

# Morning Express

14 July 2021

## Focus of the Day

<b>JD.com Inc</b>		<b>JD US/9618 HK</b>
<b>Supply-chain edges bolster omni-channel value; CGB a longer-term driver</b>		Rating: <b>Buy</b>
CP: US\$ 76.52	TP: US\$ 100.00	Upside: +30.7%
Brandy Sun	mengqi.sun@bocomgroup.com	

We expect steady growth of 1P business and 100m new users (net) in 2021, with 30%+ CAGR for the supermarket category in the next 3 years. For community group buy (CGB), we expect a loss of RMB10bn in 2021 with 10m daily orders by end-2021.

We expect 2Q21 total revenue to increase 21% YoY (18%/48% for 1P/3P), with stable retail margin YoY, and total margin to decline 1.8ppts/1ppt YoY in 2Q21/2021 due to increased investment in logistics and new businesses. We fine-tune revenue forecast and cut 2021E net profit by 25% due to new business investment.

Despite short-term margin drag, CGB could be a new source of user growth in the medium to long term. JD's supply chain and logistics advantages in CGB could also mean lower loss ratio than peers. Maintain **Buy** and TP of US\$100/HK\$386.

<b>NetEase Inc</b>		<b>NTES US/9999 HK</b>
<b>2Q21E games stable; positive test results for new titles</b>		Rating: <b>Buy</b>
CP: US\$ 108.93	TP: US\$ 142.00	Upside: +30.4%
Brandy Sun	mengqi.sun@bocomgroup.com	

Despite the absence of new launches, we project 2Q21 game revenue to grow 3% YoY backed by stable old games, in line with our previous estimate.

*Naraka: Bladepoint* started domestic pre-sale demo test on 8 Jul, scheduled for Steam/Epic debut on 12 Aug. We conservatively estimate the game to contribute 3% of 2021E PC game revenue. *Harry Potter* mobile game may be launched in 4Q21, likely to contribute at least 6% of the quarter's mobile game revenue.

We raise revenue forecast for cloud music under innovation and other businesses, lower Youdao revenue on policy control, and fine-tune overall revenue forecast. We adjust forecast on FX gain/loss given the USD swing, and cut 2Q21E/2021E profit by 14%/4%.

Maintain TP of US\$142 (9999 HK: HK\$221) and **Buy** rating.

**Kindly vote for BOCOM Int'l sales & research teams in the 2021 Asiamoney Brokers Poll at:**  
<https://euromoney.com/brokers>

### Global Stock Indices

	Close	1D%	YTD%
HSI	27,963	1.52	1.35
HSCEI	10,113	1.69	-5.82
SH A	3,738	0.53	2.68
SH B	265	0.82	8.69
SZ A	2,607	0.27	6.97
SZ B	1,247	0.56	14.75
DJIA	34,889	-0.31	13.99
S&P 500	4,369	-0.35	16.32
Nasdaq	14,678	-0.38	13.88
FTSE	7,125	-0.01	10.28
CAC	6,559	0.00	18.15
DAX	15,790	-0.01	15.10

Source: FactSet

### Key Commodity/Forex Indicators

	Close	3M%	YTD%
Brent	75.16	18.05	45.10
Gold	1,805.50	3.40	-4.63
Silver	25.93	3.91	-2.11
Copper	9,347.00	4.98	20.74
JPY	110.32	-1.01	-6.41
GBP	1.38	0.84	1.28
EUR	1.18	-0.85	-3.36
bps change			
HIBOR	0.16	-23.08	-39.93
US 10yr yield	1.42	-12.46	30.14

Source: FactSet

### HSI Technical

HSI	27,963.41
50D MA	28,640.71
200D MA	28,790.20
14D RSI	47.72
Short sell (HK\$ m)	19,514

Source: FactSet

**Hao Hong, CFA**

Head of Research

hao.hong@bocomgroup.com

14 July 2021

**Morning Express****Healthcare Sector Weekly****PD-1 competition keen; penpulimab sales promising**Rating: **Outperform**

Li Zhao, PhD

li.zhao@bocomgroup.com

**Akeso** (9926 HK) completed the AK119 (CD47) phase I dose-climbing trial in Australia; it was approved to conduct phase Ib/II clinical trial of AK119 combined with azacitidine for treating acute myeloid leukemia. **Fosun Pharma** (2196 HK) signed an agreement with TSMC, Hon Hai Precision, Yonglin Foundation and Zuellig Pharma to sell 10m doses of mRNA COVID-19 vaccine. **Baiyunshan's** (874 HK) amoxicillin capsule has passed the consistency evaluation of generic drugs.

