China / Hong Kong Market Focus

# China/HK Market Strategy

DBS Group Research . Equity 20 Apr 2022

## Focus on HK lockdown relaxation plays amid market uncertainties

HSI: 21,028

- **Lockdown relaxation plays may become the market's focus in short term**
- **High vaccination rate of c.78% should avoid tightening of social distancing measures**
- **HK companies are less impacted by major overhangs like Ukraine conflict, China property troubles and internet regulatory concerns**
- **Restaurants, retail properties, discretionary spending are direct beneficiaries. HK Banks will benefit as well.**


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Lockdown relaxation plays may become the market's focus in short term. April 21 2022 marks the relaxation of HK's most stringent lockdown since COVID started in early 2020. Phase 1 of the relaxation will see a resumption of dine-in services until 10pm, with more diners allowed. Subsequent phases in the next few weeks will see further relaxation. In the past 2 months, the relatively high death rate among the unvaccinated has spurred on a much-improved drive to get the population vaccinated. This bodes well for avoiding serious lockdowns in the future. While local businesses are by no means completely out of the woods, this marks a significant turning point in HK's fight vs COVID. We think lockdown relaxation plays may become the market's focus in the short term.

HK companies provide resiliency from current market overhangs. During the recent selloff in 1Q22, HK companies outperformed Chinese companies listed in HK, as they are typically locally focused and are relatively less impacted by the major overhangs of the Ukraine conflict, China property troubles and internet regulatory concerns. Given the attractive valuation, this resiliency amidst the current multiple overhangs in the market is a welcomed respite. Lockdown relaxation could be a catalyst.

Pay premium for resiliency and stability amid market uncertainties. In the current view, we think it is wise to revisit sectors that are relatively less impacted by the current market overhangs. The relaxation of the lockdown may well be the catalyst to visit sectors which have been impacted by the lockdown. We think recovery themes like Restaurant and catering, Discretionary retail, Retail REITs, Retail landlords, HK banks should provide resiliency to major uncertainties in the market.

**Beneficiaries of relaxation of social distancing measures under DBS coverage**

| Company Name | Code | Closing price (HK$) | Tgt Price (HK$) | FY22F PBV (x) | FY22F PER (x) | FY22F yield (%) |
|---|---|---|---|---|---|---|
| AIA | 1299 HK | 78.35 | 127.0 | 1.7 | 15.0 | 2.0 |
| Bank of China HK | 2388 HK | 29.45 | 32.0 | 1.0 | 10.4 | 4.9 |
| Cafe de Coral | 341 HK | 13.18 | 15.5 | 2.6 | 45.0 | 1.5 |
| Cathay Pacific | 293 HK | 7.53 | 6.8 | 1.0 | -9.5 | 0.0 |
| Chow Sang Sang | 116 HK | 9.00 | 19.3 | 0.5 | 4.7 | 8.6 |
| Fortune REIT | 778 HK | 6.93 | 8.9 | 0.5 | n.a. | 6.2 |
| HKT Trust | 6823 HK | 10.86 | 13.3 | 2.3 | 16.0 | 6.9 |
| Hutchison Telecom | 215 HK | 1.31 | 1.1 | 0.6 | 58.6 | 5.7 |
| Hysan Development | 14 HK | 23.45 | 32.2 | 0.3 | 10.5 | 6.1 |
| Lifestyle | 1212 HK | 3.82 | 7.1 | 1.6 | 7.8 | 3.8 |
| Link REIT | 823 HK | 69.15 | 82.0 | 0.9 | n.a. | 4.6 |
| Luk Fook | 590 HK | 18.20 | 30.0 | 1.0 | 9.0 | 6.7 |
| Sa Sa | 178 HK | 1.46 | 1.9 | 4.0 | -23.6 | 0.0 |
| SmarTone | 315 HK | 4.14 | 6.3 | 0.9 | 10.1 | 7.4 |
| Wharf REIC | 1997 HK | 38.15 | 40.7 | 0.5 | 18.5 | 3.5 |

