

Morning Express

7 January 2019

Focus of the Day

AAC Technologies		2018 HK
Earnings pressure to continue in 1H19		Rating: Neutral
CP: HK\$ 40.75	TP: HK\$ 42.00↓	Upside: +3.1%
Chris Yim	christopher.yim@bocomgroup.com	

Given the guidance revisions from multiple iPhone component suppliers since Nov, we believe Apple's revenue estimate revision was somewhat expected by the market. For AAC, we see the possibility of more inventory corrections and ASP downside pressure in 1H19, as current iPhone product cycle ramps down.

The average life of a smartphone is around two years vs. 4-5 years for a PC, per our estimates. We expect the length of smartphone replacement cycle to trend toward that of PC over the long run, thus piling continued pressure on smartphone growth.

For the device market and its supply chain, we continue to prefer PC to smartphone on healthier competition and stable commercial PC demand. In the overall device/component space, we still favor Lenovo (992 HK/**Buy**).

We lower AAC's 2018/19E EPS by 2%/10% to reflect weaker outlook from its key customer. Our new TP of HK\$42.00 is based on 11x 2019E P/E (previously HK\$55.00 on 13x 2019E P/E). Maintain **Neutral**.

TAL Education		TAL US
3QFY19 preview: top line may beat; online education investment persists		Rating: Buy
CP: US\$ 26.52	TP: US\$ 32.00↓	Upside: +20.7%
Connie Gu, CPA	connie.gu@bocomgroup.com	

TAL will release its 3QFY19 results on 24 Jan. We expect revenue to rise ~41% YoY in RMB terms, or ~32% YoY to US\$571m in USD terms, and its profit margin to drop 2ppts YoY.

Amid the continued rapid growth of online education, we expect revenue of Xueersi.com to jump 111% YoY and contribute 12% of total revenue, with its enrolment accounting for 37% of the total enrolment despite a lower ASP. We expect new policies to fuel consolidation of smaller institutions, lift teaching quality and improve venue safety, while the online education business of large training institutions has already been standardized in accordance with the regulations on offline training institutions.

In our view, regulation bodes well for large institutions with ample capital in the long term, but hits the company's margins in the short term. Besides, as TAL's investment in online education with lower ASP and greater marketing spending may affect long-term revenue growth, we cut our long-term revenue growth

Global Stock Indices			
	Close	1D%	YTD%
HSI	25,626	2.11	-0.92
HSCEI	10,030	1.97	-0.94
SH A	2,633	2.05	0.84
SH B	273	1.62	0.72
SZ A	1,338	2.66	0.92
SZ B	843	1.13	0.64
DJIA	23,433	3.29	0.45
S&P 500	2,532	3.43	1.00
Nasdaq	6,739	4.26	1.56
FTSE	6,837	2.16	1.62
CAC	4,737	2.72	0.14
DAX	10,768	3.37	1.98

Source: FactSet

Key Commodity/Forex Indicators			
	Close	3M%	YTD%
Brent	57.02	-32.64	5.93
Gold	1,282.70	7.14	0.34
Silver	15.71	7.35	1.55
Copper	5,840.00	-7.45	-2.10
JPY	108.13	5.16	1.47
GBP	1.27	-2.37	-0.13
EUR	1.14	-0.97	-0.19
bps change		3M	6M
HIBOR	2.09	-1.89	-0.21
US 10yr yield	2.66	-16.81	-6.13

Source: FactSet

HSI Technical	
HSI	25,626.03
50D MA	26,058.20
200D MA	27,049.72
14D RSI	47
Short sell (HK\$m)	12,583

Source: FactSet

Hao Hong, CFA

Head of Research

hao.hong@bocomgroup.com

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assumptions, and lower TP from US\$37.00 to US\$32.00, implying CY19/20E P/E of 48x/37x. Maintain **Buy**.

