hao Hong, CFA, Hanna Cai
15 Apr	<a href="#">China Market Strategy</a> - Why Chinese Stocks Underperforming in a Recovery? Cues from Bonds	Hao Hong, CFA
29 Mar	<a href="#">China Market Strategy</a> - Value Striking Back	Hao Hong, CFA
15 Mar	<a href="#">Jiumaojiu International (9922 HK)</a> - Initiate with Buy as momentum abounds for Tai Er sauerkraut fish	Yoyo Pang, Edward Lui
10 Mar	<a href="#">Fintech Sector Insights</a> - Risk control separates wheat from chaff; Top Buy 360 Digitech	Hannah Han, Jaclyn Wang
3 Mar	<a href="#">Renewable Energy Sector Insights</a> - Insights series (1) - PV power industry riding on tailwinds of carbon neutrality	Bob Wen, CPA, Louis Sun
22 Feb	<a href="#">Banking Sector Insights</a> - Digital bank series #1 - Internet banks niche and highly profitable	Jaclyn Wang, Hannah Han

### Daily reports

16 July	<a href="#">Tian Lun Gas (1600 HK)</a> - Tapping hydrogen/renewable energy with Zhuhai Port	Wallace Cheng
16 July	<a href="#">Internet Sector</a> - Potential ecosystem open-up to bring competition back to basics	Connie Gu, CPA, Brandy Sun, Li Zhao, CFA
15 July	<a href="#">China Resources Gas (1193 HK)</a> - Upgrade to Buy on strong YoY recovery	Wallace Cheng
14 July	<a href="#">iQIYI Inc (IQ US)</a> - iQIYI leads in self-produced contents; Maintain Buy	Connie Gu, CPA, Brandy Sun, Li Zhao, CFA
13 Jul	<a href="#">NetEase Inc (NTES US)</a> - 2Q21E games stable; positive test results for new titles	Brandy Sun, Connie Gu, CPA, Li Zhao, CFA
13 Jul	<a href="#">JD.com Inc (JD US)</a> - Supply chain edges bolster omni-channel value; CGB a longer-term driver	Brandy Sun, Connie Gu, CPA, Li Zhao, CFA
13 Jul	<a href="#">Tencent Music Entertainment (TME US)</a> - Stronger synergies and monetization potential after restructuring	Connie Gu, CPA, Brandy Sun, Li Zhao, CFA
12 Jul	<a href="#">China Macro Review</a> - Data monitor: CPI and PPI edged down; PBoC cut reserve ratio	Hanna Cai, Karen Tan
12 Jul	<a href="#">Banking Sector</a> - RRR cut to lower cost and stabilize pricing; earnings rebound to continue	Jaclyn Wang, Hannah Han
9 Jul	<a href="#">Alibaba Group (BABA US)</a> - 1QFY22 earnings preview: strategic investment continues	Connie Gu, CPA, Brandy Sun, Li Zhao, CFA, Qibo Chen, CFA, FRM
9 Jul	<a href="#">Orient Overseas Int'l (316 HK)</a> - Extended peak season points to a year of superior profits	Maggie Wang
9 Jul	<a href="#">360 DigiTech Inc (QFIN US)</a> - Minor impact on 3Q results from app removal	Hannah Han, Jaclyn Wang
9 Jul	<a href="#">Anta Sports (2020 HK)</a> - "Lead to Win" strategy set to drive next growth phase	Edward Lui, Yoyo Pang
6 Jul	<a href="#">WuXi Biologics (2269 HK)</a> - New oncology policy favors industry in long run	Li Zhao, PhD, John Nie
6 Jul	<a href="#">Securities Sector</a> - Client acquisition & monetization key to wealth management transition	Jingyi Zhang, CFA, Li Wan, CFA, FRM
5 Jul	<a href="#">Akeso Inc (9926 HK)</a> - PD-1 new indication upcoming, bsAb combo trial approved	Li Zhao, PhD, John Nie
5 Jul	<a href="#">China Macro Review</a> - Data monitor: material prices down; liquidity looser at month start	Hanna Cai, Karen Tan
2 Jul	<a href="#">China International Capital Corp (3908 HK)</a> - Offshore underwriting stands out as 1H21 profit alert comes in line	Jingyi Zhang, CFA, Li Wan, CFA, FRM
2 Jul	<a href="#">CITIC Securities (6030 HK)</a> - Balanced growth in 1H21; profit alert in line	Jingyi Zhang, CFA, Li Wan, CFA, FRM
2 Jul	<a href="#">PICC Property &amp; Casualty (2328 HK)</a> - Downgrade to Neutral on lagging impact of auto insurance reform	Li Wan, CFA, FRM

