

Morning Express

23 May 2024

Focus of the Day

PDD Holdings <u>Monetization of main platform and loss reduction of TEMU continue to beat estimates; expecting quarterly profit at RMB30bn+</u> CP: US\$ 147.09 TP: US\$ 213.00 Brandy Sun mengqi.sun@bocomgroup.com		PDD US Rating: Buy Upside: +44.8%
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Revenue in 1Q24 increased by 131% YoY to RMB86.8bn, 13% higher than market expectations, of which advertising/commission revenue increased by 56%/327% respectively.

With the release of operating leverage, adjusted net profit increased by 202% YoY to RMB30.6 bn, significantly exceeding Bloomberg market expectations by 97%.

We estimate TEMU GMV at \$10bn and expect the loss ratio (loss/GMV) to narrow to -9%.

We believe main platform will continue to expand its market share, we are optimistic about the continuous improvement of its monetization capability, the competition is intensifying but the company's price mentality is still leading, and the platform will attract merchants' ad budget to achieve higher growth. We expect the GMV/revenue of main platform to increase by 22%/33% in 2024. TEMU's GMV is expected to increase by 200%+ to US\$50 bn in 2024, narrowing the loss ratio to 8%.

We lift revenue/profit by 7%/24% in 2024, and expects the company's revenue/profit to increase by 91%/100% in 2024. Maintain **Buy** and raise TP to US\$213.

Kuaishou Technology <u>Profit likely to further beat on faster than expected cost optimization</u> CP: HK\$ 58.15 TP: HK\$ 75.00 Li Zhao, CFA zhao.li@bocomgroup.com		1024 HK Rating: Buy Upside: +29.0%
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1Q24 profit beat. Kuaishou's 1Q24 revenue came in line at RMB29.4bn, up 17% YoY. With better than expected cost and expense optimization, adjusted net profit reached RMB4.4bn exceeding consensus by 37%.

Highlights: e-commerce GMV grew 28% YoY, with shelf-based GMV share further increased to ~25%. E-commerce related ad revenue grew faster than GMV

Global Stock Indices			
	Close	1D%	YTD%
HSI	19,196	-0.16	12.63
HSCEI	6,818	-0.05	18.19
SH A	3,311	0.02	6.15
SH B	257	0.11	11.07
SZ A	1,867	0.23	-2.91
SZ B	1,141	0.39	5.57
DJIA	39,671	-0.51	5.26
S&P 500	5,307	-0.27	11.26
Nasdaq	16,802	-0.18	11.93
FTSE	8,370	-0.55	8.24
CAC	8,092	-0.61	7.28
DAX	18,680	-0.25	11.51

Source: FactSet

Key Commodity/Forex Indicators			
	Close	3M%	YTD%
Brent	82.78	-1.06	7.39
Gold	2,421.70	19.90	17.42
Silver	31.64	37.13	32.98
Copper	10,775.00	27.03	27.12
JPY	156.53	-3.85	-9.93
GBP	1.27	0.81	-0.18
EUR	1.08	0.22	-1.92
bps change		3M	6M
HIBOR	4.58	0.00	0.00
US 10yr yield	4.42	2.38	0.42

Source: FactSet

HSI Technical	
HSI	19,195.60
50D MA	17,739.15
200D MA	16,851.85
14D RSI	68.34
Short sell (HK\$m)	15,566

Source: FactSet

growth, and non-e-commerce ads also maintained rapid growth benefiting from increased placements from industries like short drama /game/education.

Outlook: We expect 2Q24E e-commerce GMV to increase by 25% YoY, while e-commerce revenue to +23% YoY due to negative impact on increased sales of shelf-based GMV, and online marketing revenue to +23% YoY, driven by ad product iterations such as omni-platform marketing solution.

Valuation: Considering the faster-than-expected cost optimization trend and potential subsidy increase in e-commerce and local service, we raise our 2024E adjusted net profit forecast by 12% to RMB18.1bn. Maintain TP at HK\$75 based on 15x 2024E P/E and RMB19.5bn net profit from domestic business. Maintain **Buy**.