*Source: Thomson Reuters, DBS Bank (Hong Kong) Limited ("DBS HK"), Bloomberg Finance L.P.*

*Closing price as at 19 Apr 2022*

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## HK companies are relatively safe from current market overhangs

Comparing mainland China and non-mainland China HK listed index performance. The Hang Seng HK 35 ("HSHK35") comprises the 35 largest companies listed in Hong Kong market, which derive most of their sales revenue (or profits or assets if more relevant) from areas outside mainland China. The Hang Seng China (Hong Kong-listed) 25 Index ("HSCHK25") comprises the 25 largest companies which derive most of their sales revenue (or profit or assets if more relevant) from mainland China, including H shares, Red Chips, and shares of other Hong Kong-listed Mainland companies. The prior index reflects the performance of large cap HK companies while the ladder tracks the performance of China plays listed in Hong Kong.

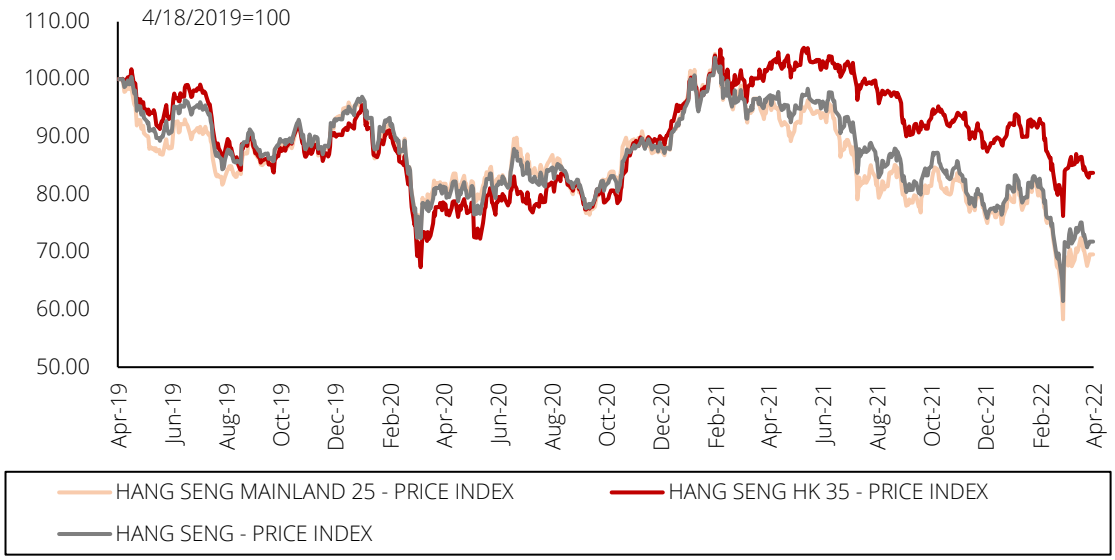
Away from current major overhangs in China. Interestingly, we can see the HSHK35 index outperformed the HSCHK25 index since the beginning of the regulatory development on education, tech giants, and foreign listings, as well as the concerns of the China property market. We argue that these companies which derive most of their sales revenue (or profits or assets if more relevant) from areas outside mainland China are relatively safe from major overhangs in China such as supply chain disruption, regulatory developments, and the Ukraine-Russia War. The major overhangs to HK revenue stocks continue to be the implementation of government measures to contain the Omicron variant outbreak.

However, China's decision on Zero-COVID policy and strict cities lockdown is likely to impact HK companies as HK government is likely to benchmark and follow the Chinese government's decision. The worsened situation on sporadic outbreaks in China will indirectly impact the decision of border reopening for HK.

Provide resiliency amid the current macro-environment. We should not be surprised that the HK companies provide resiliency in the current macro-environment. HK companies are not exposed to the financial conflict between the US and China, as most of the ADRs and blacklisted ADRs are Chinese companies.

The Ukraine-Russia war should not have any direct impact on HK companies. However, the war might lead to a higher raw material and energy price. The financial real estate nature of HK companies should have a relatively less impact on the inflationary environment. In fact, banks with high USD exposures will benefit from the rising interest rate.