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 2021E (%)	P/B 2021E (x)
						High (HK\$)	Low (HK\$)	2020 (x)	2021E (x)	2022E (x)		
CKH	1 HK	58.65	225,709	1.73	8.41	65.75	46.05	7.76	7.08	6.61	4.50	0.44
CLP	2 HK	77.80	196,558	0.71	8.51	80.35	70.50	17.17	16.70	16.33	4.04	1.70
HK & CHINA GAS	3 HK	12.36	230,636	0.98	12.07	13.01	10.34	38.40	30.20	27.59	2.84	3.34
HSBC	5 HK	43.75	893,638	0.46	7.36	50.80	4.24	15.65	9.47	8.96	4.08	0.63
POWER ASSETS	6 HK	48.80	104,152	3.17	16.19	50.50	39.50	17.00	15.95	15.79	5.76	1.23
HANG SENG	11 HK	152.80	292,129	0.20	14.29	165.20	111.10	18.28	17.00	15.48	3.76	1.55
HENDERSON	12 HK	36.50	176,711	0.27	20.66	38.55	27.35	11.85	11.89	12.06	4.93	0.53
SHKP	16 HK	116.80	338,461	2.91	16.80	125.00	91.65	11.53	10.98	10.60	4.24	0.58
NEW WORLD	17 HK	37.50	95,349	0.40	3.88	42.75	34.90	14.54	12.78	11.90	5.44	0.42
GEG	27 HK	58.70	255,361	-1.51	-2.57	78.25	50.05	N/A	62.77	21.11	0.05	3.64
MTRC	66 HK	44.65	275,818	1.02	3.00	49.00	37.90	62.89	30.37	17.24	2.77	1.55
HLP	101 HK	18.68	84,043	2.75	-8.66	22.30	18.18	20.09	17.30	15.31	4.18	0.60
GEELY	175 HK	24.35	239,122	2.96	-8.11	33.80	14.72	36.21	24.14	19.04	1.18	2.83
ALI HEALTH	241 HK	15.22	205,058	0.40	-33.54	29.90	14.74	266.16	248.49	187.01	0.00	11.60
CITIC LTD	267 HK	8.31	241,740	0.97	51.37	9.24	5.22	4.26	3.79	3.51	6.62	0.33
WH GROUP	288 HK	6.58	97,037	-0.45	1.23	7.45	5.95	12.84	9.41	8.47	4.35	1.15
SINOPEC	386 HK	3.74	95,420	0.81	7.78	4.55	2.97	11.45	5.98	5.77	9.95	0.49
HKEX	388 HK	524.00	663,311	6.94	23.29	567.00	346.00	57.65	45.11	38.96	1.99	12.82
TECHTRONIC	669 HK	135.00	247,046	2.82	22.06	150.10	80.75	39.84	32.79	27.59	1.21	7.05
COLI	688 HK	18.38	201,149	3.72	9.02	24.90	15.20	4.41	4.06	3.79	7.35	0.48
TENCENT	700 HK	564.00	5,352,941	4.74	0.00	766.50	502.00	28.42	31.45	26.13	0.32	5.29
UNICOM	762 HK	4.13	126,370	0.00	-7.19	6.53	4.11	8.39	7.47	6.61	5.48	0.31
LINK	823 HK	75.60	157,389	1.96	7.08	78.25	58.20	26.32	26.07	24.85	3.84	0.99
PETROCHINA	857 HK	3.37	71,103	-3.44	40.42	3.91	2.16	28.06	7.01	7.96	6.95	0.41
CNOOC	883 HK	8.12	362,538	-3.45	13.09	10.40	6.55	12.07	4.68	4.51	8.73	0.64
COB	939 HK	5.58	1,411,350	0.54	-5.26	6.68	4.98	4.38	4.08	3.82	7.43	0.47
CHINA MOBILE	941 HK	48.05	983,848	2.89	8.71	59.85	41.50	7.59	7.37	7.09	7.20	0.68
LONGFOR	960 HK	41.85	246,402	2.20	-7.82	53.45	37.35	10.43	9.39	8.00	4.77	1.71
CK INFRA	1038 HK	46.30	116,658	2.32	11.16	49.90	36.15	15.91	12.85	12.28	5.38	1.02
HENGAN	1044 HK	48.70	57,346	-6.44	-11.29	71.00	48.70	10.49	11.31	10.89	5.87	2.35