Kingsoft Corp		3888 HK
<u>Snowbreak: Containment Zone to drive game revenue growth in 2Q24; upgrade to Buy</u>		Rating: Buy ↑
CP: HK\$ 25.60	TP: HK\$ 30.00↑	Upside: +17.2%
Brandy Sun	mengqi.sun@bocomgroup.com	

1Q24 saw lower game investment, with lower-than-expected revenue but better-than-expected profits. The gaming business remained relatively stable YoY, with JX III performing steadily. The quarterly revenue growth of WPS was mainly driven by individual subscriptions and institutional subscriptions.

The mobile version of JX3 Ultimate is expected to be launched in June 2024. After the new version of "Snowbreak" was launched in mid-April, there was a significant increase in revenue. We estimate it will contribute 15% to game revenue in 2Q24. We expect game revenue will increase by 12% in 2024 (previously 9%).

The commercialization of WPS AI office platform is expected to promote an increase in ARPU and paying ratio of WPS personal and institutional subscription business.

We fine-tune revenue forecast, raise our 2024 net profit forecast by 4%, and lift TP from HK\$26 to HK\$ 30. Upgrade to **Buy**.

Gaotu Techedu		GOTU US
<u>Accelerated gross billing growth lays the foundation for recognized revenue acceleration in 2H24</u>		Rating: Buy
CP: US\$ 6.55	TP: US\$ 9.10	Upside: +38.9%
Connie Gu, CPA	connie.gu@bocomgroup.com	

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1Q24 revenue increased 34% YoY to RMB950m, in line with our estimates/consensus, with K12 up 35%+ and college students/adults up 30%+. GPM declined 60cts YoY to 71%, due to changes in revenue mix (higher share of offline, online 1-to-1 and other businesses) and introduction of new courses. Adjusted operating loss was RMB62m, with loss ratio of 7%, higher than our expected loss of RMB58m.

Management guided 2Q24 revenue to grow at 29% -32%, similar to 1Q24 growth rate, mainly due to the adjustment of adult courses and seasonality of postgraduate entrance exams. However, we expect the company's gross billing to grow by more than 70% YoY in 2Q24, significantly higher than the revenue growth rate, laying the foundation for the accelerated growth of revenue during the summer semester in 3Q24. We expect the non-GAAP OP will be RMB -350m in 2Q24.

Although the revenue growth guidance in 2Q24 is weaker than expected, the increase in gross billing will drive the full year revenue growth rate to reach the previous guidance of high-end (40-60%), lift by 7% from previous consensus. Although it is still in the investment stage in the short term, considering the continuous increase in renewal and offline expansion in 2025E, we believe that the company's revenue growth in the next 2-3 years still has high certainty. Based on 20x 2025E P/E for education business, maintain TP at US\$9.1. The management personal buyback also proves confidence in growth prospects, maintain **Buy** rating.

Tongcheng Travel		780 HK
<u>1Q24 profit in line; growth in 2H24 expected to accelerate</u>		Rating: Buy
CP: HK\$ 18.48	TP: HK\$ 25.00	Upside: +35.3%
Brandy Sun	mengqi.sun@bocomgroup.com	

Revenue for 1Q24 was RMB3.9bn, up 49.5% YoY, beating our estimates for 5%. Adjusted net profit was RMB560m, up 11% YoY, higher than our expectation by 2%. Adjusted marketing expenses increased by 41% YoY, mainly due to the increase in marketing activities as the market recovered, and the proportion of revenue remained stable QoQ.

In 1Q24, domestic air tickets increased by 30% YoY, and international air tickets increased by 260%+. Hotel room nights in mainland China increased by 10% YoY, and overseas room nights increased by 150%+ YoY.

We expect 2Q24 revenue to grow 49% YoY, with OTA up 25%. Transportation is expected to be driven by the growth of air tickets, which is higher than that of hotels. It is estimated that the company's overall adjusted net profit in 2024 will

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be RMB2.9bn, corresponding to a net profit margin of 16%, and the OPM of OTA business will be flat.