**Hang Seng Mainland 25 vs. Hang Seng HK 35 vs. HSI**




*Source: DBS HK, Thomson Reuters*

A tech regulatory development is unlikely to happen in HK. Heavily regulated or fined new economy names, such as Tencent, Alibaba, and Meituan have relatively small exposures in HK. The regulatory action should also be limited against HK banks and HK properties, considering some property developers have exposure in China. The "one-country-two systems" should give a buffer for Chinese regulatory actions to HK companies, at least for the next few years.

**Current overhangs impact comparison (X= negatively impacted**

| Current overhangs | Chinese companies | HK companies |
|---|---|---|
| Geopolitical tensions and uncertainties (Ukraine) | X | |
| Inflation, Shortage, Tapering and Interest rate expectations | X | X |
| China Property debt crisis and Contagion | X | |
| Regulatory tightening and impacts | X | |
| COVID resurgence – Omicron impact (China/HK) | X | X |
| **Further risk factors** | | |
| Intensified Ukraine conflict (NATO) | X | |
| Faster than expected pace of FED rate hike due to inflation | X | X |
| Crippling wide scale lockdowns in China | X | |
| Intensified conflict between US and China Secondary sanctions on Chinese companies | X | |

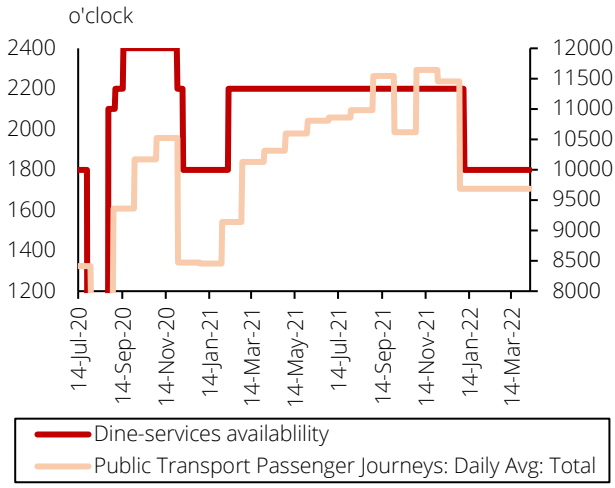
*Source: DBS HK*

Nevertheless, the overhangs impact the HK companies' valuation. The current macro-environment does leave the HK market at a risk averse stage, which impacts the HK companies to trade at a relatively low valuation. However, the resiliency provided from these old economy companies should give us a good entry reason with an attractive valuation.

**Dine-in service hours are the key overhang for HK companies, and this is expected to ease**

Key factors for HK companies are social distancing measures. Ruling out the market overhangs, we think the COVID-19 measures will become the key factor in the HK market. Incorporating the zero-COVID policy by China, Hong Kong is still one of the very few international financial hubs that has not resumed its business routine and adapting post-pandemic. Since the very beginning of the pandemic, Hong Kong acted proactively on social distancing measures. Note that before the fifth wave of outbreak, Hong Kong's daily confirmed cases were less than 1000. People were not allowed to stay out after 10pm ever since February 2021. Passenger journeys are correlated to the dine-in services hours, which had significantly dropped when dine-in services were limited to until 6pm.

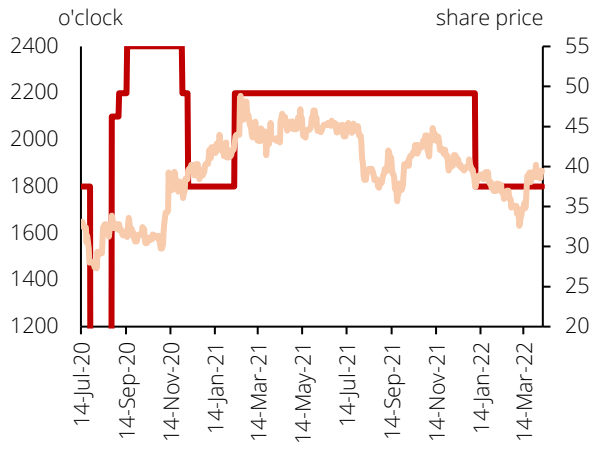
**Dine-in services hours vs. Public Transport Passenger Journeys: Daily Avg: Total**




*Source: DBS HK, CEIC*

While we cannot comment on the effectiveness of the dine-in services ban, the ban reduced consumer desire to spend money. HK companies such as Wharf REIC tend to perform worse when the dine-in hours were tightened to 6pm, and vice versa.