**Industry updates:** The marketing application of Lepu Biopharma's PD-1 has been accepted by the Center for Drug Evaluation (CDE).

**Investment implications:** Six PD-1 and two PD-L1 mAb have been on sale in China. We believe that the PD-1 market structure will be shaped in 2022, making it difficult for later entrants to gain market share if without significant advantages in terms of efficacy or side effects. Another key battlefield will be the commercialization teams. We are optimistic about the PD-1 mAb jointly developed by Akeso (9926 HK/**Buy**) and Sino Biopharm (1177 HK/**Buy**).

14 July 2021

## Morning Express

### Economic data releases for this week – US

Date	Event	Survey	Prior
13 Jul	CPI (MoM %)	0.4	0.6
14 Jul	PPI (MoM %)	0.5	0.8
15 Jul	Import price index (MoM %)	1.2	1.1
15 Jul	Industrial Production (MoM %)	0.8	0.8

Source: Bloomberg

### Economic data releases for this week – China

Date	Event	Survey	Prior
12 Jul	Trade balance (USD bn)	44.20	45.54
14 Jul	GDP YTD (YoY %)		18.3
14 Jul	Industrial production (YoY %)	7.9	8.8

Source: Bloomberg

## BOCOM Research latest reports

### In-depth reports

Date	Report Title	BOCOM Int'l Research Team
8 Jun	<a href="#">BOCOM Int'l Research – Outlook 2H21</a>	
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

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
2 Jul	<a href="#">Zhongsheng Group (881 HK)</a> - Earnings-boosting acquisition	Angus Chan
30 Jun	<a href="#">AIA Group (1299 HK)</a> - China Post Life investment further broadens mainland footprint	Li Wan, CFA, FRM
29 Jun	<a href="#">China Gas Holdings (384 HK)</a> - Resetting growth path on more solid operation	Wallace Cheng
28 Jun	<a href="#">Great Wall Motor (2333 HK)</a> - Inspiring 2025 strategy	Angus Chan