Banking Sector**RRR cut as expected to loosen liquidity;
lackluster NIM outlook in 2019**

Jaclyn Wang jaclyn.wang@bocomgroup.com

1ppt across-the-board RRR cut as expected: On 4 January, the PBoC announced to cut RRR by 0.5ppt on 15 and 25 January, respectively, followed by news that Premier Li mentioned using tools like RRR to support corporate financing. The total 1ppt RRR cut will release ~RMB1.5tn and inject ~RMB800bn into the system after MLF repayment in 1Q19. We believe further RRR and interest rate cuts are possible if economic growth remains weak.

Lower funding cost; higher full-year NIM pressure: The MLF interest rate was higher than deposit cost, and the injection is likely to further lower interbank funding cost. However, we believe the lower funding cost will pass on to asset yield later this year given relatively weak loan demand and ample credit supply. The asset yield decline may more than offset lower funding cost in 2019 due to deposit competition, in our view.

Short-term trading opportunities for smaller banks; prefer banks with relatively stable asset quality for full year: Banks more exposed to interbank liabilities (smaller banks) may have some advantages near term. Yet, we still prefer banks with more defensive loan structure and prudent risk control history for full-year 2019. Top pick: CMB (3968 HK/**Buy**) given solid asset quality and profitability.

Internet Sector**E-commerce law regulates sector development;
ST impact limited pending details**

Connie Gu, CPA connie.gu@bocomgroup.com

The e-commerce law came into force on 1 January 2019.

We believe the law has little impact on corporate merchants (those operating on B2C platforms such as Tmall and JD), as they have already met the new law's qualification and tax requirements. Meanwhile, individual operators on Taobao and Pinduoduo need to register and pay tax, with small-scale trading activities exempted from registration but still liable to taxation. E-commerce platforms have taken measures to comply with the law.

We believe the law will benefit the e-commerce industry in the long run, but its registration and tax requirements will raise the entry barriers and operating costs of individual business owners. Enforcement of the law is still in transitional stage, pending detailed rules. Moreover, MSE merchants with monthly revenue under RMB20k-30k enjoy VAT exemption until end-2020, so we believe short-term

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impact from the policy is limited. Meanwhile, we believe parallel importers and WeChat sellers may feel greater impact, but the magnitude of policy implementation is not yet clear; cross-border e-commerce platforms will benefit.

Infrastructure Sector	
CRC's target puts railway investment on fast track	Rating: Outperform
Fay Zhou	fay.zhou@bocomgroup.com

China Railway Corporation (CRC) hosted an annual meeting on 2 January to discuss annual targets of railway construction and operation.

Although CRC did not provide specific targets for railway FAI, it did imply a large scale of railway investment for 2019. Given the increased target on new rail tracks, we expect railway FAI growth to pick up in 2019.

We expect the early announcement of local government debt quota and newly-approved railway projects to favor railway construction names including China Railway Group (390 HK/**Buy**) and China Railway Construction (1186 HK/**Buy**). We maintain our **Outperform** rating for infrastructure sector.

Internet Sector Weekly	
As of 4 January 2019	Rating: Outperform
Connie Gu, CPA	connie.gu@bocomgroup.com

Last week, we published the following results previews: We expected Baidu to report 18% YoY growth in 4Q18 revenue, and trimmed TP to US\$236 on slowdown of search business. We expected 23% YoY growth in New Oriental's 2QFY19 revenue, slightly below consensus, adjusted FX assumptions, and cut TP to US\$71.80. We projected TAL's 3QFY19 revenue to beat and online education investments to drag margin; lowered TP to US\$32.

Weibo brought in KOL revenue of RMB26.8bn in 2018, but added little to overall revenue. In 2019, Weibo plans to focus on vertical ecosystems, MCN support, e-commerce and paid content.

China's e-commerce law has taken effect, which we expect to benefit the industry in the long run with limited near-term effect.