**Dine-in services hours vs. Wharf REIC's share price**




*Source: DBS HK, Thomson Reuters*

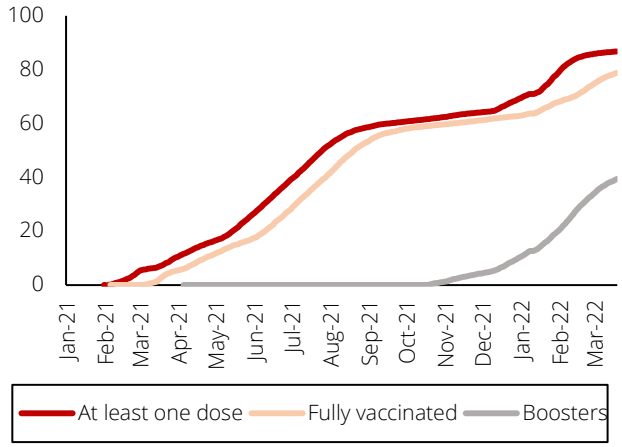
Relaxation on dine-in services. Following the launch of the Anti-epidemic Fund and Employment Support Scheme earlier, the HK government announced that it will relax social distancing measures in three phases over three months, with the first phase to begin from 21 April. Dine-in services at restaurants will be extended to 10pm, with four diners allowed at each table after social distancing measures ease from April 21. Authorities will also allow the reopening of designated premises, including gyms, beauty centres, and sports premises, while some venues may require visitors to undergo a rapid test before entering.

The future tightening of social distancing measures is unlikely due to the higher vaccination rate. The fifth wave of outbreak in Hong Kong had significantly improved the awareness of taking vaccine(s). As of 11 April, 87% of HK's population had taken at least one dose, and 78% of the population were fully vaccinated. People had also taken the booster shot more seriously and the booster had been given to 37% of the population.

Compared to the 6pm dine-in service ban in late December 2020, when Hong Kong had no record of any vaccination, we think Hong Kong is now in a much better environment to relax social distancing measures. Moreover, the mandatory use of tracking app "leavehomesafe" and online application for confirmed cases also ease the need of tightening social distancing measures. The decision to reopening of gyms, beauty centres, and sports premises and most importantly primary school should have also undergone a thorough consideration and discussed with the Chinese officials.

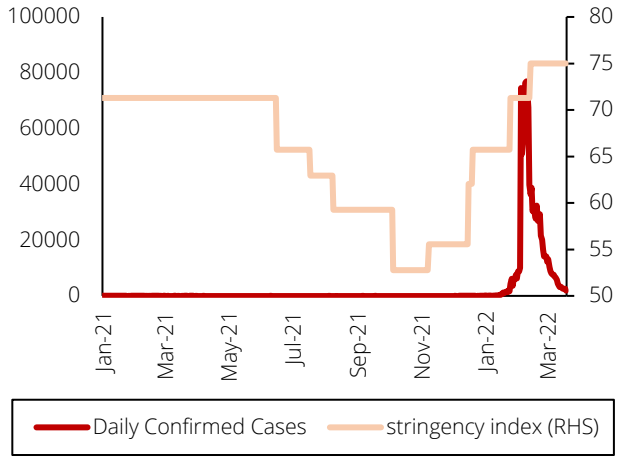
We think the three phases of relaxation will be the testing ground for the HK government to further reopen and the ease of social distancing measures should last, at least until another unknown variant hits the city.

