

Morning Express

11 January 2019

Focus of the Day

Tian Lun Gas		1600 HK
2018 township new connections target met		Rating: Buy
CP: HK\$ 6.43	TP: HK\$ 10.24↓	Upside: +59.3%
Wallace Cheng	wallace.cheng@bocomgroup.com	

TLG achieved its target of 0.3m new connections from township coal-to-gas conversion in Henan by end-2018, which could translate into RMB840m revenue under our estimation. In terms of receivables collection, TLG received RMB500m by end-2018, with the rest to be collected by mid-Feb this year, according to the company. Overall, we see better-than-expected progress and improved transparency of payment collection.

We lift our 2018E core profit forecast by 2%, while cutting the reported net profit estimate from RMB707m to RMB653m due to unrealized FX loss on weak RMB in 2H18. Overall, we still expect TLG's core profit to grow by 97%/50%/21% in 2018-20E, respectively, translating into a 3-year CAGR of 53%.

We trim our DCF-based TP from HK\$10.58 to HK\$10.24 to reflect the change in earnings forecast. In our view, investors' worries towards TLG's township coal-to-gas conversion development, as well as potential FX realized loss, should be well factored into the current valuation of 7.7x/5.1x 2018/19E P/E, compared with mid-teen 2018/19E P/E of major peers. We believe TLG could re-rate on better transparency in payment collection and upcoming results announcement in Mar. Maintain **Buy**.

Huaneng Renewables		958 HK
Dec wind power gen surged; nudge up earnings and TP		Rating: Buy
CP: HK\$ 2.13	TP: HK\$ 2.63↑	Upside: +23.5%
Louis Sun	louis.sun@bocomgroup.com	

Huaneng Renewables' (HRE) wind power generation came to 2,738m kWh in Dec 2018, up 30.0% YoY; cumulative power generation in 12M18 grew 11.2% YoY. We see better wind resources in some areas as the main reason for the power generation surge.

Wind curtailment rate was ~6.0% in 2018, down ~2.3ppts YoY. For 2019, we expect the rate to be controlled at ~4% and wind power generation to increase ~7.8%.

We nudge up our 2018/19/20E EPS by 0.5%/0.1%/0.5% to RMB0.335/0.372/0.413, and slightly raise TP from HK\$2.60 to HK\$2.63, equivalent to 6.8x/6.1x 2018/19E P/E and 0.88x 2018E P/B. Maintain **Buy**.

Global Stock Indices			
	Close	1D%	YTD%
HSI	26,521	-0.57	1.22
HSCEI	10,395	0.35	2.67
SH A	2,655	-0.36	1.65
SH B	275	-0.16	1.63
SZ A	1,363	-0.27	2.81
SZ B	862	0.23	2.96
DJIA	24,002	0.51	2.89
S&P 500	2,597	0.45	3.58
Nasdaq	6,986	0.42	5.29
FTSE	6,943	0.52	3.19
CAC	4,806	-0.16	1.58
DAX	10,922	0.26	3.43

Source: FactSet

Key Commodity/Forex Indicators			
	Close	3M%	YTD%
Brent	61.41	-26.05	14.08
Gold	1,289.30	8.41	0.86
Silver	15.62	8.66	1.00
Copper	5,964.00	-5.24	-0.02
JPY	108.21	4.15	1.39
GBP	1.28	-3.20	0.33
EUR	1.15	-0.10	0.79
bps change		3M	6M
HIBOR	1.86	-12.51	-6.80
US 10yr yield	2.73	-15.27	-4.81

Source: FactSet

HSI Technical	
HSI	26,521.43
50D MA	26,068.13
200D MA	26,954.77
14D RSI	58.82
Short sell (HK\$m)	14.664

Source: FactSet

Hao Hong, CFA

Head of Research

hao.hong@bocomgroup.com

11 January 2019

Morning Express

China Traditional Chinese Med	570 HK
Investor NDR takeaways	
Li Zhao, PhD	li.zhao@bocomgroup.com

We held an NDR for China TCM. Management highlighted a steady outlook on the company's results, estimating 30%/10% YoY growth (both above industry average) for concentrated TCM granules/finished drugs and sales of RMB1.3bn-1.5bn for TCM decoction pieces in 2018.