CSPC	1093 HK	10.90	130,305	7.28	37.45	12.46	7.16	21.03	20.63	17.45	1.43	4.11
CR LAND	1109 HK	31.80	226,764	3.25	-0.63	40.80	30.10	7.83	6.96	6.22	5.22	0.85
CKA	1113 HK	53.70	195,660	1.51	34.92	55.10	35.90	10.25	9.14	8.51	3.81	0.53
SBP	1177 HK	7.09	133,157	2.01	-5.47	10.88	6.65	35.63	23.61	24.60	1.13	5.22
BYD	1211 HK	212.40	708,019	-1.76	4.53	278.40	69.00	120.31	99.92	71.03	0.09	7.19
AIA	1299 HK	96.15	1,160,314	1.69	1.21	108.90	69.35	25.79	22.51	19.81	1.53	2.20
ICBC	1398 HK	4.48	1,923,661	-0.44	-10.93	5.60	3.99	4.34	4.09	3.85	7.51	0.46
XIAOMI	1810 HK	28.25	577,035	5.81	-14.91	35.30	14.64	27.71	28.15	24.38	0.00	4.09
BUDWEISER APAC	1876 HK	24.50	324,463	3.81	-4.30	29.15	21.85	74.92	42.06	35.05	0.95	3.71
SANDS	1928 HK	30.60	247,647	-0.81	-10.13	40.20	27.00	N/A	88.23	18.18	0.00	17.29
WHARF REIC	1997 HK	44.95	136,479	2.74	11.40	48.85	27.30	18.27	17.49	15.69	3.63	0.66
COUNTRY GARDEN	2007 HK	8.29	180,441	0.97	-22.67	11.26	8.21	4.40	4.11	3.64	7.42	0.75
AAC TECH	2018 HK	51.85	62,661	-2.54	19.47	62.95	38.40	34.54	21.28	17.36	1.00	2.25
ANTA	2020 HK	186.50	502,713	0.59	51.75	189.70	70.50	80.91	52.02	40.55	0.63	13.94
WUXI BIO	2269 HK	139.90	586,247	4.09	36.09	145.60	47.43	291.22	182.13	123.48	0.00	20.35
SHENZHO	2313 HK	166.60	250,436	-8.26	9.61	207.60	90.85	40.80	33.06	27.20	1.56	6.74
PING AN	2318 HK	73.40	1,318,330	3.02	-22.74	103.10	70.45	7.55	7.27	6.25	3.93	1.28
MENGNIU	2319 HK	43.95	173,067	-1.35	-6.09	52.00	34.25	40.80	27.93	22.59	0.98	3.86
SUNNY OPTICAL	2382 HK	226.00	247,260	-1.82	33.18	245.40	114.50	42.21	35.04	27.96	0.56	9.50
BOCHK	2388 HK	25.55	270,135	0.59	8.72	29.55	20.30	10.20	9.71	8.84	5.13	0.88
CHINA LIFE	2628 HK	14.02	878,851	0.72	-18.01	20.15	13.78	6.60	5.89	5.17	6.08	0.67
BOCOM	3328 HK	4.66	163,155	0.87	13.66	5.25	3.66	3.92	3.71	3.43	8.73	0.36
MEITUAN	3690 HK	290.80	1,488,317	4.15	-1.29	451.40	185.00	310.43	N/A	1,562.15	0.00	15.83
BOC	3988 HK	2.76	1,002,777	0.73	4.15	3.16	2.37	3.77	3.48	3.24	8.78	0.36
CG SERVICES	6098 HK	77.85	251,220	2.43	48.43	85.20	41.80	66.40	46.97	32.17	0.52	9.02
HAIDILAO	6862 HK	44.80	244,563	1.47	-24.96	83.55	33.20	N/A	N/A	N/A	N/A	N/A
XINYI SOLAR	968 HK	15.32	136,181	-1.67	-24.35	22.10	7.75	27.69	24.71	23.94	1.91	4.57
ALIBABA	9988 HK	209.40	4,538,829	7.11	-9.97	307.40	195.50	21.36	22.24	17.81	0.00	3.41
<b>HANG SENG INDEX</b>		<b>28,004.68</b>	<b>27,197,548</b>	<b>2.41</b>	<b>2.84</b>	<b>31,084.94</b>	<b>23,235.42</b>	<b>43.06</b>	<b>26.02</b>	<b>91.22</b>	<b>2.81</b>	<b>4.16</b>