Source: BOCOM Int'l

14 July 2021

**Morning Express****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	58.75	226,094	1.21	8.60	65.75	46.05	7.69	7.02	6.55	4.54	0.44
CLP	2 HK	77.60	196,053	0.13	8.23	80.35	70.50	17.04	16.57	16.20	4.07	1.68
HK & CHINA GAS	3 HK	12.34	230,263	1.65	11.89	13.01	10.34	38.02	29.90	27.32	2.87	3.30
HSBC	5 HK	45.05	920,191	2.50	10.55	50.80	4.24	15.71	9.51	8.99	4.07	0.64
POWER ASSETS	6 HK	48.70	103,938	2.42	15.95	50.50	39.50	16.52	15.98	15.71	5.93	1.19
HANG SENG	11 HK	155.10	296,526	1.44	16.01	165.20	111.10	18.31	17.03	15.51	3.76	1.55
HENDERSON	12 HK	37.15	179,858	1.50	22.81	38.55	27.35	11.87	12.02	12.08	4.92	0.53
SHKP	16 HK	116.30	337,012	2.65	16.30	125.00	91.65	11.35	10.81	10.44	4.30	0.57
NEW WORLD	17 HK	37.20	94,587	-3.13	3.05	42.75	34.90	14.35	12.61	11.74	5.51	0.42
GEG	27 HK	59.45	258,624	0.93	-1.33	78.25	50.05	N/A	63.41	20.45	0.05	3.67
MTRC	66 HK	44.75	276,436	1.47	3.23	49.00	37.90	62.46	30.17	17.32	2.78	1.54
HLP	101 HK	18.92	85,123	2.38	-7.48	22.30	18.18	20.02	17.32	15.33	4.19	0.59
GEELY	175 HK	25.40	249,433	5.18	-4.15	33.80	14.72	35.94	23.96	18.90	1.19	2.81
ALI HEALTH	241 HK	15.70	211,525	6.51	-31.44	29.90	14.74	274.44	256.22	192.83	0.00	11.96
CITIC LTD	267 HK	8.34	242,613	0.48	51.91	9.24	5.22	4.23	3.77	3.48	6.67	0.33
WH GROUP	288 HK	6.61	97,479	-1.34	1.69	7.45	5.95	12.76	9.22	8.30	4.70	1.14
SINOPEC	386 HK	3.75	95,675	0.54	8.07	4.55	2.97	11.24	5.93	5.72	9.75	0.48
HKEX	388 HK	506.00	640,525	3.27	19.06	567.00	336.20	55.34	43.30	37.40	2.07	12.31
TECHTRONIC	669 HK	135.80	248,510	5.52	22.78	150.10	80.75	39.93	32.74	27.43	1.22	7.11
COLI	688 HK	17.92	196,115	0.34	6.29	24.95	15.20	4.28	3.94	3.68	7.58	0.47
TENCENT	700 HK	555.50	5,272,267	5.21	-1.51	766.50	502.00	26.96	29.68	24.76	0.34	4.99
UNICOM	762 HK	4.20	128,512	1.94	-5.62	6.53	4.11	8.35	7.44	6.59	5.50	0.31
LINK	823 HK	75.35	156,868	0.80	6.73	78.25	58.20	26.12	25.86	24.66	3.87	0.98
PETROCHINA	857 HK	3.48	73,424	-0.57	45.00	3.91	2.16	28.67	7.35	7.96	6.80	0.42
CNOOC	883 HK	8.39	374,593	-0.12	16.85	10.40	6.55	12.46	4.82	4.65	8.46	0.66
CCB	939 HK	5.55	1,407,877	-0.89	-5.77	6.68	4.98	4.36	4.07	3.81	7.48	0.47
CHINA MOBILE	941 HK	47.45	971,562	1.39	7.35	59.85	41.50	7.38	7.17	6.89	7.40	0.66
LONGFOR	960 HK	42.45	249,935	2.41	-6.50	53.45	37.35	10.33	9.30	7.90	4.81	1.70
CK INFRA	1038 HK	46.50	117,162	1.75	11.64	49.90	36.15	15.62	12.72	12.38	5.48	0.99
HENGAN	1044 HK	52.20	61,468	2.15	-4.92	71.00	49.35	11.19	11.40	10.77	5.94	2.49