**Hong Kong vaccination rate**




*Source: ourworldindata*

**Hong Kong daily confirmed case vs. stringency index**




*Source: ourworldindata*

## Beneficiaries under this theme

HK Restaurant and catering - Since early March, Cafe de Coral has modified its operations to provide mainly takeaway services with dine-in only available in limited stores. As such, the relaxation of social distancing measures should enable the company to gradually resume its normal operations, which is beneficial to top line as foot traffic recovers. Beneficiary of the sector includes Cafe de Coral (341 HK).

HK Discretionary retail - These companies' SSSG is driven by product sales to both locals and tourists. The dine-in push back to 10pm is likely to see more people staying out after dinner, versus now. The increase in SSSG's recovery pace will affect revenue and earnings' performance and re-rate the sector's share prices. Retail sales declined by 4.9% in 2M22, which included a 4% growth in Jan 2022 but 14.6% decline in Feb 2022 (Dec 2021: +6.1%), amid the 5th wave of COVID-19 cases and tightened anti-epidemic measures. While certain categories like fresh fruits & vegetables (+18.6%), supermarkets (+8.2%), bread & pastry (+6.5%) and medicine & cosmetics (+5%) still saw growth in 2M22, all other segments recorded declines, with the most being seen in motor vehicles & parts (-23.1%), alcoholic drinks & tobacco (-19.9%), optical shops (-15.6%), clothing & footwear (-15.5%), furnitures & fixtures (-13.7%), jewellery & watches (-13.1%), electrical goods (-11.4%), and department stores (-8.9%, cushioned by their supermarket sections to a good extent).

Should we prudently assume an extensive reopening of borders between Mainland China and HK only towards the end of 2022, HK retail sales might only see a low single-digit growth this year despite the new round of HK$10,000 consumption vouchers issued by the HK government to every eligible local resident, while Mainland China could retain spending within its borders and score a c.10% growth in 2022F.

All in all, we could be looking at an improving COVID-19 situation going into 2H22F-2023F, and progressive inflow of Mainland tourists spending in the HK market by 2023, to revisit the HK-based retailers. Some renowned global brands could also benefit from the recovering macro conditions to capture more tourist sales ahead. Beneficiaries of the sector include Luk Fook (590 HK), Lifestyle (1212 HK), Chow Sang Sang (116 HK), and Sa Sa (178 HK).

HK Retail REITs - The retail market has been severely dampened by the re-tightening of social distancing measures since Jan 22, with the F&B sector taking the hardest hit amid dinner bans/restrictions. Tenants' sales performance in 1Q22 is set to decline y-o-y. The easing of social distancing measures should release pent-up demand for dining out and consumption, and hence bodes well for retail market recovery. The distribution of electronic consumption vouchers, with the first batch scheduled in Apr 22, should give an additional boost. This should benefit Link REIT and Fortune REIT, whose tenants' sales are largely derived from domestic consumption. Improved sector outlook should also erase concerns over the enactment of rental moratorium. We favour Link REIT (823 HK) and Fortune REIT (778 HK), which should benefit from gradual domestic consumption recovery after the social distance measures are relaxed. Further yield-accretive acquisitions could bolster Link REIT's distribution income growth, which enhances its investment appeal.

HK Retail landlords - Holding a portfolio of luxury brands and discretionary trades, malls are well positioned to tap on the strong retail market recovery driven by pent-up local demand for consumption and distribution of electronic consumption vouchers once the pandemic subsides. Any easing of border restrictions should add momentum to earnings recovery. Beneficiaries of the sector include Wharf REIC (1997 HK) and Hysan Development (14 HK).

HK Telecom - Mobile roaming businesses suffered from city lockdowns in Hong Kong and represented 5-8% of mobile service revenue for Hong Kong telecom operators in FY21, vs. 13-20% pre-COVID-19. The relaxation of hotel quarantine requirements for pax arrivals in Hong Kong may incentivise some people to travel overseas and increase demand for mobile roaming services. Any roaming revenue recovery would be positive to mobile ARPU and overall profitability for Hong Kong telecom operators. Beneficiaries of the sector include HKT (6823 HK), SmarTone (315 HK), and Hutchison Telecom (215 HK).