Other industry updates: Alibaba reorganized its fresh food business. Deliverymen on Fengniao exceeded 3m with daily average orders at 48. The regulatory approval for new game titles resumes. National film box office exceeded RMB60bn in 2018. The volume of express delivery is expected to increase 20% YoY in 2019. Maintain sector **Outperform** rating.

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Economic data releases for this week – US

Date	Event	Survey	Prior
7 Jan	Factory orders (%)	0.30	-2.10
7 Jan	Durable goods order (%)	--	0.80
7 Jan	ISM non-manufacturing	59.5	60.7
7 Jan	New Home sales (k)	569	544
8 Jan	Trade balance (US\$ bn)	-54.0	-55.5
10 Jan	Initial jobless claims (k)	--	231
10 Jan	CPI (MoM%)	-0.10	0.00
11 Jan	CPI ex food & energy (MoM%)	0.20	0.20

Source: Bloomberg

Economic data releases for this week – China

Date	Event	Survey	Prior
10 Jan	CPI (YoY%)	2.10	2.20
10 Jan	PPI (YoY%)	1.60	2.70
10 Jan	Money Supply - M2(YoY%)	8.10	8.00
10 Jan	New Yuan Loans (RMB bn)	825.0	1,250.0

Source: Bloomberg

BOCOM Research latest reports

Date	Report	Analyst
4 Jan	Baidu Inc (BIDU US) - 4Q18 preview: top line to grow 18%, content and S&M to drag margin	Connie Gu, CPA, Brandy Sun, Gigi Zhou
4 Jan	Property Sector Weekly - As of 3 January 2019	Philip Tse, CFA, FRM, Jennifer Zhang, Carmen Wong
4 Jan	China Property Sector - Dec sales growth slowed YoY but improved MoM	Philip Tse, CFA, FRM, Jennifer Zhang
3 Jan	Renewable Energy Sector Weekly - As of 2 January 2019	Louis Sun, Bob Wen
3 Jan	Healthcare Sector Weekly - As of 2 January 2019	Li Zhao, PhD, Kelvin Chen, PhD, Kent Lin, Mengmeng Xi
2 Jan	New Oriental Education (EDU US) - 2QFY19 preview: regulation drags margins	Connie Gu, CPA, Brandy Sun, Gigi Zhou
2 Jan	SINA Corp (SINA US) - V+ Summit takeaways: Content-guided purchase & vertical expansion drove 2018 GMV to RMB25.4bn	Brandy Sun, Connie Gu, CPA, Gigi Zhou
2 Jan	Transportation & Infrastructure Sector Weekly - As of 28 December 2018	Geoffrey Cheng, CFA, Fay Zhou, Luya You, Maggie Wang
21 Dec	Property Sector Weekly - As of 20 Dec 2018	Philip Tse, CFA, FRM, Jennifer Zhang, Carmen Wong
20 Dec	Renewable Energy Sector Weekly - As of 19 Dec 2018	Louis Sun, Bob Wen
19 Dec	Internet Sector - Sansheng Entertainment Summit takeaways: price control by video platforms as 2019 focus	Connie Gu, CPA, Brandy Sun, Gigi Zhou
19 Dec	Healthcare Sector Weekly - As of 18 December 2018	Li Zhao, PhD, Kelvin Chen, PhD, Kent Lin, Mengmeng Xi
18 Dec	Insurance Sector Monthly - "Jump Start" strategies vary, value growth will be focus	Li Wan, CFA, FRM
18 Dec	Transportation & Infrastructure Sector Weekly - As of 14 December 2018	Geoffrey Cheng, CFA, Fay Zhou, Luya You, Maggie Wang
17 Dec	China Gas Holdings (384 HK) - Positives factored in, downgrade to Neutral	Wallace Cheng, Spencer Luo
17 Dec	Internet Sector - As of 14 December 2018	Connie Gu, CPA, Brandy Sun, Gigi Zhou
17 Dec	Automobile Sector - Suspension of extra tariffs on US cars: minimal impact	Angus Chan
14 Dec	Link REIT (823 HK) - Sizeable disposal to enhance NAV; PRC acquisition ahead	Philip Tse, CFA, FRM
14 Dec	Sino Biopharm (1177 HK) - Dim outlook for generics passing GCE; oncology drugs fuel growth	Kelvin Chen, PhD, Li Zhao, PhD, Kent Lin, Mengmeng Xi
14 Dec	Property Sector Weekly - As of 13 Dec 2018	Philip Tse, CFA, FRM, Jennifer Zhang, Carmen Wong