CSPC	1093 HK	10.52	125,762	4.16	32.66	12.46	7.16	20.20	19.81	16.76	1.49	3.94
CR LAND	1109 HK	31.65	225,694	1.28	-1.09	40.80	30.10	7.77	6.88	6.15	5.27	0.84
CKA	1113 HK	54.20	197,482	-1.09	36.18	55.10	35.90	10.31	9.20	8.65	3.79	0.53
SBP	1177 HK	7.03	132,031	0.00	-6.27	10.88	6.65	35.21	23.33	24.31	1.15	5.16
BYD	1211 HK	234.20	822,224	6.55	15.26	278.40	69.00	132.09	110.96	77.98	0.08	8.91
AIA	1299 HK	97.00	1,170,572	2.97	2.11	108.90	69.35	25.24	22.03	19.54	1.57	2.15
ICBC	1398 HK	4.46	1,923,852	-1.33	-11.33	5.60	3.99	4.32	4.08	3.83	7.53	0.46
XIAOMI	1810 HK	27.00	551,502	6.30	-18.67	35.30	14.64	26.16	26.58	23.01	0.00	3.86
BUDWEISER APAC	1876 HK	24.20	320,490	1.89	-5.47	29.15	21.85	73.40	40.02	34.33	0.97	3.63
SANDS	1928 HK	31.15	252,098	0.65	-8.52	40.20	27.00	N/A	98.81	17.46	0.00	17.35
WHARF REIC	1997 HK	45.20	137,238	2.49	12.02	48.85	27.30	18.03	17.35	15.47	3.69	0.65
COUNTRY GARDEN	2007 HK	8.31	180,876	0.73	-22.48	11.26	8.21	4.43	4.13	3.69	7.48	0.76
AAC TECH	2018 HK	53.80	65,017	1.89	23.96	62.95	38.40	35.50	21.87	17.85	0.97	2.31
ANTA	2020 HK	185.00	498,669	6.63	50.53	189.70	68.50	80.07	51.48	40.12	0.64	13.83
WUXI BIO	2269 HK	131.30	550,209	2.58	27.72	145.60	46.87	282.30	188.20	127.31	0.00	19.72
SHENZHOU	2313 HK	179.30	269,527	1.99	17.96	207.60	90.85	43.60	34.40	29.01	1.48	7.15
PING AN	2318 HK	71.95	1,306,874	0.42	-24.26	103.10	71.25	7.35	7.07	6.08	4.04	1.24
MENGNIU	2319 HK	44.40	174,839	0.68	-5.13	52.00	33.80	40.92	28.02	22.66	0.98	3.87
SUNNY OPTICAL	2382 HK	223.00	243,978	-2.62	31.41	245.40	114.50	42.02	34.89	27.83	0.56	9.46
BOCHK	2388 HK	25.70	271,721	0.39	9.36	29.55	20.30	10.18	9.70	8.82	5.22	0.88
CHINA LIFE	2628 HK	13.96	903,981	0.29	-18.36	20.15	13.78	6.49	5.83	5.08	6.18	0.66
BOCOM	3328 HK	4.63	162,105	-0.64	12.93	5.25	3.66	3.92	3.72	3.46	8.62	0.36
MEITUAN	3690 HK	295.00	1,509,813	10.24	0.14	451.40	185.00	304.71	N/A	1,533.37	0.00	15.54
BOC	3988 HK	2.78	1,003,792	1.09	4.91	3.16	2.37	3.76	3.50	3.25	8.88	0.35
CG SERVICES	6098 HK	75.50	243,636	-0.72	43.95	85.20	41.70	65.69	46.43	31.47	0.53	8.93
HAIDILAO	6862 HK	46.95	248,835	17.23	-21.36	83.55	33.20	N/A	N/A	N/A	N/A	N/A
XINYI SOLAR	968 HK	16.32	145,071	4.62	-19.41	22.10	7.59	28.78	25.68	24.88	1.83	4.75
ALIBABA	9988 HK	205.20	4,447,792	4.00	-11.78	307.40	195.50	20.14	20.96	16.82	0.00	3.22
<b>HANG SENG INDEX</b>		<b>27,963.41</b>	<b>27,179,337</b>	<b>2.98</b>	<b>2.69</b>	<b>31,084.94</b>	<b>23,235.42</b>	<b>42.70</b>	<b>25.95</b>	<b>90.87</b>	<b>2.85</b>	<b>4.07</b>