We fine-tuned our revenue forecast, raised NP by 6%, and lift TP from HK\$24.0 to HK\$25.0 based on unchanged 18x 2024 P/E. The company's domestic business will continue to gain growth momentum in the lower-tier cities, and the growth of outbound and other businesses will provide additional support for revenue growth, maintain **Buy**.

Economic data releases for this week – US

Date	Event	Survey	Prior
22 May	Existing Home sales (m)	4.21	4.19
23 May	Initial jobless claims (k)	221.00	222.00
23 May	Manufacturing PMI (May)	50.10	50.00
24 May	Durable goods order (%MoM)(Apr)	-0.50	2.60

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

11 Dec	BOCOM Int'l Research - A Wider Horizon in the Year Ahead	BOCOM Int'l Research team
6 Dec	Technology Sector - 2024 Outlook: Global tech investment strategy behind AI and semiconductor themes	Dawei Wang, PhD, CFA, Carrie Tong
6 Dec	Consumer Sector - 2024 Outlook: Self-help volume drivers key to winning as ASP likely muted	Edward Lui, CFA, CESGA, Kay Tan, FRM
6 Dec	Global Macro – 2024 Outlook: The Symphony of Change and Chance (No.2) – Chance	Carl Cai, CFA, Evan Li, Alan Qian
5 Dec	Mainland Property Sector - 2024 Outlook: Turning over a new leaf	Philip Tse, CFA, FRM
5 Dec	Hong Kong Property Sector - 2024 Outlook: Stay patient before dawn	Philip Tse, CFA, FRM
4 Dec	Internet Sector - 2024 Outlook: Innovation and profitability to drive valuation recovery	Connie Gu, CPA, Brandy Sun, Li Zhao, CFA, Hanna Cai,
4 Dec	Securities Sector - 2024 Outlook: Earnings Recovery; Prefer Brokers of Balanced Income Mix	Li Wan, CFA, FRM
4 Dec	Insurance Sector - 2024 Outlook: Liability side still in transformation, asset side to improve	Li Wan, CFA, FRM
4 Dec	Automobile Sector - 2024 Outlook: Auto exports, autonomous driving applications in full swing	Angus Chan, Dawei Wang, PhD, CFA, Iris Li, CFA, Carrie Tong
4 Dec	Renewable Energy Sector - 2024 Outlook: Solar Sector Near End of Tunnel as Oversupply Largely Priced in	Wallace Cheng, Bob Wen, CPA
1 Dec	Healthcare Sector - 2024 Outlook: Bottoming Out	Ethan Ding, Joyce Li, PhD, CFA
30 Nov	Global Macro - 2024 Outlook: The Symphony of Change and Chance (No.1)-	Carl Cai, CFA, Evan Li, Alan Qian,
17 May	Healthcare Sector - The real gold emerges after the tides	Ethan Ding, Joyce Li, PhD, CFA
9 May	H-share Strategy - The logic behind foreign inflows in the Hong Kong stock market rebound	Carl Cai, CFA, Evan Li, Alan Qian,
8 May	China Macro - The sustainability of Hong Kong stock market rebound	Carl Cai, CFA, Evan Li
8 May	Global Macro - AI Stock Pick Strategy Portfolio Monthly Tracker (April 2024)	Carl Cai, CFA, Alan Qian, Evan Li
7 May	Data Center Sector - Digital real estate with AI-fueled demand boom, attractive valuations	Philip Tse, CFA, FRM
6 May	Global Macro - Employment slows down, but may not be enough to support rate cuts in 3Q24 – April U.S. non-farm payroll comments	Carl Cai, CFA, Evan Li
2 May	Global Macro - Rate cut probability further declines, but risk assets still have opportunities - Comments on the May Federal Reserve FOMC meeting	Carl Cai, CFA, Evan Li
2 May	China Macro - Seek progress while maintaining stability and ride the momentum - 6 key highlights of the April Politburo meeting	Carl Cai, CFA, Evan Li
16 Apr	Technology/Auto Sector - Driving to the future From 0 to 1, exploring the gems along Xiaomi's auto supply chain	Angus Chan, Iris Li, CFA,
16 Apr	China Macro - A stable and good start – comments on 1Q24 GDP and Mar economic data	Carl Cai, CFA, Evan Li
16 Apr	Global Macro - 4Q23 US stock earnings tracker	Carl Cai, CFA, Alan Qian, Evan Li