Source: FactSet

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**Morning Express**
**HSCEI constituents**

Company name	Stock code	Closing price (HK\$)	Mkt cap (HK\$ m)	5D chg (%)	YTD chg (%)	-----52-week-----		-----P/E-----			Yield 2021E (%)	P/B 2021E (x)
						High (HK\$)	Low (HK\$)	2020 (x)	2021E (x)	2022E (x)		
N/A	N/A	7.77	84,000	-11.90	-13.09	19.10	7.69	25.63	16.81	10.98	1.24	5.02
GEELY	175 HK	24.35	239,122	2.96	-8.11	33.80	14.72	36.21	24.14	19.04	1.18	2.83
ALI HEALTH	241 HK	15.22	205,058	0.40	-33.54	29.90	14.74	266.16	248.49	187.01	0.00	11.60
CITIC LTD	267 HK	8.31	241,740	0.97	51.37	9.24	5.22	4.26	3.79	3.51	6.62	0.33
CR BEER	291 HK	67.70	219,631	7.21	-5.18	75.40	45.80	86.72	48.71	37.91	0.78	7.80
CGH	384 HK	24.50	136,791	4.93	-20.45	33.50	20.75	13.92	12.19	10.99	2.24	2.46
SINOPEC	386 HK	3.74	95,420	0.81	7.78	4.55	2.97	11.45	5.98	5.77	9.95	0.49
COLI	688 HK	18.38	201,149	3.72	9.02	24.90	15.20	4.41	4.06	3.79	7.35	0.48
TENCENT	700 HK	564.00	5,352,941	4.74	0.00	766.50	502.00	28.42	31.45	26.13	0.32	5.29
SHIMAO	813 HK	18.16	64,180	1.34	-26.48	37.50	17.92	4.30	3.83	3.37	10.50	0.54
CNOOC	883 HK	8.12	362,538	-3.45	13.09	10.40	6.55	12.07	4.68	4.51	8.73	0.64
CONCH	914 HK	39.45	51,269	2.87	-18.74	61.05	38.35	5.25	4.95	5.05	6.45	0.94
CCB	939 HK	5.58	1,411,350	0.54	-5.26	6.68	4.98	4.38	4.08	3.82	7.43	0.47
CHINA MOBILE	941 HK	48.05	983,848	2.89	8.71	59.85	41.50	7.59	7.37	7.09	7.20	0.68
LONGFOR	960 HK	41.85	246,402	2.20	-7.82	53.45	37.35	10.43	9.39	8.00	4.77	1.71
SMIC	981 HK	22.20	132,369	0.00	0.45	32.75	17.28	25.98	31.76	33.76	0.00	1.41
KUAISHOU	1024 HK	151.00	512,482	-1.18	-49.67	415.00	149.50	N/A	N/A	N/A	N/A	N/A
CSPC	1093 HK	10.90	130,305	7.28	37.45	12.46	7.16	21.03	20.63	17.45	1.43	4.11
CR LAND	1109 HK	31.80	226,764	3.25	-0.63	40.80	30.10	7.83	6.96	6.22	5.22	0.85
SBP	1177 HK	7.09	133,157	2.01	-5.47	10.88	6.65	35.63	23.61	24.60	1.13	5.22
BYD	1211 HK	212.40	708,019	-1.76	4.53	278.40	69.00	120.31	99.92	71.03	0.09	7.19
ABC	1288 HK	2.67	1,228,469	0.75	-5.99	3.25	2.40	3.77	3.53	3.36	8.93	0.38
ICBC	1398 HK	4.48	1,923,661	-0.44	-10.93	5.60	3.99	4.34	4.09	3.85	7.51	0.46
PSBC	1658 HK	5.03	538,017	-0.98	14.84	6.21	3.08	5.90	5.51	5.02	5.73	0.62
XIAOMI	1810 HK	28.25	577,035	5.81	-14.91	35.30	14.64	27.71	28.15	24.38	0.00	4.09
SUNAC CHINA	1918 HK	24.90	116,414	3.11	-13.09	38.25	23.95	3.12	2.87	2.61	8.20	0.63