Source: FactSet

14 July 2021

**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	8.29	89,622	-2.24	-7.27	19.10	7.83	27.99	18.37	11.99	1.13	5.48
GEELY	175 HK	25.40	249,433	5.18	-4.15	33.80	14.72	35.94	23.96	18.90	1.19	2.81
ALI HEALTH	241 HK	15.70	211,525	6.51	-31.44	29.90	14.74	274.44	256.22	192.83	0.00	11.96
CITIC LTD	267 HK	8.34	242,613	0.48	51.91	9.24	5.22	4.23	3.77	3.48	6.67	0.33
CR BEER	291 HK	66.25	214,927	5.24	-7.21	75.40	45.80	82.89	47.64	37.16	0.82	7.48
CGH	384 HK	23.80	132,883	1.06	-22.73	33.50	20.75	13.15	11.52	10.38	2.38	2.32
SINOPEC	386 HK	3.75	95,675	0.54	8.07	4.55	2.97	11.24	5.93	5.72	9.75	0.48
COLI	688 HK	17.92	196,115	0.34	6.29	24.95	15.20	4.28	3.94	3.68	7.58	0.47
TENCENT	700 HK	555.50	5,272,267	5.21	-1.51	766.50	502.00	26.96	29.68	24.76	0.34	4.99
SHIMAO	813 HK	18.10	63,968	-0.44	-26.72	37.50	17.92	4.29	3.83	3.40	10.42	0.53
CNOOC	883 HK	8.39	374,593	-0.12	16.85	10.40	6.55	12.46	4.82	4.65	8.46	0.66
CONCH	914 HK	39.10	50,814	0.90	-19.46	61.05	38.35	5.23	4.84	4.92	6.55	0.93
CCB	939 HK	5.55	1,407,877	-0.89	-5.77	6.68	4.98	4.36	4.07	3.81	7.48	0.47
CHINA MOBILE	941 HK	47.45	971,562	1.39	7.35	59.85	41.50	7.38	7.17	6.89	7.40	0.66
LONGFOR	960 HK	42.45	249,935	2.41	-6.50	53.45	37.35	10.33	9.30	7.90	4.81	1.70
SMIC	981 HK	22.85	136,245	3.86	3.39	41.80	17.28	26.57	32.47	34.52	0.00	1.45
KUAISHOU	1024 HK	158.00	536,047	-1.25	-47.33	415.00	149.50	N/A	N/A	N/A	N/A	N/A
CSPC	1093 HK	10.52	125,762	4.16	32.66	12.46	7.16	20.20	19.81	16.76	1.49	3.94
CR LAND	1109 HK	31.65	225,694	1.28	-1.09	40.80	30.10	7.77	6.88	6.15	5.27	0.84
SBP	1177 HK	7.03	132,031	0.00	-6.27	10.88	6.65	35.21	23.33	24.31	1.15	5.16
BYD	1211 HK	234.20	822,224	6.55	15.26	278.40	69.00	132.09	110.96	77.98	0.08	8.91
ABC	1288 HK	2.67	1,238,985	0.38	-5.99	3.25	2.40	3.73	3.52	3.33	9.02	0.38
ICBC	1398 HK	4.46	1,923,852	-1.33	-11.33	5.60	3.99	4.32	4.08	3.83	7.53	0.46
PSBC	1658 HK	5.09	516,207	0.20	16.21	6.21	3.08	5.97	5.58	5.11	5.66	0.63
XIAOMI	1810 HK	27.00	551,502	6.30	-18.67	35.30	14.64	26.16	26.58	23.01	0.00	3.86
SUNAC CHINA	1918 HK	24.35	113,843	1.67	-15.01	38.25	23.95	3.04	2.80	2.55	8.41	0.62
COUNTRY GARDEN	2007 HK	8.31	180,876	0.73	-22.48	11.26	8.21	4.43	4.13	3.69	7.48	0.76
ANTA	2020 HK	185.00	498,669	6.63	50.53	189.70	68.50	80.07	51.48	40.12	0.64	13.83
SHENZHOU	2313 HK	179.30	269,527	1.99	17.96	207.60	90.85	43.60	34.40	29.01	1.48	7.15
PING AN	2318 HK	71.95	1,306,874	0.42	-24.26	103.10	71.25	7.35	7.07	6.08	4.04	1.24
MENGNIU	2319 HK	44.40	174,839	0.68	-5.13	52.00	33.80	40.92	28.02	22.66	0.98	3.87
SUNNY OPTICAL	2382 HK	223.00	243,978	-2.62	31.41	245.40	114.50	42.02	34.89	27.83	0.56	9.46
CPIC	2601 HK	23.10	293,358	-1.28	-23.89	41.45	21.20	7.18	6.68	5.89	6.90	0.77
CHINA LIFE	2628 HK	13.96	903,981	0.29	-18.36	20.15	13.78	6.49	5.83	5.08	6.18	0.66
ENN	2688 HK	149.50	168,467	2.47	31.37	153.20	80.65	21.96	18.94	16.83	1.93	3.88
BOCOM	3328 HK	4.63	162,105	-0.64	12.93	5.25	3.66	3.92	3.72	3.46	8.62	0.36
EVERGRANDE	3333 HK	9.28	122,934	-3.53	-37.72	22.85	9.28	12.76	5.99	4.78	5.21	0.63
MEITUAN	3690 HK	295.00	1,509,813	10.24	0.14	451.40	185.00	304.71	N/A	1,533.37	0.00	15.54
HANSOH PHARM	3692 HK	31.20	184,777	1.79	-17.02	45.45	28.95	59.47	47.40	37.59	0.42	7.63
CMB	3968 HK	62.60	1,524,354	2.20	27.76	71.75	35.75	13.71	11.80	10.31	2.75	1.82
BOC	3988 HK	2.78	1,003,792	1.09	4.91	3.16	2.37	3.76	3.50	3.25	8.88	0.35
CG SERVICES	6098 HK	75.50	243,636	-0.72	43.95	85.20	41.70	65.69	46.43	31.47	0.53	8.93
CHINA FEIHE	6186 HK	15.90	141,784	2.05	-12.44	24.85	14.80	16.28	15.80	13.14	2.10	5.23
JD HEALTH	6618 HK	105.20	334,996	5.41	-29.87	195.00	98.30	N/A	324.57	156.92	0.00	6.87
HAILILAO	6862 HK	46.95	248,835	17.23	-21.36	83.55	33.20	N/A	N/A	N/A	N/A	N/A
JD.COM	9618 HK	291.00	766,756	5.21	-14.91	416.80	234.80	44.58	47.18	31.28	0.00	3.43
NONGFU SPRING	9633 HK	43.45	218,756	13.45	-20.86	66.60	33.10	73.53	62.03	53.47	0.55	19.13
BAIDU	9888 HK	180.80	410,224	4.21	-28.25	252.00	173.50	18.28	17.82	15.61	0.00	1.65
ALIBABA	9988 HK	205.20	4,447,792	4.00	-11.78	307.40	195.50	20.14	20.96	16.82	0.00	3.22
NETEASE	9999 HK	172.10	543,108	4.30	16.60	206.00	131.40	32.04	25.72	22.01	0.96	4.90
<b>HANG SENG CHINA ENT INDX</b>		<b>10,113.32</b>	<b>27,878,690</b>	<b>2.96</b>	<b>-5.82</b>	<b>12,228.63</b>	<b>9,281.52</b>	<b>37.50</b>	<b>26.34</b>	<b>89.67</b>	<b>2.87</b>	<b>3.82</b>