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 2018E (%)	P/B 2018E (x)
						High (HK\$)	Low (HK\$)	2017 (x)	2018E (x)	2019E (x)		
CKH	1 HK	75.25	290,182	-0.13	0.07	106.70	73.35	8.27	7.55	6.77	4.24	0.62
CLP	2 HK	88.90	224,601	-0.06	0.45	96.95	75.35	15.76	15.51	17.31	3.40	1.88
HK & CHINA GAS	3 HK	16.28	250,491	0.62	0.49	16.28	13.36	30.46	28.04	26.79	2.18	3.90
HSBC	5 HK	64.35	1,289,288	0.94	-0.69	85.85	60.50	11.65	11.34	10.69	6.21	1.00
POWER ASSETS	6 HK	54.85	117,064	1.20	0.64	65.09	51.65	15.38	15.03	14.79	5.18	1.39
HANG SENG	11 HK	167.80	320,807	-3.73	-4.55	216.60	167.80	16.29	13.81	12.81	4.53	2.05
HLD	12 HK	40.65	178,911	5.45	4.23	50.18	36.20	9.14	9.63	11.85	4.33	0.60
SHKP	16 HK	117.40	340,127	6.53	5.20	138.30	100.90	13.55	11.60	10.62	3.71	0.71
NWD	17 HK	10.68	108,957	3.29	3.09	12.90	9.76	14.23	14.23	12.52	4.22	0.60
SWIRE PACIFIC	19 HK	81.80	74,046	-1.15	-1.09	91.00	72.70	25.97	16.61	13.48	3.20	0.46
GEG	27 HK	48.60	210,135	0.10	-2.41	73.20	40.75	19.83	15.95	15.55	1.85	3.24
MTRC	66 HK	41.20	252,917	0.49	0.00	46.45	37.55	23.31	22.72	21.16	2.82	1.47
SINO	83 HK	14.28	96,534	7.53	6.41	14.86	12.00	16.04	8.30	18.31	6.86	0.68
HLP	101 HK	15.08	67,826	-0.13	1.07	21.65	14.04	12.26	14.78	15.87	4.97	0.49
WANT WANT	151 HK	5.70	70,961	5.17	4.01	8.11	5.24	18.69	18.69	17.23	2.58	3.89
GEELY	175 HK	11.88	106,702	-12.78	-13.91	28.35	11.88	8.97	7.03	5.81	3.46	2.07
CITIC LTD	267 HK	12.36	359,556	1.98	0.65	13.08	10.40	8.19	6.85	6.30	3.52	N/A
WH GROUP	288 HK	5.85	85,852	-0.17	-2.99	9.74	5.28	9.91	10.67	9.34	4.02	1.36
SINOPEC	386 HK	5.64	143,896	4.25	0.89	8.22	5.41	11.68	7.99	7.85	9.94	0.81
HKEX	388 HK	227.00	283,893	0.80	0.18	303.40	196.70	37.65	30.09	27.86	2.96	7.30
COLI	688 HK	26.50	290,339	0.95	-1.49	31.50	22.55	7.12	7.29	6.09	3.54	0.98
TENCENT	700 HK	310.60	2,956,993	0.19	-1.08	474.60	252.20	36.30	31.90	28.68	0.33	7.61
UNICOM	762 HK	8.32	254,576	2.34	-0.48	11.80	8.07	104.16	25.14	16.20	1.51	0.72
LINK	823 HK	80.95	170,966	2.60	2.08	80.95	64.70	35.44	32.41	30.21	3.09	0.97
CR POWER	836 HK	15.14	72,830	1.61	0.53	16.20	12.46	15.61	11.47	9.08	5.78	0.94