Management believed policy risks are under control. Concentrated TCM granules will continue to benefit from favorable policies, including drugs mark-up and exclusion from calculating the proportion of drug sales to total income. The government's support for TCM suggests slim chance of price control via central procurement. Moreover, the company has few finished drugs included in the adjuvant drug list, which contribute <1% of total sales.

2/3 of national standards for concentrated TCM granules were drafted based on China TCM's candidates. According to management, the company has formed sharp edges in conforming to national standards and financing R&D against its competitors. It has also introduced Ping An Life as investor, substantially reducing the capex for warehouse construction.

We see its management changes as normal and an indication of China TCM's promotion within Sinopharm Group. We think the stock is currently undervalued at 15x 2019E P/E, and still see upside potential over the long run.

Internet Sector	
Short video platform standard may raise expenses on content scrutiny	
Connie Gu, CPA	connie.gu@bocomgroup.com

On 9 January 2019, China Netcasting Services Association (CNSA) officially released "Short Video Platform Management Requirement" and "Online Short Video Content Approval Standard".

In our view, the Standard lays out specific requirements of the laws and regulations previously announced on the censorship of short video content: (1) PGC accounts need to be approved by AVSP (AV solution provider), while UGC accounts need personal ID registration. In addition, if the PGC accounts do not hold approval of AVSP, the platforms are still allowed to use PGC content as platform material; in other words, the platforms will be held responsible for the content. Therefore, as long as the platform has censored the content, the Standard should have minor impact on the number of video uploads, thus affecting traffic and revenue to a limited extent; (2) platforms are required to increase the number of censors to 1/1000 of the daily average uploads, which is

11 January 2019

Morning Express

likely to increase cost in the short term and drag margin by 2ppts, by our estimates.

Long video platforms such as iQiyi and Tencent Video are less impacted considering the ownership of copyright/AVSP. We maintain **Outperform** sector rating.

Property Sector Weekly

As of 10 Jan 2019

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

Hong Kong Property: Another 118 units of Sino Land's (83 HK/NR) Grand Central Phase II sold only ~34% last weekend due to cumulative mark-up of 22%. We expect the project's sales momentum to slow. HK Financial Secretary Paul Chan hinted the government will consider relaxing mortgage LTV ratios to help first-time homebuyers, especially those facing hefty down payments.

China Property: 10-city MTD transaction volume dropped 38.5% MoM up to 8 Jan, partly due to slower new launches. For the 30 major developers we track, FY18 contracted sales growth moderated to 47.8% YoY. Evergrande announced FY19 contracted sales target at RMB600bn, up 9.1% YoY.

Investment Implications: Prefer SHKP and Shimao. For HK property, we expect sell-through to remain lackluster without aggressive discounts amid weak sentiment, especially for unsold units. We prefer developers with profits secured through fast launches and strong pipeline in the near future, including SHKP (16 HK/**Buy**). For China property, we expect the sector to transit from high-speed to steady growth in 2019, with overall contracted sales growth falling from ~50% in the past two years to 20-30% YoY. We still favor developers with higher margins, healthy financials and undemanding valuation, including Shimao (813 HK/**Buy**), our 2019 top pick.