HK Airline - The ban on flights from nine countries – including the UK and the US – has been lifted, and hotel quarantine period for arrivals will be cut from 14 days to 7 days. CX should see a lift in passenger traffic, but sustained earnings recovery is still uncertain if Mainland China's borders remain largely closed, and Hong Kong's international travel protocols continue to be significantly more restrictive than most other countries in the region. No change to our HOLD calls as the stock is already trading close to 1x P/B despite projected losses for FY22. Beneficiary of the sector includes Cathay Pacific (293 HK).

HK/China financials. Beside beneficiaries from recovery play, other HK sector/companies like AIA (1299 HK) also benefit from the current environment. Lockdown relaxation will likely be accompanied to a rebound in activity. The

mounting US rate hike and tapering expectation has led the US 10-year bond yield to reach 1.9% in February 2022, the highest level since 2019. The market currently expects the US Fed to start raising its rate in March and anticipates three interest rate hikes in FY22F. The upward shift in the US bond yield is considered a positive for AIA. This will benefit HK banks such as BOCHK (2388 HK) and Hang Seng Bank (11 HK) Moreover, AIA is targeting 12 new provinces/municipalities by FY30F with an addressable market 4x larger than the current footprint offers a grand secular opportunity. The recent investment in China Post Life (non-listed) also helps to capture growth from the mass market segment.

## Beneficiaries of relaxation of social distancing measures under DBS coverage

| Company Name | Code | Closing price (HK$) | | Tgt Price (HK$) | Upside (%) | Mkt Cap US$m | PE 22F (x) | PE 23F (x) | EPS 22F (HK$) | EPS 23F (HK$) | ROE 22F (%) | PBV 22F (X) | yield 22F (%) | Net Gear (%) | EPS CAGR 21-23 (%) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| AIA | 1299 HK | 78.35 | B | 127.00 | 62.1 | 121,516 | 15.0 | 13.6 | 5.2 | 5.8 | 12.2 | 1.7 | 2.0 | Cash | 32.4 |
| Bank of China HK | 2388 HK | 29.45 | B | 32.00 | 8.7 | 39,919 | 10.4 | 9.3 | 2.8 | 3.2 | 9.7 | 1.0 | 4.9 | Cash | 13.3 |
| Cafe de Coral | 341 HK | 13.18 | B | 15.50 | 17.6 | 990 | 45.0 | 21.2 | 0.3 | 0.6 | 5.6 | 2.6 | 1.5 | Cash | 0.2 |
| Cathay Pacific | 293 HK | 7.53 | H | 6.80 | -9.7 | 6,214 | -9.5 | 51.4 | -0.8 | 0.1 | -10.0 | 1.0 | 0.0 | 97.6 | n.a. |
| Chow Sang Sang | 116 HK | 9.00 | B | 19.29 | 114.3 | 782 | 4.7 | 4.0 | 1.9 | 2.2 | 10.0 | 0.5 | 8.6 | 5.9 | 18.5 |
| Fortune REIT | 778 HK | 6.93 | B | 8.88 | 28.1 | 1,757 | n.a. | n.a. | n.a. | n.a. | 2.5 | 0.5 | 6.2 | 22.3 | n.a. |
| HKT Trust | 6823 HK | 10.86 | B | 13.30 | 22.5 | 10,548 | 16.0 | 16.0 | 0.7 | 0.7 | 14.0 | 2.3 | 6.9 | 111.1 | 3.3 |
| Hutchison Telecom | 215 HK | 1.31 | H | 1.10 | -16.0 | 809 | 58.6 | 34.0 | 0.0 | 0.0 | 1.0 | 0.6 | 5.7 | Cash | 581.2 |
| Hysan Development | 14 HK | 23.45 | B | 32.20 | 37.3 | 3,104 | 10.5 | 8.2 | 2.2 | 2.9 | 3.1 | 0.3 | 6.1 | 13.9 | 12.8 |
| Lifestyle | 1212 HK | 3.82 | B | 7.05 | 84.6 | 736 | 7.8 | 4.9 | 0.5 | 0.8 | 23.6 | 1.6 | 3.8 | 500.9 | n.a. |
| Link REIT | 823 HK | 69.15 | B | 82.00 | 18.6 | 18,708 | n.a. | n.a. | n.a. | n.a. | 3.9 | 0.9 | 4.6 | 18.4 | n.a. |
| Luk Fook | 590 HK | 18.20 | B | 30.01 | 64.9 | 1,370 | 9.0 | 7.3 | 2.0 | 2.5 | 10.5 | 1.0 | 6.7 | Cash | 20.1 |
| Sa Sa | 178 HK | 1.46 | B | 1.93 | 32.2 | 581 | -23.6 | 15.1 | -0.1 | 0.1 | -15.6 | 4.0 | 0.0 | Cash | n.a. |
| SmarTone | 315 HK | 4.14 | B | 6.30 | 52.2 | 588 | 10.1 | 9.1 | 0.4 | 0.5 | 8.8 | 0.9 | 7.4 | Cash | 6.6 |
| Wharf REIC | 1997 HK | 38.15 | B | 40.70 | 6.7 | 14,850 | 18.5 | 16.4 | 2.1 | 2.3 | 2.9 | 0.5 | 3.5 | 23.1 | 4.0 |

