

# Morning Express

10 January 2019

## Focus of the Day

### Renewable Energy Sector Weekly

**As of 9 January 2019**

 Rating: **Market Perform**

Louis Sun

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**Key updates:** The notice on promoting non-subsidized on-grid tariff parity for wind and PV power was above market expectations, in our view. We expect the notice to facilitate progress of on-grid parity, thereby reducing subsidy expenditures and benefiting industry development.

State Grid started to construct five pumped storage power stations at a time, which will boost renewable energy consumption.

Besides, the prices of polysilicon continued to fall over the past week.

**Investment implications:** Longyuan Power (916 HK) saw good wind resources in northeast and eastern coastal areas, leading to its better wind power generation than market expectations in December. We revised up our 2018E EPS by 1.4%, while maintaining TP and **Buy** rating.

### Global Stock Indices

	Close	1D%	YTD%
HSI	26,462	1.93	1.79
HSCEI	10,358	2.22	2.31
SH A	2,664	0.71	2.02
SH B	276	0.40	1.80
SZ A	1,367	0.54	3.08
SZ B	860	1.24	2.72
DJIA	23,879	0.39	2.36
S&P 500	2,585	0.41	3.12
Nasdaq	6,957	0.87	4.85
FTSE	6,907	0.66	2.65
CAC	4,814	0.84	1.75
DAX	10,893	0.83	3.17

Source: FactSet

### Key Commodity/Forex Indicators

	Close	3M%	YTD%
Brent	58.63	-31.03	8.92
Gold	1,283.20	8.09	0.38
Silver	15.64	9.18	1.13
Copper	5,904.50	-5.06	-1.01
JPY	108.20	4.59	1.40
GBP	1.27	-2.67	0.05
EUR	1.15	0.36	0.70
bps change		3M	6M
HIBOR	1.90	-11.23	-4.89
US 10yr yield	2.73	-14.90	-4.59

Source: FactSet

### HSI Technical

HSI	26,462.32
50D MA	26,051.46
200D MA	26,957.93
14D RSI	58.14
Short sell (HK\$ m)	17,285

Source: FactSet

**Hao Hong, CFA**
**Head of Research**

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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
9 Jan	Q Tech Group (1478 HK) - Upgrade to Neutral on solid shipments and normalizing GPM	Chris Yim, Xinhe Deng
9 Jan	Healthcare Sector Weekly - As of 8 January 2019	Li Zhao, PhD, Kelvin Chen, PhD, Kent Lin, Mengmeng Xi
8 Jan	Geely Automobile (175 HK) - 2019 sales target disappoints; cut TP	Angus Chan
8 Jan	Beijing Capital Int'l Airport (694 HK) - Mgmt sanguine on int'l traffic, further upsizing in FY19-21E	Luya You, Fay Zhou, Maggie Wang, Geoffrey Cheng, CFA
8 Jan	Longyuan Power (916 HK) - Dec wind power generation mildly beat our estimate	Louis Sun, Bob Wen
8 Jan	Transportation & Infrastructure Sector Weekly - As of 4 January 2019	Geoffrey Cheng, CFA, Fay Zhou, Luya You, Maggie Wang
7 Jan	New China Life (1336 HK) - Cut TP on uncertain development strategy	Li Wan, CFA, FRM
7 Jan	Beijing Capital Int'l Airport (694 HK) - Downgrade to Neutral on ST earnings hit by traffic diversion	Luya You, Fay Zhou, Maggie Wang, Geoffrey Cheng, CFA
7 Jan	AAC Technologies (2018 HK) - Earnings pressure to continue in 1H19	Chris Yim, Xinhe Deng
7 Jan	TAL Education (TAL US) - 3QFY19 preview: top line may beat; online education investment persists	Connie Gu, CPA, Brandy Sun, Gigi Zhou
7 Jan	Banking Sector - RRR cut as expected to loosen liquidity; lackluster NIM outlook in 2019	Jaclyn Wang, Hannah Han
7 Jan	Internet Sector - E-commerce law regulates sector development; ST impact limited pending details	Connie Gu, CPA, Brandy Sun, Gigi Zhou
7 Jan	Infrastructure Sector - CRC's target puts railway investment on fast track	Fay Zhou, Geoffrey Cheng, CFA
7 Jan	Internet Sector Weekly - As of 4 January 2019	Connie Gu, CPA, Brandy Sun, Gigi Zhou
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