Daily reports

23 May	Kingsoft Corp (3888 HK) - Snowbreak: Containment Zone to drive game revenue growth in 2Q24; upgrade to Buy	Brandy Sun, Connie Gu, CPA, Li Zhao, CFA, Hanna Cai,
23 May	Gaotu Techedu (GOTU US) - Accelerated gross billing growth lays the foundation for confirmed revenue acceleration in 2H24	Connie Gu, CPA, Brandy Sun, Li Zhao, CFA, Hanna Cai,
23 May	Tongcheng Travel (780 HK) - Q1 profit in line with expectations; The growth rate in 2H is expected to accelerate	Brandy Sun, Connie Gu, CPA, Li Zhao, CFA, Hanna Cai,
21 May	Healthcare Sector Weekly - Collective procurement to "improve quality and expand coverage", and provincial alliance procurement to be upgraded; pay attention to ASCO and innovation themes	Ethan Ding, Joyce Li, PhD, CFA
21 May	Trip.com (9961 HK) - Booking volume beat despite hotel price decline in mainland China; expect flattish margins in 2024	Brandy Sun, Connie Gu, CPA, Li Zhao, CFA, Hanna Cai,
20 May	Qifu Technology (QFIN US) - Net take rate increased both QoQ and YoY, greater focus on growth quality	Li Wan, CFA, FRM
20 May	Internet Sector - Earnings calendar for major Internet names (as of 20 May 2024)	Connie Gu, CPA, Brandy Sun, Li Zhao, CFA, Hanna Cai,
17 May	Internet Sector Monthly - April e-commerce monthly: new smartphone release drive better industry growth than in March	Connie Gu, CPA, Brandy Sun, Li Zhao, CFA, Hanna Cai,
17 May	iQIYI Inc (IQ US) - AIGC empowers efficiency improvement and record operating margins	Li Zhao, CFA, Connie Gu, CPA, Brandy Sun, Hanna Cai,
17 May	JD Logistics Inc (2618 HK) - 1Q24 beat; external integrated revenue growth still ramping up	Brandy Sun, Connie Gu, CPA, Li Zhao, CFA, Hanna Cai,
17 May	Baidu Inc (BIDU US) - Ad under short-term pressure, AI transformation of search visible in the next 2-3 quarters	Connie Gu, CPA, Brandy Sun, Li Zhao, CFA, Hanna Cai,
17 May	JD.com Inc (JD US) - General merchandise back to growth, with balance between user experience and profit growth; upgrade to Buy	Brandy Sun, Connie Gu, CPA, Li Zhao, CFA, Hanna Cai,
16 May	Dada Nexus Limited (DADA US) - JDDJ brand upgraded to focus on JD field	Connie Gu, CPA, Brandy Sun, Li Zhao, CFA, Hanna Cai,
16 May	FinVolution Group (FINV US) - Earnings stabilized QoQ, while take rate showed uptrend	Li Wan, CFA, FRM
16 May	NIO Inc (9866 HK) - Upgrade to Buy – ONVO L60 could rejuvenate sales volume growth	Angus Chan, Iris Li, CFA
16 May	Alibaba Group (BABA US) - E-commerce GMV growth picks up, short-term investments pay off	Connie Gu, CPA, Brandy Sun, Li Zhao, CFA, Hanna Cai,
16 May	Tencent Holdings (700 HK) - Game resumes growth; Weixin contributes incremental revenue; profit growth continues to outpace revenue	Connie Gu, CPA, Brandy Sun, Li Zhao, CFA, Hanna Cai,
14 May	Healthcare Sector Weekly - Bioresecure Act update may improve CXO expectations; focus on incremental demand in medical device updates	Ethan Ding, Joyce Li, PhD, CFA
14 May	Tencent Music Entertainment (TME US) - Quarterly subscriber net add reached new high; margin improvement beat	Connie Gu, CPA, Brandy Sun, Li Zhao, CFA, Hanna Cai,