11 January 2019

Morning Express

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
10 Jan	Renewable Energy Sector Weekly - As of 9 January 2019	Louis Sun, Bob Wen
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

Source: BOCOM Int'l

11 January 2019

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	77.10	297,316	2.46	2.53	106.70	73.35	8.52	7.69	6.83	4.16	0.65
CLP	2 HK	90.65	229,023	1.97	2.43	96.95	75.35	16.04	15.78	17.61	3.34	1.92
HK & CHINA GAS	3 HK	16.58	255,107	1.84	2.35	16.64	13.36	31.13	29.19	27.49	2.16	3.98
HSBC	5 HK	64.80	1,298,304	0.70	0.00	85.85	60.50	11.86	11.54	10.88	6.10	1.01
POWER ASSETS	6 HK	54.40	116,104	-0.82	-0.18	65.09	51.65	15.58	15.22	14.97	5.11	1.40
HANG SENG	11 HK	173.60	331,895	3.46	-1.25	216.60	167.80	16.95	14.37	13.33	4.35	2.12
HLD	12 HK	42.05	185,073	3.44	7.82	50.18	36.20	9.45	9.95	12.24	4.19	0.62
SHKP	16 HK	120.80	349,977	2.90	8.24	138.30	100.90	13.55	11.60	10.62	3.71	0.71
NWD	17 HK	11.26	114,874	5.43	8.69	12.90	9.76	14.23	14.23	12.52	4.22	0.60
SWIRE PACIFIC	19 HK	87.35	79,070	6.78	5.62	91.00	73.55	27.30	17.28	14.17	2.97	0.48
GEG	27 HK	49.45	213,871	1.75	-0.70	73.20	40.75	20.32	16.44	16.01	1.81	3.31
MTRC	66 HK	41.80	256,631	1.46	1.46	46.35	37.55	23.65	22.64	20.35	2.80	1.49
SINO	83 HK	14.60	98,697	2.24	8.79	14.86	12.00	16.56	8.57	18.90	6.65	0.70
HLP	101 HK	15.56	69,985	3.18	4.29	21.65	14.04	12.65	15.25	16.38	4.82	0.51
WANT WANT	151 HK	6.23	77,559	9.30	13.69	8.11	5.24	19.76	19.77	18.31	2.35	4.12
GEELY	175 HK	11.00	98,799	-7.41	-20.29	27.50	10.22	8.33	6.90	6.69	3.31	1.95
CITIC LTD	267 HK	12.50	363,628	1.13	1.79	13.08	10.40	8.26	6.92	6.36	3.49	N/A
WH GROUP	288 HK	6.51	95,537	11.28	7.96	9.74	5.28	10.98	11.83	10.54	3.62	1.51
SINOPEC	386 HK	6.09	155,377	7.98	8.94	8.22	5.41	12.39	8.70	8.36	8.97	0.86
HKEX	388 HK	234.00	292,647	3.08	3.27	303.40	196.70	39.10	31.26	29.10	2.85	7.58
COLI	688 HK	26.65	291,983	0.57	-0.93	31.50	22.55	7.26	7.42	6.21	3.48	1.00
TENCENT	700 HK	329.00	3,132,182	5.92	4.78	474.60	252.20	38.09	33.39	29.80	0.31	7.99
UNICOM	762 HK	8.50	260,084	2.16	1.67	11.80	8.07	106.62	25.73	16.77	1.47	0.74
LINK	823 HK	79.30	167,481	-2.04	0.00	81.30	64.70	34.98	31.99	29.81	3.13	0.96