Source: BOCOM Int'l

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**Morning Express**
**HSI constituents**

Company name	Stock code	Current price (HK\$)	Mkt cap (HK\$ m)	5D chg (%)	YTD chg (%)	-----52-week-----		-----P/E-----			Yield 2018E (%)	P/B 2018E (x)
						High (HK\$)	Low (HK\$)	2017 (x)	2018E (x)	2019E (x)		
CKH	1 HK	77.50	298,859	2.99	3.06	106.70	73.35	8.50	7.76	6.96	4.12	0.64
CLP	2 HK	90.45	228,517	1.74	2.20	96.95	75.35	15.94	15.68	17.50	3.36	1.90
HK & CHINA GAS	3 HK	16.64	256,030	2.21	2.72	16.64	13.36	30.76	28.84	27.16	2.19	3.94
HSBC	5 HK	65.50	1,312,329	1.79	1.08	85.85	60.50	11.72	11.41	10.76	6.17	1.00
POWER ASSETS	6 HK	55.55	118,558	1.28	1.93	65.09	51.65	15.43	15.07	14.83	5.16	1.39
HANG SENG	11 HK	174.60	333,807	4.05	-0.68	216.60	167.80	16.56	14.04	13.02	4.45	2.08
HLD	12 HK	42.00	184,853	3.32	7.69	50.18	36.20	9.36	9.85	12.13	4.23	0.61
SHKP	16 HK	120.00	347,659	2.21	7.53	138.30	100.90	13.55	11.60	10.62	3.71	0.71
NWD	17 HK	11.24	114,670	5.24	8.49	12.90	9.76	14.23	14.23	12.52	4.22	0.60
SWIRE PACIFIC	19 HK	86.00	77,848	5.13	3.99	91.00	73.55	26.41	16.72	13.71	3.06	0.47
GEG	27 HK	49.80	215,385	2.47	0.00	73.20	40.75	19.58	15.84	15.43	1.88	3.19
MTRC	66 HK	41.80	256,631	1.46	1.46	46.35	37.55	23.59	23.00	21.42	2.78	1.49
SINO	83 HK	14.74	99,644	3.22	9.84	14.86	12.00	16.16	8.36	18.44	6.82	0.68
HLP	101 HK	15.56	69,985	3.18	4.29	21.65	14.04	12.52	15.10	16.21	4.87	0.50
WANT WANT	151 HK	6.03	75,069	5.79	10.04	8.11	5.24	19.30	19.31	17.88	2.41	4.02
GEELY	175 HK	11.08	99,516	-6.73	-19.71	27.75	10.22	7.71	6.14	5.62	3.69	1.80
CITIC LTD	267 HK	12.48	363,046	0.97	1.63	13.08	10.40	8.13	6.81	6.26	3.54	N/A
WH GROUP	288 HK	6.49	95,244	10.94	7.63	9.74	5.28	10.58	11.39	9.97	3.76	1.45
SINOPEC	386 HK	6.01	153,336	6.56	7.51	8.22	5.41	11.89	8.31	8.02	9.34	0.83
HKEX	388 HK	235.80	294,899	3.88	4.06	303.40	196.70	38.01	30.38	28.29	2.93	7.37
COLI	688 HK	27.00	295,817	1.89	0.37	31.50	22.55	7.20	7.37	6.16	3.50	0.99
TENCENT	700 HK	327.60	3,118,854	5.47	4.33	474.60	252.20	36.82	32.27	28.80	0.32	7.72
UNICOM	762 HK	8.56	261,920	2.88	2.39	11.80	8.07	103.60	25.01	16.30	1.52	0.71
LINK	823 HK	79.90	168,748	-1.30	0.76	81.30	64.70	35.20	32.19	30.00	3.11	0.97