COUNTRY GARDEN	2007 HK	8.29	180,441	0.97	-22.67	11.26	8.21	4.40	4.11	3.64	7.42	0.75
ANTA	2020 HK	186.50	502,713	0.59	51.75	189.70	70.50	80.91	52.02	40.55	0.63	13.94
SHENZHOU	2313 HK	166.60	250,436	-8.26	9.61	207.60	90.85	40.80	33.06	27.20	1.56	6.74
PING AN	2318 HK	73.40	1,318,330	3.02	-22.74	103.10	70.45	7.55	7.27	6.25	3.93	1.28
MENGNIU	2319 HK	43.95	173,067	-1.35	-6.09	52.00	34.25	40.80	27.93	22.59	0.98	3.86
SUNNY OPTICAL	2382 HK	226.00	247,260	-1.82	33.18	245.40	114.50	42.21	35.04	27.96	0.56	9.50
CPIC	2601 HK	23.40	295,455	1.52	-22.90	41.45	21.20	7.41	6.90	6.13	6.69	0.80
CHINA LIFE	2628 HK	14.02	878,851	0.72	-18.01	20.15	13.78	6.60	5.89	5.17	6.08	0.67
ENN	2688 HK	160.20	180,525	8.91	40.77	163.50	80.65	23.95	20.65	18.35	1.77	4.23
BOCOM	3328 HK	4.66	163,155	0.87	13.66	5.25	3.66	3.92	3.71	3.43	8.73	0.36
EVERGRANDE	3333 HK	9.80	129,823	3.48	-34.23	22.45	8.91	13.38	6.00	4.84	5.76	0.66
MEITUAN	3690 HK	290.80	1,488,317	4.15	-1.29	451.40	185.00	310.43	N/A	1,562.15	0.00	15.83
HANSOH PHARM	3692 HK	32.10	190,107	3.38	-14.63	45.45	28.95	60.75	48.42	38.39	0.41	7.79
CMB	3968 HK	64.80	1,561,027	5.28	32.24	71.75	35.75	14.24	12.23	10.71	2.65	1.89
BOC	3988 HK	2.76	1,002,777	0.73	4.15	3.16	2.37	3.77	3.48	3.24	8.78	0.36
CG SERVICES	6098 HK	77.85	251,220	2.43	48.43	85.20	41.80	66.40	46.97	32.17	0.52	9.02
CHINA FEIHE	6186 HK	16.92	150,880	8.46	-6.83	24.85	14.80	17.18	16.67	13.87	1.99	5.52
JD HEALTH	6618 HK	100.60	320,348	2.18	-32.93	195.00	98.30	N/A	440.86	162.29	0.00	6.69
H Aidilao	6862 HK	44.80	244,563	1.47	-24.96	83.55	33.20	N/A	N/A	N/A	N/A	N/A
JD.COM	9618 HK	298.00	785,200	6.81	-12.87	416.80	234.80	47.21	50.50	33.54	0.00	3.66
NONGFU SPRING	9633 HK	44.40	223,539	13.70	-19.13	66.60	33.10	77.02	66.43	56.80	0.54	20.04
BAIDU	9888 HK	179.30	406,821	2.81	-28.85	252.00	173.50	18.73	18.41	16.04	0.00	1.70
ALIBABA	9988 HK	209.40	4,538,829	7.11	-9.97	307.40	195.50	21.36	22.24	17.81	0.00	3.41
NETEASE	9999 HK	177.70	560,780	6.28	20.39	206.00	131.40	33.67	27.25	23.16	0.92	5.15
<b>HANG SENG CHINA ENT INDX</b>		<b>10,152.95</b>	<b>27,981,566</b>	<b>2.71</b>	<b>-5.45</b>	<b>12,228.63</b>	<b>9,281.52</b>	<b>37.49</b>	<b>27.74</b>	<b>89.77</b>	<b>2.83</b>	<b>3.88</b>

Source: FactSet



19 July 2021

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**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**.



19 July 2021

## Morning Express

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