Source: FactSet

14 July 2021

## 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**.

14 July 2021

## 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., Luzhou Xinglu Water (Group) Co., Ltd., BOCOM International Holdings Company Limited, Sichuan Energy Investment Development Co., Ltd, Light Year Holdings Limited, Analogue Holdings Limited, Zhejiang New Century Hotel Management Co., Ltd, Tai Hing Group Holdings Limited, Shanghai Kindly Medical Instruments Co, Ltd, China Bright Culture Group, Jinchuan Group International Resources Co. Ltd, JiaXing Gas Group Co., Ltd, Honliv Healthcare Management Group Company Limited, Joy Spreader Interactive Technology. Ltd, JD.com, Inc, Qingdao Holdings International Limited, Immunotech Biopharm Ltd, Ganglong China Property Group Limited, Sino-Entertainment Technology Holdings Limited, Dashan Education Holdings Limited, Adtiger Corporations Limited, China Bohai Bank Co., Ltd., Fulu Holdings Limited, China Nature Energy Technology Holdings Limited, RemeGen Co., Ltd., Shinsun Holdings (Group) Co., Ltd., JD Health International Inc., Leading Group Holdings Limited, Datang Group Holdings Limited, Jiayuan Services Holdings Limited, Netjoy Holdings Limited, China Gas Industry Investment Holdings Co. Ltd., Raily Aesthetic Medicine International Holdings Limited, Legion Consortium Limited, Cheshi Holdings Limited, Deyun Holdings Ltd., Mediwelcome Healthcare Service and Technology Inc., Modern Chinese Medicine Group Co., Ltd., Roiserv Lifestyle Services Co., Ltd., Strawbear Entertainment Group, Oriental University City Holdings (H.K.) Limited, JOINN Laboratories (China) Co., Ltd., Morimatsu International Holdings Company Limited, Megain Holding (Cayman) Co., Ltd., Edding Group Company Limited, JD Logistics, Inc., Qiniu Ltd., Chief Financial Group Limited, China Youran Dairy Group Limited, Yuexiu Services Group Limited, Huzhou Gas Co., Ltd., Nayuki Holdings Limited, Landsea Green Life Service Company Limited, UNQ Holdings Limited, Leading Star (Asia) Holdings Limited, Sanxun Holdings Group Limited, BetterLife Holding Limited, Global New Material International Holdings Limited and Didi Global Inc. 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.

### 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.**