CR POWER	836 HK	16.04	77,159	5.94	6.51	16.20	12.46	16.33	12.00	9.50	5.52	0.98
PETROCHINA	857 HK	5.03	106,127	3.07	3.07	6.59	4.63	36.08	12.30	11.40	4.16	0.65
CNOOC	883 HK	12.72	567,916	5.30	5.12	15.64	10.82	19.79	8.71	8.51	5.05	1.18
CCB	939 HK	6.57	1,579,542	2.50	1.70	9.12	6.07	5.35	5.52	5.17	5.46	0.75
CHINA MOBILE	941 HK	79.80	1,633,943	3.91	5.91	82.80	67.95	12.30	12.14	11.90	4.00	1.34
CK INFRA	1038 HK	60.50	160,366	1.68	2.02	69.65	56.65	14.74	13.92	13.35	4.19	1.40
HENGAN	1044 HK	57.00	68,746	-0.52	0.00	81.50	52.40	15.83	15.56	14.24	4.13	3.45
SHENHUA	1088 HK	18.00	61,174	5.26	4.90	25.55	16.16	6.42	6.61	6.52	5.83	0.92
CSPC	1093 HK	11.36	70,845	2.53	0.53	26.05	10.06	24.89	19.52	15.51	1.68	3.92
CR LAND	1109 HK	30.80	213,473	3.53	2.33	32.35	24.20	11.55	8.25	7.11	4.20	1.28
CKA	1113 HK	63.60	234,900	8.07	10.99	75.00	50.90	11.49	7.37	8.60	3.08	0.70
SBP	1177 HK	5.08	64,043	1.20	-1.55	13.60	4.63	22.62	19.21	16.42	1.17	4.02
AIA	1299 HK	65.90	795,878	3.86	1.38	74.35	58.25	16.01	20.18	15.70	1.84	2.38
ICBC	1398 HK	5.69	493,858	3.08	1.79	7.44	5.16	6.11	5.75	5.37	5.25	0.76
SANDS	1928 HK	35.35	285,649	5.52	3.06	48.55	30.30	21.71	16.71	15.57	6.03	7.67
WHARF REIC	1997 HK	48.15	146,194	4.79	2.77	64.00	45.80	15.06	14.78	14.29	4.44	0.67
COUNTRY GARDEN	2007 HK	9.14	197,844	0.88	-4.09	16.80	7.89	6.90	4.84	3.86	7.09	1.38
AAC TECH	2018 HK	44.85	54,627	10.06	-1.32	160.60	40.70	8.48	10.75	9.66	3.83	2.25
SHENZHOU	2313 HK	92.15	138,522	5.07	3.83	103.00	70.55	30.95	25.09	20.60	2.02	5.25
PING AN	2318 HK	68.10	507,180	1.41	-1.52	96.40	66.55	11.67	10.32	8.62	3.08	1.95
MENGNIU	2319 HK	24.20	95,051	3.20	-0.82	29.80	21.45	38.58	25.69	20.46	0.89	3.16
SUNNY OPTICAL	2382 HK	63.55	69,705	3.33	-8.69	173.00	61.40	20.37	19.82	14.43	1.28	6.01
BOCHK	2388 HK	29.20	308,725	3.91	0.34	41.90	27.95	10.52	9.39	8.80	5.15	1.16
CHINA LIFE	2628 HK	17.18	127,839	4.76	3.25	26.95	15.50	12.84	14.50	10.58	2.34	1.24
BOCOM	3328 HK	6.24	218,474	3.14	2.13	6.97	5.42	5.91	5.60	5.28	5.58	0.61
BOC	3988 HK	3.42	285,988	1.48	1.18	4.80	3.23	5.28	4.98	4.69	6.27	0.57
<b>HANG SENG INDEX</b>		<b>26,462.32</b>	<b>15,802,057</b>	<b>3.26</b>	<b>2.39</b>	<b>33,154.12</b>	<b>24,585.53</b>	<b>19.08</b>	<b>15.95</b>	<b>14.49</b>	<b>3.56</b>	<b>2.64</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 2018E (%)	P/B 2018E (x)