CR POWER	836 HK	15.96	76,775	5.42	5.98	16.20	12.46	16.54	12.15	9.62	5.46	0.99
PETROCHINA	857 HK	5.03	106,127	3.07	3.07	6.59	4.63	36.55	12.68	11.52	4.10	0.66
CNOOC	883 HK	12.82	572,380	6.13	5.95	15.64	10.82	20.16	8.91	8.87	4.96	1.20
CCB	939 HK	6.57	1,579,542	2.50	1.70	9.12	6.07	5.47	5.65	5.29	5.33	0.77
CHINA MOBILE	941 HK	79.75	1,632,920	3.84	5.84	82.80	67.95	12.47	12.30	12.06	3.94	1.36
CK INFRA	1038 HK	60.90	161,426	2.35	2.70	69.65	56.65	14.86	14.04	13.46	4.16	1.41
HENGAN	1044 HK	56.65	68,324	-1.13	-0.61	81.50	52.40	15.78	15.51	14.19	4.14	3.44
SHENHUA	1088 HK	17.98	61,106	5.15	4.78	25.55	16.16	6.53	6.72	6.63	5.73	0.93
CSPC	1093 HK	12.22	76,208	10.29	8.14	26.05	10.06	24.98	19.59	15.56	1.67	3.94
CR LAND	1109 HK	30.65	212,433	3.03	1.83	32.35	24.20	12.04	8.60	7.41	4.03	1.34
CKA	1113 HK	63.15	233,238	7.31	10.21	75.00	50.90	11.69	7.50	8.75	3.03	0.71
SBP	1177 HK	5.67	71,481	12.95	9.88	13.60	4.63	22.68	19.26	16.46	1.17	4.03
AIA	1299 HK	66.80	806,748	5.28	2.77	74.35	58.25	16.49	20.78	16.17	1.78	2.45
ICBC	1398 HK	5.69	493,858	3.08	1.79	7.44	5.16	6.28	5.91	5.51	5.11	0.78
SANDS	1928 HK	35.55	287,265	6.12	3.64	48.55	30.30	22.71	17.47	16.28	5.76	8.02
WHARF REIC	1997 HK	48.00	145,739	4.46	2.45	64.00	45.80	15.38	15.09	14.59	4.35	0.68
COUNTRY GARDEN	2007 HK	9.20	199,142	1.55	-3.46	16.80	7.89	6.97	4.90	3.91	7.01	1.40
AAC TECH	2018 HK	44.00	53,592	7.98	-3.19	160.60	40.70	8.99	11.40	10.25	3.61	2.39
SHENZHOU	2313 HK	93.15	140,025	6.21	4.96	103.00	70.55	31.76	25.75	21.14	1.97	5.39
PING AN	2318 HK	69.10	514,628	2.90	-0.07	96.40	66.55	11.90	10.49	8.76	3.02	1.99
MENGNIU	2319 HK	24.75	97,211	5.54	1.43	29.80	21.45	40.11	26.71	21.27	0.85	3.28
SUNNY OPTICAL	2382 HK	66.95	73,434	8.86	-3.81	173.00	61.40	20.86	20.30	14.78	1.25	6.16
BOCHK	2388 HK	29.15	308,197	3.74	0.17	41.90	27.95	10.84	9.67	9.07	5.00	1.20
CHINA LIFE	2628 HK	17.38	129,328	5.98	4.45	26.95	15.50	13.26	14.84	10.85	2.20	1.28
BOCOM	3328 HK	6.19	216,723	2.31	1.31	6.97	5.42	5.98	5.67	5.35	5.51	0.61
BOC	3988 HK	3.42	285,988	1.48	1.18	4.80	3.23	5.32	5.02	4.73	6.22	0.58
HANG SENG INDEX		26,521.43	15,794,363	3.49	2.61	33,154.12	24,585.53	19.56	16.35	14.83	3.49	2.72