PETROCHINA	857 HK	4.88	102,963	1.46	0.00	6.59	4.63	35.64	12.14	11.25	4.58	0.64
CNOOC	883 HK	12.08	539,341	0.83	-0.17	15.64	10.82	19.25	8.34	8.08	5.20	1.14
CCB	939 HK	6.41	1,541,075	0.79	-0.77	9.12	6.07	5.34	5.51	5.12	5.46	0.75
CHINA MOBILE	941 HK	76.80	1,572,517	3.92	1.92	82.80	67.95	12.06	11.83	11.69	4.08	1.32
CK INFRA	1038 HK	59.50	157,715	0.08	0.34	69.65	56.65	14.62	13.81	13.24	4.23	1.39
HENGAN	1044 HK	57.30	69,108	0.88	0.53	84.50	52.40	15.95	15.72	14.38	4.10	3.47
SHENHUA	1088 HK	17.10	58,116	-0.70	-0.35	25.55	16.16	6.24	6.39	6.32	6.01	0.89
CSPC	1093 HK	11.08	69,099	-1.25	-1.95	26.05	10.06	24.36	19.10	15.18	1.71	3.84
CR LAND	1109 HK	29.75	206,195	-0.67	-1.16	32.35	24.20	11.69	8.26	7.24	4.18	1.30
CKA	1113 HK	58.85	217,357	3.70	2.71	75.00	50.90	10.82	6.94	8.10	3.27	0.66
SBP	1177 HK	5.02	63,286	-1.38	-2.71	13.60	4.63	22.53	19.13	16.35	1.18	4.00
AIA	1299 HK	63.45	766,289	-1.09	-2.38	74.35	58.25	15.88	18.68	15.58	1.85	2.36
ICBC	1398 HK	5.52	479,103	1.10	-1.25	7.44	5.16	6.12	5.76	5.39	5.24	0.77
SANDS	1928 HK	33.50	270,699	0.00	-2.33	48.55	30.30	21.53	16.70	15.27	6.08	7.61
WHARF REIC	1997 HK	45.95	139,515	-1.39	-1.92	64.00	45.80	14.68	14.40	13.92	4.56	0.65
COUNTRY GARDEN	2007 HK	9.06	196,104	1.12	-4.93	16.80	7.89	6.95	4.92	3.89	7.04	1.39
AAC TECH	2018 HK	40.75	49,797	-8.22	-10.34	160.60	40.75	8.21	10.41	9.35	3.95	2.18
SHENZHOU	2313 HK	87.70	131,832	-1.07	-1.18	103.00	70.55	30.38	24.71	20.30	2.05	5.14
PING AN	2318 HK	67.15	500,105	-1.90	-2.89	96.40	67.00	11.79	10.38	8.63	3.06	1.97
MENGNIU	2319 HK	23.45	92,104	-1.68	-3.89	29.80	21.45	39.07	26.01	20.60	0.88	3.19
SUNNY OPTICAL	2382 HK	61.50	67,456	-10.61	-11.64	173.00	61.40	20.29	19.67	14.37	1.29	5.99
BOCHK	2388 HK	28.10	297,095	-2.60	-3.44	41.90	27.95	10.43	9.32	8.73	5.19	1.15
CHINA LIFE	2628 HK	16.40	122,035	0.37	-1.44	26.95	15.50	12.72	14.37	10.48	2.37	1.23
BOCOM	3328 HK	6.05	211,822	0.33	-0.98	6.97	5.42	5.83	5.52	5.17	5.66	0.60
BOC	3988 HK	3.37	281,807	0.90	-0.30	4.80	3.23	5.27	4.97	4.69	6.28	0.58
HANG SENG INDEX		25,626.03	15,296,102	0.48	-0.85	33,154.12	24,585.53	18.82	15.64	14.30	3.61	2.59