						High (HK\$)	Low (HK\$)	2017 (x)	2018E (x)	2019E (x)		
CITIC LTD	267 HK	12.48	363,046	0.97	1.63	13.08	10.40	8.13	6.81	6.26	3.54	N/A
GDI	270 HK	15.22	99,506	-0.39	0.53	15.42	10.38	17.51	20.29	18.93	3.50	2.40
CGH	384 HK	25.80	130,844	-0.96	-7.53	36.60	20.20	30.71	21.10	16.85	1.35	4.53
SINOPEC	386 HK	6.01	153,336	6.56	7.51	8.22	5.41	11.89	8.31	8.02	9.34	0.83
CRG	390 HK	7.36	30,966	3.66	3.23	7.96	5.34	9.48	7.93	6.89	2.05	0.88
DONGFENG	489 HK	7.50	21,418	6.08	5.63	10.46	6.75	3.91	3.80	3.66	5.05	0.46
TENCENT	700 HK	327.60	3,118,854	5.47	4.33	474.60	252.20	36.82	32.27	28.80	0.32	7.72
CHINA TELECOM	728 HK	3.95	54,816	1.02	-1.25	4.21	3.27	15.14	13.93	13.05	2.99	0.83
AIR CHINA	753 HK	6.67	30,433	6.89	-2.20	12.58	5.90	10.72	14.07	9.22	1.41	0.92
CHINA TOWER	788 HK	1.52	70,929	5.56	2.70	1.55	1.03	N/A	84.36	45.31	0.64	1.34
PETROCHINA	857 HK	5.03	106,127	3.07	3.07	6.59	4.63	36.08	12.30	11.40	4.16	0.65
CNOOC	883 HK	12.72	567,916	5.30	5.12	15.64	10.82	19.79	8.71	8.51	5.05	1.18
HUANENG	902 HK	5.05	23,737	3.91	1.41	6.10	4.07	44.00	27.50	15.17	2.41	0.79
CONCH	914 HK	37.95	49,320	6.30	-0.13	50.65	35.70	10.73	5.79	5.69	7.23	1.53
CCB	939 HK	6.57	1,579,542	2.50	1.70	9.12	6.07	5.35	5.52	5.17	5.46	0.75
CHINA MOBILE	941 HK	79.80	1,633,943	3.91	5.91	82.80	67.95	12.30	12.14	11.90	4.00	1.34
CNCB	998 HK	4.76	70,839	2.37	0.00	6.71	4.61	4.87	4.52	4.19	6.84	0.51
HENGAN	1044 HK	57.00	68,746	-0.52	0.00	81.50	52.40	15.83	15.56	14.24	4.13	3.45
SHENHUA	1088 HK	18.00	61,174	5.26	4.90	25.55	16.16	6.42	6.61	6.52	5.83	0.92
CSPC	1093 HK	11.36	70,845	2.53	0.53	26.05	10.06	24.89	19.52	15.51	1.68	3.92
SINOPHARM	1099 HK	33.00	39,363	6.11	0.30	44.45	30.10	14.95	14.14	12.33	2.17	2.01
CR LAND	1109 HK	30.80	213,473	3.53	2.33	32.35	24.20	11.55	8.25	7.11	4.20	1.28
BYD	1211 HK	47.95	43,874	1.59	-4.00	77.10	40.90	30.37	37.76	27.08	0.26	2.01
ABC	1288 HK	3.51	107,893	2.33	2.33	4.90	3.36	5.17	5.00	4.76	5.94	0.66
NCI	1336 HK	27.95	28,903	-8.06	-10.13	56.25	27.60	13.96	9.32	7.59	3.05	1.10
PICC	1339 HK	3.06	26,702	0.66	-2.86	4.72	3.01	6.93	7.19	6.19	1.38	0.72
CINDA	1359 HK	1.99	27,000	3.65	4.74	3.38	1.83	3.81	3.73	3.43	6.77	0.47