Source: FactSet

11 January 2019

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	12.50	363,628	1.13	1.79	13.08	10.40	8.26	6.92	6.36	3.49	N/A
GDI	270 HK	15.12	98,852	-1.05	-0.13	15.42	10.38	17.29	20.02	18.69	3.55	2.37
CGH	384 HK	25.65	130,083	-1.54	-8.06	36.60	20.20	30.53	20.98	16.75	1.36	4.50
SINOPEC	386 HK	6.09	155,377	7.98	8.94	8.22	5.41	12.39	8.70	8.36	8.97	0.86
CRG	390 HK	7.37	31,008	3.80	3.37	7.96	5.34	9.59	8.02	6.97	2.03	0.89
DONGFENG	489 HK	7.64	21,818	8.06	7.61	10.46	6.75	4.01	3.90	3.76	4.85	0.47
TENCENT	700 HK	329.00	3,132,182	5.92	4.78	474.60	252.20	38.09	33.39	29.80	0.31	7.99
CHINA TELECOM	728 HK	4.00	55,510	2.30	0.00	4.21	3.27	14.97	13.78	12.91	3.02	0.82
AIR CHINA	753 HK	6.74	30,752	8.01	-1.17	12.58	5.90	10.81	14.19	9.30	1.40	0.93
CHINA TOWER	788 HK	1.48	69,063	2.78	0.00	1.55	1.03	N/A	82.72	44.36	0.61	1.31
PETROCHINA	857 HK	5.03	106,127	3.07	3.07	6.59	4.63	36.55	12.68	11.52	4.10	0.66
CNOOC	883 HK	12.82	572,380	6.13	5.95	15.64	10.82	20.16	8.91	8.87	4.96	1.20
HUANENG	902 HK	5.06	23,784	4.12	1.61	6.10	4.07	44.03	27.52	15.18	2.41	0.79
CONCH	914 HK	38.65	50,230	8.26	1.71	50.65	35.70	11.03	5.95	5.85	7.03	1.58
CCB	939 HK	6.57	1,579,542	2.50	1.70	9.12	6.07	5.47	5.65	5.29	5.33	0.77
CHINA MOBILE	941 HK	79.75	1,632,920	3.84	5.84	82.80	67.95	12.47	12.30	12.06	3.94	1.36
CNCB	998 HK	4.73	70,393	1.72	-0.63	6.71	4.61	4.94	4.58	4.25	6.75	0.51
HENGAN	1044 HK	56.65	68,324	-1.13	-0.61	81.50	52.40	15.78	15.51	14.19	4.14	3.44
SHENHUA	1088 HK	17.98	61,106	5.15	4.78	25.55	16.16	6.53	6.72	6.63	5.73	0.93
CSPC	1093 HK	12.22	76,208	10.29	8.14	26.05	10.06	24.98	19.59	15.56	1.67	3.94
SINOPHARM	1099 HK	32.80	39,124	5.47	-0.30	44.45	30.10	15.06	14.24	12.54	2.16	2.03
CR LAND	1109 HK	30.65	212,433	3.03	1.83	32.35	24.20	12.04	8.60	7.41	4.03	1.34
BYD	1211 HK	47.05	43,051	-0.32	-5.81	77.10	40.90	29.86	37.21	26.63	0.26	1.98
ABC	1288 HK	3.48	106,971	1.46	1.46	4.90	3.36	5.28	5.10	4.86	5.82	0.67
NCI	1336 HK	27.65	28,593	-9.05	-11.09	56.25	27.60	14.09	9.41	7.65	3.05	1.11
PICC	1339 HK	3.07	26,790	0.99	-2.54	4.72	3.01	7.02	7.17	6.24	1.38	0.73
CINDA	1359 HK	2.02	27,407	5.21	6.32	3.38	1.83	3.86	3.77	3.47	6.69	0.48
ICBC	1398 HK	5.69	493,858	3.08	1.79	7.44	5.16	6.28	5.91	5.51	5.11	0.78
PSBC	1658 HK	4.14	82,205	-1.19	0.24	5.59	4.13	6.24	5.50	5.19	4.47	0.70
CRRC	1766 HK	7.83	34,225	0.64	2.49	8.45	5.92	18.80	16.66	13.89	2.44	1.54
GF SEC	1776 HK	11.04	18,788	2.22	3.95	18.24	8.73	8.49	12.63	10.66	2.71	0.83
CCC	1800 HK	7.69	34,047	5.34	3.92	9.67	7.00	5.44	5.19	4.75	3.63	0.55
CGN POWER	1816 HK	1.93	21,546	5.46	3.76	2.27	1.72	8.01	9.13	8.32	4.18	1.07
MSB	1988 HK	5.50	45,762	1.66	1.85	7.60	5.27	3.93	3.89	3.88	3.67	0.52
VANKE	2202 HK	28.20	37,082	2.92	6.02	42.20	21.75	8.99	7.89	6.59	4.64	1.79