Source: BOCOM Int'l

HSI constituents

Company name	Stock code	Current price (HK\$)	Mkt cap (HK\$ m)	5D chg (%)	YTD chg (%)	-----52-week-----		-----P/E-----			Yield 2024E (%)	P/B 2024E (x)
						High (HK\$)	Low (HK\$)	2023 (x)	2024E (x)	2025E (x)		
CKH	1 HK	42.05	161,053	-0.47	0.48	49.55	35.60	6.84	6.07	5.43	6.45	0.27
CLP	2 HK	66.50	168,009	0.30	3.18	67.35	55.75	25.19	14.11	13.30	4.72	1.57
HK & CHINA GAS	3 HK	6.43	119,983	0.31	7.53	7.35	5.27	20.38	18.65	17.41	5.44	1.95
HSBC	5 HK	69.50	1,306,697	1.39	10.32	70.35	56.15	7.69	7.19	7.19	9.45	0.94
POWER ASSETS	6 HK	47.45	101,121	1.39	4.86	48.00	36.20	16.74	16.10	15.70	5.97	1.13
HANG SENG	11 HK	115.20	219,377	2.49	26.52	118.70	79.25	12.65	12.02	11.76	5.97	1.32
HENDERSON	12 HK	26.80	129,749	1.32	11.43	27.25	19.60	13.40	12.52	11.81	6.72	0.39
SHKP	16 HK	79.65	230,808	-0.56	-5.68	103.30	69.55	9.67	10.09	9.03	4.96	0.38
NEW WORLD	17 HK	9.94	25,015	1.74	-17.99	18.62	7.41	27.68	14.07	9.63	4.63	0.13
GALAXY ENT	27 HK	40.30	176,103	1.00	-7.89	56.70	33.65	25.35	17.18	14.30	1.73	2.21
MTRC	66 HK	28.90	179,489	-0.69	-4.62	38.50	23.45	27.86	13.30	9.63	4.56	0.96
HLP	101 HK	8.16	36,714	-0.61	-25.00	13.36	7.82	8.89	8.09	7.30	9.54	0.28
GEELY	175 HK	10.38	104,458	1.57	20.84	11.26	7.34	18.62	13.19	10.55	2.63	1.11
ALI HEALTH	241 HK	3.16	50,829	-3.36	-25.47	5.62	2.61	47.47	31.97	28.84	0.00	2.68
CITIC LTD	267 HK	8.61	250,467	0.70	10.38	10.22	6.60	4.03	3.74	3.58	6.90	0.31
WH GROUP	288 HK	5.62	72,106	-0.18	11.51	5.87	3.92	14.64	7.97	7.18	5.44	0.88
CR BEER	291 HK	35.00	113,546	-5.53	2.34	54.45	28.15	21.40	18.34	15.90	2.22	3.32
OOIL	316 HK	131.50	86,839	-2.45	20.64	138.80	91.90	8.24	10.24	N/A	4.28	0.95
TINGYI	322 HK	9.95	56,062	-4.88	4.52	12.58	7.15	N/A	N/A	N/A	N/A	N/A
SINOPEC	386 HK	5.14	125,299	-1.34	25.67	5.21	3.68	9.79	8.22	7.75	7.87	0.69
HKEX	388 HK	283.80	358,879	-3.80	5.90	325.80	214.60	30.47	29.63	27.50	3.04	6.79
TECHTRONIC	669 HK	101.70	186,000	-5.04	9.30	114.20	67.80	24.72	21.33	17.94	1.98	3.75
COLI	688 HK	16.14	176,651	-2.30	17.30	18.40	10.30	6.37	6.63	6.16	4.83	0.42
TENCENT	700 HK	384.40	3,585,572	-2.68	30.93	397.00	262.20	21.33	17.23	15.42	0.94	3.49