*Source: Thomson Reuters, DBS HK, Bloomberg Finance L.P.*

*Closing price as of 19 April 2022*

## HK market strategist summary

### Investment thesis

**Rebounding from the market bottom.** The Russia-Ukraine war has impacted risk appetite in the global market. Given that the conflict is unlikely to see a quick resolution, we expect risk averseness to prevail in the short term. That said, safe haven assets are reacting positively, and chasing this momentum is unlikely to be rewarding. Moreover, with more Chinese listco's included in HSI constituents, the ambiguous relationship between China and Russia has become a geopolitical uncertainty to HSI. Our core view is that a recovering Hong Kong market has been delayed due to the Russia-Ukraine crisis, global inflation, interest rates and the pandemic, and financial tension between China and the US.

**HK market is relatively less sensitive to interest rate concerns.** The US annual inflation rate was 7% for the first time since 1982. Our economists see this set of inflation numbers as cementing a Fed hike in March. We expect a total of six hikes over the coming two years with risks on the upside if inflation proves to be persistent. The US is still reeling from this change in the narrative, but we think the HK market may be less affected, as HK's underperformance last year was due mostly to regulatory challenges and the property crisis.

**Attractive valuation and hard to ignore unique secular growth giants.** Given the diverging fortunes, the valuation gap between the HK and the US markets has doubled. While we cautiously navigate through 2022, even though uncertainties remain, the attractive valuation of the HK market, from both a historical and relative standpoint, is hard to ignore. While fundamentals are sound, the lack of confidence could be resolved by more supportive government policies.

### Valuation

While we are cautiously optimistic to a potential market rebound in 2H, we maintain our 12-month Hang Seng Index target of 24,600 to reflect the lowered risk appetite, which implies 11.6x FY22F earnings, equivalent to its five-year average one-year forward PE. We maintain our 12-month HSCEI target to 8,160 to which implies a 9.3x FY22F earnings, equivalent to its five-year average one-year forward PE.

### Sector preferences

We are overweight on **renewable energy** due to supportive policies amid President Xi's pledges for zero emissions.

We believe heavily regulated sectors and companies that have already been penalised are more likely to avoid further regulatory action and most importantly, these sectors such as **China property, China property management, e-commerce,** and **internet,** are trading at attractive valuations.

We like both the **port & toll roads** and **oil & gas** sectors due to strong demand amid global economic recovery post pandemic and the inflationary environment. Oil & gas is also benefitting from supply challenges which has worsened due to the Russia-Ukraine war.

**HK banks** will stand to benefit from the upcoming Fed interest rate upcycle.

We like **HK REITs** taking a valuation perspective as the market is overacting to the Omicron outbreak in HK. HK REITs' business performance hinges mainly on domestic consumption, which should remain resilient despite uncertainties from the Omicron variant. **China banks** will benefit from the improving sentiment from policy actions relating to the China property market.