ICBC	1398 HK	5.69	493,858	3.08	1.79	7.44	5.16	6.11	5.75	5.37	5.25	0.76
PSBC	1658 HK	4.22	83,793	0.72	2.18	5.59	4.13	6.20	5.46	5.09	4.50	0.70
CRRC	1766 HK	7.98	34,881	2.57	4.45	8.58	5.92	18.99	16.83	14.02	2.41	1.55
GF SEC	1776 HK	11.00	18,720	1.85	3.58	18.24	8.73	8.39	12.49	10.54	2.74	0.82
CCC	1800 HK	7.68	34,003	5.21	3.78	9.67	7.00	5.38	5.13	4.70	3.67	0.54
CGN POWER	1816 HK	1.92	21,434	4.92	3.23	2.27	1.72	7.99	9.12	8.31	4.19	1.06
MSB	1988 HK	5.51	45,845	1.85	2.04	7.60	5.27	3.84	3.81	3.80	3.75	0.51
VANKE	2202 HK	28.50	37,476	4.01	7.14	42.20	21.75	8.75	7.65	6.45	4.77	1.74
GAC	2238 HK	7.86	24,355	5.50	0.64	13.29	6.79	5.46	5.46	4.90	5.83	0.84
SHENZHO	2313 HK	92.15	138,522	5.07	3.83	103.00	70.55	30.95	25.09	20.60	2.02	5.25
PING AN	2318 HK	68.10	507,180	1.41	-1.52	96.40	66.55	11.67	10.32	8.62	3.08	1.95
PICC P&C	2328 HK	8.16	56,298	4.21	1.87	11.48	7.54	7.92	9.16	7.54	3.12	1.08
GWM	2333 HK	4.71	14,599	8.53	4.90	10.06	4.06	6.85	6.98	6.48	4.48	0.65
CPIC	2601 HK	25.10	69,660	1.21	-0.99	41.85	24.60	13.31	11.23	8.91	4.15	1.33
CHINA LIFE	2628 HK	17.18	127,839	4.76	3.25	26.95	15.50	12.84	14.50	10.58	2.34	1.24
HUARONG	2799 HK	1.45	36,314	3.57	1.40	4.09	1.33	2.23	13.90	5.44	1.60	0.38
BOCOM	3328 HK	6.24	218,474	3.14	2.13	6.97	5.42	5.91	5.60	5.28	5.58	0.61
CMB	3968 HK	29.35	134,743	3.89	2.26	38.60	27.00	8.98	7.85	6.92	3.84	1.25
BOC	3988 HK	3.42	285,988	1.48	1.18	4.80	3.23	5.28	4.98	4.69	6.27	0.57
CITIC SEC	6030 HK	14.34	32,671	3.76	6.22	22.90	11.94	12.00	13.89	12.21	2.90	0.96
ZA ONLINE	6060 HK	25.75	12,098	6.85	2.79	74.80	23.70	N/A	N/A	N/A	0.00	1.97
HAITONG SEC	6837 HK	8.21	27,993	5.66	9.47	13.50	6.40	9.56	14.44	11.80	2.21	0.67
HTSC	6886 HK	13.18	22,657	3.13	6.29	19.40	10.06	8.10	13.06	11.31	2.91	0.89
<b>HANG SENG CHINA ENT INDX</b>		<b>10,358.21</b>	<b>9,934,642</b>	<b>3.28</b>	<b>2.31</b>	<b>13,723.96</b>	<b>9,833.69</b>	<b>18.32</b>	<b>16.31</b>	<b>14.42</b>	<b>3.28</b>	<b>3.10</b>

Source: FactSet

10 January 2019

**Morning Express**

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**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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## Morning Express

### Analyst certification

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