UNICOM	762 HK	6.23	190,626	-1.27	27.14	6.31	4.52	9.38	8.35	7.53	7.07	0.48
LINK	823 HK	34.75	88,746	-4.66	-20.75	49.30	30.85	13.25	14.24	13.72	7.12	0.49
CR POWER	836 HK	21.60	103,906	0.47	38.11	21.95	14.04	9.48	7.26	6.18	5.46	1.12
PETROCHINA	857 HK	7.66	161,618	1.19	48.45	7.72	4.82	8.13	7.61	7.30	6.57	0.86
XINYI GLASS	868 HK	10.02	42,330	-0.40	14.38	12.88	6.18	7.62	7.12	6.96	6.88	1.06
ZHONGSHENG	881 HK	15.96	38,075	-0.25	-14.56	32.10	12.30	7.09	6.81	N/A	5.01	0.72
CNOOC	883 HK	19.04	848,742	-1.65	46.46	20.50	11.04	6.85	5.79	5.45	7.18	1.11
CCB	939 HK	5.89	1,490,133	0.68	26.67	5.90	4.02	5.45	5.37	N/A	5.60	0.56
CHINA MOBILE	941 HK	73.70	1,511,698	-0.87	13.73	74.35	61.45	11.13	10.45	9.90	6.94	1.06
LONGFOR	960 HK	14.74	97,432	-3.66	17.92	20.75	7.92	6.79	7.71	7.49	3.83	0.58
XINYI SOLAR	968 HK	5.48	48,826	3.98	20.18	9.47	3.46	10.93	8.78	6.94	5.45	1.29
SMIC	981 HK	16.08	96,174	-4.51	-19.03	24.50	14.02	18.68	34.25	23.39	0.00	0.79
LENOVO	992 HK	11.42	141,662	11.74	4.58	11.42	7.14	9.66	N/A	N/A	N/A	N/A
CK INFRA	1038 HK	47.50	119,681	0.32	9.95	47.95	35.55	14.81	14.20	13.16	5.48	0.92
HENGAN	1044 HK	27.25	31,668	-5.87	-6.20	35.70	22.65	10.56	9.70	9.12	5.50	1.36
SHENHUA	1088 HK	36.45	123,109	1.67	36.26	36.85	21.50	10.50	11.09	11.06	6.40	1.59
CSPC	1093 HK	6.51	77,312	-1.66	-10.33	7.66	5.29	12.32	10.88	9.83	2.79	1.90
SINOPHARM	1099 HK	21.50	28,849	-2.05	5.13	27.05	17.78	6.86	N/A	N/A	N/A	N/A
CR LAND	1109 HK	32.30	230,329	-1.67	15.36	36.45	20.50	7.70	7.27	6.87	4.94	0.75
CKA	1113 HK	35.00	122,879	-2.23	-10.71	45.25	31.10	7.25	8.09	7.26	5.82	0.32
SBP	1177 HK	2.94	53,911	-4.85	-15.27	4.01	2.34	26.79	18.24	16.49	1.80	1.57
CHINA RES MIXC	1209 HK	32.20	73,497	-2.72	15.62	40.05	20.80	23.13	18.78	15.62	2.96	3.80
BYD	1211 HK	214.20	506,742	-3.77	-0.09	275.60	171.70	19.50	16.64	13.53	1.54	3.52
AIA	1299 HK	62.30	697,582	-4.59	-8.45	82.60	46.00	24.59	15.44	13.26	2.87	2.14
CHINA HONGQIAO	1378 HK	11.84	112,190	-0.50	85.29	12.32	5.28	9.40	6.77	6.50	7.02	1.03
ICBC	1398 HK	4.76	2,015,194	1.06	24.61	4.76	3.36	4.50	4.47	N/A	7.02	0.43
HANG SENG INDEX		19,195.60	25,198,051	-1.83	12.60	20,078.94	14,961.18	13.31	11.61	11.81	4.23	1.79