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 2018E (%)	P/B 2018E (x)
						High (HK\$)	Low (HK\$)	2017 (x)	2018E (x)	2019E (x)		
CITIC LTD	267 HK	12.36	359,556	1.98	0.65	13.08	10.40	8.19	6.85	6.30	3.52	N/A
GDI	270 HK	15.28	99,898	0.26	0.92	15.34	10.38	17.36	20.10	18.76	3.53	2.38
CGH	384 HK	26.05	132,112	-7.46	-6.63	36.60	20.20	30.82	21.18	16.86	1.34	4.55
SINOPEC	386 HK	5.64	143,896	4.25	0.89	8.22	5.41	11.68	7.99	7.85	9.94	0.81
CRG	390 HK	7.10	29,872	0.14	-0.42	7.96	5.34	9.30	7.78	6.76	2.09	0.86
DONGFENG	489 HK	7.07	20,190	-1.39	-0.42	10.46	6.75	3.80	3.69	3.54	5.04	0.44
TENCENT	700 HK	310.60	2,956,993	0.19	-1.08	474.60	252.20	36.30	31.90	28.68	0.33	7.61
CHINA TELECOM	728 HK	3.91	54,261	-1.76	-2.25	4.21	3.27	14.90	13.71	12.77	3.04	0.82
AIR CHINA	753 HK	6.24	28,471	-6.45	-8.50	12.58	5.90	10.17	13.44	8.82	1.48	0.88
CHINA TOWER	788 HK	1.44	67,196	0.70	-2.70	1.51	1.03	N/A	78.37	42.20	0.65	1.24
PETROCHINA	857 HK	4.88	102,963	1.46	0.00	6.59	4.63	35.64	12.14	11.25	4.58	0.64
CNOOC	883 HK	12.08	539,341	0.83	-0.17	15.64	10.82	19.25	8.34	8.08	5.20	1.14
HUANENG	902 HK	4.86	22,844	-2.02	-2.41	6.10	4.07	42.59	26.62	14.69	2.49	0.76
CONCH	914 HK	35.70	46,396	-5.56	-6.05	50.65	35.70	10.43	5.63	5.52	7.44	1.49
CCB	939 HK	6.41	1,541,075	0.79	-0.77	9.12	6.07	5.34	5.51	5.12	5.46	0.75
CHINA MOBILE	941 HK	76.80	1,572,517	3.92	1.92	82.80	67.95	12.06	11.83	11.69	4.08	1.32
CNCB	998 HK	4.65	69,202	-1.27	-2.31	6.71	4.61	4.85	4.50	4.17	6.87	0.50
HENGAN	1044 HK	57.30	69,108	0.88	0.53	84.50	52.40	15.95	15.72	14.38	4.10	3.47
SHENHUA	1088 HK	17.10	58,116	-0.70	-0.35	25.55	16.16	6.24	6.39	6.32	6.01	0.89
CSPC	1093 HK	11.08	69,099	-1.25	-1.95	26.05	10.06	24.36	19.10	15.18	1.71	3.84
SINOPHARM	1099 HK	31.10	37,096	-3.27	-5.47	44.45	30.10	14.27	13.49	11.77	2.28	1.92
CR LAND	1109 HK	29.75	206,195	-0.67	-1.16	32.35	24.20	11.69	8.26	7.24	4.18	1.30
BYD	1211 HK	47.20	43,188	-5.13	-5.51	77.10	40.90	29.54	36.82	26.13	0.27	1.96
ABC	1288 HK	3.43	105,434	0.88	0.00	4.90	3.36	5.18	5.01	4.77	5.93	0.66
NCI	1336 HK	30.40	31,437	-1.62	-2.25	56.25	29.90	15.40	10.29	8.38	2.76	1.22
PICC	1339 HK	3.04	26,528	-1.94	-3.49	4.72	3.01	7.01	7.16	6.21	1.39	0.73