GAC	2238 HK	8.42	26,090	13.02	7.81	13.16	6.79	5.81	5.82	5.23	5.38	0.89
SHENZHO	2313 HK	93.15	140,025	6.21	4.96	103.00	70.55	31.76	25.75	21.14	1.97	5.39
PING AN	2318 HK	69.10	514,628	2.90	-0.07	96.40	66.55	11.90	10.49	8.76	3.02	1.99
PICC P&C	2328 HK	8.14	56,160	3.96	1.62	11.48	7.54	7.99	9.24	7.73	3.03	1.09
GWM	2333 HK	4.92	15,250	13.36	9.58	10.06	4.06	7.46	7.60	7.08	4.09	0.71
CPIC	2601 HK	25.15	69,799	1.41	-0.79	41.85	24.60	13.51	11.43	9.08	4.11	1.35
CHINA LIFE	2628 HK	17.38	129,328	5.98	4.45	26.95	15.50	13.26	14.84	10.85	2.20	1.28
HUARONG	2799 HK	1.47	36,814	5.00	2.80	4.09	1.33	2.26	14.05	5.50	1.58	0.39
BOCOM	3328 HK	6.19	216,723	2.31	1.31	6.97	5.42	5.98	5.67	5.35	5.51	0.61
CMB	3968 HK	29.55	135,661	4.60	2.96	38.60	27.00	9.20	8.05	7.10	3.75	1.28
BOC	3988 HK	3.42	285,988	1.48	1.18	4.80	3.23	5.32	5.02	4.73	6.22	0.58
CITIC SEC	6030 HK	14.62	33,309	5.79	8.30	22.90	11.94	12.30	14.23	12.50	2.84	0.99
ZA ONLINE	6060 HK	26.00	12,215	7.88	3.79	74.80	23.70	N/A	N/A	N/A	0.00	2.02
HAITONG SEC	6837 HK	8.30	28,299	6.82	10.67	13.50	6.40	9.67	14.61	11.94	2.18	0.68
HTSC	6886 HK	13.34	22,932	4.38	7.58	19.40	10.06	8.12	13.10	11.35	2.90	0.90
HANG SENG CHINA ENT INDX		10,394.59	9,930,979	3.64	2.67	13,723.96	9,833.69	18.82	16.72	14.79	3.21	3.20

Source: FactSet

11 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**.

11 January 2019

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., Human Health Holdings Limited, Hebei Yichen Industrial Group Corporation Limited, Phoenix Healthcare Group, Co. Ltd, Luzhou Xinglu Water (Group) Co., Ltd., Shandong International Trust Co., Ltd, BOCOM International Holdings Company Limited, HPC Holdings Limited, Zhongyuan Bank Co., Ltd, Sichuan Energy Investment Development Co., Ltd, Light Year Holdings Limited, Analogue Holdings Limited, Redsun Properties Group Limited, 51 CREDIT CARD INC., Zhejiang New Century Hotel Management Co., Ltd, Meituan Dianping, Shandong Gold Mining Co., Ltd, Xinchengyue Holdings Limited, Ever Reach Group (Holdings) Company Limited, Watts International Maritime Engineering Limited, Kaisa Property Holdings Limited, and Chengdu Expressway 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.

BOCOM International Global Investment Limited currently holds more than 1% of the equity securities of Guotai Junan Securities Co., Ltd.

BOCOM International Prosperity Investment Limited currently holds more than 1% of the equity securities of China Xinhua Education Group Limited.

BOCOM International Prosperity Investment Limited currently holds more than 1% of the equity securities of Bojun Education 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.