Source: FactSet

HSCEI constituents

Company name	Stock code	Closing price (HK\$)	Mkt cap (HK\$ m)	5D chg (%)	YTD chg (%)	-----52-week-----		-----P/E-----			Yield 2024E (%)	P/B 2024E (x)
						High (HK\$)	Low (HK\$)	2023 (x)	2024E (x)	2025E (x)		
WHEELOCK	20 HK	1.48	38,404	5.71	27.59	2.33	0.58	N/A	N/A	N/A	N/A	N/A
GEELY	175 HK	10.38	104,458	1.57	20.84	11.26	7.34	18.62	13.19	10.55	2.63	1.11
CITIC LTD	267 HK	8.61	250,467	0.70	10.38	10.22	6.60	4.03	3.74	3.58	6.90	0.31
CR BEER	291 HK	35.00	113,546	-5.53	2.34	54.45	28.15	21.40	18.34	15.90	2.22	3.32
SINOPEC	386 HK	5.14	125,299	-1.34	25.67	5.21	3.68	9.79	8.22	7.75	7.87	0.69
COLI	688 HK	16.14	176,651	-2.30	17.30	18.40	10.30	6.37	6.63	6.16	4.83	0.42
TENCENT	700 HK	384.40	3,585,572	-2.68	30.93	397.00	262.20	21.33	17.23	15.42	0.94	3.49
UNICOM	762 HK	6.23	190,626	-1.27	27.14	6.31	4.52	9.38	8.35	7.53	7.07	0.48
PETROCHINA	857 HK	7.66	161,618	1.19	48.45	7.72	4.82	8.13	7.61	7.30	6.57	0.86
CNOOC	883 HK	19.04	848,742	-1.65	46.46	20.50	11.04	6.85	5.79	5.45	7.18	1.11
CCB	939 HK	5.89	1,490,133	0.68	26.67	5.90	4.02	5.45	5.37	N/A	5.60	0.56
CHINA MOBILE	941 HK	73.70	1,511,698	-0.87	13.73	74.35	61.45	11.13	10.45	9.90	6.94	1.06
LONGFOR	960 HK	14.74	97,432	-3.66	17.92	20.75	7.92	6.79	7.71	7.49	3.83	0.58
XINYI SOLAR	968 HK	5.48	48,826	3.98	20.18	9.47	3.46	10.93	8.78	6.94	5.45	1.29
SMIC	981 HK	16.08	96,174	-4.51	-19.03	24.50	14.02	18.68	34.25	23.39	0.00	0.79
LENOVO	992 HK	11.42	141,662	11.74	4.58	11.42	7.14	9.66	N/A	N/A	N/A	N/A
KUAISHOU	1024 HK	58.15	208,326	-0.09	9.82	69.15	39.10	36.64	17.26	11.36	0.00	3.55
SHENHUA	1088 HK	36.45	123,109	1.67	36.26	36.85	21.50	10.50	11.09	11.06	6.40	1.59
CSPC	1093 HK	6.51	77,312	-1.66	-10.33	7.66	5.29	12.32	10.88	9.83	2.79	1.90
CR LAND	1109 HK	32.30	230,329	-1.67	15.36	36.45	20.50	7.70	7.27	6.87	4.94	0.75
SBP	1177 HK	2.94	53,911	-4.85	-15.27	4.01	2.34	26.79	18.24	16.49	1.80	1.57
BYD	1211 HK	214.20	506,742	-3.77	-0.09	275.60	171.70	19.50	16.64	13.53	1.54	3.52
ABC	1288 HK	3.80	1,638,515	-0.26	26.25	3.83	2.51	4.93	4.77	N/A	6.57	0.48
ICBC	1398 HK	4.76	2,015,194	1.06	24.61	4.76	3.36	4.50	4.47	N/A	7.02	0.43
PSBC	1658 HK	4.59	459,584	0.44	23.06	5.34	3.37	5.09	5.06	N/A	6.15	0.50
XIAOMI	1810 HK	19.44	396,282	-2.51	24.62	19.98	9.99	25.94	30.56	25.01	0.00	2.45
LI AUTO	2015 HK	82.20	267,283	-14.29	-44.12	184.30	80.65	13.24	13.73	9.34	0.00	2.18
ANTA	2020 HK	89.25	250,922	0.06	17.82	94.25	64.15	22.63	17.67	16.41	2.84	3.92
SHENZHOU	2313 HK	80.15	120,483	-1.23	-0.31	86.20	61.95	24.71	20.43	17.46	2.99	3.15
PING AN	2318 HK	44.25	851,475	-2.64	25.18	56.25	29.80	8.67	6.54	5.89	6.03	0.77
MENGNIU	2319 HK	16.52	64,913	-1.67	-21.33	31.90	15.20	12.43	10.91	9.72	3.67	1.25
LI NING	2331 HK	24.05	61,926	9.32	15.07	49.80	15.12	17.46	16.47	14.38	2.71	2.10
SUNNY OPTICAL	2382 HK	44.65	48,591	1.59	-36.98	83.35	34.45	40.27	24.18	N/A	0.91	1.82