### Top picks

Our picks are based on the top picks in our overweight sectors- AIA, BOCHK, CMB, CG Services, China Longyuan, Link REIT, Longfor, Ping An Insurance, Meituan and Tencent.

### Key risks to our view

The biggest risk in the market is further escalation of the Ukraine-Russian war. Any drag on regulatory developments will reduce investor interest in the HK market; China Property contagion may also lead to slower-than-expected economic growth; sporadic COVID-19 outbreaks in China; and continued chip shortage and transportation bottlenecks. Finally, more hawkish actions due to inflation by the FED may drag global equities which in turn may put pressure on the HK market.

## DBS HK top BUYs

| Company Name | Code | Closing price (HK$) | Tgt Price (HK$) | Upside (%) | Mkt Cap US$m | PE 22F (x) | PE 23F (x) | EPS 22F (HK$) | EPS 23F (HK$) | ROE 22F (%) | PBV 22F (X) | yield 22F (%) | Net Gear (%) | EPS CAGR 21-23 (%) |
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| AIA | 1299 HK | 78.35 | 127.00 | 62.1 | 121,516 | 15.0 | 13.6 | 5.2 | 5.8 | 12.2 | 1.7 | 2.0 | Cash | 32.4 |
| Bank of China HK | 2388 HK | 29.45 | 32.00 | 8.7 | 39,919 | 10.4 | 9.3 | 2.8 | 3.2 | 9.7 | 1.0 | 4.9 | Cash | 13.3 |
| China Longyuan Power | 916 HK | 16.82 | 21.00 | 24.9 | 18,075 | 15.2 | 13.0 | 1.1 | 1.3 | 11.1 | 1.6 | 1.3 | 132.9 | 15.4 |
| China Merchants Bank | 3968 HK | 52.90 | 87.70 | 65.8 | 171,042 | 9.3 | 8.1 | 5.7 | 6.6 | 17.8 | 1.6 | 3.6 | Cash | 15.3 |
| Country Garden Services | 6098 HK | 36.55 | 78.82 | 115.6 | 15,778 | 15.9 | 12.4 | 2.3 | 3.0 | 16.1 | 2.4 | 1.6 | Cash | 34.1 |
| Link REIT | 823 HK | 69.15 | 82.00 | 18.6 | 18,708 | n.a. | n.a. | n.a. | n.a. | 3.9 | 0.9 | 4.6 | 18.4 | n.a. |
| Longfor Properties | 960 HK | 42.05 | 55.56 | 32.1 | 32,754 | 8.3 | 7.6 | 5.1 | 5.5 | 18.9 | 1.5 | 0.0 | -27.3 | 14.8 |
| Ping An Insurance | 2318 HK | 54.95 | 90.00 | 63.8 | 128,782 | 6.5 | 5.5 | 8.5 | 10.0 | 14.7 | 0.9 | 5.7 | Cash | 21.0 |
| Meituan Dianping | 3690 HK | 146.00 | 269.00 | 84.2 | 115,719 | -46.2 | 98.4 | -3.2 | 1.5 | -12.9 | 6.1 | 0.0 | Cash | n.a. |
| Tencent^^ | 700 HK | 364.00 | 563.00 | 54.7 | 448,582 | 17.3 | 14.5 | 21.0 | 25.1 | 18.3 | 2.9 | 0.4 | 4.0 | -7.0 |

*^^ Core profit and EPS*

*Source: Thomson Reuters, DBS HK*

*Closing price as at 19 Apr 2022*

DBS HK recommendations are based on an Absolute Total Return* Rating system, defined as follows:

STRONG BUY (>20% total return over the next 3 months, with identifiable share price catalysts within this time frame)

BUY (>15% total return over the next 12 months for small caps, >10% for large caps)

HOLD (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)

FULLY VALUED (negative total return, i.e., > -10% over the next 12 months)

SELL (negative total return of > -20% over the next 3 months, with identifiable share price catalysts within this time frame)

**Share price appreciation + dividends*

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Sources for all charts and tables are DBS HK unless otherwise specified.

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