CINDA	1359 HK	1.92	26,050	1.59	1.05	3.38	1.83	3.74	3.66	3.37	6.90	0.46
ICBC	1398 HK	5.52	479,103	1.10	-1.25	7.44	5.16	6.12	5.76	5.39	5.24	0.77
PSBC	1658 HK	4.19	83,197	0.48	1.45	5.59	4.10	6.22	5.51	5.12	4.53	0.70
CRRC	1766 HK	7.78	34,007	4.29	1.83	8.74	5.92	18.43	16.23	13.39	2.49	1.51
GF SEC	1776 HK	10.80	18,379	1.89	1.69	18.24	8.73	8.38	12.37	10.29	2.69	0.82
CCC	1800 HK	7.30	32,321	-1.08	-1.35	9.67	7.00	5.20	4.96	4.54	3.80	0.52
CGN POWER	1816 HK	1.83	20,429	-2.14	-1.61	2.27	1.72	7.67	8.75	7.98	4.36	1.02
MSB	1988 HK	5.41	45,013	1.31	0.19	7.60	5.27	3.86	3.96	3.82	3.65	0.51
VANKE	2202 HK	27.40	36,030	5.38	3.01	42.20	21.75	8.64	7.56	6.37	4.83	1.71
GAC	2238 HK	7.45	23,085	-4.49	-4.61	13.51	6.79	5.54	5.49	4.98	5.67	0.85
SHENZHO	2313 HK	87.70	131,832	-1.07	-1.18	103.00	70.55	30.38	24.71	20.30	2.05	5.14
PING AN	2318 HK	67.15	500,105	-1.90	-2.89	96.40	67.00	11.79	10.38	8.63	3.06	1.97
PICC P&C	2328 HK	7.83	54,021	-0.63	-2.25	11.48	7.54	7.70	8.51	7.14	3.21	1.04
GWM	2333 HK	4.34	13,452	-3.77	-3.34	10.06	4.06	6.90	7.04	6.44	4.44	0.66
CPIC	2601 HK	24.80	68,827	-1.39	-2.17	41.85	24.60	13.42	11.32	8.94	4.12	1.34
CHINA LIFE	2628 HK	16.40	122,035	0.37	-1.44	26.95	15.50	12.72	14.37	10.48	2.37	1.23
HUARONG	2799 HK	1.40	35,061	-2.78	-2.10	4.09	1.33	2.19	13.63	5.33	1.63	0.38
BOCOM	3328 HK	6.05	211,822	0.33	-0.98	6.97	5.42	5.83	5.52	5.17	5.66	0.60
CMB	3968 HK	28.25	129,693	-1.57	-1.57	38.60	27.00	8.91	7.78	6.86	3.88	1.24
BOC	3988 HK	3.37	281,807	0.90	-0.30	4.80	3.23	5.27	4.97	4.69	6.28	0.58
CITIC SEC	6030 HK	13.82	31,487	3.60	2.37	22.90	11.94	11.85	13.71	12.05	2.94	0.95
ZA ONLINE	6060 HK	24.10	11,322	-3.41	-3.79	74.80	23.70	N/A	N/A	N/A	0.00	1.92
HAITONG SEC	6837 HK	7.77	26,492	5.57	3.60	13.50	6.40	9.20	14.33	11.35	2.35	0.65
HTSC	6886 HK	12.78	21,969	3.40	3.06	19.40	10.06	7.88	12.63	10.97	2.80	0.87
HANG SENG CHINA ENT INDX		10,029.65	9,597,150	0.37	-0.94	13,723.96	9,833.69	17.96	15.96	14.18	3.33	3.04

Source: FactSet

7 January 2019

Morning Express

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**.

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