JD LOGISTICS	2618 HK	9.78	64,765	-4.31	0.00	13.58	6.80	90.13	22.53	16.31	0.00	1.17
CHINA LIFE	2628 HK	12.42	829,663	-4.46	22.73	14.40	8.33	7.01	6.94	6.31	4.11	0.64
ENN	2688 HK	76.95	86,530	-0.06	33.83	105.80	49.70	11.68	10.94	9.98	3.89	1.70
BOCOM	3328 HK	6.25	218,824	0.48	28.34	6.27	4.26	5.03	4.90	4.69	6.57	0.44
MEITUAN	3690 HK	120.60	679,548	-3.52	47.25	146.30	62.55	30.50	22.31	15.79	0.00	3.93
CMB	3968 HK	37.95	976,436	-3.68	39.52	39.40	24.50	6.23	6.01	N/A	5.81	0.86
BOC	3988 HK	3.96	1,360,783	2.59	32.89	3.96	2.60	6.09	6.01	N/A	5.32	0.55
JD HEALTH	6618 HK	28.35	90,421	-6.44	-27.49	56.80	22.85	38.80	35.43	28.34	0.00	1.59
HAIER	6690 HK	29.05	286,118	-6.89	31.75	31.75	20.55	15.25	13.41	11.82	3.55	2.23
HAIDILAO	6862 HK	19.36	107,913	-2.91	33.15	23.70	12.20	N/A	N/A	N/A	N/A	N/A
JD.COM	9618 HK	129.00	363,170	-3.80	14.67	159.80	82.50	10.96	10.28	9.38	2.26	1.47
NONGFU SPRING	9633 HK	45.70	229,998	-1.51	1.22	47.95	38.50	39.56	35.13	30.75	2.01	14.16
XPENG	9868 HK	34.65	53,293	8.79	-38.89	86.75	26.50	N/A	N/A	N/A	0.00	1.65
BAIDU	9888 HK	100.80	235,525	-9.11	-13.18	152.90	92.50	9.35	9.35	8.81	0.00	0.97
TRIP.COM	9961 HK	430.80	277,474	-1.73	55.19	440.00	241.60	20.75	19.65	17.36	0.00	1.99
ALIBABA	9988 HK	83.00	1,517,107	-3.15	9.79	97.85	65.45	10.05	10.52	9.30	1.17	1.40
NETEASE	9999 HK	153.60	478,155	-5.65	9.25	183.20	122.00	14.52	14.01	12.63	2.05	3.28
HANG SENG CHINA ENT INDX		6,817.68	22,482,783	-1.69	18.19	6,964.99	5,001.95	12.42	10.78	11.75	4.00	1.68

Source: FactSet

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Buy: The stock's total return is expected to **exceed** that of the corresponding industry over the next 12 months.

Neutral: The stock's total return is expected to be **in line with** that of the corresponding industry over the next 12 months.

Sell: The stock's total return is expected to be **below** that of the corresponding industry over the next 12 months.

Not-Rated: The analyst **does not have conviction** regarding the outlook of the stock's total return relative to that of the corresponding industry over the next 12 months.

Analyst Industry Views:

Outperform: The analyst expects the industry coverage universe to be **attractive** relative to the relevant broad market benchmark over the next 12 months.

Market perform: The analyst expects the industry coverage universe to be **in line with** the relevant broad market benchmark over the next 12 months.

Underperform: The analyst expects the industry coverage universe to be **unattractive** relative to the relevant broad market benchmark over the next 12 months.

Broad market benchmark for Hong Kong is the **Hang Seng Composite Index**, for China A-shares is the **MSCI China A Index**, for US-listed Chinese companies is **S&P US Listed China 50 (USD) Index**.

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